FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR 418

DATE FILMED Nov. 16, 1978 CAMERAMAN BPC

7804007749 59

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

FEDERAL ELECTION COMMISSION

Documents submitted by State Bank of Albany: Document Nos. S-15 through S-20, S-22, S-23, and S-25 through S-54; Memoranda to the File

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

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

Signed Susan Pumper

date November 2, 1978

FEC 9-21-77

7 8 0 4 0 0 7 4 9 6 0

FEDERAL ELECTION COMMISSION

Highland National Bank of Newburgh
Document Nos: H-1 through H-11

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

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

Signed Susan Propper

date November 2, 1978

FEC 9-21-77

7 8 0 4 0 0 7 4 9 6 1

FEDERAL ELECTION COMMISSION

Liberty National Bank & Trust Co.
Document Nos.: L-11; L-16, L-42, L-47 through L-56, L-66 through L-76

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

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

Signed Susan Propper

date November 2, 1978

FEC 9-21-77

7804007496 2

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 3, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert F. Macfarland
President
Highland National Bank of
Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Macfarland:

This letter is to inform you that the Commission has approved the compliance statement submitted by Highland National Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7804007496 3

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 3, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank and
Trust Company
424 Main Street
Buffalo, New York 14240

Re: MUR 418

Dear Mr. Donough:

This letter is to inform you that the Commission has approved the compliance statement submitted by Liberty Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7804007496 4

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 3, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank H. Odell
President
State Bank of Albany
89 State Street
Albany, New York

Re: MUR 418

Dear Mr. Odell:

This letter is to inform you that the Commission has approved the compliance statement submitted by State Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7804007496 5

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank H. Odell
President
State Bank of Albany
89 State Street
Albany, New York

Re: MUR 418

Dear Mr. Odell:

This letter is to inform you that the Commission has approved the compliance Statement submitted by State Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the Attorney handling this matter.

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7804007496 6

SP
11/2/78

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank and
Trust Company
424 Main Street
Buffalo, New York 14240

Re: MUR 418

Dear Mr. Donough:

This letter is to inform you that the Commission has approved the Compliance statement submitted by Liberty Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7 8 0 4 0 0 7 4 9 6 7

SP 11/2/78

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert F. MacFarland
President
Highland National Bank of
Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Macfarland:

This letter is to inform you that the Commission has approved the compliance statement submitted by Highland National Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7 8 9 4 0 0 7 4 9 6 8

SP 1/24

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418
Highland National Bank of Newburgh	)	
Liberty National Bank and Trust Company	)	
State Bank of Albany	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on October 31, 1978, the Commission determined by a vote of 6-0 to adopt the recommendation, as set forth in the General Counsel's memorandum dated October 27, 1978, to approve the executed statements of compliance regarding the above-captioned matter and close the file.

Attest:

11/1/78
Date

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

Received in Office of Commission Secretary: 10-27-78, 10:26
Circulated on 48 hour vote basis: 10-27-78, 4:30

7804007469

October 27, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418

Please have the attached Memo distributed to the Commission on a 48 hour tally basis.

Thank you.

7804007497 0

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

78 OCT 27 A10: 26

October 27, 1978

MEMORANDUM TO: The Commission

FROM: William C. Oldaker
General Counsel

RE: MUR 418 (United Bank Corp. of N.Y.)

On July 5, 1978, the Commission approved compliance statements to be sent to each of the three banks involved in this matter. As indicated in our earlier interim reports, counsel for the respondents requested that the statements make reference to reports compiled in connection with an investigation conducted by the United Bank Corporation into political expenditures made by UBNY subsidiaries. After some discussion the present language was reached. The statements also include an affirmation by each respondent of its present compliance with 2 U.S.C. § 441b and its intention to continue compliance, as required by the Commission. Each bank has now submitted to the Commission an executed statement of compliance. We recommend approval of all three statements and that the file be closed in this matter.

7 8 0 4 0 0 7 4 9 7 1

7 8 0 4 0 0 7 4 9 7 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Highland National Bank of)
Newburgh) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to certain expenditures prior to May, 1976, for the purchase of tickets to political dinners and similar events and for the purchase of advertisements in various political publications. The undersigned has been informed that, in the Report, "Bank C" is Highland National Bank of Newburgh.

* * *

Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

10/17/78
Date

ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this 17 day of October, 1978.

Norma J. Kahl
Notary Public

NORMA J. KAHL
Notary Public, State of New York
County of Orange
Commission Expires March 30, 1980
Notary Reg. No. 4527547

7804007497 3

BEFORE THE FEDERAL ELECTION COMMISSION

GCC 5240

RECEIVED FEDERAL ELECTION COMMISSION

'78 OCT 20 PM 3:58

In the Matter of)
)
Liberty National Bank and)
Trust Company) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to May, 1973, from which, according to the Report, politically related expenditures were made, and as to the grant of certain salary increases to five senior officers in 1973. The undersigned has been informed that, in the Report, "Bank B" is Liberty National Bank and Trust Company.

807092

* * *

Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

October 12, 1978

Robert J. Donough

Robert J. Donough, President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this 13th day of OCTOBER 1978.

Richard F. Kawa

RICHARD F. KAWA
Notary Public, State of New York
Qualified in Erie County
My Commission expires Mar. 30, 19[illegible]

7804007497 4

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
State Bank of Albany) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated September 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to December, 1973 from which, according to the Report; politically related expenditures were made. Subsequent to December, 1973, officers of State Bank of Albany received salary increments from time to time. However, no requirements or directives were imposed by the Bank with respect to the use or disposition thereof.

* * *

State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any federal political office and that it is complying and will continue to comply with 2 U.S.C. § 441b (formerly U.S.C. §610).

October 17, 1978
Date

FRANK H. ODELL
President
State Bank of Albany

Subscribed and sworn to before me this 17th day of October, 1978.

Notary Public
Notary Public State of New York
Qualified in Rensselaer County
My Commission Expires March, 30 19[illegible]

7804007497 5

4.8 CCC 5392

CHARTERED 1803

RECEIVED
FEDERAL ELECTION
COMMISSION

STATE BANK OF ALBANY

ALBANY, NEW YORK

'78 OCT 30 PM 4:32

FRANK H. ODELL
PRESIDENT

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

October 27, 1978

Ms. Susan Propper
Attorney at Law
Federal Election Commission
1325 K. Street N. W.
Washington, D. C. 20463

807500

Dear Ms. Propper:

Enclosed is an executed Statement of Compliance with respect to the State Bank of Albany, which includes the number which was omitted from the second paragraph of the one executed on October 17, 1978.

Very truly yours,

President

FHO:rab
Enclosure

CC: Robert L. Tortoriello, Esq.
Cleary, Gottlieb, Steen & Hamilton
One State Street Plaza
New York, N. Y. 10004

7 8 0 4 0 0 7 4 9 7 6

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
State Bank of Albany) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated September 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to December, 1973, from which, according to the Report; politically related expenditures were made. Subsequent to December, 1973, officers of State Bank of Albany received salary increments from time to time. However, no requirements or directives were imposed by the Bank with respect to the use or disposition thereof.

* * *

State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any federal political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

October 27, 1978
Date

FRANK H. ODELL
President
State Bank of Albany

Subscribed and sworn to before me this 27th day of October, 1978.

JOHN P. MURTAGH
Notary Public, State of New York
Qualified in Rensselaer County
Commission Expires [illegible]

Notary Public

7804007497 7

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RETURN RECEIPT REQUESTED
CERTIFIED MAIL
NO. 4836

Ms. Susan Propper
Attorney at Law
Federal Election Commission
1325 K. Street N. W.
Washington, D. C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE-by fc

DATE: OCTOBER 24, 1978

SUBJECT: MUR 418 - Interim Report dated 10-20-78
Received in OCS: 10-20-78,
4:26

The above-named document was circulated on a 24 hour no-objection basis at 9:00, October 23, 1978.

The Commission Secretary's Office has received no objections to the Interim Report as of 11:00, this date.

7804007479

October 20, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418

Please have the attached Interim Report on MUR 418 distributed to the Commission.

Thank you.

7804007498 0

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
United Bank Corporation of New York	)	MUR 418

Interim Report

On July 6, 1978, the Commission forwarded compliance statements to each of the three banks involved in this matter. Counsel for the respondents submitted alternative statements on July 31, 1978, containing certain minor revisions; after some discussion, these differences have been resolved.

Letters granting the respondents' requests that certain documents furnished to the Commission be exempted from public disclosure under the Freedom of Information Act have now been sent to the banks. Upon receipt of these letters, the respondents have stated they will submit the executed compliance statements as agreed.

We expect that a final compliance report will be made within several weeks.

10/20/78
Date

William C. Oldaker
General Counsel

7804007498

Highland National Bank
OF NEWBURGH
385 BROADWAY, NEWBURGH, N.Y. 12550 • TEL. (914) 562-4000

RECEIVED
FEDERAL ELECTION
COMMISSION

'78 OCT 23 PM 3:22

October 17, 1978

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

RE: MUR 418 (77)

Dear Mr. Oldaker:

In accordance with your letter of October 12, 1978 regarding above-captioned case, enclosed please find properly executed and acknowledged Statement of Compliance.

Very truly yours,

Robert F. Macfarland,
President

RFM/nk
Enc.

cc: Robert Tortoriello
Cleary, Gottlieb, Steen & Hamilton
New York City

7 8 0 4 0 0 7 4 9 8 2

United Bank
New York

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Highland National Bank of Newburgh	)	MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to certain expenditures prior to May, 1976, for the purchase of tickets to political dinners and similar events and for the purchase of advertisements in various political publications. The undersigned has been informed that, in the Report, "Bank C" is Highland National Bank of Newburgh.

* * *

Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

10/17/78
Date

Robert F. MacFarland
ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this 17 day of October, 1978.

Norma J. Kahl
Notary Public

NORMA J. KAHL
Notary Public, State of New York
County of Orange
Commission Expires March 30, 1980
Notary Reg. No. 4527547

7804007498 3

Highland
National Bank
MAIN OFFICE
385 BROADWAY
NEWBURGH, NEW YORK 12550

78040074

FEDERAL ELECTION COMMISSION

'78 OCT 23 PM 3:22

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

GCC# 5039

807119

RECEIVED FEDERAL ELECTION COMMISSION

CHARTERED 1806

STATE BANK OF ALBANY

ALBANY, NEW YORK

'78 OCT 21 AM 10:48

FRANK H. ODELL
PRESIDENT

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

October 17, 1978

Ms. Susan Propper
Attorney at Law
Federal Election Commission
1325 K. Street N. W.
Washington, D. C. 20463

Dear Ms. Propper:

Enclosed is an executed Statement of Compliance with respect to the State Bank of Albany.

Very truly yours,

President

FHO:rab
Enclosure

7804007493 5

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
State Bank of Albany) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated September 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to December, 1973 from which, according to the Report; politically related expenditures were made. Subsequent to December, 1973, officers of State Bank of Albany received salary increments from time to time. However, no requirements or directives were imposed by the Bank with respect to the use or disposition thereof.

* * *

State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any federal political office and that it is complying and will continue to comply with 2 U.S.C. § 441b (formerly U.S.C. §610).

October 17, 1978
Date

FRANK H. ODELL
President
State Bank of Albany

Subscribed and sworn to before me this 17th day of October, 1978.

Notary Public

JOHN P. MURTAGH
Notary Public, State of New York
Qualified in Rensselaer County
My Commission Expires March, 30 19[illegible]

7 8 0 4 0 0 7 4 9 8 6

7 8 0 4 0 0 7 4 0 8 7

'78 OCT 21 AM 10:43

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

RETURN RECEIPT REQUESTED
CERTIFIED MAIL
NO. 4734

Ms. Susan Propper
Attorney at Law
Federal Election Commission
1325 K. Street, N. W.
Washington, D. C. 20463

Liberty National Bank and Trust Company

(Member United Bank, New York)

MAIN OFFICE 424 MAIN STREET
TELEPHONE (716) 847-7241

BUFFALO, NEW YORK 14240

JOSEPH T. TRAPP
Executive Vice President
Corporate Secretary

October 17, 1978

Ms. Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Ms. Propper:

Re: Liberty National Bank and Trust Company
MUR - 418 (77)

As requested, I enclose for your files, an executed Statement of Compliance on behalf of Liberty National Bank and Trust Company.

Very truly yours,

Joseph T. Trapp

/mb

by Certified Mail/r.r.r.

cc: Robert L. Tortoriello, Esq.

7804007498 8

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BEFORE THE FEDERAL ELECTION COMMISSION

GCC# 5240

RECEIVED
FEDERAL ELECTION
COMMISSION

In the Matter of)
)
Liberty National Bank and)
Trust Company) MUR 418

'78 OCT 20 PM 3:58

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to May, 1973, from which, according to the Report, politically related expenditures were made, and as to the grant of certain salary increases to five senior officers in 1973. The undersigned has been informed that, in the Report, "Bank B" is Liberty National Bank and Trust Company.

807092

* * *

Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

October 12, 1978

Robert J. Donough

Robert J. Donough, President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this 12th day of October, 1978.

Richard F. Kawa

RICHARD F. KAWA
Notary Public, State of New York
Qualified in Erie County
My Commission expires Mar. 30, 1980

7804007498 9

J.I. Trapp, E.V.P.

Liberty National Bank and Trust Company
Member United Bank New York
424 Main Street
Buffalo, New York 14240

BUFFALO OCT 17 '78 N.Y.

U.S. POSTAGE 1 40

PB METER 6482451

1 0 0 7 4 9

COMMISSION

OCT 2 ... '59

Ms. Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

CERTIFIED
No. 817991
MAIL

sted

RETURN RECEIPT REQUESTED

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James McKee, Jr.
Vice President and Cashier
State Bank of Albany
89 State Street
Albany, New York

Re: MUR 418

Dear Mr. McKee,

Pursuant to your application of February 22, 1978, the documents submitted to the Commission by State Bank in connection with the above matter have been reviewed to determine whether certain of these documents should be exempted from disclosure at the conclusion of the Commission's investigation. With respect to Document Nos. S-15 through S-20, S-22, S-23 and S-25 through S-54, an exemption has been granted under 5 U.S.C. §§ 552(b)(4),(6) and (7) and proposed 11 C.F.R. §§ 4.5(a)(4),(6) and (7), 42 Fed.Reg. 59944-45(1977). Document Nos. S-50, S-52 and S-54 are also exempted from disclosure under 5 U.S.C. § 552(b)(3) and proposed 11 C.F.R. § 4.5(a)(3).

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

MUR 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered ..... ¢
   - ☒ Show to whom, date, and address of delivery ..... ¢
   - ☐ RESTRICTED DELIVERY
     Show to whom and date delivered ..... ¢
   - ☐ RESTRICTED DELIVERY.
     Show to whom, date, and address of delivery. $
   - (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
James McKee, Jr. - V. Pres.
St. Bank of Albany
89 State Street
Albany, N.Y.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943572	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY: OCT 6 1978
POSTMARK: OCT 16 1978

5. ADDRESS (Complete only if requested)
Registry Section
Albany, N.Y. 12207

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

☆ GPO : 1977—O-234-337

MUR 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered ..... ¢
   - ☒ Show to whom, date, and address of delivery ..... ¢
   - ☐ RESTRICTED DELIVERY
     Show to whom and date delivered ..... ¢
   - ☐ RESTRICTED DELIVERY.
     Show to whom, date, and address of delivery. $
   - (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Robt. Tortoriello
1 St. St. Plaza
New York, N.Y. 10004

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943571	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY: 10-16-78
POSTMARK: OCT 16 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

☆ GPO : 1977—O-234-337

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

October 12, 1978

Jon Price
Controller
Highland National Bank of Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418 (77)

Dear Mr. Price,

Pursuant to your application of February 21, 1978, the documents submitted to the Commission by Highland Bank in connection with the above matter have been reviewed to determine whether certain of these documents should be exempted from disclosure at the conclusion of the Commission's investigation.

Accordingly, an exemption has been granted under 5 U.S.C. § 552(b)(4) and proposed 11 C.F.R. § 4.5.5(a)(4), 42 Fed.Red. 59944-45(1977) with respect to Document Nos. H-1 through H-11.

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7 8 0 4 0 0 7 4 9 9 3

7 8 0 4 0 0 7 4 9 9 4

MWR 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered ..... ¢
   - ☒ Show to whom, date, and address of delivery ..... ¢
   - ☐ RESTRICTED DELIVERY
     Show to whom and date delivered ..... ¢
   - ☐ RESTRICTED DELIVERY.
     Show to whom, date, and address of delivery. $____
     (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Jan Price Controller
Highland Natl. Bk. of
385 Broadway Newburgh
Newburgh, N.Y.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943570	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☒ Addressee ☐ Authorized agent

4. DATE OF DELIVERY
Jan Lomulle

POSTMARK
NEWBURGH OCT 17 1978 USPO

5. ADDRESS (Complete only if requested)
A Price Sec mer of

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O-234-337

FEDERAL ELECTION COMMISSION

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

October 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank and
Trust Company
424 Main Street
Buffalo, N.Y. 14240

Re: MUR 418

Dear Mr. Donough,

Pursuant to your application of February 15, 1978, the documents submitted to the Commission by Liberty Bank in connection with the above matter have been reviewed to determine whether certain of these documents should be exempted from disclosure at the conclusion of the Commission's investigation. With respect to Document Nos. L-11, L-16, L-42, L-47 through L-56 and L-66 through L-76, an exemption has been granted under 5 U.S.C. §§ 552(b)(4),(6), and (7)and proposed 11 C.F.R. §§ 4.5 (a)(4),(6) and (7), 42 Fed.Reg. 59944-45(1977). Document Nos. L-68, L-70, L-72, L-74 and L-76 are also exempted from disclosure under 5 U.S.C. § 552(b)(3) and proposed 11 C.F.R. § 4.5(a)(3).

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7 8 0 4 0 0 7 4 9 9 6

NUP 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- ☐ Show to whom and date delivered ..... ¢
- ☑ Show to whom, date, and address of delivery ..... ¢
- ☐ RESTRICTED DELIVERY
  Show to whom and date delivered ..... ¢
- ☐ RESTRICTED DELIVERY
  Show to whom, date, and address of delivery. $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Robt. J. Donaugh-Pres.
Liberty Natl. Bank & Trust Co.
424 Main St., Buffalo, N.Y.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943569	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☑ Addressee ☐ Authorized agent

Paul Murphy

4. DATE OF DELIVERY
OCT 16 1978

BUFFALO POSTMARK OCT 16 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS
9.a

☆ GPO : 1977—O-234-337

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES O. JOHNSON, JR.
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DeSIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGOORT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN S. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE S. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW
JAMES F. MUNSELL
SANDRA S. WEIRSNER
EVAN A. DAVIS

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA

NEW YORK, N.Y. 10004

(212) 344-0600

CABLE: CLEARGOLAW
TELEX: WU 128244
RCA 235438

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N. W.
WASHINGTON, D. C. 20036
TWX 7108820108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS S. KLIEVER
KENNETH J. BUCHMAN, JR.
CHARLES G. LETTOW
RICHARD DEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX: 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI 23, BTE 8
1040 BRUSSELS, BELGIUM
TELEX 26035

RICHARD S. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX: 887650

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
RESIDENT PARTNERS

FEDERAL ELECTION COMMISSION
'78 JUL 31 PM

July 26, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

804947

Re: United Bank Corporation of New York and Subsidiaries - MUR 418

Dear Ms. Propper:

I have now had an opportunity to review, and discuss with appropriate officers, the proposed Statements of Compliance with respect to State Bank of Albany, Liberty National Bank and Trust Company and Highland National Bank of Newburgh which were forwarded to the presidents of the banks under cover of letters of Messrs. Oldaker and Steele of your office, dated July 6, 1978. Messrs. Oldaker and Steele indicate that the Commission is seeking "a sworn statement that all expenditures and contributions of a political nature have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue." We have no difficulty with this approach. However, the proposed statements characterize the legality of past conduct and thus go beyond what the Commission appears to be seeking. Accordingly, we have revised each of the letters to confine them to a present and prospective compliance approach which seems to be consistent with the Commission's objectives and the conversations you have had in the past with Mr. Hagoort.

Please contact Mr. Hagoort or myself to let us know if the proposed Statements of Compliance are acceptable to you.

7804007497

We look forward to receiving your rulings on the various Freedom of Information Act applications which have been filed by each of the banks.

Sincerely yours,

Bob Tortoriello

Robert L. Tortoriello

7804007499 8

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
State Bank of Albany) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated September 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to December, 1973. Subsequent to December, 1973, officers of State Bank of Albany received salary increments from time to time. However, no requirements or directives were imposed by the Bank with respect to the use or disposition thereof.

* * *

State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any federal political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

Date

FRANK H. ODELL
President
State Bank of Albany

Subscribed and sworn to before me this day of , 1978.

Notary Public

7804007499

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Liberty National Bank and	)	
Trust Company	)	MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to May, 1973, and as to the grant of certain salary increases to five senior officers. The undersigned has been informed that, in the Report, "Bank B" is Liberty National Bank and Trust Company.

* * *

Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

Date

ROBERT J. DONOUGH
President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this day of , 1978.

Notary Public

7804007500

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Highland National Bank of	)	
Newburgh	)	MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to certain expenditures prior to May, 1976, for the purchase of tickets to political dinners and similar events and for the purchase of advertisements in various political publications. The undersigned has been informed that, in the Report, "Bank C" is Highland National Bank of Newburgh.

* * *

Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

Date

ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this day of , 1978.

Notary Public

7 8 0 4 0 0 7 5 0 0 1

7 8 0 4 0 0 7 5 0 0 2

'78 JUN 31 PM 1:29

FIRST CLASS MAIL

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ARTY, GOTTLIEB, STEEN & HAMILTON
ONE STATE STREET PLAZA

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

DATE: JULY 31, 1978

SUBJECT: MUR 418 - Interim Report, undated
Received in Office of Commission
Secretary: 7-28-78, 11:40

The above-named document was circulated on a 24 hour no-objection basis at 3:00 p.m. on July 28, 1978.

The Commission Secretary's Office has received no objections to the Interim Report as of 4:00 p.m. this date.

Commissioners Harris, Springer, Staebler, Thomson, and Tiernan have returned their papers by the deadline.

7804007503

July 26, 1978

MEMORANDUM TO: Marge Emmons

FROM: Eliana T. Carr

SUBJECT: MUR 418

Please have the attached Interim Report on MUR 418 distributed to the Commission.

Thank you.

7 8 0 4 0 0 7 5 0 0 4

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418
United Bank Corporation of New York	)	
	)	

Interim Report

On July 5, 1978, the Commission approved compliance statements to be sent to all three banks involved in this matter. These statements were forwarded to the respondents on July 6, 1978. In a recent telephone conference, counsel for the respondents stated that he had reviewed the statements and has mailed to the Commission an alternative proposal with certain allegedly minor revisions. In addition, counsel has asked that certain documents furnished to the Commission be made exempt from public disclosure under exemptions in the Freedom of Information Act.

We expect to submit a final compliance report within several weeks.

7/28/78
Date

William C. Oldaker
General Counsel

7 8 0 4 0 0 7 5 0 0 5

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jon Price
Controller
Highland National Bank
of Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Price,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to Highland National Bank upon receipt of a sworn statement that all expenditures and contributions of a political nature have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed by the President of the Highland bank and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello, Esq.

Charles N. Steele
Associate General Counsel

7 8 0 4 0 0 7 5 0 0 7

MUR 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).

☐ Show to whom and date delivered ..... ¢

☒ Show to whom, date, and address of delivery ..... ¢

☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢

☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Jon Price, Controller
Highland Nat'l Bank of Newburgh
385 Broadway
Newburgh, N.Y.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943544	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

JUL 14 1978

POSTMARK

NEWBURGH NY JUL 14 1978

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O-(234-337)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The Highland National Bank	)	
of Newburgh	)	MUR 418

STATEMENT OF COMPLIANCE

The Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. On three occasions between September 30, 1975, and April 7, 1976, the Highland National Bank of Newburgh and its subsidiaries, the National Bank of Orange and the First National Bank and Trust Company of Ellenville, made certain political contributions and/or expenditures in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b).

2. All expenditures and contributions in connection with any election to any political office by Highland and its subsidiaries have ceased since April, 1976.

3. No further violations of 18 U.S.C. §610 (now 2 U.S.C. §441b) by Highland and its subsidiaries will occur.

Date

ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this day of , 1978.

Notary Public

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank Odell
President
State Bank of Albany
69 State Street
Albany, New York 12201

Re: MUR 418

Dear Mr. Odell,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to State Bank upon receipt of a sworn statement that all expenditures and contributions by the bank in connection with a federal election have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

Charles N. Steele
Associate General Counsel

enclosure

cc: Robert Tortoriello, Esq.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

7804007501 0

MUR 48 SP ✓

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- ☐ Show to whom and date delivered ..... ¢
- ☒ Show to whom, date, and address of delivery ..... ¢
- ☐ RESTRICTED DELIVERY
  Show to whom and date delivered ..... ¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery . $
  (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Frank Odell, Pres.
St. Bank of Albany
69 State St, Albany, N.Y.
12201

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943542	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Deborah [illegible]

4. DATE OF DELIVERY
JUL 11 [illegible]

JUL 11 1978

5. ADDRESS (Complete only if [illegible])

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O-234-337

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The State Bank of Albany	)	MUR 418

STATEMENT OF COMPLIANCE

The State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. Prior to December, 1973, a cash fund consisting of corporate monies was maintained by officers of State Bank and was used for the purpose of making political contributions and expenditures. This fund was terminated in December, 1973.

2. On termination of the fund, three senior officers were given augmented raises. However, no requirements or directives were imposed by the bank as to the use of these added amounts. These additional salary increments have since become a continuing part of each officer's compensation.

3. State Bank affirms that it has ceased all expenditures and contributions in connection with any election to any federal political office and that it will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

_____ Date

_____
FRANK ODELL
President
State Bank of Albany

Subscribed and sworn to before me this day of , 1978.

_____
Notary Public

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank
and Trust Company
424 Main Street
Buffalo, New York 14240

Re: MUR 418

Dear Mr. Donough,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to Liberty Bank upon receipt of a sworn statement that all expenditures and contributions by the bank in connection with any election to any political office have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello, Esq.

Charles N. Steele
Associate General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The Liberty National	)	
Bank and Trust Company	)	MUR 418

STATEMENT OF COMPLIANCE

The Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. Prior to May, 1973, a cash fund consisting of corporate monies was maintained by officers of Liberty Bank and was used for the purpose of making political contributions and expenditures in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b). This fund was terminated in May, 1973.

2. On termination of the fund, five senior officers received yearly lump sum payments of $2,500 in addition to normal raises. These payments were incorporated into the officers' salaries in 1975. No requirements or directives were imposed by the bank as to the use of these amounts, and they were considered to be the personal funds of each officer.

3. Liberty Bank affirms that it has ceased all expenditures and contributions in connection with any election to any

political office and that no further violations of 18 U.S.C. §610 (now 2 U.S.C. §441b) will occur.

Date

ROBERT J. DONOUGH
President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this day of , 1978.

Notary Public

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418
The State Bank of Albany	)	
The Highland National Bank of Newburgh	)	
The Liberty National Bank and Trust Company	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on July 5, 1978, the Commission approved by a vote of 4-0 the statements and letters regarding the above-captioned matters as recommended in the General Counsel's memorandum.

Commissioners Staebler, Springer, Thomson, and Aikens returned their votes by the deadline.

Marjorie W. Emmons

Date: 7/5/78

Marjorie W. Emmons
Secretary to the Commission

Memorandum date: Undated
Received in Office of Commission Secretary: 6-30-78, 10:20
Circulated on 48 Hour vote basis: 6-20-78, 2:30

7804007501 5

June 30, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418

Please have the attached Compliance Statements on MUR 418 distributed to the Commission on a 48 hour tally basis.

Thank you.

7804007501 6

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Memorandum To: The Commission

From: William Oldaker

Re: MUR 418

On May 24, 1978, the Commission voted to close the file in the above matter upon receipt of sworn statements from each of the three banks involved. These statements are intended to acknowledge that all activity by the banks in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b) has stopped and to affirm that each bank will continue to comply with this section. As this is an unusual resolution of a MUR, there was some discussion as to the form of the statements sought from the respondents. These questions have now been resolved, and the statements and letters are attached for your approval.

7804007501 7

FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank Odell
President
State Bank of Albany
69 State Street
Albany, New York 12201

Re: MUR 418

Dear Mr. Odell,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to State Bank upon receipt of a sworn statement that all expenditures and contributions by the bank in connection with a federal election have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

enclosure

cc: Robert Tortoriello, Esq.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The State Bank of Albany	)	MUR 418

STATEMENT OF COMPLIANCE

The State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. Prior to December, 1973, a cash fund consisting of corporate monies was maintained by officers of State Bank and was used for the purpose of making political contributions and expenditures. This fund was terminated in December, 1973.

2. On termination of the fund, three senior officers were given augmented raises. However, no requirements or directives were imposed by the bank as to the use of these added amounts. These additional salary increments have since become a continuing part of each officer's compensation.

3. State Bank affirms that it has ceased all expenditures and contributions in connection with any election to any federal political office and that it will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

Date

FRANK ODELL
President
State Bank of Albany

Subscribed and sworn to before me this day of , 1978.

Notary Public

FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jon Price
Controller
Highland National Bank
of Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Price,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to Highland National Bank upon receipt of a sworn statement that all expenditures and contributions of a political nature have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed by the President of the Highland bank and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello, Esq.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The Highland National Bank of Newburgh	)	MUR 418

STATEMENT OF COMPLIANCE

The Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. On three occasions between September 30, 1975, and April 7, 1976, the Highland National Bank of Newburgh and its subsidiaries, the National Bank of Orange and the First National Bank and Trust Company of Ellenville, made certain political contributions and/or expenditures in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b).

2. All expenditures and contributions in connection with any election to any political office by Highland and its subsidiaries have ceased since April, 1976.

3. No further violations of 18 U.S.C. §610 (now 2 U.S.C. §441b) by Highland and its subsidiaries will occur.

Date

ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this day of , 1978.

Notary Public

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank
and Trust Company
424 Main Street
Buffalo, New York 14240

Re: MUR 418

Dear Mr. Donough,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to Liberty Bank upon receipt of a sworn statement that all expenditures and contributions by the bank in connection with any election to any political office have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello, Esq.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The Liberty National	)	
Bank and Trust Company	)	MUR 418

STATEMENT OF COMPLIANCE

The Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. Prior to May, 1973, a cash fund consisting of corporate monies was maintained by officers of Liberty Bank and was used for the purpose of making political contributions and expenditures in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b). This fund was terminated in May, 1973.

2. On termination of the fund, five senior officers received yearly lump sum payments of $2,500 in addition to normal raises. These payments were incorporated into the officers' salaries in 1975. No requirements or directives were imposed by the bank as to the use of these amounts, and they were considered to be the personal funds of each officer.

3. Liberty Bank affirms that it has ceased all expenditures and contributions in connection with any election to any

political office and that no further violations of 18 U.S.C. §610 (now 2 U.S.C. §441b) will occur.

_____ Date

_____
ROBERT J. DONOUGH
President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this day of , 1978.

_____
Notary Public

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418
United Bank Corporation of New York	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on May 24, 1978, the Commission determined by a vote of 6-0 to take the following actions in the above-captioned matter:

1. Defer action with regard to the Highland National Bank of Newburgh to give the respondent an opportunity to submit a letter indicating the proscribed practices alluded to in the General Counsel's Report will continue to be stopped.

2. Upon submission of sworn statements that all expenditures and contributions of a political nature have ceased and that compliance with 18 U.S.C. Section 610 (now 2 U.S.C. Section 441b) will continue, close the file with respect to the Liberty National Bank and Trust Company and the State Bank of Albany.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Date: 5/26/78

7804007502 5

EXECUTIVE SESSION
May 24, 1978

BEFORE THE FEDERAL ELECTION COMMISSION

May 1, 1978

In the Matter of	)	
	)	MUR 418
United Bank Corporation	)	
of New York	)	

General Counsel's Report

I. Summary of Commission Action

The issue in this MUR concerns the alleged violation of 18 U.S.C. §610 (as amended, 2 U.S.C. §441b) by three subsidiaries of the United Bank Corporation of New York -- the State Bank of Albany, Liberty National Bank and Trust Company and Highland National Bank of Newburgh.

This matter was referred to the Commission on June 29, 1977 by the Office of the Comptroller. Briefly, the materials submitted by the Comptroller [1/] indicated that, at both the State Bank of Albany and the Liberty National Bank, off-book cash funds had been maintained which were used, in part, for expenditures of a political nature. At the Highland National Bank, bank funds were being spent directly for such purposes.

1/ The documents received from the Comptroller included reports compiled at the direction of the Board of Directors of the United Bank Corporation in connection with an investigation (conducted by the corporation) into political expenditures by UBNY subsidiaries. The Special Committee appointed by the Board retained the law firm of Cleary, Gottlieb, Steen and Hamilton and the auditing firm of Peat, Marwick and Mitchell to assist in the inquiry and prepare the reports.

7 8 0 4 0 0 7 5 0 2 6

Based on this information, the Commission found reason to believe on July 19, 1977. An investigation was initiated and discovery took place from January to March, 1978. Documents have been produced by all three banks and key officials at each bank have been deposed, pursuant to the Commission's subpoenas 2/.

Having investigated this matter, we recommend that the Commission find reasonable cause to believe that Highland National Bank of Newburgh has violated 2 U.S.C. §441b with respect to their expenditures of bank monies for political purposes. With respect to Liberty National and the State Bank of Albany, we recommend that the file be kept open until receipt of an agreement indicating the proscribed practices alluded to in this report will continue to be stopped. Following receipt of such agreements, we believe the file should be closed.

II. Summary of Pertinent Facts

A. Description of the Investigation

The investigation of this matter covered the following general areas: (1) Review of United Bank Corporation March, 1977 report to the SEC (submitted to the Commission by the SEC); (2) Review of the reports of the Special Committee investigation initiated by the corporation in 1976; (see footnote 1) (3) Depositions of officials at each of the banks, including: Raymond J. Kinley (senior vice-president), Martin H. Heck (executive vice-president) and Frank H. Odell (president) of

2/ Five of the officers subpoenaed at Liberty Bank claimed their Fifth Amendment privilege against self-incrimination (due to an ongoing IRS investigation of the bank) and submitted letters in which they declined to be deposed by the Commission.

7 8 0 4 0 0 7 5 0 2 7

the State Bank of Albany; Robert J. Donough (president) and Avery H. Fonda (former president) of the Liberty National Bank; and Robert F. MacFarland (president) of Highland National Bank; (4) Review of documents obtained from each of the three banks pertaining to official policies, salary increments and political expenditures.

B. Summary of the Investigation

The investigation of the General Counsel's office revealed the following specific facts relating to political expenditures made by each of the three United Bank subsidiaries:

1. State Bank of Albany

From 1958 through 1973, the chief executive officer of the State Bank of Albany maintained a cash fund through which certain officers regularly made political contributions. This fund was originally established by the then chief executive officer, Hollis E. Harrington, in consultation with counsel for the bank. At all times during the fund's existence, the person serving as the bank's legal counsel had full knowledge of, and participated in, the fund's maintenance.

Financing of the fund was achieved through special salary increments paid to certain senior bank officials, who then returned half of this amount to the chief executive officer. While this practice was not widely publicized, it appears that all of the members of the Executive Committee and most, if not all, of the members of the Board of Directors were aware that these special amounts were being included in officers' salaries. (see p. 12, September 13, 1976 Cleary, Gottlieb report).

7 8 0 4 0 0 7 5 0 2 8

maintenance of the fund might be improper. However, the Board of Directors at that time determined that the chief executive officer and two vice presidents should receive augmented raises that year in recognition of the increased pressure these officers might be under as a result of the fund's termination.[3/] (Frank Odell, Martin Heck and Raymond Kinley were the three officers selected for these raises.) No requirements or directives were imposed by the bank as to the actual use of these amounts, and upon deposition, each reported that they considered the full amount of their salaries to tbe expendable at their own discretion. (see, e.g., deposition of Frank Odell, p. 26)

According to the Cleary, Gottlieb report, subsequent raises of the chief executive officer and the two vice-presidents indicate that the increased salary raises have become a continuing part of the officer's compensation (see p. 20, September 13, 1976 Cleary, Gottlieb report). This was confirmed in the depositions of each of the officials

3/ This interpretation is based upon the conclusions of the Cleary, Gottlieb report. However, the depositions of the three officers were unclear on this issue. Mr. Odell asserted that the added raises were merit increases; Messrs Heck and Kinley gave conflicting accounts, but both allowed that termination of the fund was a factor in the raises they received that year.

7 8 0 1 0 0 7 5 0 2 9

Generally, the chief executive officer made the decisions regarding disbursements from the fund, the majority of which were made for the purchase of tickets for political dinners and parties and for contributions to Republican and Democratic state, county and local committees. From January 1, 1971 to December, 1973, an aggregate of $35,750 was contributed to the fund and an aggregate of $34,200 was disbursed for political contributions. The remaining balance of $1,550 was expended in 1974, primarily for tickets to a political dinner.

Apparently no records exist as to the contributions made from the fund prior to 1972. However, the present chief executive officer, Mr. Odell, did receive, in 1973, a list from his predecessor of the people and organizations that had received contributions in 1972. (see p. 16, September 13, 1976 CGSH report) Major categories of disbursements from the fund, as enumerated in the Cleary, Gottlieb report, included tickets for political dinners and parties ($3,420 in 1973 and $7,000 in 1972), for memberships in political clubs ($1,000 in 1973 and in 1972), and for contributions to the Republican and Democratic state, county and local committees ($5,820 in 1973 and $1,925 in 1972). One $200 contribution was made to a federal congressional candidate in 1972.

In December, 1973, the special salary amounts were discontinued, after suggestions by two directors that

7 8 0 4 0 0 7 2 0 3 0

7 8 0 4 0 0 7 5 0 3 1

in question. Each also asserted that he had not made any contributions to candidates for federal office from 1974 to the present.

It was emphasized, both in the Cleary, Gottlieb report and the depositions, that at no time were any of the contributions, either through the fund or by the individual officers, ever made for the purpose of inducing specific action on the part of the recipient or of obtaining any specific benefit for the bank or any of its officers.

In October, 1976, the State Bank of Albany adopted the official policy statement of the United Bank Corporation prohibiting corporate political contributions. The same statement, at the Corporation's directive, was distributed to all officers and branch managers of the State Bank in the summer of 1977.

2. Liberty National Bank and Trust Company

The fund at Liberty was established several years prior to 1971 (the exact date is not clear) and was maintained by the senior cashier, Joseph Schmauss. Disbursements were generally made by the bank's public relations officer, John Shaughnessy (later this position was assumed by Donald McNutt). (see deposition of Avery Fonda, p. 7 - 9). The December 10, 1976 Cleary, Gottlieb report indicated that these monies came from such sources as: sales of bank furniture and equipment already depreciated

7 8 0 4 0 0 7 5 0 3 2

Fonda recommended to the Executive Committee that five senior officers (three vice-presidents, the cashier and the public relations officer) receive added compensation in recognition of the pressure these officers were under to make personal civic, charitable and political contributions. This recommendation was made without any reference to the termination of the fund. The Executive Committee approved the recommendation and determined that each of the five officers would receive yearly lump sum payments of $2,500 in addition to normal raises. At this time, the bank terminated all expenditures from the fund. (see p. 20, Fonda deposition)

According to Mr. Fonda, there was no instruction from the bank regarding the manner in which the lump sum payments were to be spent, nor were any reports made to the bank as to how the money was in fact used. (see deposition of Avery Fonda, p. 20). The monies were merely reflected, on the bank's books, as salary payments. The lump sum payments were continued from 1973 until 1975, when the recipient officers requested that the sums be incorporated into their salaries. At all times, according to Mr. Fonda, these amounts were considered to be the personal funds of each officer.

In September , 1974, July and December of 1975 and again in May, 1976, the Liberty Bank circulated official policy statements and memoranda notifying bank personnel of the illegality of donating bank funds or services for

7 8 0 4 0 0 7 5 0 3 3

political purposes. Employees were warned that any such violation by a staff member would result in dismissal.

3. Highland National Bank of Newburgh

At the Highland National Bank, rather than maintaining a fund from which contributions would be made, monies were either donated directly from the bank coffers, or officers were reimbursed for expenditures of a political nature. Almost all of these disbursements were for the purchase of tickets to political dinners and advertisements in political brochures or journals (e.g., Republican and Democratic local journals)

Most of the expenditures made were submitted to the chief executive officer for approval, although sometimes after the disbursement had been made. (see pp. 11-12, deposition of Robert MacFarland) The amounts involved were reflected on the bank's books and the purpose of such disbursements was usually clear. According to the December 10, 1976 Cleary, Gottlieb report, these expenditures were allegedly considered by the bank to be common practice among banks and believed necessary for public relations purposes. (see p. 27 CGSH report of December 10, 1976) It appears that the aggregate annual amount of political expenditures did not exceed $500 from 1971 through 1976. The bank documents submitted to the Commission indicated that the expenditures made in 1974, 1975 and 1976 were for county Republican advertisements,

7 8 0 4 0 0 7 5 0 3 4

a local Democratic committee journal advertisement and a contribution to a local Republican club. No such payments have been made since April, 1976.

In July and October of 1975, Highland acquired two other banks - The National Bank of Orange and Ulster County and the First National Bank and Trust Company of Ellenville, respectively. It was discovered that prior to the mergers, the two banks had made similar political expenditures (a total of $150 by the Ellenville bank and $175 by the Orange Bank, in 1974, most of which went for advertisements in political yearbooks or journals). Again, it appears to have been the belief of the management of each blank that such disbursements were customary for public relations purposes. (see p. 27, Cleary, Gottlieb report of December 10, 1976)

Mr. MacFarland stated in his deposition that no expenditures for political purposes have been made by either of these branches since the merger in 1975. In June, 1975, Highland issued a formal operating manual to its staff, including the staff of the two newly-acquired banks. This manual did not include any specific policy statements relating to political contributions until March, 1976, although an informal policy prohibiting political expenditures had been maintained since the merger. (see pp. 15-17, MacFarland deposition) In September, 1976 and in April, 1977, Highland adopted additional corporate policy statements of the United Bank corporation which

7 8 0 4 0 0 7 5 0 3 5

treated this issue. Moreover, MacFarland stated that at no time were salaries adjusted to enable officers to make contributions, nor were any directives issued by the bank (or by United Bank Corporation) suggesting that bank personnel make such contributions. (see MacFarland deposition, p. 19)

7804007503 6

III. Analysis

A. The Maintenance of Illicit Corporate Funds for Contributions to Political Candidates and the Effect of the Statute of Limitations

Although the evidence garnered by the staff indicates a strong possibility that each of the banks in this MUR committed violations of 18 U.S.C. §610 by making contributions in connection with federal and state campaigns out of illicitly maintained corporate funds, in at least two of these instances--Liberty National Bank and the State Bank of Albany--the time lapse since the termination of this practice and the present creates a persuasive, if not compelling, argument against a "reasonable cause to believe" determination. As for the Highland Bank and its branches, although they have likewise terminated their apparently illicit practices, there is a basis, in our opinion, for a limited "reasonable cause to believe" finding.

The funds maintained by Liberty and the State Bank of Albany, while in apparent violation of the §610 prohibition on corporate contributions or expenditures in connection with electoral campaigns, were both terminated in 1973-- in the case of the Albany Bank, in December of that year, and August of 1973 in the case of Liberty. Thus, there is a strong, if notconclusive, argument that any violations with respect to these funds are protected by the three year statute of limitations of 2 U.S.C. §455.

7 8 0 4 0 0 7 5 0 3 7

This provision, while apparently inapplicable to Commission civil enforcement actions (See Memorandum to the Commission of September 29, 1977, appended as Exhibit 1), would arguably apply to a criminal statute such as §610. In any event, the two banks have terminated their respective funds in apparent recognition of the §610 problem and there is no evidence of any further violation of this section(See part B, infra., where the practices of these two banks after 1973 are discussed). Accordingly, it appears that there has been meaningful voluntary compliance with the Act before any Commission involvement in this matter. Moreover, the banks may be willing to sign a document assuring the Commission that they will continue to comply with §610 (now 2 U.S.C. §441b). If the Commission is so inclined, staff would endeavor to obtain such a document prior to closing the file as to the Liberty Bank and the State Bank of Albany.

The political contribution activities of the Highland Bank continued until 1976. Two banks that merged into, and became branches of, Highland in 1975--The National Bank of Orange and Ulster County and The National Bank and Trust Company of Ellenville--likewise made political contributions up to the time of the merger. Subsequent to the merger, these two branches have refrained from any activity of this sort. While the amounts expended by Highland and its branches did not go directly to a candidate, they were expended in connection with a (local) election

7804007503 8

and are violative of §610. See 2 U.S.C. §441b; 11 C.F.R. §114.2(a).

All politically related expenditures of the Highland group terminated in April of 1976. While no contributions of any type have since been made and no bank officer's salary was increased upon termination of this practice, the fact that the activity continued into 1976 removes the later years of this practice (1975-76) from the protection of any statute of limitations problem (noted above). Consequently, there is a basis for a finding of "reasonable cause to believe" that §610 has been violated in the amount of about $170.

B. Payments of Salary Increments to Officials of Liberty National Bank and Trust Company and the State Bank of Albany

As noted in our summary of evidence, the Board of Directors of both Liberty National Bank and the State Bank of Albany, after the termination of their respective political contribution funds in 1973, voted salary increases for certain bank officials who might be asked to make contributions to certain groups, charities, or political candidates and organizations. There is, in our opinion, no evidence to suggest that this practice violates §610.

The evidence gathered by the staff indicates that the bank officials who received these increases were not told where or how to contribute, nor were they required to give

7 8 0 4 0 0 7 5 0 3 9

an accounting of these funds (deposition of Fonda, p. 20). Indeed, these payments were treated as regular salary by all concerned. This point becomes even clearer in 1975, when the so-called increments ceased to even be earmarked as a special salary increase and were incorporated into the "regular" salaries of these officials. There is no evidence that at any time there was any pressure, coercion, of suggestion made as to the utilization of these funds, nor was there any threat of reprisal for a failure to use this money in a certain way. Pipefitters Local No. 562 v. United States, 407 U.S. 385 at 414; See also United States v. Boyle, 482 U.S. 1076.

The monies used to create the political contribution fund of the State Bank of Albany, were, upon that fund's termination in December of 1973, incorporated into the regular salaries of certain bank officials. These monies have since become a continuing part of the bank's salary schedule (Kinley deposition, p. 12; Odell deposition, p. 13). At no time subsequent to the special fund's termination has there been any evidence of coercion, instruction, or suggestion as to how these "raises" were to be spent. See Pipefitters and Boyle cases, supra.

7 8 0 4 0 0 7 5 0 4 0

IV. Recommendations

1. Find reasonable cause to believe that Highland National Bank of Newburgh violated 18 U.S.C. §610 and initiate conciliation.

2. Upon submission of sworn statements that all expenditures and contributions of a political nature ceased permanently in 1973 and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue, close the file with respect to the Liberty National Bank and Trust Company and the State Bank of Albany.

5/16/78
Date:

William C. Oldaker
General Counsel

Attachment:
1. Memorandum to the Commission of September 29, 1977
2. Proposed Conciliation Agreement

7 8 0 4 0 0 7 5 0 4 1

Agenda 10/20

Memorandum To: The Commission

From: William C. Oldaker 9/29/77

Subject: 2 U.S.C. §455

It is the opinion of the General Counsel that the period of limitations in Section 455 of Title 2 is applicable only to the bringing of criminal proceedings to enforce the provisions of the FECA.

History of §455

The FECA of 1971 included no specific statutory period of limitations. Under the Act at that time the provisions for enforcement by the Department of Justice were solely criminal. Accordingly, the relevant limitation period was 18 U.S.C. §3282, a general five year statute of limitations applicable to federal non-capital crimes where no specific statutory provision exists. There is no general federal period of limitations for civil actions.

In 1974, the House bill (H.R. 16090) added §455, which was incorporated into S. 3044 in the conference committee. This section referred to the period of limitations on actions brought for violations of the disclosure provisions

7804007504 2

and of sections 608 through 613 of Title 18.

At the time §455 was added, both the House and the Senate had begun to "de-criminalize" the FECA. The civil/criminal distinction is clearly recognized in both the House and Senate versions of the 1974 amendments.

Furthermore, the specific language in both the House report (No. 93-1239, 93d Cong., 2d Sess., p. 31 (1974)), and the conference report (S. Rep. No. 93-1237, 93d Cong., 2d Sess., p. 101 (1974)) state that "no criminal action" may be brought unless within three years from the occurrence of the violation.

In light of the fact that, at the time §455 was added, there was a distinction between civil and criminal actions for enforcement of the FECA, and, that the language of §455--prosecution, indictment, information, and its reference in (b)(2) to criminal proceedings--is solely criminal, we conclude that the section was intended to apply to criminal prosecutions.

In 1976, §455 was amended to omit reference to 18 U.S.C. §§608-13 which had been incorporated in Title 2, thus completing the de-criminalization of the statute, while retaining criminal penalties for knowing and willfull violations. Otherwise, the language of §455 remained

7 8 0 4 0 0 7 5 0 4 3

intact, referring to "prosecution" after "information" or "indictment".

Analysis

Section 455 on its face refers only to the institution of informations and indictments. Where a statute is clear on its face, it is unnecessary to refer to the legislative history or any other source for statutory interpretation. In any event, the history of the incorporation of §455 into the FECA and the language contained in the reports accompanying the House and conference versions reflects a Congressional recognition of the criminal/civil distinction and the section refers only to criminal prosecutions.

Federal statutes providing civil remedies frequently are drafted without a statute of limitations applicable to civil enforcement actions brought by the federal government. (See, for example, the Fair Housing Act, 42 U.S.C. §3601 et seq., and 28 U.S.C. §1343, "Civil Rights and Elective Franchise".) Where no specific period of limitations is stated by Congress, there is no time limit in which a right may be exercised by the federal government and state statutes of limitation are not applicable. EEOC v. Griffin Wheel Co., 511 F.2d 456 (5th Cir. 1975), rehearing den., 521 F.2d 223; United States v. Georgia

7804007504

Power Co., 474 F.2d 906 (5th Cir. 1973); Beard v. Stephens, 372 F.2d 685 (5th Cir. 1967); Federal Maritime Commission v. Caragher, 364 F.2d 709 (2d Cir. 1966).

Of course, an agency which delays the bringing of an enforcement action may be subject to equitable defenses asserted by a defendant, but there is no direct limitation.

The Commission has apparently concluded in the course of its deliberations on particular cases that the three year limitation applied to Commission action of a civil nature. It is not bound by that determination if it concludes it was erroneous. See, e.g. NLRB v. Laidlaw, 414 F.2d 99 (7th Cir. 1969).

Conclusion

The Commission should conclude that the three year statute of limitations does not apply to its processing of cases. In light of its administrative practice, the Commission may wish to consider not applying this conclusion retrospectively, and, accordingly, announcing that as to cases arising more than three years before the date of this conclusion--e.g., October 15, 1974--the Commission will continue its previous policies, but, as regards cases arising after that date, it will not. That conclusion, however, probably will not be binding on the courts. Finally, in light of the situation, the Commission may wish to ask Congress, during its consideration of possible amendments to FECA, to consider the problem.

7 8 0 4 0 0 7 5 0 4 5

CONCILIATION AGREEMENT

Between the Federal Election Commission	)	
and	)	MUR 418
Highland National Bank of Newburgh	)	

WHEREAS, pursuant to 2 U.S.C. §§437g(a)(2) and (5), the Federal Election Commission (hereinafter "the Commission") has made findings of reason to believe and reasonable cause to believe that the Highland National Bank of Newburgh (hereinafter "Respondent") violated 18 U.S.C. §610 (2 U.S.C. §441b, as amended); and

WHEREAS, Respondent has been fully cooperative in the Commission's investigation of this matter under review,

The Commission and Respondent, pursuant to 2 U.S.C. §437g(a)(5)(A), do hereby resolve and conciliate the above-captioned matter under review by agreeing as follows:

I. The Commission has jurisdiction over the subject of this matter under review pursuant to 2 U.S.C. §§437d(a)(10) and 437g.

II. The uncontroverted facts underlying this matter are as follows:

7 8 0 4 0 0 7 5 0 4 6

A. Respondent is a national bank with headquarters in Newburgh, New York.

B. During the period from September 30, 1975 to April 7, 1976, three checks were written on Respondent's corporate account for the purpose of making contributions to local political committees.

C. Of these three checks, two,dated September 30, 1975 and November 19, 1975, were made payable to the Wawarsing Democratic Committee Journal in the amount of $100 and $50 respectively and were used to place advertisements in said Journal. The third, dated April 7, 1976, constituted a contribution to the Montgomery Republican Club in the amount of $20.

D. Other than the instances involving the three contributions named in paragraph C, supra, Respondent made no contributions using bank funds to any local political committees or candidates. Respondent has never made contributions to federal candidates or committees.

E. In July and October of 1975, Highland acquired two other banks - the National Bank of Orange and Ulster County and the First National Bank and Trust Company of Ellenville, respectively.

7 8 0 4 0 0 7 5 0 4 7

While prior to the mergers each of these banks had made similar contributions, no such expenditures have been made since January 1, 1975. Neither bank has made contributions involving candidates for federal office.

III. Each of the transactions described in Section II subparagraphs B through E constituted a corporate contribution in violation of 18 U.S.C. §610(2 U.S.C. §441b, as amended). Respondent affirms under penalty of perjury that the transactions described in Section II subparagraph C are the sole instances within the statutory jurisdiction of the Federal Election Commission in which Respondent has made contributions in violation of 18 U.S.C. §610 (2 U.S.C. §441b, as amended). No argument that the Commission might raise regarding the Statute of Limitations is waived hereby.

IV. Respondent and its subsidiaries have ceased all expenditures and contributions in connection with any election to any political office and will continue to comply with 18 U.S.C. §610(now 2 U.S.C. §441b).

V. Pursuant to 2 U.S.C. §437g(a)(6)(B), Respondent agrees to pay a civil penalty of $170 within thirty (30) days of this agreement. Payment shall be made to the Treasury of the United States.

7 8 0 4 0 0 7 5 0 4 8

VI. The Commission, at the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning matters involved herein, or on its own initiative, may review compliance with this agreement. If the Commission determines that this agreement has been violated, it may institute a civil action for relief in the United States District Court of the District of Columbia pursuant to 2 U.S.C. §437g(a)(7).

VII. This conciliation agreement shall become effective on the date that all parties hereto have executed the same and the Commission has approved the entire agreement.

Date	William C. Oldaker General Counsel Federal Election Commission
Date	Robert F. MacFarland President Highland National Bank of Newburgh

7804007504 9

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

May 5, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James McKee, Jr.
Vice President and Cashier
State Bank of Albany
69 State Street
Albany, New York 12201

Re: MUR 418

Dear Mr. McKee:

Enclosed please find a copy of State Bank of Albany's FOIA exemption application. It has been initialed and dated in accordance with Mr. Tortoriello's request.

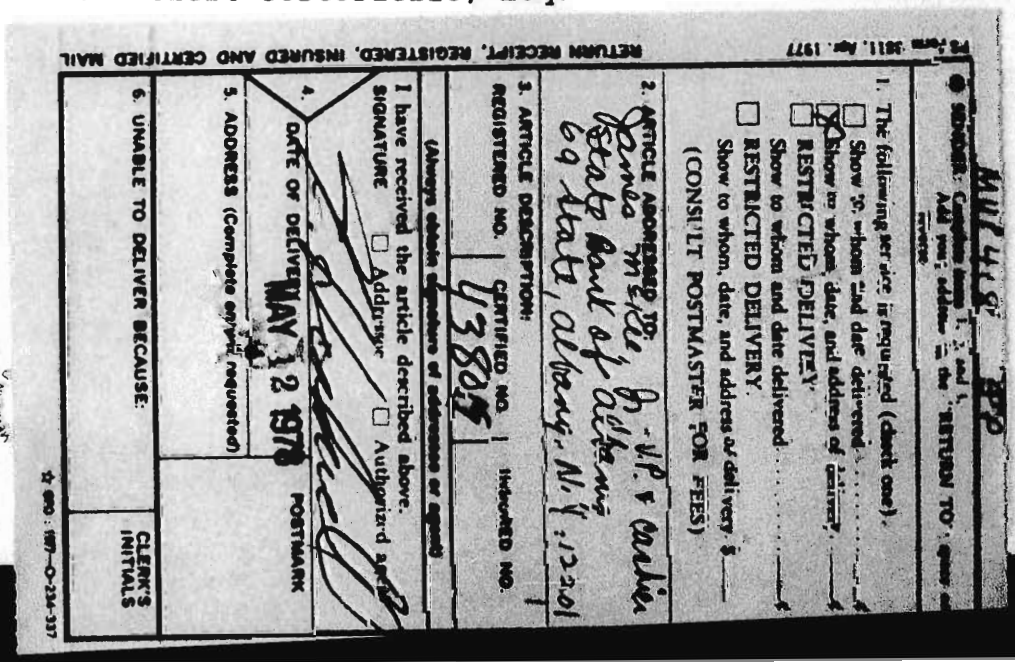
Thank you for your cooperation in this matter.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

cc: Robert Tortoriello, Esq.



FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

May 5, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jon Price
Controller
Highland National Bank of Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Price:

Enclosed please find a copy of Highland National Bank's FOIA exemption application. It has been initialed and dated in accordance with Mr. Tortoriello's request.

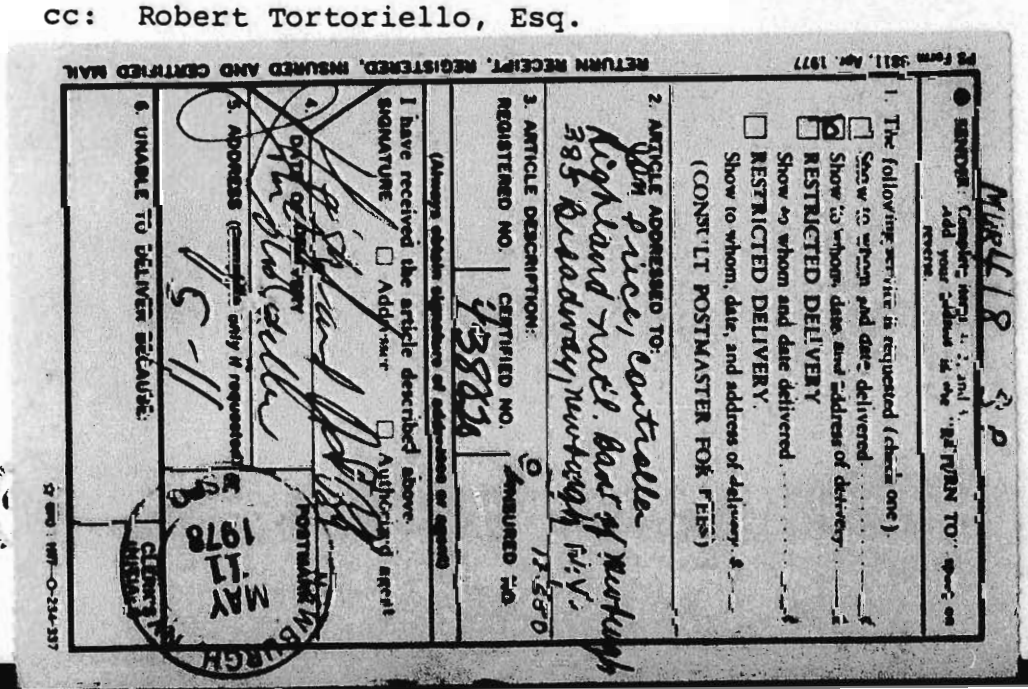
Thank you for your cooperation in this matter.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

cc: Robert Tortoriello, Esq.



FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

May 5, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank and Trust Co.
424 Main Street
Buffalo, New York 14240

Re: MUR 418

Dear Mr. Donough:

Enclosed please find a copy of Liberty National Bank's FOIA exemption application. It has been initialed and dated in accordance with Mr. Tortoriello's request.

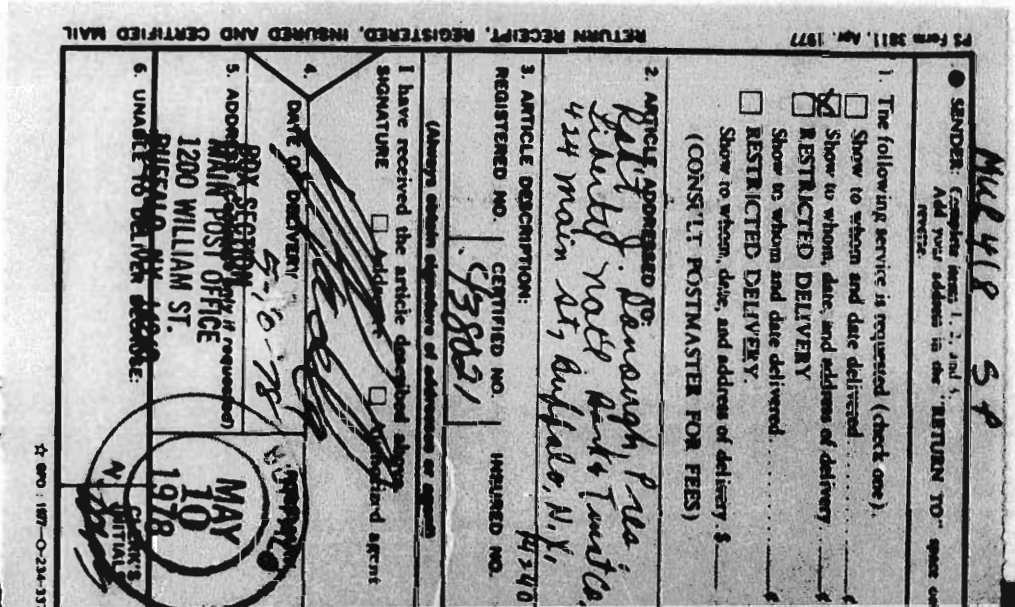
Thank you for your cooperation in this matter.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

cc: Robert Tortoriello, Esq.



PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

15-55
540

MEMBER FSLIC

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

No. 209986

_____ 19__

PAY TO THE ORDER OF HIGHLAND NATIONAL BANK

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

CUSTOMER'S RECORD COPY
NOT NEGOTIABLE

THE PERSONAL MONEY ORDER, BEARING THE ABOVE NUMBER, IS SOLD UPON THE FOLLOWING CONDITIONS: (I) THAT THE PURCHASER SIGN, IN INK, HIS/HER NAME AND ADDRESS THEREON AFTER FILLING IN A DATE AND THE NAME OF THE PAYEE; (II) THAT NO REQUEST FOR REFUND OR TO STOP PAYMENT OR OTHERWISE BE MADE TO THE BANK WITH REGARD TO THE SAID PERSONAL MONEY ORDER UNLESS THIS RECORD IS SUBMITTED THEREWITH.

1325 K Street N.W.
Washington, D.C. 20463

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

15-55
540

MEMBER FSLIC

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

No. 209987

_____ 19__

PAY TO THE ORDER OF LIBERTY NATIONAL BANK

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

CUSTOMER'S RECORD COPY
NOT NEGOTIABLE

THE PERSONAL MONEY ORDER, BEARING THE ABOVE NUMBER, IS SOLD UPON THE FOLLOWING CONDITIONS: (I) THAT THE PURCHASER SIGN, IN INK, HIS/HER NAME AND ADDRESS THEREON AFTER FILLING IN A DATE AND THE NAME OF THE PAYEE; (II) THAT NO REQUEST FOR REFUND OR TO STOP PAYMENT OR OTHERWISE BE MADE TO THE BANK WITH REGARD TO THE SAID PERSONAL MONEY ORDER UNLESS THIS RECORD IS SUBMITTED THEREWITH.

1325 K Street N.W.
Washington, D.C. 20463

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

15-55
540

MEMBER FSLIC

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

No. 209988

_____ 19__

PAY TO THE ORDER OF STATE BANK OF ALBANY

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

CUSTOMER'S RECORD COPY
NOT NEGOTIABLE

THE PERSONAL MONEY ORDER, BEARING THE ABOVE NUMBER, IS SOLD UPON THE FOLLOWING CONDITIONS: (I) THAT THE PURCHASER SIGN, IN INK, HIS/HER NAME AND ADDRESS THEREON AFTER FILLING IN A DATE AND THE NAME OF THE PAYEE; (II) THAT NO REQUEST FOR REFUND OR TO STOP PAYMENT OR OTHERWISE BE MADE TO THE BANK WITH REGARD TO THE SAID PERSONAL MONEY ORDER UNLESS THIS RECORD IS SUBMITTED THEREWITH.

1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Jon Price
Controller
Highland National Bank of Newburgh
385 Broadway
Newburgh, New York 12550

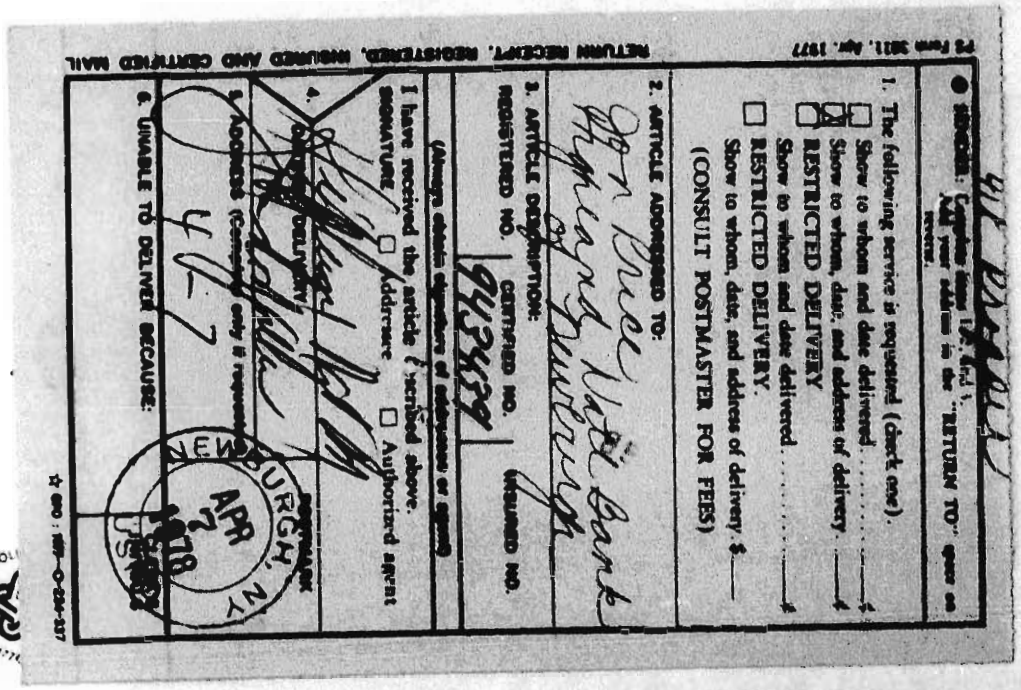
Re: MUR 418 (77)

Dear Mr. Price:

Enclosed please find a money order for eight dollars and fifty cents ($8.50) to cover the cost of duplicating the documents requested. Your cooperation in this matter is appreciated.

Sincerely yours,

William C. Oldaker
General Counsel



7 8 0 4 0 0 7 5 0 5 5

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

MEMBER FSLIC

FEDERAL HOME LOAN BANK SYSTEM

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

15-55 / 540

No. 209986

3/24 19 78

PAY TO THE ORDER OF HIGHLAND NATIONAL BANK

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

SIGNATURE

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

ADDRESS 1325 K Street N.W.
Washington, D.C. 20463

⑈209986⑈ ⑆0540⑈0055⑆21⑈862 94 642⑈

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Robert Donough
President
Liberty National Bank and Trust Co.
424 Main Street
Buffalo, New York 14240

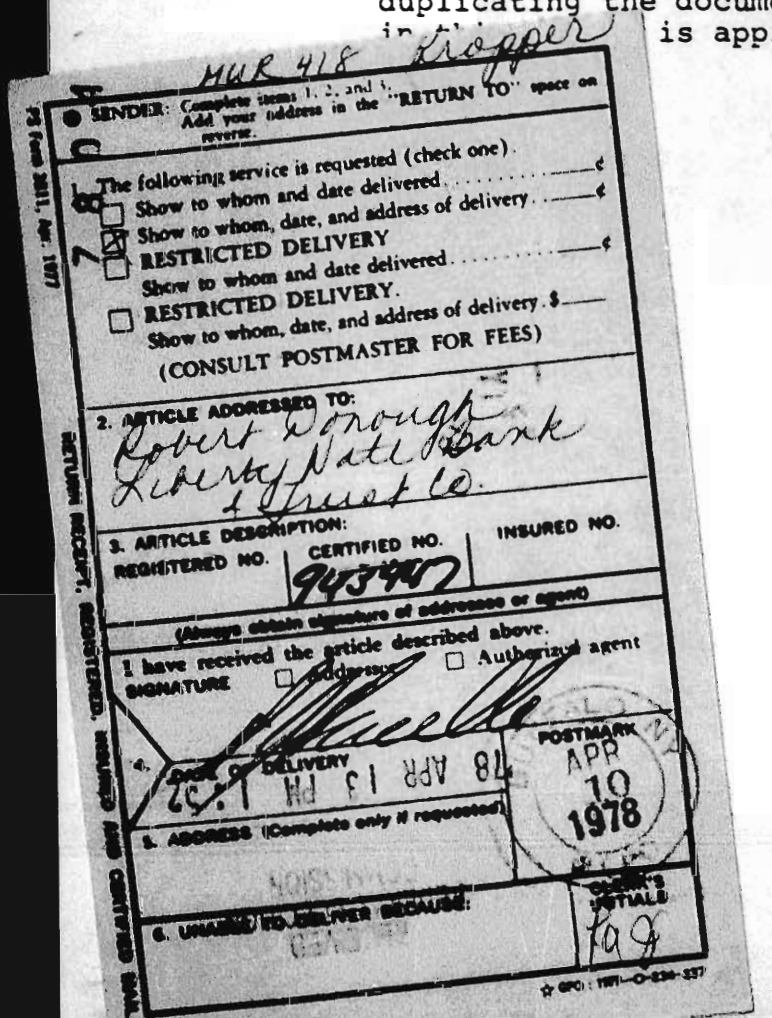
Re: MUR 418 (77)

Dear Mr. Donough:

Enclosed please find a money order for sixteen dollars and sixty cents ($16.60) to cover the cost of duplicating the documents requested. Your cooperation in this matter is appreciated.

Sincerely yours,

William C. Oldaker
General Counsel


MUR 418 Kropper

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

The following service is requested (check one).
☐ Show to whom and date delivered ____¢
☒ Show to whom, date, and address of delivery ____¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ____¢
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Robert Donough
Liberty Natl Bank
& Trust Co.

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 943947 | INSURED NO.

(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY 78 APR 13 PM 1:32

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

POSTMARK APR 10 1978

CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

7 8 0 4 0 0 7 5 0 5 7

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

15-55
540

MEMBER FSLIC

FEDERAL HOME LOAN BANK SYSTEM

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

No. 209987

3/24 19 78

PAY TO THE ORDER OF LIBERTY NATIONAL BANK

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

SIGNATURE

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

ADDRESS 1325 K Street N.W.
Washington, D.C. 20463

⑈209987⑈ ⑆0540⑈0055⑆26⑈862 94 642⑈

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. James McKee, Jr.
Vice President & Cashier
State Bank of Albany
69 State Street
Albany, New York 12201

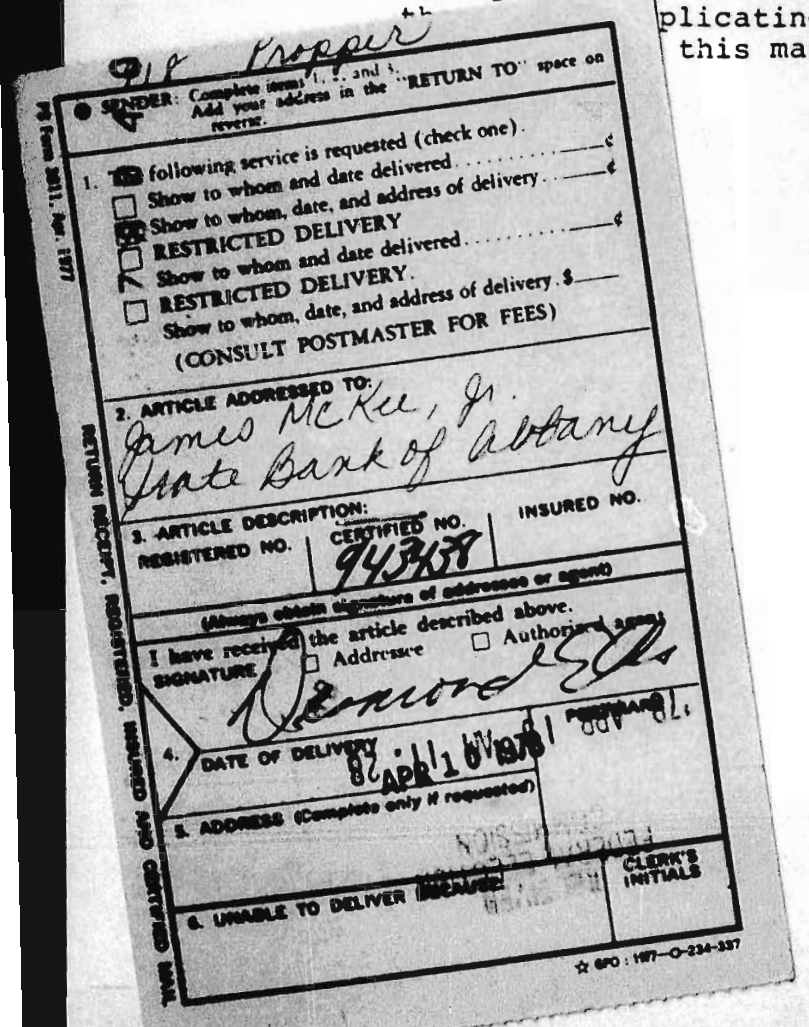
Re: MUR 418 (77)

Dear Mr. McKee:

Enclosed please find a copy of money order for twenty-two dollars and twenty cents ($22.20) to cover the [illegible] replicating the documents requested. Your [illegible] this matter is appreciated.

Sincerely yours,

William C. Oldaker
General Counsel


SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.
1. The following service is requested (check one).
Show to whom and date delivered ____¢
Show to whom, date, and address of delivery ____¢
RESTRICTED DELIVERY
Show to whom and date delivered ____¢
RESTRICTED DELIVERY
Show to whom, date, and address of delivery $____
(CONSULT POSTMASTER FOR FEES)
2. ARTICLE ADDRESSED TO:
James McKee, Jr.
State Bank of Albany
3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. 943458 INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE Addressee Authorized agent
4. DATE OF DELIVERY APR 10 1978
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS
☆ GPO: 1977—O-234-337
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

7 8 0 4 0 0 7 5 0 5 9

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

MEMBER FSLIC

FEDERAL HOME LOAN BANK SYSTEM

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

15-55
540

No. 209988

3/24 19 78

PAY TO THE ORDER OF STATE BANK OF ALBANY

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

SIGNATURE

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

ADDRESS 1325 K Street, N.W.
Washington, D.C. 20463

⑈209988⑈ ⑆0540⑉0055⑆21⑉862 94 642⑈

ORIGINAL

LAKE/BL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:	
UNITED BANK CORPORATION OF NEW YORK	MUR 418

Washington, D. C.

Monday, March 6, 1978

Deposition of

RAYMOND J. KINLEY

a witness in the above-entitled matter, called for examination by counsel for the Federal Election Commission, taken at the offices of the Federal Election Commission, 1325 K Street, N. W., Washington, D. C., beginning at 10:30 a.m., before Bobbie C. Lake, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

7 8 0 4 0 0 7 5 0 6 0

For the Federal Election Commission:

SUSAN E. PROPPER, ESQ.
1325 K Street, N. W.
Washington, D. C. 20463

For Raymond J. Kinley:

JOHN S. MARTIN, JR., ESQ.
MARTIN, OBERMAIER & MORVILLO
1290 Avenue of the Americas
New York, New York 10019

C O N T E N T S

WITNESS:	EXAMINATION BY COUNSEL FOR:	
	FEDERAL ELECTION COMMISSION (Ms. Propper)	
RAYMOND J. KINLEY		3
	RAYMOND J. KINLEY (Mr. Martin)	

HEMMOCK ERASABLE COTTON CONTENT

Thereupon

RAYMOND J. KINLEY

a witness, was called for examination by counsel for the Federal Election Commission and, after having been sworn by the notary, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE FEDERAL ELECTION COMMISSION

BY MS. PROPPER:

Q Mr. Kinley, would you state your name and address for the record, please.

A Raymond J. Kinley, 6 Ichabod Lane, Albany, New York.

Q And how are you employed?

A I am employed as a senior vice president in the State Bank of Albany, in charge of overall public relations.

Q How long have you been at the bank?

A It will be 20 years on May 5th, of this year.

Q Since 1958?

A Yes.

Q And can you give me an idea of the various positions you have held since you have been at State Bank and the approximate dates?

Q I think so. I came to the bank in 1958 to more or

7 8 0 4 0 0 7 5 0 6 2

COTTON CONTENT

less work in business development, and from that particular phase I then took over the advertising. I took over the sales club and maintaining the national accounts. I was in charge of all those departments for several years.

Q Can you tell me what your title was at the time?

A I originally came to the bank as assistant vice president. For the first six months I was a representative and then took a title as assistant vice president and held that title for about five years, I would say, and became a vice president.

Q Became a vice president around 1963 would you say?

A Somewhere in that area. And then I took the job of senior vice president in, it was effective, I think, January 1st of '73, as I remember it. And from there on I have been a senior vice president,and then the job changed.

The job changed in this way: I used to be upstairs. We had a floor called the 14th floor, and it had business development and all other things. I moved out of there and took to the executive floor to take on the job of overall public relations for the bank.

Q When did you assume that position?

A I am sure that was in 1973. This is '77; yes,

7804075063

HEMLOCK
GRASAFILE

I will say that was in 1973 I started full time on that, and I also have something called target accounts which go with public relations. Those are accounts we are looking to become clients of the bank and are not put in the run-of-the-mill charge accounts, et cetera.

Q Do you recall approximately when in 1973 your responsibilities changed?

A I would think that they were pretty much changed around, I would think around the first of the year. I am not quite sure of that date.

MR. MARTIN: First of which year?

BY MS. PROPPER:

Q Of 1973 then.

A I would say 1973. I think I was promoted in the latter part of 1972, the last meeting in December.

I would say, what they normally do if you are getting a promotion, they promote you in the last meeting of December, and it becomes effective the first of January. As a senior vice president, and that is when I took on more of the complete thing, I would say that was in maybe '74. We finished '77, didn't we, John?

MR. MARTIN: Yes.

HERMLOOK ERASABLE COTTON CONTENT

7804075064

THE WITNESS: It was '74, because it is four years I have been doing that job, going into the fifth year now.

Q Mr. Kinley, are you familiar with a report compiled by Cleary, Gottlieb, Steen and Hamilton on September 13, 1976, concerning the State Bank of Albany.

A Yes. I am.

Q Have you read that report?

A No. I have not read it at all. I saw the report, but have not read it all.

Q Were you interviewed in connection with the preparation of that report?

A No. Well, I don't know. Maybe we were and didn't know it.

MS. PROPPER: Can we go off the record for a minute?

(Discussion off the record.)

THE WITNESS: Yes. Yes. I remember that. Okay. There was a young lady that came up.

BY MS. PROPPER:

Q Do you recall being interviewed in connection with the preparation of this report?

A Yes.

Q On page one of the report there is a reference made

HEMLOCK ERASABLE COTTON CONTENT

7 8 0 4 0 7 5 0 6 5

to political contributions made by State Bank through the medium of a fund. Do you have personal knowledge of that fund?

A That we had such a fund? Yes.

Q Were you aware of it during the time the fund was in existence?

A Yes.

Q When did you first learn of it?

A Well, I would say back -- I can't give you the year.

Q Approximately?

A Maybe somewhere around 1970; in that area.

Q Do you recall who first discussed it with you?

A Yes. President Harrington, who was then president.

Q In what connection did he discuss it with you?

A When I was invited to participate.

Q And when you say participate --

A Well, in other words, they had the fund, and we were given a -- I guess I want to go back a little further when this first came up; having only had a few years in the bank, and when this was explained to me that I could become

7804075056

a participating member in it, I said, "Yes; by all means." I would like to be in it because I felt there were some benefit to me.

Q Can you explain what the nature of your participation was?

A The participation at that time that you receive a salary increase and in turn gave back part of that money to be used for political contributions.

Q About how much were you returning?

A I think originally when we started, I believe I was returning $500. I think it was a thousand dollars given to me, and $500 of that went back to this fund. But then it increased and I don't remember which year it was increased whereby you got $2,000 and gave back a thousand dollars.

Q About how many years were you involved in this would you say?

A I would think somewhere in the neighborhood of at that time maybe six or seven.

Q And you mentioned that you received some benefit.

A Well, as far as I was concerned, the benefit was this would go toward my retirement benefit. I am going to have 20 years when I get out, so because it was into your

78040 75067

HEMLOCK
BRASSELS
COTTON CONTENT

HEMLOCK ERASABLE COTTON CONTENT

salary. It would help to increase my retirement benefit as far as I was concerned.

Q The total amount you received was considered part of your salary?

A Yes. For which tax was paid on it, et cetera.

Q Were you ever involved in the administration of the fund?

A Yes.

Q In what capacity?

A Well, in the capacity that I happen to be a Democrat, and I am probably one of the few Democrats in the bank. I have always been an active Democrat so that while the fund was, from that standpoint I knew about it, as far as the --

Q What sort of role did you play in the administration of the fund?

A Well, for a matter of maybe three or four years I would give some of the money to the Democrats, the county Democrats, the Albany Democrats.

Q So you were involved in making some disbursements from the fund?

A Yes.

7804007506 8

Q Was that at Mr. Harrington's request?

A Yes.

Q Is the fund still in existence?

A No. Definitely not.

Q When was it terminated?

A I believe it was 1973.

Q Toward the end of 1973?

A I would say so.

Q Were you personally involved in the decision process which led to termination?

A No.

Q Are you a member of the executive committee of State Bank?

A No.

Q Are you a member of the board of directors?

A No.

Q Have you ever been?

A No.

Q Was the practice of giving certain officers additional salary increments, the increases you just described, was that terminated at the same time the fund was terminated?

A I would say yes. I would say yes.

HEMLOCK ERASABLE

7804075069

Q On page 20 of the Cleary, Gottlieb report there is a reference to a decision by the management of State Bank whereby they decided that the salaries of certain officers should be increased at the time the fund was terminated over and above the normal increases these officers would be receiving. Were you aware of this decision?

A I was not aware of the decision that certain officers were given a salary increase because of this; no. And the reason I am going to say that is if you will notice that is the same time I was promoted. My ego has been deflated several times because I thought my increase was because I got a new title and new job with added responsibilities. Do you hear what I am saying?

Q Can you tell me what you have been told since then to the contrary?

A Well, that the point is that my raise, I feel that with my new job I was given a raise because of additional things expected of me that would not necessarily be the bank's doing. I belong to everything in town and contribute to everything in town, and I feel the new title and all was the reason, without anybody telling me. I belong to maybe 25 boards I contribute to myself; that if I wasn't in this

HEMLOCK SOCIETY

HEMLOCK
ERASABLE
COTTON CONTENT

job, I wouldn't do it. I feel it was part of the job, and that was the reason for the increase. I was getting a new job, and that I would be expected to do a lot of additional things.

Q And the increase you received was to enable you to make these sorts of contributions?

A Yes.

Q Have you been told anything to the contrary since then?

A No.

Q Have there ever been any suggestions made to you as to particular contributions you might make out of this money?

A No. It was really left entirely up to us.

Q About how much of an additional increase did you receive at that time?

A Seems to me it went from -- it was a total of about $5,500. I think it went from $33,500 to $40,000, as I remember it.

Q Were you aware of any other officers of the bank who were recipients of special increases such as the one you received?

A No. I was not. They keep that pretty confidential

7804075071

among themselves. They really do that. Not so with the help but --

Q Did you make any political contributions in 1974?

A Yes.

Q Approximately how much did you spend in that manner?

MR. MARTIN: Including in that tickets to dinners, as well?

MS. PROPPER: Anything politically related.

THE WITNESS: I would say somewhere between $1,500 and $2,000.

BY MS. PROPPER:

Q Out of this amount did you make any contributions to Federal candidates?

A No. No. My contributions would be pretty much local or within the areas where I mentioned to you that I travel.

Q Would you say this is true for all years from 1974 to the present?

A No.

Q You have never made a contribution?

A No. I have not.

7804075072

HEMLOCK
ERASABLE
COTTON CONTENT

Q Would you say the amount you expended in 1974 in this manner has remained relatively stable over the years?

A Yes. I would say it would be. There is a possibility in some years, last year we had a mayoral race, and it would be a little higher.

Q According to Cleary, Gottlieb's report at page eight there was about a $1,500 balance left in the fund at the time the fund was terminated. Do you have personal knowledge of the manner in which this was expended?

A No. I never really knew there was anything in the fund, in it. I didn't know there was anything left.

Q Your knowledge was limited to contributions you were asked to make by President Harrington?

A Yes.

Q To the best of your knowledge have bank funds been used to make contributions to Federal candidates since 1974?

A No way. Definitely not.

Q Since 1974 when organizations have solicited contributions from the bank, can you tell me how the requests have been handled?

A Frankly, I haven't seen any requests to the bank. The request would come to the individual as far as I am

HEMLOCK ERASABLE

7804075073

HEMLOCK
ERASABLE
CONTENT

concerned and that would apply even in the branch areas. They don't send something and ask the State Bank for it. If they are going to ask anybody, they will ask myself, and I would say now it is pretty much to myself.

MS. PROPPER: I have no further questions.

EXAMINATION BY COUNSEL FOR RAYMOND J. KINLEY

BY MR. MARTIN:

Q You say the fund terminated in 1973?

A I am sure. I am sure it was in 1973.

Q You testified you first learned about it in 1970, and then you said you knew it went on for seven years. I am just trying to clarify that portion of your testimony so we can back up to when you first participated and when you first learned about it.

A What you are saying, I said I learned about it in 1970.

Q And then you said you participated for about six or seven years, which would take it into 1976 and 1977, I think.

A I think I used '70 or '71 because I wasn't sure. I have no record on it.

Q Whenever you first learned of it, you are sure it

7 8 0 4 0 7 5 0 7 4

terminated in 1973?

A That I am. Definitely, that in 1973 it was terminated.

MS. PROPPER: Is it probable then that you first learned of it in approximately 1967?

THE WITNESS: It could be because I was invited -- frankly, at the time I didn't think much about it because when you were invited into it, it looked like a good thing to be in as far as it goes, so I thought it was a very helpful thing to me. We were then in profit sharing too, and profit sharing was based on salary, so even though you felt this other thing was working, you stood to come out a little better, and in profit sharing we couldn't take that, and it was a chance to build something up.

MR. MARTIN: I have no further questions.

MS. PROPPER: I have no further questions.

(I have read the foregoing pages 3 through 17, inclusive, which contain a correct transcript of the answers made by me to the questions therein recorded.)

Raymond J. Kinley

RAYMOND J. KINLEY

7 8 0 4 0 7 5 0 7 5

CERTIFICATE OF NOTARY PUBLIC

I, Bobbie C. Lake, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to typewriting by me; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Bobbie C. Lake
Notary Public in and for
the District of Columbia

My commission expires
January 1, 1983

7804075076

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

7 8 0 5 1 2 1 0 4 6 2 5

For Division Use	Suspense No.
7805121046 25 DOC 3526	802681

Name and Address of Sender

JOHN S MARTIN
1290 AVE.AMERICAS
NY.NY 10019

Subject of Correspondence

MUR 418

Date Received	Suspense Date
05/12/78	06/02/78

Referred to	Action (Optional)
1. GARR / Propper	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

0.90

7804007507078

FROM

MARTIN, OBERMAIER & MORVILLO

1290 AVENUE OF THE AMERICAS

NEW YORK, N Y 10019

TO:

Ms. Susan Propper
1325 "K" Street
Washington, D.C. 20463

'78 MAY 12 AM 9:06

RECEIVED
FEDERAL ELECTION
COMMISSION

ACC3536

MARTIN, OBERMAIER & MORVILLO
ATTORNEYS
1290 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10019

THOMAS FITZPATRICK
JOHN S. MARTIN, JR.
ROBERT G. MORVILLO
OTTO G. OBERMAIER

TELEPHONE
(212) 489-1500
CABLE: LITIGATOR, NEW YORK

May 9, 1978

Ms. Susan Propper
1325 "K" Street
Washington, D.C. 20463

Dear Ms. Propper:

Enclosed please find executed transcripts for the testimony of Martin H. Heck and Raymond J. Kinley.

Very truly yours,

John S. Martin, Jr.

JSM,Jr.:wk
Enclosures

7804007507 9

LAKE/BL

ORIGINAL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:	
UNITED BANK CORPORATION OF NEW YORK	MUR 418

Washington, D. C.

Monday, March 6, 1978

Deposition of

MARTIN H. HECK

a witness in the above-entitled matter, called for examination by counsel for the Federal Election Commission, taken at the offices of the Federal Election Commission, 1325 K Street, N.W., Washington, D. C., beginning at 10:00 a.m., before Bobbie C. Lake, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

7 8 0 4 0 0 7 5 0 8 0

For the Federal Election Commission:

SUSAN E. PROPPER, ESQ.
1325 K Street, N. W.
Washington, D. C. 20463

For Martin H. Heck:

JOHN S. MARTIN, JR., ESQ.
MARTIN, OBERMAIER & MORVILLO
1290 Avenue of the Americas
New York, New York 10019

C O N T E N T S

WITNESS:	EXAMINATION BY COUNSEL FOR: FEDERAL ELECTION COMMISSION (Ms. Propper)
MARTIN H. HECK	3

HEMLOCK
ERASABLE
COTTON CONTENT

ERASABLE
COTTON CONTENT

Thereupon

MARTIN H. HECK

a witness, was called for examination by counsel for the Federal Election Commission and, after having been sworn by the notary, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE FEDERAL ELECTION COMMISSION

BY MS. PROPPER:

Q Would you state your name and address for the record, please.

A Martin H. Heck, 16 Pointview Drive, East Greenbush, New York.

Q How are you employed?

A I am employed by the State Bank of Albany.

Q How long have you been at the bank?

A My record goes back to November, 1940.

Q Could you tell me the various positions you have held and the approximate dates at the bank.

A I was assistant vice president starting January, 1953. Prior to that time I was with Farmers National Bank of Amsterdam that merged -- the State Bank merged the National Bank into the State Bank.

Q And after, you were vice president?

HEMLOCK

HEMLOCK
ERASABLE
COTTON CONTENT

A I was made senior vice president probably the early sixties, and in 1969 I was made executive vice president.

Q Are you a member of the board of directors of State Bank?

A Yes. I am.

Q And when did you first take that position?

A About June, 1973.

Q And are you also a member of the executive committee?

A Yes. I am.

Q When did you first assume that position?

A My first appointment to the executive committee would have been September of 1973.

Q And you have been a member of both continuously since those times?

A Yes.

Q In your various positions that you have held at State Bank can you give me a general idea of what your responsibilities have been?

A My responsibilities are for the operation of State Bank.

Q Can you be a little more specific?

A Mostly production; production area; branch administration; personnel.

7 8 0 4 0 0 7 5 0 8 3

HEMLOCK
ERASABLE
COTTON CONTENT

Q Do you have public relations responsibilities?

A No. I don't.

Q Mr. Heck, are you familiar with a report that was compiled by the law firm of Cleary, Gottlieb, Steen and Hamilton on September 13, 1976, concerning the State Bank of Albany?

A I have seen portions.

Q Were you interviewed in connection with that report?

A Yes. I was. That was the first time I saw the report.

Q You first saw it when you were interviewed?

A No. Would you restate your question. I was trying to say that the first time I saw it was when I gave a deposition regarding that report, to the IRS.

Q I was asking whether you were interviewed in connection with that report.

MR. MARTIN: Were you interviewed by lawyers from Cleary, Gottlieb?

THE WITNESS: Not to my knowledge. I can't remember being interviewed by attorneys.

MS. PROPPER. Do you want to go off the record?

(Discussion off the record.)

THE WITNESS: I could have been, but don't recall it. The evidence shows it, but I don't recollect being interviewed.

BY MS. PROPPER:

Q You say you have read portions of this report?

A Yes.

Q On page one of the report there is a reference made to political contributions made by the State Bank through the medium of a fund. Do you have personal knowledge of this fund?

A At the present time I do.

Q Were you aware of the fund's existence?

A I was aware of the fund's existence.

Q In operation?

A Yes.

Q When did you first become aware of it?

A Probably late sixties when I was asked to contribute to the fund.

Q In what manner were you asked to contribute to it?

A Through an increased amount in salary. I would turn 50 percent of that increased sum over to the chief

7804075085

executive of the bank.

Q Who asked you to participate in this?

A Hollis Harrington, president of the State Bank of Albany at the time.

Q Were you ever involved in the administration of the fund?

A No. I was not.

Q Were you ever involved in making disbursements from the fund?

A Yes.

Q Could you tell me about it?

A When I was making contributions to the East Greenbush Republican Committee, they asked me to increase my contribution. I mentioned this to Mr. Harrington. He said, "Why don't you, instead of giving me back the total amount of your contribution to the fund, keep out $200 and give the East Greenbush Republican Committee that money."

Q That would be $200 in addition to money you were already contributing from your personal fund?

A No.

Q That was total?

A Yes.

HEMLOCK ERASABLE COTTON CONTENT

7804005096

ERASABLE
COTTON CONTENT

Q Is the fund still in existence today?

A No. It is not.

Q When was it terminated?

A Terminated in 1973.

Q Approximately when in 1973.

A I believe the last contribution to the fund would have been in September of 1973.

Q Were you personally involved in a decision process which led to the termination?

A I will say yes; as a member of the board.

Q Were you present at the meetings of December 4th, and 11, 1973; meetings of the executive committee I am referring to?

A I believe I was.

Q Was termination discussed at these meetings?

A Yes. It was.

Q What was your role in these discussions?

A More or less listening to the other board members who were members of the executive committee discuss why they thought we should discontinue the fund.

Q Can you tell me who first made the suggestion to

7804005087

BRASSIES
COTTON CONTENT

terminate it?

A No. I can't remember.

Q Do you know what the rationale for termination was?

A They felt the situation in the United States, although the fund was considered to be legal, they felt public reaction would not be the right type of reaction the bank would want if it was found what we were doing.

Q Can you tell me what events led up to this decision?

A At the executive committee we were discussing salaries, and this was the increment for each individual who was a member of the fund that was segregated on the salary report, and that brought about the discussion.

Q Was the practice of segregating these special salary amounts terminated at the same time?

A Yes.

Q Let me digress for a minute. When these special amounts were still being reported on the salary lists and being given to certain officers, how were they reflected on the bank books?

A As part of salary.

Q They were added together, and a total sum was

7804005088
HEMLOCK

reflected as salary?

A Yes.

Q On page 20 of Cleary, Gottlieb's report a decision of the executive committee is indicated where at that time the bank decided to end the fund, it was also decided that certain officers' salaries should be increased over and above these salary increases they would normally receive that year. Were you aware of that decision?

A I was aware of that decision, but my recollection was that decision would have been made in the board meeting and not the executive committee. It could have been discussed, but when they discuss an individual salary, you are asked to leave the room, so it could have happened when they were discussing my salary, and I was asked to leave the room.

Q But it could have been discussed at the board meeting?

A Yes.

Q Do you recall which board meeting this might have been discussed at?

A No. But I could tell you that would have been in December of 1973.

Q Around the time of the executive committee meetings

7804075089

I mentioned earlier?

A Yes. Following the executive committee meeting.

Q Can you tell me what the rationale for these increases were?

MR. MARTIN: Can you tell me what the rationale is takes into account what he might think. Do you want to know what was said at the board meeting as to the reason?

BY MS. PROPPER:

Q Yes. What was said at the board meeting concerning the decision to give these increases?

A We have been talking about increases?

Q I am talking about increases given to three officers of the bank.

A The three officers you are referring to would have been the president, myself, and Mr. Kinley.

Q The president being Mr. O'Dell?

A O'Dell. I believe at that time, I don't remember it, I may have been asked to leave the board meeting because they were discussing my salary and would not have done it in front of me.

Q Were you present at the discussion of Mr. O'Dell's and Mr. Kinley's salary?

7804075090

HEMLOCK ERASABLE COTTON CONTENT

A No. I would not have been.

Q Can you tell me how much of an additional increase each of the three of you received?

A I can tell you what I received.

Q What did you receive?

A I believe I received $4,000 additional increase over and above what my salary was prior to that time.

Q What were you told in connection with being given this additional increase?

A The president called me in and told me what my increase was going to be. He told me my increase was sizable; it was equal to the other increases I had previously, similar; and the reason for that increase was he became the president, we had an executive vice president who was serving with me who resigned, I took over additional duties for him; I also supported the president when he came aboard; he appreciated what I had done for him, and therefore, that was the reason my salary was increased.

Q Were any connections made between this $4,000 and termination of the fund we discussed?

A No; other than this: I was present at the board meeting when the board of directors stated that they never

7804075091
HEMLOCK
ERASABLE
COTTON CONTENT

wanted to hear anymore about political contributions, that any contribution any individual in the bank made was a personal contribution and would do it under his own free will, and they didn't want to know about it.

Q Is the amount still part of your salary?

MR. MARTIN: Do you mean has his salary ever decreased?

MS. PROPPER: No. I mean have you continued to receive normal raises over and above this, this $4,000 amount?

THE WITNESS: Yes. I have.

BY MS. PROPPER:

Q How was this $4,000 paid to you?

A Credited to my account as my normal salary is.

Q You never received it in any sort of a lump sum payment?

A No. My salary is divided into 12 increments.

Q Can you tell me why the three of you were chosen as the recipients of this increment?

MR. MARTIN: Any discussion about that fact; I take it the question is was there any discussion as to how you three people were chosen for these increments? I am trying to get away from fact and speculation.

7804075092

BY MS. PROPPER:

Q Can you tell me was there any discussion at either the board of directors or executive committee meetings as to why the three of you were chosen to receive this increase?

A It is hard to separate what I have heard at what meeting and heard since.

Q Can you give me a general idea of what you have heard?

A That perhaps the three officers of the bank would be contacted by political parties for contributions and whatever we did was their own personal business; they wanted no record of it. No one wanted to know about it.

Q Was this then in recognition of the prominent position you held at the bank, you would be more likely to be approached for such contributions?

A Yes.

Q Was there ever any suggestion as to -- specific suggestion I am talking about - concerning how you might use this money?

A No.

Q Did you make any political contributions in 1974?

A Yes. I did.

7 8 0 4 0 7 5 0 9 3

Q Do you recall approximately how much you expended during that year?

A About $2,200.

Q Out of that $2,200 did you expend any -- did you make any political contributions to Federal candidates?

A No. I did not and never have.

Q Did you make any political contributions in 1975?

A Yes. I did.

Q Approximately how much?

A $1,800.

Q And in 1976 through the present year, would you say that the amount of your contributions has remained within that range?

A Yes. It has.

Q According to Cleary, Gottlieb's report at page eight there was a balance of approximately $1,500 at the time the fund was terminated. Do you have personal knowledge of how this was expended?

A I have no knowledge.

Q To the best of your knowledge have bank funds been used to make contributions to Federal candidates since 1974?

A No. There have not been any contributions to

7804075094

to Federal candidates to the best of my knowledge.

Q And since 1974 when organizations have solicited contributions from the bank, can you tell me how these requests have been handled?

A In my own personal matter I can. The only contributions I have given to a candidate is when I am personally solicited and I feel there is a good reason to make a contribution.

Q When a contribution request is made to the bank how would that be handled?

A That will go to him.

MS. PROPPER: I have no further questions.

MR. MARTIN: I have nothing.

(I have read the foregoing pages 3 through 16, inclusive, which contain a correct transcript of the answers made by me to the questions therein recorded.)

MARTIN H. HECK

7 8 0 4 0 0 5 0 9 5

HEMLOCK ERASABLE COTTON CONTENT

HEMLOCK
ERASABLE
COTTON CONTENT

CERTIFICATE OF NOTARY PUBLIC

I, Bobbie C. Lake, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to typewriting by me; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Bobbie C. Lake
Notary Public in and for the
District of Columbia

My commission expires
January 1, 1983

7804005096

LAKE/BL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:	
UNITED BANK CORPORATION OF NEW YORK	MUR 418

Washington, D. C.

Monday, March 6, 1978

Deposition of

RAYMOND J. KINLEY

a witness in the above-entitled matter, called for examination by counsel for the Federal Election Commission, taken at the offices of the Federal Election Commission, 1325 K Street, N. W., Washington, D. C., beginning at 10:30 a.m., before Bobbie C. Lake, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

7804075097

For the Federal Election Commission:

SUSAN E. PROPPER, ESQ.
1325 K Street, N. W.
Washington, D. C. 20463

For Raymond J. Kinley:

JOHN S. MARTIN, SR., ESQ.
MARTIN, OBERMAIER & MORRILLO
1290 Avenue of the Americas
New York, New York 10019

C O N T E N T S

	EXAMINATION BY COUNSEL FOR:
	FEDERAL ELECTION COMMISSION (Mr. Propper)
WITNESS:	
RAYMOND J. KINLEY	3
	RAYMOND J. KINLEY (Mr. Martin)
	16

7 8 0 4 0 7 5 0 9 8

Thereupon

RAYMOND J. KINLEY

a witness, was called for [illegible] counsel for the Federal Election Commission and, after having been sworn by the notary, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE FEDERAL ELECTION COMMISSION

BY MR. PEPPER:

Q Mr. Kinley, while you state your name and address for the record, please.

A Raymond J. Kinley, 6 Ledyard Lane, Albany, New York.

Q And how are you employed?

A I am employed as a senior vice president in the State Bank of Albany, in charge of overall public relations.

Q How long have you been at the bank?

A It will be 20 years on May 5th of this year.

Q Since 1958?

A Yes.

Q And can you give me an idea of the various positions you have held since you have been at State Bank and the approximate dates?

Q I think so. I came to the bank in 1958 to work of

less work in business development, and from that particular phase I then took over the advertising. I took over the sales club and maintaining the national accounts. I was in charge of all those departments for several years.

Q Can you tell me what your title was at the time?

A I originally came to the bank as assistant vice president. For the first six months I was a representative and then took a title as assistant vice president and held that title for about five years, I would say, and became a vice president.

Q Became a vice president around 1963 would you say?

A Somewhere in that area. And then I took the job of senior vice president in, it was effective, I mean, January 1st of '73, as I remember it. And from there on I have been a senior vice president, and then the job changed.

The job changed in this way: I used to be upstairs. We had a floor called the 14th floor, and it had business development and all other things. I moved out of there and took to the executive floor to take on the job of overall public relations for the bank.

Q When did you assume that position?

A I am sure that was in 1973. This is [illegible]

I will say that was in 1973 I started full time on that, and I also have something called target accounts which go with public relations. Those are accounts we are looking to become clients of the bank and are not put in the run-of-the-mill charge accounts, et cetera.

Q Do you recall approximately when in 1973 your responsibilities changed?

A I would think that they were pretty much changed around, I would think around the first of the year. I am not quite sure of that date.

MR. MARTIN: First of which year?

BY MS. PROPPER:

Q Of 1973 then.

A I would say 1973. I think I was promoted in the latter part of 1972, the last meeting in December.

I would say, what they normally do if you are getting a promotion, they promote you in the last meeting of December, and it becomes effective the first of January. As a senior vice president, and that is when I took on more of the complete thing, I would say that was in maybe '74. We finished '77, didn't we, John?

MR. MARTIN: Yes.

THE WITNESS: It was '74, because it is four years I have been doing that job, going into the fifth year now.

Q Mr. Kinley, are you familiar with a report compiled by Cleary, Gottlieb, Steen and Hamilton on September 13, 1976, concerning the State Bank of Albany.

A Yes. I am.

Q Have you read that report?

A No. I have not read it at all. I saw the report, but have not read it all.

Q Were you interviewed in connection with the preparation of that report?

A No. Well, I don't know. Maybe we were and didn't know it.

MS. PROPPER: Can we go off the record for a minute?

(Discussion off the record.)

THE WITNESS: Yes. Yes. I remember that. Okay. There was a young lady that came up.

BY MS. PROPPER:

Q Do you recall being interviewed in connection with the preparation of this report?

A Yes.

Q On page one of the report there is a reference made

to political contributions made by State Bank through the medium of a fund. Do you have personal knowledge of that fund?

A That we had such a fund? Yes.

Q Were you aware of it during the time that fund was in existence?

A Yes.

Q When did you first learn of it?

A Well, I would say back — I can't give you the year.

Q Approximately?

A Maybe somewhere around 1970; in that area.

Q Do you recall who first discussed it with you?

A Yes. President Harrington, who was then president.

Q In what connection did he discuss it with you?

A When I was invited to participate.

Q And when you say participate —

A Well, in other words, they had the fund, and we were given a — I guess I want to go back a little further when this first came up; having only had a few years in the bank, and when this was explained to me that I would become

a participating member in it, I said, "Yes, by all means." I would like to be in it because I felt there were some benefits to me.

Q Can you explain what the nature of your participation was?

A The participation at that time was you receive a salary increase and in turn you had part of that money to be used for political contributions.

Q About how much were you returning?

A I think originally when we started, I believe I was returning $500. I think it was a thousand dollars given to me, and $500 of that went back to this fund. But then it increased and I don't remember which year it was increased whereby you made $2,000 and gave back a thousand dollars.

Q About how many years were you involved in this would you say?

A I would think somewhere in the neighborhood of at that time maybe six or seven.

Q And you mentioned that you received some benefit.

A Well, as far as I was concerned, the benefit was this would go toward my retirement benefit. I am going to have 20 years when I get out, so because it was into your

salary. It would help to increase my retirement benefit as far as I was concerned.

Q The total amount you received was considered part of your salary?

A Yes. For which tax was paid on it, of course.

Q Were you ever involved in the administration of the fund?

A Yes.

Q In what capacity?

A Well, in the capacity that I happen to be a Democrat, and I am probably one of the few Democrats in the bank. I have always been an active Democrat so that while the fund was, from that standpoint I knew about it, as far as the --

Q What sort of role did you play in the administration of the fund?

A Well, for a matter of maybe three or four years I would give some of the money to the Democrats, the county Democrats, the Albany Democrats.

Q So you were involved in making some disbursements from the fund?

A Yes.

Q Was that at Mr. Harrington's request?

A Yes.

Q Is the fund still in existence?

A No. Definitely not.

Q When was it terminated?

A I believe it was 1973.

Q Toward the end of 1973?

A I would say so.

Q Were you personally involved in the decision process which led to termination?

A No.

Q Are you a member of the executive committee of State Bank?

A No.

Q Are you a member of the board of directors?

A No.

Q Have you ever been?

A No.

Q Was the practice of giving certain officers additional salary increments, the increases you just described, was that terminated at the same time the fund was terminated?

A I would say yes. I would say yes.

Q On page 20 of the Cleary, Gottlieb report there is a reference to a decision by the management of State Bank whereby they decided that the salaries of certain officers should be increased at the time the fund was terminated over and above the normal increases these officers would be receiving. Were you aware of this decision?

A I was not aware of the decision that certain officers were given a salary increase because of this; no. And the reason I am going to say that is if you will notice that is the same time I was promoted. My ego has been deflated several times because I thought my increase was because I got a new title and new job with added responsibilities. Do you hear what I am saying?

Q Can you tell me what you have been told since then to the contrary?

A Well, that the point is that my raise, I feel that with my new job I was given a raise because of additional things expected of me that would not necessarily be the bank's doing. I belong to everything in town and contribute to everything in town, and I feel the new title and all was the reason, without anybody telling me. I belong to maybe 25 boards I contribute to myself; that if I wasn't in this

job, I wouldn't do it. I feel it was part of the job, and that was the reason for the increase. I was getting a new job, and that I would be expected to do a lot of additional things.

Q And the increase you received was to enable you to make these sorts of contributions?

A Yes.

Q Have you been told anything to the contrary since then?

A No.

Q Have there ever been any suggestions made to you as to particular contributions you might make out of this money?

A No. It was really left entirely up to us.

Q About how much of an additional increase did you receive at that time?

A Seems to me it went from -- it was a total of about $5,500. I think it went from $33,500 to $40,000, as I remember it.

Q Were you aware of any other officers of the bank who were recipients of special increases such as the one you received?

A No. I was not. They keep that pretty confidential

7 a 0 4 0 0 5 1 0 6

among themselves. They really do that. Not so with the help but --

Q Did you make any political contributions in 1974?

A Yes.

Q Approximately how much did you spend in that manner?

MR. MARTIN: Including in that tickets to dinners, as well?

MS. PROPPER: Anything politically related.

THE WITNESS: I would say somewhere between $1,500 and $2,000.

BY MS. PROPPER:

Q Out of this amount did you make any contributions to Federal candidates?

A No. No. My contributions would be pretty much local or within the areas where I mentioned to you that I travel.

Q Would you say this is true for all years from 1974 to the present?

A No.

Q You have never made a contribution?

A No. I have not.

Q Would you say the amount you expended in 1974 in this manner has remained relatively stable over the years?

A Yes. I would say it would be. There is a [illegible] in some years, last year we had a general race, and it would be a little higher.

Q According to Cherry, Gottlieb's report at page eight there was about $ [illegible] balance left in the fund [illegible] the fund was terminated. Do you have personal knowledge of the manner in which this was expended?

A No. I never really knew there was anything in the fund, in it. I didn't know there was anything left.

Q Your knowledge was limited to contributions you were asked to make by President Harrington?

A Yes.

Q To the best of your knowledge have bank funds been used to make contributions to Federal candidates since 1974?

A No way. Definitely not.

Q Since 1974 when organizations have solicited contributions from the bank, can you tell us how the requests have been handled?

A Frankly, I haven't seen any requests to the bank. The request would come to the individual as far as I am

concerned and that would apply even in the branch areas. They don't send something and ask the State Bank for it. If they are going to ask anybody, they will ask myself, and I would say now it is pretty much to myself.

MS. PROPPERO: I have no further questions.

EXAMINATION BY COUNSEL FOR RAYMOND J. KINLEY

BY MR. MARTIN:

Q You say the fund terminated in 1973?

A I am sure. I am sure it was in 1973.

Q You testified you first learned about it in 1970, and then you said you knew it went on for seven years. I am just trying to clarify that portion of your testimony so we can back up to when you first participated and when you first learned about it.

A What you are saying, I said I learned about it in 1970.

Q And then you said you participated for about six or seven years, which would take it into 1975 and 1977, I think.

A I think I used '70 or '71 because I wasn't sure. I have no record on it.

Q Whenever you first learned of it, you are sure it

terminated in 1979?

A. That I am. Definitely, that in 1979 it was terminated.

MR. PROFFER: Is it probable then that you first learned of it in approximately 1977?

THE WITNESS: It could be because I was invited. Frankly, at the time I didn't think much about it because when you were invited into it, it looked like a good thing to be in as far as it goes, so I thought it was a very helpful thing to me. We were then in profit sharing too, and profit sharing was based on salary, so even though you lost while other thing was working, you stood to come out a little better, and in profit sharing we couldn't take that, and it was a chance to build something up.

MR. MARTIN: I have no further questions.

MR. PROFFER: I have no further questions.

(I have read the foregoing pages 3 through 17, inclusive, which contain a correct transcript of the answers made by me to the questions therein recorded.)

RAYMOND J. [illegible]

CERTIFICATE OF NOTARY PUBLIC

I, Bobbie G. Lake, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in stenotypy and thereafter reduced to typewriting by me; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for
the District of Columbia

My commission expires
January 1, 1983

March 10, 1978

John S. Martin Jr., Esq.
Martin, Obermaier & Morville
1290 Avenue of the Americas
New York, N. Y. 10019

RE: IN THE MATTER OF: UNITED BANK CORPORATION OF NEW YORK, MUR 418,
Before the FEDERAL ELECTION COMMISSION,

Dear Mr. Martin:

Submitted to you herewith are the depositions of MARTIN H. HECK, and RAYMOND J. KINLEY, taken March 6, 1978, in the above-captioned matter, for their reading and signing.

Enclosed herewith are instructions for reading and signing.

Upon completion of the reading and signing it is requested that the original depositions be returned to this office for filing.

Sincerely yours,

MILTON A. GREENWOOD
REPORTING ASSOCIATES, INC.

D. B. George
Administrative Assistant

cc:
Susan E. Propper, Esq.
file

7 8 0 4 0 0 7 5 3 1 4

LAKE/BL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:	
UNITED BANK CORPORATION OF NEW YORK	MUR 418

Washington, D. C.

Monday, March 6, 1978

Deposition of

MARTIN H. HECK

a witness in the above-entitled matter, called for examination by counsel for the Federal Election Commission, taken at the offices of the Federal Election Commission, 1325 K Street, N.W., Washington, D. C., beginning at 10:00 a.m., before Bobbie C. Lake, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

7804061115

For the Federal Election Commission:

SUSAN B. PROPPER, ESQ.
1325 K Street, N. W.
Washington, D. C. 20463

For Martin H. Heck:

JOHN S. MARTIN, JR., ESQ.
MARTIN, OBERMAIER & MORFIELD
1290 Avenue of the Americas
New York, New York 10019

C O N T E N T S

	EXAMINATION BY COUNSEL FOR:
	FEDERAL ELECTION COMMISSION (Ms. Propper)
WITNESS:	
MARTIN H. HECK	3

7 8 0 4 0 0 5 1 1 5

Thereupon

MARTIN H. HECK

a witness, was called for examination by counsel for the Federal Election Commission and, after having been sworn by the notary, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE FEDERAL ELECTION COMMISSION

BY MR. PROPPER:

Q Would you state your name and address for the record, please.

A Martin H. Heck, 16 Pointview Drive, East Greenbush, New York.

Q How are you employed?

A I am employed by the State Bank of Albany.

Q How long have you been at the bank?

A My record goes back to November, 1940.

Q Could you tell me the various positions you have held and the approximate dates at the bank.

A I was Assistant Vice President starting January, 1953. Prior to that time I was with Farmers National Bank of Amsterdam that merged -- the State Bank merged the National Bank into the State Bank.

Q And after, you were vice president?

A I was made senior vice president, probably the early sixties, and in 1969 I was made executive vice president.

Q Are you a member of the board of directors of State Bank?

A Yes. I am.

Q And when did you first take that position?

A About June, 1971.

Q And are you also a member of the executive committee?

A Yes. I am.

Q When did you first assume that position?

A My first appointment to the executive committee would have been September of 1973.

Q And you have been a member of both continuously since those times?

A Yes.

Q In your various positions that you have held at State Bank can you give me a general idea of what your responsibilities have been?

A My responsibilities are for the operation of State Bank.

Q Can you be a little more specific?

A Mostly production; production area; branch administration; personnel.

7 9 0 4 0 7 5 1 4 9

Q Do you have public relations responsibilities?

A No. I don't.

Q Mr. Beck, are you familiar with a report that was compiled by the law firm of Cleary, Gottlieb, Steen and Hamilton on September 13, 1976, concerning the State Bank of Albany?

A I have seen portions.

Q Were you interviewed in connection with that report?

A Yes. I was. That was the first time I saw the report.

Q You first saw it when you were interviewed?

A No. Would you restate your question. I was trying to say that the first time I saw it was when I gave a deposition regarding that report, for the IRS.

Q I was asking whether you were interviewed in connection with that report.

MR. MARTIN: Were you interviewed by lawyers from Cleary, Gottlieb?

THE WITNESS: Not to my knowledge. I can't remember being interviewed by attorneys.

MS. PROPPER. Do you what to go off the record?

(Discussion off the record.)

THE WITNESS: I could have been, but don't remember. The evidence shows it, but I don't recollect being interviewed.

BY MS. PROPPER:

Q You say you have read portions of this report?

A Yes.

Q On page one of the report there is a reference made to political contributions made by the State Bank through the medium of a fund. Do you have personal knowledge of this fund?

A At the present time I do.

Q Were you aware of the fund's existence?

A I was aware of the fund's existence.

Q In operation?

A Yes.

Q When did you first become aware of it?

A Probably late sixties when I was asked to contribute to the fund.

Q In what manner were you asked to contribute to it?

A Through an increased amount in salary. I would turn 50 percent of that increased sum over to the chief

executive of the bank.

Q Who asked you to participate in this?

A Hollis Harrington, president of the State Bank of Albuquerque at the time.

Q Were you ever involved in the administration of the fund?

A No. I was not.

Q Were you ever involved in making disbursements from the fund?

A Yes.

Q Could you tell me about it?

A When I was making contributions to the East Greenbush Republican Committee, they asked me to increase my contribution. I mentioned this to Mr. Harrington. He said, "Why don't you, instead of giving me back the total amount of your contribution to the fund, keep out $200 and give the East Greenbush Republican Committee that money."

Q That would be $200 in addition to money you were already contributing from your personal fund?

A No.

Q That was total?

A Yes.

Q Is the fund still in existence today?

A No. It is not.

Q When was it terminated?

A Terminated in 1977.

Q Approximately when in 1973.

A I believe the last contribution to the fund would have been in September of 1973.

Q Were you personally involved in a decision process which led to the termination?

A I will say yes, as a member of the board.

Q Were you present at the meetings of December 4th, and 11, 1973, meetings of the executive committee I am referring to?

A I believe I was.

Q Was termination discussed at these meetings?

A Yes. It was.

Q What was your role in these discussions?

A More or less listening to the other board members who were members of the executive committee discuss why they thought we should discontinue the fund.

Q Can you tell me who first made the suggestion to

terminate it?

A No. I can't remember.

Q Do you know what the rationale for termination was?

A They felt the situation in the United States, although the fund was considered to be legal, they felt public reaction would not be the right type of reaction the bank would want if it was found what we were doing.

Q Can you tell me what events led up to this decision?

A At the executive committee we were discussing salaries, and this was the increment for each individual who was a member of the fund that was aggregated on the salary report, and that brought about the discussion.

Q Was the practice of segregating these special salary amounts terminated at the same time?

A Yes.

Q Let me digress for a minute. When these special amounts were still being reported on the salary lists and being given to certain officers, how were they reflected on the bank books?

A As part of salary.

Q They were added together, and a total sum was

reflected as salary?

A Yes.

Q On page 20 of Cleary, Gottlieb's report a decision of the executive committee is indicated where at that same time the bank decided to end the year, it was also decided that certain officers' salaries should be increased over and above these salary increases they would normally receive that year. Were you aware of that decision?

A I was aware of that decision, but my recollection was that decision would have been made in the board meeting and not the executive committee. It could have been discussed, but when they discuss an individual salary, you are asked to leave the room, so it could have happened when they were discussing my salary, and I was asked to leave the room.

Q But it could have been discussed at the board meeting?

A Yes.

Q Do you recall which board meeting this might have been discussed at?

A No. But I could tell you that would have been in December of 1973.

Q Around the time of the executive committee meetings

I mentioned earlier?

A Yes. Following the executive committee meeting.

Q Can you tell me what the rationale for these increases were?

MR. [illegible]: Can you tell me what the rationale is taking into account what he might think. Do you want to know what was said at the board meeting as to the reason?

BY MS. PROPPER:

Q Yes. What was said at the board meeting concerning the decision to give these increases?

A We have been talking about increases?

Q I am talking about increases given to three officers of the bank.

A The three officers you are referring to would have been the president, myself, and Mr. Kinley.

Q The president being Mr. O'Dell?

A O'Dell. I believe at that time, I don't remember it, I may have been asked to leave the board meeting because they were discussing my salary and would not have done it in front of me.

Q Were you present at the discussion of Mr. O'Dell's and Mr. Kinley's salary?

7 8 0 4 0 7 5 1 2

A No. I would not have been.

Q Can you tell me how much of an additional increase each of the three of you received?

A I can tell you what I received.

Q What did you receive?

A I believe I received $4,000 additional increase over and above what my salary was prior to that time.

Q What were you told in connection with being given this additional increase?

A The president called me in and told me what my increase was going to be. He told me my increase was sizable; it was equal to the other increases I had previously, similar; and the reason for that increase was he became the president, we had an executive vice president who was serving with me who resigned, I took over additional duties for him; I also supported the president when he came aboard; he appreciated what I had done for him, and therefore, that was the reason my salary was increased.

Q Were any connections made between this $4,000 and termination of the fund we discussed?

A No; other than this: I was present at the board meeting when the board of directors stated that they never

wanted to hear anymore about political contributions, that any contribution any individual in the bank made was a personal contribution and would do it under his own free will, and they didn't want to know about it.

Q Is the amount still part of your salary?

MR. MARTIN: Do you mean has his salary ever decreased?

MS. PROPPER: No. I mean have you continued to receive normal raises over and above this, this $4,000 amount?

THE WITNESS: Yes. I have.

BY MS. PROPPER:

Q How was this $4,000 paid to you?

A Credited to my account as my normal salary is.

Q You never received it in any sort of a lump sum payment?

A No. My salary is divided into 12 increments.

Q Can you tell me why the three of you were chosen as the recipients of this increment?

MR. MARTIN: Any discussion about that fact; I take it the question is was there any discussion as to how you three people were chosen for these increments? I am trying to get away from fact and speculation.

7 8 0 4 0 7 5 1 2 7

BY MR. PROPPER:

Q Can you tell me was there any discussion at either the board of directors or executive committee meetings as to why the three of you were entitled to receive this increase?

A It is hard to separate what I have heard at that meeting and heard since.

Q Can you give me a general idea of what you have heard?

A That perhaps the three officers of the bank would be contacted by political parties for contributions and whatever we did was their own personal business; they wanted no record of it. No one wanted to know about it.

Q Was this then in recognition of the prominent position you held at the bank, you would be more likely to be approached for such contributions?

A Yes.

Q Was there ever any suggestion as to -- specific suggestion I am talking about - concerning how you might use this money?

A No.

Q Did you make any political contributions in 1974?

A Yes. I did.

Q Do you recall approximately how much you expended during that year?

A About $2,200.

Q Out of that $2,200 did you expend any -- did you make any political contributions to Federal candidates?

A No. I did not and never have.

Q Did you make any political contributions in 1975?

A Yes. I did.

Q Approximately how much?

A $1,000.

Q And in 1976 through the present year, would you say that the amount of your contributions has remained within that range?

A Yes. It has.

Q According to Gilary, Gottlieb's report at page eight there was a balance of approximately $1,500 at the time the fund was terminated. Do you have personal knowledge of how this was expended?

A I have no knowledge.

Q To the best of your knowledge have bank funds been used to make contributions to Federal candidates since 1974?

A No. There have not been any contributions to

to Federal candidates to the best of my knowledge.

Q And since 1974 when organizations have solicited contributions from the bank, can you tell me how these requests have been handled?

A In my own personal matter I think the only request I have given here candidate is when I am personally solicited and I feel there is a good reason to make a contribution.

Q When a contribution request is made to the bank how would that be handled?

A That will go to him.

MS. PROPFER: I have no further questions.

MR. MARTIN: I have nothing.

(I have read the foregoing pages 3 through 16, inclusive, which contain a correct transcript of the answers made by me to the questions therein recorded.)

MARTIN H. HECK

CERTIFICATE OF NOTARY PUBLIC

I, Bobbie C. Lake, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to typewriting by me; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for the
District of Columbia

My commission expires
January 1, 1983

7 8 0 4 0 0 7 5 1 3 2

Milton & Greenwood Reporting Associates, Inc.
General Stenotype Reporting
Suite 1110
1028 Connecticut Ave., N.W.
Washington, D.C. 20036
Phone: (202) 833-3598

Official
Transcript

Susan E. Propper, Esq.
Federal Election Commission
1325 K St., N. W. Fourth Floor
Washington, D. C. 20463

ACC2898

F. ROBERT JORDAN

OFFICIAL REPORTER

NORTHERN DISTRICT of NEW YORK

P. O. Box 922
Albany, N. Y. 12201

77 MAR 8 AM 8:43

March 3, 1978.

Ms. Susan Propper,
Attorney and Counsellor at Law,
1325 K Street, N. W.,
Washington, D. C. 20463

In re: United Bank Corp. of N.Y.

Dear Ms. Propper:

Attached herewith is original copy of the deposition of Frank H. Odell, taken at Albany, N.Y. on January 24th, 1978. Mr. Odell has made corrections as you will note and has signed the deposition before a notary.

I sent you the carbon copy of the deposition on February 8th of this year. Will you please conform your copy.

Also I would appreciate payment.

Yours truly,

F. Robert Jordan

7804007513

- - - - - - - - - - - - - - - - - -

In the Matter

of

UNITED BANK CORPORATION
OF NEW YORK

- - - - - - - - - - - - - - - - - -

DEPOSITION OF FRANK H. ODELL,

held on the 24th day of January, 1978, at 10 a.m., at the Executive Offices, State Bank of Albany, Albany, New York, before Francis P. Korzatkowski, Shorthand Reporter and Notary Public in and for the State of New York.

HEMLOCK ERASABLE COTTON CONTENT

7804005134

APPEARANCES:

SUSAN PROPPER, Attorney at Law, appearing in behalf of the Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463.

KOSTELENETZ & RITHOLTZ, ESQS., Attorneys and Counselors at Law, 80 Pine Street, New York, New York 10005, by JAMES J. MAHON, ESQ., appearing in behalf of Frank H. Odell.

7804075135

HEMLOCK ERASABLE COTTON CONTENT

FRANK H. ODELL, having been first duly sworn by the Notary Public was examined and testified as follows:

BY MISS PROPPER:

Q Mr. Odell, how are you employed?

A I am the president of the State Bank of Albany.

Q I'm sorry --

A Is that what you meant?

Q Yes. I had expected the reporter was going to ask you your name and address for the record. Could you please state your name and address for the record?

A Frank H. Odell. I live at 33 Darnley Green, Delmar, New York.

Q Thank you. How are you employed?

A I am the president of the State Bank of Albany.

Q How long have you been at the bank?

A I came to the bank directly out of school in 1949.

Q And what are the various positions that you have held since 1949?

A Well, I came here from the Harvard Business School as a trainee. I became the assistant cashier in 1952. I was made assistant vice president in 1958; vice president in 1963; senior vice president in 1969. I continued with State Bank until 1971, at that time I went to the United Bank Corporation of New York as an

7804075136

executive vice president. I continued to be the executive vice president until July 1 of 1972.

However, in April I was designated to become the president of the State Bank on July 1 of '72.

Q Are you a member of the Board of Directors of State Bank?

A Yes, I am.

Q Are you also a member of the executive committee?

A Yes, I am.

Q Have you held both of those positions since July 1 of '72 as well?

A I was elected as a member of the Board of State Bank in either March or April of '72. I can't tell you when I became a permanent member of the executive committee without looking at the record.

Q Can you give me an approximate date? Was it around the same time?

A Well, I started to attend meetings in -- after July 1 of '72 and I can't recall when I became a permanent member of the committee. I would have to look that up; but I attended most executive committee meetings. In fact, I'm chairman of the executive committee, you know, at this time.

Q Sure. As senior vice president of State Bank, what were your responsibilities?

7804D75137

A Well, when I became the senior vice president of the State Bank I was -- I became the senior loan officer and my job was to administer the total loan portfolio of the bank.

Q I see. And as executive vice president of United Bank, what were your responsibilities?

A Let me go back just a minute. I became the executive vice president of United Bank at the time we formed the "Shell Corporation" in 1971. That was when we applied to become a registered bank holding company and to acquire the State Bank of Albany, and the Liberty Bank in Buffalo, as its two subsidiaries, and I was executive vice president during that time. It was an additional job with my duties as senior vice president.

I also was, I think, secretary and treasurer at that point and I can't remember when those titles were dropped, but initially I worked with the former president of this bank to bring about the formation of the holding company, and during '71 as its executive vice president I spent a great deal of time on the applications we submitted to the Federal Reserve and Banking Department in order to accomplish this and at that time doing the things necessary to get shareholder approval and that sort of thing.

7804075138

1 Now, January 1 of '72 we were then -- we then
2 became an operating holding company and I guess I
3 would have to say that my duties were to be the day-
4 to-day administrator along with the chairman of the
5 Board when we were managing the holding company and
6 probably I spent a good deal of time on the analysis
7 of other acquisitions of other banks. For instance,
8 on Highland, I spent a fair amount of time. I kind of
9 lost track of the time schedules, but I did spend
10 quite a lot of time on the negotiations with Highland
11 to bring them into the United Bank.
12 Q Then when you became president of the State Bank in
13 1972, you still retained the title of officer of
14 United Bank Corporation as well?
15 A Well, I am trying to think. I think if that's
16 important, we should check the record.
17 Q Okay.
18 A There was another individual from State Bank
19 that became the executive vice president of United
20 Bank, Mr. Donough, so I starting really in April was
21 spending most of my time here.
22 Q April of 1972?
23 A Right.
24 Q Are you familiar with a report compiled by Cleary,
25 Gottlieb, Steen and Hamilton concerning the State Bank,

7 8 0 4 0 0 7 5 1 3 9

the report of September 13, 1976?

A Yes, I am.

Q Have you read that report?

A Yes, I have.

Q On page one of that report there is a reference to political contributions made by the State Bank through the medium of a fund. Do you have personal knowledge of this fund?

MR. MAHON: Could I go off the record for just a second?

(Discussion off the record.)

MR. MAHON: You can answer that.

(The pending question was read by the reporter.)

THE WITNESS: Yes.

BY MISS PROPPER

Q In this report that I have referred to, can you briefly characterize the nature of the fund that it describes?

MR. MAHON: Could we break that down just a little bit so it will be a little bit easier to answer?

MISS PROPPER: Yes, okay.

Q What was the purpose of the fund?

A Can I talk to him a minute?

7 8 0 4 0 0 7 5 1 4 0

1 MR. MAHON: Sure.

2 (Discussion off the record.)

3 MISS PROPPER: Back on the record.

4 BY MISS PROPPER:

5 Q What was this fund used for? Why was it maintained?

6 A Well, may I tell you a little bit roughly when

7 it was established?

8 Q Certainly.

9 A And how it operated?

10 Q Certainly.

11 A I believe this fund was established in the very

12 late years of 19 -- late 1950's and at that time our

13 counsel was involved in this and gave advice on how

14 this should be established and the procedure that was

15 followed in these years was to give certain individuals

16 in the bank additional salaries. They were to pay the

17 tax on those salaries and the agreement was that they

18 would return half of it to the C.E.O. of the bank. I

19 think these were viewed as gifts to the C.E.O. and it

20 was in his discretion that disbursements to be made

21 for political purposes such as tickets to dinners and

22 so forth and that generally is the way it operated.

23 Q How long did this practice continue?

24 A Well, this practice continued until the end of

25 1973.

7 8 0 4 0 7 5 1 4 1

1 Q Okay. Can you tell me the circumstances that surrounded
2 the termination of the practice?
3 A Yes.
4 MR. MAHON: Could I go off the record
5 for a second?
6 MISS PROPPER: Certainly.
7 (Discussion off the record.)
8 MISS PROPPER: Would you read the last
9 question back?
10 (The record was read by the reporter.)
11 BY MISS PROPPER:
12 Q When was the decision made to terminate the fund?
13 A December 1973.
14 Q Who made the decision to terminate the fund?
15 A Well, I think I have to tell you the, you know,
16 some of the circumstances and I can't just give you
17 a quick answer.
18 Q Okay.
19 A It had been the practice in this bank to review
20 salaries on a semi-annual basis; everyone received
21 pretty much an annual review but it was done in June
22 and in December and the salaries of the ~~company~~ SENIOR people
23 in the bank, vice presidents and up, plus general
24 information relating to the other salaries were
25 presented to the executive committee of the bank in

7 8 0 4 0 0 7 5 1 4 2

1 June and in December and this is where they were
2 discussed. In order to have that discussion, we
3 prepared, it had been the practice over, I think,
4 quite a number of years to prepare a work sheet which
5 was given to each of the people that participated in
6 this and generally this work sheet showed the promotions
7 that we were proposing. It showed then a list of the
8 various officers of the bank. Again, vice president
9 and up. In this column it showed their age; their
10 present salary; when their last raise was; the amount
11 of their last raise; what raise we were proposing now;
12 what their salary would be afterward and a column on
13 the right-hand side that showed, I think, it was
14 entitled "Special Amounts." So we put into this
15 column the amounts that these officers were being
16 given with the understanding that 50 per cent of it
17 be returned to the -- as a gift to the president for
18 these purposes. This is when we went through this.
19 We reviewed our organization and we looked at the ages
20 and tried to determine if we got depth in the group
21 and so forth. Sort of a planning session.
22 Now, in 1973, we presented this sort of work sheet
23 to our executive committee and it was at that time
24 that -- at least two of our directors expressed a
25 concern about this practice. There was no question

7804051143

about its legality in their minds. No question at all because this practice had gone on for a long, long time. It was established, as I said, by our counsel, Frank McNamee, was a senior member of probably the most prestigious law firm in Albany, man of impeccable, you know, background and so forth, Harvard Law School graduate, very prominant in the bar activities and he had been the chairman of our executive committee up until about the time of his death in early 1972.

So there was no question on the part of anybody but this was a perfectly, proper, legal way to handle this matter, but these questions were raised by two of the directors.

Q Do you recall which two directors?

A Yes, I do. They were both newspaper people. One had been until his early retirement, the executive vice president of New York Times. Now, he had come on our board in August of 1973. So this was his first tour of duty on our executive committee and the membership of that committee does rotate with the exception of two members. So he was looking at it from a viewpoint, which I think was a very important viewpoint, but a different viewpoint than other people may have looked at it.

The second individual that had a concern about

7804005144

1 this was another newspaper man and this man was
2 publisher of a very, very fine local newspaper and I
3 think that in view of the things that were going on
4 in 1973 it was his judgment that legal or not it was
5 a practice that we had better look at very closely and,
6 you know, do something about it.
7 Now, I'm sorry that it's such a long-winded
8 comment but I think that may give you what you are
9 asking.
10 Q Do you recall which meetings during December these
11 discussions took place?
12 A This discussion took place on December 4 and I
13 think there was a further discussion on this on
14 December 11. Principal discussions were on December 4.
15 Q And you were present at both of these meetings?
16 A Yes.
17 Q How did the termination of the fund affect the
18 salaries of those officers that had been contributing
19 to the fund?
20 A Well, most of those officers were up for a current
21 review of salary and most of them -- well, let me go
22 back a minute.
23 I think probably what I did was to think in
24 terms of what their salary increase would be for that
25 year.

7 8 0 4 0 7 5 1 4 5

Q Normally?

A Normally. And then deducted this two thousand from it.

Q So they received their normal salary increase and the special amount was just subtracted?

A Well, in other words, I thought in terms of what should his salary increase be and then I considered the amount of the special amount and deducted it from it, and so that meant a number of those people did not get an increase in their salary that year.

Q How were the officers informed of the fact that the salary increases would be discontinued?

A I talked to each one of them. I told them the fund was being wound down. This is the practice that is being discontinued and their salary would be at this level and this was in consideration of this amount being deducted and the discontinuance of the fund. Cool reception from one or two of them.

Q Excuse me?

A A cool reception from one or two of them.

Q When the decision to terminate was made, was the bank management concerned that certain officers might be under increased pressure as a result to make certain types of contributions?

A I think it was obvious that some of the senior

7 8 0 4 0 0 7 5 1 4 6

management of the bank were going to continue to receive requests from those that were interested in selling tickets to events, political events, political clambakes and whatnot~~s~~ and that there might be times when you want to respond to these requests, but I think it was very clear this had to be done in a very personal and individual basis.

Q What provisions were made to deal with the possibility that requests would continue?

MR. MAHON: Could we go off the record for just a second?

(Discussion off the record.)

BY MISS PROPPER:

Q Around the time when the decision to terminate the fund was made, did certain officers of State Bank receive additional salary increases?

A Yes, they did.

Q Okay. Could you tell me who these officers were?

A These officers were Heck, Kinley and myself.

Q Could you state the full names just for the record?

A Yes. Martin H. Heck; Raymond J. Kinley and myself, Frank H. Odell.

Q What are the positions of Messrs. Heck and Kinley at the bank?

A Well, Martin Heck is the executive vice president

COTTON CONTENT 7 8 0 4 0 0 5 1 4 7

of the bank. Ray Kinley was, at that time, the individual in charge of our business development department and he was being promoted and given new responsibilities which I guess we have more or less called as bank ~~by~~ WIDE public relations and moved to the second floor, our executive offices.

Q How much did each of you receive at this time?

A Well, that's a matter of record and I -- without looking at the documents -- I think those will be available to you.

Q Okay. On page 20 of this report that I have referred to, Cleary, Gottlieb, Steen and Hamilton, it states that the three increases were 5,000, 4,000 and 3500, is this accurate?

MR. MAHON: Could we just for the purposes of this deposition take those figures, but subject to correction pursuant to the document production which is going on simultaneously in checking our own records?

MISS PROPPER: Certainly.

THE WITNESS: Maybe I can answer your question this way. My salary was set at 90,000; Heck's at 70, and Kinley's salary was set at 40.

Q Were these increases discussed by the executive committee?

A Yes, they were.

7804075148
COTTON CONTENT
COTTON CONTENT

Q Were these discussions at the same meetings of December 4 and 11?

A Yes, I would say principally December 4.

Q Okay. Can you describe for me the rationale of the executive committee or the circumstances surrounding the decision to grant these increases?

A Yes, I can. Let's take Kinley first. Ray Kinley was shown on the first page of that work sheet as an individual who was to be promoted from vice president to senior vice president, a very key position. We were moving him from the administration of our business development department to our executive offices and he was to be in charge of bank ~~by~~ WIDE public relations. This involves quite a few things. I might say that move was predicated on my belief he could be more effective in getting new business for this bank if he spent almost full time on this rather than administering marketing programs which are more retail~~ed~~ bank oriented. I wanted him to be the individual that had the contacts with the Empire State Chamber, with our own local Chamber.

Q Chamber of Commerce you are referring to?

A Yes. He is the individual that would work on area development, trying to bring firms into this area or WITH firms coming into this area, trying to help them in various

ERASABLE COTTON CONTENT
7 8 0 4 0 0 7 5 1 4 9
ERASABLE COTTON CONTENT

ways to get them established and to get those accounts for this bank and I can give you some good examples of that. I also wanted him to cover for me press relations because I wasn't very good at that and I felt that he could help me in that respect. I had a low profile in this community because I had come up through the loan division of the bank and as the, you know, as the chief executive officer of the State Bank, you know, probably the finest bank in the area, I wanted him to help me in this respect.

I can give you an example. There is a very exclusive group called the Fifty Club, an informal group of fifty top business leaders in this area. There aren't too many vacancies in this. Ray, one of Ray's jobs to see what you can do to help me along this line. So I think, you know, he had new responsibilities. He was to design a program of target accounts, sorting out twenty-five or fifty of the best accounts with out competitors that we wanted to go after. and he is a very capable guy.

I had his salary down for an increase to $2,000. That was a good place to start talking from but it was not really an appropriate amount for a man being promoted in this fashion and a man that I wanted to motivate.

ERASABLE COTTON CONTENT
7 8 0 4 0 0 7 5 1 5 0

There is another very important reason with Kinley, Kinley came to us mid-career, 1958. For normal retirement he would only have about 20 years service. At that time our pension plan called for one and a quarter times the number of years as a per cent of salary that you would receive on retirement. That would put him at 25 per cent of his salary. You have to then reduce that by probably 16 per cent if you want the pension to also cover his wife's life and you have to reduce it by 25 per cent -- let me back up just a minute.

You have to reduce it by 25 per cent if it covers a pension at the same level over his wife's life and 16 per cent if she would receive 50 per cent of his pension after his demise. So this gives you some idea of the very small pension that Kinley would have and yet he made a fine contribution to, you know, the outstanding earnings of this bank and this was a consideration that was kicked around and discussed at that meeting.

So I think that gives you a little idea of the thinking that went into the administration of his salary.

Q Were there also considerations, however, of the fact that he might be asked to make political contributions,

HEMLOCK ERASABLE COTTON CONTENT 7804075151

charitable contributions and the like and that due to the discontinuance of the fund he should be receiving some sort of compensation for the funds that he might expend in that regard?

A I think really we are talking about two different things in that meeting. One was the desire to wind that fund down because even though they didn't think it was an illegal -- an unlawful matter, however, you expressed it, that they felt it was better to not do this. I think there was some consideration, yes, maybe there will be a request by people to, you know, to support these things and our people may want to go to political dinners. After all, you go to these things not to just support a political campaign but you go to them because here is where you rubbed elbows with an awful lot of our own customers or potential customers; and our major emphasis in this bank is trying to do business with corporate accounts that are going to make good customers for us.

Q And so it was recognized then that the three of you would be in this position.

A I think they felt, yes, we would have to ~~feel~~ field requests and, you know, each individual would have to use his own judgment and so that would be an element but there were many, many other considerations in

7 8 0 4 0 7 5 1 5 2

setting these salaries.

Q This amount, is it still part of your salary?

MR. MAHON: Could we go off the record for a second?

(Discussion off the record.)

MISS PROPPER: Let's go on.

MR. MAHON: Should we strike that last question? Can we strike that last question?

MISS PROPPER: Yes.

BY MISS PROPPER:

Q Has the bank management ever made suggestions concerning possible contributions by yourself or Mr. Heck or Mr. Kinley, to your knowledge?

A Would you repeat that? I didn't quite understand your question.

Q Has there ever been any suggestion by bank management as to political contributions they would like you to make, suggestions --

A None.

Q -- of that nature?

A None at all. It would be absolutely verboten.

Q Do you make political contributions?

A Yes.

Q Did you make political contributions in 1974?

A Yes.

7804075153

Q Do you recall if any of these contributions were to candidates for federal office?

A Yes, I do recall.

Q Could you tell me approximately how much you spent in that manner in 1974?

A Well, I've never made a contribution to a federal candidate or to a campaign for a federal candidate.

Q I see.

A That would be true for 1974 and any of the subsequent years.

Q Any political contributions you might make would be for candidates for state office, local office, is that what you are saying?

A Yes. Most of these would be to, you know, buy some tickets to go to an affair.

Q Political dinners; and you've never been involved in any sort of federal campaign at all?

A None.

Q At the time the fund was terminated in 1974, was there any surplus left over?

A Yes. In -- at the end of 1973 there was $1550 if I remember correctly and I expended that in the fore-part of the year.

Q On what?

7804075154

A There were two or three contributions that were made prior to June 1. I bought some tickets to the Albany County Lincoln Day dinner and I bought some tickets to the New York State Republican dinner.

Q Do you recall how much you spent on each, offhand?

A I think I spent $220 on the Albany County tickets and I spent $1500 for the tickets to the New York State Republican dinner and I made another contribution in the early part of the year and I can't remember the amount, but it was for a campaign for a local office and that would have been in January or February.

Q Okay.

A Maybe a hundred dollars. I'm not sure.

Q Were these contributions made using your own personal checks?

A Yes, they were.

Q Okay. Do you still have the checks?

A Yes.

Q Do you think that you could send us copies of those?

MR. MAHON: If we could take that under advisement. I would have to make a decision on that.

MISS PROPPER: Okay.

Q None of the balance of the fund then was expended in

HEMLOCK BRASABLE COTTON CONTENT
7804075155

1 connection with federal ~~action~~ election itself?

2 A Absolutely none.

3 Q Has the bank ever adopted any policy statements con-

4 cerning the making of political contributions?

5 A Well, yes, we have.

6 Q The period when, since 1974?

7 A Yes. Well, I think it was in October of '76.

8 We will make a file available to you that has the

9 resolutions, that has the statements that have been

10 sent to our officers and it has the policy statements

11 and -- that also indicates every officer in this bank

12 has read these statements and signed them and they are

13 incorporated in the personnel folders.

14 Q You stated that there was a policy statement adopted

15 in October of '76. Were there other prior to that

16 time or since that time?

17 A Well, I think our Board adopted an additional

18 statement, it may be February. I would like to defer

19 to the file and to the minute books and I think you

20 will find there all the information.

21 Q 1976 is this or '77?

22 A I think it would be '77.

23 Q I see. Could you tell me then why if the fund was

24 terminated in 1974, why in 1976 a policy statement

25 concerning political contributions was adopted?

7 8 0 4 0 7 5 1 5 6

A Well, this was as a direct result of the inquiry that was conducted and the fact that it was absolutely necessary to make sure that everyone did understand these policies.

Q When you say "the inquiry," are you referring to --

A I'm referring to the Cleary, Gottlieb inquiry.

Q Was this policy statement recommended by the executive committee then? Was it recommended by the United Bank Corporation?

A I believe that the Board of United Bank adopted these policy statements first and then these were subsequently reviewed by our own Board.

Q Okay.

A There is no question in anybody's mind what the policy of the bank is in my opinion.

MISS PROPPER: I have no further questions at this time.

MR. MAHON: I would just like to ask two or three questions if I could.

BY MR. MAHON:

Q In December of 1973 when the former practice was terminated, did the Board of Directors in granting and terminating this fund also decide that they would no longer give their executives increases in salaries?

A No. I hope not.

7 8 0 4 0 7 5 1 5 7

Q At any time after December of 1973, has the bank obligated either you or Mr. Heck or Mr. Kinley to make any political contributions?

A Oh, absolutely not.

Q So, therefore, any political contributions that you have made at least are personal contributions and have absolutely nothing to do with your relationship in the bank.

A Absolutely, personal.

MR. MAHON: Okay. That's basically it.

MISS PROPPER: Okay. Just one question.

BY MISS PROPPER:

Q Was there anything extraordinary about the raises that you, Mr. Heck and Mr. Kinley received in December of 1973?

A Let me make a comment about Heck's salary. As ~~a~~ The senior loan officer of this bank, I reported to Marty Heck as ~~his~~ The executive vice president and in the course of events I became president of the bank. Marty Heck is probably one of the finest bank operations officers that you can find any place. I had come up through the loan division. I had skills in the area of organization. I had skills in the area of determining policies and I had skills in the area of ~~assessing~~ asset management, but I needed Marty Heck and everything that he could

contribute and even though I was chosen over him to become the president of the bank he gave me ~~a~~ one hundred per cent support all the way. So when I became the C.E.O. of this bank I wanted to make absolutely sure that I recognized ~~the~~ that support and that I showed the appreciation that I thought was due him; and so that is a key factor in Marty's salary.

I think you have to consider another thing. There is a principle of management that the number two individual in the bank or in any organization ought to have a salary roughly 80 per cent of the chief executive. When you find that to be the case you know that you have depth in management and you have an individual in the number two spot that could assume the responsibilities of the number one spot if he had to and I certainly felt that Marty's salary needed the kind of attention we gave it.

In my own case, I put nothing down for my own salary. I had not been in a situation before where I had to take any kind of action to determine my own salary. So ~~there is~~ I was a little green at this job but it has been a practice in most years that you didn't put anything in for your own salary and you go to the executive committee and if you have any friends there somebody will say, "Well, what about your salary?"

COTTON CONTENT 7 8 0 4 0 0 7 5 1 5 9

So I think you have to consider that. I had done a good job and I think that ~~they~~ the directors have always been complimentary about the way I have administered the bank and the way I have been able to increase the earnings of this bank.

Q So, what you are saying is that these three salary increases were not really related to the termination of the fund, other than that they may have been in a similar time frame?

A I think that's correct. I would have to say that those salary increases were really merit increases.

MISS PROPPER: I have no further questions.

(Whereupon, the examination of Frank H. Odell in the above-entitled matter was concluded.)

ERASABLE COTTON CONTENT
7804075160
ERASABLE COTTON CONTENT

ERASABLE COTTON CONTENT

7804075161

STATE OF NEW YORK)
ss.:
COUNTY OF ALBANY)

I have read the foregoing record of my testimony, taken at the time and place noted in the heading hereof, and I do hereby acknowledge it to be a true and correct transcript of same.

Frank H. Odell

Frank H. Odell

Sworn to before me this
23RD day of FEBRUARY, 1978.

James McKee Jr.

Notary Public

JAMES McKEE, JR.
Notary Public, State of New York
Qualified in Saratoga County
My Commission Expires March 30, 1979

HEMLOCK
ERASABLE
COTTON CONTENT
7804075162

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing is a true, correct and complete transcript of the testimony taken by me at the time and place as noted in the heading hereof.

Francis P. Korzatkowski

Francis P. Korzatkowski
Shorthand Reporter

FEDERAL ELECTION COMMISSION
CORRESPONDENCE CONTROL SLIP
Do Not Separate From Document

7 8 0 4 0 2 7 5 1 6

For Division Use	Suspense No.
MCL1898	800810

Name and Address of Sender

F R JORDAN
P.O. BOX 922
ALBANY, NY 12201

Subject of Correspondence

DEPOSITION

Date Received	Suspense Date
03/08/78	03/29/78

Referred to	Action (Optional)
1. ~~BARTANEN~~ Harr	Propper
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

RECEIVED
FEDERAL ELECTION
COMMISSION

'77 MAR 8 AM 8:43

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK
OFFICIAL COURT REPORTERS
BOX 922, FEDERAL BUILDING
ALBANY, NEW YORK 12201

OFFICIAL BUSINESS
PERMIT NO. 1020

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, $300

Ms. Susan Propper,
Attorney and Counsellor at Law,
1325 K Street, N. W.
Washington, D. C. 20463

7804007516 4

----------X

In the Matter of :

UNITED BANK CORPORATION OF NEW YORK :

----------X

385 Broadway
Newburgh, New York
January 25, 1978
12:00 P.M.

Deposition of ROBERT F. MAC FARLAND, on behalf of the HIGHLAND NATIONAL BANK, in connection with Administrative Subpoenas.

Julie Wolfe
Court Reporter

7804007516 5

A P P E A R A N C E S :

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D. C. 20463
BY: SUSAN PROPPER, ESQSS.

KOSTELANETZ & RITHOLZ, ESQS.
Attorneys for Highland National Bank
80 Pine Street
New York, New York 10005
BY: JAMES MAHON, ESQ., of Counsel

oOo

R O B E R T F. M A C F A R L A N D,

having been first duly sworn by Julie Wolfe, a Notary Public within and for the State of New York, was examined and testified as follows:

DIRECT EXAMINATION BY MS. PROPPER:

Q Please give us your name and address for the record?

A Robert F. MacFarland, 24 Balmville Road, Newburgh, New York 12550.

Q Mr. MacFarland, what is your occupation?

A I am the President of the Highland National Bank.

Q How long have you been with the Bank?

A Twenty-seven years.

Q What are the various positions you have held at the Bank?

A From my present, President. Prior to that I was Executive Vice-President and then a Vice-President.

Q Could you give me the dates?

A I have been President since 1972.

Q What date specifically?

A I think it was November of '72. Executive Vice-President for -- I don't recall the numbers of years; approximately three years prior to that, and Vice-President for several years prior to that.

Q Executive Vice-President since 1969?

A Approximately.

Q Are you a member of the Board of Directors?

A Yes.

Q And, when did you become a member of the Board?

A Approximately 1970.

Q Are you also a member of the Executive Committee?

A Yes, I am.

Q And, when did you become a member of the Executive Committee?

A Ever since we formed the Executive Committee,

which was approximately 1972.

Q As Executive Vice-President, what were your responsibilities?

A It varied. A certain amount of commercial lending, mortgage lending, and operational responsibilities. It was -- I guess the best way I can describe it, it was just quite varied.

Q And, as President?

A The same as you might imagine. Less actual lending; more supervising and directing and setting policy rather than actually making loans.

Q All right. Are you familiar with a report compiled by the firm of Cleary, Gottlieb, Stein and Hamilton on December 10th, 1976?

A Yes, I am.

Q You have read this report?

A Yes, I have.

Q The report refers to certain political contributions made during the period from 1974 until the present time.

Have any contributions of this sort been made which involved the use of Highland monies? I'm talking now from 1974 to the present.

MR. MAHON: Could we go off the record

PENGAD CO., BAYONNE, N.J. 7002 FORM 1000

for a second?

MS. PROPPER: Yes.

(An off the record discussion took place.)

Q In 1974, did any officer of the Highland Bank make contributions to a political organization for which you were reimbursed directly out of Bank funds?

THE WITNESS: Can I speak with you about that off the record?

(Whereupon the witness conferred with his counsel.)

MR. MAHON: Our problem with your question is that you are characterizing the term, "political contributions", in a very broad way and we would like if possible to make it clear on the record that certain expenses that might have been paid by the Bank were not and might still not be considered to be political contributions; and that's the reason why we're asking you if you could possibly break your question as to political contributions, for instance, as to classes of contributions.

MS. PROPPER: I'm --

MR. MAHON: If you would limit your

question, if you would ask whether the Bank made, you know, purchased any tickets to political events, it would be easier for Mr. MacFarland to answer directly.

If you asked him a question, "Have you made any political contributions?" he might, in fact, be forced in his opinion to say no, whereas, in fact, I think that's not the question you're intending.

MS. PROPPER: I believe I asked him if he merely made contributions to political organizations or contributions which involved political organizations, and my feeling was that he could then explain what expenditures had been made. However, we can go through a list, if you like.

Q In 1974, did any officer of Highland National Bank make any expenditures involving political dinners?

A Yes.

Q Can you itemize these for me?

A I don't have the records here. You've reviewed them this morning, I believe. I would be glad to comment on any you already have reviewed.

7 9 0 4 0 0 7 5 1 7 0

Q I have here general ledger sheets of Highland National Bank for the accounts entitled, "Public Relations" and "Advertising". This one deals with the period September 30th, 1974 until November 1st, 1974.

I would like to show you this. (Handing.) Does that refresh your memory?

A Yes.

Q During that period were any expenditures made by the Bank of the sort we have referred to?

A Only the ones that you have here (indicating) and, specifically this one of $100.00.

Q And, who was that to?

A This was to the Orange County Republican Yearbook Committee. It's for a one-page advertisement in their 1974 yearbook.

Q What was the date on which that expenditure was made?

A October 17th, 1974.

Q Did you have personal knowledge of that expenditure at the time?

A Yes, I did. I approved it.

Q Which officer was involved in making the expenditure?

A I can't -- I can't identify the initials.

Q Was this contribution made directly from Bank funds?

A Yes.

MR. MAHON: Could I just get on the record that we object to the word, "contribution", that was in the question. We would request that the word, "expenditure" be substituted.

Q Were there any other expenditures in 1974 that you're aware of of a political nature?

A I believe there was one other. I think you have the records there.

Q Which one was that?

A I'm sorry, there were two in 1975. This is '74?

Q Right.

A Excuse me. This is the only one I'm aware of.

Q Okay. 1975, then. This sheet runs from September 11th, 1975 until November 21st, 1975 and it is on the Advertising account. (Handing.)

Can you tell me what that expenditure was?

A Yes, this is the same advertisement only one year later. It is a $100.00 full-page ad in the 1975

Orange County Republican Yearbook.

Q And, what is the date on that, please?

A September 30, 1975.

MR. MAHON: Could we go off the record for a second?

MS. PROPPER: Sure.

(An off the record discussion took place.)

Q In looking at this same ledger sheet there are more than just the expenditures that we have discussed on each of these; is that correct?

A Yes.

Q I see here on September 19th, 1975, there is an expenditure to the Independent Republican. Can you tell me what that is?

A The Independent Republican is the name of a weekly newspaper in Goshen, New York.

Q Is it something that's affiliated with a political party?

A No.

Q Likewise, on October 23rd, 1975, there is a reference to an $85.00 expenditure paid to the Poughkeepsie Advertising Company. It says advertisement, then in quotes, "political". Can you explain what the nature of that expenditure was?

A Yes, the Poughkeepsie Advertising Company owns or controls certain billboards in our market area and at that particular time we placed a billboard poster -- if that's the word -- urging people to vote for the people of their choice in the upcoming elections.

Q Again, this did not have any relationship to --

A No.

Q -- any political organizations?

A No. We considered it a public service.

Q The next ledger sheet I have here covers the period from November 21st, 1975 to December 31st, 1975, also on the Advertising account. (Handing.)

Can you tell me what expenditures we have marked off there?

A Yes. On the date of November 19th, 1975, we placed an advertisement for $50.00 in the Town of Warwarsing Democratic Journal.

Q Can you tell me who is the officer that made that expenditure?

A No, I cannot, from the records here except to say that I ratified the expense after it was made.

Q Did I ask you who the officer was on the 1975 Orange County ad?

A That's the one I don't know the initials. The $100.00 ad in the 1975 yearbook was okayed by myself.

Q Can you tell from that which officer was involved in making the expenditure?

A Yes, I was.

Q Are there any other expenditures of this nature that you were aware of in 1975?

A No.

Q I have the general ledger under the Public Relations account for the period from April 9th, 1976 until April 29th, 1976. (Handing.)

Can you tell me what expenditures were made during that period?

A Yes. This was a $20.00 ad in the 1976 Town of Montgomery Journal, annual Journal. This ad was approved by our branch administrator, Mr. Richard Bullwinkle, on April 5, 1976.

Q Did you have knowledge of the fact this expenditure was being made at the time?

A No.

Q Was it the usual procedure for you to be apprised of these expenditures?

A Our, our senior Bank officers have a certain amount of latitude in decision making and for a

journal ad of $20.00, Mr. Bullwinkle has the authority to make such a decision. I -- in ratifying and approving all expenses of the Bank, I became aware of it after the fact.

Q Were these expenditures made in response to solicitation?

A Yes.

Q In all instances?

A Yes.

Q Are there any other similar contributions or expenditures that you're aware of in 1976?

A No.

Q In 1977 were any such --

A No.

Q -- expenditures made in the present year?

A No.

Q Do the ledger sheets that we have here clearly reflect the nature of these expenditures, would you say?

A Yes.

Q Are there any other such expenditures which have been made, which have not been so reflected on the --

A No.

Q -- books?

7 8 0 4 0 0 7 5 1 7 6

A No.

Q Approximately how much would you say was expended annually by the Bank on politically related expenditures of this sort from 1974 to the present year?

A To my knowledge, only the items we've discussed here so far.

Q In 1975 did Highland National merge with any other banks?

A Yes, on July 1, 1975 we acquired the National Bank of Orange and Ulster County, which is headquartered in Goshen; and then on October 1, 1975 we acquired the First National Bank and Trust Company of Ellenville, New York.

Q In the years 1974 to the present, did the Ellenville Bank make any expenditures which were of a political nature?

A Would you repeat the dates, please?

Q 1974 to the present.

A I cannot speak for the time prior to October 1, 1975, the date of our merger, but since then they have not.

Q Are you familiar with a letter sent to the Federal Election Commission dated August 3rd, 1977, signed by Mr. John Price, Comptroller of Highland National Bank?

A Yes, I am.

Q Are you familiar with the appendix that was attached to that letter?

A Yes.

Q Can you tell me what the subject of the appendix is?

A The subject of the appendix is a breakdown by the three Banks -- well, let me put it another way -- the breakdown of expenditures by Highland National Bank, First National Bank and Trust Company of Ellenville, and National Bank of Orange and Ulster County, totalling six in number, from the dates of April 3, '74 through April 7, '76. The expenditures described are advertisements in political yearbooks and journals, most of which we have discussed so far this morning.

Q Okay. Are there expenditures listed which were made by the Ellenville Bank?

A Yes.

Q Are these expenditures that you have knowledge of?

A No. They were both made in 1974.

Q And, likewise for the Orange Bank?

A Yes. Three of those were also made in 1974.

Q And, you have no personal knowledge of any

of these?

A No, I do not.

Q Okay. Has the Orange Bank made any expenditures of a political nature since it merged with the Highland Bank?

A No.

Q Has each of these Banks terminated its practices from making political expenditures?

A Yes.

Q In each case, can you tell me when the practice was terminated?

A At the time of the, of the merger into this Bank.

Q You're referring then, to the Ellenville Bank?

A Ellenville and the Goshen Bank.

Q Was this practice terminated pursuant to a resolution of the Board of Directors in each instance?

A Not specifically. It was terminated by management information to the officers of the acquired Banks.

Q Can you be more specific?

A Yes. Shortly before and shortly after the dates of the two mergers, we had many management meetings in

which the existing or the former officers of the two acquired Banks were in attendance with the senior officers of the Highland National Bank, the acquiring Bank, at which time we discussed many items of Bank policy and procedure and among them was the control of expenses and advertisements in political journals and dinner tickets.

Q And, were there any political statements adopted at that time or was this merely on an informal level?

A At that time, it was on an informal level.

Q Did it later then become formal policy?

A Yes, at the time of the mergers we did not have a formal written operating manual. However, shortly after the mergers such a manual was developed and is in existence today.

Q Can you tell me when the manual was brought into existence?

A June of 1975.

Q June --

A June 26th, 1975.

Q Thank you.

A You want me to comment on what's in here? (Indicating policy manual.)

Q Yes, please.

A Under the date of March 5, 1976, a procedure was inserted in the manual entitled, "Political contributions".

Q Excuse me, this would apply to all three Banks, now?

A Yes. And, the heading of the operating procedure is entitled, "Political contributions," and the opening paragraph reads, "From time to time and especially this year in election year, the Bank is asked to make political contributions. The regulations governing national banks prohibit any such contributions or expenditures. A copy of the regulation is attached for your reference."

Q Was this the first adoption of formal policy regarding the making of political contributions by the Bank?

A No, but this is the first printed formal policy. As I mentioned earlier, we did not have a written policy manual until June of 1975. Attached to this, what I have just read, are the pages of the Comptroller of National Banks Manual describing and defining political contributions and expenditures.

Q Have any other statements of policy been adopted since then?

A Yes.

Q When was the next one?

A The next adoption of corporate policy is dated September 20, 1976; and that is entitled, "Statement of corporate policy regarding political contributions and other expenditures for political purposes".

That goes on to further define and establish Bank policy in addition to that of the Comptroller's regulations which I might add, are more stringent.

Q Since September of 1976, have there been any further statements adopted?

A Yes. On April 14, 1977, we have adopted a directive entitled, "Political campaign employee guidelines", subtitled, "Guidelines for an employee of a New York corporation who is working in a local political campaign."

Q This refers then to the involvement of individual officers?

A That is correct.

Q In political campaigns?

A That's correct.

Q Why was it felt necessary to adopt these policy statements at the time they were adopted?

A There were primarily two reasons: The first being additional informational directives from the Comptroller's office that further emphasized and clarified National Bank's involvement in such practices; and, secondly, was the formal adoption by our holding company, United Bank, of policy and procedures on a company-wide basis, which would apply to all constituted banks.

Q That is the United Bank Corporation of New York?

A That's right.

Q Since the time that these political statements were first adopted, how have the Banks dealt with requests for contributions?

A All such requests are denied either at the branch level or if that's not possible or feasible, then they are handled by myself and they are denied.

Q Have any officers of Highland or the two branches received any salary increases in recognition of possible increased community pressure to make contributions?

A No.

Q Do you personally make political contributions?

A Yes.

Q Did you make any such contributions in 1975?

PENGAD CO., BAYONNE, N.J. 07002 · FORM 2 80400751 83

A Yes.

Q Have you made such contributions in 1976?

A Yes.

Q In 1977?

A Yes.

Q Can you give me an average of how much you might spend a year in that regard?

A Possibly $200.00.

Q Are these contributions primarily to local campaigns or political parties?

A No. In addition to some contributions to local parties, I also subscribe and contribute to the New York State Bankers' Political Action Committee known as State PAC.

Q How much were you giving to each of these?

A I just recall last year's which was $75.00.

Q Have you ever been reimbursed out of Bank funds for these expenditures?

A No.

MS. PROPPER: I think that's all I have.

MR. MAHON: I have just a few questions for you, Mr. MacFarland.

CROSS-EXAMINATION BY MR. MAHON:

Q In the years 1974 and 1975 when the Bank

purchased ads in Republican and Democratic local journals, were these ads considered to be political contributions by the Bank?

A No. We considered them and booked them on our records as we have just discussed this morning, as advertisements.

Q Now, when your Bank purchased these ads were the prices being charged deemed by the people to be fairly ordinary? Or, were they extraordinary in any way or were they approximately the going rate for ads of this nature in other local newspapers or journals?

A They were -- they were at the average rates for advertisements in journals of civic and community organizations.

Q Now, Ms. Propper asked you a few questions about your own personal political contributions. Has any member of the Board of Directors or have the Board of Directors directed you in any way to make political contributions?

A No.

Q Have the Board of Directors of the United Bank Corporation of New York?

A No.

Q So that any political contributions you have

made from the years 1974 to the present have been voluntary?

A That's correct.

MR. MAHON: That's all.

MS. PROPPER: Thank you very much.

_____

Subscribed and sworn to

before me this_____day

of_____, 197

_____

HEMLE

INDEX

Witness		Page Number
Robert F. MacFarland	Direct	2 - 20
	Cross	20 - 21A

PENGAD CO., BAYONNE, N.J. 07002 - FORM 2046
7 8 0 4 0 0 7 5 1 8 7
OCK
HEML
ERASA

CERTIFICATION

I, JULIE WOLFE, a Shorthand Reporter and Notary Public of the State of New York, do hereby certify:

That, ROBERT F. MAC FARLAND, the witness whose examination is hereinbefore set forth, was duly sworn by me, and that such examination is a true record of the testimony given by such witness.

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Julie Wolfe

Julie Wolfe

78 0 4 0 0 7 5 1 8 8

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

7807075199

For Division Use	Suspense No.
MCC 2759	800502

Name and Address of Sender

WESTCHTR. REPORT.SERV.
171 E.POST RD
W.PLNS., NY 10601

Subject of Correspondence

MUR 418

Date Received	Suspense Date
02/22/78	03/15/78

Referred to	Action (Optional)
1. BARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

Milton & Greenwood Reporting Associates, Inc.
(formerly Reynolds Reporting Associates, Inc.)

General Stenotype Reporting
Suite 1110
1028 Connecticut Ave., N.W.
Washington, D.C. 20036

R. E. Milton
President
P. L. Greenwood
Vice President
Secretary-Treasurer

Phone:
202-833-3598
202-833-3599

Notary Public
D.C.-Va.-Md.

February 20, 1978

Ms. Susan Propper, Esq.
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

RE: In the matter of: Deposition of AVERY H. FONDA, MUR 418, UNITED BANK CORPORATION OF NEW YORK, Taken 2/10/78.

Dear Ms. Propper:

Mr. Fonda having waived the reading and signing of his deposition in the above entitled-case, it is hereby submitted to you for filing.

Sincerely yours,

MILTON & GREENWOOD
REPORTING ASSOCIATES, INC.

D.S. George

D.S. George
Administrative Assistant

cc:
Johnnie M. Walters, Esq.
file

7804007519 0

ORIGINAL

rjj-1

BEFORE THE FEDERAL ELECTION COMMISSION

- - - - - - - - - - - - - - - - -x

In the matter of:

UNITED BANK CORPORATION OF NEW YORK : MUR 418

- - - - - - - - - - - - - - - - -x

Washington, D. C.

Friday, February 10, 19[illegible]

Deposition of

AVERY H. FONDA

A witness, called for examination by counsel for the Federal Election Commission, pursuant to notice, taken at the Federal Election Commission, 1325 K Street, N. W., Washington, D. C., beginning at 2:00 o'clock p.m., before Rebekah J. Johnson, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

For the Federal Election Commission:

SUSAN [illegible] and DAVID SPIEGEL
FEDERAL ELECTION COMMISSION
1325 K Street, N. W.
Third Floor
Washington, D. C.

For the Witness:

JOHNNIE M. WALTERS, ESQ.
HUNTON & WILLIAMS
Suite 1060
1730 Pennsylvania Avenue, N. W.
Washington, D. C. 20006

C O N T E N T S

EXAMINATION BY COUNSEL FOR:

WITNESS	FEC (Ms. Prosper)	THE WITNESS (Mr. Walters)
AVERY H. FONG	3	
	(Mr. Spiegel)	
	23	

7 8 0 4 0 0 7 5 1 9 2

Thereupon,

AVERY H. FONDA

a witness, was called for examination by counsel for the Federal Election Commission and, after having been sworn by the notary, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE FEC

BY MS. PROPPER:

Q Would you state your name and address for the record, please.

A Avery H. Fonda, 2343 Date Palm Road, Boca Raton, Florida.

Q Mr. Fonda, are you currently employed?

A Yes.

Q Can you tell me where you are employed?

A Yes, I am president of First Bank and Trust of Boca Raton, Florida.

Q When did you take that position?

A I became president at that bank on October 15, 1976.

Q Were you ever employed by the Liberty National Bank?

A Yes.

Q How long had you been at the bank?

7 8 0 4 0 0 7 5 1 9 3

A I was employed at Liberty Bank on May 1, 1969, and continued my employment there until April 22, 1976.

Q During your tenure at the bank, what were the various positions that you held and can you give me the dates approximately?

A That's tough.

Q Approximately.

A I began my employment at Liberty in the capacity of executive vice president, and was elected its president approximately eight or ten months later, and director and a member of the executive committee.

Q That all occurred approximately January of 1970 then?

A Or some short time thereafter.

Q What were your responsibilities as an executive vice president?

A I was chief executive officer of the bank.

Q As executive vice president?

A No, that came with the presidency and subsequent retirement of the prior CEO, Mr. Perry Spink.

Q Then as executive vice president, what were your responsibilities?

7 8 0 4 0 0 7 5 1 9 4

A It was my initial employment at the bank, during which time I would believe that the directors were deciding whether they wanted me to become their chief executive officer. My duties were, therefore, very general.

Q I see. Once you became president, did your responsibilities include making policy for the bank?

A Policy decisions were made by the board, but it was my responsibility to recommend the policies to the board; and those policies which the Board adopted, it then became my responsibility to enforce them.

Q Did you also have public relations responsibilities as president of the bank?

A I'm sure, every bank president has major PR duties. Yes.

Q We discussed earlier a report compiled by Cleary, Gottlieb, Steen & Hamilton, which was submitted to the special committee of the board of directors of United Bank Corporation on December 10, 1976. This report refers to an investigation by the firm into the making of political contributions on behalf of the Albany National Bank and other subsidiaries of United Bank Corporation.

Are you familiar with this report, Mr. Fonda?

7 8 0 4 0 7 5 1 9 5

A I have read the report.

Q Were you interviewed in connection with this report during the investigation?

A Yes.

Q The report refers to a fund maintained by officers at Liberty used for making political contributions. Do you have personal knowledge of the fund?

A No.

I think I better amplify that. I am not aware of political contributions made by Liberty.

Q Were you aware of a fund that was maintained by officers at the bank that was used for making various expenditures of a political nature?

A The word "fund" may mean different things in the context in which you are using it, or which you may be using it. I am not aware of a specific segregated sum of money, if that's what you have reference to.

(Discussion off the record.)

MR. PHIPPS: Let's go back on the record.

BY MR. PHIPPS:

Q Mr. Poole, were you aware that assets of the bank were being earmarked and used for, among other things,

7 8 0 4 0 0 7 5 1 9 6

buying tickets to political dinners and the like?

A Yes.

Q When did you become aware of this?

A Well, I was aware that tickets were being bought for all sorts of activities, political dinners not being excluded.

Q When did you first become aware?

A From my first days in serving as an officer of the bank when I had to attend the meetings.

Q How did you learn of this?

A When I needed to go to a meeting, I was provided with a ticket to go to the meeting.

Q Were you ever told how these tickets were purchased?

A No. I didn't consider it an unusual transaction to have a ticket to go to a dinner.

Q Who gave you these tickets?

A I received tickets from the persons in the bank who were involved in the public relations coverage that the bank has to maintain. Specifically, the first ticket I received was from a Mr. Shumsky, who at that time was doing this activity; subsequently, others.

Q Mr. Shumsky was a public relations officer?

7 8 0 4 0 0 7 5 1 9 7

A Mr. Shaunessy was a vice president of the bank who was involved in representing the bank at various affairs.

Q Who else at the bank was involved in the purchase of tickets, to your knowledge?

A Subsequent to him, I recall that Mr. Don McNutt served as the public relations officer.

Q Can you give me dates approximately?

A I could reconstruct them from the bank's records. They would be at best very hazardous to pull them out of the air. It's a matter of record when Mr. McNutt served as PR officer.

Q Mr. McNutt continued in this position until the time you left liberty?

A Yes.

Q Now, when did you first become aware that there was a special group of funds that were being kept?

A When the cashier, Mr. Schmauss, retired.

Q When was that?

A Either late 1972 or early 1973.

The new cashier to succeed him, Mr. Jowett, advised me that he was in receipt of some assets of the bank which were in a box, and which he preferred to have terminated.

7 8 0 4 0 0 7 5 1 9 8

period.

Q What were these funds being used for?

A I don't know what they were being used for, and I did not go into the matter other than to say that I agreed that the assets should not be segregated in a box.

Q To your knowledge, were these funds being reflected on the bank's books?

A I have no way of answering from my knowledge.

Q On page 12 of this report, there is a reference to a "Mr. A": was this reference to Mr. Schmauss, to your knowledge? Can you tell from reading?

A I have to assume that it was. Somewhere there is a key to this. Yes.

Q And then "Mr. B" is?

A His successor was Mr. Jowett.

Q There is also a reference on page 13 to a "Mr. C", a senior officer who had public relations responsibility; would you know who that is?

A I assume that to be Mr. McNutt.

Q On page 21 there is a reference to "Mr. D": would that be you?

A The chief executive officer was me, yes.

7804075199

Q When Mr. Jowett came to you and told you that these assets were segregated, did you conduct any sort of investigation into the maintenance of these funds?

A No, I did not. We had an auditor, and at least a dozen assistant auditors, in addition to national bank examiners, certified public accountants, and directors auditing committees.

Q So you felt it wasn't necessary?

A I did not understand it to be my duty to conduct an audit.

Q This report indicates that most of the politically-related expenditures from this fund were purchases of tickets for political dinners and cocktail parties, as well as one outright contribution to a Federal congressional candidate. Would you look at page 18.

First of all, are you aware of any other kinds of payments that were made other than those referred to here?

A No.

Q Would you know who the Federal congressional candidate was?

A No.

Q You stated, though, that you did receive some

7 8 0 4 0 7 5 2 0 0

tickets to political dinners during your tenure as president. Do you recall which dinners these were?

A Usually they were the major dinner parties that occurred either in the fall or in the spring, the central party affair, very large, some cases dinner dances.

MR. WALTERS: Do you mean by that one party or both parties?

THE WITNESS: Each party, each political party had a separate affair. I would try to attend each.

BY MS. PROPPER:

Q When you say "each political party," are you referring to the local level and state level?

A It was basically the county level.

MR. WALTERS: When you say "parties," you're referring to the Democratic Party and the Republican Party ?

THE WITNESS: Yes.

BY MS. PROPPER:

Q So what you're saying is that you went to approximately four of these functions, two of each?

A Unless I could find some bank officer to take my place. It was not any especially enjoyable social festivity.

Q This would be the Erie County Democratic Party and

7 8 0 4 0 0 7 5 2 0 1

Republican Party?

A Yes.

Q Did you attend functions that were held specifically for a particular candidate, do you recall?

A I don't recall any particular function now. I was not very politically motivated personally. As a matter of fact, I was a director of the Federal Reserve Bank of Buffalo at one time, and in that connection, too, it was most important to avoid political activity, which has been my own style throughout.

Q You have stated that Mr. Jowett recommended that this fund be dissipated or discontinued, is that correct?

A Yes, discontinued, these assets be removed from the box and put with the rest of the bank's assets, whatever they may be.

Q Did you take such action?

A I have no idea whether Mr. Jowett took such action, because he did not report to me. Mr. Jowett reported to the executive vice president in charge of his activities within the bank, Mr. Don Gregg.

Q Was any mention ever made to the executive committee of these funds?

7 8 0 4 0 0 7 5 2 0 2

A The executive committee knew that the bank's officers attended command performances and that tickets had to be purchased. Generally, the executive committee, if anything, was somewhat critical of the bank's officers in not fully representing the bank by attending more of these affairs.

Q I see. Were they specifically made aware, to your knowledge, of the fund's existence?

A Of the assets' existence?

Q Yes.

A Well, let me explain that the cashier is in charge of all assets of the bank, whatever fund they may be in. There would be no more reason to point to one asset than to another of the bank's $600 million in assets, and really, it wasn't considered in the context in which this question is directed.

Q To your knowledge, then, the fund was just terminated?

A I have to assume that the assets were removed from the box and that they were blended with the other assets of the bank under the direction of the cashier in accordance with proper financial procedures as would be

7 8 0 4 0 0 7 5 2 0 3

supervised by his superior, Mr. Trapp, and would be appropriately audited and protected by the bank's examiners and all of the other examiners. It was not my function to police that particular transaction, as I understood it.

Q At the time the fund was discontinued, according to page 21 of the report, five officers of Liberty received salary increased of $2500 a year to be made in a lump sum. Were you aware of this decision?

A Yes. I recommended that we discontinue the purchase of any tickets or the use of any bank funds in any way which might lead to any questions.

Q What was your rationale for recommending this?

A Some months earlier I had discussed with Mr. Hollis Herrington, the then-chairman of the holding company, how this matter was handled at the State Bank of Albany. He explained to me that they had assigned this function to the officers themselves as individuals.

Q "This function" being the making of?

A To decide whether the individual himself was going to attend a party or not, or a function. And at that time they raised the salaries of certain officers, who were senior officers, so that they could afford to discharge

7 8 0 4 0 9 7 5 2 0 4

their duties in a manner which would adequately represent themselves. He recommended that we might wish to follow a similar procedure.

I discussed this with the counsel for the bank -- he may not have been counsel; one of the members of the legal firm of the bank which was the counsel, this member of the legal firm being Mr. Albert Nugel. Mr. Nugel reviewed the proposal and recommended to me that it could be recommended to the bank's executive committee for action.

Q When did you have this conversation, first of all, with Mr. Harrington?

A Sometime probably in 1972.

Q This was, I presume, after you had spoken to Mr. Nesbitt? Shortly thereafter?

A It could have been '73. It could have been around the same time. I don't recall, really.

Q Then shortly thereafter you spoke to Mr. Nugel?

A That's right. Mr. Nugel for years was fully familiar with the operations of the bank and was our counsel adviser as to the actions of the bank.

Q After your conversation with Mr. Nugel, did you then make a recommendation to the bank's executive committee?

7 8 0 4 0 0 5 2 0 5

A I did.

Q Do you recall about when that was?

A I think the record would indicate that that was May 15, 1973, though I don't recall that date specifically from mind.

Q Who were the recipients of the increases?

A As I recall, the recipients were the three executive vice presidents: Messrs. Mayer, Shanahan, and Trapp; the cashier, Mr. Howett; and the public relations officer, Mr. Donald McNutt.

Q Did this list ever change, to your knowledge?

A Not to my knowledge.

Q When did the officers receive these payments?

A Initially, the officers received their payment after approval from the executive committee and the board of directors; so, therefore, I would have to assume that it would have been somewhat in perhaps June or July. I really have no exact knowledge of it, but the records of the bank would be very clear, because their accounts were credited, as I understand it.

Q Why were these particular officers the ones chosen?

7 8 0 4 0 0 7 5 2 0 6

A Because they are senior members of the bank who would represent the bank in civic and social functions and in their privnte lives would be expected to take on major activities as part of their lifestyle.

Q Were you ever considered as a recipient of this?

A No, I was nevexed considered, because I did not feel that the president of the bank, who earned considerably more money, would logically get a salary increase to enable him to fulfill his private, civic responsibilities.

Q How were the officers notified they were to receive this increase?

A Well, they were asked first whether they wished to participate in the obligation of the bank.

Q Who were they asked by?

A Repeat the question, please?

Q How were they asked?

MR. VALIENO: I understood the question to be how were they informed. They were on the executive committee.

THE WITNESS: Yes, they were on the executive committee. They were on the executive committee and they knew of the decision.

BY MS. PROPPER:

Q Then they were fully aware of the conversation that you had had with Mr. Harrington and your reasons for proposing this salary increase?

A They were fully aware of the reasons. I don't know whether I explained to them Mr. Harrington had recommended any certain course of action.

Q Was this practice ever discussed at meetings of the board of directors as well?

A Yes. The board approved this arrangement.

Q At around the same time?

A They approved the minutes of the executive directors' committee.

Q And the officers received these salary increases in a lump sum until 1973; is that right?

A The record would show. I really don't know. They originally were lump-sum payments at the request of the officers.

Q Then it was changed?

A At their request.

Q At their request?

A Yes.

7 8 0 4 0 0 7 5 2 0 8

Q Can you tell me were you familiar with the events that led up to their request that it be changed?

A I am not familiar with why they personally found that more convenient, but I can assume that people who have expenses from day-to-day would rather have their income from day-to-day rather than a lump sum. However, that's an assumption on my part. I don't know whether that's why they arrived at that decision.

Q But it was their decision rather than one of the executive committee to change the policy?

A The bank had no further interest in the payment once it was granted.

Q Were these amounts still part of the salary of these officers at the time that you left Liberty, to the best of your knowledge?

A To the best of my knowledge, they were.

Q When these payments were still being made in a lump sum, do you have any idea how they were being reflected on the bank's books?

A How the lump-sum payments were reflected?

Q Yes.

A They were reflected as salary payments in their

7 8 0 4 0 0 7 5 2 0 9

salary account.

Q They were just added to the full amount of the salaries?

A To the payroll, that's my understanding.

MR. WALTERS: May I ask, if I may.

MS. PROPPER: Sure.

MR. WALTERS: You just said once these funds were paid, the bank had no further interest. Do you mean to say that they weren't given instructions as to what they were to do with this? If so, you better say it.

THE WITNESS: There were no instructions as to what would be done with the money. There was no report as to what they did. There was no policing of the funds. There was never any knowledge on the bank's part whether they, in fact, used the money in one fashion or another.

Subsequently, the bank simply terminated all of its prior purchases of various functions after the salary increases had been given, and that ended it.

BY MS. PROPPER:

Q In your knowledge, did the amount of these increases ever change?

A I don't know of it ever changing, no.

7 8 0 4 0 0 7 5 2 1 0

It became a salary. They did get salary increases in a routine form thereafter.

Q I understand that. These payments, however, were over and above any salary increases they might have gotten that year?

A They just became additional salary, period.

Q When the fund was discontinued in 1973, the report indicates that $7600 remained in it. Are you familiar with the manner in which this money was spent?

A No, I am not.

(Discussion off the record.)

BY MR. [illegible]:

Q Do you know about how much of that sum was spent?

A Yes. It was my understanding that the fund would be closed with the disbursement of approximately $2500. I'm not aware of whether there was $7600 or not.

The $2500 disbursement was paid to a local organization for the preservation and upbuilding of downtown Buffalo known as "Concerned Citizens for Buffalo."

Q And that payment, to the best of your knowledge, was made in 1973?

A Yes.

7 8 0 4 0 7 5 2 1 1

Q How was this money paid?

A The method of disbursement was through checks, from the best of my recollection, four individuals, personal checks of four individuals aggregating $2500.

Q Who were the individuals?

A These individuals being myself, in the amount of $1000; and Messrs. Mayer, Shanahan, and McNutt, as I recall, in the amount of $500 each. They and I, in turn, were reimbursed in these same amounts.

Q From as far as you know the assets from this box?

A From the assets of that box, which was to clear out that box, as far as I understood it.

That organization was known to the executive committee of the directors, and the payment was known to the executive committee of the directors, and it was considered an important community activity essential to the preservation to the downtown businesses.

Q And you have no knowledge of any of this balance being used for any political purposes?

A No.

Q Are you familiar with the policy statement adopted by Liberty National Bank on July 1, 1973?

7 8 0 4 0 8 7 5 2 1 2

A No, I don't think so. I wasn't there.

Q December 1, 1975? There is a reference on page 24 of the report to a memorandum circulated to personnel of Liberty Bank.

A I would be familiar with that memorandum, yes.

Q Are you familiar with the events that led to the adoption of that statement?

A They have been recited to you in these questions.

Q You're referring to your discussions with Mr. Harrington and so forth?

A The policy of the bank to eliminate the purchase of any kind of tickets or any attendance at any affairs that could be questioned.

Q Is this the first such policy statement that was adopted by the bank, to your knowledge?

A No, it had been the policy of the bank all along, and we, in fact, did not make loans knowingly to political parties.

Q Was that a written policy prior to this time?

A I don't think it was written, but it was thoroughly understood by all members of the bank's official staff.

Q Was there any particular reason why it was felt

necessary to put this policy into writing at that time?

A Yes. We were attempting to be absolutely clear throughout our 42 branches that no one inadvertantly violated the policy.

Q Were these statements signed by the bank officers, to your knowledge?

A I don't know whether they were signed or not, but such statements would represent the instructions of the bank officers.

Q To your knowledge, did anyone ever receive reimbursement from bank funds for political expenditures that they made from 1973 to the time that you retired from the bank? For example, did an officer of the bank ever buy a ticket to a political dinner with his own personal funds and then receive any reimbursement?

A I would assume that that occurred. But they were not considered political contributions to attend meetings.

Q This is after 1973 I am referring to.

A No, after the matter of 1973, I would not assume that any such thing did occur, because we changed and made the matter absolutely binding that they not do that.

Q But you would assume that that might have occurred

7 8 0 4 0 0 7 5 2 1 4

prior to that time?

A Yes.

Q Do you have any specific knowledge of such an occurrence?

A No. But again, we had 42 branches, and they were administered by branch divisions and 800 people scattered in eight counties, and they went to literally hundreds and probably thousands of meetings over the period of years I was connected with the bank.

Q Did the bank regularly receive requests for political contributions?

A Yes.

Q How were these requests handled after 1973?

A Both before and after 1973, we advised the people seeking the gift that if they could satisfy our legal counsel that they were appropriate, that we would be glad to entertain the request. As far as I was concerned, that ended it, because I don't know of anyone having been able to get our legal counsel to recommend it.

MR. [illegible]: I have no further questions.

MR. [illegible]: I just have a few.

7 8 0 4 0 7 5 2 1 5

BY MR. SPIEGEL:

Q I don't think we covered when you terminated at Liberty Bank. Could you state that for the record?

A When I terminated?

Q Yes.

A I terminated on April 22, 1976.

Q You stated that you were interviewed for the Cleary, Gottlieb report we have been referring to throughout the deposition. Do you remember when you were interviewed?

A Yes, as I recall, it was either August or September of 1976.

Q Do you remember by whom?

MR. WAXMAN: I can give you that in just a moment.

THE WITNESS: For the record, no, I don't recall offhand. We can submit it later.

MR. SPIEGEL: Let's go off the record.

(Discussion off the record.)

THE WITNESS: Mr. Robert Tarantello was the gentleman who interviewed me first.

BY MR. SPIEGEL:

Q You have come up with that name after refreshing your recollection from records that you have with you?

7 8 0 4 0 0 7 5 2 1 6

A Exactly.

Q Ms. Propper asked you some questions about a fund that was in existence prior to 1973 and then was terminated. I wonder if you have any recollection about how the money for this off-book fund was collected?

A I have no recollection of how money was placed in a lock box, and I do not know of it being off-book, or I do not know of the source of anything concerning that.

Q You mentioned several names that, as I understood it, are names from the report and of persons who might have been involved, or were involved, with the fund, the names of Mr. Shaneway, Mr. McWatt, Mr. Jewett, and Mr. Trapp. Is there anybody else you can think of who might have been connected with this fund?

A The word "fund" causes me grave difficulties, because I don't know of a fund. Banks have assets which are available for legitimate bank needs, and the persons needing those assets make their needs known to the cashier or to a party designated in that particular area of activity. Who all of the persons might have been that would concern themselves over their period of years with going to incidental meetings, I simply couldn't tell you on the spur of the

moment. It would take a considerable amount of research to determine who would have been going to meetings.

Q You mentioned the matter of increases, salary increases, that occurred in the period after 1973, and the fact these were discussed by the board of directors for five individuals that got these increases. I'm curious, did these payments have any identification on your records, on the bank's records, that would have enabled anybody to know that they were for civic obligation?

A They were not specifically for civic obligation. They were increases in salary to enable the gentlemen to fulfill their personal community responsibilities.

Q Was there any distinction on the record between these salary increases and salary increases that somebody else who was getting just a normal salary increase?

A I am not aware of any such distinction, nor would I have known what the purpose of any such distinction would have been.

Q When the change was made in 1976 to just making these payments --

A 1975.

Q But there was a lumpsum payment then there was

a further change made, as I recall, to a non-lump-sum basis. Was there any accounting change made when that was done?

A. I was not involved in the changing of the method of payment or why it was changed, when it was actually changed, or who requested it being changed; I really have no specific knowledge of the matter.

MR. SPIEGEL: Thank you.

MR. WALTERS: I think for the record maybe we ought to show it appears that Mr. Tortoriello interviewed you with respect to this matter on October 26, 1976.

THE WITNESS: That's correct, I assume, if that's the date of his report.

(Thereupon, at 3:00 p.m., the taking of the deposition was continued.)

(By stipulation of counsel, and agreement of the witness, reading and signature waived.)

CERTIFICATE OF NOTARY PUBLIC

I, Rebekah J. Johnson, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to typewriting by me; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Rebekah J. Johnson
Notary Public in and for
the District of Columbia

My commission expires
14 May 1981

7 8 0 4 0 0 5 2 2 0

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
MCC 2746	800509

Name and Address of Sender

MILT. & GRNWD REPT.
1028 CT.AVE., NW
WASH., DC 20036

Subject of Correspondence

MUR 418

Date Received	Suspense Date
02/22/78	03/15/78

Referred to	Action (Optional)
~~1.~~ GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

7 8 0 4 0 0 7 5 2 2 2

PRIORITY MAIL

CERTIFIED
No. 213866
MAIL

Milton & Greenwood Reporting Associates, Inc.
General Stenotype Reporting
Suite 1110
1028 Connecticut Ave., N.W.
Washington, D.C. 20036
Phone: (202) 833-3598

Official
Transcript

Ms. Susan Propper, Esq.
Federal Election Commission
1325 K ST., N. W.
Washington, D. C. 20463

PRIORITY MAIL

Return receipt
requested

DCC 2669

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DESIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGGOOTT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN B. MISHKIN
STEPHEN L. DINCKS
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW
JAMES F. MUNSELL
SANDRA S. WEIKSNER
EVAN A. DAVIS

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA

NEW YORK, N.Y. 10004

(212) 344-0600

CABLE: CLEARGOLAW
TELEX WU 128244
RCA 235438

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 7108220105

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD DEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI 23, BTE 8
1040 BRUSSELS, BELGIUM
TELEX 22833

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX: 887650

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
RESIDENT PARTNERS

February 6, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

Re: United Bank Corporation of New York
Liberty National Bank and Trust Company
MUR 418 (77)

Dear Ms. Propper:

I enclose an invoice from Jack W. Hunt and Associates, Inc., in connection with the deposition of Robert J. Donough. This invoice was incorrectly forwarded to our offices.

Best regards.

Sincerely,

Enclosure

Robert L. Tortoriello

invoice not enclosed

7 8 0 4 0 0 7 5 2 2 3

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

7 8 0 4 0 0 7 5 2 2 4

For Division Use	Suspense No.
LCC 2669	800391

Name and Address of Sender

ROBERT L TORTORIELLO
STATE ST. PLZ.
NY,NY 10004

Subject of Correspondence

MUR 418

Date Received	Suspense Date
02/13/78	03/06/78

Referred to	Action (Optional)
1. ORR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

CLEARY, GOTTLIEB, STEEN & HAMILTON
ONE STATE STREET PLAZA
NEW YORK, N.Y. 10004

Susan Propper, Esq.
Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

mkb
1333 LIBERTY BANK BLDG.
BUFFALO, N. Y. 14202
853-5600

STATEMENTS

EXAMINATIONS BEFORE TRIAL

DEPOSITIONS

CONFERENCES

CONVENTIONS

ARBITRATIONS

In the Matter

of

THE UNITED BANK CORPORATION OF NEW YORK

Case MUR4HE

Examination under oath of ROBERT J. DONOUGH, taken in the offices of the LIBERTY NATIONAL BANK AND TRUST COMPANY, Buffalo, New York, taken on January 23rd, 1973, commencing at 11:00 a.m., before SANTO VITRANO, Notary Public.

JACK W. HUNT, PRESIDENT
CERTIFIED SHORTHAND REPORTER
LICENSED BY THE
STATE OF NEW YORK
LICENSE NO. [illegible]

JACK W. HUNT
and
ASSOCIATES, INC.

INDEX TO WITNESSES

Robert J. Donough — Examined by:

Ms. Propper — 3

Mr. Spiegel — 10

Mr. Tortoriello — 25

7 8 0 4 0 7 5 2 2 7

1 APPEARANCES: DAVID R. SPIEGEL, ESQ.,
2 SUSAN E. PROPPER, Attorney at Law,
Federal Election Committee,
3 1325 K Street, N.W.
Washington, D.C. 20463
4
5 CLEARY, GOTTLIEB, STEEN & HAMILTON,
By ROBERT L. TORTORIELLO, ESQ.,
6 1 State Street Plaza,
New York, New York 10004
7 Appearing on behalf of Mr. Donough.
8
9 R O B E R T J. D O N O U G H, Main and Court Streets,
Buffalo, New York, after being duly called and
10 sworn, testified as follows:
11
12
13 EXAMINATION BY MS. PROPPER:
14 Q Mr. Donough, what is your occupation?
15 A. Banker.
16 Q Yes.
17 A. President, Liberty National Bank and Trust Company.
18 Q Okay. How long have you been employed by the
19 Liberty National?
20 A. Since April, 1976.
21 Q And what were you doing prior to that time?
22 A. I was president of the United Bank Corporation
23 of New York.

7 8 0 4 0 7 5 2 2 8

1 Q. From when to when?

2 A. Oh, '73 till '76. I think it was July of '73.

3 Q. Yes. And prior to 1973?

4 A. An officer of the State Bank of Albany.

5 Q. And, what was your position there when you left?

6 A. Senior Vice President.

7 Q. Okay. At the Liberty National Bank, are you a

8 member of the Board of Directors?

9 A. Yes, I am.

10 Q. Are you also a member of the Executive Committee?

11 A. Yes, I am.

12 Q. Okay. Prior to 1973, did -- was there a

13 practice at the Liberty National Bank whereby

14 funds were used for political contributions?

15 A. I don't know.

16 Q. Did you ever have any discussion upon beginning

17 your employment here with your predecessor

18 concerning political contributions by the bank?

19 A. No.

20 Q. Are you familiar with the report compiled by

21 Messrs. Cleary, Gottlieb, Steen and Hamilton?

22 A. Yes.

23 Q. Of December '77 -- '76, excuse me.

7804075229

A. Yes.

Q. Are you familiar with the funds referred to in that report?

MR. TORTORIELLO: I'm not sure what you mean by familiar with?

MS. PROPPER: Has he ever had any discussion with his predecessor or with the Board of Directors concerning this fund?

MR. TORTORIELLO: Again I'm a little unclear as to -- do you mean has he had any discussions concerning the -- when you say concerning the operation of the funds, do you mean --

MS. PROPPER: Well, --

MR. TORTORIELLO: -- in the course of the operation?

MS. PROPPER: Was he told -- no , was he told of it upon becoming president of the Liberty National?

MR. TORTORIELLO: Well, you can answer that.

THE WITNESS: No.

MS. PROPPER: You weren't?

MR. TORTORIELLO: Is your question, just so I understand?

MS. PROPPER: Yes.

7804075230

MR. TORTORIELLO: Is your question, when did he first find out about the funds?

MS. PROPPER: Yes, I'm trying to establish that he knows anything about it, yes.

MR. TORTORIELLO: Well, I think you can -- I'm un -- well, I'll say I'm unclear as to what your question is. Is your question -- well, I'll let you state it.

MS. PROPPER: When did you learn of the fund?

MR. TORTORIELLO: Assuming that there was a fund.

MS. PROPPER: Yes.

THE WITNESS: At the time of the investigation, I'm not sure what the date was.

MS. PROPPER: Yes. How did you first learn of it?

THE WITNESS: As a result of the investigation by the committee.

MS. PROPPER: Who told you?

MR. TORTORIELLO: Let's go off the record for a minute.

MS. PROPPER: Yes.

(Discussion off the record.)

MS. PROPPER: Who spoke to you about the fund?

7 8 0 4 0 7 5 2 3 1

MR. TORTORIELLO: Again, do you mean who first informed him of the existence of the fund?

MS. PROPPER: Yes.

MR. TORTORIELLO: Okay.

THE WITNESS: One of the senior officers of the bank.

BY MS. PROPPER:

Q Yes. Who was that?

A. Donald McNutt.

Q Okay. What was his position with the bank?

A. He is head of staff and community relations.

Q Yes. Okay. When did he first tell you about this?

A. I have to go back to the date of the report, let's say about two months prior to the preparation of the report. I believe, I'm sorry.

Q So that would be October of '76?

MR. TORTORIELLO: Go off the record for a second.

(Discussion off the record.)

THE WITNESS: September of '76.

BY MS. PROPPER:

Q Okay. Well, exactly what did he tell you, how did the subject come up?

7804075232

A. What came up was a result of the request for information from the Internal Revenue.

Q. Yes. And okay, he told you that there was a fund that was used in part for political contributions?

MR. TORTORIELLO: Why don't we let Mr. Donough characterize it?

MS. PROPPER: Okay.

THE WITNESS: He said there was a fund that was used to make various contributions.

BY MS. PROPPER:

Q. Yes. And well, how much detail did he go into?

A. He wasn't aware of the full details of the fund.

Q. Yes. How long did this fund continue for?

MR. TORTORIELLO: If you know.

THE WITNESS: I don't know.

MS. PROPPER: Did he give you any idea of when it was terminated?

THE WITNESS: No, he didn't.

BY MS. PROPPER:

Q. Did he tell you that it was terminated?

A. Yes.

Q. Did he discuss with you any rationale for the

7804075233

termination, did he?

A. No.

Q. Are you acquainted with what the bank's practice was at the time of the termination?

A. Practice with regard to what?

Q. The bank's practice of granting certain salary increases at the time of the termination of the fund?

MR. TORTORIELLO: Excuse me, just repeat the question.

(Whereupon, the above requested question was then read back by the reporter.)

MR. TORTORIELLO: When you say are you -- I am unclear what you mean when you ask Mr. Donough, is he acquainted. Do you mean did he know at the time of the --

MS. PROPPER: No, I mean was he informed.

MR. TORTORIELLO: Of the bank's practice?

MS. PROPPER: Right.

MR. TORTORIELLO: At the time of the termination of the fund?

MS. PROPPER: Yes. No, not -- was he informed at the time, when he was having this discussion with Mr. McNutt or with members of

7804075234

the Cleary, Gottlieb --

MR. TORTORIELLO: Well, I will object to any attorney-client conversations.

MS. PROPPER: Okay.

MR. TORTORIELLO: So, his conversations with Mr. McNutt-

MS. PROPPER: His discussions with Mr. McNutt, did he refer to the bank's practice of giving salary increases?

THE WITNESS: No.

BY MS. PROPPER:

Q When did you learn of the increases given?

A It came up sometime after this discussion.

Q Yes. How did you learn of it, do you recall?

A No, I'm not sure with whom I was talking the first time I found out about it.

Q I see. Well, with whom have you spoken concerning these increases?

A Several of our senior officers.

Q Yes. Would you name them for me please?

A Yes, Joseph Trapp, T-R-A-P-P, Robert Shanahan, S-H-A-N-A-H-A-N, Robert Mayer, M-A-Y-E-R-, Donald McNutt, M-C-N-U-T-T and John Jowett, J-O-W-E-T-T.

Q What were you told about these increases?

7804075235

A. I'm sorry?

Q. I said what were you told about these increases, I'm sorry?

A. That they had occurred --

MR. TORTORIELLO: Excuse me.

MS. PROPPER: Yes?

MR. TORTORIELLO: By whom?

MS. PROPPER: Well, by any of these gentlemen that -- that Mr. Donough has named.

THE WITNESS: That they had occurred, and they understood that they were to take care of their needs because they were senior officers of the bank, who had civic and charitable needs because of their position with the bank.

BY MS. PROPPER:

Q. Yes. When were these increases begun, as far as you know?

A. I don't have the exact date.

Q. Do you have a general idea?

A. I'm not sure.

Q. Do you know in what manner they were paid?

A. Yes, they were paid in one sum.

Q. Yes.

7 8 0 4 0 7 5 2 3 6

A. To each one of the officers as part of their salary.

Q. Is this a practice that continues to this day, are these officers still receiving lump sums?

A. No, they're not.

Q. When was that discontinued?

A. 1976.

Q. And were you president at that time?

A. No.

Q. To your knowledge, what the rationale for switching from the lump sum to -- well, why were the lump sums discontinued?

A. I don't know.

Q. Did these officers simply stop receiving this money or was another practice begun as far as you know?

A. I'm sorry?

Q. Were these payments incorporated into the officers' salary in 1976?

MR. TORTORIELLO: When you say payments, you mean the salary increases?

MS. PROPPER: Yes, the lump sum, yes.

MR. TORTORIELLO: Whether they were continued to be

7804007523 7

paid in one lump sum or paid pro-rata in the course of an officer's salary payments?

MS. PROPPER: Yes, right.

THE WITNESS: It's my understanding they were added to the toal annual salary that was paid.

BY MS. PROPPER:

Q. I see. Was there any effect, as far as you know, on the normal salary raises that these officers would receive?

A. No.

Q. This was in addition to their normal salary or raises?

A. Yes.

Q. To your knowledge, did these officers ever receive any instructions from the bank or any guidelines as to how the lump sums were to be used or the increases thereafter?

A. No, they did not.

Q. These amounts are still included in the salaries of these officers?

MR. TORTORIELLO: Go off the record.

(Discussion off the record.)

7 8 0 4 0 7 5 2 3 8

BY MS. PROPPER:

Q. Let's establish how much were the lump sum payments?

A. I understand they were twenty-five hundred.

Q. Yes. Were these officers' salaries ever decreased then by the --

A. No, they were not.

Q. Are you aware of who made the decision to terminate the lump sum payments?

A. Again, is this direct knowledge?

Q. Were you ever told how the decision was reached?

A. Well, no.

Q. Was it, to your knowledge, ever discussed at the Board of Directors meeting?

A. I don't know.

Q. Did any of these men ever say that, I'm trying to think how to phrase this again, what were these officers told at the time the transition was made for making a lump sum payment to having the twenty-five hundred dollars incorporated into their salary?

A. I don't know.

Q. They never mentioned anything to you about that,

7804075239

1 okay?

2 MR. TORTORIELLO: Excuse me, you're characterizing

3 his response.

4 MS. PROPPER: I'm sorry.

5 MR. TORTORIELLO: Mr. Donough's response was that

6 he doesn't know what the -- what the officers

7 were told. His response was not that they

8 never spoke about it. You didn't ask that

9 question.

10 MS. PROPPER: Right. Okay. That is what I

11 understood him to say. I'm sorry for not

12 being clear. To your knowledge, has the

13 bank ever reimbursed someone for a contribution

14 that they may have made to an organization

15 directly out of bank funds?

16 MR. TORTORIELLO: Are you going to put some time

17 parameter around that?

18 MS. PROPPER: Well, let's say from 1974 to the

19 present?

20 THE WITNESS: No.

21 BY MS. PROPPER:

22 Q. Regarding the State Bank of Albany, you were an

23 officer there until 1973?

7 8 0 4 0 7 5 2 4 0

1 A. Yes.
2 Q. During that time did that bank have a fund for
3 making political contributions?
4 MR. TORTORIELLO: Well, what do you mean by a fund
5 for making political contributions?
6 MS. PROPPER: Was there -- did the bank have a
7 practice whereby certain funds were segre-
8 gated, and used for the purpose of charitable
9 and political contributions?
10 MR. TORTORIELLO: Did the bank have the practice of--
11 of segregating -- excuse me, repeat the
12 question.
13 (Whereupon, the above requested question
14 was read back by the reporter.)
15 MR. TORTORIELLO: Are you going to put a time frame
16 on that?
17 MS. PROPPER: Well, was such a fund in existence
18 at the time that you left your employment
19 there?
20 THE WITNESS: Can I talk to you?
21 MR. TORTORIELLO: Sure. Excuse me.
22 (Whereupon, Mr. Tortoriello and the
23 witness had an off the record conference.)

7804075241

MR. TORTORIELLO: Okay. Can you repeat the question?

(Whereupon, the above requested question was read back by the reporter.)

THE WITNESS: The bank as such did not maintain a fund. I believe there was such a fund that was being maintained by the Chief Executive Officer.

BY MS. PROPPER:

Q I see. And was that fund in existence at the time that you left?

A I don't know.

Q You don't know. Were you involved in that fund as a participant?

MR. TORTORIELLO: Go off the record.

(Discussion off the record.)

MR. TORTORIELLO: Do you want to re-phrase the question for the record?

MS. PROPPER: In the period just prior to your leaving the State Bank of Albany and by that, I mean your position at the time that you left, were you one of the officers at the State Bank who was receiving an additional salary increment?

7 8 0 4 0 7 5 2 4 2

THE WITNESS: No I was not.

MR. TORTORIELLO: By additional salary increments, you mean salary increments referred to in the Cleary Gottlieb report in December of 1976?

MS. PROPPER: Yes. Can you tell me what your duties were at the State Bank as senior vice president?

THE WITNESS: Well, they were mostly in the operations area, in the systems and programming area.

BY MS. PROPPER:

Q What does that entail?

A. Has to do with computer operations.

Q. I see. Okay. And as president of the United Bank Corporation, what were your responsibilities?

A. Oh, all administrative duties for the organization.

Q. Policy decisions and things of that nature?

A. Yes.

Q. And, as president of Liberty --

A. I'm a Chief Executive Officer, with total responsibility, I guess, reporting to the Board.

Q. Okay. I think we have failed to make one thing

7 8 0 4 0 7 5 2 4 3

clear, these five gentlemen that you referred to before, who are officers of Liberty Bank?

A. Yes.

Q. Are they the five officers who were receiving the lump sum payments?

A. Yes, they are.

MS. PROPPER: Okay. Do you have anything that you would like to add?

MR. SPIEGEL: I just have a few questions if you have no objection? I wonder if you could just clarify something that you talked about before. When was the date that you left your position at Albany State Bank? Do you remember exactly? I know you mentioned 1973, I was just curious.

THE WITNESS: No, I don't -- I think again I'd have to check my records. I believe it was July 1st, 1973.

EXAMINATION BY MR. SPIEGEL:

Q. And what was the date that you came on as president at Liberty?

A. April 23rd, 1976.

Q. There is a memo that is referred to under the

7804075244

1 Cleary Gottlieb report dated May 7th, 1976. It
2 would be after you came on as president, wouldn't
3 that be correct, about a month afterwards?
4 A. Yes.
5 MR. TORTORIELLO: This is the second report of
6 December, 1976.
7 MR. SPIEGEL: This is December 10th, 1976 report.
8 The memo is a very brief memo but it
9 refers to a statute, 18 USC Section 610.
10 Go off the record.
11 (Discussion off the record.)
12 BY MR. SPIEGEL:
13 Q. The memo refers to the problem of contributions
14 by corporations that are forbidden under the
15 statute. Did you have anything to do with that
16 memo?
17 MR. TORTORIELLO: Go off the record.
18 (Discussion off the record.)
19 BY MR. SPIEGEL:
20 Q. Would it refresh your recollection if we showed
21 you a copy of the memo?
22 A. Yes.
23 Q. Okay.

7804007524 5

1 MR. TORTORIELLO: Go off the record.

2 (Discussion off the record.)

3 BY MR. SPIEGEL:

4 Q. The portion that I'm showing you is at the bottom

5 of page twenty-four, the December 10th, Cleary

6 Gottlieb report. It's the very last paragraph,

7 that is the text of it. Is there anything that

8 is familiar to you?

9 A. I know there was a code of ethics statement

10 adopted by the Board, covering all employees of

11 the Bank. And I believe this is one of the para-

12 graphs in that statement.

13 Q. But what I am curious about is did you have any

14 hand-drafting this or overseeing this?

15 A. No, I did not.

16 Q. You never did by any chance?

17 A. No.

18 Q. In the division of responsibility in the bank,

19 would you have any knowledge of what officers

20 would have handled something like this, would it

21 have been a legal counsel?

22 A. I believe it would have been on our staff of

23 community relations officer.

7 8 0 4 0 0 7 5 2 4 6

Q. On that same page, there is another note right above that, that was before you came on to the bank, that is a December memo, I believe, 1975 though it would be several months before you came on. Would you have any knowledge, personal knowledge, of who had a hand in that memo?

A. No.

Q. Okay. Did you have any discussions with Mr. Ronda, your predecessor, before you assumed your present position?

MR. TORTORIELLO: About anything?

MR. SPIEGEL: About the duties of your job?

THE WITNESS: Very brief.

BY MR. SPIEGEL:

Q. Did these touch in any way on the salary increments that Ms. Propper alluded to in her portion of the deposition?

A. No, they did not.

Q. You mentioned that, I think, if my recollection is correct, in 1976, referring to the Cleary-Gottlieb report, that it's the first time you heard of this, is that correct, of the salary increments?

A. Yes.

7804075247

1 Q. You mentioned five names in the course of the
2 deposition, a Robert Mayer, a Robert Shanahan,
3 Joseph Trapp, John Jowett and a Donald McNutt.
4 Those five names are mentioned in a letter, which
5 was sent to us, by the bank, as persons who were
6 getting the increments. Are any of these persons
7 friends of yours?
8 MR. TORTORIELLO: By friend, you mean personal ac-
9 quaintance?
10 MR. SPIEGEL: Personal friend, personal friend?
11 THE WITNESS: Prior to my coming here?
12 MR. SPIEGEL: Yes, prior to your coming here?
13 THE WITNESS: No.
14 BY MR. SPIEGEL:
15 Q. Have you ever discussed with any of these persons
16 their additional salary increments?
17 A. In the course of the inquiry.
18 Q. But not prior to that time?
19 A. No.
20 Q. One last question, and I think I'll be done.
21 With regards to State Bank of Albany, that takes
22 you back, I realize a considerable period of time,
23 you say, you mentioned that you believed that there

7 8 0 4 0 7 5 2 4 8

was a fund in existence, of course the Cleary-Gottlieb report refers to that fund, when you said belief, did you mean on personal knowledge you knew that, or did you mean by reading the report, you discovered there had been a fund going on at Albany State Bank?

A. I was aware that there was a fund, I was not aware of personal knowledge, whether it was still in existence at the time that I left the State Bank of Albany.

Q. But while you were at the State Bank, were you aware that such a fund was in existence?

MR. TORTORIELLO: You mean at anytime during his tenure?

MR. SPIEGEL: At anytime, yes.

THE WITNESS: Yes.

MR. SPIEGEL: Did you have any knowledge of when that fund was terminated by the Albany State Bank, if in fact it was terminated?

THE WITNESS: No I did not.

MR. SPIEGEL: Okay. No further questions.

MR. TORTORIELLO: I have a few questions.

MR. SPIEGEL: Sure.

7804075249

EXAMINATION BY MR. TORTORIELLO:

Q. To your knowledge, Mr. Donough, are any funds, have any funds at Liberty National Bank and Trust Company since your tenure as Chief Executive Officer been used for political contributions?

A. No, they have not.

Q. Have any funds been used to purchase tickets to political affairs or events?

A. No.

Q. Have any of those funds been used to purchase advertisements in political journals?

A. No.

Q. To your knowledge, have any policy statements been adopted by the Liberty Bank Board of Directors, with respect to political contributions?

A. Yes.

Q. Could you summarize those policy statements?

A. With regard to political contributions?

Q. With regard to political contributions?

A. Yes, that was a code of ethics that was adopted which specifically indicates that it's unlawful to make political contributions and that they will not be made by the bank or any officers on behalf

7804007525250

of the bank. It's contained in a special statement regarding political contributions, which also states that it's unlawful and it's the policy of the bank not to make political contributions or have officers make such contributions on its behalf.

Q. Have these policy statements been circulated to officers of the bank?

A. Yes, they have signed them, and they are in file in our personnel department.

Q. And these policy statements are explicit with regard to bank policy respecting political contributions?

A. Yes they are.

Q. To your knowledge, has the United Bank Board of Directors adopted a statement or policy with respect to the political contribution, which is applicable to Liberty Bank?

A. Yes, they have.

Q. And, what does that statement of policy state?

A. Well, effectively, the same matters.

Q. And this has been communicated also to officers of the bank?

7 8 0 4 0 0 7 5 2 5 1

A. Yes, it has.

Q. With respect to the --

MR. SPIEGEL: Can I just ask a point of information on this point?

MR. TORTORIELLO: Certainly.

MR. SPIEGEL: When you referred to the policy statements of the Liberty Bank, were you referring to the two policy statements that are referred to in my portion of the deposition? I want to get the dates.

MR. TORTORIELLO: No, well, I'm referring, well, I'm referring both to those policy statements and to any subsequent policy statements that may have been adopted.

MR. SPIEGEL: So the earliest one we would be talking about is December of '75?

MR. TORTORIELLO: My questions were only related to Mr. Donough's personal knowledge.

MR. SPIEGEL: Okay.

MR. TORTORIELLO: There may have been policy statements that were adopted prior to 1973 -- 5, that Mr. Donough may not have knowledge of.

MR. SPIEGEL: 1976, you mean?

7804075252

MR. TORTORIELLO: No, prior to 1975?

MR. SPIEGEL: You're talking now about the United Bank Corporation?

MR. TORTORIELLO: My questions to Mr. Donough merely relate to his personal knowledge, which starts in 1976 with respect to Liberty National Bank and Trust Company.

MR. SPIEGEL Okay.

MR. TORTORIELLO: My question was not meant to imply in any way that there were not previous policy statements that may have been adopted. I'm directing my questions to Mr. Donough's personal knowledge.

MR. SPIEGEL: The point I didn't understand was whether you were referring to 1976 which is the date that he said that he came to Liberty, is that date.

MR. TORTORIELLO: That is the date. Can we go off the record for a second?

(Discussion off the record.)

BY MR. TORTORIELLO:

Q Back on the record. Mr. Donough, have you ever asked Messrs. Mayer, Trapp, Jowett, Shanahan or

7804075253

1 McNutt to report to you or to any other officer
2 of the bank with respect to how they spend any
3 portion of their salary?
4 A. No, I have not.
5 Q. Do you have any knowledge as to whether any of
6 those officers ever made political contributions
7 since you became Chief Executive Officer of the
8 bank?
9 A. I do not have such knowledge.
10 Q. Do you know if the Board of Directors or any
11 member has ever asked any of these officers how
12 they use any portion of their salary?
13 A. They have not.
14 Q. Has the Board of Directors ever adopted any
15 resolution recommending or suggesting to any of
16 these officers or requiring any of these officers
17 to spend any portion of their salary in any manner?
18 A. No.
19 MR. TORTORIELLO: I believe that is it.
20 MR. SPIEGEL: Just the very last question to
21 clarify again, you mentioned a United Bank
22 Corporation policy statement, ethics state-
23 ments. Do you remember the date, what date

7804075254

we're referring to?

THE WITNESS: Without referring back to some dates, I do not recall the date.

MS. PROPPER: Was that statement issued prior to the statement that you referred to which was signed by the officers?

THE WITNESS: Yes.

MS. PROPPER: Okay.

MR. SPIEGEL: Okay.

MR. TORTORIELLO: Okay.

MR. SPIEGEL: Thank you.

* * *

7804075255

I hereby CERTIFY that I have read the foregoing 30 pages and that they are a true and accurate transcript of the testimony given by me in the above entitled action on January 23, 1978.

_____
Robert J. Donough

Sworn to before me this

___ ___day of_____. 1978.

_____

Notary Public.

7 8 0 4 0 0 7 5 2 5 6

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

7 8 0 4 0 0 7 5 2 5 7

For Division Use	Suspense No.
MCC 2569	800257

Name and Address of Sender

JACK W HUNT
1333 LIB BK.BLD.
BUF., NY 14202

Subject of Correspondence

MUR ~~4UE~~ 418

Date Received	Suspense Date
01/31/78	02/21/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

W. FRONT & ASSOCIATES, INC.
SUITE 1338 LIBERTY BANK BLDG.
BUFFALO, NEW YORK 14202

BUFFALO, N.Y. 142
JAN 27
PM
1978

BUFFALO, N.Y. 142
JAN 27
PM
1978

7 8 0 4 0 0 7 5 2 5 8

David R. Spiegel, Esq.
1325 K Street, N.W.
Washington, D.C. 20463

Attention: Susan E. Propper, Attorney at Law

'78 JAN 31 AM 11:31

RECEIVED
FEDERAL ELECTION
COMMISSION

80625

MCC 2657

- - - - - - - - - - - - - - - - - -

In the Matter

of

UNITED BANK CORPORATION
OF NEW YORK

- - - - - - - - - - - - - - - - - -

DEPOSITION OF FRANK H. ODELL,

held on the 24th day of January, 1978, at 10 a.m., at the Executive Offices, State Bank of Albany, Albany, New York, before Francis P. Korzatkowski, Shorthand Reporter and Notary Public in and for the State of New York.

7804075259

APPEARANCES:

SUSAN PROPPER, Attorney at Law, appearing in behalf of the Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463.

KOSTELENETZ & RITHOLTZ, ESQS., Attorneys and Counselors at Law, 80 Pine Street, New York, New York 10005, by JAMES J. MAHON, ESQ., appearing in behalf of Frank H. Odell.

7804075260

FRANK H. ODELL, having been first duly sworn by the Notary Public was examined and testified as follows:

BY MISS PROPPER:

Q Mr. Odell, how are you employed?

A I am the president of the State Bank of Albany.

Q I'm sorry --

A Is that what you meant?

Q Yes. I had expected the reporter was going to ask you your name and address for the record. Could you please state your name and address for the record?

A Frank H. Odell. I live at 33 Darnley Green, Delmar, New York.

Q Thank you. How are you employed?

A I am the president of the State Bank of Albany.

Q How long have you been at the bank?

A I came to the bank directly out of school in 1949.

Q And what are the various positions that you have held since 1949?

A Well, I came here from the Harvard Business School as a trainee. I became the assistant cashier in 1952. I was made assistant vice president in 1958; vice president in 1963; senior vice president in 1969. I continued with State Bank until 1971, at that time I went to the United Bank Corporation of New York as an

7804075261

executive vice president. I continued to be the executive vice president until July 1 of 1972.

However, in April I was designated to become the president of the State Bank on July 1 of '72.

Q Are you a member of the Board of Directors of State Bank?

A Yes, I am.

Q Are you also a member of the executive committee?

A Yes, I am.

Q Have you held both of those positions since July 1 of '72 as well?

A I was elected as a member of the Board of State Bank in either March or April of '72. I can't tell you when I became a permanent member of the executive committee without looking at the record.

Q Can you give me an approximate date? Was it around the same time?

A Well, I started to attend meetings in -- after July 1 of '72 and I can't recall when I became a permanent member of the committee. I would have to look that up; but I attended most executive committee meetings. In fact, I'm chairman of the executive committee, you know, at this time.

Q Sure. As senior vice president of State Bank, what were your responsibilities?

7 8 0 4 0 7 5 2 6 2

A Well, when I became the senior vice president of the State Bank I was -- I became the senior loan officer and my job was to administer the total loan portfolio of the bank.

Q I see. And as executive vice president of United Bank, what were your responsibilities?

A Let me go back just a minute. I became the executive vice president of United Bank at the time we formed Shell Corporation in 1971. That was when we applied to become a registered bank holding company and to acquire the State Bank of Albany, and the Liberty Bank in Buffalo, as its two subsidiaries, and I was executive vice president during that time. It was an additional job with my duties as senior vice president.

I also was, I think, secretary and treasurer at that point and I can't remember when those titles were dropped, but initially I worked with the former president of this bank to bring about the formation of the holding company, and during '71 as its executive vice president I spent a great deal of time on the applications we submitted to the Federal Reserve and Banking Department in order to accomplish this in time doing the things necessary to get shareholder approval and that sort of thing.

7 8 0 4 0 7 5 2 6 3

Now, January 1 of '72 we were then -- we then became an operating holding company and I guess I would have to say that my duties were to be the day-to-day administrator along with the chairman of the Board when we were managing the holding company and probably I spent a good deal of time on the analysis of other acquisitions of other banks. For instance, on Highland I spent a fair amount of time. I kind of lost track of the time schedules, but I did spend quite a lot of time on the negotiations with Highland to bring them into the United Bank.

Q Then when you became president of the State Bank in 1972, you still retained the title of officer of United Bank Corporation as well?

A Well, I am trying to think. I think if that's important, we should check the record.

Q Okay.

A There was another individual from State Bank that became the executive vice president of United Bank, Mr. Donough, so I starting really in April was spending most of my time here.

Q April of 1972?

A Right.

Q Are you familiar with a report compiled by Cleary, Gottlieb, Steen and Hamilton concerning the State Bank,

7804075264

the report of September 13, 1976?

A Yes, I am.

Q Have you read that report?

A Yes, I have.

Q On page one of that report there is a reference to political contributions made by the State Bank through the medium of a fund. Do you have personal knowledge of this fund?

MR. MAHON: Could I go off the record for just a second?

(Discussion off the record.)

MR. MAHON: You can answer that.

(The pending question was read by the reporter.)

THE WITNESS: Yes.

BY MISS PROPPER:

Q In this report that I have referred to, can you briefly characterize the nature of the fund that it describes?

MR. MAHON: Could we break that down just a little bit so it will be a little bit easier to answer?

MISS PROPPER: Yes, okay.

Q What was the purpose of the fund?

A Can I talk to him a minute?

7804075265

MR. MAHON: Sure.

(Discussion off the record.)

MISS PROPPER: Back on the record.

BY MISS PROPPER:

Q What was this fund used for? Why was it maintained?

A Well, may I tell you a little bit roughly when it was established?

Q Certainly.

A And how it operated?

Q Certainly.

A I believe this fund was established in the very late years of 19 -- late 1950's and at that time our counsel was involved in this and gave advice on how this should be established and the procedure that was followed in these years was to give certain individuals in the bank additional salaries. They were to pay the tax on those salaries and the agreement was that they would return half of it to the C.E.O. of the bank. I think these were viewed as gifts to the C.E.O. and it was in his discretion that disbursements to be made for political purposes such as tickets to dinners and so forth and that generally is the way it operated.

Q How long did this practice continue?

A Well, this practice continued until the end of 1973.

7 8 0 4 0 7 5 2 6 6

Q Okay. Can you tell me the circumstances that surrounded the termination of the practice?

A Yes.

MR. MAHON: Could I go off the record for a second?

MISS PROPPER: Certainly.

(Discussion off the record.)

MISS PROPPER: Would you read the last question back?

(The record was read by the reporter.)

BY MISS PROPPER:

Q When was the decision made to terminate the fund?

A December 1973.

Q Who made the decision to terminate the fund?

A Well, I think I have to tell you the, you know, some of the circumstances and I can't just give you a quick answer.

Q Okay.

A It had been the practice in this bank to review salaries on a semi-annual basis; everyone received pretty much an annual review but it was done in June and in December and the salaries of the company people in the bank, vice presidents and up, plus general information relating to the other salaries were presented to the executive committee of the bank in

7 8 0 4 0 7 5 2 6 7

June and in December and this is where they were discussed. In order to have that discussion, we prepared, it had been the practice over, I think, quite a number of years to prepare a work sheet which was given to each of the people that participated in this and generally this work sheet showed the promotions that we were proposing. It showed then a list of the various officers of the bank. Again, vice president and up. In this column it showed their age; their present salary; when their last raise was; the amount of their last raise; what raise we were proposing now; what their salary would be afterward and a column on the right-hand side that showed, I think, it was entitled "Special Amounts." So we put into this column the amounts that these officers were being given with the understanding that 50 per cent of it be returned to the -- as a gift to the president for these purposes. This is when we went through this. We reviewed our organization and we looked at the ages and tried to determine if we got depth in the group and so forth. Sort of a planning session.

Now, in 1973, we presented this sort of work sheet to our executive committee and it was at that time that -- at least two of our directors expressed a concern about this practice. There was no question

7804075268

about its legality in their minds. No question at all because this practice had gone on for a long, long time. It was established, as I said, by our counsel, Frank McNamee, was a senior member of probably the most prestigious law firm in Albany, man of impeccable, you know, background and so forth, Harvard Law School graduate, very prominant in the bar activities and he had been the chairman of our executive committee up until about the time of his death in early 1972.

So there was no question on the part of anybody but this was a perfectly, proper, legal way to handle this matter, but these questions were raised by two of the directors.

Q Do you recall which two directors?

A Yes, I do. They were both newspaper people. One had been until his early retirement, the executive vice president of New York Times. Now, he had come on our board in August of 1973. So this was his first tour of duty on our executive committee and the membership of that committee does rotate with the exception of two members. So he was looking at it from a viewpoint, which I think was a very important viewpoint, but a different viewpoint than other people may have looked at it.

The second individual that had a concern about

this was another newspaper man and this man was publisher of a very, very fine local newspaper and I think that in view of the things that were going on in 1973 it was his judgment that legal or not it was a practice that we had better look at very closely and, you know, do something about it.

Now, I'm sorry that it's such a long-winded comment but I think that may give you what you are asking.

Q Do you recall which meetings during December these discussions took place?

A This discussion took place on December 4 and I think there was a further discussion on this on December 11. Principal discussions were on December 4.

Q And you were present at both of these meetings?

A Yes.

Q How did the termination of the fund affect the salaries of those officers that had been contributing to the fund?

A Well, most of those officers were up for a current review of salary and most of them -- well, let me go back a minute.

I think probably what I did was to think in terms of what their salary increase would be for that year.

7804075270

Q Normally?

A Normally. And then deducted this two thousand from it.

Q So they received their normal salary increase and the special amount was just subtracted?

A Well, in other words, I thought in terms of what should his salary increase be and then I considered the amount of the special amount and deducted it from it, and so that meant a number of those people did not get an increase in their salary that year.

Q How were the officers informed of the fact that the salary increases would be discontinued?

A I talked to each one of them. I told them the fund was being wound down. This is the practice that is being discontinued and their salary would be at this level and this was in consideration of this amount being deducted and the discontinuance of the fund. Cool reception from one or two of them.

Q Excuse me?

A A cool reception from one or two of them.

Q When the decision to terminate was made, was the bank management concerned that certain officers might be under increased pressure as a result to make certain types of contributions?

A I think it was obvious that some of the senior

7804005271

management of the bank were going to continue to receive requests from those that were interested in selling tickets to events, political events, political clambakes and whatnots and that there might be times when you want to respond to these requests, but I think it was very clear this had to be done in a very personal and individual basis.

Q What provisions were made to deal with the possibility that requests would continue?

MR. MAHON: Could we go off the record for just a second?

(Discussion off the record.)

BY MISS PROPPER:

Q Around the time when the decision to terminate the fund was made, did certain officers of State Bank receive additional salary increases?

A Yes, they did.

Q Okay. Could you tell me who these officers were?

A These officers were Heck, Kinley and myself.

Q Could you state the full names just for the record?

A Yes. Martin H. Heck; Raymond J. Kinley and myself, Frank H. Odell.

Q What are the positions of Messrs. Heck and Kinley at the bank?

A Well, Martin Heck is the executive vice president

7804005272

of the bank. Ray Kinley was, at that time, the individual in charge of our business development department and he was being promoted and given new responsibilities which I guess we have more or less called as bank by public relations and moved to the second floor, our executive offices.

Q How much did each of you receive at this time?

A Well, that's a matter of record and I -- without looking at the documents -- I think those will be available to you.

Q Okay. On page 20 of this report that I have referred to, Cleary, Gottlieb, Steen and Hamilton, it states that the three increases were 5,000, 4,000 and 3500, is this accurate?

MR. MAHON: Could we just for the purposes of this deposition take those figures, but subject to correction pursuant to the document production which is going on simultaneously in checking our own records?

MISS PROPPER: Certainly.

THE WITNESS: Maybe I can answer your question this way. My salary was set at 90,000 Heck's at 70, and Kinley's salary was set at 40.

Q Were these increases discussed by the executive committee?

A Yes, they were.

7804005273

Q Were these discussions at the same meetings of December 4 and 11?

A Yes, I would say principally December 4.

Q Okay. Can you describe for me the rationale of the executive committee or the circumstances surrounding the decision to grant these increases?

A Yes, I can. Let's take Kinley first. Ray Kinley was shown on the first page of that work sheet as an individual who was to be promoted from vice president to senior vice president, a very key position. We were moving him from the administration of our business development department to our executive offices and he was to be in charge of bank by public relations. This involves quite a few things. I might say that move was predicated on my belief he could be more effective in getting new business for this bank if he spent almost full time on this rather than administering marketing programs which are more retailed bank oriented. I wanted him to be the individual that had the contacts with the Empire State Chamber, with our own local Chamber.

Q Chamber of Commerce you are referring to?

A Yes. He is the individual that would work on area development, trying to bring firms into this area or firms coming into this area trying to help them in various

7804005274

ways to get them established and to get those accounts for this bank and I can give you some good examples of that. I also wanted him to cover for me press relations because I wasn't very good at that and I felt that he could help me in that respect. I had a low profile in this community because I had come up through the loan division of the bank and as the, you know, as the chief executive officer of the State Bank, you know, probably the finest bank in the area, I wanted him to help me in this respect.

I can give you an example. There is a very exclusive group called the Fifty Club, an informal group of fifty top business leaders in this area. There aren't too many vacancies in this. Ray, one of Ray's jobs to see what you can do to help me along this line. So I think, you know, he had new responsibilities. He was to design a program of target accounts, sorting out twenty-five or fifty of the best accounts with out competitors that we wanted to go after and he is a very capable guy.

I had his salary down for an increase to $2,000. That was a good place to start talking from but it was not really an appropriate amount for a man being promoted in this fashion and a man that I wanted to motivate.

There is another very important reason with Kinley, Kinley came to us mid-career 1958. For normal retirement he would only have about 20 years service. At that time our pension plan called for one and a quarter times the number of years as a per cent of salary that you would receive on retirement. That would put him at 25 per cent of his salary. You have to then reduce that by probably 16 per cent if you want the pension to also cover his wife's life and you have to reduce it by 25 per cent -- let me back up just a minute.

You have to reduce it by 25 per cent if it covers a pension at the same level over his wife's life and 16 per cent if she would receive 50 per cent of his pension after his demise. So this gives you some idea of the very small pension that Kinley would have and yet he made a fine contribution to, you know, the outstanding earnings of this bank and this was a consideration that was kicked around and discussed at that meeting.

So I think that gives you a little idea of the thinking that went into the administration of his salary.

Q Were there also considerations, however, of the fact that he might be asked to make political contributions,

7 8 0 4 0 0 5 2 7 6

charitable contributions and the like and that due to the discontinuance of the fund he should be receiving some sort of compensation for the funds that he might expend in that regard?

A I think really we are talking about two different things in that meeting. One was the desire to wind that fund down because even though they didn't think it was an illegal -- an unlawful matter, however, you expressed it, that they felt it was better to not do this. I think there was some consideration, yes, maybe there will be a request by people to, you know, to support these things and our people may want to go to political dinners. After all, you go to these things not to just support a political campaign but you go to them because here is where you rubbed elbows with an awful lot of our own customers or potential customers; and our major emphasis in this bank is trying to do business with corporate accounts that are going to make good customers for us.

Q And so it was recognized then that the three of you would be in this position.

A I think they felt, yes, we would have to feel requests and, you know, each individual would have to use his own judgment and so that would be an element but there were many, many other considerations in

7804005277

setting these salaries.

Q This amount, is it still part of your salary?

MR. MAHON: Could we go off the record for a second?

(Discussion off the record.)

MISS PROPPER: Let's go on.

MR. MAHON: Should we strike that last question? Can we strike that last question?

MISS PROPPER: Yes.

BY MISS PROPPER:

Q Has the bank management ever made suggestions concerning possible contributions by yourself or Mr. Heck or Mr. Kinley, to your knowledge?

A Would you repeat that? I didn't quite understand your question.

Q Has there ever been any suggestion by bank management as to political contributions they would like you to make, suggestions --

A None.

Q -- of that nature?

A None at all. It would be absolutely verboten.

Q Do you make political contributions?

A Yes.

Q Did you make political contributions in 1974?

A Yes.

HEMLOCK ERASABLE COTTON CONTENT
7 8 0 4 0 0 7 5 2 7 8
HEMLOCK ERASABLE COTTON CONTENT

1 Q Do you recall if any of these contributions were to
2 candidates for federal office?
3 A Yes, I do recall.
4 Q Could you tell me approximately how much you spent
5 in that manner in 1974?
6 A Well, I've never made a contribution to a
7 federal candidate or to a campaign for a federal
8 candidate.
9 Q I see.
10 A That would be true for 1974 and any of the
11 subsequent years.
12 Q Any political contributions you might make would be
13 for candidates for state office, local office, is that
14 what you are saying?
15 A Yes. Most of these would be to, you know, buy
16 some tickets to go to an affair.
17 Q Political dinners; and you've never been involved in
18 any sort of federal campaign at all?
19 A None.
20 Q At the time the fund was terminated in 1974, was
21 there any surplus left over?
22 A Yes. In -- at the end of 1973 there was $1550 if
23 I remember correctly and I expended that in the fore-
24 part of the year.
25 Q On what?

7 8 0 4 0 0 0 5 2 7 9

A There were two or three contributions that were made prior to June 1. I bought some tickets to the Albany County Lincoln Day dinner and I bought some tickets to the New York State Republican dinner.

Q Do you recall how much you spent on each, offhand?

A I think I spent $220 on the Albany County tickets and I spent $1500 for the tickets to the New York State Republican dinner and I made another contribution in the early part of the year and I can't remember the amount, but it was for a campaign for a local office and that would have been in January or February.

Q Okay.

A Maybe a hundred dollars. I'm not sure.

Q Were these contributions made using your own personal checks?

A Yes, they were.

Q Okay. Do you still have the checks?

A Yes.

Q Do you think that you could send us copies of those?

MR. MAHON: If we could take that under advisement. I would have to make a decision on that.

MISS PROPPER: Okay.

Q None of the balance of the fund then was expended in

7 8 0 4 0 0 5 2 8 0

connection with federal action itself?

A Absolutely none.

Q Has the bank ever adopted any policy statements concerning the making of political contributions?

A Well, yes, we have.

Q The period when, since 1974?

A Yes. Well, I think it was in October of '76. We will make a file available to you that has the resolutions, that has the statements that have been sent to our officers and it has the policy statements and -- that also indicates every officer in this bank has read these statements and signed them and they are incorporated in the personnel folders.

Q You stated that there was a policy statement adopted in October of '76. Were there other prior to that time or since that time?

A Well, I think our Board adopted an additional statement, it may be February. I would like to defer to the file and to the minute books and I think you will find there all the information.

Q 1976 is this or '77?

A I think it would be '77.

Q I see. Could you tell me then why if the fund was terminated in 1974, why in 1976 a policy statement concerning political contributions was adopted?

7804075281

HEMLOCK ERASABLE COTTON CONTENT

A Well, this was as a direct result of the inquiry that was conducted and the fact that it was absolutely necessary to make sure that everyone did understand these policies.

Q When you say "the inquiry," are you referring to --

A I'm referring to the Cleary, Gottlieb inquiry.

Q Was this policy statement recommended by the executive committee then? Was it recommended by the United Bank Corporation?

A I believe that the Board of United Bank adopted these policy statements first and then these were subsequently reviewed by our own Board.

Q Okay.

A There is no question in anybody's mind what the policy of the bank is in my opinion.

MISS PROPPER: I have no further questions at this time.

MR. MAHON: I would just like to ask two or three questions if I could.

BY MR. MAHON:

Q In December of 1973 when the former practice was terminated, did the Board of Directors in granting and terminating this fund also decide that they would no longer give their executives increases in salaries?

A No. I hope not.

7804005282

1 Q At any time after December of 1973, has the bank
2 obligated either you or Mr. Heck or Mr. Kinley to
3 make any political contributions?
4 A Oh, absolutely not.
5 Q So, therefore, any political contributions that you
6 have made at least are personal contributions and
7 have absolutely nothing to do with your relationship
8 in the bank.
9 A Absolutely, personal.
10 MR. MAHON: Okay. That's basically it.
11 MISS PROPPER: Okay. Just one question.
12 BY MISS PROPPER:
13 Q Was there anything extraordinary about the raises
14 that you, Mr. Heck and Mr. Kinley received in
15 December of 1973?
16 A Let me make a comment about Heck's salary. As a
17 senior loan officer of this bank, I reported to Marty
18 Heck as his executive vice president and in the course
19 of events I became president of the bank. Marty Heck
20 is probably one of the finest bank operations officers
21 that you can find any place. I had come up through the
22 loan division. I had skills in the area of organiza-
23 tion. I had skills in the area of determining policies
24 and I had skills in the area of assessing management,
25 but I needed Marty Heck and everything that he could

1 contribute and even though I was chosen over him to
2 become the president of the bank he gave me a
3 hundred per cent support all the way. So when I
4 became the C.E.O. of this bank I wanted to make
5 absolutely sure that I recognized the support and that
6 I showed the appreciation that I thought was due him;
7 and so that is a key factor in Marty's salary.
8 I think you have to consider another thing.
9 There is a principle of management that the number
10 two individual in the bank or in any organization
11 ought to have a salary roughly 80 per cent of the
12 chief executive. When you find that to be the case
13 you know that you have depth in management and you
14 an individual in the number two spot that could assume
15 the responsibilities of the number one spot if he had
16 to and I certainly felt that Marty's salary needed the
17 kind of attention we gave it.
18 In my own case, I put nothing down for my own
19 salary. I had not been in a situation before where I
20 had to take any kind of action to determine my own
21 salary. So there is a little green at this job but
22 it has been a practice in most years that you didn't
23 put anything in for your own salary and you go to the
24 executive committee and if you have any friends there
25 somebody will say, "Well, what about your salary?"

7 8 0 4 0 0 5 2 8 4

So I think you have to consider that. I had done a good job and I think that they have always been complimentary about the way I have administered the bank and the way I have been able to increase the earnings of this bank.

Q So, what you are saying is that these three salary increases were not really related to the termination of the fund, other than that they may have been in a similar time frame?

A I think that's correct. I would have to say that those salary increases were really merit increases.

MISS PROPPER: I have no further questions.

(Whereupon, the examination of Frank H. Odell in the above-entitled matter was concluded.)

7 8 0 4 0 0 7 5 2 8 5

HEMLOCK ERASABLE BOND CONTENT

STATE OF NEW YORK)
ss.:
COUNTY OF ALBANY)

I have read the foregoing record of my testimony, taken at the time and place noted in the heading hereof, and I do hereby acknowledge it to be a true and correct transcript of same.

_____

Frank H. Odell

Sworn to before me this

___ day of _____, 1978.

_____

Notary Public

7804005286

HEMLOCK ERASABLE CORPORATE CONTENT

1
2 CERTIFICATION
3
4 I HEREBY CERTIFY that the above and
5 foregoing is a true, correct and complete
6 transcript of the testimony taken by me at
7 the time and place as noted in the heading
8 hereof.
9
10 Francis P. Korzatkowski
11 Francis P. Korzatkowski
Shorthand Reporter
12
13
14
15
16
17
18
19
20
21
22
23
24
25

7804005287

RECEIVED
FEDERAL ELECTION
COMMISSION

'78 FEB 10 AM 9:19

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK
OFFICIAL COURT REPORTERS
BOX 922, FEDERAL BUILDING
ALBANY, NEW YORK 12201

OFFICIAL BUSINESS
PERMIT NO. 1020

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, $300

Ms. Susan Propper,
Attorney & Counsellor at Law,
1325 K Street, N.W.,
Washington, D. C. 20463

7 8 0 4 0 0 7 5 2 8 8

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

March 24, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE by pa

SUBJECT: MUR 418 (77) - Interim Status Report dated 3-21-78
Signed by General Counsel 3-23-78
Received in Office of Commission
Secretary 3-23-78, 2:22

The above-mentioned document was circulated to the Commissioners on a 24 hour no-objection basis at 3:00 p.m., March 23, 1978.

As of 4:00, this date, no objections have been received in the Office of Commission Secretary to the Interim Status Report.

7804007528 9

March 22, 1978

MEMORANDUM TO: Marge Emmons

FROM: OGC Docket

SUBJECT: MUR 418

Please have the attached Interim Status Report on MUR 418 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

ADoran 3-22-88

7 8 0 4 0 0 7 5 2 9 0

BEFORE THE FEDERAL ELECTION COMMISSION

March 21, 1978

In the Matter of	)	
	)	
	)	MUR: 418
United Bank Corporation	)	
of New York	)	

INTERIM STATUS REPORT

The issue in this MUR concerns political contributions allegedly made using funds of three subsidiaries of the United Bank Corporation. Reason to believe was found on July 18, 1977 and subsequently subpoenas for the production of documents and for the deposition of various bank officials have been issued. (See our previous reports of September 29, 1977 and December 8, 1977 for a detailed description of the underlying facts in this matter.)

The investigation was concluded in mid-March, following the deposition of six individuals and the examination of a substantial body of records. We expect to make a recommendation whether or not there is reasonable cause to believe a violation has been committed in our next report.

3/23/78
Date

William C. Oldaker
General Counsel

7804007529 1

MUR 418

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DESIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISS
THOMAS H. HAGOORT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN S. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW
JAMES F. MUNSELL
SANDRA S. WEIKSNER
EVAN A. DAVIS

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA
NEW YORK, N.Y. 10004
(212) 344-0600
CABLE: CLEARGOLAW
TELEX: WU 126244
RCA 235436

RECEIVED
FEDERAL ELECTION
COMMISSION
'78 MAR 15 AM

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 710-822-0106

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS B. KLIEVER
DANIEL J. SILVER
KENNETH C. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD BEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI 23, BTE 5
1040 BRUSSELS, BELGIUM
TELEX 26435

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. MOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON, EC2N 1DA, ENGLAND
TELEX 887550

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
RESIDENT PARTNERS

March 10, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: United Bank Corporation of New York
MUR-418 (77)

Dear Susan:

I enclose a copy of a "reminder invoice" which we received from Jack W. Hunt & Associates, Inc. with respect to the transcript of Bob Donough's deposition. We understand that you will be handling the bill in this matter.

Best regards,

Sincerely,

RLT

Robert L. Tortoriello

Enclosure

cc: Jack W. Hunt & Associates, Inc.

7804075292

JACK W. HUNT,
AND ASSOCIATES, INC.
SUITE 1333, LIBERTY BANK BUILDING
BUFFALO, NEW YORK 14202
(716) 853-5600

THE RECORD NEVER FORGETS

Cleary, Gottlieb, Steen & Hamilton
1 State Street Plaza
New York, New York 10004

Attention: Robert L. Tortoriello, Esq.

January 27, 1978

For attending, reporting and furnishing transcript of examination of ROBERT J. DONOUGH, taken on January 23, 1978, in the following matter:

In the Matter
of
THE UNITED BANK CORPORATION OF NEW YORK.

Original $45.00

Transcript has been sent to witness for signature and will be forwarded as soon as we receive it.

HAVING TO REMIND YOU!

7804007552293

FED. ID. # 16-1058272

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DESIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGOORT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN B. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW
JAMES F. MUNSELL
SANDRA S. WEIKSNER
EVAN A. DAVIS

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA

NEW YORK, N.Y. 10004

(212) 344-0600

CABLE CLEARGOLAW
TELEX WU 128244
RCA 235438

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 7108220108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. KLIEVER
DANIEL B. BICKER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD DEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI 23, BTE 5
1040 BRUSSELS, BELGIUM
TELEX 22635

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX 667656

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
RESIDENT PARTNERS

'78 MAR 3 PM

February 27, 1978

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: Federal Election Commission Investigation
United Bank Corporation of New York
State Bank of Albany
MUR 418 (77)

Dear Susan:

I enclose copies of the documents which you requested in the course of your investigation at State Bank of Albany. An index is attached for your convenience.

Pursuant to a conversation which I had with David Spiegel of your office on January 31, I have deleted credit approval information from certain documents. Such deletions are indicated on the enclosed index and on the appropriate documents.

I also enclose a formal application for a Freedom of Information Act exemption with respect to certain documents, which are submitted subject to such application. I have stamped the appropriate pages which are the subject of such application "confidential".

If you have any questions concerning any of the enclosures, please feel free to contact me. The charge for duplicating the enclosed documents (222 pages) is $22.20.

7 8 0 4 0 0 7 5 2 9 4

I believe that, with the submission of the enclosed items, you will have received all of the documents which you requested in connection with your investigation at United Bank Corporation of New York and its subsidiaries.

Please acknowledge receipt of this letter and the enclosures by returning the enclosed duplicate copy of this letter and of the Freedom of Information Act application stamped with notations of their receipt. In addition, please return one stamped copy of the Freedom of Information Act application to Mr. McKee.

Very truly yours,

Bob Tortoriello

Robert L. Tortoriello

Enclosures

cc: Frank H. Odell
Thomas H. Hagoort

7804007529 5

STATE BANK OF ALBANY

COPY

February 22, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: State Bank of Albany
Freedom of Information Act
Exemption Application
MUR 418 (77)

Dear Ms. Propper:

In the course of the investigation which the Federal Election Commission (the "Commission") is currently conducting with respect to United Bank Corporation of New York and certain of its subsidiaries, including State Bank of Albany ("State Bank"), you have requested a copy of the State Bank documents referred to in Appendix A hereto. In accordance with your request, State Bank is enclosing such documents. In addition, State Bank hereby applies, pursuant to 2 U.S.C. §§552(b) (3), (4), (6) and (7) and proposed 11 CFR §84.5(a) (3), (4), (6) and (7), 42 Fed. Reg. 59944-45 (1977), and in accordance with the discussion which our counsel had with Mr. David Fiske, the Commission's FOIA officer, on February 8, 1978, for an exemption from the mandatory disclosure requirements of the Freedom of Information Act, 2 U.S.C. §552(a), with respect to Document Nos. S-15 through S-20, S-22, S-23 and S-25 through S-54 (the "Subject Documents"). As more fully discussed below, an exemption under 2 U.S.C. §552(b) (3) is authorized with respect to Documents Nos. S-50, S-52 and S-54 (the "Tax Documents"), and an exemption under 2 U.S.C. §§552(b) (4), (6) and (7) is authorized with respect to all of the Subject Documents.*

Documents Protected from Disclosure by Statute

Each of the Tax Documents (comprising the Forms W-2 and 1099 of certain individual officers of State Bank over a five year period) is exempt

---

*Mr. Fiske indicated to our counsel that, notwithstanding proposed 11 CFR §4.5(a) (4) (i), 42 Fed. Reg. 59944-45 (1977), State Bank's exemption application under 2 U.S.C. §552(b) (4) should be submitted to you for appropriate action.

7804007529 6

from disclosure under 2 U.S.C. §552(b) (3), which provides for the confidentiality of documents which are "specifically exempted from disclosure by statute" subject to certain provisos. It has long been clear that data contained in Federal income tax returns (which include: Forms W-2 and 1099) will not be made available to the public except under the most stringent circumstances. 26 U.S.C. §6103 and 7213. Congress has set up a strong statutory bar to the disclosure of income tax information and, accordingly, an exemption for the Tax Documents from the mandatory disclosure requirements of the Freedom of Information Act is plainly justified.

Confidential Financial Information

All of the Subject Documents contain specific confidential and privileged financial information (within the meaning of 2 U.S.C. §552(b) (4)) with respect to salaries and other amounts paid to officers of State Bank. In particular, Documents Nos. S-25 through S-48 set forth historical salary figures, recommended and approved salary increases, confidential information concerning incentive compensation and related salary data for State Bank officers. Such financial information clearly concerns and relates to the operations and expenditures of State Bank within the meaning of proposed 11 CFR §4.5(a) (4), 42 Fed. Reg. 59944-45 (1977).

The financial information set forth in the Subject Documents has always been kept strictly confidential and has never been made available to the general public, to State Bank personnel generally or to State Bank competitors. Indeed, such information has only been disclosed to State Bank's most senior management and, except in rare instances, specific salary data are not even maintained in the Minute Books of the Board of Directors or Executive Committee of State Bank.

Confidentiality has always been deemed essential because management has long recognized the negative impact that disclosure of comparative figures as to salary and other payments can have on officers and employees -- morale and productivity could suffer, and this could result in less effective service to State Bank's customers and to the general public.* Consequently, State Bank would be put at a distinct operational disadvantage vis a vis its competitor banks, not only because of the adverse effects of disclosure on State Bank personnel, but also because critically important information concerning State Bank's operations and salary structure would be available for general perusal while information concerning State Bank's competitors remains

---

*This observation is particularly apropos with respect to those Subject Documents which indicate that salary amounts approved by the State Bank Board of Directors differ from those initially recommended by management and/or the Executive Committee.

7804007529 7

confidential. In addition, if detailed salary information on key employees is made public, State Bank could conceivably be subject to competitors' "raiding". Accordingly, State Bank's competitive position could suffer substantial harm as a result of unnecessary disclosure.

Moreover, the information sought to be protected is at best marginally relevant to the scope and purpose of the Commission's investigation of possible political expenditures at State Bank, and public disclosure is both needless and unwarranted. The intent of the Congress in enacting the Freedom of Information Act to provide for broader public disclosure while protecting private rights would not be furthered by the disclosure of private corporate information relating to salaries and other payments to all of State Bank's officers. It should also be noted that the Commission is greatly assisted by the willingness of corporations and others to supply information voluntarily and the disclosure of confidential information could have the direct effect of impairing the Commission's ability to obtain the same sort of information in the future. Accordingly, State Bank urges that its request for exemption be granted with respect to all of the Subject Documents under 2 U.S.C. §552(b) (4).

The certification required by proposed 11 CFR §4.5(a) (4) (ii) (B), 42 Fed. Reg. 59944-45 (1977), is attached to this application.

Personnel and Similar Records

In addition, the Subject Documents and, in particular, Documents Nos. S-49 through S-54, clearly fall within 2 U.S.C. §552(b) (6) as "personnel . . . and similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy" and within 2 U.S.C. §552(b) (7) (C) as "investigatory records compiled for law enforcement purposes . . . the production of (which) . . . would . . . constitute an unwarranted invasion of personal privacy." Records of employment (which contain letters with personal evaluations and comments noted thereon) and specific employee tax records are covered by both the literal words and the spirit and intent of these exemptions. Moreover, there is no justification for the public disclosure of salary lists and other salary information with respect to officers who are in no way connected to, the subject of, or even aware of, the Commission's investigation at State Bank. Such disclosure would violate these officers' rights of privacy without disclosing any information relevant to the Commission's investigation or fulfilling any of the purposes of the Freedom of Information Act.

* * * * * * *

In providing for the exemptions discussed in this application,

7804007529 8

Ms. Susan Propper

Congress expressed a legislati
of private information furnished gov
which might be harmful to private interests
Documents, State Bank submits that the balan
public to information and the right of State Bank
tection from disclosure of confidential, private info
heavily in favor of the protection of private interests.
Bank strongly believes that its request for exemption sh
to all of the Subject Documents.

Please acknowledge receipt of this letter and enclo
returning the enclosed duplicate copy of this letter stamped with a notati
of its receipt. In addition, please inform both the undersigned and the attorneys for State Bank, Messrs. Cleary, Gottlieb, Steen & Hamilton, One State Street Plaza, New York, New York 10004, Attention: Thomas H. Hagoort or Robert L. Tortoriello (Tel. No. 212-344-0600) of your approval or denial of this application.

Very truly yours,

James McKirdy Jr.

JmcK:rab

Vice President and Cashier

7804007529 9

Congress expressed a legislative policy strongly favoring the confidentiality of private information furnished government agencies, the disclosure of which might be harmful to private interests. With respect to the Subject Documents, State Bank submits that the balance between the right of the public to information and the right of State Bank and its officers to protection from disclosure of confidential, private information is weighted heavily in favor of the protection of private interests. Accordingly, State Bank strongly believes that its request for exemption should be granted as to all of the Subject Documents.

Please acknowledge receipt of this letter and enclosures by returning the enclosed duplicate copy of this letter stamped with a notation of its receipt. In addition, please inform both the undersigned and the attorneys for State Bank, Messrs. Cleary, Gottlieb, Steen & Hamilton, One State Street Plaza, New York, New York 10004, Attention: Thomas H. Hagoort or Robert L. Tortoriello (Tel. No. 212-344-0600) of your approval or denial of this application.

Very truly yours,

James McKirdy Jr.

JmcK:rab

Vice President and Cashier

7804007529 9

CHARTERED 1803

STATE BANK OF ALBANY

ALBANY, NEW YORK

JAMES McKEE, JR.
VICE PRESIDENT AND CASHIER

February 22, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: State Bank of Albany
Freedom of Information Act
Exemption Application
MUR 418 (77)

Dear Ms. Propper:

In the course of the investigation which the Federal Election Commission (the "Commission") is currently conducting with respect to United Bank Corporation of New York and certain of its subsidiaries, including State Bank of Albany ("State Bank"), you have requested a copy of the State Bank documents referred to in Appendix A hereto. In accordance with your request, State Bank is enclosing such documents. In addition, State Bank hereby applies, pursuant to 2 U.S.C. §§552(b) (3), (4), (6) and (7) and proposed 11 CFR §§4.5(a) (3), (4), (6) and (7), 42 Fed. Reg. 59944-45 (1977), and in accordance with the discussion which our counsel had with Mr. David Fiske, the Commission's FOIA officer, on February 8, 1978, for an exemption from the mandatory disclosure requirements of the Freedom of Information Act, 2 U.S.C. §552(a), with respect to Document Nos. S-15 through S-20, S-22, S-23 and S-25 through S-54 (the "Subject Documents"). As more fully discussed below, an exemption under 2 U.S.C. §552(b) (3) is authorized with respect to Documents Nos. S-50, S-52 and S-54 (the "Tax Documents"), and an exemption under 2 U.S.C. §§552(b) (4), (6) and (7) is authorized with respect to all of the Subject Documents.*

Documents Protected from Disclosure by Statute

Each of the Tax Documents (comprising the Forms W-2 and 1099 of certain individual officers of State Bank over a five year period) is exempt

---

*Mr. Fiske indicated to our counsel that, notwithstanding proposed 11 CFR §4.5(a) (4) (i), 42 Fed. Reg. 59944-45 (1977), State Bank's exemption application under 2 U.S.C. §552(b) (4) should be submitted to you for appropriate action.

from disclosure under 2 U.S.C. §552(b) (3), which provides for the confidentiality of documents which are "specifically exempted from disclosure by statute" subject to certain provisos. It has long been clear that data contained in Federal income tax returns (which include Forms W-2 and 1099) will not be made available to the public except under the most stringent circumstances. 26 U.S.C. §§6103 and 7213. Congress has set up a strong statutory bar to the disclosure of income tax information and, accordingly, an exemption for the Tax Documents from the mandatory disclosure requirements of the Freedom of Information Act is plainly justified.

Confidential Financial Information

All of the Subject Documents contain specific confidential and privileged financial information (within the meaning of 2 U.S.C. §552(b) (4)) --with respect to salaries and other amounts paid to officers of State Bank. In particular, Documents Nos. S-25 through S-48 set forth historical salary figures, recommended and approved salary increases, confidential information concerning incentive compensation and related salary data for State Bank officers. Such financial information clearly concerns and relates to the operations and expenditures of State Bank within the meaning of proposed 11 CFR §4.5(a) (4), 42 Fed. Reg. 59944-45 (1977).

The financial information set forth in the Subject Documents has always been kept strictly confidential and has never been made available to the general public, to State Bank personnel generally or to State Bank competitors. Indeed, such information has only been disclosed to State Bank's most senior management and, except in rare instances, specific salary data are not even maintained in the Minute Books of the Board of Directors or Executive Committee of State Bank.

Confidentiality has always been deemed essential because management has long recognized the negative impact that disclosure of comparative figures as to salary and other payments can have on officers and employees -- morale and productivity could suffer, and this could result in less effective service to State Bank's customers and to the general public.* Consequently, State Bank would be put at a distinct operational disadvantage vis a vis its competitor banks, not only because of the adverse effects of disclosure on State Bank personnel, but also because critically important information concerning State Bank's operations and salary structure would be available for general perusal while information concerning State Bank's competitors remains

---

*This observation is particularly apropos with respect to those Subject Documents which indicate that salary amounts approved by the State Bank Board of Directors differ from those initially recommended by management and/or the Executive Committee.

confidential. In addition, if detailed salary information on key employees is made public, State Bank could conceivably be subject to competitors' "raiding". Accordingly, State Bank's competitive position could suffer substantial harm as a result of unnecessary disclosure.

Moreover, the information sought to be protected is at best marginally relevant to the scope and purpose of the Commission's investigation of possible political expenditures at State Bank, and public disclosure is both needless and unwarranted. The intent of the Congress in enacting the Freedom of Information Act to provide for broader public disclosure while protecting private rights would not be furthered by the disclosure of private corporate information relating to salaries and other payments to all of State Bank's officers. It should also be noted that the Commission is greatly assisted by the willingness of corporations and others to supply information voluntarily and the disclosure of confidential information could have the direct effect of impairing the Commission's ability to obtain the same sort of information in the future. Accordingly, State Bank urges that its request for exemption be granted with respect to all of the Subject Documents under 2 U.S.C. §552(b) (4).

The certification required by proposed 11 CFR §4.5(a) (4) (ii) (B), 42 Fed. Reg. 59944-45 (1977), is attached to this application.

Personnel and Similar Records

In addition, the Subject Documents and, in particular, Documents Nos. S-49 through S-54, clearly fall within 2 U.S.C. §552(b) (6) as "personnel . . . and similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy" and within 2 U.S.C. §552(b) (7) (C) as "investigatory records compiled for law enforcement purposes . . . the production of (which) . . . would . . . constitute an unwarranted invasion of personal privacy." Records of employment (which contain letters with personal evaluations and comments noted thereon) and specific employee tax records are covered by both the literal words and the spirit and intent of these exemptions. Moreover, there is no justification for the public disclosure of salary lists and other salary information with respect to officers who are in no way connected to, the subject of, or even aware of, the Commission's investigation at State Bank. Such disclosure would violate these officers' rights of privacy without disclosing any information relevant to the Commission's investigation or fulfilling any of the purposes of the Freedom of Information Act.

* * * * * * *

In providing for the exemptions discussed in this application,

Congress expressed a legislative policy strongly favoring the confidentiality of private information furnished government agencies, the disclosure of which might be harmful to private interests. With respect to the Subject Documents, State Bank submits that the balance between the right of the public to information and the right of State Bank and its officers to protection from disclosure of confidential, private information is weighted heavily in favor of the protection of private interests. Accordingly, State Bank strongly believes that its request for exemption should be granted as to all of the Subject Documents.

Please acknowledge receipt of this letter and enclosures by returning the enclosed duplicate copy of this letter stamped with a notation of its receipt. In addition, please inform both the undersigned and the attorneys for State Bank, Messrs. Cleary, Gottlieb, Steen & Hamilton, One State Street Plaza, New York, New York 10004, Attention: Thomas H. Hagoort or Robert L. Tortoriello (Tel. No. 212-344-0600) of your approval or denial of this application.

Very truly yours,

James McKee Jr.

JmcK:rab

Vice President and Cashier

CERTIFICATION

The undersigned, JAMES McKEE, JR., a duly elected and incumbent Vice President and Cashier of STATE BANK OF ALBANY, DOES HEREBY CERTIFY that information substantially identical to that information contained in Documents Nos. S-15, S-20, S-22, S-23 and S-25 through S-54 referred to in Appendix A hereto is not available to the public.

James McKee, Jr.
Vice President and Cashier

Sworn to before me this
22nd day of February, 1978

Notary Public

7804007530 4

CLEARY, GOTTLIEB, STEEN & HAMILTON
ONE STATE STREET PLAZA
NEW YORK, N.Y. 10004

NEW YORK
MAR 10 '78
N.Y.

U.S. POSTAGE
1·3

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

APPENDIX

CLEARY, GOTTLIEB, STEEN & HAMILTON

MEMORANDUM TO THE FEDERAL ELECTION COMMISSION

INDEX TO DOCUMENTS

STATE BANK OF ALBANY

Document No.	Number of Pages	Description
S-1	1	Minutes of the Meeting of the Board of Directors (the "Board") of State Bank of Albany ("State Bank") held on September 11, 1973.
S-2	8	Excerpts from minutes of the Meeting of the Board held on December 11, 1973.*
S-3	3	Excerpts from minutes of the Meeting of the Board held on February 13, 1974.
S-4	7	Excerpts from minutes of the Meeting of the Board held on December 10, 1974.*
S-5	6	Excerpts from minutes of the Meeting of the Board held on December 23, 1975.*
S-6	1	Minutes of the Meeting of the Board held on April 27, 1976.
S-7	6	Excerpts from minutes of the Meeting of the Board held on December 28, 1976.*
S-8	1	Excerpts from minutes of the Meeting of the Board held on January 11, 1977.
S-9	1	Excerpts from minutes of the Meeting of the Board held on February 8, 1977.

*Credit approval information deleted.

7 8 0 4 0 0 7 5 3 0 6

Document No.	Number of Pages	Description
S-10	1	Excerpts from minutes of the Meeting of the Board held on September 13, 1977.
S-11	2	Excerpts from minutes of the Meeting of the Board held on October 11, 1977.
S-12	1	Excerpts from minutes of the Meeting of the Executive Committee of State Bank (the "Executive Committee") held on December 27, 1972.*
S-13	1	Excerpts from minutes of the Meeting of the Executive Committee held on December 4, 1973.*
S-14	1	Excerpts from minutes of the Meeting of the Executive Committee held on December 11, 1973.*
**S-15	2	List of proposed salaries for consideration as of January 1, 1973.
**S-16	4	List of proposed salaries for consideration as of July 1, 1973.
**S-17	3	Excerpts from minutes of the Meet- of the Board held on July 1, 1973 with approved salary list attached.
**S-18	2	Excerpts from minutes of Meetings of the Board held on April 10, 1973, May 22, 1973, July 24, 1973, August 28, 1973, September 11, 1973 and November 27, 1973 as to certain promotions and salary increases.
**S-19	5	List of proposed promotions and salaries for consideration as of January 1, 1974.

*Credit approval information deleted.

**Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007530 7

Document No.	Number of Pages	Description
*S-20	4	Excerpts from minutes of the Meet- of the Board held on December 11, 1973 with approved salary list attached.
S-21	1	Memorandum dated March 14, 1974 from Hollis E. Harrington to Avery H. Fonda.
*S-22	7	List of proposed promotions and salaries for consideration as of July 1, 1974.
*S-23	5	Excerpts from minutes of Meetings of the Board held on May 14, 1974, July 9, 1974, October 8, 1974, November 12, 1974 and November 26, 1974 as to certain promotions and salary increases; excerpts from minutes of the Meeting of the Board held on June 25, 1974 with approved salary list attached.
S-24	1	Memorandum from Frank H. Odell to Peter D. Kiernan dated November 13, 1974.
*S-25	7	List of proposed promotions and salaries for consideration as of January 1, 1975.
*S-26	4	Excerpts from minutes of the Meeting of the Board held on December 10, 1974 with approved salary list attached.
*S-27	2	Memorandum from Peter D. Kiernan to Messrs. Odell, Fonda, Macfarland and Donough dated December 11, 1974.
*S-28	3	Executive Incentive Compensation Plan.
*S-29	5	List of proposed promotions and salaries for consideration as of July 1, 1975.

* Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007530 8

Document No.	Number of Pages	Description
*S-30	2	Excerpts from minutes of the Meeting of the Board held on June 24, 1975 with approved salary list attached.
*S-31	2	Memorandum dated July 1, 1975 as to salaries of Branch Managers and Assistant Branch Managers.
*S-32	1	Memorandum from Douglas V. Bryson to Frank H. Odell dated July 8, 1975.
*S-33	2	Excerpts from minutes of Meetings of the Board held on February 11, 1975, May 27, 1975, July 3, 1975, July 22, 1975, September 23, 1975, December 9, 1975 and December 23, 1975 as to certain promotions and salary increases.
*S-34	4	Memorandum from Frank H. Odell with respect to the Executive Incentive Plan for 1975.
*S-35	6	List of proposed salaries for consideration as of January 1, 1976.
*S-36	4	Excerpts from minutes of the Meeting of the Board held on December 23, 1975 with approved salary list attached.
*S-37	4	Excerpts from minutes of Meetings of the Board held on January 13, 1976, January 27, 1976, February 24, 1976, March 23, 1976, April 27, 1976, July 13, 1976, October 26, 1976 and November 23, 1976 as to certain promotions and salary increases.

*Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007530 9

Document No.	Number of Pages	Description
*S-38	7	List of proposed promotions and salaries for consideration as of July 1, 1976.
*S-39	2	Excerpts from minutes of the Meeting of the Board held on June 22, 1976 with approved salary list attached.
*S-40	3	Excerpts from minutes of Meetings of the Board held on December 28, 1976, January 25, 1977, February 22, 1977, April 12, 1977, May 10, 1977, June 28, 1977, August 9, 1977, October 11, 1977 and November 22, 1977 as to certain promotions and salary increases.
*S-41	7	List of proposed promotions and salaries for consideration as of January 1, 1977.
*S-42	4	Excerpts from minutes of the Meeting of the Board held on December 14, 1976 with approved salary list attached.
*S-43	8	List of proposed promotions and salaries for consideration as of July 1, 1977.
*S-44	2	Excerpts from minutes of the Meeting of the Board held on June 28, 1977 with approved salary list attached.
*S-45	6	Memorandum dated November 9, 1977 from Peter D. Kiernan with respect to the Executive Incentive Compensation Plan.
*S-46	1	Memorandum dated January 9, 1978 from Frank H. Odell to Peter D. Kiernan.

* Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007531 0

Document No.	Number of Pages	Description
*S-47	8	List of proposed promotions and salaries for consideration as of January 1, 1978.
*S-48	4	Excerpts from minutes of the Meeting of the Board held on December 27, 1977 with approved salary list attached.
*S-49	11	Record of Employment of Martin H. Heck.
*S-50	5	Martin H. Heck Forms W-2 and Forms 1099 for 1973 through 1977.
*S-51	11	Record of Employment of Raymond J. Kinley.
*S-52	2	Raymond J. Kinley Forms W-2 for 1973 through 1977.
*S-53	6	Record of Employment of Frank H. Odell.
*S-54	4	Frank H. Odell Forms W-2 and Forms 1099 for 1973 through 1977.
S-55	6	Memorandum dated July 29, 1977 from Frank H. Odell to all officers and branch managers, with Statements of Corporate Policy attached.
S-56	2	Statements of Corporate Policy signed by Martin H. Heck, August 2, 1977.
S-57	2	Statements of Corporate Policy signed by Raymond J. Kinley, August 7, 1977.
S-58	2	Statements of Corporate Policy signed by Frank H. Odell, August 2, 1977.

* Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007531

DOCUMENT NO. S-1

On motion of Mr. Griessel, seconded by Mr. Barnet, 2nd, the Board unanimously voted to approve the appointments to the Real Estate Appraisal Committees.

Chairman of the Board Harrington presented to the Board his letter of resignation from two committees of the Board due to his scheduled retirement on October 1, 1973, as an active officer of the bank. On motion of Mr. de Beer, Jr., seconded by Mr. Barvoets, the Board accepted with regret the resignation of Hollis E. Harrington as a member and Chairman of the following committees of the Board:

Contributions Committee
Retirement and Profit Sharing Committee.

On motion of Mr. de Beer, Jr., seconded by Mr. Vail, James R. Allison was appointed as a member of the Contributions Committee and Everett C. Reed as a member of the Retirement and Profit Sharing Committee and Frank H. Odell as Chairman of these Committees to fill the vacancies caused by the resignation of Hollis E. Harrington.

Chairman of the Board Harrington submitted to the members of the Board who were present a copy of the proposed amendments to the By-Laws of the corporation, with the request that each member review the copy of the amendments, as submitted, so that a vote may be taken for consideration to adopt the amendments at the next meeting of the Board of Directors, as is provided in Article XIII of the By-Laws currently in effect.

On motion of Mr. Slingerland, seconded by Mr. McCahill, the following resolution was adopted:

RESOLVED, that the salary of President Frank H. Odell be fixed at $85,000 annually effective October 1, 1973.

On motion of Mr. Barvoets, seconded by Mr. McCarthy, the following resolution was adopted:

RESOLVED, that the bank accept appointment as Co-Executor and Co-Trustee under the Last Will and Testament of John S. Thompson, late of Claverack, New York, dated December 20, 1969, and further

RESOLVED, that the acts of the officers in having executed certain documents in this connection, in the name of the bank and under its corporate seal, are hereby ratified, confirmed, approved and adopted.

Meeting adjourned.

Secretary Pro Tem

Chairman of the Board

DOCUMENT NO S-2

Minutes of the Board of Directors' meeting held December 11, 1973, at 4:00 P. M.

All Directors were present with the exception of Mr. Fisher. Messrs. Gibson, Holding, McKean and Rourke, Directors Emeritus, and Mr. Williams, of counsel, also attended.

Minutes of the Board of Directors' meeting held November 27, 1973 were read and approved.

Minutes of the Executive Committee meetings held December 4, 1973 and December 11, 1973 were read and placed on file.

There was presented to each Director present a written report of discounts, loans or other advances, including renewals, made since the last preceding such report to borrowers whose liability to the bank is in the amount of $150,000 or more.

The Board reviewed, compared and considered the Securities List of the bank as of November 30, 1973; October 31, 1973 and November 30, 1972.

On motion of Mr. McCarthy, seconded by Mr. Reed, the following resolution was adopted, Messrs. Barvoets and Kiernan not voting on respective items to be available to them as individuals or to the companies with which they are connected:

DELETION

Contrifile *
Acctg. *
SWO *
EVC *
Mcha *

The Vice President and Cashier presented the minutes of the meeting of the Contributions Committee held December 4, 1973, as follows:

"The Committee approved the following contributions to be made by the State Bank of Albany Foundation in the amount and on the date indicated:

Amount	Date	Name
$ 500	At once	Mohawk and Hudson River Humane Society, Irving Place, Menands, N. Y. 12204
1,250	At once	Albany Symphony Orchestra, 19 Clinton Ave., Albany, N. Y. 12207
2,000	3.1.74	Saratoga Performing Arts Center, Saratoga Springs, N. Y. 12866
1,000	At once	Mohican Council, Inc., Boy Scounts of America, c/o J. Walter Juckett, Sandy Hill Corporation, Hudson Falls, N. Y. 12839
500	At once	Rensselaer County Junior Museum, 108 Second Ave., Troy, N. Y. 12180
100	At once	Fort Plain Museum, Box 165, Nelliston, N. Y. 13410
		Community Chest-United Fund:
3,200	As requested	Amsterdam Community Chest, Inc.
1,500	As requested	Hudson Area Community Chest, Inc.
1,400	As requested	Johnstown Community Chest, Inc.
100	As requested	plus separate corporate gift to YMCA
3,250	As requested	Plattsburgh Community Chest, Inc.
250	As requested	plus separate corporate gift to Red Cross (Red Cross withdrew from Community Chest in 1971-1972)
2,000	As requested	United Community Fund of Saratoga, Inc. (Saratoga-Mechanicville-City of Mechanicville has become a member of the United Community Fund of Saratoga County, Incorporated, effective 1973-1974)
12,000	As requested	United Community Service of the Mohawk-Hudson Area, Inc. (Troy-Cohoes-Watervliet)
500	As requested	United Fund of Greater Glens Falls
$29,550		

(Continued)

7 8 0 4 0 0 7 5 3 1 4

Contributions Committee minutes, continued:

The Committee received the following financial reports:

Trustee's Annual Report as of September 30, 1973.
Trustee's Interim Report October 1, 1973 to December 1, 1973.
Secretary's Report of Commitments as of December 3, 1973."

On motion of Mr. Slingerland, seconded by Mr. Barnet, 2nd, the following resolution was unanimously adopted:

RESOLVED, that upon the recommendations of the Executive Committee and Management, the following officer promotions to offices indicated and officer salary increases be effective January 1, 1974:

(Continued)

2

OFFICERS' SALARIES
1974

Name and Title	Annual Salary	Increase 1.1.74
Frank H. Odell, President		
Martin H. Heck, Exec. Vice President		
Arthur C. Roberts, Sr. Vice President		
George F. Agor, Sr. Vice President & Trust Officer		
Freeman T. Putney, Jr., Sr. Vice President		
*Raymond J. Kinley, Sr. Vice President		
Edward V. Casserly, Vice President		
James McKee, Jr., Vice President & Cashier		
Douglas V. Bryson, Vice President		
Anthony J. Ferrara, Vice President		
*Stanley A. Rose, Jr., Vice President		
Douglas C. Murdock, Vice President		
John V. O'Connell, Vice President		18
Richard A. Wellman, Vice President		
Gordon H. Strait, Vice President		
W. Redmond Wheeler, Vice President		
Richard C. Fiset, Vice President		
Herbert G. Chorbajian, Controller		
James W. Mahoney, Vice President		
John R. Countryman, Vice President		
Albert F. McNamara, Vice President		
Edwin W. Uhl, Jr., Vice President & Trust Officer		
Walter J. H. Burke, Trust Investment Officer		
Albert F. Hems, Asst. Vice President		
Kathryn G. Karl, Asst. Vice President		
Wayne D. Konig, Asst. Vice President		
Charles A. Wormer, Asst. Vice President		
James J. Kavanaugh, Asst. Vice President		
Joseph F. Gavin, Jr., Asst. Vice President		
Frank B. Wilcox, Asst. Vice President		
John F. Van Amburgh, Jr., Asst. Vice President		
Joseph W. Belser, Jr., Asst. Vice President		
Daniel F. Dunn, Jr., Asst. Vice President		
Charles W. Brewer, Asst. Vice President		
Louis T. Di Febbo, Asst. Vice President		
Thomas S. Gibson, Asst. Vice President		
Fred B. Hill, Jr., Asst. Vice President		
Maynard J. Stevens, Asst. Vice President		
Mary E. Appio, Asst. Vice President		
John P. Murtagh, Asst. Vice President		
Joseph E. Rings, Jr., Asst. Vice President		
Glenn H. Allendorph, Asst. Vice President		
Clifford M. Apgar, Jr., Asst. Vice President		
Gerald F. Derusha, Asst. Vice President		
Donald T. Edmans, Asst. Vice President		

* ~~Recommended~~ Promotions

Name and Title	Annual Salary	Increase 1.1.74
John J. Mullen, Asst. Vice President		
Henry R. Vogel, Asst. Vice President		
W. Donald Judd, Asst. Vice President		
John H. Kipp, Asst. Vice President		
Ralph E. Hartman, Asst. Vice President		
John J. Gaynor, Asst. Vice President		
Gerald A. Oles, Asst. Vice President		
Donald E. Forsyth, Auditor		
Edward R. McEwan, Asst. Vice President		
Joseph P. Richardson, Jr., Asst. Vice President		
Bob Derksen, Asst. Controller		
Theodore A. Burke, Asst. Vice President		
Dean A. Hocking, Asst. Vice President		
*Eugene J. St. John, Asst. Vice President		
*George Hartman, Asst. Vice President		
*Edward J. Sullivan, Asst. Vice President		
Edwin J. Lawler, Asst. Auditor		
Lester C. Warren, Trust Officer		
Gayle K. Matthews, Trust Officer		
*James F. Hatlee, Trust Officer		
Bart J. Feiden, Asst. Vice President		
Rodger H. Thorne, Asst. Cashier		
Thelma E. Greelis, Asst. Cashier		
Ruth L. MacKenzie, Asst. Cashier		
Frederick F. Suter, Asst. Cashier		
John W. O'Reilly, Asst. Cashier		
George A. Evans, Asst. Cashier		
Myron D. Major, Asst. Cashier		
Walter J. Bartkowski, Asst. Cashier		
Mary D. Bartkowski, Asst. Cashier		
Frank J. Maggio, Jr., Asst. Cashier		
Joseph S. Mahan, Asst. Cashier		
William C. Mitchell, Jr., Assistant Cashier		
Ronald W. Scofield, Asst. Cashier		
Robert L. Smith, Asst. Cashier		
Frank M. Brown, Jr., Asst. Cashier		
George E. Sidney, Asst. Cashier		
Donald K. Burch, Asst. Cashier		
Raymond M. Roland, Asst. Cashier		
Robert A. Decker, Asst. Cashier		
Roy A. Foley, Asst. Cashier		
Douglas A. Paro, Asst. Cashier		
Anthony R. Scaringe, Asst. Cashier		
John P. Boyle, Asst. Cashier		
Eleanor L. Droege, Asst. Cashier		
Frank J. Purner, Asst. Cashier		
Bruce W. Bennett, Asst. Cashier & Asst. Trust Officer		
Maurice J. O'Connell, Jr., Asst. Cashier		

*~~Recommended~~ Promotions

Name and Title	Annual Salary	Increase 1.1.74
Guy Polsonilli, Asst. Cashier		
William A. Millette, Asst. Cashier		
Robert S. Goldup, Asst. Cashier		
Ronald H. Noll, Asst. Cashier		
Vincent Puccio, Asst. Cashier		
James J. McCarty, Asst. Cashier		
Matthew J. Mittler, Jr., Asst. Cashier		
Douglas R. Kallenburg, Asst. Cashier		
Garry E. Van Ort, Asst. Cashier		
Patrick J. LeMaitre, Asst. Cashier		
John T. Battin, Asst. Cashier		
David W. McGrattan, Asst. Cashier		
Norma J. Edsall, Asst. Cashier		
Richard J. Federice, Asst. Cashier		
Joseph F. Gecewicz, Jr., Asst. Cashier		
Eric A. Moore, Asst. Cashier		
Earl L. Budro, Asst. Cashier		
Mary S. Ryan, Asst. Cashier		
Frances Chirieleison, Asst. Cashier		
D-Cady Herrick, III, Asst. Cashier		
Howard M. Vail, Asst. Cashier		
Carl A. Schraver, Asst. Cashier		
Robert J. Keller, Asst. Cashier		
Edward M. Ryan, Asst. Cashier		
James W. Andi, Asst. Cashier		
John C. Van Leeuwen, Asst. Cashier		
Catherine A. Chico, Asst. Cashier		
William A. Smith, Asst. Cashier		
Barry J. Brockmyer, Asst. Trust Officer		
James W. Whalen, Asst. Trust Officer		
Robert W. Johnson, III, Asst. Trust Officer		
TOTALS 124		

On motion of Mr. Getz, seconded by Mr. Griessel, the following resolution was unanimously adopted:

RESOLVED, that Mr. Gary L. Snyder (Northway Office), be and hereby is appointed Attorney-in-Fact of this bank with full powers as provided in the general resolution adopted by the Board at its meeting held May 23, 1967 and that he be and hereby is granted authority to extend loans on a secured or an unsecured basis in an amount not to exceed $5,000.00.

President Odell reported that the bank had been served on November 30, 1973 in connection with Case Number 73 2250 ALS United States Ditrict Court for the Central District of California; Sandor, Spurzem, and Fliesbach, individually and as a Class action, Plaintiffs vs. Albany International Corporation, Hornblower & Weeks - Hemphill, Noyes, Deering Milliken, Inc., State Bank of Albany, five trusts of which State Bank of Albany is trustee and three other individuals, where plaintiffs have asserted that the Prospectus in a recent offering of stock of AIC "made an untrue statement of a material fact by falsely stating that the common stock of Defendant ALBANY had no established market". SBA individually and as trustee of five trusts sold shares in the offering. Matter has been referred to bank counsel.

On motion of Mr. Kennedy, seconded by Mr. Barvoets, the following resolutions were unanimously adopted:

RESOLVED, that the bank accept appointment as Co-Trustee under the terms of an Agreement dated November 27, 1973, among Richard C. Rockwell, Grantor, and Marjorie D. Rockwell and the bank, as Trustees, the same having been prepared by David S. Williams of the law firm of McNamee, Lochner, Titus & Williams, P.C.; and further

RESOLVED, that the acts of the officers in having executed certain documents in this connection, in the name of the bank and under its corporate seal, are hereby ratified, confirmed, approved and adopted.

* * * * * *

RESOLVED, that the bank accept appointment as Executor under the Last Will and Testament of Mary J. Blunt, late of Hillsdale, New York, dated May 15, 1967, and Codicil dated February 6, 1971, said Will and Codicil having been drawn by Ralph O. Hoffman, who will act as Attorney for the Estate; and further

RESOLVED, that the acts of the officers in having executed certain documents in this connection, in the name of the bank and under its corporate seal, are hereby ratified, confirmed, approved and adopted.

* * * * * *

(Continued)

Trust(s) +

RESOLVED, that the bank accept appointment as Trustee of the Albany International Corp. Hourly Pension Plans Trust under an Agreement dated January 1, 1973, the same having been reviewed by David S. Williams of the law firm of McNamee, Lochner, Titus & Williams, P. C.; and further

RESOLVED, that the acts of the officers in having executed certain documents in this connection, in the name of the bank and under its corporate seal, are hereby ratified, confirmed, approved and adopted.

Meeting adjourned.

Secretary

President

7804007532 0

DOCUMENT NO. S-3

On motion of Dr. Hawkins, Jr. , seconded by Mr. Getz, the following resolution was adopted:

RESOLVED, that the following be and they hereby are, appointed officers of this bank to perform such duties as shall be assigned to them by the President, subject to the provisions of the by-laws:

Martin H. Heck, Executive Vice President
Arthur C. Roberts, Senior Vice President
George F. Agor, Senior Vice President and Trust Officer
Freeman T. Putney, Jr., Senior Vice President
Raymond J. Kinley, Senior Vice President
Edward V. Casserly, Vice President
James McKee, Jr., Vice President and Cashier
Douglas V. Bryson, Vice President
Anthony J. Ferrara, Vice President
Stanley A. Rose, Jr., Vice President
Douglas C. Murdock, Vice President
John V. O'Connell, Vice President
Richard A. Wellman, Vice President
Gordon H. Strait, Vice President
W. Redmond Wheeler, Vice President
Richard C. Fiset, Vice President
Herbert G. Chorbajian, Controller
James W. Mahoney, Vice President
John R. Countryman, Vice President
Albert F. McNamara, Vice President
Edwin W. Uhl, Jr., Vice President and Trust Officer
Walter J. H. Burke, Trust Investment Officer
Albert F. Hems, Assistant Vice President
Kathryn G. Karl, Assistant Vice President
Wayne D. Konig, Assistant Vice President
Charles A. Wormer, Assistant Vice President
James J. Kavanaugh, Assistant Vice President
Joseph F. Gavin, Jr., Assistant Vice President
Frank B. Wilcox, Assistant Vice President
John F. Van Amburgh, Jr., Assistant Vice President
Joseph W. Belser, Jr., Assistant Vice President
Daniel F. Dunn, Jr., Assistant Vice President
Charles W. Brewer, Assistant Vice President
Louis T. DiFebbo, Assistant Vice President
Thomas S. Gibson, Assistant Vice President
Fred B. Hill, Jr., Assistant Vice President
Maynard J. Stevens, Assistant Vice President
Mary E. Appio, Assistant Vice President
John P. Murtagh, Assistant Vice President

(Continued)

7804075321

Joseph E. Rings, Jr., Assistant Vice President
Glenn H. Allendorph, Assistant Vice President
Clifford M. Apgar, Jr., Assistant Vice President
Gerald F. Derusha, Assistant Vice President
Donald T. Edmans, Assistant Vice President
John J. Mullen, Assistant Vice President
Henry R. Vogel, Assistant Vice President
W. Donald Judd, Assistant Vice President
John H. Kipp, Assistant Vice President
Ralph E. Hartman, Assistant Vice President
John J. Gaynor, Assistant Vice President
Gerald A. Oles, Assistant Vice President
Donald E. Forsyth, Auditor
Edward R. McEwan, Assistant Vice President
Joseph P. Richardson, Jr., Assistant Vice President
Bob Derksen, Assistant Controller
Theodore A. Burke, Assistant Vice President
Dean A. Hocking, Assistant Vice President
Eugene J. St. John, Assistant Vice President
George Hartman, Assistant Vice President
Edward J. Sullivan, Assistant Vice President
Edwin J. Lawler, Assistant Auditor
Lester C. Warren, Trust Officer
Gayle K. Matthews, Trust Officer
James F. Hatlee, Trust Officer
Bart J. Feiden, Assistant Vice President
Rodger H. Thorne, Assistant Cashier
Thelma E. Greelis, Assistant Cashier
Ruth L. MacKenzie, Assistant Cashier
Frederick F. Suter, Assistant Cashier
John W. O'Reilly, Assistant Cashier
George A. Evans, Assistant Cashier
Myron D. Major, Assistant Cashier
Walter J. Bartkowski, Assistant Cashier
Mary D. Bartkowski, Assistant Cashier
Frank J. Maggio, Jr., Assistant Cashier
Joseph S. Mahan, Assistant Cashier
William C. Mitchell, Jr., Assistant Cashier
Ronald W. Scofield, Assistant Cashier
Robert L. Smith, Assistant Cashier
Frank M. Brown, Jr., Assistant Cashier
George E. Sidney, Assistant Cashier
Donald K. Burch, Assistant Cashier
Raymond M. Roland, Assistant Cashier
Robert A. Decker, Assistant Cashier

(Continued)

Inc Kee + Stockholder file + RAB

Roy A. Foley, Assistant Cashier
Douglas A. Paro, Assistant Cashier
Anthony R. Scaringe, Assistant Cashier
John P. Boyle, Assistant Cashier
Eleanor L. Droege, Assistant Cashier
Frank J. Purner, Assistant Cashier
Bruce W. Bennett, Assistant Cashier and Assistant Trust Officer
Maurice J. O'Connell, Jr., Assistant Cashier
Guy Polsonilli, Assistant Cashier
William A. Millette, Assistant Cashier
Robert S. Goldup, Assistant Cashier
Ronald H. Noll, Assistant Cashier
James J. McCarty, Assistant Cashier
Matthew J. Mittler, Jr., Assistant Cashier
Douglas R. Kallenburg, Assistant Cashier
Garry E. Van Ort, Assistant Cashier
Patrick J. LeMaitre, Assistant Cashier
John T. Battin, Assistant Cashier
David W. McGrattan, Assistant Cashier
Norma J. Edsall, Assistant Cashier
Richard J. Federice, Assistant Cashier
Joseph F. Gecewicz, Jr., Assistant Cashier
Eric A. Moore, Assistant Cashier
Earl L. Budro, Assistant Cashier
Mary S. Ryan, Assistant Cashier
Francis Chirieleison, Assistant Cashier
D-Cady Herrick, III, Assistant Cashier
Howard M. Vail, Assistant Cashier
Carl A. Schraver, Assistant Cashier
Robert J. Keller, Assistant Cashier
Edward M. Ryan, Assistant Cashier
James W. Andi, Assistant Cashier
John C. Van Leeuwen, Assistant Cashier
Catherine A. Chico, Assistant Cashier
William A. Smith, Assistant Cashier
Barry J. Brockmyer, Assistant Trust Officer
James W. Whalen, Assistant Trust Officer
Robert W. Johnson, III, Assistant Trust Officer

7 8 0 4 0 0 7 5 3 2 3

On motion of Mr. Griessel, seconded by Mr. de Beer, Jr., the following resolution was adopted:

RESOLVED, that the salaries of the above-named officers of the bank for the ensuing year be at the rates fixed by the Board at its meeting of December 11, 1973.

(Continued)

DOCUMENT NO. S-4

Minutes of the Board of Directors' meeting held December 10, 1974, at 4:00 PM.

All Directors were present with the exception of Messrs. Barnet, 2nd, Reed, Picotte and Getz. Messrs. Gibson, Holding, McKean and Rourke, Directors Emeritus, also attended.

Minutes of the Board of Directors' meeting held November 26, 1974 were read and approved.

Minutes of the Executive Committee meetings held December 3, 1974 and December 10, 1974 were read and placed on file.

There was presented to each Director present a written report of discounts, loans or other advances, including renewals, made since the last preceding such report to borrowers whose liability to the bank is in the amount of $150,000 or more.

The Board reviewed, compared and considered the Securities List of the bank as of November 30, 1974, October 31, 1974 and November 30, 1973.

On motion of Mr. McCarthy, seconded by Mr. de Beer, Jr., the Board unanimously voted approval of the President's appointment of Mr. Hollis E. Harrington to serve as a member of the Executive Committee at its meeting of December 3, 1974, in the absence of Messrs. Slingerland and Reed.

On motion of Mr. Slingerland, seconded by Mr. Heck, the following resolution was adopted, Mr. O'Connor not voting:

DELETION

(Continued)

7804007532 5

DELETION

On motion of Dr. Hawkins, Jr., seconded by Mr. Allison, the following resolutions were unanimously adopted:

RESOLVED, that the following officers be promoted to the officer rank indicated to be effective January 1, 1975:

Senior Vice President

Edward V. Casserly

Vice President

Clifford M. Apgar, Jr.
Gerald F. Derusha
Wayne D. Konig

Assistant Vice President

Garry E. Van Ort

and FURTHER RESOLVED, that the following officers of the bank be paid annual salaries at the rates indicated, effective January 1, 1975:

Name and Title	Annual Salary 1.1.75	Increase 1.1.75
Frank H. Odell, President		
Martin H. Heck, Executive Vice President		
Arthur C. Roberts, Senior Vice President		
George F. Agor, Sr. Vice President and Trust Officer		
Freeman T. Putney, Jr., Senior Vice President		
Raymond J. Kinley, Senior Vice President		
*Edward V. Casserly, Senior Vice President		
James McKee, Jr., Vice President and Cashier		
Douglas V. Bryson, Vice President		
Anthony J. Ferrara, Vice President		
Richard C. Fiset, Vice President		
Herbert G. Chorbajian, Controller		
Edwin W. Uhl, Jr., Vice President & Trust Officer		
Stanley A. Rose, Jr., Vice President		
Douglas C. Murdock, Vice President		
John V. O'Connell, Vice President		
Richard A. Wellman, Vice President		
Gordon H. Strait, Vice President		
W. Redmond Wheeler, Vice President		
James W. Mahoney, Vice President		
John R. Countryman, Vice President		
Albert F. McNamara, Vice President		
Walter J. H. Burke, Trust Investment Officer		
*Wayne D. Konig, Vice President		
*Clifford M. Apgar, Jr., Vice President		
*Gerald F. Derusha, Vice President		
Albert F. Hems, Assistant Vice President		
Kathryn G. Karl, Assistant Vice President		
Charles A. Wormer, Assistant Vice President		
James J. Kavanaugh, Assistant Vice President		
Joseph F. Gavin, Jr., Assistant Vice President		
John F. Van Amburgh, Jr., Assistant Vice President		
Joseph W. Belser, Jr., Assistant Vice President		
Daniel F. Dunn, Jr., Assistant Vice President		
Charles W. Brewer, Assistant Vice President		
Louis T. DiFebbo, Assistant Vice President		
Thomas S. Gibson, Assistant Vice President		
Fred B. Hill, Jr., Assistant Vice President		
Maynard J. Stevens, Assistant Vice President		
Mary E. Appio, Assistant Vice President		
John P. Murtagh, Assistant Vice President		
Joseph E. Rings, Jr., Assistant Vice President		
Glenn H. Allendorph, Assistant Vice President		
Donald T. Edmans, Assistant Vice President		
John J. Mullen, Assistant Vice President		

*Recommended Promotions

Name and Title	Annual Salary 1.1.75	Increase 1.1.75
Henry R. Vogel, Assistant Vice President		
W. Donald Judd, Assistant Vice President		
John H. Kipp, Assistant Vice President		
Ralph E. Hartman, Assistant Vice President		
John J. Gaynor, Assistant Vice President		
Gerald A. Cles, Assistant Vice President		
Donald E. Forsyth, Auditor		
Edward R. McEwan, Assistant Vice President		
Joseph P. Richardson, Jr., Assistant Vice President		
Bob Derksen, Assistant Controller		
Theodore A. Burke, Assistant Vice President		
Dean A. Hocking, Assistant Vice President		
Eugene J. St. John, Assistant Vice President		
George Hartman, Assistant Vice President		
Edward J. Sullivan, Assistant Vice President		
JohnW. O'Reilly, Assistant Vice President		
Frederick F. Suter, Assistant Vice President		
Edwin J. Lawler, Assistant Auditor		
Lester C. Warren, Trust Officer		
Gayle K. Matthews, Trust Officer		
James F. Hatlee, Trust Officer		
Bart J. Feiden, Assistant Vice President		
*Garry E. Van Ort, Assistant Vice President		
Rodger H. Thorne, Assistant Cashier		
Thelma E. Greelis, Assistant Cashier		
George A. Evans, Assistant Cashier		
Myron D. Major, Assistant Cashier		
Walter J. Bartkowski, Assistant Cashier		
Mary D. Bartkowski, Assistant Cashier		
Frank J. Maggio, Jr., Assistant Cashier		
Joseph S. Mahan, Assistant Cashier		
William C. Mitchell, Jr., Assistant Cashier		
Ronald W. Scofield, Assistant Cashier		
Robert L. Smith, Assistant Cashier		
Frank M. Brown, Jr., Assistant Cashier		
George E. Sidney, Assistant Cashier		
Donald K. Burch, Assistant Cashier		
Raymond M. Roland, Assistant Cashier		
Robert A. Decker, Assistant Cashier		
Anthony R. Scaringe, Assistant Cashier		
John F. Boyle, Assistant Cashier		
Eleanor L. Droege, Assistant Cashier		
Frank J. Purner, Assistant Cashier		
Bruce W. Bennett, Assistant Cashier and Assistant Trust Officer		
Maurice J. O'Connell, Jr., Assistant Cashier		

*Recommended Promotions

Name and Title	Annual Salary 1.1.75	Increase 1.1.75
William A. Millette, Assistant Cashier		
Robert S. Goldup, Assistant Cashier		
Ronald H. Noll, Assistant Cashier		
James J. McCarty, Assistant Cashier		
Matthew J. Mittler, Jr., Assistant Cashier		
Douglas R. Kallenburg, Assistant Cashier		
Patrick J. LeMaitre, Assistant Cashier		
John T. Battin, Assistant Cashier		
David W. McGrattan, Assistant Cashier		
Norma J. Edsall, Assistant Cashier		
Richard J. Federice, Assistant Cashier		
Joseph F. Gecewicz, Jr., Assistant Cashier		
Eric A. Moore, Assistant Cashier		
E. Lawrence Budro, Assistant Cashier		
Mary S. Ryan, Assistant Cashier		
Frances Chirieleison, Assistant Cashier		
D-Cady Herrick, III, Assistant Cashier		
Howard M. Vail, Assistant Cashier		
Carl A. Schraver, Assistant Cashier		
Robert J. Keller, Assistant Cashier		
Edward M. Ryan, Assistant Cashier		
James W. Andi, Assistant Cashier		
John C. Van Leeuwen, Assistant Cashier		
Catherine A. Chico, Assistant Cashier		
William A. Smith, Assistant Cashier		
Robert S. Pasquarelli, Assistant Cashier		
Andrew G. Mesches, Assistant Cashier		
Ronald A. Marino, Assistant Cashier		
H. Wesley Jacobs, Assistant Cashier		
Ruth G. Every, Assistant Cashier		
Lawrence H. Meade, Assistant Cashier		
Alice M. Capuano, Assistant Cashier		
Barry J. Brockmyer, Assistant Trust Officer		
James W. Whalen, Assistant Trust Officer		
Robert W. Johnson, III, Assistant Trust Officer		
Ronald J. Weiss, Assistant Trust Officer		
TOTALS		

President Odell reported with great sadness the death of Mrs. Dorothy Donovan Farrell, an Emeritus Director of this bank. On motion of Mr. Harrington, seconded by Mr. Slingerland, the following minute was unanimously adopted:

On December 4, 1974, a great and gentle lady passed away. Dorothy Donovan Farrell, a member of this Board of Directors since 1957, through her manner and dedication to the bank's affairs, endeared herself to all of us. In her directorship, she also established a landmark - - the first woman to be so chosen in the history of banking and financial institutions in the City of Albany. That this was a wise choice, time and events have proven.

Primarily, she was a mother and a grandmother. Then her outreach spread to the entire community. This included membership on the New York State Board of Social Welfare, membership on boards and leadership roles in Albany Community Chest, Inc., American Red Cross, Albany Institute of History and Art, Childs Hospital, Diocesan League of Catholic Women and the Junior League of Albany.

Mrs. Farrell was a devoted Catholic lay-woman. Many of the organizations such as the Catholic Charities Board of the Albany Diocese, Board of New York State Charities Aid Association, St. Catherine's Child Care Center and others of a similar nature were the objects of her devoted interest and generosity.

She has left a rich heritage in the love of her family and in the respect and admiration of all of us who had the privilege of sharing in these activities which were so much a part of the life of Dorothy Donovan Farrell.

Let this minute of our appreciation, regard and affection be entered upon the Minutes of the Board and a copy thereof be sent to her family.

(Continued)

On motion of Mr. Heck, seconded by Mr. Kiernan, the Board unanimously approved changing the regularly scheduled Board of Directors' meeting from Tuesday, December 24, 1974, at 4:00 P. M. to Monday, December 23, 1974, at 4:00 P. M.

President Odell presented the Business Development Department Report for the period August 1, 1974 to October 31, 1974.

On motion of Mr. O'Connor, seconded by Mr. Griessel, the following resolutions were unanimously adopted:

RESOLVED, that the bank accept appointment as Executor under the Last Will and Testament of Mae Niver, late of Craryville, New York, dated December 3, 1971, said estate being represented by Andrew J. Baldwin, Jr., of the law firm of Daley, Baldwin and Alford of Hillsdale, New York; and further

RESOLVED, that the acts of the officers in having executed certain documents in this connection, in the name of the bank and under its corporate seal, are hereby ratified, confirmed, approved and adopted.

Meeting adjourned.

Secretary

President

DOCUMENT NO. S-5

Minutes of the Board of Directors' meeting held December 23, 1975, at 4:00 P. M.

All Directors were present with the exception of Mr. Kennedy. Mr. Holding, Director Emeritus, and Mr. Williams, of counsel, also attended.

Minutes of the Board of Directors' meeting held December 9, 1975 were read and approved.

Minutes of the Executive Committee meetings held December 16, 1975 and December 23, 1975 were read and placed on file.

McKee. EVP. EC. File.

Vice President and Cashier McKee presented the minutes of the meeting of the Contributions Committee held December 16, 1975 at 2:00 P. M., as follows:

"Committee approved the following contributions to be made by the State Bank of Albany Foundation in the amount and on the dates indicated:

Amount	Date	Name
$ 1,000	Immediately	Mohican Council, Boy Scouts of America, c/o J. Walter Juckett, Sandy Hill Corporation, Hudson Falls, N. Y.
500	"	Albany Institute of History and Art, 125 Washington Ave., Albany, N Y. 12210
500	"	Mohawk and Hudson River Humane Society, Irving Place, Menands, N. Y. 12204
2,000	3/1/76	Saratoga Performing Arts Center, Saratoga Springs, N. Y. 12866
2,500	"	Albany Medical Center Foundation, Inc., P. O. Box 8667, Albany, N.Y. 12208
		Community Chest-United Fund:
3,300	As requested	Amsterdam Community Chest, Inc.
1,700	" "	Hudson Area Community Chest, Inc.
1,550	" "	Johnstown Community Chest, Inc.
100		Plus separate corporate gifts to YMCA
3,500	" "	Plattsburgh Community Chest, Inc.
250		Plus separate corporate gift to Red Cross (Red Cross withdrew from Community (Chest in 1971-72)
2,100	As requested	United Community Fund of Saratoga, Inc., (Saratoga-Mechanicville)
500	" "	United Fund of Greater Glens Falls
$19,500		

On motion of Mr. de Beer, Jr., seconded by Mr. Allison, the Committee unanimously recommended to the Board of Directors that the bank pay $150,000 to the State Bank of Albany Foundation on or before December 31, 1975, as its contribution for the year 1975.

(Continued)

Contributions Committee minutes, continued:

McKee x
EWV x
EVC x
File x

"Committee received the following financial reports: Trustees Annual Report for the year ended September 30, 1975; Trustees Interim Report October 1, 1975 to December 16, 1975; Secretary's Report of Commitments as of December 15, 1975."

There was presented to each Director present a written report of discounts, loans or other advances, including renewals, made since the last preceding such report to borrowers whose liability to the bank is in the amount of $150,000 or more.

McKee x
EWV x
File x
HGC x

On motion of Mr. Harrington, seconded by Mr. McCarthy, and upon the unanimous recommendation of the members of the Contributions Committee, the Board approved a payment of $150,000 to the State Bank of Albany Foundation to be made on or before December 31, 1975 as the bank's contribution for the year 1975.

McKee x
HGC x
Div file x

On motion of Mr. Kiernan, seconded by Mr. O'Connor, the following resolution was unanimously adopted:

RESOLVED that the dividend resolution adopted at the meeting of December 9, 1975 be amended to the extent only that the dividend be paid December 30, 1975.

Credit x
ACR x
EAB x

On motion of Mr. Heck, seconded by Mr. Picotte, the following resolution was adopted, Messrs. Allison, Barnet, 2nd, Barvoets, de Beer, Jr., Foresman, Getz, Griessel, Kiernan, McCahill, O'Connor, Reed, Slingerland, and Vail not voting on the respective items to be available to them as individuals or to the corporations with which they are connected:

RESOLVED, that this bank grant to the respective Directors and/or the corporations with which any is connected, the following lines of credit for a period of three months from this date:

DELETION

(Continued)

Personal Loan charge-offs, continued:

DELETION

On motion of Mr. Slingerland, seconded by Dr. Hawkins, Jr., in accordance with the recommendation of the Examining Committee, the Board unanimously voted that Reserve for Note Losses (Account No. 3000015) be charged $461,667.33 representing the balances and accrued interest on the following loans including their partial charge-downs: (See attached).

On motion of Mr. Kiernan, seconded by Mr. Reed, the following resolution was unanimously adopted:

RESOLVED, that the following officers of the bank be paid annual salaries at the rates indicated, effective January 1, 1976: (See attached).

On motion of Mr. Vail, seconded by Mr. Allison, the Board accepted with regret the resignation of Mr. Robert Johnson, III, Assistant Trust Officer, Trust Department, Troy Office, effective February 1, 1976.

On motion of Mr. Griessel, seconded by Mr. de Beer, Jr., the following resoluton was unanimously adopted:

RESOLVED, that Richard V. Z. Salembier, Jr. and John J. Gaynor, be designated as Municipal Securities Dealer Officers effective January 1, 1976.

(Continued)

OFFICERS' SALARIES
1976

Name and Title	Annual Salary 1.1.76	Increase 1.1.76
Frank H. Odell, President & CEO		
Martin H. Heck, Executive Vice President		
Arthur C. Roberts, Senior Vice President		
George F. Agor, Sr. Vice President & Trust Officer		
Freeman T. Putney, Jr., Sr. Vice President		
Raymond J. Kinley, Sr. Vice President		
Edward V. Casserly, Sr. Vice President		
James McKee, Jr., Vice President & Cashier		
Douglas V. Bryson, Vice President		
Anthony J. Ferrara, Vice President		
Richard C. Fiset, Vice President		
Herbert G. Chorbajian, Vice President & Controller		
Edwin W. Uhl, Jr., Vice President & Trust Officer		
Stanley A. Rose, Jr., Vice President		
Richard A. Wellman, Vice President		
John V. O'Connell, Vice President		
Gordon H. Strait, Vice President		
W. Redmond Wheeler, Vice President		
James W. Mahoney, Vice President		
John R. Countryman, Vice President		
Wayne D. Konig, Vice President		
Clifford M. Apgar, Jr., Vice President		
Gerald F. Derusha, Vice President		
Albert F. McNamara, Vice President		
Gayle K. Matthews, Vice President & Trust Officer		
Albert F. Hems, Assistant Vice President		
Charles A. Wormer, Assistant Vice President		
James J. Kavanaugh, Assistant Vice President		
Joseph F. Gavin, Jr., Assistant Vice President		
John F. Van Amburgh, Jr., Assistant Vice President		
Joseph W. Belser, Jr., Assistant Vice President		
Daniel F. Dunn, Jr., Assistant Vice President		
Charles W. Brewer, Assistant Vice President		
Louis T. DiFebbo, Assistant Vice President		
Thomas S. Gibson, Assistant Vice President		
Fred B. Hill, Jr., Assistant Vice President		
Maynard J. Stevens, Assistant Vice President		
Mary E. Appio, Assistant Vice President		
John P. Murtagh, Assistant Vice President		
Joseph E. Rings, Jr., Assistant Vice President		
Glenn H. Allendorph, Assistant Vice President		
Donald T. Edmans, Assistant Vice President		
Henry R. Vogel, Assistant Vice President		
John H. Kipp, Assistant Vice President		
Ralph E. Hartman, Assistant Vice President		
Gerald A. Cles, Assistant Vice President		
Donald E. Forsyth, Auditor		
Edward R. McEwan, Assistant Vice President		

Name and Title	Annual Salary 1.1.76	Increase 1.1.76
Joseph P. Richardson, Jr., Assistant Vice President		
Bob Derksen, Assistant Controller		
Theodore A. Burke, Assistant Vice President		
Dean A. Hocking, Assistant Vice President		
Eugene J. St. John, Assistant Vice President		
George Hartman, Assistant Vice President		
Edward J. Sullivan, Assistant Vice President		
John W. O'Reilly, Assistant Vice President		
Frederick F. Suter, Assistant Vice President		
Garry E. Van Ort, Assistant Vice President		
Ronald W. Scofield, Assistant Vice President		
Matthew J. Mittler, Jr., Assistant Vice President		
Edwin J. Lawler, Assistant Auditor		
Lester C. Warren, Trust Officer		
James F. Hatlee, Trust Officer		
Bart J. Feiden, Assistant Vice President		
Rodger H. Thorne, Assistant Cashier		
Myron D. Major, Assistant Cashier		
Walter J. Bartkowski, Assistant Cashier		
Mary D. Bartkowski, Assistant Cashier		
Frank J. Maggio, Jr., Assistant Cashier		
Joseph S. Mahan, Assistant Cashier		
William C. Mitchell, Jr., Assistant Cashier		
Robert L. Smith, Assistant Cashier		
George E. Sidney, Assistant Cashier		
Donald K. Burch, Assistant Cashier		
Raymond M. Roland, Assistant Cashier		
Robert A. Decker, Assistant Cashier		
Anthony R. Scaringe, Assistant Cashier		
John P. Boyle, Assistant Cashier		
Eleanor L. Droege, Assistant Cashier		
Frank J. Purner, Assistant Cashier		
Maurice J. O'Connell, Jr., Assistant Cashier		
William A. Millette, Assistant Cashier		
Robert S. Goldup, Assistant Cashier		
Ronald H. Noll, Assistant Cashier		
James J. McCarty, Assistant Cashier		
Douglas R. Kallenburg, Assistant Cashier		
Patrick J. LeMaitre, Assistant Cashier		
John T. Battin, Assistant Cashier		
David W. McGrattan, Assistant Cashier		
Norma J. Edsall, Assistant Cashier		
Richard J. Federice, Assistant Cashier		
Joseph F. Gecewicz, Jr., Assistant Cashier		
Eric A. Moore, Assistant Cashier		
E. Lawrence Budro, Assistant Cashier		
Mary S. Ryan, Assistant Cashier		
Frances Chirieleison, Assistant Cashier		
D-Cady Herrick, III, Assistant Cashier		

Name and Title	Annual Salary 1.1.76	Increase 1.1.76
Howard M. Vail, Assistant Cashier		
Carl A. Schraver, Assistant Cashier		
Robert J. Keller, Assistant Cashier		
James W. Andi, Assistant Cashier		
Edward M. Ryan, Assistant Cashier		
John C. Van Leeuwen, Assistant Cashier		
Catherine A. Chico, Assistant Cashier		
William A. Smith, Assistant Cashier		
Robert S. Pasquarelli, Assistant Cashier		
Andrew G. Mesches, Assistant Cashier		
Ronald A. Marino, Assistant Cashier		
H. Wesley Jacobs, Assistant Cashier		
Ruth G. Every, Assistant Cashier		
Lawrence H. Meade, Assistant Cashier		
Alice M. Capuano, Assistant Cashier		
Schuyler E. McCammon, Assistant Cashier		
David L. Stapley, Assistant Cashier		
Gerald J. McNamara, Assistant Cashier		
John E. Ellsbury, Assistant Cashier		
John E. Seibert, Assistant Cashier		
Barry J. Brockmyer, Assistant Trust Officer		
James W. Whalen, Assistant Trust Officer		
Robert W. Johnson, III, Assistant Trust Officer		
Ronald J. Weiss, Assistant Trust Officer		
Edward P. Hoffman, Assistant Trust Officer		
John E. Dahne, Assistant Trust Officer		
TOTALS	$2,522,406	$60,221

DOCUMENT NO. S-6

Executive Committee appointments, continued:

On motion of Mr. Kiernan, seconded by Mr. Griessel, the Board unanimously voted to approve the appointments to the Executive Committee.

On motion of Mr. Foresman, seconded by Mr. Barnet, 2nd, the Board accepted with great appreciation for his service to the bank, the resignation of Freeman T. Putney, Jr., Senior Vice President (to accept the office of Executive Vice President of UBNY) effective May 1, 1976 and appointed him a Municipal Securities Dealer Officer of the bank effective May 1, 1976, and approved his continuance as a member of the Trust Committee of the bank.

On motion of Mr. Vail, seconded by Mr. McCahill, the following resolution was unanimously adopted:

RESOLVED, that Helen R. Testa (Amsterdam Office) be and hereby is appointed Attorney-in-Fact of this bank will full powers as provided in the general resolution adopted by the Board at its meeting held May 23, 1967, and that she be and hereby is granted authority to extend loans on a secured or an unsecured basis in an amount not to exceed $5,000.

President Odell presented to the Board report of Auditor Donald E. Forsyth for the period from January 1, 1976 through March 31, 1976, a copy of which was given to each Director. On motion of Mr. Barnet, 2nd, seconded by Dr. Hawkins, Jr., the Board unanimously voted that the report be received and placed upon the minutes of the Board.

President Odell presented Mr. Peter D. Kiernan, Chairman of the Board of UBNY, who reported to the Board on the following recent appointments within the holding company:

Peter D. Kiernan, Chairman of the Board and President, UBNY
Robert J. Donough, President and a Director, Liberty National Bank and Trust Company
Freeman T. Putney, Jr., Executive Vice President, UBNY

He also reported that Avery H. Fonda had resigned as President, Chief Executive Officer and Director of Liberty National Bank and Trust Company and Vice Chairman and Director of UBNY.

Meeting adjourned.

Secretary

President

DOCUMENT NO. S-7

Minutes of the Board of Directors' meeting held December 28, 1976, at 4:00 PM.

All Directors were present with the exception of Messrs. Barnet, 2nd, Reed, Kiernan, Vail and Fisher. Messrs. Holding and Rourke, Directors Emeritus, and Mr. Williams, of Counsel, also attended.

Minutes of the Board of Directors' meeting held December 14, 1976 were read and approved.

Minutes of the Executive Committee meetings held December 21, 1976 and December 28, 1976 were read and placed on file.

There was presented to each Director present a written report of discounts, loans or other advances, including renewals, made since the last preceding such report to borrowers whose liability to the bank is in the amount of $150,000 or more.

On motion of Mr. Getz, seconded by Mr. Foresman, the Board voted approval of the President's appointment of Mr. Raymond C. Kennedy to serve as a member of the Executive Committee at its meeting of December 28, 1976 in the absence of Messrs. Barnet, 2nd, Reed and Kiernan.

On motion of Mr. McCarthy, seconded by Mr. Kennedy, the following resolution was adopted, Messrs. Allison, Barvoets, de Beer, Jr., Foresman, Getz, Griessel, McCahill, O'Connor and Slingerland not voting on the respective items to be available to them as individuals or to the corporations with which they are connected:

RESOLVED, that this bank grant to the respective Directors and/or the corporations with which any is connected, the following lines of credit for a period of three months from this date, and new other loan(s) listed:

DELETION

Directors' lines/loans, continued:

DELETION

Mr. Bernard F. Picotte, Chairman of the Examining Committee, presented the report of the Examining Committee for the year 1976. On motion of Mr. Slingerland, seconded by Mr. O'Connor, the Board voted that the report be received, that a duplicate original copy be sent to the State of New York Banking Department; a copy be made available to the examiners for the Federal Reserve Bank of New York, and that the Chairman of the Committee be paid a fee of $2,000 and other Committee members a fee of $1,500.

Vice President and Cashier McKee presented the minutes of the Contributions Committee meeting held December 23, 1976, as follows:

"Present: Messrs. Odell, Griessel, de Beer, Jr., Allison and McKee, Jr.

Committee recommended that the Board of Directors of the State Bank of Albany consider the approval of:

1. A supplemental contribution of $3,000 to be made to the United Way of the Albany Area, Inc., P. O. Box 8653, Albany, New York. *
2. A contribution in the amount of $13,000 to be made to the United Way of of the Mohawk-Hudson Area, Inc., P. O. Box 156, Troy, New York, 12181. *
3. A contribution in the amount of $251,500 to the State Bank of Albany Foundation, payable not later than December 31, 1976.

* Payment to be made at a time selected by the management but, in any event, not later than September 1, 1977.

Committee approved the following contributions to be made by the State Bank of Albany Foundation in the amounts and on the dates indicated:

(Continued)

Contributions Committee minutes, continued:

Amount	Date	Name
		Community Chest-United Funds
$ 3,400	As requested	United Way of Amsterdam, Inc.
1,700	As requested	Hudson Area Community Chest, Inc.
1,600	As requested	United Way of Johnstown, Inc.
100		Plus separate corporate gift to YMCA
3,500	As requested	United Way of Clinton County, Inc.
2,100	As requested	United Way of Saratoga County, Inc. (Saratoga-Mechanicville)
500	As requested	Tri-County United Way (Washington-Warren-No. (Saratoga)
500	1.10.1977	The University Foundation at Albany, 1400 Washington Ave., Albany, N. Y. 12222
250	1.10.1977	United Negro College Fund, 500 E. 62nd St., New York, N.Y. 10021
10,000	($2,500 - 2.1.1977) (2,500 - 2.1.1978) (2,500 - 2.1.1979) (2,500 - 2.1.1980)	Memorial Hospital Building Fund 600 Northern Blvd., Albany, N. Y. 12204
1,000	1.10.1977	Mohican Council, Boy Scouts of America, c/o J. Walter Juckett, Sandy Hill Corporation, Hudson Falls, N. Y. 12839
250	1.10.1977	Friends of Camp Hill Village, Copake, N. Y. 12516
3,000	1.10.1977	Albany Medical Center Foundation, P. O. Box 8667, Albany, N. Y. 12208
$27,900		

Committee received the following financial reports:

Trustees' Annual Report as of September 30, 1976.
Trustees' Interim Report - October 1, 1976, to December 15, 1976.
Secretary's Report of Commitments as of December 22, 1976."

(Continued)

On motion of Mr. Harrington, seconded by Mr. McCarthy, the following resolution was unanimously adopted:

RESOLVED, that the officers of the bank are hereby authorized and directed to pay the following contributions from bank assets when indicated:

1. A supplemental contribution of $3,000 to be made to the United Way of the Albany Area, Inc., P. O. Box 8653, Albany, New York 12208. *
2. A contribution in the amount of $13,000 to be made to the United Way of the Mohawk-Hudson Area, Inc., P. O. Box 156, Troy, New York 12181 *
3. A contribution in the amount of $251,500 to the State Bank of Albany Foundation, payable not later than December 31, 1976.

* Payment to be made at a time selected by the management but, in any event, not later than September 1, 1977.

On motion of Mr. Barvoets, seconded by Mr. McCahill, the Board unanimously voted that Reserve for Note Losses - Personal Loans (Account No. 3000213) be charged $30,524.83 representing the unpaid balances on the following Personal Loans:

DELETION

Personal Loan charge-offs, continued:

DELETION

On motion of Mr. Picotte, seconded by Mr. Griessel, in accordance with the recommendation of the Examining Committee, the Board unanimously voted that Reserve for Note Losses - Personal Loans (Account No. 3000213) be charged $86,148.46 and that Reserve for Note Losses - Main Office (Account No. 3000015) be charged $644,831.58 including $35,224.92 accrued interest representing partial charge-downs and the balance and accrued interest on the loans listed in the attached schedule.

On motion of Mr. Heck, seconded by Dr. Hawkins, Jr., the Board unanimously voted that Loss on Check/Counterfeit Money Transactions (Account No. 6900013) be charged $772.50 being the loss to the bank through teller Patricia Novak, of the Troy Office, cashing U. S. Treasury check No. 91-974-471 dated August 28, 1974 in like amount on Affidavit of Forged Endorsement of payee, Director of Community Residents, Rensselaer A. R. C.

On motion of Mr. Foresman, seconded by Mr. McCahill, the following resolution was unanimously adopted:

RESOLVED, that William J. Labbate, Jr., be appointed an Assistant Trust Officer of the bank effective January 10, 1977 and that he be paid an annual salary of $15,500, also effective January 10, 1977.

President Odell presented David S. Williams, of counsel, who informed the Board members of the scope and requirements of a new General Regulation of the New York State Banking Board (Part 11) governing Insider Transactions effective January 3, 1977.

President Odell presented Richard V. Z. Salembier, Jr., Vice President of UBNY and Municipal Securities Dealer Officer of this bank, who related to the Board the current status of New York City securities held in the bank's investment portfolio and substantiated the retention of these investments at the present time.

(Continued)

On motion of Mr. de Beer, Jr., seconded by Mr. Heck, the following resolution was unanimously adopted:

Trust(x)

RESOLVED, that the bank accept appointment as Trustee under an Agreement with Marjorie C. Cavanagh, of Northampton, Massachusetts, dated December 8, 1976, said Agreement having been prepared by Leonard Judelson, of West Springfield, Massachusetts; and further

RESOLVED, that the acts of the officers in having executed certain documents in this connection, in the name of the bank and under its corporate seal, are hereby ratified, confirmed, approved and adopted.

Meeting adjourned.

Secretary

President

7804007534 3

DOCUMENT NO. S-8

Trust resolution - continued:

FURTHER RESOLVED, that George F. Agor, Senior Vice President and Trust Officer; Edwin W. Uhl, Jr. and Gayle K. Matthews, Vice Presidents and Trust Officers; Richard A. Wellman, Vice President; Bart J. Feiden, Vice President-Trust Investment; Lester C. Warren and James F. Hatlee, Trust Officers; Barry J. Brockmyer, James W. Whalen, Jr., Ronald J. Weiss, Edward P. Hoffman, John E. Dahne, Evan C. Regal and William J. Labbate, Jr., Assistant Trust Officers; and Mary Borisenko, Trust Representative, of this bank be, and they hereby are, and each of them separately is, authorized and empowered:

1. To sign or countersign Trust Department checks.

2. To withdraw any trust funds which may have been or may hereafter be deposited in any savings bank, savings account, special interest account, savings and loan association or building and loan association.

3. To countersign in behalf of and in the name of this bank any and all certificates of stock in corporations for the registration of which this bank acts as registrar.

President Odell presented Peter D. Kiernan, Chairman of the Board of UBNY, who introduced Mr. Thomas H. Hagoort, of Cleary, Gottlieb, Steen & Hamilton, counsel to Special Committee of UBNY. Mr. Kiernan stated that the Board of Directors of United Bank Corporation had received a report from a Special Committee appointed to determine whether any expenditures for political purposes had been made during the period subsequent to January 1, 1971. Mr. Kiernan then read to the Board the portion of the report which dealt with circumstances relating to the bank and indicated that the report would be made available to any director who wished to review it. Mr. Kiernan, and Mr. Thomas H. Hagoort, of the firm of Cleary, Gottlieb, Steen & Hamilton, counsel to the Special Committee, then answered questions relating to the material read to the Board by Mr. Kiernan and a general discussion of this material followed.

On motion of Mr. McCarthy, seconded by Mr. Foresman, the following resolutions were unanimously adopted:

RESOLVED, that the acceptance by the bank as Successor Trustee of the G. L. Morrow Company, Inc. Employees Pension Trust under an Agreement dated April 26, 1974, be ratified, confirmed and approved; and further

RESOLVED, that the acts of the officers in having executed certain documents in this connection, in the name of the bank and under its corporate seal, are hereby ratified, confirmed, approved and adopted.

(Continued)

DOCUMENT NO. S-9

Acctg. + Auditing + File - Policies +

President Odell stated that it is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. He further stated that the Board of Directors of UBNY had adopted a specific policy statement in order to provide guidelines for the application of this general corporate policy to the area of business and accounting practices. In support of and in conformity with this action, on motion of Mr. Barnet, 2nd, seconded by Mr. McCarthy, the following resolution was unanimously adopted:

RESOLVED, that

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with the established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

(Continued)

7804075345

DOCUMENT NO. S-10

Trust resolutions, continued:

Trust(7)

RESOLVED, that the bank accept appointment as Successor Corporate Trustee for the Callanan Industries, Inc. Salaried Employees Pension Plan, the Callanan Industries, Inc. Plant Employees Pension Plan, and the Callanan Industries, Inc. Salaried Employees Profit Sharing Plan, all under Amended and Restated Trust Agreements dated January 1, 1976, said Agreements having been reviwed by Richard A. Langer of the firm of McNamee, Lochner, Titus & Williams, P. C.; and further

RESOLVED, that the acts of the officers in having executed certain documents in this connection, in the name of the bank and under its corporate seal, are hereby ratified, confirmed, approved and adopted.

* * * * * *

A memorandum prepared by Cleary, Gottlieb, Steen & Hamilton, regarding Indemnification of Bank Officers by Bank Subsidiaries, dated July 20, 1977, was distributed to the Directors for their review prior to the next Board meeting, scheduled for September 27th, at which time this matter will be on the agenda for discussion and at which time there will be a representative of Cleary, Gottlieb, Steen & Hamilton to answer questions.

Meeting adjourned.

Secretary

President

DOCUMENT NO. S-11

HGC
file

Mr. Kiernan then presented Thomas Hagoort, a representative of Cleary, Gottlieb, Steen & Hamilton, who discussed in considerable detail the memorandum Indemnification of Bank Officers by Bank Subsidiaries, dated July 20, 1977 and previously distributed to members of the Board of Directors for their review at the meeting held September 13, 1977. After careful deliberation, on motion of Mr. Slingerland, seconded by Dr. Hawkins, Jr. the following resolutions were unanimously adopted:

WHEREAS, the Intelligence Division of the Internal Revenue Service ("IRS") has been conducting an investigation of United Bank Corporation of New York ("UBNY) and its subsidiaries, including State Bank of Albany ("the Bank") as a result of information provided to the IRS by UBNY in response to written questions from the IRS; and

WHEREAS, as a part of such investigation ("the IRS investigation"), officers and directors of the Bank have been summoned by the IRS to give testimony under oath with respect to matters relating to the Bank which were disclosed in the information provided to the IRS by UBNY and it is expected that other officers and directors of the Bank will be so summoned in the future course of the IRS investigation; and

WHEREAS, in view of the fact that such IRS investigations normally have as their purpose a determination whether any criminal violations of tax laws have occurred, and such investigations may result in criminal indictments of individual officers and directors as well as of the taxpayer itself, officers and directors of the Bank who have been, or are likely to be, summoned to give testimony in the course of the IRS investigation have retained or may be expected to retain, personal legal counsel to advise them with respect to the IRS investigation; and

WHEREAS, officers and directors who become involved in the IRS investigation have requested, or are likely to request, indemnification for reasonable expenses, including attorneys' fees, incurred in connection with the IRS investigation;

THEREFORE, it is hereby

RESOLVED, that it is desirable and in the best interests of the Bank and its shareholder for the Bank to reimburse any person who becomes involved in the IRS investigation by reason of the fact that he is, or was, a director or officer of the Bank against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with such involvement.

RESOLVED, that with respect to the matters relating to the Bank disclosed to the IRS by UBNY and now under investigation by the IRS, this Board of Directors finds that genuine issues of fact and law have been raised as to the existence of any criminal violations of the tax laws, that the directors or officers involved in such matters acted in good faith, for a purpose which they each reasonably believed to be in the best interests of the Bank and that such directors and officers acted upon the advice of legal counsel and, accordingly,

(Continued)

Indemnification minute, continued:

+16c
file

each of them had no reason to believe that his conduct was unlawful.

RESOLVED, that the Bank shall reimburse any person who becomes involved in the IRS investigation by reason of the fact that he is, or was, a director or officer of the Bank against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with such involvement, provided that such person shall have agreed in writing with the Bank to repay to the Bank all amounts so reimbursed if such person shall ultimately be found under the procedure set forth in the New York Banking Law, not to have been legally entitled to indemnification.

RESOLVED, that the following directors are hereby appointed as a committee of this Board of Directors to receive all requests for such reimbursement and to cause reimbursement to be made for all requests which, in the judgment of such committee, satisfy the requirements of these resolutions:

C. Jordan Vail, Chairman
Thomas D. O'Connor
Charles S. Foresman

RESOLVED, that the appropriate officers of the Bank are hereby authorized to do all such things and to execute and deliver all such instruments as they may deem necessary or desirable to carry out the foregoing resolutions.

Meeting adjourned.

Secretary

President

DOCUMENT NO. S-12

Minutes of the Executive Committee meeting held December 27, 1972, at 3:00 P.M.

Present: Messrs. Reed, Griessel, Kennedy, Chairman of the Board Harrington, President Odell, Vice Presidents Roberts, Putney, McKee, Assistant Vice Presidents Derusha and McEwan.

Written reports of cash items, overdrafts, past-due paper, Securities Department, and a list of new loans and renewals made since the preceding such report to borrowers whose liability to the bank is $150,000 or more, were submitted to each member of the Committee present.

Committee approved the purchases and sales of securities as shown on the Securities Department report.

Minutes of the Loan Committee meeting held during the past week were read and placed on file.

Minutes of the Advisory Board meetings not previously reported were placed on file.

7804007534 9

DELETION

Meeting adjourned.

Chairman

Secretary

DOCUMENT NO. S-13

Minutes of the Executive Committee meeting held December 4, 1973, at 3:00 P. M.

Present: Committee members Messrs. Odell, Chairman, Heck, Hawkins, Jr., Picotte, Kennedy and Fisher. Vice Presidents Roberts, Putney and McKee, and Assistant Vice Presidents Apgar, Derusha, McEwan also attended.

Written reports of cash items, overdrafts, past-due paper, Securities Department, and a list of new loans and renewals made since the preceding such report to borrowers whose liability to the bank is $150,000 or more, were submitted to each member of the Committee present.

Committee approved the purchases and sales of securities as shown on the Securities Department report.

Minutes of the Loan Committee meeting held during the past week were read and placed on file.

Committee approved the following lines of credit:

7804007535 0

DELETION

DOCUMENT NO. S-14

Minutes of the Executive Committee meeting held December 11, 1973, at 2:30 P. M.

Present: Committee members Messrs. Odell, Chairman; Heck, Hawkins, Jr., Picotte, Getz and Kennedy. Vice Presidents Roberts, Putney, Uhl and McKee and Assistant Vice Presidents Apgar and McEwan also attended.

Copies of the minutes of the Trust Committee and the Trust Investment Committee meetings held November 29, 1973 were presented to each member of the Committee present and approved.

Written reports of cash items, overdrafts, past-due paper, mortgage delinquency, Securities Department, and a list of new loans and renewals made since the preceding such report to borrowers whose liability to the bank is $150,000 or more, were submitted to each member of the Committee present.

Committee approved the purchases and sales of securities as shown on the Securities Department report.

Minutes of the Loan Committee meeting held during the past week were read and placed on file.

DELETION

Meeting adjourned.

Secretary

Chairman

DOCUMENT NO. S-21 1974

File Sealing Folder

Fringe Benefit Folder

MEMORANDUM TO - MR. AVERY H. FONDA, CHAIRMAN OF THE EMPLOYEE BENEFITS COMMITTEE, UNITED BANK CORPORATION OF NEW YORK

DATED - MARCH 14, 1974

I want to call to your attention the action taken by the Board of Directors at its meeting yesterday, whereby it referred to your committee the question of the approval of certain executive salaries of officers of the company, together with any other pay arrangements with them. This last clause would include corporate policy on management contracts. The Board, in its resolution, requested that your committee report its recommendations back to it.

HOLLIS E. HARRINGTON
CHAIRMAN OF THE BOARD

HEH:ljm

CC: MESSRS. P. D. KIERNAN
F. H. ODELL
R. F. MACFARLAND
R. J. DONOUGH

7 8 0 4 0 0 7 5 3 5 2

DOCUMENT NO. S-24

MEMORANDUM TO: PETER D. KIERNAN, PRESIDENT
UNITED BANK CORPORATION OF NEW YORK

DATE: NOVEMBER 13, 1974

FROM: FRANK H. ODELL, PRESIDENT

In preparing the recommendations for salaries for Executive Vice President and any others earning in excess of $50,000 per year, we will coordinate the considerations between the management of the bank and the Executive Committee on one hand and your office on the other.

In view of our recent conversation, I will be suggesting to the Executive Committee that considerations of salary for those individuals effected by this policy will be no more than 6%. This will be before any change in salary levels that might be brought about by installation of any new fringe benefit package and before any incentive program for Senior Officers.

cc Salary Folder

DOCUMENT NO. S-55

MEMORANDUM TO ALL OFFICERS AND ALL BRANCH MANAGERS
WHO ARE NOT OFFICERS

FROM: FRANK H. ODELL, PRESIDENT

DATED: JULY 29, 1977

A Statement of Corporate Policy, which applies to United Bank Corporation of New York and all of its subsidiaries, is attached in duplicate. Please read this carefully and return to my attention as soon as possible a signed copy to be incorporated in your personnel folder.

If there are any questions regarding this Statement of Corporate Policy, please call me direct.

FHO:rab
Encls.

7804075354

MEMORANDUM

To: Frank H. Odell, President
State Bank of Albany

Robert J. Donough, President
Liberty National Bank and Trust Company

Robert F. Macfarland, President
Highland National Bank of Newburgh

From: Freeman T. Putney, Jr.
Executive Vice President
United Bank Corporation of New York

Date: July 26, 1977

Re: Statement of Corporate Policy

Please distribute two copies of the enclosed Statement of Corporate Policy to all officers and to all branch managers who are not officers (if any). Kindly instruct each recipient to sign the Statement at the bottom of the second page and return it to you. Then, assure that the signed copies are placed in each recipient's personnel file.

New officers and branch managers should receive copies upon their appointment.

Please let me know if you have any questions.

Thank you.

Freeman T. Putney, Jr.

FTP:aeh
enclosures

Officers

MAIN OFFICE
Frank H. Odell
President
447-4133
Martin H. Heck
Executive Vice President
447-4102

BANKING AND OPERATIONS
James McKee, Jr.
Vice President and Cashier
447-4101
Douglas V. Bryson
Vice President
447-4242
Stanley A. Rose, Jr.
Vice President
447-4239
John P. Murtagh
Vice President
447-4188
Charles C. Wormer
Vice President
447-4284
Joseph F. Gavin, Jr.
Assistant Vice President
447-4117
Fred B. Hill, Jr.
Assistant Vice President
447-4276
Donald T. Ramans
Assistant Vice President
447-4243
Eugene J. St. John
Assistant Vice President
447-4119
Garey E. Van Ort
Assistant Vice President
447-4153
Mary D. Bartkowski
Assistant Cashier
447-4110
Patrick J. Le Maitre
Assistant Cashier
447-4286
Mary S. Ryan
Assistant Cashier
447-4120
John C. VanLeeuwen
Assistant Cashier
447-4244
Catherine A. Chico
Assistant Cashier
447-4179
Alice M. Capuano
Assistant Cashier
447-4151
Gerald J. McNamara
Assistant Cashier
447-4260
John B. Hughes
Assistant Cashier
447-4164

LOAN DIVISION
Arthur C. Roberts
Senior Vice President
447-4111
Gordon H. Strait
Vice President
447-4105
Wayne D. Konig
Vice President
447-4109
Clifford M. Apgar
Vice President
447-4106
Gerald F. Derusha
Vice President
447-4108
Joseph P. Richardson
Vice President
447-4114
Matthew J. Mittler, Jr.
Assistant Vice President
447-4234
John T. Battin
Assistant Cashier
447-4386
Andrew G. Meschea
Assistant Cashier
447-4124
Schuyler E. McCammon
Assistant Cashier
447-4107
Lee R. Sheaffer
Assistant Cashier
447-4195

TRUST DEPARTMENT
Edwin W. Uhl, Jr.
Vice President and Trust Officer
447-4190
Gayle K. Matthews
Vice President and Trust Officer
447-4189
Bart J. Feiden
Vice President—Trust Investments
447-4180
James F. Hatlee
Trust Officer
447-4228
Joseph W. Beiser, Jr.
Assistant Vice President
447-4186
Barry J. Brockmyer
Assistant Trust Officer
447-4178
James W. Whalen, Jr.
Assistant Trust Officer
447-4188
Ronald J. Weiss
Assistant Trust Officer
447-4191
Edward P. Hoffman
Assistant Trust Officer
447-4298
John E. Dahne
Assistant Trust Officer
447-4177
William J. Labbate, Jr.
Assistant Trust Officer
447-4220

TRUST DEPARTMENT NEW BUSINESS
Lester O. Warren
Trust Officer
447-4221
George P. Ager
Consultant
447-4232

INVESTMENT DIVISION
Mary E. Appio
Vice President
447-4250
Howard M. Vail
Assistant Cashier
447-4264
John E. Seibert
Assistant Cashier
447-4258
Paul E. Mardon
Assistant Cashier
447-4254
Richard W. Brearton III
Assistant Cashier
447-4125

MUNICIPAL SECURITIES DEALER OFFICERS
Richard V. Z. Salembier, Jr.
447-4262
John J. Gaynor
447-4263
Freeman T. Putney, Jr.
447-4224
(Also Officers of UBNY)

PUBLIC RELATIONS DEPARTMENT
Raymond J. Kinley
Senior Vice President
447-4141

BRANCH ADMINISTRATION DEPARTMENT
Edward V. Casserly
Senior Vice President
447-4338
James W. Mahoney
Vice President
447-4303
Edward R. McEwan
Vice President
447-4306
Anthony R. Scaringe (Colonie)
Assistant Cashier
447-4339

Ronald H. Noll
Assistant Cashier
447-4329
Louis D. Murphy
Assistant Cashier
447-4320

INSTALMENT CREDIT DEPARTMENT
Maynard J. Stevens
Assistant Vice President
447-4304
John P. Van Amburgh
Assistant Vice President
447-4184

GOVERNMENT RELATIONS DEPARTMENT
Richard C. Fiest
Senior Vice President
447-4251
Ralph E. Hartman
Vice President
447-4252
George Hartman
Assistant Vice President
447-4252
D-Cady Herrick, III
Assistant Cashier
447-4383

BUSINESS DEVELOPMENT—NATIONAL ACCOUNTS DEPARTMENT
Anthony J. Ferrara
Vice President
447-4321
Albert F. McNamara
Vice President
447-4322
Edward J. Sullivan
Assistant Vice President
447-4335
Douglas R. Kallenburg
Assistant Cashier
447-4336
James W. Andi
Assistant Cashier
447-4334

CONTROLLER'S DEPARTMENT
Herbert G. Chorbajian
Vice President and Controller
447-4343
Bob Derksen
Assistant Controller
447-4333

AUDIT DEPARTMENT
Donald E. Forsyth
Auditor
447-4281
Edwin J. Lawler
Assistant Auditor
447-4276

Branch Offices and Officers

AMSTERDAM OFFICE
842-2211
Dean A. Hocking
Assistant Vice President
Eleanor L. Droege
Assistant Cashier

CAPITOL OFFICE
432-3211
Frank J. Maggio, Jr.
Assistant Cashier

CENTRAL AVENUE (ALBANY)
447-4[illegible]
David W. McGrattan
Assistant Cashier
Jerome A. Brewer
Assistant Cashier

CHATHAM OFFICE
392-2100
Ronald W. Scofield
Assistant Vice President
John P. Boyle
Assistant Cashier
Ruth G. Every
Assistant Cashier

COHOES OFFICE
237-4400
Henry R. Vogel
Assistant Vice President
William A. Smith
Assistant Cashier

COLONIE OFFICE
459-7[illegible]2
Louis T. DiFebbo
Assistant Vice President
Walter J. Bartkowski
Assistant Cashier

DELMAR OFFICE
439-4[illegible]
Theodore A. Burke
Assistant Vice President

EAST GREENBUSH OFFICE
447-4085
Glenn H. Allendorph
Assistant Vice President

EMPIRE STATE PLAZA OFFICE (ALBANY)
447-4087
Jack B. Leonard
Administrative Assistant

FORT PLAIN OFFICE
993-3131
Maurice J. O'Connell, Jr.
Assistant Vice President
John K. Ellsbury
Assistant Cashier

GERMANTOWN OFFICE
537-6237
Robert J. Keller
Assistant Cashier

HUDSON OFFICE
828-1518
Charles W. Brewer
Assistant Vice President
Norma J. Edsall
Assistant Cashier

JOHNSTOWN OFFICE
762-3114
Gerald A. Otis
Assistant Vice President
Ronald A. Marino
Assistant Cashier

LANSINGBURGH OFFICE
235-9100
Frank J. Purner
Assistant Cashier

LATHAM OFFICE
785-8526
Frederick F. Suter
Assistant Vice President
Edward M. Ryan
Assistant Cashier
Joseph S. Mahan
Assistant Cashier

LOUDONVILLE OFFICE
447-4087
David L. Stapley
Assistant Cashier

LUZERNE-HADLEY OFFICE
696-3181
Myron D. Major
Assistant Cashier

MECHANICVILLE OFFICE
664-7334
John H. Kipp
Assistant Vice President

MENANDS OFFICE
447-4083
William C. Mitchell
Assistant Cashier

NEW SCOTLAND AVENUE OFFICE (ALBANY)
447-4082
Lawrence H. Meade
Assistant Cashier

NORTHWAY OFFICE (PLATTSBURGH)
561-3100
Richard J. Federice
Assistant Cashier

PLATTSBURGH OFFICE
561-3100
Richard A. Wellman
Vice President
James J. McCarty
Assistant Cashier
Raymond M. Roland
Assistant Cashier
Richard P. Conners
Assistant Cashier
Daniel B. Merin
Assistant Cashier

PORT HENRY OFFICE
546-3313
George R. Harrington
Assistant Cashier

QUEENSBURY OFFICE
792-2424
Roberta M. Weiss
Assistant Cashier

RICHFIELD SPRINGS OFFICE
(31[illegible]) 858-10[illegible]
George E. Sidney
Assistant Vice President
E. Lawrence Budrow
Assistant Cashier

SARATOGA OFFICE
584-[illegible]00
John V. O'Connell
Vice President
Joseph E. Gerwick
Assistant Cashier

SCHENECTADY OFFICE
29[illegible]-[illegible]4
Eric A. Moore
Assistant Cashier
Frances Christiaison
Assistant Cashier

TICONDEROGA OFFICE
585-2[illegible]15
Thomas S. Gibson
Assistant Vice President
Douglas U. Stone
Assistant Cashier

TROY OFFICE
4[illegible]-[illegible]028
W. Raymond Wheeler
Vice President
James J. Kavanaugh
Assistant Vice President
Albert F. Hems
Assistant Vice President
Evan C. Royal
Assistant Trust Officer

WARRENSBURG OFFICE
6[illegible]-[illegible]01
Robert L. Smith
Assistant Vice President
Robert A. Decker
Assistant Cashier
Donald K. Burch
Assistant Cashier

WATERFORD OFFICE
[illegible]-[illegible]70
William A. Millette
Assistant Vice President

United Bank
New York

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchase of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

I have read and understand the statements of corporate policy set forth in the preceding paragraphs.

_____ (Date)

_____ (Print Name)

_____ (Signature)

United Bank
New York

DOCUMENT NO. S-56

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchase of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

I have read and understand the statements of corporate policy set forth in the preceding paragraphs.

August 2 1977
(Date)

MARTIN H. HECK
(Print Name)

Martin H. Heck
(Signature)

7 8 0 4 0 0 7 5 3 6 1

United Bank
New York

DOCUMENT NO. S-57

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

7804007536 2

reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchase of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

I have read and understand the statements of corporate policy set forth in the preceding paragraphs.

8/7/77
(Date)

Raymond J. Kinney
(Print Name)

Raymond J. Kinney
(Signature)

F. H. O'Connor, Inc.

United Bank
New York

DOCUMENT NO. S-58

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

7 8 0 4 0 0 7 5 3 6 4

reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchase of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

I have read and understand the statements of corporate policy set forth in the preceding paragraphs.

May 2, 1977
(Date)

Frank H. Odell
(Print Name)

Frank H. Odell
(Signature)

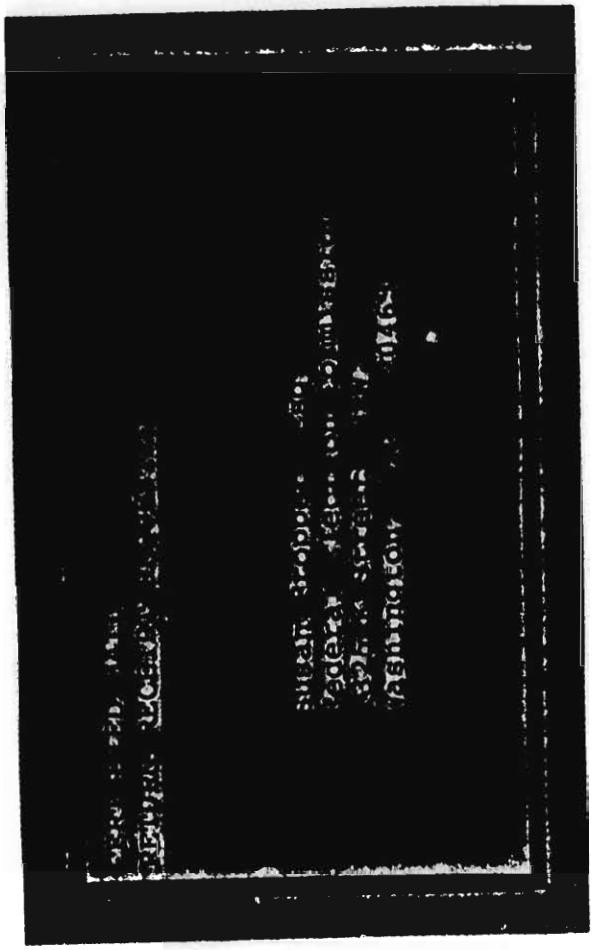
7804007536 5

[redacted]

NEW YORK
FEB 28 '78
N.Y.

CERTIFIED
RETURN RECEIPT REQUESTED

7 8 0 4 0 0 7 5 3 6 6



CERTIFIED
RETURN RECEIPT REQUESTED

CERTIFIED
No. 712829
MAIL

RC 2834
VRN

KOSTELANETZ & RITHOLZ
80 PINE STREET
NEW YORK, N. Y. 10005

BORIS KOSTELANETZ
JULES RITHOLZ
EDWARD J. DAUS
ROBERT S. FINK
JOHN J. TIGUE, JR.
LAWRENCE S. FELD
GERALD A. FEFFER

STEVEN J. WOHL
RICHARD A. MILLER
EDWARD TANENBAUM
LEONARD R. ROSENBLATT
JILL A. JACOBSON
JAMES J. MAHON
SUSAN W. SWEENEY

CABLE ADDRESS
KOSTELAR
TELEPHONE
(212) 422-4030

'78 MAR 2 PM 12:32

February 25, 1978

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

Attention: Susan Propper, Esq.

RE: MUR 418 (Your files)

Dear Ms. Propper:

Enclosed are the items which you requested on January 24, 1978 and which were also the subject of a more formal request on February 10, 1978.

Sincerely yours,

James J. Mahon

JJM:mab

Encls.

6469

FRANK H. ODELL

1/10 1974 29-1/213

PAY TO THE ORDER OF Albany County Republican Committee $ 220.00

Two hundred-Twenty and no/100 DOLLARS

STATE BANK OF ALBANY
ALBANY, N. Y.

MEMO

⑆0213⑈0001⑆ 01⑈06 044 7⑈ ⑈0000022000⑈

6512

FRANK H. ODELL

2/23 1974 29-1/213

PAY TO THE ORDER OF Citizens Committee for Gold Perkins $ 100.00

One-hundred and no/100 DOLLARS

STATE BANK OF ALBANY
ALBANY, N. Y.

MEMO

⑆0213⑈0001⑆ 01⑈06 044 7⑈ ⑈0000010000⑈

6916

FRANK H. ODELL

5/28 1974 29-1/213

PAY TO THE ORDER OF Thomas G. Hollnuth, Treas. $ 1,500.00

Fifteen-hundred and no/100 DOLLARS

STATE BANK OF ALBANY
ALBANY, N.

MEMO

⑆0213⑈0001⑆ 01⑈06 044 7⑈ ⑈0000150000⑈

ALBANY COUNTY REPUBLICAN COMMITTEE
PAY TO THE ORDER OF
National Commercial Bank and Trust Company
ALBANY, N. Y.
LINCOLN DAY DINNER COMMITTEE

Citizens Committee for Arnold Proskin
For deposit
Proskin Dinner Committee

CC 7101 MAR 27 74

52 PAY TO THE ORDER OF 52
BANKERS TRUST COMPANY New York
JAMES G. HELLMUTH Treasurer
New York Republican
State Dinner Committee
41 841 340

JUNE 1974

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DeSIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGOORT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE III
ALAN APPELBAUM
EDWIN B. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW
JAMES F. MUNSELL
SANDRA S. WEIKSNER
EVAN A. DAVIS

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTT

ONE

NE

I

Attention: Susan Propper, Esq.

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

KOSTELANETZ & RITHOLZ
80 PINE STREET
NEW YORK, N.Y. 10005

Susan Propper, Esq.
Federal Election C
1325 K Street, N.W
Washington, D.C. 2

Re: Fede
Unit
High
MUR

Dear Susan:

I enc ... re-
quested in the ... d
National Bank c ... our
convenience. I ... pies
of various ite ... you
specifically q

Purs ... 1
David Spiegel ... eleted
credit approv ... Such
deletions are ... the
appropriate c

I ... Free-
dom of Infor ... ertain
documents, v ... lication.
I have stamp ... subject
of such application ...

7 8 0 4 0 0 7 5 3 7 0

If you have any questions concerning any of the enclosures, please feel free to contact me. I expect to furnish you with the documents relating to State Bank of Albany in the next few days. The charge for duplicating the enclosed documents (85 pages) is $8.50.

Please acknowledge receipt of this letter and the enclosures by returning the enclosed duplicate copy of this letter and of the Freedom of Information Act application stamped with notations of their receipt. In addition, please return one stamped copy of the Freedom of Information Act application to Mr. Price.

Very truly yours,

Bob Tortoriello

Robert L. Tortoriello

Enclosures

cc: Robert F. Macfarland
Thomas H. Hagoort

7 8 0 4 0 0 7 5 3 7 1

Highland National Bank
OF NEWBURGH
385 BROADWAY, NEWBURGH, N.Y. 12550 • TEL. (914) 562-4000

CERTIFICATION

The undersigned, JON PRICE, the duly elected and incumbent Controller of HIGHLAND NATIONAL BANK OF NEWBURGH, DOES HEREBY CERTIFY that information substantially identical to that information contained in Documents Nos. H-1 through H-11 referred to in Appendix A hereto is not available to the public.

Jon Price, Controller

Sworn to before me this
21 day of February, 1978.

Norma J. Bulson (Kall)

Notary Public

NORMA J. BULSON
Notary Public, State of New York
County of Orange
Commission Expires March 30, 1978
Notary Reg. No. 4527547

Highland National Bank
OF NEWBURGH
385 BROADWAY, NEWBURGH, N.Y. 12550 • TEL. (914) 562-4000

February 21, 1978

Ms. Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: Highland National Bank of Newburgh
Freedom of Information Act
Exemption Application - MUR 418 (77)

Dear Ms. Propper:

In the course of the investigation which the Federal Election Commission (the "Commission") is currently conducting with respect to United Bank Corporation of New York and certain of its subsidiaries, including Highland National Bank of Newburgh ("Highland"), you have requested a copy of the Highland documents referred to in Appendix A hereto. In accordance with your request, Highland is enclosing such documents herewith. In addition, Highland hereby applies, pursuant to 2 U.S.C. §552 (b) (4) and proposed 11 CFR §4.5(a) (4), 42 Fed. Reg. 59944-45 (1977), and in accordance with the discussion which our counsel had with Mr. David Fiske, the Commission's FOIA officer, on February 8, 1978, for an exemption from the mandatory disclosure requirements of the Freedom of Information Act, 2 U.S.C. §552(a), with respect to Documents Nos. H-1 through H-11 (the "Subject Documents"). Mr. Fiske indicated to our counsel that, notwithstanding proposed 11 CFR §4.5(a) (4) (i), 42 Fed. Reg. 59944-45 (1977), Highland's exemption application should be submitted to you for appropriate action.

Each of the Subject Documents relates to specific advertising and public relations expenditures made by Highland and includes such items as cancelled checks, check debit copies, expense check credit copies, receipts, statements of advertising or other current expenses, internal memoranda and general ledger sheets which itemize in detail advertising, public relations and miscellaneous expenditures of Highland and certain of its branches over certain periods in 1974 through 1976. Such items of confidential and privileged commercial and financial information relate directly to Highland's operations and financial results and have never beenmade available to the general public or, more importantly, to Highland's competitors. Disclosure of specific information as to the precise nature of Highland's advertising and public relations expenditures in the recent past, including details as to the companies or publications employed, the amount paid and the purpose of the expenditures could put Highland at a distinct operational disadvantage and could have the effect of causing substantial harm to Highland's competitive position. Moreover, the Commission is greatly assisted by the willingness of corporations and others to supply information voluntarily, and the disclosure of confidential financial information could have the direct effect of impairing

Federal Election Commission
February 21, 1978

the Commission's ability to obtain the same sort of information in the future.

Even if the Commission determines that information (i.e., cancelled checks, check debit copies, expense check credit copies and the like) with respect to the specific expenditures referred to in all of the Subject Documents are not protected from disclosure by 2 U.S.C. §555(b) (4), Highland strongly urges that an exemption from mandatory disclosure be granted with respect to all items (other than those relating to the specific expenditures referred to in the Subject Documents) appearing on the enclosed general ledger sheets. These items constitute reasonably segregable portions of the Subject Documents and are not related in any way to the Commission's investigation. Their commercial and confidential nature has been discussed above.

The certification required by proposed 11 CFR §4.5(a) (4) (ii) (B), 42 Fed. Reg. 59944-45 (1977), is attached to this application.

Please acknowledge receipt of this letter and enclosures by returning the enclosed duplicate copy of this letter stamped with a notation of its receipt. In addition, please inform both the undersigned and the attorneys for Highland, Messrs. Cleary, Gottlieb, Steen & Hamilton, One State Street Plaza, New York, New York 10004, Attention: Thomas H. Hagoort or Robert L. Tortoriello (Tel.No. 212-344-0600) of your approval or denial of this application.

Very truly yours,

HIGHLAND NATIONAL BANK OF NEWBURGH

By _____
Jon Price, Controller

APPENDIX A

CLEARY, GOTTLIEB, STEEN & HAMILTON

MEMORANDUM TO THE FEDERAL ELECTION COMMISSION

INDEX TO DOCUMENTS

HIGHLAND NATIONAL BANK
OF NEWBURGH

7804075375

Document No.	Number of Pages	Description
*H-1	8	Documents with respect to an advertisement paid for by Highland National Bank of Newburgh ("Highland") check dated April 7, 1976, including (i) check debit copy; (ii) cancelled check; (iii) advertising statement, instructions and memorandum; and (iv) general ledger sheets.
*H-2	6	Documents with respect to an advertisement paid for by Highland check dated November 19, 1975, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheets.
*H-3	7	Documents with respect to an advertisement paid for by Highland check dated September 30, 1975, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; (iv) receipt and (v) general ledger sheets.

*Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b)(4) and proposed 11 CFR § 4.5(a)(4), 42 Fed. Reg. 59944-45 (1977).

Document No.	Number of Pages	Description
*H-4	7	Documents with respect to an advertisement paid for by Highland check dated October 17, 1974, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; (iv) receipt; and (v) general ledger sheets.
*H-5	6	Documents with respect to an advertisement paid for by National Bank of Orange & Ulster Counties ("Orange") check dated August 13, 1974, including (i) debit advertising expense statement; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheets.
*H-6	4	Documents with respect to an advertisement paid for by Orange check dated July 16, 1974, including (i) debit advertising expense statement; (ii) cancelled check; and (iii) expense check credit copy.
*H-7	2	Documents with respect to a payment by Orange made on June 13, 1974, including (i) debit "other current expense" statement; and (ii) general ledger sheet.
*H-8	7	Documents with respect to an advertisement paid for by Orange check dated June 17, 1974, including (i) debit "other current expense" statement; (ii) cancelled check; (iii) expense check credit copy; (iv) note of payment; and (v) general ledger sheets.

*Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b)(4) and proposed 11 CFR § 4.5(a)(4), 42 Fed. Reg. 59944-45 (1977).

7804007537 6

Document No.	Number of Pages	Description
*H-9	8	Documents with respect to an advertisement paid for by Orange check dated September 17, 1974, including (i) debit advertising expense statement; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheet.
*H-10	4	Documents with respect to an advertisement paid for by First National Bank and Trust Company of Ellenville ("Ellenville") check dated June 17, 1974, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheet.
*H-11	5	Documents with respect to a payment by Ellenville check dated April 3, 1974, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheet.
H-12	2	Statements of Corporate Policy signed by Paul H. Engels, July 29, 1977.
H-13	2	Statements of Corporate Policy signed by David S. Macfarland, July 29, 1977.
H-14	2	Statements of Corporate Policy signed by Robert F. Macfarland, September 1, 1977.
H-15	3	Memorandum from Robert F. Macfarland to all officers dated December 15, 1977.

*Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b)(4) and proposed 11 CFR § 4.5(a)(4), 42 Fed. Reg. 59944-45 (1977)

7804007553777

Document No.	Number of Pages	Description
H-16	2	Statement of Association Policy Regarding Business and Accounting Practices, extracted from Highland Operating Manual.
H-17	4	Memorandum from Robert F. Macfarland to all officers dated September 20, 1976, extracted from Highland Operating Manual.
H-18	3	Memorandum from R. G. Leary dated March 5, 1976, extracted from Highland Operating Manual.
H-19	4	Memorandum from Messrs. Cleary, Gottlieb, Steen & Hamilton dated April 14, 1977, extracted from Highland Operating Manual.
*H-20	4	Excerpt from the minutes of the Meeting of the Highland Board of Directors (the "Board") held on October 12, 1976 (pages 296-299 of Minute Book).
*H-21	5	Excerpt from the minutes of the Meeting of the Board held on February 8, 1977 (pages 324-328 of Minute Book).

7804007537 8

*Credit approval information deleted.

CLEARY, GOTTLIEB, STEEN & HAMILTON

MEMORANDUM TO THE FEDERAL ELECTION COMMISSION

INDEX TO DOCUMENTS

HIGHLAND NATIONAL BANK
OF NEWBURGH

7 8 0 1 0 0 7 5 3 7 9

Document No.	Number of Pages	Description
*H-1	8	Documents with respect to an advertisement paid for by Highland National Bank of Newburgh ("Highland") check dated April 7, 1976, including (i) check debit copy; (ii) cancelled check; (iii) advertising statement, instructions and memorandum; and (iv) general ledger sheets.
*H-2	6	Documents with respect to an advertisement paid for by Highland check dated November 19, 1975, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheets.
*H-3	7	Documents with respect to an advertisement paid for by Highland check dated September 30, 1975, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; (iv) receipt and (v) general ledger sheets.

*Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b)(4) and proposed 11 CFR § 4.5(a)(4), 42 Fed. Reg. 59944-45 (1977).

Document No.	Number of Pages	Description
*H-4	7	Documents with respect to an advertisement paid for by Highland check dated October 17, 1974, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; (iv) receipt; and (v) general ledger sheets.
*H-5	6	Documents with respect to an advertisement paid for by National Bank of Orange & Ulster Counties ("Orange") check dated August 13, 1974, including (i) debit advertising expense statement; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheets.
*H-6	4	Documents with respect to an advertisement paid for by Orange check dated July 16, 1974, including (i) debit advertising expense statement; (ii) cancelled check; and (iii) expense check credit copy.
*H-7	2	Documents with respect to a payment by Orange made on June 13, 1974, including (i) debit "other current expense" statement; and (ii) general ledger sheet.
*H-8	7	Documents with respect to an advertisement paid for by Orange check dated June 17, 1974, including (i) debit "other current expense" statement; (ii) cancelled check; (iii) expense check credit copy; (iv) note of payment; and (v) general ledger sheets.

*Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b)(4) and proposed 11 CFR § 4.5(a)(4), 42 Fed. Reg. 59944-45 (1977).

7804007538 0

Document No.	Number of Pages	Description
*H-9	8	Documents with respect to an advertisement paid for by Orange check dated September 17, 1974, including (i) debit advertising expense statement; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheet.
*H-10	4	Documents with respect to an advertisement paid for by First National Bank and Trust Company of Ellenville ("Ellenville") check dated June 17, 1974, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheet.
*H-11	5	Documents with respect to a payment by Ellenville check dated April 3, 1974, including (i) check debit copy; (ii) cancelled check; (iii) expense check credit copy; and (iv) general ledger sheet.
H-12	2	Statements of Corporate Policy signed by Paul H. Engels, July 29, 1977.
H-13	2	Statements of Corporate Policy signed by David S. Macfarland, July 29, 1977.
H-14	2	Statements of Corporate Policy signed by Robert F. Macfarland, September 1, 1977.
H-15	3	Memorandum from Robert F. Macfarland to all officers dated December 15, 1977.

*Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b)(4) and proposed 11 CFR § 4.5(a)(4), 42 Fed. Reg. 59944-45 (1977)

7804007538 1

Document No.	Number of Pages	Description
H-16	2	Statement of Association Policy Regarding Business and Accounting Practices, extracted from Highland Operating Manual.
H-17	4	Memorandum from Robert F. Macfarland to all officers dated September 20, 1976, extracted from Highland Operating Manual.
H-18	3	Memorandum from R. G. Leary dated March 5, 1976, extracted from Highland Operating Manual.
H-19	4	Memorandum from Messrs. Cleary, Gottlieb, Steen & Hamilton dated April 14, 1977, extracted from Highland Operating Manual.
*H-20	4	Excerpt from the minutes of the Meeting of the Highland Board of Directors (the "Board") held on October 12, 1976 (pages 296-299 of Minute Book).
*H-21	5	Excerpt from the minutes of the Meeting of the Board held on February 8, 1977 (pages 324-328 of Minute Book).

*Credit approval information deleted.

7 8 0 4 0 0 7 5 3 8 2

DOCUMENT NO. H-12

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchase of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

I have read and understand the statements of corporate policy set forth in the preceding paragraphs.

July 29, 1977	Paul H. Engels
(Date)	(Print Name)
	Paul H. Engels
	(Signature)

DOCUMENT NO. 13

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchase of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

I have read and understand the statements of corporate policy set forth in the preceding paragraphs.

July 29 1977
(Date)

PAUL S MACFARLAND
(Print Name)

(Signature)

DOCUMENT NO. H-14

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchase of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

I have read and understand the statements of corporate policy set forth in the preceding paragraphs.

September 1, 1977
(Date)

Robert F. Macfarland
(Print Name)

Robert F. Macfarland
(Signature)

DOCUMENT NO. H-15

TO: All Officers
FROM: Robert F. Macfarland, President
DATE: December 15, 1977
SUBJECTS: Political Contributions and Other Expenses for Political Purposes
and
Policy Regarding Business and Accounting Practices

During the past year, the above subjects have been covered rather thoroughly as indicated below:

A) A resolution was adopted by your Board of Directors on October 12, 1976, entitled "Policy Regarding Political Contributions and Other Expenditures for Political Purposes." This policy has been published and circulated to all officers and appears under Tab C in your operating manual.

B) A resolution was adopted by your Board of Directors on February 8, 1977, entitled "Statement of Association Policy Regarding Business & Accounting Practices." This policy has been published and circulated to all officers and appears under Tab B in your operating manual.

To further emphasize the importance of these two resolutions, they were combined and published as "Statements of Corporate Policy." Statements of Corporate Policy were then circulated to all officers, with a copy signed by each, indicating that they read and understood the statements, and such signed copies were incorporated in each officer's personnel file.

C) On April 14, 1977, attorneys for United Bank Corporation of New York published "Guidelines for an Employee of a New York Corporation who is working in a Political Campaign." These guidelines have been published and circulated to all officers and appear under Tab P in your operating manual.

With the publication and adherence to the above, I feel we are in compliance with the rules and regulations of the various supervising authorities. Unfortunately, it appears that some of our competitors may not be as familiar as we with the proper rules and regulations, and in some instances, are continuing to make purchases of political advertisements and tickets for various political functions. Due to this situation, various political campaigners and solicitors of funds, when denied support from this bank, have difficulty in believing that we are in fact complying with the various rules and regulations and perhaps some of the other banks may not be.

To further support the propriety of our position, I have requested our attorneys to prepare a letter citing the proper section of the "Federal Election Campaign Act" concerning national banks purchasing advertisements in political dinner books and similar publications. A copy of this letter, which clearly states the illegality of a national bank purchasing such advertisements and/or tickets, is enclosed for your information and review. If at any time in the future you are confronted with a situation wherein a politician or a political campaigner disbelieves your denial of their request, you are free to photocopy and make available to them the enclosed letter from Cleary, Gottlieb, Steen & Hamilton, dated November 17, 1977.

Further, for those branches with Advisory Boards, I would suggest you review this memorandum and the attached Cleary, Gottlieb letter, in order that your members may be familiar with this situation.

Finally, I would suggest you periodically review items A, B, and C above to be certain you are continually familiar with the subject matter.

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DESIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER B. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGOORT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN B. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. BOOCH
ROGER W. THOMAS
ALBERT B. PERGAM
CHARLES H. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA

NEW YORK, N.Y. 10004

(212) 344-0600

CABLE: CLEARGOLAW
TELEX: WU 128244
RCA 235438

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 7108220108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD SEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI 23
1040 BRUSSELS, BELGIUM
TELEX 62635

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX 887988

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
JAMES F. MUNSELL
RESIDENT PARTNERS

November 17, 1977

Mr. Robert Macfarland
Highland National Bank
of Newburgh
385 Broadway
Newburgh, New York 12550

Dear Mr. Macfarland:

You have inquired as to the legality and advisability of a national bank purchasing advertisements in political dinner books and similar publications.

Section 321 of the Federal Election Campaigns Act of 1971 (2 U.S.C. § 441b(a)) provides that "[i]t is unlawful for any national bank . . . to make a contribution or expenditure in connection with any election to any political office . . ." The term "contribution or expenditure" is defined to include "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value . . . to any candidate, campaign committee, or political party or organization, in connection with any election." The regulations with respect to the Act contained in 11 C.F.R. § 1.1 et. seq. do not provide any further guidance with regard to the interpretation of Section 321.

Neither the Federal Election Campaigns Act nor such regulations compel the conclusion that a corporate advertisement in a political dinner book constitutes a proscribed political contribution. If the charge for such an advertisement approximates the cost of a similar advertisement in a non-political publication directed at a similar audience, it would appear that a strong argument can be made that no political contribution is involved.

The Federal Election Commission, however, has adopted the contrary position in an Informational Letter dated September 21, 1976 (a copy of which is enclosed). In the letter, the Commission takes the position that payments for such advertisements "necessarily have a political character even if they are given in consideration for valuable advertising space at rates similar to those for comparable publications." The Commission draws an analogy to 26 U.S.C. § 276 which disallows tax deductions for amounts paid for advertising in any publication "if any part of the proceeds of such publication directly or indirectly inures (or is intended to inure) to or for the use of a political party or a political candidate" and appears to conclude that an expenditure which would not be tax deductible would be prohibited under the Federal Election Campaigns Act. Although the letter distinguishes between publications relating to federal campaigns and those which relate exclusively to state campaigns, the distinction is inapplicable to national banks which, unlike other corporations, are prohibited from contributing to state campaigns as well. Although the Informational Letter does not have the force of law and the courts may ultimately adopt the contrary interpretation of the statute, it appears highly likely that the courts will give great weight to the Commission's views in applying the law. Accordingly, until the Commission revises its view or is contradicted by the courts, it would be imprudent for a national bank to take action contrary to the views expressed in the Informational Letter.

In any event, the Board of Directors of United Bank Corporation of New York and the Board of Directors of the Bank have each adopted a "Statement of Corporate Policy Regarding Political Contributions and Other Expenditures for Political Purposes" which prohibits political contributions by the Bank, whether or not lawful, and expressly states that, for purposes of this policy, "purchases of tickets to political dinners or other similar events or of advertisements in political publications" are deemed political contributions.

Very truly yours,

Cleary, Gottlieb, Steen & Hamilton

Enclosure

DOCUMENT NO. H-18

HIGHLAND NATIONAL BANK
OF NEWBURGH

Statement of Association Policy Regarding
Business and Accounting Practices

It is the established policy of Highland National Bank of Newburgh to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statement in order to provide guidelines for the application of this general corporate policy to the area of business and accounting practices.

1. No funds or assets of the Association shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Association shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Association for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Association shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that

7804007539

DOCUMENT NO. H-19

September 20, 1976

TO ALL OFFICERS:

The attached Statement of Corporate Policy regarding political contributions, is the approved policy for UBNY and all of its member banks. It is necessary that you become completely familiar with this policy and that it be strictly adhered to.

I am sure that you will find the stated policy very clear, however, if you have any questions or if there is any matter concerning this policy that you care to discuss, please contact the undersigned directly.

Robert F. Macfarland
President

7804075393

[Draft 9/2/76]

Statement of Corporate Policy Regarding Political Contributions and Other Expenditures for Political Purposes

It is the established policy of United Bank Corporation and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statement in order to provide guidelines for the application of this general corporate policy to the area of political contributions.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary

7 8 0 4 0 0 7 5 3 9 4

course of the Corporation's business and on customary commercial terms. Purchases of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

7 8 0 4 0 0 7 5 3 9 5

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

The Board of Directors
United Bank Corporation

7804007539 6

DOCUMENT NO. H-18

POLITICAL CONTRIBUTIONS

From time to time and especially this year, an election year, the Bank is asked to make political contributions. The regulations governing National Banks prohibit any such contribution or expenditure. A copy of the regulation is attached for your reference.

R. G. Leary

R. G. Leary
March 5, 1976

7804007539 7

therefrom, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

Definition of contribution and expenditure.

18 U.S.C. 591.[1]—When used in sections 597, 599, 600, 602, 608, 610, and 611 of this title—

(a) "election" means (1) a general, special, primary, or runoff election, (2) a convention or caucus of a political party held to nominate a candidate, (3) a primary election held for the selection of delegates to a national nominating convention of a political party, (4) a primary election held for the expression of a preference for the nomination of persons for election to the office of President, and (5) the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States;

(b) "candidate" means an individual who seeks nomination for election, or election, to Federal office, whether or not such individual is elected, and, for purposes of this paragraph, an individual shall be deemed to seek nomination for election, or election, to Federal office, if he has (1) taken the action necessary under the law of a State to qualify himself for nomination for election, or election, or (2) received contributions or made expenditures, or has given his consent for any other person to receive contributions or make expenditures, with a view to bringing about his nomination for election, or election, to such office;

(c) "Federal office" means the office of President or Vice President of the United States, or Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States;

(d) "political committee" means any individual, committee, association, or organization which accepts contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000;

(e) "contribution" means—

(1) a gift, subscription, loan, advance, or deposit of money or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business), made for the purpose of influencing the nomination for election, or election, of any person to Federal office, for the purpose of influencing the results of a primary held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President, or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States;

(2) a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make a contribution for such purposes;

(3) a transfer of funds between political committees;

(4) the payment, by any person other than a candidate or political committee, of compensation for the personal services of another person which are rendered to such candidate or political committee without charge for any such purpose; and

(5) notwithstanding the foregoing meanings of "contribution", the word shall not be construed to include services provided without compensation by individuals volunteering a portion or all of their time on behalf of a candidate or political committee;

(f) "expenditure" means—

(1) a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business), made for the purpose of influencing the nomination for election, or election, of any person to Federal office, for the purpose of influencing the result of a primary held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President, or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States;

(2) a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make any expenditure; and

(3) a transfer of funds between political committees;

(g) "person" and "whoever" mean an individual, partnership, committee, association, corporation, or any other organization or group of persons; and

(h) "State" means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

Political contributions or expenditures.

18 U.S.C. 610.[2]—It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any

[1] This section should be read in conjunction with 18 U.S.C. 610.

[2] See definitions contained in 18 U.S.C. 591.

political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization to make a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section.

Every corporation or labor organization which makes any contribution or expenditure in violation of this section shall be fined not more than $5,000; and every officer or director of any corporation, or officer of any labor organization, who consents to any contribution or expenditure by the corporation or labor organization, as the case may be, and any person who accepts or receives any contribution, in violation of this section, shall be fined not more than $1,000 or imprisoned not more than one year, or both; and if the violation was willful, shall be fined not more than $10,000 or imprisoned not more than two years, or both.

For the purposes of this section "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

As used in this section, the phrase "contribution or expenditure" shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election to any of the offices referred to in this section; but shall not include communications by a corporation to its stockholders and their families or by a labor organization to its members and their families on any subject; nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and their families, or by a labor organization aimed at its members and their families; the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization: *Provided,* That it shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction.

Theft by bank examiners.

18 U.S.C. 655.—Whoever, being a bank examiner or assistant examiner, steals, or unlawfully takes, or unlawfully conceals any money, note, draft, bond, or security or any other property of value in the possession of any bank or banking institution which is a member of the Federal Reserve System or which is insured by the Federal Deposit Insurance Corporation, or from any safe deposit box in or adjacent to the premises of such bank, shall be fined not more than $5,000 or imprisoned not more than five years, or both; but if the amount taken or concealed does not exceed $100, he shall be fined not more than $1,000 or imprisoned not more than one year, or both; and shall be disqualified from holding office as a national bank examiner or Federal Deposit Insurance Corporation examiner.

This section shall apply to all public examiners and assistant examiners who examine member banks of

described in the books and records of the Association.

5. No payment on behalf of the Association shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of Highland National Bank of Newburgh.

8. The Association may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Association may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

The Board of Directors
Highland National Bank of Newburgh

7804007540

DOCUMENT NO. H-19

CLEARY, GOTTLIEB, STEEN & HAMILTON

Attorneys for United Bank Corporation
of New York

April 14, 1977

Re: Guidelines for an Employee of a New York Corporation Who is Working in a Local Political Campaign

You have asked us to provide guidelines to be observed by employees of a New York corporation who are working in a local election campaign in order to avoid the possibility that the corporation might be regarded as having made a political contribution by reason of its employees' activities. The following memorandum attempts to provide broad guidance on this matter, but obviously does not attempt to cover all of the situations which might arise. Accordingly, an employee engaging in political activities will need to be alert to possible problems and should seek further guidance in any situations of doubt. Furthermore, this memorandum is directed only at compliance with legal restrictions on corporate political activity and does not attempt to deal with legal restrictions on political activity of individuals (such as limits on fundraising and contributions).

Although New York law employs broad language to include as corporate political contributions all corporate payments or gifts to political candidates or organizations and the use of corporate property for political purposes,

7804007540 1

there are no detailed regulations to assist in applying the broad principles to specific situations. However, so long as such detailed state regulations are lacking, it is likely that New York would refer to the relatively well-developed federal rules relating to such matters. Accordingly, the guidelines stated below are based on these federal provisions.

Campaign Activity During Normal Working Hours

An employee should not engage in political activity during time for which he is compensated by his corporate employer. To the extent feasible, he should carry on his political activities outside normal working hours. In circumstances where that is not feasible, a salaried employee who is expected to devote a specific amount of time to his employment should make up any time spent during normal working hours on campaign activities. It would be preferable for the individual to make up such time within the same pay period and to keep a log of normal working time spent on campaign activities and of the time made up.

In addition, both to simplify keeping track of time and to reduce the chance that he might appear to be spending larger amounts of normal working time on campaign activities than he is in fact, an employee spending time on campaign activity during normal working hours should to the extent possible concentrate that activity into a single block of time at the

beginning or end of his working day.

Use of Corporate Property or Facilities

Isolated or occasional use of corporate property or facilities by an employee in connection with campaign activities would probably not be considered as involving a corporate political contribution. However, it is desirable to attempt to carry out campaign activities away from the corporate premises to the extent possible. Placing or receiving telephone calls relating to campaign activities on a daily basis should be avoided, even if the calls are brief. The corporation should be fully reimbursed for any incremental cost arising from calls relating to political activity.

Use of Corporate Personnel

An employee should not use his secretary or other corporate employees to type letters or engage in other campaign activities during normal working hours or compensated overtime. Any compensation paid by the corporation, for other employees' time, whether or not isolated, might be viewed as a corporate contribution.

Producing Campaign Materials

The corporation should be fully reimbursed, at the fair market rate (and not merely at the cost to the corporation), for any political materials, such as letters, pamphlets or

7804007540 3

brochures, produced through use of corporate facilities (e.g. by photocopying).

Transportation

The corporation should be fully reimbursed, at the fair market rate (and not merely for any incremental cost to the corporation), for any use of corporate property or facilities for transportation. For example, an employee should not use a corporate automobile for campaign purposes unless the corporation is fully reimbursed for the fair rental value, even if the trip would have been made anyway for corporate business purposes.

Avoiding Appearance of Corporate Involvement

Finally, a corporate employee involved in campaign activities should avoid even the appearance of involvement by the corporation. As an obvious example, he should not use the corporate letterhead, with or without reimbursing the corporation, for correspondence concerning political activities. In addition, he should avoid having his name linked with that of the corporation in any campaign activities (such as by use of his corporate title in connection with his name).

CLEARY, GOTTLIEB, STEEN & HAMILTON

7804007540

DOCUMENT NO. H-18

The Directors of the Highland National Bank of Newburgh met at 4 p.m.

TUESDAY
October 12, 1976

PRESENT: R.F. Macfarland, President; P.H. Engels, Exec. Vice President & Cashier; DIRECTORS: Mrs. E.S. Brabson, Messrs. Davenport, Dominick, Drake, Esterbrook, Favino, Kreisel, Lawrence, Piggott and Schoonmaker PRESENT (12)

The minutes of the last meeting were presented. There being no errors or omissions, they were approved as presented.

The following reports were presented for the information of the Board:

Loan reports for the period September 27 thru October 8, 1976:

(A) Listing of new time notes detailing those $5,000and over

(B) Listing of installment loans $10,000 and over

(C) New loans to officers and employees

(D) Notes over $5,000 renewed without principal reduction

As of October 8, 1976:

(A) 723 overdrafts totalling $76,275.18 detailing those $100 and over

(B) Cash Items totalling $108,154.30

For the period September 27 thru October 8, 1976:

(A) Cashier Account - 1. 2 shortages, $307.95
2. 4 overages, $478.23
3. 1 recovery of difference, $300.00

DELETION

On motion of Mr. Favino, seconded by Mr. Kreisel, these reports were unanimously approved.

Mr. Macfarland reviewed the statement of condition for the month of September, 1976 showing average assets of $152,327.000. He also reviewed the income and expense report for the 9-month period ending September 30, 1976 indicating net earned income of $1,249,457. Comparisons with the one-month period of August, 1976 and the 9-month period ending September 30, 1975 (including the figures of Ellenville prior to merger) were given.

Reports were presented by the following Directors' Committees:

EXAMINING COMMITTEE

A written report was presented by Mr. LeRoy J. Smith, Auditor, reviewing the activities of the Audit Department during the period September 28 through October 12, 1976. There were no major items to be brought before the attention of the Board except for the recent presentation of forged documents against our Personal Money Order Account.

Mr. Engels reviewed with the Board the details concerning the presentation thus far of $24,500 in forged Highland National Bank Personal Money Orders. The proper authorities, including our insurance company, have been notified; and the F.B.I. will be initiating an investigation into the matter. A follow up report will be given at the next Board meeting.

INVESTMENT COMMITTEE

Mr. Macfarland distributed to the Board a computerized listing of our monthly securities purchased, sold, and matured during the month of September, 1976.

A request for ratification was made for the following transactions:

PURCHASES:

$250,000 Wallkill Central School District T.A.N., 6.15%, dated 9/2/76, due 9/30/76

200,000 Town of New Windsor G.O., 7.375%, dated 9/8/76, due 2/15/80

400,000 Town of New Windsor G.O., 7.375%, dated 9/8/76, due 2/15/81

400,000 Town of New Windsor G.O., 7.375%, dated 9/8/76, due 2/15/82

13,346 Town of Goshen B.A.N., 6.20%, dated 9/10/76, due 3/10/77 (Renewal of Town of Goshen, B.AN., 6.0%, dated 9/11/75, due 9/10/76 previously held)

150,000 Orange County B.A.N., 5.60%, dated 9/10/76, due 9/9/77, (Renewal of $150M Orange County B.A.N., dated 9/12/75, due 9/10/76, 5.99% previously held)

500,000 New York State Tran, 7.0%, dated 9/16/76, due 2/28/77

10,000 Village of Ellenville B.A.N., 6.20%, dated 9/12/76, due 9/12/77
(Renewal of $10M Village of Ellenville B.A.N., 5.25%, dated 10/1/75, due 9/12/76 previously held)

50,000 Village of Ellenville B.A.N., 6.20%, dated 9/2/76, due 9/2/77
(Renewal of $50M Village of Ellenville B.A.N., 5.5%, dated 10/1/75, due 9/2/76 previously held)

100,000 Alexandria Central School District, 7.20%, dated 9/30/76, due 6/15/84

100,000 Alexandria Central School District, 7.20%, dated 9/30/76, due 6/15/85

50,000 Alexandria Central School District, 7.20%, dated 9/30/76, due 6/15/86

On motion of Mr. Davenport, seconded by Mr. Drake, the actions of the Investment Committee were unanimously ratified.

7 8 0 4 0 0 7 5 4 0 7

Mr. Macfarland reported that an advance release of earnings of United Bank Corporation of New York for the first 9 months of the year shows an increase of 31% over the similar 9-month period in 1975. Other details pertaining to the assets, loans, and capital of the Holding Company were also mentioned.

Mr. Macfarland proposed that Mr. Marvin R. Rotenberg be employed as a Trust Officer at an annual salary of $21,500 effective October 18, 1976. Mr. Rotenberg is to replace Mr. Shurmon who recently resigned. On motion of Mr. Piggott, seconded by Mr. Esterbrook, Mr. Macfarland's recommendation was unanimously approved.

Mr. Macfarland requested ratification of a salary increase effective 9/20/76 for Mrs. Sharon S. Polli, Administrative Assistant, from $8,320 to $8,900. On motion of Mr. Kreisel, seconded by Mr. Dominick, this action was unanimously ratified.

Mr. Macfarland proposed that the United Bank Corporation of New York corporate policy regarding political contributions and other expenditures for political purposes as outlined below hereby be established and confirmed for Highland National Bank of Newburgh.

It is the established policy of United Bank Corporation and Highland National Bank of Newburgh as one of its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statement in order to provide guidelines for the application of this general corporate policy to the area of political contributions.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposed of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee, or organization but also (a) the reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchases of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect, or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

On motion of Mr. Esterbrook, seconded by Mr. Piggott, the above policy was unanimously adopted.

No further business appearing, on motion of Mr. Esterbrook, seconded by Mr. Dominick, the meeting was adjourned.

Respectfully submitted,

SECRETARY PRESIDENT

The Directors of the Highland National Bank of Newburgh met at 4 p.m. TUESDAY October 26, 1976

PRESENT: R. F. Macfarland, President; P.H. Engels, Exec. Vice President & Cashier; DIRECTORS: Mrs. E.S. Brabson, Messrs. Barber, Dominick, Drake, Esterbrook, Favino, Kreisel, Lawrence, Piggott, Regenbogen, and Schoonmaker PRESENT (13)

Mr. Macfarland introduced Mr. Russell Glueck, a local architect who had been commissioned by the bank to present proposals for the renovation of the front, west side, and parking entrance sides of the two-building complex now making up the Main Office. Mr. Glueck in presenting his proposals designated them as Phase I, which was the front and Ann Street drawings and included new signs and canopies. It was estimated the cost of this phase to be approximately $24M. Phase II, consisting of the removal of the fins on the west side of the building and replacing it with a new sign, was estimated to cost $6M. After discussion, Mr. Dominick moved, and Mr. Schoonmaker seconded a motion to approve an expenditure of approximately $30M for the completion of both Phase I and Phase II as outlined. This motion was approved by a majority of the Board with Mrs. Brabson abstaining.

The minutes of the last meeting were presented. There being no errors or omissions, they were approved as presented.

The following reports were presented for the information of the Board:

Loan reports for the period October 11 thru October 22, 1976:

(A) Listing of new time notes detailing those $5,000 & over

(B) Listing of installment loans $10,000 and over

(C) New loans to officers and employees

(D) Notes over $5,000 renewed without principal reduction

As of October 1, 1976:

(A) All notes past due 90 days or more and all notes past due 30 days and more over $50,000.

DOCUMENT NO. H-2

7 8 0 4 0 0 7 5 4 0 9

Investigation; the Comptroller of the Currency's office; the U.S. Attorney's Office of the Southern District; and Rose & Kiernan Inc., agent for our bonding company.

Mr. Macfarland reported that at the January 19, 1977 UBNY Board of Directors meeting, the quarterly dividend on the common stock was increased to $.40 and on the preferred stock to $.425 per share. This will result in an annual dividend increase of $.10, raising the common stock dividend to $1.60 and the preferred stock A & B issues to $1.70.

Mr. Macfarland also reviewed with the Board the recent year end earnings release of the Holding Company which results in a 20.49% increase in earnings over the previous year. A review will be made with the Board when detailed figures are published.

At the Board meeting of December 28, 1976, the Board approved the submission of a letter by Mr. John T. Esterbrook, Chairman of the Operations Committee, to Mr. Peter D. Kiernan, Chief Executive Officer of UBNY, concerning the performances of Mr. Macfarland and Mr. Engels. Mr. Macfarland reported the delivery of this letter to Mr. Kiernan and his subsequent discussion with him.

Mr. Macfarland reminded the Board that in addition to the annual salaries for himself and Mr. Engels, automobiles are provided for their use and each participates in the Executive Incentive Bonus Program. The year 1976 bonus distribution to Messrs. R.F. Macfarland, Engels, D.S. MacFarland, and Leary were given. Pertaining to Mr. Engels' salary, Mr. Macfarland reported that he and Mr. Kiernan suggest to the Board that it be increased on an annual basis to $41M effective at the time of the previous salary adjustment, December 27, 1976. On motion of Mr. Esterbrook, seconded by Mr. Drake, this adjustment was unanimously approved.

No further business appearing, on motion of Mr. Piggott, seconded by Mr. Favino, the meeting was adjourned.

Respectfully submitted,

SECRETARY

PRESIDENT

The Directors of the Highland National Bank of Newburgh met at 4 p.m.

TUESDAY
February 8, 1977

PRESENT: R.F. Macfarland, President; P.H. Engels, Exec. Vice President & Cashier; DIRECTORS: Mrs. E.S. Brabson, Messrs. Davenport, Dominick, Drake, Esterbrook, Kaplan, Lawrence, and Piggott

PRESENT (10)

The minutes of the last meeting were presented. There being no errors or omissions, they were approved as presented.

The following reports were presented for the information of the Board:

Loan reports for the period January 24, thru February 4, 1977:

(A) Listing of new time notes detailing those $5,000 and over

(B) Listing of installment loans $10,000 and over

(C) New loans to officers and employees

(D) Notes over $5,000 renewed without principal reduction

As of February 4, 1977:

(A) 482 overdrafts totalling $32,351.79 detailing those $100 and over

(B) Cash Items totalling $79,453.91

For the period January 24 thru February 4, 1977:

(A) Cashier Account - 1. 4 shortages, $420.00
2. 2 overages, $201.00

DELETION

On motion of Mr. Lawrence, seconded by Mr. Esterbrook, the reports were unanimously approved.

Mr. Macfarland reviewed the statement of condition for the month of January, 1977 showing average assets of $153,966,000. He also reviewed the income and expense report for the one-month period ending January 31, 1977 indicating net earned income of $119,891. Comparisons with the one-month period of December 1976 and the one-month period ending January 31, 1976 were given.

A review of the Mortgage Department activity for the month of January, 1977, was given setting forth loans disbursed, commitments issued, and loans declined.

Reports were presented by the following Directors' Committees:

EXAMINING COMMITTEE

A written report was presented by Mr. LeRoy J. Smith, Auditor reviewing the activities of the Audit Department during the period January 25 through February 7, 1977. There were no major exception items to be brought before the attention of the Board.

TRUST COMMITTEE

The minutes of the Trust Committee meeting held January 28, 1977, were reviewed. There being no errors or omissions, on motion of Mr. Dominick, seconded by Mr. Piggott, the minutes were approved as presented.

INVESTMENT COMMITTEE

Mr. Macfarland distributed to the Board a computerized listing of our monthly securities purchased, sold, and matured during the month of January, 1977.

7 8 0 4 0 0 7 5 4 1 1

A request for ratification was made for the following transactions:

PURCHASES:

$375,000	Town of Babylon, 7.0%, dated 1/03/77, due 7/01/82
500,000	Albany County South Mall, 7.5%, dated 1/05/77, due 10/01/85
2,890,000	Newburgh C.S.D. B.A.N., 4.17%, dated 1/13/77, due 1/13/78
10,800	Town of Goshen B.A.N., 5.0%, dated 1/20/77, due 1/20/78 (Renewal of $14.4M B.A.N., 8.75%, dated 1/20/76, due 1/20/77 previously held)
500,000	Erie County, 6.6%, dated 1/26/77, due 3/15/86
30,000	Orchard Park C.S.D., 6.9%, dated 1/27/77, due 6/15/85
1,000	State of Israel Bonds, 4.0%, dated 12/01/76, due 12/01/91

On motion of Mr. Esterbrook, seconded by Mr. Davenport, the actions of the Investment Committee were unanimously ratified.

LOAN COMMITTEE

The minutes of the Loan Committee meeting held January 25, 1977 were reviewed setting forth the following actions:

DELETION

DELETION

On motion of Mr. Lawrence, seconded by Mr. Esterbrook, the actions of the Loan Committee were unanimously ratified.

Mr. Macfarland introduced the following resolution which, if approved, would be presented at the bank's annual meeting as an amendment to Article Ten of the Articles of Association of the bank.

RESOLVED, that a proposed amendment of the First paragraph of Article Tenth of the Articles of Association of Highland National Bank which restates said paragraph in its entirety as follows:

"The Association may indemnify any person made, or threatened to be made, a party to any action or proceeding, whether civil or criminal, by reason of the fact that he/she, his/her testator or intestate, is or was a director or officer of the Assocation, or a member of an Advisory Board or serves or served in any capacity or any other association or corporation in any capacity at the request of the Association while he/she is or was such a director or officer, or member of an Advisory Board, and the Association may advance his related expenses, to the full extent permitted by law; provided, however, that no person shall be so indemnified if he is adjudged guilty of, or liable for gross negligence, willful misconduct or criminal acts."

be and hereby is approved; and it is further

RESOLVED, that said amendment be submitted to a meeting of shareholders of Highland for consideration and adoption, to be come effective immediately upon such adoption by the shareholders, subject, however, to the Comptroller of the Currency accepting a certified copy of the amendment as adopted without requiring any material change therein.

On motion of Mr. Drake, seconded by Mr. Kaplan, the above resolution was unanimously approved for presentation to the shareholders at their annual meeting.

Mr. Macfarland proposed the following Statement of Association Policy Regarding Business and Accounting Practices of the bank:

It is the established policy of Highland National Bank of Newburgh to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statement in order to provide guidelines for the application of this general corporate policy to the area of business and accounting practices.

7 8 0 4 0 0 7 5 4 1 3

1. No funds or assets of the Association shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Association shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Association for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Association shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Association.

5. No payment on behalf of the Association shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of Highland National Bank of Newburgh.

8. The Association may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Association may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

On motion of Mr. Davenport, seconded by Mr. Dominick, the above policy was unanimously adopted.

A listing of employees who completed A.I.B. and bank related courses for the fall semester was distributed. Of the 42 employees initiating these courses, 40 received passing grades with the remaining two students receiving an incomplete grade. The total cost to the bank for the fall 1976 semester was $2,663.93.

Mr. Macfarland proposed that the lending authority of Mr. Carl Schraver, Assistant Vice President, be $15,000 for unsecured loans and $25,000 for secured loans. On motion of Mr. Esterbrook, seconded by Mr. Kaplan, the lending authority for Mr. Schraver was unanimously approved.

Mr. LeRoy J. Smith, Auditor, and Mr. David S. MacFarland, Senior Vice President, were introduced to the Board for the purpose of reviewing Assistant National Bank Examiner Joram Freidman's Consumer Affairs Examination of the bank commenced November 29, 1976. This examination by the Comptroller's Office is the first of its type for our bank and was made for the purpose of determining the bank's compliance with consumer laws and regulations. The report reviewed the Consumer Credit Department, the Real Estate Department, the Open End Credit Department, the Note Department, and the Marketing Department. Comments made in the report pertaining to those areas were reviewed with the Board by Mr. Smith and Mr. MacFarland indicating corrections made or to be made. The report was then signed by each of the directors present and on motion of Mr. Esterbrook, seconded by Mr. Lawrence, it was unanimously adopted that the report be received and available for each director's review upon request.

Mr. Macfarland, referring to a letter from Mr. Peter D. Kiernan, Chairman and Chief Executive Officer of UBNY, reviewed the report of the UBNY Executive Compensation Committee concerning the salary of Mr. Macfarland as Chief Executive Officer. It was proposed, subject to ratification by this

7 8 0 4 [illegible] 7 5 4 1 4

NEW YORK
FEB 22 '78
NY

U.S. POSTAGE
2.74

CERTIFIED
712832
MAIL

STEEN & HAMILTON
STREET PLAZA

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DESIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGOORT
ELLIOTT MANNING
NED R. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN B. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW
JAMES F. MUNSELL
SANDRA S. WEIKSNER
EVAN A. DAVIS

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

RECEIVED
FEDERAL ELECTION
COMMISSION

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA
NEW YORK, N.Y. 10004
(212) 344-0600

CABLE: CLEARGOLAW
TELEX: WU 128244
RCA 235438

'78 FEB 22 PM 2 45

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 7108220108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD DEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI 23, BTE 6
1040 BRUSSELS, BELGIUM
TELEX 22635

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX 887959

MANLEY O. HUDSON, JR.
W. SPEED CARROLL
RESIDENT PARTNERS

February 17, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: Federal Election Commission Investigation
United Bank Corporation of New York
Liberty National Bank and Trust Company
MUR 418 (77)

Dear Susan:

I enclose copies of the documents which you requested in the course of your investigation at Liberty National Bank and Trust Company. An index is attached for your convenience.

Pursuant to a conversation which I had with David Spiegel of your office on January 31, I have deleted credit approval information from certain documents. Such deletions are indicated on the enclosed index and on the appropriate documents.

I also enclose a formal application for a Freedom of Information Act exemption with respect to certain documents, which are submitted subject to such application. I have stamped the appropriate pages which are the subject of such application "confidential".

Finally, I enclose a list of corrections to Robert Donough's deposition of January 23. If you approve the minor emendations, I will arrange for Mr. Donough to sign the list and his transcript and forward the original to you.

If you have any questions concerning any of the enclosures, please feel free to contact me. I expect to furnish you with the documents relating to Highland National Bank of Newburgh and State Bank of Albany in the next few days. The charge for duplicating the enclosed documents (166 pages) is $16.60.

Please acknowledge receipt of this letter and the enclosures by returning the enclosed duplicate copy of this letter and of the Freedom of Information Act application stamped with notations of their receipt. In addition, please return one stamped copy of the Freedom of Information Act application to Mr. Donough.

Very truly yours,

Bob Tortoriello

Robert L. Tortoriello

Enclosures

cc: Robert J. Donough
Thomas H. Hagoort

7804007541 6

LIBERTY NATIONAL BANK AND TRUST COMPANY
Member United Bank New York

ROBERT J. DONOUGH
PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

February 15, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Re: Liberty National Bank and Trust Company
Freedom of Information Act
Exemption Application MUR 418 (77)

Dear Ms. Propper:

In the course of the investigation which the Federal Election Commission (the "Commission") is currently conducting with respect to United Bank Corporation of New York and certain of its subsidiaries, including Liberty National Bank and Trust Company ("Liberty"), you have requested a copy of the Liberty documents referred to in Appendix A hereto. In accordance with your request, Liberty is enclosing such documents herewith. In addition, Liberty hereby applies, pursuant to 2 U.S.C. §§552 (b) (3), (4), (6) and (7) and proposed 11 CFR §§4.5 (a) (3), (4), (6) and (7), 42 Fed. Reg. 59944-45 (1977), and in accordance with the discussion which our counsel had with Mr. David Fiske, the Commission's FOIA officer, on February 8, 1978, for an exemption from the mandatory disclosure requirements of the Freedom of Information Act, 2 U.S.C. §552 (a), with respect to Documents Nos. L-11, L-16, L-42, L-47 through L-56 and L-66 through L-76 (the "Subject Documents").* As more fully discussed below, an exemption under 2 U.S.C. §552 (b) (3) is authorized with respect to Documents Nos. L-68, L-70, L-72, L-74 and L-76 (the "Tax Documents"), and an exemption under 2 U.S.C. §§552 (b) (4), (6) and (7)

* With respect to documents Nos. L-11, L-16 and L-42, the confidential financial information as to which an exemption from disclosure is requested is comprised of individual resolutions of the Board of Directors or Executive Committee of Liberty relating to salary or other payments. Such exempt information is "reasonably segregable" within the meaning of 2 U.S.C. §552 (b) and could be deleted conveniently before the document is made available for public inspection.

424 MAIN STREET BUFFALO, NEW YORK 14240 (716) 847-7306

7804075417

Susan Propper, Esq.
Federal Election Commission

February 15, 1978

is authorized with respect to all of the Subject Documents.**

Documents Protected from Disclosure by Statute

Each of the Tax Documents (comprising the Forms W-2 of certain individual officers of Liberty over a four year period) is exempt from disclosure under 2 U.S.C. §552 (b) (3), which provides for the confidentiality of documents which are "specifically exempted from disclosure by statute" subject to certain provisos. It has long been clear that data contained in Federal income tax returns (which include Forms W-2) will not be made available to the public except under the most stringent circumstances. 26 U.S.C. §§6103 and 7213. Congress has set up a strong statutory bar to the disclosure of income tax information and, accordingly, an exemption for the Tax Documents from the mandatory disclosure requirements of the Freedom of Information Act is plainly justified.

Confidential Financial Information

All of the Subject Documents contain specific confidential and privileged financial information (within the meaning of 2 U.S.C. §552 (b) (4)) with respect to salaries and other amounts paid to officers of Liberty. In particular, the lists included in Documents Nos. L-48 through L-57 set forth historical salary figures, personal checking account information, recommended and approved standard salary increases and special supplements and related salary data for Liberty officers. Such financial information clearly concerns and relates to the operations and expenditures of Liberty within the meaning of proposed 11 CFR §4.5 (a) (4), 42 Fed. Reg. 59944-45 (1977).

The financial information set forth in the Subject Documents has always been kept strictly confidential and has never been made available to the general public, to Liberty personnel generally or to Liberty's competitors. Indeed, such information has only been disclosed to Liberty's most senior management and, except in rare instances, specific salary data are not even inserted in minutes of meetings of the Board of Directors or Executive Committee of Liberty.

Confidentiality has always been deemed essential because management has long recognized the negative impact that disclosure of comparative figures as to salary and other payments can have on officers and

**Mr. Fiske indicated to our counsel that, notwithstanding proposed 11 CFR §4.5 (a) (4) (i), 42 Fed. Reg. 59944-45 (1977), Liberty's exemption application under 2 U.S.C. §552 (b) (4) should be submitted to you for appropriate action.

7 8 0 4 0 0 7 5 4 1 8

Susan Propper, Esq.
Federal Election Commission

February 15, 1978

employees -- morale and productivity could suffer, and this could result in less effective service to Liberty's customers and to the general public. Consequently, Liberty would be put at a distinct operational disadvantage vis à vis its competitor banks, not only because of the adverse effects of disclosure on Liberty personnel, but also because critically important information concerning Liberty's operations and salary structure would be available for general perusal while information concerning Liberty's competitors remains confidential. In addition, if detailed salary information on key employees is made public, Liberty could conceivably be subject to competitors' "raiding". Accordingly, Liberty's competitive position could suffer substantial harm as a result of unnecessary disclosure.

Moreover, the information sought to be protected is at best marginally relevant to the scope and purpose of the Commission's investigation of possible political expenditures at Liberty, and public disclosure is both needless and unwarranted. The intent of the Congress in enacting the Freedom of Information Act to provide for broader public disclosure while protecting private rights would not be furthered by the disclosure of private corporate information relating to salaries and other payments to all of Liberty's officers. It should also be noted that the Commission is greatly assisted by the willingness of corporations and others to supply information voluntarily, and the disclosure of confidential information could have the direct effect of impairing the Commission's ability to obtain the same sort of information in the future. Accordingly, Liberty urges that its request for exemption be granted with respect to all of the Subject Documents under 2 U.S.C. §552 (b) (4).

The certification required by proposed 11 CFR §4.5 (a) (4) (ii) (B), 42 Fed. Reg. 59944-45 (1977) is attached to this application.

Personnel and Similar Records

In addition, the Subject Documents and, in particular, Documents Nos. L-67 through L-76 clearly fall within 2 U.S.C. §552 (b) (6) as "personnel . . . and similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy" and within 2 U.S.C. §552 (b) (7) (C) as "investigating records compiled for law enforcement purposes, . . . the production of (which) . . . would . . . constitute an unwarranted invasion of personal privacy." Records of employment and specific employee tax records are covered by both the literal words and the spirit and intent of these exemptions. Moreover, there is no justification

7 8 0 4 0 0 7 5 4 1 9

February 15, 1978

Commission

Sus
Fe

e public disclosure of salary lists and other salary information with spect to officers who are in no way connected to, the subject of, or even aware of, the Commission's investigation at Liberty. Such disclosure would violate these officers' rights of privacy without disclosing any information relevant to the Commission's investigation or fulfilling any of the purposes of the Freedom of Information Act.

* * * *

In providing for the exemptions discussed in this application, Congress expressed a legislative policy strongly favoring the confidentiality of private information furnished government agencies, the disclosure of which might be harmful to private interests. With respect to the Subject Documents, Liberty submits that the balance between the right of the public to information and the right of Liberty and its officers to protection from disclosure of confidential, private information is weighted heavily in favor of the protection of private interests. Accordingly, Liberty strongly believes that its request for exemption should be granted as to all of the Subject Documents.

Please acknowledge receipt of this letter and enclosures by returning the enclosed duplicate of this letter stamped with a notation of its receipt. In addition, please inform both the undersigned and the attorneys for Liberty, Messrs. Cleary, Gottlieb, Steen & Hamilton, One State Street Plaza, New York, New York 10004, Attention: Thomas H. Hagoort or Robert L. Tortoriello (Tel. No. 212-344-0600) of your approval or denial of this application.

Very truly yours,

LIBERTY NATIONAL BANK AND TRUST COMPANY

By Robert J. Donough

Robert J. Donough, President

7804007542

CERTIFICATION

The undersigned, ROBERT J. DONOUGH, the duly elected and incumbent President of LIBERTY NATIONAL BANK AND TRUST COMPANY, DOES HEREBY CERTIFY that information substantially identical to that information contained in Documents Nos. L-11, L-16, L-42, L-47 through L-56 and L-66 through L-76 referred to in Appendix A hereto is not available to the public.

Robert J. Donough, President

Sworn to before me this
15th day of February, 1978

Notary Public

SELBY R. SMITH
Notary Public, State of New York
Qualified in Erie County
My Commission Expires March 30, 1979

7804007542 1

LIBERTY NATIONAL BANK AND TRUST COMPANY
Member United Bank New York

ROBERT J. DONOUGH
PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

February 15, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Re: Liberty National Bank and Trust Company
Freedom of Information Act
Exemption Application MUR 418 (77)

Dear Ms. Propper:

In the course of the investigation which the Federal Election Commission (the "Commission") is currently conducting with respect to United Bank Corporation of New York and certain of its subsidiaries, including Liberty National Bank and Trust Company ("Liberty"), you have requested a copy of the Liberty documents referred to in Appendix A hereto. In accordance with your request, Liberty is enclosing such documents herewith. In addition, Liberty hereby applies, pursuant to 2 U.S.C. §§552 (b) (3), (4), (6) and (7) and proposed 11 CFR §§4.5 (a) (3), (4), (6) and (7), 42 Fed. Reg. 59944-45 (1977), and in accordance with the discussion which our counsel had with Mr. David Fiske, the Commission's FOIA officer, on February 8, 1978, for an exemption from the mandatory disclosure requirements of the Freedom of Information Act, 2 U.S.C. §552 (a), with respect to Documents Nos. L-11, L-16, L-42, L-47 through L-56 and L-66 through L-76 (the "Subject Documents").* As more fully discussed below, an exemption under 2 U.S.C. §552 (b) (3) is authorized with respect to Documents Nos. L-68, L-70, L-72, L-74 and L-76 (the "Tax Documents"), and an exemption under 2 U.S.C. §§552 (b) (4), (6) and (7)

* With respect to documents Nos. L-11, L-16 and L-42, the confidential financial information as to which an exemption from disclosure is requested is comprised of individual resolutions of the Board of Directors or Executive Committee of Liberty relating to salary or other payments. Such exempt information is "reasonably segregable" within the meaning of 2 U.S.C. §552 (b) and could be deleted conveniently before the document is made available for public inspection.

424 MAIN STREET BUFFALO, NEW YORK 14240 (716) 847-7300

7804075422

Susan Propper, Esq.
Federal Election Commission

February 15, 1978

is authorized with respect to all of the Subject Documents.**

Documents Protected from Disclosure by Statute

Each of the Tax Documents (comprising the Forms W-2 of certain individual officers of Liberty over a four year period) is exempt from disclosure under 2 U.S.C. §552 (b) (3), which provides for the confidentiality of documents which are "specifically exempted from disclosure by statute" subject to certain provisos. It has long been clear that data contained in Federal income tax returns (which include Forms W-2) will not be made available to the public except under the most stringent circumstances. 26 U.S.C. §§6103 and 7213. Congress has set up a strong statutory bar to the disclosure of income tax information and, accordingly, an exemption for the Tax Documents from the mandatory disclosure requirements of the Freedom of Information Act is plainly justified.

Confidential Financial Information

All of the Subject Documents contain specific confidential and privileged financial information (within the meaning of 2 U.S.C. §552 (b) (4)) with respect to salaries and other amounts paid to officers of Liberty. In particular, the lists included in Documents Nos. L-48 through L-57 set forth historical salary figures, personal checking account information, recommended and approved standard salary increases and special supplements and related salary data for Liberty officers. Such financial information clearly concerns and relates to the operations and expenditures of Liberty within the meaning of proposed 11 CFR §4.5 (a) (4), 42 Fed. Reg. 59944-45 (1977).

The financial information set forth in the Subject Documents has always been kept strictly confidential and has never been made available to the general public, to Liberty personnel generally or to Liberty's competitors. Indeed, such information has only been disclosed to Liberty's most senior management and, except in rare instances, specific salary data are not even inserted in minutes of meetings of the Board of Directors or Executive Committee of Liberty.

Confidentiality has always been deemed essential because management has long recognized the negative impact that disclosure of comparative figures as to salary and other payments can have on officers and

**Mr. Fiske indicated to our counsel that, notwithstanding proposed 11 CFR §4.5 (a) (4) (i), 42 Fed. Reg. 59944-45 (1977), Liberty's exemption application under 2 U.S.C. §552 (b) (4) should be submitted to you for appropriate action.

7 8 0 4 0 0 7 5 4 2 3

Susan Propper, Esq.
Federal Election Commission

February 15, 1978

employees -- morale and productivity could suffer, and this could result in less effective service to Liberty's customers and to the general public. Consequently, Liberty would be put at a distinct operational disadvantage vis à vis its competitor banks, not only because of the adverse effects of disclosure on Liberty personnel, but also because critically important information concerning Liberty's operations and salary structure would be available for general perusal while information concerning Liberty's competitors remains confidential. In addition, if detailed salary information on key employees is made public, Liberty could conceivably be subject to competitors' "raiding". Accordingly, Liberty's competitive position could suffer substantial harm as a result of unnecessary disclosure.

Moreover, the information sought to be protected is at best marginally relevant to the scope and purpose of the Commission's investigation of possible political expenditures at Liberty, and public disclosure is both needless and unwarranted. The intent of the Congress in enacting the Freedom of Information Act to provide for broader public disclosure while protecting private rights would not be furthered by the disclosure of private corporate information relating to salaries and other payments to all of Liberty's officers. It should also be noted that the Commission is greatly assisted by the willingness of corporations and others to supply information voluntarily, and the disclosure of confidential information could have the direct effect of impairing the Commission's ability to obtain the same sort of information in the future. Accordingly, Liberty urges that its request for exemption be granted with respect to all of the Subject Documents under 2 U.S.C. §552 (b) (4).

The certification required by proposed 11 CFR §4.5 (a) (4) (ii) (B), 42 Fed. Reg. 59944-45 (1977) is attached to this application.

Personnel and Similar Records

In addition, the Subject Documents and, in particular, Documents Nos. L-67 through L-76 clearly fall within 2 U.S.C. §552 (b) (6) as "personnel . . . and similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy" and within 2 U.S.C. §552 (b) (7) (C) as "investigating records compiled for law enforcement purposes, . . . the production of (which) . . . would . . . constitute an unwarranted invasion of personal privacy." Records of employment and specific employee tax records are covered by both the literal words and the spirit and intent of these exemptions. Moreover, there is no justification

7 8 0 4 0 0 7 5 4 2 4

Susan Propper, Esq.
Federal Election Commission

February 15, 1978

for the public disclosure of salary lists and other salary information with respect to officers who are in no way connected to, the subject of, or even aware of, the Commission's investigation at Liberty. Such disclosure would violate these officers' rights of privacy without disclosing any information relevant to the Commission's investigation or fulfilling any of the purposes of the Freedom of Information Act.

* * * *

In providing for the exemptions discussed in this application, Congress expressed a legislative policy strongly favoring the confidentiality of private information furnished government agencies, the disclosure of which might be harmful to private interests. With respect to the Subject Documents, Liberty submits that the balance between the right of the public to information and the right of Liberty and its officers to protection from disclosure of confidential, private information is weighted heavily in favor of the protection of private interests. Accordingly, Liberty strongly believes that its request for exemption should be granted as to all of the Subject Documents.

Please acknowledge receipt of this letter and enclosures by returning the enclosed duplicate of this letter stamped with a notation of its receipt. In addition, please inform both the undersigned and the attorneys for Liberty, Messrs. Cleary, Gottlieb, Steen & Hamilton, One State Street Plaza, New York, New York 10004, Attention: Thomas H. Hagoort or Robert L. Tortoriello (Tel. No. 212-344-0600) of your approval or denial of this application.

Very truly yours,

LIBERTY NATIONAL BANK AND TRUST COMPANY

By Robert J. Donough

Robert J. Donough, President

7 8 0 4 0 0 7 5 4 2 5

CERTIFICATION

The undersigned, ROBERT J. DONOUGH, the duly elected and incumbent President of LIBERTY NATIONAL BANK AND TRUST COMPANY, DOES HEREBY CERTIFY that information substantially identical to that information contained in Documents Nos. L-11, L-16, L-42, L-47 through L-56 and L-66 through L-76 referred to in Appendix A hereto is not available to the public.

Robert J. Donough, President

Sworn to before me this
15th day of February, 1978

Notary Public

SELBY R. SMITH
Notary Public, State of New York
Qualified in Erie County
My Commission Expires March 30, 1979

7804007542 6

LIBERTY NATIONAL BANK AND TRUST COMPANY
Member United Bank New York

ROBERT J. DONOUGH
PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

February 15, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Re: Liberty National Bank and Trust Company
Freedom of Information Act
Exemption Application MUR 418 (77)

Dear Ms. Propper:

In the course of the investigation which the Federal Election Commission (the "Commission") is currently conducting with respect to United Bank Corporation of New York and certain of its subsidiaries, including Liberty National Bank and Trust Company ("Liberty"), you have requested a copy of the Liberty documents referred to in Appendix A hereto. In accordance with your request, Liberty is enclosing such documents herewith. In addition, Liberty hereby applies, pursuant to 2 U.S.C. §§552 (b) (3), (4), (6) and (7) and proposed 11 CFR §§4.5 (a) (3), (4), (6) and (7), 42 Fed. Reg. 59944-45 (1977), and in accordance with the discussion which our counsel had with Mr. David Fiske, the Commission's FOIA officer, on February 8, 1978, for an exemption from the mandatory disclosure requirements of the Freedom of Information Act, 2 U.S.C. §552 (a), with respect to Documents Nos. L-11, L-16, L-42, L-47 through L-56 and L-66 through L-76 (the "Subject Documents").* As more fully discussed below, an exemption under 2 U.S.C. §552 (b) (3) is authorized with respect to Documents Nos. L-68, L-70, L-72, L-74 and L-76 (the "Tax Documents"), and an exemption under 2 U.S.C. §§552 (b) (4), (6) and (7)

* With respect to documents Nos. L-11, L-16 and L-42, the confidential financial information as to which an exemption from disclosure is requested is comprised of individual resolutions of the Board of Directors or Executive Committee of Liberty relating to salary or other payments. Such exempt information is "reasonably segregable" within the meaning of 2 U.S.C. §552 (b) and could be deleted conveniently before the document is made available for public inspection.

424 MAIN STREET BUFFALO, NEW YORK 14240 (716) 847-7300

7 8 0 4 0 0 7 5 4 2 7

is authorized with respect to all of the Subject Documents.**

Documents Protected from Disclosure by Statute

Each of the Tax Documents (comprising the Forms W-2 of certain individual officers of Liberty over a four year period) is exempt from disclosure under 2 U.S.C. §552 (b) (3), which provides for the confidentiality of documents which are "specifically exempted from disclosure by statute" subject to certain provisos. It has long been clear that data contained in Federal income tax returns (which include Forms W-2) will not be made available to the public except under the most stringent circumstances. 26 U.S.C. §§6103 and 7213. Congress has set up a strong statutory bar to the disclosure of income tax information and, accordingly, an exemption for the Tax Documents from the mandatory disclosure requirements of the Freedom of Information Act is plainly justified.

Confidential Financial Information

All of the Subject Documents contain specific confidential and privileged financial information (within the meaning of 2 U.S.C. §552 (b) (4)) with respect to salaries and other amounts paid to officers of Liberty. In particular, the lists included in Documents Nos. L-48 through L-57 set forth historical salary figures, personal checking account information, recommended and approved standard salary increases and special supplements and related salary data for Liberty officers. Such financial information clearly concerns and relates to the operations and expenditures of Liberty within the meaning of proposed 11 CFR §4.5 (a) (4), 42 Fed. Reg. 59944-45 (1977).

The financial information set forth in the Subject Documents has always been kept strictly confidential and has never been made available to the general public, to Liberty personnel generally or to Liberty's competitors. Indeed, such information has only been disclosed to Liberty's most senior management and, except in rare instances, specific salary data are not even inserted in minutes of meetings of the Board of Directors or Executive Committee of Liberty.

Confidentiality has always been deemed essential because management has long recognized the negative impact that disclosure of comparative figures as to salary and other payments can have on officers and

**Mr. Fiske indicated to our counsel that, notwithstanding proposed 11 CFR §4.5 (a) (4) (i), 42 Fed. Reg. 59944-45 (1977), Liberty's exemption application under 2 U.S.C. §552 (b) (4) should be submitted to you for appropriate action.

7 8 0 1 0 0 7 5 4 2 8

Susan Propper, Esq.
Federal Election Commission

February 15, 1978

employees -- morale and productivity could suffer, and this could result in less effective service to Liberty's customers and to the general public. Consequently, Liberty would be put at a distinct operational disadvantage vis à vis its competitor banks, not only because of the adverse effects of disclosure on Liberty personnel, but also because critically important information concerning Liberty's operations and salary structure would be available for general perusal while information concerning Liberty's competitors remains confidential. In addition, if detailed salary information on key employees is made public, Liberty could conceivably be subject to competitors' "raiding". Accordingly, Liberty's competitive position could suffer substantial harm as a result of unnecessary disclosure.

Moreover, the information sought to be protected is at best marginally relevant to the scope and purpose of the Commission's investigation of possible political expenditures at Liberty, and public disclosure is both needless and unwarranted. The intent of the Congress in enacting the Freedom of Information Act to provide for broader public disclosure while protecting private rights would not be furthered by the disclosure of private corporate information relating to salaries and other payments to all of Liberty's officers. It should also be noted that the Commission is greatly assisted by the willingness of corporations and others to supply information voluntarily, and the disclosure of confidential information could have the direct effect of impairing the Commission's ability to obtain the same sort of information in the future. Accordingly, Liberty urges that its request for exemption be granted with respect to all of the Subject Documents under 2 U.S.C. §552 (b) (4).

The certification required by proposed 11 CFR §4.5 (a) (4) (ii) (B), 42 Fed. Reg. 59944-45 (1977) is attached to this application.

Personnel and Similar Records

In addition, the Subject Documents and, in particular, Documents Nos. L-67 through L-76 clearly fall within 2 U.S.C. §552 (b) (6) as "personnel . . . and similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy" and within 2 U.S.C. §552 (b) (7) (C) as "investigating records compiled for law enforcement purposes, . . . the production of (which) . . . would . . . constitute an unwarranted invasion of personal privacy." Records of employment and specific employee tax records are covered by both the literal words and the spirit and intent of these exemptions. Moreover, there is no justification

7 8 0 1 0 0 7 5 4 2 9

Susan Propper, Esq.
Federal Election Commission

February 15, 1978

for the public disclosure of salary lists and other salary information with respect to officers who are in no way connected to, the subject of, or even aware of, the Commission's investigation at Liberty. Such disclosure would violate these officers' rights of privacy without disclosing any information relevant to the Commission's investigation or fulfilling any of the purposes of the Freedom of Information Act.

* * * *

In providing for the exemptions discussed in this application, Congress expressed a legislative policy strongly favoring the confidentiality of private information furnished government agencies, the disclosure of which might be harmful to private interests. With respect to the Subject Documents, Liberty submits that the balance between the right of the public to information and the right of Liberty and its officers to protection from disclosure of confidential, private information is weighted heavily in favor of the protection of private interests. Accordingly, Liberty strongly believes that its request for exemption should be granted as to all of the Subject Documents.

Please acknowledge receipt of this letter and enclosures by returning the enclosed duplicate of this letter stamped with a notation of its receipt. In addition, please inform both the undersigned and the attorneys for Liberty, Messrs. Cleary, Gottlieb, Steen & Hamilton, One State Street Plaza, New York, New York 10004, Attention: Thomas H. Hagoort or Robert L. Tortoriello (Tel. No. 212-344-0600) of your approval or denial of this application.

Very truly yours,

LIBERTY NATIONAL BANK AND TRUST COMPANY

By Robert J. Donough

Robert J. Donough, President

7 8 0 4 0 0 7 5 4 3 0

CERTIFICATION

The undersigned, ROBERT J. DONOUGH, the duly elected and incumbent President of LIBERTY NATIONAL BANK AND TRUST COMPANY, DOES HEREBY CERTIFY that information substantially identical to that information contained in Documents Nos. L-11, L-16, L-42, L-47 through L-56 and L-66 through L-76 referred to in Appendix A hereto is not available to the public.

Robert J. Donough, President

Sworn to before me this
15th day of February, 1978

Notary Public

SELBY R. SMITH
Notary Public State of New York
Qualified in Erie County
My Commission Expires March 30, 1979

7804007543 1

APPENDIX A

INDEX TO DOCUMENTS

LIBERTY NATIONAL BANK AND TRUST COMPANY

Document No.	Number of Pages	Description
L-1	2	Excerpts from minutes of the Meeting of the Board of Directors (the "Board") of Liberty National Bank and Trust Company ("Liberty") held on August 14, 1973.
L-2	2	Excerpts from minutes of the Meeting of the Board held on December 11, 1973.
L-3	2	Excerpts from minutes of the Meeting of the Board held on June 11, 1974.
L-4	2	Excerpts from minutes of the Meeting of the Board held on February 11, 1975.
L-5	2	Excerpts from minutes of the Meeting of the Board held on December 9, 1975.
L-6	5	Excerpts from minutes of the Meeting of the Board held on January 13, 1976.
L-7	2	Excerpts from minutes of the Meeting of the Board held on July 13, 1976.
L-8	3	Excerpts from minutes of the Meeting of the Board held on November 9, 1976.*
L-9	3	Excerpts from minutes of the Meeting of the Board held on December 14, 1976 (including marked page).

*Credit approval information deleted.

7804007543 2

Document No.	Number of Pages	Description
L-10	3	Excerpts from minutes of the Meeting of the Board held on February 8, 1977.
*L-11	5	Excerpts from minutes of the Meeting of the Board held on March 8, 1977.
L-12	4	Excerpts from minutes of the Meeting of the Board held on April 12, 1977.
L-13	2	Excerpts from minutes of the Meeting of the Board held on August 9, 1977.
L-14	4	Excerpts from minutes of the Meeting of the Board held on October 11, 1977.
L-15	2	Excerpts from minutes of the Meeting of the Board held on November 9, 1977.
*L-16	2	Excerpts from minutes of the Meeting of the Board held on December 13, 1977 (including marked page).
L-17	1	Excerpts from minutes of the Meeting of the Executive Committee of Liberty (the "Executive Committee") held on May 15, 1973 (marked page).
L-18	1	Excerpts from minutes of the Meeting of the Executive Committee held on August 7, 1973 (marked page).
L-19	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 18, 1973 (marked page).**
L-20	3	Excerpts from minutes of the Meeting of the Executive Committee held on February 5, 1974.**
L-21	2	Excerpts from minutes of the Meeting of the Executive Committee held on June 4, 1974 (including marked page).**

*Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

**Credit approval information deleted.

7804007543 3

Document No.	Number of Pages	Description
L-22	2	Excerpts from minutes of the Meeting of the Executive Committee held on November 19, 1974 (including marked page).
L-23	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 30, 1974.
L-24	1	Excerpts from minutes of the Meeting of the Executive Committee held on November 18, 1975.
L-25	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 2, 1975.*
L-26	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 30, 1975 (including marked page).*
L-27	2	Excerpts from minutes of the Meeting of the Executive Committee held on January 20, 1976.
L-28	2	Excerpts from minutes of the Meeting of the Executive Committee held on March 23, 1976.
L-29	2	Excerpts from minutes of the Meeting of the Executive Committee held on April 6, 1976.*
L-30	5	Excerpts from minutes of the Meeting of the Executive Committee held on April 27, 1976.
L-31	5	Excerpts from minutes of the Meeting of the Executive Committee held on May 4, 1976.
L-32	2	Excerpts from minutes of the Meeting of the Executive Committee held on June 29, 1976.*
L-33	1	Excerpts from minutes of the Meeting of the Executive Committee held on December 7, 1976 (marked page).

*Credit approval information deleted.

7804007543 4

Document No.	Number of Pages	Description
L-34	2	Excerpts from minutes of the Meeting of the Executive Committee held on March 1, 1977.*
L-35	2	Excerpts from minutes of the Meeting of the Executive Committee held on March 15, 1977.*
L-36	2	Excerpts from minutes of the Meeting of the Executive Committee held on May 3, 1977.*
L-37	2	Excerpts from minutes of the Meeting of the Executive Committee held on May 17, 1977.*
L-38	2	Excerpts from minutes of the Meeting of the Executive Committee held on July 5, 1977.*
L-39	2	Excerpts from minutes of the Meeting of the Executive Committee held on July 19, 1977.*
L-40	3	Excerpts from minutes of the Meeting of the Executive Committee held on July 26, 1977.*
L-41	2	Excerpts from minutes of the Meeting of the Executive Committee held on September 27, 1977.*
**L-42	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 27, 1977.*
L-43	3	Excerpts from minutes of the Meeting of the Executive Committee held on January 3, 1978.*
L-44	2	Minutes of the Meeting of the Examining Committee of Liberty (the "Examining Committee") held on November 26, 1975.

* Credit approval information deleted.

** Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007543 5

Document No.	Number of Pages	Description
L-45	3	Minutes of the Meeting of the Examining Committee held on December 9, 1975.
L-46	1	Minutes of the Meeting of the Salary and Pension Committee of Liberty held on January 23, 1973 (marked page).
*L-47	1	Salary list dated January 28, 1973.
*L-48	1	Salary list dated December 18, 1973.
*L-49	1	Salary list dated December 30, 1973.
*L-50	2	Proposed salary list for 1975.
*L-51	4	Salary list dated December 29, 1974.
*L-52	2	Proposed salary list for 1976.
*L-53	1	Salary list dated December 28, 1975.
*L-54	1	Salary list dated January 11, 1976.
*L-55	1	Salary list dated December 14, 1976.
*L-56	4	Salary list dated December 13, 1977.
L-57	1	Memorandum from Avery H. Fonda to Gilbert Elden dated May 15, 1973.
L-58	1	Memorandum from J. T. Trapp to G. V. Elden dated May 16, 1973.
L-59	1	Memorandum from J. T. Trapp to G. V. Elden dated August 24, 1973.
L-60	1	Memorandum from Avery H. Fonda to Joseph T. Trapp dated December 18, 1973 (marked page).
L-61	1	Memorandum from J. T. Trapp to G. V. Elden dated January 15, 1974.
L-62	1	Memorandum from J. T. Trapp to D. R. McNutt dated June 6, 1974.

* Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7 8 0 4 0 0 7 5 4 3 6

Document No.	Number of Pages	Description
L-63	1	Letter from Peter D. Kiernan to Avery H. Fonda dated November 19, 1974.
L-64	1	Memorandum from J. T. Trapp to Messrs. McNutt and Reitler dated December 3, 1974.
L-65	3	Memorandum from Avery H. Fonda to Peter D. Kiernan dated December 30, 1975.
*L-66	1	Letter from Peter D. Kiernan to Avery H. Fonda dated January 12, 1976.
*L-67	1	Record of Employment of John A. Jowett.
*L-68	2	John A. Jowett Forms W-2 for 1973 through 1976.
*L-69	1	Record of Employment of Robert B. Mayer.
*L-70	2	Robert B. Mayer Forms W-2 for 1973 through 1976.
*L-71	1	Record of Employment of Donald Robert McNutt.
*L-72	2	Donald R. McNutt Forms W-2 for 1973 through 1976.
*L-73	1	Record of Employment of Robert B. Shanahan.
*L-74	2	Robert B. Shanahan Forms W-2 for 1973 through 1976.
*L-75	1	Record of Employment of Joseph T. Trapp.
*L-76	2	Joseph T. Trapp Forms W-2 for 1973 through 1976.

* Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007543 7

Document No.	Number of Pages	Description
L-77	2	Memorandum from R. F. Kawa to Officers, Assistant Managers and Department Heads dated September 17, 1974 with attached Policy Statement on Political Contributions dated September 13, 1974.
L-78	2	Memorandum from R. F. Kawa to Officers, Assistant Managers and Department Heads dated December 1, 1975 with attached Policy Statement on Political Contributions dated December 1, 1975.
L-79	4	Memorandum from D. R. McNutt to Officers, Assistant Managers and Department Heads dated May 7, 1976 with attached Code of Ethics dated May 7, 1976.
L-80	3	Memorandum from Robert J. Donough to all Officers dated July 29, 1977 with attached Statements of Corporate Policy.

7804007543 8

INDEX TO DOCUMENTS

LIBERTY NATIONAL BANK AND TRUST COMPANY

Document No.	Number of Pages	Description
L-1	2	Excerpts from minutes of the Meeting of the Board of Directors (the "Board") of Liberty National Bank and Trust Company ("Liberty") held on August 14, 1973.
L-2	2	Excerpts from minutes of the Meeting of the Board held on December 11, 1973.
L-3	2	Excerpts from minutes of the Meeting of the Board held on June 11, 1974.
L-4	2	Excerpts from minutes of the Meeting of the Board held on February 11, 1975.
L-5	2	Excerpts from minutes of the Meeting of the Board held on December 9, 1975.
L-6	5	Excerpts from minutes of the Meeting of the Board held on January 13, 1976.
L-7	2	Excerpts from minutes of the Meeting of the Board held on July 13, 1976.
L-8	3	Excerpts from minutes of the Meeting of the Board held on November 9, 1976.*
L-9	3	Excerpts from minutes of the Meeting of the Board held on December 14, 1976 (including marked page).

*Credit approval information deleted.

7804007543 9

Document No.	Number of Pages	Description
L-10	3	Excerpts from minutes of the Meeting of the Board held on February 8, 1977.
*L-11	5	Excerpts from minutes of the Meeting of the Board held on March 8, 1977.
L-12	4	Excerpts from minutes of the Meeting of the Board held on April 12, 1977.
L-13	2	Excerpts from minutes of the Meeting of the Board held on August 9, 1977.
L-14	4	Excerpts from minutes of the Meeting of the Board held on October 11, 1977.
L-15	2	Excerpts from minutes of the Meeting of the Board held on November 9, 1977.
*L-16	2	Excerpts from minutes of the Meeting of the Board held on December 13, 1977 (including marked page).
L-17	1	Excerpts from minutes of the Meeting of the Executive Committee of Liberty (the "Executive Committee") held on May 15, 1973 (marked page).
L-18	1	Excerpts from minutes of the Meeting of the Executive Committee held on August 7, 1973 (marked page).
L-19	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 18, 1973 (marked page).**
L-20	3	Excerpts from minutes of the Meeting of the Executive Committee held on February 5, 1974.**
L-21	2	Excerpts from minutes of the Meeting of the Executive Committee held on June 4, 1974 (including marked page).**

*Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

**Credit approval information deleted.

7804007540

Document No.	Number of Pages	Description
L-22	2	Excerpts from minutes of the Meeting of the Executive Committee held on November 19, 1974 (including marked page).
L-23	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 30, 1974.
L-24	1	Excerpts from minutes of the Meeting of the Executive Committee held on November 18, 1975.
L-25	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 2, 1975.*
L-26	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 30, 1975 (including marked page).*
L-27	2	Excerpts from minutes of the Meeting of the Executive Committee held on January 20, 1976.
L-28	2	Excerpts from minutes of the Meeting of the Executive Committee held on March 23, 1976.
L-29	2	Excerpts from minutes of the Meeting of the Executive Committee held on April 6, 1976.*
L-30	5	Excerpts from minutes of the Meeting of the Executive Committee held on April 27, 1976.
L-31	5	Excerpts from minutes of the Meeting of the Executive Committee held on May 4, 1976.
L-32	2	Excerpts from minutes of the Meeting of the Executive Committee held on June 29, 1976.*
L-33	1	Excerpts from minutes of the Meeting of the Executive Committee held on December 7, 1976 (marked page).

*Credit approval information deleted.

7804007544

Document No.	Number of Pages	Description
L-34	2	Excerpts from minutes of the Meeting of the Executive Committee held on March 1, 1977.*
L-35	2	Excerpts from minutes of the Meeting of the Executive Committee held on March 15, 1977.*
L-36	2	Excerpts from minutes of the Meeting of the Executive Committee held on May 3, 1977.*
L-37	2	Excerpts from minutes of the Meeting of the Executive Committee held on May 17, 1977.*
L-38	2	Excerpts from minutes of the Meeting of the Executive Committee held on July 5, 1977.*
L-39	2	Excerpts from minutes of the Meeting of the Executive Committee held on July 19, 1977.*
L-40	3	Excerpts from minutes of the Meeting of the Executive Committee held on July 26, 1977.*
L-41	2	Excerpts from minutes of the Meeting of the Executive Committee held on September 27, 1977.*
**L-42	2	Excerpts from minutes of the Meeting of the Executive Committee held on December 27, 1977.*
L-43	3	Excerpts from minutes of the Meeting of the Executive Committee held on January 3, 1978.*
L-44	2	Minutes of the Meeting of the Examining Committee of Liberty (the "Examining Committee") held on November 26, 1975.

* Credit approval information deleted.

** Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007542

Document No.	Number of Pages	Description
L-45	3	Minutes of the Meeting of the Examining Committee held on December 9, 1975.
L-46	1	Minutes of the Meeting of the Salary and Pension Committee of Liberty held on January 23, 1973 (marked page).
*L-47	1	Salary list dated January 28, 1973.
*L-48	1	Salary list dated December 18, 1973.
*L-49	1	Salary list dated December 30, 1973.
*L-50	2	Proposed salary list for 1975.
*L-51	4	Salary list dated December 29, 1974.
*L-52	2	Proposed salary list for 1976.
*L-53	1	Salary list dated December 28, 1975.
*L-54	1	Salary list dated January 11, 1976.
*L-55	1	Salary list dated December 14, 1976.
*L-56	4	Salary list dated December 13, 1977.
L-57	1	Memorandum from Avery H. Fonda to Gilbert Elden dated May 15, 1973.
L-58	1	Memorandum from J. T. Trapp to G. V. Elden dated May 16, 1973.
L-59	1	Memorandum from J. T. Trapp to G. V. Elden dated August 24, 1973.
L-60	1	Memorandum from Avery H. Fonda to Joseph T. Trapp dated December 18, 1973 (marked page).
L-61	1	Memorandum from J. T. Trapp to G. V. Elden dated January 15, 1974.
L-62	1	Memorandum from J. T. Trapp to D. R. McNutt dated June 6, 1974.

* Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007543

Document No.	Number of Pages	Description
L-63	1	Letter from Peter D. Kiernan to Avery H. Fonda dated November 19, 1974.
L-64	1	Memorandum from J. T. Trapp to Messrs. McNutt and Reitler dated December 3, 1974.
L-65	3	Memorandum from Avery H. Fonda to Peter D. Kiernan dated December 30, 1975.
*L-66	1	Letter from Peter D. Kiernan to Avery H. Fonda dated January 12, 1976.
*L-67	1	Record of Employment of John A. Jowett.
*L-68	2	John A. Jowett Forms W-2 for 1973 through 1976.
*L-69	1	Record of Employment of Robert B. Mayer.
*L-70	2	Robert B. Mayer Forms W-2 for 1973 through 1976.
*L-71	1	Record of Employment of Donald Robert McNutt.
*L-72	2	Donald R. McNutt Forms W-2 for 1973 through 1976.
*L-73	1	Record of Employment of Robert B. Shanahan.
*L-74	2	Robert B. Shanahan Forms W-2 for 1973 through 1976.
*L-75	1	Record of Employment of Joseph T. Trapp.
*L-76	2	Joseph T. Trapp Forms W-2 for 1973 through 1976.

* Subject of Freedom of Information Act exemption request pursuant to 2 U.S.C. §552(b) and proposed 11 CFR §4.5(a), 42 Fed. Reg. 59944-45 (1977).

7804007544

Document No.	Number of Pages	Description
L-77	2	Memorandum from R. F. Kawa to Officers, Assistant Managers and Department Heads dated September 17, 1974 with attached Policy Statement on Political Contributions dated September 13, 1974.
L-78	2	Memorandum from R. F. Kawa to Officers, Assistant Managers and Department Heads dated December 1, 1975 with attached Policy Statement on Political Contributions dated December 1, 1975.
L-79	4	Memorandum from D. R. McNutt to Officers, Assistant Managers and Department Heads dated May 7, 1976 with attached Code of Ethics dated May 7, 1976.
L-80	3	Memorandum from Robert J. Donough to all Officers dated July 29, 1977 with attached Statements of Corporate Policy.

7804007545

CORRECTIONS TO THE TRANSCRIPT
OF THE DEPOSITION OF
ROBERT J. DONOUGH
JANUARY 23, 1978

Page	Line	Correction
5	2	"funds" should be "fund"
11	10	insert "was" after "what"
12	5	"toal" should be "total"
21	14	"hand-drafting" should be "hand drafting"
28	1	"?" should be "."

_____
Robert J. Donough

Sworn to before me this
_____ day of _____, 1978.

_____
Notary Public

7804007546

DOCUMENT NO. L-1

Minutes of a regular meeting of the Board of Directors held on August 14, 1973 at 11:00 a.m. at the Head Office of the Bank, 424 Main Street, in the City of Buffalo, New York, pursuant to due notice to all of the Directors.

Present:

Howard W. Clother
Harold L. Cowan
W. Kenneth Eaton
Harold A. Egan, Jr.
Richard H. Fletcher
Avery H. Fonda
Sherburn B. Forbush
Samuel D. Magavern
Haines R. Merritt, Jr.
Albert R. Mugel
Arthur E. Murbach
John J. Nasca
Wm. H. Prigmore
Paul J. Rich, Jr.
Edward Seeberg
Wallace J. Stakel
George P. Urban, Jr.
Henry K. Williams, III
John G. Wick

Arthur D. Martin (Advisory Committee)

Absent:

J. Allen Bernel
Edwin F. Jacckle
Paul L. Snyder
Richard F. Torrey
Edward A. Brennan

Herman G. Fisher (Advisory Committee)

7804075447

Quarterly Dividend

On the recommendation of the President, the following resolutions were duly made, seconded, put to vote and unanimously approved:

> RESOLVED, that a dividend of seventy cents (70¢) per share be, and hereby is, declared payable on September 28, 1973 to shareholders, and be it further
>
> RESOLVED, that September 18, 1973 at 9:00 o'clock a.m. Daylight Saving Time be, and hereby is, fixed as the record time and date for determination of shareholders entitled to receive such dividend, and it is further
>
> RESOLVED, that any officer or officers authorized to issue checks on the funds of the Bank be, and hereby are, authorized to pay such dividend to shareholders entitled thereto.

Management Fee

As recommended by the President's Committee, a management fee aggregating $38,907.00 will be paid to United Bank Corporation on or about September 28, 1973 as Liberty's quarterly contribution to the holding company's operating costs.

Deferred Salary Contract - E. Perry Spink

President Fonda reiterated the content of the resolution approved by the Executive Committee at its meeting of July 31, 1973 setting the annual payment to be made to Mr. E. Perry Spink under the existing Employment Agreement, which resolution was read verbatim by the Secretary as part of the minutes of such meeting approved earlier in this meeting.

General Salary Adjustment

On the recommendation of the Executive Committee, approval was given to the following resolution:

> RESOLVED, that each full time officer and employee receive a flat $300 annual increase in salary, and each parttime employee receive a 15¢ per hour increase, effective in the pay distribution of September 7, 1973.

7804007544 8

DOCUMENT NO. 2-2

Minutes of a regular meeting of the Board of Directors held December 11, 1973 at 11:00 a.m. at the Head Office of the Bank, 424 Main Street, in the City of Buffalo, New York pursuant to due notice to all of the Directors.

Present:

Edward A. Brennan
Howard W. Clother
Harold L. Cowan
W. Kenneth Eaton
Avery H. Fonda
Edwin F. Jaeckle
Samuel D. Magavern
Haines R. Merritt, Jr.
Albert R. Mugel
Arthur E. Murbach
John J. Nasca
Gunnar E. Pierson
William H. Prigmore
Paul J. Rich, Jr.
Edward Seeberg
Paul L. Snyder
Richard F. Torrey
George P. Urban, Jr.
John G. Wick
Henry K. Williams III

Absent:

J. Allen Bernel
Harold A. Egan
Richard H. Fletcher
Sherburn Forbush
Wallace J. Stakel

Arthur D. Martin (Advisory)

---

7 8 0 4 0 0 7 5 4 4 9

and unanimously carried as follows:

> RESOLVED, that the proper officers of the Bank be, and hereby are, authorized to execute the necessary documents and to take whatever action is necessary to effect the sale of our existing physical facilities utilized by the Batavia Branch to the Urban Renewal Agency for a sale price of $589,000; to purchase from the Batavia Renewal Agency, sufficient land on which to erect a new branch banking office and new drive-in facilities and to expend such funds as are necessary to erect the proposed new buildings and equip same at a net additional investment not to exceed $250,000.

Salary and Pension Committee

A meeting of the Salary and Pension Committee has been scheduled for 10:30 a.m. on Tuesday, December 18, 1973.

Messrs. Bernel and Torrey were appointed to serve as additional members of the Executive Committee until the next regular Board of Directors' Meeting.

December 18, 1973 and January 8, 1974 were designated as the dates for the next Executive Committee Meetings.

There being no further business, the meeting adjourned.

Joseph Knapp
Secretary

7804075450

Minutes of the regular meeting of the Board of Directors held June 11, 1974 at 11:00 a.m. at the Head Office of the Bank, 424 Main Street, Buffalo, New York, pursuant to due notice to all of the Directors.

Present:

J. Allen Bernel
Edward A. Brennan
Howard W. Clother
Harold L. Cowan
Harold A. Egan, Jr.
Richard H. Fletcher
Avery H. Fonda
Sherburn B. Forbush
Hollis E. Harrington
Samuel D. Magavern
Haines R. Merritt, Jr.
Albert R. Mugel
Arthur E. Murbach
John J. Nasca
Gunnar E. Pierson
Paul J. Rich, Jr.
Edward Seeberg
Paul L. Snyder
Wallace J. Stakel
Richard F. Torrey
George P. Urban, Jr.
Henry K. Williams, III

Directors Emeritus

W. Kenneth Eaton
Edwin F. Jaeckle

Absent:

John G. Wick

7804037545 1

President Fonda called the meeting to order and minutes were recorded by the Corporate Secretary.

Minutes of the Board Meeting of May 14, 1974, Executive Committee Meetings of May 21, May 28, and June 4, 1974 were summarized in the fore-pages of the Directors' Report Books. On motion made, seconded and put to vote, approval was given to waiving the reading of said minutes.

Balance Sheet

Balance Sheet of May 31, 1974; operating statements for the month of May, 1974 and year to date; together with other departmental reports in the Directors' Books were reviewed and approved.

Correspondent Bank Account

On the recommendation of management, approval was given to opening a correspondent bank account with the First National Bank of Boston.

Examining Committee

President Fonda reviewed with the Directors, management's letter of reply to suggestions submitted by Peat, Marwick, Mitchell & Co. in conjunction with its audit and financial report of the Bank for the year, 1973. Copies of management's letter were also distributed to members of the Examining Committee for review at their meeting later today.

Bank Leased Premises

At the May, 1974 Board Meeting, Directors were furnished with a report prepared by the Audit Division covering all bank operated properties leased from Directors, Advisory Board members and companies in which said individuals had a beneficial interest. The Directors having reviewed the report, directed that it be made a part of the Secretary's files.

Dividend

Approval was given to the payment on June 28, 1974 of a cash dividend of 68¢ per share to each shareholder except qualifying Directors of Liberty National Bank and Trust Company stock as of June 12, 1974. The Directors were also advised that Liberty's management fee payment of $32,851 to United Bank Corporation of New York covering the third quarter operations of the holding company would also be paid as of June 28, 1974.

Downtown Buffalo Convention Center

Director, Torrey, outlined proposed plans for the financing of the proposed convention center. He discussed the proposal of County Executive

7 8 0 4 0 7 5 4 5 2

Regan which will be presented to representatives of the various Buffalo Clearing House Association of Banks on Thursday, June 13. After discussion and review, the Board concurred unanimously with Mr. Nasca's recommendation that the Bank enthusiastically endorse the support of all members of the Buffalo Clearing House Association to the Buffalo Convention Center.

Cost of Living Salary Adjustment

The Directors ratified the action of the Executive Committee at its meeting held June 4, 1974, approving a special salary adjustment for all employees effective with the first pay in July, 1974, of 4 1/2% of the first $12,000 salary for full time employees and five cents per hour increase for all parttime staff.

Retirement Plan

The following change was made in Amendment 9 to the Liberty National Bank and Trust Company Retirement Plan:

"WHEREAS, Liberty National Bank and Trust Company adopted a retirement plan for the benefit of its employees, effective October 1, 1954, which Plan was re-stated and re-published as Amendment No. 8 to said Plan, effective December 1, 1970; and

WHEREAS, under said Plan as re-stated, the annual maximum retirement benefit payable to a participant under the Plan shall not exceed $30,000, such provision having been added to the Plan by Amendment No. 7 to the Plan, effective October 1, 1968; and

WHEREAS, due to the significant increase in the cost of living since October 1, 1968, it has been found desirable to increase the annual maximum retirement benefit payable to a participant under the Plan from $30,000 to $40,000; and

WHEREAS, Liberty National Bank and Trust Company reserved the right under Section XIV of the Plan to amend the Plan at any time, it is

RESOLVED, that Section V, Paragraph 5, of the Plan be amended to read as follows:

5. Maximum and Minimum Retirement Benefit
The annual maximum retirement benefit payable to a participant under the Plan shall not exceed $40,000. The annual minimum retirement benefit payable to a participant who has not elected an earlier retirement date and who has completed at least ten (10) years of past and/or future service at normal retirement date shall be equal to $120.

7 8 0 4 0 0 7 5 4 5 3

DOCUMENT NO. L-4

COMBINED ORGANIZATION AND FEBRUARY BOARD MEETING

FEBRUARY 11, 1975

The Secretary submitted the list of Directors elected at the Annual Shareholders' Meeting held just previously to this meeting. He further reported that such Directors in attendance have executed the Oath of Director and qualified as such.

President Fonda presided at the meeting and Secretary Trapp was directed to record the minutes.

Election of Officers

Upon motion made and seconded, the following officers were elected to serve until the next Annual Meeting of Shareholders:

President and
Chief Elecutive Officer

Avery H. Fonda

Executive Vice President &
Corporate Secretary

Joseph T. Trapp

Executive Vice President

Robert B. Mayer
Robert B. Shanahan

Senior Vice President &
Trust Officer

James R. Graham

Senior Vice President, Cashier,
Treasurer, Comptroller and
Assistant Corporate Secretary

John A. Jossett

Senior Vice President

Peter M. Bellanti
Bernard L. Kieffer *
Donald R. McNutt
Bernard F. Mulhern
Richard V.Z. Salembier, Jr.

* Also Security Officer

Vice President & Auditor

Robert E. Reitler

Vice President

Thomas W. Davis
John P. DeLuca
Gilbert V. Elden
Samuel M. Gilmore
Carmelo Caglio
Richard D. Harrington
Theodore R. Hauptman
Frank J. Honer
Charles N. Hunt
Charles E. Keily
Paul E. McCullough
W. Kendall Palmer
Eugene K. Pembroke
William G. Pufpaff
Joseph Snyder
Alan Wiles

7804075454

2MCGR

Appointed Officers

Pursuant to the By-Laws, the President is authorized to appoint such other officers as deemed necessary for the administration of the affairs of the Bank. President Fonda directed the Secretary to let the minutes show that he, hereby, re-appoints all other officers than those listed above to serve in their present capacity until the next Annual Meeting of Shareholders.

Directors' Committees

Upon motion made and seconded, the following Directors were appointed to serve as members of the various Directors' Committees:

EXECUTIVE COMMITTEE	TRUST COMMITTEE	EXAMINING COMMITTEE
Avery H. Fonda (C)	John J. Nasca (C)	Richard F. Torrey (C)
Harold L. Cowan	Howard W. Clother	J. Allen Bernel
Samuel D. Magavern	Richard H. Fletcher	Edward A. Brennan
John J. Nasca	Avery H. Fonda	Harold A. Egan, Jr.
Edward Seeberg	Samuel D. Magavern	Sherburn B. Forbush
(Two rotating members)	Albert R. Mugel	Haines R. Merritt, Jr.
	Wallace J. Stakel	Gunnar E. Pierson
	George P. Urban, Jr.	Paul J. Rich, Jr.
	John G. Wick	Henry K. Williams, III

Directors' and Advisory Board Members' Fees

Upon motion made and seconded, fees to members serving as Directors, Directors' Committee Members, and Advisory Board Members shall be on a per-meeting basis, as follows:

Board of Directors Meetings	$200.00
Directors' Committee Meetings	$150.00
Advisory Board Meetings	$ 50.00

Appointment of Legal Counsel

Upon motion made and seconded, the firm of Jaeckle, Fleischmann, and Mugel was appointed to serve as legal counsel to the Bank until the next Annual Meeting of Shareholders. Director Mugel abstained from voting on this motion.

Appointment of Certified Public Accountant

Upon motion made and seconded, the firm of Peat, Marwick, Mitchell and Company was appointed to serve as independent outside auditors for the Bank until the next Annual Meeting of Shareholders.

7804075455

DOCUMENT NO. 2

Regular Meeting of the Board of Directors held at the Main Office of the Liberty National Bank and Trust Company, 424 Main Street, Buffalo, New York on December 9, 1975 pursuant to due notice to all of the Directors.

Present:

J. Allen Bernel
Howard W. Clother
Harold A. Egan, Jr.
Richard H. Fletcher
Avery H. Fonda
Samuel D. Magavern
Haines R. Merritt, Jr.
Albert R. Mugel
John J. Nasca
Gunner E. Pierson
Paul J. Rich, Jr.
Edward Seeberg
Robert B. Shanahan
Wallace J. Stakel
Richard F. Torrey
George P. Urban, Jr.
John G. Wick
Henry K. Williams, III

Absent:

Harold L. Cowan
Sherburn B. Forbush
Peter D. Kiernan
Paul L. Snyder

Directors Emeritus

Present:

W. Kenneth Eaton
Edwin F. Jaeckle
Arthur E. Murbach

Absent: None

7804075456

Defalcation

Executive Vice President Trapp reported to the Directors the defalcation in the amount of $800.00 that occurred early in December at our Orchard Park Office. Note Teller, Mary Louise Shelly confessed to the defalcation and her employment was terminated immediately. The proper banking and law authorities have been notified.

Loan to Political Committees

President Fonda advised the Directors that Vice President, W.K. Palmer, Officer-in-Charge of our Fredonia Office extended a $2,000 loan in violation of Bank policy to the Chautauqua County Republican Party. The loan was for a 90-day period and is to be paid in full at maturity.

By-Laws

President Fonda advised the Directors that on the recommendation of the Directors Examining Committee, he has directed the Bank's legal counsel to review and update the Bank's By-Laws and Articles of Association.

Appointment of Extra Members to the Executive Committee

Messrs. Rich and Egan were appointed to serve on the Executive Committee at its meeting to be held December 16; Messrs. Bernel and Pierson were appointed for the meeting to be held December 30, 1975 and Messrs. Wick and Snyder will serve as extra members at the Executive Committee Meeting to be held January 6, 1976.

There being no further business, the meeting adjourned.

Joseph Trapp
Secretary

7804075457

DOCUMENT NO. 6-6

Minutes of a regular meeting of the Board of Directors held at the Main Office of the Liberty National Bank and Trust Company, Buffalo, New York on January 13, 1976, pursuant to due notice to all of the Directors.

Present:

J. Allen Bernel
Howard W. Clother
Harold A. Egan, Jr.
Richard H. Fletcher
Avery H. Fonda
Peter D. Kiernan
Samuel D. Magavern
Haines R. Merritt, Jr.
Albert R. Mugel
John J. Nasca
Gunnar E. Pierson
Paul J. Rich, Jr.
Edward Seeberg
Robert B. Shanahan
Wallace J. Stakel
Richard F. Torrey
George P. Urban, Jr.
John G. Wick
Henry K. Williams, III

Absent:

Harold L. Cowan
Sherburn B. Forbush
Paul L. Snyder

Directors Emeritus

Present:

W. Kenneth Eaton
Arthur E. Murbach

Absent:

Edwin F. Jaeckle

7804075458

President Fonda called the Meeting to order.

Minutes of the following meetings were reviewed and approved: Board of Directors Meeting held December 9, 1975; Directors Trust Committee Meeting held December 9, 1975; Executive Committee Meetings held December 16, 1975, December 30, 1975 and January 6, 1976.

Balance Sheet and Operating Statement

Senior Vice President, John A. Jowett, reviewed the average 1975 Balance Sheet, comparing same to 1975 and 1976 budgets. He pointed out the recently mandated changes in the Balance Sheet format as directed by the Comptroller of the Currency. He then reviewed the 1975 actual Operating Statement, comparing same to both the 1975 and 1976 operating budgets.

Directors' Report Books

Divisional Reports for the month of December, 1975 were reviewed and approved.

Housing and the National Economy

Copies of an address entitled, "Housing and the National Economy", delivered by Mr. John J. Balles, President of the Federal Reserve Bank of San Francisco, December 10, 1975, before the Mortgage Bankers Association of northern California, were distributed to each of the Directors for their information.

Report of the Directors' Examining Committee

Each Director present was furnished with the following information:

(a) Minutes of the Directors' Examining Committee Meetings held October 14, 1975; October 21, 1975; November 26, 1975; December 9, 1975; January 6, 1976 and January 13, 1976.

(b) A copy of the Peat, Marwick Mitchell & Co. Confidential Management Letter, dated January 6, 1976, addressed to the Examining Committee of the Board of Directors.

(c) A copy of the Committee's letter addressed to the Board of Directors, signed by the Chairman and each of the members of the Directors' Examining Committee that were in attendance at the January 13, 1976 meeting.

Following, herewith, is the oral report made by Committee Chairman, Richard F. Torrey, in behalf of the Directors' Examining Committee, to the Board of Directors:

The Examining Committee is presenting to the Board of Directors, today, its final report in accordance with the Bylaws of the Bank and applicable laws and regulations.

7 8 0 4 0 7 5 4 5 9

In carrying out its responsibilities the Committee sought to adhere to the guidelines of the Administrator of National Banks and commends to succeeding Examining Committees that these guidelines be utilized.

The Committee Chairman referred to the guidelines recommended by the Comptroller of the Currency for Directors Examining Committees and discussed same with Mr. Robert Reitler, Vice President and Officer-in-Charge of the Auditing Division and Mr. Robert Moses, Auditor. The Committee satisfied itself that the suggestions listed in the guidelines are covered by either the internal auditors, and/or external auditors in the normal course of their audits or through special reports submitted to the Examining Committee for their review.

The Committee reviewed information, data and reports submitted by the internal auditors, Senior Officers, external auditors, and the National Bank Examiners. Special attention was concentrated on several areas such as loans and loaning procedures, electronic data processing systems, bank security, personnel screening, insurance coverage, bank Bylaws, policies on political contributions, Directors' responsibilities for the pension program and the makeup and functions of the Examining Committee, itself.

In accordance with the guidelines of the Administrator of National Banks, the Committee sought to satisfy itself with soundness and authenticity of the Bank's loans and loan policies. With the cooperation of Senior Officers, the Committee reviewed classified loans, both retail and commercial, mortgages more than 90 days delinquent, and the loans involving a beneficial interest of Senior Officers, Directors or Advisory Board members. It further reviewed certain selected large credits and the controls and policies utilized to curtail loan losses.

In addition to the four or five relatively minor procedural changes recommended by the outside auditors, the Committee suggests that management give some consideration to a more formal control of compensating balances.

The Committee expressed particular interest in the electronic data processing systems of the Bank. With the assistance of the internal and outside auditors and of Senior Officers, it probed into the adequacy of control audit procedures and safeguards relating to EDP functions and record keeping. As a result of the establishment of a centralized EDP operation by United Bank, Liberty's EDP pattern is undergoing some basic changes and it is suggested that recommendations made in the Peat, Marwick management letter be shared with the parent company.

Also under scrutiny were the adequacy of security policies, procedures, and staff with emphasis on compliance with Regulation "P" and the Bank Portection Act. Among other things, the Bank Security Director assured the Committee that the Bank has cameras in every office, all vaults are ventilated, and all vaults and night depositories are equipped with alarms and heat detectors.

The Committee was given a detailed review of procedures followed in prescreening clerical employees, employees associated with the EDP function, management and management trainees.

7 8 0 4 0 0 7 5 4 6 0

Meeting minutes will show a review of the Bank's insurance coverage by the Committee with the help of the Bank Comptroller. However, neither of the two agencies which place the Bank's insurance would provide a statement that coverage was adequate and the Committee members felt that they did not have the expertise to assess the coverage. Therefore, it has been formally recommended that the Bank engage an outside consulting firm to render an opinion as to the adequacy of the coverage.

Inquiry into the status of the Bank's Bylaws has led to the additional recommendation that Counsel for the Bank be directed to update them.

With the spotlight being placed, nationwide, on illegal political contributions, the Committee inquired into Bank policy and practice. The Bank President advised the Committee of the Bank's policy of strict adherence to all corporate and banking laws and regulations relating to the prohibition on the Bank's policy of prohibiting loans to any political party, committee or candidate. He cited a single violation of this latter policy in the Fredonia Office involving a $2,000 loan to a political party. The Vice President of the Auditing Division, at the request of the Committee, reviewed the expense accounts of 35 officers of the Bank, covering 1975 to early December, and reported he found no evidence of any violation of corporate or banking laws or regulations relating to political contributions.

Bank Legal Counsel reported on its investigation into the provisions for indemnification of Directors' liability. Counsel has reported that the Articles of Association and the Bylaws of the Bank permit indemnification of Directors for the deductible portion of a judgment and expense, absent negligence or willful misconduct, but do not require it. The Comptroller's Office has promised to review its present interpretative regulations and advise Counsel as to what course can be taken by the Bank. The Committee recommends that the Board of Directors consider action at its next meeting to provide this indemnification within the limits prescribed by law.

Adequacy of the Directors' Liability Insurance in its total amount was questioned by Director Rich. It is presently $5 million in the aggregate for UBNY and its subsidiaries. The Committee suggests that this matter be reviewed by UBNY.

With the recent advent of new federal legislation relating to the liability and responsibilities of Directors in regard to pensions and employee benefit plans, the Committee requested and received an opinion from Counsel. Counsel reported that the Directors of the Liberty National Bank and Trust Company, as such, do not have a continuing responsibility with respect to the administration of the existing employee pension benefit plans for Liberty employees or the investment of trust funds held under such plans, other than for providing for employer contributions to the trusts under the plans, and for supervision of handling of employee contributions under the Incentive Savings Plan. Both programs are now consolidated with UBNY.

Past practice has created a pattern of two meetings per year for Examining Committees at Liberty. This would have provided insufficient time

7804075461

to cover the variety of inquiries which were largely outlined in the first meetings of the present Committee and which apparently marked a departure from the past. Six meetings, totaling 15 hours, were required, with attendance of the nine members exceeding 80%.

President Fonda, in December, suggested that the present Committee draft a set of guidelines setting forth the overall scope, procedures and functional responsibilities of the Committee. Regrettably, time did not permit fulfilling this request. However, Director Egan undertook a survey of practices followed by eight New York State banks, including State Bank of Albany, and the results were appended to the Committee's report.

It is the consensus of the present Committee that several meetings are necessary to do an adequate job. However, the Committee can, and should be pared from its nine members to no more than five, including counsel. We recommend each member, with exception of counsel, serve just two years and that the chairman be a second year member. We suggest members and chairman be nominated by the duly constituted Nominating Committee of the Board of Directors.

We believe that the Committee should begin work soon after it is approved at the Annual Meeting by monitoring compliance with recommendations of the outside auditors.

In summary, the Examining Committee finds the operations of the Bank in all material aspects are in accordance with law, the Bylaws of the Bank and the policies of the Directors, and commends the President and Senior Officers who have effectively discharged their responsibilities. The Committee also expresses appreciation to the Audit Division and to the outside auditors for their valuable assistance.

Report of the Ad Hoc Committee

Pursuant to appointment, (Executive Committee minutes of November 5, 1975), Director John J. Nasca, Chairman of the Nominating Committee today reported in behalf of said Committee. Directors Gunnar E. Pierson and Henry K. Williams, III, served as members of the Ad Hoc Committee.

The following recommendations were made to the Board of Directorrs:

(1) The Board of Directors be constituted of 18 members.

(2) All of the members of the Board of Directors and of the Advisory Boards who have not reached the mandatory age of retirement, be re-nominated to serve for a one-year term.

(3) All present Directors Emeritus of the Board of Directors be re-nominated to serve for a one-year term.

(4) The outgoing Directors, Harold L. Cowan, Sherburn B. Forbush, Samuel D. Magavern and Edward Seeberg, be nominated to serve as Directors Emeritus for a one-year period.

7 8 0 4 0 0 7 5 4 6 2

Regular meeting of the Board of Directors of the Liberty National Bank and Trust Company held on Tuesday, July 13, 1976 at 10:30 a.m. at the Main Office of the Bank at 424 Main Street, Buffalo, New York, pursuant to due notice to all of the Directors.

Present:

Howard W. Clother
Robert J. Donough
Harold A. Egan, Jr.
Peter D. Kiernan
Haines R. Merritt, Jr.
Albert R. Mugel
John J. Nasca
Gunnar E. Pierson
Paul J. Rich, Jr.
Robert B. Shanahan
Paul L. Snyder
Wallace J. Stakel
Richard F. Torrey
George P. Urban, Jr.
John G. Wick
Henry K. Williams, III

Absent:

J. Allen Bernel

DIRECTORS EMERITUS

Present:

W. Kenneth Eaton
Sherburn B. Forbush
Edwin F. Jaeckle
Samuel D. Magavern
Arthur E. Murdoch
Edward Seeberg

Absent:

None

7804075463

2MCGF

Executive Incentive Plan

Each of the Directors was furnished with a copy of the Executive Incentive Plan, outlining the criteria on which Liberty's 1976 Plan will be based. After review, on motion made and seconded, the Directors unanimously voted the approval and adoption of said Plan, a copy of which is made a part of these minutes.

Directors' Marketing Committee

At the February 10, 1976 Board of Directors Meeting, a Directors' Marketing Committee was appointed, consisting of Directors Paul J. Rich, Chairman, Howard W. Clother, Richard H. Fletcher, Haines R. Merritt, Jr. and Richard F. Torrey. President Donough advised the Directors that as a result of meetings between himself and Chairman Rich, and subsequent meetings of the Chairman with members of his Committee, it was felt that Marketing is a management function and that all Directors could assist management in the Bank's Marketing efforts.

On the recommendation of President Donough and Director Rich, motion was made and seconded, put to vote and unanimously approved as follows:

> RESOLVED, that the Board of Directors does hereby thank the Chairman and members of the Directors' Marketing Committee for their past efforts as members of said Committee and does hereby abolish the Directors' Marketing Committee in favor of all Directors participating in this very important banking function.

Forecast of Loan Losses

President Donough advised the Directors that while commercial loan losses may aggregate $425-430,000 during 1976, which is slightly higher than originally anticipated, retail losses were lower than earlier predictions indicated. Management is continually monitoring our loan losses and no immediate change is planned in our forecast for the balance of 1976 at this time.

Comptroller's Examination

Effective January 1, 1976, the Comptroller of the Currency adopted a new policy wherein at least once each calendar year, generally in conjunction with a regular examination, the Examiner in Charge is to meet with the Board of Directors of the Bank being examined. When considered appropriate, in lieu of meeting with the full Board of Directors, the Examiner may meet with the Executive Committee or the Examining Committee.

The Bank was examined as of the close of business, June 9, 1976 with Mr. Anthony Crigas, Examiner in Charge. The examination was concluded on July 2, 1976. In view of the excellent condition of our Bank, Mr. Crigas elected to meet with members of our Executive Committee and appeared before them at the regularly scheduled meeting held June 29, 1976.

President Donough today reiterated the comments and analyses made by Mr. Crigas as outlined in the Executive Committee minutes of June 29, 1976.

7 8 9 1 0 1 7 5 1 6 4

Regular meeting of the Board of Directors' of the Liberty National Bank and Trust Company was held at 10:30 a.m. on November 9, 1976 in the Main Office at 424 Main Street, Buffalo, New York, pursuant to due notice to all of the Directors.

Present:

J. Allen Bernel
Howard W. Clother
Robert J. Donough
Harold A. Egan, Jr.
Peter D. Kiernan
Haines R. Merritt, Jr.
Albert R. Mugel
John J. Nasca
Gunnar E. Pierson
Paul J. Rich, Jr.
Robert B. Shanahan
Paul L. Snyder
Wallace J. Stakel
Richard H. Torrey
George P. Urban, Jr.
John G. Wick
Henry K. Williams, III

Absent:

Richard H. Fletcher

DIRECTORS EMERITUS

Present:

W. Kenneth Eaton
Edwin F. Jaeckle
Arthur E. Murbach
Edward Seeberg

Absent:

Sherburn B. Forbush
Samuel D. Magavern

7804007546 5

President Donough called the meeting to order.

Also in attendance were Executive Vice Presidents Robert B. Mayer, and Joseph T. Trapp who remained throughout the meeting.

Minutes

The minutes of the following meetings were reviewed and approved:
Board of Directors' Meeting -- October 12, 1976.
Special Shareholders' Meeting -- October 12, 1976.
Executive Committee Meetings -- October 19, October 26 and November 3, 1976.

Financial and Divisional Reports

1. Comparative Balance Sheet as of October 31, 1976.
2. Statement of Income for period ending October 31, 1976.
3. Key Ratio Report as of October 31, 1976.
4. Interest Margin Report as of October 31, 1976.
5. Reconcilement of Allowance for Possible Loan Losses -- first 10 months
6. Teller Differences & Miscellaneous Losses -- first 10 months.
7. Past Due Loan Interest -- first 10 months.
8. Past Due Notes $10,000 and over-- month of October, 1976
9. Delinquent Commercial Mortgages -- 90 days and over.
10. Retail Loans Outstanding & Delinquencies Report -- October, 1976
11. Retail Banking Division Charge-offs. Board approved charge-offs aggregating a total of $2,281.26.
12. Monthly Security Summary -- October, 1976.

Political Contributions

It is the established policy of United Bank Corporation and its subsidiaries (together, "The Corporation") to conduct their affairs in strict conformity to all applicable legal requirements and the highest standards of business ethics. At the last Board Meeting of United Bank Corporation of New York, the following policy statement was adopted in order to provide guidelines for the application of this general corporate policy to the area of political contributions.

President Donough distributed copies of the Corporate Statement of Policy regarding Political Contributions and Other Expenditures for Political Purposes, as previously adopted by the Board of Directors of the United Bank Corporation of New York.

After discussion and review, upon motion made, seconded and put to vote, the following resolution was approved:

> RESOLVED, that effective immediately, the following Statement of Policy regarding Political Contributions and Other Expenditures for political purposes, be, and hereby is, approved:

7 8 0 4 0 0 7 5 1 6 6

2MGH

STATEMENT OF POLICY

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term, "political contribution" shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization, but also (a) the reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee, or other person, or (b) the provision of services or of the use of property, or the making of a loan to a political party, candidate, committee, or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchases of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contributions and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee, who has, or obtains knowledge of, or information concerning, any action prohibited by this policy statement, shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violation of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

Directors' Activities

The Directors joined President Donough in extending best wishes to: Director Howard W. Clother on his announced retirement after many years of service with the Courier Express; Director Paul J. Rich, Jr. on his pending retirement effective December 1, 1976 as Chief Executive Officer of Wyomissing Corporation; and Director John J. Nasca in having been named, "Man of the Year" by the Greater Buffalo Advertising Club.

Credit

DELETION

7804075467

DOCUMENT NO. L-9

Regular meeting of the Board of Directors of the Liberty National Bank and Trust Company was held at 10:30 a.m. on December 14, 1976 at the Main Office at 424 Main Street, Buffalo, New York, pursuant to due notice to all of the Directors.

Present;

Howard W. Clother
Robert J. Donough
Richard H. Fletcher
Peter D.Kiernan
Haines R. Merritt, Jr.
Albert R. Mugel
John J. Nasca
Gunnar E. Pierson
Paul J. Rich, Jr.
Robert B. Shanahan
Paul L. Snyder
Wallace J. Stakel
Richard F. Torrey
George P. Urban, Jr.
John G. Wick
Henry K. Williams, III

Absent:

J. Allen Bernel
Harold A.Egan, Jr.

DIRECTORS EMERITI

Present:

Edwin F. Jaeckle
Samuel D. Magavern
Arthur E. Murbach
Edward Seeberg

Absent:

W. Kenneth Eaton
Sherburn B. Forbush

---

7 8 0 4 0 0 7 5 4 6 8

President Donough called the meeting to order.

Also in attendance were Executive Vice Presidents Robert B. Mayer and Joseph T. Trapp who remained throughout the meeting.

Minutes

The minutes of the following meetings were reviewed and approved.

1. Board of Directors' Meeting -- November 9, 1976.
2. Directors' Trust Committee Meeting -- November 9, 1976
3. Executive Committee Meetings -- Nov. 16, Nov. 23, Dec. 1 and Dec. 7, 1976

Financial and Divisional Reports

1. Comparative Balance Sheet as of November 30, 1976.
2. Statement of Income for period ending November 30, 1976.
3. Key Ratio Report as of November 30, 1976
4. Interest Margin Report as of November 30, 1976
5. Reconcilement of Allowance for Possible Loan Losses -- first 11 months
6. Teller Differences & Miscellaneous Losses -- first 11 months.
7. Past Due Interest -- first 11 months.
8. Past Due Notes $10,000 and over -- month of November, 1976
9. Delinquent Commercial Mortgages -- 90 days and over.
10. Retail Loans Outstanding & Delinquencies Report -- November, 1976
11. Retail Banking Division Charge-Offs. Board approved charge-offs aggregating a total of $22,766.16.
12. Monthly Security Summary

Dividend

Upon motion made, seconded and put to vote, the following resolution was unanimously approved:

> RESOLVED, that the proper officers of the Bank be, and hereby are, authorized to pay a cash dividend of $685,336 (91¢ per share) to UBNY on, or before December 31, 1976.

East Robinson Road Office

President Donough informed the Directors that plans to consolidate the East Robinson Road Office into the North Tonawanda Office as of the close of business on December 31, 1976 are proceeding as planned.

Officer's Promotion

On the recommendation of management and upon motion made, seconded and put to vote, the following resolution was unanimously approved:

> RESOLVED, that Mr. James C. Whitaker be appointed a Vice President at an annual salary of $20,000 and he will continue his responsibilities as Officer-in-Charge of the Bank's Securities Division.

7 8 0 1 1 1 7 5 4 6 9

Officers' Salaries -- 1977

The salaries of each of the officers holding a title of Vice President and above, but not including the President, were reviewed and upon the recommendation of management and the recommendation of the President, increases aggregating $28,200 were granted to 22 such officers. The list of such increases and base salaries for the year, 1977, is on file in the Staff and Community Relations Division of this Bank.

Trust Division

President Donough advised the Directors that prospects to head the Trust Division are being interviewed, but as of this date, no decision has been made. President Donough also advised the Directors that the Trust Division's records have been converted to the SEI program.

5% Staff Bonus

President Donough informed the Directors that the total cost to the Bank in conjunction with the previously approved staff bonus aggregated $331,150.

Equal Employment Opportunity Commission

President Donough reviewed the two discrimination charges filed against the Bank by employees. He informed the Directors that management is working with legal counsel in responding to the charges filed.

UBNY Report

Director Peter D. Kiernan, Chairman and President of UBNY, reported that eleven months' net earnings of the Holding Company aggregated $18,82,,000, up $4,372,000, or 30½% increase over the first eleven months of 1975. He commented on the major contributing factors to the increased earning performance and complimented management of the subsidiaries on their respective performances. He advised that the Hempstead merger is on target and it was anticipated that the Board of Directors of Hempstead Bank and UBNY would be voting a proposal at their January meetings and a target date for consummation of the consolidation is scheduled as of July 1, 1977.

Credit Cards

Senior Vice President, Mulhern, made a verbal presentation outlining developments in the credit card field as they relate to the formation of Eastern States Monetary Services, Inc., a subsidiary of Eastern States Bankcard Corp. Members of the newly-formed subsidiary will enjoy the facilities of participating and issuing VISA credit cards (formerly Bankamericard) and/or accept merchants' deposits of the purchases under both cards. On his recommendation, the Directors by duly approved resolution, authorized the proper officers of the Bank to execute the necessary documents for the Bank to become a member of the Eastern States Monetary Services, Inc. at a cost of $37,500, exclusive of processing fees based on volume.

Secretary

7804007547 0

COMBINED ORGANIZATION AND FEBRUARY BOARD MEETING

FEBRUARY 8, 1977

President Donough called the meeting to order at the Retail Banking Center Conference Room. Due to restrictions on driving in the City of Buffalo because of severe weather conditions, the meeting was held at the Center after telephone notice to all Directors.

President Donough congratulated all of the Directors re-elected at the Annual Meeting of Shareholders which was held immediately preceding this meeting.

In addition to the Directors, Messrs: Mayer and Trapp, Executive Vice Presidents, were present.

Election of Officers

Upon motion made, seconded and put to vote, the following resolution was approved:

> RESOLVED, that pursuant to the bylaws, the following officers are hereby appointed to serve until the next Annual Meeting of Shareholders, or until further action by the Board of Directors, at their respective annual salaries as previously affixed by the Board and on file in the Staff and Community Relations Division of the Bank:
>
> President and Chief Executive Officer
>
> Robert J. Donough
>
> Executive Vice Presidents
>
> Robert B. Mayer
> Robert B. Shanahan
> Joseph T. Trapp (Also Corporate Secretary)
>
> Senior Vice Presidents
>
> Peter M. Bellanti
> Frederick H. Eaton
> John A. Jowett (*)
> Bernard L. Kieffer (**)
> Donald R. McNutt
> Bernard F. Mulhern

(*) Also Comptroller, Cashier and Treasurer and Asst. Corporate Secretary
(**) Also Security Officer

7801075471

Appointment of Independent Accountants

Upon motion made, seconded and put to vote, the following resolution was approved:

> RESOLVED, that the firm of Peat, Marwick, Mitchell and Company be, and hereby is, appointed to serve as independent outside auditors for the Bank until the next Annual Meeting of Shareholders.

Employee Loans

Upon motion made, seconded and put to vote, the following resolution was approved:

> RESOLVED, that the President and the Executive Vice Presidents shall have the authority to adopt terms and conditions with reference to Employee Loans, provided, however, that no loans shall be made in violation of Section 375 (a) of Title 12 of the National Banking Laws.

Statement of Corporate Policy re: Business and Accounting Practices

Each Director present was furnished with a copy of the Statement of Corporate Policy Regarding Business and Accounting Practices as previously approved by the Board of Directors of the United Bank Corporation of New York.

Motion was made and seconded to adopt the Statement of Corporate Policy Regarding Business and Accounting Practices.

It was further moved and seconded, put to vote and unanimously approved that Item #7 of such Statement of Corporate Policy be amended to read:

"Any officer or employee who has or obtains knowledge of, or information concerning any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York and also the Chief Executive Officer of this Bank." Underlined verbage constitutes the amendment.

Upon motion made, seconded and put to vote, the following Statement of Corporate Policy Regarding Business and Accounting Practices was approved as amended:

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors of Liberty National Bank and Trust Company hereby adopts the following specific policy statement in order to provide guidelines for the application of this general corporate policy to the area of business and accounting practices:

7 8 0 4 0 7 5 4 7 2

7804075473

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning any actions prohibited by this policy statement, shall promptly notify the Chief Executive Officer of United Bank Corporation of New York and also the Chief Executive Officer of this Bank.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time, or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

Embezzlement Dunkirk Office

President Donough advised the Directors that the Audit Division is continuing its investigation of the embezzlement by Mrs. Helen Levandoske, who, prior to resignation on January 12, 1977, was Assistant Manager of our Dunkirk Office. While the exact extent of the embezzlement is not determined as of this writing, known losses aggregate in excess of $41,900. There are certain extenuating factors that may increase, or decrease, the ultimate loss to the Bank.

Central Park Office Holdup

President Donough informed the Directors that on Friday, February 4, 1977, our Central Park Branch was held up at approximately 1:30 p.m. by four teen-age bandits. An audit verified $14,164.30 was taken and while ten individuals have been charged as being implicated, only approximately $1,100 has been recovered.

DOCUMENT NO. L-12

Regular Meeting of the Board of Directors was held on Tuesday, April 12, 1977 at the Liberty National Bank and Trust Company, 424 Main Street, Buffalo, New York at 10:30 a.m. pursuant to due notice to all of the Directors.

Present:

J. Allen Bernel
Howard W. Clother
Robert J. Donough
Harold A. Egan, Jr.
Richard H. Fletcher
Peter D. Kiernan
Albert R. Mugel
Paul J. Rich, Jr.
Robert B. Shanahan
Wallace J. Stakel
George P. Urban, Jr.
John G. Wick
Henry K. Williams, III

Absent:

Haines R. Merritt, Jr.
John J. Nasca
Paul L. Snyder
Richard F. Torrey

DIRECTORS EMERITI

Present:

Sherburn B. Forbush
Edwin F. Jaeckle
Arthur E. Murbach
Edward Seeberg
Samuel D. Magavern

Absent

W. Kenneth Eaton

---

7 8 0 4 0 0 7 5 4 7 4

President Donough called the meeting to order.

Also in attendance at the meeting were Executive Vice Presidents, Robert B. Mayer and Joseph T. Trapp.

MINUTES

The following minutes were reviewed and approved by the Directors:

Board of Directors' Meeting held March 8, 1977
Directors' Trust Committee Meeting held March 15, 1977
Executive Committee Meetings held March 15, March 22 and April 5, 1977.

FINANCIAL AND DIVISIONAL REPORTS

The following Financial and Divisional Reports were reviewed by the Board of Directors:

1. Comparative Balance Sheet as of March 31, 1977.
2. Statement of Income for period ending March 31, 1977.
3. Key Ratio Report as of March 31, 1977
4. Interest Margin Report as of March 31, 1977
5. Reconsilement of Allowance for Possible Loan Losses.
6. Teller Differences & Miscellaneous Losses -- March 31, 1977
7. Past Due Interest -- Month of March, 1977
8. Past Due Notes of $10,000 and over -- Month of March, 1977
9. Delinquent Commercial Mortgages -- 90 days and over.
10. Retail Loans outstanding and delinquencies report -- March, 1977
11. Retail Banking Charge-offs. The Board approved charging off a total of $21,677.03
12. Monthly Security Summary -- March, 1977

MISAPPROPRIATION OF FUNDS

In accordance with Paragraph 7.5225 in the Comptroller's Manual of Interpretive Rulings, the Directors were advised that Miss Sharon McCormick, former parttime encoder in the Central Proof Department appears to be responsible for extracting separate Docutel withdrawals amounting to $150.00 from January 21 to March 12, 1977. Microfilm records indicate all of the missing items are on Miss McCormick's account #3469-333. She has promised to make restitution and the proper authorities have been notified of this mis-appropriation.

BATAVIA CONSTRUCTION PROJECT

The Board was advised of the current status relative to the disagreements between the Bank and the general contractor on the Batavia Construction Project.

7 8 0 4 0 7 5 4 7 5

2MCGR

EXECUTIVE OFFICERS' REGULATION "O"

WHEREAS, for the purposes of Regulation "O" of the Board of Governors of the Federal Reserve System, an Officer is not regarded as an Executive Officer if it is provided, by resolution of the Board of Directors, that he, or she, is not authorized to participate in the operating management of the Bank and he, or she, does not actually participate therein; and

WHEREAS, only the members of the Bank's Administrative Committee do participate in the operating management of this Bank; be it therefore,

RESOLVED, That for the purposes of Regulation "O" of the Board of Governors of the Federal Reserve System, only members of this Bank's Administrative Committee shall participate in the operating functions of the Bank and be considered Executive Officers for the purpose of Regulation "O", namely:

Robert J. Donough, President

Robert B. Mayer, Executive Vice President

Robert B. Shanahan, Executive Vice President

Joseph T. Trapp, Executive Vice President

Peter M. Bellanti, Senior Vice President

Frederick H. Eaton, Senior Vice President

John A. Jowett, Senior Vice President

Bernard L. Kieffer, Senior Vice President

Bernard F. Mulhern, Senior Vice President

Donald R. McNutt, Senior Vice President

William J. Browne, Vice President

Thomas W. Davis, Vice President

Frederick W. Stetz, Vice President

James C. Whitaker, Vice President

OFFICERS' OUTSIDE ACTIVITIES

In conjunction with the Trust Division relationship with the Transit Drive-In Theatre, Inc., Mr. Selby Smith, Trust Officer, was authorized to accept membership on the Board of Directors of the said theatre corporation.

UBNY REPORT

Director, Peter D. Kiernan, President and Chief Executive Officer of UBNY commented on the article in the current issue of Business Week magazine which listed the 200 largest domestic banking organizations. This article showed that UBNY was 105th largest of those listed, but placed #1 in Return on Assets. Its 1.33% Return on Assets far exceeded the next closest bank which

7804007547 6

achieved 1.18% Return on Assets. Mr. Kiernan then reviewed UBNY earnings for the first quarter of 1977 vs. the first quarter of 1976. He pointed out that while earnings were down from the previous year, the decline was only due to the very exceptional and outstanding earnings record attained during the first quarter of 1976. Annualizing 1977 first quarter earnings would reflect a 1.21% Return on Assets which is still higher than any of the other 200 listed banks in the Business Week survey attained during the year, 1976. He reported on the progress of the Hempstead acquisition, stating that it is anticipated the set target date will be achieved. To fund the Hempstead acquisition and refinance existing borrowings, the Holding Company is giving consideration to a 10-year $20-25 million debt issue.

Mr. Kiernan then advised the Directors that in conjunction with the IRS investigation concerning political contributions, the SEC has directed that a portion of the 8-K report filed with the Securities and Exchange Commission as of April 1, 1977 accompany the proxies sent to the Stockholders for the 1977 Annual Meeting of Shareholders.

EARNINGS FORECAST FOR 1977

President Donough reviewed the Bank's progress in conjunction with its revised earnings forecast and each of the Executive Vice Presidents commented relative to steps that will be taken to generate additional loan and deposit business in an effort to increase our earnings during the balance of 1977.

ENSUING MEETINGS

The next scheduled Executive Commitee Meetings will be on April 19, April 26 and May 3, 1977.

There being no further business, the meeting adjourned.

Joseph R. Kapp
Secretary

7801075477

A regular meeting of the Board of Directors of the Liberty National Bank and Trust Company was held at the Main Office of the Bank at 10:30 a.m. in the Horizon Room on Tuesday, August 9, 1977.

Present:

Robert M. Cleary, Jr.
Howard W. Clother
Robert J. Donough
Harold A. Egan, Jr.
Peter D. Kiernan
Haines R. Merritt, Jr.
Albert R. Mugel
John J. Nasca
Paul J. Rich, Jr.
Robert B. Shanahan
Wallace J. Stakel
George P. Urban, Jr.
John G. Wick
Henry K. Williams, III

Absent:

J. Allen Bernel
Richard H. Fletcher
Paul L. Snyder

7804007547 8

DIRECTORS EMERITI

Present:

W. Kenneth Eaton
Sherburn B. Forbush
Edwin F. Jaeckle
Samuel D. Magavern
Arthur E. Marbach
Edward Seeberg

Absent:

None

7804075479

1977 EXECUTIVE INCENTIVE PLAN

Directors were furnished with a copy of the 1977 Executive Incentive Plan as proposed by the UBNY Directors Compensation Committee. The proposal was reviewed by our Executive Committee at its meeting on July 26, 1977 and recommended to the Board of Directors for approval.

Upon motion made, seconded and put to vote, the following Resolution was unanimously approved:

> RESOLVED, that the 1977 Executive Incentive Plan as attached and made part of these minutes be, and hereby is, approved and be it further
>
> RESOLVED, that said Incentive Plan supercede the original Plan as adopted by the Board of Directors on March 8, 1977.

BATAVIA CONSTRUCTION PROJECT

President Donough outlined the schedule of Marketing's plans in conjunction with the relocation of our present Batavia Office to a new building immediately east of our present location.

UBNY REPORT

Director Kiernan, Chairman and President of UBNY, advised the Directors that the State Banking Department has approved the acquisition of the Hempstead Bank and it is anticipated the Federal Reserve Board will act favorably on the application at its meeting on August 17th. Federal regulations provide that the Justice Department then has thirty days in which to offer any objections it deems warranted and absent of all intervention by the Justice Department, it is anticipated a consolidation will take place as of October 1, 1977. Mr. Kiernan reported that the seven month earnings of UBNY are 13½% lower than previous year due, primarily, to lower interest margins prevailing in the markets.

EARNINGS FORECAST

President Donough commented on the latest earnings forecast for the year, 1977 which reflects net earnings of $4,718,000.

RATES ON MUNICIPAL SAVINGS

President Donough advised the Directors that effective August 10, 1977 the rate paid on Municipal Savings Accounts was increased from 4½% to 4-3/4%.

TRUST DIVISION

Vice President, Frederick W. Stetz, joined the meeting and introduced representatives Tarlton Embry and Lawrence Helms of the Fiduciary Trust Company who reviewed the pertinent factors in the proposed Federal Income Tax

DOCUMENT NO. L-14

A regular meetingof the Board of Directors of the Liberty National Bank and Trust Company, was held at the Main Office, 424 Main Street, Buffalo, New York at 10:30 a.m. on October 11, 1977.

Present:

J. Allen Bernel
Robert M. Cleary, Jr.
Howard W. Clother
Robert J. Donough
Harold A. Egan, Jr.
Richard H. Fletcher
Peter D. Kiernan
Haines R. Merritt, Jr.
John J.Nasta
Paul J. Rich, Jr.
Robert B. Shanahan
Wallace J. Stakel
George F. Urban, Jr.
John G. Wick

Absent:

Albert R. Mugel
Paul L. Snyder
Henry K. Williams, III

DIRECTORS EMERITI

Present:

W. Kenneth Eaton
Sherburn S. Forbush
Edwin F. Jaeckle
Arthur E. Murtagh
Edward Seeberg
Samuel D. Magavern

Absent:

None

7804075480

President Donough called the meeting to order.

DIRECTORS REPORT BOOKS

The following Divisional and Financial reports were reviewed:

1. Comparative Average Balance Sheet as of September 30, 1977.
2. Comparative Average Deposits by Branch Office covering the year-to-date periods of 1976 and 1977 as of September 30, 1977.
3. Interest Income and Expense Report for the first nine months 1976 and 1977 on a tax equivalent basis.
4. Changes in funds, rates and interest margin, year-to-date for period ending September 30, 1977.
5. Key Ratio Report covering the first nine months of 1977 and month of September, 1977 vs. the comparable period of 1976.
6. Salomon Brothers Report -- Percentage change in non-interest expense.
7. Reconcilement of Allowance for possible loan losses for period ending September 30, 1977.
8. Comparative schedule of teller differences and net miscellaneous losses for nine months of 1977 vs. the same period of 1976.
9. Commercial Loan, Commercial Mortgage, Lease and Retail Banking Floor Plan delinquencies as of September 30, 1977.
10. Quarterly Borrowing Report by Type of Industry as of September 30, 1977.
11. Average Retail Loans outstanding by type and schedule of delinquencies.
12. The Board approved $3,997.96 in Retail Banking loans for charge-off.
13. Comparative year-to-date schedule of gross Retail loan charge-offs.
14. Monthly Summary of Bank's Securities portfolio.
15. Trust Division Report.

MINUTES

The Board reviewed and approved the minutes from the following meetings: Board of Directors Meeting held September 13, 1977.
Executive Committee Meetings held September 20, September 27 and October 4, 1977.

UBNY REPORT

Director Peter D. Kiernan, Chairman and President of UBNY commented on the consolidation of the Hempstead Bank into United Bank Corporation of New York effective as of the close of business on September 30, 1977. He mentioned that one-third of the stock of the Hempstead Bank was redeemed for cash and the balance, a stock exchange. He stated that the Holding Company has entered into a Letter of Intent with the Schenectady Trust Company and elaborated on the size and general financial condition of that Bank.

Mr. Kiernan and Mr. Thomas Hagoort of the Cleary, Gottlieb, Steen and Hamilton firm reviewed and answered questions relative to the indemnification of Officers and Directors in conjunction with the IRS tax matter.

Upon motion made and seconded, the following resolutions were

7 8 0 4 0 0 7 5 4 8 1

unanimously approved:

WHEREAS, the Intelligence Division of the Internal Revenue Service, ("IRS") has been conducting an investigation of United Bank Corporation of New York ("UBNY") and its subsidiaries, including Liberty National Bank and Trust Company, ("The Bank") as a result of information provided to the IRS by UBNY in response to written questions from the IRS; and

WHEREAS, as a part of such investigation ("the IRS investigation"), officers, directors and employees of the Bank have been summoned by the IRS to give testimony under oath with respect to matters relating to the Bank which were disclosed in the information provided to the IRS by UBNY and it is expected that other officers, directors and employees of the Bank will be so summoned in the future course of the IRS investigation; and

WHEREAS, in view of the fact that such IRS investigations normally have as their purpose a determination whether any criminal violations of tax laws have occurred, and such investigations may result in criminal indictments of individual officers, directors and employees as well as of the taxpayer itself, officers, directors and employees of the Bank who have been, or are likely to be, summoned to give testimony in the course of the IRS investigation have retained or may be expected to retain, personal legal counsel to advise them with respect to the IRS investigation; and

WHEREAS, officers, directors and employees who become involved in the IRS investigation have requested, or are likely to request, indemnification for reasonable expenses, including attorney's fees, incurred in connection with the IRS investigation;

THEREFORE, it is hereby

RESOLVED, that it is desirable that in the best interests of the Bank and its shareholder for the Bank to reimburse any person who becomes involved in the IRS investigation by reason of the fact that he, or she, is, or was, a director officer, or employee of the Bank against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him, or her, in connection with such involvement.

RESOLVED, that the Bank shall reimburse any person who becomes involved in the IRS investigation by reason of the fact that he, or she, is, or was, a director, officer or employee of the Bank against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him, or her, in connection with such involvement provided that such person shall have agreed in writing with the Bank to repay to the Bank all amounts so reimbursed if such person shall ultimately be found not to have been legally entitled to indemnification.

RESOLVED, that the President of the Bank is hereby authorized to receive all requests for such reimbursement and to cause reimbursement to be made for all requests which, in his judgement, satisfy the requirements of these resolutions.

7804027518 2

RESOLVED, that the appropriate officers of the Bank are hereby authorized to do all such things and to execute and deliver all such instruments as they may deem necessary or desirable to carry out the foregoing resolutions.

EXECUTIVE COMMITTEE

Director, Paul L. Snyder, was appointed by the Board of Directors at its meeting on August 9, 1977, to serve as a member of the Executive Committee until the November Board of Directors' Meeting. Mr. Snyder has advised the President that due to the pressure of outside business interests, he requests being relieved from serving for the balance of his term on the Executive Committee. On the recommendation of the President, Robert B. Shanahan, was appointed to serve in lieu of Director Snyder as a member on the Executive Committee until the November Board of Directors' Meeting.

ENSUING SCHEDULE OF MEETINGS

The next scheduled Executive Committee Meetings are Wednesday, October 12, 1977; Tuesday, October 25 and Tuesday, November 1, 1977.

The next Board of Directors' Meeting will be held on Wednesday, November 9, 1977 due to the fact that Tuesday, November 8, 1977 is Election Day and a Bank holiday

There being no further business, the meeting adjourned.

Joseph R. Graff
Secretary

7 8 0 4 0 7 5 4 8 3

DOCUMENT NO. 4-15

2837

The regular meeting of the Board of Directors of the Liberty National Bank and Trust Company was held at the Main Office of the Bank, 424 Main Street, Buffalo, New York on Wednesday, November 9, 1977 at 10:30 a.m.

Present:

J. Allen Bernel
Robert M. Cleary, Jr.
Howard W. Clother
Robert J. Donough
Harold A. Egan, Jr.
Richard H. Fletcher
Haines R. Merritt, Jr.
Albert R. Mugel
John J. Nasca
Paul J. Rich, Jr.
Robert B. Shanahan
Paul L. Snyder
Wallace J. Stakel
John G. Wick
Henry K. Williams, III

Absent:

Peter D. Kiernan
George P. Urban, Jr.

7804007 5484

DIRECTORS EMERITI

Present:

Edwin F. Jaeckle
Arthur E. Murbach
Edward Seeberg
Samuel D. Magavern

Absent:

W. Kenneth Eaton
Sherburn B. Forbush

President Donough then reviewed, in detail, the September 6, 1977 Report of Examination covering the Bank's Compliance with Consumer Laws and Regulations Ms. Wilson and Mr. Bielicki, again, answered questions raised from the floor.

President Donough then reviewed, in detail, the Report of the Electronic Data Processing Examination dated August 22, 1977.

President Donough advised members of the Board that each of them is required to sign both the Commercial and Consumer Compliance Examination Reports, signifying that each of them has personally reviewed the respective reports. The reports will be available to the Directors, either through President Donough, or Executive Vice President and Corporate Secretary, Joseph T. Trapp, at the convenience of the members of the Board.

President Donough thanked Ms. Wilson and Mr. Bielicki for being with us today and the Board joined him in pledging continued full cooperation with the Comptroller's Office and members of its staff.

FEC SUBPOENA

President Donough advised the Board that on October 31, 1977, the Bank received a subpoena, dated October 26, 1977, from the Federal Election Commission covering certain Bank records concerning the expenditures of Bank funds for politically-related functions and contributions to political organizations from January 1, 1972 to the present.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

President Donough advised the Directors as to the present status of the IRS investigation and informed them that pursuant to the resolution adopted by the Board at its meeting on October 11, 1977, the legal expenses of certain Directors and Officers will be paid on their behalf upon execution of an agreement, in writing, that such amount will be re-paid to the Bank if it is found at a later date that such persons were not legally entitled to indemnity. The suggested agreement form has been drafted and is being reviewed by the respective attorneys.

President Donough also advised the Board that the Office of the Comptroller of the Currency has been notified of the Bank's action to so indemnify certain of its Directors and Officers.

UBNY REPORT

In the absence of Director, Peter D. Kiernan, President Donough advised the Board that as of October 31, 1977, total assets of UBNY aggregated $1,729,278,000; total deposits, $1,483,216,000; and total loans were $814,480,000. Earnings for the first ten months were $2.53 per share compared to $2.90 for the first ten months of 1976, or a decrease of 12.85.

7 8 0 4 0 9 7 5 4 8 5

DOCUMENT NO. L-17 E/C 5/15/73

The meeting of the Executive Committee of the Liberty National Bank and Trust Company held at the Main Office, Buffalo, New York on May 15, 1973:

President Fonda called the meeting to order.

There were present: Harold L. Cowan
Avery H. Fonda
Edwin F. Jaeckle
Samuel D. Magavern
Arthur E. Murbach
John J. Nasca
Edward Seeberg
Sherburn B. Forbush

The reading of the minutes of the Executive Committee Meetings held April 17th and May 4th were dispensed with; these minutes having been read at the Board of Directors' Meeting held May 8, 1973.

Reports were submitted on the condition and current operations of the Bank for the period ending May 4, 1973 together with other departmental reports, which, after review and discussion, were ordered received and made part of the Secretary's file.

President Fonda reviewed the Balance Sheet of the Bank as of May 11, 1973.

A list of loans granted where the total loaned was $100,000 or more; and mortgages granted and mortgage commitments made as set forth in the report for the week ending May 4, 1973 were reviewed and approved.

Securities Transactions

Approval was given to the purchase of $400,000 Chautauqua County BAN, 4% notes, due April 26, 1974;

Approval was given to the sale of $50,000 First National Citibank convertible capital notes at a sale price of $117,250.

Salary Increases

On the recommendation of President Fonda, salary increases aggregating $12,500 were granted to five senior officers. A list of the individual officers and specific salary adjustments for each is on file in the Personnel Department.

Board of Directors

On the recommendation of President Fonda, Mr. Gunnar Pierson, Manager of Western Electric Co., will be invited to become a member of the Board of Directors of this Bank.

Computer Equipment

President Fonda advised the Committee that the first of our two new IBM Model 370 computers has been installed and is in operation. He further advised the Committee that upon installation of the second unit, the Directors will be invited to observe our computer system in operation.

7801027548 6

DOCUMENT NO. L-18 5/6 8/7/73 3865

The meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York, August 7, 1973:

President Fonda called the meeting to order.

There were present; Harold L. Cowan
Avery H. Fonda
Samuel D. Magavern
Albert R. Mugel
Arthur E. Murbach
John J. Nasca
Edward Seeberg
Paul Snyder

The minutes of the Executive Committee Meeting held July 31, 1973 were read by the Secretary and unanimously approved.

A list of loans granted where the total loaned was $100,000 or more; and mortgages granted and mortgage commitments made as set forth in the report for the week ending July 27, 1973 were reviewed and approved.

Reports were submitted on the condition and current operations of the Bank for the period ending July 27, 1973, together with other departmental reports, which, after review and discussion, were ordered received and made part of the Secretary's file.

Minutes of the Suburban Advisory Boards meetings for the month of July, 1973 were summarized and approved:

Batavia Advisory Board - Meeting held July 15, 1973
Dunkirk Advisory Board - Meeting held July 17, 1973
E. Aurora Advisory Board - Meeting held July 12, 1973
Hamburg Advisory Board - Meeting held July 17, 1973
Newfane Advisory Board - Meeting held July 10, 1973
Oakfield/Albion/Medina Advisory Board - Meeting held July 19,1973
Orchard Park Advisory Board - Meeting held July 11, 1973

Salary Adjustments

At the meeting held July 31, 1973, the Executive Committee approved recommending to the Board of Directors, management's request for a 3½% salary increase on the first $7,000 of annual salary for each full time officer and employee of the Bank. Subsequent thereto, the management committee at its meeting held Monday, August 6, having given consideration to the impact of a percentage increase in the light of the previous 5% general increase granted in 1971 and the import of favoring those officers and employees in the lower income brackets, requested President Fonda to ask the Executive Committee to rescind its previous action and accept managements's current recommendation for a flat $300 increase for all full time employees and a 15¢ hourly increase for for all parttime employees. Said increases to be effective in the pay distributed September 7, 1973.

7804075.187

E/C 12/31/73

January 2, 1974: satisfactory activity under the ... status of the acquisition of the Ellenville ... and progress reports as to the act- ... the long-range Planning

ein DOCUMENT NO. L-19

The meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York, December 18, 1973:

President Fonda called the meeting to order.

There were present: Harold L. Cowan
Avery H. Fonda
Edwin F. Jaeckle
Samuel D. Magavern
Arthur E. Murbach
John J. Masca
Edward Seeberg
J. Allen Bernel
Harold A. Egan, Jr.
Richard F. Torrey

The reading of the minutes of the Executive Committee Meetings held November 20 and December 4, 1973 were dispensed with; these minutes having been read at the Board of Directors' Meeting of December 11, 1973.

Reports were submitted on the condition and current operation of the Bank for the period ending December 7, 1973, together with other departmental reports, which, after review and discussion, were ordered received and made part of the Secretary's file.

A list of loans granted where the total loaned was $100,000 or more; and mortgages granted and mortgage commitments made as set forth in the report for the week ending December 7, 1973 were reviewed and approved.

Securities Transactions

Approval was given to purchase of $2,100,000 Town of Orchard Park BAN, 4.83%, due December 13, 1974.

Approval was given to purchase of $12,500,000 UST Notes, 7.25%, due May 15, 1974.

Official Promotion

Upon motion made and seconded, the following resolution was unanimously approved:

> RESOLVED, that in addition to his existing corporate title designations, Mr. John A. Jowett is appointed Assistant Corporate Secretary.

Report on UBC Directors' Meeting

President Fonda reported that at the December 12, 1973 meeting of the UBC Board, Mr. Peter F. Kiernan was elected to the newly created position of Vice Chairman of the Board. a 35¢ per share dividend was

BOORUM & PEASE NEW YORK 8 8 8

declared for payment January 2, 1974: satisfactory activity under the dividend reinvestment plan; the status of the acquisition of the Ellenville and Montgomery Banks by Highland Bank; and progress reports as to the activities of the Employees' Benefits Committee, the long-range Planning Committee and Capital & Debt Committee.

Insurance Coverage

President Fonda reported that he had received a communication from UBC advising for an annual payment of $6,262 for each of the next three years, Liberty's coverage under the UBC Bank's Blanket Bond to be expanded to include extortion coverage. After discussion, the Directors approved expanding our coverage to include extortion.

Salary and Pension Committee

The report of the Salary and Pension Committee was presented and after discussion and review, the following resolution was unanimously approved: (Director Murbach and Officers other than President Fonda were temporarily excused from the meeting.)

> RESOLVED, that the report of the Salary and Pension Committee be accepted as presented, and it was further
>
> RESOLVED, that the Executive Committee recommend to the Board of Directors salary increases aggregating $40,600 for twenty-nine (29) senior officers as per list on file in the Personnel Division records, and be it also further
>
> RESOLVED, that compensation to Director Arthur E. Murbach be and is hereby approved in accordance with the attached recommendation by President Fonda, dated December 18, 1973, and, in addition to the above, Director Murbach is to receive a consulting fee of $40.00 per week in lieu of remaining benefits previously contracted by the Bank whereby annual payments of $1,500 were specified until February, 1977.

DELETION

7804007548 9

The meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on February 5, 1974:

President Fonda called the meeting to order.

There were present: Harold L. Cowan
Avery H. Fonda
Edwin F. Jaeckle
Samuel D. Magavern
Arthur E. Murbach
John J. Nasca
Gunnar E. Pierson
Richard F. Torrey
John G. Wick

The reading of the minutes of the Executive Committee Meeting held January 22, 1974 were read by the Secretary and unanimously approved.

A list of loans granted where the total loaned was $100,000 or more; and mortgages granted and mortgage commitments made as set forth in the rreport for the two weeks ending January 25, 1974 together with other departmental reports which, after review and discussion, were ordered received and made part of the Secretary's file.

Suburban Advisory Board Minutes

Minutes of the January, 1974 meetings of the various Advisory Boards were reviewed and approved:

Batavia Advisory Board - Meeting held January 14, 1974
Dunkirk Advisory Board - Meeting held January 22, 1974
East Aurora Advisory Board - Meeting held January 10, 1974
Hamburg Advisory Board - Meeting held January 15, 1974
Oakfield-Albion-Medina-Newfane Advisory Board - Meeting held January 17, 1974
Orchard Park Advisory Board - Meeting held January 9, 1974

Securities Transactions

Approval was given to purchase of $190,000 Town of Tonawanda BAN, 5.24% due January 17, 1975 and purchase of $700,000 Iroquois CSD 5.24% due June 28, 1974.

Mortgage Portfolio

Executive Vice President Shanahan reviewed and discussed the composition of our residential mortgage portfolio as of December 31, 1973 showing an outstanding of $74,385,505.

7804007549 0

Advertising Market Survey

A proposed questionnaire to be used in conjunction with a survey made on behalf of the Bank by Buffalo Survey and Research, Inc., to determine the effectiveness of our advertising in relationship to that of our competitiors, was distributed to each of the Directors present. Approximately 400 face-to-face contacts will be made embracing geographic sampling covering the communities we serve.

Productive Selling Program

President Fonda reported that 19 of the top Senior Officers of the Bank last week completed the Productive Selling Program. Beginning this week, 12 of our management staff will be attending the program and it is anticipated it will take approximately three months to cover the approximate 175 management people scheduled to participate in the Program.

Directors' Report Books

After discussion relative to the breakdown of commercial borrowings as heretofore reported in the Directors' Book prepared by the Financial Department, motion was made, seconded and it was hereby approved that in the future, we will include new and renewed borrowing by customers owing $150,000 or more While the Loan Administration Committee has the authority to approve credits up to $300,000, unsecured and $600,000, secured, it was felt that for information purposes, we would include in the Directors' Book, total borrowings to any one customer in excess of $150,000.

The Committee also discussed the listing of borrowers in the Retail Banking Division and after discussion and review, the Committee approved including only those Retail Banking loans which were over line or required special attention.

Both of these changes in format of the Directors' Report Book will be made commencing with the Annual Meeting of February 13, 1974.

Fringe Benefits Survey

President Fonda advised the Committee that the UBC has engaged the services of a consulting firm to evaluate the present fringe benefits of each of the subsidiary banks and to assist UBC management in adopting a uniform fringe benefit package. He distributed to each of the Directors present, a copy of a questionnaire that will be sent to each employee of Liberty having at least one year service with the Bank. Employees will return the completed questionnaire, unsigned, directly to the consulting firm who will then evaluate the results and report tothe Committee of UBC charged with the responsibility of unifying the fringe benefits of the underlying subsidiaries.

Charitable Contributions

President Fonda outlined for the Directors, the extent to which the Bank supported various charitable and civic organizations during 1973 and commented on the increased activities anticipated during 1974. Several

7804007549 1

of the Directors voiced concern as to the scope of our contributions and on the other hand, recognized a moral responsibility to such worthwhile organizations.

Upon motion made, seconded and put to vote, it was the unanimous opinion of the Committee that a study be made as to the feasibility and advantages of forming a foundation or trust fund to be used for the purpose of generating and allocating contributions to assure that they will be channeled in the areas most worthy and the overall participation of the Bank in such causes will be within the Bank's capacity to properly participate.

Credit Approvals

DELETION

78040075492

The meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on June 4, 1974:

President Fonda called the meeting to order.

There were present: Harold L. Cowan
Avery H. Fonda
Samuel D Mogavern
Arthur E. Murbach
John J. Nasca
Edward Seeberg
Sherburn Forbush
George Urban, Jr.

The minutes of the Executive Committee Meetings held May 21 and May 28 were read by the Corporate Secretary and unanimously approved.

A list of loans granted where the total loaned was $150,000 or more; and mortgages granted and mortgage commitments made as set forth in the report for period ending May 24, 1974 were reviewed and approved.

Reports submitted on the condition and current operations of the Bank for the period ending May 24, 1974, together with other departmental reports which, after review and discussion, were ordered received and made apart of the Secretary's file.

Securities Transactions

Approval was given to the purchase of $500,000 City of Buffalo, RAN, 6.90% due June 21, 1974.

Potential Loss

The Committee was apprised of a potential loss of $9,700 in connection with a check for like amount cashed at our North Park Office for a Mr. Paul Burgio, owner of ABC Contractors and Trucking Co. The check was drawn on an account in the M & T Trust Company in the name of Sabre Contracting Company. The check was returned for "non-sufficient funds." Legal action has been taken against the parties involved and we have also tied up funds approximating $2,900 so that it appears our net loss will not exceed $6,800.

Advisory Board Minutes

Advisory Board Minutes covering meetings held in May, 1974 were reviewed and ordered received.

7804067549 3

BOORUM &

E/C 6/4/74

NOW Account

President Fonda commented on the recently announced "NOW" Accounts being offered by several of the Mutual Savings Banks in New York City and in the local market. Erie County Savings Bank was the first to offer this type of account and is clearing their Negotiable Orders of Withdrawal through the facilities of Marine Midland Bank -- Western. Buffalo Savings has just announced that their items will be cleared through Chemical Bank.

He reported that C.R. Diebold III has requested Liberty to clear items for Western New York Savings Bank and that he offered to render the same type of service that Marine is presently providing to Erie County Savings Bank.

Also, it was explained that the commercial banking industry in New York has not yet determined whether it can or should institute legal action against the State Superintendent of Banks and/or Savings Banks.

Following a full discussion, it was the unanimous consensus that Liberty should retain our local deposit position with Western New York Savings Bank and the Directors were most anxious that Liberty should avoid a legal battle with the thrift industry. It was requested that this position be conveyed to the United Bank Corporation of New York.

Cost of Living Salary Adjustment

During the past several weeks, each of the local banks with the exception of the Bank of Buffalo, has granted cost of living salary increases to their employees. While the basis of adjustment varied in each case, each approximated a maximum of 7%, based on a designated maximum salary. Liberty granted its employees a $300.00 cost of living increase early in September, 1973. Recognizing the cost of living increase granted in September, 1973, management, today, recommended and the Committee unanimously approved, a special salary adjustment for all full time officers and employees in the amount of 4½% of the first $12,000 of annual salary; and a special salary adjustment of 5¢ per hour for all parttime employees. This special salary adjustment is to be effective July 1, 1974 and will be included in the first pay distributed in July.

DELETION

7 8 0 4 0 0 7 5 4 9 4
BOORUM & PEASE "NOBLE"

DOCUMENT NO. 4-22

The meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on November 19, 1974:

President Fonda called the meeting to order.

There were present: Harold L. Cowan
Avery H. Fonda
Samuel D. Magavern
Arthur E. Murbach
John J. Nasca
Edward Seeberg
Arthur R. Mugel
John J. Wick
Wallace J. Stakel

Minutes of the Executive Committee Meeting held November 12, 1974 were approved.

A list of loans granted where the total loaned was $150,000 or more, together with other departmental reports were reviewed and approved and made a par of the Secretary's file.

Securities Transactions

Approval was given for the purchase of $500,000 U.S. Treasury Notes, 7.75%, due November 15, 1977.

Balance Sheet

Senior Vice President, Jowett, reviewed the Balance Sheet as of November 18, 1974, pointing out pertinent changes since the beginning of the month and year to date.

Revised Fringe Benefits Program

Each of theDirectors present was furnished with a brief resume of the revised employee fringe benefit program being recommended by the VBC Fringe Benefit Committee for adoption by each of the subsidiary banks of the Holding Company. Senior Vice President, Donald R. McNutt, elaborated on specific points of interest and answered questions relative to the proposed program. President Fonda advised the Directors that copies of the proposed outline as prepared by A.S. Hansen, Inc. was being mailed to each Director of Liberty Bank in anticipation of presentation of the proposal to all Directors at the November 26, 1974 Board Meeting.

After review and discussion, motion was made, seconded and unanimously approved, recommending the revised fringe benefit program to the Board of Directors for its formal adoption.

7 8 0 4 0 0 7 5 4 9 5

Senior Officers' Compensation

The aggregate base salary of the 28 Senior Officers of Liberty Bank (Vice President and above) is $783,320. On the recommendation of the President, individual salary increases aggregating $55,320 were approved. The average increase amounts to 7.062%, bringing the new aggregate base to $838,640. A list of the individual salary adjustments is on file in the Staff and Community Relations Division.

Credit Policies and Procedures

The Committee was advised that management is in the process of revising and up-dating our present credit policies and procedures outline and the revised proposal will be presented to the Executive Committee at its next meeting on December 3, 1974.

Executive Committee Quorum

The present By-Laws of the Bank set the quorum for the Executive Committee meetings at not less than one-third of the entire Board of Directors At the present time, we have 23 Directors, thus a quorum of the Executive Committee consists of eight Directors. It is management's recommendation that the quorum for Executive Committee Meetings be reduced to provide flexibility in cases where members of the Committee, for unforseen reasons, are not able to attend. On motion made, seconded and unanimously carried, the Executive Committee hereby recommends to the Board of Directors that the By-Laws be changed to provide that said Executive Committee consist of six (6) regular and two (2) rotating members, with the majority of the appointed members providing the quorum.

Bank Leased Property

Executive Vice President Shanahan reported that tentative negotiations have been completed for the rental of a building at 3275 Sheridan Drive, Amherst, which has approximately 22,104 square feet. Basically, the lease agreement would cover a 15-year period at $2.00 per square foot, or $44,459.98 annually for the first five years and $1.80 per square foot for the remaining ten years. The Bank would also have four 5-year renewal options at a base rental of $1.90 per square foot plus a cost of living indice adjustment. This would be a net lease wherein the Bank would pay insurance and real estate taxes. The Committee authorized Management to execute a lease on terms and conditions outlined herein.

De Novo Branch Application

On recommendation of management motion was made, seconded and unanimously approved, recommending to the Board of Directors, the filing of an application with the Bank Supervisory Authorities for permission to open and operate a de novo branch office at 3275 Sheridan Drive, Town of Amherst, New York.

7 8 0 4 0 0 7 5 4 9 6

The meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on December 30, 1974:

President Fonda called the meeting to order.

There were present: Avery H. Fonda
Samuel D. Magavern
Arthur E. Murbach
Edward Seeberg
Edward A. Brennan
Haines R. Merritt, Jr.

Minutes of the Executive Committee Meeting held December 17 were reviewed and approved.

Loans, mortgages and overdrafts for the two-week period ending December 20 as reported in the Directors' Report Books were reviewed and approved.

Securities Transactions

NONE

Balance Sheet

Senior Vice President, Jewett, reviewed the Balance Sheet as of December 27, 1974, pointing out pertinent changes since the beginning of the month and year to date.

Officer Activity

The Directors congratulated Senior Vice President, Richard V.Z. Salembier, Jr. on his recent nomination for President of the Hobart Alumni Association.

Extortion Attempt

The Committee was advised that on Friday, December 27, 1974, Mr. Ward Johnson, Assistant Manager of the Central Park Office, received an anonymous phone call stating that his wife and children were being held hostage and he was instructed to deliver $25,000 in small bills to a certain location. A phone call to his home proved the call to be a hoax, but both our Security Officer and the FBI were brought into the picture and an investigation of the incident is being continued.

Comptroller's Regulation

The Comptroller's Office has issued a new Regulation requiring each director and principal officer of the Bank to maintain on file, with the Bank, a form detailing each outside business interest and the extent of such business's dealings with the Bank. The forms must be completed and on file with the Bank by March 1, 1975. Members of the Executive Committee were given a sample of the form to be used and were advised that more detailed information as to the Regulation would be presented at a subsequent meeting.

7804007597

Management Incentive Plan

The UBNY Executive Committee has adopted and recommends to the Board of Directors of the holding company and each of its underlying subsidiaries, a Management Incentive Plan based on achievement of certain predetermined goals.

The terms of the Plan as pertaining to Liberty are as follows:

Participants: The President; three Executive Vice Presidents; Senior Vice Presidents, Bellanti, Jowett, Kieffer, McNutt, Mulhern and Salembier; and Vice President, Davis.

Basic Incentive Award: Each participant would receive an incentive award based on the following schedule of Return on Average Capital:

% Return on Average Capital	% Award of Base Annual Salary
10.7%	3%
10.8%	3.3%
10.9%	3.6%
11.0%	4.0%
11.1%	4.4%
11.2%	4.9%
11.3%	5.5%
11.4%	6.2%
11.5%	7.0%
11.7%	8.1%
11.9%	9.2%
12.1%	10.4%
12.3%	11.7%
12.6%	13.0%

Bonus Incentive Award: If Liberty attains at least an 11% return on its average capital ($4,349,000) and United Bank Corporation of New York reports a minimum $2.79 net earnings per share, each participant in the Plan, at Liberty, will receive an additional 10% of the Basic Incentive Award.

Maximum Payout: The aggregate maximum amount that may be paid out to all participants of the UBNY complex is not to exceed $155,000.

Basis of Individual Awards: Each participating individual's base annual salary will be the basis for the achieved percentage distribution.

Upon motion made and seconded, the following Resolution was unanimously adopted:

> RESOLVED, that the Management Incentive Plan as recommended by the Executive Committee of the United Bank Corporation of New York be, and hereby is, approved as outlined above.

7804007549 8

A meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on November 18, 1975:

President Fonda called the meeting to order.

There were present: Avery H. Fonda, Samuel D. Magavern, John J. Nasca, Edward Seeberg, Richard Fletcher and Robert B. Shanahan.

Reading of the minutes of the Executive Committee Meetings held on October 21 and November 5, 1975 was dispensed with; these minutes having been read and approved at the Board of Directors Meeting held November 12, 1975.

Balance Sheet

Senior Vice President Jowett reviewed the Balance Sheet as of November 17, 1975, pointing out pertinent changes since the first of the month and year to date.

Securities Transactions

Approval was given to the purchase of the following securities:

Description	Par Value	Rate	Maturity Date
Erie County Industrial Dev. Authority, (Pa.)	$315,000	7.675%	9/1/77-85 ($35M ea. year)
City of Buffalo TAN	$750,000	9.00%	12/31/75

Disclosure to Investors

President Fonda distributed copies of an article entitled "How Much Should the Banks Tell Investors?" which appeard in a recent issue of one of the financial magazines.

Salary Adjustments

On the recommendation of the President, the Committee approved salary adjustments to seven Vice Presidents and one Assistant Vice President. Such adjustments aggregate on an annual basis, $6,000. A list of the officers receiving the salary adjustment together with the amount of their respective increases are on file in the Staff and Community Relations Division of the Bank.

Main Place Office

President Fonda advised the Committee that our occupancy expense to the Central Buffalo Project Corporation for lease of the Main Place Office facilities aggregates approximately $40-$41,000 annually. He outlined management's proposal to transform the office from a full-service branch to a convenient

7804007519 9

DOCUMENT NO. -25

A meeting of the Executive Committee Meeting of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on December 2, 1975:

President Fonda called the meeting to order.

There were present: Avery H. Fonda, Samuel D. Magavern, John J. Nasca, George P. Urban, Jr., Wallace J. Stakel and Robert B. Shanahan.

Minutes of the Executive Committee Meeting held November 18, 1975 were reviewed and approved.

A list of loans granted where the total loaned was $150,000 or more, together with other departmental reports for the two-week period ending November 21, 1975 as reported in the Directors' Report Books were reviewed and approved. Note: Director Magavern abstained from voting on the Hoban, Inc. credit.

Balance Sheet

Senior Vice President Jewett reviewed the Balance Sheet as of November 21, 1975, and pointed out pertinent changes since the beginning of the month, in comparison with averages for year to date. He also reviewed changes to the financial statement required by the Comptroller's office pertaining to allowance for possible loan losses and unearned discount.

Securities Transactions

Approval was given for the following purchase of securities. $500,000 Town of Newfane, BAN; 9.70%, due May 18, 1976.

Economic Conditions and Money Markets

Senior Vice President Salembier reviewed current happenings in the securities and money markets, outlining their specific effect on the recovery.

Registration as a Municipal Dealer

The Chairman reported that in connection with the registration of the Bank's Securities Division with the Securities and Exchange Commission as a municipal securities dealer, it would be desirable to confirm the Bank's existing practices in this regard. After discussion, the following resolutions were duly moved, seconded and adopted unanimously:

> RESOLVED, that to the extent, if any which this Bank conducts business as a municipal securities dealer, as defined in the Securities Exchange Act of 1934, as amended, and the Rules and Regulations promulgated thereunder, all activities of this Bank relating to the conduct of such business as a municipal securities dealer

7804007500

for this Bank's own account other than in a fiduciary capacity shall be conducted through the Securities Division; and it is further

RESOLVED, that Richard V.Z. Salembier, Jr. Senior Vice President and Officer in Charge of the Securities Division, hereby is designated as the Officer responsible for the day-to-day conduct of this Bank's activities as a municipal securities dealer, including supervision of all Bank employees engaged in the performance of such activities; and it is further

RESOLVED, that all of the records relating to this Bank's activities as a municipal securities dealer be separately maintained or separately extractable from this Bank's records so as to permit independent examination thereof.

Audit Exception

W.K. Palmer, Vice President and Officer in Charge of our Fredonia Office granted a loan in the amount of $2,000 to the Republican Party of Chautauqua County which was contrary to Bank policy and without authorization. Said loan to mature March 15, 1976.

Special Loans of Examining Committee

DELETION

7804007501

DOCUMENT NO. 2[illegible]6

A meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on December 30, 1975:

President Fonda called the meeting to order.

There were present: Avery H. Fonda, Samuel D. Magavern, J. Allen Bernel, Gunnar F. Pierson, and Robert E. Shanahan.

Minutes of the Executive Committee Meeting held December 16, 1975 were read and approved.

A list of loans granted where the total loaned was $150,000 or more, together with other departmental reports for the two-week period ending December 19, 1975 as reported in the Directors' Report Books were reviewed and approved.

Securities Transactions

Approval was given to the following securities transactions:

Purchase

$500,000 U.S. Treasury Notes; 7.25%; maturity date, December 31, 1977.

Sale

$463,000 (Par Value), Town of Amherst BAN; 10.49%; sale date, December 19, 1975.

Commercial Paper Purchases

The Committee was informed that commercial paper aggregating $10 million was purchased. Such purchases were all pre-approved lines of credit and will mature early in January, 1976.

Savings Accounts Rates

President Fonda referred to the recent announcement by Marine Midland Banks to increase the rate of interest paid on Savings and Time Open accounts. He pointed out that prior to the announcement, Marine Midland Bank--Western was paying 4½% on regular passbook savings which, in effect, was lower than the going rate the commercial banks are paying, locally. He also pointed out that the motivating factor behind the change in rates was the restructuring of Marine as a one-bank state-wide branch organization and it was necessary that they unify rates paid across the State. President Fonda recommended that we make no change in our passbook savings rate at this time inasmuch as we do offer 5% on the Passbook Savings Accounts. Consideration will be given to a possible increase in the passbook savings rate effective with the beginning of the second calendar quarter.

7 8 0 4 0 0 7 5 5 0 2

Credit Approvals -- continued

DELETION

Each of the above-mentioned loans/lines is subject to the approval of the proper loaning officer.

Officers' Salaries

The Committee, in Executive session, approved salary increases aggregating $40,805 for 29 officers holding the title of Vice President and/or Senior Vice President. The pre-adjusted aggregate salaries of such officers amounts to $866,620 and the adjustment constitutes an average increase of approximately 4.7%. Detailed schedule of the respective officers' increases and 1976 base salary is on file in the Staff and Community Division of this Bank.

There being no further business, the meeting adjourned.

Secretary

7 8 0 0 0 7 5 5 0 3

DOCUMENT NO. [illegible]-27

A meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on January 20, 1976:

President Fonda called the meeting to order.

There were present: Avery H. Fonda, Samuel D. Magavern, John J. Nasca, Haines R. Merritt, Jr. and Robert B. Shanahan.

Minutes of the Executive Committee Meetings held December 16, 1975, December 30, 1975 and January 6, 1976 was dispensed with; these minutes having been read at the Board Meeting held on January 13, 1976.

A list of loans granted where the total loaned was $150,000 or more, together with other Departmental reports for the two-week period ending January 9, 1976 as reported in the Directors Report Books were reviewed and approved.

Securities Transactions

Approval was given to the following securities transactions:

Purchase

$200,000 (Par Value) Byron, Bergen CSD BAN; 9.90%, maturity date May 24, 1976.

Sale

$115,000 (Par Value) Town of Orchard Park BAN; 9.50%; sale dates to vary.

Batavia Construction Project

President Fonda discussed preliminary plans for construction of the new building to house our Batavia Office. Plans call for approximately 5,700 sq. ft. of ground floor space with an additional 1,950 sq. ft. of mechanical area in the basement. He briefly reviewed pertinent details relative to the sale of our original Batavia facilities to the Urban Renewal Agency for approximately $590,000 and purchase from the Agency of sufficient land on which we have already constructed a new drive-in facility as well as land for the proposed construction of the Batavia Office building.

Upon motion made, seconded and put to vote, the following resolution was approved:

> RESOLVED, that the President, or any other Officer he shall so designate be, and hereby is, authorized to put out for general construction bid, the plans and specifications for the erection of a building to house our Batavia Branch Office. Such plans and specifications do not include the cost of land, fixtures,

7 8 0 4 0 0 7 5 5 0 4
MOTOROM & PEASE "NOTEAR" ®

and landscaping and it is anticipated the cost of said building proper should not exceed $500,000.

Personnel

President Fonda advised the Committee that as of March 23, 1974, the Bank's staff consisted of 842 full time and 169 parttime employees. As of December 31, 1975, there were 730 full time employees and 270 parttime employees. He further advised the Committee that the Bank's goal for March 31, 1976 is to reduce the full time staff to 707 employees and the parttime staff to 267 employees, or a total of 974 employees.

Operations Division

President Fonda advised the Committee that the Bank is presently studying two prospective sites: one on Walden Avenue opposite the Twin Fair store and the other on Genesee Street opposite the airport. Both sites are in the general area and as developments materialize in negotiations with the owners of the properties, further reports will be made to the Executive Committee.

Electronic Funds Transfer Systems

President Fonda and Executive Vice President Shanahan outlined for the Committee, Liberty's progress in preparation to participating in the EFTS process as it develops more fully in the future. Presently, our activity in the EFTS area is limited to use of LIBERTY cards as one of two methods of activating our Docutel machines. Consideration will be given to the possibility of going "on line" during 1976 and to expand our LIBERTY card base. Both of these moves are in no way inconsistent with the Bank's philosophy of exercising caution in approaching EFTS future systems as they develop, nationally.

BOOZ, ALLEN, HAMILTON Study

The Committee requested a progress report as to the implementation of recommendations made by the Booz, Allen, Hamilton firm. This matter will be on the agenda at a future Executive Committee Meeting.

UBNY Compensation Incentive Plan

President Fonda advised the Committee that the Senior Officers participating in the 1975 UBNY Compensation Incentive Plan will be receiving awards equivalent to 7.7% of their 1975 W-2 form earnings. Aggregate payments to Liberty officers under the Plan amount to $40,010.13

Credit Approvals

The following credit requests were approved by affirmative vote of the members of the Executive Committee. The front sheet of each

7804007505

DOCUMENT NO. [illegible]-28

A meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on March 23, 1976:

President Fonda called the meeting to order.

There were present: Avery H. Fonda, Gunnar E. Pierson, H.R. Merritt, Jr., H.K. Williams, III, Richard F. Torrey, John G. Wick and John Nasca. Director Mugel was appointed by President Fonda to serve at this meeting in the absence of Director Harold A. Egan, Jr.

Reading of the minutes of the Executive Committee Meetings held February 24, and March 2, 1976 was dispensed with; these minutes having been read and approved at the Board Meeting of March 9, 1976.

A list of loans granted where the total loaned was $150,000 or more, together with other departmental reports for the period ending March 5, 1976 as reported in the Directors' Report Books were reviewed and approved.

Balance Sheet

Executive Vice President Trapp reviewed the Balance Sheet as of March 22, 1976, pointing out pertinent changes since the first of the month and year to date.

Securities Transactions

Approval was given to the following purchases and/or sales of securities:

PURCHASES

Description	Rate	Par Value	Maturity Date
U.S. Treas. Notes	7.00%	$10,000,000	2/15/79
Town of Newfane BAN	9.49%	250,000	5/ 4/76
County of Erie BAN	7.90%	600,000	2/10/77
U.S. Treas. Notes	7.50%	500,000	3/31/80
Brocton CSD RAN	9.26%	125,000	6/18/76
Fredonia CSD RAN	9.00%	200,000	4/15/76
County of Erie BAN	8.73%	1,000,000	3/18/77

SALES

Description	Rate	Par Value	Sale Date
County of Erie BAN (Repayment of loan	7.90%	$ 840,000	3/12/76
Tn. of Orchard Park	9.50%	215,000	various dates
U.S. Treas. Notes	7.00%	10,000,000	2/15/79

Central Buffalo Project

Director Mugel reported that he has reached a tentative agreement with representatives of Central Buffalo Project to settle its claim of approximately $[illegible] against the Bank for a figure of $[illegible]. The claim represents charges

7 8 0 4 0 0 7 5 5 0 6

for utilities and rest room supplies furnished for the tenant over and above the basic utilities provided under the lease of our Head Office space. The settlement covers such costs between 1968 and December 31, 1975. Meters will be installed to avoid any future such controversy.

Fourth Floor Lease

Director Mugel reported that our lease of the fourth floor space from Central Buffalo Project expires April 30, 1976 and meetings with the landlord indicate their receptiveness to a one year renewal and extension.

Operations Center

President Fonda advised the Committee that he was meeting later today with the owners of property on Genesee Street, opposite the Greater Buffalo International Airport, for the purpose of negotiating the lease of such premises to be occupied by the Bank's Operations Division, the Auditing Division and the Staff and Community Relations Division.

Bylaws

Director Mugel stated that the revision of the Bank's Bylaws would be completed in draft form later this week. After review of the proposed changes, the draft will be presented to the Executive Committee for refinement before adoption by the Board of Directors.

Indemnification of Officers and Directors

Director Mugel advised the Committee that UBNY is drafting uniform verbage to be incorporated in the Bylaws of each of the subsidiaries. However, since Liberty is a National Bank, its treatment of the coverage must comply with the regulations of the Comptroller of the Currency. The Jaeckle, Fleischmann & Mugel firm is working with the legal office of the Comptroller to devise acceptable verbage and coverage.

Proposed Banking Legislation

Director Mugel reported on the three proposed Banking bills, namely, (1) The Bill to expand the powers of the Thrift Institutions in New York State, (2) the Bill requiring the use of so-called "Country Club" billing on Master Charge accounts; and (3) The Federal Omnibus Financial Institutions Reform Act. He explained the particulars of each piece of legislation and the possible adverse effects of their passage on the commercial banking structure. He then briefly outlined the avenues being taken by the various commercial banking interests in opposition to the three pieces of proposed legislation, citing particularly what the Jaeckle, Fleischmann and Mugel firm is doing as representatives of Liberty Bank. Several of the Directors present offered suggestions and comments concerning the proposed legislation.

Executive Incentive Plan

At last Friday's Management Meeting, the officers participating in the 1976 Executive Incentive Plan received a detailed explanation of the Plan and the norms for attainment of maximum benefit thereunder.

7 8 0 4 0 0 7 5 5 0 7

DOCUMENT NO. [redacted]-29

A meeting of the Executive Committee of the Liberty National Bank and Trust Company held April 6, 1976 at Main Office, Buffalo, New York.

President Fonda called the meeting to order.

There were present: Avery H. Fonda, Harold A. Egan, Jr., John J. Nasca, Gunnar E. Pierson, Richard H. Torrey, John G. Wick, Henry K. Williams, III, and J. Allen Bernel who was requested to replace Haines R. Merritt, Jr. who was unable to attend.

Also attending the meeting were Messrs: R.B. Mayer, J.T. Trapp, and J. A. Jowett.

Minutes of the Executive Committee Meeting held March 23, 1976 were reviewed and approved.

A list of loans granted where the total loaned was $150,000 or more, together with other departmental reports for the period ending March 26, 1976 as reported in the Directors' Report Books were reviewed and approved.

Balance Sheet

Senior Vice President, Jowett, reviewed the Balance Sheet as of March 31, 1976, pointing out pertinent changes since the first of the month and year to date.

Securities Transactions

The following securities transactions were approved:

PURCHASES

Description	Rate	Par Value	Maturity Date
Town of Newfane CSD RAN	8.75%	$ 150,000	4/15/76
Fredonia CSD RAN	8.50%	200,000	5/17/76
U.S. Treas. Notes	7.375%	500,000	2/15/81
U.S. Treas. Notes	7.375%	5,000,000	2/15/81

SALES

County of Erie BAN	7.90%	$ 575,000	3/26/76
County of Erie BAN	8.97%	1,000,000	4/ 1/76
County of Erie BAN	8.73%	1,000,000	4/ 1/76
City of Buffalo BAN	9.0[illegible]%	900,000	4/ 1/76
City of Buffalo BAN	8.50%	1,000,000	4/ 1/76

DELETION

7804007508

Portfolio Investment Policy

Each of the Directors present was furnished with a written presentation prepared by Mr. R.V.Z. Salembier, Jr., outlining the tenets of policy pertaining to type and dollar limitations on investments acceptable for investment portfolios of the subsidiary banks of UBNY. President Fonda advised the Directors that the proposed Tenets of Policy has been, or will be, adopted by the Board of Directors of each of the subsidiary banks. The Directors were asked to review the contents of the proposal which will be formally presented for adoption at the next Board of Directors' Meeting of this Bank.

Staff Responsibilities

Each of the Directors was furnished with a draft of the "Statement of Policy Concerning the Personal Responsibilities of Officers and Employees of the Liberty National Bank and Trust Company" which will be discussed in more detail and, with whatever revisions or deletions necessary, presented for adoption at the next meeting of the Executive Committee.

Master Retirement Plan for Self-employed Individuals

Director John J. Nasca, Chairman of the Directors' Trust Committee, outlined and reviewed the Liberty National Bank and Trust Company's Master Retirement Plan for Self-employed Individuals as prepared by the Trust Division and legal counsel for the Bank.

Upon motion made, seconded and put to vote, the Plan was approved for adoption and implementation immediately. A copy of the Plan is on file in the Bank's Trust Division.

Lending Policy

Director Nasca inquired as to the Bank's policy pertaining to granting loans to business enterprises not authorized to do business in the State of New York. He referred to some of the potential legal complications in pursuing collections through legal channels of loans to businesses not authorized in the State of New York.

Upon motion made, seconded and put to vote, management was directed to review the matter with the Bank's legal counsel and to report its findings to the Committee at a subsequent meeting.

Credit Approvals

The following credit requests were approved by affirmative vote of the members of the Executive Committee. Each Presentation so submitted, outlining the basis for approval, is attached, hereto, and made a part of these minutes:

BORROWER	MAXIMUM CREDIT APPROVED
Fairway Dodge Sales, Inc.	$ 710,000 (S) 335,000 (C) $1,045,000

7 8 0 1 0 0 7 5 5 0 9

DOCUMENT NO. L-30

A meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on April 27, 1976:

President Donough called the meeting to order.

There were present: Robert J. Donough, Harold A. Egan, Jr., Haines R. Merritt, Jr., John J. Nasca, Robert B. Shanahan, Richard H. Torrey, John G. Wick, and Henry K. Williams, III.

Also present were Executive Vice President Robert B. Mayer, Senior Vice President, John A. Jowett, and Executive Vice President and Corporate Secretary, Joseph T. Trapp.

President Donough appointed Director Shanahan to serve as a member at today's Executive Committee Meeting in the absence of Director Gunnar E. Pierson.

Minutes

Minutes of the Special Executive Committee Meeting held April 22, 1976 were distributed, reviewed and approved.

Reports

The following reports were reviewed and approved:

1. Balance Sheet as of April 26, 1976
2. Overdrafts as listed in the Directors Report Books.
3. New and renewed commercial loans as listed in the Directors Report Books.
4. Retail Banking overlines as listed in the Directors Report Books.

Securities Transactions

The following securities purchases and/or sales were approved:

PURCHASES

Description	Rate	Par Value	Maturity Date
U.S. Treas. Notes	7.50%	$5,000,000	3/31/80
Newfane Cntr. BAN	7.00%	100,000	4/15/76
Dorm. Auth. NY, State. Univ. Issue, Ser. 38 BAN	8.70%	3,000,000	4/15/77
Town of Newfane, BAN	8.50%	250,000	9/16/76

SALES

Description	Rate	Par Value	Sale Date
U.S. Treas. Notes	7.50%	$5,000,000	4/7/76
Tn. Orch. Fr. BAN	9.50%	210,000	4/8/76
U.S. Treas. Notes	8.00%	200,000	4/14/76
U.S. Treas. Notes	7.50%	500,000	4/14/76

7 8 0 4 0 0 7 5 5 1 0

New York State Bankers' Association

The Committee, by affirmative vote, designated Robert J. Donough as the Bank's official representative in the New York State Bankers' Association with Executive Vice Presidents Trapp and Shanahan and Senior Vice President Donald R. McNutt as alternates, thereto.

Central Buffalo Project, Inc.

The Committee was advised that the claim by the Central Buffalo Project, Inc. against the Bank as outlined in previous Executive Committee minutes, has been settled by payment by the Bank of $69,000 to Central Buffalo Project, Inc.

Legal Counsel Retainer Fee

The Committee ratified management's approval of an increase in the Retainer fee to the firm of Jaeckle, Fleischmann & Mugel from $60,000 to $75,000 for the calendar year, 1976, payable $6,250 per month.

Insurance Coverage

President Donough advised the members of the Committee that, effective February 18, 1976, the Directors and Officers liability insurance coverage has been increased from $5 million to $10 million; that the surcharge liability insurance relative to Trust Departments of the subsidiary banks was also increased to $10 million coverage and such coverage also includes ERISA.

Statement of Policy -- Officers' and Employees' Conduct

Copies of a proposed policy statement relative to staff conduct was distributed to each member of the Committee for study and action at the next Executive Committee Meeting to be held May 4, 1976.

Walden Avenue Branch Holdup

Particulars relative to the holdup that occurred at our Walden Avenue Office on Monday, April 26, were reviewed with particular note that no monetary loss resulted therefrom. The Committee complimented the staff of said office for having followed and complied with the procedures as outlined in the Bank's security manual. It was suggested that some token of appreciation be considered for the customer who reported the description and license plate number of the get-away car which subsequently resulted in apprehension of the suspects.

Authorized Signatures

The Committee was informed that the operation of the Trust Division is somewhat impeded from time to time by the inability to furnish evidence of the authority of an employee to sign documents normally signed as a matter of course. It was pointed out that the latest grant to each trust officer and assistant trust officer, general signing authority in matters relating to the exercise of the fiduciary powers of the bank and authorize the Board of Directors or Executive Committee to confer such authority in whole or in

J.T. Trapp
3/31/76

STATEMENT OF POLICY CONCERNING THE PERSONAL RESPONSIBILITIES OF OFFICERS AND EMPLOYEES OF THE LIBERTY NATIONAL BANK AND TRUST COMPANY.

Statement of Policy

This Statement of Policy is intended to govern the actions and working relationships of all officers and employees of the Liberty National Bank and Trust Company with its customers, fellow officers and employees, competitors and all others with whom they may be identified as representatives of this Bank.

In these relationships, a high standard of ethical conduct is absolutely required. This means that each member of the Liberty organization is expected, in all business matters, to act with the dual responsibility to the Bank's best interests and the public interest, and to place both such interests above his or her own. The consistent transaction of Liberty's business on a plane of irreproachable personal integrity is of vital importance because each individual is a responsible custodian of the Bank's reputation and the public confidence in which the Bank and its staff is held.

It is recognized that in many situations and issues involving ethical or moral judgments, it may be difficult to determine the right course of action with certainty. In such instances, this Statement requires that the officer or employee concerned shall not rely solely on his or her own judgment, but shall discuss the matter in full with a senior officer of the Bank (Senior Vice President or above.) Full disclosure of the facts in such instances in timely fashion to proper authority and resulting approval therefore will always serve to meet an officer's or employee's responsibilities with respect to this Statement of Policy.

It shall, of course, be the responsibility of management to assure consistent adherence to this Statement of Policy in letter and spirit

The remainder of this Statement of Policy will provide guidelines in many of the areas where issues of ethical conduct may arise.

I. Concerning Customers

The banking business that Liberty has received from its customers and the future business it will enjoy, is primarily responsible for its past, present and future success. Accordingly, it is the specific obligation of the Bank and each individual associated therewith, to justify and protect our customer relationships through consistently fair and honest dealings with everyone who is a user of our services.

Since our customer relations extend over so many types of transactions and circumstances, it is impossible to define specifically, all the possible responsibilities we have to our customers. However, this Policy Statement clearly and emphatically prohibits misrepresentation, fraudulent action, failure to make proper adjustments if we are at fault, or any behavior that denies to the customer the full measure of benefit to which entitled.

7 8 0 1 0 7 5 5 1 2

No officer or employee or member of his or her immediate family shall solicit, accept or agree to accept, at any time of the year, any gift or personal favor from any customer or supplier doing business with this Bank. However, this prohibition does not prohibit accepting unsolicited expressions of customer appreciation in the form of nominal gifts valued at less than $15.00, nor does it preclude acceptance of customer paid nominal entertainment, provided the acceptance of such nominal gifts and entertainment do not, in any way, influence the business judgment of the recipient.

To be on the safe side, it would behoove the recipient of every gift, regardless of value, to report same to a senior officer.

Officers and employees are prohibited from giving Bank expensed gifts, making loans, or granting unreasonable favors to customers, or representatives, thereof, for the purpose of obligating such recipients or inducing them to violate any proper code of good business ethics.

II. Concerning Competitors

The highest standards of honorable and ethical conduct must be observed in all our relationships with our competitors or representatives, thereof. The enhancement of this Bank's business interests through the malicious dissemination of gossip, rumors, or disparaging statements, or any other unfair actions intended to damage competitors is prohibited.

On ethical, as well as legal grounds, officers and employees must refrain from all dealings with competitors for the purpose of setting or controlling rates, charges, trade practices, or for any other activities prohibited by the federal and state laws regulating competition.

III. Concerning Responsibility for Safeguarding Confidential Information

The complete confidentiality of all non-public information, involving the Bank, its customers, its competitors and others must be respected at all times.

IV. Concerning Political Contributions

[illegible] laws clearly and explicitly forbid National Bank to make contributions in any form whatsoever, to any political candidate, political party, or committee. Any violation of this prohibition will result in immediate discharge.

V. Concerning Personal Outside Interests

Each officer and employee is expected to devote his or her full time and ability to the Bank's interests during his or her regular hours of employment and for whatever additional time may be properly required in the conduct of his or

7 8 0 1 0 7 5 5 1 3

her job responsibilities.

Employment or personal business commitments outside regular hours of employment are prohibited if these would tend to impair an individual's ability to meet his or her total commitment to the Bank. Extra employment or other outside business interests must receive the approval of a senior bank officer.

Officers and employees are encouraged to actively participate in social, civic, charitable and community sponsored organizations so long as such participation does not adversely effect the individual's principal responsibilities to the Bank.

VI. Concerning Conflicts of Interest

It is contrary to Bank policy for an officer or employee, to hold investments or any other direct or indirect financial interest in the business of a supplier of the Bank. Investments, as referred to herein, is not intended to include the ownership of securities in a publicly-owned corporation, except as to officers and employees in a position to influence or affect the business relationship between the Bank and such publicly-owned business. Investments in publicly-owned competing financial institutions is also prohibited if such investments can have an adverse effect on this Bank's interests.

No officer or employee shall have any interest or relationship with an outside organization or individual having business dealings with this Bank if such interest or relationship might tend to impair the ability of the officer or employee to serve the best interests of this Bank.

No officer or employee of this Bank shall accept a position as a member of the official family or board of directors of any outside business, without the prior written consent of the Board of Directors of this Bank.

Summary

It is the essence of this Statement of Policy that acts or relationships of officers and employees that do not violate accepted standards of ethical conduct and which are not harmful to the Bank, its customers, or the public interest are not prohibited merely by reason of a narrow technical interpretation of any provisions contained in this Statement of Policy. The important consideration and requirement of this Statement of Policy is timely disclosure. Such disclosure, with appropriate senior officer approval, is intended to serve as a safeguard against [illegible] restrictive or unreasonable restraints in the implementation or application of this policy.

The Bank reserves the right to require any or all officers and employees to submit, upon request, a written or oral statement of compliance with any or all provisions of this Statement of Policy.

7 8 0 4 0 0 7 5 5 1 4

DOCUMENT NO. L-31

A meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on May 4, 1976.

President Donough called the meeting to order.

There were present: Robert J. Donough, Harold A. Egan, Jr., Haines R Merritt, Jr., John J. Masca, John G. Wick, Henry K. Williams, III, and Robert B. Shanahan.

President Donough appointed Director Shanahan to serve as a member of the Executive Committee for this meeting in the absence of Directors Pierson and Torrey.

Minutes

Minutes of the Executive Committee Meeting held April 27, 1976 were distributed, reviewed and approved.

Reports

The following reports were reviewed and approved:

1. Balance Sheet as of April 30, 1976
2. Overdrafts as listed in the Directors' Report Book .
3. New and renewed commercial loans as listed in the Directors Report Books.

Securities Transactions

Approval was given to the following securities purchases:

Description	Rate	Par Value	Maturity Date
Brocton CSD BAN (BOCES)	6.00%	$169,000	4/29/77
Fredonia CSD BAN (BOCES)	6.00%	$395,500	4/29/77

Report on Al Tech Specialty Steel Corporation Credit

Mr. Mayer advised the Committee that Mr. Fred Eaton submitted our proposal to the Al Tech people who will be reviewing the merits of our proposal along with the offerings of two or three other banking institutions. One of our Directors indicated that it was his understanding that one of the concerns that the Al Tech management has in evaluating our proposal is the overall legal lending limit of the UNLY banks. It was suggested that we assure the Al Tech management of our capacity to bring in additional bank partners if needed. Director Williams volunteered to speak, personally, to Dr. Adolph Lena, President of said corporation relative to this matter.

City of Buffalo Warrants

In reviewing the overdraft of the City of Buffalo appearing in the Directors Report Book, a discussion ensued as to the legal and practical aspects of the [illegible] of handling warrants issued by the City of Buffalo. Several Directors expressed deep concern in the need for an immediate positive action [illegible] the current situation.

Current Banking Legislation

President Donough briefed the Committee relative to the current status of State banking legislation, pointing out that a new bill sponsored by Legislators Cincotta and Conklin was scheduled to come up for debate tomorrow. This new bill addresses itself to the expansion of powers of savings and thrift institutions. Director Nasca called the Committee's attention to an article appearing in this morning's Wall Street Journal relative to the Federal legislation being tabled.

Capital Expenditures

The Committee was furnished with summaries of Capital Expenditures for the years, 1974, 1975 and 1976 to date. The Committee was further advised that, as of this writing, in addition to the Batavia project, progress is underway for the addition of a drive-in facility at the Elma Office with an estimated cost of $53,000; drive-in facilities at the South Park Office at an estimated cost of $52,000; re-routing drive-in traffic and the addition of another window unit at our South Shore Plaza Office at an estimated cost of $50,000; and the addition of 1-1/2 modules to our Lancaster-Depew facility at an estimated cost of $51,000. After discussion, it was the consensus of the Committee that consideration should be given to authorizing the President to approve Capital Expenditures of a stated dollar amount without Executive Committee or Board of Directors' approval. President Donough told the Committee that the subject of Capital Expenditures is being reviewed by management at this time.

Statement of Policy re: Staff Conduct

At the last Executive Committee Meeting, each member was furnished with a proposed Statement of Policy regarding the conduct of officers and employees of this Bank. Upon motion made, seconded and put to vote, it was unanimously approved that said Statement of Policy be and hereby is, adopted and effective upon notification to our Staff.

Bylaws

The Committee was advised that the attorneys are in the process of re-drafting revised Bylaws and such revision will be presented to the Committee at a subsequent meeting.

Fonda Agreement

President Donough advised the Committee that the proposed Agreement relative to Mr. Fonda's early retirement will be reviewed with counsel and Mr. Fonda within the next several days and presented to our Board of Directors at its next meeting on May 11, 1976.

Taxable Income

President Donough informed the Committee that certain changes are being [illegible] to revise this Bank's forecast for the balance of 1976.

7 8 0 4 0 0 7 5 5 1 6

J.T. Trapp
3/31/76

STATEMENT OF POLICY CONCERNING THE PERSONAL RESPONSIBILITIES OF OFFICERS AND EMPLOYEES OF THE LIBERTY NATIONAL BANK AND TRUST COMPANY.

Statement of Policy

This Statement of Policy is intended to govern the actions and working relationships of all officers and employees of the Liberty National Bank and Trust Company with its customers, fellow officers and employees, competitors and all others with whom they may be identified as representatives of this Bank.

In these relationships, a high standard of ethical conduct is absolutely required. This means that each member of the Liberty organization is expected, in all business matters, to act with the dual responsibility to the Bank's best interests and the public interest, and to place both such interests above his or her own. The consistent transaction of Liberty's business on a plane of irreproachable personal integrity is of vital importance because each individual is a responsible custodian of the Bank's reputation and the public confidence in which the Bank and its staff is held.

It is recognized that in many situations and issues involving ethical or moral judgments, it may be difficult to determine the right course of action with certainty. In such instances, this Statement requires that the officer or employee concerned shall not rely solely on his or her own judgment, but shall discuss the matter in full with a senior officer of the Bank (Senior Vice President or above.) Full disclosure of the facts in such instances in timely fashion to proper authority and resulting approval thereof will always serve to meet an officer's or employee's responsibilities with respect to this Statement of Policy.

It shall, of course, be the responsibility of management to assure consistent adherence to this Statement of Policy in letter and spirit.

The remainder of this Statement of Policy will provide guidelines in many of the areas where issues of ethical conduct may arise.

I. Concerning Customers

The banking business that Liberty has received from its customers and the future business it will enjoy, is primarily responsible for its past, present and future success. Accordingly, it is the absolute obligation of the Bank and each individual connected therewith, to justify and protect our customers relationships through always fairly fair and honorable dealings with everyone who is a user of our services.

Since our customer relations extend over so many types of transactions and circumstances, it is impossible to define specifically, all the possible responsibilities we have to our customers. However, this Policy Statement clearly and emphatically prohibits misrepresentation, fraudulent action, failure to make proper adjustments if we are at fault, or any behavior that denies to the customer the full measure of benefit to which entitled.

No officer or employee or member of his or her immediate family shall solicit, accept or agree to accept, at any time of the year, any gift or personal favor from any customer or supplier doing business with this Bank. However, this prohibition does not prohibit accepting unsolicited expressions of customer appreciation in the form of nominal gifts valued at less than $15.00, nor does it preclude acceptance of customer paid nominal entertainment, provided the acceptance of such nominal gifts and entertainment do not, in any way, influence the business judgment of the recipient.

To be on the safe side, it would behoove the recipient of every gift, regardless of value, to report same to a senior officer.

Officers and employees are prohibited from giving Bank expensed gifts, making loans, or granting unreasonable favors to customers, or representatives, thereof, for the purpose of obligating such recipients or inducing them to violate any proper code of good business ethics.

II. Concerning Competitors

The highest standards of honorable and ethical conduct must be observed in all our relationships with our competitors or representatives, thereof. The advancement of this Bank's business interests through the malicious dissemination of gossip, rumors, or disparaging statements, or any other unfair actions intended to damage competitors is prohibited.

Ethically, as well as legally provable, officers and employees must refrain from all dealings with competitors for the purpose of setting or controlling rates, charges, trade practices, or for any other activities prohibited by the federal and state laws regulating competition.

III. Concerning Responsibility for Safeguarding Confidential Information

The complete confidentiality of all non-public information, involving the Bank, its customers, its competitors and others must be respected at all times.

IV. Concerning Political Contributions

Both corporate and banking laws clearly and emphatically forbid National Banks to make contributions in any form whatsoever, to any political candidate, political party, or committee. Any violation of this prohibition will result in immediate dismissal.

V. Concerning Personal Outside Interests

Each officer and employee is expected to devote his or her full time and ability to the Bank's interests during his or her regular hours of employment and for whatever additional time may be properly required in the conduct of his or

7 8 0 4 0 0 7 5 5 1 8

her job responsibilities.

Employment or personal business commitments outside regular hours of employment are prohibited if these would tend to impair an individual's ability to meet his or her total commitment to the Bank. Extra employment or other outside business interests must receive the approval of a senior bank officer.

Officers and employees are encouraged to actively participate in social, civic, charitable and community sponsored organizations so long as such participation does not adversely effect the individual's principal responsibilities to the Bank.

VI. Concerning Conflicts of Interest

It is contrary to Bank policy for an officer or employee, to hold investments or any other direct or indirect financial interest in the business of a supplier of the Bank. Investments, as referred to herein, is not intended to include the ownership of securities in a publicly-owned corporation, except as to officers and employees in a position to influence or affect the business relationship between the Bank and such publicly-owned business. Investments in publicly-owned competing financial institutions is also prohibited if such investments can have an adverse effect on this Bank's interests.

No officer or employee shall have any interest or relationship with an outside organization or individual having business dealings with this Bank if such interest or relationship might tend to impair the ability of the officer or employee to serve the best interests of this Bank.

No officer or employee of this Bank shall accept a position as a member of the official family or board of directors of any outside business, without the prior written consent of the Board of Directors of this Bank.

Summary

It is the essence of this Statement of Policy that acts or relationships of officers and employees that do not violate accepted standards of ethical conduct and which are not harmful to the Bank, its customers, or the public interest are not prohibited purely by reason of a narrow technical interpretation of any provisions contained in this Statement of Policy. The important consideration and requirement of this Statement of Policy is timely disclosure, full disclosure, with appropriate senior officer approval. It intends to serve as a safeguard against unduly restrictive or [illegible] constraints in the implementation or application of this policy.

The Bank reserves the right to require any or all officers and employees to submit, upon request, a written or oral statement of compliance with any or all provisions of this Statement of Policy.

7 8 0 4 0 0 7 5 5 1 9

A meeting of the Executive Committee of the Liberty National Bank and Trust Company held at Main Office, Buffalo, New York on June 29, 1976:

President Donough called the meeting to order:

There were present: Robert J. Donough, Richard H. Fletcher, John J. Nagan, Paul Rich, Jr., Robert B. Shanahan, Richard F. Torrey and Henry K. Williams, III.

Also in attendance were Executive Vice President Robert B. Mayer, and Executive Vice President and Corporate Secretary, Joseph T. Trapp.

Minutes

Minutes of the Executive Committee Meeting held June 15, 1976 were reviewed and approved.

Directors' Report Book

The following reports were reviewed and approved:

1. Balance Sheet as of June 25, 1976.
2. Overdrafts as listed in the Directors' Report Book.
3. City of Buffalo accounts balances.
4. New and Renewed Commercial Loans
5. Retail Banking Division Overline Report

Securities Transactions

The following purchases and/or sales were approved:

PURCHASES

Description	Rate	Par Value	Maturity Date
NYS Housing Finance Agency (Urban Rental Project)	8.65%	$6,000,000	6/15/77

SALES AND REDEMPTIONS

Description	Rate	Par Value	Sale Date
County Albany, Solid Const. Ser. "C"	6.00%	$ 25,000	6/17/76

DELETION

7804007552 0

Incentive Plan

President Donough distributed copies of the proposed formula on which Liberty's 1976 Executives' Incentive Plan is to be based. After review of the plan, the Committee unanimously agreed to recommend its approval to the Board of Directors.

Comptroller's Examination

Mr. Anthony Grigas, Examiner in charge of the examination of this Bank as of the close of business June 9, 1976, appeared before the Executive Committee. He advised the Directors present that the final report was in the process of preparation and stated that as a result of a change in the Comptroller's policy, all New York City obligations are now included as classified assets. As a result of this policy change, Liberty's classified assets as of the current examination report, will be approximately 15% compared to 9.6% at the time of the previous examination. Under the previous comptroller's policy, our classified assets, as of this examination, would have been 7.15 and 8%. Grigas emphasized that even the 15% calssification was well within the top rating.

As to past due loans, our current percentage is 3.5% compared to 3.3% at the time of the prior examination. He emphasized that both percentages of classified assets and past due loans, were among the best-performing National banks. He briefly named those credits which will be listed in the report as especially mentioned, sub-standard, doubtful, or loss classification. He concluded by complimenting the capabilities of management and told the Directors that Liberty will, again, receive the Comptroller's highest rating.

Director, Richard F. Torrey

Director Torrey advised the Committee that he expected to make the physical move to Syracuse within the next few days and that this would probably be the last Executive Committee Meeting he will be attending. He did, however, indicate his intention to remain as a member of our Board of Directors and will be present at the July 12 Board meeting. The Committee joined President Donough in expressing deep appreciation to Mr. Torrey for his many contributions as a dedicated member of the Bank's Executive Committee.

DELETION

7 8 0 1 0 0 7 5 5 2 1

4189 DOCUMENT NO. L-33 E 12/7/76

Officers' Salaries

The Committee went into Executive Session and the Officers, other than President Donough, were excused from the meeting. The Committee, on the recommendation of President Donough, approved salary adjustments and resulting base salaries for the year, 1977 for the named Officers as outlined on the attached list, made part of these minutes.

Miscellaneous

The Officers and Directors present joined President Donough in offering congratulations to Director John J. Nasca and Vice President John P. DeLuca on their having been elected Directors of the Automobile Club of Western New York.

There being no further business, the meeting adjourned.

Joseph F. Trapp
Secretary

7 8 0 4 0 0 7 5 5 2 2

A meeting of the Executive Committee was held on Tuesday, March 1, 1977 at the Main Office of the Liberty National Bank and Trust Company at 10:30 a.m. pursuant to due notice to the members of the Committee.

President Donough called the meeting to order.

There were present, the following Directors: Robert J. Donough, J. Allen Barnel, Harold A. Egan, Jr., John J. Nasca, John G. Wick, Robert B. Shanahan, Haines R. Merritt, Jr., and Henry K. Williams, III.

Also in attendance was Executive Vice President, Joseph T. Trapp, and for the presentation of credits, Messrs: P.H. Eaton and W.S. Galvin.

Credits

DELETION

7804007523

DELETION

Balance Sheet

President Donough reviewed the Balance Sheet as of February 25, 1977 pointing out pertinent information to the Directors present.

Directors' Report Books

The Committee approved the following divisional reports:

1. Securities Purchased over $100,000; week of February 25, 1977.
2. Overdrafts of $5,000 and over for 5 consecutive days--week of February 25, 1977.
3. City of Buffalo account relationship.
4. Committee approved charging to miscellaneous losses, $10,000 representing deductible portion of Central Park Office hold-up.
5. The Committee approved Miscellaneous Charge-offs aggregating $2,631,86.
6. New and Renewed Loans of $100,000 or more for week ending February 18, 1977.

E.E.O.C.

President Donough reported that in conjunction with the Marie Alexander matter, the Bank has received a proposed Conciliation Agreement from the E.E.O.C. and after reviewing it with our attorneys, it is management's decision not to execute the document.

Telethon, 1977

The Committee ratified a $3,000 contribution made by the Bank in support of Telethon-1977. The Bank and its staff played a major role in support of this worthwhile cause and concomitant thereto, received considerable publicity on television which should redound beneficially to the Bank's image in the community.

Incentive Award Plan for 1977

President Donough reviewed with the Committee, the formula on which the Incentive Award Plan for 1977 is based. After discussion and review, the Committee recommends approval of the Plan to the Board of Directors.

7804075524

A meeting of the Executive Committee of the Liberty National Bank and Trust Company was held on March 15, 1977 at 10:30 a.m. pursuant to due notice to all of the members.

President Donough called the meeting to order.

There were present: Robert J. Donough, J. Allen Bernol, Harold A. Egan, Jr., John J. Nacea, John G. Wick, Robert B. Shanahan, Haines R. Merritt, Jr. and Henry K. Williams, III.

Also in attendance were Executive Vice Presidents Robert B. Mayer and Joseph T. Trapp and for the presentation of credits, Messrs: F.H. Eaton, Wm. Galvin, F.J. Hener and T.R. Hauptman.

Credits

DELETION

7804075525

of a meeting on March 14, 1977 with Messrs: Gautieri and Fassano, it was tentatively agreed that the management of the Bank would recommend the following resolution of the problems involving the Gautieri contract to the Executive Committee:

1. The union sub-contractors with which Gautieri had contracted would be used.

2. There would be no increases to the contract price due to the delays in the site becoming available for construction nor due to the delays caused by the adverse weather conditions of the past several months.

3. Barring any future problems which are beyond the control of the contractor, the project is to be completed by August 14, 1977.

4. All future change orders must be authorized in writing and signed on behalf of the Bank.

5. In consideration of all of the foregoing, the Bank would agree to an increase in the amount of the contract price of $35,000, making the total contract price $397,950.00. The aforementioned increase in price would be the sole and complete compensation of the Bank to the contractor in connection with the aforementioned Items 1, 2 and 3.

After discussion and review, the Committee authorized the proper officers to proceed as outlined above.

Contributions

On the recommendation of Executive Vice President, Robert B. Shanahan, the Committee approved the following contributions:

Buffalo Area Chamber of Commerce	$3,964.00
Studio Arena Theatre	$ 300.00
Catholic Charities	$5,817.77
St. Jerome's Hospital-Batavia	$ 750.00

There being no further business, the meeting adjourned.

Joseph P. Fraga
Secretary

7 8 0 4 0 0 7 5 5 2 6

DOCUMENT NO. L-36

Meeting of the Executive Committee of the Board of Directors of Liberty National Bank and Trust Company took place at 10:30 a.m. on Tuesday, May 3, 1977, pursuant to due notice to all members of the Committee.

President Donough called the meeting to order.

There were present, the following Directors: Robert J. Donough, John J. Naset, Robert B. Shanahan, Haines R. Merritt, Jr. and Henry K. Williams, III.

Also attending were Executive Vice Presidents Robert B. Mayer and Joseph T. Trapp and for the presentation of credits, Messrs: J.R. Baker, R.J. Galvin, T.R. Hauptman, F.J. Honer, J.R. Snyder and F.H. Eaton.

CREDITS

DELETION

7804007552 7

DIRECTORS' REPORT BOOKS

The following Divisional reports were reviewed and approved:

1. Securities Purchased and/or Sold during week ending April 29, 1977.
2. Securities Division Report--Reserve Position for period ending May 4, 1977.
3. Overdrafts of $5,000 and over for 5 consecutive days for one week ending April 29, 1977.
4. City of Buffalo Account Relationship.
5. The Committee approved charge-offs of $3,485.64 Open End Retail Banking loans and $4,121.82 Closed End Retail Banking loans; total, $7,607.46.
6. Miscellaneous Charge-offs for month ending April 30, 1977 under $500.00 totaling $3,015.46 were also approved by the Committee.
7. New and Renewed Loans of $100,000 or more for week ending April 22, 1977.

BATAVIA CONSTRUCTION PROJECT

The Committee was advised as to the outcome of a meeting held at our Batavia Office on Wednesday, April 27, 1977 relative to the two major points of disagreement between the general contractor and the Bank. Both the Bank and the contractor were represented by counsel at the meeting. As a result of the meeting, the contractor has agreed to withdraw the claim for arbitration, contingent upon the Bank issuing a Change Order authorizing the use of union sub-contractors at an increased cost to the Bank of $35,000; and payment by the Bank of $8,517.19 covering additional costs occasioned by the delay in making the site available for construction. It was further understood that the Bank would pay reasonable costs occasioned by labor contract increases that became effective subsequent to April 30, 1977.

On the recommendation of Bank counsel, the Bank has agreed to these conditions as set forth by the contractor.

OFFICER BORROWINGS

Mr. Fred Stetz, Vice President and Officer-in-Charge of the Trust Division hereby reports to the Committee that he is obligated on two loans extended by the Third National Bank, Dayton, Ohio to his wife, Margaret A. Stetz in the aggregate amount of $40,684.23. The loans are fully secured and were obtained approximately three years ago in conjunction with the exercise of stock options.

LAW SUIT

Harry E. and Mildred Manicas filed law suit against the Bank in the amount of $500,000 in conjunction with the foreclosure by the Bank of their personal residence. The firm of Watson, Petzelt, McGarvey and Bennett are representing the Bank in this matter.

There being no further business, the meeting adjourned.

Secretary

7 8 0 4 0 0 7 5 5 2 8

A meeting of the Directors' Executive Committee was held at 10:30 a.m. on Tuesday, May 17, 1977 in the Executive Conference Room at the Main Office of the Liberty National Bank and Trust Company pursuant to due notice to all the members of the Committee.

President Donough called the meeting to order.

The Directors present were: Robert J. Donough, John J. Nasca, John C. Wick, Harold A. Egan, Jr., Paul J. Rich and Albert R. Mugel.

Also in attendance were Executive Vice Presidents Robert B. Mayer, Robert D. Shanahan and Joseph T. Trapp and for the presentation of credits, Messrs: P.M. Bellanti, J.P. DeLuca and R.J. Galvin.

CREDITS

DELETION

7804007552 9

7260

DELETION

MINUTES

Minutes of the Executive Committee Meeting held Thursday, May 12, 1977 were reviewed and approved.

DIRECTORS' REPORT BOOK

The Committee approved the following Divisional reports:

1. Securities over $100,000 sold during two-week period ending May 13, 1977.
2. Securities Division -- Reserve Position for period ending May 18, 1977.
3. Overdrafts of $5,000 and over for two week period ending May 13, 1977.
4. City of Buffalo Account relationship.
5. Retail Banking Charge-offs. The Committee approved Open-end charge-offs totaling $7,810.69 and Close-end charge offs totaling $7,925.03 for a grand total of $15,735.72.
6. Accumulated Comparative Gross Charge-offs -- Retail Banking Division to date, $277,869.
7. New and Renewed Loans of $100,000 or more for two-week period ending May 6, 1977.

CHARITABLE CONTRIBUTIONS

The Committee approved the following charitable contributions:

United Jewish Fund	$ 700.00
Mercy Hospital -- over 5 years at $1,398.00 per year	6,990.00
Buffalo Neighborhood Preservation Corp.	4,720.14
Junior Achievement of Niagara Frontier	700.00

INTEREST RATES

Effective May 16, 1977, the Prime rate of interest on commercial loans was increased from [illegible] to [illegible]. In conjunction with the firming of money rates, management also increased C/D rates by approximately 1/8% for maturities up to six months with a greater increase for maturities of six months and one year. The new schedule will provide for an interest rate of 5½% on six month maturities and 5 3/4% on one year maturities.

7804007553 0

A meeting of the Executive Committee was held at 10:30 a.m. on July 5, 1977 at the Main Office of the Liberty National Bank and Trust Company, 424 Main Street, Buffalo, New York.

President Donough called the meeting to order.

The Directors present were: Robert J. Donough, J. Allen Bernel, Harold A. Egan, Jr., John J. Nasca, John C. Wick, Albert R. Magel, Paul J. Rich, Jr and Wallace J. Stekel.

Also in attendance were Executive Vice Presidents Robert B. Mayer and Joseph T. Trapp, and for the presentation of credits, Messrs: F.H. Eaton, P.M. Bellanti, J.R. Snyder and D. R. Hurley.

CREDITS

DELETION

7804007553 1

DELETION

7 8 0 4 0 0 7 5 5 3 2

MINUTES

Minutes of the Directors Executive Committee meeting held June 28, 1977 were reviewed and approved.

DIRECTORS' REPORT BOOK

The Committee reviewed the following Divisional Reports:

1. Securities over $100,000 Purchased during week ending July 1, 1977.
2. Securities Report -- Reserve Position for period ending July 6, 1977.
3. Overdrafts of $5,000 and over for 4 consecutive business days ending June 30, 1977.
4. City of Buffalo Account Relationship.
5. Retail Banking Charge-off's. The Committee approved Open-end borrowings of $7,272.06 for charge-off.
6. Retail Banking Division -- Comparative Gross Charge-offs.
7. Miscellaneous Charge-offs (under $500) totaling $3,147.64 were approved.
8. New and Renewed Notes -- $100,000 or more for week ending June 24, 1977

BALANCE SHEET

President Donough reviewed the Balance Sheet of July 1, 1977 pointing out pertinent changes thereto.

A meeting of the Executive Committee was held at 10:30 a.m. on July 19, 1977 at the Main Office of the Liberty National Bank and Trust Company, 424 Main Street, Buffalo, New York.

President Donough called the meeting to order.

The Directors present were: Robert J. Donough, J. Allen Bernel, John J. Hanna, John G. Wick, Albert R. Mugel, Paul Jr. Rich, Jr., and Wallace J. Stabel. Director Harold A. Egan, Jr. was absent.

Also in attendance were Executive Vice Presidents Robert B. Mayer, Robert B. Shanahan and Joseph T. Trapp and present for the presentation of credits were Bernard F. Mulhern, Theodore R. Hauptman, Joseph R. Snyder, Edward L. Lewis and Donald R. Hurley.

CREDITS

DELETION

7804007553

EASTERN STATES MONETARY SERVICES, INC.

To the extent that the Eastern States Monetary Services, Inc. provides certain accounting and processing services to the Liberty National Bank and Trust Company, this Bank is required to acknowledge in the minutes of its Board of Directors that it recognizes the fact that the Eastern States Monetary Services, Inc. is subject to regulation and examination by the respective bank regulatory authorities that regulate this Bank. The Committee authorized the proper officers of the Bank to acknowledge, in writing to the Banking regulatory authorities , that it recognizes that pursuant to the Bank Service Corporation Act, the Eastern States Monetary Services, Inc. is subject to regulation and examination by certain banking regulatory authorities to the same extent as if the services performed on our behalf were performed by the Bank on our own premises.

EQUAL EMPLOYMENT OPPORTUNITY

President Denough distributed to each Committee member, a copy of the Bank's General Order #995, dated July 7, 1977, addressed to all management personnel, outlining the Bank's continuing policy relative to Equal Employment Opportunity. A copy of such general order is on file in the Staff and Community Relations Division.

CONSUMER CREDIT

President Denough furnished each Committee member with a brief written summary outlining the various laws, acts and regulations with which the Bank must comply in relation to its consumer lending and depository functions.

CHARITABLE AND CIVIC CONTRIBUTIONS

The Committee approved a contribution in the amount of $699.00 to the Housing Council of Niagara Frontier, Inc.

The Committee and management reviewed the procedures followed by Bank management in evaluating and approving or recommending for approval, the requests for charitable and civic contributions. The Committee was advised that the total of such contributions budgeted for in our 1977 profit plan aggregated $[illegible]. The Committee was furnished with a list of the $61,459.44 contributions made during the first half of 1977.

There being no further business, the meeting adjourned.

Secretary

7 8 0 1 0 0 7 5 5 3 4

A meeting of the Executive Committee of the Liberty National Bank and Trust Company was held at 10:30 a.m. on July 26, 1977 at the Main Office of the Bank.

President Donough called the meeting to order.

The Directors present were: Robert J. Donough, J. Allen Bernel, John J. Hasea, Albert R. Mugel, Paul J. Rich, Jr., Wallace J. Stakel and Harold A. Egan, Jr. Director John G. Wick was unable to attend.

Also in attendance were Executive Vice Presidents Mayer, Shanahan and Trapp and for the presentation of credits, Theodore R. Hauptman, John DeLuca, and Paul Schraft.

CREDITS

DELETION

7804007555 35

BALANCE SHEET

President Donough reviewed the Balance Sheet as of July 22, 1977.

DIRECTORS' REPORT BOOK

The Committee reviewed the following Divisional and other reports comprising the Directors' Report Book.

1. Securities in amount over $100,000 purchased and/or prepaid during the week ending July 22, 1977.

2. Report of actual and required reserve position at the Federal Reserve Bank together with various money and securities market reports as of July 25, 1977.

3. Report of overdrafts in the amount of $5,000 and over, on our books at least five consecutive days during the week ending July 22, 1977.

4. Daily balances of the City of Buffalo accounts during the period of July 18 - 22, 1977.

5. Committee approved Retail Banking Division loans aggregating $19,153.35, for charge-off.

6. Comparative schedule of Retail Banking Division charge-offs, on a year-to-date basis.

7. Committee approved miscellaneous charge-offs aggregating $4,824.58.

8. Report of new and renewed loans of $100,000 or more covering the period of July 9 - 15, 1977.

BERGEN OFFICE

At its meeting on May 10, 1977 the Board of Directors authorized the consolidation of the Bergen Office into the Batavia Office at a time deemed appropriate by management. President Donough advised the Committee that it is in the best interest of the Bank to delay the consolidation until December 31, 1977. This will be most beneficial in focusing the proper attention to the opening of the new facilities at Batavia Office and provide for a very orderly transfer of the safe deposit facilities and other banking relationships from Bergen to Batavia.

BANKERS BLANKET BOND

President Donough advised the Committee that the present Bankers Blanket Bond, providing for a $10,000 deductible, will be in effect until October 1, 1977 at which time a new Bankers Blanket Bond policy will become effective, providing for a deductible of $250,000. The new coverage is being acquired at a substantial savings in premium cost.

7804007536

COMPUTER PROCESSING

Executive Vice President Shanahan advised the Committee that we experienced a breakdown in our 1419 IBM Sorter last Friday which delayed the processing of clearing several millions of dollars of checks in Friday and Saturday's work. The equipment was repaired and the work flow was back on schedule prior to Monday morning. The net loss of income to the Bank as a result of the equipment breakdown is estimated in the vicinity of $800. Steps are being taken to avoid, or curtail, the effects of such equipment breakdowns in the future.

1977 EXECUTIVE INCENTIVE PLAN

At its last meeting, the UBNY Directors' Compensation Committee agreed that an incentive compensation plan would be adopted for 1977 for the CEO's and administrative committee members at the holding company and each of its subsidiary banks, based on May forecasts.

President Dorough distributed to each member of the Executive Committee a copy of the proposed 1977 Executive Incentive Plan. After review and discussion, with President Dorough abstaining from voting, a motion was made and seconded, and it was unanimously agreed that the proposed 1977 Executive Incentive Plan be recommended to the Board of Directors for its approval.

FEDERAL ELECTION COMMISSION

President Dorough advised the Committee that he was in receipt of a letter dated July 21, 1977 from the Federal Election Commission. He read the letter and advised the Committee that he would review the matter further with management of UBNY and its legal counsel.

There being no further business, the meeting adjourned.

Joseph T. Tragg
Secretary

7 8 0 4 0 0 7 5 5 3 7

A meeting of the Executive Committee of the Board of Directors of the Liberty National Bank and Trust Company was held at the Main Office on Tuesday, September 27, 1977 at 10:30 a.m.

President Donough called the meeting to order.

The Directors present were: Robert J. Donough, John J. Nasca, John G. Wick, Howard W. Clother, and Robert M. Cleary, Jr.

Also in attendance were Executive Vice Presidents Robert B. Mayer, Robert B. Shanahan and Joseph T. Trupp and for the presentation of credits, Messrs: John P. DeLuca, Richard J. Galvin, Donald R. Hurley and John Baker.

CREDITS

DELETION

7804007553 8

MINUTES

The Committee reviewed and approved the minutes from the Executive Committee Meeting held September 20, 1977.

DIRECTORS' REPORT BOOKS

The Committee reviewed Divisional and other reports as listed below:

1. Securities purchased over $100,000 during week ending September 23, 1977.

2. Report of actual and required reserve position at the Federal Reserve Bank together with various money and securities market reports as of September 28, 1977.

3. Overdrafts of $5,000 and over on our books at least five consecutive days during the week ending September 23, 1977.

4. Daily balances of the City of Buffalo Accounts from September 19, 1977 to September 23, 1977.

5. The Committee approved Retail Banking Division loans to be charged off aggregating $27,372.66.

6. Comparative schedule of Retail Banking Division charge-offs on a year-to-date basis.

7. The Committee approved miscellaneous charge-offs aggregating $6,651,36.

8. Report of new and renewed loans of $100,000 or more covering period ending September 16, 1977.

CHARITABLE CONTRIBUTIONS

The Committee approved charitable contributions to be paid in 1978 for the following United Fund campaigns:

		Amount
United Way Northern Chautauqua County		$1,350
United Way of Genesee County		1,750
United Way of Eastern Niagara County		350
United Way of Eastern Orleans County		220
United Way of Western Orleans County		110
United Way of The Tonawandas		160
	Total	$4,440

LOAN PRICING

Each of the Directors present was furnished with a copy of a memo prepared by Senior Vice President, Frederick H. Eaton, relative to guide lines to be used in establishing interest rates on various types of commercial loans. Mr. Eaton discussed the contents of the memo and answered questions raised by the members of the Committee.

There being no further business, the meeting adjourned.

Secretary

7804007553 9

DOCUMENT N[illegible] L-43

4364

A meeting of the Executive Committee of the Board of Directors of the Liberty National Bank and Trust Company was held at the Main Office of the Bank on Tuesday, January 3, 1978 at 11:00 a.m.

President Donough called the meeting to order.

The Directors present were: Robert J. Donough, J. Allen Bernel, Harold A. Egan, Jr., John J. Nasca, John G. Wick, Haines R. Merritt, Jr., and Henry K. Williams, III.

Director George P. Urban, Jr. was unable to attend due to illness.

Also attending the meeting were Executive Vice Presidents Robert B. Mayer, Robert B. Shanahan and Joseph T. Trapp and for the presentation of credits, Wm. C. Galvin.

CREDITS

7 8 0 4 0 0 7 5 5 4 0

DELETION

DELETION

BALANCE SHEET

President Donough reviewed the Balance Sheet as of December 30, 1977 pointing out pertinent changes, thereto.

MINUTES

The Committee reviewed and approved the minutes of the Executive Committee Meeting held December 27, 1977.

DIRECTORS REPORT BOOK

The Committee reviewed and approved the follwoing divisional and financial reports:

1. Report of the Securities Division covering our reserve position and various money and securities market rates as of January 4, 1978.

2. Overdrafts of $5,000 and over for one week ending December 23, 1977.

3. Payroll Balances of the City of Buffalo from December 23, to December 29, 1977.

4. The Committee approved for charge-off, Retail Banking loans aggregating $4,143.43.

5. Comparative Schedule of Gross Retail Banking Division charge-offs during 1976-1977 to date.

6. Miscellaneous charge-offs for month ending December 30, 1977, totalling $15,765.06 were approved by the Committee.

7. Report of new and renewed commercial loans of $100,000 or more covering one week ending December 23, 1977.

7804007554 1

PRELIMINARY EARNINGS REPORT FOR 1977

President Donough advised the Committee that preliminary figures indicate that Liberty's 1977 earnings will be $4,823,000 which exceeds 1976's record earnings of $4,815,000.

FEDERAL ELECTION COMMISSION

President Donough informed the Directors that a letter has been received by Cleary, Gottlieb, Steen and Hamilton, attorneys for UBNY from the Federal Election Commission requesting certain Bank records be available to a representative of the Commission sometime during the second week of January.

MEETINGS

The next meeting of the Executive Committee will be on Tuesday, January 10, 1978 at 10:30 a.m.

There being no further business, the meeting adjourned.

Secretary

7804007542

DOCUMENT NO. L-44

Minutes of the Examining Committee Meeting of November 26, 1975

Chairman Torrey called the meeting to order at 8:30 A.M. in the Horizon Room.

There were present, constituting a quorum, the following Directors: Richard F. Torrey, Harold A. Egan, Jr., Gunnar E. Pierson, Henry K. Williams and Albert R. Mugel. Also present were Robert E. Reitler, Vice President and Robert J. Moses, Auditor.

Messrs. Jowett and Mayer appeared before the Committee as directed beforehand.

Minutes of the meeting of October 21, 1975 were distributed and approved.

Mr. Jowett, Senior Vice President & Comptroller, prepared a schedule of insurance showing type of coverage and limits which was submitted to the members of the Committee. He stated that oral conversations with Marsh & McLennan, Inc., and Rose & Kiernan, Inc., led him to believe that we were adequately covered. Both companies however, refused to make this statement in writing as evidenced by letter from each of them.

Mr. Jowett informed the Directors that Marsh & McLennan, Inc. charges the Bank $8,000 a year for their services and that all commissions on policies placed through them are refunded to the Bank. He also stated that we receive 1/2 of the commissions as a refund from Rose & Kiernan, Inc., who handle primarily our Bankers Blanket Bond and Directors & Officers Liability Insurance.

Director Pierson questioned Item #33 on the Insurance Schedule Directors & Officers Liability Insurance as to the meaning of the terminology $5,000,000 subject to a $10,000 deductible. Director Mugel stated that he had answered that question by memorandum at a meeting of a prior year's Examining Committee and suggested a copy of that memorandum and a copy of a resolution made by the Directors as to the Bank being responsible for the deductible portion be furnished to each member of the Committee.

The question was raised concerning the responsibility of Liberty's Directors regarding the pension plan since the investments have been transferred to Albany and the plan is being administered by UBNY. Mr. Mugel offered to contact UBNY on this matter.

Director Egan asked Mr. Jowett if Liberty employed the services of an insurance counselor to evaluate our coverage and to secure bids. He mentioned that his company used the services of a Mr. Cox who is not an agent but a specialist on insurance. By following his recommendations, they have had a considerable savings in insurance costs.

Mr. Jowett acknowledged that he had a previous discussion with Mr. Cox regarding insurance and determined that Mr. Cox will not accept a customer counseling assignment on a onetime basis but only on a retainer. Mr. Egan asked Mr. Jowett to furnish him with a list of our insurance carriers.

Director Pierson asked if we had explored the possibilities of self-insurance and also if a cut-off or break-even point had been determined.

7 8 0 4 0 7 5 5 4 3

The question was raised as to coverage for earthquakes which led to the additional question of when was the last time a review was made as to types of coverage. Mr. Jowett informed the Committee that he didn't believe we carried insurance against earthquakes and to the best of his knowledge it was probably three or four years since a review had been made as to the types of coverage necessary.

The Comptroller of the Currency furnishes a booklet on Duties and Liabilities of Directors of National Banks, which contains fifteen suggestions to be followed by Examining Committees in making their reviews. One of these suggestions states that the Examining Committee should determine the adequacy of the bank's fidelity bond and other insurance should be appraised. Due to the questions previously stated for which satisfactory answers were not available and the lack of expertise by Committee Members on insurance matters, the Committee recommends that the Bank periodically retain the services of an independent consultant to review the adequacy in types and amounts of coverage and that such consultant be made available to the Directors' Examining Committee in connection with the discharge of its duties.

The Committee further recommended that the adequacy of insurance coverage be presented at a later meeting when additional information would be available.

The Committee expressed concern as to the position the Bank takes regarding political contributions. They were informed that national banks are prohibited from making any contribution or expenditure to political parties. A motion was made by Mr. Williams and seconded by Mr. Egan that Vice President Reitler report at the next meeting the steps taken by the Auditing Division to determine that no expenditures are made either by the Bank directly or by employees whose expenditures are reimbursed.

Mr. Mayer was called before the Committee to update or furnish additional information regarding five specific, large borrowing customers. The Examining Committee was specifically interested as to the sufficiency of information supplied to the Executive Committee who approves loans to our larger borrowers.

In reviewing the loan of Courier Cable the question was asked if an audited statement was available for the Courier Express who guarantees the loan of Courier Cable. It was recommended by the Committee that an audited statement be obtained from the Courier Express if available and that consideration should be given to having current audited statements on loans to all large borrowers. (Mr. Pierson abstained on the Courier Express matter.)

Mr. Mayer supplied the Committee with additional information obtained from an unaudited nine month statement on Firstmark Leasing Corporation. Nothing was found in this review that should be specifically mentioned.

The next meeting of the Committee has been called for 9:00 A.M. on Tuesday December 9, 1975 to be held on the second floor in the room directly across the hall from Mr. Fonda's office.

There being no further business, the meeting adjourned.

R.E. Reitler

Secretary
R.E. Reitler

7804075544

DOCUMENT NO. L-45

MINUTES OF THE EXAMINING COMMITTEE MEETING DECEMBER 9,1975

Chairman Torrey called the meeting to order at 8:15 AM in the Conference Room opposite the President's Office.

There were present, constituting a quorum, the following director members of the Committee: Richard F. Torrey (Chairman), Harold A. Egan, Jr., Haines R. Merritt,Jr., Gunnar E. Pierson, Albert R. Mugel, Paul Rich, Allen Bernel and H.K. Williams,III.

Also present at the invitation of the Committee were Mr. Robert E. Reitler, Vice President and Mr. Robert Moses, Auditor.

Minutes of the meeting of November 26,1975 were distributed and approved.

While the minutes of the meeting of October 21,1975 had been previously approved at the meeting of November 26,1975, there appeared to be some question as to the interpretation and clarification as to the last two sentences of paragraph # 6 and the Committee directed that such sentences be revised, as follows:

Delete

"The Committee was advised that while we do use terminals, video tubes and voice answer-back systems in our daily routine, no one except certain authorized persons who are familiar with the required codes would be able to change computer records or input data. Such systems at this point are used principally for the purpose of verifying balances, due dates, etc."

Add

"The Committee was advised that while we do use terminals, video tubes and voice answer-back systems, the terminals and voice answer-back systems are limited in capability only to obtain information presently in the main-frame records or to place a "hold" against accounts. Neither the terminals or voice answer-back systems can change any existing records previously put into the main-frame unit. The video tube, located in the computer area proper, is used strictly as an input vehicle for daily transaction records and cannot access previously inputed main-frame records. It is further limited to DDA transactions. The video tube, located at the Retail Banking Center, is likewise limited to the input of daily transaction records and further restricted to Retail Banking Loans only."

Insurance

By affirmative vote, the committee will recommend to the Board of Directors that serious consideration be given to engaging an outside consulting firm to render an opinion as to the adequacy of our present insurance coverage.

7801275545

Members of the committee requested evidence as to the bank's policy as it pertains to indemnifying officers and directors for any loss personally incurred relative to the $ 10,000 deductible portion of insurance coverage under the Directors and Officers Personal Liability Insurance Policy.

Legal

At the request of the committee, the Bank's Legal Counsel has agreed to render a written opinion pertaining to the two following matters:

(1) Does a previously approved resolution or action by the Board of Directors continue as binding on present and subsequent Boards of Directors until changed or rescinded?

(2) What effect does subsequent corporate or banking law changes have on previously adopted Board resolutions?

By-Laws

By affirmative vote, the committee will request that the Board of Directors direct Legal Counsel to review and update the Bank's present By-Laws.

President Fonda

President Fonda requested and was granted an audience with the committee. He reviewed both the internal and external audit functions being conducted by Peat, Marwick, Mitchell & Company; the Bank's internal Auditing Division; the National Bank Examiners; Commercial Loan Review, etc. He then talked about the function of the Directors' Examining Committee in relation to each of the above mentioned audit functions.

President Fonda expressed his desire to have the present Directors' Examining Committee reappointed for the coming year so as to assure continuity of this very important function. He also stated that he was recommending to a special Ad Hoc Committee, presently reviewing the composition of next year's Board and the fees to the paid, that the Examining Committee fees be increased from $ 300 to $ 500 annually.

Referring to the five specific credits named in the minutes of the October 14th meeting, he assured the committee that the Executive Committee was fully cognizant of each of the credits and was frequently being updated by the Senior Loan Officers as to their continuing status. He commented on the possible overlap of effort and/or responsibility between the Directors' Examining Committee and the Directors' Executive Committee, touching on the matters of possible conflict of interest.

He elaborated on the problems encountered in establishing any hard and fast policies relative to requiring certified financial statements on credits of a given size or category. The Loan Administration Committee is currently addressing itself to this matter.

President Fonda suggested, and the committee concurred, that it would be very beneficial if the Directors' Examining Committee would draft a written set of guidelines, setting forth the overall scope, procedures and functional responsibilities of the committee.

He reiterated the Bank's policy of strict adherence to all corporate and banking laws and regulations relating to the prohibition against political contributions and expenditures. He further elaborated on the Bank's policy prohibiting loans to any political party, committee or candidate. He admonished the Vice President in charge of the Fredonia Office in granting a $ 2,000 loan to the Republican Committee of Chautauqua County, directly in violation of this policy.

President Fonda thanked the committee for their dedication to the work of this committee and excused himself from the meeting.

Political Contributions

At Chairman Torrey's request, Vice President Reitler reported that he had reviewed the expense accounts of 35 officers of the bank, covering the year 1975 to date, and found no evidence of any violation of corporate or banking laws or regulations relating to political contributions.

Special Project Committee

Chairman Torrey accepted Director Egan's offer to head a sub-committee for the purpose of gathering information relative to the scope and procedures followed by Directors' Examining Committees of other banks. Director Egan will solicit the assistance of members of our Directors' Examining Committee as needed.

Next Meeting

The next meeting of the committee will be held at 8:15 AM on Tuesday, January 6, 1976 in the Horizon Room. There being no further business, the meeting adjourned.

Respectfully submitted

Joseph T. Trapp, Secretary

1973

DOCUMENT NO. L-46

SALARY AND PENSION COMMITTEE MEETING

January 23, 1973

A meeting of the Salary and Pension Committee of the Liberty National Bank and Trust Company was held at the office of the President on Tuesday, January 23, 1973 at 11:00 a.m.

The following were present: Messrs. Richard H. Fletcher, Chairman presiding, Harold A. Egan, Avery H. Fonda, Edwin F. Jaeckle, Samuel D. Magavern, and Richard F. Torrey.

Mr. J. Allen Bernel was absent.

Chairman Fletcher reviewed the Bank's Pension Trust Account as of January 15, 1973.

President Fonda reviewed charts showing trends of management-level salaries at Liberty Bank compared to group averages of other similar sized banks in the Mid-Atlantic and Northeastern States. These charts indicate that the salary scale at Liberty National Bank is somewhat lower than the average for these comparable banks -- particularly in the middle-management group.

Salary increases, aggregating $49,500 for twenty-nine officers (Vice Presidents and above) were unanimously approved. All increases are to become effective with the next pay period which starts January 28, 1973.

Promotions to the title of Senior Vice President were unanimously recommended for Messrs. Donald R. McNutt, James R. Graham and Bernard L. Kieffer. The title of Vice President and Auditor was unanimously recommended for Robert E. Reitler, and the title of Vice President was unanimously recommended for Messrs. Gilbert V. Elden, Carl D. Gaglio and Alan R. Wiles. Upon confirmation by the Board of Directors, it is anticipated that these promotions will be announced publicly on a staggered basis over a period of several weeks in order to achieve maximum impact.

Salary adjustments aggregating $4,000 were approved concomitant with the promotions of Messrs: Elden, Gaglio and Wiles. Said increases were not included in the $49,500 adjustments for the 29 officers referred to above.

After discussion, on motion made and seconded, the following resolution was unanimously adopted:

> RESOLVED, that the name of Edwin F. Jaeckle be recommended to the Board of Directors for re-appointment as General Consel for the Bank for the ensuing year, at an annual retainer of $48,000, payable monthly commending with the March 1, 1973 payment.

There being no further business, the meeting adjourned.

1/24/73

Joan R. Trapp
Assistant Secretary

These minutes were presented to and approved by the Board of Directors at its February 15, 1973 Meeting.

DOCUMENT NO. L-57

Liberty National Bank And Trust Company

Form 40

MEMORANDUM

To: GILBERT ELDEN

From: AVERY H. FONDA

This morning the Executive Committee of our Board of Directors approved salary increases in the amount of $2,500. per annum for each of the following:

Three Executive Vice Presidents
Cashier
Senior Vice President in charge of Marketing

Please arrange for these five officers to receive lump sum payments on June 1 each year so that it will not affect their regular bi-weekly pay period.

AHF

May 15, 1973

7 8 0 4 0 0 7 5 5 4 9

DOCUMENT NO. L-58

Liberty National Bank And Trust Company

MEMORANDUM

To: G. V. Elden, V.P.
Personnel Department

From: J. T. Trapp, E.V.P.

The following is an excerpt from the minutes of the Executive Committee Meeting held May 15, 1973:

"Salary Increases

On the recommendation of President Fonda, salary increases aggregating $12,500 were granted to five senior officers. A list of the individual officers and specific salary adjustments for each is on file in the Personnel Department."

May 16, 1973

Trapp
Secretary

7804075550

DOCUMENT NO. L-59

Liberty National Bank And Trust Company

MEMORANDUM

To: G. V. Elden, V.P.

From: J. T. Trapp, E.V.P.

The following is an excerpt from the minutes of the Board of Directors' Meeting of August 14, 1973:

General Salary Adjustment

"On the recommendation of the Executive Committee, approval was given to the following resolution:

> RESOLVED, that each full time officer and employee receive a flat $300 annual increase in salary, and each parttime employee receive a 15¢ per hour increase, effective in the pay distribution of September 7, 1973."

August 24, 1973

Joseph T. Trapp
Secretary

7804075551

DOCUMENT NO. L-60

TO: JOSEPH T. TRAPP

FROM: AVERY H. FONDA

RE: DIRECTORS' SALARY COMMITTEE MEETING
TUESDAY, DECEMBER 18, 1973

The salaries of twenty-nine senior officers were reviewed and increases aggregating $40,600. were approved per list submitted to the personnel officer this date.

Also, compensation to Arthur E. Murbach for the year 1974 was reviewed and approved in accordance with the attached recommendation by Avery H. Fonda, dated December 18, 1973.

Also, it was agreed that Mr. Murbach shall receive a consulting fee of $40.00 per week in lieu of remaining benefits previously contracted by the bank whereby annual payments of $1,500. were specified until February, 1977.

Meeting adjourned.

Avery H. Fonda

December 18, 1973

cc: J. Jowett
G. Elden

7 8 0 4 0 7 5 5 5 2

DOCUMENT NO. 4-61

1974

Liberty National Bank And Trust Company

MEMORANDUM

To: G.V. Elden, V.P.
Personnel Department

From: J. T. Trapp, E.V.P./Secretary

The following is an excerpt from the minutes of the Executive Committee Meeting held December 18, 1973:

"Salary and Pension Committee

The report of the Salary and Pension Committee was presented and after discussion and review, the following resolution was unanimously approved. Director Murbach and officers other than President Fonda were temorarily excused from the meeting:

> RESOLVED: that the Executive Committee recommend to the Board of Directors salary increases aggregating $40,600 for twenty-nine senior officers as per list on file in the Personnel Division's records."

1/15/74

Joseph T. Trapp
Secretary

7804007553

F-040-04061

DOCUMENT NO. L-62

Liberty National Bank And Trust Company

MEMORANDUM

To: D. R. McNutt, V.P.

From: J.T.Trapp, E.V.P./Secretary

The following is an excerpt from the minutes of the Executive Committee Meeting held June 4, 1974:

Cost of Living Salary Adjustment

"During the past several weeks, each of the local banks with the exception of the Bank of Buffalo, has granted cost of living salary increases to their employees. While the basis of adjustment varied in each case, each approximated a maximum of 7%, based on a designated maximum salary. Liberty granted its employees a $300.00 cost of living increase early in September, 1973. Recognizing the cost of living increase granted in September, 1973, management, today, recommended and the Committee unanimously approved, a special salary adjustment for all full time officers and employees in the amount of 4-½% of the first $12,000 of annual salary; and a special salary adjustment of 5¢ per hour for all parttime employees. This special salary adjustment is to be effective July 1, 1974 and will be included in the first pay distributed in July."

6/6/74

J. Trapp

7 8 0 4 0 0 7 5 5 5 4

F-040-C4061

United Bank Corporation of New York
75 State Street, Albany, New York 12207 (518) 447-4121

DOCUMENT NO. L-63

Peter D. Kiernan
President and Chief Executive Officer

November 19, 1974

Mr. Avery H. Fonda, President
Liberty National Bank and Trust Company
424 Main Street
Buffalo, New York 14240

Dear Avery:

In line with the agreed procedure in connection with the salaries of the Presidents, Executive Vice Presidents and other officers of the bank whose pay exceeds $50,000 a year, you and I have discussed the proposal that the salaries for those individuals at your bank affected by the policy will be increased by no more than 6% for the coming year, with the exception of the salary of Bob Mayer for whom a special additional supplement of $1,390 will be recommended. This proposal conforms to the pattern adopted throughout the company and is approved and will serve as the basis for appropriate recommendations to your Executive Committee. I want to express to you my appreciation for your cooperation.

Warm personal regards.

Sincerely yours,

President

FDK:ljm

7 8 0 4 0 7 5 5 5 5

DOCUMENT NO. 2-64 1975

Liberty National Bank And Trust Company

MEMORANDUM

To: Messrs. McNutt and Reitler

From: J.T. Trapp, Secretary

The following is an excerpt from the minutes of the Executive Committee Meeting minutes of November 19, 1974:

Senior Officers' Compensation

" The aggregate base salary of the 28 Senior Officers of Liberty Bank (Vice President and above) is $783,320. On the recommendation of the President, individual salary increases aggregating $55,320 were approved. The average increase amounts to 7.062%, bringing the new aggregate base to $838,640. A list of the individual adjustments is on file in the Staff and Community Relations Division."

12/3/74

J. Trapp
Secretary

7 8 0 4 0 0 7 5 5 5 6

F-040-04061

DOCUMENT NO. L 5

TO: PETER D. KIERNAN, CHAIRMAN

FROM: AVERY H. FONDA

Thank you for your memorandum of December 23 relative to your thoughts concerning the schedule of proposed salaries which I had sent to you.

Of course, I am willing and happy to withdraw the suggestion of an increase in salary for me for the coming year. I have no problem with my current compensation, particularly in view of my bonus.

Perhaps I may be excused for taking this occasion to set forth my unique personal situation for your consideration as bearing on the matter of my future compensation.

As you know, I will be 55 years of age next April, and have been with the bank for 7 years. When I came to the bank, I gave up all rights under the retirement plan under my prior employment, and not having substantial outside funds, I am totally reliant upon the bank plan and social security for my retirement. The $5,000. which the bank annually pays for premiums for insurance on my life to fund the deferred compensation agreement, is in lieu of current compensation which I gave up at the time of the agreement. Because of the relatively short period of time I have been with the bank, my retirement benefits will not be as great as they otherwise would be, and I am concerned that the inflationary trend not substantially reduce the benefits further. The pension plan seeks to provide against this latter factor by relating the retirement benefits to the compensation in the last five years of employment. However, if salaries are frozen despite increases in cost of living, the intended effect of the pension plan in the guarding against inflationary erosion will be negated. As you will understand, a future compensation program which would substitute deferred compensation for cost of living increase and not reflect it in the last five years compensation for pension plan purposes would be a matter of personal concern to me, particularly if the benefits under such a program did not substantially vest.

With respect to the Executive Vice Presidents, I believe the enclosed revision conforms to your thoughts. At this moment, it seems in the best interest of both LNB and UBNY to maintain as favorable a climate as possible for commercial business development and to maximize our combined efforts in that direction, while our competitors appear to be suffering very substantial personnel changes with all the attendant turmoil. In any event, I certainly agree

7 8 0 1 0 0 7 5 5 5 7

that this is an appropr[illegible]e subject for our mutual discu[illegible]ons at an early date.

Concerning our Management Committee, you will note that the attached schedules indicate numerous reductions of recommended increases to bring proposed adjustments into alignment with other affiliates of the holding company.

Peter, a very real concern of ours has been to protect our management staff from pirating by the numerous banks who have moved into this area. They have staffed their local offices with employees of neighboring banks. Fortunately, Liberty has been quite successful in keeping our key officers, and I can assure you that the migration out of the Marine and the M & T has constituted a severe jolt to those banks.

I would appreciate your indulgence with these revised and reduced recommendations aggregating $14,900., covering a total of nine very excellent officers. Please note that Mr. Graham's normal retirement is scheduled for April, and his salary adjustment does not constitute a significant impact on our expenses for that brief period remaining in his career at LNB. Too, I'm sure you realize that his pension benefits will indeed be rather modest.

The sixteen other officers in grades three and four do not participate in any form of bonus, and the reduced recommendations enclosed constitute an average increase of only 4.7%. I honestly believe that our Board would feel that anything less might be questionable.

Again, thanks for your assistance in bringing our recommendations into alignment with your thinking. After your perusal, if you feel that it would be desirable for me to come to Albany to discuss these proposals, please let me know.

Avery

December 30, 1975

SUMMARY OF REVISED RECOMMENDATIONS

Management Level	Number of Officers	Total Current Salaries	Recommended Increase	Percent of Increase
#3	7	$151,650	$ 7,150	4.7%
#4	9	218,170	10,255	4.7
#5	9	285,600	14,900	5.2
#6	3	129,700	8,500	6.6
above	1	81,500	-0-	-0-
Totals	29	$866,620	$40,805	4.7%

7804007555 9

DOCUMENT No. L-77

MEMORANDUM

TO: Officers, Assistant Managers, & Department Heads

FROM: Operations Division

Attached is a new Directive P 51 entitled "Personnel Subject - Political Contributions" which should be thoroughly reviewed with your staff before inserting in the Operations Manual.

Please call the Operations Division, if you have any questions with regard to this directive.

K. F. Kane
Assistant Vice President

September 17, 1974

7804007560

PERSONNEL

SUBJECT - POLITICAL CONTRIBUTIONS

A national bank is prohibited from making any contributions or expenditure in connection with any election to any political office or in connection with any primary election or political convention or caucus held to select candidates for any political office. Contributions or expenditures include any direct or indirect payment, distribution, loan, advance, deposit or gift of money or any services, or anything of value.

Accordingly, all directors, officers, and employees, are advised not to use any Liberty National Bank and Trust Company property, directly or indirectly, or render any service on bank time for such political activity. The only exception is a loan of money made in accordance with applicable bank laws and regulations and in the ordinary course of business. Violations are punishable by fine and/or imprisonment.

The above restrictions should not be read to inhibit any individual, acting in his personal capacity on his own time, from participating in the political process in the State and Nation.

Branch Administration Division

B. L. Kieffer
Senior Vice President &
Senior Operations Officer

September 13, 1974

7 8 0 1 0 0 7 5 5 6 1

DOCUMENT NO. L-78

7801007562

MEMORANDUM

TO: Officers, Assistant Managers, and Department Heads

FROM: Operations Division

Attached is newly revised directive P 51 entitled, "Personnel Subject - Political Contributions."

This directive is to be thoroughly reviewed by yourself and all personnel within your branch or department prior to inserting it in your Operations Manual and removing and destroying the directive presently in your manual.

Any questions regarding this revised directive are to be referred to the Operations Division.

R. F. Kawa

R. F. Kawa
Assistant Vice President

December 1, 1975

PERSONNEL

SUBJECT - POLITICAL CONTRIBUTIONS

A national bank is prohibited from making any contributions or expenditure in connection with any election to any political office or in connection with any primary election or political convention or caucus held to select candidates for any political office. Contributions or expenditures include any direct or indirect payment, distribution, loan, advance, deposit or gift of money or any services, or anything of value. Violations are punishable by fine and/or imprisonment.

Accordingly, all directors, officers, and employees, are advised not to use any Liberty National Bank and Trust Company property, directly or indirectly, or render any service on bank time for such political activity. Specifically pursuant to bank policy, no loans are to be made to any political party or candidate under any circumstances.

The above restrictions should not be read to inhibit any individual, acting in his personal capacity on his own time, from participating in the political process in the State and Nation.

T. W. [illegible]
Branch Administration Division

B. L. Kiefer, Senior Vice President
& Senior Operations Officer

December 1, 1975

DOCUMENT NO. 4 9

To: Officers, Assistant Managers, Department Heads

From: D. R. McNutt, Senior Vice President

The attached directive, Liberty National Bank and Trust Company's Code of Ethics, was approved by the Executive Committee of the Board of Directors on May 4, 1976.

Please review its contents thoroughly with all employees under your supervision before filing in your operations manual. This directive will be made a part of our orientation program and will automatically be reviewed with new employees in the future.

Add P-10 to the table of contents in your operations manual under Personnel - Code of Ethics, and cross reference it under C - Code of Ethics, and E - Employees Personal Responsibilities.

D. R. McNutt

5-7-76

7 8 0 4 0 0 7 5 5 6 4

STATEMENT OF POLICY CONCERNING THE PERSONAL RESPONSIBILITIES OF OFFICERS AND EMPLOYEES OF THE LIBERTY NATIONAL BANK AND TRUST COMPANY

Statement of Policy

This Statement of Policy is intended to govern the actions and working relationships of all officers and employees of the Liberty National Bank and Trust Company with its customers, fellow officers and employees, competitors and all others with whom they may be identified as representatives of this Bank.

In these relationships, a high standard of ethical conduct is absolutely required. This means that each member of the Liberty organization is expected, in all business matters, to act with the dual responsibility to the Bank's best interests and the public interest, and to place both such interests above his or her own. The consistent transaction of Liberty's business on a plane of irreproachable personal integrity is of vital importance because each individual is a responsible custodian of the Bank's reputation and the public confidence in which the Bank and its staff is held.

It is recognized that in many situations and issues involving ethical or moral judgments, it may be difficult to determine the right course of action with certainty. In such instances, this Statement requires that the officer or employee concerned shall not rely solely on his or her own judgment, but shall discuss the matter in full with a senior officer of the Bank (Senior Vice President or above.) Full disclosure of the facts in such instances, in timely fashion, to proper authority, and requisite approval therefrom, will always serve to meet an officer's or employee's responsibilities with respect to this Statement of Policy.

It shall, of course, be the responsibility of management to assure consistent adherence to this Statement of Policy in letter and spirit.

The remainder of this Statement of Policy will provide guidelines in many of the areas where issues of ethical conduct may arise.

I. Concerning Customers

The banking business that Liberty has received from its customers and the future business it will enjoy, is primarily responsible for its past, present and future success. Accordingly, it is the absolute obligation of the Bank and each individual connected, therewith, to justify and protect our customers relationships through consistently fair and honorable dealings with everyone who is a user of our services.

Since our customer relations extend over so many types of transactions and circumstances, it is impossible to define specifically, all the possible responsibilities we have to our customers. However, this Policy Statement clearly and emphatically prohibits misrepresentation, fraudulent action, failure to make proper adjustments if we are at fault, or any behavior that denies to the customer the full measure of benefit to which entitled.

No officer or employee or member of his or her immediate family shall solicit, accept or agree to accept, at any time of the year, any gift or personal favor from any customer or supplier doing business with this Bank. However, this prohibition does not prohibit accepting unsolicited expressions of customer appreciation in the form of nominal gifts valued at less than $15.00, nor does it preclude acceptance of customer paid nominal entertainment, provided the acceptance of such nominal gifts and entertainment do not, in any way, influence the business judgment of the recipient.

To be on the safe side, it would behoove the recipient of every gift, regardless of value, to report same to a senior officer.

Officers and employees are prohibited from giving Bank expensed gifts, making loans, or granting unreasonable favors to customers, or representatives, thereof, for the purpose of obligating such recipients or inducing them to violate any proper code of good business ethics.

II. Concerning Competitors

The highest standards of honorable and ethical conduct must be observed in all our relationships with our competitors or representatives, thereof. The advancement of this Bank's business interests through the malicious dissemination of gossip, rumors, or disparaging statements, or any other unfair actions intended to damage competitors is prohibited.

On ethical, as well as legal grounds, officers and employees must refrain from all dealings with competitors for the purpose of setting or controlling rates, charges, trade practices, or for any other activities prohibited by the federal and state laws regulating competition.

III. Concerning Responsibility for Safeguarding Confidential Information

The complete confidentiality of all non-public information, involving the Bank, its customers, its competitors and others must be respected at all times.

IV. Concerning Political Contributions

Both corporate and banking laws clearly and emphatically forbid National Banks to make contributions in any form whatsoever, to any political candidate, political party, or committee. Any violation of this prohibition will result in immediate dismissal.

V. Concerning Personal Outside Interests

Each officer and employee is expected to devote his or her full time and ability to the Bank's interests during his or her regular hours of employment and for whatever additional time may be properly required in the conduct of his or her job responsibilities.

Employment or personal business commitments outside regular hours of employment are prohibited if these would tend to impair an indivudual's ability to meet his or her total commitment to the Bank. Extra employment or other outside business interests must receive the approval of a senior bank officer.

Officers and employees are encouraged to actively participate in social, civic, charitable and community sponsored organizations so long as such participation does not adversely effect the individual's principal responsibilities to the Bank.

VI. Concerning Conflicts of Interest

It is contrary to Bank policy for an officer or employee, to hold investments or any other direct or indirect financial interest in the business of a supplier of the Bank. Investments, as referred to herein, is not intended to include the ownership of securities in a publicly-owned corporation, except as to officers and employees in a position to influence or affect the business relationship between the Bank and such publicly-owned business. Investments in publicly-owned competing financial institutions is also prohibited if such investments can have an adverse effect on this Bank's interests.

No officer or employee shall have any interest or relationship with an outside organization or individual having business dealings with this Bank if such interest or relationship might tend to impair the ability of the officer or employee to serve the best interests of this Bank.

No officer or employee of this Bank shall accept a position as a member of the official family or board of directors of any outside business or political organization, without the prior written consent of the board of Directors of this Bank.

Summary

It is the essence of this Statement of Policy that acts or relationships of officers and employees that do not violate accepted standards of ethical conduct and which are not harmful to the Bank, its customers, or the public interest are not prohibited purely by reason of a narrow technical interpretation of any provisions contained in this Statement of Policy. The important consideration and requirement of this Statement of Policy is strict disclosure. Such disclosure, with appropriate senior officer approval, is intended to serve as a safeguard against unduly restrictive or unreasonable restraints in the implementation or application of this policy.

The Bank reserves the right to require any or all officers and employees to submit, upon request, a written or oral statement of compliance with any or all provisions of this Statement of Policy.

5-7-76

D. R. M. Nutt

7 8 0 4 0 7 5 5 6 7

DOCUMENT N[illegible] 2-80

TO: ALL OFFICERS

FROM: ROBERT J. DONOUGH, PRESIDENT

Attached are two copies of the STATEMENTS OF CORPORATE POLICY which have been adopted by the Boards of Directors of United Bank Corporation of New York and its subsidiaries. Will you please read these Statements of Corporate Policy, sign one copy indicating that you have read and understand the Statements, and forward that signed copy to the Staff and Community Relations Division. It is, of course, understood that, in addition, you will comply with these Statements of Corporate Policy.

The Statement on Political Contributions and Other Expenditures for Political Purposes prohibits the making of a loan to a political party, candidate, committee or organization, except in the ordinary course of the corporation's business and on customary commercial terms. Please note the exception since loans may be made to such individuals or groups provided they are granted on standard bank terms and conditions; that is, at the same interest rate, the same repayment schedule and collateral, if any, as extended to other borrowers. It is extremely important that all such loans to individuals or groups for political purposes be completely documented in the credit file of the borrower.

The same caution should be exercised in opening deposit accounts for such individuals or groups. Make sure that standard service charges are made for services rendered in accordance with our customary service charge policy.

If you have any questions regarding any of the matters discussed in the Statements of Corporate Policy, please contact the officer in charge of your division.

Robert Donough

July 29, 1977

7801007568

reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchase of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

I have read and understand the statements of corporate policy set forth in the preceding paragraphs.

_____ (Date)

_____ (Print Name)

_____ (Signature)

7 8 0 4 0 0 7 5 5 6 9

United Bank
New York

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

7 8 0 4 0 0 7 5 5 7 0

7 8 0 4 0 0 7 5 7 1

'73 FEB 2 . 73

BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

CERTIFIED
No. 712833
MAIL

RECEIPT REQUESTED

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
MCC 2974	800984

Name and Address of Sender

ROBWERT L TORTORIELLO
1 STATE ST. PLZ.
NY,NY 10004

Subject of Correspondence

MUR 418

Date Received	Suspense Date
03/15/78	04/05/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March

GPO

FEDERAL ELECTION COMMISSION CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
HCC 2857	800715

Name and Address of Sender

ROBERT L TORTORIELLO
1 STATE ST. PLZ.
NY,NY 10004

Subject of Correspondence

MUR 418

Date Received	Suspense Date
03/03/78	03/24/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NEN	4300

Special Instructions:

(See also: HCC # 2814)
control # 800629)

FEC Form 17 (Revised March 1977)

GPO 913-946

418 - SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

The following service is requested (check one).

- ☐ Show to whom and date delivered ..... ¢
- ☑ Show to whom, date, and address of delivery ..... ¢
- ☐ RESTRICTED DELIVERY
  - Show to whom and date delivered ..... ¢
- ☐ RESTRICTED DELIVERY.
  - Show to whom, date, and address of delivery $ ____
  - (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: Thom. H. Hagoort
Gearg Gottlieb Steen &
~~Hamilton~~, One State Plaza,
NY NY 10004

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943892	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

Jal S Pagey

4. DATE OF DELIVERY 10/89

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O—234-337

7 8 0 4 0 0 7 5 5 7 4

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
MCA 1954	703198

Name and Address of Sender

George Cleary
1 State St. Plaza
NY, NY

Subject of Correspondence

MUR 418

Date Received	Suspense Date
11-2-77	Open

Referred to	Action (Optional)
1. Gary / Browning	
2.	
3.	
4.	
5.	

Answer Date	File Designation
11-2-77	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
4CC 1096	772350

Name and Address of Sender

Robert Donough
424 Main St
Buffalo, NY

Subject of Correspondence

MUR 418

Date Received	Suspense Date
7220	7000

Referred to	Action (Optional)
1. Carr	
2.	
3.	
4.	
5.	

Answer Date	File Designation
MT NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-948

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
MC 1073	772344

Name and Address of Sender

James McKee
State Bank Of Albany
Albany, NY

Subject of Correspondence

MUR 418

Date Received	Suspense Date
7220	7000

Referred to	Action (Optional)
1. Garr	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document 7 9

For Division Use	Suspense No.
LCC 1103	772353

Name and Address of Sender

Jon Price
385 Broadway
Newburgh, NY

Subject of Correspondence

MUR 418

Date Received	Suspense Date
7220	7000

Referred to	Action (Optional)
1. Garr	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

FEDERAL ELECTION COMMISSION 7 5 CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
MCC 2425	800045

Name and Address of Sender

HOWARD T MARTIN
DEPT.OF TREAS.
WASH., DC 20224

Subject of Correspondence

MUR 418

Date Received	Suspense Date
01/11/78	02/01/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4302

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
781024104751	807206

Name and Address of Sender

ROBERT F MACFARLAND
385 BROADWAY
NEWBRGH,NY 12550

Subject of Correspondence

MUR 418

Date Received	Suspense Date
10/24/78	11/14/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NAN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

7804007580

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
781022111828	807119

Name and Address of Sender

FRANK H ODELL
STATE BL. ALBANY
ALBANY, NY 00000

Subject of Correspondence

MUR 418

Date Received	Suspense Date
10/21/78	11/11/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

7804075581

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
DCC 2513	800177

Name and Address of Sender

JOHNNIE M WALTERS
1730 PA.AVE., NW
WASH., DC 20036

Subject of Correspondence

MUR 418

Date Received	Suspense Date
01/24/78	02/14/78

Referred to	Action (Optional)
GARR	
1.	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

7804005583

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
HCC 2138	703454

Name and Address of Sender

THOMAS H HAGOORT
1 STATE ST.PLAZA
NEW YORK,NY 10004

Subject of Correspondence

SUBPOENAS

Date Received	Suspense Date
11/28/77	12/19/77

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

7804075583

FEC Form 17 (Revised March 1977)

GPO 913-946

FEDERAL ELECTION COMMISSION CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
780731145828 GCC # 4316	804947

Name and Address of Sender

ROBT. L TORTORIELLO
1 STATE ST PL
NY,NY 10004

Subject of Correspondence

MUR 418

Date Received	Suspense Date
07/31/78	08/21/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

7804007558 4

FEDERAL ELECTION COMMISSION CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
ACC 2498	800164

Name and Address of Sender

NEIL R FARMELO
1601 LIB.BLD.
BUF., NY 14202

Subject of Correspondence

MUR 418

Date Received	Suspense Date
01/23/78	02/13/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
MCC 2492	800146

Name and Address of Sender

RALPH J GREGG
ALBRECHT ET AL
BUFFALO,NY 14202

Subject of Correspondence

SUPONEA

Date Received	Suspense Date
01/20/78	02/10/78

Referred to	Action (Optional)
1. OLDAKER	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

7804005755896

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
MC 2463	800102

Name and Address of Sender

THOMAS H HAGOORT
1 STATE ST.PLZ.
NY, NY 10004

Subject of Correspondence

MUR 418

Date Received	Suspense Date
01/16/78	02/06/78

Referred to	Action (Optional)
1. BARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

7804075587

FEDERAL ELECTION COMMISSION

CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
MCC 2446	800071

Name and Address of Sender

THOMAS H HAGGART
1 STATE PLZ.
NY, NY 10004

Subject of Correspondence

MUR 418

Date Received	Suspense Date
01/13/78	02/03/78

Referred to	Action (Optional)
1. GARR / Propper	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

7 8 0 4 0 0 7 5 5 9 9

FEC Form 17 (Revised March 1977)

GPO 913-946

FEDERAL ELECTION COMMISSION 7 8 0 4 0 7 5 3 - CORRESPONDENCE CONTROL SLIP
Do Not Separate From Document

[redacted] Division Use	Suspens[redacted].
MCC 2814	800629

Name and Address of Sender

ROBERT L TORTORIELLO
1 STATE ST. PLZ.
NY,NY 10004

Subject of Correspondence

MUR 418

Date Received	Suspense Date
02/27/78	03/20/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
WRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

FEDERAL ELECTION COMMISSION CORRESPONDENCE CONTROL SLIP

Do Not Separate From Document

For Division Use	Suspense No.
CCC# 5040 781020165904	807092

Name and Address of Sender

ROBT. J DONOUGH
424 MAIN ST
BUFFALO, NY 14240

Subject of Correspondence

MUR 418

Date Received	Suspense Date
10/20/78	11/10/78

Referred to	Action (Optional)
1. GARR	
2.	
3.	
4.	
5.	

Answer Date	File Designation
NRN	4300

Special Instructions:

FEC Form 17 (Revised March 1977)

GPO 913-946

7 8 0 4 0 0 7 5 5 9 0

COMPUTER BUSINESS SUPPLIES, INCORPORATED

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DeSIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEMBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGGOOTT
ELLIOTT HANNING
NED B. STILES
SYDNEY M. GONE, III
ALAN APPELBAUM
EDWIN B. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES N. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW
JAMES F. MUNSELL
SANDRA S. WEIKSNER
EVAN A. DAVIS

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA

NEW YORK, N.Y. 10004

(212) 344-0600

CABLE CLEARGOLAW
TELEX WU 128244
RCA 235438

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 710-822-0108

ROBERT C. BARNARD
FRED G. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. ALLEVER
DANIEL R. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD DEC. HINDS
WASHINGTON PARTNERS

41 AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI 23, BTE 5
1040 BRUSSELS, BELGIUM
TELEX 22035

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX 887050

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
RESIDENT PARTNERS

February 17, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: Federal Election Commission Investigation
United Bank Corporation of New York
Liberty National Bank and Trust Company
MUR 418 (77)

Dear Susan:

I enclose copies of the documents which you requested in the course of your investigation at Liberty National Bank and Trust Company. An index is attached for your convenience.

Pursuant to a conversation which I had with David Spiegel of your office on January 31, I have deleted credit approval information from certain documents. Such deletions are indicated on the enclosed index and on the appropriate documents.

I also enclose a formal application for a Freedom of Information Act exemption with respect to certain documents, which are submitted subject to such application. I have stamped the appropriate pages which are the subject of such application "confidential".

Finally, I enclose a list of corrections to Robert Donough's deposition of January 23. If you approve the minor emendations, I will arrange for Mr. Donough to sign the list and his transcript and forward the original to you.

7804007591

If you have any questions concerning any of the enclosures, please feel free to contact me. I expect to furnish you with the documents relating to Highland National Bank of Newburgh and State Bank of Albany in the next few days. The charge for duplicating the enclosed documents (166 pages) is $16.60.

Please acknowledge receipt of this letter and the enclosures by returning the enclosed duplicate copy of this letter and of the Freedom of Information Act application stamped with notations of their receipt. In addition, please return one stamped copy of the Freedom of Information Act application to Mr. Donough.

Very truly yours,

Robert L. Tortoriello

Enclosures

cc: Robert J. Donough
Thomas H. Hagoort

7804007559 2

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Thomas H. Hagoort
Cleary, Gottlieb, Steen
and Hamilton
One State Plaza
New York, New York 10004

Re: MUR 418 (77)

Dear Mr. Hagoort:

Enclosed please find an order by the Commission denying the motion to quash or modify subpoenas submitted jointly by State Bank of Albany, Liberty National Bank and Highland National Bank.

Members of the General Counsel staff will contact you to discuss procedures for compliance by the banks with the Commission's subpoenas.

Should you have any questions, please contact Susan Prpper or David Spiegel (telephone nos. 800/ , or 202/523-4529).

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

7804007559 3

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Highland National Bank of Newburgh
385 Broadway
Box 831
Newburgh, New York 12550

Attention: Custodian of Records

Re: MUR 418 (77)

To whom it may concern:

The Federal Election Commission is conducting an investigation concerning a possible violation of the Federal Election Campaign Act of 1971, as amended. The investigation concerns the expenditure of bank funds for politically-related functions and contributions to political organizations from January 1, 1974, to the present.

Please find attached a subpoena for bank records maintained at your bank regarding these matters.

Section 437(a)(10) of Title 2, United States Code, requires that the Commission conduct investigations expeditiously. Therefore, we have requested that you submit these materials by NOV 9, 1977, as noted on the attached subpoena.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

7804007559 4

SP 10/25/77

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Liberty National Bank and Trust
Company
424 Main Street
Post Office Box 889
Buffalo, New York 14240

Attention: Custodian of Records

Re: MUR 418 (77)

To whom it may concern:

The Federal Election Commission is conducting an investigation concerning a possible violation of the Federal Election Campaign Act of 1971, as amended. The investigation concerns the expenditure of bank funds for politically-related functions and contributions to political organizations from January 1, 1974, to the present.

Please find attached a subpoena for bank records maintained at your bank regarding these matters.

Section 437(a)(10) of Title 2, United States Code, requires that the Commission conduct investigations expeditiously. Therefore, we have requested that you submit these materials by Nov. 9, 1977, as noted on the attached subpoena.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

7804007559 5

SP 10/25/77

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

State Bank of Albany
69 State Street
Albany, New York 12201

Attention: Custodian of Records

Re: MUR 418 (77)

To whom it may concern:

The Federal Election Commission is conducting an investigation concerning a possible violation of the Federal Election Campaign Act of 1971, as amended. The investigation concerns the expenditure of bank funds for politically-related functions and contributions to political organizations from January 1, 1971, to the present.

Please find attached a subpoena for bank records maintained at your bank regarding these matters.

Section 437(a)(10) of Title 2, United States Code, requires that the Commission conduct investigations expeditiously. Therefore, we have requested that you submit these materials by Se Nov 9, 1977, as noted on the attached subpoena.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

7804007559 6

10/25/77

JUL 21 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Robert J. Donough,
President
Liberty National Bank and Trust Co.
424 Main Street
Buffalo, New York 14240

RE: MUR 418 (77)

Dear Mr. Donough:

This letter is to notify you that the Federal Election Commission has received a copy of a December 10, 1976, report to the Board of Directors of United Bank Corporation of New York from Messrs. Cleary, Gottlieb, Steen and Hamilton, as well as a December 3, 1976, report from Messrs. Peat, Marwick, Mitchell and Co. The matters alleged therein have caused the Commission to determine that it has reason to believe that a violation of 2 U.S.C. §441b has occurred in that the Liberty National Bank and Trust Co., in 1973, awarded increases in salary to five senior officers in order that they might make political contributions. (Cleary, Report of December 10, 1976, p. 211)

Upon making a determination that there is reason to believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken (2 U.S.C. §437g(a)). As part of this process we would appreciate your submission within 10 days of receipt of this letter, of the identity (names, addresses) of those bank employees who were given raises in consideration of the fact that they might be solicited for political contributions, as well as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

7 8 0 4 0 0 7 5 5 9 7

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(13) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Judy Browning (telephone no. 202/523-4073) or toll-free line 800/424/9530).

Sincerely yours,

William C. Oldaker
General Counsel

7804007559 8

cc: Mr. Peter D. Kiernan
United Bank Corporation of New York
75 State Street
Albany, New York 12207

JBrowning:pjg:7/13/77
JB 7-20-77

JUL 21 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Robert F. MacFarland
President
Highland National Bank of Newburgh
P.O. Box 831
Newburgh, New York 12550

Re: MUR 418 (77)

Dear Mr. MacFarland:

This letter is to notify you that the Federal Election Commission has received a copy of a December 10, 1976, report to the Board of Directors of United Bank Corporation of New York from Messrs. Cleary, Gottlieb, Steen and Hamilton, as well as a December 3, 1976, report from Messrs. Peat, Marwick, Mitchell and Co. The matters alleged therein have caused the Commission to determine that it has reason to believe that a violation of 2 U.S.C. §441b has occurred in that the Highland National Bank of Newburgh made political contributions in 1974 and 1975.

Upon making a determination that there is reason to believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken (2 U.S.C. §437g(a)). As part of this process, we would appreciate your submission, within 10 days of the receipt of this letter, of information (dates, amounts, purposes) of any political contributions made by the bank since 1974. In addition, please submit similar information regarding political contributions made by two of your branches, National Bank of Orange and Ulster Counties and First National Bank and Trust Co. of Ellenville, as well as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

7804007559

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(13) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Judy Browning (telephone no. 202/523-4073 or toll-free line 800/424-9530).

Sincerely yours,

William C. Oldaker
General Counsel

cc: Mr. Peter D. Kiernan
United Bank Corporation of New York
75 State Street
Albany, New York 12207

JB 7-20-77

JBrowning:pjg:7/13/77

7804007560 0

JUL 21 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Frank H. Odell,
President
State Bank of Albany
69 State Street
Albany, New York 12201

RE: MUR 418 (77)

Dear Mr. Odell:

This letter is to notify you that the Federal Election Commission has received a copy of a December 10, 1976 report to the Board of Directors of United Bank Corporation of New York from Messrs. Cleary, Gottlieb, Steen and Hamilton, as well as a December 3, 1976, report from Messrs. Peat, Marwick, Mitchell and Co. The matters alleged therein have caused the Commission to determine that it has reason to believe that a violation of 2 U.S.C. §441b has occurred in that the State Bank of Albany, in December, 1973, awarded increases in salary to three of the bank's officers in order that they might make political contributions. (Cleary Report of December 3, 1976, pp. 19-20.)

In addition, the expenditure of $1,500 (the balance of a fund used for political contributions which was discontinued in January, 1974) for tickets to a political dinner may also be a violation of 2 U.S.C. §441b.

Upon making a determination that there is reasonable believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken (2 U.S.C. §437g(a)). As part of this process, we would appreciate your submission, within 10 days of the receipt of this letter, of information (dates, amounts) as to how the $1,550 was spent in 1974, and the identity (names, addresses) of those bank employees who were given raises in consideration of the fact that they might be solicited for political contributions, as well as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

7 8 0 4 0 0 7 5 6 0 1

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(13) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Judy Browning (telephone no. 202/523-4073 or toll-free line 800/424-9530).

Sincerely yours,

William C. Oldaker
General Counsel

dc: Mr. Peter D. Kiernan
United Bank Corporation of New York
75 State Street
Albany, New York 12207

JBrowning:pjg:7/13/77
JB 7-20-77

7 8 0 4 0 0 7 5 6 0 2

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 15, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 418 (77) - Interim Status Report

The above-mentioned document was circulated to the Commissioners on February 14, 1978 at 10:00.

As of 4:00, this date, no objections have been received in the Office of Commission Secretary to the Interim Report.

7804007560 3

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

February 13, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418

Please have the attached Interim Status Report on MUR 418 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

7804007560 4

Before the Federal Election Commission

February 9, 1978

In the Matter of	)	
	)	MUR 418
	)	
United Bank Corporation of New York	)	
	)	

Interim Status Report

The issue in this MUR concerns the alleged violation of 2 U.S.C. §441b by three subsidiaries of the United Bank Corporation. Reason to believe was found on July 18, 1977 and subpoenas for the production of documents and for the deposition of various bank officials have been issued. (See our previous reports of 9/29/77 and 12/8/77 for a detailed description of the underlying facts in this matter.) Respondents moved to quash the subpoenas on November 2, 1977; this was denied by Commission Order dated November 21, 1977. Thereafter, discussions with Thomas Hagoort, counsel for United Bank Corporation, in December, 1977 and January, 1978, led to an agreement concerning the discovery of relevant bank documents as well as the deposition of bank officials. Depositions of senior officers and a review of the subpoenaed documents took place at each of the three banks between January 23-25, 1978. Respondents' counsel has agreed to provide further documentation and copies of documents reviewed. In addition, depositions of other present and former officials will be taken on Feb. 10 and in early March. We will submit a more complete

7804007560 5

report upon receipt of the deposition transcripts and the completion of the discovery process.

2/10/78
Date

William C. Oldaker
General Counsel

7804007560 6

DCC 2668
DKN

RECEIVED
FEDERAL ELECTION
COMMISSION

MARTIN, OBERMAIER & MORVILLO
ATTORNEYS
1290 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10019

'78 FEB 14 PM 1:17

THOMAS FITZPATRICK
JOHN S. MARTIN, JR.
ROBERT G. MORVILLO
OTTO G. OBERMAIER

TELEPHONE
(212) 489-1500
CABLE: LITIGATOR, NEW YORK

418

February 9, 1978

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C.

Dear Ms. Propper:

This will confirm the fact that we have agreed that my clients, Raymond Kinley and Martin Heck will be deposed by you at your offices at 10:00 a.m. on Monday, March 6, 1978. Unless I hear from you in the interim, I look forward to seeing you on that day.

Very truly yours,

John S. Martin, Jr.

JSM/sjb

7804007560 7

MARTIN, OBERMAIER & MORVILLO
1290 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10019

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C.

'78 FEB 14 PM 1:17

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 10, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James Mahon
Kostelanetz & Ritholz
80 Pine Street
New York City, New York 10005

Re: MUR 418

Dear Mr. Mahon:

As agreed during the deposition of Frank Odell on January 24, 1978, I would appreciate your sending us copies of the following documents in the possession of Mr. Odell:

> All cancelled checks from contributions made by Mr. Odell or others during 1974, using the balance of an off-book cash fund previously maintained by officers of the State Bank of Albany.

Any questions concerning this request should be directed to Susan Propper (telephone no. (202)523-4529).

Thank you.

Sincerely yours,

William C. Oldaker
General Counsel

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

7 8 0 4 0 0 7 5 6 1 0

418-SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- ☐ Show to whom and date delivered.....¢
- ☐ Show to whom, date, and address of delivery.....¢
- ☐ RESTRICTED DELIVERY
  Show to whom and date delivered.....¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery. $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
James Mahon
Rostolanatz & Ritholz
80 Pine St
NYC, NY 10005

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	438023	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

E Lugus

4. DATE OF DELIVERY 2/14

POSTMARK

NEW YORK, NY WALL ST. FEB 14 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O-234-937

DOC 2513

LAW OFFICES
HUNTON & WILLIAMS
1730 PENNSYLVANIA AVE. N.W. SUITE 1060
P. O. BOX 19230
WASHINGTON, D. C. 20036
TELEPHONE (202) 393-7400

RECEIVED
FEDERAL ELECTION
COMMISSION

000177

78 JAN 24 PM 12:06

January 23, 1978

RICHMOND, VA. OFFICE
707 EAST MAIN STREET
P. O. BOX 1535 23212
TELEPHONE (804) 788-8200

FILE NO. 312 940 2

Suzan Propper, Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 418 (77)

Dear Ms. Propper:

I understand from Thomas H. Hagoort, Esquire, that you are handling the examination of certain matters concerned with the United Bank Corporation of New York and Liberty National Bank and Trust Company of Buffalo. By letter dated January 12, 1978, William C. Oldaker, Esquire, General Counsel of the Federal Election Commission, transmitted a subpoena to Avery H. Fonda, a former official of Liberty National Bank and Trust Company. Liberty National Bank and Trust Company forwarded that FEC letter to me, as attorney for Mr. Fonda, and I received it on January 19, 1978.

I understand from Mr. Hagoort that you already are aware of the fact that Mr. Fonda resides in Florida now, and that you do not expect him to appear in Buffalo this morning, January 23, 1978. If after you complete your examination in Buffalo you still desire to interview Mr. Fonda, we should be able to arrange a mutually satisfactory date for Mr. Fonda to appear here in Washington, D. C. Accordingly, I would appreciate your calling me so that we can make any arrangements that are necessary.

Very truly yours,

Johnnie M. Walters

Johnnie M. Walters

JMW/tfp

cc: Thomas H. Hagoort, Esquire
Mr. Avery H. Fonda

7804007561

HUNTON & WILLIAMS
P. O. BOX 19230
WASHINGTON, D. C. 20036

Suzan Propper, Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

'78 JAN 24 PM 12:06
FEDERAL ELECTION COMMISSION

DCC 3498

RECEIVED
FEDERAL ELECTION
COMMISSION

MILLER, FARMELO, CANE & GREENE

ATTORNEYS AT LAW

WILLIAM E. MILLER
NEIL R. FARMELO
JOSEPH C. CANE
NORMAN E. S. GREENE

1003 LIBERTY BANK BUILDING
BUFFALO, NEW YORK 14202
AREA CODE 716
853-3040

'78 JAN 23 AM 10:55

January 17, 1978

800184

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

Re: Subpoena - United Bank Corp.
Your File: MUR 418 (77)

Dear Mr. Oldaker:

Our firm represents Joseph T. Trapp and Robert B. Shanahan, employees of Liberty National Bank and Trust Company, who have received subpoenas from you requesting their appearance on January 23, 1978 at 10:30 a.m. at Liberty National Bank, 424 Main Street, Buffalo, New York. We also represent Robert B. Mayer to whom we anticipate you will also address a similar subpoena.

As you have been advised by attorneys for the parent corporation, the three above-named employees have been previously subpoenaed by the Internal Revenue Service in a previously pending criminal investigation in which they have been cited as possible subjects. The status of their testimony in that proceeding is pending, and presently uncertain due to the nature of the investigation and a further complication involving subpoena enforcement proceedings pending in the United States District Court for the Northern District of New York.

In view of the foregoing, it appears necessary to decline to appear on January 23, 1978 pursuant to your subpoena.

It is our understanding that you have received prior notice of this possible position from the bank's attorneys.

When the status of the total investigation involving the banks and these individuals has been satisfactorily clarified, we would be more than pleased to discuss with you any proceedings that you may wish to conduct that are proper and appropriate in the circumstances.

Very truly yours,

Neil R. Farmelo

NEIL R. FARMELO

NRF:pj

7804007561 3

MILLER, FARMELO, CANE & GREENE
ATTORNEYS AT LAW
1601 LIBERTY BANK BUILDING
BUFFALO, NEW YORK 14202

United States Inc

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

'93 JAN 23 AM 10:23

SC C 2492

ALBRECHT, MAGUIRE, HEFFERN & GREGG, P.C.
ATTORNEYS AT LAW
2110 MAIN PLACE TOWER
BUFFALO, NEW YORK 14202
(716) 853 1521

RALPH J. GREGG
JAMES G. HURLEY
GEORGE M. ZIMMERMANN
CHARLES H. DOUGHERTY
JAMES M. BEARDSLEY
ARTHUR A. RUSS, JR.
DAVID R. PFALZGRAF
DAVID C. HORAN
RICHARD T. SULLIVAN
GEORGE R. GRASSER
RAYMOND H. BARR

THOMAS R. BEECHER, JR.
CARLTON S. MOORE, JR.
COUNSEL

FRANK J. MAGUIRE (1894-1964)
JOSEPH A. ALBRECHT (1884-1968)
EDWARD J. BURKE (1916-1973)
JAMES H. HEFFERN (1908-1975)

RECEIVED FEDERAL ELECTION COMMISSION

MUR 418

'78 JAN 19 AM 11:43

January 18, 1978

William C. Oldaker, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

RE: DONALD R. McNUTT and JOHN A. JOWETT

Dear Mr. Oldaker:

Mr. McNutt and Mr. Jowett have consulted us about the subpoena issued by your Commission on January 6, 1978, for them to appear for a deposition on January 23, 1978.

We have been representing these gentlemen in proceedings being conducted by the Intelligence Unit of the Internal Revenue Service in which, on our advice, they asserted their constitutional privileges as to any oral testimony or the production of any documents on the same general subject matter. You have previously been informed of this, we know.

Perhaps you will agree with us that under these circumstances, their appearance on January 23, 1978, would serve no useful purpose either to them or to you.

Very truly yours,

ALBRECHT, MAGUIRE, HEFFERN & GREGG, P.C.

Ralph J. Gregg

RJG:pls

SUITE 2110 MAIN PLACE TOWER
BUFFALO, NEW YORK 14202

'79 JAN 1[illegible] [illegible]:43

William C. Oldaker, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

MCC 246

RECEIVED
FEDERAL ELECTION
COMMISSION

TO: ELAINE WENGER

78 JAN 16 P3:58

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA

NEW YORK, N.Y. 10004

(212) 344-0600

CABLE CLEARGOLAW
TELEX 703 128244
RCA 235438

January 9, 1978

Ms. Susan Propper
Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

Re: MUR 418(77)

Dear Ms. Propper:

Reference is made to the letter, dated December 19, 1977, from William C. Oldaker to our firm, as counsel to United Bank Corporation of New York ("UBNY"), regarding a proposed examination by representatives of the Federal Election Commission of records of UBNY's three banking subsidiaries. UBNY is in general accord with the requests made in Mr. Oldaker's letter, with certain minor exceptions. In order to avoid misunderstanding, we have set forth below the records which each bank proposes to make available for inspection.

I. Records of Liberty National Bank

(1) All records relating to the determination by the bank in 1973 to terminate the fund referred to in our report dated December 10, 1976, other than any encompassed by (8) below. (This is not intended to include records relating to expenditures from the fund.)

(2) All records relating to the salary increases granted to five senior officers of the bank in May 1973 and referred to on pages 21 and 22 of our December 10 report, other than any encompassed by (8) below.

(3) Any materials tending to show the absence of political contributions by the bank in its current practice. Apart from records encompassed by (7) below, we are unclear

7 8 0 4 0 0 7 5 6

what is contemplated by this request. However, UBNY has no objection to the spirit of this request and the bank would expect to comply with any reasonable specific request within this category.

(4) Minutes of meetings of the Board of Directors and the Executive Committee of the bank.

(5) Salary records from 1973 to the present of the five senior officers of the bank referred to in (2) above.

(6) Proposed salary lists presented to the Executive Committee or Board of Directors of the bank during 1973 or thereafter and reflecting salaries of the five officers referred to in (2) above.

(7) Policy statements issued or in effect from 1974 to the present concerning the use of bank funds for the purpose of making political contributions.

(8) The bank believes that it has no correspondence, memoranda or other written materials reflecting any discussions with the bank's legal counsel regarding the discontinuance at the end of 1975 of lump sum payments to the five officers referred to in (2) above. This assertion on behalf of the bank, however, is not to be deemed a waiver of its attorney-client privilege with respect to any such records.

II. Records of Highland National Bank

(1) All records showing either direct disbursement or reimbursement of amounts expended by the bank for politically related matters within the past three years.

(2) Policy statements of the bank relating to the use of bank funds for expenditures of a political nature and minutes of the Executive Committee and Board of Directors of the bank relating to such policies.

III. Records of State Bank of Albany

(1) All records relating to the determination by the bank in 1973 to discontinue the fund referred to in our report dated September 13, 1976.

(2) All records relating to the salary increases granted to three senior officers of the bank in December 1973 and referred to on page 20 of our September 13 report.

7 8 0 4 0 0 7 5 6 1 8

(3) Minutes of meetings of the Executive Committee and Board of Directors of the bank from 1973 to the present.

(4) Salary records from 1973 to the present of the three senior officers referred to in (2) above.

(5) Proposed salary lists presented to the Executive Committee or the Board of Directors of the bank during 1973 or thereafter and reflecting the salaries of the three officers referred to in (2) above.

(6) Policy statements issued or in effect from 1974 to the present concerning the use of bank funds for the purpose of making political contributions.

* * * * *

The listing of any category above should not be taken to mean that any records exist which would be covered thereby. In addition, it is understood that neither this letter nor the voluntary production by the banks contemplated by this letter will prejudice in any way the legal positions of UBNY, its three bank subsidiaries or the Commission regarding the subpoenas earlier served by the Commission. It is also understood that the document inspection will be made by the Commission's representatives at the banks involved, at mutually convenient times and in a manner not unduly burdensome to the banks.

I have discussed with you orally the situation regarding the depositions of the several persons listed by the Commission.

If you have any questions, please telephone me.

Very truly yours,

Thomas H. Hagoort

Thomas H. Hagoort

7804007561 9

CLEARY, GOTTLIEB, STEEN & HAMILTON
1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036

FEDERAL ELECTION COMMISSION

78 JAN 16 P3:58

Ms Susan Propper
Federal Election Commission
1325 K St. N.W.
Wash, D.C 20463

January 11, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418 Team #1 Propper

Please have the attached Interim Investigative Report on MUR 418 distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of January 18, 1978.

Thank you.

7 8 0 4 0 0 7 5 6 2 1

January 9, 1978

Before the Federal Election Commission

In the Matter of	)	
	)	
	)	MUR 418
United Bank Corporation of New York	)	
	)	

Interim Investigative Report

The issue in this MUR concerns the alleged violation of 2 U.S.C. §441b by three subsidiaries of the United Bank Corporation. Reason to believe was found on July 18, 1977 and subpoenas for the production of documents and for the deposition of various bank officials have been issued. (See our previous reports of 9/29/77 and 12/8/77 for a detailed description of the underlying facts in this matter.) Respondents moved to quash the subpoenas on November 2, 1977; this was denied by Commission Order dated November 21, 1977. Thereafter, discussions with Thomas Hagoort, counsel for United Bank Corporation, in December, 1977 and January, 1978, led to an agreement concerning the discovery of relevant bank documents as well as the deposition of bank officials. It now appears that this discovery will take place at each of the three banks between January 23 - 25, 1978. Depositions will also be conducted during this period of key personnel at each of the banks.

1/10/78
DATE

WILLIAM C. OLDAKER
GENERAL COUNSEL

7804007562 2

MCC 446

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MONGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DESIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER R. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. KAGOORT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE III
ALAN APPELBAUM
EDWIN B. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW
JAMES F. MUNSELL
SANDRA S. WEIKSNER
EVAN A. DAVIS

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA

NEW YORK, N.Y. 10004

(212) 344-0600

CABLE: CLEARGOLAW
TELEX: WU 128244
RCA 235438

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 7108220108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD DEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650081

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI 23, BTE 5
1040 BRUSSELS, BELGIUM
TELEX 26035

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX 887550

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
RESIDENT PARTNERS

January 9, 1978

Ms. Susan Propper
Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

Re: MUR 418(77)

Dear Ms. Propper:

Reference is made to the letter, dated December 19, 1977, from William C. Oldaker to our firm, as counsel to United Bank Corporation of New York ("UBNY"), regarding a proposed examination by representatives of the Federal Election Commission of records of UBNY's three banking subsidiaries. UBNY is in general accord with the requests made in Mr. Oldaker's letter, with certain minor exceptions. In order to avoid misunderstanding, we have set forth below the records which each bank proposes to make available for inspection.

I. Records of Liberty National Bank

(1) All records relating to the determination by the bank in 1973 to terminate the fund referred to in our report dated December 10, 1976, other than any encompassed by (8) below. (This is not intended to include records relating to expenditures from the fund.)

(2) All records relating to the salary increases granted to five senior officers of the bank in May 1973 and referred to on pages 21 and 22 of our December 10 report, other than any encompassed by (8) below.

(3) Any materials tending to show the absence of political contributions by the bank in its current practice. Apart from records encompassed by (7) below, we are unclear

what is contemplated by this request. However, UBNY has no objection to the spirit of this request and the bank would expect to comply with any reasonable specific request within this category.

(4) Minutes of meetings of the Board of Directors and the Executive Committee of the bank.

(5) Salary records from 1973 to the present of the five senior officers of the bank referred to in (2) above.

(6) Proposed salary lists presented to the Executive Committee or Board of Directors of the bank during 1973 or thereafter and reflecting salaries of the five officers referred to in (2) above.

(7) Policy statements issued or in effect from 1974 to the present concerning the use of bank funds for the purpose of making political contributions.

(8) The bank believes that it has no correspondence, memoranda or other written materials reflecting any discussions with the bank's legal counsel regarding the discontinuance at the end of 1975 of lump sum payments to the five officers referred to in (2) above. This assertion on behalf of the bank, however, is not to be deemed a waiver of its attorney-client privilege with respect to any such records.

II. Records of Highland National Bank

(1) All records showing either direct disbursement or reimbursement of amounts expended by the bank for politically related matters within the past three years.

(2) Policy statements of the bank relating to the use of bank funds for expenditures of a political nature and minutes of the Executive Committee and Board of Directors of the bank relating to such policies.

III. Records of State Bank of Albany

(1) All records relating to the determination by the bank in 1973 to discontinue the fund referred to in our report dated September 13, 1976.

(2) All records relating to the salary increases granted to three senior officers of the bank in December 1973 and referred to on page 20 of our September 13 report.

(3) Minutes of meetings of the Executive Committee and Board of Directors of the bank from 1973 to the present.

(4) Salary records from 1973 to the present of the three senior officers referred to in (2) above.

(5) Proposed salary lists presented to the Executive Committee or the Board of Directors of the bank during 1973 or thereafter and reflecting the salaries of the three officers referred to in (2) above.

(6) Policy statements issued or in effect from 1974 to the present concerning the use of bank funds for the purpose of making political contributions.

* * * * *

The listing of any category above should not be taken to mean that any records exist which would be covered thereby. In addition, it is understood that neither this letter nor the voluntary production by the banks contemplated by this letter will prejudice in any way the legal positions of UBNY, its three bank subsidiaries or the Commission regarding the subpoenas earlier served by the Commission. It is also understood that the document inspection will be made by the Commission's representatives at the banks involved, at mutually convenient times and in a manner not unduly burdensome to the banks.

I have discussed with you orally the situation regarding the depositions of the several persons listed by the Commission.

If you have any questions, please telephone me.

Very truly yours,

Thomas H. Hagoort

Thomas H. Hagoort

7 8 0 4 0 7 5 6 2 5

CLEARY, GOTTLIEB, STEEN & HAMILTON
ONE STATE STREET PLAZA
NEW YORK, N.Y. 10004

Ms. Susan Propper
Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert F. MacFarland
385 Broadway
Newburgh, New York 12550

Re: MUR 418 (77)

Dear Mr. MacFarland:

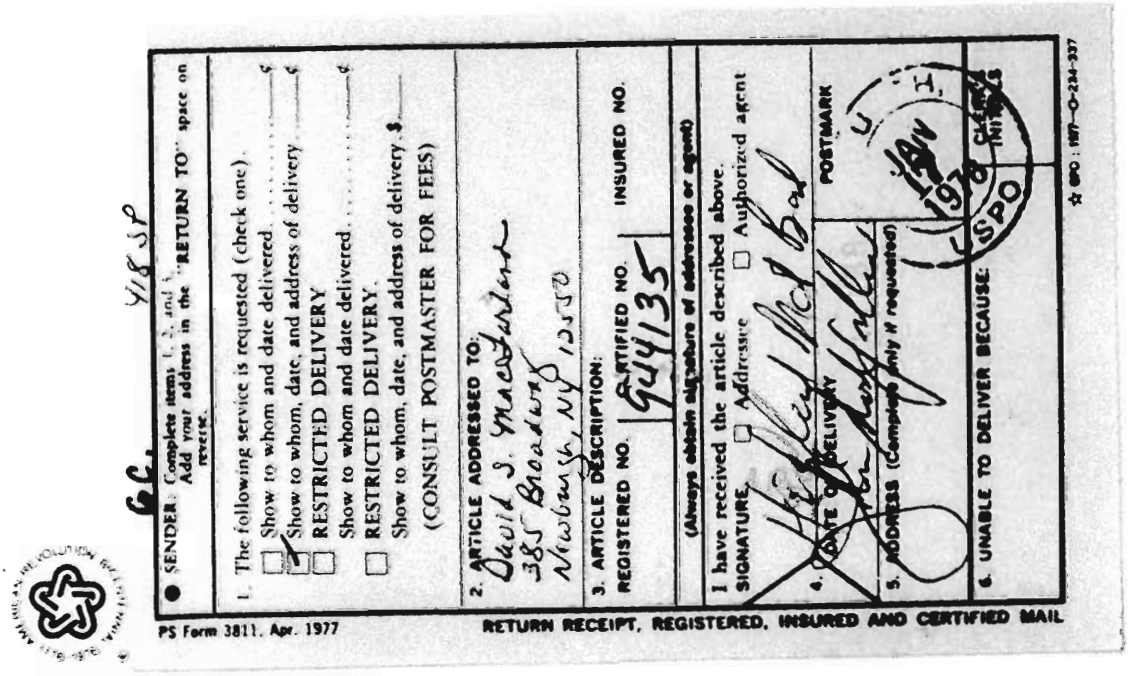
Please find enclosed herewith a subpoena requsting your appearance for deposition on January 25, 1978.

The scope of the Commission's investigation is described in our previous letter to Highland National Bank dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure



UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Robert F. MacFarland
385 Broadway
Newburgh, New York 12550

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Highland National Bank for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to those persons who participated in the authorization of contributions made by Highland National Bank to several committees. Notice is hereby given that the deposition is to be taken at Highland National Bank, 385 Broadway, Newburgh, New York 12550 on January 25, 1978 at 12:00 p.m.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan 1978.

Joan D. Aikens
Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

7804007562 8

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank H. Odell
33 Darnley Green
Delmar, New York 12054

Re: MUR 418 (77)

Dear Mr. Odell:

Please find enclosed herewith a subpoena requesting your appearance for deposition on January 23, 1978

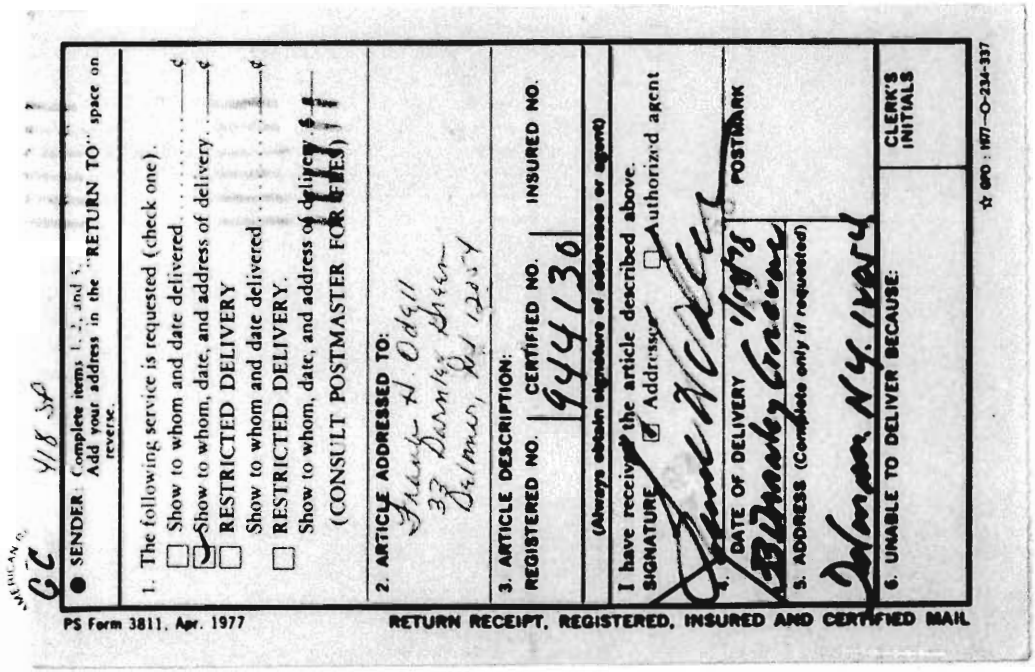
The scope of the Commission's investigation is described in our previous letter to the State Bank of Albany dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

AMERICAN RE GC 418 SP



● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ¢
☑ Show to whom, date, and address of delivery ..... ¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery ..... ¢
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Frank H. Odell
33 Darnley Green
Delmar, NY 12054

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 944130 | INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☑ Addressee ☐ Authorized agent
[signature]

4. DATE OF DELIVERY 1/13/78 | POSTMARK
Delmar, New York

5. ADDRESS (Complete only if requested)
Delmar, N.Y. 12054

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆ GPO : 1977—O-234-337

PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Frank H. Odell
33 Darnley Green
Delmar, New York 12054

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of State Bank of Albany for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of the State Bank of Albany received and used as contributions. Notice is hereby given that the deposition is to be taken at the State Bank of Albany; 69 State St., Albany, New York, 12201 on January 23, 1978 at 5:00 p.m.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of January, 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

7804007563 0

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Avery H. Fonda
Liberty National Bank and Trust
Company
424 Main Street
Post Office Box 889
Buffalo, New York 14240

Re: MUR 418 (77)

Dear Mr. Fonda:

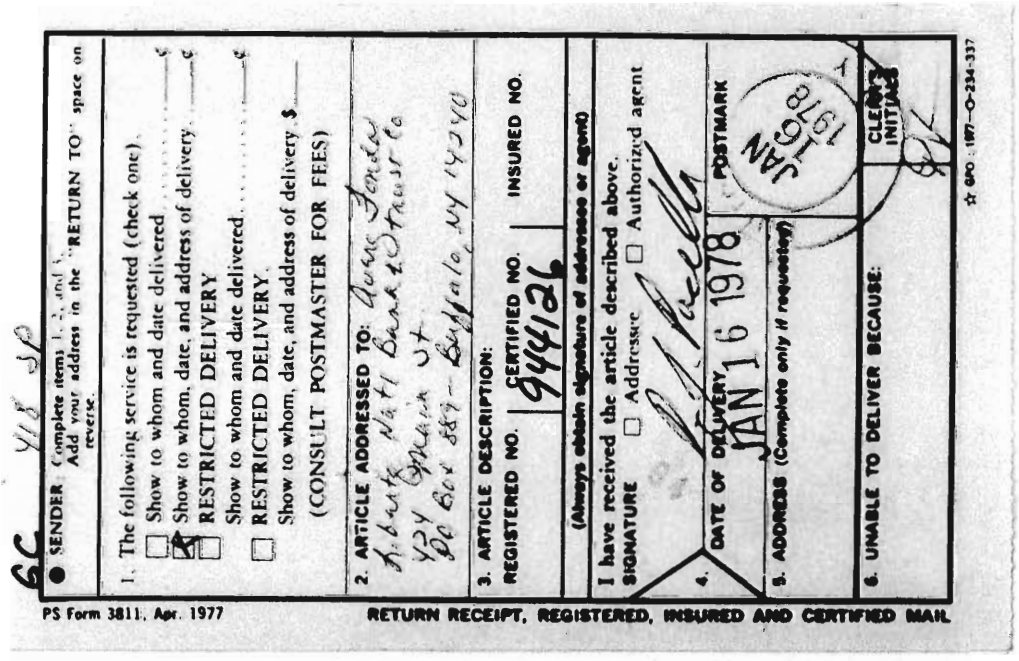
Please find enclosed herewith a subpoena requesting your appearance for deposition on January 23, 1978.

The scope of the Commission's investigation is described in our previous letter to the Liberty National Bank and Trust Company dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure



GC 418 SP

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ¢
☒ Show to whom, date, and address of delivery ..... ¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: Avery Fonda Liberty Nat'l Bank & Trust Co 424 Main St Po Box 889 - Buffalo, NY 14240

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 944126 | INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY JAN 16 1978 | POSTMARK JAN 16 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆ GPO : 1977—O-234-337

PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Avery H. Fonda
Liberty National Bank and Trust Company
424 Main Street
Post Office Box 889
Buffalo, New York 14240

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as a former offical of Liberty National Bank and Trust Company for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of Liberty National Bank and Trust received and used as contributions. Notice is hereby given that the deposition is to be taken at Liberty National Bank, 424 Main Street, Buffalo, New York 14240 on January 23, 1978 at 8:30 a.m.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan., 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

7 8 0 4 0 0 7 5 6 3 2

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert Donough
424 Main Street
Buffalo, New York 14240

Re: MUR 418 (77)

Dear Mr. Donough:

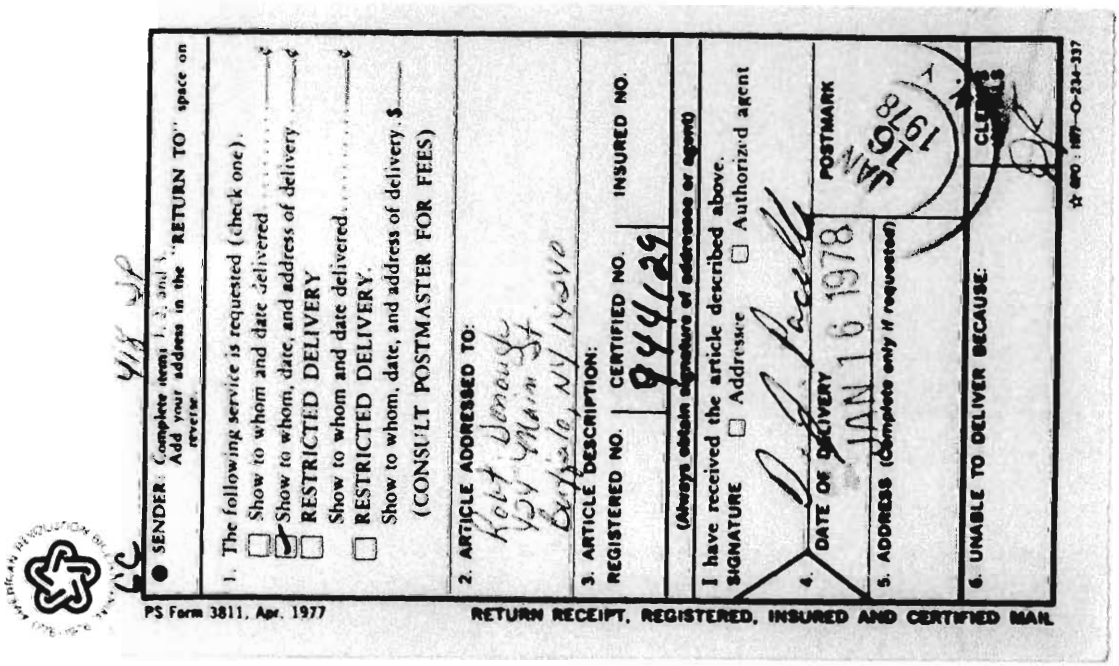
Please find enclosed herewith a subpoena requesting your appearance for deposition on January 23, 1978.

The scope of the Commission's investigation is described in our previous letter to Liberty National Bank and Trust Company dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure


SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.
1. The following service is requested (check one).
Show to whom and date delivered
Show to whom, date, and address of delivery
RESTRICTED DELIVERY
Show to whom and date delivered
RESTRICTED DELIVERY
Show to whom, date, and address of delivery. $
(CONSULT POSTMASTER FOR FEES)
2. ARTICLE ADDRESSED TO:
Robt Donough
424 Main St
Buffalo, NY 14240
3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. 944129 INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE Addressee Authorized agent
4. DATE OF DELIVERY JAN 16 1978
POSTMARK JAN 16 1978
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS
PS Form 3811, Apr. 1977
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL
☆ GPO : 1977—O-234-337

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Robert Donough
424 Main Street
Buffalo, New York 14240

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Liberty National Bank and Trust Company for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of the Liberty National Bank and Trust Company received and used as contributions. Notice is hereby given that the deposition is to be taken at Liberty National Bank, 424 Main Street, Buffalo, New York 14240 on January 23, 1978 at 9:00 a.m.

7 8 0 4 0 0 7 5 6 3 4

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of January, 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Martin H. Heck
16 Point View Drive
East Greenbush, New York 12061

Re: MUR 418 (77)

Dear Mr. Heck:

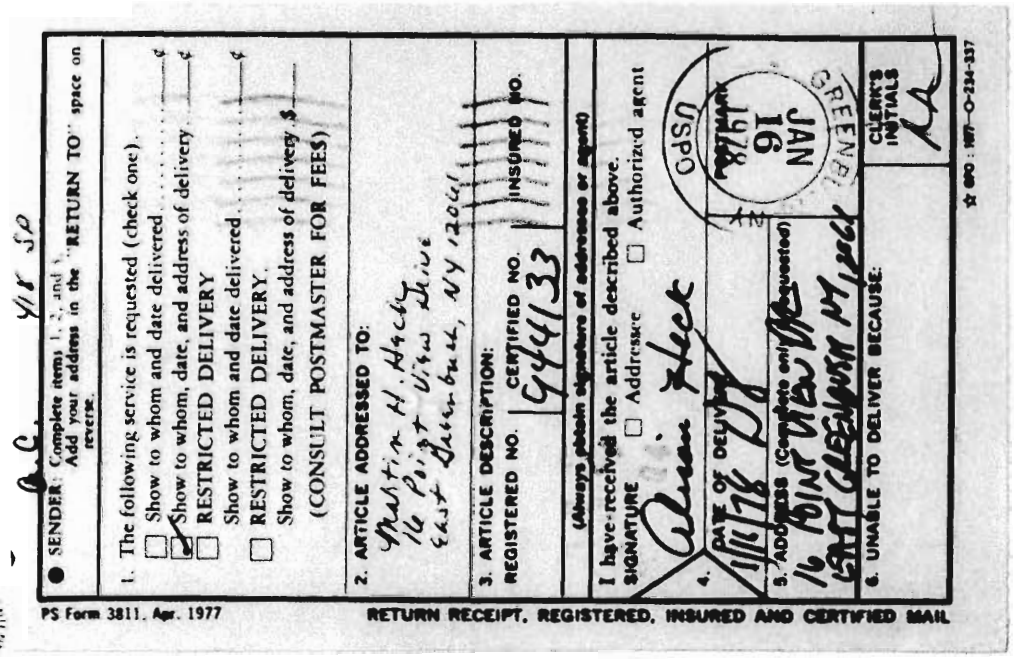
Please find enclosed herewith a subpoena requesting your appearance for deposition on January 24, 1978.

The scope of the Commission's investigation is described in our previous letter to the State Bank of Albany dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure


SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.
1. The following service is requested (check one).
Show to whom and date delivered ____¢
Show to whom, date, and address of delivery ____¢
RESTRICTED DELIVERY
Show to whom and date delivered ____¢
RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $____
(CONSULT POSTMASTER FOR FEES)
2. ARTICLE ADDRESSED TO:
Martin H. Heck
16 Point View Drive
East Greenbush, NY 12061
3. ARTICLE DESCRIPTION:
REGISTERED NO.
CERTIFIED NO. 944133
INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
4. DATE OF DELIVERY 1/18/78
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
POSTMARK JAN 16 1978 GREENBUSH NY
CLERK'S INITIALS
PS Form 3811, Apr. 1977
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL
☆ GPO : 1977—O-234-337

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Martin H. Heck
16 Point View Drive
East Greenbush, New York 12061

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of State Bank of Albany for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of the State Bank of Albany received and used as contributions. Notice is hereby given that the deposition is to be taken at the State Bank of Albany, 69 State St., Albany, New York, 12201, on January 24, 1978 at 10:00 a.m.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan, 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

7804007563

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Raymond J. Kinley
6 Ichabod Lane
Albany, New York 12211

Re: MUR 418 (77)

Dear Mr. Kinley:

Please find enclosed herewith a subpoena requesting your appearance for deposition on January 24, 1978.

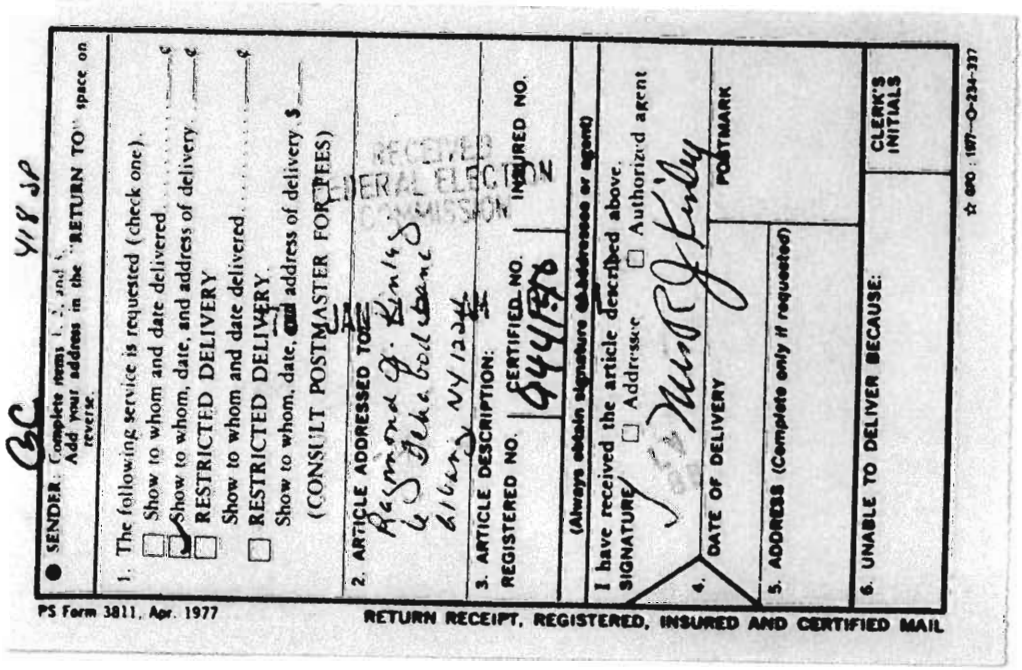
The scope of the Commission's investigation is described in our previous letter to the State Bank of Albany dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

BC 418 SP



● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ¢
☑ Show to whom, date, and address of delivery ..... ¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $ ___
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: Raymond J. Kinley 6 Ichabod Lane Albany NY 12211

RECEIVED FEDERAL ELECTION COMMISSION 77 JAN 24 AM

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 944170 | INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Mrs R J Kinley

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆ GPO: 1977—O-234-337

PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

AMERICAN REVOLUTION BICENTENNIAL 1776 1976

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

to: Raymond J. Kinley
6 Ichabod Lane
Albany, New York 12211

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of State Bank of Albany for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of the State Bank of Albany received and used as contributions. Notice is hereby given that the deposition is to be taken at the State Bank of Albany, 69 State St., Albany, New York, 12201 on January 24, 1978 at 10:30 a.m.

WHEREFORE, The Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan, 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

7804007563 8

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert B. Mayer
81 Neumann Parkway
Kenmore, New York 14223

Re: MUR 418 (77)

Dear Mr. Mayer:

Please find enclosed herewith a subpoena requesting your appearance for deposition on January 23, 1978.

The scope of the Commission's investigation is described in our previous letter to Liberty National Bank and Trust Company dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Robert B. Mayer
81 Neumann Parkway
Kenmore, New York 14223

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Liberty National Bank and Trust Company for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of Liberty National Bank and Trust received and used as contributions. Notice is hereby given that the deposition is to be taken at Liberty National Bank on January 23, 1978 at 10:00 a.m. (Liberty National Bank, 424 Main St., Buffalo, New York 14240)

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan, 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

7804007564 0

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert B. Shanahan
42 Dorset Drive
Kenmore, New York 14223

Re: MUR 418 (77)

Dear Mr. Shanahan:

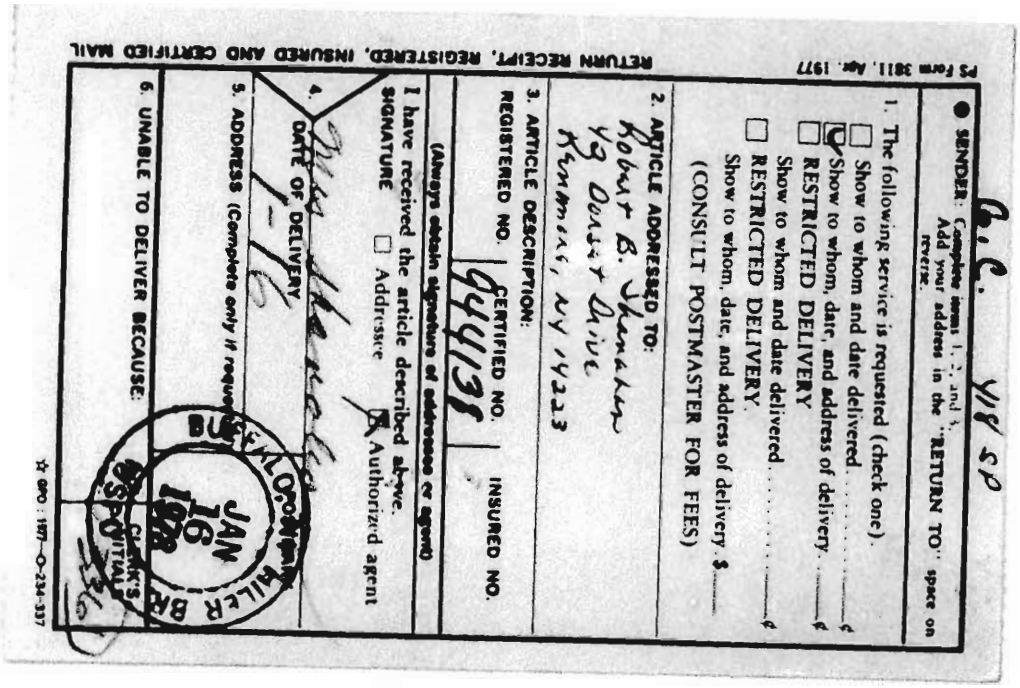
Please find enclosed herewith a subpoena requesting your appearance for deposition on January 23, 1978.

The scope of the Commission's investigation is described in our previous letter to Liberty National Bank and Trust Company dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure



UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Robert B. Shanahan
42 Dorset Drive
Kenmore, New York 14223

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Liberty National Bank and Trust Company for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of Liberty National Bank and Trust received and used as contributions. Notice is hereby given that the deposition is to be taken at Liberty National Bank, 424 Main Street, Buffalo, New York 14240 on January 23, 1978 at 10:30 a.m.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 4th day of Jan, 1978.

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

7 8 0 4 0 0 7 5 6 4 2

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Joseph T. Trapp
108 Browning Drive
Hamburg, New York 14075

Re: MUR 418 (77)

Dear Mr. Trapp:

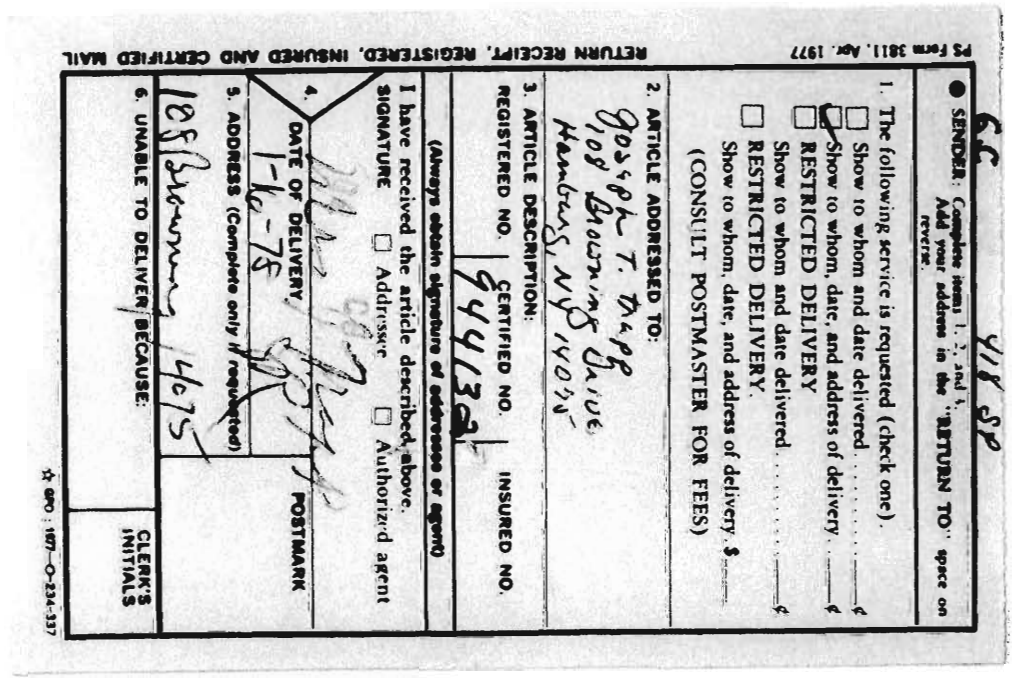
Please find enclosed herewith a subpoena requesting your appearance for deposition on January 23, 1978.

The scope of the Commission's investigation is described in our previous letter to Liberty National Bank and Trust Company dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure


PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ¢
☐ Show to whom, date, and address of delivery ..... ¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢
☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery $ ____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Joseph T. Trapp
108 Browning Drive
Hamburg, NY 14075

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 944132 | INSURED NO.

(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY 1-16-78 | POSTMARK

5. ADDRESS (Complete only if requested) 108 Browning 14075

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆ GPO: 1977—O-234-337

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Joseph T. Trapp
108 Browning Drive
Hamburg, New York 14075

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Liberty National Bank and Trust Company for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of Liberty National Bank and Trust received and used as contributions. Notice is hereby given that the deposition is to be taken at Liberty National Bank, 424 Main Street, Buffalo, New York 14240 on January 23, 1978 at 11:00 a.m.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

7804075644

FEDERAL ELECTION COMMISSION

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

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John A. Jowett
331 Elmwood Avenue
East Aurora, New York 14052

Re: MUR 418 (77)

Dear Mr. Jowett:

Please find enclosed herewith a subpoena requesting your appearance for deposition on January 23, 1978.

The scope of the Commission's investigation is described in our previous letter to Liberty National Bank and Trust Company dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

PS Form 3811, Apr. 1977 — RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ¢
☐ Show to whom, date, and address of delivery ..... ¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢
☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery $ ____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
John A. Jowett
331 Elmwood Ave
East Aurora, NY 14052

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 594139 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY JAN 14 1978

5. ADDRESS (Complete only if requested)

POSTMARK JAN 17 1978

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O-234-337

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: John A. Jowett
331 Elmwood Avenue
East Aurora, New York 14052

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Liberty National Bank and Trust Company for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of Liberty National Bank and Trust received and used as contributions. Notice is hereby given that the deposition is to be taken at Liberty National Bank, 424 Main Street, Buffalo, New York 14240 on January 23, 1978 at 11:30 a.m.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan 1978.

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

7804007564 6

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Donald R. McNutt
86 Old Spring Lane
Williamsville, New York 14221

Re: MUR 418 (77)

Dear Mr. McNutt:

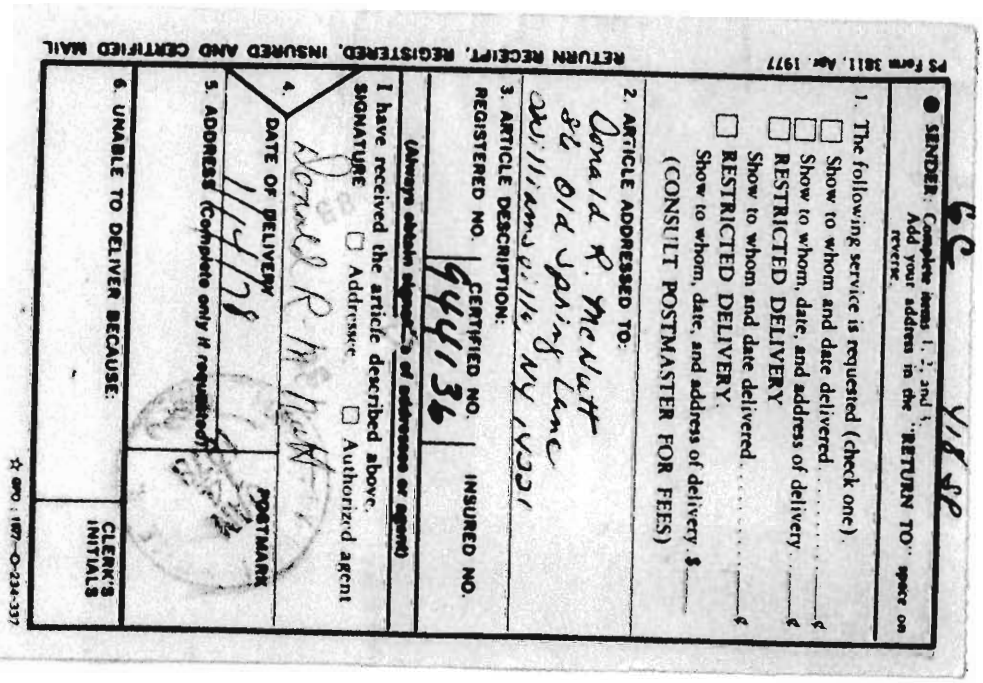
Please find enclosed herewith a subpoena requesting your appearance for deposition on January 23, 1978.

The scope of the Commission's investigation is described in our previous letter to Liberty National Bank and Trust Company dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure


PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ¢
☐ Show to whom, date, and address of delivery ..... ¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢
☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery $ ____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Donald R. McNutt
86 Old Spring Lane
Williamsville NY 14221

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 944136 | INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Donald R McNutt

4. DATE OF DELIVERY
1/17/78

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO: 1977—O-234-337

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Donald R. McNutt
86 Old Spring Lane
Williamsville, New York 14221

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Liberty National Bank and Trust Company for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of Liberty National Bank and Trust received and used as contributions. Notice is hereby given that the deposition is to be taken at Liberty National Bank, 424 Main Street, Buffalo, New York 14240 on January 23, 1978 at 12:00 p.m.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan, 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

7 8 0 4 0 0 7 5 6 4 8

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Paul H. Engels
385 Broadway
Newburgh, New York 12550

Re: MUR 418 (77)

Dear Mr. Engels:

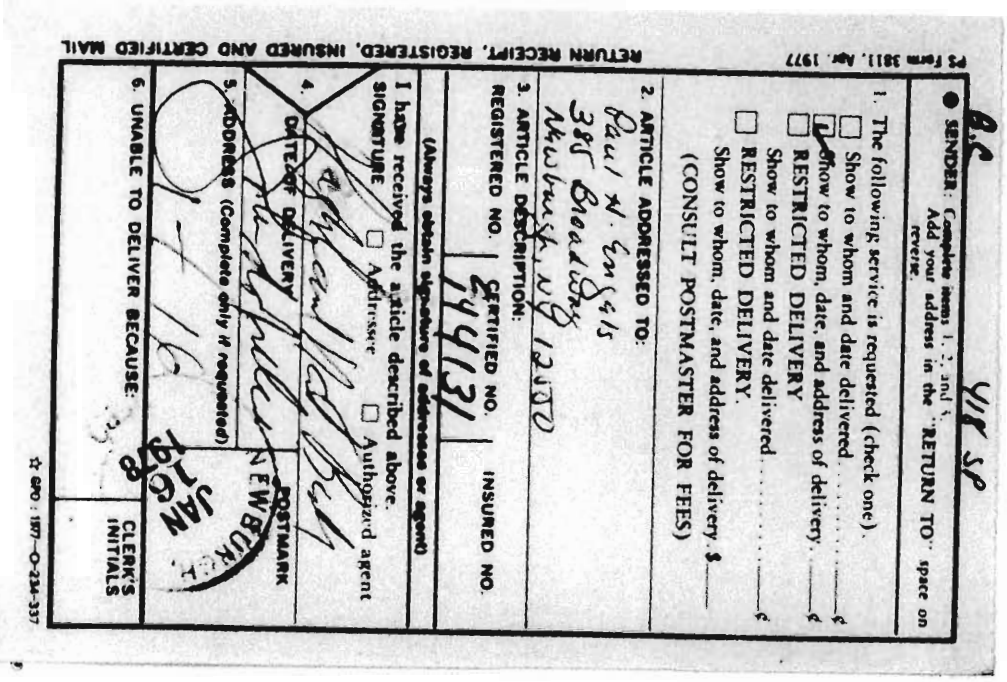
Please find enclosed herewith a subpoena requesting your appearance for deposition on January 25, 1978.

The scope of the Commission's investigation is described in our previous letter to Highland National Bank dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure



PS Form 3811, Apr. 1977 — RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

B.C. 418 SP

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ¢
☑ Show to whom, date, and address of delivery ..... ¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $ ____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Paul H. Engels
385 Broadway
Newburgh, NY 12550

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 144131 | INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY
Paul H. Engels
POSTMARK
NEWBURGH, JAN 16 1978

5. ADDRESS (Complete only if requested)
1-16

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

☆ GPO : 1977—O-234-337

AMERICAN REVOLUTION 1776-1976

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Paul H. Engels
385 Broadway
Newburgh, New York 12550

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Highland National Bank for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to those persons who participated in the authorization of contributions made by Highland National Bank to several committees. Notice is hereby given that the deposition is to be taken at Highland National Bank, 385 Broadway, Newburgh, New York 12550 on January 25, 1978 at 1:00 p.m.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan, 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

7804007565 0

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David S. MacFarland
385 Broadway
Newburgh, New York 12550

Re: MUR 418 (77)

Dear Mr. MacFarland:

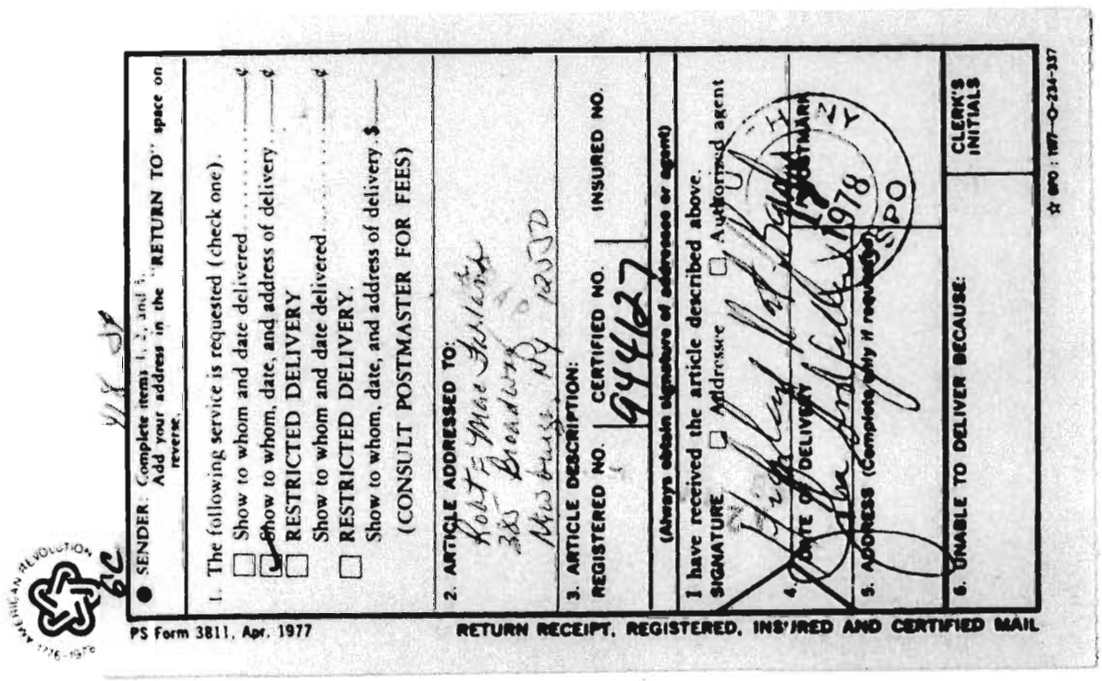
Please find enclosed herewith a subpoena requesting your appearance for deposition on January 25, 1978.

The scope of the Commission's investigation is described in our previous letter to Highland National Bank dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure


SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.
1. The following service is requested (check one).
Show to whom and date delivered ¢
Show to whom, date, and address of delivery ¢
RESTRICTED DELIVERY
Show to whom and date delivered ¢
RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $
(CONSULT POSTMASTER FOR FEES)
2. ARTICLE ADDRESSED TO:
3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE Addressee Authorized agent
4. DATE OF DELIVERY POSTMARK
5. ADDRESS (Complete only if required)
6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS
PS Form 3811, Apr. 1977
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: David S. MacFarland
385 Broadway
Newburgh, New York 12550

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Highland National Bank for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to those persons who participated in the authorization of contributions made by Highland National Bank to several committees. Notice is hereby given that the deposition is to be taken at Highland National Bank, 385 Broadway, Newburgh, New York 12550 on January 25, 1978 at 1:30 p.m.

7 8 0 4 0 0 7 5 6 5 2

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this 6th day of Jan, 1978.

Joan D. Aikens

Joan D. Aikens, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Secretary to the Commission

LCC 2425

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Person to Contact: Mr. Terry Finkelstein

Telephone Number: (202) 566-3145

Refer Reply to: CP:D:T:S

Date: JAN 10 1978

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

Dear Mr. Oldaker:

Re: Your reference: MUR 418

This is in response to your letter of November 21, 1977, requesting information concerning three subsidiary banks of the United Bank Corporation of New York in connection with a Federal Election Commission investigation of illegal political contributions.

The information you request is confidential tax return information, as defined in sections 6103(a) and (b) of the Internal Revenue Code (Code), which may be disclosed only in accordance with the other provisions of section 6103 and the Treasury regulations promulgated thereunder.

Code section 6103(i) provides for the disclosure of tax data to a Federal agency, such as the Federal Election Commission, for nontax criminal investigatory purposes. Section 6103(i)(1) prescribes the procedure for obtaining tax returns and other tax information provided to the Internal Revenue Service by or on behalf of the taxpayer to whom such information relates, while section 6103(i)(2) outlines the procedure for obtaining tax information other than that provided by or on behalf of the taxpayer. Upon our receipt of a Federal district court order issued in accordance with section 6103(i)(1) and/or a request signed by the head of the Federal Election Commission in accordance with section 6103(i)(2), provided disclosure will not seriously impair tax administration, we will provide you with the tax information ordered and/or requested to be produced.

Copies of the Code sections referred to above are enclosed for your information. Please let us know if we may be of further assistance in this matter.

Sincerely yours,

Arnold B. Gardner

for Howard T. Martin
Director
Disclosure Operations Division

Enclosures

7804007553

26 U.S.C. 6103

SUBCHAPTER B—MISCELLANEOUS PROVISIONS

Sec. 6101. Period covered by returns or other documents.
Sec. 6102. Computations on returns or other documents.
Sec. 6103. Confidentiality and disclosure of returns and return information.
Sec. 6104. Publicity of information required for certain exempt organizations and certain trusts.
Sec. 6105. [Repealed]
Sec. 6106. [Repealed]
Sec. 6107. Income tax return preparer must furnish copy of return to taxpayer and must retain a copy or list.
Sec. 6108. Statistical publications and studies.
Sec. 6109. Identifying numbers.
Sec. 6110. Public inspection of written determinations.
Sec. 6111. Cross reference.

SEC. 6101. PERIOD COVERED BY RETURNS OR OTHER DOCUMENTS.

When not otherwise provided for by this title, the Secretary may by regulations prescribe the period for which, or the date as of which, any return, statement, or other document required by this title or by regulations, shall be made.

SEC. 6102. COMPUTATIONS ON RETURNS OR OTHER DOCUMENTS.

(a) **Amounts Shown on Internal Revenue Forms.**—The Secretary is authorized to provide with respect to any amount required to be shown on a form prescribed for any internal revenue return, statement, or other document, that if such amount of such item is other than a whole-dollar amount, either—

(1) the fractional part of a dollar shall be disregarded; or

(2) the fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case the amount (determined without regard to the fractional part of a dollar) shall be increased by $1.

(b) **Election Not to Use Whole Dollar Amounts.**—Any person making a return, statement, or other document shall be allowed, under regulations prescribed by the Secretary, to make such return, statement, or other document without regard to subsection (a).

(c) **Inapplicability to Computation of Amount.**—The provisions of subsections (a) and (b) shall not be applicable to items which must be taken into account in making the computations necessary to determine the amount required to be shown on a form, but shall be applicable only to such final amount.

SEC. 6103. CONFIDENTIALITY AND DISCLOSURE OF RETURNS AND RETURN INFORMATION.

Last amendment.—The title of Sec. 6103 appears above as amended by Sec. 1202(a)(1) of Public Law 94-455, Oct. 4, 1976, effective (Sec. 1202(a) of P.L. 94-455) Jan. 1, 1977. The title of Sec. 6103 as it read before this amendment is in P-H Cumulative Changes.

(a) **General Rule.**—Returns and return information shall be confidential, and except as authorized by this title—

(1) no officer or employee of the United States,

(2) no officer or employee of any State, or of any local child support enforcement agency who has or had access to returns or return information under this section, and

(3) no other person (or officer or employee thereof) who has or had access to returns or return information under subsection (e)(1)(D)(iii) or subsection (n),

shall disclose any return or return information obtained by him in any manner in connection with his service as such an officer or an employee or otherwise or under the provisions of this section. For purposes of this subsection, the term "officer or employee" includes a former officer or employee.

Last amendment.—Sec. 6103(a) appears above as amended by Sec. 1202(a)(1) of Public Law 94-455, Oct. 4, 1976, effective (Sec. 1202(a) of P.L. 94-455) on Jan. 1, 1977.

1977 by Prentice-Hall, Inc.

Prior amendments.—Sec. 6103(a)(2) was previously amended by the following:

Sec. 601(a) of Public Law 89-44, June 21, 1965

Sec. 3(c) of Public Law 88-563, Sept. 2, 1964*

*Sec. 6103(a)(2) as so amended is in P-H Cumulative Changes.

(b) Definitions.—For purposes of this section—

(1) Return.—The term "return" means any tax or information return, declaration of estimated tax, or claim for refund required by, or provided for or permitted under, the provisions of this title which is filed with the Secretary by, on behalf of, or with respect to any person, and any amendment or supplement thereto, including supporting schedules, attachments, or lists which are supplemental to, or part of, the return so filed.

(2) Return information.—The term "return information" means—

(A) a taxpayer's identity, the nature, source, or amount of his income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments, whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing, or any other data, received by, recorded by, prepared by, furnished to, or collected by the Secretary with respect to a return or with respect to the determination of the existence, or possible existence, of liability (or the amount thereof) of any person under this title for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense, and

(B) any part of any written determination or any background file document relating to such written determination (as such terms are defined in section 6110(b)) which is not open to public inspection under section 6110,

but such term does not include data in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(3) Taxpayer return information.—The term "taxpayer return information" means return information as defined in paragraph (2) which is filed with, or furnished to, the Secretary by or on behalf of the taxpayer to whom such return information relates.

(4) Tax administration.—The term "tax administration"—

(A) means—

(i) the administration, management, conduct, direction, and supervision of the execution and application of the internal revenue laws or related statutes (or equivalent laws and statutes of a State) and tax conventions to which the United States is a party, and

(ii) the development and formulation of Federal tax policy relating to existing or proposed internal revenue laws, related statutes, and tax conventions, and

(B) includes assessment, collection, enforcement, litigation, publication, and statistical gathering functions under such laws, statutes, or conventions.

(5) State.—The term "State" means any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Canal Zone, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(6) Taxpayer identity.—The term "taxpayer identity" means the name of a person with respect to whom a return is filed, his mailing address, his taxpayer identifying number (as described in section 6109), or a combination thereof.

(7) Inspection.—The terms "inspected" and "inspection" mean any examination of a return or return information.

(8) Disclosure.—The term "disclosure" means the making known to any person in any manner whatever a return or return information.

(9) Federal agency.—The term "Federal agency" means an agency within the meaning of section 551(1) of title 5, United States Code.

(c) Disclosure of Returns and Return Information To Designee of Taxpayer.—The Secretary may, subject to such requirements and conditions as he may prescribe by regulations, disclose the return of any taxpayer, or return information with respect to such taxpayer, to such person or persons as the taxpayer may designate in a written request for or consent to such disclosure, or to any other person at the taxpayer's request to the extent necessary to comply with a request for information or assistance made by the taxpayer to such other person. However, return information shall not be disclosed to such

the need for the disclosure, the Secretary shall disclose return or return the information so requested.

(4) Disclosure in judicial and administrative tax proceedings.—A return or return information may be disclosed in a Federal or State judicial or administrative proceeding pertaining to tax administration, but only—

(A) if the taxpayer is a party to such proceeding;

(B) if the treatment of an item reflected on such return is directly related to the resolution of an issue in the proceeding;

(C) if such return or return information directly relates to a transactional relationship between a person who is a party to the proceeding and the taxpayer which directly affects the resolution of an issue in the proceeding; or

(D) to the extent required by order of a court pursuant to section 3500 of title 18, United States Code, or rule 16 of the Federal Rules of Criminal Procedure, such court being authorized in the issuance of such order to give due consideration to congressional policy favoring the confidentiality of returns and return information as set forth in this title.

However, such return or return information shall not be disclosed as provided in subparagraph (A), (B), or (C) if the Secretary determines that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation.

(5) Prospective jurors.—In connection with any judicial proceeding described in paragraph (4) to which the United States is a party, the Secretary shall respond to a written inquiry from an attorney of the Department of Justice (including a United States attorney) involved in such proceeding or any person (or his legal representative) who is a party to such proceeding as to whether an individual who is a prospective juror in such proceeding has or has not been the subject of any audit or other tax investigation by the Internal Revenue Service. The Secretary shall limit such response to an affirmative or negative reply to such inquiry.

Law amendment.—Sec. 6103(h) appears above as amended by Sec. 1202(a)(1) of Public Law 94-455, Oct. 4, 1976, effective (Sec. 1202(c) of P.L. 94-455) Jan. 1, 1977. Sec. 6103(h) as it read before this amendment is in P-H Cumulative Changes.

Addition.—Sec. 6103(h) was added by Sec. 5(a) of Public Law 94-202, Jan. 2, 1976.

(i) Disclosure to Federal Officers or Employees for Administration of Federal Laws Not Relating to Tax Administration.—

(1) Nontax criminal investigation.—

(A) Information from taxpayer.—A return or taxpayer return information shall, pursuant to, and upon the grant of, an ex parte order by a Federal district court judge as provided by this paragraph, be open, but only to the extent necessary as provided in such order, to officers and employees of a Federal agency personally and directly engaged in and solely for their use in, preparation for any administrative or judicial proceeding (or investigation which may result in such a proceeding) pertaining to the enforcement of a specifically designated Federal criminal statute (not involving tax administration) to which the United States or such agency is or may be a party.

(B) Application for order.—The head of any Federal agency described in subparagraph (A) or, in the case of the Department of Justice, the Attorney General, the Deputy Attorney General, or an Assistant Attorney General, may authorize an application to a Federal district court judge for the order referred to in subparagraph (A). Upon such application, such judge may grant such order if he determines on the basis of the facts submitted by the applicant that—

(i) there is reasonable cause to believe, based upon information believed to be reliable, that a specific criminal act has been committed;

(ii) there is reason to believe that such return or return information is probative evidence of a matter in issue related to the commission of such criminal act; and

(iii) the information sought to be disclosed cannot reasonably be obtained from any other source, unless it is determined that, notwithstanding the reasonable availability of the information from another source, the return or return information sought constitutes the most probative evidence of a matter in issue relating to the commission of such criminal act.

However, the Secretary shall not disclose any return or return information under this paragraph if he determines and certifies to the court that such disclosure

© 1977 by Prentice-Hall, Inc.

would identify a confidential informant or seriously impair a civil or criminal tax investigation.

(2) Return information other than taxpayer return information.—Upon written request from the head of a Federal agency described in paragraph (1)(A), or in the case of the Department of Justice, the Attorney General, the Deputy Attorney General, or an Assistant Attorney General, the Secretary shall disclose return information (other than taxpayer return information) to officers and employees of such agency personally and directly engaged in, and solely for their use in preparation for any administrative or judicial proceeding (or investigation which may result in such a proceeding) described in paragraph (1)(A). Such request shall set forth—

(A) the name and address of the taxpayer with respect to whom such return information relates;

(B) the taxable period or periods to which the return information relates;

(C) the statutory authority under which the proceeding or investigation is being conducted; and

(D) the specific reason or reasons why such disclosure is or may be material to the proceeding or investigation

However, the Secretary shall not disclose any return or return information under this paragraph if he determines that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation

(3) Disclosure of return information concerning possible criminal activities.—The Secretary may disclose in writing return information, other than taxpayer return information, which may constitute evidence of a violation of Federal criminal laws to the extent necessary to apprise the head of the appropriate Federal agency charged with the responsibility for enforcing such laws

(4) Use in judicial or administrative proceeding.—Any return or return information obtained under paragraph (1), (2), or (3) may be entered into evidence in any administrative or judicial proceeding pertaining to enforcement of a specifically designated Federal criminal statute (not involving tax administration) to which the United States or an agency described in paragraph (1)(A) is a party but, in the case of any return or return information obtained under paragraph (1), only if the court finds that such return or return information is probative of a matter in issue relevant in establishing the commission of a crime or the guilt of a party However, any return or return information obtained under paragraph (1), (2), or (3) shall not be admitted into evidence in such proceeding if the Secretary determines and notifies the Attorney General or his delegate or the head of such agency that such admission would identify a confidential informant or seriously impair a civil or criminal tax investigation. The admission into evidence of any return or return information contrary to the provisions of this paragraph shall not, as such, constitute reversible error upon appeal of a judgment in such proceeding

(5) Renegotiation of contracts.—A return or return information with respect to the tax imposed by chapter 1 upon a taxpayer subject to the provisions of the Renegotiation Act of 1951 shall, upon request in writing by the Chairman of the Renegotiation Board, be open to officers and employees of such board personally and directly engaged in, and solely for their use in, verifying or analyzing financial information required by such Act to be filed with, or otherwise disclosed to, the board, or to the extent necessary to implement the provisions of section 1481 or 1482 The Chairman of the Renegotiation Board may, upon referral of any matter with respect to such Act to the Department of Justice for further legal action, disclose such return and return information to any employee of such department charged with the responsibility for handling such matters.

(6) Comptroller General.—

(A) Returns available for inspection.—Except as provided in subparagraph (B), upon written request by the Comptroller General of the United States, returns and return information shall be open to inspection by, or disclosure to, officers and employees of the General Accounting Office for the purpose of, and to the extent necessary in, making—

(i) an audit of the Internal Revenue Service or the Bureau of Alcohol, Tobacco and Firearms which may be required by section 117 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 67), or

(ii) any audit authorized by subsection (p)(6),

except that no such officer or employee shall, except to the extent authorized by subsection (f) or (p)(6), disclose to any person, other than another officer or em-

Internal Revenue Service

Washington, DC 20224

RECEIVED
FEDERAL ELECTION
COMMISSION

'78 [illegible] 12 [illegible] 5

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

POSTAGE AND FEES PAID
PENALTY FOR PRIVATE USE $300
DEPARTMENT OF THE TREASURY
554
OFFICIAL BUSINESS

U.S. MAIL

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

7 8 0 4 0 0 7 5 6 5 8

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 6, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: ISSUANCE OF SUBPOENAS IN RELATION TO MUR 418 (77)

The attached suboenas, approved December 15, 1977, have been signed and sealed this date.

7804007569

Attached:
13 Subpoenas

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

December 19, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Thomas Hagoort
Cleary, Gottlieb, Steen
and Hamilton
One State Street Plaza
New York, New York 10004

Re: MUR 418 (77)

Dear Mr. Hagoort:

In accordance with our discussion on December 5, 1977, I am setting forth the Commission's understanding regarding discovery of records at each of the banks.

At the Liberty National Bank, we would anticipate inspecting all records bearing on the termination of the fund on salary increases of those officers receiving lump sum payments from 1973 to the present, and any materials tending to show the absence of political contributions by the bank in its current practice. This would include inspection of minutes and other records of meetings of the Executive Committee and Board of Directors; salary records of those officers receiving lump sum payments, from 1973 to the present; proposed salary lists, from 1973 to the present, reflecting the salaries of these officers; policy statements issued or in effect from 1974 to the present concerning the use of bank funds for the purpose of making political contributions; and any correspondence, memoranda or other materials relating to discussions with the bank's legal counsel about the discontinuance of the lump sum payments in 1975.

With reference to the Highland National Bank, our focus would be on politically-related contributions from 1974 to the present, and on the discontinuance of this practice. We would, therefore, inspect all records of expenditures and reimbursements (such as records of expense account vouchers) showing either direct disbursement or reimbursement for such contributions from 1974 to the present. In addition, we would expect access to minutes of the Executive Committee and the Board of Directors reflecting adoption of policy in relation

to such contributions, and to any policy statements so adopted.

Finally, with respect to State Bank of Albany, the Commission would anticipate examining all records regarding the discontinuance of the fund, the disbursement of the fund's balance in 1974, and the special salary increases given to senior bank officials on termination of the fund. In connection with these aims, we would need to examine minutes of the Executive Committee and Board of Directors from 1973 to the present; salary records from 1973 to the present for the senior officers receiving special increments; salary proposals submitted to management from 1973 to the present regarding these officers; policy statements issued concerning discontinuance of the fund; management proposals regarding changes in procedure with respect to the special amounts during 1973-74; and any materials concerning discontinuance of the fund.

We also discussed the Commission's desire to depose several officers at each bank. At Liberty and State Bank, these depositions would center on the circumstances under which the funds were discontinued and on the use of the special salary increases since 1973. We would ask the Highland officers to indicate who was involved in the making of contributions, and to discuss the discontinuance of that practice.

Please see the attached list for the names of those we believe we would need to depose at this time. It should be noted that we may find it unnecessary to actually depose all those on the list, if it appears that nothing would be gained by doing so. We would, however, definitely expect to talk to Messrs. Fonda, Odell, R. MacFarland, and Donough, as indicated during our meeting.

It is our understanding that nothing in this letter or during our discovery shall prejudice the Commission's right to seek additional materials or information, if, in our opinion, further inquiry is warranted. Indeed, as we noted at the meeting, although the list supplied in this letter would represent a narrowing of the scope of the subpoenas we had served on the three banks, this should not be construed as indicating the Commission has agreed to abandon the additional requests. We do believe, however, that the materials sought herein will expedite our investigation of this matter and appreciate your apparent offer of cooperation in this regard.

We would like to examine the materials in question and conduct the necessary depositions around the second week of

January, 1978. Please contact Ms. Susan Propper of my staff (tel. no. 202/523-4529) at your earliest possible convenience.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

G.C. 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- ☐ Show to whom and date delivered. ____¢
- ☑ Show to whom, date, and address of delivery. ____¢
- ☐ RESTRICTED DELIVERY
  Show to whom and date delivered. ____¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery. $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: Thom. Hagopt
Cleary, Gottlieb, Steen & Hamilton
One State Street Plaza
NY NY 10004

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943848	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆ GPO : 1977—O-234-337

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 418 (77)
United Bank Corporation of New York)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on December 15, 1977, the Commission determined by a vote of 5-0 to issue subpoenas for deposition to the following persons in connection with the above-captioned matter: Hollis E. Harrington; Frank H. Odell; Martin H. Heck; Raymond J. Kinley; Avery H. Fonda; Robert Donough; Robert B. Mayer; Robert B. Shanahan; Joseph T. Trapp; John A. Jowett; Donald R. McNutt; Jon Price; Robert F. MacFarland; Paul H. Engels; and David S. MacFarland.

Commissioner Staebler was not present at the time of the vote.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

7804007566 3

December 9, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418 Team #1 Propper

Please have the attached Interim Invest. Report on MUR 418 distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of December 15, 1977.

Thank you.

7804007564

Before the Federal Election Commission

December 8, 1977

In the Matter of)
) MUR 418 (77)
United Bank Corporation of New York)

EXECUTIVE SESSION

DEC 15 1977

Interim Investigative Report

The issue in this MUR concerns the alleged violation of 2 U.S.C. §441b by all subsidiaries of the United Bank Corporation.

This matter was referred to the Commission by the Office of the Comptroller of the Currency. Based on the materials submitted, the Commission found reason to believe and each bank, State Bank of Albany, Liberty National Bank and Trust Company, and Highland National Bank, was requested to provide information relevant to the allegation made. The responses did not provide all the needed factual information and the Commission issued subpoenas on October 19, 1977 to produce books, records, documents and other relevant exhibits. On November 2, 1977, counsel for United Bank Corporation of New York issued a Motion to Quash or Modify these subpoenas on behalf of all 3 banks. The Commission voted to deny this motion on November 21, 1977.

Subsequent to denial of the Motion to Quash, General Counsel staff arranged a meeting on December 5, 1977 with Tom Hagoort, counsel for United Bank Corporation of New York at which an agreement was reached to permit the Federal Election Commission to inspect most of the requested documents on site.

At this meeting, it was learned that the individuals the General Counsel staff had planned to interview in connection with

7804007565

this MUR (named in the previous interim investigative report dated September 29, 1977) were represented by counsel, and would probably require their counsel to be present at any interview. It is therefore our opinion that the informality that normally exists in an interview structure has been vitiated and that sworn testimony should be taken. We recommend issuance of the attached subpoenas, requiring that the individuals listed for interview in our previous report now be deposed.

10/8/77
Date

William C. Oldaker
General Counsel

7 8 0 4 0 0 7 5 6 6 6

PARTIES TO BE EXAMINED

State Bank of Albany

Frank H. Odell
33 Darnley Green
Delmar, New York 12054

Martin H. Heck
16 Point View Drive
East Greenbush, New York 12061

Raymond J. Kinley
6 Ichabod Lane
Albany, New York 12211

Highland National Bank

Robert F. MacFarland
385 Broadway
Newburgh, New York 12550

Paul H. Engels
385 Broadway
Newburgh, New York 12550

David S. MacFarland
385 Broadway
Newburgh, New York 12550

Liberty National Bank

Avery H. Fonda
424 Main Street
Post Office Box 889
Buffalo, New York 14240

Robert Donough
424 Main Street
Buffalo, New York 14240

Robert B. Mayer
81 Neumann Parkway
Kenmore, New York 14223

Robert B. Shanahan
42 Dorset Drive
Kenmore, New York 14223

Joseph T. Trapp
108 Browning Drive
Hamburg, New York 14075

John A. Jowett
331 Elmwood Avenue
East Aurora, New York 14052

Donald R. McNutt
86 Old Spring Lane
Williamsville, New York 14221

7 8 0 4 0 0 7 5 6 6 7

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert F. MacFarland
385 Broadway
Newburgh, New York 12550

Re: MUR 418 (77)

Dear Mr. MacFarland:

Please find enclosed herewith a subpoena requsting your appearance for deposition on

The scope of the Commission's investigation is described in our previous letter to Highland National Bank dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Robert F. MacFarland
385 Broadway
Newburgh, New York 12550

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Highland National Bank for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to those persons who participated in the authorization of contributions made by Highland National Bank to several committees. Notice is hereby given that the deposition is to be taken at

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., on this day of , 1977.

Thomas E. Harris, Chairman
Federal Election Commission

ATTEST:

Secretary to the Commission

7804007566 9

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Avery H. Fonda
Liberty National Bank and Trust
Company
424 Main Street
Post Office Box 889
Buffalo, New York 14240

Re: MUR 418 (77)

Dear Mr. Fonda:

Please find enclosed herewith a subpoena requesting your appearance for deposition on

The scope of the Commission's investigation is described in our previous letter to the Liberty National Bank and Trust Company dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Avery H. Fonda
Liberty National Bank and Trust Company
424 Main Street
Post Office Box 889
Buffalo, New York 14240

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as a former official of Liberty National Bank and Trust Company for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of Liberty National Bank and Trust received and used as contributions. Notice is hereby given that the deposition is to be taken at

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., on this day of , 1977.

Thomas E. Harris, Chairman
Federal Election Commission

ATTEST:

Secretary to the Commission

7 8 0 4 0 0 7 5 6 7 1

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank H. Odell
33 Darnley Green
Delmar, New York 12054

Re: MUR 418 (77)

Dear Mr. Odell:

Please find enclosed herewith a subpoena requesting your appearance for deposition on

The scope of the Commission's investigation is described in our previous letter to the State Bank of Albany dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Frank H. Odell
33 Darnley Green
Delmar, New York 12054

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of State Bank of Albany for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of the State Bank of Albany received and used as contributions. Notice is hereby given that the deposition is to be taken at

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., on this day of , 1977.

Thomas E. Harris, Chairman
Federal Election Commission

ATTEST:

Secretary to the Commission

7804007567 3

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert Donough
424 Main Street
Buffalo, New York 14240

Re: MUR 418 (77)

Dear Mr. Donough:

Please find enclosed herewith a subpoena requesting your appearance for deposition on

The scope of the Commission's investigation is described in our previous letter to Liberty National Bank and Trust Company dated July 13, 1977.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Appear for Deposition Upon Oral Examination

Re: MUR 418 (77) (In the Matter of United Bank Corporation of New York)

To: Robert Donough
424 Main Street
Buffalo, New York 14240

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), you are hereby subpoenaed to appear in your capacity as an official of Liberty National Bank and Trust Company for deposition with regard to the Commission's investigation as to the possible violation of 2 U.S.C. Section 441b by your bank (a notification letter containing a description of the investigation was sent to your bank on July 13, 1977). The scope of the examination will include, but not necessarily be limited to, all information relevant to special salary increases to officers of the Liberty National Bank and Trust Company and used as contributions. Notice is hereby given that the deposition is to be taken at

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., on this day of , 1977.

Thomas E. Harris, Chairman
Federal Election Commission

ATTEST:

Secretary to the Commission

7804007567

MUR 2138

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DESIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER B. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGOORT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN S. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER HARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA
NEW YORK, N. Y. 10004
(212) 344-0600
CABLE: CLEARGOLAW
TELEX: WU 128244
RCA 235438

RECEIVED
FEDERAL ELECTION COMMISSION
'77 NOV 28 AM 8:45

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON D.C. 20036
TWX 7108220108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD BEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI, 23
1040 BRUSSELS, BELGIUM
TELEX 22835

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX 887888

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
JAMES F. MUNDELL
RESIDENT PARTNERS

November 23, 1977

MUR 418

Mr. David Spiegel
Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Dear Mr. Spiegel:

In our telephone conversations earlier this month we discussed the possibility of working out an accommodation regarding the subpoenas dated October 19, 1977 addressed to State Bank of New York ("State Bank"), Liberty National Bank and Trust Company ("Liberty") and Highland National Bank of Newburgh ("Highland"). At your suggestion, we also referred to this possibility in our letter, dated November 2, 1977, to the Commission requesting that the subpoenas be quashed or modified.

In our earlier conversation, you indicated that it would probably be acceptable for the document examination to occur at the offices of the three banks rather than to have books and records transported to Washington. Pursuing this thought, we believe the banks would consent to such an on-premises examination by representatives of the Commission of the documents listed in Annex A to this letter on the understanding that such consent and examination would not prejudice in any way the legal positions of the banks or the Commission regarding the subpoenas and that the examination would not be conducted in a manner unduly burdensome to the banks.

I would be pleased to discuss this suggestion with you either in Washington or by telephone, if you wish.

Very truly yours,

Thomas H. Hagoort

Thomas H. Hagoort

7801007567 7

Annex A

1. Minutes of Meetings of the Boards of Directors and Executive Committees of State Bank, Liberty and Highland held within three years prior to the date of the examination.

2. All corporate records concerning amounts paid within three years prior to the date of the examination to (i) the three officers of State Bank to whom were granted the raises referred to on page 19 and 20 of the September 13, 1976 report of Cleary, Gottlieb, Steen & Hamilton ("CGS&H") to the Special Committee of the Board of Directors of UBNY and (ii) the five officers of Liberty to whom were granted the increments referred to on pages 21 and 22 of the December 10, 1976 report of CGS&H to the Special Committee.

3. Other corporate records of State Bank, Liberty or Highland regarding corporate funds expended within three years prior to the date of the examination.

7 8 0 4 0 0 7 5 6 7 8

CLEARY, GOTTLIEB, STEEN & HAMILTON
ONE STATE STREET PLAZA
NEW YORK, N Y 10004

FEDERAL ELECTION COMMISSION

'77 NOV 28 AM 8:11

Mr. David Spiegel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 21, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Thomas H. Hagoort
Cleary, Gottlieb, Steen
and Hamilton
One State Plaza
New York, New York 10004

Re: MUR 418 (77)

Dear Mr. Hagoort:

Enclosed please find an order by the Commission denying the motion to quash or modify subpoenas submitted jointly by State Bank of Albany, Liberty National Bank and Highland National Bank.

Members of the General Counsel staff will contact you to discuss procedures for compliance by the banks with the Commission's subpoenas.

Should you have any questions, please contact Susan Propper or David Spiegel (telephone nos. 800/424-9530, or 202/523-4529).

Sincerely yours,

William C. Oldaker
General Counsel

Charles N. Steele
Associate General Counsel

Enclosure

Before the Federal Election Commission

In the Matter of	)	
	)	
	)	MUR 418
Highland National Bank et al.	)	
	)	

COMMISSION ORDER

The motion of Highland National Bank, Liberty National Bank and the State Bank of Albany to quash or modify the Commission's subpoenas issued on October 19, 1977 and served on each party on or about October 28, 1977 is in all respects denied. The staff of the General Counsel is directed to take all necessary and reasonable steps to ensure that the requests contained in the subpoenas are complied with.

Thomas E. Harris

Thomas E. Harris,
Chairman, Federal Election Commission

Dated:
11-21-77

Attest: Marjorie W. Emmons

7804007568

7 8 0 4 0 0 7 5 6 8 2

418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered ..... ¢
   - ☑ Show to whom, date, and address of delivery ..... ¢
   - ☐ RESTRICTED DELIVERY
     Show to whom and date delivered ..... ¢
   - ☐ RESTRICTED DELIVERY.
     Show to whom, date, and address of delivery. $ ____

   (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
   T. Hagoort
   Clear Gottlieb, Steen
   One State Plaza, NY NY 10004

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943127	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY 11/27 POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO : 1977—O-234-337

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 21, 1977

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: ISSUANCE OF AN ORDER IN RELATION TO MUR 418 (77)

The attached Order, approved in the Commission Meeting of November 16, 1977, has been signed and sealed this date.

7804007568 3

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 21, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Singleton Wolfe
Assistant Commissioner,
Compliance
Internal Revenue Service
1111 Constitution Ave., N.W.
Room 3501
Washington, D.C. 20224

Re: MUR 418

Dear Mr. Wolfe:

The Federal [illegible] an investigation of the State [illegible] Bank and Highland National Bank of Newburgh - three subsidiary banks of the United Bank Corporation of New York - regarding political contributions which may contravene the provisions of 2 U.S.C. §441b.

The investigation was initiated following the receipt by this office of copies of several reports prepared by a special committee of the United Bank Corporation from the Comptroller of the Currency. These reports detailed various expenditures of a political nature by the banks.

Both the reports and counsel for United Bank have made reference to an investigation by the Internal Revenue Service into various practices at these banks. If such an investigation has been conducted, we would appreciate your making available to the Commission all files containing information relevant to possible §441b violations committed by the banks. In particular, we would like to inspect copies of all relevant depositions and interviews taken by the Internal Revenue Service, as well as any memoranda or reports made by the Internal Revenue Service investigators concerning possible contributions by the three banks. We would also appreciate access to any bank records, such as minutes of bank meetings in your possession which might relate to the Commission's investigation.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

I hope to hear from you shortly.

The staff member assigned to this matter is David R. Spiegel (telephone no. 202/523-4529).

Sincerely yours,

William C. Oldaker
General Counsel

418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered.....¢
☑ Show to whom, date, and address of delivery.....¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered.....¢
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: S. Wolfe, Asst. Comm. Compliance, IRS; 1111 Constitution Ave NW Room 3501 Washington, D.C. 20224

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943119	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☒ Authorized agent
A Sondheimer for SB Wolfe

4. DATE OF DELIVERY November 23 1977

POSTMARK

5. ADDRESS (Complete only if requested) 1111 Constitution Ave NW Washington, D.C. 20224

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O-234-337

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418 (77)
Highland National Bank of	)	
Newburgh, et al	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on November 16, 1977, the Commission determined by a vote of 5-0 that the Motion to Quash or Modify by Respondents Highland National Bank, Liberty National Bank and the State Bank of Albany should in all respects be denied, and that the FEC Staff be instructed to so advise Movants and redirect them to comply with the subpoenas issued in the above-captioned matter. The FEC staff would include notice that the Staff would agree to inspect all materials requested on site and to copy all necessary information rather than require retention of the original papers. Discussion with Movants' counsel would continue regarding the Staff's attempt to make the requests more specific, without compromising the scope of the Commission's inquiry.

Commissioner Thomson was not present at the time of the vote.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

7804007568 6

November 11, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418 (77) Team #1 Propper

Please have the attached Response to Motion on MUR 418 distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of November 16, 1977.

Thank you.

7804007568 7

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418 (77)
	)	
Highland National Bank of Newburgh, et al.	)	
	)	

Response in Opposition to Motion of Highland National Bank of Newburgh, et al. to Quash or Modify Commission subpoenas

7804075688

I. Summary of Proceeding

On October 26, 1977, the Federal Election Commission mailed subpoenas to three subsidiaries of the United Bank Corporation of New York - Highland National Bank of Newburgh, Liberty National Bank, and the State Bank of Albany. The subpoenas were issued in connection with the Commission's investigation of political contributions made directly or indirectly with bank funds, and sought materials which are relevant to this investigation.

On November 2, 1977, each of the banks moved, through common counsel, to quash or modify the subpoenas.

Movants raise essentially two arguments against the subpoenas. Their first is premised on an assertion that the greater part of possible violations in this matter have occurred prior to 1974 and are therefore protected by the three year statute of limitations of 2 U.S.C. §455. Respondents argue that the subpoenas are limited in scope to the three year statutory period and that in any event, since all remaining violations have already occurred, there is no basis

for a Commission investigation. Secondly, Respondents argue that the subpoenas are unduly burdensome and should be modified to more specifically identify the materials sought.

As we note, infra, the first argument appears to be based on a misreading of the applicability of §455. Even if the statute is applicable, however, the position taken by Respondents clearly places an unwarranted restriction on the lawful investigatory authority of this agency (see U.S. v. Morton Salt, 338 U.S. 632 at 652 (1950); U.S. v. Bisceglia, 420 U.S. 141 (1975)). Likewise, with respect to the second argument, the information requested is clearly relevant to the Commissions' inquiry, as the records sought are those referred to in the Banks' own inquiry into the same matters covered herein. Nevertheless, discussions between the General Counsel staff and counsel for the banks have been initiated, in an attempt to better specify requests and reach an amicable solution. We expect these discussions to continue if the motion to quash or modify is denied.

II. Argument

A. The Information Sought is Relevant and Not Limited by the Statute of Limitations

With respect to Movants' attempt to confine the Commission by the provisions of §455, it should be noted, at the outset, that whether or not §455 applies to civil proceedings under the Act is unclear, as the language of that section states "unless the indictment is found or the information is instituted," terms which are generally found to apply to criminal actions. However, whether §455 applies is, in fact, irrelevant to the questions raised herein, as the Commission may, in an investigation, look beyond the period of the

statute to ascertain the existence of an established pattern or practice. See U.S. v. West Peachtree Tenth Corporation, 437 F2d 221, 227 (5th Cir. 1971); U.S. v. Sheet Metal Workers, 416 F2d 123 (8th Cir. 1969). The information sought would be probative of a continuing pattern (or lack of pattern) of direct and/or indirect political contributions by the banks and their officers.

The position taken by Respondents places an unwarranted restriction on the lawful investigatory authority of this agency. Their claim rests initially on the assumption that the Commission is limited to an investigation of violations of a continuing or prospective nature, and that, once such practices are terminated in the opinion of the violator, the Commission no longer has the power to inquire into these activities. Such an interpretation would prevent the Commission from investigating to be sure that in fact such activities were no longer in progress. Second, the conclusion required by Movants' argument would preclude the Commission from seeking sanctions for, or corrections of, past violations. Applicable case law clearly supports an investigative agency's prerogative to insure that all violations of the law have ceased. See Endicott Johnson Corp. v. Perkins, 317 U.S. 501, 509 (1942); 1 Davis, Administrative Law Treatise, §3.06 (1958). Indeed, the Supreme Court has held an investigation to be permissible as long as it is "within the authority of the agency, the demand is not too indefinite, and the information sought is reasonably relevant." U.S. v. Morton Salt, supra at 652, citing Oklahoma Press Publishing Co. v. Walling, 327 U.S. 186 (1946). In our opinion, these standards are satisfied in the subpoenas at issue.

7804075690

B. Motion to Modify

Should their motion to quash be denied, Movants ask that the subpoenas be modified. As indicated in the motion, many of the questions raised in this section have been discussed with counsel for the banks, and the staff has agreed to inspect all records on site and to copy whatever documents may appear to be relevant to the Commission's purposes. We expect these discussions to continue in the event Movants' motion is denied. Although we believe that the subpoenas clearly meet the standards set by the Supreme Court (see Morton case, supra), if it is possible in further discussions with Respondents' counsel to identify more particularly the documents relevant to the Commission's inquiry, we will do so.

III. Recommendation

The Motion to Quash or Modify by Respondents Highland National Bank, Liberty National Bank and the State Bank of Albany should in all respects be denied. Staff would so advise Movants and redirect them to comply with the subpoenas. This would include notice that the Staff would agree to inspect all materials requested on site and to copy all necessary information rather than require retention of the original papers. Discussion with Movants' counsel would continue regarding the Staff's attempt to make the requests more specific, without compromising the scope of the Commission's inquiry.

11/11/77
Date

William C. Oldaker
General Counsel

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Thomas H. Hagoort
Cleary, Gottlieb, Steen
and Hamilton
One State Plaza
New York, New York 10004

Re: MUR 418 (77)

Dear Mr. Hagoort:

Enclosed please find an order by the Commission denying the motion to quash or modify subpoenas submitted jointly by State Bank of Albany, Liberty National Bank and Highland National Bank.

Members of the General Counsel staff will contact you to discuss procedures for compliance by the banks with the Commission's subpoenas.

Should you have any questions, please contact Susan Propper or David Spiegel (telephone nos. 800/424-9530, or 202/523-4529).

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

DOC # 1954

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DESIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGOORT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN B. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA
NEW YORK, N.Y. 10004

(212) 344-0600

CABLE CLEARGOLAW
TELEX: WU 128244
RCA 235438

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 7108220108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD DEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI, 23
1040 BRUSSELS, BELGIUM
TELEX 22635

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX 667859

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
JAMES F. MUNSELL
RESIDENT PARTNERS

FEDERAL ELECTION COMMISSION

77 OCT 1 P10:02

703198

November 2, 1977

BY HAND

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

Attention: Judy Browning, Esq.

Re: State Bank of Albany
Liberty National Bank and Trust Company
Highland National Bank of Newburgh
MUR 418 (77)

Dear Sirs:

We are counsel to United Bank Corporation of New York ("UBNY") and its subsidiary banks, State Bank of Albany ("State Bank"), Liberty National Bank and Trust Company ("Liberty") and Highland National Bank of Newburgh ("Highland"). We refer to the Subpoenas, dated October 19, 1977, addressed to State Bank, Liberty and Highland, respectively (the "Subpoenas").

Pursuant to 11 CFR §111.13, on behalf of State Bank, Liberty and Highland, we hereby apply to the Commission to quash or modify the Subpoenas for the following reasons:

1. As indicated in the reports of this firm to the Special Committee of the Board of Directors of UBNY, dated September 13, 1976 and December 10, 1976 (the "Reports"), there is no evidence whatsoever that any expenditure directly or indirectly of any funds to any person for political purposes was made by or on behalf of Liberty since 1973, State Bank since 1974 or Highland since 1975. In addition, the Board of Directors of each of State Bank, Liberty and Highland has adopted a formal Statement of Policy confirming the prohibition against corporate political contributions. (Such a Statement of

7804007569 3

Policy is attached to the letter to you from each such bank dated August 3 or August 4, 1977.) Each such bank has taken all action necessary or appropriate under the circumstances to correct and prevent any violations of the Federal Election Campaign Act of 1971, as amended (the "Act").

We submit that the Commission has no "reason to believe" that a violation of the Act will occur or has occurred in the recent past, see 2 U.S.C. §437g(a)(2) and 11 CFR §111.5(a),* and, accordingly, that none of the Subpoenas are directed to the production of documentary evidence relating to the execution by the Commission of its duties to "administer, seek to obtain compliance with, and formulate policy with respect to" the Act. See 2 U.S.C. §§437c(b)(1) and 437d(a)(3). Once full corrective action with respect to possible violations of the Act has been taken, the ultimate purpose of the Commission's investigation has been accomplished. See 2 U.S.C. §437g (a)(5) and 11 CFR §§111.7 and 111.9. We submit that the proposed investigation would not only contravene the letter and intent of the Act, but would also constitute a waste of time, money and effort by the Commission, on the one hand, and by State Bank, Liberty and Highland, on the other.

2. The Act provides that no person shall be prosecuted, tried or punished for a violation of 2 U.S.C. §441b "unless the indictment is found or the information is instituted within three years after the date of the violation." 2 U.S.C. §455. This provision carries forward the statute of limitations applicable to the predecessor of 2 U.S.C. §441b. Therefore, although nothing herein is to be construed as an admission that State Bank, Liberty or Highland has violated any such statute, we submit that, to the extent that the Subpoenas seek to obtain documents which relate to events prior to November 2, 1974, the Subpoenas are addressed to alleged violations of 2 U.S.C. §441b as to which the applicable statute of

---

*It is not clear that even if there were a "reason to believe" that a violation of the Act has occurred or will occur, such a test would be constitutionally sufficient as justification for the issuance and enforcement of a subpoena from a government agency. See generally United States v. Roundtree, 420 F. 2d 845, 849-851 & n.9 (5th Cir. 1969).

7 8 0 4 0 0 7 5 6 9 4

limitations has already expired and, accordingly, are overbroad, irrelevant to the exercise by the Commission of its duties under the Act and beyond the Commission's legitimate scope of investigation.

Since the Reports indicate that no expenditure of bank funds for politically-related functions or contributions to a political organization was made at Liberty or at State Bank within the past three years, and since there is not the slightest bit of information to the contrary, the Subpoenas directed to State Bank and Liberty should be quashed. If the Subpoena directed to Highland is not quashed for the reasons set forth in Paragraph 1, such Subpoena should be modified so as to relate only to those documents which relate to events subsequent to November 2, 1974.

3. The Subpoenas request the production by mail of a large volume of original books, records, documents, exhibits, corporate minutes and memoranda. Production of original materials in such manner would be unduly burdensome and would contravene long-standing corporate practice with respect to the release of original papers. The danger of the inadvertent loss, theft or destruction of irreplaceable documents is evident. Moreover, most of the documents covered by the Subpoenas are currently the subject of Internal Revenue Service subpoenas. Furthermore, the Subpoenas are unduly sweeping and vague in their language and unduly burdensome in their application. Books, records, documents or other exhibits which might be deemed to pertain to matters covered in the Reports are part of, and in many cases intermixed with, the voluminous books, records and documents generated by the three banks. Accordingly, if and to the extent that any of the Subpoenas is not quashed as requested above, such Subpoena should be modified to more specifically identify the books, records, documents or exhibits sought, to provide for the production of copies rather than originals where production is reasonably feasible and to provide that, where such production is not reasonably feasible, representatives of the Commission be given access on site to the books, records, documents or exhibits for purposes of examination and copying, upon reasonable notice to the banks and during normal banking hours.

7 8 0 4 0 0 7 5 6 9 5

In summary, therefore, on behalf of State Bank, Liberty and Highland, we apply to the Commission for the following relief:

a. The quashing of the Subpoenas directed to State Bank, Liberty and Highland for the reasons set forth in Paragraph 1.

b. The quashing of the Subpoenas directed to State Bank and Liberty and the modification of the Subpoenas directed to Highland for the reasons set forth in Paragraph 2.

c. If and to the extent that the Subpoenas are not quashed as set forth in Paragraphs 1 and 2, the modification of the Subpoenas for the reasons set forth, and to the extent provided, in Paragraph 3.

If the General Counsel or the Commission believes that any portion of this application should be denied, we respectfully request an opportunity to meet with the Commission and to reply, as provided in 11 CFR §111.13(b). We would also be pleased to meet with the General Counsel or designated representatives of his office on an informal basis to discuss the matters set forth herein.

We have been in contact with David Spiegel and Susan Propper of the Commission's staff to attempt to agree upon a basis upon which access can be given to certain of the documents requested and will be in further contact with them in the near future.

Please feel free to contact Thomas H. Hagoort or Richard W. Hulbert of this firm with any questions or comments which you may have with respect to the foregoing.

Very truly yours,

Cleary, Gottlieb, Steen & Hamilton

7 8 0 1 0 0 7 5 6 9 6

MUR # 1954

RECEIVED
FEDERAL ELECTION
COMMISSION

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JOHN J. B. SHEA
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DESIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGOORT
ELLIOTT MANNING
NED B. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN B. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW

RETIRED PARTNERS
ROBERT W. WALES
WILLIAM L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA
NEW YORK, N.Y. 10004
(212) 344-0600

CABLE: CLEARGOLAW
TELEX: WU 126244
RCA 235438

1977 OCT 1 P10:02

703198

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 7108220108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD DEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI, 23
1040 BRUSSELS, BELGIUM
TELEX 26038

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. MOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX 887959

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
JAMES F. MUNSELL
RESIDENT PARTNERS

November 2, 1977

BY HAND

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

Attention: Judy Browning, Esq.

Re: State Bank of Albany
Liberty National Bank and Trust Company
Highland National Bank of Newburgh
MUR 418 (77)

Dear Sirs:

We are counsel to United Bank Corporation of New York ("UBNY") and its subsidiary banks, State Bank of Albany ("State Bank"), Liberty National Bank and Trust Company ("Liberty") and Highland National Bank of Newburgh ("Highland"). We refer to the Subpoenas, dated October 19, 1977, addressed to State Bank, Liberty and Highland, respectively (the "Subpoenas").

Pursuant to 11 CFR §111.13, on behalf of State Bank, Liberty and Highland, we hereby apply to the Commission to quash or modify the Subpoenas for the following reasons:

1. As indicated in the reports of this firm to the Special Committee of the Board of Directors of UBNY, dated September 13, 1976 and December 10, 1976 (the "Reports"), there is no evidence whatsoever that any expenditure directly or indirectly of any funds to any person for political purposes was made by or on behalf of Liberty since 1973, State Bank since 1974 or Highland since 1975. In addition, the Board of Directors of each of State Bank, Liberty and Highland has adopted a formal Statement of Policy confirming the prohibition against corporate political contributions. (Such a Statement of

Policy is attached to the letter to you from each such bank dated August 3 or August 4, 1977.) Each such bank has taken all action necessary or appropriate under the circumstances to correct and prevent any violations of the Federal Election Campaign Act of 1971, as amended (the "Act").

We submit that the Commission has no "reason to believe" that a violation of the Act will occur or has occurred in the recent past, see 2 U.S.C. §437g(a)(2) and 11 CFR §111.5(a),* and, accordingly, that none of the Subpoenas are directed to the production of documentary evidence relating to the execution by the Commission of its duties to "administer, seek to obtain compliance with, and formulate policy with respect to" the Act. See 2 U.S.C. §§437c(b)(1) and 437d(a)(3). Once full corrective action with respect to possible violations of the Act has been taken, the ultimate purpose of the Commission's investigation has been accomplished. See 2 U.S.C. §437g (a)(5) and 11 CFR §§111.7 and 111.9. We submit that the proposed investigation would not only contravene the letter and intent of the Act, but would also constitute a waste of time, money and effort by the Commission, on the one hand, and by State Bank, Liberty and Highland, on the other.

2. The Act provides that no person shall be prosecuted, tried or punished for a violation of 2 U.S.C. §441b "unless the indictment is found or the information is instituted within three years after the date of the violation." 2 U.S.C. §455. This provision carries forward the statute of limitations applicable to the predecessor of 2 U.S.C. §441b. Therefore, although nothing herein is to be construed as an admission that State Bank, Liberty or Highland has violated any such statute, we submit that, to the extent that the Subpoenas seek to obtain documents which relate to events prior to November 2, 1974, the Subpoenas are addressed to alleged violations of 2 U.S.C. §441b as to which the applicable statute of

---

*It is not clear that even if there were a "reason to believe" that a violation of the Act has occurred or will occur, such a test would be constitutionally sufficient as justification for the issuance and enforcement of a subpoena from a government agency. See generally United States v. Roundtree, 420 F. 2d 845, 849-851 & n.9 (5th Cir. 1969).

limitations has already expired and, accordingly, are overbroad, irrelevant to the exercise by the Commission of its duties under the Act and beyond the Commission's legitimate scope of investigation.

Since the Reports indicate that no expenditure of bank funds for politically-related functions or contributions to a political organization was made at Liberty or at State Bank within the past three years, and since there is not the slightest bit of information to the contrary, the Subpoenas directed to State Bank and Liberty should be quashed. If the Subpoena directed to Highland is not quashed for the reasons set forth in Paragraph 1, such Subpoena should be modified so as to relate only to those documents which relate to events subsequent to November 2, 1974.

3. The Subpoenas request the production by mail of a large volume of original books, records, documents, exhibits, corporate minutes and memoranda. Production of original materials in such manner would be unduly burdensome and would contravene long-standing corporate practice with respect to the release of original papers. The danger of the inadvertent loss, theft or destruction of irreplaceable documents is evident. Moreover, most of the documents covered by the Subpoenas are currently the subject of Internal Revenue Service subpoenas. Furthermore, the Subpoenas are unduly sweeping and vague in their language and unduly burdensome in their application. Books, records, documents or other exhibits which might be deemed to pertain to matters covered in the Reports are part of, and in many cases intermixed with, the voluminous books, records and documents generated by the three banks. Accordingly, if and to the extent that any of the Subpoenas is not quashed as requested above, such Subpoena should be modified to more specifically identify the books, records, documents or exhibits sought, to provide for the production of copies rather than originals where production is reasonably feasible and to provide that, where such production is not reasonably feasible, representatives of the Commission be given access on site to the books, records, documents or exhibits for purposes of examination and copying, upon reasonable notice to the banks and during normal banking hours.

7 8 0 1 0 0 7 5 6 9 9

In summary, therefore, on behalf of State Bank, Liberty and Highland, we apply to the Commission for the following relief:

a. The quashing of the Subpoenas directed to State Bank, Liberty and Highland for the reasons set forth in Paragraph 1.

b. The quashing of the Subpoenas directed to State Bank and Liberty and the modification of the Subpoenas directed to Highland for the reasons set forth in Paragraph 2.

c. If and to the extent that the Subpoenas are not quashed as set forth in Paragraphs 1 and 2, the modification of the Subpoenas for the reasons set forth, and to the extent provided, in Paragraph 3.

If the General Counsel or the Commission believes that any portion of this application should be denied, we respectfully request an opportunity to meet with the Commission and to reply, as provided in 11 CFR §111.13(b). We would also be pleased to meet with the General Counsel or designated representatives of his office on an informal basis to discuss the matters set forth herein.

We have been in contact with David Spiegel and Susan Propper of the Commission's staff to attempt to agree upon a basis upon which access can be given to certain of the documents requested and will be in further contact with them in the near future.

Please feel free to contact Thomas H. Hagoort or Richard W. Hulbert of this firm with any questions or comments which you may have with respect to the foregoing.

Very truly yours,

Leary, Gottlieb, Steen & Hamilton

7 8 0 4 0 0 7 5 7 0 0

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 26, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Highland National Bank of Newburgh
385 Broadway
Box 331
Newburgh, New York 12550

Attention: Custodian of Records

Re: MUR 418 (77)

To whom it may concern:

The Federal Election Commission is conducting an investigation concerning a possible violation of the Federal Election Campaign Act of 1971, as amended. The investigation concerns the expenditure of bank funds for politically-related functions and contributions to political organizations from January 1, 1972, to the present.

Please find attached a subpoena for bank records maintained at your bank regarding these matters.

Section 437(a)(10) of Title 2, United States Code, requires that the Commission conduct investigations expeditiously. Therefore, we have requested that you submit these materials by November 9, 1977, as noted on the attached subpoena.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

7804027570 1

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Produce Books, Records, Documents, and Other Relevant Exhibits

Re: MUR 418 (77)

To: Highland National Bank of Newburgh
385 Broadway
Box 831
Newburgh, New York 12550

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), an officer, employee, or managing agent of Highland National Bank of Newburgh is hereby SUBPOENAED to produce by certified mail all books, records, documents, or other exhibits relating to monies retained or expended by the Bank or its officers for possible political contributions including all records and cancelled checks concerning such contributions and expenditures from January 1, 1971, to the present. Materials must be postmarked by November 9, 1977, and sent to: Office of General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C., 20463. ATTENTION: Susan Propper.

WHEREFORE , the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 19th day of October , 1977.

Thomas E. Harris
THOMAS E. HARRIS, CHAIRMAN
FEDERAL ELECTION COMMISSION

ATTEST:

Marjorie W. Emmons
Secretary to the Commisssion

7801007570 2

MUR 418 (77) AA/SP

PS Form 3811, Mar. 1976

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).

- ☐ Show to whom and date delivered..... 15¢
- ☑ Show to whom, date, & address of delivery.. 35¢
- ☐ RESTRICTED DELIVERY.
  Show to whom and date delivered..... 65¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO: ATTN: Custodian of Records;
Highland Natl Bank of Newburgh
385 Broadway; P.O. Box 831
Newburgh, N.Y. 12550

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	438274	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY: 10-28

POSTMARK: NEWBURGH OCT 28 1977

5. ADDRESS (Complete only if requested): PP Window

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GOP: 1976—O-203-458

7 8 0 4 0 0 7 5 7 0 3

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 26, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Liberty National Bank and Trust
Company
424 Main Street
Post Office Box 889
Buffalo, New York 14240

Attention: Custodian of Records

Re: MUR 418 (77)

To whom it may concern:

The Federal Election Commission is conducting an investigation concerning a possible violation of the Federal Election Campaign Act of 1971, as amended. The investigation concerns the expenditure of bank funds for politically-related functions and contributions to political organizations from January 1, 1972, to the present.

Please find attached a subpoena for bank records maintained at your bank regarding these matters.

Section 437(a)(10) of Title 2, United States Code, requires that the Commission conduct investigations expeditiously. Therefore, we have requested that you submit these materials by November 9, 1977, as noted on the attached subpoena.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

7804007570 4

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Produce Books, Records, Documents, and Other Relevant Exhibits

Re: MUR 418 (77)

To: Liberty National Bank and Trust Company
424 Main Street
Post Office Box 889
Buffalo, New York 14240

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), an officer, employee, or managing agent of Liberty National Bank and Trust Company is hereby SUBPOENAED to produce by certified mail all books, records, documents, or other exhibits relating to monies retained or expended by the Bank or its officers for possible political contributions, including salary records of senior bank officers from January 1, 1971, to present; and minutes of Board of Directors and Executive Committee meetings from January 1, 1971, to the present reflecting salary increases to senior officers and of meetings at which the use of such increases were discussed. Materials must be postmarked by November 9, 1977, and sent to: Office of General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C., 20463. ATTENTION: Susan Propper.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 19th day of October, 1977.

Thomas E. Harris
THOMAS E. HARRIS, CHAIRMAN
FEDERAL ELECTION COMMISSION

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

7804007570 5

MUR 418 (77) AA/SP

PS Form 3811, Mar. 1976

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).

- ☐ Show to whom and date delivered..... 15¢
- ☑ Show to whom, date, & address of delivery.. 35¢
- ☐ RESTRICTED DELIVERY.
  Show to whom and date delivered..... 65¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO: Custodian of Records; Liberty Natl Bank & Trust Co.; 424 Main St.; P.O. Box 889; Buffalo, N.Y. 14240

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	438280	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY
OCT 3, 1977

POSTMARK
OCT 31 1977

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GOP : 1976—O-203-456

7 8 0 1 0 0 7 5 7 0 6

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 26, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

State Bank of Albany
69 State Street
Albany, New York 12201

Attention: Custodian of Records

Re: MUR 418 (77)

To whom it may concern:

The Federal Election Commission is conducting an investigation concerning a possible violation of the Federal Election Campaign Act of 1971, as amended. The investigation concerns the expenditure of bank funds for politically-related functions and contributions to political organizations from January 1, 1972, to the present.

Please find attached a subpoena for bank records maintained at your bank regarding these matters.

Section 437(a)(10) of Title 2, United States Code, requires that the Commission conduct investigations expeditiously. Therefore, we have requested that you submit these materials by November 9, 1977, as noted on the attached subpoena.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

7801007570 7

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

Subpoena to Produce Books, Records, Documents, and Other Relevant Exhibits

Re: MUR 418 (77)

To: State Bank of Albany
69 State Street
Albany, New York 12201

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. §437d(a)(3), an officer, employee, or managing agent of State Bank of Albany is hereby SUBPOENAED to produce by certified mail all books, records, documents, or other exhibits relating to monies retained or expended for possible political contributions either by the Bank or its officers including management salary proposals submitted to the Executive Committee from January 1, 1971, to the present; minutes of the Board of Directors and Executive Committee meetings reflecting management salary increases and of meetings at which the use of such increases was discussed from January 1, 1971, to the present; memoranda from the Chief Executive Officer to those officers receiving special salary increases concerning disposition of any part of these funds from January 1, 1971, to the present; and records concerning the disposition in 1974 of $1,550, the balance of a "fund" retained prior to that time for political and other contributions. Materials must be postmarked by November 9, 1977, and sent to: Office of General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C., 20463. ATTENTION: Susan Propper.

7804007570 8

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 19th day of October, 1977.

Thomas E. Harris
THOMAS E. HARRIS, CHAIRMAN
FEDERAL ELECTION COMMISSION

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

7804007570 9

MUR 418 (77) AA/SP

PS Form 3811, Mar. 1976

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).

- ☐ Show to whom and date delivered..... 15¢
- ☑ Show to whom, date, & address of delivery.. 35¢
- ☐ RESTRICTED DELIVERY.
  Show to whom and date delivered..... 65¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO: ATTN: Custodian of Records
State Bank of Albany
69 State St.
Albany, NY 12201

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	438275	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☑ Addressee ☐ Authorized agent
James [illegible] Jr.

DATE OF DELIVERY	POSTMARK
October 28 1977	

5. ADDRESS (Complete only if requested)
69 State Street
Albany, N.Y. 12201

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GOP: 1976—O-203-456

7 8 0 4 0 0 7 5 7 1 0

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 418 (77)
United Bank Corporation of New York)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on October 19, 1977, the Commission determined by a vote of 6-0 to take the following actions in the above-captioned matter:

1. Interview the present and former senior officials of the State Bank of Albany and the Liberty National Bank and Trust concerning the disposition of special salary amounts.

2. Question the officers of the Highland National Bank to determine who authorized payments by that bank to political committees.

3. Issue subpoenas duces tecum to all three banks, covering all records documenting possible violations.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

7804007571

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 20, 1977

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: Issuing of Subpoenas in Connection with MUR 418 (77)

Attached are the signed subpoenas to be issued to the following:

State Bank of Albany
Highland National Bank of Newburgh
Liberty National Bank and Trust Company

Approval was obtained at the Commission Meeting of October 19, 1977.

7804007572

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

October 7, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418 Team #1

Please have the attached Interim Investigative Report on MUR 418 distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of October 13, 1977.

Thank you.

7804007571 3

BEFORE THE FEDERAL ELECTION COMMISSION

September 29, 1977

In the Matter of United Bank Corporation of New York	)))))	MUR 418 (77)

Interim Investigative Report

Allegation

That three banks, all subsidiaries of United Bank Corporation, violated 2 U.S.C. §441b.

Previous Findings

This matter was referred to the Commission by the Office of the Comptroller of the Currency. Based on the materials submitted, the Commission found reason to believe and each bank, State Bank of Albany, Liberty National Bank, and Highland National, was requested to provide information relevant to the allegation made. The responses do not provide all of the needed factual information.

Evidence and Analysis

State Bank of Albany

In December of 1973, this bank terminated a fund established and funded by officers who received special salary amounts for the purpose of contributing to the fund. In 1974, the bank disbursed $1,550 which constituted the remainder of the fund, but they continued the special salary increases, allowing the officers to make their own contributions.

7 8 0 4 0 0 7 5 7 1 4

The response submitted by respondent indicates that there are no records to document how the $1,550 was expended in 1974. They have supplied the names of the officers who received the raises but no indication as to how the individuals spent these special increments. Additionally, they attached an October, 1976 policy statement which details a prohibition against any corporate political contributions. There is no statement or record from recipient officers indicating how and if they complied with this policy, nor does it appear that such a policy was in force prior to October, 1976.

We recommend that statements regarding the use of the special salary payments be taken from each of the named recipients.

Liberty National Bank

In 1973, this bank terminated a fund previously maintained for political, charitable, and miscellaneous business purposes, and destroyed all records and documents pertaining to the fund. Upon termination, the bank began giving special salary increases in order to recognize that such officers were under substantial pressure . . . to make personal, civic, political and charitable contributions." In response to our request, the bank supplied the names of recipient officers and, additionally, submitted a statement adopted by the board of directors on November 9, 1976, detailing a company policy against corporate political contributions.

The bank did not submit any accounting as to how the special salary increments were spent. It is recommended that

7 8 0 4 0 0 7 5 7 1 5

statements be taken from each of the officers as to their use of the $2,500 annual salary increments.

The Highland National Bank

This national bank did not maintain a fund but made political contributions from bank funds, either directly to recipients or by reimbursement to bank officers. In response to our request, the bank supplied a list of all contributions to political organizations since June of 1974 by The Highland National Bank and two of other national banks it acquired in 1974. None of the recipient committees made contributions to federal candidates, however as a national bank all of the contributions listed violated §441b.

We recommend that statements be taken initially from the President and Chief Executive Officer of The Highland National Bank to determine which individuals participated in the authorization of these contributions.

Summary

We recommend that present and former senior officials of the State Bank of Albany and the Liberty National Bank and Trust be interviewed concerning the disposition of special salary amounts. Officers at the Highland National Bank should be questioned to determine who authorized payments by that bank to political committees. Since it is unclear what particular witnesses may know or have done, we expect to conduct interviews initially with the intention of taking depositions at a later stage, if necessary.

Further, we recommend that subpoenas duces tecum be issued to all three banks, covering all records documenting possible violations, in the period not protected by the three year statute of limitations in 2 U.S.C. §455.

10/7/77
Date

William C. Oldaker
General Counsel

7804007517

PARTIES TO BE EXAMINED

State Bank of Albany

Hollis E. Harrington
75 State Street
Albany, New York 12207

Frank H. Odell
33 Darnley Green
Delmar, New York 12054

Martin H. Heck
16 Point View Drive
East Greenbush, New York 12061

Raymond J. Kinley
6 Ichabod Lane
Albany, New York 12211

Liberty National Bank

Avery H. Fonda

Robert Donough
424 Main Street
Buffalo, New York 14240

Robert B. Mayer
81 Neumann Parkway
Kenmore, New York 14223

Robert B. Shanahan
42 Dorset Drive
Kenmore, New York 14223

Joseph T. Trapp
108 Browning Drive
Hamburg, New York 14075

John A. Jowett
331 Elmwood Avenue
East Aurora, New York 14052

Donald R. McNutt
86 Old Spring Lane
Williamsville, New York 14221

Highland National Bank

Jon Price
385 Broadway
Newburgh, New York 12550

Robert F. MacFarland
385 Broadway
Newburgh, New York 12550

Paul H. Engels
385 Broadway
Newburgh, New York 12550

David S. MacFarland
385 Broadway
Newburgh, New York 12550

7804075718

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 13, 1977

MEMORANDUM TO: THE COMMISSION

FROM: WILLIAM C. OLDAKER

SUBJECT: MUR 418 Item #1

Please substitute this revised page four of the Interim Investigative Report in the above matter which is on the agenda for October 19, 1977.

7804007571 9

September 16, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418 (77)

Please have the attached Interim Investigation Report on MUR 418 (77) distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of September 22, 1977.

Thank you.

7 8 0 4 0 0 7 5 7 2 0

BEFORE THE FEDERAL ELECTION COMMISSION
September 15, 1977

In the Matter of	)	
	)	
	)	MUR 418 (77)
	)	
United Bank Corporation	)	
of New York	)	

INTERIM INVESTIGATIVE REPORT

7804007572 1

Allegation

That three subsidiary banks of parent United Bank Corporation of New York violated 2 USC §441b.

Status

This matter was referred to the Commission by the Office of the Comptroller of the Currency. Based on the materials submitted, the Commission found reason to believe and the appropriate notices were forwarded, and each bank has responded to the charges made. The information set forth in the responses does not provide all of the needed factual information.

Evidence and Analysis

State Bank of Albany

From 1970 through 1973, political contributions in the amount of $34,200 were made from a fund established by the bank and funded by officers who received special salary amounts for the purpose of contributing to the fund. Only $100 of the

$34,200 appears to involve a federal candidate. $1,550, the remainder of the fund, was expended in 1974. Although the fund was discontinued, the special raises were continued as it was believed that certain officers would be under increased pressure to make contributions.

The response submitted by respondent indicates that there are no records to document how the $1,550 was expended in 1974. They have supplied the names of the officers who received the special raises, but no indication as to how the officers spent these special increments. They did attach an October, 1976, policy statement which details a prohibition against any corporate political contributions, but there is no statement or record from recipient officers indicating how and if they complied with this policy, nor does it appear that such a policy was in force prior to October, 1976.

We recommend that statements regarding the use of the special salary payments be taken from each of the named recipients.

7 8 0 4 0 0 7 5 7 2 2

Liberty National Bank

Until 1973, this bank maintained a fund used for political, charitable, and miscellaneous business purposes. Although all pertinent records have been destroyed, the fund appears to have contained at least $63,300 in cashier's checks during its existence. In 1973 the fund was terminated and five

officers were given salary increases "in order to recognize that such officers were under substantial pressure ... to make personal, civic, political, and charitable contributions." In response to our request, the bank supplied the names of the recipient officers and attached a statement adopted by the board of directors on November 9, 1976, detailing a company policy against corporate political contributions.

The bank did not submit any accounting as to how the special salary increments were spent. It is recommended that statements be taken from each of the officers as to their use of the $2,500 annual salary increments.

7 8 0 4 0 0 7 5 7 2 3

The Highland National Bank

This bank made political contributions from bank funds, either directly to recipients, or by reimbursement to bank officials. It appears that they did not maintain any fund for this purpose. In response to our request, the bank supplied a list of all contributions to political organizations since June of 1974 by The Highland National Bank and two banks it acquired in 1974. None of the recipient committees are registered as making contributions or expenditures to federal candidates and there is no other evidence available that The Highland National Bank, or its subsidiaries, directly or indirectly made contributions to federal candidates.

Based on the available evidence and the respondents' reply, we do not intend to conduct any further investigation of The Highland National Bank.

Summary

We recommend, that by means of deposition or interview, further evidence be taken from officers of The State Bank of Albany and The Liberty National Bank and Trust Company, with regard to the purposes for which their special salary payments were spent.

9/16/77
Date

William C. Oldaker
General Counsel

7804075724

PARTIES TO BE EXAMINED

State Bank of Albany

Frank H. Odell
33 Darnley Green
Delmar, New York 12054

Martin H. Heck
16 Point View Drive
East Greenbush, New York 12061

Raymond J. Kinley
6 Ichabod Lane
Albany, New York 12211

Liberty National Bank

Robert B. Mayer
81 Neumann Parkway
Kenmore, New York 14223

Robert B. Shanahan
42 Dorset Drive
Kenmore, New York 14223

Joseph T. Trapp
108 Browning Drive
Hamburg, New York 14075

John A. Jowett
331 Elmwood Avenue
East Aurora, New York 14052

Donald R. McNutt
86 Old Spring Lane
Williamsville, New York 14221

7804075725

SCC 1096

LIBERTY NATIONAL BANK AND TRUST COMPANY
Member United Bank of New York

ROBERT J. DONOUGH
PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

FEDERAL ELECTION COMMISSION
AUG 8 AM 10:47

August 4, 1977

772350

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

Attention: Judy Browning, Esq.

Re: Liberty National Bank and Trust Company MUR 418 (77)

Dear Sirs:

This letter is in response to Mr. William C. Oldaker's letter, dated July 21, 1977, to Liberty National Bank and Trust Company ("Liberty").

Attached hereto as Appendix A is a list of names and addresses of officers of Liberty who received the salary increments referred to in the report, dated December 10, 1976 ("the Report"), of Messrs. Cleary, Gottlieb, Steen & Hamilton to the Special Committee of the Board of Directors of United Bank Corporation of New York. Information relating to such salary increments is set forth on pages 21 and 22 of the Report.

For your information, we have attached as Appendix B hereto a Statement of Policy adopted by the Board of Directors of Liberty on November 9, 1976 confirming its policy prohibiting corporate political contributions.

Nothing in this letter is to be construed as an admission that Liberty has violated 2 U.S.C. Sec. 441b.

Very truly yours,

RJD:hm
Attachments

7804007572 6

434 MAIN STREET BUFFALO, NEW YORK 14240 (716) 854-4530

APPENDIX A

FIVE OFFICERS OF LIBERTY

Mr. Robert B. Mayer 81 Neumann Parkway Kenmore, New York	14223	Executive Vice President
Mr. Robert B. Shanahan 42 Dorset Drive Kenmore, New York	14223	Executive Vice President
Mr. Joseph T. Trapp 103 Browning Drive Hamburg, New York	14075	Executive Vice President
Mr. John A. Jowett 331 Elmwood Avenue East Aurora, New York	14052	Senior Vice President
Mr. Donald R. McNutt 86 Old Spring Lane Williamsville, New York	14221	Senior Vice President

7 8 0 4 0 0 7 5 7 2 7

APPENDIX B

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

SCC 1093

CHARTERED 1803

STATE BANK OF ALBANY

ALBANY, NEW YORK 12201

RECEIVED FEDERAL ELECTION COMMISSION AUG 8 AM 10:25

August 4, 1977

772344

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

Attention - Judy Browning, Esq.

Re: State Bank of Albany
MUR 418 (77)

Dear Sirs:

This letter is in response to Mr. William C. Oldaker's letter, dated July 21, 1977, to State Bank of Albany ("State Bank"), a banking institution organized under the laws of the State of New York.

Attached hereto as Appendix A is a list of the names and addresses of officers of State Bank who received the salary increments referred to in the report, dated September 13, 1976 ("the Report"), of Messrs. Cleary, Gottlieb, Steen & Hamilton to the Special Committee of the Board of Directors of United Bank Corporation of New York. Information relating to such salary increments is set forth at pages 19 and 20 of the Report.

With respect to the reference in the Report (p. 8) to the disbursement of $1,550 in 1974, there are no corporate records indicating the date, amount or nature of such disbursements.

For your information, we have attached as Appendix B hereto a Statement of Policy adopted by the Board of Directors of State Bank on October 26, 1976, confirming its policy prohibiting corporate political contributions.

Nothing in this letter is to be construed as an admission that State Bank has violated 2 U.S.C. §441b.

Very truly yours,

James McKee, Jr.
Vice President and Cashier

IMCK:rab
Enclosures

7 8 0 4 0 0 7 5 7 2 0

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

Attention: Judy Browning, Esq.

APPENDIX A

Frank H. Odell
33 Darnley Green
Delmar, New York 12054

Martin H. Heck
16 Point View Drive
East Greenbush, New York 12061

Raymond J. Kinley
6 Ichabod Lane
Albany, New York 12211

7 8 0 4 0 0 7 5 7 3 1

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

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

SCC 1103

385 BROADWAY, NEWBURGH, N.Y. 12550 • TEL. (914) 562-4000

RECEIVED FEDERAL ELECTION COMMISSION '77 AUG 8 PM 1:29

August 3, 1977

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

772353

Attention: Judy Browning, Esq.

Re: Highland National Bank of Newburgh
MUR 418 (77)

Dear Sirs:

This letter is in response to Mr. William C. Oldaker's letter, dated July 21, 1977, to Highland National Bank of Newburgh ("Highland").

Attached hereto as Appendix A is a list of payments which corporate records indicate were made to political organizations during the years 1974 and 1975. The list includes payments made by Highland, The National Bank of Orange and Ulster Counties and The First National Bank and Trust Company of Ellenville, the latter two banks having been acquired by Highland in 1975. Highland is not aware of any corporate records indicating any other amounts paid to political organizations in 1974 or 1975.

The listing of an expenditure in Appendix A is not to be construed as an admission that such expenditure constituted a political contribution by Highland and nothing in this letter is to be construed as an admission that Highland has violated 2 U.S.C. §441b.

For your information, we have attached as Appendix B hereto a Statement of Policy adopted by the Board of Directors of Highland on October 12, 1976 confirming its policy prohibiting the making of corporate political contributions.

Very truly yours,

HIGHLAND NATIONAL BANK OF NEWBURGH

By _____
Jon Price, Controller

Attachments

7 8 0 4 0 0 7 5 7 3 4

	Date	Expenditures	
HIGHLAND NATIONAL BANK OF NEWBURGH			
	October 17, 1974	Orange County Repub. Yearbook (advertisement)	$100
	September 30, 1975	" " " "	$100
	November 19, 1975	Wawarsing Dem. Committee Journal (advertisement)	$ 50
FIRST NATIONAL BANK AND TRUST CO. OF ELLENVILLE			
	June 17, 1974	Wawarsing Dem. Committee Journal (advertisement)	$ 50
	April 3, 1974	Ulster County Dem. Committee	$100
NATIONAL BANK OF ORANGE AND ULSTER COUNTIES			
	June 17, 1974	Woodstock Dem. Committee Journal (advertisement)	$ 50
	July 17, 1974	Orange County Repub. Yearbook (advertisement)	$100
	August 13, 1974	Orange County Dem. Directory (advertisement)	$ 25

7 8 0 4 0 0 7 5 7 3 5

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the

7 8 0 4 0 0 7 5 7 3 6

Highland
National Bank
MAIN OFFICE
385 BROADWAY
NEWBURGH, NEW YORK 12550

'77 AUG 8 PM 1:23

U.S. POSTAL SERVICE
AUG 5
PM
197

Federal Election Commission

1325 K Street, N.W.

Washington, D. C. 20463

Attention: Judy Browning, Esq.

FEDERAL ELECTION COMMISSION

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

July 21, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Robert J. Donough
President
Liberty National Bank and Trust Co.
424 Main Street
Buffalo, New York 14240

RE: MUR 418 (77)

Dear Mr. Donough:

This letter is to notify you that the Federal Election Commission has received a copy of a December 10, 1976, report to the Board of Directors of United Bank Corporation of New York from Messrs. Cleary, Gottlieb, Steen and Hamilton, as well as a December 3, 1976, report from Messrs. Peat, Marwick, Mitchell and Co. The matters alleged therein have caused the Commission to determine that it has reason to believe that a violation of 2 U.S.C. §441b has occurred in that the Liberty National Bank and Trust Co., in 1973, awarded increases in salary to five senior officers in order that they might make political contributions. (Cleary Report of December 10, 1976, p. 21.)

Upon making a determination that there is reason to believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken (2 U.S.C. §437g(a)). As part of this process we would appreciate your submission within 10 days of receipt of this letter, of the identity (names, addresses) of those bank employees who were given raises in consideration of the fact that they might be solicited for political contributions, as well as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

7804007573 8

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

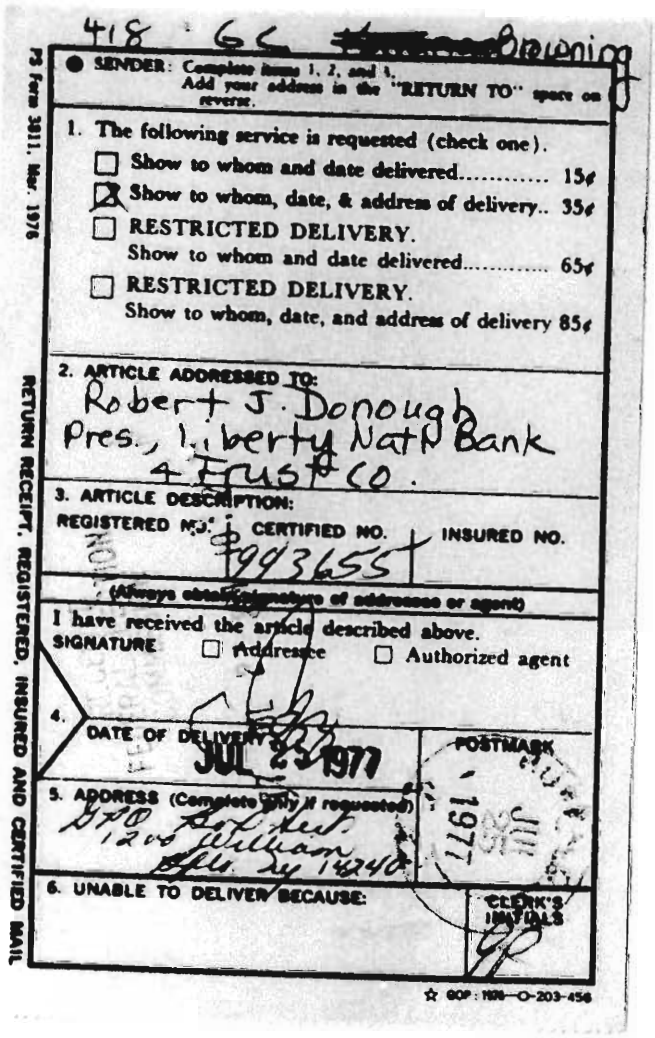
This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(13) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Judy Browning (telephone no. 202/523-4073 or toll-free line 800/424/9530).

Sincerely yours,

William C. Oldaker
General Counsel

7 8 0 4 0 0 7 5 7 3 9

cc: Mr. Peter D. Kiernan
United Bank Corporation of Ne
75 State Street
Albany, New York 12207



418 GC ~~[illegible]~~ Browning

PS Form 3811, Mar. 1976

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- ☐ Show to whom and date delivered..... 15¢
- ☒ Show to whom, date, & address of delivery.. 35¢
- ☐ RESTRICTED DELIVERY. Show to whom and date delivered..... 65¢
- ☐ RESTRICTED DELIVERY. Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
Robert J. Donough
Pres., Liberty Nat'l Bank
4 Trust Co.

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 993655 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY JUL 25 1977 | POSTMARK JUL 25 1977

5. ADDRESS (Complete only if requested)
GPO Box Sect.
1200 William
Bfld. NY 14240

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆ GOP: 1976—O-203-456

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 21, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Robert F. MacFarland
President
Highland National Bank of Newburgh
P.O. Box 831
Newburgh, New York 12550

Re: MUR 418 (77)

Dear Mr. MacFarland:

This letter is to notify you that the Federal Election Commission has received a copy of a December 10, 1976, report to the Board of Directors of United Bank Corporation of New York from Messrs. Cleary, Gottlieb, Steen and Hamilton, as well as a December 3, 1976, report from Messrs. Peat, Marwick, Mitchell and Co. The matters alleged therein have caused the Commission to determine that it has reason to believe that a violation of 2 U.S.C. §441b has occurred in that the Highland National Bank of Newburgh made political contributions in 1974 and 1975.

Upon making a determination that there is reason to believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken (2 U.S.C. §437g(a)). As part of this process, we would appreciate your submission, within 10 days of the receipt of this letter, of information (dates, amounts, purposes) of any political contributions made by the bank since 1974. In addition, please submit similar information regarding political contributions made by two of your branches, National Bank of Orange and Ulster Counties and First National Bank and Trust Co. of Ellenville, as well as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

7 8 0 1 0 0 7 5 7 4 0

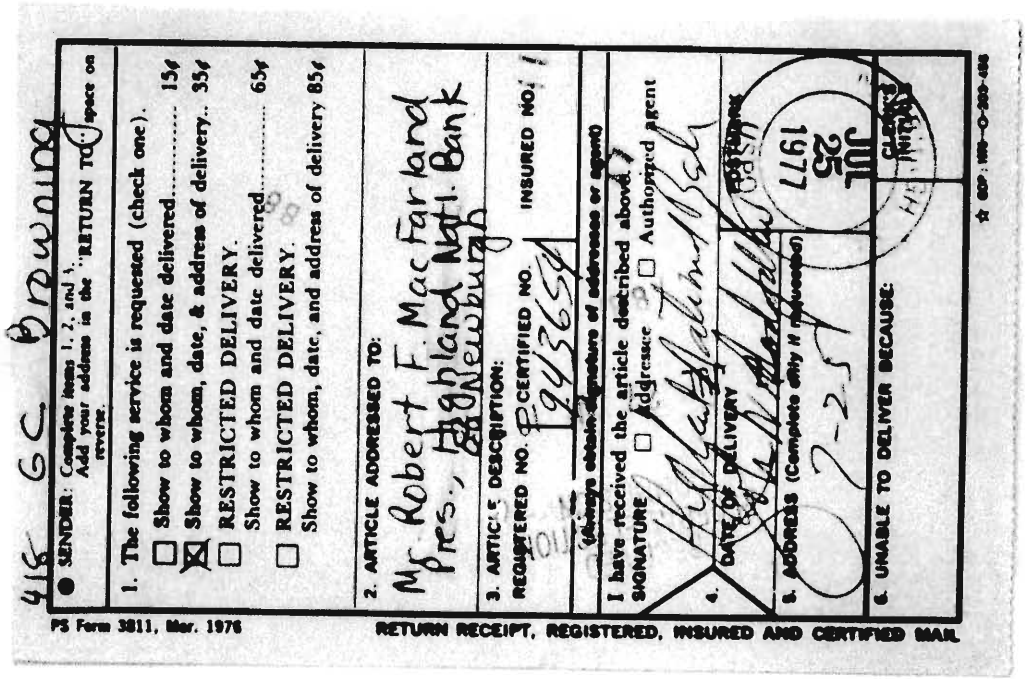
AMERICAN REVOLUTION BICENTENNIAL 1776-1976

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(13) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Judy Browning (telephone no. 202/523-4073 or toll-free line 800/424-9530).

Sincerely yours,

William C. Oldaker
General Counsel

cc: Mr. Peter D. Kiernan
United Bank Corporation of New York
75 State Street
Albany, New York 12207



7 8 0 4 0 0 7 5 7 4 1

FEDERAL ELECTION COMMISSION

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

July 21, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Frank H. Odell
President
State Bank of Albany
69 State Street
Albany, New York 12201

RE: MUR 418 (77)

Dear Mr. Odell:

This letter is to notify you that the Federal Election Commission has received a copy of a December 10, 1976 report to the Board of Directors of United Bank Corporation of New York from Messrs. Cleary, Gottlieb, Steen and Hamilton, as well as a December 3, 1976, report from Messrs. Peat, Marwick, Mitchell and Co. The matters alleged therein have caused the Commission to determine that it has reason to believe that a violation of 2 U.S.C. §441b has occurred in that the State Bank of Albany, in December, 1973, awarded increases in salary to three of the bank's officers in order that they might make political contributions. (Cleary Report of December 3, 1976, pp. 19-20.)

In addition, the expenditure of $1,500 (the balance of a fund used for political contributions which was discontinued in January, 1974) for tickets to a political dinner may also be a violation of 2 U.S.C. §441b.

Upon making a determination that there is reason to believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken (2 U.S.C. §437g(a)). As part of this process, we would appreciate your submission within 10 days of the receipt of this letter, of information (dates, amounts) as to how the $1,550 was spent in 1974, and the identity (names, addresses) of those bank employees who were given raises in consideration of the fact that they might be solicited for political contributions, as well as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

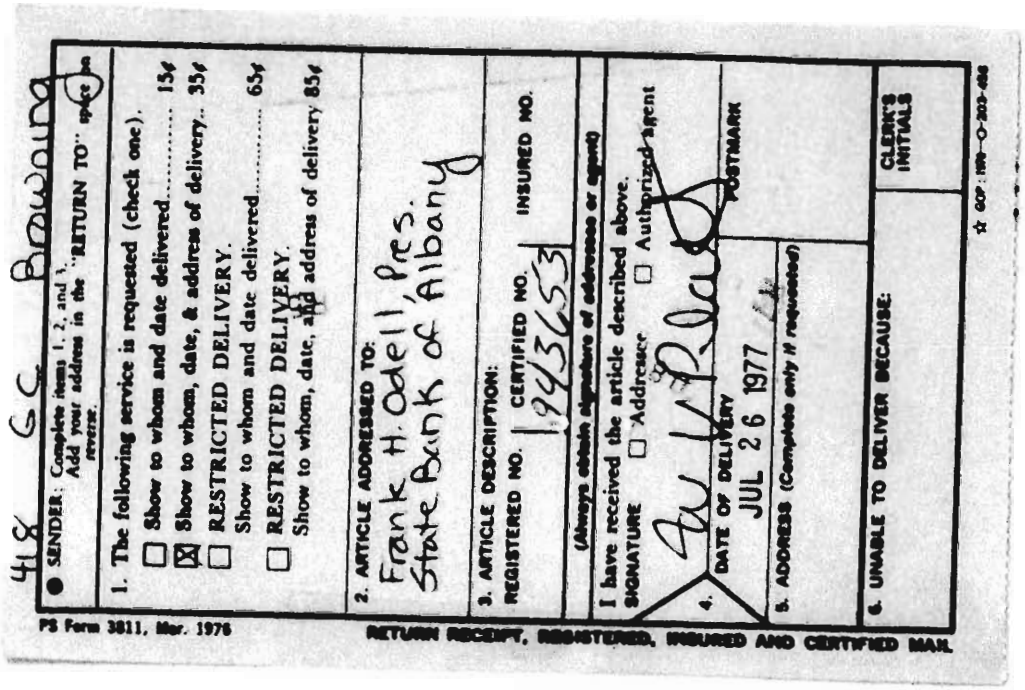
7804007574 2

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(13) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Judy Browning (telephone no. 202/523-4073 or toll-free line 800/424-9530).

Sincerely yours,

William C. Oldaker
General Counsel

cc: Mr. Peter D. Kiernan
United Bank Corporation of New York
75 State Street
Albany, New York 12207


SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.
1. The following service is requested (check one).
☐ Show to whom and date delivered ..... 15¢
☒ Show to whom, date, & address of delivery.. 35¢
☐ RESTRICTED DELIVERY. Show to whom and date delivered ..... 65¢
☐ RESTRICTED DELIVERY. Show to whom, date, and address of delivery 85¢
2. ARTICLE ADDRESSED TO: Frank H. Odell, Pres. State Bank of Albany
3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. 943653 INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above. SIGNATURE ☐ Addressee ☐ Authorized agent
4. DATE OF DELIVERY JUL 26 1977 POSTMARK
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS
PS Form 3811, Mar. 1976 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418 (77)
State Bank of Albany,	)	
Liberty National Bank and Trust,	)	
Highland National Bank of Newburgh	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on July 20, 1977, the Commission approved the recommendation of the General Counsel to find Reason to Believe a violation of 2 U.S.C. section 441b had been committed by each of the respondents in the above-captioned matter.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

7804007574 4

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 20, 1977

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE by pc.

SUBJECT: MUR 418 (77)

The above-mentioned document was transmitted to the Commissioners on July 19, 1977 at 10:30 a.m.

As of 2:15, July 20, 1977, no objections have been to the staff recommendations in MUR 418 (77).

7804007574 5

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

July 15, 1977

MEMORANDUM TO: Marjorie Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418 (77)

Please distribute the attached 48 Hour Report on MUR 418 (77) on a 24-hour no-objection basis.

Thank you.

7804007574 6

FEDERAL ELECTION COMMISSION
Washington, D. C.

48 HOUR GENERAL COUNSEL REPORT

MUR NO. 418 (77)

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION _____

DATE COMPLAINT RECEIVED BY OGC June 29, 1977

ATTORNEY Browning

Complainant's Name: U.S. Comptroller of the Currency, Administrator of National Banks.

Respondent's Name: State Bank of Albany, Liberty National Bank and Trust, Highland National Bank of Newburgh.

Relevant Statute: 2 U.S.C. s.441b

Internal Reports Checked: _____ Federal Agencies Checked _____

7804007574

SUMMARY OF ALLEGATION

Respondents, who are subsidiaries of United Bank Corporation of New York, made political contributions in violation of 2 U.S.C. 441b.

PRELIMINARY LEGAL ANALYSIS

(see attached)

RECOMMENDATION:

It is recommended that a reason to believe finding of a violation of 2 U.S.C. s.441b be made with respect to salary increases awarded for purposes of making political contributions by State Bank of Albany and Liberty National Bank and Trust. With regard to Highland National Bank of Newburgh, a finding of reason to believe a s.441b violation has occurred is recommended as to the 1975 contribution of $150; in addition, questions should be put to respondent concerning other possible contributions. (See attached letters.)

Date of Next Commission Review:

MUR 418 (77) LEGAL ANALYSIS:

In June, 1976, during the course of an I.R.S. audit, the management of United Bank Corporation of New York recommended that an investigation be conducted regarding political contributions made from funds set up by certain of its subsidiaries over a period beginning in 1971. The investigation was executed by outside legal counsel and an independent auditing firm. Their December, 1976, investigative report sets forth the following evidence:

A. STATE BANK OF ALBANY (Incorporated)

Evidence

In 1958, the State Bank of Albany set up a fund (The Fund) from which political contributions were made. The Fund was established from payments made by bank officers who had received special salary amounts from the bank for the specific purpose of contributing 50% of these amounts to The Fund. The bank treated these payments as salaries for all purposes. From 1970 through 1973, political contributions totalling $34,200 were made, only one of which appears to have involved a federal campaign ($100 in 1972). An undisbursed balance of $1,550 was expended sometime during 1974, "primarily for tickets to a political

7 8 0 4 0 0 7 5 7 4 8

dinner." It is not clear whether any of the $1,550 balance was spent in connection with a federal election.

The Fund was discontinued at management's initiative on January 1, 1976, "as a result of the substantial public attention to . . . questionable political and business activities . . .," and subsequent raises for certain bank officers who had been Fund contributors were adjusted downward to eliminate the special amounts. However, at the same time, the bank's management proposed increasing the salaries for three officers, the Chief Executive Officer and two Vice-Presidents, in the amounts of $5,000, $4,000 and $3,500. These three officers were selected to receive raises because it was believed they would be under substantial increased pressure to make personal contributions as a result of the elimination of The Fund, and "it would be desirable to recognize that fact in setting the level of their compensation." The proposal was approved and implemented in December, 1973. The investigative report notes that "subsequent raises granted . . . in December, 1973, appear to have followed a normal pattern, so that it may be assumed that the 1973 increases have become a continuing part of their compensation." There is no indication that

7 8 0 4 0 0 7 5 7 4 9

the three officers, whose names are not disclosed in the report, had to account to the bank for any expenditures made from these raises, and it is not known whether the officers made subsequent contributions to federal candidates.

Analysis

The bank's political contributions made from The Fund are in violation of 2 U.S.C. §441b; however, except as to the balance of $1,550 expended sometime in 1974, enforcement action is precluded by the period of limitations section of the Act, 2 U.S.C. §455. The contribution of the $1,550 balance would be actionable if it were spent in connection with a federal election, since the State Bank of Albany is not a national bank.

With respect to the raises awarded the three officers in December, 1973, a §441b violation may be indicated if it is determined that the raises were given as payment for contributions rather than as recompense for services rendered. This factual determination can be made by considering evidence such as whether those who received raises did subsequently make political contributions, and whether, if contributions were in fact made, any control over them was exercised by the bank after the raises were granted.

Although the salary increases went into effect in 1973, 2 U.S.C. §455 does not preclude Commission action since the raises of the bank officers became a "continuing part of their compensation."

B. LIBERTY NATIONAL BANK AND TRUST

Evidence

Liberty National Bank and Trust set up a fund (The Fund)

7 8 0 4 0 0 7 5 7 5 0

prior to 1971 which was to be used for political, charitable and miscellaneous business purposes. All records of amounts deposited or sources thereof were destroyed, but interviews indicated that the sources included recoveries of embezzled funds, profits on football tickets obtained and sold by the bank, and other miscellaneous bank receipts. Although no records exist as to the amounts involved, the investigation provided evidence that The Fund contained at least $63,300 in cashier's checks during its existence, and that approximately $20,000 was disbursed for political purposes from January, 1971, to August, 1973, primarily for tickets to political dinners and parties.

In 1973 The Fund was terminated and the level of compensation of five senior officers was adjusted "in order to recognize that such officers were under substantial pressure as prominent members of the community to make personal civic, political and charitable contributions." Each of these officers, whose names are not disclosed in the reports, received salary increments of $2,500, paid in lump sum, in each of the years 1973, 1974 and 1975. Effective January 1, 1976, the increments were incorporated into the regular salaries of the officers and paid in the

7 8 0 4 0 0 7 5 7 5 1

normal manner. There is no indication that the five officers have been requested or required to report or account for any expenditures from the $2,500 increments, nor is it known whether they subsequently made any political contributions.

Analysis

With respect to Liberty National Bank and Trust, since it is a national bank, all contributions, whether for federal elections or not, are in violation of 2 U.S.C. §441b. However, payments from The Fund would not be actionable due to the restrictions of 2 U.S.C. §455.

With respect to the salary increases awarded by the bank when The Fund was discontinued, a violation of 2 U.S.C. §441b is indicated for the same reasons set forth in the analysis of State Bank of Albany.

C. HIGHLAND NATIONAL BANK OF NEWBURGH

Evidence

Highland National Bank of Newburgh made political contributions either directly from bank funds or through reimbursement to officers who had made contributions from their personal funds. Direct disbursements amounted to $125, $145, $270, $100 and $150 for the years 1971 through

7 8 0 4 0 0 7 5 7 5 2

1975 respectively. No evidence of amounts of reimbursements to officers are given in the investigative report.

In addition, in 1975, Highland National Bank of Newburgh acquired two other national banks, National Bank of Orange and Ulster Counties, which made a $200 contribution in 1974, and First National Bank and Trust Company of Ellenville, which made a $150 contribution in 1974.

Analysis

The bank's political disbursements in 1971 through 1973 are not actionable violations on account of 2 U.S.C. §455. If the 1974 disbursements were made before the mid-July of that year, they do not give rise to an actionable violation either. That leaves the 1975 contribution of $150 as the only clear violation of 2 U.S.C. §441b.

RECOMMENDATIONS: See page one of 48 hour report.

7 8 0 4 0 0 7 5 7 5 3

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Frank H. Odell
President
State Bank of Albany
69 State Street
Albany, New York 12201

RE: MUR 418 (77)

Dear Mr. Odell:

This letter is to notify you that the Federal Election Commission has received a copy of a December 10, 1976 report to the Board of Directors of United Bank Corporation of New York from Messrs. Cleary, Gottlieb, Steen and Hamilton, as well as a December 3, 1976, report from Messrs. Peat, Marwick, Mitchell and Co. The matters alleged therein have caused the Commission to determine that it has reason to believe that a violation of 2 U.S.C. §441b has occurred in that the State Bank of Albany, in December, 1973, awarded increases in salary to three of the bank's officers in order that they might make political contributions. (Cleary Report of December 3, 1976, pp. 19-20.)

In addition, the expenditure of $1,500 (the balance of a fund used for political contributions which was discontinued in January, 1974) for tickets to a political dinner may also be a violation of 2 U.S.C. §441b.

Upon making a determination that there is reason to believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken (2 U.S.C. §437g(a)). As part of this process, we would appreciate your submission within 10 days of the receipt of this letter, of information (dates, amounts) as to how the $1,550 was spent in 1974, and the identity (names, addresses) of those bank employees who were given raises in consideration of the fact that they might be solicited for political contributions, as well as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

7 8 0 4 0 0 7 5 7 5 4

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(13) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Judy Browning (telephone no. 202/523-4073 or toll-free line 800/424-9530).

Sincerely yours,

William C. Oldaker
General Counsel

cc: Mr. Peter D. Kiernan
United Bank Corporation of New York
75 State Street
Albany, New York 12207

7804075755

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Robert F. MacFarland
President
Highland National Bank of Newburgh
P.O. Box 831
Newburgh, New York 12550

Re: MUR 418 (77)

Dear Mr. MacFarland:

This letter is to notify you that the Federal Election Commission has received a copy of a December 10, 1976, report to the Board of Directors of United Bank Corporation of New York from Messrs. Cleary, Gottlieb, Steen and Hamilton, as well as a December 3, 1976, report from Messrs. Peat, Marwick, Mitchell and Co. The matters alleged therein have caused the Commission to determine that it has reason to believe that a violation of 2 U.S.C. §441b has occurred in that the Highland National Bank of Newburgh made political contributions in 1974 and 1975.

Upon making a determination that there is reason to believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken (2 U.S.C. §437g(a)). As part of this process, we would appreciate your submission, within 10 days of the receipt of this letter, of information (dates, amounts, purposes) of any political contributions made by the bank since 1974. In addition, please submit similar information regarding political contributions made by two of your branches, National Bank of Orange and Ulster Counties and First National Bank and Trust Co. of Ellenville, as well as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

7 8 0 4 0 0 7 5 7 5 6

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(13) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Judy Browning (telephone no. 202/523-4073 or toll-free line 800/424-9530).

Sincerely yours,

William C. Oldaker
General Counsel

cc: Mr. Peter D. Kiernan
United Bank Corporation of New York
75 State Street
Albany, New York 12207

7 8 0 4 0 0 7 5 7 5 7

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Robert J. Donough
President
Liberty National Bank and Trust Co.
424 Main Street
Buffalo, New York 14240

RE: MUR 418 (77)

Dear Mr. Donough:

This letter is to notify you that the Federal Election Commission has received a copy of a December 10, 1976, report to the Board of Directors of United Bank Corporation of New York from Messrs. Cleary, Gottlieb, Steen and Hamilton, as well as a December 3, 1976, report from Messrs. Peat, Marwick, Mitchell and Co. The matters alleged therein have caused the Commission to determine that it has reason to believe that a violation of 2 U.S.C. §441b has occurred in that the Liberty National Bank and Trust Co., in 1973, awarded increases in salary to five senior officers in order that they might make political contributions. (Cleary Report of December 10, 1976, p. 21.)

Upon making a determination that there is reason to believe that a violation has occurred, the Commission is required to make an investigation and to afford you a reasonable opportunity to demonstrate that no action should be taken (2 U.S.C. §437g(a)). As part of this process we would appreciate your submission within 10 days of receipt of this letter, of the identity (names, addresses) of those bank employees who were given raises in consideration of the fact that they might be solicited for political contributions, as well as your submission of any other factual or legal materials which you deem relevant to the Commission's investigation of this matter.

7804007758

This letter of notification shall remain confidential in accordance with 2 U.S.C. §437g(a)(13) unless you state to the Commission in writing that you wish the investigation to be made public. The attorney assigned to this matter is Judy Browning (telephone no. 202/523-4073 or toll-free line 800/424/9530).

Sincerely yours,

William C. Oldaker
General Counsel

7 8 0 4 0 0 7 5 7 5 9

cc: Mr. Peter D. Kiernan
United Bank Corporation of New York
75 State Street
Albany, New York 12207

7804007576 0

UNITED BANK CORPORATION OF NEW YORK
AND SUBSIDIARIES

Special Review of Travel and Entertainment Expenses

December 3, 1976

MUR 418

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

Peat, Marwick, Mitchell & Co.

TABLE OF CONTENTS

Summary letter report	Pages 1-2
Separate reports:	Exhibit
United Bank Corporation of New York	I
Highland National Bank of Newburgh	II
UBC Leasing of New York, Inc.	III
Liberty National Bank and Trust Company	IV

7804007576 1

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
50 WOLF ROAD
ALBANY, NEW YORK 12205

December 3, 1976

PRIVATE

Messrs. John L. Segall, Chairman)
Bernard F. Picotte) Special Committee of the Board
Richard F. Torrey)
United Bank Corporation of New York
75 State Street
Albany, New York 12207

Gentlemen:

Re: Special Review of Travel and Entertainment Expenses

Pursuant to your request, we have extended our special review of accounting procedures and internal controls related to the processing and record of officers' travel and entertainment expenses to include United Bank Corporation of New York, parent company and all other subsidiares. This review was coupled with certain applied audit tests with respect to selected travel and entertainment expenses during the period January 1, 1971 to December 31, 1975.

Under date of August 11, 1976, we have previously reported on the background of our review and findings relating to this area with respect to State Bank of Albany, a subsidiary of United Bank Corporation of New York.

A general scope outline relative to the aforementioned special reviews and audit tests is as follows:

- Review by inquiry of officials and inspection of the records as to the accounting procedures and related internal controls over the processing of travel and entertainment expenses during the period 1971 to 1975 inclusive.

7804007562

- Prepare analyses of the travel and entertainment expense accounts for the periods for the five years ended December 31, 1975.

- Make inquiries and obtain responses as to any significant variations in expense amounts developed in the foregoing analyses and schedules.

- Audit on a test sample basis actual recorded expense items in selected officers' accounts by inspection of the approved general ledger transaction tickets, related travel and entertainment expense reports, and invoices representing hotel charges, travel items and other entertainment charges.

- Prepare summary letter report on findings for the information of the Special Committee of the Board.

Charges in the travel and entertainment expense account categories during the period were incurred from two sources, namely: (1) direct payment to vendors, travel agencies, airlines, and organizations for registration fees, etc. and (2) cash payments made to officers and employees to reimburse personal expenditures.

Our findings with respect to United Bank Corporation of New York and its subsidiaries, Highland National Bank of Newburgh, UBC Leasing of New York, Inc., and Liberty National Bank and Trust Company, are presented in the following sections of this report as Exhibits I, II, III and IV, respectively.

If you have any questions concerning this report, we shall be pleased to meet with you at your convenience.

Very truly yours,

Peat, Marwick, Mitchell & Co.

7604007576 3

I - UNITED BANK CORPORATION OF NEW YORK
(Parent Company)

General

The general controls and procedures in effect at United Bank Corporation of New York as to travel and entertainment based on our discussions with officials are as follows:

1. Direct disbursements. The recording of direct check disbursements to vendors for travel and entertainment expenses required the usual processing under the holding company's prescribed invoice approval system. Generally, vendors' invoices for travel and entertainment were forwarded to the Assistant Treasurer after being approved by the officer most directly related to the expenditure. Disbursement checks were then prepared, posted to the cash disbursements journal and forwarded to the Treasurer for final approval, check signature and mailing. The summarized cash disbursement totals were posted to the general ledger monthly and vendors' invoices were filed.

   A few vendors' invoices were paid by State Bank of Albany, a wholly-owned subsidiary, and an applicable portion of the charges were allocated to the holding company through the inter-company account. Such charges were approved and posted to the general ledger monthly by the holding company by general journal entry.

2. Officers' cash reimbursements. Officers' cash reimbursements were made in two ways. Generally, officers received reimbursements for travel and entertainment expenses incurred after submitting details of the expenditure to the Assistant Treasurer. The Assistant Treasurer reviewed the documentation, and disbursement checks were prepared, posted to the cash disbursements journal and forwarded to the Treasurer for final approval and signature. The summarized cash disbursements were posted monthly as noted above and the details supporting the reimbursement were filed.

   Certain officers' expense reimbursements were made through the officers' cash reimbursement system of the State Bank of Albany. Such charges were allocated through the inter-company account to the holding company, which approved the charges and posted the appropriate expense accounts monthly by general journal entry.

7804075764

Our review of the foregoing control procedures over travel and entertainment expenses, as well as the related recordkeeping, indicates to us that the Company had reasonable and satisfactory internal controls and safeguards over such expenses incurred during the period 1972 to 1975, inclusive. We also believe that the appropriate completion of the travel and entertainment reimbursement forms, together with the required receipts representing entertainment charges in excess of $25.00, will generally meet the tax Regulations of the Internal Revenue Service governing the deductibility of travel and entertainment expenses.

Audit Tests and Findings

As we are of the opinion that United Bank Corporation of New York generally had satisfactory internal controls and accounting procedures both for direct disbursements to vendors and in the accounting for officers' travel and entertainment by cash reimbursement, we confined our audit tests to a sample selection of vendors' invoices and officers' expense reports from each year 1972 through 1975. We reviewed the general ledger expense account cards for travel, conferences and conventions, business and professional meetings, mileage, business luncheons, and entertainment, and made a judgmental sample selection of account charges concentrating on large items and items with unusual descriptions. The objectives of our review and inspection of the underlying transaction tickets, the travel and entertainment expense records and vendors' invoices were (a) to ascertain that the expenses incurred were in either the name of the Company or in the name of the applicable officers, (b) had appropriate approvals and supporting papers where required, and (c) that the occasions and events were in the ordinary course of business.

7804007576 5

We also wanted to ascertain the extent of any purchases or expenses which were in the nature of gifts to customers or other outsiders. We selected approximately 70 vendors' invoices and officers' expense reports to make these audit tests and inspection of the underlying supporting data with the aforementioned objectives in mind.

Our findings are as follows:

1. We do not have any exceptions to report with respect to our inspection and review of cash disbursements directly to vendors. We noted all of the charges tested by us appeared to be business related and were appropriately processed under the Company's control system. Although the specific business purpose was not obvious in all cases from reviewing the paid bills, we believe that the officers most closely associated with the expenditure could adequately document the business purpose after reviewing their diary records.

2. Our review of cash reimbursements to officers revealed six instances totaling $932 in which the details supporting the reimbursement could not be located. Other cash reimbursements were generally well documented and we noted very few reimbursements for customer entertainment.

3. We found no purchases or expenses which were in the nature of gifts to customers or other outsiders.

4. The appended Schedule I-1 summarizes travel and entertainment expenses for the four years ended December 31, 1975. The only significant increase in terms of absolute dollars occurred in the "travel and lodging" account between 1973 and 1974. We believe we have adequately vouched 1974 expense charges to ascertain the propriety of individual charges causing the increase.

5. Based on the results of our review, we have no cause to believe that any expenditures charged to travel and entertainment expense accounts represent political contributions or cash payments to government officials.

7804007576 6

UNITED BANK CORPORATION OF NEW YORK

Summary of Travel and Entertainment Expenses

Years ended December 31, 1972 - 1975

Account Title	1972	1973	1974	1975
Travel and lodging	$ 4,140	5,362	18,850	20,202
Conferences and conventions	-	1,616	2,630	3,275
Business and professional meetings	-	-	279	945
Mileage	1,999	434	189	877
Business luncheons	-	93	259	306
Entertainment	296	911	373	72
Total - all categories	$ 6,435	8,416	22,580	25,677

7 8 0 1 0 0 7 5 7 6 7

II - HIGHLAND NATIONAL BANK OF NEWBURGH

General

The general controls and procedures in effect at Highland National Bank of Newburgh as to travel and entertainment expenses based on our discussions with officials were as follows:

1. Direct disbursements. The recording of direct check disbursements to vendors for travel and entertainment expenses required the usual processing under the Bank's prescribed invoice approval system. All vendors' invoices for such travel and entertainment were forwarded to the accounting department after being approved by the officer most directly related to the expenditure. Disbursement checks and general ledger debit tickets were then prepared, signed and forwarded, along with the vendors' invoices, to the Bank's president for final approval. All documents were then returned to the accounting department where checks were mailed, appropriate general ledger tickets were processed and vendors' invoices were filed.

2. Officers' cash reimbursements. All officers other than the President and Executive Vice President received reimbursement for travel and entertainment expenses incurred or to be incurred after filing a prescribed travel and entertainment form. Such forms set forth details of expense charges and are generally approved by departmental heads prior to being sent to the accounting department where appropriate general ledger entry tickets are originated and sent, along with the detailed reimbursement form, to the President for approval. Cash reimbursement was then made to local employees while branch employees were given checks.

   The President and Executive Vice President received reimbursement for their travel and entertainment expenses directly from tellers' cash funds. The offsetting "debit" ledger tickets whereby the appropriate expense accounts were charged were prepared by the officer receiving reimbursement or his secretary. The copies of event registration forms, hotel bills, airline tickets and meal and entertainment charges in excess of $25.00 were generally retained by the officer.

   Attendance at conventions and meetings was approved in advance by the President.

7 8 0 4 0 0 7 5 7 6 8

Our review of the foregoing control procedures over travel and entertainment expenses, as well as the related recordkeeping, indicates to us that the Bank had reasonable and satisfactory internal controls and safeguards over such expenses incurred during the period 1971 to 1975, inclusive. We also believe that the appropriate completion of the travel and entertainment reimbursement forms, together with the required receipts representing entertainment charges in excess of $25.00, will generally meet the tax Regulations of the Internal Revenue Service governing the deductibility of travel and entertainment expenses.

Audit Tests and Findings

As we are of the opinion that the Highland National Bank of Newburgh generally had satisfactory internal controls and accounting procedures both for direct disbursements to vendors and in the accounting for officers' travel and entertainment by cash reimbursement, we confined our audit tests to selection of vendors' invoices and officers' expense reports to the two years of 1974 and 1975. We reviewed the general ledger expense account cards for public relations, travel and bank meetings and made a judgmental sample selection of account charges concentrating on large items and items with unusual descriptions. The objectives of our review and inspection of the underlying transaction tickets, the travel and entertainment expense records and vendors' invoices were to ascertain that the expenses were incurred in either the name of the Bank or in the name of the applicable officers, had appropriate approvals and supporting papers where required, and that the occasions and events were in the ordinary course of business.

7 8 0 4 0 0 7 5 7 6 9

We also wanted to ascertain the extent of any purchases or expenses which were in the nature of gifts to customers or other outsiders. We selected approximately 40 vendors' invoices and officers' expense reports to make these audit tests and inspection of the underlying supporting data with the aforementioned objectives in mind. We also reviewed a number of 1975 employee expense reimbursements forms at random.

We also reviewed, with the assistance of the bank's controller, expenditures charged to certain expenses (i.e. contributions, public relations, advertising and miscellaneous) made prior to merger by The National Bank of Orange and Ulster Counties (merger date July 1, 1975) and The First National Bank and Trust Company of Ellenville (merger date October 1, 1975). The purpose of this review was to ascertain the extent and nature of any political expenditures.

Our findings are as follows:

A - Highland National Bank of Newburgh:

1. We do not have any exceptions to report with respect to our inspection and review of cash disbursements directly to vendors. We noted all of the charges we tested were business related and were appropriately processed under the Bank's control procedures.

2. Our review of cash reimbursements to employees noted relatively few individual reimbursements in excess of $25.00. Although not deemed significant, we did note that receipts were not in evidence for certain vendors' charges in excess of $25.00. Only one of these items was in excess of $40.00 and that related to a dinner with three large depositors of the Ellenville Branch.

3. Of the expense charges examined, we found only liquor purchases during the 1974 and 1975 Christmas season that were designated as gifts. The Bank does have a list accounting for the distribution of these gifts which we understand were given to customers or employees of customers and amounted to less than $25.00 per individual recipient.

4. We did not observe any unexplained, significant fluctuations in the pattern of travel and entertainment expenses for the five year period ended December 31, 1975. The appended Schedule II-1 sets forth summaries of travel and entertainment over this period as well as some explanatory notes as to expense variations.

5. Certain relatively minor expenditures of a political oriented nature were discovered during the review of certain of Highland National Bank's general ledger expense records. Such expenditures, which essentially were primarily for dinners, tickets and program advertisements, are summarized in appended Schedule II-2.

B - The National Bank of Orange and Ulster Counties:

1. Certain expenditures of a political nature were noted during the review of the Bank's general ledger expense records prior to July 1, 1975 (the date of merger). Such expenditures, which were primarily for program advertisements, are summarized in Schedule II-2.

C - The First National Bank and Trust Company of Ellenville:

1. Certain expenditures of a political nature were noted during the review of the Bank's general ledger expense records prior to October 1, 1975 (the date of merger). Such expenditures, which appeared to be primarily outright contributions and program advertisements, are summarized in Schedule II-2.

2. We noted the expense reimbursements to the former President and Board Chairman were not properly supported in the Bank's detail records. We understand, however, that this individual does have diary records supporting reimbursements received. Such reimbursements noted during our review from 1971 through September 1975 included contributions of $1,100 and miscellaneous expense account charges of $722.

7804007577 1

HIGHLAND NATIONAL BANK OF NEWBURGH

Summary of Travel and Entertainment Expenses

Years ended December 31, 1971-1975

Account Title		1971	1972	1973(1)	1974	1975(2)
Public relations	$	8,649	10,516	20,765	18,642	25,453
Travel		3,886	3,825	9,010	12,637	15,303
Bank meetings		8,585	8,173	9,829	8,062	15,427
Total - all categories	$	21,120	22,514	39,604	39,161	56,183

Notes:

(1) Effective December 1, 1972, the Bank became a wholly-owned subsidiary of United Bank Corporation of New York. Increase in 1973 public relations reflects the more direct, formalized approach adopted for business development. Travel expense increases primarily reflect holding company affiliation, a data processing conversion and increase in the Bank's collection effort.

(2) Increases in 1975 reflect the activity resulting from the merger (accounted for by the purchase method of accounting) of the $39 million National Bank of Orange and Ulster Counties effective July 1, 1976 and the $18 million First National Bank and Trust Company of Ellenville effective October 1, 1975.

7804007572

HIGHLAND NATIONAL BANK OF NEWBURGH

Summary of Discovered Politically Oriented Expenditures

Years ended December 31, 1971 to 1975

Bank	1971	1972	1973	1974	1975
Highland National Bank of Newburgh	$ 125	145	270	100	150
The National Bank of Orange and Ulster Counties (prior to merger, July 1, 1975)	$ 125	125	175	200	-0-
The First National Bank and Trust Company of Ellenville	$ 25	250	-0-	150	-0-

7801007573

III - UBC LEASING OF NEW YORK, INC.

General

The general controls and procedures in effect at UBC Leasing of New York, Inc. as to travel and entertainment based on our discussions with officials are as follows:

1. Direct disbursements. The recording of direct check disbursements to vendors for travel and entertainment expenses required the usual processing under the Company's prescribed invoice approval system. Generally, vendors' invoices for travel and entertainment were forwarded to the Assistant Treasurer after being approved by the officer most directly related to the expenditure. Disbursement checks were then prepared, posted to the cash disbursements journal, signed and mailed. The summarized cash disbursement totals were posted to the general ledger monthly and vendors' invoices were filed.

   A few vendors' invoices were paid by State Bank of Albany, a wholly-owned subsidiary, and an applicable portion of the charges were allocated to the company through the inter-company account. Such charges were approved and posted to the general ledger monthly by the company by general journal entry.

2. Officers' cash reimbursements. Officers' cash reimbursements were made in two ways. Generally, officers received reimbursements for travel and entertainment expenses incurred after submitting details of the expenditure to the Assistant Treasurer. The Assistant Treasurer reviewed the documentation, and disbursement checks were prepared, posted to the cash disbursements journal and signed. The summarized cash disbursements were posted monthly as noted above and the details supporting the reimbursement were filed.

   Certain officers' expense reimbursements were made through the officers' cash reimbursement system of the State Bank of Albany. Such charges were allocated through the inter-company account to the company, which approved the charges and posted the appropriate expense accounts monthly by general journal entry.

Our review of the foregoing control procedures over travel and entertainment expenses, as well as the related recordkeeping, indicates to us that the company has reasonable and satisfactory internal controls and safeguards

7804075774

over such expenses incurred during the period 1972 to 1975, inclusive. We also believe that the appropriate completion of the travel and entertainment reimbursement forms, together with the required receipts representing entertainment charges in excess of $25.00, will generally meet the tax Regulations of the Internal Revenue Service governing the deductibility of travel and entertainment expenses.

Audit Tests and Findings

As we are of the opinion that UBC Leasing of New York, Inc. generally had satisfactory internal controls and accounting procedures both for direct disbursements to vendors and in the accounting for officers' travel and entertainment by cash reimbursement, we confined our audit tests to a sample selection of vendors' invoices and officers' expense reports from each year 1972 through 1975. We reviewed the general ledger expense account cards for travel, mileage, meals, conferences, entertainment, automobile, relocation, and memberships and made a judgmental sample selection of account charges concentrating on large items and items with unusual descriptions. The objectives of our review and inspection of the underlying transaction tickets, the travel and entertainment expense records and vendors' invoices were to ascertain that the expenses were incurred in either the name of the company or in the name of the applicable officers, had appropriate approvals and supporting papers where required, and that the occasions and events were in the ordinary course of business.

We also wanted to ascertain the extent of any purchases or expenses which were in the nature of gifts to customers or other outsiders. We selected approximately 50 vendors' invoices and officers' expense reports to make

7804007775

these audit tests and inspection of the underlying supporting data with the aforementioned objectives in mind.

Our findings are as follows:

1. We do not have any significant exceptions to report with respect to our inspection and review of cash disbursements directly to vendors. We noted all of the charges we tested appeared to be business related and were appropriately processed under the company's control system. No supporting documentation could be found for one disbursement totaling $57.

2. Our review of cash reimbursements to officers revealed two instances totaling $243 in which the details supporting the reimbursement could not be located. Other cash reimbursements were generally well documented and we noted no substantial reimbursements for customer entertainment.

3. We found no purchases or expenses which were in the nature of gifts to customers or other outsiders.

4. The appended Schedule III-1 summarizes travel and entertainment expenses for the four years ended December 31, 1975. We believe this summary shows no unusual fluctuations in expense charges that are not attributable to general company growth.

5. Based on the results of our review, we have no cause to believe that any expenditures charged to travel and entertainment expense accounts represent political contributions or cash payments to government officials.

7804007576

UBC LEASING OF NEW YORK, INC.

Summary of Travel and Entertainment Expenses

Years ended December 31, 1972 - 1975

Account Title	1972	1973	1974	1975
Travel	$ 737	1,080	3,036	2,666
Mileage	31	477	371	1,350
Meals	48	219	429	780
Conferences	-	764	1,017	748
Entertainment	27	149	380	634
Automobile	-	-	479	1,168
Relocation	-	-	3,272	-
Memberships	-	510	416	820
Total - all categories	$ 843	3,792	7,046	11,467

7801007577

CLEARY, GOTTLIEB, STEEN & HAMILTON

PERSONAL AND CONFIDENTIAL

MUR 418

REPORT TO THE SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS OF UNITED BANK CORPORATION OF NEW YORK

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

December 10, 1976

7 8 0 4 0 0 7 5 7 7 8

I. BACKGROUND OF THIS REPORT

In June 1976, United Bank Corporation of New York ("the Company") received a series of questions from the Internal Revenue Service ("the IRS") seeking information with respect to various matters, including political contributions. In the course of preparing to respond to the IRS questions, the attention of the management of the Company was called to certain political contributions relating to a banking subsidiary of the Company ("Bank A").

After reviewing the matter with legal counsel, the management of the Company recommended to the Company's Board of Directors, at a meeting held on June 25, 1976, that a Special Committee of the Board be created to conduct an investigation with respect to such political contributions and to such similar matters as it deemed appropriate, and to report to the Board with regard to the facts found and any action which such Committee recommended be taken in connection therewith.

At the June 25 meeting, the Company's Board of Directors accepted the recommendation of management and

appointed three of its members -- Messrs. John L. Segall (Chairman), Bernard F. Picotte and Richard F. Torrey -- as the Special Committee. The Special Committee thereupon retained Messrs. Cleary, Gottlieb, Steen & Hamilton ("CGS&H"), attorneys for the Company, and Messrs. Peat, Marwick, Mitchell & Co. ("PMM"), independent public accountants of the Company, as legal counsel and independent accountants, respectively, for the Special Committee to advise and assist it in conducting an investigation.

On September 13, 1976, CGS&H submitted a report ("the Bank A Report") to the Special Committee (prepared with assistance from PMM where indicated therein) setting forth the results of its investigation relating to Bank A. After reviewing and discussing the Bank A Report, the Special Committee submitted it to the Board of Directors of the Company on September 15, 1976 along with certain recommendations, including a recommendation as to the adoption of a formal statement of corporate policy with respect to political contributions and political expenditures. At the same time, the Special Committee reported to the Board that it had directed CGS&H, with the assistance of PMM, to conduct similar investigations with respect to the Company and its three other subsidiaries in order to determine whether any political contributions might have been made by or on behalf of any of such entities since January 1, 1971.

7804075779

II. SCOPE OF THIS REPORT

This Report sets forth the results of the investigation which was made to determine whether any political contributions were made by or on behalf of the Company or any subsidiary other than Bank A during the period from and after January 1, 1971, and relates solely to such investigation.

The three subsidiaries of the Company other than Bank A will be referred to in this Report as "Bank B", "Bank C" and "the Leasing Company", and together will be referred to as "the Subsidiaries".

The Company was organized on February 26, 1971 and commenced business as of January 1, 1972 when it acquired all of the capital stock of Bank A and all of the capital stock, except for directors' qualifying shares, of Bank B. On November 30, 1972, the Company acquired all of the capital stock, except for directors' qualifying shares, of Bank C, and in July 1972, the Company formed the Leasing Company.

This Report has been prepared by CGS&H with assistance from PMM where specifically indicated herein.

III. SUMMARY

The investigation disclosed that, until 1973, Bank B had maintained an "off-book" fund ("the Fund"), administered by senior officers of Bank B, into which had been deposited certain items of unrecorded income of Bank

7804007578 0

B and from which had been made unrecorded expenditures, including payments for political purposes (primarily the purchase of tickets to political dinners and similar events) and charitable contributions. The investigation further disclosed that, at about the time of discontinuance of the Fund in 1973, a salary increment of $2,500 had been given to each of five senior officers of Bank B to assist them in making personal civic, political and charitable contributions and that such officers had not been required to report or account for the use of such increments.

With respect to Bank C, the investigation disclosed that, during the period under review, small amounts of corporate funds had been used to purchase tickets to political events and advertisements in political publications and, in a few cases, for political contributions, that the true purpose of such disbursements was, in some cases, not accurately reflected on the corporate books and that such practices had been terminated.

In addition, the investigation disclosed that, during the period under review, the Subsidiaries had made loans to, or engaged in other transactions with, political candidates or political or public entities or organizations but that all such transactions had been conducted on normal commercial terms in the ordinary course of business.

7 8 0 4 0 0 7 5 7 8 1

With the exception of the matters specifically referred to herein, the investigation did not disclose the existence during the period under review of any payments which might be regarded as having been made by the Company or any of the Subsidiaries, directly or indirectly, to any person for political purposes. For purposes of the investigation, such payments have been regarded as including not only direct payment of cash to any political committee, political organization, candidate for public office or any other person involved in political activities, but also any delivery of property or other things of value to such person, providing such person with services or the use of property at less than fair value, paying expenses of such person without reimbursement, causing a third party to make a payment to such person and reimbursing such third party therefor, directly or indirectly, or making a payment to a third party designated by such person.

With respect to payments of a political nature referred to herein, no indication was found that any of such payments was made for the purpose, or had the effect, of inducing any specific action on the part of the recipient thereof or of obtaining any specific benefit for the Company, or any of the Subsidiaries, or any director or officer thereof. As indicated herein, all of such payments have been terminated. The

investigation also disclosed full awareness among officers of the Company and the Subsidiaries that Company policy prohibits corporate political contributions.

The Company has informed PMM of its intention to disclose to the IRS the facts set forth in this Report. PMM is unable to predict the amount of additional tax liability, if any, which might accrue as a result of such disclosure, but it does not appear that any such liability would be material in the light of the Company's financial condition.

IV. CONDUCT OF THE INVESTIGATION

The investigation was carried out by CGS&H and PMM under the supervision and direction of the Special Committee and with the assistance of such personnel of the Company and the Subsidiaries and such other persons as CGS&H and PMM deemed necessary and appropriate from time to time. CGS&H maintained contact with the Special Committee through its Chairman in order to discuss procedures to be followed by CGS&H and PMM and to report on the course of the investigation.

A. Interviews by CGS&H.

The Special Committee authorized CGS&H to interview such persons as CGS&H thought likely to have information relevant to the investigation. Pursuant to such authorization, CGS&H interviewed a total of 36 persons.

With respect to Bank B, CGS&H interviewed 11 present and four former officers and employees, three of whom were either current or former directors; eight other present and three former directors and two members of the law firm which served as legal counsel during the period covered by the investigation, one of whom is a present director, the other of whom is a former director. Included in this group were the present Chief Executive Officer and his immediate predecessor, the two senior financial officers who administered the Fund during the period covered by the investigation and the public relations officer who directed disbursement of the Fund during such period.

With respect to Bank C, CGS&H conducted interviews with the present Chief Executive Officer and his immediate predecessor, both of whom are directors, five other officers and the former chief executive officers of two banks acquired by Bank C in 1975, both of whom are also directors.

With respect to the Leasing Company, CGS&H conducted interviews with the Chief Executive Officer, who is a director, and three other officers, two of whom are also directors.

With respect to the Company, CGS&H interviewed the Chief Executive Officer, who is a director, the Secretary-Treasurer, the former President of the Company, who is a director, and the former Treasurer of the Company.

The specific individuals selected for interview were considered either to be persons having special knowledge of, or access to, relevant facts, or persons who were a representative cross-section of a group believed to have equal knowledge of, or access to, such facts.

Each person interviewed was asked such questions as CGS&H deemed appropriate in the light of information already developed. Where subsequent information made such action appear desirable, additional interviews were conducted with some individuals.

B. Review of Documents by CGS&H and PMM.

1. Bank B.

CGS&H reviewed the minutes of meetings of officers, the Board of Directors and the Executive Committee of the Board of Directors of Bank B for the period covered by the investigation; the agendas for such Board of Directors and Executive Committee meetings; minutes of meetings of the Examining Committee of the Board of Directors of Bank B for the period from June 1974 (the first date on which minutes were kept); the Annual Reports of the Examining Committee to the Board of Directors for each of the years 1971 through 1973; all cashier's checks and other documents which could be identified as relating to the Fund; statements of the policy of Bank B concerning political

contributions; and various other records, memoranda, reports, worksheets and documents produced by individuals interviewed or by others and deemed relevant by CGS&H.

PMM conducted a review of the expense accounts of officers of Bank B and of the aforementioned cashier's checks, all as set forth in the report of PMM ("the PMM Report") delivered herewith. In addition, PMM reviewed income tax returns relating to Bank B for the period covered by the investigation.

2. Bank C.

CGS&H reviewed the minutes of meetings of the Board of Directors of Bank C for the period covered by the investigation. PMM conducted a review of the expense accounts of officers of Bank C, as set forth in the PMM Report. In addition, PMM reviewed income tax returns relating to Bank C for the period covered by the investigation.

3. The Company and the Leasing Company.

CGS&H reviewed the minutes of meetings of the Board of Directors and the Executive Committee of the Board of Directors of the Company since its organization, as well as the agendas for such meetings. CGS&H also reviewed the minutes of meetings of the Board of Directors of the Leasing Company since its organization, as well as the agendas for such meetings. In addition, PMM conducted a review of the expense accounts of officers of the Company

7804007578 6

and the Leasing Company, as set forth in the PMM Report, and reviewed income tax returns relating to the Company and the Leasing Company for the periods since their respective organizations.

C. Practical Limitations on the Investigation.

The investigation was subject to a number of practical limitations. The events, transactions and procedures under investigation spanned a lengthy period of time. Understandably, the recollections of various individuals concerning specific events were not entirely clear or free from doubt. While, in general, the individuals interviewed were cooperative and frank, the reliability of the findings and conclusions set forth in this Report obviously depends on their honesty, candor and accuracy of recollection. In addition, with respect to Bank B, a few persons formerly employed by Bank B who might have been able to supply important information are deceased.

Since information was gathered from a variety of sources which were not always in full agreement, and which, in a few instances, were directly contradictory, the facts stated in this Report are necessarily to some degree the result of subjective evaluation of such information by the persons conducting the investigation.

In addition, although the Fund is believed

to have existed at Bank B for at least twenty years, no records relating to amounts deposited in, or amounts disbursed from, the Fund appear to exist at the present time (other than the cashiers' checks referred to below). Moreover, no informative records appear to exist at Bank C concerning amounts disbursed for politically related purposes.

It should also be noted that, although the procedures which PMM was requested to carry out in connection with the investigation did not constitute an examination in accordance with generally accepted auditing standards, they were deemed to be sufficiently comprehensive to accomplish the purposes of the investigation.

V. FACTS AND CONCLUSIONS

A. Bank B.

1. The Fund.

a. Existence and Purpose of the Fund.

The Fund was established a number of years prior to January 1, 1971, the date of commencement of the period under review, and was used to facilitate certain payments made for political, charitable and miscellaneous business purposes. The books of Bank B did not reflect amounts on deposit in the Fund at any time or the making of deposits in or disbursements from the Fund. As a result, political and miscellaneous business expenditures could be made without recording such expenses on the books of Bank B. In addition,

unrecorded items of income deposited in the Fund could be utilized to make "off-book" charitable contributions which would not be deductible for tax purposes because the maximum amount of contributions permitted to be deducted for the period had been made or pledged.

b. Administration of the Fund.

During the period under unvestigation, principal responsibility for administration of the Fund was exercised by a senior financial officer of Bank B ("Mr. A") and, upon Mr. A's retirement early in 1972, by his successor ("Mr. B"). The safe deposit box in which the Fund was kept was in the custody of Mr. A and Mr. B and they were responsible for handling deposits into and withdrawals from the box. Although Mr. A, in his interview, denied any knowledge of, or involvement with, the Fund, all of the other persons interviewed who had contemporaneous knowledge of the Fund's operations identified Mr. A as the principal administrator.

With respect to disbursements from the Fund for non-political purposes, it appears that Mr. A and Mr. B determined the amount and recipients of charitable contributions and that requests for funds for other purposes were made by a limited number of senior bank officials. Insofar as disbursements for political purposes are concerned, determinations regarding the amount and recipients

of such disbursements during the period covered by the investigation were customarily made by a senior officer of Bank B who had public relations responsibilities ("Mr. C"). Requests for purchases of tickets to political events or other political expenditures by Bank B were normally brought to Mr. C's attention. Mr. C would determine whether such a disbursement should be made and in what amount. In most instances, Mr. C made such determinations alone; in some cases, however, Mr. C consulted informally with other officers or employees of Bank B.

Once it was determined that a politically related expenditure would be made from the Fund, Mr. C would inform Mr. A or Mr. B of such determination and Mr. A or Mr. B would supply cash to Mr. C in an amount sufficient to enable him to make such expenditures. Mr. A or Mr. B would either utilize cash from the safe deposit box in which the Fund was maintained or would cash one or more of the cashiers' checks held in such box. On some occasions when a cashiers' check was cashed in this manner, a financial officer having responsibilities with respect to the processing of cashiers' checks was instructed by an associate of Mr. A to arrange a special processing of the check so cashed in order to avoid questions which might otherwise be raised by the accounting staff with respect to a cashiers' check made

payable to Bank B and not cashed for a substantial period of time following the date of issuance, contrary to customary practice.

Politically related expenditures made from the Fund by Mr. C were customarily made in cash. Tickets purchased for a political event were distributed by Mr. C among any officers and directors of Bank B who may have expressed an interest in attending the event or who it was thought should attend such event from a public relations point of view. The investigation did not disclose any occasion during the period covered in which an officer or employee of Bank B other than Mr. C made a disbursement from the Fund for a political purpose.

Mr. A, Mr. B and Mr. C did not report or account on any regular or formal basis to any other officers of Bank B with respect to their activities relating to the Fund. However, it appears that most, if not all, of the senior officers of Bank B were aware of the existence of the Fund, although they may have been aware in differing degrees of the specific sources and uses of the Fund and the extent to which the Fund and transactions therein were reflected on the books of Bank B. It does not appear that members of the Board of Directors of Bank B who were not officers of the Bank were informed of the existence or operations of the Fund prior to its discontinuance.

c. Deposits in the Fund.

All records kept by Mr. A and Mr. B concerning amounts deposited in the Fund or the sources thereof were destroyed, subsequent to the discontinuance of the Fund, in the course of various departmental relocations within Bank B. However, the interviews indicated that the sources of such amounts included: sales of furniture and equipment of Bank B which had previously been fully depreciated on the books of Bank B; recoveries of amounts embezzled by employees of Bank B (in excess of any amount required to be reimbursed to insurance companies); recoveries of amounts expended for repairs of repossessed vehicles; and profit on sales of football tickets obtained by Bank B. Such receipts were not reported as income on the books of Bank B or on the federal or New York State income tax returns of Bank B or (after its organization in 1972) the Company for the years 1971 through 1973 (the last year during which the Fund existed).

The facts developed by the investigation support a conclusion that all of the items of Bank B income directed into the Fund were converted upon receipt into cashiers' checks payable to Bank B. These cashiers' checks and any unused cash resulting from cashing such checks were kept in a safe deposit box in Bank B.

The investigation did not disclose who determined which items of income received by Bank B would be

directed into the Fund or what factors entered into such determinations. However, it appears that only items of income which did not recur on a regular basis were utilized for the Fund and that no procedures existed to assure that any specific amount would be deposited in the Fund each year. Although there are no specific records as to the aggregate amount of deposits made to the Fund during the period subsequent to January 1, 1971, a general indication of the amount of such deposits is provided by the PMM review of the cashiers' checks which passed through the Fund during this period (see the PMM Report). The PMM review identified an aggregate of approximately $63,300 of such cashiers' checks. Of this amount, PMM determined that approximately $23,400 represented specifically identifiable items of income (a dividend on an insurance policy, a refund of a contribution and recoveries of an insurance claim and an embezzlement) which were subsequently recorded on the books of Bank B. An additional approximately $14,000 of such cashiers' checks could be specifically identified as having derived from recoveries of an insurance claim and an embezzlement, which recoveries were not recorded on Bank B's books. The source of the balance of the amount of cashiers' checks which passed through the Fund could not be specifically identified.

d. Disbursements from the Fund.

No records (other than the cashiers' checks

referred to above) currently exist concerning amounts disbursed from the Fund or the purposes for which such disbursements were made. It appears from the interviews (and the cashiers' checks) that disbursements from the Fund were made for (1) charitable contributions, (2) miscellaneous business expenses and (3) political expenditures. In addition, as stated above, the PMM review of cashiers' checks disclosed that approximately $23,400 of income items deposited in the Fund were subsequently transferred to the regular funds of Bank B and recorded in its accounts.

The PMM review of cashiers' checks disclosed that, during the period covered by the investigation, approximately $8,800 of cashier's checks payable to Bank B and held in the Fund were exchanged for cashiers' checks payable to charitable organizations. Use of amounts of unreported income through the Fund for such charitable contributions appears to have occurred at times when Bank B had made or pledged the full amount of charitable contributions which could be deducted for tax purposes for the period.

The PMM review also identified approximately $900 of cashiers' checks which were exchanged for other cashiers' checks used to pay miscellaneous business expenses. Such expenses apparently included the purchase of business gifts, the purchase of distinctive jackets for bank tellers and a gift to a retiring employee. The Fund appears to have been utilized in this regard somewhat as a discretionary petty cash fund.

The major portion of disbursements from the Fund appears to have been used for political expenditures. Although the PMM review of cashiers' checks identified a $200 cashier's check which was disbursed through the Fund in 1972 and which was made payable to a committee for a federal Congressional candidate, the interviews support a conclusion that all but a small portion of such disbursements were used to purchase tickets for political dinners and cocktail parties. It appears that Bank B was regularly approached with requests to purchase such tickets and had done so for many years. Such purchases were made in the belief that it was common practice among banks to be represented at such political events and that it was necessary, for public relations purposes, for Bank B to purchase tickets and arrange for the attendance of senior bank officers.

Although some events to which tickets were purchased were probably of a recurrent nature, the interviews do not suggest that there was any significant pattern to such expenditures and tickets were apparently purchased to events of both of the major political parties.

In addition to the purchases of tickets, the interviews indicate a likelihood that a small portion of disbursements from the Fund was used for direct political contributions. Except in the case of the $200 contribution to a Congressional campaign committee referred to above, it

7804007579 5

was not possible to identify the amount or the recipients of any such direct contributions.

Although no records exist from which the aggregate amount disbursed from the Fund for political purposes can be computed, it is possible to estimate this amount from the information obtained in the course of the investigation. The PMM review of cashiers' checks indicated that all but approximately $31,100 of such checks passing through the Fund could be traced as having been disbursed for non-political purposes. Although PMM reports that it was unable to find an "audit trail" for this $31,100 (except for the $200 Congressional contribution referred to above), the interviews provided a basis for an estimate of the portion of this amount which may have been used for political purposes. First, the $31,100 can be reduced by the $7,600 remaining in the Fund at the time of its discontinuance, the probable disposition of which for charitable purposes is discussed below. With respect to the approximately $23,500 remaining unaccounted for, Mr. B indicated that some of this amount was undoubtedly employed for miscellaneous business expenses. Mr. B estimated that an average of between $3,000 and $4,000 was probably disbursed annually for political payments. Mr. C estimated that the amount of expenditures for political purposes averaged not more than $6,000 per year.

Accordingly, on the basis of the interviews, it appears that not more (and probably somewhat less) than

approximately $20,000 of the amounts disbursed upon the cashing of cashiers' checks was disbursed for political purposes during the period from January 1, 1971 to August 29, 1973, when the Fund was liquidated. Although there can be no certainty that this estimate includes all of the amounts drawn from the Fund for political purposes, Mr. B and Mr. C cooperated fully in the investigation and their estimates that disbursements for political purposes did not average more than $6,000 per year appear credible in the light of all of the information obtained. In addition, Mr. C indicated that the largest single political expenditure of which he was aware was a $700 purchase of tickets to a political dinner.

Disbursements made from the Fund for political purposes appear to have been made in pursuance of general public relations objectives of Bank B. No evidence was found that any such disbursement was made with the intention or effect of inducing the recipient thereof, any public official or any other person to take, or to refrain from taking, any specific action. In addition, there is no evidence that Bank B or the Company, or any officer or director of Bank B or the Company, ever sought or received any benefit or consideration, directly or indirectly, as a result of such political expenditures. The termination of such expenditures upon the discontinuance of the Fund does

not appear to have had any effect on the operating revenues or net income of Bank B or the Company.

e. Discontinuance of the Fund.

During 1973, as a result of the substantial public attention given to revelations of questionable corporate payments, the then Chief Executive Officer of Bank B ("Mr. D") became concerned that maintenance of the Fund was inappropriate. After consultation with Bank B's legal counsel, Mr. D directed that the Fund be terminated and recommended to the Executive Committee of the Board of Directors of Bank B that the level of compensation of five senior executive officers of Bank B be adjusted in order to recognize that such officers were under substantial pressure as prominent members of the community to make personal civic, political and charitable contributions. The Executive Committee was apparently not informed of the prior existence or operations of the Fund or of its discontinuance. The Executive Committee approved Mr. D's recommendation on May 15, 1973. Each of the five officers received the salary increment of $2,500, paid as a lump sum, in each of the years 1973, 1974 and 1975. After consultation in 1975 with legal counsel of Bank B, the lump sum payments were discontinued and, effective January 1, 1976, the increment was incorporated into the regular salary of each of the five officers and paid in the manner in which

the salary of such officer is normally paid. The $2,500 increment has been treated for all purposes as, and is considered by Bank B and by each recipient officer to be, personal funds of such officer. Bank B has never attempted to direct the expenditure of such increment and such officers have never been required or requested to report or account for such expenditure. Each of the five recipient officers reports that he considers the disposition of the entire amount of his salary to be within his own discretion.

At some time between May 15, and August 29, 1973, Mr. B deposited all of the cash remaining in the Fund (approximately $100) in the miscellaneous income account of Bank B. On August 29, 1973, the six cashiers' checks then remaining in the Fund (aggregating approximately $7,600) were cashed and it appears that all or a substantial portion of the proceeds thereof may have been donated through several persons affiliated with Bank B to a recognized civic and community-oriented organization. Such persons appear to have issued their personal checks to the organization, and received reimbursement from Mr. D in cash. The investigation could not specifically confirm that all of the proceeds of the cashiers' checks remaining in the Fund on August 29, 1973 were disbursed in this manner but persons who were interviewed reported a total of $2,500 as having been donated in this manner through them.

7804007579 9

2. Loans and other Politically Related Payments.

PMM conducted a review of amounts paid by Bank B to senior personnel since January 1, 1971 on account of expenses incurred by them. The PMM Report sets forth the extent of this review, the procedure followed and the facts found. Neither our investigation nor the PMM review lead to a conclusion that travel and expense accounts of officers of the Bank were employed during the period subsequent to January 1, 1971 as a means to obtain reimbursement for expenditures of a political nature.

Prior to the appointment of the Special Committee, a management review of loans made by Bank B since January 1, 1971 had been conducted. The review disclosed that, although expressly contrary to the established policy of Bank B since at least 1974, Bank B occasionally made a loan to a political organization during such period. However, no evidence whatsoever was found that such loans had been made for political purposes. Moreover, each of such loans (as well as each loan which had been made to persons who happened to be public officials or political candidates) was legal when made and was made on normal banking terms and pursuant to customary banking practice. In virtually all instances, payments with respect to such loans have been made in accordance with their terms.

3. Corporate Policies at Bank B.

Although no written statement of policy concerning political contributions appears to have been made by Bank B prior to the discontinuance of the Fund, subsequent to the discontinuance thereof Bank B made clear and unequivocal statements prohibiting political contributions. On December 1, 1975, for example, the following memorandum was circulated to personnel of Bank B:

"A national bank is prohibited from making any contributions or expenditure in connection with any election to any political office or in connection with any primary election or political convention or caucus held to select candidates for any political office. Contributions or expenditures include any direct or indirect payment, distribution, loan, advance, deposit or gift of money or any services, or anything of value. Violations are punishable by fine and/or imprisonment.

"Accordingly, all directors, officers, and employees, are advised not to use any [Bank B] property, directly or indirectly, or render any service on bank time for such political activity. Specifically pursuant to bank policy, no loans are to be made to any political party or candidate under any circumstances.

"The above restrictions should not be read to inhibit any individual, acting in his personal capacity on his own time, from participating in the political process in the State and Nation."

Moreover, on May 7, 1976, the Board of Directors of Bank B adopted the following statement of staff conduct:

"Both corporate and banking laws clearly and emphatically forbid National Banks to make contributions in any form whatsoever, to any political candidate, political party, or committee. Any violation of this prohibition will result in immediate dismissal."

4. Involvement of Senior Corporate Personnel at Bank B.

A number of persons serving as senior officers of Bank B had an involvement with, or knowledge concerning the administration of, the Fund or the making of contributions from the Fund. Mr. B and Mr. C currently occupy the same positions which they had during the period of their involvement with the Fund.

B. Bank C.

1. Expenditures of Funds for Political Tickets and Advertisements.

Funds of Bank C have been used during the period under review for the purchase of tickets to political dinners and similar events and for the purchase of advertisements to appear in various political publications. It appears that, during the period under review, the aggregate annual amount of disbursements of corporate funds for such purposes did not exceed $500. It appears that in some cases the purchases were made by direct disbursement by Bank C and that in other cases officers, including the present Chief Executive Officer, would use their personal funds to pay for such purchases and would receive reimbursement therefor through Bank C's expense account voucher system. Although the amounts expended were reflected on Bank C's books, it does not appear

7 8 0 4 0 0 7 5 8 0 2

that, in all instances, the expense vouchers clearly disclosed the actual purpose of the expenses reflected thereon. Tickets to political events were customarily distributed to various bank employees for their use.

PMM conducted a review of direct disbursements by Bank C for political purposes and of amounts paid to Bank C employees for reimbursement of expenses generally. The PMM Report sets forth the extent of this review, the procedures followed and the facts found. The review identified the following amounts of direct disbursements for apparently politically related purposes in the years 1971 through 1975 respectively: $125, $145, $270, $100 and $150.

During 1975, Bank C acquired, through merger, two other banks ("Branch I" and "Branch II"). The investigation disclosed that, prior to the merger, Branch I had purchased tickets to various political events and advertisements in political dinner programs or brochures. Such expenditures were recorded as such on the books of Branch I and were reported to have averaged approximately $250 per year.

The investigation disclosed that Branch II had also purchased political tickets and advertisements prior to the merger and, in some instances, had made political contributions directly to candidates. The average total annual amount of such expenditures was reported to have been

approximately $500. In some instances the expenditures were made by direct disbursements by Branch II. In other instances, the then chief executive officer of Branch II used his personal funds for such expenditures and obtained reimbursement through expense account vouchers. The amounts of such reimbursements were reflected on the books of Branch II but the true purpose of the expenditures was, in a number of instances, not clearly disclosed. Virtually all of the direct political contributions were reported to have involved candidates for local office, although it is possible that a few contributions may have been made to candidates for federal office.

PMM conducted a review of direct disbursements by Branches I and II for political purposes and of amounts paid to employees for reimbursement of expenses. The PMM Report sets forth the extent of this review, the procedures followed and the facts found.

Purchases of political tickets and advertisements by Bank C, Branch I and Branch II, were effected in the belief that such purchases were common practice among banks and that a limited amount of such purchases was required for public relations purposes. It does not appear that any of the amounts expended by Bank C, Branch I or Branch II for politically related purposes were expended with the intention or effect of inducing the recipient thereof, any public official or any

7 8 0 4 0 0 7 5 8 0 4

other person from taking, or refraining from taking, any specific action. There is no evidence that the Company, Bank C, Branch I, Branch II or any director or officer thereof ever sought or received any benefit or consideration, directly or indirectly, as a result of any such politically related expenditures. The discontinuance of such expenditures does not appear to have had any impact on the operating revenues or net income of the Company, Bank C, Branch I or Branch II.

All of the practices of Bank C, Branch I and Branch II discussed herein have been discontinued.

2. Loans and other Politically Related Payments.

Prior to the appointment of the Special Committee, a management review of loans made by Bank C since January 1, 1971 had been conducted. Such review disclosed that Bank C, Branch I and Branch II occasionally made loans to political organizations or candidates during such period. No evidence was found that such loans had been made for political purposes. Each of such loans was legal when made, was made in the ordinary course of business pursuant to customary banking practice and conformed to loan standards in effect at the time the loans were granted with respect to rate, security, terms of repayment and other loan criteria. It appears that payments with

respect to all of such loans have been made in accordance with their terms.

The investigation also disclosed that: in 1976, one officer at Bank C attended several meetings on behalf of a candidate for federal office during normal banking hours; in 1975, a local official received a holiday gift of several bottles of liquor purchased with corporate funds; and, on occasion, political officeholders were included with banking customers as donees of tickets to sporting events purchased with corporate funds.

3. Corporate Policies at Bank C.

Although no written statement of policy concerning political contributions appears to have been made by Bank C, it is clear that the officers of Bank C now understand that no political contributions, whether by way of the purchase of tickets and advertisements or otherwise, may be made with corporate funds. On September 15, 1976, on the recommendation of the Special Committee, the Board of Directors of the Company adopted a statement of policy applicable to the Company and to all of the Subsidiaries, forbidding all politial contributions.

4. Involvement of Senior Corporate Personnel at Bank C.

A number of persons currently serving as senior officers or directors of Bank C had an involvement with, or knowledge concerning, the making by Bank C,

Branch I or Branch II of the politically related expenditures referred to herein. The Chief Executive Officer of Bank C is currently a member of the Boards of Directors of Bank C and of the Company.

C. The Company and the Leasing Company.

The investigation did not discover any evidence whatsoever that any political contributions in any form, whether by the purchase of tickets to political events or otherwise, had been made by or on behalf of the Company or the Leasing Company. In the ordinary course of its business, the Leasing Company has participated in transactions involving public or governmental organizations. The terms of the Leasing Company's involvement in each such transaction have been dictated by commercial considerations and no such public or governmental organization has ever received preferential pricing or other terms with respect to a transaction with the Leasing Company.

Officers of the Company and the Leasing Company appear to be highly ethical and sensitive to questions of propriety and legality. Although no written statement of policy was made prior to September 15, 1976, it appears to have been the clear understanding of such officers that corporate political contributions should not be made. On September 15, 1976, on the recommendation of the Special Committee, the Board of Directors of the Company adopted

7 8 0 4 0 0 7 5 8 0 7

a statement of corporate policy regarding political contributions. Such statement establishes a policy and adopts guidelines for the Company and each of the Subsidiaries forbidding the use of any corporate funds or assets for political contributions, whether or not lawful.

Cleary, Gottlieb, Steen & Hamilton

CLEARY, GOTTLIEB, STEEN & HAMILTON

7804007580B

FCC #773
MUR 418

RECEIVED
FEDERAL ELECTION
COMMISSION

Comptroller of the Currency
Administrator of National Banks

'77 JUN 29 AM 10:03

Washington, D.C. 20219

June 28, 1977

771959

Federal Elections Commission
Franklin Square Building
1325 K Street, N.W.
Washington, D. C. 20463

RE: Possible violation of 2 U.S.C. §441b

To The Honorable Commissioners:

Under cover of this letter we are transmitting certain reports submitted to this Office by counsel for the United Bank Corporation of New York. The materials submitted on behalf of the holding company and its banking subsidiaries detail a pattern of political contributions which may contravene provisions of the Federal Election Campaign Act, 2 U.S.C. §441b. Consequently, we are providing the reports to you for such action as you may deem appropriate.

If our staff can be of assistance to you in this matter, please do not hesitate to contact us.

Sincerely,

H. Joe Selby

H. Joe Selby
First Deputy Comptroller for Operations

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

CLEARY, GOTTLIEB, STEEN & HAMILTON

PERSONAL AND CONFIDENTIAL

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

REPORT TO THE SPECIAL COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
UNITED BANK CORPORATION OF NEW YORK

September 13, 1976

7 8 0 4 0 0 7 5 8 1 0

I. BACKGROUND OF THE INVESTIGATION

In June 1976, United Bank Corporation of New York ("the Company") received a series of questions from the Internal Revenue Service ("the IRS") seeking information with respect to various matters, including political contributions. In the course of preparing to respond to the IRS questions, the attention of the management of the Company was called to certain political contributions which had been made through the medium of a fund ("the Fund") which had been administered by senior officers of a banking subsidiary of the Company ("the Bank") and to which certain officers of the Bank had regularly contributed funds. The Fund was discontinued at the end of 1973.

After reviewing the matter with legal counsel, the management of the Company recommended to the Company's Board of Directors, at a meeting held on June 25, 1976, that a Special Committee of the Board be created to conduct

an investigation to determine the facts relating to such political contributions, and such similar matters as it deemed appropriate, and to report to the Board with regard to such facts and any action which such committee recommended be taken in connection therewith. Management submitted to the Company's Board of Directors a memorandum, dated June 25, 1976, prepared by Messrs. Cleary, Gottlieb, Steen & Hamilton ("CGS&H") regarding such investigation. A copy of the memorandum is attached as Appendix A.

At the June 25 meeting, the Company's Board of Directors accepted the recommendation of management and appointed three of its members -- Messrs. John L. Segall (Chairman), Bernard F. Picotte and Richard F. Torrey -- as the Special Committee. The Special Committee thereupon retained CGS&H, attorneys for the Company, and Messrs. Peat, Marwick, Mitchell & Co. ("PMM"), independent public accountants of the Company, as legal counsel and independent accountants, respectively, for the Special Committee to advise and assist it in conducting an investigation as set forth in the CGS&H memorandum.

II. SCOPE OF THIS REPORT

The Special Committee determined that an investigation should be conducted with respect to the Bank to determine whether any political contributions were made

by or on behalf of the Bank in any manner during the period from and after January 1, 1971 and, in particular, to ascertain the facts with respect to the creation and administration of the Fund. This Report relates solely to such investigation.

This Report has been prepared by CGS&H with assistance from PMM where specifically indicated herein.

III. CONDUCT OF THE INVESTIGATION

The investigation was carried out by CGS&H and PMM under the supervision and direction of the Special Committee and with the assistance of such personnel of the Bank and such other persons as CGS&H and PMM deemed necessary and appropriate from time to time. CGS&H maintained contact with the Special Committee through its Chairman in order to discuss procedures to be followed by CGS&H and PMM and to report on the course of the investigation.

A. Interviews by CGS&H.

The Special Committee authorized CGS&H to interview such persons as CGS&H thought likely to have information relevant to the investigation. Accordingly, CGS&H conducted interviews with the two senior officers of the Bank who had administered the Fund during the period covered by the investigation, six other officers who had made contributions to the Fund, five persons who had been members of the Executive Committee of the Board of Directors of the

Bank at relevant times, two of the managers of one of the Bank's branches, an attorney for one of the Bank's branches, one member of the law firm which served as legal counsel to the Bank during the period covered by the investigation, and the Chief Executive Officer of the Company. The specific individuals selected for interview were considered either to be persons having special knowledge of, or access to, relevant facts, or persons who were a representative cross-section of a group believed to have equal knowledge of, or access to, such facts. A total of 18 persons were interviewed by CGS&H in the course of the investigation.

Each person interviewed was asked such questions as CGS&H deemed appropriate in the light of information already developed. Where subsequent information made such action appear desirable, second interviews were conducted with some individuals.

B. Review of Documents by CGS&H and PMM.

CGS&H reviewed the minutes of the Bank's Board of Directors and Executive Committee for the period covered by the investigation; all records and documents which could be located relating to the creation and administration of the Fund, including management salary proposals submitted to the Executive Committee; and various other records, memoranda, reports, worksheets and documents produced by individuals interviewed or by others and deemed relevant by CGS&H.

7 8 0 4 0 0 7 5 8 1 3

PMM conducted a review of the expense accounts of officers of the Bank as set forth in Appendix B. In addition, PMM reviewed income tax returns relating to the Bank for the period covered by the investigation to confirm that special salary amounts paid to officers contributing to the Fund were treated as normal salary amounts on such returns.

C. Practical Limitations on the Investigation.

The investigation was subject to a number of practical limitations. The events, transactions and procedures under investigation spanned a lengthy period of time. Understandably, the recollections of various individuals concerning specific events were not entirely clear or free from doubt. While the individuals interviewed were cooperative and frank, the reliability of the findings and conclusions set forth in this Report obviously depend on their accuracy of recollection. In addition, one person (the Bank's former legal counsel) who might have been able to supply important information is deceased.

Since information was gathered from a variety of sources which were not always in full agreement with respect to details, the facts stated in this Report are necessarily to some degree the result of subjective

evaluation of such information by the persons conducting the investigation.

In addition, although the Fund is believed to have existed from 1958 through 1973, the earliest available records relating to contributions to the Fund date back only to 1968, and apparently complete records as to contributions to, and disbursements from, the Fund were produced only with respect to the years 1972 and 1973.

It should also be noted that the procedures which PMM was requested to carry out in connection with the investigation did not constitute an examination in accordance with generally accepted auditing standards.

IV. FACTS AND CONCLUSIONS

A. General Conclusions.

The Fund was in existence from 1958 through 1973 and during this period was administered by the person serving as Chief Executive Officer of the Bank at the time. The Fund was established after consultation with, and was operated with the full knowledge and participation of, the person then serving as the Bank's legal counsel ("Legal Counsel"). It appears that Legal Counsel at no time advised or intimated that the Fund was unlawful or improper in any way. The Fund served as a medium through which funds supplied by participating officers of the Bank were disbursed as political contributions to various political committees and other political

organizations and to candidates for political office. Each participating officer made a contribution to the Fund equal to 50% of a special amount included in his salary for such purpose. Each such special amount was specifically disclosed in writing to the Bank's Executive Committee in connection with periodic salary reviews by that Committee. (From January 1953 until February 1972, Legal Counsel served as Chairman of the Executive Committee.) In addition, it appears that the inclusion of such special amounts in the salaries of participating officers was known to most of the members of the Bank's Board of Directors because of periodic references to the matter at Board meetings and because Board members served in rotation as members of the Executive Committee.

With the exception of the written disclosure of the special amounts made to the Executive Committee in connection with action on salary changes, such amounts were treated by the Bank for all purposes as salary paid to the recipients and the Bank's books and records did not reflect in any way the payment of such amounts into the Fund, any balances on hand in the Fund from time to time or the disbursements from the Fund.

With respect to the period under review, the investigation disclosed the following information:

Year	Aggregate amount of contributions to Fund	Aggregate amount of political contributions	Number of participating officers and special amount received by each		
			$1,500	$2,000	$3,000
1971	$11,000	$10,635	0	8	2
1972	12,250	11,725	1	10	1
1973	12,500	11,840	0	11	1

As a result of the substantial public attention given to revelations of questionable political and business activities, questions were raised by certain of the directors of the Bank during 1973 regarding the propriety of the Fund and it was discontinued at management's initiative as of January 1, 1974. The undisbursed balance of the Fund ($1,550) was expended in 1974, primarily for tickets to a political dinner.

The Bank (and, from its organization in 1972, the Company) treated the special amounts paid to participating officers as salary expense on federal and New York State income tax returns for each of the years 1971 through 1973. The Company has informed PMM of its intention to disclose to the IRS the facts set forth in this Report. PMM is unable to predict the amount of additional tax liability, if any, which might accrue as a result of such disclosure, but it does not appear that any such liability would be material in the light of the Company's financial condition.

With the exception of the Fund and the other matters specifically referred to below, the investigation did not disclose the existence during the period covered by the investigation of any payments which could be regarded as having been made by the Bank, directly or indirectly, to any person as political contributions. For purposes of the investigation, such payments have been regarded as including not only direct payment of cash to any person but also any delivery of property or other things of value to such person, providing such person with services or the use of property at less than fair value, paying expenses of such person without reimbursement, causing a third party to make a payment to such person and reimbursing such third party therefor, directly or indirectly, or making a payment to a third party designated by such person.

The investigation disclosed an awareness among officers of the Bank that corporate policy prohibited corporate political contributions. The Bank officers who participated in or administered the Fund and the members of the Bank's Executive Committee and Board of Directors who were aware of its existence and approved the special salary amounts appear to have acted on the understanding that no illegality or breach of corporate policy was involved. This understanding appears to have been based on Legal Counsel's

participation in the creation and administration of the Fund and his position as Chairman of the Bank's Executive Committee, which periodically approved the special salary amounts. The surrounding circumstances strongly support a conclusion that all of those involved with the Fund believed it to be proper and lawful. Moreover, at no time were any of the disbursements from the Fund ever used for the purpose of inducing any specific action on the part of the recipient of such disbursement or of obtaining any specific benefit for the Bank or any officer thereof. Furthermore, the investigation indicated that, throughout the period under review and at the present time, the management of the Bank was highly ethical and sensitive to questions of propriety and legality.

B. The Fund.

1. Establishment of the Fund.

Prior to 1958, it appears that the Chief Executive Officer of the Bank had customarily responded to requests for political contributions out of his personal funds. In 1958, a new Chief Executive Officer ("Mr. A") succeeded to the position. He determined that continuation of this practice would be unduly burdensome to him financially but believed that some provision needed to be made to respond to persons or organizations who had in the past been accustomed to look to the Bank's Chief Executive Officer for contributions. Mr. A discussed with

7801075819

Legal Counsel what procedures might be adopted to deal with this problem in a lawful manner. Mr. A and Legal Counsel determined to recommend that the Bank increase the salaries of a number of its officers by specified amounts on the understanding that 50% of such special amount would in each case be utilized for political purposes. Such increases were in fact approved by the Bank's Executive Committee and Board of Directors. Although it is unclear whether the procedure was initially put before the Executive Committee and Board of Directors, in practice each Bank officer receiving a special salary amount was asked to, and did, deliver 50% of that amount to Mr. A in a single installment, in cash, by October 1 in each year. It appears that most, if not all, of the members of the Executive Committee and the Board of Directors became aware of the practice over time and that no attempt was made to keep from such members knowledge of the manner in which the special amounts were being handled.

2. Contributions to the Fund.

Although no record of participating officers could be found prior to 1968, it appears that, from 1958 through 1973, the number of officer receiving special amounts ranged from 10 to 12. The ticipants were selected by Mr. A while he was Chi Executive Officer and, subsequent to his retirement from that position in

1972, by his successor ("Mr. B"). Although the participants were all senior Bank officials, not all senior Bank officials were participants. In some cases, at least, senior officials were not included because it was believed that their tax bracket was such that if they returned 50% of the special amount they would not be left with a sum sufficient to cover their taxes on such special amount.

When an officer was selected as a participant, the special amount was shown as such opposite his name in a separate column on the salary list submitted by management to the Bank's Executive Committee. Salary revisions of senior Bank personnel were normally taken up twice yearly by the Bank's Executive Committee and Board of Directors. Salaries of the most senior Bank personnel (including all of the participants) were first submitted by management to the Executive Committee and the resulting recommendations of the Executive Committee were then submitted by management to the Board along with the balance of the proposed salary list. The special amounts shown on the lists submitted to the Executive Committee were not shown on the lists submitted to the Board of Directors. However, it appears that most, if not all, Board members were aware that such amounts were included in the total salaries stated and that references to the special amounts were made from time to time at Board meetings.

Officers of the Bank who were to receive special amounts for the first time were customarily personally informed of this fact, and of the expected contribution of 50% of the amount to the Fund, by the Bank's Chief Executive Officer after Board approval of the salary which included such amount. The participants were also informed that the amounts so contributed by them would be used to make political contributions. No officer so informed ever objected to the addition of the special amount to his salary, to the requested delivery of 50% thereof to the Chief Executive Officer in cash or to the proposed use of the funds so delivered. Since most of the participants had an effective tax rate below 50% and since bonus, pension and other benefits of the Bank were affected by the higher total salary, the participants were usually financially benefitted by the receipt of the special amount. Moreover, the recipients had the feeling that participation in the Fund was, to some extent at least, a recognition of senior status in the Bank and were either specifically told, or concluded from their knowledge of the high ethical standards of the Chief Executive Officer and the participation of Legal Counsel, that the arrangement was proper. Participants were aware that other senior officers were participating in the Fund but were not specifially informed of the identity of the other participants.

It appears that it was the custom to notify all officers in writing of their salary adjustments and that notices sent to participants specifically referred to the special amounts and to the anticipated delivery of 50% thereof to the Chief Executive Officer. A notice sent to a participant in December 1972, for example, was accompanied by a memorandum from Mr. B as follows:

> "Included in your salary for 1973 is the amount of $2,000 so that, after taxes, you will have available $1,000 for political contributions.
>
> "I should appreciate it if you would plan to hand me $500 of this amount by July 1, and the balance no later than October 1, 1973."

As indicated above, the number of participants appears to have ranged from 10 to 12. Participants normally received $2,000 special amounts; but in one instance in 1968 Mr. A received $6,000, in as many as three instances each year officers received $3,000 and in at least one instance an officer received $1,500. The aggregate of special amounts paid was $25,000 in 1973 (the last year of the Fund), $24,500 in 1972 and $22,000 in 1971.

The special amounts were treated as salary by the Bank and the recipients for all purposes, including taxes.

3. Distribution of the Fund.

During Mr. A's tenure as Chief Executive Officer of the Bank, officers receiving special amounts were requested to deliver 50% thereof in cash by October 1 of each year. Political contributions made by Mr. A during that year and prior to October 1 were made by him out of any balance remaining in the Fund from the prior year and from his own funds. Mr. A would reimburse himself as cash was received for any amounts so advanced from his own funds. When Mr. B became Chief Executive Officer in 1972, he requested that the participants make cash payments for 1973 in two equal installments, the first by July 1 and the second by October 1, in order to reduce the financial burden of such advances.

Cash received by Mr. A and Mr. B was customarily first applied to reimburse themselves for political contributions advanced from their own funds. The remaining cash was retained in a safe deposit box until utilized for political contributions, which were made both in cash and by check. When political contributions were to be made by check, Mr. A or Mr. B would write a check on his personal account and reimburse himself from the cash in the safe deposit box.

Amounts held by Mr. A and Mr. B, whether in cash or in a personal checking account, were not reflected on the books of the Bank as assets of the Bank and

were not accounted for by them to the Bank in any manner since they did not consider that such amounts constituted corporate funds.

In general, decisions as to the disbursement of the Fund were made by the Chief Executive Officer of the Bank. However, it appears that the pattern of contributions made by Mr. A at the inception of the Fund in 1958 followed the pattern established by his predecessor Chief Executive Officer's personal contributions and that contributions thereafter followed the same general pattern. As a general matter, officers contributing to the Fund were not asked to participate in determining what contributions should be made therefrom and did not do so, nor were they informed as to the identity of the recipients or the method by which contributions were made.

No records appear to exist as to contributions made during the period from 1958 through 1971. In connection with Mr. B's succession to the post of Chief Executive Officer in 1973, Mr. A provided him with a list of the contributions made in 1972 and the opening and closing balances in the Fund for that year. (Mr. A delivered the amount of the closing balance to Mr. B in cash, after deducting a political contribution which Mr. A was to make in 1973.) Mr. A's list, along with Mr. B's list of contributions made from the Fund in 1973, were produced voluntarily in the course of the investigation. Mr. A has stated that

the pattern of contributions reflected on such lists is typical of prior years.

According to Mr. B's list, the total amount of contributions made in 1973 was $11,840, of which $6,220 was disbursed in cash and $5,620 was disbursed by check. According to Mr. A's list, the total amount of contributions made in 1972 was $11,725, of which $5,325 was disbursed in cash and $6,400 was disbursed by check. The major categories of disbursements from the Fund in 1972 and 1973 were for the purchase of tickets to political dinners and parties ($3,420 in 1973 and $7,000 in 1972), for memberships in political clubs ($1,000 in 1973 and 1972) and for contributions to the Republican and Democratic state, county and local committees ($5,820 in 1973 and $1,925 in 1972). In addition, cash amounts from the Fund were delivered in 1972 to representatives of three Bank branches, and in 1973 to representatives of two Bank branches, for local political contributions to be made in their discretion. Such amounts aggregated $1,200 in 1973 and $1,500 in 1972. No accounting of these local disbursements was requested by, or made to, Mr. A or Mr. B. The remaining disbursements ($400 in 1973 and $300 in 1972) were contributions to the political campaigns of various individuals. Only one such campaign contribution ($100 in 1972) appears to have involved a campaign for federal office. Except in the case of the cash amounts disbursed locally by representatives of Bank branches, as indicated

above, all disbursements were made by Mr. A or Mr. B directly or, in some instances, by other persons acting at their direction.

Each contribution from the Fund appears to have been made for general civic and political purposes and it does not appear that any such contribution was made with the intention or effect of inducing the recipient thereof, any public official or any other person from taking, or refraining from taking, any specific action.

There is no evidence that the Company, the Bank or any officer or director thereof ever sought or received any benefit or consideration, directly or indirectly, as a result of any political contribution from the Fund. Such contributions do not appear to have had any impact on the operating revenues or net income of the Company or the Bank.

4. Discontinuance of the Fund.

In December 1973, management presented a list of proposed 1974 salaries to the Bank's Executive Committee which included the usual special amounts for certain officers. During 1973, a number of directors of the Bank, reflecting the rising public sensitivity regarding political contributions and questionable payments, had raised questions regarding the propriety and wisdom of paying these special amounts. This questioning was renewed

by certain members of the Bank's Board of Directors in December 1973. Accordingly, management reconsidered its proposed salary list providing for special amounts and determined to discontinue such payments. No extended discussion occurred at the Executive Committee meetings in connection with these actions and no legal advice was sought by, or rendered to, the Executive Committee or management. The termination appears to have been based not on a conclusion that payment of the special amounts was improper but rather on the possibility that they might be regarded as questionable by others.

As a result of management's determination to discontinue the special amounts, a revised salary list was submitted to the Executive Committee. The revised list eliminated the separate column for special amounts and reduced proposed raises of certain persons who had been receiving special amounts by the amount thereof. Management recommended that officers receiving special amounts who were not scheduled for salary adjustments at that time not have their salaries reduced but that the next subsequent raise be adjusted downward to eliminate the special amount. At the same time, management pointed out that, as a result of the elimination of the Fund, certain members of management would be under substantially increased pressure to make personal contributions and that

it would be desirable to recognize that fact in setting the level of their compensation. Accordingly, management suggested that the raises proposed in the initial list for the Chief Executive Officer and two Vice Presidents be increased by $5,000, $4,000 and $3,500, respectively. No requirements were imposed as to the actual use of these amounts and the officers receiving them were not asked to account for such use. The management proposals and the revised list were approved by the Executive Committee, reported to the Bank's Board of Directors and approved by the Board. At the Board meeting at which the approval was given, the termination of the special amounts was reported but there was no extended discussion regarding the propriety of the terminated practice.

Subsequent raises granted to the Chief Executive Officer and two Vice Presidents whose raises had been increased in December 1973 appear to have followed a normal pattern, so that it may be assumed that the 1973 increases have become a continuing part of their compensation. There is no indication that such officers have been required or requested to account for the disposition of any part of their compensation and each of them reports that he considers the disposition of the entire amount of his salary to be within his own discretion.

C. Other Political Payments.

PMM conducted a review of amounts paid by the Bank to senior personnel since January 1, 1971 on account of expenses incurred by them. Appendix B, prepared by PMM, sets forth the extent of this review, the procedures followed and the facts found. As set forth in Appendix B, no evidence was found that any such expense payments were utilized for political purposes.

Prior to the appointment of the Special Committee, a management review of loans made by the Bank since January 1, 1971 had been conducted. No evidence whatsoever was found that loans had been made for political purposes. All loans which had been made to persons who happened to be public officials or political candidates were made on normal banking terms and pursuant to customary banking practice. All payments with respect to such loans were made in accordance with their terms.

The investigation disclosed that a portion of the Bank's headquarters building has been rented to the county organization of a major political party for approximately 30 years. The organization has paid a slightly lower rent than that paid by other tenants for comparable space in the building, primarily because the Bank has never done any renovations for such organization during the entire period of its occupancy. (The Bank usually spends approximately 20% of the rent for a five-year term on renovations.) Moreover, in the most recent five-year period, the lower rent also reflected the fact that the

7 8 5 4 0 0 7 5 8 3 0

organization had voluntarily consented to move its offices to a different floor in the Bank's building to accommodate another tenant of the Bank which desired to expand into the space then occupied by such organization. The lease agreement between the Bank and such organization has expired and occupancy is now on a month-to-month basis. The Bank expects to begin negotiations for a new lease shortly and anticipates an increase in rent. The officer of the Bank who will participate in such negotiations has confirmed that the rent will continue to be based on arms-length business considerations.

D. Corporate Policies.

Although, as indicated above, officers of the Bank were apparently of the view that corporate political contributions were prohibited as a matter of corporate policy, no written or oral statements of such a policy appear to have been made prior to the discontinuance of the Fund.

E. Involvement of Senior Corporate Personnel.

A number of persons presently serving as senior officers and members of the Boards of Directors of the Company and the Bank had an involvement with the payment of the special amounts by the Bank and the making of contributions to the Fund. Certain of such persons were officers of the Bank who received special amounts and made contributions to the Fund. A number of others served

as directors or as members of the Executive Committee of the Bank and in that capacity approved the special amounts. Both Mr. A and Mr. B, who administered the Fund, are currently directors of the Company. All of such persons appear to have regarded the arrangements with respect to the special payments and the Fund as lawful. All of them apparently relied on the active participation of Legal Counsel in the creation and administration of the Fund, on his established reputation as an astute, experienced and highly ethical attorney and on the absence of any indication from Legal Counsel that the arrangements were unlawful or improper in any way. In particular, Mr. A and Mr. B have stated that it was their belief that they were dealing with personal political contributions and not corporate funds, that the arrangements had been approved by Legal Counsel and that the Fund was lawful and proper.

CLEARY, GOTTLIEB, STEEN & HAMILTON

Exhibit C

September 15, 1976

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

To the Board of Directors of
United Bank Corporation of New York:

On June 25, 1976, the Board of Directors of the Company appointed a Special Committee to investigate certain matters. Pursuant to the authority then granted, the Special Committee has conducted an investigation of State Bank of Albany ("the Bank") with respect to any political contributions which could be regarded as having been made by that subsidiary or on its behalf. You are in receipt of the report, dated September 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton ("CGS&H"), legal counsel to the Special Committee, who conducted the investigation under the supervision of the Special Committee and with the assistance of Messrs. Peat, Marwick, Mitchell & Co., independent accountants.

The Special Committee believes that a complete investigation of the Bank with respect to political contributions during the period from and after January 1, 1971 has been conducted and that the procedures followed were sufficient to bring to light any significant problems within the scope of the investigation. The CGS&H report has been accepted and approved by the Special Committee.

The investigation disclosed that from 1958 through 1973 certain officers of the Bank had regularly made political contributions through the medium of a cash fund ("the Fund") which had been administered by the person serving as Chief Executive Officer of the Bank at the time with the full knowledge and participation of the person then serving as the Bank's legal counsel ("Legal Counsel"). Each participating officer made a contribution to the Fund in an amount equal to 50% of a special amount included in his salary for such purpose. The Bank treated such special amount as salary for all purposes. With respect to the period under review, during the existence of the Fund, an aggregate of $35,750 was contributed to the Fund and an aggregate of $34,200 was disbursed from the Fund for political contributions, primarily for the purchase of tickets to political dinners and parties and for contributions to Republican and Democratic state, county and local committees. Generally, the Chief Executive Officer of the Bank made decisions as to disbursements from the Fund. The undisbursed balance of the Fund was expended for political purposes in 1974. Each contribution from the Fund was made for general civic and political purposes and it does not appear that any such contribution was made for the purpose of inducing any specific action on the part of the recipient of such disbursement or of obtaining any specific benefit for the Bank or any officer thereof. In 1973, certain directors of the Bank raised questions concerning the propriety of the Fund and, at management's initiative, the Fund was discontinued as of January 1, 1974.

In the light of the CGS&H report and the foregoing conclusions, the Committee unanimously recommends the following to the Board of Directors:

1. A formal statement of corporate policy with respect to political contributions and political expenditures, substantially in the form of the draft policy statement transmitted herewith, should be adopted by the Board of Directors and a copy of such statement should be delivered to each officer of the Company, the Bank and all other subsidiaries of the Company. The chief executive officers of the Company and each of its subsidiaries should be responsible for compliance with such statement of policy and should deliver copies thereof as appropriate to insure knowledge thereof and compliance therewith by all management personnel.

2. No action should be taken with respect to persons currently serving as directors, officers or employees of the Company or the Bank who were involved with the Fund. In making this recommendation, the Special Committee in no way approves or endorses the arrangements relating to the Fund. Indeed, the Special Committee believes that the proposed policy statement makes clear that such arrangements will be prohibited. However, the Special Committee has concluded that persons involved with the Fund acted in good faith and in the belief that their actions were proper and lawful. In this regard, the Special Committee has placed substantial weight on the active participation of Legal Counsel in the creation and administration of the arrangements for the making of political contributions through the Fund, including his role as Chairman of the Executive Committee and his unique responsibility under the circumstances. In addition, as noted, the political contributions made through the Fund were of a general nature and were not made for the purpose of inducing specific actions by governmental officials or bodies. In the light of these factors, the Special Committee concludes that the results of the investigation do not impugn the integrity or competence of the persons involved with the Fund.

John L. Segall, Chairman
Bernard F. Picotte
Richard F. Torrey

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

FORM 8K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: March , 1977

UNITED BANK CORPORATION OF NEW YORK
(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation)	0-5969 (Commission File Number)	14-1537178 (IRS Employer Identification No.)

75 State Street, Albany, New York 12207
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: 518-447-4121

7804075835

INFORMATION TO BE INCLUDED IN REPORT

Item 5. Other Materially Important Events.

In June 1976, in connection with the response to a questionnaire received from the Internal Revenue Service seeking information with respect to various matters, including political contributions, the Board of Directors of the Company appointed a Special Committee, composed of three outside members of the Board, to determine whether any expenditures had been made for political purposes by the Company or any of its subsidiaries during the period subsequent to January 1, 1971. The Special Committee retained the Company's outside attorneys, Messrs. Cleary, Gottlieb, Steen & Hamilton, and its independent auditors, Messrs. Peat, Marwick, Mitchell & Co., to assist it in conducting an investigation with respect to that period. As a result of the investigation, the Special Committee has reported to the Board of Directors that during the period covered by the investigation, expenditures for political purposes occurred at the Company's three banking subsidiaries, each of which was acquired by the Company in 1972. All such expenditures have been discontinued.

The Special Committee reported that, under an arrangement discontinued in 1973, the after-tax balance of special salary amounts paid to several officers of State Bank of Albany was delivered by them to the bank's chief executive officer and disbursed for purposes of a political nature. It appears that most, if not all, of the members of the Board of Directors of State Bank were aware that such special salary payments were included in the total salary amounts for such officers which were approved by the Board. Nine current members of the Board of Directors of the Company were members of the State Bank Board at relevant times, including two of the members of the Special Committee and two officers of the bank who administered the arrangement. The nine directors are: William Barnet, 2nd; Hollis E. Harrington; Peter D. Kiernan, Peter F. McCarthy; Frank H. Odell; Bernard F. Picotte; Everett C. Reed; John L. Segall and Donald McD. Slingerland. The arrangement was established and maintained with the advice, approval and active participation of the bank's outside legal counsel, who was also a member of the Board of Directors of the bank and Chairman of its Executive Committee. As a result, throughout the period of its existence the arrangement was understood

by the directors and officers of State Bank to be legal and proper. During the period covered by the investigation, an average of approximately $11,500 was disbursed annually for the purchase of tickets to political dinners and similar events and, in a number of instances, as contributions to political organizations and candidates. The special amounts paid to the officers were treated as salary for all purposes, including U.S. federal income tax returns, and the subsequent use of the funds was not reflected on the bank's books.

In the case of Liberty National Bank and Trust Company, certain items of income were deposited in a special fund and expended for political, charitable and miscellaneous business purposes until August, 1973. Neither the income and expenditures relating to this fund, nor the balance on hand at any time, were recorded on the books of the bank or reported for U.S. federal income tax purposes. During the period from January 1, 1971 until the discontinuance of the fund in August, 1973, approximately $40,000 of unrecorded items passed through the fund. More than $16,000 of this amount appears to have been used to make charitable contributions. Not more than approximately $20,000 appears to have been expended for political purposes, and the balance appears to have been expended for miscellaneous business purposes. All but a small portion of the political expenditures were used to purchase tickets for political dinners and similar events. The chief executive officer and other senior officers of Liberty were aware of the fund and the nature of the transactions relating to it, but it appears that non-officer members of the Board of Directors of the bank were not informed prior to the discontinuance of the fund. None of the officers of Liberty who were involved with the fund are currently directors or officers of the Company.

Highland National Bank of Newburgh was found to have expended small amounts for the purchase of tickets to political dinners and similar events and for advertisements in political dinner booklets and similar publications. Such expenditures by the bank appear to have amounted to less than $500 per year during the period covered by the investigation. In addition, two other banks acquired during 1975 by Highland had previously expended small amounts for similar political purposes. Average expenditures by the two acquired banks apparently aggregated less than $750 per year during the period from January 1, 1971 to the acquisition. Some of such expenditures by Highland and the two acquired banks were made through reimbursement of expense vouchers without reflecting accurately the nature of the expenditure on the books and records of the corporation involved. It appears that

such expenditures were treated as deductions for U.S. federal income tax purposes. In each case, the expenditure was authorized by the chief executive officer of the corporation involved. All such expenditures have been discontinued.

The expenditures of a political nature disclosed by the investigation appear to have been made in small amounts to a variety of political parties, organizations and candidates for what were regarded at the time as general public relations purposes and there does not appear to have been any significant pattern to such expenditures. No indication was found that any of such expenditures was made for the purpose, or had the effect, of inducing any specific action on the part of the recipient thereof or of obtaining any specific benefit for the Company or any of its subsidiaries, or any director or officer thereof. Nevertheless, the legality of such expenditures appears to be subject to question.

The foregoing information has been disclosed by the Company to the Internal Revenue Service and an investigation is being conducted by its Intelligence Division. The Company is unable to predict the amount of any additional tax or penalties which may be assessed as a result of such disclosure, but in the opinion of the Company, any such liability will not be material in the light of the Company's financial condition.

The foregoing information is being supplied by the Company solely for information purposes. In the opinion of the Company, such information is not material in any respect to the business or financial condition of the Company and no contrary implication should be drawn from its inclusion herein. At December 31, 1976, the Company had consolidated total assets of approximately $1.5 billion and its net income for 1976 was approximately $20 million.

Pursuant to recommendations of the Special Committee, the Board of Directors has appointed an Audit Committee composed of outside directors and has requested the Company's independent auditors to give special attention in their audit procedures to matters of the kind reported above and to report to the Audit Committee any evidence of non-compliance with Company policies. In addition, the Board of Directors has, on the recommendation of the Special Committee, adopted the following Statements of Corporate Policy Regarding Business

and Accounting Practices and Political Contributions and Other Expenditures for Political Purposes.

Statements of Corporate Policy

It is the established policy of United Bank Corporation of New York and its subsidiaries (together "the Corporation") to conduct their affairs in strict conformity to all applicable legal requirements, generally accepted accounting principles and procedures and the highest standards of business ethics. The Board of Directors has adopted the following specific policy statements in order to provide guidelines for the application of this general corporate policy to the areas of business and accounting practices and political contributions.

A. Business and Accounting Practices.

1. No funds or assets of the Corporation shall be used for any unlawful purpose.

2. No unrecorded fund or asset of the Corporation shall be established or maintained for any purpose.

3. No false or misleading entries shall be made in the books and records of the Corporation for any purpose. All items of income or expense shall be appropriately recorded.

4. No payment by the Corporation shall be made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described in the books and records of the Corporation.

5. No payment on behalf of the Corporation shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

6. Compliance is required with generally accepted accounting principles and procedures and with established internal corporate controls and procedures.

7. Any officer or employee who has or obtains knowledge of, or information concerning, any actions prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation of New York.

8. The Corporation may require submission of reports or statements with respect to compliance with this policy statement by such officers and other employees, at such time or times, and in such form, as the Corporation may specify.

9. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

B. Political Contributions and Other Expenditures for Political Purposes.

1. No funds or assets of the Corporation are to be used to make any political contribution, whether or not lawful. For purposes of this policy statement, the term political contribution shall be deemed to include not only the direct or indirect delivery of cash or property of the Corporation to a political party, candidate, committee or organization but also (a) the reimbursement by the Corporation of any officer or employee of the Corporation or any other person for a political contribution made, or to be made, by such officer, employee or other person or (b) the provision of services or of the use of property, or the making of a loan, to a political party, candidate, committee or organization by the Corporation, except in the ordinary course of the Corporation's business and on customary commercial terms. Purchases of tickets to political dinners or other similar events or of advertisements in political publications are considered to be political contributions.

2. Neither the Corporation, nor any person acting on its behalf, shall establish any program, whether or not lawful, to solicit, collect or distribute political contributions from officers or employees of the Corporation.

3. No person receiving payments from the Corporation, whether as compensation for services or

for any other purpose whatsoever, shall be under any obligation of any kind to the Corporation to utilize any amount of any such payment for the making of any political contribution and no officer or employee of the Corporation, or any other person acting on its behalf, shall seek to create or enforce any such obligation.

4. Nothing in this statement of policy is intended in any way to discourage officers or employees of the Corporation from active personal involvement in the political process, including the making of personal political contributions, or otherwise to limit the rights and obligations of the Corporation's personnel as responsible citizens.

5. Any officer or employee who has or obtains knowledge of, or information concerning, any action prohibited by this policy statement shall promptly notify the Chief Executive Officer of United Bank Corporation.

6. Violations of this policy statement will be viewed as matters of very serious concern and will result in disciplinary action which may include dismissal.

SIGNATURES

Pursuant to the requirements of the Securities Exc[illegible]e Act of 1934, the registrant has duly caused this rep[illegible] to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED BANK CORPORATION OF NEW YORK
(Registrant)

Date: March , 1977 By_____
Thomas W. Lucey, Secretary-Treasurer

December 13, 1976

To the Board of Directors of
United Bank Corporation of New York

The Special Committee of the Board of Directors has now completed the investigation with respect to payments of a political nature and similar matters which it was authorized by the Board of Directors to undertake on June 25, 1976. You have now received the report, dated December 10, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton ("CGS&H"), legal counsel to the Special Committee, and the report, dated December 3, 1976, of Messrs. Peat, Marwick, Mitchell & Co. ("PMM"), independent accountants for the Special Committee, each of which reports relates to the Company and three of its subsidiaries. (You have earlier received the reports of the Special Committee, dated September 15, 1976, and CGS&H, dated September 13, 1976, relating to the other subsidiary of the Company.)

The Special Committee has received the CGS&H report dated December 10, 1976 and the PMM report dated December 3, 1976. With respect to the conduct disclosed in these reports, while the Special Committee does not in any way endorse or approve such conduct, it believes that the Board of Directors should note that the actions

7 8 0 4 0 0 7 5 8 4 2

taken by the various officers and employees were not taken for, and did not result in, their personal benefit or aggrandizement. In each case it appears that it was thought that the actions taken were in the corporate interest. Accordingly, the Special Committee does not recommend, on the facts before it, that any action be taken against any of the individuals who participated in the conduct disclosed in the reports. However, in order to insure that such conduct does not recur, the Special Committee has the following recommendations for action:

1. A formal statement of policy should be formulated for submission to and adoption by the Board of Directors covering conduct of the kind disclosed by the several reports and particularly making clear that the maintenance of "off book" funds and the failure to record items of income and expense are serious breaches of corporate policy and will not be tolerated.

2. The foregoing statement of policy and the statement of policy regarding political contributions should be circulated to officers and senior employees of the Company and its subsidiaries periodically and principal officers should be required to affirm compliance with these policies

7804007583

in writing at reasonable intervals.

3. At its regularly scheduled January meeting, the Board of Directors should create a permanent Audit Committee which will have among its responsibilities maintaining an overview of compliance with the abovementioned policies.

4. The Company should request PMM, as its independent accountants, to give special attention in its annual audit procedures to compliance with the abovementioned policies and to report to the Audit Committee any evidence of non-compliance therewith.

5. The Board should request management, with assistance from PMM as necessary, to review internal audit procedures in the light of the facts disclosed by the reports.

John L. Segall, Chairman
Bernard F. Picotte
Richard F. Torrey

7804007584

CLEARY, GOTTLIEB, STEEN & HAMILTON

PERSONAL AND CONFIDENTIAL

REPORT TO THE SPECIAL COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
UNITED BANK CORPORATION OF NEW YORK

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

December 10, 1976

7 8 0 4 0 0 7 5 8 4 5

I. BACKGROUND OF THIS REPORT

In June 1976, United Bank Corporation of New York ("the Company") received a series of questions from the Internal Revenue Service ("the IRS") seeking information with respect to various matters, including political contributions. In the course of preparing to respond to the IRS questions, the attention of the management of the Company was called to certain political contributions relating to a banking subsidiary of the Company ("Bank A").

After reviewing the matter with legal counsel, the management of the Company recommended to the Company's Board of Directors, at a meeting held on June 25, 1976, that a Special Committee of the Board be created to conduct an investigation with respect to such political contributions and to such similar matters as it deemed appropriate, and to report to the Board with regard to the facts found and any action which such Committee recommended be taken in connection therewith.

At the June 25 meeting, the Company's Board of Directors accepted the recommendation of management and

appointed three of its members -- Messrs. John L. Segall (Chairman), Bernard F. Picotte and Richard F. Torrey -- as the Special Committee. The Special Committee thereupon retained Messrs. Cleary, Gottlieb, Steen & Hamilton ("CGS&H"), attorneys for the Company, and Messrs. Peat, Marwick, Mitchell & Co. ("PMM"), independent public accountants of the Company, as legal counsel and independent accountants, respectively, for the Special Committee to advise and assist it in conducting an investigation.

On September 13, 1976, CGS&H submitted a report ("the Bank A Report") to the Special Committee (prepared with assistance from PMM where indicated therein) setting forth the results of its investigation relating to Bank A. After reviewing and discussing the Bank A Report, the Special Committee submitted it to the Board of Directors of the Company on September 15, 1976 along with certain recommendations, including a recommendation as to the adoption of a formal statement of corporate policy with respect to political contributions and political expenditures. At the same time, the Special Committee reported to the Board that it had directed CGS&H, with the assistance of PMM, to conduct similar investigations with respect to the Company and its three other subsidiaries in order to determine whether any political contributions might have been made by or on behalf of any of such entities since January 1, 1971.

II. SCOPE OF THIS REPORT

This Report sets forth the results of the investigation which was made to determine whether any political contributions were made by or on behalf of the Company or any subsidiary other than Bank A during the period from and after January 1, 1971, and relates solely to such investigation.

The three subsidiaries of the Company other than Bank A will be referred to in this Report as "Bank B", "Bank C" and "the Leasing Company", and together will be referred to as "the Subsidiaries".

The Company was organized on February 26, 1971 and commenced business as of January 1, 1972 when it acquired all of the capital stock of Bank A and all of the capital stock, except for directors' qualifying shares, of Bank B. On November 30, 1972, the Company acquired all of the capital stock, except for directors' qualifying shares, of Bank C, and in July 1972, the Company formed the Leasing Company.

This Report has been prepared by CGS&H with assistance from PMM where specifically indicated herein.

III. SUMMARY

The investigation disclosed that, until 1973, Bank B had maintained an "off-book" fund ("the Fund"), administered by senior officers of Bank B, into which had been deposited certain items of unrecorded income of Bank

B and from which had been made unrecorded expenditures, including payments for political purposes (primarily the purchase of tickets to political dinners and similar events) and charitable contributions. The investigation further disclosed that, at about the time of discontinuance of the Fund in 1973, a salary increment of $2,500 had been given to each of five senior officers of Bank B to assist them in making personal civic, political and charitable contributions and that such officers had not been required to report or account for the use of such increments.

With respect to Bank C, the investigation disclosed that, during the period under review, small amounts of corporate funds had been used to purchase tickets to political events and advertisements in political publications and, in a few cases, for political contributions, that the true purpose of such disbursements was, in some cases, not accurately reflected on the corporate books and that such practices had been terminated.

In addition, the investigation disclosed that, during the period under review, the Subsidiaries had made loans to, or engaged in other transactions with, political candidates or political or public entities or organizations but that all such transactions had been conducted on normal commercial terms in the ordinary course of business.

With the exception of the matters specifically referred to herein, the investigation did not disclose the existence during the period under review of any payments which might be regarded as having been made by the Company or any of the Subsidiaries, directly or indirectly, to any person for political purposes. For purposes of the investigation, such payments have been regarded as including not only direct payment of cash to any political committee, political organization, candidate for public office or any other person involved in political activities, but also any delivery of property or other things of value to such person, providing such person with services or the use of property at less than fair value, paying expenses of such person without reimbursement, causing a third party to make a payment to such person and reimbursing such third party therefor, directly or indirectly, or making a payment to a third party designated by such person.

With respect to payments of a political nature referred to herein, no indication was found that any of such payments was made for the purpose, or had the effect, of inducing any specific action on the part of the recipient thereof or of obtaining any specific benefit for the Company, or any of the Subsidiaries, or any director or officer thereof. As indicated herein, all of such payments have been terminated. The

7804007584 9

investigation also disclosed full awareness among officers of the Company and the Subsidiaries that Company policy prohibits corporate political contributions.

The Company has informed PMM of its intention to disclose to the IRS the facts set forth in this Report. PMM is unable to predict the amount of additional tax liability, if any, which might accrue as a result of such disclosure, but it does not appear that any such liability would be material in the light of the Company's financial condition.

IV. CONDUCT OF THE INVESTIGATION

The investigation was carried out by CGS&H and PMM under the supervision and direction of the Special Committee and with the assistance of such personnel of the Company and the Subsidiaries and such other persons as CGS&H and PMM deemed necessary and appropriate from time to time. CGS&H maintained contact with the Special Committee through its Chairman in order to discuss procedures to be followed by CGS&H and PMM and to report on the course of the investigation.

A. Interviews by CGS&H.

The Special Committee authorized CGS&H to interview such persons as CGS&H thought likely to have information relevant to the investigation. Pursuant to such authorization, CGS&H interviewed a total of 36 persons.

With respect to Bank B, CGS&H interviewed 11 present and four former officers and employees, three of whom were either current or former directors; eight other present and three former directors and two members of the law firm which served as legal counsel during the period covered by the investigation, one of whom is a present director, the other of whom is a former director. Included in this group were the present Chief Executive Officer and his immediate predecessor, the two senior financial officers who administered the Fund during the period covered by the investigation and the public relations officer who directed disbursement of the Fund during such period.

With respect to Bank C, CGS&H conducted interviews with the present Chief Executive Officer and his immediate predecessor, both of whom are directors, five other officers and the former chief executive officers of two banks acquired by Bank C in 1975, both of whom are also directors.

With respect to the Leasing Company, CGS&H conducted interviews with the Chief Executive Officer, who is a director, and three other officers, two of whom are also directors.

With respect to the Company, CGS&H interviewed the Chief Executive Officer, who is a director, the Secretary-Treasurer, the former President of the Company, who is a director, and the former Treasurer of the Company.

The specific individuals selected for interview were considered either to be persons having special knowledge of, or access to, relevant facts, or persons who were a representative cross-section of a group believed to have equal knowledge of, or access to, such facts.

Each person interviewed was asked such questions as CGS&H deemed appropriate in the light of information already developed. Where subsequent information made such action appear desirable, additional interviews were conducted with some individuals.

B. Review of Documents by CGS&H and PMM.

1. Bank B.

CGS&H reviewed the minutes of meetings of officers, the Board of Directors and the Executive Committee of the Board of Directors of Bank B for the period covered by the investigation; the agendas for such Board of Directors and Executive Committee meetings; minutes of meetings of the Examining Committee of the Board of Directors of Bank B for the period from June 1974 (the first date on which minutes were kept); the Annual Reports of the Examining Committee to the Board of Directors for each of the years 1971 through 1973; all cashier's checks and other documents which could be identified as relating to the Fund; statements of the policy of Bank B concerning political

contributions; and various other records, memoranda, reports, worksheets and documents produced by individuals interviewed or by others and deemed relevant by CGS&H.

PMM conducted a review of the expense accounts of officers of Bank B and of the aforementioned cashier's checks, all as set forth in the report of PMM ("the PMM Report") delivered herewith. In addition, PMM reviewed income tax returns relating to Bank B for the period covered by the investigation.

2. Bank C.

CGS&H reviewed the minutes of meetings of the Board of Directors of Bank C for the period covered by the investigation. PMM conducted a review of the expense accounts of officers of Bank C, as set forth in the PMM Report. In addition, PMM reviewed income tax returns relating to Bank C for the period covered by the investigation.

3. The Company and the Leasing Company.

CGS&H reviewed the minutes of meetings of the Board of Directors and the Executive Committee of the Board of Directors of the Company since its organization, as well as the agendas for such meetings. CGS&H also reviewed the minutes of meetings of the Board of Directors of the Leasing Company since its organization, as well as the agendas for such meetings. In addition, PMM conducted a review of the expense accounts of officers of the Company

and the Leasing Company, as set forth in the PMM Report, and reviewed income tax returns relating to the Company and the Leasing Company for the periods since their respective organizations.

C. Practical Limitations on the Investigation.

The investigation was subject to a number of practical limitations. The events, transactions and procedures under investigation spanned a lengthy period of time. Understandably, the recollections of various individuals concerning specific events were not entirely clear or free from doubt. While, in general, the individuals interviewed were cooperative and frank, the reliability of the findings and conclusions set forth in this Report obviously depends on their honesty, candor and accuracy of recollection. In addition, with respect to Bank B, a few persons formerly employed by Bank B who might have been able to supply important information are deceased.

Since information was gathered from a variety of sources which were not always in full agreement, and which, in a few instances, were directly contradictory, the facts stated in this Report are necessarily to some degree the result of subjective evaluation of such information by the persons conducting the investigation.

In addition, although the Fund is believed

7 8 0 4 0 0 7 5 8 5 4

to have existed at Bank B for at least twenty years, no records relating to amounts deposited in, or amounts disbursed from, the Fund appear to exist at the present time (other than the cashiers' checks referred to below). Moreover, no informative records appear to exist at Bank C concerning amounts disbursed for politically related purposes.

It should also be noted that, although the procedures which PMM was requested to carry out in connection with the investigation did not constitute an examination in accordance with generally accepted auditing standards, they were deemed to be sufficiently comprehensive to accomplish the purposes of the investigation.

V. FACTS AND CONCLUSIONS

A. Bank B.

1. The Fund.

a. Existence and Purpose of the Fund.

The Fund was established a number of years prior to January 1, 1971, the date of commencement of the period under review,and was used to facilitate certain payments made for political, charitable and miscellaneous business purposes. The books of Bank B did not reflect amounts on deposit in the Fund at any time or the making of deposits in or disbursements from the Fund. As a result, political and miscellaneous business expenditures could be made without recording such expenses on the books of Bank B. In addition,

7 8 0 4 0 0 7 5 8 5 5

unrecorded items of income deposited in the Fund could be utilized to make "off-book" charitable contributions which would not be deductible for tax purposes because the maximum amount of contributions permitted to be deducted for the period had been made or pledged.

b. Administration of the Fund.

During the period under unvestigation, principal responsibility for administration of the Fund was exercised by a senior financial officer of Bank B ("Mr. A") and, upon Mr. A's retirement early in 1972, by his successor ("Mr. B"). The safe deposit box in which the Fund was kept was in the custody of Mr. A and Mr. B and they were responsible for handling deposits into and withdrawals from the box. Although Mr. A, in his interview, denied any knowledge of, or involvement with, the Fund, all of the other persons interviewed who had contemporaneous knowledge of the Fund's operations identified Mr. A as the principal administrator.

With respect to disbursements from the Fund for non-political purposes, it appears that Mr. A and Mr. B determined the amount and recipients of charitable contributions and that requests for funds for other purposes were made by a limited number of senior bank officials. Insofar as disbursements for political purposes are concerned, determinations regarding the amount and recipients

7804007585 6

of such disbursements during the period covered by the investigation were customarily made by a senior officer of Bank B who had public relations responsibilities ("Mr. C"). Requests for purchases of tickets to political events or other political expenditures by Bank B were normally brought to Mr. C's attention. Mr. C would determine whether such a disbursement should be made and in what amount. In most instances, Mr. C made such determinations alone; in some cases, however, Mr. C consulted informally with other officers or employees of Bank B.

Once it was determined that a politically related expenditure would be made from the Fund, Mr. C would inform Mr. A or Mr. B of such determination and Mr. A or Mr. B would supply cash to Mr. C in an amount sufficient to enable him to make such expenditures. Mr. A or Mr. B would either utilize cash from the safe deposit box in which the Fund was maintained or would cash one or more of the cashiers' checks held in such box. On some occasions when a cashiers' check was cashed in this manner, a financial officer having responsibilities with respect to the processing of cashiers' checks was instructed by an associate of Mr. A to arrange a special processing of the check so cashed in order to avoid questions which might otherwise be raised by the accounting staff with respect to a cashiers' check made

7 8 0 4 0 0 7 5 8 5 7

payable to Bank B and not cashed for a substantial period of time following the date of issuance, contrary to customary practice.

Politically related expenditures made from the Fund by Mr. C were customarily made in cash. Tickets purchased for a political event were distributed by Mr. C among any officers and directors of Bank B who may have expressed an interest in attending the event or who it was thought should attend such event from a public relations point of view. The investigation did not disclose any occasion during the period covered in which an officer or employee of Bank B other than Mr. C made a disbursement from the Fund for a political purpose.

Mr. A, Mr. B and Mr. C did not report or account on any regular or formal basis to any other officers of Bank B with respect to their activities relating to the Fund. However, it appears that most, if not all, of the senior officers of Bank B were aware of the existence of the Fund, although they may have been aware in differing degrees of the specific sources and uses of the Fund and the extent to which the Fund and transactions therein were reflected on the books of Bank B. It does not appear that members of the Board of Directors of Bank B who were not officers of the Bank were informed of the existence or operations of the Fund prior to its discontinuance.

c. Deposits in the Fund.

All records kept by Mr. A and Mr. B concerning amounts deposited in the Fund or the sources thereof were destroyed, subsequent to the discontinuance of the Fund, in the course of various departmental relocations within Bank B. However, the interviews indicated that the sources of such amounts included: sales of furniture and equipment of Bank B which had previously been fully depreciated on the books of Bank B; recoveries of amounts embezzled by employees of Bank B (in excess of any amount required to be reimbursed to insurance companies); recoveries of amounts expended for repairs of repossessed vehicles; and profit on sales of football tickets obtained by Bank B. Such receipts were not reported as income on the books of Bank B or on the federal or New York State income tax returns of Bank B or (after its organization in 1972) the Company for the years 1971 through 1973 (the last year during which the Fund existed).

The facts developed by the investigation support a conclusion that all of the items of Bank B income directed into the Fund were converted upon receipt into cashiers' checks payable to Bank B. These cashiers' checks and any unused cash resulting from cashing such checks were kept in a safe deposit box in Bank B.

The investigation did not disclose who determined which items of income received by Bank B would be

directed into the Fund or what factors entered into such determinations. However, it appears that only items of income which did not recur on a regular basis were utilized for the Fund and that no procedures existed to assure that any specific amount would be deposited in the Fund each year. Although there are no specific records as to the aggregate amount of deposits made to the Fund during the period subsequent to January 1, 1971, a general indication of the amount of such deposits is provided by the PMM review of the cashiers' checks which passed through the Fund during this period (see the PMM Report). The PMM review identified an aggregate of approximately $63,300 of such cashiers' checks. Of this amount, PMM determined that approximately $23,400 represented specifically identifiable items of income (a dividend on an insurance policy, a refund of a contribution and recoveries of an insurance claim and an embezzlement) which were subsequently recorded on the books of Bank B. An additional approximately $14,000 of such cashiers' checks could be specifically identified as having derived from recoveries of an insurance claim and an embezzlement, which recoveries were not recorded on Bank B's books. The source of the balance of the amount of cashiers' checks which passed through the Fund could not be specifically identified.

d. Disbursements from the Fund.

No records (other than the cashiers' checks

referred to above) currently exist concerning amounts disbursed from the Fund or the purposes for which such disbursements were made. It appears from the interviews (and the cashiers' checks) that disbursements from the Fund were made for (1) charitable contributions, (2) miscellaneous business expenses and (3) political expenditures. In addition, as stated above, the PMM review of cashiers' checks disclosed that approximately $23,400 of income items deposited in the Fund were subsequently transferred to the regular funds of Bank B and recorded in its accounts.

The PMM review of cashiers' checks disclosed that, during the period covered by the investigation, approximately $8,800 of cashier's checks payable to Bank B and held in the Fund were exchanged for cashiers' checks payable to charitable organizations. Use of amounts of unreported income through the Fund for such charitable contributions appears to have occurred at times when Bank B had made or pledged the full amount of charitable contributions which could be deducted for tax purposes for the period.

The PMM review also identified approximately $900 of cashiers' checks which were exchanged for other cashiers' checks used to pay miscellaneous business expenses. Such expenses apparently included the purchase of business gifts, the purchase of distinctive jackets for bank tellers and a gift to a retiring employee. The Fund appears to have been utilized in this regard somewhat as a discretionary petty cash fund.

The major portion of disbursements from the Fund appears to have been used for political expenditures. Although the PMM review of cashiers' checks identified a $200 cashier's check which was disbursed through the Fund in 1972 and which was made payable to a committee for a federal Congressional candidate, the interviews support a conclusion that all but a small portion of such disbursements were used to purchase tickets for political dinners and cocktail parties. It appears that Bank B was regularly approached with requests to purchase such tickets and had done so for many years. Such purchases were made in the belief that it was common practice among banks to be represented at such political events and that it was necessary, for public relations purposes, for Bank B to purchase tickets and arrange for the attendance of senior bank officers.

Although some events to which tickets were purchased were probably of a recurrent nature, the interviews do not suggest that there was any significant pattern to such expenditures and tickets were apparently purchased to events of both of the major political parties.

In addition to the purchases of tickets, the interviews indicate a likelihood that a small portion of disbursements from the Fund was used for direct political contributions. Except in the case of the $200 contribution to a Congressional campaign committee referred to above, it

7804075862

was not possible to identify the amount or the recipients of any such direct contributions.

Although no records exist from which the aggregate amount disbursed from the Fund for political purposes can be computed, it is possible to estimate this amount from the information obtained in the course of the investigation. The PMM review of cashiers' checks indicated that all but approximately $31,100 of such checks passing through the Fund could be traced as having been disbursed for non-political purposes. Although PMM reports that it was unable to find an "audit trail" for this $31,100 (except for the $200 Congressional contribution referred to above), the interviews provided a basis for an estimate of the portion of this amount which may have been used for political purposes. First, the $31,100 can be reduced by the $7,600 remaining in the Fund at the time of its discontinuance, the probable disposition of which for charitable purposes is discussed below. With respect to the approximately $23,500 remaining unaccounted for, Mr. B indicated that some of this amount was undoubtedly employed for miscellaneous business expenses. Mr. B estimated that an average of between $3,000 and $4,000 was probably disbursed annually for political payments. Mr. C estimated that the amount of expenditures for political purposes averaged not more than $6,000 per year.

Accordingly, on the basis of the interviews, it appears that not more (and probably somewhat less) than

approximately $20,000 of the amounts disbursed upon the cashing of cashiers' checks was disbursed for political purposes during the period from January 1, 1971 to August 29, 1973, when the Fund was liquidated. Although there can be no certainty that this estimate includes all of the amounts drawn from the Fund for political purposes, Mr. B and Mr. C cooperated fully in the investigation and their estimates that disbursements for political purposes did not average more than $6,000 per year appear credible in the light of all of the information obtained. In addition, Mr. C indicated that the largest single political expenditure of which he was aware was a $700 purchase of tickets to a political dinner.

Disbursements made from the Fund for political purposes appear to have been made in pursuance of general public relations objectives of Bank B. No evidence was found that any such disbursement was made with the intention or effect of inducing the recipient thereof, any public official or any other person to take, or to refrain from taking, any specific action. In addition, there is no evidence that Bank B or the Company, or any officer or director of Bank B or the Company, ever sought or received any benefit or consideration, directly or indirectly, as a result of such political expenditures. The termination of such expenditures upon the discontinuance of the Fund does

not appear to have had any effect on the operating revenues or net income of Bank B or the Company.

e. Discontinuance of the Fund.

During 1973, as a result of the substantial public attention given to revelations of questionable corporate payments, the then Chief Executive Officer of Bank B ("Mr. D") became concerned that maintenance of the Fund was inappropriate. After consultation with Bank B's legal counsel, Mr. D directed that the Fund be terminated and recommended to the Executive Committee of the Board of Directors of Bank B that the level of compensation of five senior executive officers of Bank B be adjusted in order to recognize that such officers were under substantial pressure as prominent members of the community to make personal civic, political and charitable contributions. The Executive Committee was apparently not informed of the prior existence or operations of the Fund or of its discontinuance. The Executive Committee approved Mr. D's recommendation on May 15, 1973. Each of the five officers received the salary increment of $2,500, paid as a lump sum, in each of the years 1973, 1974 and 1975. After consultation in 1975 with legal counsel of Bank B, the lump sum payments were discontinued and, effective January 1, 1976, the increment was incorporated into the regular salary of each of the five officers and paid in the manner in which

the salary of such officer is normally paid. The $2,500 increment has been treated for all purposes as, and is considered by Bank B and by each recipient officer to be, personal funds of such officer. Bank B has never attempted to direct the expenditure of such increment and such officers have never been required or requested to report or account for such expenditure. Each of the five recipient officers reports that he considers the disposition of the entire amount of his salary to be within his own discretion.

At some time between May 15, and August 29, 1973, Mr. B deposited all of the cash remaining in the Fund (approximately $100) in the miscellaneous income account of Bank B. On August 29, 1973, the six cashiers' checks then remaining in the Fund (aggregating approximately $7,600) were cashed and it appears that all or a substantial portion of the proceeds thereof may have been donated through several persons affiliated with Bank B to a recognized civic and community-oriented organization. Such persons appear to have issued their personal checks to the organization, and received reimbursement from Mr. D in cash. The investigation could not specifically confirm that all of the proceeds of the cashiers' checks remaining in the Fund on August 29, 1973 were disbursed in this manner but persons who were interviewed reported a total of $2,500 as having been donated in this manner through them.

2. Loans and other Politically Related Payments.

PMM conducted a review of amounts paid by Bank B to senior personnel since January 1, 1971 on account of expenses incurred by them. The PMM Report sets forth the extent of this review, the procedure followed and the facts found. Neither our investigation nor the PMM review lead to a conclusion that travel and expense accounts of officers of the Bank were employed during the period subsequent to January 1, 1971 as a means to obtain reimbursement for expenditures of a political nature.

Prior to the appointment of the Special Committee, a management review of loans made by Bank B since January 1, 1971 had been conducted. The review disclosed that, although expressly contrary to the established policy of Bank B since at least 1974, Bank B occasionally made a loan to a political organization during such period. However, no evidence whatsoever was found that such loans had been made for political purposes. Moreover, each of such loans (as well as each loan which had been made to persons who happened to be public officials or political candidates) was legal when made and was made on normal banking terms and pursuant to customary banking practice. In virtually all instances, payments with respect to such loans have been made in accordance with their terms.

3. Corporate Policies at Bank B.

Although no written statement of policy concerning political contributions appears to have been made by Bank B prior to the discontinuance of the Fund, subsequent to the discontinuance thereof Bank B made clear and unequivocal statements prohibiting political contributions. On December 1, 1975, for example, the following memorandum was circulated to personnel of Bank B:

> "A national bank is prohibited from making any contributions or expenditure in connection with any election to any political office or in connection with any primary election or political convention or caucus held to select candidates for any political office. Contributions or expenditures include any direct or indirect payment, distribution, loan, advance, deposit or gift of money or any services, or anything of value. Violations are punishable by fine and/or imprisonment.
>
> "Accordingly, all directors, officers, and employees, are advised not to use any [Bank B] property, directly or indirectly, or render any service on bank time for such political activity. Specifically pursuant to bank policy, no loans are to be made to any political party or candidate under any circumstances.
>
> "The above restrictions should not be read to inhibit any individual, acting in his personal capacity on his own time, from participating in the political process in the State and Nation."

Moreover, on May 7, 1976, the Board of Directors of Bank B adopted the following statement of staff conduct:

> "Both corporate and banking laws clearly and emphatically forbid National Banks to make contributions in any form whatsoever, to any political candidate, political party, or committee. Any violation of this prohibition will result in immediate dismissal."

4. Involvement of Senior Corporate Personnel at Bank B.

A number of persons serving as senior officers of Bank B had an involvement with, or knowledge concerning the administration of, the Fund or the making of contributions from the Fund. Mr. B and Mr. C currently occupy the same positions which they had during the period of their involvement with the Fund.

B. Bank C.

1. Expenditures of Funds for Political Tickets and Advertisements.

Funds of Bank C have been used during the period under review for the purchase of tickets to political dinners and similar events and for the purchase of advertisements to appear in various political publications. It appears that, during the period under review, the aggregate annual amount of disbursements of corporate funds for such purposes did not exceed $500. It appears that in some cases the purchases were made by direct disbursement by Bank C and that in other cases officers, including the present Chief Executive Officer, would use their personal funds to pay for such purchases and would receive reimbursement therefor through Bank C's expense account voucher system. Although the amounts expended were reflected on Bank C's books, it does not appear

that, in all instances, the expense vouchers clearly disclosed the actual purpose of the expenses reflected thereon. Tickets to political events were customarily distributed to various bank employees for their use.

PMM conducted a review of direct disbursements by Bank C for political purposes and of amounts paid to Bank C employees for reimbursement of expenses generally. The PMM Report sets forth the extent of this review, the procedures followed and the facts found. The review identified the following amounts of direct disbursements for apparently politically related purposes in the years 1971 through 1975 respectively: $125, $145, $270, $100 and $150.

During 1975, Bank C acquired, through merger, two other banks ("Branch I" and "Branch II"). The investigation disclosed that, prior to the merger, Branch I had purchased tickets to various political events and advertisements in political dinner programs or brochures. Such expenditures were recorded as such on the books of Branch I and were reported to have averaged approximately $250 per year.

The investigation disclosed that Branch II had also purchased political tickets and advertisements prior to the merger and, in some instances, had made political contributions directly to candidates. The average total annual amount of such expenditures was reported to have been

approximately $500. In some instances the expenditures were made by direct disbursements by Branch II. In other instances, the then chief executive officer of Branch II used his personal funds for such expenditures and obtained reimbursement through expense account vouchers. The amounts of such reimbursements were reflected on the books of Branch II but the true purpose of the expenditures was, in a number of instances, not clearly disclosed. Virtually all of the direct political contributions were reported to have involved candidates for local office, although it is possible that a few contributions may have been made to candidates for federal office.

PMM conducted a review of direct disbursements by Branches I and II for political purposes and of amounts paid to employees for reimbursement of expenses. The PMM Report sets forth the extent of this review, the procedures followed and the facts found.

Purchases of political tickets and advertisements by Bank C, Branch I and Branch II, were effected in the belief that such purchases were common practice among banks and that a limited amount of such purchases was required for public relations purposes. It does not appear that any of the amounts expended by Bank C, Branch I or Branch II for politically related purposes were expended with the intention or effect of inducing the recipient thereof, any public official or any

other person from taking, or refraining from taking, any specific action. There is no evidence that the Company, Bank C, Branch I, Branch II or any director or officer thereof ever sought or received any benefit or consideration, directly or indirectly, as a result of any such politically related expenditures. The discontinuance of such expenditures does not appear to have had any impact on the operating revenues or net income of the Company, Bank C, Branch I or Branch II.

All of the practices of Bank C, Branch I and Branch II discussed herein have been discontinued.

2. Loans and other Politically Related Payments.

Prior to the appointment of the Special Committee, a management review of loans made by Bank C since January 1, 1971 had been conducted. Such review disclosed that Bank C, Branch I and Branch II occasionally made loans to political organizations or candidates during such period. No evidence was found that such loans had been made for political purposes. Each of such loans was legal when made, was made in the ordinary course of business pursuant to customary banking practice and conformed to loan standards in effect at the time the loans were granted with respect to rate, security, terms of repayment and other loan criteria. It appears that payments with

respect to all of such loans have been made in accordance with their terms.

The investigation also disclosed that: in 1976, one officer at Bank C attended several meetings on behalf of a candidate for federal office during normal banking hours; in 1975, a local official received a holiday gift of several bottles of liquor purchased with corporate funds; and, on occasion, political officeholders were included with banking customers as donees of tickets to sporting events purchased with corporate funds.

3. Corporate Policies at Bank C.

Although no written statement of policy concerning political contributions appears to have been made by Bank C, it is clear that the officers of Bank C now understand that no political contributions, whether by way of the purchase of tickets and advertisements or otherwise, may be made with corporate funds. On September 15, 1976, on the recommendation of the Special Committee, the Board of Directors of the Company adopted a statement of policy applicable to the Company and to all of the Subsidiaries, forbidding all politial contributions.

4. Involvement of Senior Corporate Personnel at Bank C.

A number of persons currently serving as senior officers or directors of Bank C had an involvement with, or knowledge concerning, the making by Bank C,

Branch I or Branch II of the politically related expenditures referred to herein. The Chief Executive Officer of Bank C is currently a member of the Boards of Directors of Bank C and of the Company.

C. The Company and the Leasing Company.

The investigation did not discover any evidence whatsoever that any political contributions in any form, whether by the purchase of tickets to political events or otherwise, had been made by or on behalf of the Company or the Leasing Company. In the ordinary course of its business, the Leasing Company has participated in transactions involving public or governmental organizations. The terms of the Leasing Company's involvement in each such transaction have been dictated by commercial considerations and no such public or governmental organization has ever received preferential pricing or other terms with respect to a transaction with the Leasing Company.

Officers of the Company and the Leasing Company appear to be highly ethical and sensitive to questions of propriety and legality. Although no written statement of policy was made prior to September 15, 1976, it appears to have been the clear understanding of such officers that corporate political contributions should not be made. On September 15, 1976, on the recommendation of the Special Committee, the Board of Directors of the Company adopted

a statement of corporate policy regarding political contributions. Such statement establishes a policy and adopts guidelines for the Company and each of the Subsidiaries forbidding the use of any corporate funds or assets for political contributions, whether or not lawful.

Cleary, Gottlieb, Steen & Hamilton

CLEARY, GOTTLIEB, STEEN & HAMILTON

7 8 0 4 0 0 7 5 8 7 5

7 8 0 4 0 0 7 5 8 7 6

UNITED BANK CORPORATION OF NEW YORK
AND SUBSIDIARIES

Special Review of Travel and Entertainment Expenses

December 3, 1976

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

Peat, Marwick, Mitchell & Co.

TABLE OF CONTENTS

Summary letter report	Pages 1-2
Separate reports:	Exhibit
United Bank Corporation of New York	I
Highland National Bank of Newburgh	II
UBC Leasing of New York, Inc.	III
Liberty National Bank and Trust Company	IV

7804075877

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
50 WOLF ROAD
ALBANY, NEW YORK 12205

December 3, 1976

PRIVATE

Messrs. John L. Segall, Chairman)
Bernard F. Picotte) Special Committee of the Board
Richard F. Torrey)
United Bank Corporation of New York
75 State Street
Albany, New York 12207

Gentlemen:

Re: Special Review of Travel and Entertainment Expenses

Pursuant to your request, we have extended our special review of accounting procedures and internal controls related to the processing and record of officers' travel and entertainment expenses to include United Bank Corporation of New York, parent company and all other subsidiares. This review was coupled with certain applied audit tests with respect to selected travel and entertainment expenses during the period January 1, 1971 to December 31, 1975.

Under date of August 11, 1976, we have previously reported on the background of our review and findings relating to this area with respect to State Bank of Albany, a subsidiary of United Bank Corporation of New York.

A general scope outline relative to the aforementioned special reviews and audit tests is as follows:

- Review by inquiry of officials and inspection of the records as to the accounting procedures and related internal controls over the processing of travel and entertainment expenses during the period 1971 to 1975 inclusive.

- Prepare analyses of the travel and entertainment expense accounts for the periods for the five years ended December 31, 1975.

- Make inquiries and obtain responses as to any significant variations in expense amounts developed in the foregoing analyses and schedules.

- Audit on a test sample basis actual recorded expense items in selected officers' accounts by inspection of the approved general ledger transaction tickets, related travel and entertainment expense reports, and invoices representing hotel charges, travel items and other entertainment charges.

- Prepare summary letter report on findings for the information of the Special Committee of the Board.

Charges in the travel and entertainment expense account categories during the period were incurred from two sources, namely: (1) direct payment to vendors, travel agencies, airlines, and organizations for registration fees, etc. and (2) cash payments made to officers and employees to reimburse personal expenditures.

Our findings with respect to United Bank Corporation of New York and its subsidiaries, Highland National Bank of Newburgh, UBC Leasing of New York, Inc., and Liberty National Bank and Trust Company, are presented in the following sections of this report as Exhibits I, II, III and IV, respectively.

If you have any questions concerning this report, we shall be pleased to meet with you at your convenience.

Very truly yours,

Peat, Marwick, Mitchell & Co.

7 8 0 4 0 0 7 5 8 7 0

I - UNITED BANK CORPORATION OF NEW YORK
(Parent Company)

General

The general controls and procedures in effect at United Bank Corporation of New York as to travel and entertainment based on our discussions with officials are as follows:

1. Direct disbursements. The recording of direct check disbursements to vendors for travel and entertainment expenses required the usual processing under the holding company's prescribed invoice approval system. Generally, vendors' invoices for travel and entertainment were forwarded to the Assistant Treasurer after being approved by the officer most directly related to the expenditure. Disbursement checks were then prepared, posted to the cash disbursements journal and forwarded to the Treasurer for final approval, check signature and mailing. The summarized cash disbursement totals were posted to the general ledger monthly and vendors' invoices were filed.

   A few vendors' invoices were paid by State Bank of Albany, a wholly-owned subsidiary, and an applicable portion of the charges were allocated to the holding company through the inter-company account. Such charges were approved and posted to the general ledger monthly by the holding company by general journal entry.

2. Officers' cash reimbursements. Officers' cash reimbursements were made in two ways. Generally, officers received reimbursements for travel and entertainment expenses incurred after submitting details of the expenditure to the Assistant Treasurer. The Assistant Treasurer reviewed the documentation, and disbursement checks were prepared, posted to the cash disbursements journal and forwarded to the Treasurer for final approval and signature. The summarized cash disbursements were posted monthly as noted above and the details supporting the reimbursement were filed.

   Certain officers' expense reimbursements were made through the officers' cash reimbursement system of the State Bank of Albany. Such charges were allocated through the inter-company account to the holding company, which approved the charges and posted the appropriate expense accounts monthly by general journal entry.

Our review of the foregoing control procedures over travel and entertainment expenses, as well as the related recordkeeping, indicates to us that the Company had reasonable and satisfactory internal controls and safeguards over such expenses incurred during the period 1972 to 1975, inclusive. We also believe that the appropriate completion of the travel and entertainment reimbursement forms, together with the required receipts representing entertainment charges in excess of $25.00, will generally meet the tax Regulations of the Internal Revenue Service governing the deductibility of travel and entertainment expenses.

Audit Tests and Findings

As we are of the opinion that United Bank Corporation of New York generally had satisfactory internal controls and accounting procedures both for direct disbursements to vendors and in the accounting for officers' travel and entertainment by cash reimbursement, we confined our audit tests to a sample selection of vendors' invoices and officers' expense reports from each year 1972 through 1975. We reviewed the general ledger expense account cards for travel, conferences and conventions, business and professional meetings, mileage, business luncheons, and entertainment, and made a judgmental sample selection of account charges concentrating on large items and items with unusual descriptions. The objectives of our review and inspection of the underlying transaction tickets, the travel and entertainment expense records and vendors' invoices were (a) to ascertain that the expenses incurred were in either the name of the Company or in the name of the applicable officers, (b) had appropriate approvals and supporting papers where required, and (c) that the occasions and events were in the ordinary course of business.

7804075881

We also wanted to ascertain the extent of any purchases or expenses which were in the nature of gifts to customers or other outsiders. We selected approximately 70 vendors' invoices and officers' expense reports to make these audit tests and inspection of the underlying supporting data with the aforementioned objectives in mind.

Our findings are as follows:

1. We do not have any exceptions to report with respect to our inspection and review of cash disbursements directly to vendors. We noted all of the charges tested by us appeared to be business related and were appropriately processed under the Company's control system. Although the specific business purpose was not obvious in all cases from reviewing the paid bills, we believe that the officers most closely associated with the expenditure could adequately document the business purpose after reviewing their diary records.

2. Our review of cash reimbursements to officers revealed six instances totaling $932 in which the details supporting the reimbursement could not be located. Other cash reimbursements were generally well documented and we noted very few reimbursements for customer entertainment.

3. We found no purchases or expenses which were in the nature of gifts to customers or other outsiders.

4. The appended Schedule I-1 summarizes travel and entertainment expenses for the four years ended December 31, 1975. The only significant increase in terms of absolute dollars occurred in the "travel and lodging" account between 1973 and 1974. We believe we have adequately vouched 1974 expense charges to ascertain the propriety of individual charges causing the increase.

5. Based on the results of our review, we have no cause to believe that any expenditures charged to travel and entertainment expense accounts represent political contributions or cash payments to government officials.

7 8 0 4 0 1 7 5 8 8 2

UNITED BANK CORPORATION OF NEW YORK

Summary of Travel and Entertainment Expenses

Years ended December 31, 1972 - 1975

Account Title	1972	1973	1974	1975
Travel and lodging	$ 4,140	5,362	18,850	20,202
Conferences and conventions	-	1,616	2,630	3,275
Business and professional meetings	-	-	279	945
Mileage	1,999	434	189	877
Business luncheons	-	93	259	306
Entertainment	296	911	373	72
Total - all categories	$ 6,435	8,416	22,580	25,677

7 8 0 4 0 0 7 5 8 8 3

II - HIGHLAND NATIONAL BANK OF NEWBURGH

General

The general controls and procedures in effect at Highland National Bank of Newburgh as to travel and entertainment expenses based on our discussions with officials were as follows:

1. Direct disbursements. The recording of direct check disbursements to vendors for travel and entertainment expenses required the usual processing under the Bank's prescribed invoice approval system. All vendors' invoices for such travel and entertainment were forwarded to the accounting department after being approved by the officer most directly related to the expenditure. Disbursement checks and general ledger debit tickets were then prepared, signed and forwarded, along with the vendors' invoices, to the Bank's president for final approval. All documents were then returned to the accounting department where checks were mailed, appropriate general ledger tickets were processed and vendors' invoices were filed.

2. Officers' cash reimbursements. All officers other than the President and Executive Vice President received reimbursement for travel and entertainment expenses incurred or to be incurred after filing a prescribed travel and entertainment form. Such forms set forth details of expense charges and are generally approved by departmental heads prior to being sent to the accounting department where appropriate general ledger entry tickets are originated and sent, along with the detailed reimbursement form, to the President for approval. Cash reimbursement was then made to local employees while branch employees were given checks.

   The President and Executive Vice President received reimbursement for their travel and entertainment expenses directly from tellers' cash funds. The offsetting "debit" ledger tickets whereby the appropriate expense accounts were charged were prepared by the officer receiving reimbursement or his secretary. The copies of event registration forms, hotel bills, airline tickets and meal and entertainment charges in excess of $25.00 were generally retained by the officer.

   Attendance at conventions and meetings was approved in advance by the President.

7804007588 4

Our review of the foregoing control procedures over travel and entertainment expenses, as well as the related recordkeeping, indicates to us that the Bank had reasonable and satisfactory internal controls and safeguards over such expenses incurred during the period 1971 to 1975, inclusive. We also believe that the appropriate completion of the travel and entertainment reimbursement forms, together with the required receipts representing entertainment charges in excess of $25.00, will generally meet the tax Regulations of the Internal Revenue Service governing the deductibility of travel and entertainment expenses.

Audit Tests and Findings

As we are of the opinion that the Highland National Bank of Newburgh generally had satisfactory internal controls and accounting procedures both for direct disbursements to vendors and in the accounting for officers' travel and entertainment by cash reimbursement, we confined our audit tests to selection of vendors' invoices and officers' expense reports to the two years of 1974 and 1975. We reviewed the general ledger expense account cards for public relations, travel and bank meetings and made a judgmental sample selection of account charges concentrating on large items and items with unusual descriptions. The objectives of our review and inspection of the underlying transaction tickets, the travel and entertainment expense records and vendors' invoices were to ascertain that the expenses were incurred in either the name of the Bank or in the name of the applicable officers, had appropriate approvals and supporting papers where required, and that the occasions and events were in the ordinary course of business.

We also wanted to ascertain the extent of any purchases or expenses which were in the nature of gifts to customers or other outsiders. We selected approximately 40 vendors' invoices and officers' expense reports to make these audit tests and inspection of the underlying supporting data with the aforementioned objectives in mind. We also reviewed a number of 1975 employee expense reimbursements forms at random.

We also reviewed, with the assistance of the bank's controller, expenditures charged to certain expenses (i.e. contributions, public relations, advertising and miscellaneous) made prior to merger by The National Bank of Orange and Ulster Counties (merger date July 1, 1975) and The First National Bank and Trust Company of Ellenville (merger date October 1, 1975). The purpose of this review was to ascertain the extent and nature of any political expenditures.

Our findings are as follows:

A - Highland National Bank of Newburgh:

1. We do not have any exceptions to report with respect to our inspection and review of cash disbursements directly to vendors. We noted all of the charges we tested were business related and were appropriately processed under the Bank's control procedures.

2. Our review of cash reimbursements to employees noted relatively few individual reimbursements in excess of $25.00. Although not deemed significant, we did note that receipts were not in evidence for certain vendors' charges in excess of $25.00. Only one of these items was in excess of $40.00 and that related to a dinner with three large depositors of the Ellenville Branch.

3. Of the expense charges examined, we found only liquor purchases during the 1974 and 1975 Christmas season that were designated as gifts. The Bank does have a list accounting for the distribution of these gifts which we understand were given to customers or employees of customers and amounted to less than $25.00 per individual recipient.

4. We did not observe any unexplained, significant fluctuations in the pattern of travel and entertainment expenses for the five year period ended December 31, 1975. The appended Schedule II-1 sets forth summaries of travel and entertainment over this period as well as some explanatory notes as to expense variations.

5. Certain relatively minor expenditures of a political oriented nature were discovered during the review of certain of Highland National Bank's general ledger expense records. Such expenditures, which essentially were primarily for dinners, tickets and program advertisements, are summarized in appended Schedule II-2.

B - The National Bank of Orange and Ulster Counties:

1. Certain expenditures of a political nature were noted during the review of the Bank's general ledger expense records prior to July 1, 1975 (the date of merger). Such expenditures, which were primarily for program advertisements, are summarized in Schedule II-2.

C - The First National Bank and Trust Company of Ellenville:

1. Certain expenditures of a political nature were noted during the review of the Bank's general ledger expense records prior to October 1, 1975 (the date of merger). Such expenditures, which appeared to be primarily outright contributions and program advertisements, are summarized in Schedule II-2.

2. We noted the expense reimbursements to the former President and Board Chairman were not properly supported in the Bank's detail records. We understand, however, that this individual does have diary records supporting reimbursements received. Such reimbursements noted during our review from 1971 through September 1975 included contributions of $1,100 and miscellaneous expense account charges of $722.

7 8 0 4 0 0 7 5 8 8 7

HIGHLAND NATIONAL BANK OF NEWBURGH

Summary of Travel and Entertainment Expenses

Years ended December 31, 1971-1975

Account Title		1971	1972	1973(1)	1974	1975(2)
Public relations	$	8,649	10,516	20,765	18,642	25,453
Travel		3,886	3,825	9,010	12,637	15,303
Bank meetings		8,585	8,173	9,829	8,062	15,427
Total - all categories	$	21,120	22,514	39,604	39,161	56,183

Notes:

(1) Effective December 1, 1972, the Bank became a wholly-owned subsidiary of United Bank Corporation of New York. Increase in 1973 public relations reflects the more direct, formalized approach adopted for business development. Travel expense increases primarily reflect holding company affiliation, a data processing conversion and increase in the Bank's collection effort.

(2) Increases in 1975 reflect the activity resulting from the merger (accounted for by the purchase method of accounting) of the $39 million National Bank of Orange and Ulster Counties effective July 1, 1976 and the $18 million First National Bank and Trust Company of Ellenville effective October 1, 1975.

HIGHLAND NATIONAL BANK OF NEWBURGH

Summary of Discovered Politically Oriented Expenditures

Years ended December 31, 1971 to 1975

Bank	1971	1972	1973	1974	1975
Highland National Bank of Newburgh	$ 125	145	270	100	150
The National Bank of Orange and Ulster Counties (prior to merger, July 1, 1975)	$ 125	125	175	200	-0-
The First National Bank and Trust Company of Ellenville	$ 25	250	-0-	150	-0-

7804007588

III - UBC LEASING OF NEW YORK, INC.

General

The general controls and procedures in effect at UBC Leasing of New York, Inc. as to travel and entertainment based on our discussions with officials are as follows:

1. Direct disbursements. The recording of direct check disbursements to vendors for travel and entertainment expenses required the usual processing under the Company's prescribed invoice approval system. Generally, vendors' invoices for travel and entertainment were forwarded to the Assistant Treasurer after being approved by the officer most directly related to the expenditure. Disbursement checks were then prepared, posted to the cash disbursements journal, signed and mailed. The summarized cash disbursement totals were posted to the general ledger monthly and vendors' invoices were filed.

   A few vendors' invoices were paid by State Bank of Albany, a wholly-owned subsidiary, and an applicable portion of the charges were allocated to the company through the inter-company account. Such charges were approved and posted to the general ledger monthly by the company by general journal entry.

2. Officers' cash reimbursements. Officers' cash reimbursements were made in two ways. Generally, officers received reimbursements for travel and entertainment expenses incurred after submitting details of the expenditure to the Assistant Treasurer. The Assistant Treasurer reviewed the documentation, and disbursement checks were prepared, posted to the cash disbursements journal and signed. The summarized cash disbursements were posted monthly as noted above and the details supporting the reimbursement were filed.

   Certain officers' expense reimbursements were made through the officers' cash reimbursement system of the State Bank of Albany. Such charges were allocated through the inter-company account to the company, which approved the charges and posted the appropriate expense accounts monthly by general journal entry.

Our review of the foregoing control procedures over travel and entertainment expenses, as well as the related recordkeeping, indicates to us that the company has reasonable and satisfactory internal controls and safeguards

7804007589 0

over such expenses incurred during the period 1972 to 1975, inclusive. We also believe that the appropriate completion of the travel and entertainment reimbursement forms, together with the required receipts representing entertainment charges in excess of $25.00, will generally meet the tax Regulations of the Internal Revenue Service governing the deductibility of travel and entertainment expenses.

Audit Tests and Findings

As we are of the opinion that UBC Leasing of New York, Inc. generally had satisfactory internal controls and accounting procedures both for direct disbursements to vendors and in the accounting for officers' travel and entertainment by cash reimbursement, we confined our audit tests to a sample selection of vendors' invoices and officers' expense reports from each year 1972 through 1975. We reviewed the general ledger expense account cards for travel, mileage, meals, conferences, entertainment, automobile, relocation, and memberships and made a judgmental sample selection of account charges concentrating on large items and items with unusual descriptions. The objectives of our review and inspection of the underlying transaction tickets, the travel and entertainment expense records and vendors' invoices were to ascertain that the expenses were incurred in either the name of the company or in the name of the applicable officers, had appropriate approvals and supporting papers where required, and that the occasions and events were in the ordinary course of business.

We also wanted to ascertain the extent of any purchases or expenses which were in the nature of gifts to customers or other outsiders. We selected approximately 50 vendors' invoices and officers' expense reports to make

7 8 0 4 0 0 7 5 8 9 1

these audit tests and inspection of the underlying supporting data with the aforementioned objectives in mind.

Our findings are as follows:

1. We do not have any significant exceptions to report with respect to our inspection and review of cash disbursements directly to vendors. We noted all of the charges we tested appeared to be business related and were appropriately processed under the company's control system. No supporting documentation could be found for one disbursement totaling $57.

2. Our review of cash reimbursements to officers revealed two instances totaling $243 in which the details supporting the reimbursement could not be located. Other cash reimbursements were generally well documented and we noted no substantial reimbursements for customer entertainment.

3. We found no purchases or expenses which were in the nature of gifts to customers or other outsiders.

4. The appended Schedule III-1 summarizes travel and entertainment expenses for the four years ended December 31, 1975. We believe this summary shows no unusual fluctuations in expense charges that are not attributable to general company growth.

5. Based on the results of our review, we have no cause to believe that any expenditures charged to travel and entertainment expense accounts represent political contributions or cash payments to government officials.

7804007589 2

UBC LEASING OF NEW YORK, INC.

Summary of Travel and Entertainment Expenses

Years ended December 31, 1972 - 1975

Account Title	1972	1973	1974	1975
Travel	$ 737	1,080	3,036	2,666
Mileage	31	477	371	1,350
Meals	48	219	429	780
Conferences	-	764	1,017	748
Entertainment	27	149	380	634
Automobile	-	-	479	1,168
Relocation	-	-	3,272	-
Memberships	-	510	416	820
Total - all categories	$ 843	3,792	7,046	11,467

7 8 0 1 0 0 7 5 8 9 3

Exhibit IV

UNITED BANK CORPORATION OF NEW YORK

Special Review of Liberty National Bank and Trust Company

December 3, 1976

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

7804007589 4

December 3, 1976

PRIVATE

Messrs. John L. Segall, Chairman)
Bernard F. Picotte) Special Committee of the
Richard F. Torrey) Board of Directors
United Bank Corporation of New York
75 State Street
Albany, New York 12207

Gentlemen:

SPECIAL REVIEW OF OFFICERS'
TRAVEL AND ENTERTAINMENT EXPENSES

Pursuant to your instructions, we have made a special review of the internal control and accounting procedures followed by Liberty National Bank and Trust Company, a subsidiary of United Bank Corporation of New York, in the processing and recording of officers' travel and entertainment expenses. We also applied certain audit tests with respect to selected transactions in the officers' travel and entertainment expenses over the period January 1, 1971 to December 31, 1975 as outlined in subsequent sections of this report.

BACKGROUND

The Internal Revenue Service is examining the U.S. Corporation income tax returns of United Bank Corporation of New York (UBNY) for the years ended December 31, 1972, 1973 and 1974. In connection therewith, the Internal Revenue Agent performing this examination has presented a Questionnaire to officials of UBNY containing eleven questions related to UBNY and subsidiaries for these years

and has requested responses thereto. As a result, the Directors of UBNY have formed a special Committee of the Board to obtain certain information and make such inquiries as it deems appropriate under the circumstances.

In connection with the foregoing, the Committee has engaged the Firm of Peat, Marwick, Mitchell & Co. to make a special review of the internal control and accounting procedures with regard to officers' travel and entertainment expenses recorded in the accounts of the subsidiary, Liberty National Bank and Trust Company, during the period January 1, 1971 to December 31, 1975, as well as to apply certain audit tests over the related transactions during this period. The objective of this special review was to identify unauthorized disbursements and to disclose the extent, if any, of payments to political parties or governmental officials by Liberty National Bank and Trust Company or through its officers. An outline of the scope of our special review follows:

- Review by inquiry of officials and inspection of the records, on a test basis, of the internal control and accounting procedures with regard to the processing of officers' travel and entertainment expenses at Liberty National Bank and Trust Company during the period 1971 to 1975, inclusive.

- Prepare analyses of the travel and entertainment expense accounts and a schedule of the total amounts of such expenses for sixteen named officers for each of the five years ended December 31, 1975.

- Make inquiries and obtain responses as to any significant variations in expense amounts developed in the foregoing analyses and schedules.

- Examine, on a test sample basis, documentation of recorded expense items in selected officers' accounts included in the group of sixteen, including approved general ledger transaction tickets, related travel and entertainment expense reports and invoices representing hotel charges, travel items and other entertainment charges.

- Prepare a summary letter report on findings for the information of the Sepcial Committee of the Board of Directors.

7804075896

CONTROL PROCEDURES

Charges in the travel and entertainment expense account categories during the periods were incurred from two sources, namely: (1) direct disbursements to organizations for registration fees, travel agencies, airlines and vendors, and (2) disbursements made for reimbursement of expenses incurred by individuals.

1. Direct disbursements

The recording of charges for travel and entertainment expenses requires the usual processing under the prescribed invoice approval system and is subject to the Bank's internal control over recording of such transactions. Vendors' invoices for travel and entertainment expenses which are paid directly by the Bank require approval for payment by the cost center officer on the "Request for Voucher" form and are forwarded to the Financial Division for payment. The Accounts Payable clerk in the Financial Division prepares a "General Expense Payable Form" for recording in the general ledger computer system and for the computerized preparation of a disbursement check. Disbursement checks are scanned for reasonableness by a Supervisor. Signed disbursement checks are subsequently mailed to the vendors, and the related invoice and other supporting documentation is filed in the vendor's files which are maintained in the Financial Division.

2. Payments made for reimbursement of expenses incurred

Travel and entertainment expenses incurred by employees are reported on the Bank's standard expense report "Expense - Mileage, Travel and Entertainment". The expense report sets forth the details of the expense charges as required by Bank policy and the Internal Revenue Service. Copies of invoices for transportation, meals, lodging, entertainment and miscellaneous expenses are required to be attached to the expense report. The expense reports must be approved for payment by cost center officers. Any officer having approval authorization who seeks personal reimbursement for expenses incurred of $25 or more must obtain the approval of a senior officer (Vice President and above). Expense reports are sent to an accounts payable clerk in the Financial Division who prepares a "Personal Expense Payable Form" for recording in the general ledger computer system. Further processing is handled in the same manner as a direct disbursement.

A copy of the "Expense - Mileage, Travel and Entertainment" report is appended to this letter report for the information of the Committee.

7804007589 7

Subsequent to February 1, 1973 reimbursement of expenses incurred was made by check payable to the individual incurring the expenses. Prior to February 1, 1973, reimbursement of expenses incurred was made through Branch or Main Office cash.

In addition to the above mentioned controls, cost center officers receive "Responsibility Report Journals" on a monthly basis. This report lists expenses by cost center and accounts. Officers are required to carefully review all expenses which are charged to their cost centers.

Attendance at major events by Bank officers requires the approval of the Bank's Senior Management Committee.

Our review of the foregoing control procedures over officers' travel and entertainment expenses, as well as the related documentation, indicates to us that the Bank had reasonable and satisfactory internal controls and safeguards over such expenses incurred by officers during the period 1971 to 1975, inclusive. We also believe that the appropriate completion of the "Expense - Mileage, Travel and Entertainment" reports together with the required receipts representing hotel and transportation charges, and meal and entertainment charges in excess of $25 each maintained in other files, will meet the regulations of the Internal Revenue Service governing the deductibility of travel and entertainment expenses. However, while internal control procedures appeared satisfactory, documentation thereof prior to 1974 was not available for our inspection, as described later in this report.

AUDIT TESTS AND FINDINGS

We made a judgmental sampling selection of vendors' invoices for direct charges, which was based on the nature of the charge, and covered travel and entertainment and selected expense accounts for 1974 and 1975 indicated in Schedule 1. We also scanned officers' travel and entertainment expense reports available for those years and made a judgmental sampling selection therefrom of travel and entertainment expense reports, which was based on the nature of the charge and covered all officers with charges indicated in Schedule 3.

Documentation supporting expenses recorded by the Bank in 1971 and 1972 was not available for our examination since it had been destroyed following the examination by the Internal Revenue Service of years 1971-1974. Some of the documentation supporting expenses for 1973 had been destroyed and the balance placed in boxes for destruction thus locating specific items was virtually impossible. A substantial portion of the documentation supporting travel and entertainment expenses of 1974 was not available for our inspection. We were informed that the Financial Division changed office locations twice during 1976 and as a result the records had been destroyed. 40 items were originally selected for testing of 1974 travel and entertainment expenses. Of the 40 items originally selected, the Bank was unable to locate documentation with regard to 19 of the items selected for testing. All items selected for testing of 1975 travel and entertainment expenses were located by the Bank.

The objectives of our review and inspection of vendors' invoices, travel and entertainment expense records and underlying documentation were to ascertain that the expenses were incurred in either the name of Liberty National Bank and Trust Company or in the name of the applicable officers, had appropriate approvals and supporting papers where required, and that the occasions and events were in the ordinary course of business. For entertainment events at social and country clubs, and other functions held by business, professional and technical societies, we sought to ascertain that the event appeared an appropriate occasion for business promotion as stated on the expense reports. We also wanted to ascertain the extent of any purchases or expenses which were in the nature of gifts to customers or other outsiders. We reviewed vendors' invoices and officers' expense reports to make these audit tests and inspection of the underlying supporting data with the aforementioned objectives in mind.

7 8 0 0 0 7 5 8 9 9

Our findings are as follows:

1. The 52 officers' expense reports reviewed all had the required "Expense - Mileage, Travel and Entertainment" report attached to the general ledger computer input form ("Personal Expense Payable Form").

2. We did not discover any exceptions during our inspection and review of vendors' invoices supporting the 21 items selected in the sample. We found all these charges to be business related and appropriately approved by officers.

3. During our review, the following items were noted which are, in part, contributions made for the benefit of charitable organizations:

Date	Organization	Description	Amount(1)
4/10/75	Canisius High School(2)	Dinner and auction	$ 100.00
5/8/75	Rosary Hill College(2)	Scholarship Fund Dinner	125.00
9/25/75	Oblates of Mary Immaculate	Infirmary Fund Dinner	100.00
10/2/75	Federation of Italian - American Societies	Dinner	100.00
10/2/75	Mercy Hospital	Dinner	100.00
			$ 525.00

Notes:

(1) All of the above amounts were charged to account number 640110 - "Entertainment".

(2) These amounts represent expenses incurred by officers and reimbursed by the Bank.

4. We did not observe any unexplained significant fluctuations in the pattern of travel and entertainment expenses over the five-year period ended December 31, 1975. The appended Schedules 1 to 3, which were prepared by a Senior Vice President of Liberty National Bank and Trust Company at our request, set forth summaries of the travel and entertainment expenses over this period as well as some explanatory notes as to the expense variations.

5. Based on the results of this segment of our review, we have no cause to believe that the expenditures charged by officers of Liberty National Bank and Trust Company during 1974 and 1975 to travel and entertainment expense accounts were used to make political contributions or cash payments to governmental officials.

7804007590 0

SPECIAL REVIEW OF CASHIERS' CHECKS

The scope of our work with regard to paid and cancelled cashiers' checks included a review, performed in conjunction with the Bank's Auditing Division, of all cashiers' checks issued by the Financial Division, the Main Office Issue Department and, on a test basis, paid and cancelled cashiers' checks issued by the Commercial Loan Servicing Division of Liberty National Bank and Trust Company during the period January 1, 1971 to December 31, 1973.

As a result of the review a listing of cashiers' checks selected for further investigation was prepared. This listing included:

- Cashiers' checks payable to Liberty National Bank and Trust Company not negotiated within a reasonable period of time.

- Cashiers' checks believed to have been purchased with the proceeds from checks payable to Liberty National Bank and Trust Company (primarily checks used for contributions and business expenses).

- A cashiers' check drawn payable to a political candidate.

SOURCE OF FUNDS

As a result of the passage of time, teller and proof tapes, which would have supplied an audit trail, have been destroyed in accordance with the Bank's normal retention policy. Therefore, there was no audit trail as to the source of funds used to purchase the cashiers' checks. However, two specific sources of funds were identified in the review (these amounts do not appear to be recorded on the books of the Bank):

Net settlement in April 1972 of a claim with an insurance company as a result of a lost cash letter in 1969	$ 12,500.00
Recovery from an embezzlement loss	1,279.92
	$ 13,779.92

The above sources of funds, which represent only a portion of the total amount indicated under "Disposition of Funds" below, were identified from remarks or notations appearing on the duplicate copy of the cashiers' check (credit copy).

DISPOSITION OF FUNDS

The following disposition of funds was identified in the review of cashiers' checks based on the name of the payee (these amounts do not appear to be recorded on the books of the Bank):

Charitable contributions	$ 8,767.50
Political contributions	200.00
Business expenses	905.45
	$ 9,872.95

In addition, cashiers' checks amounting to $30,001.42, payable to Liberty National Bank and Trust Company, were identified in the review (the source and disposition of these funds is substantially unknown). $28,851.87 of this amount represents cashiers' checks which appear to have been 'cashed out' either by a regular line teller or by the Loan and Discount teller. This conclusion is based on the tellers' stamps on the checks. The last six of these cashiers' checks, aggregating $7,583.66, were 'cashed out' on August 29, 1973. We were informed that checks 'cashed out' by the Loan and Discount teller were processed under direct instructions of an officer of the Bank and under his supervision. Once converted to cash, there is no audit trail available as to the disposition of funds.

DELAYED RECORDING OF ENTRIES

Several instances were noted in which funds were received (as a result of a dividend on an insurance policy, refund of a contribution, recovery of an insurance claim or a recovery on an embezzlement), and converted into a cashiers' check payable to Liberty National Bank and Trust Company and at a later date

credited to either an income or an expense account. These checks, aggregating $23,401.80, appear to have been credited to income or expense accounts in the appropriate reporting periods, except for a check in the amount of $8,690.00, received from The John Hancock Insurance Company in 1972 as a dividend on an insurance policy, which was credited to income in 1973. None of these checks have been included under "Source of Funds" or "Disposition of Funds" above, because they have all been recorded on the books of the Bank.

* * * * *

We shall be pleased to meet with members of the Special Committee of the Board of Directors to discuss this report and our findings at your convenience.

Very truly yours,

Peat, Marwick, Mitchell & Co.

7801007503

Exhibit IV
Schedule 1

LIBERTY NATIONAL BANK AND TRUST COMPANY

Analysis of Travel and Entertainment and Selected Expenses

Years ended December 31, 1971-1975

Account title	Account number	Years ended December 31 1971	1972	1973	1974	1975
Travel and entertainment expenses:						
Entertainment	640110	$ 132,167	132,893	161,947(2)	139,270	70,092
Travel - LBNY Projects	640060	- (1)	- (1)	- (1)	3,921	8,035
Travel - Out of town	640096	- (1)	- (1)	- (1)	13,602	28,894
Mileage	640102	- (1)	- (1)	- (1)	- (1)	49,991
Total travel and entertainment expenses (5)		132,167	132,893	161,947	156,793	157,012
Supper money	602009	39,921	42,670	49,052	48,070	31,095(3)
Officer clubs	640128	17,018	26,911	25,240	22,992	15,931
Employee education	640243	35,043	41,612	44,379	41,989	48,616
Association dues	640359	46,782	32,657	40,317	35,301	39,834
Total		$ 270,931	276,743	320,935(4)	305,145(4)	292,488(4)

Notes:

(1) General ledger accounts were not set up to control these expense categories, therefore, account balances are not available for these expenses.

(2) In 1973 entertainment expense increased as a result of increased business promotional activities, in general and the purchase of football box seats and the related entertainment costs in particular.

(3) In 1975 a direct effort was made by management of the Bank to reduce overtime. The reduction in overtime resulted in a reduction of the overtime meal allowance.

(4) A summary of travel and entertainment and selected expenses by Main and Branch offices is as follows:

	1973	1974	1975
Main office	$ 226,758	218,835	222,065
Branch offices	94,177	86,310	70,423
	$ 320,935	305,145	292,488

(5) These balances represent the amounts reported in the Bank's U.S. Corporation income tax returns as "travel and entertainment expenses".

Exhibit [illegible]
Schedule 2

LIBERTY NATIONAL BANK AND TRUST COMPANY

Summary of Travel and Entertainment Expenses

Years ended December 31, 1971-1975

	Years ended December 31				
	1971	1972	1973	1974	1975
Total other operating expenses	$ 3,068,626	3,360,210	3,900,708	4,269,469	4,502,[illegible]
Travel and entertainment expenses (Schedule 1)	132,167	132,893	161,947	156,793	157,012
Travel and entertainment expenses as a percentage of total other operating expenses	4.31%	3.95%	4.15%	3.67%	3.49%
Total travel and entertainment expenses of 16 designated officers (Schedule 3)	$ *	*	*	41,024	71,000

*Note: Information is not readily available.

Exhibit IV
Schedule 3

LIBERTY NATIONAL BANK AND TRUST COMPANY

Analysis of Travel and Entertainment Expense Accounts
of Designated Officers

Years ended December 31, 1974 and 1975

Officer	Termination or retirement date	Year ended December 31 1974	1975
Peter M. Bellanti		$ 1,935.72	3,966.03
William J. Browne		- (3)	1,447.26
Thomas W. Davis		4,856.45	5,939.42
Avery H. Fonda	4/21/76	5,983.39	11,812.07
James R. Graham		562.92	1,994.63
John A. Jowett		2,578.65	4,573.75
Bernard L. Kieffer		2,498.49	3,457.45
Robert B. Mayer		3,814.31	4,730.36
Donald R. McNutt		2,094.30	5,086.24
Bernard F. Mulhern		1,466.38	6,781.74
Robert E. Reitler		111.31	239.73
Richard V. Z. Salembier, Jr.	12/31/75	347.99	1,915.25
Joseph G. Schmauss	4/1/73	-	-
Robert B. Shanahan		2,860.26	7,892.78
E. Perry Spink	3/6/73	6,731.27(4)	4,113.90(4)
Joseph T. Trapp		5,182.68	7,049.16
		$ 41,024.12	70,999.77

Notes:

(1) Information for 1971-1973 is not readily available. Travel and entertainment expense information by officer is available for periods after October 1973, at which time the computerized general ledger system was placed into operation.

(2) Increase in expenses of Messrs. Bellanti, Fonda, Jowett, McNutt, Mulhern and Shanahan is attributable to their increased involvement in business promotional activities in general and initiation fees and dues at various clubs in particular.

(3) Mr. Browne was employed by the Bank on February 18, 1975.

(4) Under the terms of a consulting agreement the Bank has agreed to reimburse Mr. Spink for membership in various clubs and for other expenses incurred in the performance of consulting services.

7 8 0 4 0 0 7 5 9 0 6

LIBERTY NATIONAL BANK AND TRUST COMPANY

Appendix A

EXPENSE – MILEAGE, TRAVEL & ENTERTAINMENT

ITEMIZATION OF DEDUCTIBLE EXPENSES Incurred For Business Purposes	DATE	B DATE	C DATE	D DATE	DATE	F DATE	G DATE	H TOTAL AMOUNT
PLANE OR TRAIN (Attach Receipt)	TRIP TO							
OWN CAR (Details below)	TOTAL MILES _____ @ .15¢							
PARKING & TOLLS (Details below)								
OUT OF TOWN MEALS (Including Tip) (Attach Bill)								
LODGING (Including Tip) (Attach Bill)								
ENTERTAINMENT (Attach Bill) (Itemize on Reverse Side)								
MISCELLANEOUS (Attach Bill) (Itemize								
TOTAL EXPENSES								
LESS TEMPORARY ADVANCE								(
TOTAL REIMBURSEMENT								

PURPOSE OF OUT OF TOWN TRAVEL

MILEAGE ALLOWANCE – OWN CAR – All Columns Must Be Completed

DATE	FROM	TO	BUSINESS PURPOSE	A NO. OF MILES	B PARK & TOLL
			TOTALS		

ENTER TOTAL OF COLUMNS A & B ON LINES 2 & 3 ABOVE

RECEIVED REIMBURSEMENT

SIGNATURE _____

PERSON INCURRING EXPENSE

NAME & TITLE _____

(TYPE OR PRINT)

OFFICE

DEPARTMENT

DIVISION

APPROVED BY _____

(SIGNATURE)

ENTERTAINMENT EXPENSE — All Columns Must Be Completed

EN TE	WHERE PLACE	FUNCTION OR WHO NAME	TITLE	COMPANY	WHY	WHAT AMOUNT
	8					
	0					
	5					
	7					
	0					
	0					
	0					
	8					
	7					

TOTALS — ENTERTAINMENT EXPENSE (Transfer to Line 5 other side)

APPENDIX B

7 8 0 4 0 0 7 5 9 0 9

UNITED BANK CORPORATION OF NEW YORK

Special Review of Travel and Entertainment Expenses
Of Officers of State Bank of Albany

August 11, 1976

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

Peat, Marwick, Mitchell & Co.

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
50 WOLF ROAD
ALBANY, NEW YORK 12205

August 11, 1976

PRIVATE

Messrs. John L. Segall, Chairman)
Bernard F. Picotte) Special Committee of the Board
Richard F. Torrey)
United Bank Corporation of New York
75 State Street
Albany, New York 12207

Gentlemen:

Re: Special Review of Officers' Travel and Entertainment Expenses

Pursuant to your instructions, we have made a special review of the accounting procedures and internal controls followed by State Bank of Albany, subsidiary of United Bank Corporation of New York, in the processing and recording of officers' travel and entertainment expenses. We also applied certain audit tests with respect to selected transactions in the officers' travel and entertainment expenses over the period January 1, 1971 to December 31, 1975 as outlined in subsequent sections of this letter report.

BACKGROUND

The Internal Revenue Service is examining the U.S. Corporation income tax returns of United Bank Corporation of New York ("UBNY") for the years ended December 31, 1972, 1973 and 1974. In connection therewith, the Internal Revenue Agent performing this examination has presented a Questionnaire to officials of UBNY containing eleven questions related to UBNY and

7801007590

subsidiaries for these years and has requested responses thereto. To assist the officials of UBNY in preparing appropriate responses to the eleven questions in this Questionnaire, the directors of UBNY have formed a Special Committee of the Board to obtain certain information and make such inquiries as it deems appropriate under the circumstances.

In connection with the foregoing, the Committee has engaged the Firm of Peat, Marwick, Mitchell & Co. to make a special review of the accounting procedures and internal controls over officers' travel and entertainment expenses recorded in the accounts of the subsidiary, State Bank of Albany, during the period January 1, 1971 to December 31, 1975, as well as to apply certain audit tests over the related transactions during this period. The objective of this special review was to ascertain any unauthorized disbursements and to disclose the extent, if any, of payments to political parties or governmental officials by State Bank of Albany or through its officers. Outline of the scope of our special review follows:

- Review by inquiry of officials and inspection of the records as to the accounting procedures and related internal controls over the processing of officers' travel and entertainment expenses at State Bank of Albany during the period 1971 to 1975, inclusive.

- Prepare analyzes of the travel and entertainment expense accounts for the periods, and prepare schedule of the total amounts of such expenses for seventeen named officers for each of the five years ended December 31, 1975.

- Make inquiries and obtain responses as to any significant variations in expense amounts developed in the foregoing analyses and schedules.

- Audit on a test sample basis actual recorded expense items in selected officers' accounts included in the group of seventeen, by inspection of the approved general ledger transaction tickets, related travel and entertainment expense reports and invoices representing hotel charges, travel items and other entertainment charges.

- Prepare summary letter report on findings for the information of the Special Committee of the Board

7 8 0 4 0 0 7 5 9 1

CONTROL PROCEDURES

Charges in the several travel and entertainment expense account categories during the periods were incurred from two sources, namely: (1) direct payments to vendors, travel agencies, airlines, and organizations for registration fees, etc., and (2) cash payments made to officers for personal reimbursement of such expenses.

1. Direct disbursements. The recording of charges for travel and entertainment expenses made by direct check disbursements to vendors required the usual processing under the prescribed invoice approval system and was subject to the Bank's internal control over recording of such transactions. All vendors' invoices for such travel and expense items had to bear the approval of the officer in charge of the event and was forwarded to the accounting department for payment thereof. The voucher-disbursement clerk prepared the disbursement checks and related key-punched paper tapes for recording in the general ledger computer system. The disbursement checks and supporting papers then were forwarded to the Bank's controller or assistant controller for review of the supporting papers and approval to affix the signature plate representing the authorized check signature. Thereupon, the signed disbursement checks were mailed to the vendors and the related invoices and other paper were filed in the vendors' files which are maintained in the controller's department.

2. Officers' cash reimbursements. For all other travel and entertainment expenses incurred or to be incurred by officers, the Bank's procedures were to permit disbursement of cash to the officers from tellers' cash funds against an approved official "Credit" general ledger ticket or by issuance of a money order by the cash department. The offsetting "Debit" general ledger ticket whereby the related expense accounts were charged was prepared by the officers to which were attached either a "Travel Expense Record" or an "Entertainment Expense Record". The latter records set forth the details of the expense charges as required by the Bank's policy and by the IRS tax regulations. The copies of event registration forms, hotel bills, airline and transportation tickets and meal and entertainment charges over $25.00 each are retained by the officers or filed in the correspondence files.

Blank copies of these "Travel and Entertainment Expense Records" are appended to this letter report for the information of the Committee.

Apart from the official signatures affixed to the aforementioned "Debit" and "Credit" tickets which are mandatory to complete the initial transactions, the "Debit" tickets were forwarded on a daily basis to the accounting department for subsequent review by the Bank's controller and/or assistant controller, as well as the executive vice president. At the end of each month, a detail computer print-out showing each item charge with a related description of each officers' travel and entertainment expense account was prepared and forwarded to the executive vice president for a general review of these accounts. This executive vice president also maintains yearly schedules of all major business and professional events (covering conventions, educational programs and the major professional and technical society meetings). These schedules are a control device to evaluate attendance by the upper management echelon at these events, to consider the annual costs of these programs and to avoid over-attendance, and to expose the younger officers to these promotional and educational events for development purposes.

Generally, attendance at the major events by officers of the main office and branches required written requests to either the Bank's president or executive vice president who must authorize approval for the attendance and expense parameters to be incurred. Thereupon, this data was transcribed to the aforementioned schedule of events maintained by the executive vice president. The actual expenses incurred at the events were subsequently obtained and posted to the schedule for control and information purposes and for possible review of the monthly print-outs of the related officers' expense accounts.

Our review of the foregoing control procedures over officers' travel and entertainment expenses, as well as the related recordkeeping, indicates to us that the Bank had reasonable and satisfactory internal controls and safeguards over such expenses incurred by officers during the 1971 to 1975

7 8 0 1 0 0 7 5 9 1 3

years, inclusive. We also believe that the appropriate completion of the "Travel and Entertainment Expense Records" together with the required receipts representing hotel and transportation charges, and meal and entertainment charges in excess of $25.00 each maintained in other files, will meet the tax Regulations of the Internal Revenue Service governing the deductibility of travel and entertainment expenses.

AUDIT TESTS AND FINDINGS

As we are of the opinion that the Bank had satisfactory internal controls and accounting procedures both for direct disbursement to vendors and in the accounting for officers' travel and entertainment by cash reimbursement, we confined our audit tests to selection of vendors' invoices and officers expense reports to the two years of 1974 and 1975. We made a judgmental sampling selection of vendors' invoices for direct charges which were based on the nature of the item, and covered all categories of charges including automobile expenses, convention and educational events, employee moving charges, and other entertainment items. We concentrated on the cash reimbursement items in names of officers having the largest amounts of annual expenditures, which essentially are the three officers in the business development and governmental relations activities. The objectives of our review and inspection of the underlying transaction tickets, the travel and entertainment expense records and vendors' invoices were to ascertain that the expenses were incurred in either the name of State Bank of Albany or in the name of the applicable officers, had appropriate approvals and supporting papers where required, and that the occasions and events were in the ordinary course of business. For entertainment events at social and country clubs, and other functions held by business, professional and technical societies, we sought to ascertain that at least

7804017591 4

one Bank officer was present at which Bank customers also were invited to attend and that the event appeared an appropriate occasion for business promotion as stated on the expense reports. We also wanted to ascertain the extent of any purchases or expenses which were in the nature of gifts to customers or other outsiders. We selected approximately 30 vendors' invoices and approximately 50 officers expense reports to make these audit tests and inspection of the underlying supporting data with the aforementioned objectives in mind.

Our findings are as follows:

1. Of the approximately 50 officers' expense records selected, we found only 9 items that did not have the required "Travel and/or Entertainment Expense Records" attached to the general ledger "Debit" ticket for which the transaction was recorded. Four of these items were for four officers who traveled to the American Bankers Association Convention in 1974 and two items were for two officers who traveled to the Robert Morris Association Conference in 1975. We did obtain satisfactory resolution to all of these nine exceptions by comparing the descriptions on these "Debit" transaction tickets to the schedule of convention expenses maintained by the executive vice president and to the approved request for approval for attendance at these events.

2. We do not have any exceptions to report with respect to our inspection and review of vendors' invoices supporting the approximately 30 items selected in the sample. We found all of these charges to be business related and appropriately approved by officers or marked "paid" under the Bank's control procedures.

3. Of the officers cash reimbursement expense items selected, we found only two items designated as gifts as follows:

Date	Officer	Amount	Designation
12/16/74	R.C. Fiset, Vice President	$425.54	Christmas Gifts
12/30/75	R.C. Fiset, Vice President	274.26	Christmas Gifts

We reviewed the related invoices for these charges which represent liquor gifts to customers at Christmas time. We understand that these gift items to individual customers were less than $25.00 each and if a record of the names of the individuals who received the gifts were maintained by the Bank, these would be deductible for U.S. Corporation income tax purposes under the Regulations of the IRS. In our review of the detailed computer print-outs of officers' travel and entertainment expense accounts for the 1972 through 1975 periods, we did not note any other entries marked "business gifts". The senior vice president stated to us that he did not have any knowledge of similar expense charges except that the Bank does send to certain preferred customers other promotional materials such as calendars, daily diaries and pens, the expense of which is charged to stationary and supplies.

4. We did not observe any unexplained significant fluctuations in the pattern of travel and entertainment expenses over the five year period ended December 31, 1975. The appended Schedules 1 to 3, which were prepared by the Treasurer of UBNY and Controller of State Bank of Albany under our direction, set forth summaries of the travel and entertainment expenses over this period as well as some explanatory notes as to the expense variations.

5. Based on the results of our review, we have no cause to believe that the expenditures charged by officers of State Bank of Albany during 1974 and 1975 to travel and entertainment expense accounts were used to make political contributions or cash payments to governmental officials.

* * * * *

We shall be pleased to meet with members of the Special Committee of the Board to discuss this letter report and our findings at your convenience.

Very truly yours,

PEAT, MARWICK, MITCHELL & CO.

Eugene D. Doerr

Eugene D. Doerr, Partner

cc: Mr. Thomas H. Hagbert, Attorney

7804075916

Schedule 1

STATE BANK OF ALBANY

Analysis of Travel and Entertainment Expenses

Years ended December 31, 1971-1975

Account Title	Account No.	1971	1972	1973	1974	1975
Supper money	633501	$ 27,693	25,993	29,029	29,940	27,268
Meals	633511	10,994	13,020	15,459	15,292	13,818
Tuition and education	633531	14,321	14,285	18,067	26,653	36,579
Relocation	633541	5,962	14,610	8,000	12,942	7,200
Maintenance of autos	671613	21,692	20,722	24,687	26,131	26,830
Membership dues	672102	7,189	4,976	5,913	10,797	15,456
Travel	672701*	32,582	34,504	43,808	48,208	51,030
Customer entertainment	672702*	40,382	40,196	95,520(1)	83,506(1)	72,127
Business and Professional Meetings	672703*	26,144	23,079	22,977	23,601	26,928
Mileage	672704*	23,433	22,308	27,778	36,201	31,139
Conferences and conventions	672705	1,547	4,204	4,555	2,678	4,523
Total - all categories		$ 211,939	217,897	295,793	315,949	312,898
*Total - Expense accounts Nos. 672701/2/3/4 (note 3)		$ 122,541	120,087	190,083	191,516(2)	181,224(2)

Notes:

(1) In 1973, charges from a catering service for the newly-opened main office customers' dining room in amount of $53,160 were incurred. In 1974, a different catering service was engaged whose charges were lower.

(2) Summary of travel and entertainment charges by main office and branches is as follows:

	1974	1975
Main office	$ 145,942	136,059
Branches	45,574	45,165
Total	$ 191,516	181,224

(3) Total figures of these four categories are the amounts reported in the bank's U.S. Corporation income tax returns as "travel and promotion expenses".

Schedule 2

STATE BANK OF ALBANY

Summary of Travel and Entertainment Expenses

Years ended December 31, 1971 - 1975

	1971	1972	1973	1974	1975
Total other operating expenses	$ 3,363,856	3,409,069	3,931,739	4,189,615	4,694,353
Travel and entertainment charges - per Schedule 1:					
Main Office	*	*	*	145,942	136,059
Branches				45,574	45,165
Total	$ 122,541	120,087	190,083	191,516	181,224
% of other operating expenses	3.64%	3.52%	4.83%	4.57%	3.86%
Group of 18 officers-Per Schedule 3	$ *	27,690	35,303	56,629	48,525

* Note: Information not readily available.

STATE BANK OF ALBANY

Analysis of Travel and Entertainment

Expense Accounts of Designated Officers

Years ended December 31, 1972 - 1975

Officer	Termination or retirement date	Year ended December 31, 1972	1973	1974	1975
Bryson		$ 441.35	215.33	462.94	575.64
Casserly		135.62	79.21	155.83	139.91
Chorbajian		579.99	473.74	716.29	641.28
Clark	6/30/72	-	-	-	-
Donough	6/30/72	123.17	-	-	-
Ferrara (note 4)		8,801.16	10,591.74	10,069.76	7,803.38
Fiset (note 4)		3,474.84	7,018.53	8,609.39	8,921.74
Heck		159.12	1,133.97	1,170.86	328.97
Kinley (note 4)		8,126.46	9,674.41	19,443.11(2)	16,022.90
Mahoney		111.46	81.27	-	93.96
Nelson	12/31/73	430.99	583.68	-	-
Neville	12/31/71	-	-	-	-
Odell		794.20	2,077.51	4,585.01	3,154.11
Roberts		1,945.37	- (3)	4,745.40	4,413.70
Strait		1,983.80	2,716.72	3,550.41	3,591.09
Uhl		582.34	656.70	3,119.74	2,838.50
VanderMel	6/30/72	-	-	-	-
		$ 27,689.87	35,302.81	56,628.74	48,525.09

Notes:

(1) Information for 1971 is not readily available due to change in data processing system in that year.

(2) Increase in expenses of Mr. Kinley is attributable to promotion to Senior Vice-President and appointment as in-charge of all business promotion activities. Most of the expenses incurred in local business, social and professional society events and meetings are charged to Mr. Kinley's account as he arranges for the reservations and distribution of tickets to the bank's participants and customers.

(3) Expenses of Mr. Roberts in 1973 were charged to other officers' accounts who arranged for attendance at the events.

(4) These officers are primarily involved with and have responsibility for business promotion activities of all types. Expenses of most main office special events (registration fees, tickets, charges, etc.) are incurred in the name of these officers.

164-T

STATE BANK OF ALBANY
TRAVEL EXPENSE RECORD

DATE _____

NAME _____

PLACE _____

Expense Details	Amount
Carryover (from preceding page, if any)	$ _____
Lodging _____	_____
Meals _____	_____
Transportation:	
From _____	
To _____	
Mode _____	
Automobile:	
From _____	
To _____	
_____ miles at _____ cents	_____
Gas, Oil, Lube, etc. _____	_____
Repairs, Tires, Supplies, etc. _____	
_____	_____
Entertainment (explain on attached "Entertainment Record") _____	_____
Miscellaneous: (Taxi, Tips, Telephone Calls, etc.) _____	
_____	
_____	_____
TOTAL	$ _____
Credit Card	_____
BALANCE	$ _____

Departure _____

Return _____

Total Days _____

No. of Business Days _____

Business Reason _____

_____

_____

(over)

Business Reason — *Continued*

_____

_____

_____

_____

_____

_____

_____

INSTRUCTIONS FOR THE USE OF TRAVEL EXPENSE RECORD

1. **Use one record each day. If a trip covers more than one day, a separate record should be prepared for each day and the totals for each day should be carried over to the next day's sheet.**
2. In the space marked "Business Reason" record the day's activities so that the business purpose of the trip may be shown.
3. Receipts are required for any expenditures of $25.00 or more, for lodging regardless of cost, and for transportation where readily available.
4. Details of entertainment expenses must be explained on "Entertainment Expense Record" and this form must accompany this record.
5. Complete this record while details of the expenses are fresh in mind. The Internal Revenue calls for a contemporaneous and detailed record.

164-E

STATE BANK OF ALBANY

ENTERTAINMENT EXPENSE RECORD

AMOUNT $ _____

NAME _____

DATE _____
(DATE OF ENTERTAINMENT)

GUESTS: _____

PLACE: _____

TYPE: _____

BUSINESS PURPOSE: _____

BUSINESS DISCUSSION: _____

7 8 0 4 0 0 7 5 9 2 1

INSTRUCTIONS FOR THE USE OF ENTERTAINMENT EXPENSE RECORD

1. Use one record for each entertainment.
2. "Guests" — Give business relationship to the State Bank of Albany of each person entertained for whom deduction is claimed, including his name, title, or the nature of his activities as they relate to the Bank's business. Also give total number of persons entertained, including other employees. Designate those which partook in business discussion before or after entertainment.
3. "Place" — Give name, address, or location.
4. "Type" — Give description of entertainment.
5. "Business Purpose" — Give nature of the business benefit to be derived by the State Bank of Albany as result of the entertainment.
6. "Business Discussion" — Give date, duration, place, and nature of business discussion which preceded or followed entertainment.
7. Complete this record while details of the expenses are fresh in mind. The Internal Revenue calls for a contemporaneous and detailed record.

FEDERAL ELECTION COMMISSION

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

THIS IS THE BEGINNING OF MUR # 418

DATE FILMED _____ CAMERAMAN _____

7 8 0 4 0 0 7 5 0 2 2

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 418

DATE FILMED Nov 16, 1978 CAMERAMAN GPC

7 8 0 4 0 0 7 5 9 2 2

FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 418

Date Filmed 1/26/79 Camera No. --- 2

Cameraman GPC

418 SP

PS Form 3811, Apr. 1977 RETURN RECEIPT REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3
Add your address in the "RETURN TO" space on reverse

1. The following service is requested (check one).
☑ Show to whom and date delivered ____¢
☐ Show to whom, date, and address of delivery ____¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ____¢
☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery $____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Frank H. Odell
State Bank of Albany

3. ARTICLE DESCRIPTION

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943937	

(Always obtain signature of addressee or agent)

I have received the article described above
SIGNATURE ☐ Addressee ☐ Authorized agent

4. Jim Higgins
DATE OF DELIVERY NOV 9 1978
POSTMARK ALBANY, NY MAIN OFFICE NOV 9 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

☆GPO 1977 – 0 – 249-595

418 SP

PS Form 3811, Apr. 1977 RETURN RECEIPT REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3
Add your address in the "RETURN TO" space on reverse

1. The following service is requested (check one).
☐ Show to whom and date delivered ____¢
☑ Show to whom, date, and address of delivery ____¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ____¢
☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery $____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Robt J. Donovan
Liberty National Bank
Trust Company

3. ARTICLE DESCRIPTION

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943953	

(Always obtain signature of addressee or agent)

I have received the article described above
SIGNATURE ☐ Addressee ☐ Authorized agent

4. Paul Murphy
DATE OF DELIVERY 11-6-78
POSTMARK NOV 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

☆GPO 1977 – 0 – 249-595

FEDERAL ELECTION COMMISSION

Documents submitted by State Bank of Albany: Document Nos. S-154 through S-20, S-22, S-23, and S-25 through S-54; Memoranda to the File

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

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

Signed [illegible]

date November 2, 1978

FEC 9-21-77

FEDERAL ELECTION COMMISSION

Highland National Bank of Newburgh
Document Nos: H-1 through H-11

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

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

Signed Susan Propper

date November 2, 1978

FEC 9-21-77

7904009360 0

FEDERAL ELECTION COMMISSION

Liberty National Bank & Trust Co.
Document Nos.: L-11; L-16, L-42, L-47 through L-56, L-66 through L-76

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

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

Signed Susan Poppes

date November 2, 1978

FEC 9-21-77

7904009360 1

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 3, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert F. Macfarland
President
Highland National Bank of
Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Macfarland:

This letter is to inform you that the Commission has approved the compliance statement submitted by Highland National Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7904009360

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 3, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank and
Trust Company
424 Main Street
Buffalo, New York 14240

Re: MUR 418

Dear Mr. Donough:

This letter is to inform you that the Commission has approved the compliance statement submitted by Liberty Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7904009360 3

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 3, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank H. Odell
President
State Bank of Albany
89 State Street
Albany, New York

Re: MUR 418

Dear Mr. Odell:

This letter is to inform you that the Commission has approved the compliance statement submitted by State Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7 0 0 4 0 0 9 3 6 0 4

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank H. Odell
President
State Bank of Albany
89 State Street
Albany, New York

Re: MUR 418

Dear Mr. Odell:

This letter is to inform you that the Commission has approved the compliance Statement submitted by State Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the Attorney handling this matter.

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

SP
11/2/78

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank and
Trust Company
424 Main Street
Buffalo, New York 14240

Re: MUR 413

Dear Mr. Donough:

This letter is to inform you that the Commission has approved the Compliance statement submitted by Liberty Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

SP 11/2/78

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert F. MacFarland
President
Highland National Bank of
Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Macfarland:

This letter is to inform you that the Commission has approved the compliance statement submitted by Highland National Bank. Therefore, our files in the above matter will be closed. Should you have any questions, please contact Susan Propper at (202) 523-4178, the attorney handling this matter.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

SP 11/2/88

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418
Highland National Bank of Newburgh	)	
Liberty National Bank and Trust Company	)	
State Bank of Albany	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on October 31, 1978, the Commission determined by a vote of 6-0 to adopt the recommendation, as set forth in the General Counsel's memorandum dated October 27, 1978, to approve the executed statements of compliance regarding the above-captioned matter and close the file.

Attest:

11/1/78
Date

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

Received in Office of Commission Secretary: 10-27-78, 10:26
Circulated on 48 hour vote basis: 10-27-78, 4:30

7 9 0 4 0 0 9 3 6 0 8

October 27, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418

Please have the attached Memo distributed to the Commission on a 48 hour tally basis.

Thank you.

7904009356 0

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

78 OCT 27 A10: 26

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 27, 1978

MEMORANDUM TO: The Commission

FROM: William C. Oldaker
General Counsel

RE: MUR 418 (United Bank Corp. of N.Y.)

On July 5, 1978, the Commission approved compliance statements to be sent to each of the three banks involved in this matter. As indicated in our earlier interim reports, counsel for the respondents requested that the statements make reference to reports compiled in connection with an investigation conducted by the United Bank Corporation into political expenditures made by UBNY subsidiaries. After some discussion the present language was reached. The statements also include an affirmation by each respondent of its present compliance with 2 U.S.C. § 441b and its intention to continue compliance, as required by the Commission. Each bank has now submitted to the Commission an executed statement of compliance. We recommend approval of all three statements and that the file be closed in this matter.

7 9 0 4 0 0 9 3 6 1 0

7 0 0 4 0 0 9 3 6 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Highland National Bank of)
Newburgh) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to certain expenditures prior to May, 1976, for the purchase of tickets to political dinners and similar events and for the purchase of advertisements in various political publications. The undersigned has been informed that, in the Report, "Bank C" is Highland National Bank of Newburgh.

* * *

Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

10/10/78
Date

ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this 17 day of October, 1978.

Norma J. Kahl
Notary Public

NORMA J. KAHL
Notary Public, State of New York
County of Orange
Commission Expires March 30, 1980
Notary Reg. No. 4527547

7904009361 2

BEFORE THE FEDERAL ELECTION COMMISSION

GCC 5240

RECEIVED
FEDERAL ELECTION
COMMISSION

'78 OCT 20 PM 3:58

In the Matter of)
)
Liberty National Bank and)
Trust Company) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to May, 1973, from which, according to the Report, politically related expenditures were made, and as to the grant of certain salary increases to five senior officers in 1973. The undersigned has been informed that, in the Report, "Bank B" is Liberty National Bank and Trust Company.

807092

* * *

Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

October 12, 1978

Robert J. Donough, President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this 19th day of October 1978.

RICHARD F. KAWA
Notary Public, State of New York
Qualified in Erie County
My Commission expires Mar. 30, 19..80

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
State Bank of Albany) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated September 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to December, 1973 from which, according to the Report; politically related expenditures were made. Subsequent to December, 1973, officers of State Bank of Albany received salary increments from time to time. However, no requirements or directives were imposed by the Bank with respect to the use or disposition thereof.

* * *

State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any federal political office and that it is complying and will continue to comply with 2 U.S.C. § 441b (formerly U.S.C. §610).

October 17, 1978
Date

FRANK H. ODELL
President
State Bank of Albany

Subscribed and sworn to before me this 17th day of October, 1978.

Notary Public
State of New York
Qualified in Rensselaer County
My Commission Expires March, 30 19

7 9 0 4 0 0 9 3 6 1 4

5392

CHARTERED 1803

RECEIVED
FEDERAL ELECTION
COMMISSION

STATE BANK OF ALBANY

ALBANY, NEW YORK

'78 OCT 30 PM 4:32

FRANK H. ODELL
PRESIDENT

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

October 27, 1978

Ms. Susan Propper
Attorney at Law
Federal Election Commission
1325 K. Street N. W.
Washington, D. C. 20463

PO7500

Dear Ms. Propper:

Enclosed is an executed Statement of Compliance with respect to the State Bank of Albany, which includes the number which was omitted from the second paragraph of the one executed on October 17, 1978.

Very truly yours,

President

FHO:rab
Enclosure

CC: Robert L. Tortoriello, Esq.
Cleary, Gottlieb, Steen & Hamilton
One State Street Plaza
New York, N. Y. 10004

7904009 3615

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
State Bank of Albany) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated September 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to December, 1973, from which, according to the Report; politically related expenditures were made. Subsequent to December, 1973, officers of State Bank of Albany received salary increments from time to time. However, no requirements or directives were imposed by the Bank with respect to the use or disposition thereof.

* * *

State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any federal political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

October 27, 1978
Date

FRANK H. ODELL
President
State Bank of Albany

Subscribed and sworn to before me this 27th day of October, 1978.

JOHN P. MURTAGH
Notary Public, State of New York
Qualified in Rensselaer County
My Commission Expires March 30 19[illegible]

Notary Public

7 0 0 1 0 0 9 3 6 1 7

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RETURN RECEIPT REQUESTED
CERTIFIED MAIL
NO. 4836

Ms. Susan Propper
Attorney at Law
Federal Election Commission
1325 K. Street N. W.
Washington, D. C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE by pc

DATE: OCTOBER 24, 1978

SUBJECT: MUR 418 - Interim Report dated 10-20-78
Received in OCS: 10-20-78, 4:26

The above-named document was circulated on a 24 hour no-objection basis at 9:00, October 23, 1978.

The Commission Secretary's Office has received no objections to the Interim Report as of 11:00, this date.

7904009361 0

September 10, 1979

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418

Please have the attached Interim Report on MUR 418 distributed to the Commission.

Thank you.

7 9 0 4 0 0 9 3 6 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
United Bank Corporation of New York	)	MUR 418

Interim Report

On July 6, 1978, the Commission forwarded compliance statements to each of the three banks involved in this matter. Counsel for the respondents submitted alternative statements on July 31, 1978, containing certain minor revisions; after some discussion, these differences have been resolved.

Letters granting the respondents' requests that certain documents furnished to the Commission be exempted from public disclosure under the Freedom of Information Act have now been sent to the banks. Upon receipt of these letters, the respondents have stated they will submit the executed compliance statements as agreed.

We expect that a final compliance report will be made within several weeks.

10/20/78
Date

William C. Oldaker
General Counsel

Highland National Bank
OF NEWBURGH
385 BROADWAY, NEWBURGH, N.Y. 12550 • TEL. (914) 562-4000

RECEIVED
FEDERAL ELECTION
COMMISSION

'78 OCT 23 PM 3:22

October 17, 1978

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

RE: MUR 418 (77)

Dear Mr. Oldaker:

In accordance with your letter of October 12, 1978 regarding above-captioned case, enclosed please find properly executed and acknowledged Statement of Compliance.

Very truly yours,

Robert F. Macfarland
President

RFM/nk
Enc.

cc: Robert Tortoriello
Cleary, Gottlieb, Steen & Hamilton
New York City

7904009362 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Highland National Bank of Newburgh	)	MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to certain expenditures prior to May, 1976, for the purchase of tickets to political dinners and similar events and for the purchase of advertisements in various political publications. The undersigned has been informed that, in the Report, "Bank C" is Highland National Bank of Newburgh.

* * *

Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

10/19/78
Date

Robert F. Macfarland
ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this 17 day of October, 1978.

Norma J. Kahl
Notary Public

NORMA J. KAHL
Notary Public, State of New York
County of Orange
Commission Expires March 30, 1980
Notary Reg. No. 4527547

7 9 0 4 0 0 9 3 6 2 3

Highland
National Bank
MAIN OFFICE
385 BROADWAY
BURGH, NEW YORK 12550

79 OCT 23 PM 3:22

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

GCC#
5239

807119

RECEIVED
FEDERAL ELECTION
COMMISSION

'78 OCT 21 AM 10:48

CHARTERED 1808

STATE BANK OF ALBANY

ALBANY, NEW YORK

FRANK H. ODELL
PRESIDENT

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

October 17, 1978

Ms. Susan Propper
Attorney at Law
Federal Election Commission
1325 K. Street N. W.
Washington, D. C. 20463

Dear Ms. Propper:

Enclosed is an executed Statement of Compliance with respect to the State Bank of Albany.

Very truly yours,

President

FHO:rab
Enclosure

7904009362

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
State Bank of Albany) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated September 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to December, 1973 from which, according to the Report; politically related expenditures were made. Subsequent to December, 1973, officers of State Bank of Albany received salary increments from time to time. However, no requirements or directives were imposed by the Bank with respect to the use or disposition thereof.

* * *

State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any federal political office and that it is complying and will continue to comply with 2 U.S.C. § 441b (formerly U.S.C. §610).

October 17, 1978
Date

FRANK H. ODELL
President
State Bank of Albany

Subscribed and sworn to before me this 17th day of October, 1978.

Notary Public

JOSEPH P. MURTAGH
Notary Public, State of New York
Qualified in Rensselaer County
My Commission Expires March, 30 19..

7 9 0 4 1 0 0 9 3 6

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

RETURN RECEIPT REQUESTED
CERTIFIED MAIL
NO. 4734

Ms. Susan Propper
Attorney at Law
Federal Election Commission
1325 K. Street, N. W.
Washington, D. C. 20463

Liberty National Bank and Trust Company

Member United Bank New York

MAIN OFFICE 424 MAIN STREET
TELEPHONE (716) 847-7241

BUFFALO, NEW YORK 14240

JOSEPH T. TRAPP
Executive Vice President
Corporate Secretary

October 17, 1978

Ms. Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Ms. Propper:

Re: Liberty National Bank and Trust Company
MUR - 418 (77)

As requested, I enclose for your files, an executed Statement of Compliance on behalf of Liberty National Bank and Trust Company.

Very truly yours,

Joseph T. Trapp

/mb

by Certified Mail/r.r.r.

cc: Robert L. Tortoriello, Esq.

7904009362

BEFORE THE FEDERAL ELECTION COMMISSION

GCCt 5240

RECEIVED FEDERAL ELECTION COMMISSION

In the Matter of)
)
Liberty National Bank and)
Trust Company) MUR 418

'78 OCT 20 PM 3:58

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to May, 1973, from which, according to the Report, politically related expenditures were made, and as to the grant of certain salary increases to five senior officers in 1973. The undersigned has been informed that, in the Report, "Bank B" is Liberty National Bank and Trust Company.

807092

* * *

Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

October 12, 1978

Robert J. Donough, President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this 12th day of October 1978.

RICHARD F. KAWA
Notary Public, State of New York
Qualified in Erie County
My Commission expires Mar. 30, 1980

J.T. Trapp, E.V.P.

Liberty National Bank and Trust Company
Member United Bank New York
424 Main Street
Buffalo, New York 14240

CERTIFIED
No. 817991
MAIL

Ms. Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

sted

RETURN RECEIPT REQUESTED

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James McKee, Jr.
Vice President and Cashier
State Bank of Albany
89 State Street
Albany, New York

Re: MUR 418

Dear Mr. McKee,

Pursuant to your application of February 22, 1978, the documents submitted to the Commission by State Bank in connection with the above matter have been reviewed to determine whether certain of these documents should be exempted from disclosure at the conclusion of the Commission's investigation. With respect to Document Nos. S-15 through S-20, S-22, S-23 and S-25 through S-54, an exemption has been granted under 5 U.S.C. §§ 552(b)(4),(6) and (7) and proposed 11 C.F.R. §§ 4.5(a)(4),(6) and (7), 42 Fed.Reg. 59944-45(1977). Document Nos. S-50, S-52 and S-54 are also exempted from disclosure under 5 U.S.C. § 552(b)(3) and proposed 11 C.F.R. § 4.5(a)(3).

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

7 9 0 1 0 0 9 3 6 3

MUR 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered ..... ¢
   - ☒ Show to whom, date, and address of delivery ..... ¢
   - ☐ RESTRICTED DELIVERY
     Show to whom and date delivered ..... ¢
   - ☐ RESTRICTED DELIVERY.
     Show to whom, date, and address of delivery. $
   - (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
James McKee, Jr. - V. Pres.
St. Bank of Albany
89 State Street
Albany, N.Y.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943572	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY: OCT 6 1978
POSTMARK: OCT 16 1978

5. ADDRESS (Complete only if requested): Registry Section Albany, N.Y. 12207

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

77-O-234-337

MUR 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered ..... ¢
   - ☒ Show to whom, date, and address of delivery ..... ¢
   - ☐ RESTRICTED DELIVERY
     Show to whom and date delivered ..... ¢
   - ☐ RESTRICTED DELIVERY.
     Show to whom, date, and address of delivery. $
   - (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Robt. Tortoriello
1 Pt. St. Plaza
New York, N.Y. 10004

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943571	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY: 10-16-78
POSTMARK: OCT 16 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

☆ GPO : 1977—O-234-337

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

October 12, 1978

Jon Price
Controller
Highland National Bank of Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418 (77)

Dear Mr. Price,

Pursuant to your application of February 21, 1978, the documents submitted to the Commission by Highland Bank in connection with the above matter have been reviewed to determine whether certain of these documents should be exempted from disclosure at the conclusion of the Commission's investigation.

Accordingly, an exemption has been granted under 5 U.S.C. § 552(b)(4) and proposed 11 C.F.R. § 4.5.5(a)(4), 42 Fed.Red. 59944-45(1977) with respect to Document Nos. H-1 through H-11.

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

MUR 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).

☐ Show to whom and date delivered.....____¢

☒ Show to whom, date, and address of delivery..____¢

☐ RESTRICTED DELIVERY
Show to whom and date delivered.....____¢

☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery. $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Jan Price - Controller
Highland Nat'l. Bk. of Newburgh
385 Broadway
Newburgh, N.Y.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943570	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☒ Addressee ☐ Authorized agent

4. DATE OF DELIVERY

POSTMARK
OCT 17 1978
NEWBURGH

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O-234-337

7 9 0 4 0 0 9 3 6 3

FEDERAL ELECTION COMMISSION

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

October 12, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank and
Trust Company
424 Main Street
Buffalo, N.Y. 14240

Re: MUR 418

Dear Mr. Donough,

Pursuant to your application of February 15, 1978, the documents submitted to the Commission by Liberty Bank in connection with the above matter have been reviewed to determine whether certain of these documents should be exempted from disclosure at the conclusion of the Commission's investigation. With respect to Document Nos. L-11, L-16, L-42, L-47 through L-56 and L-66 through L-76, an exemption has been granted under 5 U.S.C. §§ 552(b)(4),(6), and (7) and proposed 11 C.F.R. §§ 4.5 (a)(4),(6) and (7), 42 Fed.Reg. 59944-45(1977). Document Nos. L-68, L-70, L-72, L-74 and L-76 are also exempted from disclosure under 5 U.S.C. § 552(b)(3) and proposed 11 C.F.R. § 4.5(a)(3).

Sincerely yours,

William C. Oldaker
General Counsel

cc: Robert Tortoriello

MUP418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).

- ☐ Show to whom and date delivered. ..... ____¢
- ☑ Show to whom, date, and address of delivery. ____¢
- ☐ RESTRICTED DELIVERY
  Show to whom and date delivered. ..... ____¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery. $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Robt. J. Donough-Pres.
Liberty Natl. Bank & Trust Co.
424 Main St., Buffalo, N.Y.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943569	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☑ Addressee ☐ Authorized agent

4. Paul Murphy

DATE OF DELIVERY
OCT 16 1978

POSTMARK
BUFFALO
OCT 16 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS
gaJ

☆ GPO : 1977—O-234-337

7 9 0 4 0 0 9 3 6 3 6

GEORGE E. CLEARY
LEO GOTTLIEB
COUNSEL

MELVIN C. STEEN
FOWLER HAMILTON
LYMAN M. TONDEL, JR.
JAMES G. JOHNSON, JR.
JEROME E. HYMAN
JOSEPH MORGAN
EDMUND H. KERR
MARK W. FRAWLEY, JR.
GEORGE DeSIPIO
JAMES W. LAMBERTON
ANDRE W. G. NEWBURG
JAMES C. BLAIR
WALTER S. ROTHSCHILD
RICHARD W. HULBERT
RICHARD C. PUGH
GEORGE WEISZ
THOMAS H. HAGOORT
ELLIOTT MANNING
NED S. STILES
SYDNEY M. CONE, III
ALAN APPELBAUM
EDWIN S. MISHKIN
STEPHEN L. DINCES
PETER S. PAINE, JR.
ANTHONY C. GOOCH
ROGER W. THOMAS
ALBERT S. PERGAM
CHARLES M. NATHAN
GEORGE J. GRUMBACH, JR.
PETER KARASZ
LOUIS KAHN
MARK A. WALKER
LESLIE B. SAMUELS
ALLAN G. SPERLING
PETER H. DARROW
JAMES F. MUNSELL
SANDRA B. WEIKSNER
EVAN A. DAVIS

RETIRED PARTNERS
RT W. WALES
M L. LYNCH

CLEARY, GOTTLIEB, STEEN & HAMILTON

ONE STATE STREET PLAZA

NEW YORK, N.Y. 10004

(212) 344-0600

CABLE: CLEARGOLAW
TELEX: WU 128244
RCA 235438

FEDERAL ELECTION COMMISSION
78 JUL 31 PM

GEORGE W. BALL
COUNSEL

1250 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TWX 7108220108

ROBERT C. BARNARD
FRED D. TURNAGE
R. MICHAEL DUNCAN
DONALD L. MORGAN
CHARLES D. MAHAFFIE, JR.
J. EUGENE MARANS
DOUGLAS B. KLIEVER
KENNETH L. BACHMAN, JR.
CHARLES S. LETTOW
RICHARD DEC. HINDS
WASHINGTON PARTNERS

41, AVENUE DE FRIEDLAND
75008 PARIS, FRANCE
TELEX: 650021

RICHARD H. MOORE
CLAUDE C. KELLY, JR.
RESIDENT PARTNERS

RUE DE LA LOI 23, STE 5
1040 BRUSSELS, BELGIUM
TELEX 22035

RICHARD B. WEBSTER
WALTER W. OBERREIT
DONALD L. HOLLEY
GEORGE M. COHEN
RESIDENT PARTNERS

WINCHESTER HOUSE
77 LONDON WALL
LONDON EC2N 1DA, ENGLAND
TELEX: 887959

MANLEY O. HUDSON, JR.
J. SPEED CARROLL
RESIDENT PARTNERS

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

804947

Re: United Bank Corporation of New York and Subsidiaries - MUR 418

Dear Ms. Propper:

I have now had an opportunity to review, and discuss with appropriate officers, the proposed Statements of Compliance with respect to State Bank of Albany, Liberty National Bank and Trust Company and Highland National Bank of Newburgh which were forwarded to the presidents of the banks under cover of letters of Messrs. Oldaker and Steele of your office, dated July 6, 1978. Messrs. Oldaker and Steele indicate that the Commission is seeking "a sworn statement that all expenditures and contributions of a political nature have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue." We have no difficulty with this approach. However, the proposed statements characterize the legality of past conduct and thus go beyond what the Commission appears to be seeking. Accordingly, we have revised each of the letters to confine them to a present and prospective compliance approach which seems to be consistent with the Commission's objectives and the conversations you have had in the past with Mr. Hagoort.

Please contact Mr. Hagoort or myself to let us know if the proposed Statements of Compliance are acceptable to you.

We look forward to receiving your rulings on the various Freedom of Information Act applications which have been filed by each of the banks.

Sincerely yours,

Bob Tortoriello

Robert L. Tortoriello

7904009363

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
State Bank of Albany) MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated September 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to December, 1973. Subsequent to December, 1973, officers of State Bank of Albany received salary increments from time to time. However, no requirements or directives were imposed by the Bank with respect to the use or disposition thereof.

* * *

State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any federal political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

Date

FRANK H. ODELL
President
State Bank of Albany

Subscribed and sworn to before me this day of , 1978.

Notary Public

7 0 0 4 0 0 9 3 6 3 9

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Liberty National Bank and	)	
Trust Company	)	MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to the existence and operation of a certain cash fund prior to May, 1973, and as to the grant of certain salary increases to five senior officers. The undersigned has been informed that, in the Report, "Bank B" is Liberty National Bank and Trust Company.

* * *

Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to any political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

Date

ROBERT J. DONOUGH
President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this day of , 1978.

Notary Public

7 9 0 4 0 0 9 3 6 4

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Highland National Bank of	)	
Newburgh	)	MUR 418

STATEMENT OF COMPLIANCE

Reference is made to the Report, dated December 13, 1976, of Messrs. Cleary, Gottlieb, Steen & Hamilton, to the Special Committee of the Board of Directors of United Bank Corporation of New York. The Report sets forth the results of the investigation referred to therein as to certain expenditures prior to May, 1976, for the purchase of tickets to political dinners and similar events and for the purchase of advertisements in various political publications. The undersigned has been informed that, in the Report, "Bank C" is Highland National Bank of Newburgh.

* * *

Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms that its corporate policy prohibits the making of any expenditures or contributions in connection with any election to political office and that it is complying and will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

Date

ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this day of , 1978.

Notary Public

7904009364

7 9 0 4 0 0 9 3 6 4 2

'78 JUN 31 PM 3

FIRST CLASS MAIL

Susan Propper, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

DATE: JULY 31, 1978

SUBJECT: MUR 418 - Interim Report, undated
Received in Office of Commission
Secretary: 7-28-78, 11:40

The above-named document was circulated on a 24 hour no-objection basis at 3:00 p.m. on July 28, 1978.

The Commission Secretary's Office has received no objections to the Interim Report as of 4:00 p.m. this date.

Commissioners Harris, Springer, Staebler, Thomson, and Tiernan have returned their papers by the deadline.

90409364

July 28, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418

Please have the attached Interim Report on MUR 418 distributed to the Commission.

Thank you.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418
United Bank Corporation of New York	)	
	)	

Interim Report

On July 5, 1978, the Commission approved compliance statements to be sent to all three banks involved in this matter. These statements were forwarded to the respondents on July 6, 1978. In a recent telephone conference, counsel for the respondents stated that he had reviewed the statements and has mailed to the Commission an alternative proposal with certain allegedly minor revisions. In addition, counsel has asked that certain documents furnished to the Commission be made exempt from public disclosure under exemptions in the Freedom of Information Act.

We expect to submit a final compliance report within several weeks.

7/28/78
Date

William C. Oldaker
General Counsel

7904009364 5

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jon Price
Controller
Highland National Bank
of Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Price,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to Highland National Bank upon receipt of a sworn statement that all expenditures and contributions of a political nature have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed by the President of the Highland bank and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello, Esq.

Charles N. Steele
Associate General Counsel

7904009364

MUR 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● **SENDER**: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered ..... ¢
   - ☒ Show to whom, date, and address of delivery ..... ¢
   - ☐ RESTRICTED DELIVERY
     Show to whom and date delivered ..... ¢
   - ☐ RESTRICTED DELIVERY.
     Show to whom, date, and address of delivery $ ____
     (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
   JON Price, Controller
   Highland Natl Bank of Newburgh
   385 Broadway
   Newburgh, N.Y.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943544	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY
   JUL 14 1978

5. ADDRESS (Complete only if requested)

POSTMARK
JUL 14 1978
NEWBURGH N.Y.

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O-234-337

7 9 8 4 0 0 9 3 6 4 7

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The Highland National Bank	)	
of Newburgh	)	MUR 418

STATEMENT OF COMPLIANCE

The Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. On three occasions between September 30, 1975, and April 7, 1976, the Highland National Bank of Newburgh and its subsidiaries, the National Bank of Orange and the First National Bank and Trust Company of Ellenville, made certain political contributions and/or expenditures in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b).

2. All expenditures and contributions in connection with any election to any political office by Highland and its subsidiaries have ceased since April, 1976.

3. No further violations of 18 U.S.C. §610 (now 2 U.S.C. §441b) by Highland and its subsidiaries will occur.

Date

ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this day of , 1978.

Notary Public

7 9 0 4 0 0 9 3 6 4 3

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank Odell
President
State Bank of Albany
69 State Street
Albany, New York 12201

Re: MUR 418

Dear Mr. Odell,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to State Bank upon receipt of a sworn statement that all expenditures and contributions by the bank in connection with a federal election have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

Charles N. Steele
Associate General Counsel

enclosure

cc: Robert Tortoriello, Esq.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

7 9 0 4 0 0 9 3 6 5 0

MUR 418 SP

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● **SENDER**: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered.....____¢
   - ☒ Show to whom, date, and address of delivery.....____¢
   - ☐ RESTRICTED DELIVERY
     Show to whom and date delivered.....____¢
   - ☐ RESTRICTED DELIVERY.
     Show to whom, date, and address of delivery. $____

   (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
   7 rank Odell, Pres.
   St. Bank of Albany
   69 State St, Albany, N.Y.
   P2201

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943542	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

Dennis Ellis

4. DATE OF DELIVERY JUL 11 1978

POSTMARK JUL 11 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O-234-337

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The State Bank of Albany	)	MUR 418

STATEMENT OF COMPLIANCE

The State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. Prior to December, 1973, a cash fund consisting of corporate monies was maintained by officers of State Bank and was used for the purpose of making political contributions and expenditures. This fund was terminated in December, 1973.

2. On termination of the fund, three senior officers were given augmented raises. However, no requirements or directives were imposed by the bank as to the use of these added amounts. These additional salary increments have since become a continuing part of each officer's compensation.

3. State Bank affirms that it has ceased all expenditures and contributions in connection with any election to any federal political office and that it will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

Date

FRANK ODELL
President
State Bank of Albany

Subscribed and sworn to before me this day of , 1978.

Notary Public

7 9 0 4 0 0 9 3 6 5 1

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank
and Trust Company
424 Main Street
Buffalo, New York 14240

Re: MUR 418

Dear Mr. Donough,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to Liberty Bank upon receipt of a sworn statement that all expenditures and contributions by the bank in connection with any election to any political office have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello, Esq.

Charles N. Steele
Associate General Counsel

7 9 0 4 0 0 9 3 6 5 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The Liberty National	)	
Bank and Trust Company	)	MUR 418

STATEMENT OF COMPLIANCE

The Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. Prior to May, 1973, a cash fund consisting of corporate monies was maintained by officers of Liberty Bank and was used for the purpose of making political contributions and expenditures in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b). This fund was terminated in May, 1973.

2. On termination of the fund, five senior officers received yearly lump sum payments of $2,500 in addition to normal raises. These payments were incorporated into the officers' salaries in 1975. No requirements or directives were imposed by the bank as to the use of these amounts, and they were considered to be the personal funds of each officer.

3. Liberty Bank affirms that it has ceased all expenditures and contributions in connection with any election to any

7 9 0 4 0 0 9 3 6 5 3

political office and that no further violations of 18 U.S.C. §610 (now 2 U.S.C. §441b) will occur.

Date

ROBERT J. DONOUGH
President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this day of , 1978.

Notary Public

7904009365 4

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 418
The State Bank of Albany	)	
The Highland National Bank of Newburgh	)	
The Liberty National Bank and Trust Company	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on July 5, 1978, the Commission approved by a vote of 4-0 the statements and letters regarding the above-captioned matters as recommended in the General Counsel's memorandum.

Commissioners Staebler, Springer, Thomson, and Aikens returned their votes by the deadline.

Marjorie W. Emmons

Date: 7/5/78

Marjorie W. Emmons
Secretary to the Commission

Memorandum date: Undated
Received in Office of Commission Secretary: 6-30-78, 10:20
Circulated on 48 Hour vote basis: 6-20-78, 2:30

7904009365

June 30, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 418

Please have the attached Compliance Statements on MUR 418 distributed to the Commission on a 48 hour tally basis.

Thank you.

7 9 0 1 0 1 9 7 6 5 5

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Memorandum To: The Commission

From: William Oldaker

Re: MUR 418

On May 24, 1978, the Commission voted to close the file in the above matter upon receipt of sworn statements from each of the three banks involved. These statements are intended to acknowledge that all activity by the banks in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b) has stopped and to affirm that each bank will continue to comply with this section. As this is an unusual resolution of a MUR, there was some discussion as to the form of the statements sought from the respondents. These questions have now been resolved, and the statements and letters are attached for your approval.

7 9 0 4 0 7 9 6 5 7

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Frank Odell
President
State Bank of Albany
69 State Street
Albany, New York 12201

Re: MUR 418

Dear Mr. Odell,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to State Bank upon receipt of a sworn statement that all expenditures and contributions by the bank in connection with a federal election have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

enclosure

cc: Robert Tortoriello, Esq.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The State Bank of Albany	)	MUR 418

STATEMENT OF COMPLIANCE

The State Bank of Albany, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. Prior to December, 1973, a cash fund consisting of corporate monies was maintained by officers of State Bank and was used for the purpose of making political contributions and expenditures. This fund was terminated in December, 1973.

2. On termination of the fund, three senior officers were given augmented raises. However, no requirements or directives were imposed by the bank as to the use of these added amounts. These additional salary increments have since become a continuing part of each officer's compensation.

3. State Bank affirms that it has ceased all expenditures and contributions in connection with any election to any federal political office and that it will continue to comply with 2 U.S.C. §441b (formerly 18 U.S.C. §610).

Date

FRANK ODELL
President
State Bank of Albany

Subscribed and sworn to before me this day of , 1978.

Notary Public

7 9 0 4 0 0 9 3 6 5

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jon Price
Controller
Highland National Bank
of Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Price,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to Highland National Bank upon receipt of a sworn statement that all expenditures and contributions of a political nature have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed by the President of the Highland bank and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello, Esq.

7 9 0 4 0 0 9 3 6 5

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The Highland National Bank	)	
of Newburgh	)	MUR 418

STATEMENT OF COMPLIANCE

The Highland National Bank of Newburgh, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. On three occasions between September 30, 1975, and April 7, 1976, the Highland National Bank of Newburgh and its subsidiaries, the National Bank of Orange and the First National Bank and Trust Company of Ellenville, made certain political contributions and/or expenditures in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b).

2. All expenditures and contributions in connection with any election to any political office by Highland and its subsidiaries have ceased since April, 1976.

3. No further violations of 18 U.S.C. §610 (now 2 U.S.C. §441b) by Highland and its subsidiaries will occur.

Date

ROBERT F. MACFARLAND
President
Highland National Bank of Newburgh

Subscribed and sworn to before me this day of , 1978.

Notary Public

7 9 0 4 1 0 0 9 3 6 6 1

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank
and Trust Company
424 Main Street
Buffalo, New York 14240

Re: MUR 418

Dear Mr. Donough,

On May 24, 1978, the Federal Election Commission voted to close the file in the above matter with regard to Liberty Bank upon receipt of a sworn statement that all expenditures and contributions by the bank in connection with any election to any political office have ceased and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue. A statement to this effect is enclosed. It should be signed and returned to the Commission by July 31, 1978.

If you have any questions, feel free to contact Susan Propper (phone no. 202/523-4529), the attorney assigned to this case.

Sincerely,

William C. Oldaker
General Counsel

cc: Robert Tortoriello, Esq.

7 9 0 4 0 0 9 3 6 6 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The Liberty National	)	
Bank and Trust Company	)	MUR 418

STATEMENT OF COMPLIANCE

The Liberty National Bank and Trust Company, respondent in the above-numbered matter under review, through its authorized representative, affirms as follows:

1. Prior to May, 1973, a cash fund consisting of corporate monies was maintained by officers of Liberty Bank and was used for the purpose of making political contributions and expenditures in violation of 18 U.S.C. §610 (now 2 U.S.C. §441b). This fund was terminated in May, 1973.

2. On termination of the fund, five senior officers received yearly lump sum payments of $2,500 in addition to normal raises. These payments were incorporated into the officers' salaries in 1975. No requirements or directives were imposed by the bank as to the use of these amounts, and they were considered to be the personal funds of each officer.

3. Liberty Bank affirms that it has ceased all expenditures and contributions in connection with any election to any

political office and that no further violations of 18 U.S.C. §610 (now 2 U.S.C. §441b) will occur.

Date

ROBERT J. DONOUGH
President
Liberty National Bank and Trust Company

Subscribed and sworn to before me this day of , 1978.

Notary Public

7904009366 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 418
United Bank Corporation of)
New York)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on May 24, 1978, the Commission determined by a vote of 6-0 to take the following actions in the above-captioned matter:

1. Defer action with regard to the Highland National Bank of Newburgh to give the respondent an opportunity to submit a letter indicating the proscribed practices alluded to in the General Counsel's Report will continue to be stopped.

2. Upon submission of sworn statements that all expenditures and contributions of a political nature have ceased and that compliance with 18 U.S.C. Section 610 (now 2 U.S.C. Section 441b) will continue, close the file with respect to the Liberty National Bank and Trust Company and the State Bank of Albany.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Date: 5/26/78

7 9 0 4 0 0 9 3 6 6 5

EXECUTIVE SESSION
May 24, 1978

BEFORE THE FEDERAL ELECTION COMMISSION

May 1, 1978

In the Matter of	)	
	)	MUR 418
United Bank Corporation	)	
of New York	)	

General Counsel's Report

I. Summary of Commission Action

The issue in this MUR concerns the alleged violation of 18 U.S.C. §610 (as amended, 2 U.S.C. §441b) by three subsidiaries of the United Bank Corporation of New York -- the State Bank of Albany, Liberty National Bank and Trust Company and Highland National Bank of Newburgh.

This matter was referred to the Commission on June 29, 1977 by the Office of the Comptroller. Briefly, the materials submitted by the Comptroller [1/] indicated that, at both the State Bank of Albany and the Liberty National Bank, off-book cash funds had been maintained which were used, in part, for expenditures of a political nature. At the Highland National Bank, bank funds were being spent directly for such purposes.

1/ The documents received from the Comptroller included reports compiled at the direction of the Board of Directors of the United Bank Corporation in connection with an investigation (conducted by the corporation) into political expenditures by UBNY subsidiaries. The Special Committee appointed by the Board retained the law firm of Cleary, Gottlieb, Steen and Hamilton and the auditing firm of Peat, Marwick and Mitchell to assist in the inquiry and prepare the reports.

7904093666

Based on this information, the Commission found reason to believe on July 19, 1977. An investigation was initiated and discovery took place from January to March, 1978. Documents have been produced by all three banks and key officials at each bank have been deposed, pursuant to the Commission's subpoenas 2/.

Having investigated this matter, we recommend that the Commission find reasonable cause to believe that Highland National Bank of Newburgh has violated 2 U.S.C. §441b with respect to their expenditures of bank monies for political purposes. With respect to Liberty National and the State Bank of Albany, we recommend that the file be kept open until receipt of an agreement indicating the proscribed practices alluded to in this report will continue to be stopped. Following receipt of such agreements, we believe the file should be closed.

7 9 0 4 0 0 9 3 6 5 7

II. Summary of Pertinent Facts

A. Description of the Investigation

The investigation of this matter covered the following general areas: (1) Review of United Bank Corporation March, 1977 report to the SEC (submitted to the Commission by the SEC); (2) Review of the reports of the Special Committee investigation initiated by the corporation in 1976; (see footnote 1) (3) Depositions of officials at each of the banks, including: Raymond J. Kinley (senior vice-president), Martin H. Heck (executive vice-president) and Frank H. Odell (president) of

2/ Five of the officers subpoenaed at Liberty Bank claimed their Fifth Amendment privilege against self-incrimination (due to an ongoing IRS investigation of the bank) and submitted letters in which they declined to be deposed by the Commission.

the State Bank of Albany; Robert J. Donough (president) and Avery H. Fonda (former president) of the Liberty National Bank; and Robert F. MacFarland (president) of Highland National Bank; (4) Review of documents obtained from each of the three banks pertaining to official policies, salary increments and political expenditures.

B. Summary of the Investigation

The investigation of the General Counsel's office revealed the following specific facts relating to political expenditures made by each of the three United Bank subsidiaries:

1. State Bank of Albany

From 1958 through 1973, the chief executive officer of the State Bank of Albany maintained a cash fund through which certain officers regularly made political contributions. This fund was originally established by the then chief executive officer, Hollis E. Harrington, in consultation with counsel for the bank. At all times during the fund's existence, the person serving as the bank's legal counsel had full knowledge of, and participated in, the fund's maintenance.

Financing of the fund was achieved through special salary increments paid to certain senior bank officials, who then returned half of this amount to the chief executive officer. While this practice was not widely publicized, it appears that all of the members of the Executive Committee and most, if not all, of the members of the Board of Directors were aware that these special amounts were being included in officers' salaries. (see p. 12, September 13, 1976 Cleary, Gottlieb report).

7 9 0 4 0 0 9 3 6 6 3

maintenance of the fund might be improper. However, the Board of Directors at that time determined that the chief executive officer and two vice presidents should receive augmented raises that year in recognition of the increased pressure these officers might be under as a result of the fund's termination.[3/] (Frank Odell, Martin Heck and Raymond Kinley were the three officers selected for these raises.) No requirements or directives were imposed by the bank as to the actual use of these amounts, and upon deposition, each reported that they considered the full amount of their salaries to tbe expendable at their own discretion. (see, e.g., deposition of Frank Odell, p. 26)

According to the Cleary, Gottlieb report, subsequent raises of the chief executive officer and the two vice-presidents indicate that the increased salary raises have become a continuing part of the officer's compensation (see p. 20, September 13, 1976 Cleary, Gottlieb report). This was confirmed in the depositions of each of the officials

3/ This interpretation is based upon the conclusions of the Cleary, Gottlieb report. However, the depositions of the three officers were unclear on this issue. Mr. Odell asserted that the added raises were merit increases; Messrs Heck and Kinley gave conflicting accounts, but both allowed that termination of the fund was a factor in the raises they received that year.

Generally, the chief executive officer made the decisions regarding disbursements from the fund, the majority of which were made for the purchase of tickets for political dinners and parties and for contributions to Republican and Democratic state, county and local committees. From January 1, 1971 to December, 1973, an aggregate of $35,750 was contributed to the fund and an aggregate of $34,200 was disbursed for political contributions. The remaining balance of $1,550 was expended in 1974, primarily for tickets to a political dinner.

Apparently no records exist as to the contributions made from the fund prior to 1972. However, the present chief executive officer, Mr. Odell, did receive, in 1973, a list from his predecessor of the people and organizations that had received contributions in 1972. (see p. 16, September 13, 1976 CGSH report) Major categories of disbursements from the fund, as enumerated in the Cleary, Gottlieb report, included tickets for political dinners and parties ($3,420 in 1973 and $7,000 in 1972), for memberships in political clubs ($1,000 in 1973 and in 1972), and for contributions to the Republican and Democratic state, county and local committees ($5,820 in 1973 and $1,925 in 1972). One $200 contribution was made to a federal congressional candidate in 1972.

In December, 1973, the special salary amounts were discontinued, after suggestions by two directors that

7 0 0 4 0 0 9 3 6 7 0

on the bank's books; recoveries of amounts embezzled by bank employees in excess of insurance reimbursements; recovery of money spent for repairs to repossessed vehicles; and profit on sales of football tickets obtained by the bank. (see p. 15, December 10, 1976 CGSH report)

In the United Bank Corporation's report to the SEC in March, 1977, it was estimated that from January 1, 1971 (the commencement date of the bank's investigation) until the termination of the fund in August, 1973, approximately $40,000 of unrecorded items passed through the fund. It appears, from this report, that more than $16,000 was used for charitable contributions, approximately $20,000 was expended for political purposes and the balance was disbursed for miscellaneous business purposes. All but a small portion of the political expenditures were for tickets to political dinners and parties. (see p. 2 UBNY March, 1977 report to SEC) The Cleary, Gottlieb report and the deposition of Mr. Fonda (former president) indicate that only a small portion of disbursements from the fund were used for direct contributions to candidates.

In early 1973, the then chief executive officer, Avery Fonda, directed that the fund be terminated, after consultation with the new cashier at Liberty, Joseph Jowett, about the possible impropriety of such a fund. (see deposition of Mr. Fonda, pp. 8, 12-16) On May 15, 1973,

7 9 0 4 0 0 9 3 6 7 1

in question. Each also asserted that he had not made any contributions to candidates for federal office from 1974 to the present.

It was emphasized, both in the Cleary, Gottlieb report and the depositions, that at no time were any of the contributions, either through the fund or by the individual officers, ever made for the purpose of inducing specific action on the part of the recipient or of obtaining any specific benefit for the bank or any of its officers.

In October, 1976, the State Bank of Albany adopted the official policy statement of the United Bank Corporation prohibiting corporate political contributions. The same statement, at the Corporation's directive, was distributed to all officers and branch managers of the State Bank in the summer of 1977.

2. Liberty National Bank and Trust Company

The fund at Liberty was established several years prior to 1971 (the exact date is not clear) and was maintained by the senior cashier, Joseph Schmauss. Disbursements were generally made by the bank's public relations officer, John Shaughnessy (later this position was assumed by Donald McNutt). (see deposition of Avery Fonda, p. 7 - 9). The December 10, 1976 Cleary, Gottlieb report indicated that these monies came from such sources as: sales of bank furniture and equipment already depreciated

7 9 0 4 0 0 9 3 6 7 2

Fonda recommended to the Executive Committee that five senior officers (three vice-presidents, the cashier and the public relations officer) receive added compensation in recognition of the pressure these officers were under to make personal civic, charitable and political contributions. This recommendation was made without any reference to the termination of the fund. The Executive Committee approved the recommendation and determined that each of the five officers would receive yearly lump sum payments of $2,500 in addition to normal raises. At this time, the bank terminated all expenditures from the fund. (see p. 20, Fonda deposition)

According to Mr. Fonda, there was no instruction from the bank regarding the manner in which the lump sum payments were to be spent, nor were any reports made to the bank as to how the money was in fact used. (see deposition of Avery Fonda, p. 20). The monies were merely reflected, on the bank's books, as salary payments. The lump sum payments were continued from 1973 until 1975, when the recipient officers requested that the sums be incorporated into their salaries. At all times, according to Mr. Fonda, these amounts were considered to be the personal funds of each officer.

In September , 1974, July and December of 1975 and again in May, 1976, the Liberty Bank circulated official policy statements and memoranda notifying bank personnel of the illegality of donating bank funds or services for

7 9 0 4 0 0 9 3 6 7 3

political purposes. Employees were warned that any such violation by a staff member would result in dismissal.

3. Highland National Bank of Newburgh

At the Highland National Bank, rather than maintaining a fund from which contributions would be made, monies were either donated directly from the bank coffers, or officers were reimbursed for expenditures of a political nature. Almost all of these disbursements were for the purchase of tickets to political dinners and advertisements in political brochures or journals (e.g., Republican and Democratic local journals)

Most of the expenditures made were submitted to the chief executive officer for approval, although sometimes after the disbursement had been made. (see pp. 11-12, deposition of Robert MacFarland) The amounts involved were reflected on the bank's books and the purpose of such disbursements was usually clear. According to the December 10, 1976 Cleary, Gottlieb report, these expenditures were allegedly considered by the bank to be common practice among banks and believed necessary for public relations purposes. (see p. 27 CGSH report of December 10, 1976) It appears that the aggregate annual amount of political expenditures did not exceed $500 from 1971 through 1976. The bank documents submitted to the Commission indicated that the expenditures made in 1974, 1975 and 1976 were for county Republican advertisements,

7 9 0 4 0 0 9 3 6 7 4

a local Democratic committee journal advertisement and a contribution to a local Republican club. No such payments have been made since April, 1976.

In July and October of 1975, Highland acquired two other banks - The National Bank of Orange and Ulster County and the First National Bank and Trust Company of Ellenville, respectively. It was discovered that prior to the mergers, the two banks had made similar political expenditures (a total of $150 by the Ellenville bank and $175 by the Orange Bank, in 1974, most of which went for advertisements in political yearbooks or journals). Again, it appears to have been the belief of the management of each blank that such disbursements were customary for public relations purposes. (see p. 27, Cleary, Gottlieb report of December 10, 1976)

Mr. MacFarland stated in his deposition that no expenditures for political purposes have been made by either of these branches since the merger in 1975. In June, 1975, Highland issued a formal operating manual to its staff, including the staff of the two newly-acquired banks. This manual did not include any specific policy statements relating to political contributions until March, 1976, although an informal policy prohibiting political expenditures had been maintained since the merger. (see pp. 15-17, MacFarland deposition) In September, 1976 and in April, 1977, Highland adopted additional corporate policy statements of the United Bank corporation which

7 9 0 4 0 0 9 3 6 7 5

treated this issue. Moreover, MacFarland stated that at no time were salaries adjusted to enable officers to make contributions, nor were any directives issued by the bank (or by United Bank Corporation) suggesting that bank personnel make such contributions. (see MacFarland deposition, p. 19)

7 9 0 4 0 0 9 3 6 7 6

III. Analysis

A. The Maintenance of Illicit Corporate Funds for Contributions to Political Candidates and the Effect of the Statute of Limitations

Although the evidence garnered by the staff indicates a strong possibility that each of the banks in this MUR committed violations of 18 U.S.C. §610 by making contributions in connection with federal and state campaigns out of illicitly maintained corporate funds, in at least two of these instances--Liberty National Bank and the State Bank of Albany--the time lapse since the termination of this practice and the present creates a persuasive, if not compelling, argument against a "reasonable cause to believe" determination. As for the Highland Bank and its branches, although they have likewise terminated their apparently illicit practices, there is a basis, in our opinion, for a limited "reasonable cause to believe" finding.

The funds maintained by Liberty and the State Bank of Albany, while in apparent violation of the §610 prohibition on corporate contributions or expenditures in connection with electoral campaigns, were both terminated in 1973-- in the case of the Albany Bank, in December of that year, and August of 1973 in the case of Liberty. Thus, there is a strong, if notconclusive, argument that any violations with respect to these funds are protected by the three year statute of limitations of 2 U.S.C. §455.

7 0 0 4 0 0 9 3 6 7 7

This provision, while apparently inapplicable to Commission civil enforcement actions (See Memorandum to the Commission of September 29, 1977, appended as Exhibit 1), would arguably apply to a criminal statute such as §610. In any event, the two banks have terminated their respective funds in apparent recognition of the §610 problem and there is no evidence of any further violation of this section(See part B, infra., where the practices of these two banks after 1973 are discussed). Accordingly, it appears that there has been meaningful voluntary compliance with the Act before any Commission involvement in this matter. Moreover, the banks may be willing to sign a document assuring the Commission that they will continue to comply with §610 (now 2 U.S.C. §441b). If the Commission is so inclined, staff would endeavor to obtain such a document prior to closing the file as to the Liberty Bank and the State Bank of Albany.

The political contribution activities of the Highland Bank continued until 1976. Two banks that merged into, and became branches of, Highland in 1975--The National Bank of Orange and Ulster County and The National Bank and Trust Company of Ellenville--likewise made political contributions up to the time of the merger. Subsequent to the merger, these two branches have refrained from any activity of this sort. While the amounts expended by Highland and its branches did not go directly to a candidate, they were expended in connection with a (local) election

7 0 0 4 0 0 9 3 6 7 8

and are violative of §610. See 2 U.S.C. §441b; 11 C.F.R. §114.2(a).

All politically related expenditures of the Highland group terminated in April of 1976. While no contributions of any type have since been made and no bank officer's salary was increased upon termination of this practice, the fact that the activity continued into 1976 removes the later years of this practice (1975-76) from the protection of any statute of limitations problem (noted above). Consequently, there is a basis for a finding of "reasonable cause to believe" that §610 has been violated in the amount of about $170.

B. Payments of Salary Increments to Officials of Liberty National Bank and Trust Company and the State Bank of Albany

As noted in our summary of evidence, the Board of Directors of both Liberty National Bank and the State Bank of Albany, after the termination of their respective political contribution funds in 1973, voted salary increases for certain bank officials who might be asked to make contributions to certain groups, charities, or political candidates and organizations. There is, in our opinion, no evidence to suggest that this practice violates §610.

The evidence gathered by the staff indicates that the bank officials who received these increases were not told where or how to contribute, nor were they required to give

7904093679

an accounting of these funds (deposition of Fonda, p. 20). Indeed, these payments were treated as regular salary by all concerned. This point becomes even clearer in 1975, when the so-called increments ceased to even be earmarked as a special salary increase and were incorporated into the "regular" salaries of these officials. There is no evidence that at any time there was any pressure, coercion, of suggestion made as to the utilization of these funds, nor was there any threat of reprisal for a failure to use this money in a certain way. Pipefitters Local No. 562 v. United States, 407 U.S. 385 at 414; See also United States v. Boyle, 482 U.S. 1076.

The monies used to create the political contribution fund of the State Bank of Albany, were, upon that fund's termination in December of 1973, incorporated into the regular salaries of certain bank officials. These monies have since become a continuing part of the bank's salary schedule (Kinley deposition, p. 12; Odell deposition, p. 13). At no time subsequent to the special fund's termination has there been any evidence of coercion, instruction, or suggestion as to how these "raises" were to be spent. See Pipefitters and Boyle cases, supra.

9004009380

IV. Recommendations

1. Find reasonable cause to believe that Highland National Bank of Newburgh violated 18 U.S.C. §610 and initiate conciliation.

2. Upon submission of sworn statements that all expenditures and contributions of a political nature ceased permanently in 1973 and that compliance with 18 U.S.C. §610 (now 2 U.S.C. §441b) will continue, close the file with respect to the Liberty National Bank and Trust Company and the State Bank of Albany.

5/16/78
Date:

William C. Oldaker
General Counsel

Attachment:
1. Memorandum to the Commission of September 29, 1977
2. Proposed Conciliation Agreement

7 9 0 4 0 0 9 3 6 8

Agenda 10/20

Memorandum To: The Commission

From: William C. Oldaker 9/29/77

Subject: 2 U.S.C. §455

It is the opinion of the General Counsel that the period of limitations in Section 455 of Title 2 is applicable only to the bringing of criminal proceedings to enforce the provisions of the FECA.

History of §455

The FECA of 1971 included no specific statutory period of limitations. Under the Act at that time the provisions for enforcement by the Department of Justice were solely criminal. Accordingly, the relevant limitation period was 18 U.S.C. §3282, a general five year statute of limitations applicable to federal non-capital crimes where no specific statutory provision exists. There is no general federal period of limitations for civil actions.

In 1974, the House bill (H.R. 16090) added §455, which was incorporated into S. 3044 in the conference committee. This section referred to the period of limitations on actions brought for violations of the disclosure provisions

7 9 0 4 0 0 9 3 6 8 2

and of sections 608 through 613 of Title 18.

At the time §455 was added, both the House and the Senate had begun to "de-criminalize" the FECA. The civil/criminal distinction is clearly recognized in both the House and Senate versions of the 1974 amendments.

Furthermore, the specific language in both the House report (No. 93-1239, 93d Cong., 2d Sess., p. 31 (1974)), and the conference report (S. Rep. No. 93-1237, 93d Cong., 2d Sess., p. 101 (1974)) state that "no criminal action" may be brought unless within three years from the occurrence of the violation.

In light of the fact that, at the time §455 was added, there was a distinction between civil and criminal actions for enforcement of the FECA, and, that the language of §455--prosecution, indictment, information, and its reference in (b)(2) to criminal proceedings--is solely criminal, we conclude that the section was intended to apply to criminal prosecutions.

In 1976, §455 was amended to omit reference to 18 U.S.C. §§608-13 which had been incorporated in Title 2, thus completing the de-criminalization of the statute, while retaining criminal penalties for knowing and willfull violations. Otherwise, the language of §455 remained

7 0 0 1 0 0 9 3 6 8 3

intact, referring to "prosecution" after "information" or "indictment".

Analysis

Section 455 on its face refers only to the institution of informations and indictments. Where a statute is clear on its face, it is unnecessary to refer to the legislative history or any other source for statutory interpretation. In any event, the history of the incorporation of §455 into the FECA and the language contained in the reports accompanying the House and conference versions reflects a Congressional recognition of the criminal/civil distinction and the section refers only to criminal prosecutions.

Federal statutes providing civil remedies frequently are drafted without a statute of limitations applicable to civil enforcement actions brought by the federal government. (See, for example, the Fair Housing Act, 42 U.S.C. §3601 et seq., and 28 U.S.C. §1343, "Civil Rights and Elective Franchise".) Where no specific period of limitations is stated by Congress, there is no time limit in which a right may be exercised by the federal government and state statutes of limitation are not applicable. EEOC v. Griffin Wheel Co., 511 F.2d 456 (5th Cir. 1975), rehearing den., 521 F.2d 223; United States v. Georgia

7 9 0 4 0 0 9 3 6 8 4

Power Co., 474 F.2d 906 (5th Cir. 1973); Beard v. Stephens, 372 F.2d 685 (5th Cir. 1967); Federal Maritime Commission v. Caragher, 364 F.2d 709 (2d Cir. 1966).

Of course, an agency which delays the bringing of an enforcement action may be subject to equitable defenses asserted by a defendant, but there is no direct limitation.

The Commission has apparently concluded in the course of its deliberations on particular cases that the three year limitation applied to Commission action of a civil nature. It is not bound by that determination if it concludes it was erroneous. See, e.g. NLRB v. Laidlaw, 414 F.2d 99 (7th Cir. 1969).

Conclusion

The Commission should conclude that the three year statute of limitations does not apply to its processing of cases. In light of its administrative practice, the Commission may wish to consider not applying this conclusion retrospectively, and, accordingly, announcing that as to cases arising more than three years before the date of this conclusion--e.g., October 15, 1974--the Commission will continue its previous policies, but, as regards cases arising after that date, it will not. That conclusion, however, probably will not be binding on the courts. Finally, in light of the situation, the Commission may wish to ask Congress, during its consideration of possible amendments to FECA, to consider the problem.

7 9 0 4 0 0 9 3 6 8 5

CONCILIATION AGREEMENT

Between the Federal Election Commission	)	
and	)	MUR 418
Highland National Bank of Newburgh	)	

WHEREAS, pursuant to 2 U.S.C. §§437g(a)(2) and (5), the Federal Election Commission (hereinafter "the Commission") has made findings of reason to believe and reasonable cause to believe that the Highland National Bank of Newburgh (hereinafter "Respondent") violated 18 U.S.C. §610 (2 U.S.C. §441b, as amended); and

WHEREAS, Respondent has been fully cooperative in the Commission's investigation of this matter under review,

The Commission and Respondent, pursuant to 2 U.S.C. §437g(a)(5)(A), do hereby resolve and conciliate the above-captioned matter under review by agreeing as follows:

I. The Commission has jurisdiction over the subject of this matter under review pursuant to 2 U.S.C. §§437d(a)(10) and 437g.

II. The uncontroverted facts underlying this matter are as follows:

7 0 0 4 0 0 9 3 5 8 6

A. Respondent is a national bank with headquarters in Newburgh, New York.

B. During the period from September 30, 1975 to April 7, 1976, three checks were written on Respondent's corporate account for the purpose of making contributions to local political committees.

C. Of these three checks, two, dated September 30, 1975 and November 19, 1975, were made payable to the Wawarsing Democratic Committee Journal in the amount of $100 and $50 respectively and were used to place advertisements in said Journal. The third, dated April 7, 1976, constituted a contribution to the Montgomery Republican Club in the amount of $20.

D. Other than the instances involving the three contributions named in paragraph C, supra, Respondent made no contributions using bank funds to any local political committees or candidates. Respondent has never made contributions to federal candidates or committees.

E. In July and October of 1975, Highland acquired two other banks - the National Bank of Orange and Ulster County and the First National Bank and Trust Company of Ellenville, respectively.

7 9 0 4 0 0 9 3 6 8 7

While prior to the mergers each of these banks had made similar contributions, no such expenditures have been made since January 1, 1975. Neither bank has made contributions involving candidates for federal office.

III. Each of the transactions described in Section II subparagraphs B through E constituted a corporate contribution in violation of 18 U.S.C. §610(2 U.S.C. §441b, as amended). Respondent affirms under penalty of perjury that the transactions described in Section II subparagraph C are the sole instances within the statutory jurisdiction of the Federal Election Commission in which Respondent has made contributions in violation of 18 U.S.C. §610 (2 U.S.C. §441b, as amended). No argument that the Commission might raise regarding the Statute of Limitations is waived hereby.

IV. Respondent and its subsidiaries have ceased all expenditures and contributions in connection with any election to any political office and will continue to comply with 18 U.S.C. §610(now 2 U.S.C. §441b).

V. Pursuant to 2 U.S.C. §437g(a)(6)(B), Respondent agrees to pay a civil penalty of $170 within thirty (30) days of this agreement. Payment shall be made to the Treasury of the United States.

7 9 0 4 0 0 9 3 6 3 3

VI. The Commission, at the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning matters involved herein, or on its own initiative, may review compliance with this agreement. If the Commission determines that this agreement has been violated, it may institute a civil action for relief in the United States District Court of the District of Columbia pursuant to 2 U.S.C. §437g(a)(7).

VII. This conciliation agreement shall become effective on the date that all parties hereto have executed the same and the Commission has approved the entire agreement.

7 9 0 4 0 0 9 3 6 8 9

Date	William C. Oldaker General Counsel Federal Election Commission
Date	Robert F. MacFarland President Highland National Bank of Newburgh

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

May 5, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James McKee, Jr.
Vice President and Cashier
State Bank of Albany
69 State Street
Albany, New York 12201

Re: MUR 418

Dear Mr. McKee:

Enclosed please find a copy of State Bank of Albany's FOIA exemption application. It has been initialed and dated in accordance with Mr. Tortoriello's request.

Thank you for your cooperation in this matter.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

cc: Robert Tortoriello, Esq.

MUR 418 SP

PS Form 3811, Apr. 1977 — RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ¢
☒ Show to whom, date, and address of delivery ..... ¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢
☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery $ ____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
James McKee Jr - V.P. & Cashier
State Bank of Albany
69 State, Albany, N.Y. 12201

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 438015 | INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY MAY 12 1978 POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO: 1977—O-234-337

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

May 5, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jon Price
Controller
Highland National Bank of Newburgh
385 Broadway
Newburgh, New York 12550

Re: MUR 418

Dear Mr. Price:

Enclosed please find a copy of Highland National Bank's FOIA exemption application. It has been initialed and dated in accordance with Mr. Tortoriello's request.

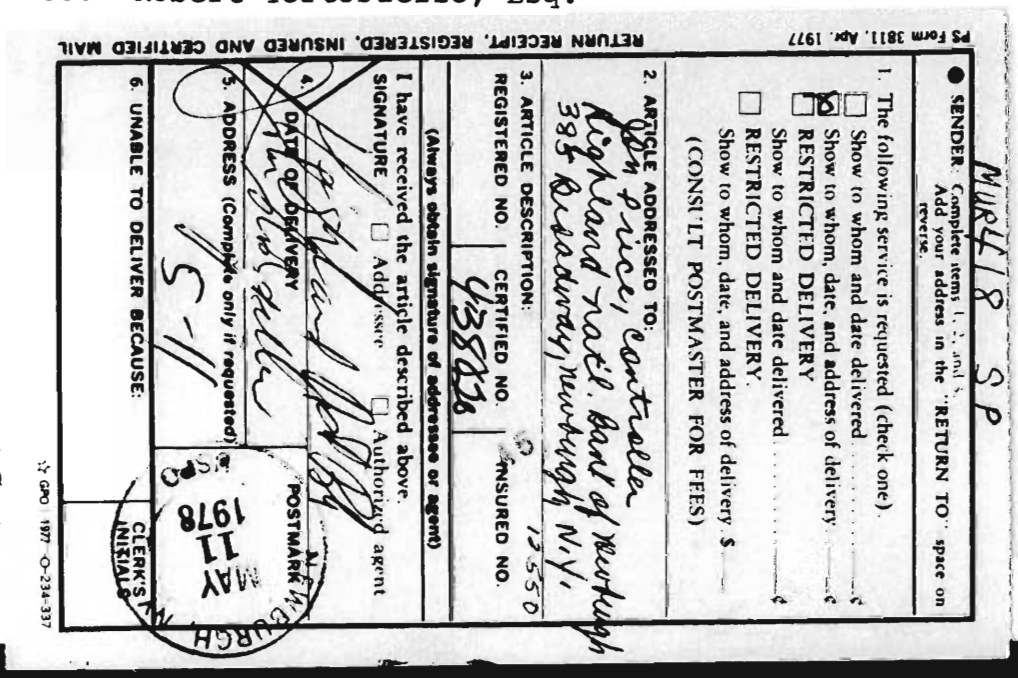
Thank you for your cooperation in this matter.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

cc: Robert Tortoriello, Esq.



FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

May 5, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Donough
President
Liberty National Bank and Trust Co.
424 Main Street
Buffalo, New York 14240

Re: MUR 418

Dear Mr. Donough:

Enclosed please find a copy of Liberty National Bank's FOIA exemption application. It has been initialed and dated in accordance with Mr. Tortoriello's request.

Thank you for your cooperation in this matter.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

cc: Robert Tortoriello, Esq.

MUR 418 SP

PS Form 3811, Apr. 1977 — RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ¢
☒ Show to whom, date, and address of delivery ..... ¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ¢
☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery $ ____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Robt J. Donough, Pres
Liberty Nat'l Bank & Trust Co.
424 Main St, Buffalo, N.Y. 14240

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 938021 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY 5-16-78

5. ADDRESSEE'S ADDRESS (Only if requested)

6. UNABLE TO DELIVER BECAUSE:

POSTMARK
BOX SECTION
MAIN POST OFFICE
1200 WILLIAM ST.
BUFFALO, NY 14240
MAY 10 1978

CLERK'S INITIALS

☆ GPO : 1977—O-234-337

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

7 0 0 4 1 0 0 0 9 3 6 9 2

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

15-55
540

MEMBER FSLIC

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

No. 209986

3/21 19__

PAY TO THE ORDER OF HIGHLAND NATIONAL BANK

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

CUSTOMER'S RECORD COPY
NOT NEGOTIABLE

THE PERSONAL MONEY ORDER, BEARING THE ABOVE NUMBER, IS SOLD UPON THE FOLLOWING CONDITIONS: (I) THAT THE PURCHASER SIGN IN INK, HIS/HER NAME AND ADDRESS THEREON AFTER FILLING IN A DATE AND THE NAME OF THE PAYEE; (II) THAT NO REQUEST FOR REFUND OR TO STOP PAYMENT OR OTHERWISE BE MADE TO THE BANK WITH RESPECT TO THE SAID PERSONAL MONEY ORDER UNLESS THIS RECORD IS SUBMITTED THEREWITH

1325 K Street N.W.
Washington, D.C. 20463

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

15-55
540

MEMBER FSLIC

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

No. 209987

19__

PAY TO THE ORDER OF LIBERTY NATIONAL BANK

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

CUSTOMER'S RECORD COPY
NOT NEGOTIABLE

THE PERSONAL MONEY ORDER, BEARING THE ABOVE NUMBER, IS SOLD UPON THE FOLLOWING CONDITIONS: (I) THAT THE PURCHASER SIGN IN INK, HIS/HER NAME AND ADDRESS THEREON AFTER FILLING IN A DATE AND THE NAME OF THE PAYEE; (II) THAT NO REQUEST FOR REFUND OR TO STOP PAYMENT OR OTHERWISE BE MADE TO THE BANK WITH RESPECT TO THE SAID PERSONAL MONEY ORDER UNLESS THIS RECORD IS SUBMITTED THEREWITH

1325 K Street N.W.
Washington, D.C. 20463

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

15-55
540

MEMBER FSLIC

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

No. 209988

19__

PAY TO THE ORDER OF STATE BANK OF ALBANY

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

CUSTOMER'S RECORD COPY
NOT NEGOTIABLE

THE PERSONAL MONEY ORDER, BEARING THE ABOVE NUMBER, IS SOLD UPON THE FOLLOWING CONDITIONS: (I) THAT THE PURCHASER SIGN IN INK, HIS/HER NAME AND ADDRESS THEREON AFTER FILLING IN A DATE AND THE NAME OF THE PAYEE; (II) THAT NO REQUEST FOR REFUND OR TO STOP PAYMENT OR OTHERWISE BE MADE TO THE BANK WITH RESPECT TO THE SAID PERSONAL MONEY ORDER UNLESS THIS RECORD IS SUBMITTED THEREWITH

1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Jon Price
Controller
Highland National Bank of Newburgh
385 Broadway
Newburgh, New York 12550

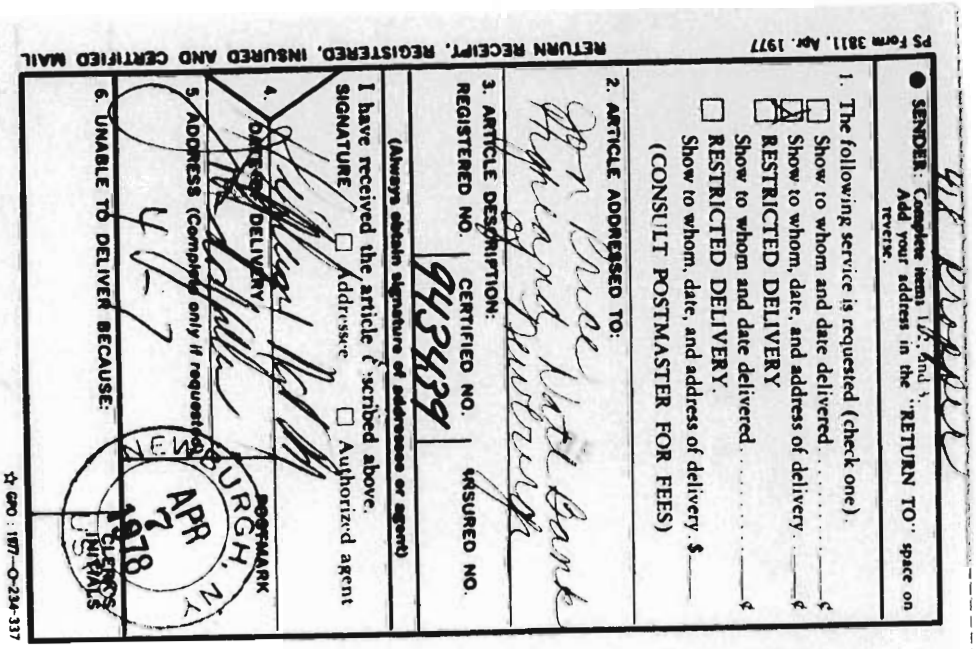
Re: MUR 418 (77)

Dear Mr. Price:

Enclosed please find a money order for eight dollars and fifty cents ($8.50) to cover the cost of duplicating the documents requested. Your cooperation in this matter is appreciated.

Sincerely yours,

William C. Oldaker
General Counsel



7 9 0 4 0 0 9 3 6 9 5

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

MEMBER FSLIC

FEDERAL HOME LOAN BANK SYSTEM

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

15-55
540

No. 209986

3/24 19 78

PAY TO THE ORDER OF HIGHLAND NATIONAL BANK

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

SIGNATURE

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

ADDRESS 1325 K Street N.W.
Washington, D.C. 20463

⑈209986⑈ ⑆0540⑈0055⑆21⑈862 94 642⑈

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Robert Donough
President
Liberty National Bank and Trust Co.
424 Main Street
Buffalo, New York 14240

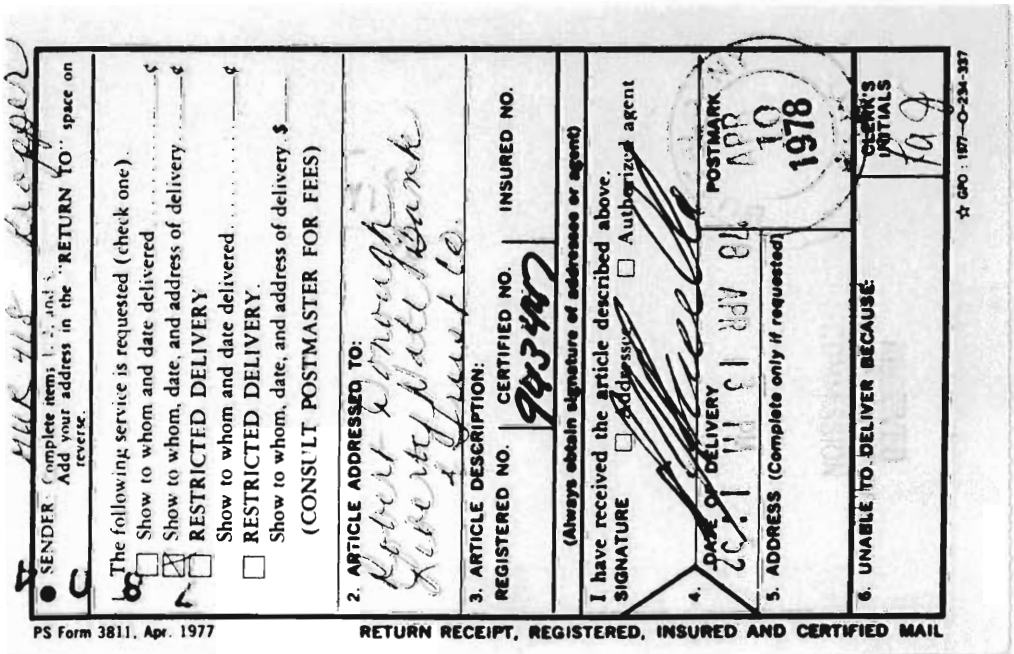
Re: MUR 418 (77)

Dear Mr. Donough:

Enclosed please find a money order for sixteen dollars and sixty cents ($16.60) to cover the cost of duplicating the documents requested. Your cooperation in this matter is appreciated.

Sincerely yours,

William C. Oldaker
General Counsel


SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.
The following service is requested (check one).
☐ Show to whom and date delivered ____¢
☐ Show to whom, date, and address of delivery ____¢
☒ RESTRICTED DELIVERY
Show to whom and date delivered ____¢
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $____
(CONSULT POSTMASTER FOR FEES)
2. ARTICLE ADDRESSED TO:
3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
4. DATE OF DELIVERY
POSTMARK
APR 10 1978
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS
☆ GPO : 1977—O-234-337
PS Form 3811, Apr. 1977
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

9 0 4 0 0 9 3 6 2 7

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

MEMBER FSLIC

FEDERAL HOME LOAN BANK SYSTEM

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

15-55
540

No. 209987

3/24 19 78

PAY TO THE ORDER OF LIBERTY NATIONAL BANK

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

SIGNATURE

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

ADDRESS 1325 K Street N.W.
Washington, D.C. 20463

⑈209987⑈ ⑆0540⑈0055⑆21⑈862 94 642⑈

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. James McKee, Jr.
Vice President & Cashier
State Bank of Albany
69 State Street
Albany, New York 12201

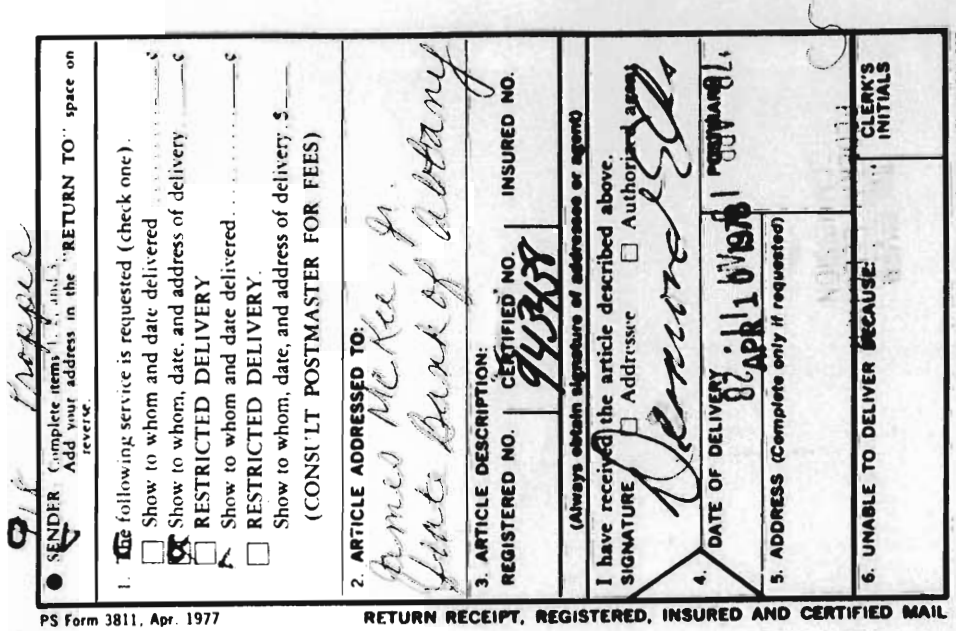
Re: MUR 418 (77)

Dear Mr. McKee:

Enclosed please find a copy of money order for twenty-two dollars and twenty cents ($22.20) to cover the cost of duplicating the documents requested. Your cooperation in this matter is appreciated.

Sincerely yours,

William C. Oldaker
General Counsel


SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.
1. The following service is requested (check one).
Show to whom and date delivered
Show to whom, date, and address of delivery
RESTRICTED DELIVERY
Show to whom and date delivered
RESTRICTED DELIVERY
Show to whom, date, and address of delivery $
(CONSULT POSTMASTER FOR FEES)
2. ARTICLE ADDRESSED TO:
James McKee, Jr.
State Bank of Albany
3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. 943758 INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE Addressee Authorized agent
4. DATE OF DELIVERY APR 10 1978 POSTMARK
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS
GPO : 1977—O-234-397
PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

PERSONAL MONEY ORDER — PERSONAL MONEY ORDER

MEMBER FSLIC

FEDERAL HOME LOAN BANK SYSTEM

NORTHWESTERN FEDERAL SAVINGS AND LOAN ASSOCIATION

DOWNTOWN OFFICE
1401 EYE STREET, N.W.
WASHINGTON, D.C. 20005

15-55
540

No. 209988

3/24 19 78

PAY TO THE ORDER OF STATE BANK OF ALBANY

NOT VALID AFTER 90 DAYS

NOT GOOD FOR MORE THAN $300.00

SIGNATURE

AMERICAN SECURITY & TRUST CO., N.A.
WASHINGTON, D.C.

ADDRESS 1325 K Street, N.W.
Washington, D.C. 20463

⑈209988⑈ ⑆0540⑉0055⑆21⑉862 94 642⑈

FEDERAL ELECTION COMMISSION

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

THIS IS THE BEGINNING OF MUR # 418 part III

Date Filmed 1/26/79 Camera No. --- 2

Cameraman GPC