the payment of a bribe to former Chairman Goudie. Mr. Goudie has denied these allegations.

The fourth person, Peter Dunev, is the President of Theta Marketing. He disclosed to us that both Mr. Gonzalez and Mr. Goudie participated directly in negotiating terms of an exclusive licensing agreement for tee-shirts during July of 1990. Mr. Dunev made only two $25,000 payments on a $1 million royalty contract. He told us that representations were made by Mr. Gonzalez, as well as John Goudie, that Mr. Gonzalez owned at least 25 percent of the Group's stock. Mr. Goudie on several occasions asked Mr. Dunev to buy out the Group contract for about $1.5 million, but said Mr. Gonzalez had to be given 25 percent of the new corporate stock. Mr. Dunev learned of inconsistencies in Mr. Goudie's representations about the Commission's plans and began to question him about these representations. Mr. Goudie threatened Mr. Dunev with actions by the Department of Justice. Mr. Dunev's contract was subsequently terminated by the Group in October 1990.

The last individual is Robert Coy. Mr. Coy told us how Mr. Goudie, in November 1990, personally participated with Peter Santiago--a lifetime friend of John Goudie's younger brother Joseph--in efforts to market another exclusive licensing agreement. This contract would have provided licensing rights for the Columbus Quincentenary logo for all clothing items. The contract was offered to Mr. Coy and two of his associates in exchange for a $300,000 advance royalty and a percentage of gross sales. Mr. Coy and others met with Mr. Goudie in Mr. Santiago's apartment to discuss the venture and details of the contract. Mr. Coy said that Mr. Goudie's presence provided credibility to the representations made by Peter Santiago. These representations included Mr. Santiago's claim that for $300,000 he had purchased the rights to license clothing with the Commission's logo. Mr. Coy's statement characterized the November meeting as "a hustle" and "a scam" to come up with $300,000 in 48 hours. This characterization was corroborated by the testimony of two additional witnesses. You will recall, Mr. Chairman, that on July 25, 1991, Mr. Santiago testified before this Subcommittee that he knew nothing about marketing licensing rights to Mr. Coy and others. Mr. Santiago characterized the November 1990 meeting as inconsequential, saying "nothing happened" and "I don't remember."

It is our understanding that the five witnesses who will appear today will be able to testify in greater detail about their interactions with the Commission, the Group, and its representatives.

Mr. Chairman, this concludes our statement. At this time, we would be pleased to answer questions on the information we have provided today.

Mr. SAWYER. Mr. Stiener, Mr. Myerson, thank you both for the work that preceded, and the quality of testimony that indicates that work, that you presented here today. I don't have any questions for you at this time. I would like to reserve the right to recall you or Mr. Myerson as a witness at a later point in these hearings, if additional testimony would be helpful.

But your guided tour through this has been enormously helpful. Are there other questions for Mr. Stiener at this point?

Mr. GILMAN. No questions.

Mr. CLAY. No questions.

Mr. SAWYER. Thank you very much for your presence today.

Mr. SAWYER. Let me call our next witness, Mr. William Rolen.

Mr. Rolen, if you will remain standing, we will administer the same oath.

[Witness sworn.]

Mr. ROLEN. I do.

Mr. SAWYER. You may be seated. Thank you.

I appreciate you being here, and invite you to proceed at your leisure.

TESTIMONY OF WILLIAM ROLEN

Mr. ROLEN. Thank you, Mr. Chairman, for the opportunity to appear before this distinguished group.

My name is William W. Rolen, I am chairman and chief executive officer of Rolen-Rolen-Roberts International. We are a worldwide marketing and management company, located in Knoxville, TN.

I am here today at your request to discuss efforts to develop a Christopher Columbus Quincentenary Exhibit in Knoxville. Randy Tyree and James E. Drinnon, Jr., and I formed the company called Knoxville International Expositions, Inc., or KIE, for the specific purpose of developing a Christopher Columbus exhibit in the former award-winning United States pavilion located on the site of the 1982 World's Fair.

This area is a 75-acre, beautiful park with all the facilities in place that would be needed for our project. This included parking for approximately 1,000 vehicles. Vehicle types and buses.

This facility, if you were to try to build it today in today's market, would cost in excess of $100 million, but the city of Knoxville had agreed to loan this park to KIE and the Christopher Columbus Commission.

By way of background, my firm was responsible for some of the management of the United States pavilion and several international governments and countries at the 1982 World's Fair and the 1984 Louisiana World Exposition in New Orleans.

Both Mr. Tyree, the Knoxville mayor, during the 19__ World's Fair, and Mr. Drinnon, who served as general manager of the 1982 World's Fair, are practicing attorneys in Knoxville. In essence, all three of us had extensive association with major national celebrations.

In November 1988, I contacted the Christopher Columbus Quincentenary Jubilee Commission to discuss using the pavilion for the Columbus celebration. Francisco J. Martinez-Alvarez, who was the

Commission's Acting Director at that time, wrote a December 15, 1988 letter to me endorsing the concept of the project.

The project was to be a private venture with my company providing initial funding to start the project. Numerous attempts were made by me to negotiate with the Commission's staff, but the staff was not responsive. Time was of the essence, because the city of Knoxville had given KIE until April 30, 1989, to obtain a $3.5 million acceptable letter of credit for repairing the pavilion, and $3 million to do the repairs and $500,000 for other costs.

On one occasion in February 1989, we requested our Congressman, the Honorable John J. Duncan, Jr., to assist us in arranging a meeting with the Commission.

The Congressman and I met with Ms. Jana Joustra, the Commission's Deputy Director of Public Relations, in the Rayburn Room, and Mr. Alvarez, in order to try to move the project forward.

The meeting was not productive, as both the Commission staff members were not prepared to discuss any questions that were raised on that particular day. Basically, they wasted the Congressman's time and the time and expense of those that came to the meeting.

In March 1989, Ms. Joustra notified me that the KIE representatives should attend the Commission's meeting scheduled for April 1989 in Dallas, TX, and discuss the KIE proposal.

David Peach, who is associated with the Peter Wolf Design Co., and I went to the Dallas meeting. We made a presentation to the Commission's Special Events Committee, which consisted of Eugene D'Angelo, Jane Lee Garcia, and Fred Guarddabassi.

Mr. Goudie, Ms. Joustra, and Mr. Alvarez were also in attendance. Ms. Joustra informed me that the project was approved by the committee and Commission, and that details of a contract should be negotiated with John Goudie, the Commission Chairman.

She also said the Commission's Finance Committee would also have to approve the contract.

To generate support for the project, I arranged to have Mr. Goudie visit Knoxville in April 1989. We obtained a private plane to fly Mr. Goudie from Columbus, OH, to Knoxville, TN.

Mr. Goudie and Ms. Joustra met with the mayor and several members of the city council to promote the project. Mr. Goudie was a guest at a banquet in Knoxville, and stayed, without charge, at a Knoxville hotel for the evening.

We tried to discuss the project's financial matters with Mr. Goudie, but at that particular time, he could not be pinned down. Arrangements were reached, however, to have me and Mr. Drinnon go to Washington and meet Mr. Goudie at the Commission's office.

On April 18, 1989, we traveled to Washington. We met with Mr. Goudie and Ms. Joustra on April 19, 1989. We had a friendly discussion session, and came to some general agreements.

Mr. Drinnon, being an attorney, requested we document our agreements. We went out to lunch and when we returned, Ms. Joustra had drafted a letter of intent and a press release announcing the agreement.

We made a few revisions in the draft, and Mr. Goudie signed it on April 19, 1989. The letter of intent called for a final contract to be executed by June 1, 1989. With this letter of intent, the city of Knoxville granted KIE a 90-day extension to obtain the $3.5 million letter of credit.

In May 1989, Mr. Goudie visited Knoxville with three Argentineans who claimed ownerships of radio stations. I gave the four individuals a tour of the project site and explained how Argentina could be part of the project. One of the Argentineans told me that if we paid him $50,000 to advertise our project on Argentine radio, a deal could be worked out.

I saw this as a red flag and told Mr. Goudie I had no reason to spend $50,000 to advertise the Knoxville project on an Argentine radio station. Mr. Goudie replied back, "That is just the way you do business, Bill." I told Mr. Goudie that I was not going to do business with the Argentineans, and my relationship with Mr. Goudie began to deteriorate.

I made a number of attempts to meet with Mr. Goudie to finalize a binding contract. I was told, after pressing Ms. Joustra, to arrange a meeting with Mr. Goudie, that Mr. Goudie was very, very busy, and I would have to go to Miami to meet with him.

On June 6, 1989, Mr. Randy Tyree and I went to Miami and met with Mr. Goudie at the Hyatt Hotel in Coral Gables, FL.

We went over various studies KIE had done showing the feasibility of the projects and projected revenues of $115 million that could be obtained. Mr. Goudie reviewed the revenue projections.

We also told him that KIE was attempting to locate investors who might be able to produce a $3.5 million letter of credit.

Mr. Goudie said he had someone in mind, and then we recessed for lunch.

I had my lunch with a friend of mine. He and I returned about in about 1½ hours to continue the meeting with Mr. Goudie.

When Mr. Tyree, my other friend, and I entered the meeting room, Mr. Goudie introduced me and all three of us to Manuel Gonzalez and Gunter Pfitzenmeier as potential investors.

He said Mr. Gonzalez was a lifelong friend of his, and Mr. Pfitzenmeier was an associate. We discussed the project with them and, in general terms, the financial outlook.

One of the decisions agreed to at the meeting was to have Mr. Gonzalez and Mr. Pfitzenmeier visit Knoxville for further discussions and to visit the project site.

Mr. Tyree and I had dinner with John Goudie while we were in Miami, and also visited the Goudie home. While being shown Mr. Goudie's property, he pointed to a pier and told me that he wanted to have one of the 60-foot yachts that KIE was going to use for the project, parked at his dock.

Mr. Goudie said he needed the yacht for Commission entertainment. Mr. Goudie had been previously told that the KIE presentation, that a national boat company was considering donating for use two 60-foot yachts during the Knoxville projects.

In fairness to Mr. Goudie, we did not know whether he was joking or making a serious request.

However, in subsequent discussion with Mr. Tyree, Ms. Joustra told him that Mr. Goudie could not accept the yacht because it would be a conflict of interest and was out of the question.

On our airplane trip back to Knoxville from Miami, Mr. Tyree and I discussed the results of the Goudie meeting. We began and came to see certain actions by Mr. Goudie and his investor friends similar to a situation that occurred during the Knoxville World's Fair.

During that particular fair, a very high level official was found to be using his office for personal financial gain. We saw this red flag in our dealings with Mr. Goudie, because, one, he gave the impression he controlled all the Commission's activities.

And two, Mr. Goudie became very interested in the Knoxville project after being shown the financial feasibility of the project. And in number three, in 1½ hours, he came up with two of his friends as potential investors. We decided to discuss our concerns with Ms. Joustra.

Ms. Joustra contacted me to finalize the arrangements to have Mr. Gonzalez and Mr. Pfitzenmeier visit Knoxville. Ms. Joustra told me and one of my staff members that she would be attending the meeting because Mr. Gonzalez and Mr. Pfitzenmeier were close personal friends of Mr. Goudie.

Ms. Joustra told me she was to attend a wedding in Nashville the weekend before the meeting. I made arrangements to fly Ms. Joustra from Nashville to Knoxville, but she could not make the flight. As a result, Mr. Tyree and I, on June 11, 1989, drove on a Sunday from Knoxville to Nashville, a 2½ hour trip, to meet Ms. Joustra and drive her to Knoxville.

During the drive back, we discussed the red flags that we saw as a result of our Miami trip to see Mr. Goudie. We did this because we knew Ms. Joustra was an attorney and very informed about Mr. Goudie's activities. She said she recognized the difficult position we were in and she would see what she could do to resolve our concerns. She also pointed out that the Commission had very limited money to spend for various projects.

On Monday——

Mr. SAWYER. Mr. Rolen, I am going to have to ask you to suspend. The lights and buzzers that go off now and then indicate there are votes on the House of Representatives. We had hoped my two colleagues could go vote and return in time for me to go vote and return.

I will run out of time if I don't vote right now. We will suspend for the moment and resume where you left off when I return. Thank you.

[Recess.]

Mr. CLAY [presiding]. The subcommittee will come to order.

Mr. Rolen.

Mr. ROLEN. Would you like for me to continue, sir?

Mr. CLAY. Yes, sir.

Mr. ROLEN. On Monday, June 12, 1989, Mr. Gonzalez, Mr. Pfitzenmeier, and Ms. Joustra met with me in my office to discuss additional details of the project. Mr. Gonzalez did most of the business related; talked and acted like the spokesman for him and Mr. Pfitzenmeier, who was a real quiet individual.

Ms. Joustra listened to what was said during the meeting. I also took them on a tour of the project site, and I might add Mr. Tyree, Mr. Drinnon, and Mr. David Peach participated in the meeting.

The meeting was going along very well until Mr. Gonzalez and Mr. Pfitzenmeier were told that I would have a 51-percent controlling interest in the project. They were told that KIE was willing to negotiate a 10- to 25-percent interest in return for their producing a $3.5 million letter of credit. These terms did not pertain just to Mr. Gonzalez and Mr. Pfitzenmeier, but to other investors as well with whom KIE was discussing the viability of the project.

That afternoon I took the three of them to a restaurant and introduced them to some people in the restaurant. I introduced Mr. Pfitzenmeier, a native of Germany, to a worker in the restaurant. The worker created a scene by yelling that the German military killed his parents during World War II.

I received a call from Ms. Joustra about 2 to 3 days after the meeting, saying that I offended Mr. Goudie's friends and they were not going to move forward with the project if I was in control. Mr. Tyree called Ms. Joustra and asked how KIE could continue the project. She told him I had to be removed. I also was called by Ms. Joustra and was told again that I offended Mr. Goudie's friends, but she could handle John Goudie and not to worry about it.

To get the project back on track, KIE agreed in July 1989 to have me remain in the background and make Mr. Tyree the contact with the Commission. However, because of the delay in finalizing a contract, time ran out to get the letter of credit so we decided that the private-funded project would have to be converted to a nonprofit public project. This change was conveyed by Mr. Tyree to Ms. Joustra.

From August 1989 to October 1990, Mr. Tyree worked to finalize the project. During that time, he discussed the project's progress with Ms. Joustra during numerous telephone contracts. However, during that time, Mr. Tyree received a letter saying KIE was misrepresenting the Commission's role in the project and legal action by the Justice Department would be initiated if the misrepresentation did not stop.

Mr. Tyree called Ms. Joustra and disputed the comments made in the letter. She said she drafted the letter because a commissioner was complaining to Mr. Goudie about the Knoxville project's promotion efforts. Ms. Joustra said she would destroy the only other copy of the letter and Mr. Tyree should not worry about the letter.

Mr. Tyree said he was contacted later by the Knox County law director who received a copy of the letter when doing some research on the project's funding. Mr. Tyree contacted Ms. Joustra again and she wrote a letter to the county clarifying the county's concerns.

Mr. Tyree's approach to the project was to issue $11 million in revenue bonds that would be backed by a hotel-motel tax. The $11 million would be used to repair the pavilion design and build the exhibits and cover any unanticipated costs. The Knox County Commissioners voted not to approve the bond issue. Mr. Tyree attempted to get additional support for the project and then made a second proposal to the county commissioners.

They again voted not to approve the project. Mr. Tyree was told that press articles raising questions about Mr. Goudie's activities played a role in the second disapproval.

Within about 72 hours after the second vote, Mr. Goudie's resignation was announced. Using this resignation, Mr. Tyree went back to the county commissioners a third time and the commissioners approved the bond issuance.

On the next day, the Knox County executive got a letter from the city of Knoxville saying that the county would have to buy out a $400,000 contract that the city had entered into to demolish the pavilion.

Mr. Tyree went back to the county commissioners to get approval to buy out the contract. The commissioners refused to approve the buyout and the project died around January 1991.

The pavilion has been demolished. It is unfortunate that agreement could not be reached. We had a study done that showed the $11 million bond issue could have been repaid by having just 2.5 million people visit the site between March 1, 1991 and December 31, 1993.

One of our studies showed that this was a reachable goal because 60,000 tourists pass within two blocks of this location daily. As a result of not being able to obtain a binding contract from the Commission, a $25 million government building was destroyed.

By an act of Congress this prevents the construction of any permanent United States pavilion for a World's Fair. The unsuccessful efforts of KIE costs about $250,000. In my opinion, this money was wasted due to the unprofessional chairman and staff of the Commission.

This completes my prepared statement. I will now answer any questions you may have.

[The prepared statement of William W. Rolen follows:]

STATEMENT OF WILLIAM W. ROLEN

ON EFFORTS TO DEVELOP A

CHRISTOPHER COLUMBUS QUINCENTENARY

EXHIBIT IN KNOXVILLE, TENNESSEE

BEFORE THE

SUBCOMMITTEE ON CENSUS AND POPULATION

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

NOVEMBER 20, 1991

My name is William W. Rolen, Chairman and Chief Executive Officer of Rolen-Rolen-Roberts International Marketing and Management, located in Knoxville, Tennessee. I am here today at your request to discuss efforts to develop a Christopher Columbus Quincentenary exhibit in Knoxville. Randy Tyree and James E. Drinnon, Jr. and I formed the Knoxville International Expositions, Inc. (KIE) for the specific purpose of developing a Christopher Columbus Quincentenary exhibit in the former pavilion located on the site of the 1982 Knoxville World's Fair. This area was a 75 acre park with all facilities in place that would be needed for our project. This included parking for 1000 cars. These facilities were a $100 million investment that the City of Knoxville had agreed to loan to KIE and the Commission.

By way of background, my firm was responsible for the management of the U.S. pavilion at the 1982 World's Fair and the 1984 Louisiana World Exposition in New Orleans. Both Mr. Tyree, the Knoxville Mayor during the 1982 World's Fair, and Mr. Drinnon, who served as General Manager of the 1982 World's Fair, are practicing attorneys in Knoxville. In essence, all three of us have had extensive association with major national celebrations.

In November 1988, I contacted the Christopher Columbus Quincentenary Jubilee Commission (Commission) to discuss using the pavilion for the Columbus celebration. Francisco J. Martinez-Alvarez, who was the Commission's Acting Director at that time, wrote a December 15, 1988 letter to me endorsing the concept of our project. The project was to be a private venture with my company providing initial funding to start the project. Numerous attempts were made by me to negotiate with the Commission's staff but the staff was not responsive. Time was of the essence because the City of Knoxville gave KIE until April 30, 1989 to obtain a $3.5 million acceptable letter of credit for repairing the pavilion--$3 million to do the repairs and $500,000 for other costs.

On one occasion in February, 1989, we requested our Congressman, the Honorable John J. Duncan, Jr., to assist us in arranging a meeting with the Commission. The Congressman and I met with Ms. Jana Joustra, the Commission's Director of Public Relations, and Mr. Alvarez in order to try to move our project forward. The meeting was not productive as both Commission staff members were not prepared to discuss any questions that were raised. They wasted the time of the Congressman and me.

In March 1989, Ms. Joustra notified me that KIE representatives should attend the Commission's meeting scheduled for April 1989 in Dallas, Texas and discuss the KIE proposal. David Peach, who was associated with the Peter Wolf Design, Co., and I went to the Dallas meeting. We made a presentation to the Commission's Special Events Committee, which consisted of Eugene D'Angelo, Jane Lee Garcia, and Fred Guarddabassi. Mr. Goudie, Ms. Joustra, and Mr. Alvarez also were in attendance. Ms. Joustra informed me that the project was approved by the Committee and Commission and that details of a contract should be negotiated with John Goudie, the Commission Chairman. She also said that the Commission's Finance Committee would have to approve the contract.

To generate support for the project, I arranged to have Mr. Goudie visit Knoxville in April 1989. We obtained a private plane to fly Mr. Goudie from Columbus, Ohio to Knoxville. Mr. Goudie and Ms. Joustra met with the Mayor and City Council of Knoxville to promote the project. Mr. Goudie was the guest at a banquet in Knoxville and stayed, without charge, at a Knoxville hotel for the evening. We tried to discuss the project's financial matters with Mr. Goudie but he could not be pinned down. Agreement was reached, however, to have me and Mr. Drinnon go to Washington and meet Mr. Goudie at the Commission's office.

On April 18, 1989, we travelled to Washington. We met with Mr. Goudie and Ms. Joustra on April 19, 1989. We had a friendly negotiation session and came to some general agreements. Mr. Drinnon requested that we document our agreements. We went to lunch and when we returned, Ms. Joustra had drafted a "letter of intent" and a press release announcing the agreement. We made a few revisions in the draft, and Mr. Goudie signed it on April 19, 1989. The "letter of intent" called for a final contract to be executed by June 1, 1989. With the "letter of intent" the City of Knoxville granted KIE a 90-day extension to obtain the $3.5 million letter of credit.

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I made a number of attempts to meet with Mr. Goudie to finalize a binding contract. I was told, after pressing Ms. Joustra to arrange a meeting with Mr. Goudie, that Mr. Goudie was very busy and I should go to Miami to meet with him. On June 6, 1989, Mr. Tyree and I went to Miami and met with Mr. Goudie at the Hyatt Hotel in Coral Gables, Florida. We went over various studies KIE had done showing the feasibility of the project and projected revenues of $115 million that could be obtained. Mr. Goudie reviewed the revenue projections. We told him that KIE was attempting to locate investors who were able to produce a

$3.5 million letter of credit. Mr. Goudie said he had "someone in mind" and we recessed for lunch.

I met a friend for lunch. He and I returned in about an hour and half to continue the meeting with Mr. Goudie. When Mr. Tyree, my other friend, and I entered the meeting room, Mr. Goudie introduced all three of us to Manuel Gonzalez and Gunter Pfitzenmeier as potential investors. He said Mr. Gonzalez was a life-long friend of his and Mr. Pfitzenmeier was an associate. We discussed the project with them and, in general terms, the financial outlook. One of the decisions agreed to at the meeting was that Mr. Gonzalez and Mr. Pfitzenmeier would visit Knoxville for further discussions and to visit the project site.

Mr. Tyree and I had dinner with Mr. Goudie while we were in Miami and also visited the Goudie home. While being showed Mr. Goudie's property, he pointed to a pier and told me that he wanted to have one of the 60-foot yachts, that KIE was going to use for our project, parked at his dock. Mr. Goudie said he needed the yacht for Commission entertainment. Mr. Goudie had been previously told during KIE's presentation that a boat company was considering donating two 60-foot yachts for national use during the Knoxville project. I do not know whether Mr. Goudie was making a serious request or joking. However, in a subsequent discussion with Mr. Tyree, Ms. Joustra told him that Mr. Goudie could not accept the yacht because it would be a conflict of interest and the boat request "was out of the question."

On our airplane trip back to Knoxville from Miami, Mr. Tyree and I discussed the results of the Goudie meeting. We came to see certain actions by Mr. Goudie and his investor friends similar to a situation that occurred during the Knoxville World's Fair. During the Fair, a very high level official was found to be using his office for personal financial gain. We saw this red flag in

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our dealings with Mr. Goudie because (1) he gave the impression he controlled all Commission activities (2) Mr. Goudie became very interested in the Knoxville project after being shown the financial viability of the project and (3) in an hour and a half came up with two of his friends as potential investors. We decided to discuss our concerns with Ms. Joustra.

Ms. Joustra contacted me to finalize the arrangements to have Mr. Gonzalez and Mr. Pfitzenmeier visit Knoxville. Ms. Joustra told one of my staff members that she would also be attending the meeting because Mr. Gonzalez and Mr. Pfitzenmeier were "close personal friends" of Mr. Goudie.

Ms. Joustra told me that she would have to attend a wedding in Nashville the weekend before the meeting. I made travel arrangements to fly Ms. Joustra from Nashville to Knoxville but she could not make the flight. As a result, Mr. Tyree and I, on June 11, 1989, drove on a Sunday from Knoxville to Nashville, a two and a half hour trip, to meet Ms. Joustra and drive her to Knoxville.

During the drive back to Knoxville, we discussed the red flags that we saw as a result of our Miami trip to see Mr. Goudie. We did this because we knew that Ms. Joustra was an attorney and was very informed about Mr. Goudie's activities. She said she recognized the difficult position we were in and she would see what she could do to resolve our concerns. She also pointed out that the Commission had very limited money to spend for the various projects.

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The meeting was going along very well until Mr. Gonzalez and Mr. Pfitzenmeier were told that I would have a 51 percent controlling interest in the project. They were told that KIE was willing to negotiate a 10-25 percent interest in return for their producing a $3.5 million dollar letter of credit. These terms did not pertain just to Mr. Gonzalez and Mr. Pfitzenmeier but to other investors as well with whom KIE was discussing the viability of the project. That afternoon I took the three of them to a restaurant and introduced them to some people in the restaurant. I introduced Mr. Pfitzenmeier, a native of Germany to a worker in the restaurant. The worker created a scene by yelling that the German military killed his parents during World War II.

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This completes my prepared statement. I will now answer any questions you may have.

Mr. CLAY. Thank you. You testified in May and June 1989 you met with John Goudie in Miami to discuss a final contract for your planned exhibition. Mr. Goudie introduced you at that time to Manuel Gonzalez and Gunter Pfitzenmeier. Is that correct?

Mr. ROLEN. That is correct.

Mr. CLAY. Aside from saying Mr. Gonzalez was a lifelong friend of his, did Mr. Goudie indicate Mr. Gonzalez was involved in Jubilee Commission activities in any kind of way?

Mr. ROLEN. He did not give us that indication that he was involved other than a personal friend, sir.

Mr. CLAY. Aside from saying Mr. Pfitzenmeier was an associate of his, did Mr. Goudie indicate Mr. Pfitzenmeier was involved in the Jubilee Commission related to activities in any kind of way?

Mr. ROLEN. Nothing other than the fact he had access to funds in the German banks.

Mr. CLAY. In a German bank or in German banks?

Mr. ROLEN. German banks.

Mr. CLAY. What did he say about that?

Mr. ROLEN. We did not go into it in detail.

Mr. CLAY. Did he indicate in what capacity, other than the German banks, that Mr. Pfitzenmeier was his associate?

Mr. ROLEN. No.

Mr. CLAY. You said in testimony after visiting Mr. Goudie in Miami you became concerned about his actions and red flags were going up. Specifically, you said you were concerned because Mr. Goudie said he controlled all Commission activities. Can you be more specific why Mr. Goudie gave the impression he controlled all Commission activities and what part of that concerned you?

Mr. ROLEN. It was our understanding he was given complete control by the finance committee to negotiate a contract with us. Also, he had made a statement in Knoxville before a public meeting we had that John Goudie reported only to the President of the United States. He had complete control over staff and seemed to be a fear of intimidation that he presented to people that worked for him. He used that method to get his way, I am sure.

Mr. CLAY. You testified that Jana Joustra contacted you to finalize arrangements for a visit by Mr. Gonzalez and Mr. Pfitzenmeier to Knoxville. Is it your exact recollection that Ms. Joustra referred to Mr. Gonzalez and Mr. Pfitzenmeier as close personal friends of Mr. Goudie's?

Mr. ROLEN. She not only told me, she told members of my staff on that particular day. When the meeting took place, she more or less told our secretaries to be on guard because they were close personal friends of Mr. Goudie.

Mr. CLAY. Did you have the impression that Ms. Joustra knew Mr. Gonzalez and Mr. Pfitzenmeier?

Mr. ROLEN. To the best of my knowledge and the best of my staff's knowledge, there was no indication that she knew them before or after or had met them before. I cannot answer that truthfully.

Mr. CLAY. Mr. Gonzalez testified before this committee on June 19, that he did not know Jana Joustra. Was that your impression when you met Mr. Gonzalez, Ms. Joustra, and Mr. Pfitzenmeier in Knoxville?

Mr. ROLEN. Basically it is the same as the other person. The meeting was not—they—everyone was introduced. There was no reaction on either part. If they knew each other, they didn't say anything. And if they had not known each other, they did not say anything.

Mr. CLAY. Thank you.

Mr. SAWYER [presiding]. Thank you very much, Mr. Clay for your help there.

Let me pick up where Chairman Clay left off.

Mr. Gonzalez testified this summer that he went to Knoxville in 1989 with Gunter Pfitzenmeier to discuss a real estate deal in relation to your project. He said he discussed with you plans for building some hotels and convention center. He said his trip was not related to the work of the Commission.

Is that an accurate description of the purpose of Mr. Gonzalez' visit to Knoxville and his role in the meetings that took place during that visit?

Mr. ROLEN. Mr. Chairman, that is not a true statement. Because his specific purpose for being there, along with Mr. Pfitzenmeier, was to talk about the letter of credit that we needed for the project. In return for that position and that letter of credit, they would be given a position in KIE of 10 to 25 percent. And that was negotiated that particular date.

Mr. SAWYER. A couple days after that visit, Ms. Joustra called you and said that or suggested that you had in some way offended Mr. Goudie's friends. Did you get the sense she was expressing her own opinion or was she speaking for someone else.

Mr. ROLEN. I didn't understand your question.

Mr. SAWYER. Was she expressing your her own opinion or was she speaking for someone else.

Mr. ROLEN. Probably my own opinion.

Mr. SAWYER. That would be valuable.

I am sorry. Did you think she was expressing her own opinion, or was she speaking for someone else?

Mr. ROLEN. Oh. I am sorry. I think she was speaking for the chairman.

Mr. SAWYER. That was the impression you got?

Mr. ROLEN. Yes.

Mr. SAWYER. Can you describe how you came to that impression?

Mr. ROLEN. The fact we offended the friend. They did not want me to be in charge of the project and I had to be removed with my ownership of 51 percent. If the Commission was to continue with the project, I could not own 51 percent of the company.

Mr. SAWYER. Sometime between August 1989 and the fall of 1990, your associate, Mr. Tyree, received a letter complaining that somehow you were misrepresenting the Commission's role in Knoxville and indicating that the Justice Department would take legal action against you.

Mr. ROLEN. Right.

Mr. SAWYER. Who signed that letter?

Mr. ROLEN. Signed by John Goudie.

Mr. SAWYER. Did you or Mr. Tyree feel threatened by that reference to Justice Department action?

Mr. ROLEN. I talked with Mr. Tyree Monday evening before I left to come to the meeting. Mr. Tyree, in a statement made to me Monday, informed me he was very infuriated when he got the letter.

Mr. Tyree is an officer of the court. He felt that the letter was almost libelous that he received from John Goudie. He called Ms. Joustra and was very, very upset about the whole matter that, as he said, he is an officer of the court, and when you read the letter, it was almost a threatening letter that was sent down.

Mr. Tyree is a professional attorney. He was former mayor of Knoxville and ran for Governor of our State. He was very upset about the whole matter and relayed this to Ms. Joustra, which she in return sent a letter back to clear up the matter.

Mr. SAWYER. Thank you.

Let me turn to my colleague, Mr. Gilman at this point.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Rolen, you testified that in the initial stages of your efforts to develop your quincentenary commitment, you tried to negotiate with staff. In the early part of your testimony, you said you made numerous attempts to negotiate with the Commission but they weren't responsive. Which staff members were you dealing with in late 1988 and early 1989?

Mr. ROLEN. Our main source of contact was Ms. Joustra. Ms. Alvarez was there, but she seemed to be the spokesman for the whole Commission at that particular point.

Mr. GILMAN. She was involved in your negotiations in 1988 and 1989?

Mr. ROLEN. There were no negotiations in 1989. The letter went out originally to Mr. Martinez—Mr. Alvarez, and we didn't start until 1989 to try to put the project together.

Mr. GILMAN. Can you clarify what you meant when you said the staff was not responsive?

Mr. ROLEN. The staff being Ms. Joustra and Mr. Alvarez. They were not responsive. We were always told they didn't have enough time. They were too busy, there were a hundred thousand things to do. Our impression was there was a not a cookie-type project. It was a major adventure that could produce millions of dollars of revenue.

Only your advisability could make it reach what you would want it to reach. We were really upset that we could not move this project further along because we were facing deadlines with the city of Knoxville.

Mr. GILMAN. In April 1989, you reached an agreement with Mr. Goudie that resulted in a letter of intent. Can you be more specific about the terms of that letter of intent agreement?

Mr. ROLEN. We understood it was to be a joint venture with the Commission. In the letter of intent, it states that very openly. A joint venture is 50/50 on both sides of the aisle. If you are going to do something jointly together, you do it as a joint effort. And we were very frustrated that we could never get that from the Commission.

They were very unprofessional because I don't think they realized, as I said earlier, the potential for the Knoxville project. It was a $200 million investment there the city had given us or $100 million or so and it was the chance of a lifetime to give this Commission a focal point.

Those who witnessed the Statute of Liberty remembered how great it was. It was a great time for our country. The Commission did not have a place to hang their hat, so to speak. Columbus is an American hero. He did not set foot in America, so any city, any place could take place for a Columbus celebration.

I have to give a compliment to Chairman Goudie when we first talked about it. He wanted a place in the heartland of America where people could celebrate this wonderful year. We had a wonderful opportunity, millions of dollars that could have been brought to this project through tourism.

Knoxville sits on a main corridor that leads from I-75 in Michigan. We had the Tennessee-Georgia Highway Departments of Tourism do a study and we found that we had an excessive amount of tourism already in the area. We didn't have to go out and bring the tourists to Knoxville. Because of the Great Smokey Mountains which is the most visited national park in the United States, over 11 million people come by our city each year.

So we felt that if we could take a national celebration, something of the Statue of Liberty's magnitude and present it to the American people and say this is motherhood and apple pie and we want you to be part of it, we could have attracted over 8 or 9 million people to this project.

To give you an example of how popular this park is, when they have a 4th of July celebration at this park and a band plays in the bandstand, they have 25,000 to 30,000 people that show up. Five times a year, less than a block away there are—96,000 people appear before the University of Tennessee football games.

In the Knoxville bicentennial that concluded this past month, we had over 100,000 people that attended in 2 days. The success of the project was very imminent because the people are in Knoxville. We don't have to go bring them.

Mr. GILMAN. Mr. Rolen, more specifically about the terms; you said it was supposed to be a joint venture. Did it spell out anything else in the letter of intent?

Mr. ROLEN. It was a general letter. It was to say we will do this and you do this and we all want this to happen. Because, as I think Ms. Joustra told Mr. Tyree on numerous occasions, it is the only thing we have got going of any major value. So, you know, it was a big project.

Mr. GILMAN. Did it spell out any dollars that were required?

Mr. ROLEN. Oh, yes. The industry standards tells us that for each tour is the—or each person that visits that location, we are going to get $7.15 worth of concession rights out of them.

Mr. GILMAN. That was in the letter of intent.

Mr. ROLEN. Plus admission charge of around $8. We will give to that person 6 to 8 hours of entertainment for $8. We had already built on the site an IMAX theater. Many of you have seen the IMAX at the Smithsonian. It was vacant.

The IMAX Corp. out of Canada—and this is a company you don't play games with. They are professional people because there are only like six or seven IMAX theaters in the world had agreed to put $2 million in the projects. We had been to Hollywood and Los

Angeles and had already arranged to have an IMAX film made about the American dream, what has this company become since Columbus came to the United States.

You can imagine going to the project and on a huge seven-story tall screen, the biggest IMAX theater in the world, having the American story told. It was a wonderful adventure. We had asked Peter Wolf, who had won numerous awards with the set designs for My Fair Lady, The King and I, to do the design. Peter had done an magnificent job to present us with a Disney-like approach to this project. The dollars, only your imagination could let them be.

We knew for each person that came there we would get $15 from them and you multiply that by a projected attendance of 8 to 9 million people and you can come up with huge amounts of money.

Mr. GILMAN. Were those items spelled out in the letter of intent?

Mr. ROLEN. That letter of intent was drafted more or less to get the project moving at that particular point. It was never spelled out in any shape, form, or fashion in that letter.

Mr. GILMAN. No monetary terms were in the letter of intent?

Mr. ROLEN. No. That is what always amazed us during the negotiation with the Commission, there was never any money that was asked for to go back to the Commission and we were willing to do that.

Mr. GILMAN. Mr. Rolen, at the time of your meeting in Knoxville with Mr. Gonzalez, Mr. Pfitzenmeier, and Ms. Joustra, you and your associates picked up Ms. Joustra in Nashville; is that correct?

Mr. ROLEN. That is correct.

Mr. GILMAN. You took the opportunity to share some of your concerns about Mr. Goudie's activities with Ms. Joustra. Can you be more specific about what you told Ms. Joustra at that time and could you be more specific about her response?

Mr. ROLEN. Well, the question was raised about the boat. We just felt like it was not ethical to ask for it. We said we had concerns about that. We also mentioned the fact these people were friends of his.

Mr. GILMAN. What was your concern?

Mr. ROLEN. About the boat or the yacht that he wanted docked behind his home in Florida.

Mr. GILMAN. Whose boat was that?

Mr. ROLEN. Pardon?

Mr. GILMAN. Whose boat was to be docked behind his home?

Mr. ROLEN. Mr. Goudie did.

Mr. GILMAN. No. Mr. Goudie's home, but who owned the boat?

Mr. ROLEN. It was going to be donated to us by a flatboat company.

Mr. GILMAN. His request was to dock the boat behind his home?

Mr. ROLEN. Yes, that is correct.

Mr. GILMAN. What else did you discuss?

Mr. ROLEN. We discussed the relationship Mr. Goudie had with Manny Gonzalez being a close, personal friend, and we were very uncomfortable for what we had seen. It was not ethical to do business in that way. It prese- ed red flags to us all the way.

Mr. GILMAN. What specifically were you objecting to when you mentioned Mr. Gonzalez?

Mr. ROLEN. Well, during our trip to Miami, we were taken to the 500 Magazine offices and here was introduced to the editor of the magazine as a friend of John Goudie. Then all of a sudden we get introduced to Manny Gonzalez who is a friend of John Goudie. We are saying, hey, how many friends does he have that is involved in a money transaction of this organization. It is red flags all the way. That is the reason we had lots of concern about it.

Mr. GILMAN. Did you express that to Ms. Joustra?

Mr. ROLEN. We did, yes.

Mr. GILMAN. What was her response?

Mr. ROLEN. She said she appreciated our concerns. She knew what we were talking about, and she would look into it. And we expected her to, being a professional attorney, she knew how to handle the matter.

Mr. GILMAN. This was before you entered into any letter of intent?

Mr. ROLEN. Yes.

Mr. GILMAN. Mr. Rolen, you testified that after you refused Mr. Goudie's request to pay $50,000 to advertise the Knoxville quincentenary project on Argentine radio, your relationship with Mr. Goudie became cooled off or became worse.

Can you describe in more detail how the relationship changed and was eroded?

Mr. ROLEN. Goudie was the type of guy you never could get him on the phone, he was always too busy. We would get word back through Ms. Joustra, who seemed to be the spokesman for John Goudie, and obviously when we refused that request, he got very upset about it and the only personal call he ever made to me was after that meeting. And he said some things on the telephone that was not repeatable in this hearing.

So we sort of laughed it off because we always looked at John Goudie as being what we term in the business as a "hot dog." We have been a part of these World Fairs for a number of years. Our position was, we were going to do the project if we were—if we could raise the money. John Goudie was chairman. John Goudie could be replaced and that was our position. We dealt with people like John Goudie and knew how to work with him to the best of our ability. Obviously, we didn't make it successful.

Mr. GILMAN. Who made the request of you for the $50,000 Argentine advertising.

Mr. ROLEN. That was done by one of the Argentines. There were three. I have their cards. I cannot remember their names. Our project was based on the fact we were going to have 35 world commissions participate with us. We were going to sell booth space to these commissions from 35 world commissions so they could be part of the United States celebration here.

It would have been basically a mini World's Fair. That booth space would sell anywhere from $400,000 to $500,000 per booth space. That was how we would raise additional funds, also.

Mr. GILMAN. Was Argentina one of those perspective booth renters?

Mr. ROLEN. Yes. They basically told us, look, we know the folks that are handling this and we can get Argentina to participate with you, but we have these radio stations and we need to advertise your project in Argentina. It just blew our mind. We told them this and I think they got mad and left and took their ball and went home.

Mr. GILMAN. Was that before or after the letter of intent agreement?

Mr. ROLEN. That was in May, so the letter of intent was written in April.

Mr. GILMAN. Did you and the city of Knoxville lose any money as a result of your years of efforts that were ultimately unsuccessful to establish this exhibit in Knoxville with the support of the Jubilee Commission?

Mr. ROLEN. Yes. We had the University of Tennessee, which is located in our city, do an economic impact study on our city of what this project would do. This project alone in economic dollars that we all desperately need in today's market and every city is begging for money would have had a $1 billion impact on our city.

That was based on the dollar going to buy gas, the gas buying dry cleaning. It would have produced $20 million to $30 million of taxes to our city government. It would have—State income tax would have been—State sales tax would have been very, very high out of this. In fact the State was so high on the project because of the sales tax potential that the Commissioner of Tourism had agreed to tag every literature that left the State of Tennessee with this project.

It would have been a $2 million—probably worth $2 million if we went out and bought that type of advertising dollar. So the city of Knoxville suffered greatly. As I go back to my opening statement, it was the last remaining U.S. pavilion that will ever be built in this United States by act of your congressional group here. So it doesn't mean anything now, but there was an award-winning building that cost the city government—the government $25 million. That building is gone. It will never be replaced.

We had, after this particular tenant, other tenants that wanted to come in of a national caliber that was interested in it because of the huge theater and also the potential of the Knoxville market. So not only did we lose from a financial monetary standpoint, the city of Knoxville lost, the State of Tennessee lost, the Christopher Columbus Quincentenary Commission lost because the dollars that could have been generated from the sale of concessions, admission price, all the sponsorships that could have come from this.

Places like Kodak, Coca-Cola, large companies you deal with. In New Orleans we raised $34 million for the U.S. pavilion there from the private sector. So all these things were lost because we feel that an unprofessional staff was in Washington who could not see the potential of what was out there and what could have been arrived from working to offer this Commission like our city did a $100 million investments.

Columbus, OH today is doing the Ameriflora and doing a great job. That city and county and State is investing over $100 million for this celebration in Columbus, OH and it is going to be a great celebration. Our position was that we could work together with Columbus, OH and we wanted to work with them because, historically, people don't go north on a vacation, they come south.

We were in the southern drive plane. Two-thirds of the American population is within an 8-hour drive of the city of Knoxville. So all these facts and figures were there, were real.

The World's Fair in 1982 attracted 11 million people. It was the only successful World's Fair ever produced in this United States. And my partner was president of the World's Fair and he helped us an awful lot in putting this project together.

Mr. GILMAN. Mr. Rolen, besides the expected profits you outlined, what about the actual loss of dollars that were invested in this proposal?

Mr. ROLEN. From our company's standpoint?

Mr. GILMAN. Yes.

Mr. ROLEN. We lost approximately $250,000. That was in feasibility studies, time, printing, airline trips, travel, and so forth. No salaries were paid out of that money.

Mr. GILMAN. Thank you.

Thank you, Mr. Chairman.

Mr. SAWYER. Thank you very much, Mr. Rolen. We very much appreciate the thoroughness of your testimony.

Mr. SAWYER. Our next witness this morning is Edgar Mooney.

Mr. Mooney will you please remain standing.

[Witness sworn.]

Mr. SAWYER. You may be seated. We appreciate your efforts to be here and to share with us the experience you had in this matter and invite you to proceed.

STATEMENT OF EDGAR MOONEY

Mr. MOONEY. It is almost a pleasure. My name is Edgar B. Mooney, Jr. I am the principal of Edgar B. Mooney, Jr. & Associates, located at 621 Shrewsbury Avenue, Shrewsbury, NJ, 07702. I am an independent contractor for the Christopher Columbus Licensing Group. The Group obtained a license from the Christopher Columbus Quincentenary Jubilee Commission to authorize sublicensees use of the Commission's logo. I am responsible for obtaining sublicenses for the Group.

I have been in the licensing business for about 25 years. Projects I have worked on include the Statue of Liberty Centennial celebration working with over 100 sublicensees, 26,000 retailers, numerous retailers, institutions and associations.

I have also handled the American Bicentennial Presidential Inaugural licensing program, the America's Cup Festival of Sports, University of Pennsylvania's 250th Anniversary licensing program, and last but not least, the Smokey Bear program just to name a few.

I learned about the Christopher Columbus Quincentenary from a trade publication. In March 1989, I submitted an unsolicited, approximately 40-page proposal to the Commission to the attention of Mr. John Goudie, the Commission's Chairman at that time.

I later found that the Commission awarded a contract to license the Commission's logo to the Group, CCLG. Some time in September 1989, I contacted the Group and had a meeting in my New Jersey headquarter offices with a Mr. Gunter Pfitzenmeier, and

Mr. Dominic Primato, officers of the Group. We reviewed the 40-page proposal that I had sent to Mr. Goudie the previous March.

Mr. Pfitzenmeier and Mr. Primato did not have any experience in promoting and licensing national events or in marketing retailing, and merchandising celebrations. Their office in New York City was a small room located at 344 E. 63d Street in New York City. It was dirty and disheveled, with an unkempt bed in one corner.

Mr. Pfitzenmeier and Mr. Primato told me that they needed a person to operate the Group's licensing activities and that my experience and track record was such that I would "run the licensing and sponsorship show" and they would maintain a hands-off posture.

After some discussions about my fee and other issues, my attorney drafted a contract with the Group which was signea October 18, 1989 to become effective November 1, 1989.

I would like to point out that my work for the Group was not and is not on an exclusive basis. Under the terms of my contract, I can work with other parties. Also, the contract and subsequent agreements allow me to do paid consulting work, separate from Group business, for marketing assistance for some of the sublicensees.

The Group's licensing structure has four levels: The Group, me, sales representatives, and sublicensees. I am responsible for negotiating contracts between sublicensees and the Group. Sales representatives—some whom have worked with me previously—have a contract with the Group to "find" sublicensees and present them to me. I then negotiate the details of a contract with the sublicensees.

Under the Agreement made directly by the sales representatives with the Group, the sales representatives were to get a percentage of the funds due from a sublicensee commonly known as a "finders fee." While some sales representatives have obtained sublicensees, I do know that the Group has not paid them for their services in spite of the sales representatives' attempts to have the Group honor their contracts. This destroyed our sales representatives' force.

Mr. Pfitzenmeier's and Mr. Primato's inexperience in licensing activities was very evident when they negotiated contracts without my assistance or knowledge. For example, they negotiated a contract with a sublicensee for almost everything you can wear on your back and feet. Sublicensees should get agreements based on the quality, components, ingredients and price of an item, not for an entire product category of articles.

If one sublicensee was going to sell watches at a low price, it would be typical and appropriate to license another party for higher priced watches. For example, in the Statue of Liberty, we had Elgin for a lower price and then I had Tiffany's market a higher priced watch.

This approach, which has been very successful with other properties, reduces the Commission's reliance on one supplier and permits more parties to get sublicensees for a variety of goods.

Based on what I can find out from other persons, the Group has entered into contracts and made arrangements with Carabella, Theta, and Tadcorps without my knowledge or involvement. In fact, there may be and are others which have also been kept hidden from me.

I asked Mr. Pfitzenmeier for a copy of the Group's contract with the Commission and found that two pages on the payment of fees to the Commission were missing. I asked Mr. Pfitzenmeier and Mr. Primato what was the percentage split between the Commission and the Group.

They told me 65 percent to the Government Commission and 35 percent to the Group. This was a lie and no doubt the reason why the two pages were withheld from me. I found, however, the arrangement to be 15/85 percent; 15 percent of the Government Commission and 85 percent to the Group.

I believed this split to be "obscene" when viewed with industry practices and I so told Mr. Pfitzenmeier and Mr. Primato. They just smiled and smirked and told me to mind my business. This split should have been 75 percent to the Government Commission and 25 percent to the Group. When we did the Statue of Liberty, the split was 75 percent to the Statue of Liberty-Ellis Island Foundation for the restoration of the "Lady."

When Pfitzenmeier and Primato asked me why I was concerned, I told them that it was inconsistent with the precedent of the industry and misuse of government funds. The Commission's share was to be used, for example, to generate funds for the celebration and to help support education in America.

In my opinion, I now believe the American public has a right to know that such an arrangement had all the earmarks of a scam. It was and is an immoral use of government's major celebration by a group who conspired to make a greedy and unconscionable deal with a government agency. I believe the deal represents gross inequity and is not in the best interests of the American public. I understand there has been some slight revision in the 15/85 percent payment clause, but I do not know the details of the change.

Also, I believe the Commission's contract for corporate sponsorship had given away the store because it gave the sponsor Texaco in this case, too much control making it virtually impossible to get other corporate sponsors. This deal, too, was also against the best interests of the quincentenary celebration.

While I never met John Goudie, I did have discussion with Jana Joustra and Raul De Quesada of the Commission staff. Ms. Joustra told me she was the Commission's Director of Public Relations and also served as the Commission's attorney. Mr. De Quesada was the Commission's Executive Director.

I met with Mr. Raul De Quesada around the end of 1989 to discuss a promotion brochure. Mr. De Quesada told me that upon direction from John Goudie, relative to a brochure I had prepared with a letter from the President of the United States to the trade and the public; that I should replace the picture of George Bush, President of the United States, with John Goudie's photo and a letter from John Goudie. This was not agreeable to me for many obvious reasons.

Mr. SAWYER. Mr. Mooney, you are referring to the President of the United States?

Mr. MOONEY. Yes, I am referring to George Bush, the President of the United States.

Mr. SAWYER. Thank you.

Mr. MOONEY. I made numerous other contacts to the Commission and Group to try to get them to approve the brochure without Mr. Goudie's picture. I was not successful.

Mr. Pfitzenmeier later contacted me and told me to terminate all discussions with the Commission's staff. He told me that Mr. Goudie wanted me fired because I was causing problems. Since I was having problems getting the Commission to approve the material I wanted to use to promote the license of the Group, I complained to Mr. Pfitzenmeier.

He told me to come to his New York City apartment for a meeting. This took place around the first part of April 1990. When I got there, Mr. Pfitzenmeier introduced me to Mr. Manuel Gonzalez. Mr. Primato was also there. Either Mr. Pfitzenmeier or Mr. Primato or both of them told me that Mr. Gonzalez was one of the team and someone who could help the Group since he had a great personal relationship with John Goudie.

Mr. Gonzalez was introduced to me as a close friend of Mr. Goudie. I was told by Mr. Pfitzenmeier that Mr. Gonzalez was going to serve as the "liaison" between the Group and the Commission.

After the introduction to Mr. Gonzalez, I began to have discussions with and to send letters to Mr. Gonzalez. Also, as directed by Mr. Primato, I sent items from sublicensees needing Commission approval to Mr. Gonzalez. In another case, I was contacted by Mr. Pfitzenmeier and asked if one of my sublicensees could produce 100 medallions within a few days.

I contacted a sublicensee and they agreed to do the order. The medallion design was sent to Mr. Gonzalez as directed by Mr. Pfitzenmeier to get the Commission's approval. The sublicensee produced the medallions and I told them to ship the items directly to Mr. Gonzalez, which they did.

Later in April 1990, Mr. Pfitzenmeier called me and instructed me to come to Mr. Gonzalez' office in Miami for a meeting. He also told me to bring blank sheets of stationery—Edgar B. Mooney, Jr. & Associates—letterhead.

I met with Mr. Pfitzenmeier and Mr. Gonzalez. Mr. Pfitzenmeier said that because Mr. Goudie was upset with me, Mr. Pfitzenmeier wanted me to sign a document adjusting my role with the Group. I recall that Mr. Gonzalez typed a letter and I made some changes to conform with my Mooney-Group CCLG Agreement dated November 1, 1989.

I signed it and I think Mr. Gonzalez took the original to Mr. Goudie. As far as I was concerned, this exercise was a big ploy.

Mr. Pfitzenmeier said it was merely to placate Mr. Goudie. Mr. Pfitzenmeier also said he has "enough on Goudie to break him and his family and ruin them for life." I did not like the entire affair.

After the meeting in Mr. Gonzalez' office, I left Miami and went on a trip to Mexico. On my way home, I returned to Miami and at their request, met with Mr. Pfitzenmeier and Mr. Gonzalez for lunch. We discussed, in general, licensing arrangements and the Group's relationship with the Commission and Mr. Gonzalez' arrangement with the Commission to have contracts and products approved by the Commission.

I also met Mr. Gonzalez again at Mr. Pfitzenmeier's New York apartment. One of the times was for a June 1990 licensing show that was being held in New York. I asked why Mr. Gonzalez was going to show. I was told by Mr. Pfitzenmeier and Mr. Primato that Mr. Gonzalez wanted "to see what is going on."

Since he was the liaison with the Commission at the Licensing Show, Mr. Gonzalez, Mr. Pfitzenmeier, and Mr. Primato spent the bulk of 3 days together in private conversations at our licensing show booth at a hotel in New York City.

Since I believed the Congress and its Commissioners wanted the celebration to commemorate Columbus' achievements, I continued to work to make the quincentenary a success. I did this even though I was not receiving the payments required by my contract with the Group. In fact, for the last 24 months, I have not been paid in accordance with the contract.

I have contacted Mr. Pfitzenmeier, Mr. Primato, and Mr. Gonzalez to request money due me. After months of pleading, I did receive two checks. One $10,000 and one $5,000 check were given to me, but both checks bounced. I was forced to sell and/or transfer stock or borrow money against the stock to help cover operational expenses for the Group.

I continued to operate and subsidize the Group's expenses which were legally due me, but without results, in spite of continued requests for payment. Mr. Pfitzenmeier's actions have forced me to initiate legal action through a New York law firm to obtain about $473,466.63—the figure is $513,920.90 as of November 30, 1991—which the Group owes me, plus interest royalty payments.

All of the expenses are documented with receipts, vouchers, or other records. To my knowledge, Gunter Pfitzenmeier has not put up one single cent of his own money to obtain the exclusive licensing rights to the U.S. Christopher Columbus Quincentenary Jubilee logo; but they told me over and over that they had put up over $1 million.

I learned that part of the reason for Goudie trying to get rid of me was because Mr. Pfitzenmeier told lies about me to Texaco Corp. people and to Mr. Goudie. Later, I do remember Pfitzenmeier telling me that he "would join Texaco and take over against Goudie."

Also, I remember Pfitzenmeier telling me in New York that he would team up with Goudie to drive Texaco out of the Texaco-Commission Agreement. The climate of the affair was not what I believed it should be and I told Pfitzenmeier so. He just grinned and smirked and told me to mind my own business.

Ironically, Mooney & Associates was the only group developing a positive image for the quincentenary with the press, media, retailers, and the public as far as licensing was concerned. Because of media attention to the lack of progress in the promotion of the celebration, a number of the sublicensees requested a meeting with Mr. Pfitzenmeier.

I was not invited to the meeting and Mr. Pfitzenmeier told me not to attend. However, I did attend a portion of the meeting, which was held on September 4, 1991 in New York City, and then I was asked to leave.

Mr. Pfitzenmeier, as president of the Group, notified all the sublicensees on September 4, 1991, that I was no longer representing the Group. On September 4, 1991, at the meeting of sublicensees, it was reported to me by reliable sources that Mr. Pfitzenmeier told or implied to the sublicensees that I was a liar and thief and that I was incompetent in the field of marketing and licensing properties.

The words reported to have been spoken by Mr. Pfitzenmeier were false and without lawful excuse and with wanton disregard of my legal rights. My standing, reputation, and credibility in both my public and private positions have been held up to public ridicule and disfavor and, as a result, my prestige and standing in the professional and social community has been damaged severely.

As I stated, the above facts have been incorporated into a legal suit against the Group for moneys due me, plus punitive damages. This action can affect the function of the Group and its relationship to the U.S. Christopher Columbus Quincentenary Commission.

However, the behavior and exposure of Pfitzenmeier, Primato, Goudie, and Gonzalez, by the press and the television media, has destroyed the licensing and sponsorship potential and made a mockery of the U.S. Christopher Columbus Quincentenary Jubilee, which was destined to be the largest and longest lasting event of the 1990 decade.

However, it still has time to be salvaged. In my opinion, these people are responsible for turning the Columbus celebration, an established and legal national holiday that is recognized throughout the country, into what could be interpreted as a national disgrace.

This completes my statement. I will now answer any questions you may have.

[The prepared statement of Edgar B. Mooney, Jr., follows:]

STATEMENT OF EDGAR B. MOONEY, JR.

ON EFFORTS TO LICENSE THE USE OF THE

CHRISTOPHER COLUMBUS QUINCENTENARY

JUBILEE COMMISSION LOGO

BEFORE THE

SUBCOMMITTEE ON CENSUS AND POPULATION

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

NOVEMBER 20, 1991

My name is Edgar B. Mooney, Jr. I am the principal of Edgar B. Mooney, Jr. & Associates, located at 621 Shrewsbury Avenue, Shrewsbury, NJ, 07702. I am an independent contractor for the Christopher Columbus Licensing Group (Group). The Group obtained a license from the Christopher Columbus Quincentenary Jubilee Commission (Commission) to authorize sublicensees use of the Commission's logo. I am responsible for obtaining sublicenses for the Group.

I have been in the licensing business for about 25 years. Projects I have worked on include the Statue of Liberty Centennial celebration working with over 100 sublicensees, numerous retailers, institutions and associations. I have also handled the American Bicentennial Presidential Inaugural licensing program, the America's Cup Festival of Sports, University of Pennsylvania's 250th Anniversary licensing program, and the "Smokey Bear" program just to name a few.

I learned about the Christopher Columbus Quincentenary from a trade publication. In March of 1989, I submitted an unsolicited, 40-page proposal to the Commission to the attention of Mr. John Goudie, the Commission's Chairman at that time. I later found that the Commission awarded a contract to license the Commission logo to the Group. Some time in September of 1989, I contacted the Group and had a meeting in my New Jersey Headquarter offices with a Mr. Gunter Pfitzenmeier and Mr. Dominic Primato, officers of the Group. We reviewed the 40-page proposal that I had sent to Mr. Goudie the previous March.

Mr. Pfitzenmeier and Mr. Primato did not have any experience in promoting and licensing national events or in marketing and merchandising celebrations. Their office was a small room located at 344 E. 63rd Street in New York City that was dirty and disheveled, with an unkempt bed in one corner. Mr. Pfitzenmeier and Mr. Primato told me that they needed a person to operate the

Group's licensing activities and that my experience and track record was such that I would "run the licensing and sponsorship show" and they would maintain a hands off posture.

After some discussions about my fee and other issues, my attorney drafted a contract with the Group which was signed October 18, 1989 to be effective November 1, 1989.

I would like to point out that my work for the Group was not and is not on an exclusive basis. Under the terms of my contract, I can work with other parties. Also, the contract and subsequent agreements allow me to do paid consulting work, separate from group business, for marketing assistance for some of the sublicensees.

The Group's licensing structure has four levels: The Group, me, Sales Representatives, and Sublicensees. I am responsible for negotiating contracts between sublicensees and the Group. Sales Representatives--some whom have worked with me previously--have a contract with the Group to "find" sublicensees and present them to me. I then negotiate the details of a contract with the sublicensees. Under the Agreement made directly by the Sales Representatives with the Group, the Sales Representatives were to get a percentage of the funds due from a sublicensee known as a "finders fee." While some Sales Representatives have obtained sublicensees, I do know that the Group has not paid them for their services in spite of the Sales Representatives' attempts to have the Group honor their contracts.

Mr. Pfitzenmeier's and Mr. Primato's inexperience in licensing activities was very evident when they negotiated contracts without my assistance or knowledge. For example, they negotiated a contract with a sublicensee for almost everything you can wear on your back. Sublicensees should get agreements based on the quality, components, ingredients and price of an item, not for an entire product category of articles. If one sublicensee was going to sell watches at a low price, it would be typical and appropriate to license another party for higher priced watches. This approach, which has been very successful with other properties, reduces the Commission's reliance on one supplier and permits more parties to get sublicensees for a variety of goods. Based on what I can find out from other persons, the Group has entered into contracts and made agreements with Carabella, Theta, and Tadcorps without my knowledge or involvement. In fact, there may be others which have also been kept hidden from me.

I asked Mr. Pfitzenmeier for a copy of the Group's contract with the Commission and found that two pages on the payment of fees to the Commission were missing. I asked Mr. Pfitzenmeier and Mr. Primato what was the percentage split between the Commission and the Group. They told me 65% to the government Commission and 35% the Group. This was a lie and no doubt the reason why the two pages were withheld from me. I found, however, the arrangement to be 15/85%; 15% to the Commission and 85% to the Group. I believed this split to be "obscene" when viewed with industry practices and I so told Mr. Pfitzenmeier and Mr. Primato. They just smiled and smirked. This split should have been 75 percent to the Government Commission and 25 percent to the Group. When we did the Statue of Liberty, the split was 75% to the Statue of Liberty-Ellis Island Foundation for the restoration of the "Lady".

When Pfitzenmeier and Primato asked me why I was concerned, I told them that it was inconsistent with the precedent of the industry and misuse of government funds. The Commission's share was to be used for example to generate funds for the celebration and to help support education in America. In my opinion, I now believe the American public has a right to know that such an arrangement had all the earmarks of a scam. It was and is an immoral use of a government's major celebration by a group who conspired to make a greedy and unconscionable deal with a government agency. I believe the deal represents gross inequity and is not in the best interests of the American public. I understand there has been some slight revision in the 15/85 percent payment clause, but I do not know the details of the change.

Also, I believe the Commission's contract for Corporate Sponsorship had given away the store because it gave the sponsor too much control making it virtually impossible to get other Corporate Sponsors. This deal, too, was also against the best interests of the Quincentenary celebration.

While I never met John Goudie, I did have discussions with Jana Joustra and Raul De Quesada of the Commission staff. Ms. Joustra told me she was the Commission's Director of Public Relations and also served as the Commission's attorney. Mr. De Quesada was the Commission's Executive Director.

I met with Mr. Raul De Quesada around the end of 1989 to discuss a promotion brochure. Mr. De Quesada told me, that upon direction from John Goudie, I was to remove the President's picture form a brochure I had prepared with the letter from the President to the trade and the public; and replace it with John Goudie's photo and a letter from Mr. Goudie. This was not agreeable to me for many obvious reasons. I made numerous other contacts to the Commission and Group to try to get them to approve the brochure without Mr. Goudie's picture. I was not successful.

Mr. Pfitzenmeier later contacted me and told me to terminate all discussions with the Commission's staff. He told me that Mr. Goudie wanted me fired because I was causing problems. Since I was having problems getting the Commission to approve the material I wanted to use to promote the license of the Group, I complained to Mr. Pfitzenmeier. He told me to come to his New York City apartment for a meeting. This took place around the first part of April 1990. When I got there, Mr. Pfitzenmeier introduced me to Mr. Manuel Gonzalez. Mr. Primato was also there. Either Mr. Pfitzenmeier or Mr. Primato told me that Mr. Gonzalez was one of the team and someone who could help the Group since he had a great personal relationship with John Goudie. Mr. Gonzalez was introduced to me as a close friend of Mr. Goudie. I was told by Mr. Pfitzenmeier that Mr. Gonzalez was going to serve as the "liaison" between the Group and the Commission.

After the introduction to Mr. Gonzalez, I began to have discussions with and to send letters to Mr. Gonzalez. Also, as directed by Mr. Primato, I sent items from sublicensees needing Commission approval to Mr. Gonzalez. In another case, I was contacted by Mr. Pfitzenmeier and asked if one of my sublicensees could produce 100 medallions within a few days. I contacted a sublicensee and they agreed to do the order. The medallion design was sent to Mr. Gonzalez as directed by Mr. Pfitzenmeier to get the Commission's approval. The sublicensee produced the medallions and I told them to ship the items directly to Mr. Gonzalez.

Later in April of 1990, Mr. Pfitzenmeier called me and instructed me to come to Mr. Gonzalez's office in Miami for a meeting. He also told me to bring blank sheets of my stationery--Edgar B. Mooney, Jr. & Associates--letterhead. I met with Mr. Pfitzenmeier and Mr. Gonzalez. Mr. Pfitzenmeier said that because Mr. Goudie was upset with me, Mr. Pfitzenmeier wanted me to sign a document adjusting my role with the Group. I recall that Mr. Gonzalez typed up the letter and I made some changes to conform with the Mooney-Group Agreement dated November 1, 1989. I signed it and I think Mr. Gonzalez took the original to Mr. Goudie. As far as I was concerned, this exercise was a big ploy.

Mr. Pfitzenmeier said it was merely to placate Mr. Goudie. Mr. Pfitzenmeier also said he has "enough on Goudie to break him and his family and ruin them for life". I did not like the entire affair. After the meeting in Mr. Gonzalez's office, I left Miami and went on a trip to Mexico. On my way home, I returned to Miami and met with Mr. Pfitzenmeier and Mr. Gonzalez for lunch. We discussed, in general, licensing arrangements and the Group's relationship with the Commission and Mr. Gonzalez's arrangement with the Commission to have contracts and products approved by the Commission.

I also met Mr. Gonzalez again at Mr. Pfitzenmeier's New York apartment. One of the times was for a June 1990 licensing show that was being held in New York. I asked why Mr. Gonzalez was going to the show. I was told by Mr. Pfitzenmeier and Mr. Primato that Mr. Gonzalez wanted "to see what is going on." At the Licensing Show, Mr. Gonzalez,, Mr. Pfitzenmeier and Mr. Primato spent the bulk of three days together in private conversations at our licensing show booth at a hotel in New York City.

Since I believed the Congress and its Commissioners wanted the celebration to commemorate Columbus' achievements, I continued to work to make the Quincentenary a success. I did this even though I was not receiving the payments required by my contract with the Group. In fact, for the last 23 months, I have not been paid in accordance with the contract. I have contacted Mr. Pfitzenmeier, Mr. Primato, and Mr. Gonzalez to request money due me. After months of pleading, I received two checks. One $10,000 and one $5,000 check were given to me but both checks bounced. I was forced to sell and/or transfer stock or borrow money against the stock to help cover operational expense for the Group. I continued to operate and subsidize the Group's expenses which were legally due me but without results in spite of continued requests for payment. Mr. Pfitzenmeier's actions have forced me to initiate legal action through a New York Law firm to obtain about $473,466.63 which the Group owes me, plus interest royalty payments. All of the expenses are documented with receipts, vouchers, or other records. To my knowledge, Gunter Pfitzenmeier has not put up one single cent of his own money to obtain the exclusive licensing rights to the U.S. Christopher Columbus Quincentenary Jubilee logo; but they told me over and over that they had put up over one million dollars.

I learned that part of the reason for Goudie trying to get rid of me was because Mr. Pfitzenmeier told lies about me to Texaco Corp people and to Mr. Goudie. Later, I do remember Pfitzenmeier telling me that he "would join Texaco and take over against Goudie." Also, I remember Pfitzenmeier telling me in New York that he would team up with Goudie to drive Texaco out of the Texaco-Commission Agreement. The climate of the affair was not what I believed it should be and I told Pfitzenmeier so. He just grinned and smirked and told me to mind my own business.

Ironically, Mooney & Associates was the only group developing a positive image for the Quincentenary with the press, media, retailers and the public. Because of media attention to the lack of progress in the promotion of the celebration, a number of the sublicensees requested a meeting with Mr. Pfitzenmeier. I was not invited to the meeting and Mr. Pfitzenmeier told me not to attend. However, I did attend a portion of the meeting, which was held on September 4, 1991 in New York City and then was asked to leave.

Mr. Pfitzenmeier, as president of the Group, notified all the sublicensees on September 4, 1991, that I was no longer representing the Group. On September 4, 1991, at the meeting of sublicensees, it was reported to me that Mr. Pfitzenmeier, told or implied to the sublicensees that I was a liar and thief and

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that I was incompetent in the field of marketing and licensing properties.

The words reported to have been spoken by Mr. Pfitzenmeier were false and without lawful excuse and with wanton disregard of my legal rights. My standing, reputation and credibility in both my public and private positions, have been held up to public ridicule and disfavor and as a result my prestige and standing in the professional and social community has been damaged.

As I stated, the above facts have been incorporated into a legal suit against the Group for moneys due me plus punitive damages. This action can affect the function of the Group and its relationship to the United States Christopher Columbus Quincentenary Commission. However, the behavior and exposure of Pfitzenmeier, Primato, Goudie, and Gonzalez, by the press and the television media, has destroyed the licensing and sponsorship potential and made a mockery of the United States Christopher Columbus Quincentenary Jubilee, which was destined to be the largest and longest lasting event of the 1990 decade.

In my opinion, these people are responsible for turning the Columbus celebration, an established and legal National holiday that is recognized throughout the country, into what could be interpreted as a national disgrace.

This completes my statement. I will now answer any questions you may have.

Mr. SAWYER. Mr. Mooney, you are a professional in this field. You have had experience. Did Mr. Pfitzenmeier or Mr. Primato have the kind of backgrounds that were capable of directing a large licensing program of this character?

Mr. MOONEY. Did they have the background? Absolutely not. Not even close. Obviously due diligence was not shown.

Mr. SAWYER. You mentioned in your testimony that the split of profits has changed since the original contract, but you weren't aware of the new terms. In fact, the contract was modified this past summer to give the Commission 25 percent royalties from the sale and the Group would keep 75 percent.

Could you describe for us your opinion of that new arrangement?

Mr. MOONEY. Let me go back one step. Beneath the 15/85 white out in paragraph 2, I believe the Commission was a—5 percent to the Commission and 95 percent to the Group. Now we go to 15/85.

Now I understand that it is 25/75. That is still out of line.

Mr. SAWYER. Just the reverse of the industry standard?

Mr. MOONEY. It is an obvious attempt to fleece the government. There is no question in my mind or the industry's mind that this is the biggest sweetheart deal they ever heard of.

Forgive me. The money for the Commission was to support education in America. This is a fine cause-related purpose. As we had a cause-related purpose for the Statue of Liberty and for the Smokey Bear, anything connected with doing good for the public, that is a great asset for selling a license. The licensees like that and the public likes that.

In this case, these people were putting the bulk of that, putting it in their own greedy hands and giving a paltry sum to the Commission who had to do all these things in supporting this great occasion. Five hundred years—this is the only time there is going to be a 500-year celebration in America. I won't be around for the next one, but I will be here for this one and it still is salvageable.

It is a crime and a sin what these men have done to this great celebration and the fact that part of the proceeds were going for education. Whether it is illiteracy, reading, writing, whatever it was going to be. It should have been and still can be given to the retailers of America, to the press, to the promotional companies, to the public in the best interest of celebrating this event.

Mr. SAWYER. Mr. Mooney, earlier this year, Mr. Gonzalez testified before this subcommittee. He made several statements under oath that conflict directly with the testimony you have given here today. You simply cannot reconcile what he said in June and what you said today.

Could you comment on a couple of those statements for me. Mr. Gonzalez said in June that he never received any documents from you related to Licensing Group activities. Is this true or false.

Mr. MOONEY. You want my response?

Mr. SAWYER. Yes.

Mr. MOONEY. He is a liar. Next question.

Mr. SAWYER. Pretty straightforward. He said when you came to Miami with Gunter Pfitzenmeier before your trip to Mexico, that no documents were exchanged at that meeting. Is that true?

Mr. MOONEY. He asked me to bring my stationery for some clandestine purpose.

The purpose was to type a letter which was a ploy and devious way to have me sign a letter that he typed, terminating me, and my resigning from my agreement. I wasn't about to do that. No way. I said what the hell is this? What is going on here? He said this is to placate Goudie who doesn't like you. I said I am sorry about that.

Mr. SAWYER. But in fact it was an exchange of documents.

Mr. MOONEY. Yes. Absolutely.

Mr. SAWYER. Let me say, finally, he testified at that time, under oath, he never had any meetings with you related to business, that they were always social. It sounds to me as if what you just described was business. Would you have characterized that as business or social?

Mr. MOONEY. No. 1, I wouldn't socialize with the guy.

No. 2, it had to be business.

No. 3, if he was under oath. Perhaps he doesn't believe in God, because I do and under oath I tell the truth. You draw your own conclusions.

Mr. SAWYER. And at that same hearing in June 1991, Mr. Gonzalez testified that he was not an officer, stockholder, agent, or representative of the Licensing Group.

Did Manny Gonzalez in any way function as a sales representative for the Licensing Group?

Mr. MOONEY. Not to my knowledge.

Mr. SAWYER. Did he have a written contract with the Licensing Group?

Mr. MOONEY. Not to my knowledge.

Mr. SAWYER. Were there any written terms with regard to compensation for Mr. Gonzalez, whether written or oral, that you are aware of?

Mr. MOONEY. I recall at one point when I got a $10,000 check from a licensee, which I sent to Gunter Pfitzenmeier with a cover letter and a copy to Gonzalez. Pfitzenmeier came through the phone at me saying to "never, ever, as long as I lived, again send a carbon of a letter to Gonzalez that described a payment to Pfitzenmeier." I said, "Hey, Gunter, these were your instructions to carbon Gonzalez." He replied, "Never again. Don't send copies to anybody at all," so I didn't.

Mr. SAWYER. Are you aware Manuel Gonzalez received a $50,000 finder's fee from the Group for securing a T-shirt sublicense with Theta Marketing?

Mr. MOONEY. I learned that through the vine. That disturbs me because, at the same time, with my personal money, I was subsidizing this operation. To answer your question correctly, no, I didn't know that. Still it hasn't been proven to me he did receive that.

Mr. SAWYER. When you say through the vine, an unsubstantiated rumor?

Mr. MOONEY. The rumors.

Mr. SAWYER. Can you describe where that rumor came from?

Mr. MOONEY. Yes. From some of the investors.

Mr. SAWYER. Are you aware of Mr. Gonzalez receiving at least $70,000 more from the Licensing Group?

Mr. MOONEY. No, I am not aware of that.

Mr. SAWYER. Do you have any idea why he might have received a total of more than $120,000 from the Licensing Group?

Mr. MOONEY. From where I sit, and in my opinion, this was part of a conspiracy and a scam to take and misuse the funds that were being generated. That is the only reason I can give for that.

Mr. SAWYER. Were you aware that Mr. Gonzalez was frequently described as the best friend of John Goudie?

Mr. MOONEY. Yes. Pfitzenmeier and Primato told me that over and over again, I guess to impress me how great this guy was in terms of getting things done with the Commission.

Mr. SAWYER. Thank you.

Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

Mr. Mooney, have you ever been paid any money that was due you under the terms of that contract?

Mr. MOONEY. Yes.

Mr. MORAN. You have?

Mr. MOONEY. Yes.

Mr. MORAN. Would you like to give us specifics? Is it the full amount you have requested?

Mr. MOONEY. No, they still owe me $494,000 plus—$513,920.90 as of November 30, 1991. They paid me about 20 percent of what was due me over the past 2 years.

Mr. MORAN. You got $100,000?

Mr. MOONEY. Under $100,000. I can document what I just said or I wouldn't say it.

Mr. MORAN. You testified Mr. Pfitzenmeier conveyed untrue statements about you to the Texaco Corp. What was Pfitzenmeier's relationship to Texaco?

Mr. MOONEY. To my knowledge, there was no formal arrangement or activity with Texaco and Pfitzenmeier. My purpose—may I—

Mr. MORAN. Yes.

Mr. MOONEY. My purpose in going to Texaco was they had a sponsorship contract. They wanted to get awards and premiums to give to you fellows up there.

Mr. SAWYER. No.

Mr. MOONEY. That was their purpose and to mayors of towns to where both of these ships might go, to different people in a legitimate manner of compliment, award, whatever.

I had three of my clients, Tiffany's, Black, Star & Frost, and Oneida Silversmith have meetings with Texaco with thousands of dollars worth of design, and energy, and so forth so we could make Tiffany's and the rest of them licensees, making the product, selling them to Texaco, who would give them away or sell them away.

We also talked about their 22,000 service stations where there would be premiums given, so if you bought a tank of gas, you would get a model of the Nina. You bought another tank of gas, you get a model of a Pinta. You bought three tanks of gas, and the oil changed, you get the whole caravel.

That was the purpose of this. This is where I am good. I know how to do these things. I have been doing it too long. I have made every mistake in the book so there aren't more that I can make. Pfitzenmeier interjected himself into the situation, screwed it up terribly, got everybody all messed up, because he didn't know what he was doing. Texaco told me, get rid of these guys with the cloak and dagger. They come in with raincoats and hats and fedoras, get rid of them. I said as nicely as I could, I will handle this.

To your question, I was concerned about the fact the contract with Texaco gave them all rights and for all intents and purposes, there wasn't enough left to get other sponsors. When we did the Statue of Liberty, we got well over $100 million just for sponsors. We wound up, I am sure you heard it, from Lee Iacocca, $450 million worth of income.

I was disturbed if we were going to get any money at all, we couldn't while Texaco had this contract. And I so told Peter Minari who was, at the time, in charge of it. He was understanding. One of the examples, the licensees could not use the logo in concert graphically with ships, ridiculous.

I was trying to get Texaco to ease off. They referred me to the contract which was ill-written and was giving away the store. Pfitzenmeier, in his own pattern and style, created discourse and that upset Texaco. Texaco, in turn, was upset with me, and that was what this is all about. I am a little vague only because the whole situation was vague and that is how these guys operate, in the closet, in the shadows.

Mr. MORAN. What was the content of the mistruths that—the untruths that you suggest Pfitzenmeier made to Texaco? What did he specifically tell them about you?

Mr. MOONEY. He told them that I was trying—in his own manner, told them I was trying to get that sponsorship program away from Texaco. That wasn't the case. I was trying to modify that contract with Texaco. They were coming along until whatever happened, Texaco then—ultimately they got out of the contract because there was too much of this activity going on.

To answer your question as directly as I can, I was attempting to modify the Texaco sponsorship contract. Pfitzenmeier, apparently whatever he said to Texaco, disturbed them to the point that they were disturbed with me.

Mr. MORAN. Do you know who in Texaco he said it to? Who was it?

Mr. MOONEY. It had to be Peter Menari and William Tell. Those were the two people in charge of what was to be a fantastic promotional activity for Texaco.

Mr. MORAN. The subcommittee was told that the Licensing Group has not been particularly forthcoming in producing corporate documentation to either the GAO office of Special Investigations, nor to the Commission itself. In your litigation with the Group, have complete corporate records been made available to you that outline its income and expenses?

Mr. MOONEY. No, sir. That is part of my litigation.

Mr. MORAN. All right. Thank you. Mr. Chairman. Thank you for having the hearing.

Mr. SAWYER. Thank you for your assistance with this today.

Let me ask you Mr. Mooney, is there anything else you would like to add to your testimony?

Mr. MOONEY. I don't know how appropriate it is. I do think there is enough time to salvage this operation, to have the public accept it, to do all the things that the retailers would love to do. Because, remember, this is the official United States—United States official Christopher Columbus Quincentenary Jubilee.

It is public domain as we had with the Statue of Liberty and other properties, but also this pin I am wearing, the Lady is a treasure to me because it is the official from the U.S. Government.

So, too, can we with the United States Christopher Columbus, present and emphasize the fact that this is official. That part of the proceeds go to support education in America. No one else can make that statement. The Spanish, the Italian, or Joe Blow down the street. Only the United States official licensees' product generates funds to support education in America.

That, in closing, I say is very worth while to try to salvage this thing. First, clean it out and then salvage it.

Mr. SAWYER. Let me ask one final question Mr. Ridge asked me to verify. In your judgment, is the Christopher Columbus Licensing Group solvent or insolvent.

Mr. MOONEY. They owe me \$494,000—\$513,920.90 as of November 30, 1991. I don't know how to answer. I don't have access to their records which disallows me to answer your question directly.

Mr. SAWYER. Thank you very much for your presence today.

Mr. SAWYER. Our next witness is Anthony Baltes.

Mr. Baltes, if you would come forward please and remain standing.

[Witness sworn.]

Mr. SAWYER. You may be seated.

I thank you very much for your presence here today and, frankly, for your tenacity throughout this entire episode. It is good to have you here and invite you to proceed at your convenience.

STATEMENT OF ANTHONY BALTES

Mr. BALTES. My name is Tony Baltes and I am here at your request to discuss a \$500,000 investment in the Christopher Columbus Licensing Group.

This Group has been granted a license to use the logo of the Christopher Columbus Quincentenary Jubilee Commission. I became aware of the Group and Commission as a result of my prior association with Mr. Edgar Mooney. He was the executive director of the Group soliciting sublicensees who would use the Commission logo on their products.

Around September 1989, Mr. Mooney introduced me to Gunter Pfitzenmeier and Dominic Primato, the Group's president and vice president, respectively.

Mr. Pfitzenmeier informed me that he was interested in obtaining active investors for the Group.

Beginning in October 1989, we had numerous meetings, some in Mr. Pfitzenmeier's New York City apartment, to discuss an investment. During this time, I introduced Merrill Kane and Charles Jaeger to Mr. Pfitzenmeier and Mr. Primato.

By way of background, I am a minority investor of the Group and the president of Creative Photo Crafts, a Toledo, OH firm that manufactures buttons, key tags, and similar items.

Mr. Kane is a minority investor of the Group and owns Merrill Kane & Company, a certified public accounting firm in Wanseon, OH. Mr. Jaeger is an attorney and certified public accountant who worked on the Group's stockholder records and contracts with Edgar Mooney in Shrewsbury, NJ, and Toledo, OH.

During the negotiation, Mr. Pfitzenmeier mentioned John Goudie, the former Commission chairman, as a friend and business associate. Mr. Pfitzenmeier bragged how he got Mr. Goudie involved with a $500 million real estate deal in New York City and took Mr. Kane and I by the building while we were in New York.

On October 19, 1989, Mr. Pfitzenmeier, Mr. Primato, Mr. Mooney, Mr. Kane, Mr. Mike Ban, an investment adviser, myself and others, met in a Ramada Hotel in Detroit to discuss the details of the celebration and possible investment.

Mr. Mooney gave a presentation that showed projected revenues of over $100 million. Mr. Pfitzenmeier said that he and Mr. Primato would not be active in the Group because they had other business interests unrelated to the celebration.

Around October 21, 1989, Mr. Kane and I went to New York City and met with Mr. Pfitzenmeier, Mr. Primato, and Mr. Mooney in the office of Vital Travel Agency, the Group's temporary office.

We discussed various options for reaching an agreement.

Mr. Pfitzenmeier and Mr. Mooney told Mr. Kane and I that they had a $1.7 million agreement with a Swiss/German clothing firm; that they expected a minimum of $1.3 million dollars from the Texaco tour of the caravels; and that they were very close to signing an agreement with a major credit card company.

They also said they expected to reach agreement with three other major sponsors.

Mr. Pfitzenmeier also agreed that Mr. Kane would be the chief financial officer, treasurer and a director of the Group and that I would be the Group's secretary and a director as well as the coordinator of on-site souvenir sales.

After other meetings, we reached agreement to give the other investors and myself a 15-percent interest in the Group for $300,000 with a option of obtaining an additional 10 percent for $200,000 by January 31, 1990.

On October 30, 1989, I attended a meeting at the Commission office in Washington, DC with Mr. Mooney, Mr. Raul De Quesada, the Commission's executive director, and Ms. Jana Joustra, who was introduced as the Commission's chief legal counsel and public relations director.

Mr. De Quesada and Ms. Joustra repeatedly stated during the meeting that the Commission was very close to signing agreements with major sponsors. They also said that the Texaco tour of the caravels was set.

I had a number of later discussions with Mr. De Quesada in which he confirmed the information about the caravels and other accomplishments of the Commission.

For example, he told me that the Commission had signed a sponsorship agreement with a major soft drink producer.

On December 14, 1989, Mr. Kane, Mr. Jaeger, Mr. Pfitzenmeier, Mr. Primato and I met in New York City with the Group's attorney, Harvey Kaufman, to finalize the corporation's documents.

One of the topics discussed was a subchapter S corporation for tax purposes.

Mr. Kane advised the Group that every stockholder must concur by signing an IRS election form to be treated as a subchapter S corporation and provide their respective social security numbers.

Mr. Pfitzenmeier and Mr. Primato indicated they would provide their numbers when the investor list was complete and the election was ready for filing with the IRS.

Mr. Kane said that he later found out that Mr. Pfitzenmeier could not produce a social security number. In his efforts to get around the lack of a number, Mr. Pfitzenmeier put his stock in Mr. Primato's name and then had Mr. Primato sign a document making Mr. Pfitzenmeier his proxy. This proxy transfer was done without other stockholders being notified as was required by a buy/sell agreement.

In essence, Mr. Pfitzenmeier controlled 75 percent of the Group's stock.

Shortly after December 14, 1989, Mr. Pfitzenmeier called Mr. Kane, the Group's treasurer, and said he wanted to borrow $100,000 for a real estate deal that involved Mr. Goudie and himself and he needed some short-term financing.

Mr. Pfitzenmeier told Mr. Kane that he could borrow the $100,000 without Mr. Kane's authorization, but he made the request to Mr. Kane as a courtesy.

Mr. Kane agreed and had Mr. Pfitzenmeier sign a note to repay the $100,000 by March 1, 1990, the date we needed the money for projected operating capital.

Mr. Pfitzenmeier took the $100,000 by wire transfer on December 26, 1989, from the Group's Marine Midland Bank account.

Mr. Kane told Mr. Pfitzenmeier that if Mr. Pfitzenmeier did not pay it back, Mr. Kane would just deduct it from any future distributions of the Group that would be due to Mr. Pfitzenmeier.

In late December 1989, Mr. De Quesada asked me to provide personalized clocks, golf shirts and marble paperweight souvenirs for a Commission meeting scheduled around January 9, 1990, in the Bahamas.

I took this opportunity to request a meeting with Mr. Goudie, who I had been trying to see since late November 1989.

Mr. Pfitzenmeier had told me to keep the Commission happy and to bring the items to his home in Florida, where I would meet with Mr. Goudie and then attend the Bahamas Commission meeting.

I went to Florida on January 5, 1990. A man, a woman, and two children showed up at Mr. Pfitzenmeier's home. The people were introduced as Manual Gonzalez, his wife and two children. Mr. Gonzalez said he was Mr. Goudie's "assistant," was "John's right arm on Commission matters" and worked for Mr. Goudie.

Mr. Gonzalez said that he was a Miami real estate investor and a close business association of Mr. Goudie. He was there to pick up the souvenirs because Mr. Goudie could not make it.

I expressed disappointment in not meeting Mr. Goudie.

Mr. Gonzalez told me that Mr. Goudie got a call that day from the President and was asked to go to Mexico to deliver a letter to that country's President.

Mr. SAWYER. Mr. Baltes, are you referring to the President of the United States?

Mr. BALTES. Yes, George Bush.

Mr. SAWYER. And he was to deliver a letter to President Salinas in Mexico?

Mr. BALTES. Yes. Those were the two names mentioned.

Mr. SAWYER. Thank you.

After my unsuccessful January 5, 1990 trip to see Mr. Goudie, I told Mr. Pfitzenmeier and Mr. De Quesada, the Commission's executive director, I still wanted to meet Mr. Goudie.

Around January 16, 1990, Mr. Pfitzenmeier told me that Mr. Goudie was very busy trying to raise funds for the re-election of a Florida Governor.

Mr. Pfitzenmeier told me that Mr. Goudie had to raise $3,000 from 10 persons and if I contributed $3,000, Mr. Goudie would see me.

I agreed and wrote a $3,000 check from my creative photo business account.

Mr. Pfitzenmeier told me to send the check to Lace Consulting, Inc., 150 West Flagler Street in Miami, but make it out to the Governor's reelection.

A few weeks later, I got a letter in Ohio signed by the head of the Governor's reelection campaign thanking Mr. Gonzalez in care of Creative Photo for the contribution.

I later looked at the canceled check and saw in the "memo" section of the check, someone had written in Mr. Gonzalez' and his wife's name.

I later learned that Mr. Gonzalez was the owner of Lace and that I had sent the check to Mr. Gonzalez' business address.

When I still did not get a meeting with Mr. Goudie, I complained to Mr. Pfitzenmeier and Mr. Primato. Mr. Primato then wrote a $3,600 check to repay me. Mr. Primato wrote the check for $600 more than my $3,000 check because he said he did not want anyone to connect the $3,600 to my $3,000 contribution.

Mr. Pfitzenmeier later told me not to tell anyone about the contribution.

To exercise the $200,000 option, Mr. Kane wired $100,000 on January 22, 1990 and $100,000 on January 31, 1990 to the Group's account at Barnett Bank in Del Ray Beach, FL. Mr. Kane had the Group's business address moved to Florida for tax purpose and temporarily used Mr. Pfitzenmeier's home in Florida as the business address.

All of the Group stockholder documents were finalized on or about January 26, 1990. For the $500,000 investment, I got a 9-percent ownership, 18 shares; Mr. Kane got a 6.25-percent ownership, 12.5 shares; and about 20 investors associated with Mr. Kane and I got a 9.75-percent ownership, 19.5 shares.

The 150 remaining shares were equally split between Mr. Pfitzenmeier and Mr. Primato.

Around the first part of February 1990, various questions were being raised about the Group's participation with the Texaco tour.

Since we could not get much information from the Commission, we asked Mr. Pfitzenmeier for assistance.

I received an interpretation that Mr. Pfitzenmeier said same from a Miami attorney.

When I looked at the identification on the fax copy Mr. Pfitzenmeier had sent to him, Lace Consulting was on it.

During a later discussion, Mr. Gonzalez admitted to me that he wrote the Texaco interpretation.

Mr. Gonzalez told me to "forget about it" and "not talk about it to anyone."

In a later discussion, Mr. Jaeger, Mr. Kane and I were told by Mr. Gonzalez that he was at Harvey Kaufman's office when the Group's contract with the Commission was being drafted.

Mr. Gonzalez described the physical layout of Mr. Kaufman's office and that he did not like Mr. Kaufman.

Later, Mr. Jaeger was told by Mr. Pfitzenmeier on or about March 14, 1990, that Mr. Goudie was finalizing an agreement with a record company. Mr. Goudie told Mr. Pfitzenmeier to come down to Miami with a $75,000 check for "seed money."

Under the agreement, Spanish speaking broadcasts would be made to South American on the Quincentenary.

Mr. Pfitzenmeier did not show up with the $75,000 and Mr. Goudie looked very bad and was upset with Mr. Pfitzenmeier. Mr. Pfitzenmeier told me later that Mr. Goudie was just trying to "stick me up for more money."

On March 15, 1990, Mr. Jaeger and I went to the Commission office in Washington, DC to meet with Mr. De Quesada and Ms. Joustra. We went to the Commission office even though Mr. Pfitzenmeier stated several times we should not go to the meeting.

Mr. De Quesada and Ms. Joustra told us that Texaco was not going to run the caravels tour and that no additional sponsors were needed.

This was different from what we had previously been told by Mr. Pfitzenmeier and Commission staff. Mr. De Quesada and Ms. Joustra said the Commission was going to run the tour and the cities visited by the tour ships would be paying for the visit.

Mr. De Quesada and Ms. Joustra said some money from the cities had already been collected and provided us with documents detailing the tour's budget.

During the meeting, I told Mr. De Quesada and Ms. Joustra that the Ohio investors put $500,000 into the Group. They seemed very surprised by this information.

Mr. De Quesada then called Mr. Goudie a number of times, but spoke in Spanish.

They both told me that I should call Mr. Goudie and Mr. De Quesada gave me Mr. Goudie's home and business telephone numbers.

He also told me that Mr. Goudie was very upset with Mr. Pfitzenmeier for not showing up with $75,000 for the record company agreement.

In a later conversation, Ms. Joustra also told me that she had close contacts at the U.S. Immigration and Naturalization Service and was going to have the Service investigate Mr. Pfitzenmeier.

Ms. Joustra did not think that Mr. Pfitzenmeier was a U.S. citizen. Ms. Joustra also told Mr. Jaeger and me that unless Mr. Mooney stopped soliciting sponsors, that the Commission had advised him not to contact, Ms. Joustra was going to use her "extensive" contacts in the Department of Justice and have them do an investigation of Mr. Mooney.

On the morning of March 16, 1990, I called Mr. Goudie and Mr. Goudie basically agreed with the information that Mr. De Quesada and Ms. Joustra told me the prior day. This was the first time that I spoke with Mr. Goudie about the Group's activities.

Mr. Jaeger, Mr. Primato, Mr. Pfitzenmeier, and I met in the evening of March 16, 1990 in Mr. Pfitzenmeier's New York City apartment to discuss the events of March 15 and 16.

Mr. Pfitzenmeier told us that I had called Mr. Goudie at the worst possible time. However, Mr. Pfitzenmeier told us that he had something on Mr. Goudie and "can take him out anytime I (Pfitzenmeier) want."

Mr. Pfitzenmeier also said, "I can destroy John Goudie" and that he was going to discuss the problems he was having with Mr. Goudie with Mr. Gonzalez. Mr. Pfitzenmeier also said Mr. Gonzalez had significant input into drafting the Group's agreement with the Commission.

On March 18, 1990, Mr. Goudie and I spoke on the telephone. Mr. Goudie told me that he was going to suspend the Group's contract unless changes were made.

Mr. Goudie said Mr. Pfitzenmeier had to be placed in an inactive role, otherwise the U.S. Department of Justice would be contacted if Mr. Pfitzenmeier was not removed.

He also said that the other Ohio investors and I should take control of the Group.

Mr. Goudie also said he could find another investor to buy us out of the Group.

On March 19, 1990, I got a fax from the Commission saying the Group's contract was suspended.

I contacted Mr. Pfitzenmeier and found that Mr. Pfitzenmeier had received a copy of the letter.

Mr. Pfitzenmeier said he was attempting to find out what caused the termination. Mr. Pfitzenmeier told me that if Mr. Goudie did not "come into line," Mr. Goudie will be front page news down in Miami.

Ms. Joustra told me that she drafted the suspension letter and Mr. Goudie flew up from Miami to sign it at the commission's office.

On March 20, 1990, a meting was held in Toledo, OH to discuss the Group's suspension.

Mr. Pfitzenmeier, Mr. Primato, Mr. Kane, Mr. Jaeger, Mr. Lyman Spitzer, an attorney from the law firm Shumaker, Loop & Kendrick and I attended the meeting.

During the meeting, Mr. Pfitzenmeier said, "I bribed Goudie" for $150,000 and a percentage of the Group's later earnings.

I asked Mr. Pfitzenmeier if he could prove that the payment was made.

Mr. Pfitzenmeier said yes and that he used some of our investment money to pay the bribe.

Mr. Pfitzenmeier then said he wanted to have a board of directors meeting for the Group and Spitzer left the room.

During this meeting, Mr. Pfitzenmeier said that an Argentinean male was paying Mr. Goudie's Miami office expense of about $5,000 a month.

Mr. SAWYER. Who paid the $100,000?

Mr. BALTES. Mr. Pfitzenmeier said Mr. Gonzalez—ask that question again, sir?

Mr. SAWYER. You had said that Mr. Gonzalez paid Mr. Goudie.

Mr. BALTES. I misspoke there. I don't know where I did that, but—should I start here with Mr. Pfitzenmeier said Mr. Gonzalez got a share?

Mr. SAWYER. That would be fine

Mr. Baltes—Mr. Pfitzenmeier also said that Mr. Gonzalez got a share of the $150,000 Mr. Pfitzenmeier paid to Mr. Goudie and that Mr. De Quesada was "getting a cut out of all of this."

Later that day, I drove Mr. Primato and Mr. Pfitzenmeier to the Detroit Airport. During this trip, Mr. Pfitzenmeier told me "Don't worry. I got Goudie. I can take care of him anytime. All this suspension stuff is boolsheet."

I went to Miami on March 21, 1990 to meet Mr. Goudie. Mr. Goudie met me at the airport and Mr. Gonzalez was waiting in the car.

the three of us went to Mr. Goudie's home for dinner. After dinner, I told Mr. Goudie and Mr. Gonzalez what took place at the March 20, 1990 meeting in Toledo.

I asked Mr. Goudie and Mr. Gonzalez if Mr. Pfitzenmeier paid them any money and both said no way.

Mr. Gonzalez did tell me, in Mr. Goudie's presence, that Mr. Gonzalez had one-half of the Group's contract, 50 percent of the stock.

Mr. Gonzalez said he put the whole deal together, but did not tell Mr. Goudie about his interest until that day.

Mr. Gonzalez said that Mr. Pfitzenmeier was supposed to supply the money for the Group and Mr. Gonzalez would see that Mr. Goudie gave the Group the contract.

Mr. Gonzalez said he got upset at Mr. Pfitzenmeier because not only did he have the Ohio investors and me come up with the Group's money, but Mr. Pfitzenmeier also gave away some of the Group's stock.

Mr. Gonzalez said that he attempted on numerous occasions to get the stock, but Mr. Pfitzenmeier kept putting Mr. Gonzalez off.

Mr. Goudie told me that Mr. Pfitzenmeier did send Mr. Gonzalez some stock certificates, but in Mr. Goudie's opinion, the stock certificates did not look official.

On March 22, 1990, I called Mr. Pfitzenmeier from Mr. Goudie's office and put Mr. Pfitzenmeier on a speakerphone.

Mr. SAWYER. Who did you put on the speakerphone?

Mr. BALTES. I put Mr. Pfitzenmeier on.

John Goudie had a speakerphone set up in his office where the person we were calling could be heard in the room, but they didn't know they were on a speaker phone. I put Mr. Pfitzenmeier on the speaker phone so Mr. Goudie could hear him at Mr. Goudie's request.

I asked Mr. Pfitzenmeier if he paid off Mr. Goudie and Mr. Pfitzenmeier said he did and that Mr. Goudie better "get into line."

Upon hearing this comment, Mr. Goudie laughed and called Mr. Pfitzenmeier an "idiot."

That evening, Mr. G udie and I went to Mr. Goudie's home in an automobile driven by Mr. Gonzalez.

We agreed to have a meeting with all parties present to resolve the problems with the Group and Mr. Gonzalez' claim of stock ownership.

I went to the Miami airport on March 23, 1990, to pick up Mr. Kane and Mr. Jaeger.

While at the airport, I also called Mr. Pfitzenmeier and asked him to come to Miami for a meeting on March 24, 1990 with Mr. Goudie.

Mr. Pfitzenmeier agreed to come and said Mr. Primato would make the arrangements.

Mr. Kane, Mr. Jaeger, and I went to Mr. Goudie's office, which was located in the eighth floor penthouse at 2150 Coral Way in Miami, and met Mr. Gonzalez there.

All five of us went to lunch. During lunch, Mr. Gonzalez got a call on his portable telephone from Mr. Pfitzenmeier.

Mr. Pfitzenmeier told Mr. Gonzalez that he was not coming down to Miami because Mr. Pfitzenmeier knew Mr. Goudie would not show up.

After lunch, we went back to Mr. Goudie's office. I called Mr. Pfitzenmeier on a speakerphone. I actually had it set up the same way we had it previously. I asked Mr. Pfitzenmeier why he was not coming to Miami.

Mr. Pfitzenmeier said that Mr. Goudie and Mr. Gonzalez have all the money they are getting from him and that Mr. Gonzalez is a liar and is "crazy" if he thinks Mr. Pfitzenmeier is going to give him any stock.

Upon hearing this, Mr. Gonzalez got very upset. I then told Mr. Pfitzenmeier why don't you tell Mr. Gonzalez yourself and gave Mr. Gonzalez the phone.

Mr. Pfitzenmeier said, "How are you doing. We have to do more real estate deals."

Mr. Gonzalez' entire composure then became calm.

After the call, Mr. Goudie told Mr. Kane, Mr. Jaeger, Mr. Gonzalez and me that the Group's contract would be terminated April 4, 1990 unless Mr. Primato and Mr. Pfitzenmeier had inactive roles in the Group, and Mr. Gonzalez becomes an active stockholder.

Mr. Goudie said that Mr. Gonzalez "had to be taken care of or I won't lift the suspension."

Mr. Gonzalez said that he was "going to get my stock" in the Group.

That evening, the five of us went to Mr. Goudie's home to have dinner and discuss the situation. Mr. Goudie said the Commission was solid financially and did not need any money from sponsors or the Group.

On the morning of March 24, 1990, Mr. Kane, Mr. Jaeger, and I met with Mr. Gonzalez for breakfast. We decided to go to Mr. Gonzalez' office to discuss the changes needed in the Group to make Mr. Goudie "happy."

We talked about how we were going to allocate the Group's control.

During the meeting, Mr. Gonzalez also discussed real estate deals that he, Mr. Goudie and Mr. Pfitzenmeier had and that he did not want the Group's problems to interfere with other deals.

When I got back to Ohio, I called Mr. Goudie and told him that I was going to tell Mr. Pfitzenmeier what Mr. Goudie wanted done to get the Group's suspension lifted.

Mr. Goudie told me not to tell Mr. Pfitzenmeier, that he would have Mr. Gonzalez call Mr. Pfitzenmeier because they were business partners and had a closer relationship.

On March 26, 1990, Mr. Primato called attorney Lyman Spitzer and told him that Mr. Kane and I were "fired." On March 27, 1990 Mr. Kane and I each got letters from Mr. Pfitzenmeier saying we were relieved of all duties and responsibilities involving the Group and a special meeting of the board of directors will be called to appoint new officers and directors.

I spoke with Mr. Gonzalez and Mr. Gonzalez told me that he wanted the Group's Articles of Incorporation, other corporate documents, and financial statements. I also spoke with Mr. Goudie, who again said that I should not call Mr. Pfitzenmeier but let Mr. Gonzalez handle it.

Mr. Goudie also told me he wanted all Mr. Mooney's documents on contacts with Texaco. If I would not furnish them, Mr. Goudie said he would have the documents subpoenaed by the Justice Department.

On March 28, 1990 I wrote a letter to Mr. Gonzalez on issues that Mr. Gonzalez should discuss with Mr. Pfitzenmeier. I sent a copy to Mr. Goudie and Mr. De Quesada.

On March 31, 1990, Mr. Gonzalez called me and said Mr. Kane and I should come to Miami to discuss a plan Mr. Gonzalez had for the Group. I asked Mr. Gonzalez to explain the plan over the telephone but Mr. Gonzalez said, "Don't worry, take my word for it, everything is fine, we have it all worked out."

I told Mr. Gonzalez unless Mr. Gonzalez discussed the details of the plan, I would not go to Miami to discuss his plan. Mr. Gonzalez then called Mr. Kane about coming to Miami to discuss Mr. Gonzalez' plan, but Mr. Kane also declined without knowing more about the plan's details. Mr. Gonzalez then told Mr. Kane to call Mr. Goudie.

Mr. Kane and I then had a conference call with Mr. Goudie. He told us that he understood we would not come to Miami to discuss Mr. Gonzalez' plan unless we knew the details.

Mr. Goudie said that he had talked with Mr. Gonzalez the prior night, and was told that Mr. Gonzalez had met with Mr. Pfitzenmeier and Mr. Primato to discuss Mr. Gonzalez' plan. Mr. Goudie said Mr. Gonzalez would run the Group with us.

Mr. Pfitzenmeier was out of day-to-day operations of the Group and Mr. Mooney would be fired. Mr. Kane and I had until April 5 to work it all out. Mr. Goudie told us "that's the deal" and if we did not come to the Miami meeting, we were going to lose it all. We told Mr. Goudie we would come to Miami. I called Mr. Gonzalez and was told to set the meeting for April 3, 1990.

On April 1, 1990, I called Mr. Gonzalez and he said he was taking charge of the whole thing including getting an attorney, taking over the checking accounts and writing checks. Mr. Gonzalez told me that he wanted to have control over everything involving the Group and he did not want Mr. Jaeger, an attorney, present at the meeting but he could come to Miami.

Mr. Kane, Mr. Jaeger and I went to Miami and met with Mr. Gonzalez on the morning of April 3, 1990. I showed Mr. Gonzalez a list of items that we wanted covered at the April 3 meeting with Mr. Pfitzenmeier and Mr. Primato. The list, which included complying with Mr. Goudie's plans, was also sent to Mr. Goudie and Mr. De Quesada.

Mr. Gonzalez looked at the list and showed his rejection by throwing it on the floor. Mr. Gonzelez then told us the "rules" for the meeting: We could not mention anything that Mr. Goudie had said or done in the past and we could not discuss any past experience we had with Mr. Pfitzenmeier or Mr. Primato.

Mr. Gonzalez then produced a list of proposals that were written on a yellow legal-size pad. He discussed the proposals but would not let us look at his sheet.

I suggested we go to his office. At Mr. Gonzalez' office, Mr. Jaeger typed up the proposals on Mr. Gonzalez' computer and we read them. Mr. Gonzalez' proposals were 180 degrees different from what we were told by Mr. Goudie. I asked if Mr. Goudie had seen Mr. Gonzalez proposals and Mr. Gonzalez said, "John knows about them and has okayed them."

Mr. Kane, Mr. Jaeger and I went to lunch without Mr. Gonzalez to discuss his new deal. We decided most were not acceptable to us. We also tried to contact Mr. Goudie but could not reach him. I also tried. We met Mr. Gonzalez and told him of our decision.

Mr. Gonzalez asked that we go to the meeting anyway and we agreed. At 2 p.m., Mr. Kane, Mr. Jaeger and I went to Mr. Gonzalez' office for the meeting. Mr. Pfitzenmeier and Mr. Primato were there with Mr. Gonzalez.

Mr. Gonzalez asked Mr. Jaeger to leave because it was a "stockholders only" meeting. Mr. Primato also said that Mr. Jaeger should leave because he did not want any attorney present. Mr. Jaeger then left the office.

Mr. Gonzalez opened the meeting by saying he was in charge and that the meeting was to be held to implement his proposal. Mr. Gonzalez' proposal was passed out and read out loud. I asked Mr. Pfitzenmeier and Mr. Primato if they agreed completely with Mr. Gonzalez, and both said they did.

I believed this to be very odd since Mr. Gonzalez said they had not seen it before the meeting and little discussion took place after Mr. Gonzalez passed his proposal out. I then insisted that our proposed changes be distributed.

Mr. Gonzalez read down to the third item and Mr. Pfitzenmeier through his paper on the floor. Mr. Pfitzenmeier said not only were we stealing money from his company, but now we want to run it.

Mr. Kane and I started to walk out the door of Mr. Gonzalez' office and Mr. Pfitzenmeier grabbed Mr. Kane by the arm and attempted to pull him over to the side while warning him that we better not go to an attorney. We left Mr. Gonzalez' office and met Mr. Jaeger outside.

We estimate that the meeting lasted about 8 minutes. On the morning of April 3, 1990, I called Mr. Gonzalez to discuss the meeting, but he refused, saying legal action may be involved. Mr. Gonzalez then told me he did not discuss Mr. Goudie's demands with Mr. Pfitzenmeier and Mr. Primato.

On April 4, 1990 I called Mr. Goudie in Washington about the meeting. Mr. Goudie said he had not spoken to Mr. Gonzalez about the April 3 meeting, and if we could not settle the difference, Mr. Goudie would cancel the Group's contract. I also called Mr. Gonzalez but Mr. Gonzalez would not discuss the April 3 meeting.

On April 4, 1990, I also called Mr. De Quesada and told him about the April 3, 1990 meeting. Mr. De Quesada told me that the Group's contract was not canceled and I should call Mr. Goudie at his home that evening to find out what was happening as a result of the Miami meeting.

I called Mr. Goudie at his home and Mr. Goudie told me he did not understand what the problem was because Mr. Gonzalez told him that everything was going to be taken care of and all parties were in agreement.

Mr. Goudie told me he wanted to talk to Mr. Gonzalez because he had not spoken to him within the last 2 days and was not familiar with Mr. Gonzalez' proposal that was put forth on April 3, 1990.

I read to Mr. Goudie Mr. Gonzalez' April 3 proposal, and Mr. Goudie said he could not understand why Mr. Gonzalez did not inform Mr. Pfitzenmeier and Mr. Primato of Mr. Goudie's demands.

I got a telephone call from Mr. Goudie on April 5, 1990 and Mr. Goudie said that Mr. Pfitzenmeier was in his office. I asked whether he had read Manny Gonzalez' proposal. I faxed Mr. Goudie a copy of the proposal.

Mr. Goudie called me back immediately and told me that Mr. Pfitzenmeier could do what he wanted with the Group because he owned 75 percent. Mr. Goudie also said that he could not force Mr. Pfitzenmeier out of the Group and I should "get in line" and work my problems out with Mr. Pfitzenmeier.

I then asked Mr. Goudie to turn on his speaker phone so that I could speak with both Mr. Goudie and Mr. Pfitzenmeier, and he agreed.

During our discussion the following was stated:

One, Mr. Pfitzenmeier denied he ever had bribed Mr. Goudie and threatened to sue me for slander for saying he said a bribe was paid.

Two, Mr. Goudie and Mr. Pfitzenmeier would not respond to any of my questions regarding Mr. Gonzalez' involvement in the Group or his obtaining stock or any other consideration.

Three, Mr. Pfitzenmeier denied that our money represented an investment in CCLG. However, he said any money we did provide was only for on-site sales and he still had that money.

Four, Mr. Pfitzenmeier agreed to meet Mr. Kane and me within 4 days to resolve our differences.

Later that day—April 5—Mr. Goudie called me and told me to work out the problems with Mr. Pfitzenmeier or "lose everything."

On April 9, 1990, I sent to Mr. De Quesada at the Commission a description of how I saw the entire situation and asked what should be done.

On April 10, 1990 Mr. Goudie called me and said, "I am going to kill you . . ." Mr. Goudie was very upset and told me never again to send anything to the Commission office. and if I did, he would take it to the Justice Department.

I told Mr. Goudie that the April 9 description was just meant to obtain Mr. De Quesada's view on how I could best resolve the Group's problems. Mr. Goudie told me other Commission staff members saw the document and started questioning him.

Mr. Goudie said he and Mr. Pfitzenmeier had worked out their differences and the Group's suspension had been lifted. Mr. Goudie said that Mr. Pfitzenmeier "did exactly what I told him to do" and if we did not "make a deal" with Mr. Pfitzenmeier, we would lose everything.

For some time later, Mr. Kane and I tried to contact Mr. Pfitzenmeier by telephone, fax, regular mail, and registered mail. We got no response. We also attempted to contact Commission staff, but again no assistance.

We did get Group bank records in August 1990 that showed Mr. Gonzalez received $35,000 in checks from the Group.

In order to protect our interest, Mr. Kane and I contacteded an attorney in Washington, DC. A number of verbal requests were made to the Group for corporate financial records but they did not produce them.

On July 30, 1990, an attorney wrote a letter to the Group requesting access to the corporate records. The Group did not provide the records. On August 24, 1990 the same request was made, and again the Group did not provide the records.

In September 1990, an attorney filed suit in New York City to require the Group to produce the corporate records but the judge subsequently ruled that the dispute must be settled by arbitration.

I have heard Mr. Pfitzenmeier was trying to sell the Group and contacted a number of parties. One individual had two or three meetings with Mr. Pfitzenmeier, Mr. Primato and Mr. Gonzalez. This person was told that any sale of the Group had to be approved by Mr. Gonzalez.

Mr. Pfitzenmeier agreed to pay the person $10,000 with $5,000 in advance for finding a buyer for the Group. The $5,000 check bounced and I believe that the person still has not been paid.

I also heard that a New York attorney was a potential buyer. He went to Miami to discuss the sale of the Group with Mr. Gonzalez. I do not know any details of his effort.

I would also point out that during November 1989 and February 1990 I was asked to provide gifts to the Commission for its members, staff and guests. These gifts included cuff links, golf shirts, lapel pins and 46 personalized clocks which contained the names of Commission members and staff. The clocks cost about $75 apiece and I charged the Group $3,450 for their costs.

I also produced on very short notice a personalized glass bell for a high-level foreign government official. My instructions to provide the gifts came from Mr. Pfitzenmeier who told me to give the Commission whatever was needed to make them happy.

The specifics of the gifts—style, quantity and delivery time—came from Mr. De Quesada or Ms. Joustra.

In March 1991 Mr. Kane my attorney and Mr. Peter Dunev and I met with Frank Donatelli, the Commission's chairman, and James Kuhn, its executive director, to discuss our experience with the Group. Mr. Dontelli said he would look into our concerns.

This concludes my statement. I will now answer any questions you may have.

[The prepared statement of Tony Baltes follows:]

STATEMENT OF TONY BALTES
MINORITY SHAREHOLDER OF THE
CHRISTOPHER COLUMBUS LICENSING GROUP
BEFORE THE
SUBCOMMITTEE ON CENSUS AND POPULATION
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
NOVEMBER 20, 1991

My name is Tony Baltes and I am here at your request to discuss a $500,000 investment in the Christopher Columbus Licensing Group (Group). This Group has been granted a license to use the logo of the Christopher Columbus Quincentenary Jubilee Commission (Commission). I became aware of the Group and Commission as a result of my prior association with Mr. Edgar Mooney. He was the Executive Director of the Group soliciting sublicensees who would use the Commission logo on their products.

Around September 1989, Mr. Mooney introduced me to Gunter Pfitzenmeier and Dominic Primato, the Group's President and Vice-President, respectively. Mr. Pfitzenmeier informed me that he was interested in obtaining active investors for the Group. Beginning in October 1989, we had numerous meetings, some in Mr. Pfitzenmeier's New York City apartment, to discuss an investment. During this time, I introduced Merrill Kane and Charles Jaeger to Mr. Pfitzenmeier and Mr. Primato.

By way of background, I am a minority investor of the Group and the President of Creative Photo Crafts a Toledo, Ohio firm that manufactures buttons, key tags and similar items. Mr. Kane is a minority investor of the Group and owns Merrill Kane & Co., a certified public accounting firm in Wanseon, Ohio. Mr. Jaeger is an attorney and certified public accountant who worked on the Group's stockholder records and contracts with Edgar Mooney in Shrewsbury, NJ and Toledo, Ohio.

During the negotiation Mr. Pfitzenmeier mentioned John Goudie, the former Commission Chairman, as a friend and business associate. Mr. Pfitzenmeier bragged how he got Mr. Goudie involved with a $500 million real estate deal in

New York City and took Mr. Kane and I by the building while we were in New York.

On October 19, 1989, Mr. Pfitzenmeier, Mr. Primato, Mr. Mooney, Mr. Kane, Mr. Mike Ban an investment advisor, myself and others, met in a Ramada Hotel in Detroit to discuss the details of the celebration and possible investment. Mr. Mooney gave a presentation that showed projected revenues of over $100 million. Mr. Pfitzenmeier said that he and Mr. Primato would not be active in the Group because they had other business interests unrelated to the celebration.

Around October 21, 1989, Mr. Kane and I went to New York City and met with Mr. Pfitzenmeier, Mr. Primato, and Mr. Mooney in the office of Vidal Travel Agency, the Group's temporary office. We discussed various options for reaching an agreement. Mr. Pfitzenmeier and Mr. Mooney told Mr. Kane and I that they had a $1.7 million agreement with a Swiss/German clothing firm; that they expected a minimum of $1.3 million dollars from the Texaco tour of the caravels; and that they were very close to signing an agreement with a major credit card company. They also said they expected to reach agreement with three other major sponsors. Mr. Pfitzenmeier also agreed that Mr. Kane would be the Chief Financial Officer, Treasurer and a Director of the Group and that I would be the Group's Secretary and a Director as well as the coordinator of on-site souvenir sales. After other meetings, we reached agreement to give the other investors and myself a 15 percent interest in the Group for $300,000 with a option of obtaining an additional 10 percent for $200,00 by January 31, 1990.

On October 30, 1989, I attended a meeting at the Commission office in Washington, D.C. with Mr. Mooney, Mr. Raul

De Quesada, the Commission's Executive Director, and Ms. Jana Joustra, who was introduced as the Commission's Chief Legal Counsel and Public Relations Director. Mr. De Quesada and Ms. Joustra repeatedly stated during the meeting that the Commission was very close to signing agreements with major sponsors. They also said that the Texaco tour of the caravels was set. I had a number of later discussions with Mr. De Quesada in which he confirmed the information about the caravels and other accomplishments of the Commission. For example, he told me that the Commission had signed a sponsorship agreement with a major soft drink producer.

On December 14, 1989, Mr. Kane, Mr. Jaeger, Mr. Pfitzenmeier, Mr. Primato and I met in New York City with the Group's attorney Harvey Kaufman to finalize the corporation's documents. One of the topics discussed was a subchapter S corporation for tax purposes. Mr. Kane advised the Group that every stockholder must concur by signing an IRS election form to be treated as a subchapter S corporation and provide their respective social security numbers. Mr. Pfitzenmeier and Mr. Primato indicated they would provide their numbers when the investor list was complete and the election for was ready for filing with the IRS. Mr. Kane said that he later found out that Mr. Pfitzenmeier could not produce a social security number. In his efforts to get around the lack of a number, Mr. Pfitzenmeier put his stock in Mr. Primato's name and then had Mr. Primato sign a document making Mr. Pfitzenmeier his proxy. This proxy transfer was done without other stockholders being notified as was required by a buy/sell agreement. In essence, Mr. Pfitzenmeier controlled 75 percent of the Group's stock.

Shortly after December 14, 1989, Mr. Pfitzenmeier called Mr. Kane, the Group's Treasurer, and said he wanted to borrow

$100,000 for a real estate deal that involved Mr. Goudie and himself and he needed some short term financing. Mr. Pfitzenmeier told Mr. Kane that he could borrow the $100,000 without Mr. Kane's authorization but he made the request to Mr. Kane as a courtesy. Mr. Kane agreed and had Mr. Pfitzenmeier sign a note to repay the $100,000 by March 1, 1990, the date we needed the money for projected operating capital. Mr. Pfitzenmeier took the $100,000 by wire transfer on December 26, 1989 from the Group's Marine Midland Bank account. Mr. Kane told Mr. Pfitzenmeier that if Mr. Pfitzenmeier did not pay it back, Mr. Kane would just deduct it from any future distributions of the Group that would be due to Mr. Pfitzenmeier.

In late December 1989, Mr. De Quesada asked me to provide personalized clocks, golf shirts and marble paperweights souvenirs for a Commission meeting scheduled around January 9, 1990, in the Bahamas. I took this opportunity to request a meeting with Mr. Goudie, who I had been trying to see since late November, 1989. Mr. Pfitzenmeier had told me to keep the Commission "happy" and to bring the items to his home in Florida, where I would meet with Mr. Goudie and then attend the Bahamas Commission meeting.

I went to Florida on January 5, 1990. A man, a woman, and two children showed up at Mr. Pfitzenmeier's home. The people were introduced as Manuel Gonzalez, his wife and two children. Mr. Gonzalez said he was Mr. Goudie's "assistant", was "John's right arm on Commission matters" and worked for Mr. Goudie. Mr. Gonzalez said that he was a Miami real estate investor and a close business associate of Mr. Goudie. He was there to pick up the souvenirs because Mr. Goudie could not make it. I expressed disappointment in not meeting Mr. Goudie. Mr. Gonzalez told me that Mr. Goudie got a call that day from the President and was asked to go to Mexico to deliver a letter to that country's President.

After my unsuccessful January 5, 1990 trip to see Mr. Goudie, I told Mr. Pfitzenmeier and Mr. De Quesada, the Commission's Executive Director, I still wanted to meet Mr. Goudie. Around January 16, 1990, Mr. Pfitzenmeier told me that Mr. Goudie was very busy trying to raise funds for the reelection of a Florida Governor. Mr. Pfitzenmeier told me that Mr. Goudie had to raise $3000 from 10 persons and if I contributed $3000, Mr. Goudie would see me. I agreed and wrote a $3000 check from my Creative Photo business account. Mr. Pfitzenmeier told me to send the check to Lace Consulting, Inc., 150 W. Flagler St. in Miami but make it out to the Governor's reelection. A few weeks later, I got a letter in Ohio signed by the head of the Governor's reelection campaign thanking Mr. Gonzalez in care of Creative Photo for the contribution. I later looked at the cancelled check and saw in the "memo section" of the check, someone had written in Mr. Gonzalez's and his wife's name. I later learned that Mr. Gonzalez was the owner of Lace and that I had sent the check to Mr. Gonzalez's business address. When I still did not get a meeting with Mr. Goudie, I complained to Mr. Pfitzenmeier and Mr. Primato. Mr. Primato then wrote a $3600 check to repay me. Mr. Primato wrote the check for $600 more then my $3000 check because he said he did not want anyone to connect the $3600 to my $3000 contribution. Mr. Pfitzenmeier later told me not to tell anyone about the contribution.

To exercise the $200,000 option, Mr. Kane wired $100,000 on January 22, 1990 and $100,000 on January 31, 1990 to the Group's account at Barnett Bank in Del Ray Beach, Florida. Mr. Kane had the Group's business address moved to Florida for tax purpose and temporarily used Mr. Pfitzenmeier's home in Florida as the business address. All of the Group stockholder documents were finalized on or about January 26, 1990. For the $500,000 investment, I got a 9 percent ownership (18 shares), Mr. Kane got a 6.25 percent ownership (12.5 shares) and about 20 investors associated with Mr. Kane and I got a 9.75 percent ownership (19.5 shares). The 150 remaining shares were equally split between Mr. Pfitzenmeier and Mr. Primato.

Around the first part of February 1990, various questions were being raised about the Group's participation with the Texaco tour. Since we could not get much information from the Commission, we asked Mr. Pfitzenmeier for assistance. I received an interpretation that Mr. Pfitzenmeier said came from a Miami attorney. When I looked at the identification on the fax copy Mr. Pfitzenmeier had sent to him, Lace Consulting was on it. During a later discussion, Mr. Gonzalez admitted to me that he wrote the Texaco interpretation. Mr. Gonzalez told me to "forget about it" and "not talk about it to anyone." In a later discussion, Mr. Jaeger, Mr. Kane and I were told by Mr. Gonzalez that he was at Harvey Kaufman's office when the Group's contract with the Commission was being drafted. Mr. Gonzalez described the physical layout of Mr. Kaufman's office and that he did not like Mr. Kaufman.

Later, Mr. Jaeger was told by Mr. Pfitzenmeier on or about March 14, 1990, that Mr. Goudie was finalizing an agreement with a record company. Mr. Goudie told Mr. Pfitzenmeier to come down to Miami with a $75,000 check for "seed money." Under the agreement, Spanish speaking broadcasts would be made to South America on the Quincentenary. Mr. Pfitzenmeier did not show up with the $75,000 and Mr. Goudie looked very bad and was upset with Mr. Pfitzenmeier. Mr. Pfitzenmeier told me later that Mr. Goudie was just trying to "stick me up for more money."

On March 15, 1990, Mr. Jaeger and I went to the Commission office in Washington, D.C. to meet with Mr. De Quesada and Ms. Joustra. We went to the Commission office even though Mr. Pfitzenmeier stated several times we should not go to the meeting. Mr. De Quesada and Ms. Joustra told us that Texaco was not going to run the caravels tour and that no additional sponsors were needed. This was different from what we had previously been told by Mr. Pfitzenmeier and Commission staff. Mr. De Quesada and Ms. Joustra said the Commission was going to run the tour and the cities visited by the tour ships would be paying for the visit. Mr. De Quesada and Ms. Joustra said some money from the cities had already been collected and provided us with documents detailing the tour's budget.

During the meeting, I told Mr. De Quesada and Ms. Joustra that the Ohio investors put $500,000 into the Group. They seemed very surprised by this information. Mr. De Quesada then called Mr. Goudie a number of times but spoke in Spanish. They both told me that I should call Mr. Goudie and Mr. De Quesada gave me Mr. Goudie's home and business telephone numbers. He also told me that Mr. Goudie was very upset with Mr. Pfitzenmeier for not showing up with $75,000 for the record company agreement. In a later conversation, Ms. Joustra also told me that she had close contacts at the U.S. Immigration and Naturalization Service and was going to have the Service investigate Mr. Pfitzenmeier. Ms. Joustra did not think that Mr. Pfitzenmeier was a U.S. citizen. Ms. Joustra also told Mr. Jaeger and me that unless Mr. Mooney stopped soliciting sponsors that the Commission had advised him not to contact, Ms. Joustra was going to use her "extensive" contacts in the Department of Justice and have them do an investigation of Mr. Mooney.

On the morning of March 16, 1990, I called Mr. Goudie and Mr. Goudie basically agreed with the information that Mr. De Quesada and Ms. Joustra told me the prior day. This was the first time that I spoke with Mr. Goudie about the Group's activities.

Mr. Jaeger, Mr. Primato, Mr. Pfitzenmeier, and I met in the evening of March 16, 1990 in Mr. Pfitzenmeier's New York City apartment to discuss the events of March 15 and 16. Mr. Pfitzenmeier told us that I had called Mr. Goudie at the worst possible time. However, Mr. Pfitzenmeier told us that he had something on Mr. Goudie and "can take him out anytime I (Pfitzenmeier) want." Mr. Pfitzenmeier also said "I can destroy John Goudie" and that he was going to discuss the problems he was having with Mr. Goudie with Mr. Gonzalez. Mr. Pfitzenmeier also said Mr. Gonzalez had significant input into drafting the Group's agreement with the Commission.

On March 18, 1990, Mr. Goudie and I spoke on the telephone. Mr. Goudie told me that he was going to suspend the Group's contract unless changes were made. Mr. Goudie said Mr. Pfitzenmeier had to be placed in an inactive role, otherwise the U.S. Department of Justice would be contacted if Mr. Pfitzenmeier was not removed. He also said that the other Ohio investors and I should take control of the Group. Mr. Goudie also said he could find another investor to buy us out of the Group. On March 19, 1990, I got a fax from the Commission saying the Group's contract was suspended. I contacted Mr. Pfitzenmeier and found that Mr. Pfitzenmeier had received a copy of the letter. Mr. Pfitzenmeier said he was attempting to find out what caused the termination. Mr. Pfitzenmeier told me that if Mr. Goudie did not "come into line" Mr. Goudie will be front page news down in Miami. Ms. Joustra told me that she drafted the suspension letter and Mr. Goudie flew up from Miami to sign it at the Commission's office.

On March 20, 1990, a meeting was held in Toledo, Ohio to discuss the Group's suspension. Mr. Pfitzenmeier, Mr. Primato, Mr. Kane, Mr. Jaeger, Mr. Lyman Spitzer, an attorney from the law firm Shumaker, Loop & Kendrick and I attended the meeting. During the meeting, Mr. Pfitzenmeier said "I bribed Goudie" for $150,000 and a percentage of the Group's later earnings. I asked Mr. Pfitzenmeier if he could prove that the payment was made. Mr. Pfitzenmeier said yes and that he used some of our investment money to pay the bribe.

Mr. Pfitzenmeier then said he wanted to have a Board of Directors meeting for the Group and Spitzer left the room. During this meeting, Mr. Pfitzenmeier said that an Argentinean male was paying Mr. Goudie's Miami office expense of about $5000 a month. Mr. Pfitzenmeier also said that Mr. Gonzalez got a share of the $150,000 Mr. Pfitzenmeier paid to Mr. Goudie and that Mr. De Quesada was "getting a cut out of all of this." Later that day I drove Mr. Primato and Mr. Pfitzenmeier to the Detroit Airport. During this trip, Mr. Pfitzenmeier told me "don't worry, I got Goudie, I can take care of him (Goudie) anytime, all this suspension stuff is boolsheet."

I went to Miami on March 21, 1990 to meet Mr. Goudie. Mr. Goudie met me at the airport and Mr. Gonzalez was waiting in the car. The three of us went to Mr. Goudie's home for dinner. After dinner, I told Mr. Goudie and Mr. Gonzalez what took place at the March 20, 1990 meeting in Toledo. I asked Mr. Goudie and Mr. Gonzalez if Mr. Pfitzenmeier paid them any money and both said no way. Mr. Gonzalez did tell me, in Mr. Goudie's presence, that Mr. Gonzalez had one-half of the Group's contract--50 percent of the stock. Mr. Gonzalez said he put the whole deal together but did not tell Mr. Goudie about his interest until that day. Mr. Gonzalez said that Mr. Pfitzenmeier was supposed to supply the money for the Group and Mr. Gonzalez would see that Mr. Goudie gave the Group the contract. Mr. Gonzalez said he got upset at Mr. Pfitzenmeier because not only did he have the Ohio investors and me come up with the Group's money, but Mr. Pfitzenmeier also gave away some of Mr. Gonzalez's stock. Mr. Gonzalez said that he attempted on numerous occasions to get the stock but Mr. Pfitzenmeier kept putting Mr. Gonzalez off. Mr. Goudie told me that Mr. Pfitzenmeier did send Mr. Gonzalez some stock certificates but in Mr. Goudie's opinion, the stock certificate did not look official.

On March 22, 1990, I called Mr. Pfitzenmeier from Mr. Goudie's office and put Mr. Pfitzenmeier on a speakerphone. I asked Mr. Pfitzenmeier if he paid off Mr. Goudie and Mr. Pfitzenmeier said he did and that Mr. Goudie better "get into line." Upon hearing this comment, Mr. Goudie laughed and called Mr. Pfitzenmeier an "idiot. That evening, Mr. Goudie and I went to Mr. Goudie's home in an automobile driven by Mr. Gonzalez. We agreed to have a meeting with all parties present to resolve the problems with the Group and Mr. Gonzalez's claim of stock ownership.

I went to the Miami airport on March 23, 1990 to pick up Mr. Kane and Mr. Jaeger. While at the airport, I also called Mr. Pfitzenmeier and asked him to come to Miami for a meeting on March 24, 1990 with Mr. Goudie. Mr. Pfitzenmeier agreed to come and said Mr. Primato would make the arrangements. Mr. Kane, Mr. Jaeger, and I went to Mr. Goudie's office, which was located in the eighth floor penthouse at 2150 Coral Way in Miami, and met Mr. Gonzalez there. All five of us went to lunch. During lunch, Mr. Gonzalez got a call on his portable telephone from Mr. Pfitzenmeier. Mr. Pfitzenmeier told Mr. Gonzalez that he was not coming down to Miami because Mr. Pfitzenmeier knew Mr. Goudie would not show up. After lunch, we went back to Mr. Goudie's office. I called Mr. Pfitzenmeier on a speakerphone and asked Mr. Pfitzenmeier why he was not coming to Miami. Mr. Pfitzenmeier said that Mr. Goudie and Mr. Gonzalez have all the money they are getting from him and that Mr. Gonzalez is a liar and is "crazy" if he thinks Mr. Pfitzenmeier is going to give him any stock. Upon hearing this, Mr. Gonzalez got very upset. I then told Mr. Pfitzenmeier why don't you tell Mr. Gonzalez yourself and gave Mr. Gonzalez the phone. Mr. Pfitzenmeier said how are you doing--We got to do more real estate deals. Mr. Gonzalez's entire composure then became calm.

After the call, Mr. Goudie told Mr. Kane, Mr. Jaeger, Mr. Gonzalez, and me, that the Group's contract would be terminated April 4, 1990 unless Mr. Primato and Mr. Pfitzenmeier had inactive roles in the Group, and Mr. Gonzalez becomes an active stockholder. Mr. Goudie said that Mr. Gonzalez "had to be taken care of or I (Mr. Goudie) won't lift the suspension." Mr. Gonzalez said that he was "going to get my stock" in the Group. That evening, the five of us went to Mr. Goudie's home to have dinner and discuss the situation. Mr. Goudie said the Commission was solid financially and did not need any money from sponsors or the Group.

On the morning of March 24, 1990, Mr. Kane, Mr. Jaeger, and I met with Mr. Gonzalez for breakfast. We decided to go to Mr. Gonzalez's office to discuss the changes needed in the Group to make Mr. Goudie "happy." We talked about how we were going to allocate the Group's control. During the meeting, Mr. Gonzalez also discussed real estate deals that he, Mr. Goudie and Mr. Pfitzenmeier had and that he did not want the Group's problems to interfere with other deals. When I got back to Ohio, I called Mr. Goudie and told him that I was going to tell Mr. Pfitzenmeier what Mr. Goudie wanted done to get the Group's suspension lifted. Mr. Goudie told me not to tell Mr. Pfitzenmeier, that he would have Mr. Gonzalez call Mr. Pfitzenmeier because they were business partners and had a closer relationship.

On March 26, 1990, Mr. Primato called attorney Lyman Spitzer and told him that Mr. Kane and I were "fired." On March 27, 1990, Mr. Kane and I each got letters from Mr. Pfitzenmeier saying we were relieved of all duties and responsibilities involving the Group and a special meeting of the Board of Directors will be called to appoint new officers and directors. I spoke with Mr. Gonzalez and Mr. Gonzalez told me that he wanted the Group's Articles of Incorporation, other corporate documents and financial statements. I also spoke with Mr. Goudie who again said that I should not call Mr. Pfitzenmeier but let Mr. Gonzalez handle it. Mr. Goudie also told me he wanted all Mr. Mooney's documents on contacts with Texaco. If I would not furnish them, Mr. Goudie said he would have the documents subpoenaed by the Justice Department. On March 28, 1990, I wrote a letter to Mr. Gonzalez on issues that Mr. Gonzalez should discuss with Mr. Pfitzenmeier. I sent a copy to Mr. Goudie and Mr. De Quesada.

On March 31, 1990, Mr. Gonzalez called me and said Mr. Kane and I should come to Miami to discuss a plan Mr. Gonzalez had for the Group. I asked Mr. Gonzalez to explain the plan over the telephone but Mr. Gonzalez said "don't worry, take my word for it, everything is fine, we have it all worked out." I told Mr. Gonzalez unless Mr. Gonzalez discussed the details of the plan, I would not go to Miami to discuss his plan. Mr. Gonzalez then called Mr. Kane about coming to Miami to discuss Mr. Gonzalez's plan but Mr. Kane also declined without knowing more about the plan's details. Mr. Gonzalez then told Mr. Kane to call Mr. Goudie.

Mr. Kane and I then had a conference call with Mr. Goudie. He told us that he understood we would not come to Miami to discuss Mr. Gonzalez's plan unless we knew the details. Mr. Goudie said he had talked with Mr. Gonzalez the prior night and was told that Mr. Gonzalez had met with Mr. Pfitzenmeier and Mr. Primato to discuss Mr. Gonzalez's plan. Mr. Goudie said Mr. Gonzalez would run the Group with us. Mr. Pfitzenmeier was out of day to day operations of the Group and Mr. Mooney would be fired. Mr. Kane and I had until April 5 to work it all out. Mr. Goudie told us "that's the deal" and if we did not come to the Miami meeting we were going to lose it all. We told Mr. Goudie we would come to Miami. I called Mr. Gonzalez and was told to set the meeting for April 3, 1990.

On April 1, 1990, I called Mr. Gonzalez and he said he was taking charge of the whole thing including getting an attorney, taking over the checking accounts and writing checks. Mr. Gonzalez told me that he wanted to have control over everything involving the Group and he did not want Mr. Jaeger, an attorney, present at the meeting but he could come to Miami.

Mr. Kane, Mr. Jaeger and I went to Miami and met with Mr. Gonzalez on the morning of April 3, 1990. I showed Mr. Gonzalez a list of items that we wanted covered at the April 3 meeting with Mr. Pfitzenmeier and Mr. Primato. The list, which included complying with Mr. Goudie's demands, was also sent to Mr. Goudie and Mr. De Quesada. Mr. Gonzalez looked at the list and showed his rejection by throwing it on the floor. Mr. Gonzalez then told us the "rules" for the meeting: we could not mention anything that Mr. Goudie had said or done in the past and we could not discuss any past experience we had with Mr. Pfitzenmeier or Mr. Primato.

Mr. Gonzalez then produced a list of proposals that were written on a yellow legal size pad. He discussed the proposals but would not let us look at his sheet. I suggested we go back to his office. At Mr. Gonzalez's office, Mr. Jaeger typed up the proposals on Mr. Gonzalez's computer and we read them. Mr. Gonzalez's proposals were 180 degree different from what we were told by Mr. Goudie. I asked if Mr. Goudie had seen the Mr. Gonzalez proposals and Mr. Gonzalez said "John knows about them and has okayed them."

Mr. Kane, Mr. Jaeger and I went to lunch without Mr. Gonzalez to discuss his new deal. We decided most were not acceptable to us. I also tried to contact Mr. Goudie but could not reach him. We met with Mr. Gonzalez and told him of our decision. Mr. Gonzalez asked that we go to the meeting anyway and we agreed. At 2:00 p.m., Mr. Kane, Mr. Jaeger and I went to Mr. Gonzalez's office for the meeting. Mr. Pfitzenmeier and Mr. Primato were there with Mr. Gonzalez. Mr. Gonzalez asked Mr. Jaeger to leave because it was a "stockholders only" meeting. Mr. Primato also said that Mr. Jaeger should leave because he did not want any attorney present. Mr. Jaeger then left the office.

Mr. Gonzalez opened the meeting by saying he was in charge and that the meeting was to be held to implement his proposal. Mr. Gonzalez's proposal was passed out and read out loud. I asked Mr. Pfitzenmeier and Mr. Primato if they agreed completely with Mr. Gonzalez's proposal and both said they did. I believed this to be very odd since Mr. Gonzalez said they had not seen it before the meeting and little discussion took place after Mr. Gonzalez passed his proposal out. I then insisted that our proposed changes be distributed. Mr. Gonzalez read down to the third item and Mr. Pfitzenmeier threw his paper on the floor. Mr. Pfitzenmeier said not only were we stealing money from his company but now we want to run it. Mr. Kane and I started to walk out the door of Mr. Gonzalez's office and Mr. Pfitzenmeier grabbed Mr. Kane by the arm and attempted to pull him over to the side while warning him that we better not go to an attorney. We left Mr. Gonzalez's office and met Mr. Jaeger outside. We estimate that the meeting lasted about eight minutes.

On the evening of April 3, 1990, I called Mr. Gonzalez to discuss the meeting but he refused saying legal action may be involved. Mr. Gonzalez then told me he did not discuss Mr. Goudie's demands with Mr. Pfitzenmeier and Mr. Primato.

On April 4 1990, I called Mr. Goudie in Washington about the meeting. Mr. Goudie said he had not spoken to Mr. Gonzalez about the April 3 meeting and if we could not settle the difference, Mr. Goudie would cancel the Group's contract. I also called Mr. Gonzalez but Mr. Gonzalez would not discuss the April 3 meeting. On April 4, 1990, I also called Mr. De Quesada and told him about the April 3, 1990 meeting. Mr. De Quesada told me that the Group's contract was not cancelled and I should call Mr. Goudie at his home that evening to find out what was happening as a result of the Miami meeting.

I called Mr. Goudie at his home and Mr. Goudie told me he did not understand what the problem was because Mr. Gonzalez told Mr. Goudie everything was going to be taken care of and all parties were in agreement. Mr. Goudie told me he wanted to talk to Mr. Gonzalez because he had not spoken to him within the last two days and was not familiar with Mr. Gonzalez's proposal that was put forth on April 3, 1990. I read to Mr. Goudie, Mr. Gonzalez's April 3 proposal and Mr. Goudie said he could not understand why Mr. Gonzalez did not inform Mr. Pfitzenmeier and Mr. Primato of Mr. Goudie's demands.

I got a telephone call from Mr. Goudie on April 5, 1990 and Mr. Goudie said that Mr. Pfitzenmeier was in his office. I asked whether he had read Manny Gonzalez's proposal. I faxed Mr. Goudie a copy of the proposal. Mr. Goudie called me back immediately and told me that Mr. Pfitzenmeier could do what he wanted with the Group because he owned 75 percent. Mr. Goudie also said that he could not force Mr. Pfitzenmeier out of the Group and I should "get in line" and work my problems out with Mr. Pfitzenmeier. I then asked Mr. Goudie to turn on his speakerphone so that I could speak with both Mr. Goudie and Mr. Pfitzenmeier and he agreed. During our discussion the following was stated:

1. Mr. Pfitzenmeier denied he ever had bribed Mr. Goudie and threatened to sue me for slander for saying he said a bribe was paid.

2. Mr. Goudie and Mr. Pfitzenmeier would not respond to any of my questions regarding Mr. Gonzalez's involvement in the Group or his obtaining Group stock or any other consideration.

3. Mr. Pfitzenmeier denied that our money represented an investment in CCLG. However, he said any money we did provide was only for on-sight sales and, he still had that money.

4. Mr. Pfitzenmeier agreed to meet with Mr. Kane and me within 4 days to resolve our differences.

Later that day--April 5--Mr. Goudie called me and told me to work out the problems with Mr. Pfitzenmeier or "lose everything."

On April 9, 1990, I sent to Mr. De Quesada at the Commission, a description of how I saw the entire situation and asked him what should be done.

On April 10, 1990, Mr. Goudie called me and said "I am going to kill you...." Mr. Goudie was very upset and told me never again to send anything to the Commission office and, if I did, he would take it to the Justice Department. I told Mr. Goudie that the April 9 description was just meant to obtain Mr. De Quesada's view on how I could best resolve the Group's problems. Mr. Goudie told me other Commission staff members saw the document and started questioning him. Mr. Goudie said he and Mr. Pfitzenmeier had worked out their differences and the Group's suspension had been lifted. Mr. Goudie said that Mr. Pfitzenmeier "did exactly what I told him to do" and if we did not "make a deal" with Mr. Pfitzenmeier, we would lose everything.

For some time later, Mr. Kane and I tried to contact Mr. Pfitzenmeier by telephone, fax, regular mail, and registered mail. We got no response. We also attempted to contact Commission staff but again got no assistance. We did get Group bank records in August 1990 that showed Mr. Gonzalez received $35,000 in checks from the Group.

In order to protect our interest, Mr. Kane and I contacted an attorney in Washington, D.C. A number of verbal requests were made to the Group for corporate financial records but they did not produce them. On July 30, 1990, an attorney wrote a letter to the Group requesting access to the corporate records. The Group did not provide the records. On August 24, 1990, the same request was made and again the Group did not provide the records. In September 1990, an attorney filed suit in New York City to require the Group to produce the corporate records but the judge subsequently ruled that the dispute must be settled by arbitration.

I have heard Mr. Pfitzenmeier was trying to sell the Group and contacted a number of parties. One individual had two or three meetings with Mr. Pfitzenmeier, Mr. Primato, and Mr. Gonzalez. This person was told that any sale of the Group had to be approved by Mr. Gonzalez. Mr. Pfitzenmeier agreed to pay the person $10,000 with $5,000 in advance for finding a buyer for the Group. The $5,000 check bounced and I believe that the person still has not been paid. I also heard that a New York attorney, was a potential buyer. He went to Miami to discuss the sale of the Group with Mr. Gonzalez. I do not know any details of his effort.

I would also point out that between November 1989 and February 1990, I was asked to provide gifts to the Commission for its members, staff and guests. These gifts included cuff links, golf shirts, lapel pins and 46 personalized clocks which contained the names of Commission members and staff. The clocks costs about $75 a piece and I charged the Group $3450 for their costs. I also produced, on very short notice, a personalized glass bell for a high level foreign government official. My instructions to provide the gifts came from Mr. Pfitzenmeier who told me to give the Commission whatever was needed to make them happy. The specifics of the gifts--style, quantity and delivery time--came from

Mr. De Quesada or Ms. Joustra.

In March 1991, Mr. Kane, and my attorney, and Mr. Peter Dunev and I met with Frank Donatelli, the Commission's Chairman, and James Kuhn, its Executive Director, to discuss our experience with the Group. Mr. Donatelli said he would look into our concerns.

This completes my statement. I will now answer any questions you may have.

Mr. BALTES. Mr. Chairman, if I may, I would like to add, during the last 2 years I have had the opportunity to talk with a whole lot of folks from around the country who had at one time or the other high hopes of being part of this quincentennial celebration. However, at this time, almost every one of these people felt they have been deceived, discouraged or disappointed by what has occurred.

On behalf of these people, I want to express sincere thanks to you and this subcommittee for the opportunity to bring to light what has happened. I also want to commend the outstanding work done by the GAO Office of Special Investigation.

Thank you.

Mr. SAWYER. Thank you very much for those fine concluding remarks and for the thoroughness of your testimony and the tenacity over the time you have been involved with this episode.

Let me ask you, during your negotiations with the Licensing Group in 1989, was Manny Gonzalez involved or mentioned in any way as a key player in the Group?

Mr. BALTES. No. Manny Gonzalez was not mentioned in any form I know of in 1989.

Mr. SAWYER. Was Mr. Goudie involved in the negotiations?

Mr. BALTES. No, he was not involved. His name was mentioned, but he was not directly involved.

Mr. SAWYER. Did Jana Joustra have any involvement?

Mr. BALTES. No. You mean my participation in the Licensing Group? Is that what you meant?

Mr. SAWYER. Can you tell us anything about the role of Alfredo Vidal?

Mr. BALTES. Alfredo was present at several of the meetings when we discussed how we would invest and what the Group was about because they were held in his office.

I also had a conversation at one point in time with Vidal afterward. I stayed overnight at his apartment. He made reference to the fact he had money invested in it but he was pretty vague about it.

Mr. SAWYER. You testified that in December 1989, Mr. Pfitzenmeier asked your associate Merrill Kane for $100,000 for a real estate deal involving John Goudie. Did he give you any specifics if the nature of the deal? Did it have anything at all to do with official business of the Licensing Group?

Mr. BALTES. He did not provide specifics. No, I do not believe that would have had anything to do with it. The only specifics he gave me, as I recall, was that the deal was going to be closed real quick and he needed the money in a hurry; like days made a difference, I think.

Mr. SAWYER. Do you have any idea how the $100,000 was used?

Mr. BALTES. No. I have no idea.

Mr. SAWYER. Do you know whether Mr. Kane ever received all of the Group's financial records as chief financial officer and treasurer of the Group?

Mr. BALTES. I know he did not receive much. He got a partial bank statement maybe for 1 month. He received three checks, corporation checks he could write.

But, no, he did not receive—he received very little.

Mr. SAWYER. You testified that you met Manny Gonzalez in Miami in January 1990, that he told you he was John Goudie's assistant, his strong right arm on Commission matters, that sort of thing.

Mr. Gonzalez testified before this subcommittee on June 19, 1991 that he was not involved in Commission activities.

Are you certain that Mr. Gonzalez told you that he worked closely with John Goudie on Commission matters?

Mr. BALTES. I am as sure as we are sitting here, Congressman. He said it many times.

Mr. SAWYER. At that same time, Mr. Gonzalez testified that he had no knowledge of anyone on the Commission asking for souvenirs for the Commissioners. You testified that he asked you to give him souvenirs, that you had been asked by Raul De Quesada to make available for Commission members.

Are you certain that it was Manny Gonzalez that you gave the souvenirs to?

Mr. BALTES. On January 5?

Mr. SAWYER. Yes.

Mr. BALTES. Well, at the time he was introduced by Pfitzenmeier as Manny Gonzalez, Pfitzenmeier's girlfriend acknowledged him as Manny. Manny is—the woman he brought acknowledged him as Manny. Since then—yes, I know it was Mr. Gonzalez.

Mr. SAWYER. You did not take fingerprints?

Mr. BALTES. I could go on forever. It was Mr. Gonzalez.

Mr. SAWYER. Was he surprised you brought the souvenirs? Did he appear to know why——

Mr. BALTES. No. He was actually expecting them. We had quite a conversation about the color of thread on one of the embroidered shirts. It was a little off color. We could not get the proper color. He said in the future, you might be able to change that; that sort of thing. He knew a lot about it.

Mr. SAWYER. You told us about the difficulty you had in arranging a meeting with John Goudie and that when you expressed that concern to Gunter Pfitzenmeier, that he suggested that a campaign contribution to the Martinez for Governor Reelection Campaign Committee on Mr. Goudie's behalf might facilitate such a meeting.

Was it clear to you that this request was made at the direction of Mr. Goudie?

Mr. BALTES. As I understood it, yes. Mr. Pfitzenmeier said Mr. Goudie asked him for a contribution, and I believe, if I remember right, Mr. Pfitzenmeier said he was going to put a contribution in and that I should, too, and it would facilitate an immediate meeting with Mr. Goudie.

Mr. SAWYER. When you mailed the contribution, you sent it at Pfitzenmeier's direction to the offices of Lace Consulting Engineers in Miami. That is a corporation that is owned by Manny Gonzalez.

The thank you note you received from the Martinez campaign was addressed to Mr. Gonzalez and the name, as you said, of Mr. and Mrs. Gonzalez was annotated on the check; is that correct?

Mr. BALTES. That is correct, yes.

Mr. SAWYER. Mr. Gonzalez testified, again in June of this year, before this subcommittee, that he never solicited a campaign contribution for Governor Martinez; that he had no idea why you might have written a $3,000 check to the Martinez campaign.

Is there any way that Mr. Gonzalez could not have known about your contribution to the Martinez campaign?

Mr. BALTES. Excuse me for saying it, but no way in hell.

He got the check at his office. He—it had he and his wife's name on it. Later on at a breakfast meeting in Coral Gables with Merrill Kane, Charlie Jaeger, and myself, I asked him about that check. He briefly said, Yes, it would help. He acknowledged he had gotten the check and it would help in the campaign.

Mr. SAWYER. So it was not as though he discovered something he didn't understand and called you up and said you made a mistake?

Mr. BALTES. No. We did not talk a great deal about it, but there is no way he could not have known about it.

Mr. SAWYER. You testified Manny Gonzalez told you that he was present in the office of New York attorney Harvey Kaufman when the contract between the Commission and the Licensing Group was being drafted.

Mr. Gonzalez testified, again in June of this year, that he knew nothing about the formation of the Licensing Group, the drafting of the contract between the Commission and the Licensing Group.

Are you absolutely certain, as you sit here today, that Mr. Gonzalez said that he was present when the contract with the Licensing Group was drafted?

Mr. BALTES. Sure. He said it, oh, two or three conversations we had. In fact, we got into why he did not like Harvey Kaufman and also a description of his office.

Manny seemed fascinated by a pretty distinct table in the conference room of Kaufman's office. I think it was marble. It was an odd shape. He talked about it.

He also talked about the—oh, they were doing construction work on that building. It was hard to get to their floor. You thought you were going to the eleventh floor. Maybe you went to the fourteenth. I am not sure. We both had the same problems. We were trading stories. Yes, he was there.

Mr. SAWYER. You testified that in March 1990 at the Commission's office in Washington that Jana Joustra told you she would have INS investigate Pfitzenmeier.

She also told you she would have the Justice Department investigate Edgar Mooney who testified before you.

What was your response when you heard that sort of thing? Did they sound like threats to you?

Mr. BALTES. Sure. They sounded real. We had about a 4-hour meeting that day and discussed a lot of things. It came out that we did not think Pfitzenmeier had a social security number and the—you know, she was—Ms. Joustra said something about he's probably not even a legal citizen, or something like that.

The more we got into the conversation, Charlie Jaeger was going over some of the legal points of the contract. Ms. Joustra got real upset about the fact—she said something to the effect, That is my contract, I wrote it and Mr. Pfitzenmeier is not—is not—you knew by the intent of it, he was varying from the intent of the contract.

Mr. SAWYER. Which contract are you referring to?

Mr. BALTES. The contract between the Commission and the Group, or CCLG.

So when she said that, she was real disturbed with Pfitzenmeier and real disturbed with Mooney for the sponsors. She didn't like the way they were handling it.

She did say on that occasion and sometime after, a couple of times after that that—in fact, she told me one time she initiated a request that they were doing an investigation. It happened sometime after that, but that particular meeting, she talked quite a bit about that.

Mr. SAWYER. Let me ask you: During the March 20 meeting, 1990, in Toledo——

Mr. BALTES. Okay.

Mr. SAWYER [continuing]. You testified Gunter Pfitzenmeier, president of the Licensing Group told you and others he had paid John Goudie a $150,000 bribe. Did he say what it was for?

Mr. BALTES. Not really. Just to—actually, it regarded the contract. He didn't say what it was for specifically.

Mr. SAWYER. Did he indicate whether or not it was paid in cash?

Mr. BALTES. No. When he said that statement, everybody was pretty taken aback in the room. If I remember right, Mr. Pfitzenmeier might have clutched his heart.

I asked him, I said, Well, can you prove that? You know, there is such a thing as saying it and doing it. He said, Yes, I have the canceled checks.

So apparently if there was a bribe, he paid it with a check.

Mr. SAWYER. Did he tell you when the bribe was made?

Mr. BALTES. He said—or mentioned checks, I should say, not just one check. He said the payments have been made in November and December 1989.

When he said December, my next question was, Did you use our money? He said, Yes, I did.

Mr. SAWYER. Did he suggests how much of the $150,000 may have gone to Manny Gonzalez?

Mr. BALTES. Manny Gonzalez wasn't mentioned at that point in time. He was mentioned in the sense that he got a share out of it and also De Quesada was getting something. But not in any specific sense, no.

Mr. SAWYER. Mr. Gonzalez testified before this subcommittee that he took no part, had no hand, did not help to arrange the April 3, 1990 meeting in Miami between shareholders of the Licensing Group; is that true?

Mr. BALTES. No. That is a lie.

Mr. SAWYER. He also testified that there was a meeting in his office on April 3, but it was to discuss real estate transactions. Did you discuss any real estate transactions with Mr. Gonzalez on that date in Miami?

Mr. BALTES. As I said, the meeting lasted about 8 minutes. Thinking back to that time, real estate would probably have been one of the last things we discussed at that meeting. No, we didn't.

Mr. SAWYER. You testified that on April 3—that meeting in Mr. Gonzalez' office in Miami—that he had put forth a proposal for the reorganization of the Licensing Group and that the proposal was typed on Mr. Gonzalez' computer by your associate, Mr. Jaeger.

I will show you a document that is dated April 3, 1990. It is entitled CCLG proposal by M.G. Is that the proposal that was drafted by Manny Gonzalez and typed at his office on April 3, 1990?

[The information referred to follows:]

April 3, 1990 CCLG Proposal by MG

1. Issuance of stock to Manny Gonzales from Dominic Primato.

2. Election of officers:

President - Gunter Pfitzenmeier

Vice Presidents - Dominic Primato
Anthony L. Baltes
Merrill Kane

Secretary/Treasurer - Manny Gonzales

3. Board of Directors - Same as above, five members, no Chairman named.

4. Salary for each shall be $60,000 per year, provided the funds are available.

5. Tony and Merrill and Manny will handle on site sales. Board of Directors to entrust Manny to oversee on site sales decisions, namely the day to day decisions. Tony and Merrill to report to Manny.

6. General license contracts will be signed by Dominic after review by Manny and then they will be sent to Washington.

7. A. The company main account will openned at Barnett Bank with dual signatures: Manny plus either Merrill or Dominic.

B. A full time bookkeeper will be hired to work out of Manny's office.

C. A CPA firm, Big Eight or other reputable firm, will be hired to perform quarterly reviews of the books.

D. Merrill Kane will bring existing books up to April 3, 1990 and present them to the Treasurer, Manny Gonzales.

8. Contact with the Washington office will be kept to a minimum and will be coordinated by Manny Gonzales.

9. Transfer of the corporate minute books and seal will be given to the Secretary, Manny Gonzales.

10. All past and future matters of the company will not be divulged outside the Board of Directors.

11. Ed Mooney will give a letter stating that he will claim no right to sponsorship revenues under his contract, he will have no contact with Washington, he will do only marketing and sales of licensing, and will report directly to Manny Gonzales.