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

New York State Commission on Government Integrity

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

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

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

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

The Poughkeepsie investigation focuses on two issues: first, how the Pyramid Companies, a Syracuse-based real estate development group with $1 billion in assets, pumped hundreds of thousands of dollars in campaign contributions into the 1985
Poughkeepsie elections in an effort to elect candidates sympathetic to its plans to build a giant shopping mall called The Galleria in Poughkeepsie.

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

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

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

With this heavily bankrolled expert and
sophisticated assistance, pro-mall candidates won a majority of the seats on the town council.

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

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

The other ingredient was secrecy. The role of the real estate interest was hidden because there was little or no pre-election disclosure with the Board of Elections in Dutchess County where Poughkeepsie is located and where interested members of the public or press could conveniently examine the information.

In addition, the voluminous direct mail and political advertising generated in support of pro-mall candidates never mentioned the existence of the developers or even the issue of the mall. Thus, outside investors were able to influence a local election without the voters knowing their identities, their economic interests or their extensive financial backing of certain political committees.

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

In keeping with that order, we will not today question Board of Election employees or otherwise disclose the contents of the Board's investigative files. While we obey the court's order, as we must, we strongly
believe that it is an error and will vigorously seek to have it vacated or reversed.

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

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

ANTHONY CARPINIELLO, called as a witness and having been first duly sworn by the Chairman, was examined and testified as follows:

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

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

BY MR. O'BRIEN:

Q Mr. Carpiniello, could you tell us what your occupation is, please?
A Yes. I am Deputy Chief Investigator for the New York State Commission on Government Integrity.

Q What was your occupation prior to that?

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

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

A Twenty-six years.

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

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

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

A Yes, sir.

Q When did that investigation begin?

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

Q Could I ask you to keep your voice up a little?
A Yes, sir.

Q Speak into the microphone if you have to.

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

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

COMMISSIONER VANCE: What is Campaign Strategies?

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

BY MR. O'BRIEN:

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

A I do.

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

A I did.
Q Would you tell us what the Pyramid Companies is?
A Yes. It's a series of partnerships headquartered in Syracuse, New York. It's primary business activity is the development, the organization and the ownership of shopping centers.

Q How many shopping centers or malls has it built to date?
A Thirteen.

Q Where in the United States?
A They're all centered in the northeastern section of the United States.

Q Did you learn who heads Pyramid Companies?
A I did. It's headed by Mr. Robert Congel.

Q Who is Mr. Congel?
A Mr. Congel is the managing partner of the Pyramid entity.

Q He's a businessman; is that correct?
A He's a businessman.

Q Do you know where he resides?
A Syracuse.

Q Do you know the value of the existing malls built to date by Mr. Congel's companies?
A Yes. According to a news account that quoted Mr. Congel, a recent article in the November issue in a Syracuse newspaper, Mr. Congel stated that the value of the
existing malls, less the existing mortgages, approximates $1 billion.

Q Have you been able to interview Mr. Congel?
A No, I haven't.

Q Now, are most of the partnerships that make up Pyramid formed to build and own separate mall or shopping centers?
A That is correct.

Q What are those partnerships called?
A Project partnerships.

Q And did Mr. Congel have a role in these individual project partnerships?
A Yes, sir. He has an interest in each and every one of them.

Q Are you familiar with something called a sponsor partner?
A Yes, I am.

Q Could you tell the Commission what a sponsor partner is?
A Yes. The sponsor partner would be the individual who coordinates a particular partnership that is constructing the particular mall. The role of the sponsor partner would be to obtain the necessary financing for the mall. He'd be the spokesperson for the mall and he would
package the mall for public acceptance.

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

A Exactly.

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

A Yes, I did.

Q What was that called?

A Poughkeepsie Galleria Company.

Q When was it established?


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

A Yes, it did.

Q What's the name of the mall?

A Poughkeepsie Galleria.

Q When was the land acquired for this project?

A The land was acquired during 1985 and 1986.

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

A Yes, they were.

Q Did you learn in your investigation who the partners
of the Poughkeepsie Galleria Company were and are?
A Yes, I did.
Q Can you tell us who they are?
A Yes. Robert Congel, Robert Ungerer, James Tuozzolo,
Bruce Kenan, Michael Falcone, Quarry Associates, a New
York partnership, Mosel Partners, a New York partnership.

In December of '86, a Peter Stangregor and
Edward Kellogg were added as partners.
Q You told us earlier about sponsor partners. Did the
Poughkeepsie Galleria Company have a sponsor partner?
A Yes, it did.
Q Who was that individual?
A Robert Ungerer.
Q What was his role in connection with this project?
A It was his duties that I set forth before. He was
the spokesperson for the project.
Q Was he assisted in acting as spokesperson?
A Yes, he was, by Mr. Bruce Kenan.
Q Mr. Kenan was also a partner; is that correct?
A Yes, sir.
Q Now, in 1985 what was the zoning --

COMMISSIONER VANCE: Where's Mr. Ungerer come from?
THE WITNESS: Mr. Ungerer, I believe, is from Syracuse also, Mr. Vance.

BY MR. O'BRIEN:

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

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

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

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

BY MR. O'BRIEN:

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

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

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

A That's true.

Q What if anything did the Poughkeepsie Galleria Company attempt to do about this problem?
A Well, a zoning change was required before the mall could be built, and under the Municipal Law applicable to the Town of Poughkeepsie, such a zoning matter had to be first referred to the Dutchess County planning board.

Q What happened before that board?

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

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

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

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

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

Q How many --

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

THE WITNESS: If the -- it's my understanding that the zoning matter would have had to have gone to Dutchess County in either case. Had they approved the
zoning change, it would have required a mere majority vote rather than the super majority, majority plus one.

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

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

CHAIRMAN FEERICK: OK.

BY MR. O'BRIEN:

Q Investigator, how many members does the town board have?
A There are six wards and a supervisor. There are seven voting members.

Q So a super majority in this case would have required four plus one vote, or five; is that right?
A Five of the seven; yes, sir.

Q Were town board elections scheduled for that year, 1985?
A Yes, they were.

Q When, approximately?
A November 5.

Q Were all seven seats up for election at that time?
A Yes, sir.

Q Had some of the candidates taken public positions on the advisability of building this particular mall in Poughkeepsie?
A They had.
Q Let me direct your attention to Commission Exhibit No. 1, Investigator, which I believe summarizes some of this election-related information. This is in the form of a handout. It's entitled "1985 Town Board Candidates and Positions on Zoning Change for Galleria."

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

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

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

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

So, in effect, Mr. O'Brien, you have the third,
fourth, and fifth ward candidates all for the mall.
Q And those were the reasons, as you explained, would be virtually assured votes in favor of the mall's construction regardless of the election results; is that right?
A Three of the five would be virtually assured.
Q Let me just qualify one thing. When this exhibit says "pre-election public position on mall," what is that information based on?
A That's based on newspaper accounts.
Q Did you also interview these candidates?
A In interviews, yes, sir.
Q In other words, based on what you told us earlier about a super majority, the Poughkeepsie Galleria Company needed to obtain two additional votes out of the remaining four; is that correct?
A Yes, sir.
Q Let me ask you a few questions about the final race at the bottom, the supervisor race involving Ms. Buchholz. Do you see that?
A Yes, I do.
Q Within the pro mall camp, was there some kind of consensus about the difficulty in defeating Ms. Buchholz?
A Yes, there was. Ms. Buchholz was considered to be a
very formidable candidate.

Q Was she considered virtually unbeatable?

A Yes, she was.

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

A That's accurate.

Q All right.

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

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

COMMISSIONER VANCE: September of '85?

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

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

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

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

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

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

COMMISSIONER HYNES: Thank you.

BY MR. O'BRIEN:

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

A Yes, I did.

Q Did you also learn that these same committees had
received contributions from Pyramid-related individuals?

A Yes, I did.

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

A Yes, sir.

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

A Yes, I do.

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

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

The amounts are summarized by -- there are nine partners on the first page. These are all partners
of Pyramid entities who contributed a total of $141,000. That would be the total to all of the committees.

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

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

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

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

A Yes. As can be seen, Mr. Robert Congel on October 29, '85 contributed $15,000, $5000 to each of the committees; Mr. Lugosch down the page, $15,000, $5000 to each of the three committees also.
Q Now, did you also learn more about where these contributions went, Investigator?
A Yes, we did.
Q Let me direct your attention to the final exhibit now which is Exhibit 3, which is our chart, and also, for the record, it's a one-page document and the chart reads exactly the same, entitled "Pyramid-Related Contributions and Expenditures for the 1985 Town Board Elections and the Poughkeepsie Galleria."
Does this summarize the contributions and expenditure information that you learned in the course of your investigation?
A It does.
Q Let me ask you just to describe the top three boxes on the chart, on Exhibit 3, for us.
A Yes. The top center box, labeled total contributions and expenditures, of $776,967, that figure is comprised of two items.
Number one, it's the $301,000 in contributions made by the 18 Pyramid-related individuals. All of that money found its way down to the political committees. It is also comprised of the expenditures that were made by Pyramid-related companies in connection with the Poughkeepsie Galleria. Those expenditures,
Mr. O'Brien, are deemed to be both election-related and image building.

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

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

A Yes, that's correct.

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

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

Q Who was his predecessor?

A Prior to that it was Mr. George Clark.

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

A I did.

Q Who's that?

A Thomas Spargo.

Q Did Mr. Spargo have a relationship with the givers of that money, as well as the receivers?
A Yes, he did.

Q What was that?

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

Q Those are his attorney's fees?

A Yes, sir.

Q Now, when did the Republican State Committee receive the $126,000 in contributions?

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

Q Mr. Carpiniello --

COMMISSIONER VANCE: What were those dates again?

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

COMMISSIONER VANCE: Both before and after?

THE WITNESS: Yes, sir.

COMMISSIONER VANCE: Thank you.

BY MR. O'BRIEN:

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

A Yes, I did.
During this period, did these 18 Pyramid-related individuals contribute any money to the Republican State Committee besides what's represented in the chart?

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

That contribution, you say, was in 1987?

1987, yes, sir.

Do you know where in 1987?

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

October?

I believe it was that month.

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

Yes, sir, it did.

Now, what is the Federal Committee exactly?

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

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

THE WITNESS: OK.
BY MR. O'BRIEN:

Q You might want to repeat what you just said.
A Yes. The New York Republic Federal Campaign Committee is a subcommittee of the New York Republican State Committee. It was formed in 1978 as a multicandidate committee.

Q Why was it established, if you know?
A It was established to support candidates at both the national and local levels.

Q Who was the Federal Committee's treasurer in 1985, 1986?
A Mr. Thomas Spargo.

Q Now, the $100,000 in contributions, when were those received by the Federal Committee?
A They were received during the period of October 19th, '85 through February 10, 1986.

Q Now, Mr. Carpieniello, during this same period of time, did the Federal Committee receive any other money from any other source?
A Yes, they did.

Q How much?
A $2,729.

Q Do you know from whom?
A No, Mr. O'Brien. Due to the nature of the contributions, they were not required to be disclosed. The identity
wasn't required.

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

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

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

A Mr. William Paroli.

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

A Yes, sir.

Q From which entity specifically did it receive that transfer?

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

Q And when was the effective transfer?

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

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

A The Building a Better New York Committee is a nonauthorized political committee.
Q It's a PAC?
A It's a PAC.

COMMISSIONER VANCE: What's a nonauthorized

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

BY MR. O'BRIEN:

Q So to clarify, is that what the Building a Better New
York Committee represented itself as being before the
Board of Elections?
A Yes, it did.
Q When was the Building a Better New York Committee set
up?
A October 18, 1985.
Q About two weeks before the election; is that right?
A Yes, sir.
Q Did you learn in the course of your investigation who
formed Building a Better New York?
A Yes, I did. It was formed by Thomas Spargo.
Q Does Mr. Spargo hold and did he hold in 1985-1986 an
office within Building a Better New York?
A Mr. Spargo is an officer of Building a Better New York, 
secretary.
Q Secretary?

A Yes, sir.

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

A $75,000 and 50.

Q An additional 50?

A Yes, sir.

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

A Yes.

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

A Yes, sir, they did.

Q How much?

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

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

A Yes, sir.
Q Now, in its initial filings with the Board of Elections, did Building a Better New York state its purpose as required by law?
A Yes, it did.

Q Did you obtain the statement of that purpose?
A I did.

Q Could you read it into the record for us?
A Yes. The form that's required to initiate the political action committee requests the identity of the candidates to be supported, and the wording on the form --

Q If you would keep your voice up?
A -- various local candidates in the counties of Albany, Onondaga, Jefferson, Tompkins, Dutchess and Rockland, and various statewide and Republican candidates and committees.

Q Based on its filings, Mr. Carpiniello, did Building a Better New York support local candidates in Onondaga County?
A No, it didn't.

Q In Jefferson County?
A No, sir.

Q Tompkins County?
A No.

Q With the exception of the Supreme Court judge, any
Q Any legislative candidates?
A No, sir.
Q Let me ask you now about the expenditures going out of each of those three boxes, the brown boxes in Exhibit 3.

Just to summarize, total expenditures are $267,245; is that correct?
A Yes, sir.
Q And that consists of expenditures by the Republican State Committee, plus the Federal Committee of $166,045; expenditures by the town committee of $31,500; and expenditures by the Building a Better New York of $69,700; is that correct?
A Yes, sir.
Q And the destination of that money, according to Exhibit 3, is Campaign Strategies, Inc. and various vendors engaged in consulting, polling, research, mailing, printing and other election-related work; is that right?
A Yes, sir.
Q Now, if you could tell us a little bit more about what Campaign Strategies is and what it did in this particular
election?

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

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

A Yes, it did.

COMMISSIONER VANCE: Where is Campaign Strategies based?

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

BY MR. O'BRIEN:

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

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

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

A All of them.

Q So I take it it's accurate that these were payments
for services rendered prior to the election even though they were paid, in some cases, after the election?

A That's correct.

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

A Yes, it does.

Q Could you break that down for us, please?


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

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

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

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

Q Let me ask you a few questions about that. When were the payments by the Town Committee to the yellow box
During September of '85 through November of '85.

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

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

A No, sir.

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

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

Q Were these payments also for election-related services?

A Yes, sir.

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

A Yes, sir.

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

A They worked for the benefit of the Republicans.

Q And specifically the Republicans in the town board races?

A Yes, sir.

Q Were the services of the vendors and Campaign Strategies equally distributed among all seven town board races?
A No, they were not.

Q How were they distributed?

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

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

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

CHAIRMAN FEERICK: Could you raise your voice, please?

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

We also analyzed the literature that was printed. There were numerous mailings made in the Town of Poughkeepsie. There were even pieces of literature for candidates in ward one. There were 14 pieces of literature for the candidate in ward six, and 12 pieces
of literature for the candidate in ward two. This was an expensive expenditure.

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

THE WITNESS: Yes, sir.

CHAIRMAN FEERICK: Thank you.

BY MR. O'BRIEN:

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

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

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

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

COMMISSIONER HYNES: What did you find with respect to ward four? Originally you mentioned there was some expenditure in ward four. I take it that that
was less than the expenditures in wards one, two and six, but can you tell us what that was?

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

BY MR. O'BRIEN:

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

A Yes, sir.

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

A Yes, I did. We learned that Mr. DelSanto was a relative of Mr. Paroli, who is chairman of the Town of...
Poughkeepsie Republican party. Due to the relationship and him being a Republican, a limited support was given to him at Mr. Paroli's insistence.

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

A Exactly.

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

A No, sir, it would not.

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

A Yes.

Q Could you tell us who he is?

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

Q When was he interviewed?

A He was interviewed on December 17th, 1987.

Q Who was present besides members of the Commission staff during that interview?
Mr. Thomas Spargo was present as counsel to the New York Republican State Committee.

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

Yes, he was.

What specifically was the question, as best you remember?

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

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

Yes, it did.

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

Yes.

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

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

Another local race?
Q Based on your investigation, was any money expended in those four races?
A No, sir.
Q Let's clarify something. Is it possible that those candidates received a benefit due to the Republican advertising, generally a spillover effect of some kind?
A Yes, that would be fair to say, and this did come out through a number of interviews; there would be a generic spillover with Republican issues being put forward.
Q But I take it it was your finding and your investigation that no -- these races were not targeted for any specific spending such as polling, mailgrams, telephone banks, mass mailings, that sort of thing?
A That's correct, Mr. O'Brien.
Q Did you determine in your investigation, Mr. Carpiniello, how much the Democrats -- the Democrats, now -- spent in the town board races?
A Yes, I did.
Q How did you make that determination?
A I analyzed the disclosure forms filed by the Democratic candidates. I looked for committees to support the Democratic candidates. I analyzed the disclosure forms
by the Town of Poughkeepsie Democratic Committee, the Dutchess County Democratic Committee, the City of Poughkeepsie Democratic Committee.

Q And what was the result of your review?
A I found total expenditures of $22,279. Those expenditures were incurred during the years '84 and '85.

Q Also part of '86?
A (Pause.)

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

Q Why did you pick a 27-month window there in which to measure the Democratic expenditures?
A Well, there weren't any races in '84. It was an '83 race, and then there was an '85 race.

Q So there was basically a two-year election cycle?
A Yes, sir.

Q Did you find any evidence of any additional expenditures for the benefit of the Democratic candidates by any other committee or individual?
A No, I didn't.

Q Are you familiar with an entity called Save Our Town Committee?
A Yes, I am.
Q What is it?
A Save Our Town Committee is an organization that was formed by merchants, local merchants, and local residents of the Town of Poughkeepsie who were opposed to the construction of the Galleria. It was formed in 1984.
Q They were opposed to the mall; is that right?
A They were opposed to the mall.
Q Did you find any evidence of expenditures by that committee on behalf of the Democratic candidates?
A No, sir.
Q Did you check their filings?
A There were none.
Q Did you find any evidence that people affiliated with the Save Our Town Committee gave individual contributions to Democratic candidates?
A Yes, sir.
Q Approximately how much in contributions did they make?
A $500.
Q And this would be absorbed into the $22,000 figure that you gave earlier, to the extent that the candidates spent that money; is that right?
A Yes, sir.
Q The $22,000 figure is an expenditure figure, correct?
A Exactly.
Q Did you learn that the Save Our Town Committee in fact did raise money, though?
A Yes, I did.
Q Approximately how much?
A The Save Our Town Committee raised approximately $90,000 to $100,000.
Q Did you come across any evidence as to how that money was spent, if it was spent?
A Yes, I did. The strategy of the Save Our Town Committee was to fight the proposed construction of the Galleria through the presentation of expert testimony at local board hearings, impact hearings, environmental impact hearings. The monies spent by the Save Our Town Committee were spent to hire consultants, environmental impact specialists, to testify at these hearings.
Q And to pay other people in connection with that also, such as lawyers?
A And, in addition, there were attorneys and consultants.
Q Was any of that money based on your investigation spent for election-related purposes?
A No, sir.
Q Now, did you also obtain figures for the Republican State Committee's total expenditures statewide during
the period July 1985 through July 1986?

A Yes, I did.

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

A Yes, sir.

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

A Yes, sir.

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

A It's approximately 17 percent.

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

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

BY MR. O'BRIEN:

Q Seventeen percent?

A It's 17 percent.

Q Let me briefly direct your attention to the right-hand side of the chart, Mr. Carpiniello --
Q -- the side that pertains to the expenditures by Pyramid-related companies in the amount of $475,967. Could you briefly describe the nature of those expenditures?

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

Q We'll talk about that in a minute.

A Yes.

Q To whom were those expenditures made?

A The expenditures -- well, $386,892 was made to Campaign Strategies, Inc. That's the same business entity that appears on the left side of the chart. $49,000 was attorneys' fees, and I already testified that those were payments made to Thomas Spargo during the period of October 2nd, '85 through April 23rd of '86, and the balance of $40,074 represents payments to two business entities, Kennan Research, a focus session group, and Penn & Schoen, a polling concern.

Q What is a focus session?

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

Q Let me ask you this: What were these expenditures for,
if we could clarify that?

A Are we referring to the polling?

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

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

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

A They're both.

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

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

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

A Yes, sir.

Q -- which is definitely election-related?
A: Yes, sir.

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

A: "Each purpose" being --

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

A: Yes.

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

A: Absolutely.

Q: How do you know that?

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

Q: Sure.

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

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

COMMISSIONER VANCE: September of '85?

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

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

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

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

BY MR. O'BRIEN:

Q But the earlier poll --

A The earlier poll --'

Q -- contains a mixture of both?

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

A Yes, I can't make that --

Q -- is that right?

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

Q I understand.

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

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

THE WITNESS: There were three polls. There
was a payment from the Pyramid Company in the amount of $22,000 on October 11th and the balance of the amount of $15,000, I believe, was paid for by the New York Republican State Committee later on, in answer to your question.

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

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

BY MR. O'BRIEN:

Q Mr. Carpiniello --

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

THE WITNESS: Yes, sir.

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

THE WITNESS: Yes, sir.
CHAIRMAN FEERICK: You're not able to allocate an amount to that as well?

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

COMMISSIONER VANCE: How do you know that?

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

BY MR. O'BRIEN:

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

A That's exactly right, yes.

Q OK.

COMMISSIONER HYNES: You testified earlier when we were talking about the expenditures that are on the left-hand side of the chart, the $267,000 figure,
that Campaign Strategies acted in the nature of a
general contractor. Can you explain what you meant
by that testimony?

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

BY MR. O'BRIEN:

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

A Yes, I did.

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

A Yes, I did.

Q Let me ask you, first of all, about the contributions
that were reported. Were any of the Pyramid
contributions -- we're talking now about $301,000 --
ever reported by the Republican State Committee to the
Federal Committee or Building a Better New York in
Dutchess County?
Q Let me ask you specifically about the Republican State Committee's $126,000. How much of this money was received prior to the election?

A $30,000.

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

A No, sir.

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

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

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

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

COMMISSIONER VANCE: OK.

BY MR. O'BRIEN:

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

A No, sir, it didn't.

Q How much was never reported in Albany?

A $30,000 was not reported.
Q Did you learn why this wasn't reported?

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

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

A Yes, sir.

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

A Yes.

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

A No, sir.

Q So, again, if a voter prior to the election had gone to the Dutchess County Board of Elections' office to check on expenditures by these committees in connection with Republican candidates, he would have found none
of those expenditures on file; is that correct?
A    That's correct.
Q    He would have found only the expenditures by the Town
     Committee; is that correct?
A    That's correct.
Q    In the course of your investigation, did you examine
     certain literature that was produced and paid for by
     the expenditures we've been talking about?
A    Yes, I did.
Q    Indeed, there was extensive mass mailing in connection
     with this election; is that right?
A    Yes, sir.
Q    You reviewed some of this literature?
A    I did.
Q    Can you describe what you reviewed?
A    There were glossy political advertisements containing
     pictures.
Q    Letters as well?
A    And letters.
Q    Did you ever see any piece of paper that mentioned the
     role of Pyramid in financing this campaign?
A    No, sir.
Q    Did you ever see any piece of paper that mentioned the
     existence of Pyramid?
Q Did you ever see a piece of paper that even mentioned the issue of the mall?
A No, sir.
Q Let me ask you about the election results. You've testified that the election took place in November of 1985; is that right?
A Yes.
Q And if we could turn to Exhibit 1, this time the sixth column, I believe the election results are summarized in that column; is that correct?
A Yes, they are.
Q Could you briefly tell us what happened in the election?
A Yes. In ward one, the first ward, Mr. Darrow, the Republican, won the election and voted yes on the mall.

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

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

In the fourth ward, Mr. DeSanto, the Republican, unseated the Democrat, Mr. Babiarz.

In the fifth ward, Mr. Tódone, the Republican running unopposed, retained his seat.

In the sixth ward, Mr. Pinckney, the incumbent
Republican, retained his seat against the challenge of Ms. Zeleznik.

In the supervisor race, Ms. Buchholz retained her seat against the challenge by Mr. Dwan.

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

A Yes, sir.

Q That is in wards one, four and six?

A That's correct.

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

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

BY MR. O'BRIEN:

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

A Yes, sir.

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

A Yes, sir.

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

A That was in March of '86.
Q And this was a vote by the new board, reconstituted as a result of the elections; is that right?
A Yes, sir.
Q And this vote is so summarized in Exhibit 1?
A Yes, it is.
Q Could you just again summarize the results of the vote on the zoning change?
A Yes. Mr. Darrow, a Republican, voted yes. Mr. Pyrek, the Democrat, voted no. Ms. Bodo, a Republican, voted yes. Mr. DelSanto, a Republican, voted yes. Mr. Tedone, a Republican, voted yes. Mr. Pinckney, a Republican, voted yes. Ms. Buchholz was absent from the vote and did not cast a ballot.

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

Q They were all in favor?
A By voting yes, yes, sir.
Q It was a five-to-one split. Now, as a result of this vote, was the mall, in fact, built?
A Yes, it was.
Q And it was opened; is that correct?
A It was opened, yes.

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

CHAIRMAN FEERICK: Thank you very much.
THE WITNESS: Thank you.

(Witness excused.)

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

Will you raise your right hand?

WILLIAM PAROLI, 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. McGUIRE:

Q Good morning, Mr. Paroli.

A Good morning, Mr. McGuire.

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

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

Q Thank you.

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

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

CHAIRMAN FEERICK: I'm sorry, I was just
diverted. Yes?

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

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

MR. MCGUIRE: Well --

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

At our conclusion of the examination of the witnesses, we would be happy to receive any additional written submissions that Counsel or witnesses would
like to provide us, might wish to provide us, and obviously you will have every opportunity at the conclusion of Mr. Paroli's testimony to provide us with any written information that you wish concerning that subject or the subject of his examination this morning.

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

CHAIRMAN FEERICK: Thank you.

MR. MOORE: Thank you.

BY MR. McGUIRE:

Q Mr. Paroli, you currently hold a position with the Town of Poughkeepsie Republican party; is that correct?
A That's correct, sir.
Q And could you tell us what that role is and how long you've held it?
A I'm chairman of the Republican Committee in the Town of Poughkeepsie in Dutchess County, New York, and I've held that position for ten years, sir.
Q And how are you employed now, Mr. Paroli?
A I'm self-employed as a private investigator.
Q And prior to becoming self-employed as a private investigator, what was your occupation?
A I was employed as chief investigator for the Dutchess
County Defender's Office.

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

A Yes, sir.

Q Had you previously met Mr. Spargo?

A When did I initially meet --

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

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

Q And was that in 1985?

A I believe it was early in 1985.

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

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

Q Please do.

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

Q Then later in 1985, during the course of the election campaign in the Town of Poughkeepsie, you had occasion to speak with Mr. Spargo on the telephone; is that
Q Could you tell us how that came about, that you had that telephone conversation with Mr. Spargo?

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

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

A Yes, sir.

Q And what was that?

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

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

A As I understand it, sir, yes.

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

A She was attempting to induce me to encourage our candidates to take a position in opposition to the
construction of the Galleria Mall.

Q And what specifically did she say, if you recall?
A I don't recall specifically, but in substance, what had caused me to have my discussion with Bill Sidore was that she had indicated to us -- to me, that she was prepared, or the Save Our Town Committee was prepared to spend up to $100,000 in opposition to any candidates that did not oppose the construction of the Galleria Mall.

Q And as a result of that conversation with Ms. Emergy, you spoke to Mr. Sidore?
A That's correct, sir.

Q Mr. Sidore is deceased now; is that correct?
A Yes, sir.

Q Now, what if anything did you say to Mr. Spargo after speaking to Mr. Sidore? You telephoned Mr. Spargo?
A Initially I asked him if this type of expenditure was allowable, if a campaign of this type in the Town of Poughkeepsie could result in that amount of money being utilized.

Q And did Mr. Spargo answer your question?
A Yes, he did, sir.

Q And was it at that time, that same conversation, the initial telephone conversation, that he answered?
A Yes, sir.

Q And what was his answer?

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

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

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

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

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

Q Now, did you have another telephone conversation —

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

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

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

COMMISSIONER HYNES: OK. And in discussing
"Could they do it?" and "Could they spend $100,000?"
did you discuss who it was that had told you that they
were prepared to spend $100,000?

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

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

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

COMMISSIONER HYNES: All right.

BY MR. McGUIRE:

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

A Yes, sir.

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

A Yes, sir.

Q Now, you also indicated in your prior deposition,
Mr. Paroli, that shortly thereafter you had another telephone conversation with Mr. Spargo; is that correct?

A Yes, sir.

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

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

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

A Yes, sir.

Q -- the second time?

A Yes, sir.

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

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

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

A Yes, sir.

Q And specifically, Mr. Spargo mentioned three criteria
that would have to be met before the committee would provide assistance in Poughkeepsie; is that correct?

A Yes, sir.

Q Could you tell us what those three criteria were?

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

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

A No question about it in my mind; yes, sir.

Mrs. Buchholz was and still is an entrenched incumbent in the Town of Poughkeepsie.

Q How many terms has she --

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

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

A Yes, sir.

Q And the second criterion?

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

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

A We were well into the campaign. We were well into
September already, sir. Yes, sir.

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

THE WITNESS: It would have to be the latter part of September or the early part of October 1985.

I can't be specific about the times.

COMMISSIONER HYNES: So the campaign was underway?

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

BY MR. McGUIRE:

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

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

Q And the third criterion, Mr. Paroli?

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

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

A In view of the fact that we were about to face a $100,000 campaign from the Save Our Town Committee, on the basis of that, it was my feeling that we met
the third criterion; yes, sir.

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

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

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

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

COMMISSIONER HYNES: OK.

BY MR. MCGUIRE:

Q Now, during the course of this telephone conversation, did Mr. Spargo indicate that the State Committee would, in fact, be willing to provide assistance
COMMISSIONER VANCE: Before you go on, just a second. Mr. Paroli, was there any discussion during this telephone conversation of Galleria?

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

COMMISSIONER VANCE: OK.

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

BY MR. McGUIRE:

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

A Yes, sir.

Q Did you finally get an answer?

A Yes, sir.

Q When was that, if you recall?

A Sometime around the same time period. I don't think
Is it fair to say that you're not sure you got an answer in a telephone conversation or in person from Mr. Spargo?

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

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

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

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

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

Who was at this meeting at this restaurant in Poughkeepsie?

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

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

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

Q And was one of those individuals named Rich?

A As I recall, sir, yes, sir.

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

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

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

A Yes, sir.

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

A Yes, sir.

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

THE WITNESS: After, Ma'am.
BY MR. McGUIRE:

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

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

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

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

THE WITNESS: Logistically, I can only say
logistically. I don't know precisely what the State
Committee did, except to provide advisors, to provide brochures, mailings. Other than that, I'm not familiar with precisely what the Republican State Committee's involvement was, except as has been pointed out by Mr. Carpiniello on the Town of Poughkeepsie Republican Committee getting $31,500 that was conveyed from the State and Federal committee account for the purpose of newspaper and radio advertising.

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

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

I don't question the Republican State Committee of where they secure their funds from. I don't think that it would be appropriate for me to do that, sir.
COMMISSIONER VANCE: I wasn't suggesting that.

What I was suggesting is what kind of a campaign they
were going to run. Should it be a good campaign? Would
it really help?

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

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

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

THE WITNESS: I had explained, as I recall,
to the candidates prior to the meeting that we would be
meeting, that in view of Rosemary Emery's revelations
of a $100,000 campaign, that we would be receiving
assistance from the Republican State Committee and
that there would be representatives of that Republican State Committee at this meeting and the one who would be -- probably be the most vocal at that would be Tom Spargo, and there aren't too many people in Republican circles in politics, at least in Dutchess County, who have been in a leadership position who are not familiar with Tom Spargo and his abilities and his area of expertise, sir.

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

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

BY MR. McGUIRE:

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

A Yes, sir, he did.

Q How did he explain that?

A He explained that to all of us, that one of the considerations that the Republican State Committee had looked at was that Dutchess County was a pivotal county in the State of New York with superior numbers of
enrolled Republicans as compared to Democrats; and that on the basis of that, that assisted in their decision to come into -- to come into the Town of Poughkeepsie and to assist us.

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

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

THE WITNESS: This is where we met the candidates.

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

THE WITNESS: In addition to those who were
at the initial meeting at the restaurant?

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

THE WITNESS: John Dwan, Jerry Darrow.

COMMISSIONER HYNES: Who is Mr. Darrow?

THE WITNESS: Pardon?

COMMISSIONER HYNES: Who is Mr. Darrow?

THE WITNESS: He was a first ward candidate.

COMMISSIONER HYNES: Anyone else?

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

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

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

BY MR. McGUIRE:

Q Did Mr. Spargo introduce those two people?

A I believe he did; yes, sir.

Q How did he introduce them?

A By name, and I assumed that they were going to be
assisting in this campaign.

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

A Myself personally?

Q Yes.

A Yes.

Q And when did that happen, and how regularly?

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

COMMISSIONER HYNES: For what purpose?

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

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

THE WITNESS: Well, his admonishment was that everything would have to be done in a legal manner or responsibly done. I can only recite one instance where I asked if I could 'expedite a particular procedure and he said that it couldn't be done; that it had to be done in a legal way and everything had to be done
legally according to the Election Law. That wasn't the only purpose that Tom Spargo and I would meet in Poughkeepsie. We would meet in Poughkeepsie on a regular basis several times a week in order to discuss the campaign and discuss issues and discuss strategies.

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

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

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

THE WITNESS: No, he never said that.

COMMISSIONER HYNES: OK.

THE WITNESS: That came as a surprise to me.

That came -- that came as a total surprise.

COMMISSIONER HYNES: Did he tell you anything
specifically that the Republican State Committee would provide to you to assist you in this campaign?

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

COMMISSIONER HYNES: Did they provide assistance?

THE WITNESS: Obviously they did.

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

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

COMMISSIONER HYNES: How?

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

He did deposit $10,000 in the Post Office in Poughkeepsie for the purchase of bulk mailing. He told me about that because I discussed that with him, as I recall, because we had a bulk mailing permit ourselves and we discussed mailings. And I said I don't
-- we don't have sufficient funds to handle bulk mailing and he said that he had -- they had established -- the Republican State Committee had established its own account at the Post Office.

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

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

COMMISSIONER VANCE: When was that?

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

At that time I wasn't familiar with the term "Pyramid Corporation." Galleria, I was familiar with, but Pyramid Corporation I wasn't. And I asked him who the Pyramid Corporation was and he said that that was the parent company of the Galleria Mall that was being proposed for construction in the Town of Poughkeepsie.
That was the first that I had learned of the Pyramid Corporation.

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

THE WITNESS: Yes, sir, absolutely.

COMMISSIONER VANCE: OK.

BY MR. MCGUIRE:

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

A Yes, sir.

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

A Yes, sir.

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

A Robert Ungerer and Bruce Kenan.

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

A Yes, sir.

Q And who did you meet of those two?

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

Q Who was present at that breakfast meeting?
A Paul Sullivan, an attorney. He's an attorney. Robert Ungerer, and I believe the fourth person was Bruce Kenan.

Q Who invited you to this luncheon?
A Paul Sullivan.

Q And did you understand Mr. Sullivan to be an attorney for Mr. Ungerer?
A He's affiliated with the law firm that I believe represented the Galleria.

Q As I believe you testified earlier, the purpose of this meeting was to advise you with respect to the Galleria people's intentions to build a mall in the Town of Poughkeepsie?
A Yes. It was advisory, yes, sir.

Q Now, after -- well, more narrowly, during the course of the election campaign in the Town of Poughkeepsie, did you have occasion to speak to Mr. Ungerer about the election campaign?
A Would you repeat that again, sir?

Q During the course of the election campaign in November of 1985, did you have occasion to discuss the campaign with Mr. Ungerer?
A I don't recall the substance, what conversations I had
ever had with Mr. Ungerer, but I never discussed with
him the aspects of the campaign as I knew them, in
affiliation with my -- in my affiliation with Tom Spargo.
I never discussed that specific aspect of the campaign
with Robert Ungerer. You have to remember that I was
fully aware that Robert Ungerer was playing both sides
of the street and he's the last person that I'd take
into my confidence on the specifics of the campaign.

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

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

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

Q Feel free.

CHAIRMAN FEERICK: Yes.

(Pause.)
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?
BY MR. McGUIRE:

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

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

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

(Pause.)

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

BY MR. McGUIRE:

Q Well, my question, Mr. Paroli -- I believe you answered it, was whether you had any recollection as to whether or not you had discussed the campaign with Mr. Ungerer in the fall of 1985. I believe your answer was that
you had a number -- maybe hundreds of telephone
conversations and you may have discussed or mentioned
something about the campaign to Mr. Ungerer, but you
were always very circumspect in any conversations you
may have had with Mr. Ungerer?

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

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

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

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

THE WITNESS: No, Ma'am.

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

THE WITNESS: No, sir.

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

THE WITNESS: No, sir.
BY MR. McGUIRE:

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

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

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

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

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

A Yes, I would.

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

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

Q Where did this literature come from, Mr. Paroli?
A It came from out of town, sir.

Q Do you know where out of town?

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

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

THE WITNESS: No, I did have --

COMMISSIONER HYNES: OK.

THE WITNESS: I did provide input.

COMMISSIONER HYNES: OK.

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

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

THE WITNESS: Tom Spargo would show me the rough drafts.
COMMISSIONER HYNES: OK. Did he tell you who developed the copy?

THE WITNESS: No, Ma'am.

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

THE WITNESS: I would review it for accuracy.

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

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

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

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

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

THE WITNESS: Several times as I recall.

COMMISSIONER HYNES: More than a dozen?

THE WITNESS: I'm not sure about that.

COMMISSIONER HYNES: Then the final copy of this, you would actually mail in the bulk mail at the Post Office?
THE WITNESS: I wouldn't see the final product until I received it at home or someone would show it to me --

COMMISSIONER HYNES: I see.

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

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

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

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

COMMISSIONER HYNES: Because you had signing authority?

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

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

THE WITNESS: Yes.

BY MR. McGUIRE:

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

A Yes.

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

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

Q Now, some of the literature --

COMMISSIONER VANCE: Let me interrupt for a second.

MR. McGUIRE: Sure.

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

Or, on the other hand, was there any talk about, "Maybe we better play down the whole Galleria
THE WITNESS: Not with Tom Spargo. We did not discuss Galleria with Tom Spargo. I never had -- that question never came up between us. As a matter of fact, we made every effort to avoid Galleria. When I say "we," I'm referring to our candidates in the Town of Poughkeepsie. We made every effort to avoid the question of Galleria as an issue. We were forced into that issue.

COMMISSIONER VANCE: You and your candidates?

THE WITNESS: Pardon, sir?

COMMISSIONER VANCE: You and your candidates?

THE WITNESS: The candidates.

COMMISSIONER VANCE: You said "we."

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

COMMISSIONER VANCE: You consciously avoided talking about Galleria?

THE WITNESS: In the campaign.

COMMISSIONER VANCE: OK.

THE WITNESS: In the campaign itself, sir.
I instructed them not to take any position on the Galleria at all because it was an emotional campaign. You have Mrs. Buchholz, who is generating all of the emotion regarding this campaign, because -- obviously, because this Galleria was proposed to be built right under her nose. She lived on the hill. She had to look down on it.

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

We made every effort to avoid it, sir.

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

THE WITNESS: The reference to a $100,000 campaign.
CHAIRMAN FEERICK: Yes. I take it that the first communication you had with Mr. Spargo concerning the 1985 town council elections came, I believe you said, maybe in the late summer of '85 as a result of information that was communicated to you about the Save The Town Committee?

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

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

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

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

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

CHAIRMAN FEERICK: But did you communicate it to him -- to him -- in that conversation, that there was a committee, the Save The Town Committee? Is that your testimony?
THE WITNESS: Yes, sir.

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

THE WITNESS: Yes, sir.

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

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

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

THE WITNESS: I may have mentioned that there was a committee that had resources to throw against us to the extent of about $100,000. It was conveyed to me by the coordinator or the chairman of the committee and perhaps in that context there, I may have mentioned
that they are opposing the construction of a mall called the Galleria, but if that was done there, that was the only time that I ever discussed the Galleria with Tom Spargo, because I never discussed it with him during the campaign. I never had any reason to because we weren't discussing Galleria as an issue.

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

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

CHAIRMAN FEERICK: OK.

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

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

COMMISSIONER VANCE: Was that a surprise to you?

THE WITNESS: What's that?

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

THE WITNESS: Nothing surprises me anymore,
Mr. Vance, not after what's been happening here. I mean, I'm not impugning this Commission. I'm saying that this -- I firmly believed at that time, and this lady convinced me and I believed it on the basis of what she told me. I took appropriate action.

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

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

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

It was a confusing situation, at best, as
to what she was saying, but it was obvious to me that
they were already infusing funds into -- from what she
told me, into the campaigns of these individuals.

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

BY MR. McGUIRE:

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

A That's correct, sir.

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

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

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

A I provided my input.

COMMISSIONER HYNES: Did he make the initial
suggestion that taxes and planning would be two good
issues?
THE WITNESS: No. I believe he asked me as to what the issues that most -- appropriate issues would be in the Town of Poughkeepsie; and in the Town of Poughkeepsie as it is today, as it was then, planning and taxes are significant issues.

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

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

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

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

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

THE WITNESS: Pardon?

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

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

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

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

COMMISSIONER HYNES: OK, thank you.

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

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

BY MR. O'BRIEN:

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

A That was my impression, yes, sir.

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

A No, sir.

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

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

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

A No, he didn't, sir.

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

A No, sir.

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

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

Q I think you alluded to the fact that in 1987 the
Republicans didn't do so well. Could you summarize what happened to the five town board Republicans in the '87 elections?

Q Summarize?

A Yes.

Q They were wiped out.

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

A No, sir.

Q Did Mr. Spargo show up?

A No, sir.

Q No offer to help with the mailings?

A No, sir.

MR. O'BRIEN: OK.

(Pause.)

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

BY MR. O'BRIEN:

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

A Pardon, sir?

Q Did anyone from the committee offer to assist Dutchess
County or the Town of Poughkeepsie?

A No, sir.

BY MR. McGUIRE:

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

A Absolutely, sir.

Q Did you then call Mr. Spargo?

A Yes, sir.

Q And what did you say to Mr. Spargo?

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

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

A I asked him that.

Q And what was his answer?

A As I recall, he told me that they were not specifically earmarked for the Town of Poughkeepsic; that they went
into a general fund where it was disseminated throughout
the State for various projects of this type.

Q Did he mention any of these specific projects?
A He mentioned, as I recall, a project in Suffolk County,
Oneida County. Other than that, I have no specific
recollection. I'm not certain that those are the
correct counties, but somehow the name Oneida County
stands out in my mind.

Q Was this one telephone conversation or more than one?
A One, I believe.

Q I take it that when you asked Mr. Spargo about these
contributions, he was aware at that time of these
contributions from the Pyramid people?
A It was my impression he was; yes, sir.

Q Did you ask him at that time if he had known during
the course of the election about these contributions
from the Pyramid individuals?
A I don't recall asking him that.

Q Did he tell you that he had known or didn't know?
A No.

Q Now, just another question or two with respect to the
literature. Some of the literature that was sent out
included letters from candidates; is that right,
Mr. Paroli?
A Yes, sir -- letters from candidates?
Q Yes.
A I believe so; yes, sir.
Q Did you review those letters for accuracy as well?
A Yes, sir.
Q Do you know if the candidates reviewed those letters?
A I'm not certain.
Q And those letters, like the other brochures, had the issues of taxes and planning in them?
A The candidates received copies in the mail. Also, they're fully aware of what the substance of those -- of the brochures and the mailings and the letters were. I received no complaints. I have to assume that they were satisfied with the contents of the mailings.

MR. McGuire: All right. Thank you. I have no further questions, unless --

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

As a result of what you've come to learn about your experience in the 1985 election and revelations that came to you afterwards, do you have any views as
to how you would like to see the laws improved with
respect to campaign financing in this State?

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

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

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

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

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

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

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

THE WITNESS: That would be my recommendation,
because we're of the firm conviction that every
assistance we were receiving in the campaign in the
Town of Poughkeepsie, 1985, was coming from the Republican
State Committee.

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

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

CHAIRMAN FEERICK: Thank you very much.
Thank you.

THE WITNESS: You're welcome.

(Witness excused.)

CHAIRMAN FEERICK: We'll take a short recess.

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

CHAIRMAN FEERICK: The hearing is now in
session.

I would like to recognize the Commission's
Chief Counsel, Kevin O'Brien, for a statement.

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

There are six such individuals: Mr. Congel, Mr. Ungerer and Mr. Kenan, who are affiliated with Pyramid Companies, as the testimony has shown; Mr. Spargo and Mr. Lorey, who are associated in various capacities with the Republican State Committee; and Mr. Polsinello, who is a former chief of investigations for the State Board of Elections.

Mr. Polsinello has asserted his Fifth Amendment privilege in a letter that was sent to the Commission on January 18th. Mr. Lorey and Mr. Spargo, as some of you may know, are both engaged in litigation challenging the validity of our subpoenas and raising other issues.

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

And as for Mr. Congel, Mr. Ungerer and Mr. Kenan, we have been unable to locate Mr. Ungerer
to serve him, despite visits to Buffalo, Syracuse, Poughkeepsie and other places around Upstate New York.

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

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

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

CHAIRMAN FEERICK: The Commission now calls Philip Friedman.

Would you stand, please, and raise your right hand?
PHILIP FRIEDMAN, called as a witness and having been first duly sworn by the Chairman, was examined and testified as follows:

CHAIRMAN FEERICK: Please be seated.

MR. MCGUIRE: May I begin, Dean Feerick?

CHAIRMAN FEERICK: Yes, please.

BY MR. MCGUIRE:

Q It's still good morning? Good morning, Mr. Friedman. Can you please tell us how you are employed?

A I'm employed as a consultant.

Q For a particular firm?

A Campaign Strategies.

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

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

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

BY MR. MCGUIRE:

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

A This is my attorney, Mr. Frankel.

Q Now, are you the owner of Campaign Strategies --
COMMISSIONER VANCE: Wait a second.

CHAIRMAN FEERICK: Are the cameras off for this witness?

VOICE: They're on.

MR. McGUIRE: Deán Feerick?

CHAIRMAN FEERICK: Yes?

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

CHAIRMAN FEERICK: I see. Sorry.

BY MR. McGUIRE:

Q Are you presently the owner of Campaign Strategies?

A Yes, I am.

Q Now, in 1985 were you the sole owner?

A I was 50 percent owner at that time.

Q And who did you own it with?

A My partner, Henry Morris.

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

A Approximately 11 years.

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

A Yes, I am.

Q When did you first become familiar with the Pyramid
Companies?

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

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

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

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

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

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

A Yes, they did.

Q And when was that?

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

Q And who contacted you at that time?

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

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

A Well, they explained that they were builders of malls around New York State and the Northeast Region, and
that they were looking for a firm which could aid them in the process of having malls approved in various local communities and which could also improve or enhance the image of the Pyramid Companies generally in the Northeast.

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

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

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

Both, that's right.

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

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

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

That's correct.

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

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

A They did.

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

A We did.

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

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

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

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

Q Just to sort of understand, can you tell us exactly what focus groups are?
A Yes. A focus group is something that is used in commercial marketing and advertising, and also to some extent lately in politics. It is basically a group of 6 to 12 people who sit around the table, somewhat like this, and spend about an hour or two discussing an issue which is presented to them by the moderator.

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

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

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

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

A Yes, it did.

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

A Yes. We suggested the firms that were to conduct them,
the professional firms. In one case, Kennan Research
which conducted the focus groups, and the other case,
Penn & Schoen which conducted the polls.

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

Q Now --

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

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

COMMISSIONER VANCE: OK.

THE WITNESS: It was either August or
thereabouts.

BY MR. McGUIRE:

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

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

Q All right. Now, with respect to the focus groups, were
they held in the Poughkeepsie area?

A Yes, they were.

Q Do you know where?

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

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

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

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

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

A Yes. They were definitely communicated to Mr. Ungerer,
Mr. Kenan and Mr. Congel.

Q Was that at a meeting or was that telephonically?

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

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

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

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

A I believe that the poll to which you refer was a town-wide poll with a split sample, which means that some of the people were asked one set of questions and some of the people were asked another set of questions, for the reason that the entire body of questions constituted an interview too long to conduct with any one individual.
Q Did these polls include questions about candidates for the elections in the Town of Poughkeepsie in November of 1985?

A Yes, they did.

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

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

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

A I think the first overall result was that they confirmed the general satisfaction of the town inhabitants with the town and with the town's incumbent elected officials, and I think the second and pertinent result of the polls was that they indicated an election trend against the Republican candidates in that town, including those who were in favor of the proposed mall, both those who were challengers to existing Democrats, and those who
were, in fact, incumbent Republican officeholders, looked at this point, four, five or six weeks out from the election, to be likely losers.

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

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

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

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

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

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

Q Now, is it fair to say that the poll results indicated
that the Democratic -- the Democratic candidates were politically stronger than the Republican candidates?

A  Absolutely.

Q  And did you communicate those results to any of the representatives of the Pyramid Companies?

A  Yes, to Mr. Ungerer and Mr. Kenan, again I suspect at a meeting, and to Mr. Congel by phone.

Q  Now, were the results of these focus groups and polling -- well, let me withdraw that question. Did you make any recommendations to any of the individuals, Mr. Kenan or Mr. Ungerer, with respect to the meaning of these focus groups and poll results?

A  Well, I think we suggested that the Republican candidates were likely to lose and that that was the outcome, that while you can't predict for sure, that was the outcome that appeared.

Q  Were the results of these polls and focus groups, did they represent an important juncture?

A  Yes. I think there's no doubt about it. I think that the Pyramid Companies were awaiting our results, the results of the body of research, focus groups and polls that we recommended before they decided what to do.

And I think they decided upon -- in fact, I know they decided because they informed me shortly
after receiving the results and the analysis that went
along with it, that they wanted to play an active role
in these local town elections which were coming in four
or five weeks in the Town of Poughkeepsie.

Q Did you say anything to Mr. Ungerer or Mr. Kenan about
how they could play an active role?

A Well, I think we made two points. We made the point
that just because they wanted to play an active role
didn't mean that their candidates were going to win,
regardless of how much effort or how much money they
put into it and, secondly, that if they were to play
an active rather than a bystander's role in the
election, that they needed to consult with their
attorneys and with people experienced in that to see
whether they were legally entitled to do so.

If so, how and to what extent?

Q Do you recall specifically the person with whom you
had that conversation and made those two points?

A Well, I don't, but I would have to believe I made it
to all three.

Q By "all three," you mean Mr. Congel, Mr. Kenan and
Mr. Ungerer?

A Yes.

COMMISSIONER HYNES: In these conversations,
did they suggest to you how they wanted to become actively involved?

THE WITNESS: Well, they wanted to do, certainly, as much as they could to support Mr. Pinckney in one ward, and I think they were considering at the same time a wide variety of options ranging just from supporting Mr. Pinckney to supporting other candidates in other wards in addition.

BY MR. MCGUIRE:

Q After this conversation with Mr. Congel, Mr. Kenan, Mr. Ungerer, where you made the two points, I take it that some period of time elapsed before they got back to you and told you that they did want to participate in the elections?

A Yes. There was a short period of time before they informed us of that decision.

Q And did they tell you anything at that time about how they were going to participate in this joint campaign -- I'm sorry, participate in this election effort?

A They informed us that they were going to be supportive of what they called a joint campaign effort by the Republican State Committee; by a political action committee that they were forming called the Building a Better New York Committee, and possibly by the
Republican Town Committee.

I'm not sure whether the participation of the Republican Town Committee was mentioned by the --- at that juncture or later as the campaign itself evolved.

Q Now, did you ask either Mr. Kenan or Mr. Congel or Mr. Ungerer at the time whether they had made any arrangements or had discussions with the Republican State Committee regarding this joint effort?

A Well, I assume they informed us. I don't remember specific conversations, but I assume that they informed us that the Republican State Committee had agreed to participate in such an effort.

Q Did either Mr. Congel or Mr. Kenan or Mr. Ungerer say anything about who they had had discussions with at the Republican State Committee?

A Either at that point or somewhat later, the name of Mr. Spargo came up.

Q And who did you understand Mr. Spargo to be?

A I understand him to be counsel to the Republican State Committee.

Q Do you recall who may have advised you of that fact?

A It would have been one of those three gentlemen. I don't recall which.
Q Now, did anyone affiliated with the Pyramid Companies ever advise you that they had had any role in the selection of the candidates, the Republican candidates in the Town of Poughkeepsie?

A Mr. Ungerer indicated to me at the time, somewhere during this period of the conduct of the focus groups or the polls or the decision-making period shortly thereafter, that he had been actively involved in town politics on a personal basis, and I believe he indicated that he had had discussions with Mr. Paroli as to the qualification and electability of a number of the candidates.

Q Now, did your firm make recommendations to the Pyramid Companies regarding the specific candidates to be included or that should be included in an election effort?

A Well, on the basis of the poll results that we received, we made one recommendation for them to consider as they decided to what extent they were going to participate and in support of what candidates, and that recommendation was to actively oppose the candidacy of Mrs. Buchholz, who was the incumbent Democratic supervisor.

Q Why did you make that recommendation?
Well, it was the clear result of the survey that we conducted, or that Penn & Schoen conducted, and that we analyzed, that Mrs. Buchholz was a substantially popular person in the Town of Poughkeepsie and from what we had gathered from them, she was an active and energetic campaigner.

It was our feeling as political analysts that if they challenged her candidacy, her response could be so energetic and so aggressive as to help the entire Democratic ticket and defeat the other candidates that they were trying to help.

Q Was your firm's recommendation concerning Mrs. Buchholz, was that subsequently followed?

A I believe it was. Mrs. Buchholz, to my knowledge, was not targeted for a specific campaign against her or campaign on behalf of her opponents.

COMMISSIONER HYNES: What was the timing of that recommendation when you made that, when you reached that conclusion and conveyed it to Mr. Ungerer?

THE WITNESS: It would have been within the same period. There was a period -- which Mr. McGuire described as this "juncture" -- after which they received all of these results and in which they were considering whether they wanted to be involved, in which wards they
wanted to be involved.

At some point, perhaps right at the beginning, several -- over those several days, we pointed out that opposition to Mrs. Buchholz would be, in our opinion, a negative for their other efforts.

COMMISSIONER HYNES: This is September, late summer?

THE WITNESS: No, this would be in September after the polls were conducted.

COMMISSIONER HYNES: OK.

BY MR. McGUIRE:

Q There was, however -- correct me if I'm wrong, Mr. Friedman -- there was an umbrella campaign or generic Republican campaign; is that correct?

A Yes, that is. The reason for that is really relatively simple. While Mrs. Buchholz and her colleagues were sort of aggressive, energetic campaigners who had been able to win in this town and whose candidacies were potent, it was basically a Republican town and it was our analysis that if a campaign were run along Republican themes and designed to remind people of why they do sometimes vote Republican, that that would increase the Republican turnout, so specifically to help these four candidates, or the candidates that they ultimately
supported, but in general to raise the Republican

turnout and to strengthen that partisan identification.

Q I'll get to the four candidates that you just mentioned

in a moment.

Let me make sure I understand your testimony.

Is it your testimony that the recommendation to pursue

a generic Republican campaign was designed precisely
to help specifically four candidates?

A That's correct.

Q Now, who were those four candidates who were supported

by the election effort?

A Well, it started with Mr. Pinckney who, as I said, was

their original object of interest. Added to that was

Mr. Darrow, who's been mentioned here earlier, who was

a challenger in one of the wards; also, Mr. Banner,

who was a challenger to Mr. Pyrek; and Mr. DelSanto,

who was a challenger to Mr. Babiarz.

Q And were these four races in these four wards, were

they the focus of Campaign Strategies' election efforts?

A Yes.

Q Now, was the decision to support the candidates in all

four wards, was that made at the same time or was it

-- initially, were there only a couple of candidates

and then more added?
No. I believe that part of the process was exactly the opposite of that. From the time they began to consider active involvement in the election, the budget, the number of wards in which they were going to be involved and general extent of their activity all grew from that point for the remaining four to six weeks until the election.

Q Now, a lot of literature was produced, brochures and letters and pamphlets; is that correct?

A That's correct.

Q And did that literature, pieces of literature, sound any particular themes?

A Yes. They reflected the themes which the poll and the focus groups indicated had the most potential effectiveness in the Town of Poughkeepsie, and those were the themes of planning and taxes.

COMMISSIONER HYNES: Who drafted them?

THE WITNESS: I think, to a large extent, they were drafted in my office by people who worked for me.

BY MR. MCGUIRE:

Q Were they reviewed by anyone else?

A From time to time they were reviewed by me to make sure that they were consistent with those themes, and just
generally evaluated them.

COMMISSIONER HYNES: Did you consult with anyone outside your office as to the contents of what should be in that literature?

THE WITNESS: I discussed this from time to time with Mr. Ungerer, and we also discussed it with the people who had provided the initial research input, the representatives of Kennan Research and Penn & Schoen.

COMMISSIONER HYNES: Other than Mr. Ungerer from Pyramid and the researchers, no one else was consulted on the contents of the literature?

THE WITNESS: No.

COMMISSIONER HYNES: OK.

BY MR. McGUIRE:

Q Now, you indicated earlier that the focus sessions -- one of the findings with respect to the focus groups was that people in Poughkeepsie were generally happy with their life. Is that a fair summary?

A Yes, that's correct.

Q That response from the focus groups, did that have any role in the development of the game of planning?

A Yes, it did. I think that when you're running a campaign against an incumbent, rather than emphasize what is good, the candidates emphasize what is bad;
and where there's very little that is bad, one
emphasizes keeping what is good, and that is essentially
the purpose of planning.

I think there was some underlying concern
in the Town of Poughkeepsie that this life-style which
people had chosen and appreciated would disappear, if
not washed.

Q Was the proposed mall -- was that one of the themes?
A No, it was not.

Q Why was that not a theme in the election or in the
literature and brochures?
A Well, I think there were two reasons. And the first
and most important one is that these themes of planning
and taxes were clearly the most effective potential
themes for Republican challengers to Democratic office-
holders. With four or five weeks left in the election,
we would not advise someone to spread their fire too
thick by raising too many issues.

I think, certainly, the second reason was
that that element, the Galleria Mall element, was not
one which Mr. Ungerer or Mr. Kenan particularly wanted
to raise.

Q Do you know why they didn't want to raise that issue?
A I don't believe -- I think they didn't want their own
involvement in the election to become a major issue.

I think perhaps they did not want to embarrass
or put on the spot the Republican candidates they were
supporting. I think that is somewhat speculation.

Q Well, did the polling that was done in September, did
that have any results or any implications on the issue
of the Galleria, whether it was popular, whether it
should be a theme?

A Well, the poll indicated that the Galleria was a
controversial issue, but basically one in which a
plurality -- or slim majority of the people of the Town
of Poughkeepsie favored.

The difference between the Galleria and the
planning and taxes themes is that the Galleria definitely
had people who opposed it; whereas the issues of good
planning and reduced taxes met no opposition at all
and were much more potent political issues.

Q Now, is it fair to say that your recommendation was
that the election should go with the strong themes of
taxes and planning? Is that fair?

A Yes, that's right. These -- between the two research
elements, the focus groups and the polls, the strength
of taxes and planning as potential issues was so clear
and so substantial in terms of the percentile which
agreed with it, that it was our recommendation that those be the two themes that be emphasized; and, really, essentially only those two themes.

COMMISSIONER VANCE: Before we get too far away from that, let me ask a question. Was there a deliberate position taken to cover up the fact that Pyramid people, Mr. Ungerer and the others, had been involved in supporting the candidates in this election?

THE WITNESS: Not on our advice. Our advice --

COMMISSIONER VANCE: Do you know whether or not --

THE WITNESS: Yes.

COMMISSIONER VANCE: -- they advised you to do that?

THE WITNESS: Yes. I believe it was the wish of the Pyramid representatives, Mr. Ungerer and Mr. Kenan and Mr. Congel, that their participation not only in the election but actually in some of the research elements including the focus groups, not be acknowledged.

COMMISSIONER VANCE: Thank you.

BY MR. McGUIRE:

Q Did you have any advice for Mr. Congel or Mr. Kenan
or Mr. Ungerer on that same score?

\[\text{A}\]
I think we pointed out to them two factors: one was that their involvement was, sooner or later, going to become public; and, two, that they had no reason, in our opinion, and know that it was unwise for them to lie or to dissemble about their involvement in either the conduct of the initial focus groups or in the participation in the election.

\[\text{Q}\]
Now, did you believe that the involvement of the Pyramid Companies in this election had to be handled with great care?

\[\text{A}\]
Yes, I do. I think that people who are -- come from outside a particular locality and then become involved in the politics of that locality, particularly -- in a way, this has happened all over the country with independent expenditures in Illinois and California and a variety of other places -- can themselves become the object of great controversy and can become an overriding issue in the election, and I think had this happened to the Pyramid Companies as regards to their role in the election, their chances of having their candidates win would have been significantly diminished.

\[\text{Q}\]
Was it your opinion or was it your belief that if the mall were made an issue, that might undercut the
effectiveness of the theme of taxes and planning?

A I think it could have. I think by -- A, by diluting the strong issues of planning and taxes, it could have hurt their candidates; and, B, by raising indirectly or opening the door through which might come a major controversy about involvement of the Pyramid people in this election, I think that would have been a concern.

Q What role did the Pyramid Companies ask you to play in the election effort itself once they made the decision to go ahead and participate on an active basis?

A Well, their first hope or their first wish at this point was that we change our role from overall analysts and advisor to essentially campaign management, and we indicated to them that we could not do this and that we could not provide "on-the-ground management." And that the best we could do -- as I believe I indicated earlier -- was to recommend to them a series of vendors or contractors whom we believed could perform the various tasks that would be involved in this campaign.

Q Now, did you make any recommendations to any of the individuals affiliated with Pyramid concerning persons who could play the role of on-the-ground campaign manager?

A Yes. We recommended at least one person, Richard Fife,
who was ultimately hired for that role.

Q And I take it you had worked with Mr. Fife previously?

A Yes. He was a previous -- he had previously been an employee of our company. At this time, I believe he had his own consulting firm, and he had the time and, in our opinion, the skill to provide the campaign management role that we did not want to provide.

Q Did anyone other than Mr. Fife play the role of on-the-ground campaign manager in Poughkeepsie?

A Yes. Because Mr. Fife, as one person, really could not do all of this himself, another individual was asked to participate by the Pyramid people, and his name was Fred Pheiffer.

Q Do you know who recommended Mr. Pheiffer and to whom?

A Mr. Ungerer indicated to me that he was a Republican consultant who was recommended either by the Republican State Committee or officials of the Republican State Committee.

Q Did he indicate whether he had been recommended by Mr. Spargo?

A I don't recall.

Q Now, with respect to the strategy for the campaign itself, you communicated the strategy to Mr. Congel and Mr. Kenan and Mr. Ungerer; is that right?
A That's correct.

Q And I believe in a prior deposition, you indicated there were basically four elements to this campaign theme. I wonder if you could take a moment to briefly outline the four elements of the campaign?

A Well, the elements of the campaign that I remember -- I hope it's going to come to four -- are, one, the use of these themes of planning and taxes; two, the aggressive personal campaigning on the part of the candidates; three, a supportive Republican generic campaign in terms of radio and literature; and, I guess four -- that gets us to four -- the distribution of a variety of literature and advertising on behalf of the candidates.

Q Maybe the number is five.

A Oh.

Q The four elements that you just identified, were they monitored in any way?

A Yes. Those are the four active campaign elements, and the fifth element would have been to monitor the success and the effectiveness of those through additional polling.

Q And was additional polling employed?

A Yes.

Q And in what wards or how many wards?
Friedman - McGuire

A You know, I'm certain it was conducted in Mr. Pinckney's ward and Mr. Darrow's ward. I really do not recall because these were the two most hotly contested. I really do not recall whether there was additional polling in the Banner ward. On review of this with counsel, I'm almost sure there was not in the DelSanto ward.

Q Now, with respect to door-to-door campaigning, do I take it that you made a recommendation that door-to-door campaigning was important to the election effort?

A Yes, we did.

And we felt that very strongly, and still do. In a town of this size where you can literally reach many, many of the voters on a personal basis, there is no substitute for that activity, no amount of literature and no amount of supportive material will be as good as a direct contact between a candidate and the voter.

And we inferred from the poll results that the Republican candidates had not been doing that, and that the success of Mrs. Buchholz and her Democratic colleagues was just getting out and working the areas and getting to know their neighborhoods.

Q So did you stress the importance of this door-to-door work to Mr. Kenan or Mr. Ungerer?
A Yes. In fact, I would suspect of the five proposals, or the five elements of the program that you outlined, that would have been number one; that we recommended to them strongly that the candidates, with the little amount of time they had left, get out and meet at least those voters who had the potential of supporting them in the election.

Q Now, did your firm play a role -- I know you mentioned it a moment ago -- in the drafting or developing of all the literature?

A Yes, we did.

Q And in seeing to the production of that literature? Is that fair to say?

A Well, I think we performed what has been pretty accurately described as a general contractor role. In other words, for each piece of literature, if we can use that as an example, there would have been an artist, a printer, a variety of other people involved. But we were the ones who decided or who recommended the themes.

We were the ones who did the drafts, and as it came back from the printer and the artist, we were the ones who looked at it before it went to Poughkeepsie.

Q Now, did you at any time communicate this strategy or
give advice to any of the individual candidates in Poughkeepsie or to any representatives of the Poughkeepsie Republican party?

A We never spoke directly to the particular candidates who were running.

MR. O'BRIEN: Did someone ask you not to do that?

THE WITNESS: I think Mr. Ungerer indicated that it was his preference that we not do so.

BY MR. McGuire:

Q I know you're not a lawyer. Are you familiar with the term "independent expenditures"?

A In a general sense.

COMMISSIONER HYNES: I'm sorry. Did you finish your last answer? Did you say that you had never contacted any of the individual candidates? Was there anybody else that you did or did not contact?

THE WITNESS: I was involved with one brief, rather commical conversation with Mr. Paroli, in the sense that Mr. Ungerer, who had indicated to me that he spoke to Mr. Paroli on a regular basis, was involved in some discussion of question of strategy with Mr. Paroli, and he asked me to listen to his conversation with Mr. Ungerer in order that he be able
to -- in order that he be able to get the benefit of my thinking with the conversation.

MR. FRANKEL: With Mr. Ungerer or Mr. Paroli?

(No response.)

COMMISSIONER HYNÉS: Tell us what that conversation is. I'm confused. Mr. Ungerer was having a conversation with Mr. Paroli and asked you to listen to that conversation?

THE WITNESS: That's right.

COMMISSIONER HYNES: Was this a --

THE WITNESS: It was a phone conversation.

COMMISSIONER HYNES: -- speakerphone?

THE WITNESS: No, it was a phone conversation where, I believe, Mr. Ungerer was in one place, Mr. Paroli was in another and I was in New York City.

COMMISSIONER HYNES: OK. You were discussing what in that conversation? What were Mr. Ungerer or Mr. Paroli discussing?

THE WITNESS: I really don't remember. The one point which I made in earlier testimony is that given the sort of impetuous nature on my part, I forgot that I wasn't supposed to speak during that conversation and I gave my own opinion about whatever Mr. Paroli was asking, and that's all I remember.
BY MR. McGUIRE:

Q Just so I understand, prior to actually listening to whatever it was that Mr. Paroli and Mr. Ungerer were discussing, you were asked by Mr. Ungerer to listen in and not to indicate that you were on the line listening?

A That's correct.

Q Now, you may have just testified and I may have missed this. I'm sorry if I did. You don't recall exactly what was being discussed by Mr. Paroli?

A No, I really do not.

Q It had something to do with the campaign?

A Yes, absolutely.

MR. O'BRIEN: Is it also your testimony again -- things went by quickly there -- that Mr. Ungerer told you he had regular conversations with Mr. Paroli?

THE WITNESS: That was my understanding.

MR. O'BRIEN: Did he say what those conversations were about?

THE WITNESS: It was my understanding -- and again this was two years ago -- that Mr. Ungerer and Mr. Paroli discussed the campaign that was going on at that time. I have only Mr. Ungerer's -- I have only my recollection of what Mr. Ungerer said to go by.
MR. O'BRIEN: All right.

BY MR. McGUIRE:

Q You yourself did not personally speak with Mr. Paroli?

A No, that's right, I did not.

Q Other than --

A Yes.

Q -- to the extent of blurting something out that may be considered speaking?

A I guess after that I was never asked to do that again.

(Laughter.)

Q Now, your firm directed at least parts of this campaign effort; is that right?

A Yes. Well, we laid out the overall strategy and we supervised to some extent, certainly, the drafting of the literature and the advertising and probably the development of the polls which monitored the progress. The parts we didn't supervise were -- and only heard about were the on-the-ground campaign activities of the various candidates.

Q Now, did Mr. Ungerer or Mr. Kenan direct or play a role in this campaign effort?

A I believe they did, either directly with the candidates or certainly by talking to Mr. Fife and Mr. Pheiffer.

Q Did they have any role in the production or dissemination
of the literature, the campaign literature?

A To the extent that it was a logistical question of how so much literature being produced so quickly was going to be delivered to Poughkeepsie and then distributed in Poughkeepsie, I think they did, in the sense that they often helped to have it picked up in Poughkeepsie and brought to the Post Office or brought wherever it was going.

Q Now, is it fair to say from your testimony today that Mr. Ungerer acted as the liaison between Campaign Strategies and the Republican Town Committee?

A Yes.

Q Did he ever use that term, do you know?

A No, but he functioned in what I clearly understood to be that role.

Q Now, did you ever communicate advise or strategy to Mr. Spargo?

A No, sir.

Q With whom primarily did you communicate advice and strategy?

A Mr. Ungerer would frequently call and ask my opinion, as would Mr. Kenan from time to time about certain events that either I knew about or they would describe to me that were going on in the town. I certainly
communicated my opinion to them, as did other members of my firm; and, in addition, members of my firm communicated opinions to Mr. Fife and Mr. Pheiffer from time to time.

Q Did you ever meet Mr. Spargo?
A I have met Mr. Spargo once.

Q Do you recall when that was?
A I do not recall whether it was before, during or after the election. It was in my office in New York.

COMMISSIONER HYNES: Did it have anything to do with the Poughkeepsie election?

THE WITNESS: Absolutely. I believe he was brought to meet me by Mr. Ungerer. I just don't remember when.

BY MR. McGUIRE:

Q Apart from this meeting with Mr. Spargo, did you have any dealings with any representatives of the Republican State Committee?
A No.

COMMISSIONER VANCE: Could I ask you a question? I was struck in your deposition with the following statement: "What these people were seeking to do was to influence an election for their own personal pecuniary gain and for no other purpose
whatsoever, in my opinion."

Is that a correct summary?

THE WITNESS: Yes, it is.

COMMISSIONER VANCE: Thank you.

BY MR. McGUIRE:

Q Did you have occasion during the course of the campaign to speak with Mr. Fife and Mr. Pheiffer?

A Yes, I did.

Q And where did you reach them?

A Well, this has come up in my earlier testimony. I believe they either worked out of Mr. Paroli's office or Mr. Ungerer's office, and I don't recall which. In addition, I remember that Mr. Fife stayed at a motel in Poughkeepsie where I spoke to him from time to time. I believe Mr. Pheiffer more frequently went home to his home in either Albany or someplace.

Q In the period from July of 1985 to November of 1985, can you give us an idea of how many meetings you had with individuals affiliated with the Pyramid Companies?

A More than ten. Possibly less than 20, but more than 10.

Q And in the last few weeks of the campaign, did you speak regularly with Mr. Ungerer or Mr. Congel or Mr. Kenan?
A With Mr. Ungerer and Mr. Kenan, absolutely.

Q On a daily basis?

A Yes.

Q Now, with respect to the billing, Mr. Friedman, I have a number of questions. Maybe we could proceed a little more quickly if I summarize from your testimony on this score and if I -- the prior testimony at a deposition on this score, and if I am incorrect, please correct me.

Your firm arranged for near all the vendors and/or subcontractors. Those vendors were paid either by Building a Better New York or the Republican State Committee; is that correct?

A That's correct.

Q And some vendors were paid both by Building a Better New York and the Republican State Committee; is that correct?

A That's correct.

Q So, to use an example, one vendor would have, for example, a $5000 total bill and he would send an invoice for that to Building a Better New York, and the other part to the Republican State Committee; is that correct?

A That's correct.

COMMISSIONER HYNES: Do you know what the
reason was for splitting that expenditure between those two organizations?

THE WITNESS: Mr. Kenan indicated to me at a point when we inquired as to why this was being done and why the numbers were changing so frequently as to particular vendors' bills -- in other words, why one day somebody would be billing $3000 to Building a Better New York and $6000 to the Republican State Committee, and the next day they would be directed to change or to reverse that -- Mr. Kenan indicated to me that he wished the appropriate election filings to have different numbers on them for different vendors for the two committees.

COMMISSIONER HYNES: Who was calling the shots as to where the bills should go?

THE WITNESS: Bruce Kenan.

BY MR. McGUIRE:

Q Did you in fact send the invoices from the subcontractors to Mr. Kenan?

A Yes, we did.

Q And you had received instructions from Mr. Kenan about particular invoices; which committee was going to pay, Building a Better New York or the State Committee?

A Yes. Essentially, as the general contractor, we were
told by Mr. Kenan how he wanted, as a client, wanted
the bills divided or processed.

Q Do you know if Mr. Spargo played any role in the
decision about how the billing was to be done, what
committees would pay?
A I believe Mr. Kenan consulted with him, but I'm not
100 percent sure of that.

Q Now, your firm, Campaign Strategies, was paid only by
Building a Better New York, and not the Republican
State Committee; is that correct?
A That's right.

Q Now, did anybody ever indicate to you why that was
true, that you were going to be paid by Building a
Better New York?
A Yes, either Mr. Ungerer or Mr. Kenan indicated to us
since our basic reputation was for working for Democratic
candidates, even though we helped to help them on this,
the Republican State Committee did not want to be
affiliated with us.

Q Now, your firm received $59,000 from Building a Better
New York; is that correct?
A That's correct.

Q Now, was that $59,000 all yours, or all Campaign
Strategies'; or did you have to pay vendors with any
of that money?

A No, sir. Approximately, upon reviewing these bills and the journals with counsel, approximately $47,000 -- $45,000 to $47,000 of that money was distributed to vendors.

Q So a number of the vendors were paid by Building a Better New York indirectly, then, through your firm, Campaign Strategies?

A That's correct.

Q Now, in a prior deposition, you had indicated that Mr. Kenan or Mr. Ungerer had "arranged to coordinate a campaign between the Republican State Committee and Republican Town Committee and Building a Better New York." Do you recall that testimony?

A Yes.

Q And you may have gone over it, and I apologize, but let me just briefly ask you: Who told you that they had made a -- those arrangements had been made to coordinate a campaign?

A Either Mr. Ungerer or Mr. Kenan or both.

Q Now, did Campaign Strategies ever do anything or provide any services of any kind in support of Mr. Babiars's candidacy?

A Well, in reviewing the documents that were part of my
earlier deposition, there appears to be a letter of some kind on behalf of Mr. Babiarz that was either drafted or reviewed in our office.

Q Do you know whether that was sent out, that letter?
A I do not.

Q It is an election letter, though; is that correct?
A Yes.

Q Advancing or promoting Mr. Babiarz's candidacy?
A That's correct.

Q Do you know at whose insistence that letter was drafted?
A I can only assume that it was at the insistence of Mr. Ungerer to someone in my office, because Mr. Ungerer was personally supporting Mr. Babiarz.

Q Now, in October of -- apart from the $59,000 your firm received from Building a Better New York, your firm received a total of $50,000 in early October of 1985; is that correct?
A That's correct.

Q And who was that money from?
A The Pyramid Companies.

Q And what was that work for -- what was that payment for?
A I believe that represented a partial payment for some of the work that's been described here today, for our
recommendations to Pyramid that they conduct a poll and the focus groups, for the analysis of the poll and focus group results, and for the ongoing consultation that was held starting in late July or August through this period.

Q And in December of 1985 and thereafter, your firm received several hundred thousand dollars from Pyramid Companies; is that correct?

A That's correct.

Q Now, was part of that sum of several hundred thousand dollars, was that in compensation for your election services, the polling and the planning of the election?

A I think to the extent that it reflected the polling and the analyses that were done in the first instance, and to the extent that it reflected continuing conversations with Mr. Ungerer and Mr. Kenan about politics in the town, including the election, it did.

Q Are you able to estimate for the Commissioners what portion of that several hundred thousand dollars was in compensation for those services that you just identified?

A It's hard to estimate a specific number because we do not bill by the hour. That total sum of several hundred thousand represented all of the work that we did for
Pyramid, including this analysis, including the kind of continuing consultation, including a later campaign of advertising for the mall itself, which was -- took place after the political election took place, but some part of it did relate to the matters you discussed.

CHAIRMAN FEERICK: Mr. McGuire, you made reference to several hundred thousand dollars. I'm looking at the figure or $386,892. Is that the figure you're referring to?

(Pause.)

Is that the figure, Mr. McGuire?

MR. McGUIRE: Yes. I'm sorry, Dean Feerick. I thought you were asking the witness.

BY MR. McGUIRE:

Q Now, Mr. Friedman, does that number seem right to you, $386,000? Is that --

A Yes. Based on our earlier discussions, on review of this with counsel, that number seems approximately accurate.

Q Now, in your mind, what was the most important thing that your firm did for the Pyramid Companies in 1985?

A Well, I think it would have to be the work that's already been discussed, the development, the analysis of the attitudes of the local town. While it may seem
rather simple, it was probably relatively accurate,
and I think that work, the analysis of the attitudes
in the town, the analysis of the strengths and weaknesses
of the various political candidates in the town, and
the development of a strategy that would be of interest
to the people who Pyramid wanted to support, I think
that's always the key element in an election and in
a campaign of any kind.

If you can decide what to concentrate on and
if you can analyze the situation correctly, I think
that's the most important element, but it's a subjective
judgment on my part.

COMMISSIONER HYNES: I just want to ask you
one follow-up question. You mentioned that door-to-door
campaigning on the part of the Republican candidates,
in your view, was very important, if not one of the
most important recommendations you were making.

Did you provide any strategy or assistance
in connection with how those door-to-door campaigns
should be conducted?

THE WITNESS: Only in the most general way.
I think that Mr. Fife and Mr. Pheiffer were responsible
for that in the sense that they, as I recall, kept a
record of each house that was visited by one of the
candidates and what the response of the person in that household was. I just -- our emphasis on it was derived from the fact that most of these other activities, whether they be television advertising or brochures or radio advertising or were actually substitutes for personal contacts, and we recommended an emphasis on personal contacts because, in a town of this size, it was really very possible.

COMMISSIONER HYNES: You mentioned they were keeping a record of the responses of the various households. Did anyone from Mr. Fife's organization, or the other gentleman -- I'm sorry, I lost his name --

THE WITNESS: Mr. Pheiffer.

COMMISSIONER HYNES: Pheiffer -- did they accompany the candidates in the door-to-door stops?

THE WITNESS: Yes, I think they did.

COMMISSIONER HYNES: Was that across the board? Was that part of the strategy, to have someone accompany each of the candidates in these door-to-door --

THE WITNESS: As I recall it, because no on-the-ground campaign management was going to be provided by us, and because they had only two individuals, Mr. Fife and Mr. Pheiffer, I believe that only two of the candidates were accompanied in such efforts, namely
Mr. Pinckney and Mr. Darrow. I think the other candidates made similar efforts but possibly not on the same scale, and definitely not accompanied.

COMMISSIONER HYNES: Was there a reason to single out those two candidates, Mr. Pinckney and Mr. Darrow, for assistance in the door-to-door campaign?

THE WITNESS: I think that would have been the decision of Mr. Ungerer.

COMMISSIONER HYNES: OK. I have no further questions.

MR. McGUIRE: I have no other questions of Mr. Friedman.

CHAIRMAN FEERICK: Unless there's -- Peter Bienstock?

MR. BIENSTOCK: I have one line of questions.

BY MR. BIENSTOCK:

Q Mr. Friedman, is it important in the political consulting business assessing the strengths and weaknesses of various candidates, to also assess the strengths of the adversaries of those candidates?

A Yes.

Q And is it important to know as much as one can know about the financial backing of the adversaries?

A Yes.
Q And did you undertake, in the 1985 Poughkeepsie election, to learn about the financial backing of the adversaries of the candidates?

A No. I feel -- no. I think that that was more than we really intended to do. We were there to lay out the strategy, to give them the analysis we gave them, and anything beyond the work of our subcontractors was more than we really were prepared to do.

Q Would it have been of interest to you to know during that campaign to know whether or not the adversaries were being supported by a large infusion of money?

A I felt sure as this campaign grew and as the activities which we discussed were expanded, that the opposition was not keeping pace. I think that was something I felt quite sure of.

Mr. Ungerer indicated to me from time to time that the opposition candidates, the Democratic candidates, had the support of some local groups which were making an effort, but I don't think there was any doubt in my mind that this effort was far greater.

Q Did you ever hear of any suggestion about a six-figure infusion of money into the Democrats' campaign?

A Well, I think Mr. Ungerer, at some point, raised the question of involvement on the Democratic side of a
committee called, I believe, the Save Our Town Committee, and possibly of some of the existing shop owners who would have been adversely affected from the point of view of their personal finances by the development of this mall.

I believe he indicated that they were going to participate on the Democratic side. I don't think, again, that it was going to be of this scale.

MR. BIENSTOCK: Thank you.

CHAIRMAN FEERICK: I just want to thank you for your full and complete cooperation with the work of our Commission, thank you.

THE WITNESS: Your welcome.

(Witness excused.)

CHAIRMAN FEERICK: The session this morning is recessed until two o'clock.

(A luncheon recess was taken from 12:55 p.m. until 2 o'clock p.m.)
AFTERNOON SESSION

CHAIRMAN FEERICK: The afternoon session of this hearing is now opened.

I'd like to call as the next witness Michael Pyrek.

Raise your right hand.

MICHAEL PYREK, 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. Pyrek, tell us where you live, please?
A 227 Vassar Road in the Town of Poughkeepsie.

Q What is your occupation?
A I'm an environmental consultant with NANCO Laboratories, and I'm also second ward councilman in the Town of Poughkeepsie.

Q You're a Democrat; is that correct?
A That is correct, sir.

Q How long have you been a board member representing the second ward?
A I was first elected in 1984.

Q I take it you're familiar with the Poughkeepsie Galleria?
A Yes, very familiar, sir.

Q And did there come a time when you became familiar with certain zoning problems that the builders of the mall originally had?

A Well, I knew the property that the building was to be placed on was not zoned for a shopping center, yes. I believe that was late in '84 or early '85.

Q In that same year, 1984, did you meet with representatives of the mall -- or rather, did they meet with you?

A Yes, sir.

Q When was that, do you remember?

A It was in 1984, I believe in the summer or early fall. I believe it was in the late summer, sir.

Q Who was it specifically that met with you?

A Jack Gartland and Robert Ungerer.

Q Who is Mr. Gartland?

A Mr. Gartland is a lawyer in the area. He is probably the head lawyer for Corbally, Gartland & Rappleya. They also represented Pyramid.

Q Mr. Ungerer was also present?

A Yes, he was, sir.

Q He was a partner in the Galleria properties; is that correct?
A I believe that's correct.

Q What did Mr. Ungerer say to you on this occasion?

A Well, it was a lunch, and in the beginning they had prepared several photographs of what the proposed mall would look like, so we looked at the pictures of the mall and they were explaining the benefits of the mall to the town and how nice the mall would be, basically, but that did not -- that discussion did not last very long.

Q Did there come a time when the topic shifted to something else?

A Yes, very early in the -- before lunch even began.

Q And what was the new topic that was raised?

A The fact that I was a very young person and looked like I was going to be a successful person in the Town of Poughkeepsie and: didn't campaigns for councilman cost a lot of money and didn't the fact that since I was so young, I probably wouldn't have that money available.

Q Who was asking you these questions?

A Mostly Mr. Ungerer. Mr. Gartland was mainly sitting to the one side, and Mr. Ungerer was doing the majority of the questioning.

Q When Mr. Ungerer asked you, "Didn't campaigning or running for office cost a great deal of money?" how
did you answer him?

A I said, "Not really," since when I had run in 1983, in my unsuccessful bid for election, I probably spent about $300. I had like two or three signs and I don't think that was a lot of money, so I said, "No, I don't think they cost a lot of money."

Q What did he say?

A Well, he just indicated that with the opponent that I had for the upcoming election in '84, which was Mrs. Wagler, the then Conservative party chairman, that Wouldn't I have considerable opposition and didn't I think that it would be harder this time to wage a more successful campaign, and I said I would do the same thing that I always did, and that was going door-to-door to every house. I had gone to every single house in the ward the first two times that I had gone out campaigning for election, so for me, the money and the -- really, the shoes were the basic -- you know, basic expense.

Q Did Mr. Ungerer say anything else to you on this occasion?

A Well, they did go on to express how good the mall would be for the town, and that in being young and being involved and wasn't it wonderful that I was so
young and so involved in the Town of Poughkeepsie and
that the mall would be a plus for someone who would
be interested in the future of the Town of Poughkeepsie,
and he did say that -- he did ask me, you know, if there
was any way they could help me, they would.

Q Did he specify how he might help you?

A No, he did not.

Q And what did you respond to his offer?

A I asked -- I told him that if I needed any more
information on the mall, that I would call his office.

Q Is that pretty much how the conversation ended?

A Pretty much. It was light talk, more discussion on
Mrs. Wagler and how they -- they weren't interested
in Mrs. Wagler. They were only interested in my
campaign because I was -- I was the person who they
thought was going to have the best future for the town
and have the most interest in the mall, so they really
-- they said they weren't discussing anything with
Mrs. Wagler.

Q Did you speak with Mr. Gartland again by telephone
after this conversation?

A Yes. That was about a month or a month and a-half,
maybe two months later. I had received a phone call
from Jack Gartland at my place of work and he had just
called to ask me to keep an open mind on the idea of the mall, because I was starting to form negative opinions on the mall, and I believe it was becoming obvious to them that I was not a proponent of the mall even at that early date in '84.

Q Did he again extend an offer of assistance to you at that time?

A Yes. His words were: If we -- if we can help you in any way, let us know.

Q Did you ever speak with either Mr. Gartland or Mr. Ungerer again after that phone call?

A I don't believe so, but it was rather moot because I had given a -- I had given a talk at a dinner in Arlington, in the fall of '84, and after that talk which was fairly negative on the mall, it was more for housing in the area for which the property was zoned for, as opposed for a shopping center, I ceased to get phone calls from them, so I don't think that they were interested in me anymore.

CHAIRMAN FEERICK: Mr. Pyrek, would you raise your voice, please?

THE WITNESS: I'm sorry, yes.

CHAIRMAN FEERICK: Thank you.
BY MR. O'BIEN:

Q I take it at some fairly early position, you were -- at some fairly early point you were publicly opposed to the construction of the mall; is that correct?

A Yes, sir. I would say that I was probably the person who was first opposed to the mall as being opposed and not "on the fence." Yes, I think I would say that's a true statement, that I was probably the first one who came public in being officially opposed 90 to 95 percent.

Q OK. Mr. Pyrek, let me ask you a few questions about your campaign in 1985. Did there come a time during the course of that campaign when you learned that there was a substantial sum of money behind the campaign of your opponent?

A It became obvious to me when I was -- well, in most instances, it became obvious because neighbors were asking me questions on why they were receiving three, four, six mailings for my opponent, Mr. Banner, in the same day, to the same people -- I mean, to different people in the family? It became obvious to me, who knows that even a simple letter and postage, when done bulk rate, you know, costs $300 to cover my ward, and this was coming in at six a day, shiny, glossy, red,
white and blue, first class in some instances, I believe.

And I knew it had to be coming from a company that did it outside the area, because most of the companies in the area do not do that type of work.

Q When did you first notice this?
A Oh, I would only have to estimate. It was probably in September.

Q Did you get pieces of literature like this in your own mail box?
A Only because they sent it to previous -- previous people who had lived in the home.

Q Did you examine some of this literature?
A Yes, I did.

Q Did any of it ever mention the mall?
A No. It never mentioned the mall that I know.

Q Did any of it ever mention the name "Pyramid" or the "Poughkeepsie Galleria Company"?
A No, not to my recollection.

Q How long did this continue?
A It seemed to continue forever, because wherever I went people were bringing handful of this stuff to the door and that's when I made an issue of it. To be quite honest, I believe part of my success in being
reelected that time was because I made an issue of the fact that my opponent, at one house, had 18 pieces of literature expressing better planning, lower taxes and leadership, over and over and over again.

And I started to ask people, "Who do you think is paying for that?" And I think people in my area, anyway, since I was able to get to all the homes and made an issue of that money, I think people answered the question, and I think that's -- you know, that's when I really knew that something was going on.

It continued until late into the campaign. There was a second end of the campaign, though, and that was it seemed like a private -- private enterprise by my opponent, Mr. Banner, a letter from his wife attesting to his goodwill, et cetera. It seemed like there was a homespun campaign, and then a very Madison Avenue-type of campaign.

Q Did there come a time when you learned that the Poughkeepsie Galleria Company or Pyramid was, in some sense, involved in this literature campaign?

A Well, there was -- to me; there was an awful lot of money and I always thought that, What is happening in the town that would bring in that amount of money or have that amount of interest in the town to bring in
that amount of money?

And it did come to me, though, mainly from the newspapers who had discovered that, through certain campaign reports, that monies were coming in from different committees, and it was almost every other day, at times, that the amounts started and we were horrified that it was $30,000 and then $50,000 and then $13,000 and then whatever.

And the newspaper, and I think WKIP in Poughkeepsie, really brought out the fact that the monies were coming in from various campaigns -- I mean committees from throughout.

Q Was this before or after the election?
A I'm sorry?
Q Was this before or after the election?
A I believe this was shortly -- shortly after the election.
Q Did you also learn of certain polling conducted for the benefit of your adversary?
A I was inundated with calls from people asking me: Who's calling? Who's doing all the calling? I had a resident on Briar Cliff Avenue. I don't know if I should give his name --
Q No.
OK. He called me and explained to me that he was invited to the Inn at the Falls over in Red Oaks Mill, which is a local hotel, and he was questioned and interviewed on tape and was paid, I think, $30 to answer questions.

And some of them were, you know, "What's important to you in the Town of Poughkeepsie?" "What are the issues in the Town of Poughkeepsie?" "Is Mrs. Buchholz an honest woman?" "Is Mr. Pyrek an honest man?"

And so I know, being very active in my own party, that it wasn't -- it wasn't us. There were many polls going on. People were calling up and asking, If you were to vote today, who would you vote for? What's an important issue to you?

But it seemed to be endless. I'm a member of the Red Oaks Fire Company, and the guys in the house are not normally political, as far as just asking political questions. They were really sort of making fun of who's doing all the calling and they would never vote for anybody who would be doing it. I tried to assure them that it wasn't me.

Q Now, let me ask you about a conversation you had with your opponent, Mr. Banner, shortly after the election.
Do you recall that conversation?

A    Well, I had seen him several times after the -- after the election, but Mr. Banner tried to assure me that he had lost total control of the campaign, of his campaign, and that he tried to run his own campaign and had actually told -- told members of his party, I don't know if it was the party chairman or who it was, to please stop doing what they were doing because it was having a negative effect on the second ward where he was running against me.

He said he had no knowledge in the beginning of where any of the money was going or coming from or what polling was going on. But he said he asked them to stop that. I don't know if that is true.

Q    Did he say what success he had had in getting them to stop it?

A    No, he didn't, but I don't think he had any success because I don't -- it didn't stop. The mail just kept coming in and coming in. It would be, sometimes, the same mail. And like I do say, sometimes if there were four members of a house, each member got three to four pieces a day, so you would have, you know, upwards of 14 to 15 a day, and then the next day you have, you know, 15, and then 15 of the same type of printed --
it was the same type of printed material, red, white and blue, black and white, very large emphasis on better planning, lower taxes and a master plan and leadership.

Those are -- they were just always there, and then the same picture that I've seen in the other wards with the other councilmen, doing the same thing, stating that they had done similar things in their lives, even. You know, some of the research, that didn't seem to be too good.

MR. O'BRIEN: Thank you, Mr. Pyrek. I have no other questions, Dean Feerick.

CHAIRMAN FEERICK: Thank you very much.

THE WITNESS: Could I make a brief statement, since this is a public hearing?

CHAIRMAN FEERICK: Yes, you may.

MR. O'BRIEN: Sure.

THE WITNESS: I know that this is -- you're trying to find out changes in the election laws that would help, and I really dearly believe that you must do something; that all of the contributions, wherever they're coming from, whether they're limited or not, must be made public; must be reported much earlier than after the election.

And I know it's an effort on your part to
really change the election laws, but I would really
beg you, if you have any power to refer, to look into
the Town of Poughkeepsie Republican party's leadership
involvement with this.

I think we've had conflicting statements today
made and it certainly is offensive to me and many of
the people of the Town of Poughkeepsie. I think it's
offensive to the rank and file Republicans. I'm a
Democrat. I think it's offensive to them. I think
they showed that this year in the election, and
something is wrong there.

If you have any power, I would beg you to
refer that for further investigation because if that's
not done, whatever your changes in the election law
are, that will continue to happen because loopholes
will continue to be found.

And as far as I'm -- I am personally offended
by Mr. Spargo not being here. He says he wants his
privacy. In '85 he came into our town and completely
destroyed the privacy of the Town of Poughkeepsie and
now has not the docency to show up here.

Thank you.

CHAIRMAN FEERICK: Thank you.

MR. O'BRIEN: Thank you.

(Witness excused.)
CHAIRMAN FEERICK: Mr. DelSanto? Raise your right hand.

LOUIS DEL SANTO, 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.
Q: For what ward?
A: Fourth ward.

Q: When were you first elected as the fourth ward representative?

Q: In 1987 did you lose the nomination of the Republican party?
A: Yes.

Q: Let me ask a little bit about the 1985 elections and your experiences in those elections. You're familiar I take it with the Poughkeepsie Galleria; is that right?
A: That's correct.

Q: And did there come a time in 1985 when you took a public position in favor of constructing the mall?
A: I believe it was in September.

Q: Could you just tell us very briefly what reasons you had for coming out publicly in favor of the mall?
A: I felt the mall was the best use of the land. I figured it was going to create more jobs in the town. It was also going to help the tax base of the Town of Poughkeepsie also.

Q: Did there come a time in 1985 when you met representatives of the mall?
Q When was the first time that occurred?
A I believe it was in July.
Q And whom did you meet with on that occasion?
A Robert Ungerer and Bruce Kenan.
Q And what was discussed during this first conversation?
A Basically what the mall was, was going to be, and they gave me a petition that was signed by residents of the Town of Poughkeepsie.
Q Was this before or after your publicly came out in favor of the project?
A Before.
Q Was the discussion, so to speak, on the merits, the discussion of why the mall should be built?
A Yes. They were just telling me it was the best use of the land.
Q Did you have any other meetings with any representatives of the mall prior to the elections in November?
A No.
Q Are you familiar with someone named Rosemary Emery?
A Yes.
Q Was she at one point head of the Save Our Town Committee?
A That's correct.
Q Did you have a conversation with her in 1984 or 1985?
A '85, the same day I met with the people from the
Galleria.

Q What was this conversation about?

A Her opposition to the Galleria and a petition against
the Galleria.

Q Was this an in-person meeting or a telephone
conversation?

A In-person at the club.

Q What did she say?

A She was just saying that she -- she was opposed to it,
that it was going to close stores down within the
Poughkeepsie area, that it wasn't going to bring the
stores in they said it was going to bring in. It was
just a basic opposition to the mall.

Q Did she raise a dollar figure with you at that time?

A No.

Q Did she do that at some later time, conversation?

A Yes, in a telephone conversation.

Q When did that telephone conversation take place?

A Probably maybe four weeks or so after that.

Q And as best you can remember, Mr. DelSanto, what
exactly did Ms. Eméry say to you?

A Well, to give you the whole gist of the conversation,
Mrs. Emery asked me if I would take support against
Mr. Babiarz.

Q Mr. Babiarz was your Democratic --

A He was my Democratic opponent. I told her I couldn't take any support so long as she was beating up a Republican and she said, would I mind if they went into the fourth ward and campaigned against Mr. Babiarz, and I said you can but you cannot use my name. I don't care, I can't stop you from doing it. And the dollar figure of $100,000 came up.

I just took it as a threat that that's the type of money they had, because there was rumors that TP Dashery had -- this is a store in the South Hills Mall -- had put up $25,000, and another mall store, Up-to-Date, had put in $25,000, so that it was a pretty strong rumor that was going on at that time.

Q When you say mall stores --

A South Hills Mall.

Q -- competing mall, the mall that was already there?

A That's correct, sir.

COMMISSIONER VANCE: Can you give us your best recollection what it was that Mrs. Emery said to you?

THE WITNESS: She basically said that they had $100,000 backing and I took it as, you know, to
BY MR. O'BRIEN:

Q Did she say she was going to spend it in connection with the election?

A No.

Q Did you tell Mr. Paroli about this conversation?

A I believe I did, because I was trying -- at that time, the Republicans weren't speaking to Mrs. Emery, and Mrs. Emery wasn't speaking to the Republicans, and it was my first meeting with her and I told her -- I said, "You've got to sit down. If you're going to get your story across, you've got to sit down and talk to the Republicans also," and I said we were having a picnic, there was a Republican picnic, and I asked her, "Why don't you buy tickets and come and meet the Republicans?"

COMMISSIONER HYNES: At that time had you taken a position on the mall?

THE WITNESS: No. I didn't really know that much about it. In fact, my wife and my father-in-law had signed a petition against the mall.

COMMISSIONER HYNES: When she was asking to come into your district, was that because she believed you would be against the mall or did she ask you --
THE WITNESS: She knew Babiarz was against the mall because he had been voting right along with the pro-mall people on the previous administration.

BY MR. O'BRIEN:

Q When you told Mr. Paroli about this conversation, did you characterize it as a threat?
A I'm not sure.

Q Do you know if in fact this money was actually spent for the Democrats in the election?
A I can't say that because I can't even believe this.

Q Let me ask you now about Thomas Spargo. Did there come a time when you met with him?
A Yes.

Q When was the first time that you met with Mr. Spargo?
A At John Dwan's house.

Q When was that, as best you recall?
A As discussed before, probably late September or early October.

Q Who else was present besides yourself and Mr. Spargo?
A Candidates Kathy Howard, Mr. Paroli, Mr. Bruno, Mr. Spargo, two other fellows which I believe were Pheiffer and Fife, and there may have been another one there. I'm not sure.
Q Did Mr. Paroli introduce these three gentlemen: Fife, Pheiffer and Spargo?

A No. Mr. -- I believe Mr. Spargo introduced them.

Q What else did Mr. Spargo say during this discussion?

A What I got out of the conversation is what they were trying to do is they wanted to build a power base between New York and Albany, and to the -- they wanted to help the Town of Poughkeepsie, sort of try and get the word out to help the campaign along, and really put the state into this, you know, the State handling the campaign, so that the surrounding communities would even fall, and it might be just pot luck, but that's what did happen.

Other communities around the Town of Poughkeepsie went Republican.

COMMISSIONER HYNES: Who was making those statements?

THE WITNESS: Mr. Spargo.

COMMISSIONER HYNES: Was it Mr. Spargo who introduced Mr. Pheiffer or Mr. Fife?

THE WITNESS: Yes.

COMMISSIONER HYNES: And did he tell you who they were, what their -- why they were there that evening?
THE WITNESS: I believe at that time -- I can't remember the exact words, but I believe they were from the State Committee also. It was pretty crowded in that living room.

BY MR. O'BRIEN:

Q Did Mr. Spargo introduce them as being from the State Committee?

A I'm not sure. I can't answer that, but that's the impression I got.

Q What else did Mr. Spargo say during this meeting?

A They gave us these books and what we were supposed to do is go door to door and write down what the people -- the homeowners' concerns were, what our rating was of what the homeowner -- if he was going to vote for you, if maybe he would vote for you or no, and to mark this down in the book.

Then at the end of the day, we were supposed to turn the books over to this Mr. Pheiffer -- no, Fife, Mr. Fife.

Q Did you actually receive such a book at the conclusion of this meeting?

A Yes.

Q And what was, again, the information that was contained --
A It had all nonenrolled -- nonenrollees and Republicans, their addresses, their names and what was supposed to happen is -- what was said is that they would take that information and do a follow-up letter to the homeowner.

COMMISSIONER HYNES: Did they give you questions that you were to ask the homeowner?

THE WITNESS: No, no, there was another priority list as to what districts to spend most of your time in.

BY MR. O'BRIEN:

Q What did Mr. Paroli say during this meeting?

A I couldn't answer.

COMMISSIONER HYNES: Could I just ask, on this priority list, tell me about the priority list. What did that mean?

THE WITNESS: It was a majority of Republicans. It was set up by -- if there was a majority of Republicans in the first district, that's where you spent the majority of your time. To go for the Republicans and try to get the Republican vote first and then you're not alone.

MR. MCGUIRE: The wards in Poughkeepsie are further broken down into districts; is that right?
THE WITNESS: Yes.

BY MR. O'BRIEN:

Q Now, after this meeting, prior to the election, did you meet with Mr. Spargo again?
A No.

Q At the meeting in Mr. Dwan's house, Mr. DelSanto, did anyone mention Pyramid or the role of Pyramid in the election?
A Absolutely not.

Q Did anyone mention Building a Better New York?
A Absolutely not.

Q Or its role in the election? Is it fair to say that the reason stated for the Republican State Committee getting involved in this local election at the meeting was that, in effect, Poughkeepsie and Dutchess County was a pivotal area between Albany and New York?
A Yes.

Q They were hoping for a spillover effect of some kind? Is that a fair statement?
A Yes.

Q Did there come a time when you learned that, in fact, Pyramid and Building a Better New York were involved in financing?
A Yes.
Q: When did that take place?
A: When it was released in the newspaper, after the election. I believe it was in December.

Q: You learned through the press; is that right?
A: Yes.

Q: After the election, did you meet with Mr. Spargo again?
A: Yes.

Q: When was that?
A: I believe that would have been in December and that was at Mrs. Bodo's house, and it was basically Mr. Spargo was coming down to belay our fears, nothing illegal had happened.

Q: Who else was present besides yourself and Mr. Spargo?
A: I believe all the councilmen, Mr. Paroli, Mr. Bruno, and then there was some woman friend of Mr. Spargo's came.

Q: Mr. Fife or Mr. Pheiffer weren't there?
A: I don't believe -- no, they weren't there.

Q: Is it fair to say that this meeting was called because of the press accounts involved in Pyramid and Building a Better New York?
A: Yes.

Q: What exactly did Mr. Spargo say at this time?
A: He basically told us that everything was legal.
told us that everything was legal. He told us to stay in touch with the constituents. He even made mention of what type of paper to send, any type of letters to the constituents.

Q Can you explain that, "what type of paper"?
A I guess the color of the paper or something is appealing to the majority of the people's eyes. I don't know. That was just one of the things that was brought up.

Q Were people kind of upset at this meeting, some of the candidates?
A Apprehensive. I mean, when those revelations came out, yes.

Q Did anyone ask him who paid for this enormous campaign?
A It was in the paper.

Q What was in the paper at this time?
A It was in the paper. It said that the Pyramid Developers had donated money.

Q Did anyone ask Mr. Spargo about the role of Pyramid as related in the newspapers?
A No. Mr. -- no. It was just Mr. Spargo stated that everything was legal.

Q Did anyone ask him how much money in total was distributed by Pyramid people?
A No, because that's what is on the expenses. As far as I know, I didn't.

Q If you can remember, how much money had been reported in the paper as stemming from Pyramid contributions prior to this meeting?

A I believe it was around 70-some thousand. I'm not sure. I can't --

(Pause.)

COMMISSIONER HYNES: Were there any questions put to Mr. Spargo as to whether there were more funds that had been given by Pyramid?

THE WITNESS: No. We thought that was enough right there, as far as I was concerned.

BY MR. O'BRIEN:

Q Mr. DelSanto, let me ask you a few questions about the campaign itself. During your election campaign, did you start to receive some unusual mail?

A Yes, I did, the brochures.

Q With your name on it?

A Yes.

Q Could you describe for us what these -- what these mailings were?

A They were glossies, red, white and blue, and they stated: Master plan, better master plan and better
Q Had you approved any of this literature either in form or in content?

A No.

Q Had you ever seen it before the day it arrived in your mailbox?

A No.

Q No?

A No. They even had the wrong name for me. They had the Dell family.

Q Let me ask you just a few questions, specific questions, about the literature.

If you would turn to the folders at your right elbow there, do you see Exhibits 4 through 6?

A Yes.

Q You can take those out of those plastic folders, if you want. Just take a look at them, first all three documents, 4 -- 5 is the next folder and 6 is in the next one.

A Yes.

Q Are those examples of some of the literature that you found in your mailbox?

A That's true.

Q Exhibit 4 has the theme "Want to cut taxes, vote
Republican." Is that correct?

A Yes.

Q Exhibit 5 says, "Since 1971, our town has had no new master plan."

A Yes.

Q "Lou DelSanto says that's wrong." Do you see that?

A I didn't know what a master plan was.

(Laughter.)

Q And Exhibit 6 says, "Lou DelSanto, he knows our town. He'll work hard to make it better." Do you see that?

A No. 6, yes.

Q Is that another example of the literature that --

A Yes, this is the literature that went out.

COMMISSIONER HYNES: You're saying that all of this literature that you've just been asked about with your name in bold print, you had never seen before?

THE WITNESS: A picture, too.

COMMISSIONER HYNES: Plus your picture. You had never been given an opportunity to look at it before it went out?

THE WITNESS: No.

BY MR. O'BRIEN:

Q Mr. DelSanto, did any of the literature that you saw, including the samples that are before you, mention the
malls?

A No.

Q Did any of it mention the role of Pyramid?

A No.

Q Or the interest of Pyramid in the elections?

A Pyramid -- the mall wasn't an issue in my ward. I believe there might have been ten people even mentioned it.

Q As part of the mailings that you received, did you receive letters that went out over your name?

A There's a letter with my name on it, yes.

Q Let me just show you Government's Exhibit 7 and 8 -- or Commission Exhibits 7 and 8, Mr. DelSanto --

(Laughter.)

You anticipated me. Take a look at 7 and 8 there in front of you.

A Yes.

Q Had you seen either of these letters before you received them?

A No.

Q Had you approved their contents in any way?

A No.

Q Now, one exhibit, Exhibit 7, is in the name of yours; is that correct?
A That's right.
Q It's addressed to a constituent, I assume in your ward?
A Yes.
Q And Exhibit 8 is a letter in the name of your wife, Lorraine DelSanto; is that right?
A That's correct.
Q It speaks very highly of you.
A Yes.
Q Did you sign either of these letters?
A No. But whoever signed them was the same person that signed both letters.
Q In other words, the signatures are the same for both letters?
A That's correct.

COMMISSIONER HYNES: It's not your signature?
THE WITNESS: Nor my wife's.

COMMISSIONER VANCE: Do you have any idea who forged your name?
THE WITNESS: No. These came out. We received these -- I don't remember this one (indicating).

COMMISSIONER HYNES: Referring to which one?
THE WITNESS: The one --

COMMISSIONER HYNES: Signed by you?
THE WITNESS: With my name on it. I don't
remember that one. There was so many, but I do remember the one under my wife's name.

CHAIRMAN FEERICK: Those two references referring to the exhibits, I think there's an exhibit number. You made reference to two letters --

THE WITNESS: Exhibit 7 is Lou DelSanto and Exhibit 8 is Lorraine DelSanto.

CHAIRMAN FEERICK: Thank you.

BY MR. O'BRIEN:

Q And they appear to have been signed by the same person --

A Yes.

Q -- is that right? And that person is not you?

A That's right, nor my wife.

MR. O'BRIEN: No further questions of this witness, Mr. Chairman.

CHAIRMAN FEERICK: I have two questions.

There came a time when the vote on the mall took place; isn't that so?

THE WITNESS: That's correct.

CHAIRMAN FEERICK: And you voted at that time?

THE WITNESS: That's correct.

CHAIRMAN FEERICK: And you were asked some questions about your views on the mall back in September
of '85, and we want to give you an opportunity, if you care to use it, to explain your vote to us.

THE WITNESS: I just explained that I thought the mall was going to create jobs, that the mall was a better use of the land, because people were saying it would have been better for homes and it would have caused extra work on the utilities of the town.

We would have had to hire more people, and the traffic studies were done by the state. The state said the traffic studies were fine.

I had no problem with the mall and it was approved. In fact, the mall did put in a reduction in taxes. It was a proven fact.

BY MR. O'BRIEN:

Q I take it the publicity that came out right after the election, stressing as it was to you, didn't affect your vote on the merits of the mall as you perceived them? Is that a fair statement?

A That's right. Probably if I was a good politician, I would have shot it down.

CHAIRMAN FEERRICK: Do you have any suggestions for us in terms of improving New York's electoral laws?

THE WITNESS: I believe you're on the right track of plugging these type of contributions up. But
it -- what has to be done is get down on the grass-roots level and start up with the election laws and to put a little more teeth in the election commissioners, because right now one of the things I find with the election law, the basic difference from criminal law; if you violate a law as a criminal, the police have weeks, months, years to come after you.

If someone violates an election law, you have ten days not only to find out that the violation had been committed, but to get yourself an attorney, to get the person into court, and also at your own financial risk.

And that's one of the things where I have the biggest trouble --

COMMISSIONER VANCE: Could you --

THE WITNESS: -- in election laws.

COMMISSIONER VANCE: Could you help me a little bit? You said "put more teeth in the commissioners." Who are you talking about, the commissioners on the Board of Elections?

THE WITNESS: The Board of Election commissioners. You go to the Board of Election, Commissioner, and they just send you off. They say, "There's nothing we can do, go to court."
You know, you sees, the election law -- the election law states this is wrong, but I have to take it to court, not the election commissioners.

COMMISSIONER VANCE: They just tell you to go away?

THE WITNESS: They tell you to get a lawyer and take them to court.

CHAIRMAN FEERICK: Any questions?

(No response.)

CHAIRMAN FEERICK: Thank you.

(Witness excused.)

CHAIRMAN FEERICK: Ralph Pinckney? Raise your right hand.

RALPH PINCKNEY, 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 Good afternoon, Mr. Pinckney.

A Hi.

Q You are a resident of Poughkeepsie also; is that correct?

A Yes, I am.
Q: What is your occupation?
A: I am retired from IBM.

Q: Did you once hold political office in the Town of Poughkeepsie?
A: Yes, I did.

Q: What was that office?
A: I was a councilman for the sixth ward in the Town of Poughkeepsie.

Q: When were you first elected to that position?

Q: You were reelected in '83 and also in '85; is that correct?
A: Yes, sir.

Q: In 1987 were you denied the nomination of your party?
A: Yes, I was.

Q: And you do not hold political office presently; is that correct?
A: No, I do not.

Q: I'd like to ask you a few questions about the 1985 reelection campaign that you had. I assume that you are also familiar with the Galleria; is that correct?
A: Yes, I am.

Q: At some time did you become familiar with the zoning problem that the builders of the mall had?
A Yes, I did.

Q Did you meet with representatives of the mall?

A Yes, I did.

Q When, as best you remember?

A Let's see. It was probably the summer of -- probably be '84, probably late summer or early fall. I really can't remember when.

Q Did you meet by yourself with these representatives or were you with Mr. DelSanto?

A No, I was by myself. Let's see, it was Mr. Ungerer, Mr. Kenan and Paul Sullivan.

Q Now, there came a time when you voted, I believe, for the rezoning change which allowed the mall to be constructed; is that correct?

A Yes.

Q When did you decide that you were in favor of the mall?

A Actually I came off the fence probably just about a week to ten days prior to the vote for the rezoning.

Q So I take it at the time when you met with the representatives of the mall that that was -- your public position was undecided?

A I had no idea of the mall at all when I first met with them.

Q You had taken no public position on the mall and you
had no private position on the mall; is that fair to say?

A  No, I did not.

Q  What was the nature of your conversation with the mall representatives?

A  Basically, Mr. Kenan, Mr. Ungerer, showed me the plans, what they wanted to do, what they had. They discussed with me the various stores they wanted to put in for better shopping, create more jobs, and it was just an overview of what they had planned for the land there.

Q  Was there any discussion of the election at that time?

A  No, not at all.

Q  Did there come a time during this reelectino campaign that you met with an individual named Thomas Spargo?

A  Yes, I did.

Q  This was the meeting at Mr. Dwan's house?

A  Yes, it was.

Q  You heard the testimony of Mr. DelSanto on this meeting, did you not?

A  Yes, I did.

Q  Can you recall anything else that Mr. Spargo or Mr. Paroli said at this meeting besides what has already been recounted?

A  No. Mr. DelSanto recounted it very well.
Q Is it fair to say that these two consultants, Mr. Fife and Mr. Pheiffer, were introduced at this meeting?

A Yes, they were.

Q No one mentioned the role or activities of Pyramid or the Poughkeepsie Galleria Company?

A No. That was not discussed at all.

COMMISSIONER HYNES: Do you have any recollection as to how they were introduced, as to how they were described?

THE WITNESS: I had the impression that they were with the State Republican Committee. They were consultants working for the committee. That was my impression.

BY MR. O'BRIEN:

Q Now, was Mr. Fife specifically assigned to you at this meeting?

A I don't remember if it was at that meeting or not. I'm pretty sure it was. He kind of took me under his wing.

Q What did he say to you his role was going to be in connection with your campaign?

A That I was going to have a tough campaign and it was very -- you know, very important that I do win and regain the seat on the council.
Q I want to ask you some questions about Mr. Fife. Before I do that, let me ask you, did you ever talk to Mr. Spargo again after --
A Prior to the election, yes, I did.
Q In connection with what?
A It was probably shortly -- maybe within a couple of weeks of the meeting at Mr. Dwan's house that Mr. Spargo and Mr. Fife and I'm not sure if Mr. Pheiffer was there or not -- we made some tapes for the radio political advertisements.
Q After you made tapes, did you meet with Mr. Spargo again?
A No, I did not.
Q Were you also present at the postelection meeting with Mr. Spargo that Mr. DelSanto talked about?
A Yes, I was.
Q Do you recall Mr. Spargo saying anything besides what Mr. DelSanto had just told us?
A No, I do not, no.
Q Was there --
A That was basically what he said, just to reassure us that everything was legal.
Q Do you recall whether anyone asked him how much money was spent by Pyramid or the Republican Committee in
with the --

A I think at that time it was more or less on paper. I just had the feeling it was approximately $135,000 to $150,000.

Q Did anyone ask him whether or not the money from the Pyramid contributions was earmarked specifically for the Poughkeepsie campaigns --

A No, I don't believe so. I don't remember that.

Q -- or words to that effect? Let me ask you now about Mr. Fife. How did he help you in the course of your campaign efforts?

A He became our shadow. He went door-to-door campaigning with me.

Q How often did he take you door-to-door campaigning?

A Seven days a week.

Q Did he tell you which houses to go to?

A Yes, he did.

Q Did he actually accompany you door-to-door?

A Yes, he did.

Q Did he tell you what to say at the houses?

A No, because I pretty well -- I was going for my third term. I pretty well knew my constituents and what to say to them and everything, and I myself brought up the Galleria, you know, the Poughkeepsie Mall and how
my people felt about it and I myself made it an issue in the sixth ward, because my opponent had made it an issue also.

Q She was publicly against the mall?
A Yes, she was.

Q Did Mr. Fife ever say not to emphasize the mall as an issue in your door-to-door work?
A No. I don't believe Mr. Fife really mentioned the mall at all. I mean, I was the one that really brought it out.

Q When you mentioned it in his presence, did he say anything about --
A No, he didn't.

Q Did he keep records of the responses you received?
A Yes, he did.

Q Kept them in a book?
A Black book.

Q A black book?
A Black book.

Q Did he let you know the results of certain polling that apparently had been conducted?
A I wasn't aware there was a poll going on until one of my fellow committeemen -- her husband was asked to partake in the poll, and as a matter of fact, he called
me. Dick called me. He said, "It came out very favorable." Yet the next day, Richie was telling me how bad I was doing and I -- you know, I couldn't make two and two out of it. It didn't make any sense.

Q Based on the polling, did he tell you to emphasize certain issues?

A Taxes, problems within the ward, parking, sewer, drainage. I mean, these are problems that we discussed, Richie and I discussed, prior to really going out, what were the problems in my ward.

Q Did his instructions change from day to day?

A No, no.

Q Did he tell you, in effect, "Here's what you push today."

A No.

Q When you go door-to-door?

A He said to me, this is what we're going to cover today.

Q Did he arrange photo sessions for you?

A Yes, he did.

Q Did anyone else assist you in that regard?

A In the photo sessions?

Q Yes.

A I think at one time maybe Mr. Paroli might have just, you know, said, "We're going to take pictures today here," or whatever.
Q Together with Mr. Fife or by himself?
A No, by himself.

COMMISSIONER HYNES: Were there other candidates who had someone assigned to them as you described Mr. Fife as being your shadow?

THE WITNESS: Mr. Darrow.

COMMISSIONER HYNES: Mr. Darrow?
THE WITNESS: Yes.

COMMISSIONER HYNES: Apart from the two of you, were there any other candidates who had that intensive --

THE WITNESS: No.

BY MR. O'BRIEN:

Q Mr. Darrow's shadow was Mr. Pheiffer; is that correct?
A I didn't know his last name until I heard it.

Q How do you know him?
A Fred, I believe his name was.

Q Did you ever ask Mr. Fife for whom he was employed?
A Yes, I did. It was during the campaign. I think I just made the remark to him, I asked him what his credentials were. He told me he was a graduate of Brown University. I said, Look, I said, you don't work for the state. Who do you work for?

And he at that time -- he told me he was
working for a consulting firm out of New York City
assigned to the State Republican Committee.

Q Now, during the course of your campaign, did there come
a time when you began receiving the same kind of
literature that Mr. DelSanto just testified about?

A Yes, I did.

Q Did this literature have your name on it?

A Yes, it did.

Q Was this a surprise to you?

A Yes, when it first started coming, sure.

Q How frequently did it arrive, and in what volume?

A In a large volume, and too frequently.

Q I take it that you hadn't approved this literature
before?

A No, I did not.

Q You had nothing to do with either the form or the
content of the literature?

A No, I did not.

Q If you could turn to Exhibits 9 and 10 at your elbow,
are these examples of the literature that went out
on our behalf?

A Yes, sir, they are.

Q Just for the record, Exhibit 9 says, "Vote Tuesday
for Ralph Pinckney for Better Planning." Exhibit 10
1. says "Vote Tuesday for Lower Taxes, Vote for Ralph Pinckney"?

2. A That's right.

3. Q These are samples of literature mailed out without your prior consent or knowledge?

4. A That's right.

5. Q Did letters also go out over your name that you had no control over?

6. A Yes, they did.

7. Q Let me just direct your attention to Exhibit 11. Do you see that there?

8. A Yes, sir.

9. Q Is this such a letter, Mr. Pinckney?

10. A I beg your pardon?

11. Q Is this such a letter, the one that was sent?

12. A Yes, it is, right.

13. Q Is that your signature in the lower left-hand column?

14. A I don't write that well, no.

15. Q No, it's not your signature?

16. A No, sir, it is not.

17. Q I take it that you did not approve this letter before it went out?

18. A No, I did not.

19. Q I notice the issues are itemized in the letter: taxes
are too high, traffic is a real concern, sewage and
garbage and sidewalks are problems, too.
A Right.
Q You didn't tell anyone to put those issues into the
letters?
A No, I did not. I mean, Richie and I discussed those
as problems within my ward.
Q You discussed them with Mr. Fife?
A Yes.
Q In addition to these letters, did you send out letters?
A I sent one out, yes.
Q Let me direct your attention to Commission Exhibit 12,
the last folder there.
A This is the one I sent out.
Q That's a letter that you actually sent out?
A Yes, I did.
Q I see. The issues mentioned in this letter are: help
obtain the sidewalk, sponsor the resolution for 11 p.m.
curfew at our town parks --
A These are things I have done in the past.
Q -- worked on the original plan for a park patrol and
sponsored a traffic study. Do you see those?
A Yes, sir.
Q I take it these issues are different from the issues
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?
A No. My complaint to Mr. Fife was that too much literature was going out because I was getting complaints from my constituents and it was getting to the point where it was turning them off --

COMMISSIONER HYNES: Excuse me -- I'm sorry.

THE WITNESS: -- and when I questioned Mr. Fife on that, he said it was out of his control.

COMMISSIONER HYNES: Out of his control?

THE WITNESS: Yes.

COMMISSIONER HYNES: And when he said to you in response to who was signing your name, "It's being taken care of," did you ask who was taking care of it?

THE WITNESS: I asked, "Who is it?" and he did not know.

COMMISSIONER HYNES: He didn't know?

THE WITNESS: No.

BY MR. O'BRIEN:

Q Did Mr. Fife know sometimes ahead of time when literature was going out emphasizing certain themes?

A I really don't know.

Q He never gave you that impression?

A No, he did not.

Q Does any of this literature, based on your review of it, mention either Pyramid's role in financing the
campaign or the issue of the mall?

A  No, sir.

Q  When did you learn that, in fact, Pyramid was, in some way, behind this publicity campaign?

A  After the election, when it came out in the media, the news and radio, Build A Better New York.

MR. O'BRIEN:  No further questions, Dean.

COMMISSIONER HYNES:  I have a couple of follow-up.

THE WITNESS:  Sure.

COMMISSIONER HYNES:  You testified that you started to become concerned because it was turning off some people in your area. Did you make any complaints to Mr. Paroli about that?

THE WITNESS:  I don't think I complained to Mr. Paroli. I did most of my complaining to Mr. Fife, because actually Mr. Fife was the one I was closest to in the election and, you know, Mr. Paroli was busy with the other candidates and I felt that Mr. Fife was my contact.

I might have mentioned it to Bill, yes, you know, that there's too much literature going out, but I really -- I can't sit here and say when or if I actually did.
COMMISSIONER HYNES: Do you recall any response that you received from him?

THE WITNESS: No.

COMMISSIONER HYNES: Did you have any conversations with Mr. Spargo about the volume of literature that was being distributed?

THE WITNESS: No, I didn't see Mr. Spargo.

COMMISSIONER HYNES: All right. I have no other questions.

CHAIRMAN FEERICK: I'd like to give you the same opportunity that I gave the prior witnesses. Do you have any suggestions for us in terms of improvements in New York's election laws?

THE WITNESS: Mr. DelSanto said, and I think, you're on the right track and, you know, I just hope something comes out of this. You know, in the future, you can't allow things like this to happen, you know, to a small town like ours, because I think a lot of innocent people were duped, you know. It just can't happen again.

I just hope everything does come out all right.

CHAIRMAN FEERICK: Thank you very much.

THE WITNESS: Thank you.

(Witness excused.)
CHAIRMAN FEERICK: This ends today's session of these hearings.

I would like to say to all of those who testified today that they have an opportunity to provide us with any additional statements that they care to provide us with, that we'd be more than happy to receive them.

I would say to those whose names were mentioned today by witnesses, that they also have the right to provide us with written statements and we would be happy to receive those statements.

That concludes today's session. Thank you.

(At 2:57 p.m., the proceeding in the above-entitled matter was concluded.)
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RE: 1935 Wappingers Falls Council Elections
AT: Albany, New York
ON: January 36, 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, Court Reporter