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Hearing to Investigate Election Law and the 1985 Poughkeepsie Town Council Elections

New York State Commission on Government Integrity

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DOCUMENT NO. 3

HEARING TO INVESTIGATE ELECTION LAW AND THE 1985
POUGHKEEPSIE TOWN COUNCIL ELECTIONS
ALBANY, NEW YORK
[JANUARY 26, 1988]

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STATE OF NEW YORK
COMMISSION ON GOVERNMENT INTEGRITY

Hearing to Investigate
Election Law
and the
1985 Poughkeepsie Town Council Elections

Justice Building
Court of Claims
Courtroom #4
Empire State Plaza
Albany, New York

Tuesday
January 26, 1988
9:45 a.m.

PRESIDING:

JOHN D. FEERICK
Chairman

PRESENT:

NICOLE A. GORDON
PATRICIA M. HYNES
BERNARD S. MEYER
CYRUS R. VANCE

Commissioners

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P R O C E E D I N G S

1
2 CHAIRMAN FEERICK: This public hearing of
3 the New York State Commission on Government Integrity
4 is now in session. The Executive Board that created
5 the New York State Commission on Government Integrity
6 charged us with investigating, among other things,
7 weaknesses in existing laws relating to campaign
8 contributions and campaign expenditures and determining
9 whether such weaknesses impair public confidence in
10 the integrity of government.

11 In keeping with that mandate, the Commission
12 is investigating the election campaigns of state and
13 local officials, including the City of New York.

14 This hearing concerns the unhealthy role of
15 money in the 1985 Town Council elections in Poughkeepsie.
16 What happened there offers a crucial warning to all
17 those concerned with an open democratic electoral
18 system in New York State, one that is not unduly
19 influenced by wealthy, private interests.

20 The Poughkeepsie investigation focuses on
21 two issues: first, how the Pyramid Companies, a
22 Syracuse-based real-estate development group with
23 \$1 billion in assets, pumped hundreds of thousands of
24 dollars in campaign contributions into the 1985

1 Poughkeepsie electinos in an effort to elect candidates
2 sympathetic to its plans to build a giant shopping mall
3 called The Galleria in Poughkeepsie.

4 Second, we are investigating the operations
5 of the New York State Board of Elections and the
6 adequacy of its investigation into the 1985 Poughkeepsie
7 elections.

8 Our investigation has revealed that instead
9 of contributing directly to local candidates for the
10 town board, in which case the amounts that they could
11 have contributed would have been severely restricted
12 by the New York Election Law, Pyramid-related individuals
13 contributed massive sums to the 1985 town board races
14 by indirect means, funneling money through several
15 political committees. The political committees in turn
16 made overwhelming expenditures to support town council
17 candidates in wards where their opponents had taken
18 public positions against the mall.

19 The expenditures purchased the services of
20 a political consultant who directed expert polling and
21 voter research, and then, in the last weeks of the
22 campaign, a publicity blitz using direct mail,
23 telephone banks, door-to-door visits and advertising.

24 With this heavily bankrolled expert and

1 sophisticated assistance, pro-mall candidates won a
2 majority of the seats on the town council.

3 The new town council then overrode an
4 earlier decision by the county planning department which
5 would have prevented construction of the mall and
6 approved a zoning change necessary to permit that
7 construction to go forward.

8 The facts surrounding the 1985 town board
9 election have two extremely troubling implications for
10 New York's electoral process. First, the huge sums
11 that were poured into the local election in the manner
12 that I have just outlined illustrates the failure of
13 current campaign contribution limits to curb the raw
14 power of money. The political committees supported
15 by the company money outspent mall opponents by a ratio
16 of at least ten to one. They enjoyed this lopsided
17 advantage, largely because the contributions -- the
18 contributors sent money to the political committees
19 rather than to the candidates. The committee then spent
20 lavishly in the elections. In this way the Pyramid
21 Companies and the political committees achieved
22 indirectly what they could not have achieved directly,
23 so avoidance of the campaign contribution limit was
24 only one ingredient of the successful efforts to

1 influence the election.

2 The other ingredient was secrecy. The role
3 of the real estate interest was hidden because there
4 was little or no preelection disclosure with the Board
5 of Elections in Dutchess County where Poughkeepsie is
6 located and where interested members of the public or
7 press could conveniently examine the information.

8 In addition, the voluminous direct mail and
9 political advertising generated in support of pro-mall
10 candidates never mentioned the existence of the
11 developers or even the issue of the mall. Thus, outside
12 investors were able to influence a local election with-
13 out the voters knowing their identities, their economic
14 interests or their extensive financial backing of certain
15 political committees.

16 The witnesses who testify today will be
17 questioned about these and related issues. Unfortunately
18 a temporary restraining order prevents us from laying
19 before the public the facts of the Board of Elections'
20 own investigation of the 1985 election.

21 In keeping with that order, we will not today
22 question Board of Election employees or otherwise
23 disclose the contents of the Board's investigative files.
24 While we obey the court's order, as we must, we strongly

1 believe that it is an error and will vigorously seek
2 to have it vacated or reversed.

3 As a procedural matter, I will note that we
4 have television cameras here today. One witness,
5 Mr. Friedman, has asked that television cameras and
6 broadcast equipment be turned off during his testimony,
7 and I am requesting, in accordance with §52 of the New
8 York State Civil Rights Law, that the media present
9 honor that request.

10 The Commission calls as its first witness
11 Mr. Anthony Carpiniello. Would you raise your right
12 hand, please?

13
14 A N T H O N Y C A R P I N I E L L O, called as a witness
15 and having been first duly sworn by the Chairman, was
16 examined and testified as follows:

17 CHAIRMAN FEERICK: Please be seated. I will
18 now recognize the Commission's Chief Counsel, Kevin
19 O'Brien.

20 MR. O'BRIEN: Thank you, Dean Feerick.

21 BY MR. O'BRIEN:

22 Q Mr. Carpiniello, could you tell us what your occupation
23 is, please?

1 A Yes. I am Deputy Chief Investigator for the New York
2 State Commission on Government Integrity.

3 Q What was your occupation prior to that?

4 A My prior employment was with the United States Treasury
5 Department. I was a special agent assigned to the
6 Criminal Investigation Division of the Internal Revenue
7 Service.

8 Q How long were you a special agent with the Internal
9 Revenue Service?

10 A Twenty-six years.

11 Q Would you just very briefly tell us what your duties
12 were in that capacity?

13 A Yes. I conducted and directed financial investigations
14 involving allegations of criminal tax fraud by both
15 corporate entities and individuals.

16 Q Now, you've headed the Commission's investigation into
17 the 1985 town board elections; is that correct?

18 A Yes, sir.

19 Q When did that investigation begin?

20 A July 1987, resulting from information that we received
21 following the visit to Dutchess County by Dean Feerick.
22 The allegations were centered on financial irregularities
23 in the 1985 race.

24 Q Could I ask you to keep your voice up a little?

1 A Yes, sir.

2 Q Speak into the microphone if you have to.

3 Could I ask you this: In general, how were
4 you able to acquire information in the course of this
5 investigation?

6 A We conducted numerous third-party interviews. We
7 interviewed the political candidates. We interviewed
8 the vendors. We interviewed the political strategists.
9 We interviewed the party leaders. We analyzed numerous
10 records, records of the vendors, canceled checks, books
11 and records of Campaign Strategies.

12 COMMISSIONER VANCE: What is Campaign
13 Strategies?

14 THE WITNESS: Campaign Strategies is the
15 corporate entity that coordinated the entire campaign.

16 BY MR. O'BRIEN:

17 Q Do you understand that for purposes of today's hearings
18 you're not to disclose any contents from investigative
19 files that you may have received from the Board of
20 Elections?

21 A I do.

22 Q OK. I take it during your investigation you became
23 familiar with the Pyramid Companies; is that right?

24 A I did.

1 Q Would you tell us what the Pyramid Companies is?

2 A Yes. It's a series of partnerships headquartered in
3 Syracuse, New York. It's primary business activity
4 is the development, the organization and the ownership
5 of shopping centers.

6 Q How many shopping centers or malls has it built to date?

7 A Thirteen.

8 Q Where in the United States?

9 A They're all centered in the northeastern section of
10 the United States.

11 Q Did you learn who heads Pyramid Companies?

12 A I did. It's headed by Mr. Robert Congel.

13 Q Who is Mr. Congel?

14 A Mr. Congel is the managing partner of the Pyramid
15 entity.

16 Q He's a businessman; is that correct?

17 A He's a businessman.

18 Q Do you know where he resides?

19 A Syracuse.

20 Q Do you know the value of the existing malls built to
21 date by Mr. Congel's companies?

22 A Yes. According to a news account that quoted Mr. Congel,
23 a recent article in the November issue in a Syracuse
24 newspaper, Mr. Congel stated that the value of the

1 existing malls, less the existing mortgages, approximates
2 \$1 billion.

3 Q Have you been able to interview Mr. Congel?

4 A No, I haven't.

5 Q Now, are most of the partnerships that make up Pyramid
6 formed to build and own separate mall or shopping
7 centers?

8 A That is correct.

9 Q What are those partnerships called?

10 A Project partnerships.

11 Q And did Mr. Congel have a role in these individual
12 project partnerships?

13 A Yes, sir. He has an interest in each and every one
14 of them.

15 Q Are you familiar with something called a sponsor
16 partner?

17 A Yes, I am.

18 Q Could you tell the Commission what a sponsor partner
19 is?

20 A Yes. The sponsor partner would be the individual who
21 coordinates a particular partnership that is constructing
22 the particular mall. The role of the sponsor partner
23 would be to obtain the necessary financing for the mall.
24 He'd be the spokesperson for the mall and he would

1 package the mall for public acceptance.

2 Q He's the local representative for the project
3 partnership in the relevant town or community; is that
4 right?

5 A Exactly.

6 Q OK. Now, in your investigation, did you learn that
7 a project partnership was formed in Poughkeepsie,
8 Investigator?

9 A Yes, I did.

10 Q What was that called?

11 A Poughkeepsie Galleria Company.

12 Q When was it established?

13 A January 1st, 1985.

14 Q Did this entity, Poughkeepsie Galleria Company,
15 ultimately build a mall in Poughkeepsie?

16 A Yes, it did.

17 Q What's the name of the mall?

18 A Poughkeepsie Galleria.

19 Q When was the land acquired for this project?

20 A The land was acquired during 1985 and 1986.

21 Q In some cases, were options to buy land acquired before
22 that time?

23 A Yes, they were.

24 Q Did you learn in your investigation who the partners

1 of the Poughkeepsie Galleria Company were and are?

2 A Yes, I did.

3 Q Can you tell us who they are?

4 A Yes. Robert Congel, Robert Ungerer, James Tuozzolo,
5 Bruce Kenan, Michael Falcone, Quarry Associates, a New
6 York partnership, Mosel Partners, a New York
7 partnership.

8 In December of '86, a Peter Stangregor and
9 Edward Kellogg were added as partners.

10 Q You told us earlier about sponsor partners. Did the
11 Poughkeepsie Galleria Company have a sponsor partner?

12 A Yes, it did.

13 Q Who was that individual?

14 A Robert Ungerer.

15 Q What was his role in connection with this project?

16 A It was his duties that I set forth before. He was
17 the spokesperson for the project.

18 Q Was he assisted in acting as spokesperson?

19 A Yes, he was, by Mr. Bruce Kenan.

20 Q Mr. Kenan was also a partner; is that correct?

21 A Yes, sir.

22 Q Now, in 1985 what was the zoning --

23 COMMISSIONER VANCE: Where's Mr. Ungerer come
from?

1 THE WITNESS: Mr. Ungerer, I believe, is from
2 Syracuse also, Mr. Vance.

3 BY MR. O'BRIEN:

4 Q Does he also have an address in Poughkeepsie,
5 Investigator?

6 A He did during this project and he is no longer there.

7 COMMISSIONER HYNES: Mr. Kenan, where does
8 he come from?

9 THE WITNESS: I believe they're all from
10 Syracuse.

11 BY MR. O'BRIEN:

12 Q Investigator, in 1985 what was the zoning status of
13 the land that was acquired to build this particular
14 mall?

15 A 109 acres that was acquired for the construction of
16 the mall was zoned residential, with a small exception
17 that was deemed to be for highway use, and I believe
18 that was the land that was the frontage on Route 9 in
19 the Town of Poughkeepsie.

20 Q Would it be fair to say that the mall couldn't be built
21 on such property?

22 A That's true.

23 Q What if anything did the Poughkeepsie Galleria Company
24 attempt to do about this problem?

1 A Well, a zoning change was required before the mall
2 could be built, and under the Municipal Law applicable
3 to the Town of Poughkeepsie, such a zoning matter had
4 to be first referred to the Dutchess County planning
5 board.

6 Q What happened before that board?

7 A On October 4th, 1985, the Dutchess County planning board
8 ruled against the zoning change.

9 Q Did this zoning change also require the approval of
10 any other government entity?

11 A Yes. It requires the approval of the town council.

12 Q What was the effect of the county's disapproval of that
13 process, the process of going before the town board?

14 A Based on the county's decision, the town now was
15 required to have a super majority, a majority plus one
16 vote, in order to effect the zoning change.

17 Q How many --

18 COMMISSIONER HYNES: Excuse me. What would
19 the procedure have been if the Dutchess County board
20 had not ruled against it? Would they still have to
21 go to the town? And if so, what would this require?

22 THE WITNESS: If the -- it's my understanding
23 that the zoning matter would have had to have gone to
24 Dutchess County in either case. Had they approved the

1 zoning change, it would have required a mere majority
2 vote rather than the super majority, majority plus one.

3 CHAIRMAN FEERICK: Can I go back to the
4 planning board decision? Was that a unanimous decision
5 or a divided decision?

6 THE WITNESS: I don't know, Dean Ferrick.

7 CHAIRMAN FEERICK: OK.

8 BY MR. O'BRIEN:

9 Q Investigator, how many members does the town board have?

10 A There are six wards and a supervisor. There are seven
11 voting members.

12 Q So a super majority in this case would have required
13 four plus one vote, or five; is that right?

14 A Five of the seven; yes, sir.

15 Q Were town board elections scheduled for that year, 1985?

16 A Yes, they were.

17 Q When, approximately?

18 A November 5.

19 Q Were all seven seats up for election at that time?

20 A Yes, sir.

21 Q Had some of the candidates taken public positions on
22 the advisability of building this particular mall in
23 Poughkeepsie?

24 A They had.

1 Q Let me direct your attention to Commission Exhibit
2 No. 1, Investigator, which I believe summarizes some
3 of this election-related information. This is in the
4 form of a handout. It's entitled "1985 Town Board
5 Candidates and Positions on Zoning Change for Galleria."

6 Focusing now, Investigator, on just the first
7 five columns from the left to the right -- not the last
8 two, but the first five columns -- could you summarize
9 the information contained on Commission Exhibit 1?

10 A Yes. Exhibit 1 sets forth the incumbent and the
11 challenger in each of the wards. It also sets forth
12 the party affiliation and the pre-election public
13 position on the mall.

14 As can be seen in this exhibit, the third,
15 fourth and fifth wards become important. In the third
16 ward we have a Republican, Ms. Bodo, running unopposed,
17 with a public position as favorable for the construction
18 of the mall.

19 In the fourth ward, Mr. Babiarez, the incumbent,
20 being challenged by Mr. DelSanto, the Republican, both
21 candidates for the mall; and in the fifth ward,
22 Mr. Tedone, the Republican, with a position for the
23 mall, and he's running unopposed.

24 So, in effect, Mr. O'Brien, you have the third,

1 fourth, and fifth ward candidates all for the mall.

2 Q And those were the reasons, as you explained, would
3 be virtually assured votes in favor of the mall's
4 construction regardless of the election results; is
5 that right?

6 A Three of the five would be virtually assured.

7 Q Let me just qualify one thing. When this exhibit says
8 "pre-election public position on mall," what is that
9 information based on?

10 A That's based on newspaper accounts.

11 Q Did you also interview these candidates?

12 A In interviews, yes, sir.

13 Q In other words, based on what you told us earlier about
14 a super majority, the Poughkeepsie Galleria Company
15 needed to obtain two additional votes out of the
16 remaining four; is that correct?

17 A Yes, sir.

18 Q Let me ask you a few questions about the final race
19 at the bottom, the supervisor race involving
20 Ms. Buchholz. Do you see that?

21 A Yes, I do.

22 Q Within the pro mall camp, was there some kind of
23 consensus about the difficulty in defeating Ms. Buchholz?

24 A Yes, there was. Ms. Buchholz was considered to be a

1 very formidable candidate.

2 Q Was she considered virtually unbeatable?

3 A Yes, she was.

4 Q Would it be more accurate to say, then, for our
5 purpose, that the Galleria Company had to win two
6 additional votes out of the remaining three, excluding
7 Ms. Buchholz's vote?

8 A That's accurate.

9 Q All right.

10 COMMISSIONER VANCE: Let me ask you a
11 question. What's the basis for your saying that it
12 was clear she was a very tough candidate to beat?

13 THE WITNESS: Well, interviews with the
14 individuals who were directly involved with the
15 election, the political strategists, and it was based
16 on the polling that they had done back in September,
17 that --

18 COMMISSIONER VANCE: September of '85?

19 THE WITNESS: Yes, sir. And the decision
20 was made that Ms. Buchholz could not be beat.

21 lb And, as a matter of fact, the term "energizer"
22 was used, where a decision was made not to energize
23 Ms. Buchholz for fear that energizing would cause her
24 to work harder for the other candidates and have an

1 effect on the overall objective.

2 COMMISSIONER HYNES: You mean a strong
3 challenge to her would have the effect of energizing
4 her candidacy and perhaps the candidacies of other
5 Democrats who were running at that time?

6 THE WITNESS: Sure. Ms. Buchholz resided
7 in that first ward where the mall was to be constructed,
8 close friend and ally of Ms. Garrity, and the thinking
9 was: Let's not energize Ms. Buchholz.

10 COMMISSIONER HYNES: You said that this was
11 on the basis of conversations that you had with people
12 who conducted polls. Who were you referring to?

13 THE WITNESS: Well, the polls were conducted
14 by Penn & Schoen Associates and it was based on
15 interviews with the strategists, typically a Mr. Richard
16 Fife.

17 COMMISSIONER HYNES: Thank you.

18 BY MR. O'BRIEN:

19 Q Let me turn to another subject now, Investigator. In
20 your investigation, did you learn that a number of
21 political committees had made expenditures for the
22 benefit of the Republican candidates in this race?

23 A Yes, I did.

24 Q Did you also learn that these same committees had

1 received contributions from Pyramid-related individuals?

2 A Yes, I did.

3 Q Let me direct your attention now to committee exhibit
4 -- Commission Exhibit 2, which is another handout, a
5 two-page handout. I believe it's to your left,
6 Investigator, if you don't have it in front of you.

7 A Yes, sir.

8 Q And this document is described as "Contributions from
9 18 Pyramid-related Individuals." Do you see that?

10 A Yes, I do.

11 Q Could you briefly summarize the format for this
12 document, and very quickly the information in summary
13 form that it contains?

14 A Sure. The format is a listing of the partners, the
15 relatives of the partners, and one attorney who
16 contributed money to the various political committees
17 that were involved in this campaign. The contributions
18 are extended to the columns headed up "BBNY," which
19 is one of the political campaign committees, Building
20 a Better New York; NYRSC, which is the New York
21 Republican State Committee; and the NYRFCC, which is
22 the New York Republican Federal Campaign Committee.

23 The amounts are summarized by -- there are
24 nine partners on the first page. These are all partners

1 of Pyramid entities who contributed a total of \$141,000.
2 That would be the total to all of the committees.

3 On the second page it would be relatives of
4 partners, eight of them. They contributed \$145,000;
5 and the Pyramid attorney, Mr. Michael Shanley,
6 contributed \$15,000, so the total, Mr. O'Brien, on the
7 chart reflects total contributions to Building a Better
8 New York of \$75,000; to the New York Republican State
9 Committee of \$126,000; and to the New York Republican
10 Federal Campaign Committee of \$100,000; total
11 contributions of \$301,000.

12 Q And would I be mistaken if I summarized this exhibit
13 as showing contributions during a period from October
14 of 1985 to March of 1986? Is that right?

15 A Yes. To be precise, it's October 13 of '85 to March 26,
16 '86.

17 Q I also notice here several occasions where one of the
18 contributors makes a contribution to each of the three
19 committees you listed on the very same day; is that
20 correct?

21 A Yes. As can be seen, Mr. Robert Congel on October 29,
22 '85 contributed \$15,000, \$5000 to each of the committees;
23 Mr. Lugosch down the page, \$15,000, \$5000 to each of
24 the three committees also.

1 Q Now, did you also learn more about where these
2 contributions went, Investigator?

3 A Yes, we did.

4 Q Let me direct your attention to the final exhibit now
5 which is Exhibit 3, which is our chart, and also, for
6 the record, it's a one-page document and the chart reads
7 exactly the same, entitled "Pyramid-Related
8 Contributions and Expenditures for the 1985 Town Board
9 Elections and the Poughkeepsie Galleria."

10 Does this summarize the contributions and
11 expenditure information that you learned in the course
12 of your investigation?

13 A It does.

14 Q Let me ask you just to describe the top three boxes
15 on the chart, on Exhibit 3, for us.

16 A Yes. The top center box, labeled total contributions
17 and expenditures, of \$776,967, that figure is comprised
18 of two items.

19 Number one, it's the \$301,000 in contributions
20 made by the 18 Pyramid-related individuals. All of
21 that money found its way down to the political
22 committees. It is also comprised of the expenditures
23 that were made by Pyramid-related companies in connection
24 with the Poughkeepsie Galleria. Those expenditures,

1 Mr. O'Brien, are deemed to be both election-related
2 and image building.

3 Q All right. Let me just direct your attention for a
4 moment to the left-hand side of the chart, the box with
5 the 301,000. I want to ask you a little bit about
6 each of the recipients of that money as reflected in
7 Exhibit 3.

8 First of all, the New York Republican State
9 Committee: based on Exhibit 3, that entity received
10 \$126,000 from the Pyramid-related individuals; is that
11 correct?

12 A Yes, that's correct.

13 Q Did you learn who the chairman of that committee was
14 in 1985?

15 A In September of 1985 it was Mr. Anthony Colavito.

16 Q Who was his predecessor?

17 A Prior to that it was Mr. George Clark.

18 Q Did you also learn who the Republican state committee's
19 counsel was?

20 A I did.

21 Q Who's that?

22 A Thomas Spargo.

23 Q Did Mr. Spargo have a relationship with the givers of
that money, as well as the receivers?

1 A Yes, he did.

2 Q What was that?

3 A Mr. Spargo was also the attorney for the Pyramid-related
4 companies. That's reflected on the right side of the
5 chart, that \$49,000.

6 Q Those are his attorney's fees?

7 A Yes, sir.

8 Q Now, when did the Republic State Committee receive the
9 \$126,000 in contributions?

10 A It was during the period of October 17, '85 through
11 March 12, '86.

12 Q Mr. Carpiniello --

13 COMMISSIONER VANCE: What were those dates
14 again?

15 THE WITNESS: October 17, '85 through
16 March 12, '86.

17 COMMISSIONER VANCE: Both before and after?

18 THE WITNESS: Yes, sir.

19 COMMISSIONER VANCE: Thank you.

20 BY MR. O'BRIEN:

21 Q Now, in your investigation, Mr. Carpiniello, did you
22 check the contribution filings of the Republican State
23 Committee going back the last 5, 5½ years?

24 A Yes, I did.

1 Q During this period, did these 18 Pyramid-related
2 individuals contribute any money to the Republican
3 State Committee besides what's represented in the chart?

4 A Mr. O'Brien, with the exception of a \$1000 contribution
5 made by Mr. Bruce Kenan in 1987, there were no other
6 contributions made by any of the individuals.

7 Q That contribution, you say, was in 1987?

8 A 1987, yes, sir.

9 Q Do you know where in 1987?

10 A I'm not sure. I believe it was in October.

11 Q October?

12 A I believe it was that month.

13 Q Let me ask you now about the New York Republican
14 Federal Campaign Committee. According to our exhibit,
15 that entity received \$100,000 in contributions; is that
16 correct?

17 A Yes, sir, it did.

18 Q Now, what is the Federal Committee exactly?

19 A The New York Republican Federal Committee is a
20 subcommittee of the New York Republican State Committee.
21 It was formed in 1978 as a multicandidate committee.

22 COMMISSIONER HYNES: Can you keep your voice
23 up? You drop it at the end of sentences.

24 THE WITNESS: OK.

1 BY MR. O'BRIEN:

2 Q You might want to repeat what you just said.

3 A Yes. The New York Republic Federal Campaign Committee
4 is a subcommittee of the New York Republican State
5 Committee. It was formed in 1978 as a multicandidate
6 committee.

7 Q Why was it established, if you know?

8 A It was established to support candidates at both the
9 national and local levels.

10 Q Who was the Federal Committee's treasurer in 1985, 1986?

11 A Mr. Thomas Spargo.

12 Q Now, the \$100,000 in contributions, when were those
13 received by the Federal Committee?

14 A They were received during the period of October 19th,
15 '85 through February 10, 1986.

16 Q Now, Mr. Carpiniello, during this same period of time,
17 did the Federal Committee receive any other money from
18 any other source?

19 A Yes, they did.

20 Q How much?

21 A \$2,729.

22 Q Do you know from whom?

23 A No, Mr. O'Brien. Due to the nature of the contributions,
24 they were not required to be disclosed. The identity

1 wasn't required.

2 Q Were the contributions too small to be required to
3 disclose the source?

4 A Yes. The disclosure form would reflect they were
5 received from individuals...

6 Q Moving over to the right, let me ask you about the Town
7 of Poughkeepsie Republican Committee. Who's the
8 chairman of the town committee in 1985-1986?

9 A Mr. William Paroli.

10 Q Now, based on Exhibit 3, the town committee received
11 a transfer of \$31,500; is that correct?

12 A Yes, sir.

13 Q From which entity specifically did it receive that
14 transfer?

15 A That transfer was received from the New York Republican
16 State Committee.

17 Q And when was the effective transfer?

18 A The last week of October 1985, in the form of two checks.

19 Q Finally, moving to the right again, let me ask you about
20 the box on the right, Building a Better New York
21 Committee. What is the Building a Better New York
22 Committee, Investigator?

23 A The Building a Better New York Committee is a
24 nonauthorized political committee.

1 Q It's a PAC?

2 A It's a PAC.

3 COMMISSIONER VANCE: What's a nonauthorized

4 --

5 THE WITNESS: Nonauthorized means the
6 committee is for and will support candidates without
7 their specific authorization to do so.

8 BY MR. O'BRIEN:

9 Q So to clarify, is that what the Building a Better New
10 York Committee represented itself as being before the
11 Board of Elections?

12 A Yes, it did.

13 Q When was the Building a Better New York Committee set
14 up?

15 A October 18, 1985.

16 Q About two weeks before the election; is that right?

17 A Yes, sir.

18 Q Did you learn in the course of your investigation who
19 formed Building a Better New York?

20 A Yes, I did. It was formed by Thomas Spargo.

21 Q Does Mr. Spargo hold and did he hold in 1985-1986 an
22 office within Building a Better New York?

23 A Mr. Spargo is an officer of Building a Better New York,
secretary.

1 Q Secretary?

2 A Yes, sir.

3 Q Now, let me ask you about the \$75,000 in contributions
4 that the chart shows. Since Building a Better New York
5 was formed, has it received any money besides that
6 \$75,000?

7 A \$75,000 and 50.

8 Q An additional 50?

9 A Yes, sir.

10 Q The chart also shows an expenditure of \$69,700 going
11 out of the Building a Better New York Committee. Do
12 you see that?

13 A Yes.

14 Q Based on your investigation, has that committee spent
15 any money besides that \$69,700?

16 A Yes, sir, they did.

17 Q How much?

18 A \$500 transferred from the account to a local election
19 in Albany County, and a second one to a judgeship race
20 in Clifton, New York, which I believe is also within
21 Albany County.

22 Q And this, I take it, is based on the committee's filings
23 with the Board of Elections?

A Yes, sir.

1 Q Now, in its initial filings with the Board of Elections,
2 did Building a Better New York state its purpose as
3 required by law?

4 A Yes, it did.

5 Q Did you obtain the statement of that purpose?

6 A I did.

7 Q Could you read it into the record for us?

8 A Yes. The form that's required to initiate the political
9 action committee requests the identify of the candidates
10 to be supported, and the wording on the form --

11 Q If you would keep your voice up?

12 A -- various local candidates in the counties of Albany,
13 Onondaga, Jefferson, Tompkins, Dutchess and Rockland,
14 and various statewide and Republican candidates and
15 committees.

16 Q Based on its filings, Mr. Carpiniello, did Building
17 a Better New York support local candidates in Onondaga
18 County?

19 A No, it didn't.

20 Q In Jefferson County?

21 A No, sir.

22 Q Tompkins County?

23 A No.

24 Q With the exception of the Supreme Court judge, any

1 statewide candidates?

2 A No, sir.

3 Q Any legislative candidates?

4 A No, sir.

5 Q Let me ask you now about the expenditures going out
6 of each of those three boxes, the brown boxes in
7 Exhibit 3.

8 Just to summarize, total expenditures are
9 \$267,245; is that correct?

10 A Yes, sir.

11 Q And that consists of expenditures by the Republican
12 State Committee, plus the Federal Committee of \$166,045;
13 expenditures by the town committee of \$31,500; and
14 expenditures by the Building a Better New York of
15 \$69,700; is that correct?

16 A Yes, sir.

17 Q And the destination of that money, according to
18 Exhibit 3, is Campaign Strategies, Inc. and various
19 vendors engaged in consulting, polling, research,
20 mailing, printing and other election-related work; is
21 that right?

22 A Yes, sir.

23 Q Now, if you could tell us a little bit more about what
24 Campaign Strategies is and what it did in this particular

1 election?

2 A Yes. Campaign Strategies, Inc. is a political consulting
3 firm. It's primary activity is to assist candidates
4 in achieving office. It is also engaged in media-type
5 activities and image building for various corporate
6 entities.

7 Q In addition to all of that, did Campaign Strategies
8 serve as kind of a general contractor for purposes of
9 this election campaign?

10 A Yes, it did.

11 COMMISSIONER VANCE: Where is Campaign
12 Strategies based?

13 THE WITNESS: It's in Manhattan, Mr. Vance.

14 BY MR. O'BRIEN:

15 Q If I could ask you very briefly about each of the
16 expenditures listed in Exhibit 3? First of all, the
17 expenditure by the Republican State Committee and the
18 Federal Committee, during what period of time were
19 these expenditures made?

20 A The \$166,045 was expended during the period of
21 October 17, 1985 through March 10, 1986.

22 Q Now, were these payments for election-related services?

23 A All of them.

24 Q So I take it it's accurate that these were payments

1 for services rendered prior to the election even though
2 they were paid, in some cases, after the election?

3 A That's correct.

4 Q Now, the \$166,045, does that represent payments by both
5 entities, the State Committee and the Federal Committee?

6 A Yes, it does.

7 Q Could you break that down for us, please?

8 A Yes. The New York Republican State Committee expended
9 \$156,148. The New York Federal Campaign Committee
10 expended the balance of \$9,897.

11 Q Now, let me ask you about the Town Committee
12 expenditures. First of all, what were the total
13 expenditures in this election by the Town Committee?

14 A The Town of Poughkeepsie Republican Committee expended
15 \$50,742.

16 Q I take it that you made an allocation from that amount
17 of the \$31,500 reflected in the chart; is that right?

18 A Yes. Mr. O'Brien, what I did was I matched the
19 transfers from the New York Republican State Committee
20 to the Town of Poughkeepsie Republican Committee and
21 dropped only that amount down into the total expenditures
22 that are Pyramid-related.

23 Q Let me ask you a few questions about that. When were
24 the payments by the Town Committee to the yellow box

1 actually made?

2 A During September of '85 through November of '85.

3 Q Let me ask you this: during the last 5 or 5½ years,
4 has the Republican State Committee made any additional
5 transfers to the Town Committee besides what's reflected
6 on the chart?

7 A No, sir.

8 Q Let me ask you about the final transfer, the \$69,700.
9 When were those payments made?

10 A They were made during the period of November 1st, '85
11 to January 7, '86.

12 Q Were these payments also for election-related services?

13 A Yes, sir.

14 Q So I take it, again, that these were services rendered
15 prior to the election, not after the election --

16 A Yes, sir.

17 Q -- is that right? Did Campaign Strategies and the
18 vendors summarized on the chart for the benefit of the
19 Republicans, the Democrats, both, or what?

20 A They worked for the benefit of the Republicans.

21 Q And specifically the Republicans in the town board races?

22 A Yes, sir.

23 Q Were the services of the vendors and Campaign Strategies
24 equally distributed among all seven town board races?

1 A No, they were not.

2 Q How were they distributed?

3 A We found that the expenditures were distributed among
4 wards one, two, four, and six, with varying degrees
5 of emphasis.

6 Q Could you explain in as much detail as you need how
7 you arrived at that conclusion?

8 A Yes. We analyzed the records of Campaign Strategies
9 and of the vendors. We analyzed survey polls that were
10 taken. We analyzed the telephone calling systems that
11 were utilized --

12 CHAIRMAN FEERICK: Could you raise your voice,
13 please?

14 THE WITNESS: Sorry, Dean Feerick. I analyzed
15 expenditures incurred for telephones. There were, for
16 example, ten days before the election a series of calls
17 made. Three days before the election, to get out the
18 vote, calls were made. And this concentration was in
19 wards one, two, six, primarily.

20 We also analyzed the literature that was
21 printed. There were numerous mailings made in the Town
22 of Poughkeepsie. There were even pieces of literature
23 for candidates in ward one. There were 14 pieces of
literature for the candidate in ward six, and 12 pieces

1 of literature for the candidate in ward two. This was
2 an expensive expenditure.

3 CHAIRMAN FEERICK: Can I see if I have your
4 tsetimony? You're saying that the substantial
5 expenditures had to do with three wards, essentially
6 one, two and six? Is that an accurate summary of what
7 you just said?

8 THE WITNESS: Yes, sir.

9 CHAIRMAN FEERICK: Thank you.

10 BY MR. O'BRIEN:

11 Q Let me ask you about the wards that you didn't mention,
12 wards three, five, and the supervisor race. Was there
13 any door-to-door assistance provided by consultants
14 or experts in those races?

15 A No, Mr. O'Brien. The door-to-door assistance was
16 confined to wards one and six.

17 Q Was there any polling conducted in connection with these
18 races?

19 A No, sir, with the exception of a town-wide poll that
20 was conducted in September of '85, all the polling was
21 confined to those three wards.

22 COMMISSIONER HYNES: What did you find with
23 respect to ward four? Originally you mentioned there
24 was some expenditure in ward four. I take it that that

1 was less than the expenditures in wards one, two and
2 six, but can you tell us what that was?

3 THE WITNESS: Yes. There were small amounts
4 of literature prepared and mailed for the candidate,
5 for the Republican candidate in ward four. With that
6 exception, we didn't find any polling, we didn't find
7 any mailgrams, we didn't find any of the telephone calls
8 in ward four.

9 BY MR. O'BRIEN:

10 Q Is it fair to say, then, that the bulk of the money
11 reflected on the chart was spent in wards one, two,
12 four and six, with special emphasis on wards one, two
13 and six?

14 A Yes, sir.

15 Q OK. Now, let me ask you to clarify something? If we
16 could go back to Exhibit 1, which is our election chart,
17 directing your attention to the fourth ward,
18 Investigator, did you learn anything in the course of
19 your investigation that might explain why money was
20 spent in the fourth ward for the Republican, Mr. DelSanto,
21 even though his opponents also publicly favored the
22 mall?

23 A Yes, I did. We learned that Mr. DelSanto was a relative
24 of Mr. Paroli, who is chairman of the Town of

1 Poughkeepsie Republican party. Due to the relationship
2 and him being a Republican, a limited support was given
3 to him at Mr. Paroli's insistence.

4 Q All right. Continuing with Exhibit 1, you've testified
5 that the bulk of the money was spent in wards one, two
6 and six, and to a lesser degree in four. Isn't that
7 consistent with something you told us earlier, namely
8 that the pro-mall forces had to concentrate on wards
9 one, two and six in order to obtain the super majority?

10 A Exactly.

11 Q Based on your testimony, would it be accurate to have
12 allocated these total expenditures by the committees
13 to all seven of the candidates in the board races?

14 A No, sir, it would not.

15 Q Did there come a time when you interviewed Mr. Louis
16 Bart Stone, Mr. Carpiniello?

17 A Yes.

18 Q Could you tell us who he is?

19 A Yes. Mr. Louis Bart Stone is treasurer of the New York
20 Republican State Committee.

21 Q When was he interviewed?

22 A He was interviewed on December 17th, 1987.

23 Q Who was present besides members of the Commission staff
24 during that interview?

1 A Mr. Thomas Spargo was present as counsel to the New
2 York Republican State Committee.

3 Q Was Mr. Stone asked about the allocation of
4 expenditures in the Poughkeepsie elections?

5 A Yes, he was.

6 Q What specifically was the question, as best you remember?

7 A Mr. Stone had informed the Board of Elections that the
8 allocation was to be among 11 candidates. He was asked
9 about the basis for making such a statement. Mr. Stone
10 said that he relied on counsel for such representation
11 and he pointed to Mr. Spargo.

12 Q You say 11 races now. Did that include the seven town
13 board races?

14 A Yes, it did.

15 Q Did Mr. Stone represent to the Board that those should
16 be allocated equally among those 11 races?

17 A Yes.

18 Q Now, what were the other four races besides the seven
19 town board races?

20 A They were races for the town clerk, for the
21 superintendent of highways, a judgeship. That's 10
22 of the 11. I don't recall the fourth. I could refer
23 to my notes.

24 Q Another local race?

1 A The receiver of taxes.

2 Q Based on your investigation, was any money expended
3 in those four races?

4 A No, sir.

5 Q Let's clarify something. Is it possible that those
6 candidates received a benefit due to the Republican
7 advertising, generally a spillover effect of some kind?

8 A Yes, that would be fair to say, and this did come out
9 through a number of interviews; there would be a
10 generic spillover with Republican issues being put
11 forward.

12 Q But I take it it was your finding and your investigation
13 that no -- these races were not targeted for any
14 specific spending such as polling, mailgrams, telephone
15 banks, mass mailings, that sort of thing?

16 A That's correct, Mr. O'Brien.

17 Q Did you determine in your investigation, Mr. Carpiniello,
18 how much the Democrats -- the Democrats, now -- spent
19 in the town board races?

20 A Yes, I did.

21 Q How did you make that determination?

22 A I analyzed the disclosure forms filed by the Democratic
23 candidates. I looked for committees to support the
24 Democratic candidates. I analyzed the disclosure forms

1 by the Town of Poughkeepsie Democratic Committee, the
2 Dutchess County Democratic Committee, the City of
3 Poughkeepsie Democratic Committee.

4 Q And what was the result of your review?

5 A I found total expenditures of \$22,279. Those
6 expenditures were incurred during the years '84 and
7 '85.

8 Q Also part of '86?

9 (Pause.)

10 A Excuse me one second. Let me check my notes. Yes,
11 that's through March of '86.

12 Q Why did you pick a 27-month window there in which to
13 measure the Democratic expenditures?

14 A Well, there weren't any races in '84. It was an '83
15 race, and then there was an '85 race.

16 Q So there was basically a two-year election cycle?

17 A Yes, sir.

18 Q Did you find any evidence of any additional expenditures
19 for the benefit of the Democratic candidates by any
20 other committee or individual?

21 A No, I didn't.

22 Q Are you familiar with an entity called Save Our Town
23 Committee?

24 A Yes, I am.

1 Q What is it?

2 A Save Our Town Committee is an organization that was
3 formed by merchants, local merchants, and local residents
4 of the Town of Poughkeepsie who were opposed to the
5 construction of the Galleria. It was formed in 1984.

6 Q They were opposed to the mall; is that right?

7 A They were opposed to the mall.

8 Q Did you find any evidence of expenditures by that
9 committee on behalf of the Democratic candidates?

10 A No, sir.

11 Q Did you check their filings?

12 A There were none.

13 Q Did you find any evidence that people affiliated with
14 the Save Our Town Committee gave individual
15 contributions to Democratic candidates?

16 A Yes, sir.

17 Q Approximately how much in contributions did they make?

18 A \$500.

19 Q And this would be absorbed into the \$22,000 figure that
20 you gave earlier, to the extent that the candidates
21 spent that money; is that right?

22 A Yes, sir.

23 Q The \$22,000 figure is an expenditure figure, correct?

A Exactly.

1 Q Did you learn that the Save Our Town Committee in fact
2 did raise money, though?

3 A Yes, I did.

4 Q Approximately how much?

5 A The Save Our Town Committee raised approximately \$90,000
6 to \$100,000.

7 Q Did you come across any evidence as to how that money
8 was spent, if it was spent?

9 A Yes, I did. The strategy of the Save Our Town
10 Committee was to fight the proposed construction of
11 the Galleria through the presentation of expert
12 testimony at local board hearings, impact hearings,
13 environmental impact hearings. The monies spent by
14 the Save Our Town Committee were spent to hire
15 consultants, environmental impact specialists, to
16 testify at these hearings.

17 Q And to pay other people in connection with that also,
18 such as lawyers?

19 A And, in addition, there were attorneys and consultants.

20 Q Was any of that money based on your investigation spent
21 for election-related purposes?

22 A No, sir.

23 Q Now, did you also obtain figures for the Republican
State Committee's total expenditures statewide during

1 the period July 1985 through July 1986?

2 A Yes, I did.

3 Q Let me take you back to something that you said earlier.
4 You testified that the Republican State Committee spent
5 \$156,148 in the town board election; is that right?

6 A Yes, sir.

7 Q And just to relate it to the chart, that's the percentage
8 of the \$166,045 that was spent by the State Committee
9 as opposed to the Federal Committee; is that right?

10 A Yes, sir.

11 Q Now, my question to you is this: what percentage does
12 that \$156,148 represent of the total statewide spending
13 by the Republican State Committee between July 1985
14 and July 1986?

15 A It's approximately 17 percent.

16 COMMISSIONER HYNES: What was the total
17 expenditure of the Republican State Committee?

18 THE WITNESS: It would be over \$1 million,
19 I believe; \$1.1 million, if I remember correctly.

20 BY MR. O'BRIEN:

21 Q Seventeen percent?

22 A It's 17 percent.

23 Q Let me briefly direct your attention to the right-hand
side of the chart, Mr. Carpiniello --

1 A Yes.

2 Q -- the side that pertains to the expenditures by
3 Pyramid-related companies in the amount of \$475,967.
4 Could you briefly describe the nature of those
5 expenditures?

6 A Those expenditures were both election-related and image-
7 building.

8 Q We'll talk about that in a minute.

9 A Yes.

10 Q To whom were those expenditures made?

11 A The expenditures -- well, \$386,892 was made to Campaign
12 Strategies, Inc. That's the same business entity that
13 appears on the left side of the chart.

14 \$49,000 was attorneys' fees, and I already
15 testified that those were payments made to Thomas
16 Spargo during the period of October 2nd, '85 through
17 April 23rd of '86, and the balance of \$40,074 represents
18 payments to two business entities, Kennan Research,
19 a focus session group, and Penn & Schoen, a polling
20 concern.

21 Q What is a focus session?

22 A A focus session would be bringing residents of the town
together and getting their views on certain issues.

23 Q Let me ask you this: What were these expenditures for,

1 if we could clarify that?

2 A Are we referring to the polling?

3 Q No. I'm talking -- I'm sorry. I'm talking about the
4 \$475,967.

5 A As stated, Mr. O'Brien, these expenditures were dual
6 purpose. They were election-related and they were also
7 in connection with improving the image of the
8 Poughkeepsie Galleria in order to obtain public
9 acceptance for its construction.

10 Q They were for either the election or the image of the
11 Galleria; is that correct?

12 A They're both.

13 Q OK. My question is this: Can we allocate a portion
14 of the \$475,000 to the election-related purpose and
15 the remainder to the image-related purpose?

16 A Due to the nature of the expenditures, based on the
17 records that I had available to analyze, I cannot make
18 an allocation as to how much of those expenditures are
19 election-related or image-building related.

20 Q Is that why that money is kept to the right-hand side
21 and there's no arrow going from the right-hand side
22 to the left-hand side yellow box --

23 A Yes, sir.

24 Q -- which is definitely election-related?

1 A Yes, sir.

2 Q Would it be fair to say that some money was spent on
3 each purpose?

4 A "Each purpose" being --

5 Q In other words, it's not 100 percent election-related
6 and zero image-related --

7 A Yes..

8 Q -- or vice versa? Some was spent on each?

9 A Absolutely.

10 Q How do you know that?

11 A Well, an example would be the polling done by Penn &
12 Schoen. If I could walk you through that?

13 Q Sure.

14 CHAIRMAN FEERICK: Would you keep your voice
15 up, please?

16 THE WITNESS: Yes, Dean. Sorry, again. In
17 September there was a town-wide poll. That would be
18 the first poll conducted in the Town of Poughkeepsie.

19 COMMISSIONER VANCE: September of '85?

20 THE WITNESS: September of '85. Now, in that
21 poll, questions were asked that related both to the
22 Galleria and to the political climate. For example:
23 "Mrs. So-and-So, Do you think there's a need for more
stores in the Town of Poughkeepsie? Would you like

1 to see a Galleria constructed that would have these
2 types of stores?"

3 That, we're deeming to be strictly related
4 to the mall.

5 Included in that poll were also questions:
6 "Do you favor Anna Buchholz, the incumbent supervisor?
7 Would you support candidates who in turn supported
8 the construction of the mall?"

9 So we have a mixture of questions in the same
10 poll and we have a payment being made of \$22,000 to
11 Penn & Schoen by a Pyramid-related company, and then
12 later on we have another payment made to Penn & Schoen
13 by the New York Republican State Committee. Now,
14 following that first poll, as we got closer to the
15 election, in October there were two more polls conducted
16 by Penn & Schoen. These were strictly political polls.
17 These were strictly determining the strengths of John
18 Dwan as against Ms. Buchholz, and Garrity versus Darrow.
19 Those were all political.

20 BY MR. O'BRIEN:

21 Q But the earlier poll --

22 A The earlier poll --

23 Q -- contains a mixture of both?

24 A Exactly.

1 Q Because these are direct expenditures to the companies
2 instead of contributions to committees which then make
3 expenditures, it's impossible to say for certain that
4 100 percent of those expenditures are election-related

5 --

6 A Yes, I can't make that --

7 Q -- is that right?

8 A I might add, Mr. O'Brien, that in the case of the large
9 expenditures, the \$386,000 to Campaign Strategies,
10 \$50,000 was made before the election. Then you have
11 a period of time postelection, but postvote on the
12 zoning change, where again the public image of the
13 company has to be shored up and there were \$150,000
14 in payments made then; and then the balance of about
15 \$180,000 was made after the election and after the vote,
16 and these are all in the area of marketing, research
17 and consulting fees.

18 Q I understand.

19 A I don't have any back-up documentation to tell me what
20 that is for other than those categories.

21 COMMISSIONER GORDON: Were the three polls
22 separately paid for by different entities,
23 Mr. Carpiniello?

THE WITNESS: There were three polls. There

1 was a payment from the Pyramid Company in the amount
2 of \$22,000 on October 11th and the balance of the
3 amount of \$15,000, I believe, was paid for by the New
4 York Republican State Committee later on, in answer
5 to your question.

6 COMMISSIONER GORDON: Were separate entities
7 paying for the same poll?

8 THE WITNESS: Well, if you want to define
9 -- there were three polls, so if you want to call that
10 the same poll, I'd rather say it's the same company
11 conducting the poll. It was one invoice that was
12 submitted.

13 BY MR. O'BRIEN:

14 Q Mr. Carpiniello --

15 CHAIRMAN FEERICK: Excuse me. Can I just
16 see if this is an accurate summary of what you said?
17 The figure of \$475,967 covers two general areas. Some
18 is election-related, but you're unable, from the
19 information available, to allocate that amount, correct?

20 THE WITNESS: Yes, sir.

21 CHAIRMAN FEERICK: And the rest has to do
22 with public image, however you might describe that.
23 That doesn't relate to the election, correct?

THE WITNESS: Yes, sir.

1 CHAIRMAN FEERICK: You're not able to allocate
2 an amount to that as well?

3 THE WITNESS: Exactly. I'd like to point
4 out, Dean Feerick, that it's all related to the
5 Poughkeepsie Galleria Mall. It has nothing to do with
6 malls in other parts of the country. It's specifically
7 related to the Galleria in the Town of Poughkeepsie,
8 all of the expenditures.

9 COMMISSIONER VANCE: How do you know that?

10 THE WITNESS: Well, I know that from the
11 invoices that I have examined, from the interviews with
12 the people, from the president of Campaign Strategies.
13 He will testify to that later this afternoon.

14 BY MR. O'BRIEN:

15 Q Is the bottom line this: that we can say -- I'm talking
16 with reference to the chart now -- that at least
17 \$267,245 was spent in relation to the election; and
18 certainly more, but we can't quantify how much more.
19 Is that an accurate statement?

20 A That's exactly right, yes.

21 Q OK.

22 COMMISSIONER HYNES: You testified earlier
23 when we were talking about the expenditures that are
24 on the left-hand side of the chart, the \$267,000 figure,

1 that Campaign Strategies acted in the nature of a
2 general contractor. Can you explain what you meant
3 by that testimony?

4 THE WITNESS: Yes, sure. The expenditures
5 from Building a Better New York -- I have to start there.
6 It's \$69,700. \$59,000 of that was paid to Campaign
7 Strategies, who in turn paid subcontractors. They
8 disbursed approximately \$47,000 of the \$59,000 that
9 they received, which leaves them with a mere \$10,000
10 profit from that side of the chart.

11 BY MR. O'BRIEN:

12 Q Investigator, did you review relevant contribution and
13 expenditure filings with the Board of Elections in
14 Albany?

15 A Yes, I did.

16 Q And did you also review similar findings in Dutchess
17 County where Poughkeepsie sits?

18 A Yes, I did.

19 Q Let me ask you, first of all, about the contributions
20 that were reported. Were any of the Pyramid
21 contributions -- we're talking now about \$301,000 --
22 ever reported by the Republican State Committee to the
23 Federal Committee or Building a Better New York in
Dutchess County?

1 A No, sir.

2 Q Let me ask you specifically about the Republican State
3 Committee's \$126,000. How much of this money was
4 received prior to the election?

5 A \$30,000.

6 Q Was any of this money reported anywhere in the state,
7 Albany or Dutchess County, prior to the election?

8 A No, sir.

9 Q Would it be fair to say that if a voter or a person from
10 the press had gone to the Dutchess County Board to see
11 what monies had been contributed to committees involved
12 in the Poughkeepsie elections, he would have found no
13 record of any of that \$301,000? Is that your testimony?

14 A That's my testimony and that's correct.

15 COMMISSIONER VANCE: Do you know what the
16 law requires on that?

17 THE WITNESS: No, sir, I don't.

18 COMMISSIONER VANCE: OK.

19 BY MR. O'BRIEN:

20 Q Now, did the Republican State Committee eventually
21 report all of its Pyramid contributions in Albany?

22 A No, sir, it didn't.

23 Q How much was never reported in Albany?

A \$30,000 was not reported.

1 Q Did you learn why this wasn't reported?

2 A Yes. Let me correct that, Mr. O'Brien. It's \$35,000
3 that wasn't reported. \$30,000 of the \$35,000 was
4 deposited to the New York Republican State Committee's
5 housekeeping account. Under current law, such deposits
6 are not required to be reported. That \$5000, I just
7 can't account for. I don't know where it went.

8 Q All right. Let me ask you briefly about this
9 expenditure reporting --

10 A Yes, sir.

11 Q -- by the committees. You said all of the election-
12 related expenditures by the committees -- those are
13 the left-hand side arrows -- were for services rendered
14 prior to the election; is that correct?

15 A Yes.

16 Q Now, did the Republican State Committee, the Federal
17 Committee and Building a Better New York ever report
18 any of these expenditures in Dutchess County prior to
19 the election?

20 A No, sir.

21 Q So, again, if a voter prior to the election had gone
22 to the Dutchess County Board of Elections' office to
23 check on expenditures by these committees in connection
with Republican candidates, he would have found none

1 of those expenditures on file; is that correct?

2 A That's correct.

3 Q He would have found only the expenditures by the Town
4 Committee; is that correct?

5 A That's correct.

6 Q In the course of your investigation, did you examine
7 certain literature that was produced and paid for by
8 the expenditures we've been talking about?

9 A Yes, I did.

10 Q Indeed, there was extensive mass mailing in connection
11 with this election; is that right?

12 A Yes, sir.

13 Q You reviewed some of this literature?

14 A I did.

15 Q Can you describe what you reviewed?

16 A There were glossy political advertisements containing
17 pictures.

18 Q Letters as well?

19 A And letters.

20 Q Did you ever see any piece of paper that mentioned the
21 role of Pyramid in financing this campaign?

22 A No, sir.

23 Q Did you ever see any piece of paper that mentioned the
existence of Pyramid?

1 A No, sir.

2b 2 Q Did you ever see a piece of paper that even mentioned
3 the issue of the mall?

4 A No, sir.

5 Q Let me ask you about the election results. You've
6 testified that the election took place in November of
7 1985; is that right?

8 A Yes.

9 Q And if we could turn to Exhibit 1, this time the sixth
10 column, I believe the election results are summarized
11 in that column; is that correct?

12 A Yes, they are.

13 Q Could you briefly tell us what happened in the election?

14 A Yes. In ward one, the first ward, Mr. Darrow, the
15 Republican, won the election and voted yes on the mall.

16 In the second ward, Mr. Pyrek retained his
17 seat over the challenge of the Republican Mr. Banner.

18 In the third ward, Ms. Bodo, running unopposed,
19 retained her seat.

20 In the fourth ward, Mr. DelSanto, the
21 Republican, unseated the Democrat, Mr. Babiarcz.

22 In the fifth ward, Mr. Tedone, the Republican
23 running unopposed, retained his seat.

In the sixth ward, Mr. Pinckney, the incumbent

1 Republican, retained his seat against the challenge of
2 Ms. Zeleznik.

3 In the supervisory race, Ms. Buchholz
4 retained her seat against the challenge by Mr. Dwan.

5 Q Would it be accurate to say, then, that the Republicans
6 won in three of the four targeted wards?

7 A Yes, sir.

8 Q That is in wards one, four and six?

9 A That's correct.

10 CHAIRMAN FEERICK: Excuse me, Mr. O'Brien.
11 Would you just clarify for the record what you meant
12 by the word "targeted"?

13 MR. O'BRIEN: Let me rephrase the question.

14 BY MR. O'BRIEN:

15 Q You testified earlier that the bulk of the money was
16 expended in four wards, to a lesser extent in ward four,
17 but primarily in wards one, two and six; is that correct?

18 A Yes, sir.

19 Q And out of those four wards, the Republicans won in
20 three of them; is that correct?

21 A Yes, sir.

22 Q OK. Then the vote on the zoning change, when did that
23 take place, Mr. Carpiniello?

24 A That was in March of '86.

1 Q And this was a vote by the new board, reconstituted as
2 a result of the elections; is that right?

3 A Yes, sir.

4 Q And this vote is so summarized in Exhibit 1?

5 A Yes, it is.

6 Q Could you just again summarize the results of the vote
7 on the zoning change?

8 A Yes. Mr. Darrow, a Republican, voted yes. Mr. Pyrek,
9 the Democrat, voted no. Ms. Bodo, a Republican, voted
10 yes. Mr. DelSanto, a Republican, voted yes. Mr. Tedone,
11 a Republican, voted yes. Mr. Pinckney, a Republican,
12 voted yes. Ms. Buchholz was absent from the vote and
13 did not cast a ballot.

14 In summary, Mr. O'Brien, the five Republicans
15 passed the zoning change during March of '86.

16 Q They were all in favor?

17 A By voting yes, yes, sir.

18 Q It was a five-to-one split. Now, as a result of this
19 vote, was the mall, in fact, built?

20 A Yes, it was.

21 Q And it was opened; is that correct?

22 A It was opened, yes.

MR. O'BRIEN: I have no further questions.

CHAIRMAN FEERICK: Thank you very much.

1 THE WITNESS: Thank you.

2 (Witness excused.)

3 CHAIRMAN FEERICK: The Commission calls its
4 next witness, William Paroli.

5 Will you raise your right hand?

6
7 W I L L I A M P A R O L I, called as a witness and
8 having been first duly sworn by the Chairman, was
9 examined and testified as follows:

10 CHAIRMAN FEERICK: Please be seated.

11

12 BY MR. McGUIRE:

13 Q Good morning, Mr. Paroli.

14 A Good morning, Mr. McGuire.

15 Q Would you please indicate for us who the gentleman
16 seated to your left is?

17 A This is Patrick Moore, who is acting as my Counsel in
18 this matter.

19 Q Thank you.

20 MR. MOORE: Mr. McGuire, may I be heard for
21 one minute, with the permission of the Commission?

22 MR. O'BRIEN: I think you should direct your
23 request to the Chair.

24 CHAIRMAN FEERICK: I'm sorry, I was just

1 diverted. Yes?

2 MR. MOORE: Excuse me. I just would like
3 to be heard for one minute. Mr. Paroli gave a
4 deposition to Mr. McGuire on the 15th day of December
5 1987, and at that time, on page 9 of the transcript
6 that was taken, we discussed the matter of Mr. Paroli's
7 ability to correct the transcript in the event that
8 the events that he testified to were inaccurate as to
9 time, dates, places, events; and it was indicated by
10 Mr. McGuire that he thought we would be able to correct
11 it, but not add to it, if I may paraphrase his quote.

12 At this time we'd like to make a couple of
13 corrections.

14 MR. MCGUIRE: Well --

15 CHAIRMAN FEERICK: Let me -- I can't speak
16 to the precise question, but let me just sort of
17 outline the procedure that the Commission wishes to
18 follow in this hearing, because we do have a number
19 of witnesses, and as you're aware, as all of the
20 witnesses are aware, they have a right to Counsel, a
21 right to consult with Counsel.

22 At our conclusion of the examination of the
23 witnesses, we would be happy to receive any additional
24 written submissions that Counsel or witnesses would

1 like to provide us, might wish to provide us, and
2 obviously you will have every opportunity at the
3 conclusion of Mr. Paroli's testimony to provide us with
4 any written information that you wish concerning that
5 subject or the subject of his examination this morning.

6 MR. MOORE: Be happy to follow that procedure,
7 Dean. I just wanted to preserve the right on the
8 questioning that took place on the 15th.

9 CHAIRMAN FEERICK: Thank you.

10 MR. MOORE: Thank you.

11 BY MR. MCGUIRE:

12 Q Mr. Paroli, you currently hold a position with the Town
13 of Poughkeepsie Republican party; is that correct?

14 A That's correct, sir.

15 Q And could you tell us what that role is and how long
16 you've held it?

17 A I'm chairman of the Republican Committee in the Town
18 of Poughkeepsie in Dutchess County, New York, and I've
19 held that position for ten years, sir.

20 Q And how are you employed now, Mr. Paroli?

21 A I'm self-employed as a private investigator.

22 Q And prior to becoming self-employed as a private
23 investigator, what was your occupation?

24 A I was employed as chief investigator for the Dutchess

1 County Defender's Office.

2 Q Now, did there come a time in 1985, late 1985, when
3 you spoke with a gentleman by the name of Thomas Spargo?

4 A Yes, sir.

5 Q Had you previously met Mr. Spargo?

6 A When did I initially meet --

7 Q Let me rephrase the question. When did you first meet
8 Mr. Spargo?

9 A I first met Tom Spargo at a Republican State Committee
10 meeting in Albany here.

11 Q And was that in 1985?

12 A I believe it was early in 1985.

13 Q Now, as you indicated in your prior deposition,
14 Mr. Paroli, there came a time in late 1985 that you
15 had occasion to speak with Mr. Spargo on the telephone;
16 is that correct?

17 A Yes. May I make a point here, Mr. McGuire?

18 Q Please do.

19 A The meeting that I -- when I initially met Tom Spargo
20 personally, I was introduced to him. That was in early
21 1985.

22 Q Then later in 1985, during the course of the election
23 campaign in the Town of Poughkeepsie, you had occasion
24 to speak with Mr. Spargo on the telephone; is that

1 correct?

2 A That's correct, sir.

3 Q Could you tell us how that came about, that you had
4 that telephone conversation with Mr. Spargo?

5 A It was suggested that I call Mr. Spargo by my treasurer
6 at the time, William Sidore.

7 Q And is there any reason Mr. Sidore suggested that you
8 contact Mr. Spargo?

9 A Yes, sir.

10 Q And what was that?

11 A It was the result of a conversation that I had had with
12 an individual known as Rosemary Emery, who was the
13 coordinator or the chairman of the committee known as
14 Save Our Town that was operating in the Town of
15 Poughkeepsie that was involved in the campaign of 1985
16 in the Town of Poughkeepsie.

17 Q Save Our Town was a group of businessmen who were
18 opposed to the construction of the Poughkeepsie Galleria;
19 is that fair to say?

20 A As I understand it, sir, yes.

21 Q Now, what was the nature of this conversation that you
22 had with Ms. Emery?

23 A She was attempting to induce me to encourage our
24 candidates to take a position in opposition to the

1 construction of the Galleria Mall.

2 Q And what specifically did she say, if you recall?

3 A I don't recall specifically, but in substance, what
4 had caused me to have my discussion with Bill Sidore
5 was that she had indicated to us -- to me, that she
6 was prepared, or the Save Our Town Committee was
7 prepared to spend up to \$100,000 in opposition to any
8 candidates that did not oppose the construction of the
9 Galleria Mall.

10 Q And as a result of that conversation with Ms. Emergy,
11 you spoke to Mr. Sidore?

12 A That's correct, sir.

13 Q Mr. Sidore is deceased now; is that correct?

14 A Yes, sir.

15 Q Now, what if anything did you say to Mr. Spargo after
16 speaking to Mr. Sidore? You telephoned Mr. Spargo?

17 A Initially I asked him if this type of expenditure was
18 allowable, if a campaign of this type in the Town of
19 Poughkeepsie could result in that amount of money being
20 utilized.

21 Q And did Mr. Spargo answer your question?

22 A Yes, he did, sir.

23 Q And was it at that time, that same conversation, the
24 initial telephone conversation, that he answered?

1 A Yes, sir.

2 Q And what was his answer?

3 A His answer was that it could be used against us.

4 Q Did you tell him who the Save Our Town Committee was
5 during the course of this conversation?

6 A I don't recall discussing that with him, sir, no.

7 Q Do you recall if you told him about the Poughkeepsie
8 Galleria during the course of this telephone conversation?

9 A I never discussed the Poughkeepsie Galleria with Tom
10 Spargo at any time, sir; no.

11 Q Now, did you have another telephone conversation --

12 COMMISSIONER HYNES: Could I just ask? I'm
13 a little confused. Mr. Paroli, what is it that you
14 asked Mr. Spargo about the amount of expenditure and
15 whether that was permissible?

16 THE WITNESS: Well, the ordinary campaign,
17 Ms. Hynes, in the Town of Poughkeepsie, probably amounts
18 to perhaps \$20,000 to \$30,000. When a figure of \$100,000
19 was conveyed to me by Ms. Emery, I became extremely
20 concerned and I asked Tom Spargo, "Is this legal? Can
21 they do this to us?"

22 And Tom Spargo responded that it was possible
23 that they could do it.

24 COMMISSIONER HYNES: OK. And in discussing

1 "Could they do it?" and "Could they spend \$100,000?"
2 did you discuss who it was that had told you that they
3 were prepared to spend \$100,000?

4 THE WITNESS: I may have indicated that there
5 was a committee called Save Our Town. As to the makeup
6 of the committee, I wasn't familiar with the makeup of
7 the committee.

8 COMMISSIONER HYNES: And did you discuss with
9 Mr. Spargo what the issue was that Save Our Town was
10 interested in in connection with the expenditures of
11 this \$100,000?

12 THE WITNESS: I don't recall if I discussed
13 that with him or not. I can't be certain about that.

14 COMMISSIONER HYNES: All right.

15 BY MR. MCGUIRE:

16 Q Did you know at the time of this first telephone
17 conversation with Mr. Spargo that he was counsel to
18 the Republican State Committee?

19 A Yes, sir.

20 Q And did you seek him out in this telephone conversation
21 in that capacity as counsel to the Republican State
22 Committee?

23 A Yes, sir.

24 Q Now, you also indicated in your prior deposition,

1 Mr. Paroli, that shortly thereafter you had another
2 telephone conversation with Mr. Spargo; is that correct?

3 A Yes, sir.

4 Q Could you tell us about that telephone conversation,
5 what prompted it?

6 A After the initial conversation with Tom Spargo, I went
7 back to Bill Sidore and discussed again with Bill Sidore
8 what Tom Spargo's information or advice was on the fact
9 that they could use a campaign of \$100,000 against us,
10 and sometime at that point, Bill Sidore suggested that
11 I should get back to Tom Spargo and ask him what they
12 could do to help us down here.

13 Q And is that why you then telephoned Mr. Spargo --

14 A Yes, sir.

15 Q -- the second time?

16 A Yes, sir.

17 Q What did you tell Mr. Spargo in that second conversation?

18 A I asked for whatever -- I asked if assistance would
19 be available.

20 Q I believe you testified that Mr. Spargo indicated that
21 assistance could be available under certain
22 circumstances; is that correct?

23 A Yes, sir.

24 Q And specifically, Mr. Spargo mentioned three criteria

1 that would have to be met before the committee would
2 provide assistance in Poughkeepsie; is that correct?

3 A Yes, sir.

4 Q Could you tell us what those three criteria were?

5 A First, you had to have an entrenched incumbent, which
6 we had with Mrs. Buchholz.

7 Q Did you tell Mr. Spargo at that time that it was your
8 position that you met that criterion because of
9 Ms. Buchholz?

10 A No question about it in my mind; yes, sir.
11 Mrs. Buchholz was and still is an entrenched incumbent
12 in the Town of Poughkeepsie.

13 Q How many terms has she --

14 A She was just elected to her seventh term, sir.

15 Q So, having an entrenched incumbent was the first of
16 the three criteria; is that right?

17 A Yes, sir.

18 Q And the second criterion?

19 A You had to have candidates who were willing to work
20 extremely hard.

21 Q And at the time of this telephone conversation, the
22 candidates for the November elections had already been
23 selected; is that correct?

24 A We were well into the campaign. We were well into

1 September already, sir. Yes, sir.

2 COMMISSIONER HYNES: Can we place the time
3 of that telephone conversation that you're talking about?

4 THE WITNESS: It would have to be the latter
5 part of September or the early part of October 1985.
6 I can't be specific about the times.

7 COMMISSIONER HYNES: So the campaign was
8 underway?

9 THE WITNESS: We were already in the campaign,
10 yes, Ma'am.

11 BY MR. MCGUIRE:

12 Q Did you have any conversations, a discussion, with
13 Mr. Spargo during the second telephone conversation
14 about whether your candidates, your Republican
15 candidates, met the second criterion?

16 A I gave him my assurance that they did; yes, sir.

17 Q And the third criterion, Mr. Paroli?

18 A They had to show a definite need for the assistance
19 from the Republican State Committee.

20 Q And was it your position that that need had been
21 demonstrated?

22 A In view of the fact that we were about to face a
23 \$100,000 campaign from the Save Our Town Committee,
24 on the basis of that, it was my feeling that we met

1 the third criterion; yes, sir.

2 COMMISSIONER HYNES: Can I just ask, in
3 this conversation with Mr. Spargo, you mentioned
4 the entrenchment as the first criterion, and that
5 Ms. Buchholz was entrenched; in your view. Was that
6 the only race that you were asking for assistance
7 for, the race of supervisor, or were you asking for
8 other candidates?

9 THE WITNESS: I was asking for assistance
10 across the board, Ma'am.

11 COMMISSIONER HYNES: Did the other candidates
12 also have to be entrenched in order to meet the
13 criteria?

14 THE WITNESS: I'm not certain whether we
15 discussed that aspect of the criteria. My main concern
16 was Mrs. Buchholz, and my feeling was if we could
17 defeat Mrs. Buchholz we certainly could defeat the
18 other Democratic candidates who were hanging on
19 her coattail, so to speak.

20 COMMISSIONER HYNES: OK.

21 BY MR. MCGUIRE:

22 Q Now, during the course of this telephone conversation,
23 did Mr. Spargo indicate that the State Committee
24 would, in fact, be willing to provide assistance

1 to the Poughkeepsie Republicans?

2 A He didn't give me an answer at that time, sir.

3 Q Did you have subsequent telephone conversations?

4 A Yes, sir.

5 COMMISSIONER VANCE: Before you go on,
6 just a second. Mr. Paroli, was there any discussion
7 during this telephone conversation of Galleria?

8 THE WITNESS: As I said before, Mr. Vance,
9 I never had any occasion or recollection that I ever
10 discussed the Galleria with Tom Spargo.

11 COMMISSIONER VANCE: OK.

12 THE WITNESS: That question never came
13 up between Spargo and me, sir.

14 BY MR. MCGUIRE:

15 Q So is it fair to say, Mr. Paroli, that you had a
16 number of conversations with -- telephone conversations
17 with Mr. Spargo concerning whether the State Committee
18 would be willing to provide help in the Town of
19 Poughkeepsie?

20 A Yes, sir.

21 Q Did you finally get an answer?

22 A Yes, sir.

23 Q When was that, if you recall?

24 A Sometime around the same time period. I don't think

1 that --

2 (Pause.)

3 Q Is it fair to say that you're not sure you got an
4 answer in a telephone conversation or in person from
5 Mr. Spargo?

6 A I -- a meeting was arranged by telephone in Poughkeepsie
7 subject to my initial conversation with Tom Spargo
8 and we met at a restaurant in Poughkeepsie.

9 Q All right. Now, I believe you indicated that there
10 was -- at this time of the meeting at the restaurant
11 in Poughkeepsie, there were a little over three weeks
12 left in the campaign; is that correct?

13 A I believe there was only a little over three weeks
14 to go in the campaign before our program got underway,
15 as I recall, sir.

16 Q So this meeting in Poughkeepsie would have been early
17 to mid-October, at the restaurant?

18 A It might have been later in September. I can't be
19 specific, sir.

20 Q Who was at this meeting at this restaurant in
21 Poughkeepsie?

22 A In addition to myself, Ann Wagler, who was the chairman
of the Conservative party in Dutchess County at the
time; my vice-chairman, Earl Bruno; Tom Spargo; and

1 two individuals who I met for the first time that
2 evening, were in attendance also.

3 Q Did Mr. Spargo indicate to you who those two individuals
4 were?

5 A We were introduced. I don't recall the names
6 specifically, but it was my understanding, and the
7 understanding of all of us present, that the other
8 individuals were members of the Republican State
9 Committee, along with Tom Spargo.

10 Q And was one of those individuals named Rich?

11 A As I recall, sir, yes, sir.

12 Q Does the name Rich Fifer ring a bell to you, Mr. Paroli?

13 A I don't recall the last name. I recall Rich because
14 Rich I saw the most of the two. I saw Rich at several
15 photo sessions.

16 Q Are these sessions during which the Republican candidates
17 were photographed?

18 A Yes, sir.

19 Q And Mr. Fifer was -- or this person Rich, I'm sorry,
20 was present at that time?

21 A Yes, sir.

22 COMMISSIONER HYNES: This is after you
23 had met with him after the restaurant or prior to?

24 THE WITNESS: After, Ma'am.

1 BY MR. MCGUIRE:

2 Q Now, what was discussed during the course of this
3 dinner at this restaurant?

4 A I don't recall specifically, Mr. McGuire. I can
5 only say we obviously discussed the campaign. We
6 discussed what we were going to do at the second meeting
7 which was arranged on the same evening at the home of
8 John Dwan who was the Republican candidate for
9 supervisor.

10 Other than that, I don't recall precisely
11 or specifically, but from that meeting at the restaurant,
12 I got the impression that they were there to help us.
13 Now, I don't know if Tom Spargo said it specifically,
14 but I was convinced before the meeting was over with
15 that they were there to assist us in this campaign,
16 that we had met the criteria and that we were going
17 to be the recipients of one of the programs that Tom
18 said that this -- that the Republican State Committee
19 sponsored of a similar type.

20 COMMISSIONER HYNES: Did he describe the
21 details of what that program was, how the Republican
22 State Committee was going to assist you?

23 THE WITNESS: Logistically, I can only say
24 logistically. I don't know precisely what the State

1 Committee did, except to provide advisors, to provide
2 brochures, mailings. Other than that, I'm not familiar
3 with precisely what the Republican State Committee's
4 involvement was, except as has been pointed out by
5 Mr. Carpinello on the Town of Poughkeepsie Republican
6 Committee getting \$31,500 that was conveyed from the
7 State and Federal committee account for the purpose
8 of newspaper and radio advertising.

9 COMMISSIONER VANCE: I'm sorry. Let me just
10 ask you a question. You're the town chairman. Weren't
11 you interested in what the people who were going to
12 help you in the State Committee were going to do and
13 what kind of assistance they were going to give you
14 and what kind of campaign they were going to run?

15 THE WITNESS: Mr. Vance, at that time we were
16 in somewhat desperate straits as far as the campaign
17 and the parties concerned. When Mr. Spargo advised
18 us that they were going to assist us, I didn't think
19 it was incumbent upon me to look a gift horse in the
20 mouth, sir.

3a 21 I don't question the Republican State
22 Committee of where they secure their funds from. I
23 don't think that it would be appropriate for me to
24 do that, sir.

1 COMMISSIONER VANCE: I wasn't suggesting that.
2 What I was suggesting is what kind of a campaign they
3 were going to run. Should it be a good campaign? Would
4 it really help?

5 I would think you would be interested in
6 seeing an effective campaign.

7 THE WITNESS: I had been to a number of
8 campaign seminars sponsored by the State Republican
9 Committee. This was going to be a classic campaign,
10 as always, delineated at these seminars. I was confident
11 that it was going to be a good campaign. In retrospect,
12 it was a good campaign, sir, except for these revelations
13 that have occurred after the campaign that stigmatized
14 the process and blew us out of the water eventually.

15 MR. O'BRIEN: Mr. Paroli, did Mr. Spargo
16 explain at the Dwan meeting, the meeting at Mr. Dwan's
17 house, exactly why the Republican State Committee was
18 being so generous with its time and money in this
19 particular campaign?

20 THE WITNESS: I had explained, as I recall,
21 to the candidates prior to the meeting that we would be
22 meeting, that in view of Rosemary Emery's revelations
23 of a \$100,000 campaign, that we would be receiving
 assistance from the Republican State Committee and

1 that there would be representatives of that Republican
2 State Committee at this meeting and the one who would
3 be -- probably be the most vocal at that would be Tom
4 Spargo, and there aren't too many people in Republican
5 circles in politics, at least in Dutchess County, who
6 have been in a leadership position who are not familiar
7 with Tom Spargo and his abilities and his area of
8 expertise, sir.

9 MR. O'BRIEN: What did he say, though? How
10 did he explain why this was going to happen?

11 THE WITNESS: I believe I already said that
12 they were aware that we were facing a campaign of the
13 magnitude of \$100,000 and that we were receiving
14 assistance from the Republican State Committee to
15 counter that.

16 BY MR. MCGUIRE:

17 Q Did he mention something about Poughkeepsie being of
18 strategic importance to the Republican party?

19 A Yes, sir, he did.

20 Q How did he explain that?

21 A He explained that to all of us, that one of the
22 considerations that the Republican State Committee had
23 looked at was that Dutchess County was a pivotal county
24 in the State of New York with superior numbers of

1 enrolled Republicans as compared to Democrats; and that
2 on the basis of that, that assisted in their decision
3 to come into -- to come into the Town of Poughkeepsie
4 and to assist us.

5 And the expenditure of \$31,500 subsequent
6 to that meeting, as it was explained to me by Tom Spargo,
7 that we were trying to effect a spillover effect with
8 substantial newspaper and radio advertising so that
9 it would affect adjoining towns and other towns and
10 cities in Dutchess County; it would have a spillover
11 effect and, as a matter of fact, one successful
12 candidate for supervisor in Dutchess County felt that
13 the spillover effect assisted in his town by obtaining
14 a clean sweep.

15 COMMISSIONER HYNES: The meeting that you've
16 been talking about with Mr. O'Brien that took place
17 at Mr. Dwan's house, this was the meeting that was
18 suggested -- the second meeting after the meeting in
19 the restaurant, correct?

20 THE WITNESS: This is where we met the
21 candidates.

22 COMMISSIONER HYNES: Can you tell us who was
23 at that meeting at Mr. Dwan's house?

24 THE WITNESS: In addition to those who were

1 at the initial meeting at the restaurant?

2 COMMISSIONER HYNES: We have all of those
3 same people at Mr. Dwan's house; then there were other
4 people also present?

5 THE WITNESS: John Dwan, Jerry Darrow.

6 COMMISSIONER HYNES: Who is Mr. Darrow?

7 THE WITNESS: Pardon?

8 COMMISSIONER HYNES: Who is Mr. Darrow?

9 THE WITNESS: He was a first ward candidate.

10 COMMISSIONER HYNES: Anyone else?

11 THE WITNESS: Paul Banner, second ward
12 candidate; Karen Bodo, third ward candidate; Lou
13 DelSanto, fourth ward candidate; Vincent Tedone, fifth
14 ward candidate; and Ralph Pinckney, sixth ward candidate.

15 COMMISSIONER HYNES: Were the two individuals,
16 the one person, Rich, and the other individual that
17 you had met at the restaurant, they were also at this
18 meeting?

19 THE WITNESS: Yes. As I recall, they were.

20 BY MR. MCGUIRE:

21 Q Did Mr. Spargo introduce those two people?

22 A I believe he did; yes, sir.

23 Q How did he introduce them?

24 A By name, and I assumed that they were going to be

1 assisting in this campaign.

2 Q Now, after the meeting at Mr. Dwan's house, did you
3 have occasion thereafter to meet with Mr. Spargo in
4 the Town of Poughkeepsie?

5 A Myself personally?

6 Q Yes.

7 A Yes.

8 Q And when did that happen, and how regularly?

9 A I can't recall when the first meeting after that
10 occurred, but I would meet Tom Spargo on a regular
11 basis in Poughkeepsie during the campaign.

12 COMMISSIONER HYNES: For what purpose?

13 THE WITNESS: He was my advisor. I was
14 following his instructions as far as certain -- as far
15 as the campaign was concerned, legal aspects of the
16 campaign, among other things.

17 COMMISSIONER HYNES: What are the legal aspects
18 of the campaign?

19 THE WITNESS: Well, his admonishment was that
20 everything would have to be done in a legal manner or
21 responsibly done. I can only recite one instance where
22 I asked if I could expedite a particular procedure and
23 he said that it couldn't be done; that it had to be
done in a legal way and everything had to be done

1 legally according to the Election Law. That wasn't
2 the only purpose that Tom Spargo and I would meet in
3 Poughkeepsie. We would meet in Poughkeepsie on a
4 regular basis several times a week in order to discuss
5 the campaign and discuss issues and discuss strategies.

6 COMMISSIONER HYNES: Was there a point when
7 Mr. Spargo outlined for you what it was that the
8 Republican State Committee was prepared to do either
9 in terms of money or other assistance? Did you have
10 an idea at some point in time what it was the Republican
11 State Committee was going to do for you?

12 THE WITNESS: No, Ma'am. I put all my trust
13 and confidence in Tom Spargo. I had every confidence
14 that what he was advising us to do was within the
15 concepts of all of the rules that are established for
16 campaigns.

17 COMMISSIONER HYNES: I understand that. But
18 my question is: did he tell you that the Republican
19 State Committee would give you \$31,500?

20 THE WITNESS: No, he never said that.

21 COMMISSIONER HYNES: OK.

22 THE WITNESS: That came as a surprise to me.
23 That came -- that came as a total surprise.

24 COMMISSIONER HYNES: Did he tell you anything

1 specifically that the Republican State Committee would
2 provide to you to assist you in this campaign?

3 THE WITNESS: He only used the term
4 "assistance," provide assistance.

5 COMMISSIONER HYNES: Did they provide
6 assistance?

7 THE WITNESS: Obviously they did.

8 COMMISSIONER HYNES: But you didn't know about
9 it at the time? Is that the point? Was there anything
10 you knew about during the campaign that was being
11 provided by the Republican State Committee as a result
12 of your contacts and requests?

13 THE WITNESS: The only thing I was aware of
14 was that they were assisting us.

15 COMMISSIONER HYNES: How?

16 THE WITNESS: The brochures, the photo
17 sessions, the mailings. I was aware of one thing that
18 Tom -- I should have mentioned this, I'm sorry. It
19 slipped my mind.

20 He did deposit \$10,000 in the Post Office
21 in Poughkeepsie for the purchase of bulk mailing. He
22 told me about that because I discussed that with him,
23 as I recall, because we had a bulk mailing permit
24 ourselves and we discussed mailings. And I said I don't

1 -- we don't have sufficient funds to handle bulk
2 mailing and he said that he had -- they had established
3 -- the Republican State Committee had established its
4 own account at the Post Office.

5 COMMISSIONER VANCE: When did you first learn
6 that the Pyramid Companies were involved?

7 THE WITNESS: After the filing of the financial
8 statements by the Republican State Committee or by
9 Mr. Spargo or by whoever, and I learned --

10 COMMISSIONER VANCE: When was that?

11 THE WITNESS: I learned that after the election,
12 sometime in December of 1985 when a reporter from The
13 Poughkeepsie Journal called me to ask me if I was
14 familiar with the committee called Building a Better
15 New York and I said I wasn't. And I asked him what
16 the significance of his question was, and he said that
17 this committee was funded by principles of the Pyramid
18 Corporation.

19 At that time I wasn't familiar with the term
20 "Pyramid Corporation." Galleria, I was familiar with,
21 but Pyramid Corporation I wasn't. And I asked him who
22 the Pyramid Corporation was and he said that that was
23 the parent company of the Galleria Mall that was being
24 proposed for construction in the Town of Poughkeepsie.

1 That was the first that I had learned of the Pyramid
2 Corporation.

3 COMMISSIONER VANCE: So if I understand what
4 you're saying, you were kept in the dark, and the first ..
5 time that you ever heard this Pyramid group was involved
6 was after the election?

7 THE WITNESS: Yes, sir, absolutely.

8 COMMISSIONER VANCE: OK.

9 BY MR. MCGUIRE:

10 Q Prior to the election, Mr. Paroli, you were aware of
11 the Poughkeepsie Galleria Company; is that correct?

12 A Yse, sir.

13 Q And did you know any of the principles or the partners
14 in the Poughkeepsie Galleria Company?

15 A Yes, sir.

16 Q Who did you understand those principles or partners
17 to be?

18 A Robert Ungerer and Bruce Kenan.

19 Q Did you ever meet Mr. Ungerer or Mr. Kenan prior to
20 the election?

21 A Yes, sir.

22 Q And who did you meet of those two?

23 A I may have met both; I can't be certain, but I did meet
24 with Mr. Ungerer in 1984, I believe, when I was invited

1 to a breakfast meeting.

2 Q Who was present at that breakfast meeting?

3 A Paul Sullivan, an attorney. He's an attorney. Robert
4 Ungerer, and I believe the fourth person was Bruce Kenan.

5 Q Who invited you to this luncheon?

6 A Paul Sullivan.

7 Q And did you understand Mr. Sullivan to be an attorney
8 for Mr. Ungerer?

9 A He's affiliated with the law firm that I believe
10 represented the Galleria.

11 Q As I believe you testified earlier, the purpose of
12 this meeting was to advise you with respect to the
13 Galleria people's intentions to build a mall in the
14 Town of Poughkeepsie?

15 A Yes. It was advisory, yes, sir.

16 Q Now, after -- well, more narrowly, during the course
17 of the election campaign in the Town of Poughkeepsie,
18 did you have occasion to speak to Mr. Ungerer about
19 the election campaign?

20 A Would you repeat that again, sir?

21 Q During the course of the election campaign in November
22 of 1985, did you have occasion to discuss the campaign
23 with Mr. Ungerer?

24 A I don't recall the substance, what conversations I had

1 ever had with Mr. Ungerer, but I never discussed with
2 him the aspects of the campaign as I knew them, in
3 affiliation with my -- in my affiliation with Tom Spargo.
4 I never discussed that specific aspect of the campaign
5 with Robert Ungerer. You have to remember that I was
6 fully aware that Robert Ungerer was playing both sides
7 of the street and he's the last person that I'd take
8 into my confidence on the specifics of the campaign.

9 I was fully aware that he was having
10 conversations on a regular basis with Democrats as well
11 as Republicans and I had cautioned our people from time
12 to time to limit their conversations with Robert
13 Ungerer as it relates to any specific area of the
14 campaign.

15 Q So if -- I'm not sure. Is it your testimony that you
16 may have had discussions with Mr. Ungerer during which
17 the campaign may have come up as a subject, but you
18 didn't discuss the specifics of the campaign?

19 A Not in the context of what we're discussing here. I
20 had no reason to. On reflection, I just -- could I
21 have a word with my counsel, please?

22 Q Feel free.

CHAIRMAN FEERICK: Yes.

(Pause.)

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CHAIRMAN FEERICK: Mr. Paroli, would you keep your voice up, please?

THE WITNESS: Yes.

CHAIRMAN FEERICK: Thank you.

MR. O'BRIEN: Mr. Paroli, I don't think the mike is working. You have to use your own sources.

MR. MOORE: Did you say it isn't working?

COMMISSIONER HYNES: Is that mike on? I'm not sure it's on.

MR. McGUIRE: Tap it and see if it is.

MR. MOORE: No.

VOICE: That's a television microphone.

MR. MOORE: It's not working.

COMMISSIONER HYNES: You just have to use more volume.

THE WITNESS: Are any of these mikes working here?

VOICE: None of them are PA system.

THE WITNESS: Well, OK. The question was?

MR. McGUIRE: Maybe we could have the last question read back?

(The record was read by the reporter.)

MR. MOORE: Perhaps, Mr. McGuire, could you reask the question just to clarify?

1 BY MR. MCGUIRE:

2 Q Well, I'm just not sure what you mean by "in the context
3 we're discussing here." I'm trying to find out if you
4 can recall whether you may have discussed the campaign
5 generally or specifically with Mr. Ungerer in the fall
6 of 1985?

7 A In the fall of 1985, I had hundreds of phone calls with
8 various people. I can't remember all the phone calls
9 that I had. I'm sure that I was selective in any
10 discussions about the campaign, depending upon who the
11 individual was that I was speaking with.

12 If I was speaking with Robert Ungerer, I would
13 not discuss the specifics of the campaign with him
14 because I was fully aware that he was working both sides
15 of the street, as I said before. Now, the -- I'm sorry.

16 (Pause.)

17 CHAIRMAN FEERICK: Would you, Mr. McGuire,
18 restate the question? I'm not sure I understand your
19 question.

20 BY MR. MCGUIRE:

21 Q Well, my question, Mr. Paroli -- I believe you answered
22 it, was whether you had any recollection as to whether
23 or not you had discussed the campaign with Mr. Ungerer
24 in the fall of 1985. I believe your answer was that

1 you had a number -- maybe hundreds of telephone
2 conversations and you may have discussed or mentioned
3 something about the campaign to Mr. Ungerer, but you
4 were always very circumspect in any conversations you
5 may have had with Mr. Ungerer?

6 A That's correct, sir. If you're asking me if I ever
7 discussed campaign financing or the involvement of the
8 State Republican Committee in the campaign, the answer
9 is no, I never did.

10 COMMISSIONER HYNES: Did Mr. Ungerer ever
11 offer assistance to any Republican candidates in
12 connection with the campaign?

13 THE WITNESS: No, Ma'am, not to me. If that
14 conversation was had with someone else, I'm not familiar.

15 COMMISSIONER HYNES: He never offered
16 financial assistance to you on behalf of any Republican
17 candidates?

18 THE WITNESS: No, Ma'am.

19 MR. O'BRIEN: Did you ever discuss with
20 Mr. Ungerer how money would be spent for the benefit
21 of your Republican candidates --

22 THE WITNESS: No, sir.

23 MR. O'BRIEN: -- in Poughkeepsie? Never?

24 THE WITNESS: No, sir.

1 BY MR. MCGUIRE:

2 Q Now, let me get back to the literature that you
3 mentioned before. Did you play any role in the
4 distribution or the dissemination of the letters and
5 brochures?

6 A I participated in mailing the material at the Post
7 Office.

8 Q And did you meet Mr. Spargo in front of the Post Office
9 in --

10 A That would be our meeting place. We may not have always
11 stayed at that precise location. We may have gone to
12 lunch, we may have met in the evening. When I met him,
13 it was usually at that spot because he was familiar
14 with that area. He was familiar with the Post Office
15 having been there, and that would be our general meeting
16 place when we had to meet on the issues of the campaign.

17 Q Did you review and discuss drafts of any of the campaign
18 literature or brochures with Mr. Spargo?

19 A Yes, I would.

20 Q Now, did you -- did Mr. Spargo use an office in
21 Poughkeepsie at this time period?

22 A I don't believe he had an office. I'm not aware of an
23 office.

24 Q Where did this literature come from, Mr. Paroli?

1 A It came from out of town, sir.

2 Q Do you know where out of town?

3 A No. All I can tell you is that it was delivered to
4 me by some young person, a man, to the Post Office,
5 and I would -- we would put it in the baskets and I
6 would wheel it into the bulk mailing department.

7 COMMISSIONER HYNES: The literature that
8 you're talking about, this was literature that was
9 delivered to you but that you had no input into in
10 terms of developing the contents of it?

11 THE WITNESS: No, I did have --

12 COMMISSIONER HYNES: OK.

13 THE WITNESS: I did provide input.

14 COMMISSIONER HYNES: OK.

15 THE WITNESS: But I was only privy to the
16 rough drafts. The finished product, once it was in
17 the hopper, so to speak, I didn't -- I saw the finished
18 products when they were mailed. I believe I received
19 it at my home as a voter, as a --

20 COMMISSIONER HYNES: Who did the rough draft?
21 Who did the draft that was presented to you; do you
22 know?

23 THE WITNESS: Tom Spargo would show me the
24 rough drafts.

1 COMMISSIONER HYNES: OK. Did he tell you
2 who developed the copy?

3 THE WITNESS: No, Ma'am.

4 COMMISSIONER HYNES: Did he ask you for
5 corrections or input?

6 THE WITNESS: I would review it for accuracy.

7 COMMISSIONER HYNES: OK. Did he tell you
8 anything about who was paying for it?

9 THE WITNESS: No. I assumed it was being
10 paid for by the Republican State Committee.

11 COMMISSIONER HYNES: Did he ask you for your
12 strategies as to what kind of literature should be
13 developed and who it should be mailed to?

14 THE WITNESS: We discussed the issues in the
15 Town of Poughkeepsie, those issues that would be
16 pertinent to that campaign.

17 COMMISSIONER HYNES: How many times did he
18 show you copies of drafts of literature?

19 THE WITNESS: Several times as I recall.

20 COMMISSIONER HYNES: More than a dozen?

21 THE WITNESS: I'm not sure about that.

22 COMMISSIONER HYNES: Then the final copy of
23 this, you would actually mail in the bulk mail at the
24 Post Office?

1 THE WITNESS: I wouldn't see the final product
2 until I received it at home or someone would show it
3 to me --

4 COMMISSIONER HYNES: I see.

5 THE WITNESS: -- that had received it in their
6 homes. When I received the mail bags, they were already
7 mailed -- they were already addressed. They were --
8 the individual bags were already segregated as to ZIP
9 code because we have three -- I believe three or four
10 different ZIP codes in the Town of Poughkeepsie and
11 that was -- that had already been done.

12 I didn't have to do a thing except to wheel
13 it into the bulk mailing department and sign the form.

14 COMMISSIONER HYNES: Was there a reason that
15 you would wheel it into the bulk mailing department,
16 because you had signing authority?

17 THE WITNESS: What's that, Ma'am?

18 COMMISSIONER HYNES: Because you had signing
19 authority?

20 THE WITNESS: I was the one who signed the
21 application or the form for the bulk mailing. I was
22 there. I was the only one there that I can recall who
23 received it and I just put it in these baskets, these
24 canvas baskets, and pushed it, wheeled it, into the

1 Post Office.

2 COMMISSIONER HYNES: Every time there was
3 a bulk mailing, was it necessary for you to be there
4 and sign off for it?

5 THE WITNESS: Yes.

6 BY MR. MCGUIRE:

7 Q This literature and brochures, were they driven up to
8 Poughkeepsie by this young man that you referred to?

9 A Yes.

10 Q And how did you find out when the next batch was coming
11 up?

12 A I would either get a call or -- somehow or other, Tom
13 Spargo would advise me.

14 Q Now, some of the literature --

15 COMMISSIONER VANCE: Let me interrupt for
16 a second.

17 MR. MCGUIRE: Sure.

18 COMMISSIONER VANCE: When you had these talks
19 with Mr. Spargo on the issues, was the Galleria ever
20 mentioned as a possible issue, one that ought to be
21 discussed somehow in the materials that were being put
22 out?

3b

Or, on the other hand, was there any talk
about, "Maybe we better play down the whole Galleria

1 thing"?

2 THE WITNESS: Not with Tom Spargo. We did

3 --

4 COMMISSIONER VANCE: What do you mean, "Not
5 with Tom Spargo"?

6 THE WITNESS: I never discussed Galleria with
7 Tom Spargo. I never had -- that question never came
8 up between us. As a matter of fact, we made every
9 effort to avoid Galleria. When I say "we," I'm
10 referring to our candidates in the Town of Poughkeepsie.
11 We made every effort to avoid the question of Galleria
12 as an issue. We were forced into that issue.

13 COMMISSIONER VANCE: You and your candidates?

14 THE WITNESS: Pardon, sir?

15 COMMISSIONER VANCE: You and your candidates?

16 THE WITNESS: The candidates.

17 COMMISSIONER VANCE: You said "we."

18 THE WITNESS: Myself and the candidates; yes,
19 sir.

20 COMMISSIONER VANCE: You consciously avoided
21 talking about Galleria?

22 THE WITNESS: In the campaign.

23 COMMISSIONER VANCE: OK.

24 THE WITNESS: In the campaign itself, sir.

1 I instructed them not to take any position on the
2 Galleria at all because it was an emotional campaign.
3 You have Mrs. Buchholz, who is generating all of the
4 emotion regarding this campaign, because -- obviously,
5 because this Galleria was proposed to be built right
6 under her nose. She lived on the hill. She had to
7 look down on it.

8 She opposed the South Hill Mall. Then they
9 sent assistance from the South Hill Mall in order to
10 oppose the Republican candidates and make every effort
11 to force us into an issue. We made every effort to
12 avoid it, sir, because it was a nonsensical issue as
13 far as we were concerned. It was emotional. It was
14 emotional on behalf of Mrs. Buchholz and the Democratic
15 candidates and the Save Our Town Committee.

16 We made every effort to avoid it, sir.

17 CHAIRMAN FEERICK: Can I go back to some
18 earlier testimony you gave? You made reference to your
19 first conversation with Mr. Spargo in this period of
20 time being prompted as a result of what you learned
21 about this Save Our Town Committee; is that correct?
22 Do you understand my --

23 THE WITNESS: The reference to a \$100,000
24 campaign.

1 CHAIRMAN FEERICK: Yes. I take it that the
2 first communication you had with Mr. Spargo concerning
3 the 1985 town council elections came, I believe you
4 said, maybe in the late summer of '85 as a result of
5 information that was communicated to you about the
6 Save The Town Committee?

7 THE WITNESS: Yes, sir. My initial
8 conversation with Tom Spargo regarding the 1985 campaign
9 took place in late September.

10 CHAIRMAN FEERICK: But you had an earlier
11 communication with someone concerning the Save The Town
12 Committee; is that right?

13 THE WITNESS: Who was affiliated with Save
14 Our Town Committee.

15 CHAIRMAN FEERICK: I see. And when you had
16 your conversation with Mr. Spargo in late September,
17 was that the time when you communicated to him the
18 existence of the Save The Town Committee?

19 THE WITNESS: That there was a committee that
20 was formulated to oppose us.

21 CHAIRMAN FEERICK: But did you communicate
22 it to him -- to him in that conversation, that there
23 was a committee, the Save The Town Committee? Is that
24 your testimony?

1 THE WITNESS: Yes, sir.

2 CHAIRMAN FEERICK: And am I correct that the
3 principal activity of the Save The Town Committee had
4 to do with the Galleria.

5 THE WITNESS: Yes, sir.

6 CHAIRMAN FEERICK: And if that be the case,
7 wouldn't it be a fair surmise on my part, anybody's
8 part, to say that when you had that communication with
9 Mr. Spargo in late September where you brought to his
10 attention the existence of the Save The Town Committee,
11 you would have mentioned to him its principal activity?

12 THE WITNESS: That's very possible, sir, but
13 the question was: Did I ever discuss that as an issue
14 with Tom Spargo during my affiliation with him in the
15 campaign, and the answer was no.

16 CHAIRMAN FEERICK: What is your best
17 recollection today concerning what you mentioned to him
18 in that conversation in late September concerning the
19 Galleria and the Save The Town Committee?

20 THE WITNESS: I may have mentioned that there
21 was a committee that had resources to throw against
22 us to the extent of about \$100,000. It was conveyed
23 to me by the coordinator or the chairman of the committee
24 and perhaps in that context there, I may have mentioned

1 that they are opposing the construction of a mall called
2 the Galleria, but if that was done there, that was the
3 only time that I ever discussed the Galleria with Tom
4 Spargo, because I never discussed it with him during
5 the campaign. I never had any reason to because we
6 weren't discussing Galleria as an issue.

7 CHAIRMAN FEERICK: Well, is it your -- is
8 it your best recollection that you did mention the
9 activity of the Save The Town Committee with respect
10 to the Galleria in that conversation in September?

11 THE WITNESS: That's possible. I don't have
12 any specific recollection of it, sir.

13 CHAIRMAN FEERICK: OK.

14 COMMISSIONER VANCE: Just a minute. Do you
15 know whether the Save Our Town Committee ever gave any
16 money in connection with the election?

17 THE WITNESS: I heard Mr. Carpiniello speak
18 about it today. I never --

19 COMMISSIONER VANCE: Was that a surprise to
20 you?

21 THE WITNESS: What's that?

22 COMMISSIONER VANCE: Was that a surprise to
23 you, to hear that testimony?

24 THE WITNESS: Nothing surprises me anymore,

1 Mr. Vance, not after what's been happening here. I
2 mean, I'm not impugning this Commission. I'm saying
3 that this -- I firmly believed at that time, and this
4 lady convinced me and I believed it on the basis of
5 what she told me. I took appropriate action.

6 COMMISSIONER HYNES: During the campaign
7 itself when it was continuing on and you were having
8 these meetings with Mr. Spargo and this literature was
9 being mailed out on behalf of the Republican candidates,
10 did you have any belief at that time that money was
11 being spent by the Save Our Town Committee in connection
12 with candidates who opposed the mall?

13 THE WITNESS: Rosemary Emery advised me that
14 -- that her committee was handling the campaign of
15 Michael Pyrek and Sandra Zeleznik, and that they were
16 assisting Mrs. Buchholz. She offered to underwrite
17 the campaign of any Republican candidate who would come
18 out and oppose the Galleria Mall.

19 I couldn't understand her logic and her
20 reasoning, simply because her committee was only
21 involved with the Democratic party and how could they
22 then compromise themselves and then support the
23 Republican candidates?

24 It was a confusing situation, at best, as

1 to what she was saying, but it was obvious to me that
2 they were already infusing funds into -- from what she
3 told me, into the campaigns of these individuals.

4 Lou DelSanto directly, himself directly --
5 she offered Lou DelSanto financial assistance. From
6 what Lou DelSanto advises me, she had offered financial
7 assistance to him in his campaign if he were to reverse
8 his position on it, but we declined it.

9 BY MR. MCGUIRE:

10 Q Now, Mr. Paroli, the issues that were raised in the
11 literature and brochures were the issues of taxes and
12 planning; is that right?

13 A That's correct, sir.

14 Q Did you have any discussions with Mr. Spargo or anyone
15 affiliated with the Republican State Committee about
16 using these issues of taxes and planning?

17 A Tom Spargo and I discussed the appropriate issues in
18 the Town of Poughkeepsie.

19 Q Was it you and Mr. Spargo who made the decision to focus
20 on these issues of taxes and planning?

21 A I provided my input.

22 COMMISSIONER HYNES: Did he make the initial
23 suggestion that taxes and planning would be two good
24 issues?

1 THE WITNESS: No. I believe he asked me as
2 to what the issues that most -- appropriate issues would
3 be in the Town of Poughkeepsie; and in the Town of
4 Poughkeepsie as it is today, as it was then, planning
5 and taxes are significant issues.

6 COMMISSIONER HYNES: You're saying that those
7 suggestions came from you first, in the first instance?

8 THE WITNESS: Only in discussions. We were
9 already working on those issues ourselves, on our door-
10 to-door campaigning.

11 We were -- taxes was uppermost, because from
12 the inception of Mrs. Buchholz's tenure as supervisor
13 in the Town of Poughkeepsie, taxes have been consistently
14 rising enormously, so we felt it's a good issue and
15 we used that issue.

16 We used that issue in our own campaign before
17 the Republican State Committee came into it.

18 COMMISSIONER HYNES: Other than taxes and
19 planning, was there other issues?

20 THE WITNESS: Pardon?

21 COMMISSIONER HYNES: Other than the taxes
22 and planning, were there other issues that you used
23 in the campaign?

THE WITNESS: Well, we used the fact -- and

1 John Dwan used that in the initial radio ad -- that
2 Mrs. Buchholz and Gordon McKenzie, who was the
3 comptroller of the Town of Poughkeepsie at that time,
4 had a slush fund in excess of \$2 million or \$3 million,
5 and Mrs. Buchholz was always criticizing previous
6 Republican supervisors for having a slush fund of maybe
7 a half million dollars, so we were -- we utilized that
8 issue in John Dwan's radio ads.

9 COMMISSIONER HYNES: My question is: with
10 Mr. Spargo, now, were you talking about taxes and
11 planning and was this last item something that you
12 discussed with Mr. Spargo?

13 THE WITNESS: Well, I may have conveyed that
14 to him, too, because whatever issues we were discussing
15 --

16 COMMISSIONER HYNES: OK, thank you.

17 THE WITNESS: -- I conveyed them to Mr. Spargo.

18 MR. O'BRIEN: Let me ask you a few questions
19 about your relationship with Mr. Spargo.

20 BY MR. O'BRIEN:

21 Q When you first spoke to him in late September and
22 mentioned the possibility that money might be raised
23 against you, did he give you the impression that this
24 was the first time he was learning about the Town of

1 Poughkeepsie?

2 A That was my impression, yes, sir.

3 Q Did he tell you at that time that his committee had
4 already commissioned polls to ask questions in the town
5 about the various opinions about the mall?

6 A No, sir.

7 Q Did you know, in fact, that those polls had already
8 been conducted by the time you met with Mr. Spargo in
9 late September?

10 A I'm not aware of any polls that were conducted in the
11 Town of Poughkeepsie even during or after the campaign,
12 sir.

13 Q And Mr. Spargo didn't tell you about those polls?

14 A No, he didn't, sir.

15 Q Or any other activities his committees were already
16 subsidizing in the town?

17 A No, sir.

18 Q Now, at the meeting in Mr. Dwan's house, you remember
19 when you told us about that? I believe you testified
20 that Mr. Spargo mentioned that Poughkeepsie was a pivotal
21 town, I think was your phrase. Do you remember that
22 testimony?

23 A Dutchess County was a pivotal county, I believe I said.

24 Q I think you alluded to the fact that in 1987 the

1 Republicans didn't do so well. Could you summarize
2 what happened to the five town board Republicans in
3 the '87 elections?

4 A Summarize?

5 Q Yes.

6 A They were wiped out.

7 Q Did the Republican State Committee offer to help the
8 candidates in '87?

9 A No, sir.

10 Q Did Mr. Spargo show up?

11 A No, sir.

12 Q No offer to help with the mailings?

13 A No, sir.

14 MR. O'BRIEN: OK.

15 (Pause.)

16 THE WITNESS: We didn't ask for assistance,
17 although some people suggested I should go to the
18 Republican State Committee for assistance. I felt that
19 I had enough of that.

20 BY MR. O'BRIEN:

21 Q Did Mr. Spargo or anyone from the committee offer
22 assistance --

23 A Pardon, sir?

24 Q Did anyone from the committee offer to assist Dutchess

1 County or the Town of Poughkeepsie?

2 A No, sir.

3 BY MR. MCGUIRE:

4 Q After the election and you learned from the reporter
5 about the role of Pyramid Companies, I take it you were
6 upset about that when you learned about it?

7 A Absolutely, sir.

8 Q Did you then call Mr. Spargo?

9 A Yes, sir.

10 Q And what did you say to Mr. Spargo?

11 A I asked him how this came to be, how the Pyramid --
12 the principals of the Pyramid Corporation could be
13 involved in our campaign in the Town of Poughkeepsie
14 by this infusion of funds as has been revealed through
15 the media, and he said that -- told me that there are
16 other projects in the State of New York that were
17 beneficiaries of this committee called Building a Better
18 New York.

19 Q Did you ask him if the contributions from the Pyramid
20 individuals were earmarked for Poughkeepsie?

21 A I asked him that.

22 Q And what was his answer?

23 A As I recall, he told me that they were not specifically
24 earmarked for the Town of Poughkeepsie; that they went

1 into a general fund where it was disseminated throughout
2 the State for various projects of this type.

3 Q Did he mention any of these specific projects?

4 A He mentioned, as I recall, a project in Suffolk County,
5 Oneida County. Other than that, I have no specific
6 recollection. I'm not certain that those are the
7 correct counties, but somehow the name Oneida County
8 stands out in my mind.

9 Q Was this one telephone conversation or more than one?

10 A One, I believe.

11 Q I take it that when you asked Mr. Spargo about these
12 contributions, he was aware at that time of these
13 contributions from the Pyramid people?

14 A It was my impression he was; yes, sir.

15 Q Did you ask him at that time if he had known during
16 the course of the election about these contributions
17 from the Pyramid individuals?

18 A I don't recall asking him that.

19 Q Did he tell you that he had known or didn't know?

20 A No.

21 Q Now, just another question or two with respect to the
22 literature. Some of the literature that was sent out
23 included letters from candidates; is that right,
24 Mr. Paroli?

1 A Yes, sir -- letters from candidates?

2 Q Yes.

3 A I believe so; yes, sir.

4 Q Did you review those letters for accuracy as well?

5 A Yes, sir.

6 Q Do you know if the candidates reviewed those letters?

7 A I'm not certain.

8 Q And those letters, like the other brochures, had the
9 issues of taxes and planning in them?

10 A The candidates received copies in the mail. Also,
11 they're fully aware of what the substance of those --
12 of the brochures and the mailings and the letters were.
13 I received no complaints. I have to assume that they
14 were satisfied with the contents of the mailings.

15 MR. MCGUIRE: All right. Thank you. I have
16 no further questions, unless --

17 CHAIRMAN FEERICK: Just maybe a final question,
18 if you care to comment. As you're undoubtedly aware,
19 our Commission was created to investigate, to fact-find,
20 and ultimately to make recommendations for improvements
21 in laws and regulations and procedures in New York State.

22 As a result of what you've come to learn about
23 your experience in the 1985 election and revelations
24 that came to you afterwards, do you have any views as

1 to how you would like to see the laws improved with
2 respect to campaign financing in this State?

3 I recognize that you're not an attorney and
4 this perhaps is not a subject that you have given
5 thought to, but if you have any views, we certainly
6 would appreciate receiving them today.

7 THE WITNESS: What has created the problem,
8 the stigmatizing of the parties in the Town of
9 Poughkeepsie, has been the revelation that the Pyramid
10 Corporation somehow had contributed to the campaign in
11 the Town of Poughkeepsie in 1985. I would like to
12 see some type of change that will require specific
13 knowledge of where the funds would come from, because
14 I assure you, sir, if I had known about that at the
15 time, we would have rejected it because we made every
16 effort -- we made diligent efforts to avoid that issue.

17 When the revelations became apparent, I knew
18 then, as Mr. McGuire asked me how I felt, I said I was
19 devastated. I was extremely upset. I knew then --
20 I'm not stupid. I knew then what the implications were
21 going to be, but I say that the Pyramid people took
22 a tremendous risk in doing that because the Republicans
23 who voted to rezone that property could have very easily
24 rejected that and said, "No," and they would have been

1 dead in the water.

2 But I have to, at least on behalf of those
3 people who ran for office, who were elected, who acted
4 on that question on the council in 1986, they had to
5 demonstrate a tremendous amount of courage because they
6 acted on the recommendation of a planning board of the
7 Town of Poughkeepsie. They acted on what they firmly
8 believed in their hearts and minds that what they are
9 voting for was in the best interests of their
10 constituents, in the best interests of the Town of
11 Poughkeepsie.

12 Aside from that -- regardless of that, it
13 took tremendous courage and I have to compliment them
14 for that. But it was a tremendous waste. It was a
15 total waste as far as I am concerned.

16 As I said to Mr. McGuire, it's a total waste
17 because never once did anyone approach anyone in the
18 Town of Poughkeepsie or even suggest that they should
19 rezone this property and reciprocation.

20 CHAIRMAN FEERICK: I take it that you feel
21 that, at a minimum, the law should make clear who is
22 contributing in local elections so that the voters have
23 all of the facts before them when they go to the polls?

THE WITNESS: That would be my recommendation,

1 because we're of the firm conviction that every
2 assistance we were receiving in the campaign in the
3 Town of Poughkeepsie, 1985, was coming from the Republican
4 State Committee.

5 COMMISSIONER VANCE: I assume you're also
6 saying it ought to be out in the papers so that the
7 people know what's going on before they're called on
8 to vote?

9 THE WITNESS: Absolutely. If this is an
10 indication of what could happen, I would caution any
11 chairman of any party, regardless of the party, or of
12 the -- anywhere in the state, in the United States,
13 regardless of the State of New York, to be extremely
14 cautious. I certainly will be in the future.

15 CHAIRMAN FEERICK: Thank you very much.
16 Thank you.

17 THE WITNESS: You're welcome.

18 (Witness excused.)

19 CHAIRMAN FEERICK: We'll take a short recess.

20 (A recess was taken from 11:45 a.m. to
21 11:55 a.m.)

22 CHAIRMAN FEERICK: The hearing is now in
23 session.

24 I would like to recognize the Commission's

1 Chief Counsel, Kevin O'Brien, for a statement.

2 MR. O'BRIEN: For the record, as Chief Counsel
3 to the Commission, we should briefly explain why certain
4 witnesses who were served with subpoenas for today's
5 hearing are not appearing.

6 There are six such individuals: Mr. Congel,
7 Mr. Ungerer and Mr. Kenan, who are affiliated with
8 Pyramid Companies, as the testimony has shown;
9 Mr. Spargo and Mr. Lorey, who are associated in
10 various capacities with the Republican State Committee;
11 and Mr. Polsinello, who is a former chief of
12 investigations for the State Board of Elections.
13 Mr. Polsinello has asserted his Fifth Amendment
14 privilege in a letter that was sent to the Commission
15 on January 18th. Mr. Lorey and Mr. Spargo, as some
16 of you may know, are both engaged in litigation
17 challenging the validity of our subpoenas and raising
18 other issues.

19 Those matters are currently before the court,
20 and for that reason we are unable to insist on their
21 appearance today, although we are confident that we
22 will be victorious in those litigations.

23 And as for Mr. Congel, Mr. Ungerer and
24 Mr. Kenan, we have been unable to locate Mr. Ungerer

1 to serve him, despite visits to Buffalo, Syracuse,
2 Poughkeepsie and other places around Upstate New York.

3 Mr. Congel and Mr. Kenan were served with
4 subpoenas and they, too, have challenged the validity
5 of those subpoenas in court in New York County.

6 And at noon, in fact, today, we're going to
7 be going into court in New York County to seek to
8 obtain an order compelling them to appear today, or
9 at some future date within the reasonable future.

10 That is the status of the subpoenas which
11 have been served but which have not been returned before
12 the Commission today.

13 CHAIRMAN FEERICK: The Commission now calls
14 Philip Friedman.

15 Would you stand, please, and raise your right
16 hand?

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1 P H I L I P F R I E D M A N, called as a witness and
2 having been first duly sworn by the Chairman, was
3 examined and testified as follows:

4 CHAIRMAN FEERICK: Please be seated.

5 MR. MCGUIRE: May I begin, Dean Feerick?

6 CHAIRMAN FEERICK: Yes, please.

7 BY MR. MCGUIRE:

8 Q It's still good morning? Good morning, Mr. Friedman.

9 Can you please tell us how you are employed?

10 A I'm employed as a consultant.

11 Q For a particular firm?

12 A Campaign Strategies.

13 COMMISSIONER HYNES: Mr. Friedman, we don't
14 have a PA system. Those microphones are for the
15 cameras. You're going to have to keep your voice up

16 --

17 THE WITNESS: There's none at all? All right.

18 COMMISSIONER HYNES: -- so that everyone can
19 hear you.

20 BY MR. MCGUIRE:

21 Q I should have asked: could you identify the gentleman
22 seated to your left?

23 A This is my attorney, Mr. Frankel.

24 Q Now, are you the owner of Campaign Strategies --

1 COMMISSIONER VANCE: Wait a second.

2 CHAIRMAN FEERICK: Are the cameras off for
3 this witness?

4 VOICE: They're on.

5 MR. MCGUIRE: Dean Feerick?

6 CHAIRMAN FEERICK: Yes?

7 MR. MCGUIRE: Mr. Friedman's counsel indicated
8 to us that Mr. Friedman does not, in fact, have any
9 objection.

10 CHAIRMAN FEERICK: I see. Sorry.

11 BY MR. MCGUIRE:

12 Q Are you presently the owner of Campaign Strategies?

13 A Yes, I am.

14 Q Now, in 1985 were you the sole owner?

15 A I was 50 percent owner at that time.

16 Q And who did you own it with?

17 A My partner, Henry Morris.

18 Q And how long have you been engaged in the political
19 consulting field?

20 A Approximately 11 years.

21 Q Now, are you familiar with the Pyramid Companies,
22 Mr. Friedman?

23 A Yes, I am.

24 Q When did you first become familiar with the Pyramid

1 Companies?

2 A When I was a partner in another consulting firm headed
3 by David Garth in New York, the Pyramid Companies asked
4 that political consulting firm to do some work for them.

5 Q And did you meet any of the principals of the Pyramid
6 Companies at that time?

7 A Yes, I did. I met Mr. Ungerer.

8 Q Do you recall if you met any of the other principals
9 at that time?

10 A I may have, but I recall Mr. Ungerer specifically.

11 Q Now, did there come a time in 1985 when representatives
12 of the Pyramid Companies contacted you and your firm,
13 Campaign Strategies?

14 A Yes, they did.

15 Q And when was that?

16 A That would have been in the spring, or at the latest
17 in the early summer of 1985.

18 Q And who contacted you at that time?

19 A I believe it was either Mr. Ungerer or Mr. Tuozzolo.
20 Mr. Tuozzolo came to our office to speak to us, I think.

21 Q And what was that in reference to when Mr. Ungerer or
22 Mr. Tuozzolo approached you?

23 A Well, they explained that they were builders of malls
24 around New York State and the Northeast Region, and

1 that they were looking for a firm which could aid them
2 in the process of having malls approved in various
3 local communities and which could also improve or enhance
4 the image of the Pyramid Companies generally in the
5 Northeast.

6 Q So do I take it, then, that at this time there were
7 discussions about a proposed contractual relationship
8 between your company and the Pyramid Companies?

9 A That's right. I believe they were considering our
10 company and a number of others for that role.

11 Q And the nature of this consulting arrangement that was
12 contemplated at that time, this image consulting and
13 political consulting; is that right?

14 A Both, that's right.

15 Q Now, did you ever, in fact, secure that relationship,
16 that contractual relationship with the Pyramid
17 Companies?

18 A No, we did not secure the relationship for the overall
19 image campaign.

20 Q Now, at some point, I take it you were told by Pyramid
21 that they had a specific project going on at Poughkeepsie;
22 is that correct?

23 A That's correct.

24 Q And what were you told and by whom?

1 A Well, I believe we were told either by Mr. Ungerer or
2 by another partner in that firm that they were well
3 along in developing plans for the proposed Galleria
4 Mall in Poughkeepsie, and that they were anxious to
5 have that mall go forward, but that they had a variety
6 of political and image problems to deal with in the
7 town.

8 Q Did they ask for your firm's assistance in connection
9 with those problems?

10 A They did.

11 Q And did you, in fact, give the Pyramid Companies your
12 firm's assistance?

13 A We did.

14 Q Do you recall when that was that you were approached
15 in connection with this project in Poughkeepsie?

16 A It would have been, I believe, in the summer of 1985.

17 Q Now, did you make any recommendation to any of the
18 persons affiliated with the Pyramid Companies in
19 connection with this Poughkeepsie matter?

20 A Yes, we did. We suggested that the first step that
21 we would recommend they take would be to conduct a
22 series of focus groups and local polls in the community.

23 Q Just to sort of understand, can you tell us exactly
24 what focus groups are?

1 A Yes. A focus group is something that is used in
2 commercial marketing and advertising, and also to some
3 extent lately in politics. It is basically a group
4 of 6 to 12 people who sit around the table, somewhat
5 like this, and spend about an hour or two discussing
6 an issue which is presented to them by the moderator.

7 It might be a candidate or a particular
8 election race or, as in this case, a whole series of
9 events and individuals that were going on in a particular
10 town.

11 Q And what was the purpose of your recommendation that
12 these focus groups and polls be conducted?

13 A I think we wanted to understand what the attitudes were
14 in the local town in order to better -- to recommend
15 to them how they ought to proceed with the mall, and
16 I think they wanted to understand the strengths and
17 the weaknesses of various political opponents and allies
18 that they had already developed in that town.

19 Q And did, in fact, these focus groups and this initial
20 polling get underway?

21 A Yes, it did.

22 Q Did your firm play any role in connection with the focus
23 groups and the polling?

24 A Yes. We suggested the firms that were to conduct them,

1 the professional firms. In one case, Kennan Research
2 which conducted the focus groups, and the other case,
3 Penn & Schoen which conducted the polls.

4 And at the same time, in addition to suggesting
5 those professionals, we participated in drafting the
6 questionnaire and outlining the research method and
7 the pattern that was to be followed.

8 Q Now --

9 COMMISSIONER VANCE: Would you fix that in
10 time, approximately when this was taking place?

11 THE WITNESS: I really can't. I know it was
12 the late summer of 1985.

13 COMMISSIONER VANCE: OK.

14 THE WITNESS: It was either August or
15 thereabouts.

16 BY MR. MCGUIRE:

17 Q Do you have a recollection as to when the polling got
18 underway?

19 A No. I believe in reviewing the materials with counsel,
20 that the focus groups were first and the polling came
21 second. So if I had to say, I would say that it was
22 sometime in the month of September that the polls were
23 conducted.

24 Q All right. Now, with respect to the focus groups, were

1 they held in the Poughkeepsie area?

2 A Yes, they were.

3 Q Do you know where?

4 A I believe, after reviewing it with counsel, that they
5 were held at a local motel in that area.

6 Q Now, what were the results of these focus groups?

7 A Well, the results of the focus groups were to give us
8 a sense of how people in Poughkeepsie felt about what
9 was going on in their town, and I would say that the
10 overall most important result was that people were
11 relatively satisfied with their life and their life-
12 style in the town; that they felt that they had moved
13 there, many of them relatively recently over the
14 preceding generation, and they liked the life-style
15 that they had there.

16 I believe that they were relatively satisfied
17 with their incumbent town elected officials, and as
18 to the proposed Galleria Mall, I believe there were
19 some arguments in favor of it, such as the distance
20 to existing shopping, and some arguments against it,
21 such as the potential increase in traffic.

22 Q Were the results of these focus groups communicated
23 to any of the representatives of the Pyramid Companies?

24 A Yes. They were definitely communicated to Mr. Ungerer,

1 Mr. Kenan and Mr. Congel.

2 Q Was that at a meeting or was that telephonically?

3 A I believe that Mr. Ungerer and Mr. Kenan attended a
4 number of meetings in our office, at least two, at which
5 this was discussed. And I believe we communicated the
6 same results to Mr. Congel by phone, perhaps in a
7 conference call.

8 Q Now, I take it that the results of the focus groups
9 played a roll in the formulation of the questions that
10 were then used in the poll; is that correct?

11 A Yes, that's right. Because you're only dealing with
12 6 or 12 people in each focus group, the results are
13 not necessarily statistically valid, but you can get
14 ideas or themes or attitudes which are interesting and
15 worth testing, and in this case that's what happened.

16 Q And was that polling conducted in any specific -- the
17 first poll, was that conducted in any specific area
18 of the Town of Poughkeepsie?

19 A I believe that the poll to which you refer was a town-
20 wide poll with a split sample, which means that some
21 of the people were asked one set of questions and some
22 of the people were asked another set of questions, for
23 the reason that the entire body of questions constituted
24 an interview too long to conduct with any one individual.

1 Q Did these polls include questions about candidates for
2 the elections in the Town of Poughkeepsie in November
3 of 1985?

4 A Yes, they did.

5 Q Were you aware at this time, Mr. Friedman, that the
6 Pyramid Companies needed an approval from the town board
7 in order to develop their mall in the Town of
8 Poughkeepsie?

9 A I was either aware of it then or made aware of it shortly
10 thereafter by the representatives of the Pyramid
11 Companies.

12 Q Now, what were the results of the polls that were
13 conducted, the first poll? Let me be more specific.

14 Can you tell us what the results of that
15 town-wide poll that you just mentioned a minute ago,
16 what those results were?

17 A I think the first overall result was that they confirmed
18 the general satisfaction of the town inhabitants with
19 the town and with the town's incumbent elected officials,
20 and I think the second and pertinent result of the polls
21 was that they indicated an election trend against the
22 Republican candidates in that town, including those
23 who were in favor of the proposed mall, both those who
24 were challengers to existing Democrats, and those who

1 were, in fact, incumbent Republican officeholders,
2 looked at this point, four, five or six weeks out from
3 the election, to be likely losers.

4 Q Did you have any conversations with Mr. Ungerer at this
5 time about any candidate that he may have been sympathetic
6 to?

7 A Yes. I think Mr. Ungerer was most sympathetic to
8 Mr. Pinckney, who was the incumbent Republican in one
9 of the wards whom our independent poll showed to be
10 in a very tight race. I think he was also sympathetic
11 to one of the Democrats, Mr. Babiarz.

12 Q Did you have an understanding from Mr. Ungerer as to
13 what these candidates' positions were with respect to
14 the proposed mall?

15 A I believe Mr. Ungerer was relatively confident
16 Mr. Pinckney and Mr. Babiarz both would support the
17 mall at a vote to be held on their approval.

18 Q Now, did you have any discussions with Mr. Ungerer about
19 Mr. Darrow or Mr. Dwan with respect to their positions
20 on the mall?

21 A I don't recall whether he was as confident about their
22 support for the mall as he was about Mr. Pinckney and
23 Mr. Babiarz.

24 Q Now, is it fair to say that the poll results indicated

1 that the Democratic -- the Democratic candidates were
2 politically stronger than the Republican candidates?

3 A Absolutely.

4 Q And did you communicate those results to any of the
5 representatives of the Pyramid Companies?

6 A Yes, to Mr. Ungerer and Mr. Kenan, again I suspect at
7 a meeting, and to Mr. Congel by phone.

8 Q Now, were the results of these focus groups and polling
9 -- well, let me withdraw that question. Did you make
10 any recommendations to any of the individuals,
11 Mr. Kenan or Mr. Ungerer, with respect to the meaning
12 of these focus groups and poll results?

13 A Well, I think we suggested that the Republican candidates
14 were likely to lose and that that was the outcome, that
15 while you can't predict for sure, that was the outcome
16 that appeared.

17 Q Were the results of these polls and focus groups, did
18 they represent an important juncture?

19 A Yes. I think there's no doubt about it. I think that
20 the Pyramid Companies were awaiting our results, the
21 results of the body of research, focus groups and polls
22 that we recommended before they decided what to do.

23 And I think they decided upon -- in fact,
24 I know they decided because they informed me shortly

1 after receiving the results and the analysis that went
2 along with it, that they wanted to play an active role
3 in these local town elections which were coming in four
4 or five weeks in the Town of Poughkeepsie.

5 Q Did you say anything to Mr. Ungerer or Mr. Kenan about
6 how they could play an active role?

7 A Well, I think we made two points. We made the point
8 that just because they wanted to play an active role
9 didn't mean that their candidates were going to win,
10 regardless of how much effort or how much money they
11 put into it and, secondly, that if they were to play
12 an active rather than a bystander's role in the
13 election, that they needed to consult with their
14 attorneys and with people experienced in that to see
15 whether they were legally entitled to do so.

16 If so, how and to what extent?

17 Q Do you recall specifically the person with whom you
18 had that conversation and made those two points?

19 A Well, I don't, but I would have to believe I made it
20 to all three.

21 Q By "all three," you mean Mr. Congel, Mr. Kenan and
22 Mr. Ungerer?

23 A Yes.

COMMISSIONER HYNES: In these conversations,

1 did they suggest to you how they wanted to become
2 actively involved?

3 THE WITNESS: Well, they wanted to do,
4 certainly, as much as they could to support Mr. Pinckney .
5 in one ward, and I think they were considering at the
6 same time a wide variety of options ranging just from
7 supporting Mr. Pinckney to supporting other candidates
8 in other wards in addition.

9 BY MR. MCGUIRE:

10 Q After this conversation with Mr. Congel, Mr. Kenan,
11 Mr. Ungerer, where you made the two points, I take it
12 that some period of time elapsed before they got back
13 to you and told you that they did want to participate
14 in the elections?

15 A Yes. There was a short period of time before they
16 informed us of that decision.

17 Q And did they tell you anything at that time about how
18 they were going to participate in this joint campaign
19 -- I'm sorry, participate in this election effort?

20 A They informed us that they were going to be supportive
21 of what they called a joint campaign effort by the
22 Republican State Committee; by a political action
23 committee that they were forming called the Building
24 a Better New York Committee, and possibly by the

1 Republican Town Committee.

2 I'm not sure whether the participation of
3 the Republican Town Committee was mentioned by the --
4 at that juncture or later as the campaign itself
5 evolved.

6 Q Now, did you ask either Mr. Kenan or Mr. Congel or
7 Mr. Ungerer at the time whether they had made any
8 arrangements or had discussions with the Republican
9 State Committee regarding this joint effort?

10 A Well, I assume they informed us. I don't remember
11 specific conversations, but I assume that they informed
12 us that the Republican State Committee had agreed to
13 participate in such an effort.

14 Q Did either Mr. Congel or Mr. Kenan or Mr. Ungerer say
15 anything about who they had had discussions with at
16 the Republican State Committee?

17 A Either at that point or somewhat later, the name of
18 Mr. Spargo came up.

19 Q And who did you understand Mr. Spargo to be?

20 A I understand him to be counsel to the Republican
21 State Committee.

22 Q Do you recall who may have advised you of that fact?

23 A It would have been one of those three gentlemen. I
24 don't recall which.

1 Q Now, did anyone affiliated with the Pyramid Companies
2 ever advise you that they had had any role in the
3 selection of the candidates, the Republican candidates
4 in the Town of Poughkeepsie?

5 A Mr. Ungerer indicated to me at the time, somewhere
6 during this period of the conduct of the focus groups
7 or the polls or the decision-making period shortly
8 thereafter, that he had been actively involved in town
9 politics on a personal basis, and I believe he indicated
10 that he had had discussions with Mr. Paroli as to the
11 qualification and electability of a number of the
12 candidates.

13 Q Now, did your firm make recommendations to the Pyramid
14 Companies regarding the specific candidates to be
15 included or that should be included in an election
16 effort?

17 A Well, on the basis of the poll results that we received,
18 we made one recommendation for them to consider as they
19 decided to what extent they were going to participate
20 and in support of what candidates, and that
21 recommendation was to actively oppose the candidacy
22 of Mrs. Buchholz, who was the incumbent Democratic
23 supervisor.

24 Q Why did you make that recommendation?

1 A Well, it was the clear result of the survey that we
2 conducted, or that Penn & Schoen conducted, and that
3 we analyzed, that Mrs. Buchholz was a substantially
4 popular person in the Town of Poughkeepsie and from
5 what we had gathered from them, she was an active and
6 energetic campaigner.

7 It was our feeling as political analysts that
8 if they challenged her candidacy, her response could
9 be so energetic and so aggressive as to help the entire
10 Democratic ticket and defeat the other candidates that
11 they were trying to help.

12 Q Was your firm's recommendation concerning Mrs. Buchholz,
13 was that subsequently followed?

14 A I believe it was. Mrs. Buchholz, to my knowledge,
15 was not targeted for a specific campaign against her
16 or campaign on behalf of her opponents.

17 COMMISSIONER HYNES: What was the timing of
18 that recommendation when you made that, when you reached
19 that conclusion and conveyed it to Mr. Ungerer?

20 THE WITNESS: It would have been within the
21 same period. There was a period -- which Mr. McGuire
22 described as this "juncture" -- after which they received
23 all of these results and in which they were considering
24 whether they wanted to be involved, in which wards they

1 wanted to be involved.

4b 2 At some point, perhaps right at the beginning,
3 several -- over those several days, we pointed out that
4 opposition to Mrs. Buchholz would be, in our opinion,
5 a negative for their other efforts.

6 COMMISSIONER HYNES: This is September, late
7 summer?

8 THE WITNESS: No, this would be in September
9 after the polls were conducted.

10 COMMISSIONER HYNES: OK.

11 BY MR. MCGUIRE:

12 Q There was, however -- correct me if I'm wrong,
13 Mr. Friedman -- there was an umbrella campaign or
14 generic Republican campaign; is that correct?

15 A Yes, that is. The reason for that is really relatively
16 simple. While Mrs. Buchholz and her colleagues were
17 sort of aggressive, energetic campaigners who had been
18 able to win in this town and whose candidacies were
19 potent, it was basically a Republican town and it was
20 our analysis that if a campaign were run along Republican
21 themes and designed to remind people of why they do
22 sometimes vote Republican, that that would increase
23 the Republican turnout, so specifically to help these
24 four candidates, or the candidates that they ultimately

1 supported, but in general to raise the Republican
2 turnout and to strengthen that partisan identification.

3 Q I'll get to the four candidates that you just mentioned
4 in a moment.

5 Let me make sure I understand your testimony.
6 Is it your testimony that the recommendation to pursue
7 a generic Republican campaign was designed precisely
8 to help specifically four candidates?

9 A That's correct.

10 Q Now, who were those four candidates who were supported
11 by the election effort?

12 A Well, it started with Mr. Pinckney who, as I said, was
13 their original object of interest. Added to that was
14 Mr. Darrow, who's been mentioned here earlier, who was
15 a challenger in one of the wards; also, Mr. Banner,
16 who was a challenger to Mr. Pyrek; and Mr. DelSanto,
17 who was a challenger to Mr. Babiarz.

18 Q And were these four races in these four wards, were
19 they the focus of Campaign Strategies' election efforts?

20 A Yes.

21 Q Now, was the decision to support the candidates in all
22 four wards, was that made at the same time or was it
23 -- initially, were there only a couple of candidates
24 and then more added?

1 A No. I believe that part of the process was exactly
2 the opposite of that. From the time they began to
3 consider active involvement in the election, the budget,
4 the number of wards in which they were going to be
5 invovled and general extent of their activity all grew
6 from that point for the remaining four to six weeks
7 until the election.

8 Q Now, a lot of literature was produced, brochures and
9 letters and pamphlets; is that correct?

10 A That's correct.

11 Q And did that literature, pieces of literature, sound
12 any particular themes?

13 A Yes. They reflected the themes which the poll and the
14 focus groups indicated had the most potential
15 effectiveness in the Town of Poughkeepsie, and those
16 were the themes of planning and taxes.

17 COMMISSIONER HYNES: Who drafted them?

18 THE WITNESS: I think, to a large extent,
19 they were drafted in my office by people who worked
20 for me.

21 BY MR. MCGUIRE:

22 Q Were they reviewed by anyone else?

23 A From time to time they were reviewed by me to make sure
24 that they were consistent with those themes, and just

1 generally evaluated them.

2 COMMISSIONER HYNES: Did you consult with
3 anyone outside your office as to the contents of what
4 should be in that literature?

5 THE WITNESS: I discussed this from time to
6 time with Mr. Ungerer, and we also discussed it with
7 the people who had provided the initial research input,
8 the representatives of Kennan Research and Penn & Schoen.

9 COMMISSIONER HYNES: Other than Mr. Ungerer
10 from Pyramid and the researchers, no one else was
11 consulted on the contents of the literature?

12 THE WITNESS: No.

13 COMMISSIONER HYNES: OK.

14 BY MR. MCGUIRE:

15 Q Now, you indicated earlier that the focus sessions --
16 one of the findings with respect to the focus groups
17 was that people in Poughkeepsie were generally happy
18 with their life. Is that a fair summary?

19 A Yes, that's correct.

20 Q That response from the focus groups, did that have any
21 role in the development of the game of planning?

22 A Yes, it did. I think that when you're running a
23 campaign against an incumbent, rather than emphasize
24 what is good, the candidates emphasize what is bad;

1 and where there's very little that is bad, one
2 emphasizes keeping what is good, and that is essentially
3 the purpose of planning.

4 I think there was some underlying concern
5 in the Town of Poughkeepsie that this life-style which
6 people had chosen and appreciated would disappear, if
7 not washed.

8 Q Was the proposed mall -- was that one of the themes?

9 A No, it was not.

10 Q Why was that not a theme in the election or in the
11 literature and brochures?

12 A Well, I think there were two reasons. And the first
13 and most important one is that these themes of planning
14 and taxes were clearly the most effective potential
15 themes for Republican challengers to Democratic office-
16 holders. With four or five weeks left in the election,
17 we would not advise someone to spread their fire too
18 thick by raising too many issues.

19 I think, certainly, the second reason was
20 that that element, the Galleria Mall element, was not
21 one which Mr. Ungerer or Mr. Kenan particularly wanted
22 to raise.

23 Q Do you know why they didn't want to raise that issue?

24 A I don't believe -- I think they didn't want their own

1 involvement in the election to become a major issue.

2 I think perhaps they did not want to embarrass
3 or put on the spot the Republican candidates they were
4 supporting. I think that is somewhat speculation.

5 Q Well, did the polling that was done in September, did
6 that have any results or any implications on the issue
7 of the Galleria, whether it was popular, whether it
8 should be a theme?

9 A Well, the poll indicated that the Galleria was a
10 controversial issue, but basically one in which a
11 plurality -- or slim majority of the people of the Town
12 of Poughkeepsie favored.

13 The difference between the Galleria and the
14 planning and taxes themes is that the Galleria definitely
15 had people who opposed it; whereas the issues of good
16 planning and reduced taxes met no opposition at all
17 and were much more potent political issues.

18 Q Now, is it fair to say that your recommendation was
19 that the election should go with the strong themes of
20 taxes and planning? Is that fair?

21 A Yes, that's right. These -- between the two research
22 elements, the focus groups and the polls, the strength
23 of taxes and planning as potential issues was so clear
24 and so substantial in terms of the percentile which

1 agreed with it, that it was our recommendation that
2 those be the two themes that be emphasized; and, really,
3 essentially only those two themes.

4 COMMISSIONER VANCE: Before we get too far
5 away from that, let me ask a question. Was there a
6 deliberate position taken to cover up the fact that
7 Pyramid people, Mr. Ungerer and the others, had been
8 involved in supporting the candidates in this election?

9 THE WITNESS: Not on our advice. Our advice

10 --

11 COMMISSIONER VANCE: Do you know whether or
12 not --

13 THE WITNESS: Yes.

14 COMMISSIONER VANCE: -- they advised you to
15 do that?

16 THE WITNESS: Yes. I believe it was the wish
17 of the Pyramid representatives, Mr. Ungerer and
18 Mr. Kenan and Mr. Congel, that their participation not
19 only in the election but actually in some of the
20 research elements including the focus groups, not be
21 acknowledged.

22 COMMISSIONER VANCE: Thank you.

23 BY MR. MCGUIRE:

24 Q Did you have any advice for Mr. Congel or Mr. Kenan

1 or Mr. Ungerer on that same score?

2 A I think we pointed out to them two factors: one was
3 that their involvement was, sooner or later, going to
4 become public; and, two, that they had no reason, in
5 our opinion, and know that it was unwise for them to
6 lie or to dissemble about their involvement in either
7 the conduct of the initial focus groups or in the
8 participation in the election.

9 Q Now, did you believe that the involvement of the Pyramid
10 Companies in this election had to be handled with great
11 care?

12 A Yes, I do. I think that people who are -- come from
13 outside a particular locality and then become involved
14 in the politics of that locality, particularly -- in
15 a way, this has happened all over the country with
16 independent expenditures in Illinois and California
17 and a variety of other places -- can themselves become
18 the object of great controversy and can become an
19 overriding issue in the election, and I think had this
20 happened to the Pyramid Companies as regards to their
21 role in the election, their chances of having their
22 candidates win would have been significantly diminished.

23 Q Was it your opinion or was it your belief that if the
24 mall were made an issue, that might undercut the

effectiveness of the theme of taxes and planning?

1
2 A I think it could have. I think by -- A, by diluting
3 the strong issues of planning and taxes, it could have
4 hurt their candidates; and, B, by raising indirectly
5 or opening the door through which might come a major
6 controversy about involvement of the Pyramid people
7 in this election, I think that would have been a concern.

8 Q What role did the Pyramid Companies ask you to play
9 in the election effort itself once they made the
10 decision to go ahead and participate on an active basis?

11 A Well, their first hope or their first wish at this
12 point was that we change our role from overall analysts
13 and advisor to essentially campaign management, and
14 we indicated to them that we could not do this and that
15 we could not provide "on-the-ground management." And
16 that the best we could do -- as I believe I indicated
17 earlier -- was to recommend to them a series of vendors
18 or contractors whom we believed could perform the various
19 tasks that would be involved in this campaign.

20 Q Now, did you make any recommendations to any of the
21 individuals affiliated with Pyramid concerning persons
22 who could play the role of on-the-ground campaign
23 manager?

24 A Yes. We recommended at least one person, Richard Fife,

1 who was ultimately hired for that role.

2 Q And I take it you had worked with Mr. Fife previously?

3 A Yes. He was a previous -- he had previously been an
4 employee of our company. At this time, I believe he
5 had his own consulting firm, and he had the time and,
6 in our opinion, the skill to provide the campaign
7 management role that we did not want to provide.

8 Q Did anyone other than Mr. Fife play the role of on-the-
9 ground campaign manager in Poughkeepsie?

10 A Yes. Because Mr. Fife, as one person, really could
11 not do all of this himself, another individual was
12 asked to participate by the Pyramid people, and his
13 name was Fred Pheiffer.

14 Q Do you know who recommended Mr. Pheiffer and to whom?

15 A Mr. Ungerer indicated to me that he was a Republican
16 consultant who was recommended either by the Republican
17 State Committee or officials of the Republican State
Committee.

18 Q Did he indicate whether he had been recommended by
19 Mr. Spargo?

20 A I don't recall.

21 Q Now, with respect to the strategy for the campaign
22 itself, you communicated the strategy to Mr. Congel
23 and Mr. Kenan and Mr. Ungerer; is that right?

1 A That's correct.

2 Q And I believe in a prior deposition, you indicated there
3 were basically four elements to this campaign theme.
4 I wonder if you could take a moment to briefly outline
5 the four elements of the campaign?

6 A Well, the elements of the campaign that I remember --
7 I hope it's going to come to four -- are, one, the use
8 of these themes of planning and taxes; two, the
9 aggressive personal campaigning on the part of the
10 candidates; three, a supportive Republican generic
11 campaign in terms of radio and literature; and, I guess
12 four -- that gets us to four -- the distribution of
13 a variety of literature and advertising on behalf of
14 the candidates.

15 Q Maybe the number is five.

16 A Oh.

17 Q The four elements that you just identified, were they
18 monitored in any way?

19 A Yes. Those are the four active campaign elements, and
20 the fifth element would have been to monitor the success
21 and the effectiveness of those through additional polling.

22 Q And was additional polling employed?

23 A Yes.

24 Q And in what wards or how many wards?

1 A You know, I'm certain it was conducted in Mr. Pinckney's
2 ward and Mr. Darrow's ward. I really do not recall
3 because these were the two most hotly contested. I
4 really do not recall whether there was additional
5 polling in the Banner ward. On review of this with
6 counsel, I'm almost sure there was not in the DelSanto
7 ward.

8 Q Now, with respect to door-to-door campaigning, do I
9 take it that you made a recommendation that door-to-door
10 campaigning was important to the election effort?

11 A Yes, we did.

12 And we felt that very strongly, and still do. In a
13 town of this size where you can literally reach many,
14 many of the voters on a personal basis, there is no
15 substitute for that activity, no amount of literature
16 and no amount of supportive material will be as good
17 as a direct contact between a candidate and the voter.

18 And we inferred from the poll results that
19 the Republican candidates had not been doing that, and
20 that the success of Mrs. Buchholz and her Democratic
21 colleagues was just getting out and working the areas
22 and getting to know their neighborhoods.

23 Q So did you stress the importance of this door-to-door
24 work to Mr. Kenan or Mr. Ungerer?

1 A Yes. In fact, I would suspect of the five proposals,
2 or the five elements of the program that you outlined,
3 that would have been number one; that we recommended
4 to them strongly that the candidates, with the little
5 amount of time they had left, get out and meet at least
6 those voters who had the potential of supporting them
7 in the election.

8 Q Now, did your firm play a role -- I know you mentioned
9 it a moment ago -- in the drafting or developing of
10 all the literature?

11 A Yes, we did.

12 Q And in seeing to the production of that literature?
13 Is that fair to say?

14 A Well, I think we performed what has been pretty
15 accurately described as a general contractor role.
16 In other words, for each piece of literature, if we
17 can use that as an example, there would have been an
18 artist, a printer, a variety of other people involved.
19 But we were the ones who decided or who recommended
20 the themes.

21 We were the ones who did the drafts, and as
22 it came back from the printer and the artist, we were
23 the ones who looked at it before it went to Poughkeepsie.

24 Q Now, did you at any time communciate this strategy or

1 give advice to any of the individual candidates in
2 Poughkeepsie or to any representatives of the
3 Poughkeepsie Republican party?

4 A We never spoke directly to the particular candidates
5 who were running.

6 MR. O'BRIEN: Did someone ask you not to do
7 that?

8 THE WITNESS: I think Mr. Ungerer indicated
9 that it was his preference that we not do so.

10 BY MR. MCGUIRE:

11 Q I know you're not a lawyer. Are you familiar with the
12 term "independent expenditures"?

13 A In a general sense.

14 COMMISSIONER HYNES: I'm sorry. Did you
15 finish your last answer? Did you say that you had
16 never contacted any of the individual candidates? Was
17 there anybody else that you did or did not contact?

18 THE WITNESS: I was involved with one brief,
19 rather commical conversation with Mr. Paroli, in the
20 sense that Mr. Ungerer, who had indicated to me that
21 he spoke to Mr. Paroli on a regular basis, was involved
22 in some discussion or question of strategy with
23 Mr. Paroli, and he asked me to listen to his
24 conversation with Mr. Ungerer in order that he be able

1 to -- in order that he be able to get the benefit of
2 my thinking with the conversation.

3 MR. FRANKEL: With Mr. Ungerer or Mr. Paroli?

4 (No response.)

5 COMMISSIONER HYNES: Tell us what that
6 conversation is. I'm confused. Mr. Ungerer was having
7 a conversation with Mr. Paroli and asked you to listen
8 to that conversation?

9 THE WITNESS: That's right.

10 COMMISSIONER HYNES: Was this a --

11 THE WITNESS: It was a phone conversation.

12 COMMISSIONER HYNES: -- speakerphone?

13 THE WITNESS: No, it was a phone conversation
14 where, I believe, Mr. Ungerer was in one place,
15 Mr. Paroli was in another and I was in New York City.

16 COMMISSIONER HYNES: OK. You were discussing
17 what in that conversation? What were Mr. Ungerer or
18 Mr. Paroli discussing?

19 THE WITNESS: I really don't remember. The
20 one point which I made in earlier testimony is that
21 given the sort of impetuous nature on my part, I forgot
22 that I wasn't supposed to speak during that conversation
23 and I gave my own opinion about whatever Mr. Paroli
24 was asking, and that's all I remember.

1 BY MR. MCGUIRE:

2 Q Just so I understand, prior to actually listening to
3 whatever it was that Mr. Paroli and Mr. Ungerer were
4 discussing, you were asked by Mr. Ungerer to listen
5 in and not to indicate that you were on the line
6 listening?

7 A That's correct.

8 Q Now, you may have just testified and I may have missed
9 this. I'm sorry if I did. You don't recall exactly
10 what was being discussed by Mr. Paroli?

11 A No, I really do not.

12 Q It had something to do with the campaign?

13 A Yes, absolutely.

14 MR. O'BRIEN: Is it also your testimony again
15 -- things went by quickly there -- that Mr. Ungerer
16 told you he had regular conversations with Mr. Paroli?

17 THE WITNESS: That was my understanding.

18 MR. O'BRIEN: Did he say what those
19 conversations were about?

20 THE WITNESS: It was my understanding -- and
21 again this was two years ago -- that Mr. Ungerer and
22 Mr. Paroli discussed the campaign that was going on
23 at that time. I have only Mr. Ungerer's -- I have only
24 my recollection of what Mr. Ungerer said to go by.

1 MR. O'BRIEN: All right.

2 BY MR. MCGUIRE:

3 Q You yourself did not personally speak with Mr. Paroli?

4 A No, that's right, I did not.

5 Q Other than --

6 A Yes.

7 Q -- to the extent of blurting something out that may
8 be considered speaking?

9 A I guess after that I was never asked to do that again.

10 (Laughter.)

11 Q Now, your firm directed at least parts of this campaign
12 effort; is that right?

13 A Yes. Well, we laid out the overall strategy and we
14 supervised to some extent, certainly, the drafting of
15 the literature and the advertising and probably the
16 development of the polls which monitored the progress.
17 The parts we didn't supervise were -- and only heard
18 about were the on-the-ground campaign activities of
19 the various candidates.

20 Q Now, did Mr. Ungerer or Mr. Kenan direct or play a
21 role in this campaign effort?

22 A I believe they did, either directly with the candidates
23 or certainly by talking to Mr. Fife and Mr. Pheiffer.

24 Q Did they have any role in the production or dissemination

1 of the literature, the campaign literature?

2 A To the extent that it was a logistical question of how
3 so much literature being produced so quickly was going
4 to be delivered to Poughkeepsie and then distributed
5 in Poughkeepsie, I think they did, in the sense that
6 they often helped to have it picked up in Poughkeepsie
7 and brought to the Post Office or brought wherever it
8 was going.

9 Q Now, is it fair to say from your testimony today that
10 Mr. Ungerer acted as the liaison between Campaign
11 Strategies and the Republican Town Committee?

12 A Yes.

13 Q Did he ever use that term, do you know?

14 A No, but he functioned in what I clearly understood to
15 be that role.

16 Q Now, did you ever communicate advice or strategy to
17 Mr. Spargo?

18 A No, sir.

19 Q With whom primarily did you communicate advice and
20 strategy?

21 A Mr. Ungerer would frequently call and ask my opinion,
22 as would Mr. Kenan from time to time about certain
23 events that either I knew about or they would describe
24 to me that were going on in the town. I certainly

1 communicated my opinoin to them, as did other members
2 of my firm; and, in addition, members of my firm
3 communicated opinions to Mr. Fife and Mr. Pheiffer from
4 time to time.

5 Q Did you ever meet Mr. Spargo?

6 A I have met Mr. Spargo once.

7 Q Do you recall when that was?

8 A I do not recall whether it was before, during or after
9 the election. It was in my office in New York.

10 COMMISSIONER HYNES: Did it have anything
11 to do with the Poughkeepsie election?

12 THE WITNESS: Absolutely. I believe he was
13 brought to meet me by Mr. Ungerer. I just don't remember
14 when.

15 BY MR. MCGUIRE:

16 Q Apart from this meeting with Mr. Spargo, did you have
17 any dealings with any representatives of the Republican
18 State Committee?

19 A No.

20 COMMISSIONER VANCE: Could I ask you a
21 question? I was struck in your deposition with the
22 following statement: "What these people were seeking
23 to do was to influence an election for their own
24 personal pecuniary gain and for no other purpose

1 whatsoever, in my opinion."

2 Is that a correct summary?

3 THE WITNESS: Yes, it is.

4 COMMISSIONER VANCE: Thank you.

5 BY MR. MCGUIRE:

6 Q Did you have occasion during the course of the campaign
7 to speak with Mr. Fife and Mr. Pheiffer?

8 A Yes, I did.

9 Q And where did you reach them?

10 A Well, this has come up in my earlier testimony. I
11 believe they either worked out of Mr. Paroli's office
12 or Mr. Ungerer's office, and I don't recall which. In
13 addition, I remember that Mr. Fife stayed at a motel
14 in Poughkeepsie where I spoke to him from time to time.
15 I believe Mr. Pheiffer more frequently went home to
16 his home in either Albany or someplace.

17 Q In the period from July of 1985 to November of 1985,
18 can you give us an idea of how many meetings you had
19 with individuals affiliated with the Pyramid Companies?

20 A More than ten. Possibly less than 20, but more than
21 10.

22 Q And in the last few weeks of the campaign, did you
23 speak regularly with Mr. Ungerer or Mr. Congel or
24 Mr. Kenan?

1 A With Mr. Ungerer and Mr. Kenan, absolutely.

2 Q On a daily basis?

3 A Yes.

4 Q Now, with respect to the billing, Mr. Friedman, I have
5 a number of questions. Maybe we could proceed a little
6 more quickly if I summarize from your testimony on this
7 score and if I -- the prior testimony at a deposition
8 on this score, and if I am incorrect, please correct
9 me.

10 Your firm arranged for near all the vendors
11 and/or subcontractors. Those vendors were paid either
12 by Building a Better New York or the Republican State
13 Committee; is that correct?

14 A That's correct.

15 Q And some vendors were paid both by Building a Better
16 New York and the Republican State Committee; is that
17 correct?

18 A That's correct.

19 Q So, to use an example, one vendor would have, for
20 example, a \$5000 total bill and he would send an invoice
21 for that to Building a Better New York, and the other
22 part to the Republican State Committee; is that correct?

23 A That's correct.

COMMISSIONER HYNES: Do you know what the

1 reason was for splitting that expenditure between those
2 two organizations?

3 THE WITNESS: Mr. Kenan indicated to me at
4 a point when we inquired as to why this was being done
5 and why the numbers were changing so frequently as to
6 particular vendors' bills -- in other words, why one
7 day somebody would be billng \$3000 to Building a Better
8 New York and \$6000 to the Republican State Committee,
9 and the next day they would be directed to change or
10 to reverse that -- Mr. Kenan indicated to me that he
11 wished the appropriate election filings to have different
12 numbers on them for different vendors for the two
13 committees.

14 COMMISSIONER HYNES: Who was calling the shots
15 as to where the bills should go?

16 THE WITNESS: Bruce Kenan.

17 BY MR. MCGUIRE:

18 Q Did you in fact send the invoices from the subcontractors
19 to Mr. Kenan?

20 A Yes, we did.

21 Q And you had received instructions from Mr. Kenan about
22 particular invoices, which committee was going to pay,
23 Building a Better New York or the State Committee?

24 A Yes. Essentially, as the general contractor, we were

1 told by Mr. Kenan how he wanted, as a client, wanted
2 the bills divided or processed.

3 Q Do you know if Mr. Spargo played any role in the
4 decision about how the billing was to be done, what
5 committees would pay?

6 A I believe Mr. Kenan consulted with him, but I'm not
7 100 percent sure of that.

8 Q Now, your firm, Campaign Strategies, was paid only by
9 Building a Better New York, and not the Republican
10 State Committee; is that correct?

11 A That's right.

12 Q Now, did anybody ever indicate to you why that was
13 true, that you were going to be paid by Building a
14 Better New York?

15 A Yes, either Mr. Ungerer or Mr. Kenan indicated to us
16 since our basic reputation was for working for Democratic
17 candidates, even though we helped to help them on this,
18 the Republican State Committee did not want to be
19 affiliated with us.

20 Q Now, your firm received \$59,000 from Building a Better
21 New York; is that correct?

22 A That's correct.

23 Q Now, was that \$59,000 all yours, or all Campaign
24 Strategies'; or did you have to pay vendors with any

1 of that money?

2 A No, sir. Approximately, upon reviewing these bills
3 and the journals with counsel, approximately \$47,000
4 -- \$45,000 to \$47,000 of that money was distributed
5 to vendors.

6 Q So a number of the vendors were paid by Building a Better
7 New York indirectly, then, through your firm, Campaign
8 Strategies?

9 A That's correct.

10 Q Now, in a prior deposition, you had indicated that
11 Mr. Kenan or Mr. Ungerer had "arranged to coordinate
12 a campaign between the Republican State Committee and
13 Republican Town Committee and Building a Better New
14 York." Do you recall that testimony?

15 A Yes.

16 Q And you may have gone over it, and I apologize, but
17 let me just briefly ask you: Who told you that they
18 had made a -- those arrangements had been made to
19 coordinate a campaign?

20 A Either Mr. Ungerer or Mr. Kenan or both.

21 Q Now, did Campaign Strategies ever do anything or provide
22 any services of any kind in support of Mr. Babiarz's
23 candidacy?

24 A Well, in reviewing the documents that were part of my

1 earlier deposition, there appears to be a letter of
2 some kind on behalf of Mr. Babiarz that was either
3 drafted or reviewed in our office.

4 Q Do you know whether that was sent out, that letter?

5 A I do not.

6 Q It is an election letter, though; is that correct?

7 A Yes.

8 Q Advancing or promoting Mr. Babiarz's candidacy?

9 A That's correct.

10 Q Do you know at whose insistence that letter was drafted?

11 A I can only assume that it was at the insistence of
12 Mr. Ungerer to someone in my office, because Mr. Ungerer
13 was personally supporting Mr. Babiarz.

14 Q Now, in October of -- apart from the \$59,000 your firm
15 received from Building a Better New York, your firm
16 received a total of \$50,000 in early October of 1985;
17 is that correct?

18 A That's correct.

19 Q And who was that money from?

20 A The Pyramid Companies.

21 Q And what was that work for -- what was that payment
22 for?

23 A I believe that represented a partial payment for some
of the work that's been described here today, for our

1 recommendations to Pyramid that they conduct a poll
2 and the focus groups, for the analysis of the poll and
3 focus group results, and for the ongoing consultation
4 that was held starting in late July or August through
5 this period.

6 Q And in December of 1985 and thereafter, your firm
7 received several hundred thousand dollars from Pyramid
8 Companies; is that correct?

9 A That's correct.

10 Q Now, was part of that sum of several hundred thousand
11 dollars, was that in compensation for your election
12 services, the polling and the planning of the election?

13 A I think to the extent that it reflected the polling
14 and the analyses that were done in the first instance,
15 and to the extent that it reflected continuing
16 conversations with Mr. Ungerer and Mr. Kenan about
17 politics in the town, including the election, it did.

18 Q Are you able to estimate for the Commissioners what
19 portion of that several hundred thousand dollars was
20 in compensation for those services that you just
21 identified?

22 A It's hard to estimate a specific number because we do
23 not bill by the hour. That total sum of several hundred
24 thousand represented all of the work that we did for

1 Pyramid, including this analysis, including the kind
2 of continuing consultation, including a later campaign
3 of advertising for the mall itself, which was -- took
4 place after the political election took place, but some
5 part of it did relate to the matters you discussed.

6 CHAIRMAN FEERICK: Mr. McGuire, you made
7 reference to several hundred thousand dollars. I'm
8 looking at the figure or \$386,892. Is that the figure
9 you're referring to?

10 (Pause.)

11 Is that the figure, Mr. McGuire?

12 MR. MCGUIRE: Yes. I'm sorry, Dean Feerick.
13 I thought you were asking the witness.

14 BY MR. MCGUIRE:

15 Q Now, Mr. Friedman, does that number seem right to you,
16 \$386,000? Is that --

17 A Yes. Based on our earlier discussions, on review of
18 this with counsel, that number seems approximately
19 accurate.

20 Q Now, in your mind, what was the most important thing
21 that your firm did for the Pyramid Companies in 1985?

22 A Well, I think it would have to be the work that's
23 already been discussed, the development, the analysis
24 of the attitudes of the local town. While it may seem

1 rather simple, it was probably relatively accurate,
2 and I think that work, the analysis of the attitudes
3 in the town, the analysis of the strengths and weaknesses
4 of the various political candidates in the town, and
5 the development of a strategy that would be of interest
6 to the people who Pyramid wanted to support, I think
7 that's always the key element in an election and in
8 a campaign of any kind.

9 If you can decide what to concentrate on and
10 if you can analyze the situation correctly, I think
11 that's the most important element, but it's a subjective
12 judgment on my part.

13 COMMISSIONER HYNES: I just want to ask you
14 one follow-up question. You mentioned that door-to-door
15 campaigning on the part of the Republican candidates,
16 in your view, was very important, if not one of the
17 most important recommendations you were making.

18 Did you provide any strategy or assistance
19 in connection with how those door-to-door campaigns
20 should be conducted?

21 THE WITNESS: Only in the most general way.
22 I think that Mr. Fife and Mr. Pheiffer were responsible
23 for that in the sense that they, as I recall, kept a
24 record of each house that was visited by one of the

1 candidates and what the response of the person in that
2 household was. I just -- our emphasis on it was derived
3 from the fact that most of these other activities,
4 whether they be television advertising or brochures
5 or radio advertising or were actually substitutes for
6 personal contacts, and we recommended an emphasis on
7 personal contacts because, in a town of this size, it
8 was really very possible.

9 COMMISSIONER HYNES: You mentioned they were
10 keeping a record of the responses of the various house-
11 holds. Did anyone from Mr. Fife's organization, or
12 the other gentleman -- I'm sorry, I lost his name --

13 THE WITNESS: Mr. Pheiffer.

14 COMMISSIONER HYNES: Pheiffer -- did they
15 accompany the candidates in the door-to-door stops?

16 THE WITNESS: Yes, I think they did.

17 COMMISSIONER HYNES: Was that across the board?
18 Was that part of the strategy, to have someone accompany
19 each of the candidates in these door-to-door --

20 THE WITNESS: As I recall it, because no
21 on-the-ground campaign management was going to be
22 provided by us, and because they had only two individuals,
23 Mr. Fife and Mr. Pheiffer, I believe that only two of
24 the candidates were accompanied in such efforts, namely

1 Mr. Pinckney and Mr. Darrow. I think the other
2 candidates made similar efforts but possibly not on
3 the same scale, and definitely not accompanied.

4 COMMISSIONER HYNES: Was there a reason to
5 single out those two candidates, Mr. Pinckney and
6 Mr. Darrow, for assistance in the door-to-door campaign?

7 THE WITNESS: I think that would have been
8 the decision of Mr. Ungerer.

9 COMMISSIONER HYNES: OK. I have no further
10 questions.

11 MR. MCGUIRE: I have no other questions of
12 Mr. Friedman.

13 CHAIRMAN FEERICK: Unless there's -- Peter
14 Bienstock?

15 MR. BIENSTOCK: I have one line of questions.

16 BY MR. BIENSTOCK:

17 Q Mr. Friedman, is it important in the political
18 consulting business assessing the strengths and
19 weaknesses of various candidates, to also assess the
20 strengths of the adversaries of those candidates?

21 A Yes.

22 Q And is it important to know as much as one can know
23 about the financial backing of the adversaries?

24 A Yes.

1 Q And did you undertake, in the 1985 Poughkeepsie election,
2 to learn about the financial backing of the adversaries
3 of the candidates?

4 A No. I feel -- no. I think that that was more than
5 we really intended to do. We were there to lay out
6 the strategy, to give them the analysis we gave them,
7 and anything beyond the work of our subcontractors was
8 more than we really were prepared to do.

9 Q Would it have been of interest to you to know during
10 that campaign to know whether or not the adversaries
11 were being supported by a large infusion of money?

12 A I felt sure as this campaign grew and as the activities
13 which we discussed were expanded, that the opposition
14 was not keeping pace. I think that was something I
15 felt quite sure of.

16 Mr. Ungerer indicated to me from time to time
17 that the opposition candidates, the Democratic candidates,
18 had the support of some local groups which were making
19 an effort, but I don't think there was any doubt in
20 my mind that this effort was far greater.

21 Q Did you ever hear of any suggestion about a six-figure
22 infusion of money into the Democrats' campaign?

23 A Well, I think Mr. Ungerer, at some point, raised the
24 question of involvement on the Democratic side of a

1 committee called, I believe, the Save Our Town Committee,
2 and possibly of some of the existing shop owners who
3 would have been adversely affected from the point of
4 view of their personal finances by the development of
5 this mall.

6 I believe he indicated that they were going
7 to participate on the Democratic side. I don't think,
8 again, that it was going to be of this scale.

9 MR. BIENSTOCK: Thank you.

10 CHAIRMAN FEERICK: I just want to thank you
11 for your full and complete cooperation with the work
12 of our Commission, thank you.

13 THE WITNESS: Your welcome.

14 (Witness excused.)

15 CHAIRMAN FEERICK: The session this morning
16 is recessed until two o'clock.

17 (A luncheon recess was taken from 12:55 p..
18 until 2 o'clock p.m.)
19
20
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22

AFTERNOON SESSION

1
2 CHAIRMAN FEERICK: The afternoon session of
3 this hearing is now opened.

4 I'd like to call as the next witness Michael
5 Pyrek.

6 Raise your right hand.

7
8 M I C H A E L P Y R E K, called as a witness and having
9 been first duly sworn by the Chairman, was examined
10 and testified as follows:

11 CHAIRMAN FEERICK: Please be seated.

12 BY MR. O'BRIEN:

13 Q MR. Pyrek, tell us where you live, please?

14 A 227 Vassar Road in the Town of Poughkeepsie.

15 Q What is your occupation?

16 A I'm an environmental consultant with NANCO Laboratories,
17 and I'm also second ward councilman in the Town of
18 Poughkeepsie.

19 Q You're a Democrat; is that correct?

20 A That is correct, sir.

21 Q How long have you been a board member representing the
22 second ward?

23 A I was first elected in 1984.

24 Q I take it you're familiar with the Poughkeepsie Galleria?

1 A Yes, very familiar, sir.

2 Q And did there come a time when you became familiar with
3 certain zoning problems that the builders of the mall
4 originally had?

5 A Well, I knew the property that the building was to be
6 placed on was not zoned for a shopping center, yes.
7 I believe that was late in '84 or early '85.

8 Q In that same year, 1984, did you meet with
9 representatives of the mall -- or rather, did they meet
10 with you?

11 A Yes, sir.

12 Q When was that, do you remember?

13 A It was in 1984, I believe in the summer or early fall.
14 I believe it was in the late summer, sir.

15 Q Who was it specifically that met with you?

16 A Jack Gartland and Robert Ungerer.

17 Q Who is Mr. Gartland?

18 A Mr. Gartland is a lawyer in the area. He is probably
19 the head lawyer for Corbally, Gartland & Rappleyea.
20 They also represented Pyramid.

21 Q Mr. Ungerer was also present?

22 A Yes, he was, sir.

23 Q He was a partner in the Galleria properties; is that
24 correct?

1 A I believe that's correct.

2 Q What did Mr. Ungerer say to you on this occasion?

3 A Well, it was a lunch, and in the beginning they had
4 prepared several photographs of what the proposed mall
5 would look like, so we looked at the pictures of the
6 mall and they were explaining the benefits of the mall
7 to the town and how nice the mall would be, basically,
8 but that did not -- that discussion did not last very
9 long.

10 Q Did there come a time when the topic shifted to some-
11 thing else?

12 A Yes, very early in the -- before lunch even began.

13 Q And what was the new topic that was raised?

14 A The fact that I was a very young person and looked like
15 I was going to be a successful person in the Town of
16 Poughkeepsie and: didn't campaigns for councilman cost
17 a lot of money and didn't the fact that since I was
18 so young, I probably wouldn't have that money available.

19 Q Who was asking you these questions?

20 A Mostly Mr. Ungerer. Mr. Gartland was mainly sitting
21 to the one side, and Mr. Ungerer was doing the majority
22 of the questioning.

23 Q When Mr. Ungerer asked you, "Didn't campaigning or
24 running for office cost a great deal of money?" how

1 did you answer him?

2 A I said, "Not really," since when I had run in 1983,
3 in my unsuccessful bid for election, I probably spent
4 about \$300. I had like two or three signs and I don't
5 think that was a lot of money, so I said, "No, I don't
6 think they cost a lot of money."

7 Q What did he say?

8 A Well, he just indicated that with the opponent that
9 I had for the upcoming election in '84, which was
10 Mrs. Wagler, the then Conservative party chairman, that
11 Wouldn't I have considerable opposition and didn't I
12 think that it would be harder this time to wage a more
13 successful campaign, and I said I would do the same
14 thing that I always did, and that was going door-to-door
15 to every house. I had gone to every single house in
16 the ward the first two times that I had gone out
17 campaigning for election, so for me, the money and
18 the -- really, the shoes were the basic -- you know,
19 basic expense.

20 Q Did Mr. Ungerer say anything else to you on this
21 occasion?

22 A Well, they did go on to express how good the mall
23 would be for the town, and that in being young and
24 being involved and wasn't it wonderful that I was so

1 young and so involved in the Town of Poughkeepsie and
2 that the mall would be a plus for someone who would
3 be interested in the future of the Town of Poughkeepsie,
4 and he did say that -- he did ask me, you know, if there
5 was any way they could help me, they would.

6 Q Did he specify how he might help you?

7 A No, he did not.

8 Q And what did you respond to his offer?

9 A I asked -- I told him that if I needed any more
10 information on the mall, that I would call his office.

11 Q Is that pretty much how the conversation ended?

12 A Pretty much. It was light talk, more discussion on
13 Mrs. Wagler and how they -- they weren't interested
14 in Mrs. Wagler. They were only interested in my
15 campaign because I was -- I was the person who they
16 thought was going to have the best future for the town
17 and have the most interest in the mall, so they really
18 -- they said they weren't discussing anything with
19 Mrs. Wagler.

20 Q Did you speak with Mr. Gartland again by telephone
21 after this conversation?

22 A Yes. That was about a month or a month and a-half,
23 maybe two months later. I had received a phone call
24 from Jack Gartland at my place of work and he had just

1 called to ask me to keep an open mind on the idea of
2 the mall, because I was starting to form negative
3 opinions on the mall, and I believe it was becoming
4 obvious to them that I was not a proponent of the mall
5 even at that early date in '84.

6 Q Did he again extend an offer of assistance to you at
7 that time?

8 A Yes. His words were: If we -- if we can help you in
9 any way, let us know.

10 Q Did you ever speak with either Mr. Gartland or
11 Mr. Ungerer again after that phone call?

12 A I don't believe so, but it was rather moot because I
13 had given a -- I had given a talk at a dinner in
14 Arlington, in the fall of '84, and after that talk
15 which was fairly negative on the mall, it was more for
16 housing in the area for which the property was zoned
17 for, as opposed for a shopping center, I ceased to get
18 phone calls from them, so I don't think that they were
19 interested in me anymore.

20 CHAIRMAN FEERICK: Mr. Pyrek, would you raise
21 your voice, please?

22 THE WITNESS: I'm sorry, yes.

23 CHAIRMAN FEERICK: Thank you.

1 BY MR. O'BRIEN:

2 Q I take it at some fairly early position, you were --
3 at some fairly early point you were publicly opposed
4 to the construction of the mall; is that correct?

5 A Yes, sir. I would say that I was probably the person
6 who was first opposed to the mall as being opposed and
7 not "on the fence." Yes, I think I would say that's
8 a true statement, that I was probably the first one
9 who came public in being officially opposed 90 to 95
10 percent.

11 Q OK. Mr. Pyrek, let me ask you a few questions about
12 your campaign in 1985. Did there come a time during
13 the course of that campaign when you learned that there
14 was a substantial sum of money behind the campaign of
15 your opponent?

16 A It became obvious to me when I was -- well, in most
17 instances, it became obvious because neighbors were
18 asking me questions on why they were receiving three,
19 four, six mailings for my opponent, Mr. Banner, in the
20 same day, to the same people -- I mean, to different
21 people in the family? It became obvious to me, who
22 knows that even a simple letter and postage, when done
23 bulk rate, you know, costs \$300 to cover my ward, and
24 this was coming in at six a day, shiny, glossy, red,

1 white and blue, first class in smoe instances, I
2 believe.

3 And I knew it had to be coming from a company
4 that did it outside the area, because most of the
5 companies in the area do not do that type of work.

6 Q When did you first notice this?

7 A Oh, I would only have to estimate. It was probably
8 in September.

9 Q Did you get pieces of literature like this in your own
10 mail box?

11 A Only because they sent it to previous -- previous people
12 who had lived in the home.

13 Q Did you examine some of this literature?

14 A Yes, I did.

15 Q Did any of it ever mention the mall?

16 A No. It never mentioned the mall that I know.

17 Q Did any of it eer mention the name "Pyramid" or the
18 "Poughkeepsie Galleria Company"?

19 A No, not to my recollection.

20 Q How long did this continue?

21 A It seemed to continue forever, because wherever I went
22 people were bringing handfuls of this stuff to the
23 door and that's when I made an issue of it. To be
quite honest, I believe part of my success in being

1 reelected that time was because I made an issue of the
2 fact that my opponent, at one house, had 18 pieces of
3 literature expressing better planning, lower taxes and
4 leadership, over and over and over again.

5 And I started to ask people, "Who do you think
6 is paying for that?" And I think people in my area,
7 anyway, since I was able to get to all the homes and
8 made an issue of that money, I think people answered
9 the question, and I think that's -- you know, that's
10 when I really knew that something was going on.

11 It continued until late into the campaign.
12 There was a second end of the campaign, though, and
13 that was it seemed like a private -- private enterprise
14 by my opponent, Mr. Banner, a letter from his wife
15 attesting to his goodwill, et cetera. It seemed like
16 there was a homespun campaign, and then a very Madison
17 Avenue-type of campaign.

18 Q Did there come a time when you learned that the
19 Poughkeepsie Galleria Company or Pyramid was, in some
20 sense, involved in this literature campaign?

21 A Well, there was -- to me; there was an awful lot of
22 money and I always thought that, what is happening in
23 the town that would bring in that amount of money or
24 have that amount of interest in the town to bring in

1 that amount of money?

2 And it did come to me, though, mainly from
3 the newspapers who had discovered that, through certain
4 campaign reports, that monies were coming in from
5 different committees, and it was almost every other
6 day, at times, that the amounts started and we were
7 horrified that it was \$30,000 and then \$50,000 and then
8 213,000 and then whatever.

9 And the newspaper, and I think WKIP in
10 Poughkeepsie, really brought out the fact that the
11 monies were coming in from various campaigns -- I mean
12 committees from throughout.

13 Q Was this before or after the election?

14 A I'm sorry?

15 Q Was this before or after the election?

16 A I believe this was shortly -- shortly after the
17 election.

18 Q Did you also learn of certain polling conducted for
19 the benefit of your adversary?

20 A I was inundated with calls from people asking me: Who's
21 calling? Who's doing all the calling? I had a
22 resident on Briar Cliff Avenue. I don't know if I
23 should give his name --

24 Q No.

1 A OK. He called me and explained to me that he was
2 invited to the Inn at the Falls over in Red Oaks Mill,
3 which is a local hotel, and he was questioned and
4 interviewed on tape and was paid, I think, \$30 to
5 answer questions.

6 And some of them were, you know, "What's
7 important to you in the Town of Poughkeepsie?" "What
8 are the issues in the Town of Poughkeepsie?" "Is
9 Mrs. Buchholz an honest woman?" "Is Mr. Pyrek an
10 honest man?"

11 And so I know, being very active in my own
12 party, that it wasn't -- it wasn't us. There were many
13 polls going on. People were calling up and asking,
14 If you were to vote today, who would you vote for?
15 What's an important issue to you?

16 But it seemed to be endless. I'm a member
17 of the Red Oaks Fire Company, and the guys in the house
18 are not normally political, as far as just asking
19 political questions. They were really sort of making
20 fun of who's doing all the calling and they would never
21 vote for anybody who would be doing it. I tried to
22 assure them that it wasn't me.

23 Q Now, let me ask you about a conversation you had with
24 your opponent, Mr. Banner, shortly after the election.

1 Do you recall that conversation?

2 A Well, I had seen him several times after the -- after
3 the election, but Mr. Banner tried to assure me that
4 he had lost total control of the campaign, of his
5 campaign, and that he tried to run his own campaign
6 and had actually told -- told members of his party,
7 I don't know if it was the party chairman or who it
8 was, to please stop doing what they were doing because
9 it was having a negative effect on the second ward where
10 he was running against me.

11 He said he had no knowledge in the beginning
12 of where any of the money was going or coming from or
13 what polling was going on. But he said he asked them
14 to stop that. I don't know if that is true.

15 Q Did he say what success he had had in getting them to
16 stop it?

17 A No, he didn't, but I don't think he had any success
18 because I don't -- it didn't stop. The mail just kept
19 coming in and coming in. It would be, sometimes, the
20 same mail. And like I do say, sometimes if there were
21 four members of a house, each member got three to four
22 pieces a day, so you would have, you know, upwards
23 of 14 to 15 a day, and then the next day you have, you
24 know, 15, and then 15 of the same type of printed --

1 it was the same type of printed material, red, white
2 and blue, black and white, very large emphasis on better
3 planning, lower taxes and a master plan and leadership.

4 Those are -- they were just always there,
5 and then the same picture that I've seen in the other
6 wards with the other councilmen, donig the same thing,
7 stating that they had done similar things in their
8 lives, even. You know, some of the research, that
9 didn't seem to be too good.

10 MR. O'BRIEN: Thank you, Mr. Pyrek. I have
11 no other questions, Dean Feerick.

12 CHAIRMAN FEERICK: Thank you very much.

13 THE WITNESS: Could I make a brief statement,
14 since this is a public hearing?

15 CHAIRMAN FEERICK: Yes, you may.

16 MR. O'BRIEN: Sure.

17 THE WITNESS: I know that this is -- you're
18 trying to find out changes in the election laws that
19 would help, and I really dearly believe that you must
20 do something; that all of the contributions, wherever
21 they're coming from, whether they're limited or not,
22 must be made public; must be reported much earlier than
23 after the election.

24 And I know it's an effort on your part to

1 really change the election laws, but I would really
2 beg you, if you have any power to refer, to look into
3 the Town of Poughkeepsie Republican party's leadership
4 involvement with this.

5 I think we've had conflicting statements today
6 made and it certainly is offensive to me and many of
7 the people of the Town of Poughkeepsie. I think it's
8 offensive to the rank and file Republicans. I'm a
9 Democrat. I think it's offensive to them. I think
10 they showed that this year in the election, and
11 something is wrong there.

12 If you have any power, I would beg you to
13 refer that for further investigation because if that's
14 not done, whatever your changes in the election law
15 are, that will continue to happen because loopholes
16 will continue to be found.

17 And as far as I'm -- I am personally offended
18 by Mr. Spargo not being here. He says he wants his
19 privacy. In '85 he came into our town and completely
20 destroyed the privacy of the Town of Poughkeepsie and
21 now has not the decency to show up here.

22 Thank you.

23 CHAIRMAN FEERICK: Thank you.

24 MR. O'BRIEN: Thank you.

(Witness excused.)

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CHAIRMAN FEERICK: Mr. DelSanto? Raise your right hand.

L O U I S D E L S A N T O, called as a witness and having been first duly sworn by the Chairman, was examined and testified as follows:

CHAIRMAN FEERICK: Please be seated.

BY MR. O'BRIEN:

Q Mr. DelSanto, you're a Poughkeepsie resident; is that correct?

A That's correct.

Q What is your occupation, sir?

A I work at IBM.

COMMISSIONER HYNES: I would ask you to keep your voice up. We have no public address system so the people in the audience want to hear your answers to our questions.

THE WITNESS: I'm employed at IBM as a planner.

BY MR. O'BRIEN:

Q Mr. DelSanto, did you formerly hold political office in the town?

A Yes, I did.

Q What was that?

A Councilman.

1 Q For what ward?

2 A Fourth ward.

3 Q When were you first elected as the fourth ward
4 representative?

5 A 1985.

6 Q In 1987 did you lose the nomination of the Republican
7 party?

8 A Yes.

9 Q Let me ask a little bit about the 1985 elections and
10 your experiences in those elections. You're familiar
11 I take it with the Poughkeepsie Galleria; is that
12 right?

13 A That's correct.

14 Q And did there come a time in 1985 when you took a
15 public position in favor of constructing the mall?

16 A I believe it was in September.

17 Q Could you just tell us very briefly what reasons you
18 had for coming out publicly in favor of the mall?

19 A I felt the mall was the best use of the land. I figured
20 it was going to create more jobs in the town. It was
21 also going to help the tax base of the Town of
22 Poughkeepsie also.

23 Q Did there come a time in 1985 when you met representatives
of the mall?

1 A Yes.

2 Q When was the first time that occurred?

3 A I believe it was in July.

4 Q And whom did you meet with on that occasion?

5 A Robert Ungerer and Bruce Kenan.

6 Q And what was discussed during this first conversation?

7 A Basically what the mall was, was going to be, and they
8 gave me a petition that was signed by residents of the
9 Town of Poughkeepsie.

10 Q Was this before or after your publicly came out in favor

11 --

12 A Before.

13 Q Was the discussion, so to speak, on the merits, the
14 discussion of why the mall should be built?

15 A Yes. They were just telling me it was the best use
16 of the land.

17 Q Did you have any other meetings with any representatives
18 of the mall prior to the elections in November?

19 A No.

20 Q Are you familiar with someone named Rosemary Emery?

21 A Yes.

22 Q Was she at one point head of the Save Our Town Committee?

23 A That's correct.

24 Q Did you have a conversation with her in 1984 or 1985?

1 A '85, the same day I met with the people from the
2 Galleria.

3 Q What was this conversation about?

4 A Her opposition to the Galleria and a petition against
5 the Galleria.

6 Q Was this an in-person meeting or a telephone
7 conversation?

8 A In-person at the club.

9 Q What did she say?

10 A She was just saying that she -- she was opposed to it,
11 that it was going to close stores down within the
12 Poughkeepsie area, that it wasn't going to bring the
13 stores in they said it was going to bring in. It was
14 just a basic opposition to the mall.

15 Q Did she raise a dollar figure with you at that time?

16 A No.

17 Q Did she do that at some later time, conversation?

18 A Yes, in a telephone conversation.

19 Q When did that telephone conversation take place?

6a 20 A Probably maybe four weeks or so after that.

21 Q And as best you can remember, Mr. DelSanto, what
22 exactly did Ms. Emery say to you?

23 A Well, to give you the whole gist of the conversation,
24 Mrs. Emery asked me if I would take support against

1 Mr. Babiarz.

2 Q Mr. Babiarz was your Democratic --

3 A He was my Democratic opponent. I told her I couldn't
4 take any support so long as she was beating up a
5 Republican and she said, would I mind if they went into
6 the fourth ward and campaigned against Mr. Babiarz,
7 and I said you can but you cannot use my name. I don't
8 care, I can't stop you from doing it. And the dollar
9 figure of \$100,000 came up.

10 I just took it as a threat that that's the
11 type of money they had, because there was rumors that
12 TP Dashery had -- this is a store in the South Hills
13 Mall -- had put up \$25,000, and another mall store,
14 Up-to-Date, had put in \$25,000, so that it was a pretty
15 strong rumor that was going on at that time.

16 Q When you say mall stores --

17 A South Hills Mall.

18 Q -- competing mall, the mall that was already there?

19 A That's correct, sir.

20 COMMISSIONER VANCE: Can you give us your
21 best recollection what it was that Mrs. Emery said to
22 you?

23 THE WITNESS: She basically said that they
24 had \$100,000 backing and I took it as, you know, to

1 put into the campaign.

2 BY MR. O'BRIEN:

3 Q Did she say she was going to spend it in connection
4 with the election?

5 A No.

6 Q Did you tell Mr. Paroli about this conversation?

7 A I believe I did, because I was trying -- at that time,
8 the Republicans weren't speaking to Mrs. Emery, and
9 Mrs. Emery wasn't speaking to the Republicans, and it
10 was my first meeting with her and I told her -- I said,
11 "You've got to sit down. If you're going to get your
12 story across, you've got to sit down and talk to the
13 Republicans also," and I said we were having a picnic,
14 there was a Republican picnic, and I asked her, "Why
15 don't you buy tickets and come and meet the
16 Republicans?"

17 COMMISSIONER HYNES: At that time had you
18 taken a position on the mall?

19 THE WITNESS: No. I didn't really know that
20 much about it. In fact, my wife and my father-in-law
21 had signed a petition against the mall.

22 COMMISSIONER HYNES: When she was asking to
23 come into your district, was that because she believed
24 you would be against the mall or did she ask you --

1 THE WITNESS: She knew Babiarz was against
2 -- was for the mall because he had been voting right
3 along with the pro-mall people on the previous
4 administration.

5 BY MR. O'BRIEN:

6 Q When you told Mr. Paroli about this conversation, did
7 you characterize it as a threat?

8 A I'm not sure.

9 Q Do you know if in fact this money was actually spent
10 for the Democrats in the election?

11 A I can't say that because I can't even believe this.

12 Q Let me ask you now about Thomas Spargo. Did there come
13 a time when you met with him?

14 A Yes.

15 Q When was the first time that you met with Mr. Spargo?

16 A At John Dwan's house.

17 Q When was that, as best you recall?

18 A As discussed before, probably late September or early
19 October.

20 Q Who else was present besides yourself and Mr. Spargo?

21 A Candidates Kathy Howard, Mr. Paroli, Mr. Bruno,
22 Mr. Spargo, two other fellows which I believe were
23 Pheiffer and Fife, and there may have been another one
24 there. I'm not sure.

1 Q Did Mr. Paroli introduce these three gentlemen: Fife,
2 Pheiffer and Spargo?

3 A No. Mr. -- I believe Mr. Spargo introduced them.

4 Q What else did Mr. Spargo say during this discussion?

5 A What I got out of the conversation is what they were
6 trying to do is they wanted to build a power base
7 between New York and Albany, and to the -- they wanted
8 to help the Town of Poughkeepsie, sort of try and get
9 the word out to help the campaign along, and really
10 put the state into this, you know, the State handling
11 the campaign, so that the surrounding communities would
12 even fall, and it might be just pot luck, but that's
13 what did happen.

14 Other communities around the Town of
15 Poughkeepsie went Republican.

16 COMMISSIONER HYNES: Who was making those
17 statements?

18 THE WITNESS: Mr. Spargo.

19 COMMISSIONER HYNES: Was it Mr. Spargo who
20 introduced Mr. Pheiffer or Mr. Fife?

21 THE WITNESS: Yes.

22 COMMISSIONER HYNES: And did he tell you who
23 they were, what their -- why they were there that
24 evening?

1 THE WITNESS: I believe at that time -- I
2 can't remember the exact words, but I believe they were
3 from the State Committee also. It was pretty crowded
4 in that living room.

5 BY MR. O'BRIEN:

6 Q Did Mr. Spargo introduce them as being from the State
7 Committee?

8 A I'm not sure. I can't answer that, but that's the
9 impression I got.

10 Q What else did Mr. Spargo say during this meeting?

11 A They gave us these books and what we were supposed to
12 do is go door to door and write down what the people
13 -- the homeowners' concerns were, what our rating was
14 of what the homeowner -- if he was going to vote for
15 you, if maybe he would vote for you or no, and to mark
16 this down in the book.

17 Then at the end of the day, we were supposed
18 to turn the books over to this Mr. Pheiffer -- no,
19 Fife, Mr. Fife.

20 Q Did you actually receive such a book at the conclusion
21 of this meeting?

22 A Yes.

23 Q And what was, again, the information that was
24 contained --

1 A It had all nonenrolled -- nonenrollees and Republicans,
2 their addresses, their names and what was supposed
3 to happen is -- what was said is that they would take
4 that information and do a follow-up letter to the
5 homeowner.

6 COMMISSIONER HYNES: Did they give you
7 questions that you were to ask the homeowner?

8 THE WITNESS: No, no, there was another
9 priority list as to what districts to spend most of
10 your time in.

11 BY MR. O'BRIEN:

12 Q What did Mr. Paroli say during this meeting?

13 A I couldn't answer.

14 COMMISSIONER HYNES: Could I just ask, on
15 this priority list, tell me about the priority list.
16 What did that mean?

17 THE WITNESS: It was a majority of Republicans.
18 It was set up by -- if there was a majority of
19 Republicans in the first district, that's where you
20 spent the majority of your time. To go for the
21 Republicans and try to get the Republican vote first
22 and then you're not alone.

23 MR. MCGUIRE: The wards in Poughkeepsie are
24 further broken down into districts; is that right?

1 THE WITNESS: Yes.

2 BY MR. O'BRIEN:

3 Q Now, after this meeting, prior to the election, did
4 you meet with Mr. Spargo again?

5 A No.

6 Q At the meeting in Mr. Dwan's house, Mr. DelSanto, did
7 anyone mention Pyramid or the role of Pyramid in the
8 election?

9 A Absolutely not.

10 Q Did anyone mention Building a Better New York?

11 A Absolutely not.

12 Q Or its role in the election? Is it fair to say that
13 the reason stated for the Republican State Committee
14 getting involved in this local election at the meeting
15 was that, in effect, Poughkeepsie and Dutchess County
16 was a pivotal area between Albany and New York?

17 A Yes.

18 Q They were hoping for a spillover effect of some kind?
19 Is that a fair statement?

20 A Yes.

21 Q Did there come a time when you learned that, in fact,
22 Pyramid and Building a Better New York were involved
23 in financing?

24 A Yes.

1 Q When did that take place?

2 A When it was released in the newspaper, after the
3 election. I believe it was in December.

4 Q You learned through the press; is that right?

5 A Yes.

6 Q After the election, did you meet with Mr. Spargo again?

7 A Yes.

8 Q When was that?

9 A I believe that would have been in December and that was
10 at Mrs. Bodo's house, and it was basically Mr. Spargo
11 was coming down to belay our fears, nothing illegal
12 had happened.

13 Q Who else was present besides yourself and Mr. Spargo?

14 A I believe all the councilmen, Mr. Paroli, Mr. Bruno,
15 and then there was some woman friend of Mr. Spargo's
16 came.

17 Q Mr. Fife or Mr. Pheiffer weren't there?

18 A I don't believe -- no, they weren't there.

19 Q Is it fair to say that this meeting was called because
20 of the press accounts involved in Pyramid and Building
21 a Better New York?

22 A Yes.

23 Q What exactly did Mr. Spargo say at this time?

24 A He basically told us that everything was legal. He

1 told us that everything was legal. He told us to stay
2 in touch with the constituents. He even made mention
3 of what type of paper to send, any type of letters to
4 the constituents.

5 Q Can you explain that, "what type of paper"?

6 A I guess the color of the paper or something is appealing
7 to the majority of the people's eyes. I don't know.
8 That was just one of the things that was brought up.

9 Q Were people kind of upset at this meeting, some of
10 the candidates?

11 A Apprehensive. I mean, when those revelations came out,
12 yes.

13 Q Did anyone ask him who paid for this enormous
14 campaign?..

15 A It was in the paper.

16 Q What was in the paper at this time?

17 A It was in the paper. It said that the Pyramid
18 Developers had donated money.

19 Q Did anyone ask Mr. Spargo about the role of Pyramid
20 as related in the newspapers?

21 A No. Mr. -- no. It was just Mr. Spargo stated that
22 everything was legal.

23 Q Did anyone ask him how much money in total was
24 distributed by Pyramid people?

1 A No, because that's what is on the expenses. As far
2 as I know, I didn't.

3 Q If you can remember, how much money had been reported
4 in the paper as stemming from Pyramid contributions
5 prior to this meeting?

6 A I believe it was around 70-some thousand. I'm not sure.
7 I can't --

(Pause.)

8 COMMISSIONER HYNES: Were there any questions
9 put to Mr. Spargo as to whether there were more funds
10 that had been given by Pyramid?

11 THE WITNESS: No. We thought that was
12 enough right there, as far as I was concerned.
13

14 BY MR. O'BRIEN:

15 Q Mr. DelSanto, let me ask you a few questions about the
16 campaign itself. During your election campaign, did
17 you start to receive some unusual mail?

18 A Yes, I did, the brochures.

19 Q With your name on it?

20 A Yes.

21 Q Could you describe for us what these -- what these
22 mailings were?

23 A They were glossies, red, white and blue, and they
24 stated: Master plan, better master plan and better

1 planning, things like that, lower taxes.

2 Q Had you approved any of this literature either in form
3 or in content?

4 A No.

5 Q Had you ever seen it before the day it arrived in your
6 mail box?

7 A No.

8 Q No?

9 A No. They even had the wrong name for me. They had
10 the Dell family.

11 Q Let me ask you just a few questions, specific questions,
12 about the literature.

13 If you would turn to the folders at your
14 right elbow there, do you see Exhibits 4 through 6?

15 A Yes.

16 Q You can take those out of those plastic folders, if
17 you want. Just take a look at them, first all three
18 documents, 4 -- 5 is the next folder and 6 is in the
19 next one.

20 A Yes.

21 Q Are those examples of some of the literature that you
22 found in your mail box?

23 A That's true.

24 Q Exhibit 4 has the theme "Want to cut taxes, vote

1 Republican." Is that correct?

2 A Yes.

3 Q Exhibit 5 says, "Since 1971, our town has had no new
4 master plan."

5 A Yes.

6 Q "Lou DelSanto says that's wrong." Do you see that?

7 A I didn't know what a master plan was.

8 (Laughter.)

9 Q And Exhibit 6 says, "Lou DelSanto, he knows our town.
10 He'll work hard to make it better." Do you see that?

11 A No. 6, yes.

12 Q Is that another example of the literature that --

13 A Yes, this is the literature that went out.

14 COMMISSIONER HYNES: You're saying that all
15 of this literature that you've just been asked about
16 with your name in bold print, you had never seen before?

17 THE WITNESS: A picture, too.

18 COMMISSIONER HYNES: Plus your picture. You
19 had never been given an opportunity to look at it before
20 it went out?

21 THE WITNESS: No.

22 BY MR. O'BRIEN:

23 Q Mr. DelSanto, did any of the literature that you saw,
24 including the samples that are before you, mention the

1 mall?

2 A No.

3 Q Did any of it mention the role of Pyramid?

4 A No.

5 Q Or the interest of Pyramid in the elections?

6 A Pyramid -- the mall wasn't an issue in my ward. I
7 believe there might have been ten people even mentioned
8 it.

9 Q As part of the mailings that you received, did you
10 receive letters that went out over your name?

11 A There's a letter with my name on it, yes.

12 Q Let me just show you Government's Exhibit 7 and 8 --
13 or Commission Exhibits 7 and 8, Mr. DelSanto --

14 (Laughter.)

15 You anticipated me. Take a look at 7 and
16 8 there in front of you.

17 A Yes.

18 Q Had you seen either of these letters before you
19 received them?

20 A No.

21 Q Had you approved their contents in any way?

22 A No.

23 Q Now, one exhibit, Exhibit 7, is in the name of yours;
is that correct?

1 A That's right.

2 Q It's addressed to a constituent, I assume in your ward?

3 A Yes.

4 Q And Exhibit 8 is a letter in the name of your wife,
5 Lorraine Delsanto; is that right?

6 A That's correct.

7 Q It speaks very highly of you.

8 A Yes.

9 Q Did you sign either of these letters?

10 A No. But whoever signed them was the same person that
11 signed both letters.

12 Q In other words, the signatures are the same for both
13 letters?

14 A That's correct.

15 COMMISSIONER HYNES: It's not your signature?

16 THE WITNESS: Nor my wife's.

17 COMMISSIONER VANCE: Do you have any idea
18 who forged your name?

19 THE WITNESS: No. These came out. We
20 received these -- I don't remember this one (indicating).

21 COMMISSIONER HYNES: Referring to which one?

22 THE WITNESS: The one --

23 COMMISSIONER HYNES: Signed by you?

24 THE WITNESS: With my name on it. I don't

1 remember that one. There was so many, but I do
2 remember the one under my wife's name.

3 CHAIRMAN FEERICK: Those two references
4 referring to the exhibits, I think there's an exhibit
5 number. You made reference to two letters --

6 THE WITNESS: Exhibit 7 is Lou DelSanto and
7 Exhibit 8 is Lorraine DelSanto.

8 CHAIRMAN FEERICK: Thank you.

9 BY MR. O'BRIEN:

10 Q And they appear to have been signed by the same person
11 --

12 A Yes.

13 Q -- is that right? And that person is not you?

14 A That's right, nor my wife.

15 MR. O'BRIEN: No further questions of this
16 witness, Mr. Chairman.

17 CHAIRMAN FEERICK: I have two questions.
18 There came a time when the vote on the mall took place;
19 isn't that so?

20 THE WITNESS: That's correct.

21 CHAIRMAN FEERICK: And you voted at that time?

22 THE WITNESS: That's correct.

23 CHAIRMAN FEERICK: And you were asked some
24 questions about your views on the mall back in September

1 of '85, and we want to give you an opportunity, if you
2 care to use it, to explain your vote to us.

3 THE WITNESS: I just explained that I thought
4 the mall was going to create jobs, that the mall was
5 a better use of the land, because people were saying
6 it would have been better for homes and it would have
7 caused extra work on the utilities of the town.

8 We would have had to hire more people, and
9 the traffic studies were done by the state. The state
10 said the traffic studies were fine.

11 I had no problem with the mall and it was
12 approved. In fact, the mall did put in a reduction
13 in taxes. It was a proven fact.

14 BY MR. O'BRIEN:

15 Q I take it the publicity that came out right after the
16 election, stressing as it was to you, didn't affect
17 your vote on the merits of the mall as you perceived
18 them? Is that a fair statement?

19 A That's right. Probably if I was a good politician,
20 I would have shot it down.

21 CHAIRMAN FEERICK: Do you have any suggestions
22 for us in terms of improving New York's electoral laws?

23 THE WITNESS: I believe you're on the right
24 track of plugging these type of contributions up. But

1 it -- what has to be done is get down on the grass-roots
2 level and start up with the election laws and to put
3 a little more teeth in the election commissioners,
4 because right now one of the things I find with the
5 election law, the basic difference from criminal law;
6 if you violate a law as a criminal, the police have
7 weeks, months, years to come after you.

8 If someone violates an election law, you have
9 ten days not only to find out that the violation had
10 been committed, but to get yourself an attorney, to
11 get the person into court, and also at your own financial
12 risk.

13 And that's one of the things where I have
14 the biggest trouble --

15 COMMISSIONER VANCE: Could you --

16 THE WITNESS: -- in election laws.

17 COMMISSIONER VANCE: Could you help me a
18 little bit? You said "put more teeth in the
19 commissioners." Who are you talking about, the
20 commissioners on the Board of Elections?

21 THE WITNESS: The Board of Election
22 commissioners. You go to the Board of Election,
23 Commissioner, and they just send you off. They say,
24 "There's nothing we can do, go to court."

1 You know, you sees, the election law -- the
2 election law states this is wrong, but I have to take
3 it to court, not the election commissioners.

4 COMMISSIONER VANCE: They just tell you to
5 go away?

6 THE WITNESS: They tell you to get a lawyer
7 and take them to court.

8 CHAIRMAN FEERICK: Any questions?

9 (No response.)

10 CHAIRMAN FEERICK: Thank you.

11 (Witness excused.)

12 CHAIRMAN FEERICK: Ralph Pinckney? Raise
13 your right hand.

14
15 R A L P H P I N C K N E Y, called as a witness and
16 having been first duly sworn by the Chairman, was
17 examined and testified as follows:

18 CHAIRMAN FEERICK: Please be seated.

19 BY MR. O'BRIEN:

20 Q Good afternoon, Mr. Pinckney.

21 A Hi.

22 Q You are a resident of Poughkeepsie also; is that
23 correct?

24 A Yes, I am.

1 Q What is your occupation?

2 A I am retired from IBM.

3 Q Did you once hold political office in the Town of
4 Poughkeepsie?

5 A Yes, I did.

6 Q What was that office?

7 A I was a councilman for the sixth ward in the Town of
8 Poughkeepsie.

9 Q When were you first elected to that position?

10 A 1981.

11 Q You were reelected in '83 and also in '85; is that
12 correct?

13 A Yes, sir.

14 Q In 1987 were you denied the nomination of your party?

15 A Yes, I was.

16 Q And you do not hold political office presently; is that
17 correct?

18 A No, I do not.

19 Q I'd like to ask you a few questions about the 1985
20 reelection campaign that you had. I assume that you
21 are also familiar with the Galleria; is that correct?

22 A Yes, I am.

23 Q At some time did you become familiar with the zoning
24 problem that the builders of the mall had?

1 A Yes, I did.

2 Q Did you meet with representatives of the mall?

6b 3 A Yes, I did.

4 Q When, as best you remember?

5 A Let's see. It was probably the summer of -- probably
6 be '84, probably late summer or early fall. I really
7 can't remember when.

8 Q Did you meet by yourself with these representatives
9 or were you with Mr. DelSanto?

10 A No, I was by myself. Let's see, it was Mr. Ungerer,
11 Mr. Kenan and Paul Sullivan.

12 Q Now, there came a time when you voted, I believe, for
13 the rezoning change which allowed the mall to be
14 constructed; is that correct?

15 A Yes.

16 Q When did you decide that you were in favor of the mall?

17 A Actually I came off the fence probably just about a week
18 to ten days prior to the vote for the rezoning.

19 Q So I take it at the time when you met with the
20 representatives of the mall that that was -- your public
21 position was undecided?

22 A I had no idea of the mall at all when I first met with
23 them.

24 Q You had taken no public position on the mall and you

- 1 had no private position on the mall; is that fair to
2 say?
- 3 A No, I did not.
- 4 Q What was the nature of your conversation with the mall
5 representatives?
- 6 A Basically, Mr. Kenan, Mr. Ungerer, showed me the plans,
7 what they wanted to do, what they had. They discussed
8 with me the various stores they wanted to put in for
9 better shopping, create more jobs, and it was just an
10 overview of what they had planned for the land there.
- 11 Q Was there any discussion of the election at that time?
- 12 A No, not at all.
- 13 Q Did there come a time during this reelection campaign
14 that you met with an individual named Thomas Spargo?
- 15 A Yes, I did.
- 16 Q This was the meeting at Mr. Dwan's house?
- 17 A Yes, it was.
- 18 Q You heard the testimony of Mr. DelSanto on this meeting,
19 did you not?
- 20 A Yes, I did.
- 21 Q Can you recall anything else that Mr. Spargo or
22 Mr. Paroli said at this meeting besides what has already
23 been recounted?
- 24 A No. Mr. DelSanto recounted it very well.

1 Q Is it fair to say that these two consultants,
2 Mr. Fife and Mr. Pheiffer, were introduced at this
3 meeting?

4 A Yes, they were.

5 Q No one mentioned the role or activities of Pyramid
6 or the Poughkeepsie Galleria Company?

7 A No. That was not discussed at all.

8 COMMISSIONER HYNES: Do you have any
9 recollection as to how they were introduced, as to how
10 they were described?

11 THE WITNESS: I had the impression that they
12 were with the State Republican Committee. They were
13 consultants working for the committee. That was my
14 impression.

15 BY MR. O'BRIEN:

16 Q Now, was Mr. Fife specifically assigned to you at this
17 meeting?

18 A I don't remember if it was at that meeting or not. I'm
19 pretty sure it was. He kind of took me under his wing.

20 Q What did he say to you his role was going to be in
21 connection with your campaign?

22 A That I was going to have a tough campaign and it was
23 very -- you know, very important that I do win and
24 regain the seat on the council.

1 Q I want to ask you some questions about Mr. Fife. Before
2 I do that, let me ask you, did you ever talk to
3 Mr. Spargo again after --

4 A Prior to the election, yes, I did.

5 Q In connection with what?

6 A It was probably shortly -- maybe within a couple of
7 weeks of the meeting at Mr. Dwan's house that Mr. Spargo
8 and Mr. Fifem and I'm not sure if Mr. Pheiffer was
9 there or not -- we made some tapes for the radio
10 political advertisements.

11 Q After you made tapes, did you meet with Mr. Spargo
12 again?

13 A No, I did not.

14 Q Were you also present at the postelection meeting with
15 Mr. Spargo that Mr. DelSanto talked about?

16 A Yes, I was.

17 Q Do you recall Mr. Spargo saying anything besides what
18 Mr. DelSanto had just told us?

19 A No, I do not, no.

20 Q Was there --

21 A That was basically what he said, just to reassure us
22 that everything was legal.

23 Q Do you recall whether anyone asked him how much money
24 was spent by Pyramid or the Republican Committee in

1 with the --

2 A I think at that time it was more or less on paper. I
3 just had the feeling it was approximately \$135,000 to
4 \$150,000.

5 Q Did anyone ask him whether or not the money from the
6 Pyramid contributions was earmarked specifically for
7 the Poughkeepsie campaigns --

8 A No, I don't believe so. I don't remember that.

9 Q -- or words to that effect? Let me ask you now about
10 Mr. Fife. How did he help you in the course of your
11 campaign efforts?

12 A He became our shadow. He went door-to-door campaigning
13 with me.

14 Q How often did he take you door-to-door campaigning?

15 A Seven days a week.

16 Q Did he tell you which houses to go to?

17 A Yes, he did.

18 Q Did he actually accompany you door-to-door?

19 A Yes, he did.

20 Q Did he tell you what to say at the houses?

21 A No, because I pretty well -- I was going for my third
22 term. I pretty well knew my constituents and what to
23 say to them and everything, and I myself brought up
24 the Galleria, you know, the Poughkeepsie Mall and how

1 my people felt about it and I myself made it an issue
2 in the sixth ward, because my opponent had made it an
3 issue also.

4 Q She was publicly against the mall?

5 A Yes, she was.

6 Q Did Mr. Fife ever say not to emphasize the mall as an
7 issue in your door-to-door work?

8 A No. I don't believe Mr. Fife really mentioned the mall
9 at all. I mean, I was the one that really brought it
10 out.

11 Q When you mentioned it in his presence, did he say
12 anything about --

13 A No, he didn't.

14 Q Did he keep records of the responses you received?

15 A Yes, he did.

16 Q Kept them in a book?

17 A Black book.

18 Q A black book?

19 A Black book.

20 Q Did he let you know the results of certain polling that
21 apparently had been conducted?

22 A I wasn't aware there was a poll going on until one of
23 my fellow committeemen -- her husband was asked to
24 partake in the poll, and as a matter of fact, he called

1 me. Dick called me. He said, "It came out very
2 favorable." Yet the next day, Richie was telling me
3 how bad I was doing and I -- you know, I couldn't make
4 two and two out of it. It didn't make any sense.

5 Q Based on the polling, did he tell you to emphasize
6 certain issues?

7 A Taxes, problems within the ward, parking, sewer,
8 drainage. I mean, these are problems that we discussed,
9 Richie and I discussed, prior to really going out, what
10 were the problems in my ward.

11 Q Did his instructions change from day to day?

12 A No, no.

13 Q Did he tell you, in effect, "Here's what you push today."

14 A No.

15 Q When you go door-to-door?

16 A He said to me, this is what we're going to cover today.

17 Q Did he arrange photo sessions for you?

18 A Yes, he did.

19 Q Did anyone else assist you in that regard?

20 A In the photo sessions?

21 Q Yes.

22 A I think at one time maybe Mr. Paroli might have just,
23 you know, said, "We're going to take pictures today
24 here," or whatever.

1 Q Together with Mr. Fife or by himself?

2 A No, by himself.

3 COMMISSIONER HYNES: Were there other
4 candidates who had someone assigned to them as you
5 described Mr. Fife as being your shadow?

6 THE WITNESS: Mr. Darrow.

7 COMMISSIONER HYNES: Mr. Darrow?

8 THE WITNESS: Yes.

9 COMMISSIONER HYNES: Apart from the two of
10 you, were there any other candidates who had that
11 intensive --

12 THE WITNESS: No.

13 BY MR. O'BRIEN:

14 Q Mr. Darrow's shadow was Mr. Pheiffer; is that correct?

15 A I didn't know his last name until I heard it.

16 Q How do you know him?

17 A Fred, I believe his name was.

18 Q Did you ever ask Mr. Fife for whom he was employed?

19 A Yes, I did. It was during the campaign. I think I just
20 made the remark to him, I asked him what his credentials
21 were. He told me he was a graduate of Brown University.
22 I said, Look, I said, you don't work for the state.
23 Who do you work for?

24 And he at that time -- he told me he was

1 working for a consulting firm out of New York City
2 assigned to the State Republican Committee.

3 Q Now, during the course of your campaign, did there come
4 a time when you began receiving the same kind of
5 literature that Mr. DelSanto just testified about?

6 A Yes, I did.

7 Q Did this literature have your name on it?

8 A Yes, it did.

9 Q Was this a surprise to you?

10 A Yes, when it first started coming, sure.

11 Q How frequently did it arrive, and in what volume?

12 A In a large volume, and too frequently.

13 Q I take it that you hadn't approved this literature
14 before?

15 A No, I did not.

16 Q You had nothing to do with either the form or the
17 content of the literature?

18 A No, I did not.

19 Q If you could turn to Exhibits 9 and 10 at your elbow,
20 are these examples of the literature that went out
21 on our behalf?

22 A Yes, sir, they are.

23 Q Just for the record, Exhibit 9 says, "Vote Tuesday
24 for Ralph Pinckney for Better Planning." Exhibit 10

- 1 says "Vote Tuesday for Lower Taxes, Vote for Ralph
2 Pinckney"?
- 3 A That's right.
- 4 Q These are samples of literature mailed out without your
5 prior consent or knowledge?
- 6 A That's right.
- 7 Q Did letters also go out over your name that you had no
8 control over?
- 9 A Yes, they did.
- 10 Q Let me just direct your attention to Exhibit 11. Do
11 you see that there?
- 12 A Yes, sir.
- 13 Q Is this such a letter, Mr. Pinckney?
- 14 A I beg your pardon?
- 15 Q Is this such a letter, the one that was sent?
- 16 A Yes, it is, right.
- 17 Q Is that your signature in the lower left-hand column?
- 18 A I don't write that well, no.
- 19 Q No, it's not your signature?
- 20 A No, sir, it is not.
- 21 Q I take it that you did not approve this letter before
22 it went out?
- 23 A No, I did not.
- 24 Q I notice the issues are itemized in the letter: taxes

1 are too high, traffic is a real concern, sewage and
2 garbage and sidewalks are problems, too.

3 A Right.

4 Q You didn't tell anyone to put those issues into the
5 letters?

6 A No, I did not. I mean, Richie and I discussed those
7 as problems within my ward.

8 Q You discussed them with Mr. Fife?

9 A Yes.

10 Q In addition to these letters, did you send out letters?

11 A I sent one out, yes.

12 Q Let me direct your attention to Commission Exhibit 12,
13 the last folder there.

14 A This is the one I sent out.

15 Q That's a letter that you actually sent out?

16 A Yes, I did.

17 Q I see. The issues mentioned in this letter are: help
18 obtain the sidewalk, sponsor the resolution for 11 p.m.
19 curfew at our town parks --

20 A These are things I have done in the past.

21 Q -- worked on the original plan for a park patrol and
22 sponsored a traffic study. Do you see those?

23 A Yes, sir.

24 Q I take it these issues are different from the issues

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raised in --

A These are things that I've done in prior years.

COMMISSIONER HYNES: Did you clear this letter with Mr. Fife?

THE WITNESS: This letter here (Indicating)?

COMMISSIONER HYNES: Yes.

THE WITNESS: No, I did not.

COMMISSIONER HYNES: The one you actually signed?

THE WITNESS: No.

COMMISSIONER HYNES: Did you ask Mr. Fife or anyone else who was signing your name to the letters that were going to people in your constituency?

THE WITNESS: Yes, I did.

COMMISSIONER HYNES: Who did you question?

THE WITNESS: Mr. Fife.

COMMISSIONER HYNES: And what did he say?

THE WITNESS: He says it's just being taken care of.

COMMISSIONER HYNES: He was aware of it?

THE WITNESS: Must have been.

BY MR O'BRIEN:

Q Did you complain to him specifically that you wanted to write your own letters?

1 A No. My complaint to Mr. Fife was that too much
2 literature was going out because I was getting
3 complaints from my constituents and it was getting to
4 the point where it was turning them off --

5 COMMISSIONER HYNES: Excuse me -- I'm sorry.

6 THE WITNESS: -- and when I questioned
7 Mr. Fife on that, he said it was out of his control.

8 COMMISSIONER HYNES: Out of his control?

9 THE WITNESS: Yes.

10 COMMISSIONER HYNES: And when he said to you
11 in response to who was signing your name, "It's being
12 taken care of," did you ask who was taking care of it?

13 THE WITNESS: I asked, "Who is it?" and he
14 did not know.

15 COMMISSIONER HYNES: He didn't know?

16 THE WITNESS: No.

17 BY MR. O'BRIEN:

18 Q Did Mr. Fife know sometimes ahead of time when
19 literature was going out emphasizing certain themes?

20 A I really don't know.

21 Q He never gave you that impression?

22 A No, he did not.

23 Q Does any of this literature, based on your review of
24 it, mention either Pyramid's role in financing the

1 campaign or the issue of the mall?

2 A No, sir.

3 Q When did you learn that, in fact, Pyramid was, in some
4 way, behind this publicity campaign?

5 A After the election, when it came out in the media,
6 the news and radio, Build A Better New York.

7 MR. O'BRIEN: No further questions, Dean.

8 COMMISSIONER HYNES: I have a couple of follow-
9 up.

10 THE WITNESS: Sure.

11 COMMISSIONER HYNES: You testified that you
12 started to become concerned because it was turning off
13 some people in your area. Did you make any complaints
14 to Mr. Paroli about that?

15 THE WITNESS: I don't think I complained to
16 Mr. Paroli. I did most of my complaining to Mr. Fife,
17 because actually Mr. Fife was the one I was closest
18 to in the election and, you know, Mr. Paroli was busy
19 with the other candidates and I felt that Mr. Fife was
20 my contact.

21 I might have mentioned it to Bill, yes, you
22 know, that there's too much literature going out, but
23 I really -- I can't sit here and say when or if I
24 actually did.

1 COMMISSIONER HYNES: Do you recall any
2 response that you received from him?

3 THE WITNESS: No.

4 COMMISSIONER HYNES: Did you have any
5 conversations with Mr. Spargo about the volume of
6 literature that was being distributed?

7 THE WITNESS: No, I didn't see Mr. Spargo.

8 COMMISSIONER HYNES: All right. I have no
9 other questions.

10 CHAIRMAN FEERICK: I'd like to give you the
11 same opportunity that I gave the prior witnesses. Do
12 you have any suggestions for us in terms of improvements
13 in New York's election laws?

14 THE WITNESS: Mr. DelSanto said, and I think,
15 you're on the right track and, you know, I just hope
16 something comes out of this. You know, in the future,
17 you can't allow things like this to happen, you know,
18 to a small town like ours, because I think a lot of
19 innocent people were duped, you know. It just can't
20 happen again.

21 I just hope everything does come out all
22 right.

23 CHAIRMAN FEERICK: Thank you very much.

24 THE WITNESS: Thank you.

(Witness excused.)

1 CHAIRMAN FEERICK: This ends today's session
2 of these hearings.

3 I would like to say to all of those who
4 testified today that they have an opportunity to provide
5 us with any additional statements that they care to
6 provide us with, that we'd be more than happy to receive
7 them.

8 I would say to those whose names were
9 mentioned today by witnesses, that they also have the
10 right to provide us with written statements and we would
11 be happy to receive those statements.

12 That concludes today's session. Thank you.

13 (At 2:57 p.m., the proceeding in the above-
14 entitled matter was concluded.)
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RE: 1935 Poughkeepsie Town Council Elections
AT: Albany, New York
ON: January 26, 1938

I, ROBERT W. HICKS, Court Reporter,
do hereby certify that I attended at the time and
place above-mentioned and took a stenographic report
of the proceedings and testimony in the above-
entitled action, and that the foregoing is a true
and correct transcript of the same and the whole
thereof.

Robert W. Hicks
Robert W. Hicks, Court Reporter