Mr. BALTES. Yes, it was. As I say, he had—this breakfast meeting we had, when he was giving us the rules for this meeting, he apparently had this written on a yellow sheet of paper. He would not let us see the paper. We went back to this is office and he dictated this document to Charlie Jaeger and typed it.

Mr. SAWYER. From the yellow sheet?

Mr. BALTES. From the yellow sheet of paper, yes.

Mr. SAWYER. Mr. Gonzalez testified before this subcommittee in June that he had never seen this document, had no idea what it represented, didn't know what the "M.G." at the top stood for.

To your knowledge, did Mr. Gonzalez see this document and know about its contents?

Mr. BALTES. Well, yes. Yes, he did.

Yes, sir. There is a lot more that could be said about that. Yes, to answer your question.

Mr. SAWYER. You testified that on April 10, John Goudie called you and said, I am going to kill you.

Mr. BALTES. Yes, he did.

Mr. SAWYER. Can you tell us what his tone of voice was when he made what I gather you take to have been a threat, and what prompted it? Did you take it seriously?

Mr. BALTES. I took the it very seriously. There were other descriptive terms used with that "kill" that got my attention right away. But the whole conversation was a real agitated, excited, "don't mess with me" type of conversation. He raised his voice. He was screaming and hollering.

You're darn right, I took it seriously.

Mr. SAWYER. You took it literally and seriously?

Mr. BALTES. Yes.

Mr. SAWYER. Do you have any idea why he wanted Edgar Mooney's documents from you?

Mr. BALTES. The ones concerning Texaco?

Mr. SAWYER. The whole range of requests?

Mr. BALTES. He did not ask—yes, I guess he did ask—initially he started asking for Texaco contacts. Yet, Ed usually wrote up memos after all these meetings. He wanted all of those.

I made them. We weren't going to give them to him. He said, We will subpoena them, have the Justice Department—so I gave them to him.

I heard—he and De Quesada told me on two or three occasions the reason they wanted those documents was to find out if Gunter Pfitzenmeier was doing anything behind their back with Texaco. They suspected it.

That was the initial reason. They wanted to keep abreast of what was happening.

Now later on, jeez—a short time after we—all of this was going on—Goudie called me probably—Goudie called me one day, maybe a dozen times in a 6- or 7-hour period and wanted to know whether I had gotten a letter or gotten a fax or anybody at CCLG had gotten a fax from Peter DeNiro of Texaco.

I didn't know what was happening. He said, You will see, you will see. John Goudie said, It will show you how powerful I am.

We did, in the next day or so, get a fax that basically was a letter from DeNiro to CCLG that I think was addressed to Manny and Pfitzenmeier that said, We don't want to deal with you anymore, and basically the premium contract or whatever we had with them was over.

So I would say the answer to your question, Goudie was—whether his original intent was or not, my impression was that he used those documents in some way in discussions with Texaco to have them terminate the relationship with us.

Mr. SAWYER. I have only one final question. What I think we will do is suspend and return to Mr. Moran's questioning.

Mr. MORAN. I will just make a short statement and ask a quick question within the five minutes. We can then get over to vote.

Mr. SAWYER. Let me conclude with this final question, then.

Manny Gonzalez has denied any form of relationship with CCLG. Taking your testimony as a whole, it appears that by contrast to his characterization, that Manuel Gonzalez had a very substantial role in the Licensing Group and may well have benefited financially from the Group's contract with the Commission.

When he testified before the subcommittee under oath, he said his only relationship with the Licensing Group was his effort to secure a sublicensing agreement for T-shirts with Peter Dunev. He denied any formal relationship with the Licensing Group. He denied knowing you were a stockholder in the Licensing Group. He denied ever discussing Licensing Group activities with John Goudie.

Given your whole testimony, can you characterize Mr. Gonzalez description of his involvement in the activities of the Columbus Commission and the Columbus Licensing Group?

Mr. BALTES. You want me to comment on what he said? It is incredibly untrue. That is just another—I don't think one thing that you said there was—has any credence at all. He was involved from the bottom up.

Mr. SAWYER. Thank you.

Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

It is such a terrible shame, disillusionment to have to listen to this kind of testimony, to have to spend so much time looking into what is obviously a criminal scam.

Here we have an event, the quincentennial, that should be inspirational, educational, should have been something that the whole Nation could have been very proud of and enjoyed the participation in.

Yet, it has been given over to people who are obviously crooks, who have used it to conduct criminal activity, for purposes of just pure greed, exploitation, no professional—never mind patriotic responsibility for their responsibility that they were given.

I guess the ultimate—ultimately what I want to know is why President Reagan would appoint a crook to head such an important national commission?

Your testimony is simply further evidence of the level of criminal activity that has taken place here, but it is clear that the appointment to a very important position of responsibility was made for political reasons. There is an element of gross irresponsibility on the part of the administration that—the Reagan administration that made that appointment.

Again, we see rampant corruption involved in something because decisions were made for the wrong reasons. This is sickening. I kind of hope it does not become public because it is so disillusioning, particularly to the school children who are learning about Columbus and all the good things that have come to this country over the last 500 years.

Yet, here we have what is a reflection of the very worst of greed, corruption, and politics.

We cannot get into any further specific questions right now. I applaud the committee for looking into this. I am sorry that my reaction is to be so repulsed, but I am afraid that that is the only appropriate action at this time.

We are sorry you have suffered such a loss, but that is not our main concern. Our main concern is what has happened to a—what should have been a very important element of the celebration next year and instead reflects the very worst of our society.

Thank you, Mr. Baltes.

Thank you, Mr. Chairman.

Mr. SAWYER. Thank you, Mr. Moran.

Let me ask in quick conclusion, and then we will be able to excuse you this afternoon, briefly, could you characterize your personal and financial consequences as a result of your involvement with the Commission and Licensing Group?

Mr. BALTES. Well, if you are going to talk about that, I don't want to get real personal here but you have to talk about the $500,000 that we put in that. As I understand it now, the contract is in the act of being terminated by the Commission so at best that $500,000 investment is in limbo. At worst, we may never see anything further from it again.

Mr. SAWYER. Is it your view that the Licensing Group itself is insolvent at this point?

Mr. BALTES. It has been my view that they have been insolvent for a long time just based on some of the things we have seen and heard. Yes, they have been insolvent for quite sometime, perhaps as early as March 1990.

Mr. SAWYER. Is there anything else you would like to share with us today?

Mr. BALTES. Not particularly.

Again, going back to that statement, I said talking to folks around the country, some of the licensees, some of the people were interested in the quincentennial to make money; some just wanted to be part of it. A lot of grass-roots folks out there.

What is amazing is when you talk to people out there about this, you know, you expect to have some problems; people supporting it; people not supporting it. It is almost 100 percent, across-the-board negative feelings because of what has happened here.

You can talk about the money lost. Sure, we lost some. Whether we get it back or not, there are other folks that lost some.

But the opportunity is the—I think the one feeling that if you could surmise all the people I talked to out there, a broad spectrum, is that they got cheated somehow.

It is a damned shame that that happened.

Mr. SAWYER. Thank you very much for your testimony today. It has been a long time coming.

Thank you, sir.

We are going to suspend for a few minutes. We have to go and vote. Then we will begin with the next witness when I get back.

[Recess.]

Mr. SAWYER. At this point, let me invite to the table Peter Dunev.

Mr. Dunev, do you swear to tell the truth the whole truth and nothing but the truth?

Mr. DUNEV. I do.

[Witness sworn.]

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

Thank you for your testimony today. You may proceed as you will.

TESTIMONY OF PETER DUNEV

Mr. DUNEV. Thank you, Mr. Chairman, members. I am Peter Dunev. I am here today at your request to discuss my efforts to obtain a license to use the logo of the Christopher Columbus Quincentenary Commission on various articles of clothing.

I live in Florida, where I am engaged in various business ventures. Prior to moving to Florida, I was an executive with a national stock brokerage firm, and in recent years I was responsible for trading energy-related products.

In July 1990, my colleague, Luis Uriarte, and I obtained an exclusive license from the Christopher Columbus Licensing Group to use the Commission logo on knit tops, such as T-shirts, polo shirts, and sweat shirts to be sold during the celebration of the quincentenary of the discovery of America in 1492 by Christopher Columbus.

I met John Goudie, the Commission's former Chairman, through my wife, who used to take my son to a pre-school that was operated by Mr. Goudie's wife, Connie. On May 5, 1990 my wife and I went to a Shakespeare festival in Coral Gables and by chance happened to meet Mr. and Mrs. Goudie. During the course of the conversation, Mr. Goudie told me about the Commission's plans and activities. I was enthusiastic and told him what a fabulous cultural event this would be. For the rest of the evening, Mr. Goudie told my wife and me all about the grandiose plans he had for the celebration.

At the end of the evening, I mentioned that he should let my company—I had a company that manufactured sports clothing at the time—make his T-shirts. He said that they already had somebody doing that out of New York.

A few days later Mr. Goudie called me and told me that if I was still interested in doing the T-shirts, he might be able to do something about it. He said that he would much rather work with me because we understood each other. I speak Spanish fluently because I was born in Spain while my father was working for the U.S. Foreign Service.

He also said that if I could match the deal from the people in New York, he would see that I got the deal. We then got together at my house and discussed the celebration and who was involved with it.

He then told me about CCLG. Mr. Goudie said it was composed of three people: Manny Gonzalez, his best friend who lives in Miami; a German by the name of Gunter Pfitzenmeier; and his friend Dominic Primato, both from New York. He said Mr. Gonzalez really runs the operation out of Miami.

Mr. Goudie stated that it would be no problem getting me the contract because he actually controlled CCLG. One of the ways he did this was that he had to personally approve any and all contracts that CCLG got. He did not want to approve the T-shirt contract with the people in New York. He said the people in New York were a big headache and he did not like them.

During may and June 1990, Mr. Goudie and I met a number of times to discuss the license and what the Commission was planning to do to help market the event. It was during the latter part of May that my associate, Mr. Luis Uriarte met Mr. Goudie. Mr. Goudie told us he had met Mr. Gunter Pfitzenmeier on an airplane returning from Europe.

Mr. Pfitzenmeier had told Mr. Goudie he was involved with real estate and wanted to do things in Florida. Mr. Goudie then arranged to have Mr. Pfitzenmeier meet his friend Mr. Gonzalez who was also involved in real estate in Florida.

Mr. Goudie said that soon after, Mr. Pfitzenmeier and Mr. Gonzalez called Mr. Goudie with a proposal to get the master license for the logo of the event. Mr. Goudie said that advance royalties of $300,000 would have to be paid. Mr. Pfitzenmeier agreed and the Group got the license.

Later, when I asked Mr. Gonzalez how much money he put into the deal, he said, "Nothing, I didn't put in any money because I put the deal together."

I asked Mr. Goudie if he saw a problem with having Manny Gonzalez, his best friend, associated with CCLG and having the potential to make a fortune. Mr. Goudie responded that since the Commission was not getting a lot of money from the Government, they had to raise private funds. Since Mr. Gonzalez' group was the only one to put up any cash, he saw no conflict of interest.

I then told him that if everybody was happy and made money, it would probably be okay, but if there was a problem, it was going to be scrutinized very, very closely. He said he had it all under control.

Mr. Uriarte, Mr. Goudie and I met one Friday afternoon in late May to further discuss the celebration. At this meeting he told us he couldn't make us members of the national Commission as the members could not profit from the event. Instead, he said, I will be very happy to immediately get you into the Miami commission which does not have that restriction. He said that all he had to do was make a phone call to the Miami commission and it was as good as done.

He said that by Monday we would be commissioners in the Miami organization because he controlled that organization as well. This, of course, never happened. Four or five times we reminded him and he said he would do it right away.

When at the end Mr. Uriarte met with the Miami group, they laughed at the idea that Mr. Goudie controlled them. In fact, they said that if the caravels didn't arrive on time, they would miss the event and Mr. Goudie would have to organize something totally by himself. That the idea that they were going to have to pay $2 million for the visit of the caravels was ludicrous since they didn't have that kind of money and the Commission needed Miami more than they needed the Commission.

Mr. Goudie told us the group from New York had signed a $1 million contract with a $100,000 advance royalty payment. Mr. Goudie said there was no way that he could give us the deal for less as it would look like favoritism. I had to match the New York offer.

We had at least a dozen meetings in various locations: Mr. Goudie's home, my home, my boat and various restaurants to discuss the contract. During these meetings, Mr. Goudie talked about the potential of the celebration. The whole event centered around the replicas of a three-ship caravel tour that Columbus sailed to the New World. Mr. Goudie proudly showed us the pictures of himself with prominent people. This appeared to be a way of establishing his credibility.

The three-ship caravel tour was being built by the Spanish. The ships were going to cruise to 52 port cities over a 2-year period starting in August 1991 and ending in October 1993. Mr. Goudie said he was charging up to $2 million per city for the right to have the ships come to each port. After this, the caravel would be going to Japan and we could sell our shirts there as well, as Mr. Goudie said he had some very powerful contacts there.

Mr. Goudie gave me an itinerary for the ships. After looking it over, I noticed that the dates he told me the caravel would be here, they were scheduled to be in Europe as well. When I queried him, he told me that they were building two sets of caravels. One to sail here and one to stay in Europe.

Mr. Goudie compared the Columbus celebration to the Statue of Liberty celebration, the Bicentennial, and Superbowl weekends. He told me that for the 1990 Superbowl Sunday event, 8 million T-shirts were sold. He also pointed out a story in the Miami Herald that worldwide sales of licensed products for the World Soccer Cup could reach $1 billion.

Mr. Goudie stated that at least 40 percent of the products sold at these events are T-shirts. Mr. Goudie also told us that he felt sales would conservatively reach $500 million. He told us that we would have the only T-shirts there, that anybody connected or in any way involved with the celebration could only buy their T-shirts from us. That included Texaco, a corporate sponsor of the caravels that was planning a very visible campaign and would need many shirts as giveaways at gas stations around the country and at all the port cities. He said that he had spoken to Texaco about this, and they told him that they were going to need many T-shirts for their publicity.

Mr. Goudie told us that Texaco had put up $5 million to be one of the corporate sponsers, and that he was presently talking to Chrysler and Pepsi Cola and some others that he expected to reach agreement with very soon.

One day Mr. Goudie asked me to come to his home to talk about this project and he showed me a video that Texaco had made for airing in Boston when the caravels arrived there. I then called Mr. Uriarte and asked him to come over to look at the video.

At that time Mr. Goudie told us we would be able to sell T-shirts in Europe right away and he would put us in touch with his friends that were running the Spanish sites. He also told us we could start selling on Spanish home shopping cable immediately as the owner was his good friend.

During one of the meetings to discuss the contract, I pointed out that I did not like the personal guarantee or bank guarantee for $1 million that the contract required prior to the completion of the caravel tour. The potential of a storm sinking the caravels concerned me. Mr. Goudie said not to worry about the guarantee, he would see to it that the contract would be approved by the Group without it. When I hesitated, he told me that he could rescind CCLG's contract if the Group gave him any trouble.

He also said the Italian Government had donated the use of one of those large ships that are used to transport smaller ships inside them. This smaller ship was to follow the caravels in case of threatening storms and to take them from coast to coast. He said that this was an insurance requirement for them.

During early July 1990, Mr. Uriarte met with Mr. Gonzalez to propose an installment plan for the payment of the $100,000 advance royalty. However, Mr. Gonzalez rejected it.

I then spoke to Mr. Goudie and we worked out a plan whereby my company, Theta Marketing Corp. would pay four equal monthly installments of $25,000 each beginning in July 1990. The balance of the guaranteed royalties of $900,000 would be paid in $75,000 increments beginning at the end of 1992 after the caravels had arrived and the event had started.

We structured it like this to address my concern about the viability of the caravels doing their tour. The contract states that if any material part of this tour does not take place, the contract will be null and void.

When we met again with Mr. Gonzalez, he had no problems with our proposed payment schedule. The agreement called for CCLG to receive 10 percent of Theta's gross sales.

Mr. Goudie put pressure on us to close right away because he told us that he was going to Santo Domingo with some children for the Columbus Scholarship Fund and he needed T-shirts to take with him. He said he was leaving around the 20th of July and had to sign either us or the Group from New York immediately. When I asked for the name of the New York group, he would not give it to us.

The contract was signed on July 12, 1990. After signing, we made about six dozen T-shirts with the logo for him to take to Santo Domingo. Mr. Gonzalez came to the office on July 25 to pick up the T-shirts.

In a conversation I had with Mr. Gonzalez at that time, he told me that CCLG was going to "make out like a bandit," because the Group only had to pay the Commission 15 percent of its gross revenues according to their contract.

Mr. SAWYER. Is that 50 or 15?

Mr. DUNEV. Fifteen, one, five.

Since Theta was obligated to pay to the Group only 10 percent of our gross sales, this amounted to only 1.5 percent of our gross sales going to the Commission. It did not seem like much, and when I pointed this out to Mr. Goudie he told me again about CCLG being the only party that was willing to put up any front capital. He had spoken to various other licensing groups and none of them had been willing to put up any front money. Mr. Goudie said there would be a lot of money available once the celebration began, but he needed cash up front.

Mr. Gonzalez was in a hurry to get the contract signed so he came to our office to pick it up and also to pick up the $25,000 check. He said he was going to hand deliver it to Mr. Pfitzenmeier who was in Boca Raton at the time.

He told us that Mr. Pfitzenmeier was in fact the president and would be signing the contract, and that he would return with a signed copy the following day.

In an earlier meeting Mr. Goudie implied that Mr. Gonzalez was the president and we wrote letters to Mr. Gonzalez addressed as president of CCLG.

Mr. SAWYER. Let us make it clear. We are not talking about President Bush here?

Mr. DUNEV. No, sir.

He never corrected our impression. The next day Mr. Gonzalez rushed the signed contract with Mr. Pfitzenmeier's name on it.

After the contract was signed, we attempted many times to get from Mr. Goudie the names of the contact people at the various groups that were involved with the project, such as Texaco, Pepsi Cola and the different cities, so we could introduce ourselves and get started. He had earlier told us that he would give us all the names and personally make many of the introductions.

We wanted to meet with Texaco as we thought they would be key players, but Mr. Goudie kept evading us on that issue.

After we made the first installment payment, Mr. Goudie became progressively harder to reach. We then asked Mr. Gonzalez who would be doing the selling on the port sites. He said they had not decided. When I asked Mr. Goudie the same question, he told me a group from Ohio would be doing this.

I then had Mr. Uriarte go back to Mr. Gonzalez and ask him who was the group from Ohio. He said they were minority shareholders of CCLG but not very involved and not to worry about them. Mr. Gonzalez said he would entertain any offers of ours to run the events at the ports.

When queried further, Mr. Gonzalez told us that CCLG had four shareholders each owning 25 percent: Mr. Pfitzenmeier, Mr. Primato, the Ohio group, and Mr. Gonzalez. When I called Mr. Goudie to clarify this, he told me there were only three shareholders, with Mr. Gonzalez having 33 percent of the stock. I was never able to get this clarified and red flags started to go up.

I then asked Mr. Gonzalez for the CCLG corporate documents, and eventually, in mid-August 1990, received only a permit showing that CCLG could do business in Florida and a copy of an amended corporate resolution for a Florida bank account.

One day at a meeting in Mr. Goudie's office he suggested to us that I should buy CCLG. He told us that he was having problems with Mr. Pfitzenmeier and Mr. Primato because they would not fire somebody that Mr. Goudie did not like. I found out later it was Edgar Mooney.

Mr. Goudie showed us a letter where he threatened to terminate CCLG because of this. I asked him how much was needed to buy CCLG. Mr. Goudie told me it could be bought for about $1.5- to $2 million, but that Mr. Gonzalez would stay as part of the new group with 25 percent of the stock.

Later, Mr. Uriarte asked Mr. Gonzalez and he told him that it would cost $5 million to buy CCLG.

Mr. Goudie brought up the issue of my buying out CCLG on a number of indications. In one case, about 12:00 noon on July 26, 1990, Mr. Gonzalez called Mr. Uriarte and told him that Mr. Goudie wanted to have lunch with Mr. Gonzalez, Mr. Uriarte and myself in 1 hour at the Malaga Restaurant located at 740 Southwest Eighth Street in Miami where we had previously had lunch together.

The four of us discussed the progress of the event and, when Mr. Gonzalez went to the bathroom, Mr. Goudie asked me again to buy out the CCLG. I declined, saying that I did not have the money available at the present.

The luncheon adjourned without anything else being covered. Mr. Uruarte and I thought it odd that nothing else had been brought up and that Mr. Goudie had waited for Mr. Gonzalez to leave the table before he brought up the subject of the buy-out.

We called a number of State, city and local Columbus Commissions and found they either had little interest in the Commission and its projects or they had their own logo and were planning to market it on their own. In some cases, they had already had run-ins with Mr. Goudie and the Commission.

Mr. Goudie had assured us that the coordinators of the large events that were taking place during celebrations, such as Ameriflora, and the Smithsonian Quincentenary programs, would work with us. When we contacted them and introduced ourselves, they did not know that they were required to buy shirts only from us.

They had their own plans already. We asked Mr. Goudie about this inconsistency and explained our concern about differences in the magnitude of the celebration that he had portrayed earlier.

Mr. Goudie told us not to worry. He said we would sell our T-shirts at all the events because everybody would want the official logo of the Commission and all the others would not be as valuable, since the corporate sponsors would be advertising only the official logo.

We asked Mr. Gonzalez for a list of the sublicensees and he would not provide it. We then went to Mr. Goudie and asked for the same list, and he begged off, saying he was having a problem with Texaco, but not to worry because our items would be sold at all events.

The second $25,000 installment was also given to Mr. Gonzalez—but both checks were endorsed by Mr. Pfitzenmeier. A situation connected with the second payment occurred that made me think I had made a serious mistake.

For 2 or 3 days before the second payment was due, on August 13, 1990, I tried to get in contact with Mr. Goudie to clear up some areas of concern. I was told that he was out of the country by his staff in Washington. On the day the payment was due, the 13th, Mr. Gonzalez came to my office to pick up the check. I reluctantly signed the check and left the office, leaving Mr. Gonzalez and Mr. Uriarte talking in the office.

After leaving the office, I stopped by a cafeteria that was at the end of the street around the corner from the office. Because of the way the street runs, it is very difficult for anybody who does not work on that little street to know about the cafeteria or to find it.

When I walked in, I found Mr. Goudie sitting at the counter talking on a portable phone. I sat next to him. He pretended not to see me for a minute or two, and then finally put the phone down. I said to him, "John, you were supposed to be in Santo Domingo, I have been trying to reach you all week."

He said, "I am going now, Manny is going to take me to the airport." By the way, we were three blocks from the airport. I told him I just left Mr. Gonzalez at my office, and he said, yes, I am waiting for him here to take me to the airport.

I then said I would talk to him when he returned, and I left. I immediately called the office and told Mr. Uriarte the story and asked him not to give Mr. Gonzalez the check, but he told me Mr. Gonzalez had already left with it. We then met at my house to try to understand what was happening and got in touch with both Mr. Goudie and Mr. Gonzalez. Mr. Gonzalez said that he thought it would look bad if Mr. Goudie was there to pick up the check.

I asked him why Mr. Goudie did not wait in the car. I wondered what they were trying to hide; after all, we had met numerous times together, and this really looked odd to me. What were they trying to hide?

After this, we scutinized the project very closely. We knew we had 30 days before the next payment was due, and perhaps the situation would clarify itself by then. When the September payment date came due, we had even more concerns, and were trying to decide if we wanted to be associated in any way with this venture.

We decided to try to stay in and either get our money back or see that the problems were resolved. I had discussed with Mr. Goudie earlier the possibility of reselling our license or sublicensing it. He told us that it would be worth much more after the launching of the caravels in August 1990. He was planning a large media campaign starting in Spain in August.

He said he was planning to take 35 or 40 journalists to Spain for the launching. That never happened. Now, in the new light, we realized our contract was not worth the $1 million, and we would never be able to get out. We also knew that CCLG was broke. What I did not want to do was put in more good money after bad. We now know we had been taken.

On September 14, 1990, 2 days after the third installment payment was due, I called Mr. Gonzalez to have him meet in our office in an effort to resolve our concerns. He arrived shortly thereafter. While I was trying to explain to him the problem, his portable phone rang, and he said, "No, he hasn't given it to me yet. He seems to think there is a problem. No, I don't think so."

Then he turned to me and said, "John wants to talk to you," and handed me the phone. When I picked up the phone, Mr. Goudie said to me, "What is going on?" I told Mr. Goudie that we seemed to have a problem in communication, and that some of the things that he told us were not appearing to be true.

He said to me that I had the problem, not him, and that if I was going to be a player, I had to put up another $25,000 or get out. I told him that the problem was with things that he had told us. He then told me that if I caused any problems, he would see to it that I got into trouble.

He said, "I am the Justice Department, and I could have you ruined." He ranted and raved for a few minutes, and I quietly hung up the phone. Mr. Gonzalez said that Mr. Goudie was having a very bad day, had had a very difficult meeting, and he was sorry and that he was sure Mr. Goudie would call me over the weekend to apologize. I said we would talk on Monday, and Mr. Gonzalez left without the $25,000 payment.

On September 17, 1990, I got a letter from Mr. Pfitzenmeier saying that since the September payment was not made, we were in default. I asked Mr. Uriarte, who had a fairly good relationship with Mr. Gonzalez, to call him and see if we could extend our deadline for payment, to try to work out a way to stay in without paying any more up front.

On October 10, we received a letter on CCLG stationery signed by Mr. Gonzalez stating that, on advice of counsel, they would not extend our deadline.

Later that same day, we received a fax from Mr. Pfitzenmeier stating that our contract was terminated. I then had a lawyer write them a letter stating that I did not consider the matter closed and felt that there was a breach of contract on their part, and still considered that we had the license until this matter was resolved pending further investigation.

Later in the course of my inquiries, I called Texaco and attempted to talk to the person in charge of the project, to determine if anything that Mr. Goudie said was true. I was told that the person in charge would be out for 2 weeks.

I left a message that I was having a problem with something that Mr. Goudie had told me about Texaco, and would like to talk to somebody about their involvement in the celebration.

Ten or 15 minutes later, I received a call from a woman. She first told me she was with Texaco and wanted to know what problems I had. I started to tell her, when I realized that she was not with Texaco. She told me she had her own firm and was a coordinator between Texaco and the Commission. She did tell me, however, that Texaco would be doing its promotion through its gas stations, and did not have any intention of buying T-shirts. I thanked her and hung up.

A few minutes later, Mr. Goudie called. He sounded hysterical. He again told me that he was the Justice Department and he could have me arrested for obstructing Government business. He said that in a day or two the agents would be in Miami to "take care of" me. He then ranted for a few minutes about his importance.

That was the last time I spoke to Mr. Goudie. The next day, Mr. Goudie called Mr. Uriarte and complained to him about me, telling him of his being the Justice Department and going to have me arrested for obstruction of Government business.

Nothing, however, happened as a result of Mr. Goudie's threats. In November, I mentioned our situation to an FBI Agent I knew in the FBI in Miami, and he had me meet the Agent in charge of this type of activity. I told them what I have stated here today, and they said they would look into it.

My partner and I felt that time was of the essence, and in order to still have a good celebration, we had to resolve the problems right away. We had been talking to various reporters and exchanging information with them. One reporter had been following the story for 2 years. The New York Times broke the story nationally and Mr. Goudie resigned in December 1990.

I met Mr. Tony Baltes from Toledo, OH in late September 1990, and we started to compare notes. I realized that mine was not an isolated incident. We asked for and got a meeting with the new Chairman of the Commission, Mr. Frank Donatelli. Mr. Baltes, and his lawyer, other related parties, and I went to meet with Mr. Donatelli and his assistant, Jim Kuhn, in Alexandria, and we told them our stories. They said they would look into it and get back to us.

It appears obvious to me that very little, if anything, has been done to change the way that CCLG does business. The celebration, if it takes place, has been reduced to a very small part of the original plan that I had been led to believe by the former Chairman of the Commission, John Goudie.

This concludes my prepared statement. I am available to respond to any questions.

[The prepared statement of Peter Dunev follows:]

STATEMENT

OF

PETER DUNEV

CONCERNING EFFORTS

TO ACQUIRE A LICENCE FROM 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

Mr. Chairman and Members of the Committee:

I am hear today, at your request, to discuss my efforts to obtain a license to use the logo of the Christopher Columbus Quincentenary Jubilee Commission (the Commission) on various articles of clothing. I live in Florida, where I am engaged in various business ventures. Prior to moving to Florida, I was an executive with a national stock brokerage firm, and in recent years I was responsible for trading energy related products.

In July of 1990, my colleague, Luis Uriarte, and I obtained an exclusive license from the Christopher Columbus Licensing Group (CCLG) to use the Commission Logo on knit tops, such as tee-shirts, polo shirts, and sweat shirts, to be sold during the celebration of the quincentenary of the discovery of America in 1492 by Christopher Columbus.

I met John Goudie, the Commission's former Chairman, through my wife, who used to take my son to a pre-school that was operated by Mr. Goudie's wife, Connie. On May 5th, 1990, my wife and I went to a Shakespearean Festival in Coral Gables and by chance happened to meet Mr. and Mrs. Goudie. During the course of the conversation, Mr. Goudie told me about the Commission's plans and activities. I was enthusiastic and told him what a fabulous cultural event this would be. For the rest of the evening, Mr. Goudie told my wife and me all about the grandiose plans he had for the celebration. At the end of the evening, I mentioned that he should let my company--I had a company that manufactured sports clothing--make his tee-shirts. He said that they had somebody already doing that out of New York.

A few days later, Mr Goudie called me and told me that if I was still interested "in doing the tee-shirts" he might be able to do something. He said that he would much rather work with me because we understood each other. I speak Spanish fluently, and I was born in Spain while my father was in the U.S. Foreign Service. He also said that if I could match the offer from the people in New York he would see that I got the deal. We then got together at my house and discussed the celebration and who was involved with it. He then told me about CCLG. Mr. Goudie said it was composed of three people, Manny Gonzalez, his best friend who lives in Miami; a German by the name of Gunther Pfitzenmeier, and Mr. Pfitzenmeier's friend Dominic Primato, both from New York. He said that Mr. Gonzalez "really runs the operation out of Miami." Mr. Goudie stated that it would be no problem getting me the contract because he controlled CCLG. One of the ways he did this was that he had to personally approve any and all contracts that CCLG got, and he did not want to approve the tee-shirt contract with the people in New York. He said the people in New York were "a big headache" and he did not like them.

During May and June 1990, Mr. Goudie and I met a number of times to discuss the license and what the Commission was planning to do to help market the event. It was during the latter part of May, 1990 that my associate, Mr. Luis Uriarte, met Mr. Goudie. Mr. Goudie told us he had met Mr. Gunther Pfitzenmeier on an airplane returning from Europe. Mr. Pfitzenmeier had told Mr. Goudie he was involved with real estate and wanted to do things in Florida. Mr. Goudie then arranged to have Mr. Pfitzenmeier meet his friend Mr. Gonzalez who was also involved in real estate in Florida. Mr. Goudie said that soon after, Mr. Pfitzenmeier and Mr. Gonzalez called Mr. Goudie with a proposal to get the master license for the logo of the event. Mr. Goudie said that advance royalties of $300,000 would have to be paid. Mr. Pfitzenmeier agreed and the group got the license. Later, when I asked Mr. Gonzalez how much money he put into the deal, he said "nothing, I didn't put in any money because I put the deal together."

I asked Mr. Goudie if he saw a problem with having Manny Gonzalez, his best friend associated with CCLG and having the potential to make a fortune. Mr. Goudie responded that since the Commission was not getting a lot of money from the Government, they had to raise private funds. Since Mr. Gonzalez's group was the only one to put up any cash, he saw no conflict of interest. I then told him that if everybody was happy and made money it would probably be okay, but if there was a problem, it was going to be scrutinized very, very closely. He said he had it all under control.

Mr. Uriarte, Mr. Goudie, and I met one Friday afternoon in late May to further discuss the celebration. At this meeting, he told us he couldn't make us members of the "National Commission," as the members could not profit from the event. Instead, he said, I will be very happy to immediately get you into the Miami Commission which does not have that restriction. He said all he had to do was make a phone call to the Miami Commission and it was as good as done. He said that by Monday, we would be Commissioners in the Miami Organization, because he controlled that Organization as well. This of course never happened. Four or five times we reminded him, and he said he would do it right away. When at the end, Mr. Uriarte met with the Miami group, they laughed at the idea that Mr. Goudie controlled them. In fact, they said that if the caravels didn't arrive on time, they would miss the event and Mr. Goudie would have to totally reorganize the celebration by himself. That the idea that they were going to have to pay $2,000,000 for the visit of the caravels was ludicrous, since they didn't have that kind of money and the Commission needed Miami more than they needed the Commission.

Mr. Goudie told us that the group from New York had signed a $1,000,000 contract with a $100,000 advance royalty payment. Mr. Goudie said there was no way that he could give us the deal for less as it would look like favoritism. I had to match the New York offer.

We had at least a dozen meetings in various locations--Mr. Goudie's home, my home, my boat, and various restaurants to discuss the contract. During these meetings, Mr. Goudie talked about the potential of the celebration. The whole event centered around the replicas of a three-ship caravel that Columbus sailed to the new world. Mr. Goudie proudly showed us the pictures of himself with prominent people. This appeared to be a way of establishing his credibility.

The three-ship caravel was being built by the Spanish. The ships were going to cruise to 52 port cities over a two-year period, starting in August of 1991 and ending in October of 1993. Mr. Goudie said he was charging up to two million dollars per city for the right to have the ships come to each port. After this, the caravel would be going to Japan and we could sell our shirts there as well as Mr. Goudie said he had some very powerful contacts there. Mr. Goudie gave me an itinerary for the ships. After looking it over, I noticed that the dates he told me the caravel would be here, they were scheduled to be in Europe as well. When I queried him, he told me that they were building two sets of caravels. One to sail here and one to stay in Europe.

Mr. Goudie compared the Columbus celebration to the Statue of Liberty celebration, the Bi-Centennial, and Superbowl weekends. He told me that for the 1990 Superbowl Sunday event, 8 million tee-shirts were sold. He also pointed out a story in the Miami Herald, that worldwide sales of licensed products for the Soccer World Cup held in the summer of 1990 could reach \$1 billion. Mr. Goudie stated that at least 40% of the products sold at these events are tee-shirts. Mr. Goudie told us that he thought sales could conservatively reach \$500 million. He told us that we would have the only tee-shirt there, and that anybody connected, or in any way involved with the celebration could only buy their tee-shirts from us. That included Texaco, a corporate sponsor of the caravels, who was planning to have a very visible campaign and would need many shirts as give-aways at gas stations around the country and at all the port cities. He said that he had spoken to Texaco about this and they told him that they were going to need many tee-shirts for their publicity. Mr. Goudie told us that Texaco had put up \$5 million to be one of the corporate sponsors, and that he was presently talking to Chrysler and Pepsi Cola and some others that he expected to reach agreement with very soon.

One day Mr. Goudie asked me to come to his house to talk about this project and he showed me a video that Texaco had made for airing in Boston when the caravels arrived there. I then called Mr. Uriarte and asked him to come over to look at the video. At that time Mr. Goudie told us we would be able to sell tee-shirts in Europe right away and he would put us in touch with his friends that were running the Spanish sites. He also told us that we could start to sell on Spanish home shopping cable television networks immediately as the owner was his good friend.

During one of the meetings to discuss the contract, I pointed out that I did not like the personal guarantee or bank guarantee for $1 million that the contract required prior to the completion of the caravel tour. The potential of a storm sinking the caravels concerned me. Mr. Goudie said not to worry about the guarantee, he would see to it that the contract would be approved by the Group without it. When I hesitated, he told me that he could rescind CCLG's contract if the Group gave him any trouble. He also said that the Italian Government had donated the use of one of those large ships used to transport smaller ships inside them. This large ship was to follow the caravels in case of threatening storms, and to take them from coast to coast. He said that this was an insurance requirement.

During early July 1990, Mr. Uriarte met with Mr. Gonzalez to propose an installment plan for payment of the 100,000 advance royalty. However, Mr. Gonzalez rejected it. I then spoke to Mr. Goudie and we worked out a plan whereby my company, Theta Marketing Corp, would pay 4 equal monthly installments of $25,000 each beginning in July 1990. The balance of the guaranteed royalties ($900,000) would be paid in $75,000 increments beginning at the end of 1992 after the Caravels had arrived and the event had started. We structured it like this to address my concern about the viability of the caravels doing their tour. The contract states that if any material part of the tour does not take place, the contract would be null and void. When we again met with Mr. Gonzalez he had no problem with our proposed payment schedule. The agreement called for CCLG to receive 10% of Theta's gross sales.

Mr. Goudie put pressure on us to close right away because he told us that he was going to Santo Domingo with some children for the Columbus Scholarship Fund and he needed some tee-shirts to take with him. He said that he was leaving around the 20th of July and he had to sign either us or the group from New York immediately. When I asked him for the name of the New York group, he would not give it to us. The contract was eventually signed on July 12th 1990. After signing, we made about six dozen tee-shirts with the logo for him to take to Santo Domingo. Mr. Gonzalez came to the office on July 25 to pick up the tee-shirts.

In a conversation I had with Mr. Gonzalez at that time he told me that CCLG was going to "make out like a bandit" because the Group only had to pay the Commission 15% of its gross revenues according to their contract. Since Theta was obligated to pay to the Group only 10% of our gross sales, this amounted to only 1.5% of our gross sales going to the Commission. It did not seem like much and when I pointed this out to Mr. Goudie he told me again about CCLG being the only party that was willing to put up any front capital. He had spoken to various other licensing groups and none of them had been willing to put up any front money. Mr. Goudie said there would be a lot of money available once the celebration began, but he needed cash up front.

Mr. Gonzalez was in a hurry to get the contract signed so he came to our office to pick it up and also to pick up the $25,000 check. He said he was going to hand deliver it to Mr. Pfitzenmeier who was in Boca Raton at the time. He told us that Mr. Pfitzenmeier was in fact the President and would be signing the contract and that he would return the signed copy the following day. In an earlier meeting, Mr. Goudie implied that Mr. Gonzalez was the President and we wrote letters to Mr. Gonzalez addressed as President of CCLG. He never corrected our impression. The next day Mr. Gonzalez returned the signed contract with Mr. Pfitzenmeier's name on it.

After the contract was signed, we attempted many times to get from Mr. Goudie the names of the contact people at the various groups that were involved with the project, such as Texaco, Pepsi Cola, and the different cities, so we could introduce ourselves and get started. He had earlier told us that he would give us all the names and personally make many of the introductions. We wanted to meet with Texaco as we thought that they would be key players, but Mr. Goudie kept evading us on that issue.

After we made the first installment payment, Mr. Goudie became progressively harder to reach. We then asked Mr. Gonzalez who would be doing the selling on the port sites, and he said that they had not decided. When I asked Mr. Goudie the same question, he told me a group from Ohio would be doing it. I then had Mr. Uriarte go back to Mr. Gonzalez and ask him who was the group from Ohio and he said that they were minority shareholders of CCLG, but were not very involved and not to worry about them. Mr. Gonzalez said he would entertain any offers to run the events at the ports.

When queried further, Mr. Gonzalez told us that CCLG had four shareholders each owning 25%, Mr. Pfitzenmeier, Mr. Primato, the Ohio group, and Mr. Gonzalez. When I called Mr. Goudie to clarify, he told me that there were only three shareholders, with Mr. Gonzalez having 33% of the stock. I was never able to get this clarified and red flags started to go up. I then asked Mr. Gonzalez for the CCLG corporate documents and eventually in mid August of 1990 received only a permit showing that CCLG could do business in Florida and a copy of an amended Corporate Resolution for a Florida bank account.

One day at a meeting in Mr. Goudie's office he suggested to us that I should buy CCLG. He told us that he was having problems with Mr. Pfitzenmeier and Mr. Primato because they would not fire somebody that Mr. Goudie didn't like. I found out later it was Edgar Mooney. Mr. Goudie showed us a letter where he threatened to terminate CCLG because of this. I asked him how much was needed to buy CCLG. Mr. Goudie told me that it could be bought for about $1.5 to $2 million but that Mr. Gonzalez would stay as part of the new group with 25% of the stock. Later, Mr. Uriarte asked Mr. Gonzalez and he told him that it would cost $5 million to buy CCLG. Mr. Goudie brought up the issue of my buying out CCLG on a number of occasions. In one case, about 12 noon on July 26, 1990, Mr. Gonzalez called Mr. Uriarte and told him that Mr. Goudie wanted to have lunch with Mr. Gonzalez, Mr. Uriarte and myself in one hour at the Malaga Restaurant, located at 740 SW 8th Street in Miami, where we had previously had lunch together. The four of us discussed the progress of the event and, when Mr. Gonzalez went to the bathroom, Mr. Goudie asked me again to buy out the CCLG. I declined, saying that I did not have the money available at the present. The luncheon adjourned without anything else being covered. Mr. Uriarte and I thought it odd that nothing else had been brought up and that Mr. Goudie had waited for Mr. Gonzalez to leave the table before he brought up the subject of the buy-out.

We called a number of State, City and Local Columbus Commissions and found they either had little interest in the Commission and it's projects or they had their own logo and were planning to market it on their own. In some cases they had already had run-ins with Mr. Goudie and the Commission. Mr. Goudie had assured us that the coordinators of the large events that were taking place during celebrations, such as Ameriflora, and The Smithsonian Quincentenary Programs, would work with us. When we contacted them and introduced ourselves, they did not know that they were required to buy shirts only from us. They had their own plans already. We asked Mr. Goudie about this inconsistency and explained our concern about differences in the magnitude of the celebration that he had portrayed earlier. Mr. Goudie told us not to worry. He said we would sell our tee-shirts at all the events because everybody would want the official logo of the Commission and all the others would not be as valuable, since the corporate sponsors would be advertising only the official logo.

We asked Mr. Gonzalez for a list of the sub-licensees and he would not provida it. We then went to Mr. Goudie and asked for the same list and he begged off saying that he was having a problem with Texaco, but not to worry because our items would be sold at all events.

The second $25,000 installment was also given to Mr. Gonzalez--but both checks were endorsed by Mr. Pfitzenmeier. A situation connected with the second payment occurred that made me think I had made a serious mistake.

For two or three days before the second payment was due, on August 13, 1990, I tried to get in contact with Mr. Goudie to clear up some areas of concern. I was told that he was out of the country by his staff in Washington. On the day the payment was due, the 13th, Mr. Gonzalez came to my office to pick up the check. I reluctantly signed the check and left the office, leaving Mr. Gonzalez and Mr. Uriarte talking in the office.

After leaving the office, I stopped by a cafeteria that was at the end of the street around the corner from the office. Because of the way the street runs, it is very difficult for anybody who does not work on that little street to know about the cafeteria or to find it. When I walked in, I found Mr. Goudie sitting at the counter talking on a portable phone. I sat next to him. He pretended not to see me for a minute or two and then finally put the phone down. I said to him "John, you were supposed to be in Santo Domingo, I've been trying to reach you all week." He said, "I am going now, Manny is going to take me to the airport." By the way, we were three blocks form the airport. I told him I just left Mr. Gonzalez at my office and he said, yes I'm waiting for him here to take me to the airport. I then said I would talk to him when he returned and I left. I immediately called the office and told Mr. Uriarte the story and asked him not to give Mr. Gonzalez the check but he told me Mr. Gonzalez had already left with it. We then met at my house to try to understand what was happening and got in touch with both Mr. Goudie and Mr. Gonzalez. Mr. Gonzalez said that he thought it would look bad if Mr. Goudie was there to pick up the check. I asked him why Mr. Goudie did not wait in the car? I wondered what they were trying to hide, after all, we had met numerous times together and this really looked odd to me. What were they trying to hide?

After this we scrutinized the project very closely. We knew we had 30 days before the next payment was due, and perhaps the situation would clarify itself by then. When the September payment date came due, we had even more concerns, and were trying to decide if we wanted to be associated in any way with this venture. We decided to try to stay in and either get our money back or see that the problems were resolved. I had discussed with Mr. Goudie earlier the possibility of reselling our license or sublicensing it. He told us that it would be worth much more after the launching of the caravels in August of 1990. He was planning a large media campaign starting in Spain in August. He said he was planning to take 35 or 40 journalists to Spain for the launching. That never happened. Now in the new light we realized our contract was not worth the $1,000,000, and we would never be able to get out. We also knew that CCLG was broke. What I did not want to do, was put in more good money after bad. We now knew we had been taken.

On September 14, 1990, two days after the 3rd installment payment was due, I called Mr. Gonzalez to have him meet in our office in an effort to resolve our concerns. He arrived shortly thereafter. While I was trying to explain to him the problem, his portable phone rang and he said, "No, he hasn't given it to me, yet... He seems to think there is a problem...no, I don't think so..." Then he turned to me and said, "John wants to talk to you" and handed me the phone. When I picked up the phone, Mr. Goudie said to me, "what's going on?" I told Mr. Goudie that we seemed to have a problem in communication and that some of the things that he told us were not appearing to be true. He said to me that I had the problem, not him, and that if I was going to be a player, I had to put up another $25,000 or get out. I told him that the problem was with things that he had told us. He then told me that if I caused any problems he would see to it that I got into trouble. He said "I am the Justice Department" and I could have you ruined. He ranted and raved for a few minutes and I quietly hung up the phone. Mr. Gonzalez said that Mr. Goudie was having a very bad day, had had a very difficult meeting and he was sorry and that he was sure Mr. Goudie would call me over the weekend to apologize. I said we would talk on Monday and Mr. Gonzalez left without the $25,000 payment.

On September 17, 1990, I got a letter from Mr. Pfitzenmeier saying that since the September payment was not made, we were in default. I asked Mr. Uriarte who had a fairly good relationship with Mr. Gonzalez to call him and see if we could extend our deadline for payment to try to work out a way to stay in without paying any more up front. On October 10th we received a letter on CCLG stationary signed by Mr. Gonzalez stating that on advice of counsel they would not extend our deadline. Later that same day we received a fax from Mr. Pfitzenmeier stating that our contract was terminated. I then had a lawyer write them a letter stating that I did not consider the matter closed and felt that there was a breach of contract on their part and still considered that we had the license until this matter was resolved pending further investigation.

Later in the course of my inquiries I called Texaco and attempted to talk to the person in charge of the project to determine if anything that Mr. Goudie said was true. I was told that the person in charge would be out for two weeks. I left a message that I was having a problem with something that Mr. Goudie had told me about Texaco, and would like to talk to somebody about their involvement in the celebration. Ten or fifteen minutes later I received a call from a woman. She first told me she was with Texaco and wanted to know what problems I had. I started to tell her when I realized that she was not with Texaco. She told me she had her own firm and was a coordinator between Texaco and the Commission. She did tell me, however, that Texaco would be doing its promotion through its gas stations and did not have any intention of buying tee-shirts. I thanked her and hung up.

A few minutes later, Mr. Goudie called. He sounded hysterical. He again told me that he was the Justice Department and he could have me arrested for obstructing Government business. He said that in a day or two the agents would be in Miami to "take care of me." He then ranted for a few minutes about his importance. That was the last time I spoke to Mr. Goudie. The next day Mr. Goudie called Mr. Uriarte and complained to him about me, telling him of his being the Justice Department and going to have me arrested for obstruction of Government business.

Nothing however happened as a result of Mr. Goudie's threats. In November, I mentioned our situation to an FBI agent I knew in the FBI in Miami, and he had me meet the agent in charge of this type of activity. I told them what I have stated here today and they said they would look into it.

My partner and I felt that time was of the essence and in order to still have a good celebration we had to resolve the problems right away. We had been talking to various reporters and exchanging information with them. One reporter had been following the story for two years. The New York Times broke the story nationally and Mr. Goudie resigned in December 1990.

I met Mr. Tony Baltes from Toledo, Ohio in late September 1990 and we started to compare notes. I realized that mine was not an isolated incident. We asked for and got a meeting with the new Chairman of the Commission, Mr. Frank Donnatelli. Mr. Baltes, and his lawyer, other related parties, and I went to meet with Mr. Donnatelli and his assistant, Jim Kuhn in Alexandria, and we told them our stories. They said they would look into it and get back to us.

It appears obvious to me that very little if anything has been done to change the way that CCLG does business. The celebration, if it takes place, has been reduced to a very small part of the original plan that I had been led to believe by the former Chairman of the Commission, John Goudie.

This concludes my prepared statement. I am available to respond to any questions.

Mr. SAWYER. Thank you very much, Mr. Dunev.

John Goudie told you that Manny Gonzalez was one of the three people who comprised the Christopher Columbus Licensing Group. He told you that Mr. Gonzalez ran the operation out of Miami.

Mr. Gonzalez testified before this subcommittee that he was not a representative, a stockholder, an office-holder, an agent of the Licensing Group except for his stated contract finder's fee.

Let me engage in a little understatement. Clearly, your understanding of Mr. Gonzalez' role conflicts with his testimony.

Mr. DUNEV. Quite correct, sir, yes.

Mr. SAWYER. Are you certain it was John Goudie that told you Mr. Gonzalez was an integral part of the Licensing Group?

Mr. DUNEV. Yes, sir.

Mr. SAWYER. Are you sure he told you Mr. Pfitzenmeier and Mr. Gonzalez put together the Licensing Group?

Mr. DUNEV. Yes.

Mr. SAWYER. It was your understanding Mr. Gonzalez was the President of the Licensing Group?

Mr. DUNEV. At the beginning, yes, sir.

Mr. SAWYER. You wrote letters addressed to him using that term of address?

Mr. DUNEV. Yes, sir.

Mr. SAWYER. You testified that he never did anything to correct that impression?

Mr. DUNEV. Correct.

Mr. SAWYER. Was it Mr. Gonzalez who told you he owned 25 percent of the Licensing Group?

Mr. DUNEV. Yes, sir.

Mr. SAWYER. Did Mr. Goudie confirm that Mr. Gonzalez owned stock in the Licensing Group?

Mr. DUNEV. Yes, sir. He confirmed he owned stock. He did say, however, that he owned 33 percent.

Mr. SAWYER. Mr. Gonzalez testified before this committee that he had lunch 1 day in July 1990 with you and Mr. Uriarte and Mr. Goudie in a Miami restaurant; and that his testimony under oath was that the purpose of the meeting was to discuss real estate business and no activities relating to the Licensing Group or the T-shirt proposal was discussed.

Tell us about this discussion about real estate business.

Mr. DUNEV. I was in the clothing business at the time, and they were in the licensing business. We had nothing to do with real estate.

The purpose of this meeting—and I recall when he called the office to set up the meeting, he spoke with my secretary and told her what we wanted to talk about, and it was not real estate.

Mr. SAWYER. It is your exact recollection that you discussed Licensing Group activities and the T-shirt sublicense on that occasion?

Mr. DUNEV. Yes. Also what the Commission's success was at the time in trying to raise other sponsors, and things of that nature.

Mr. SAWYER. Is it also your recollection that Mr. Gonzalez in fact has never discussed real estate in association with Mr. Pfitzenmeier—ever discussed that with you?

Mr. DUNEV. No, Mr. Gonzalez has never. However, when Mr. Goudie told me about Mr. Gonzalez and Mr. Pfitzenmeier's proposal and how they had met on the 1st day, he stated Mr. Pfitzenmeier said he was in the real estate business, and wanted to do things in Florida, and he should meet my friend Manny Gonzalez, who is also in real estate.

That is theoretically how they met.

Mr. SAWYER. In theory, it was discussed but it was never a topic of discussion?

Mr. DUNEV. Not with me.

Mr. SAWYER. Mr. Gonzalez testified before this subcommittee that he never discussed your proposal for a T-shirt sublicense with John Goudie. Is it your opinion that statement by Mr. Gonzalez is true or false?

Mr. DUNEV. He said he never did discuss this with John Goudie?

Mr. SAWYER. That is correct. That was the substance of his testimony.

Mr. DUNEV. The first time we met Mr. Gonzalez, it was with Mr. Goudie. And we all sat around and discussed this. That was the purpose of the meeting.

Mr. SAWYER. Let me go to another topic. When you initially had your conversations with Mr. Goudie about the potential for all this help for someone who is in the T-shirt business, he was already under contract with a company in New York, and in fact had a $1 million exclusive contract to make clothing articles; is that correct?

Mr. DUNEV. Yes.

Mr. SAWYER. Just to clarify your previous statement, did Mr. Goudie tell you that this company had already signed the contract for an exclusive T-shirt sublicense and had paid $100,000 advance royalty?

Mr. DUNEV. Yes, and no. He said he had the contract signed, but he didn't tell me he had received the funds. It was my understanding John Goudie had to approve the contract, and upon the approval of the contract, they would pay him $100,000, and he did not want to approve the contract.

Mr. SAWYER. You testified that by September of last year, you knew the Licensing Group was broke. On what basis did you draw that conclusion?

Mr. DUNEV. A number of things: First of all, the way they had been approaching us for the money with the urgency caused us to believe they were in serious need for money.

Then, about that same time, I talked to Mr. Tony Baltes from Ohio. We started comparing notes. Once I saw this, I realized we were in trouble.

Mr. SAWYER. You testified that John Goudie told you several times that he was associated with the Justice Department—I think your phrase was he was the Justice Department.

Mr. DUNEV. Yes, sir.

Mr. SAWYER. And that he could ruin you. Did he ever say specifically what his connection was with the Justice Department?

Mr. DUNEV. No, sir, he did not. He was the Justice Department.

Mr. SAWYER. Can you tell us whether or not you took those threats seriously?

Mr. DUNEV. The first time I did. I called my lawyer and my lawyer made me relax a little bit. But after that, I realized it was just ranting and raving more than anything.

Mr. SAWYER. Let me tell you that the story you have told, not unlike several of the others that we have heard today, is very, very disheartening.

Can you give us any sense of how much you may have lost—personal loss in all of this?

Mr. DUNEV. We have two types of loss. We have monetary loss and other types of loss. Monetary, probably lost about $70,000. But it is the sense of betrayal and all the other types of loss, and the fear this put into us.

As Mr. Baltes said, talking to people who had been hurt by this celebration, that made us want to pursue this and get this thing clarified.

I also appreciate the efforts of the subcommittee to rectify all this.

I thought I—so you gentlemen know what we are talking about, this is one of the T-shirts I made and presented to Mr. Goudie, and present it to the subcommittee.

Mr. SAWYER. I want you to know there are no expectations in return for the gift of the T-shirts. Is there anything else you would like to add at this point?

For my own part, I would like to tell you how much this subcommittee appreciates your willingness to come forward.

Frankly, it can't be easy to come forward and talk about the kind of transactions that took place and the mounting evidence that you face this kind of loss.

It is with real gratitude I tell you that we appreciate your willingness to do that.

Mr. DUNEV. One of the things, if I may say, as we started looking into there, and we started seeing red flags pop up, had this not been a Presidential appointment, and with the significance it had, it would have been scrutinized very closely, and it would never be done.

Mr. SAWYER. It would be your impression that certainly there would have been scrutiny brought to that kind of appointment?

Mr. DUNEV. The point I was at, I said obviously, this has been taken care of. This man is legitimate. He was given the benefit of the doubt repeatedly until the point, one day, we said we can no longer give the benefit of the doubt. There is something major wrong here.

I know the committee will try to avoid this thing happening in the future. I think that has happened to a lot of people. Because it was John Goudie, the Chairman of the Commission, and because CLLG was the official licensee of a government entity, they would have been scrutinized as well. That is what was surprising to us. That is probably why it went as far as it did.

Mr. SAWYER. If there was any concession in this that I would like to have had, would be the red flag concession because they certainly appear to be everywhere.

Thank you very much for your testimony today.

Mr. SAWYER. Let me finally call Robert Coy to come forward.

Thank you for being with us today, Mr. Coy.

[Witness sworn.]

Mr. COY. I do.

Mr. SAWYER. Thank you. Feel free to proceed as you will.

TESTIMONY OF ROBERT COY

Mr. COY. Mr. Chairman and members, my name is Robert Coy, and I am here at your request today to tell you about my experiences with Mr. John Goudie, former Chairman of the Christopher Columbus Quincentenary Jubilee Commission.

I have already provided details of my experience to members of your staff, as well as the staff of the Office of Special Investigations, but I appreciate the opportunity to discuss the circumstances at this public proceeding today.

I presently reside in south Florida, and am engaged in the production and sale of silk screen printing on articles of clothing, particularly T-shirts.

As a result of business contacts, I met a man named Randy Heiman during the latter part of 1988. I produced a large number of concert tour T-shirts that Mr. Heiman marketed around the country.

Mr. Heiman and I have remained friends and associates to this day. During the late summer of 1990, Mr. Heiman told me of an opportunity to secure a license for the Christopher Columbus 500th anniversary. He had the marketing skill, I had the screen printing production skill, but a source of capital investment was missing.

Mr. Heiman contacted Mr. Peter Santiago and learned of an opportunity to purchase exclusive rights to the merchandising of textile products: Hats, banners, shorts, T-shirts and so on, bearing the official Columbus celebration logo. As Mr. Heiman explained it to me, he was given the name of Peter Santiago by his employers, Gloria and Emilo Estavan.

When Mr. Heiman contacted me, he asked whether I would be interested and whether I had any contacts for a source of capital. I contacted a person named Mr. Jeffrey Stern, who I had worked for in the past. For several years, he sublicensed to me the production of several designs that were imprinted on the T-shirts that he had manufactured in textile factories in Miami, Jamaica, and Guatemala City. I knew Mr. Stern as a businessman capable of investing the several hundreds of thousand dollars that Mr. Heiman indicated was needed for the quincentenary deal.

After several telephone conversations among Mr. Heiman, Mr. Stern, and myself, we agreed to meet Mr. Santiago in order to obtain a detailed presentation of the celebration, the licensing deal, and the potential for marketing products with the quincentenary logo.

We agreed to meet with Mr. Santiago at his place in Coconut Grove, FL, early in November 1990. Mr. Stern and I arrived together and met Mr. Heiman at the location. The located turned out to be the apartment of Peter Santiago, located at a complex called Grove Isle. We drove through a security gate, parked Mr. Stern's Mercedes vehicle and entered the lobby of the building, where we were greeted by the doorman. Mr. Stern provided his name. The meeting had been called for 7 p.m., and we arrived fashionably late, toward 8 p.m. We took the elevator to the appropriate floor. We were let in to an apartment which I believe was Mr. Santiago's residence.

I recall meeting Mr. Santiago, a husky, dark-haired man, and another distinguished-looking gentleman with very light hair. He was introduced as John Goudie. As the evening wore on, it became clear that Mr. Goudie was the Chairman of the Quincentenary. We all viewed a videotape that showed the Texaco Co. as a sponsor of certain festivities. There were scenes of Mr. Goudie with Spanish royalty also on the tape.

We were shown blueprints of a flotilla concept I believe drafted by a company from North Carolina. Mr. Goudie talked about 28 cities, I believe, that were to be visited by a flotilla of barges. I recall, for example, that New Orleans was to be visited during Mardi Gras celebrations. I recall also that New York, San Francisco, and Miami were also mentioned.

Mr. Santiago said he had purchased for the amounts of $300,000 the rights to license the Columbus logo on clothing items sold at festivity sites. Mr. Santiago never actually indicated he had paid Mr. Goudie the money for the licensing agreement. However, Mr. Goudie did indicate that as head of the Commission, he had full power to contract the licensing and that the Commission had indeed sold the licensing rights to Peter Santiago. Mr. Goudie definitely said that a license was sold to Peter Santiago, that Mr. Santiago bought the license, and Mr. Santiago was in full control of all possible sales in this regard.

In fact, they showed us a document of 8 to 10 pages that was a licensing agreement. I read the document to make sure that no one else would be allowed to sell shirts bearing the symbols with the Christopher Columbus 500th anniversary.

I was also concerned about other vendors selling unlicensed goods. I believe that Peter Santiago's name was at the end of the contract, along with someone else's name.

Mr. SAWYER. I am sorry. I simply couldn't hear you. You were speaking faster than I could hear.

Mr. COY. Where did I lose lose you?

Mr. SAWYER. A couple sentences.

Mr. COY. I will start back at the top of the paragraph.

In fact, they showed us a document of 8 to 10 pages that was a licensing agreement. I read the document to make sure that no one else would be allowed to sell shirts bearing the symbols with the Christopher Columbus 500th anniversary.

I was also concerned about other vendors selling unlicensed goods. I believe that Peter Santiago's name was at the end of the contract, along with someone else's name.

The other name was more of a scribble than a name. The reason we were reading the document was because they were going to give us a contract similar to that one, like a changeover contract from Mr. Santiago to us.

Mr. Santiago, in John Goudie's presence, wanted us to buy the exclusive rights to license the logo on the textile goods; that is, all articles of clothing, in both North and South America. In fact, we would also be able to sublicense for a fee any of the types of clothing that we did not make or have access to, like hats or jackets.

Mr. Santiago did almost all of the talking regarding the price we were to pay. But we felt uncomfortable about being pressed to make a rapid decision—to basically come up with $300,000 in 48 hours.

I want to emphasize that Mr. Goudie did state that Mr. Santiago bought the original exclusive license; that Mr. Santiago was the sole owner of it; and that we could buy it from Mr. Santiago. But I specifically recall that Mr. Goudie had every opportunity to deny and to correct Mr. Santiago's representations.

But Mr. Goudie did no such thing. In fact, Mr. Goudie's presence added credibility and authority to the things being said by Mr. Santiago to Mr. Heiman, Mr. Stern and myself.

I want to mention an ironic incident regarding our seeing the quincentenary logo that evening. A gentleman named Jose Diaz from Miami came to me and asked me to reproduce the logo as a screen print for T-shirts. I produced about 30 or 40 dozen shirts that I believed were used for promotional activities going on in South America. We all discussed the incident, and had a laugh about the coincidence.

Mr. Goudie and Peter Santiago immediately recognized the name Jose Diaz when I mentioned it; they replied that Mr. Diaz had gone out of business, and that was why he no longer carried the license.

What also struck me as odd was that in our negotiations about the $300,000 as well as the percentage split, Mr. Santiago did not appear to be really concerned about the $300,000, as though it was not really his to be concerned about. It struck me that Mr. Santiago was just a front man.

Mr. Santiago originally insisted that we would be joint licensees with him, and therefore split the net 50-50. We countered back and forth on the split. The indication that this thing was a scam was how quickly he was able to change. Mr. Santiago and Mr. Goudie were talking about sales being in the millions of dollars in net profits; somewhere in the neighborhood of $20 million net. I asked Mr. Santiago what made him believe that we wanted to give him $10 million for doing absolutely nothing but signing this piece of paper over to us. He replied something about desiring to make money.

I asked him if $1 million was enough money for him. He said he thought so. I pointed out that $1 million was only 5 percent of his projected net sales.

I asked him whether he had doubts about his projections. We went back and forth like that, and he agreed that probably a $1 million cap would be sufficient. We were somewhere between 5 and 20 percent for Mr. Santiago, after the payment of $300,000, assuming the sales were at the projected figures.

The thing that was most disturbing was the hustle they put on us for our response. They referred to a woman who had the license for the Statue of Liberty's 200th anniversary. Both Mr. Santiago and Mr. Goudie said she really wanted this license. In a subsequent telephone call the next day, we requested more specifics about the building of the flotilla; the barges being built in the Carolinas. Mr. Stern and I wanted to see the construction.

We wanted more time to consider the potential as well as the legitimacy of the activities. Mr. Santiago got angry. He made accusations that we were just "jerking" him around. He said that there were others waiting in the wings to take our place. He became abusive in his language. That was the last time either I or Mr. Stern talked with Mr. Santiago. We never spoke with or met with Mr. Goudie after that November meeting.

Sometime after, I think in December 1990, we began reading newspaper articles about the problems of former Chairman Goudie. We were happy and relieved that we had not participated in the licensing deal, that we had not lost any money or time pursing it further. We were also very angry about being scammed. I even called the Miami Herald newspaper to tell our story to the journalist that wrote the article.

Thank you, Mr. Chairman. That concludes my statement. I would be pleased to answer any questions you or the members might have.

Mr. SAWYER. Well, thank you very much. You are a very fortunate fellow. Did you know Peter Santiago before Randy Heiman called you to discuss any of this?

Mr. COY. No, I had never met him prior to the meeting.

Mr. SAWYER. Had you ever heard of him?

Mr. COY. No, not at all.

Mr. SAWYER. Did Randy Heiman say how Mr. Santiago was connected to the Commission?

Mr. COY. No, he said he met him because of Emilo Estavan. They were some kind of neighbors.

Mr. SAWYER. When you met with Mr. Heiman, did he tell you the relationship with Mr. Santiago?

Mr. COY. No, he was the Chairman of the Committee.

Mr. SAWYER. Did he ever mention Mr. Santiago was the best personal friend of Mr. Goudie's brother?

Mr. COY. No, he did not.

Mr. SAWYER. He didn't mention that.

Mr. SAWYER. You testified John Goudie had made it clear that the Commission which he chaired had sold the licensing rights for the logo to Peter Santiago.

Mr. COY. That is correct.

Mr. SAWYER. Was it your understanding Mr. Santiago's contract gave him the exclusive right to market clothing and other kind of textile products?

Mr. COY. Exclusive was very important. Without it, we wanted nothing to do with it. There was no marketing strategy unless we could be the only ones allowed to sell the merchandise.

Mr. SAWYER. Was it specifically Mr. Goudie who said this?

Mr. COY. In the very beginning, yes. Later on in the meeting, Mr. Goudie had kind of wandered from room to room when most of the negotiations were going on. He was only there in the beginning, when we viewed the tape, and to add legitimacy of Peter being the owner of the licensing.

Mr. SAWYER. Did Mr. Goudie ever tell you another company may have had exclusive rights to the products with the Commission's logo?

Mr. COY. No, he did not.

Mr. SAWYER. Did he ever mention the Licensing Group, the CCLG, the Christopher Columbus Group, the Group?

Mr. COY. Not to us.

Mr. SAWYER. Did Mr. Santiago ever mention them?

Mr. COY. No, he did not.

Mr. SAWYER. Prior to this investigation, had you ever heard of the Licensing Group?

Mr. COY. No, I had not.

Mr. SAWYER. Did you know at the time of your meeting with Mr. Santiago and Mr. Goudie that the Licensing Group had already had a contract with the Commission for the exclusive right to market all products, including clothing products?

Mr. COY. Again, if we had known such a thing we would never have had this meeting in the first place.

Mr. SAWYER. You testified Mr. Santiago didn't appear to have much personal interest in the $300,000. He was more interested in how to submit the profits.

You concluded Mr. Santiago was a front man. Did you have any sense of who he was a front man for?

Mr. COY. Mr. Goudie. I assumed the money was a down stroke for Mr. Goudie. They had told us he originally laid the money out himself, which I found really hard to believe, to sell it without a profit, and his only interest was his percentage in our split.

His ability to change that quickly grabbed us as odd. That is basically why we backed out of there.

Mr. SAWYER. It didn't appear to be based on hard numbers?

Mr. COY. No, everything was vague. They were quick to say how great everything was, but they were slow to show us anything solid.

Mr. SAWYER. Let me ask you as a matter of personal curiosity. You have listened to the other witnesses today.

Mr. COY. Sure have.

Mr. SAWYER. What is your sense of what would have happened to the $300,000 that Mr. Santiago asked you for?

Mr. COY. I think it would have helped Mr. Goudie's personal standings pretty well.

Mr. SAWYER. You wouldn't have gotten any material gain out of that.

Mr. COY. We wouldn't have gotten any.

Mr. SAWYER. Let me again thank you, as I have all the other witnesses, for your testimony today. Is there anything else you would like to add to your comments?

Mr. COY. I only hope you resolve this, and maybe you can find room for the other people who have lost money to make money.

Mr. SAWYER. Thank you for your testimony today. Thank everyone who has been involved.

Let me add that, without objection, I would like to submit a statement for the hearing record from Mrs. Nancy Sonis of St. Augustine, FL. I might add, Mrs. Sonis is a former congressional staff member.

She contacted the subcommittee about her efforts to secure a sublicense from the CCLG to produce an official perfume for the quincentenary events. Her dealings with the Licensing Group were unfortunate to say the least, but there are others who have had that same experience.

After being told she had been awarded exclusive sublicense to produce a perfume for the quincentenary, the Licensing Group avoided any further contact with Mrs. Sonis.

Finally, Mrs. Sonis was told without explanation the Group was negotiating with a major cosmetic company for cosmetic and perfume sublicense. Mrs. Sonis fears the Licensing Group took her carefully prepared proposals and tried to strike a lucrative deal with another company.

Fortunately she didn't give any funds.

[The prepared statement of Nancy Sonis follows:]

Royal Isabella
Perfumes

1 King Street • St. Augustine, Florida 32084 • (904) 829-1492 FAX (904) 826-1995

November 4, 1991

Ms. Terri Ann Lowenthal
Staff Director
U.S. House Committee on Post Office and Civil Service
Subcommittee on Census
Room 608 House Annex 1
Washington, D.C. 20515

Re:Christopher Columbus Licensing Committee

Dear Ms. Lowenthal:

As the result of our recent telephone conversation, I am sending a brief summary of the events which took place naming my product "Royal Isabella Perfumes" the exclusive perfume licensee of the Christopher Columbus Commission and the reneging of that title.

During the third week of September of 1991, I phoned the national Columbus Commission office in Washington, D.C., requesting information on recognizing and marketing my perfume for the 500th anniversary celebration. At that time, I was referred to Mr. Dominick Primato of the Licensing Committee in New York City.

I phoned Mr. Primato. He was not in. I left a message to return my call, which he did the following day. In the conversation, he explained that I should become licensed through his Committee. I mentioned that I was not a giant cosmetic company like Revlon but a small business and probably could not afford a large licensing fee. He outlined the procedures of licensing and told me that, if selected as a licensee, 10% of all gross revenues would go to the national Commission with a minimum guarantee of only $2,500 to be paid in full over two years. He stated that no one had yet submitted a proposal in the "perfume category" and that licensees were chosen on a "first come first serve" basis, and that I should act quickly. He added that his Committee would be having a luncheon meeting the next Thursday (October 3) to review proposals and select licensees, and asked if I could send product samples, a proposal which included a backgrounder, a marketing plan, and sales projections.

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Nov. 4, 1991

I was happily surprised that the rules were set up so that large or small businesses could afford to participate in this program. I thought it was excellent public relations that a government program enabled small business owners like me to equally compete and get involved on a national scale.

I sent my proposal overnight to the Committee to be received the morning of Wednesday, October 2, 1991. Early Wednesday afternoon, Mr. Primato phoned me at my retail store, "Royal Isabella," and said he was "pleased to inform" me that on receipt of my package that morning they decided to have the meeting a day early and that during the meeting "Royal Isabella Perfumes was selected as the exclusive perfume licensee of the national Commission."

I said, "Does it have to go to anyone else for final approval or is this it?" He said, "This is it. You're it. Now, if anyone else in your category, say Revlon, calls here, we will refer them to you and you have the right to contract independently with them as subcontractors."

He said that, in reviewing my proposal sales projection figures, they had chosen the "bottom line," 1000 stores each buying two dozen bottles of perfume at $10 each, totalling $240,000, of which the Commission would receive $24,000 (10%), and that would be my minimum guarantee figure. He added that they wanted one half of that money ($12,000) up front and the remainder spread over the next year.

I was elated to be selected, but surprised that the guarantee figure had changed from $2,500 spread over two years to $24,000 with one-half needed immediately. I told him I didn't have $12,000 right now and asked if we could work out a lower "up front" amount and spread the remainder of the $24,000. He said "of course we'll work with you on that," and added that he would send the contracts in the mail by the end of that week and I should have an attorney review them, call him with questions and send them back.

The following week, I had not received the contracts and phoned Mr. Primato. He stated he was delaying sending them because he wanted to include the calendar of events which had just come back from the printer and he was in the process of sending it right out to me. I suggested a new minimum guarantee of $12,000 (splitting the bottom line in half) and sending a $1,000 binder with signed contracts and the remainder sent quarterly. He said that sounded "fine" and to FAX the addendum to his office. On October 10, I faxed the addendum (see enclosed).

Another week went by and I still had not received the contracts. I called October 18, but he did not call back. I called again, October 19, and he returned my call. In this call, he was brief and cold, as opposed to all other conversations in which he had been warm, friendly and expansive. He stated his "board members" had "just met" and "selected a major cosmetics company as a primary sponsor" and Royal Isabella will no longer be a licensee because of the similar category." He said it was out of his hands and there was nothing he could do.

Page Three
Nov. 4, 1991

I thought it was strange to have been assured of this distinction and, within three weeks, to have it taken away in the absence of any fault or conflict of my own. I was, and still am, angry that the government would allow this kind of bad business behavior and practice to occur in connection with what should have become a good project with positive business relationships.

Enclosed are copies of all documents I sent to Mr. Primato. Please feel free to call me if you have any additional questions.

Sincerely,

Nancy Sonis

Royal Isabella Perfumes
1 King Street • St. Augustine, Florida 32084 • (904) 829-1492, 826-1992 FAX (904) 826-1995

October 1, 1991

Mr. Dominick Primato
Chairman
Christopher Columbus Licensing Committee
344 East 63rd Street, Suite #8E
New York, New York 10021

Dear Mr. Primato:

I appreciated your taking the time last week to discuss your procedure; and I hope you and the committee agree that Royal Isabella eau de parfum would be an excellent addition to the select list of licensed products.

Royal Isabella will have wide appeal, especially to women, not only as a fine perfume in its own right, but also as a means of promoting the historical significance of the woman whose leadership made possible the voyage of Columbus to the New World. Another part of the Royal Isabella story is that it is bottled in St. Augustine, the oldest permanent city in North America and a tourism destination which will have special appeal during the Quincentenary.

Although I am not a major corporation like Revlon, I have worked very hard to create a quality product worthy of national brand status. Royal Isabella was not "thrown together" in haste as a promotional idea to capitalize on the Quincentenary. It is the result of a full year of careful research, product development and refinement.

Let me assure you that I have managed numerous large budgets and major projects. I look forward to managing the production and fulfillment scaling up which will be required if Royal Isabella is licensed.

Please call me at any time if I can answer questions or address concerns that you and the committee might have as you consider this.

I look forward to your positive response and to a successful program in the months ahead.

Sincerely,

Nancy Sonis

Royal Isabella Perfumes

Proposal for Licensing
Christopher Columbus Licensing Committee

October 1, 1991

Royal Isabella - The Perfume

Royal Isabella eau de parfum was named in honor of Isabella, Queen of Castille (1451-1504), whose adventurous spirit made possible the voyage of Columbus to the New World.

This daring new fragrance, with overtones of gardenia, is made from high quality imported oils, blended in Florida, and bottled in St. Augustine, America's oldest city and site of the legendary Fountain of Youth. With King Ferdinand's permission, Ponce de Leon, who had accompanied Columbus on his second voyage to the New World, embarked on a search for the fountain and sailed within sight of present-day St. Augustine in 1513.

In the days of the early Spanish explorers, most perfume was a rare and valuable commodity. While expensive perfumes remain popular among those who can afford them, Royal Isabella was priced to be affordable for the average person at $14.92 or $19.92 per one-ounce bottle.

Royal Isabella - Background Information

Royal Isabella was created and developed during a period from the fall of 1990 to the spring of 1991 by Nancy Ball Sonis, vice president of Sonis Advertising & Public Relations, Inc., of Tallahassee, Florida. After seven years of advising many clients in their marketing efforts, Ms. Sonis undertook her own product development, introducing a new fragrance which reflects her love of the Caribbean, her interest in the historical role played by Isabella, her fondness for perfumes, and her wish to create a distinctly different product for the Christopher Columbus Quincentenary.

She carefully selected a team for the Royal Isabella project, including a perfume manufacturer in South Florida, a perfume bottle manufacturing company in New York City, and a perfume box manufacturer in Tampa, Florida.

The Sonis agency created the design and logo for the packaging and researched and wrote the historical and biographical information on Isabella contained in every box of the perfume. The name/logo is a federally registered trademark.

Ms. Sonis conducted focus group research with a variety of fragrance formulas until identifying an eau de parfum with superior acceptance by both women and men of different age groups. During the initial production of Royal Isabella, she and her employees bottled and boxed more than 2,000 small sample vials and nearly 1,000 one-ounce containers. Federal, state and local government guidelines as well as perfume industry standards have been strictly followed in the manufacture and sale of Royal Isabella.

Royal Isabella was test marketed in St. Augustine, where Ms. Sonis opened the Royal Isabella Perfumery & Gift Shop in May of 1991. She, her husband, and daughters reside in a house in St. Augustine on Porpoise Point, near the very inlet through which Ponce de Leon sailed into the area 478 years ago.

Ms. Sonis gew up in her parents' retail gift business. Her 1,000-square foot store is located in the historical district of St. Augustine. Royal Isabella perfume counter displays take up only about five per cent of the shop floor space, which otherwise is devoted to a wide variety of gifts ranging from a $2,000 limited edition immigrant sculpture made from authentic materials removed from the Statue of Liberty-Ellis Island National Monument to 99¢ mother of pearl rings. Sales of the perfume, therefore, have occurred in what would be a typical gift shop setting without undue promotional emphasis, other than that resulting from the store name.

During the summer of 1991, Ms. Sonis and her employees sold some 450 one-ounce bottles of Royal Isabella eau de parfum at $14.92 each and 600 sample vials at 75¢ each. Purchasers included tourists from all over the world as well as local St. Augustine residents.

All but a few of the buyers were women, and their favorable comments indicate th: Royal Isabella has appeal as an authenic fragrance and not just as a "souvenir" item. Customers left to their own devices to try the tester bottles expressed surprise when they inhaled the fragrance. "This really *does* smell good," was a typical comment. A variety of women – young, old, rich and not-so-rich – tried and liked the perfume. Some became repeat customers; some wanted to know which department stores in their hometowns carried the Royal Isabella brand; and many were willing to put their names and addresses on a list to receive more information on the product. The committee is welcome to call any of these people to confirm the overwhelming acceptance of Royal Isabella among the several hundred persons who were exposed to it this summer in St. Augustine.

Most of the women buying Royal Isabella shopped with male partners, whom they asked for advice before buying. Males liked the fragrance, too. In fact, both male and female shoppers asked if Royal Isabella also offered a male fragrance. Assuming sales go well, Royal Isabella plans to introduce a new masculine cologne, Christopher.

Royal Isabella - Public Relations Value

The relationship of Royal Isabella to the Quincentenary is self-explanatory. Inclusion of the biographical history of Isabella in each bottle adds a special dimension befitting the role which licensing would give to the product during the Columbus celebration.

Among the other public relations pluses which would result from the committee's decision to make Royal Isabella the perfume licensee:

It would bring out another facet of the Columbus story, one with special appeal to women and the role of women in history;

The product was developed by a small-scale entrepreneur rather than by a gigantic perfume manufacturer with the mega-resources to spend millions of dollars in marketing and advertising;

The product was developed by a woman who lives in St. Augustine, the American city most closely linked to the Spanish explorations ushered in by Columbus;

The product will continue to be bottled in, and fulfilled from. the St. Augustine area, creating an appropriate marketing aura throughout the Quincentenary.

Royal Isabella - Marketing

Clearly, there is a niche for Royal Isabella in today's $18.5 billion American cosmetics market, where traditional perfume brand loyalty has given way to newer attitudes among shoppers who try different fragrances or keep a palette of them for differe occasions. Appropriate outlets for Royal Isabella would include, but not be limited to, gift shops, department stores, and any other appropriate locations offering items r. lating to the Quincentenary. Based conservatively on store orders of two dozen bottles at wholesale ($10 per bottle/$240 per order), the following sales figures can be projected:

Stores	Gross Wholesale Revenue	10% To Committee
100	$ 24,000	$ 2,400
500	$ 120,000	$ 12,000
1,000	$ 240,000	$ 24,000
2,500	$ 600,000	$ 60,000
5,000	$1,200,000	$120,000
7,500	$1,800,000	$180,000
10,000	$2,400,000	$240,000
20,000	$4,800,000	$480,000

The above figures, of course, assume that stores would not reorder. Given the popularity of Royal Isabella among those who have tried it, reorders would be likely. Therefore, income to the Committee would be considerably larger than indicated above.

The number of stores carrying Royal Isabella would depend on the magnitude of the public relations and marketing effort. We would pursue a strategic public relations marketing campaign designed to generate awareness and enthusiasm, supplemented with some print advertising.

We are seeking product acceptance and placement in five merchandise marts in Atlanta, Miami, New York, San Francisco and Dallas by the winter of 1991-92.

To the degree funds permit, a targeted print advertising effort would be undertaken in the summer, with review and approval of all ads by the Committee in advance.

A national kickoff news conference would be held in the spring of 1992; and a national media event for additional publicity would be planned for the fall prior to Columbus Day, reinforcing name recognition and awareness of the product.

A schedule of pre-Christmas print ads would follow, with either a mail order catalog produced in-house or inclusion of Royal Isabella in an existing mail order catalog such as the Sears catalog. (The Sonis agency represented The Goldleaf Corporation in 1986 when it persuaded Sears to carry numerous Statue of Liberty commemorative items.)

A significant portion of income realized from Royal Isabella in the initial months of the campaign will be plowed back into marketing to sustain sales volume throughout the Quincentenary, producing additional income for the Committee.

MEMORANDUM

To: Dominick Primato
Christopher Columbus Licensing Committee

From: Nancy Sonis

Date: 10/10/91

Re: PROPOSED ADDENDUM

Guarantee

Pursuant to our October 9, 1991, telephone conversation, the minimum guarantee to the Commission would be $12,000, paid out over the life of the contract, based on the following:

500 stores ordering 2 dozen bottles each at $10/bottle.

Payment Schedule

$1,000	Upon contract acceptance
$1,000	Last day of 1st quarter 1992
$1,000	Last day of 2nd quarter 1992
$2,000	Last day of 3rd quarter 1992
$1,000	October 30, 1992
$1,000	Last day of 4th quarter 1992
$5,000	Spread evenly and paid at end of each quarter for the remainder of the contract

$12,000* total

*Any overages at the 10% commission to be paid quarterly during the duration of the contract.

Thanks again. I look forward to receiving our contract and working with you toward a positive outcome for this commemorative event.

Mr. SAWYER. For those of you who are interested, that will conclude our hearing today; although, as you know, this is a 2-day hearing and we will resume tomorrow, when we expect to hear testimony from Jana Joustra and John Goudie.

Thank you very much. That will conclude the proceedings today.

[Whereupon, at 2:30 p.m., the subcommittee was adjourned.]

REVIEW ALLEGATIONS OF MISCONDUCT OR WRONGDOING ON THE PART OF CERTAIN INDIVIDUALS ASSOCIATED WITH THE CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION

THURSDAY, NOVEMBER 21, 1991

House of Representatives,
Subcommittee on Census and Population,
Committee on Post Office and Civil Service,
Washington, DC.

The subcommittee met, pursuant to call, at 10:30 a.m., in room 311, Cannon House Office Building, Hon. Thomas C. Sawyer (chairman of the subcommittee) presiding.

Members present: Representatives Sawyer, McNulty, and Ridge.

Also present: Representative Gilman.

Mr. Sawyer. Good morning. Today we are going to continue the 2d day of hearings to examine allegations of misconduct on the part of certain individuals associated directly or indirectly with the Christopher Columbus Quincentenary Jubilee Commission.

For those of you who were here yesterday, you may recall that in my opening statement I set forth the jurisdiction of the subcommittee over this matter and the legislative purpose of these hearings.

Before we hear from witnesses scheduled to appear today, I would like to review briefly the testimony we heard yesterday. It is clear that the story that unfolded was every bit as troubling as it was remarkable.

The range of individuals with different background and different interests painted a, nonetheless, consistent picture. That picture revealed widespread conflict of interest in planning Commission activities, inappropriate intrusion into the management of contracted activities, inappropriate use of corporate funds on the part of the Christopher Columbus Licensing Group and the apparent insolvency of that corporation at this point, allegations of bribery and fraud with respect to the awarding of Commission contracts, and possible abuse of authority on the part of the Commission's former Chairman.

In order to clarify and bring into focus the issues that we are going to discuss today, let me review the evidence we heard yesterday, as well as at previous hearings that were conducted by this subcommittee.

We have prepared a chart that is before us over here that I think will help clarify the relationship of many of the parties we have been discussing.

We heard testimony yesterday from William Rolen. Mr. Rolen was involved in an effort to develop a exhibit for the Columbus Quincentenary at the site of the old World's Fair pavillion at Knoxville, TN.

Mr. Rolen testified that former Commission Chairman, John Goudie, directed Jana Joustra, the Commission's Deputy Director, to participate in a meeting in Knoxville between Mr. Rolen and two close personal friends of Mr. Goudie's, Manuel Gonzalez and Gunter Pfitzenmeier.

We also heard testimony from Edgar Mooney. Mr. Mooney, who has extensive experience in licensing and marketing products for large scale celebrations, was hired as the director of licensing by the Christopher Columbus Licensing Group.

The Licensing Group was awarded a contract by the Commission on July 27, 1989 for the exclusive right to market the official quincentenary logo. That contract required the Licensing Group to pay the Commission an advance royalty of $300,000.

The principal officers in that group were Gunter Pfitzenmeier, a German citizen, and Dominic Primato. The General Accounting Office told us that Mr. Alfreo Vidal, a close personal friend of Mr. Primato, loaned Mr. Pfitzenmeier $100,000 to assist with payment of the advanced royalty to the Commission.

Mr. Mooney testified that the terms of the Commission's contract with the Licensing Group were "obscene" by industry standards. The contract provided that the Licensing Group would receive 85 percent of the gross profits from marketing the official logo, while the Quincentenary Commission would receive only 15 percent.

Mr. Mooney said that he believed the contract represented a "gross inequity" and was not "in the best interests of the American public."

Mr. Anthony Baltes testified yesterday. Mr. Baltes represented a group of minority stockholders who paid $500,000 to the Licensing Group for a 25-percent ownership interest.

Mr. Baltes discussed the role of Manuel Gonzalez in the management and ownership of the Licensing Group. Mr. Gonzalez had described himself as an assistant to John Goudie and Mr. Goudie's "right arm on Commission matters."

Mr. Baltes told us that in the spring of 1990, Mr. Gonzalez proposed a reorganization of the Licensing Group that would place himself, Mr. Gonzalez, in control of all Group activities. Mr. Gonzalez testified before this subcommittee in June of this year that he had no such relationship to the Licensing Group, that he was not an officer, stockholder, agent or representative of the Licensing Group.

However, the Office of Special Investigations testified yesterday that Manuel Gonzalez received $122,900 from the Christopher Columbus Licensing Group.

We also heard testimony from Peter Dunev. Mr. Dunev described the direct role of John Goudie and Manuel Gonzalez in managing the activities of the Licensing Group.

Mr. Dunev gave Manuel Gonzalez two checks totaling $50,000 as installments on an exclusive licensing agreements for T-shirts bearing the Quincentenary logo. Mr. Gonzalez collected those checks on behalf of the Licensing Group and in return received a finders fee of $49,900 from the Licensing Group.

Finally, Mr. Robert Coy testified yesterday. Mr. Coy told us how John Goudie participated in an effort with Peter Santiago to market another exclusive licensing agreement for $300,000 to Mr. Coy and his two business associates.

Mr. Santiago described himself to this subcommittee in testimony earlier this year as the best friend of John Goudie's younger brother, Joseph Goudie. Mr. Coy characterized the effort to sell him an exclusive clothing licensing agreement as a "hustle" and a "scam." Those are his words.

Through the course of the investigation the subcommittee has obtained other evidence concerning the flow of funds from the Licensing Group for a variety of questionable purposes.

We have learned that Gunter Pfitzenmeier gave Manuel Gonzalez $9,000 4 days after the Licensing Group signed its contract with the Commission. We know that 2 months later on October 3, 1991, Mr. Gonzalez gave a check for $9500 to John Goudie's younger brother, Jack Goudie.

Jack Goudie told the subcommittee that he used the money he received from Mr. Gonzalez to make the mortgage payments on the home of his brother. John Goudie. Those loans were never repaid.

We also have learned that the Licensing Group paid at least $46,000 toward the mortgage on the Lantana, FL residence of Gunter Pfitzenmeier. That residence is held in the name of his companion, Marlis Ellena, a Swiss citizen.

The unfortunate result of the widespread mismanagement and ineptitude described at the subcommittee's hearings thus far, was a taxpayer funded Commission that was unable to carry out the mandate of planning festivities in recognition of the Columbus Quincentennial in which the entire Nation could have taken part and enjoyed.

Today the subcommittee will take testimony from two individuals who played a role in the sequence of events we discussed yesterday and who may be able to address some of the disturbing allegations that we heard yesterday.

In the course of that testimony we will want to know why the Commission sold rights to the official logo to a private corporation that clearly had no experience in the field of licensing and marketing.

We want to know why close friends of then Chairman John Goudie received substantial sums of money from the licensing program, and why some of those friends, in turn, loaned Mr. Goudie money that was never repaid. We want to know why Mr. Goudie tried to sell, for $300,000, the rights to produce official quincentenary clothing items when another company already had purchased those exclusive rights.

We want to know why the Commission was involved in the day-to-day activities of the Licensing Group and why Mr. Goudie tried to assert control over the management of that Group.

Our first witness today will be Ms. Jana Joustra.

Ms. Joustra has been employed by the Commission first as the Public Relations Director and then as the Deputy Director since 1988. Ms. Joustra is not representing the Quincentenary Commission or the current Chairman Frank Donatelli.

She appears at the request of the subcommittee to determine the extent of her knowledge of the events discussed at yesterday's hearing. Following the testimony from Ms. Joustra, the subcommittee expects to hear testimony from Mr. John Goudie. Mr. Goudie served as Chairman of the Quincentenary Commission from 1985 until his resignation in December 1990.

Now let me turn to my friend from the committee, Chairman Bill Clay.

Mr. CLAY. I don't have a prepared opening statement this morning. I just want to commend you again for taking on this awesome responsibility. I look forward to the testimony this morning.

Mr. SAWYER. Thank you very much.

Without objection, I would like to submit for the hearing record a statement from Mr. Richard Vanderpool. Mr. Vanderpool is affiliated with the Athens Clark Quincentenary Discovery 1992. This is the Athens, GA counterpart to the Christopher Columbus Quincentenary Commission.

At this point let me invite to the witness table our first witness, Ms. Jana Joustra.

Ms. Joustra, if you would like to bring your counsel to the table, you are welcome do that.

[Witness sworn.]

Mr. SAWYER. Before we begin any statement that you may have, I wants to make it clear for the record that you are not in any way representing the Christopher Columbus Quincentenary Commission or the present Chairman, Frank Donatelli.

I also want to make clear that you have been invited by the subcommittee to discuss matters related to the allegations of misconduct or wrongdoing on the part of individuals associated with the Commission and the Commission's activities. Finally, I want to point out that your testimony reflects strictly your own knowledge and not that of the Chairman of the Commission or other staffers.

I also want to express my thanks to you for your cooperation and recognize your personnel willingness to appear voluntarily today. We are grateful for that.

STATEMENT OF JANA JOUSTRA, DEPUTY DIRECTOR, CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION

Ms. JOUSTRA. Thank you. Mr. Chairman, and members of the subcommittee, my name is Jana Joustra and I presently serve as the Deputy Director of the Christopher Columbus Quincentenary Jubilee Commission. I come before you today in response to this subcommittee's invitation of October 29, 1991 and the subsequent subpoena which I received on November 12, 1991.

Your request to an appear before the subcommittee states that this is to be a investigative hearing to review allegations of misconduct or wrongdoing on the part of certain individuals associated with the Christopher Columbus Quincentenary Jubilee Commission. No indication is made as to whether I or any member of the

Commission is alleged to be a party to these allegations. I intend to cooperate fully with the subcommittee's investigation.

I began working for the Columbus Commission in January 1988, after receiving an offer to serve as the Public Relations Director from Dr. John Williams, who was Executive Director of the Commission at that time. I was detailed from the General Services Administration where I had been working in the Office of Public Affairs for then-Administrator, Terence Golden.

My responsibilities for most of 1988 at the Commission were to establish outreach with a variety of organizations who had been in touch with the Commission, and to attempt to develop a positive relationship with the media. To this end, I was given a file of correspondence which had been left unattended prior to my arrival, due to the volume of inquiries and the shortage of Commission staff.

I set about methodically contacting individuals who had called or written to the Commission, to determine the nature of their interest in the Quincentenary, and whether the Commission could offer any assistance. These included press, public relations agencies, individuals, and other Government offices. In addition, I wrote press releases, assisted with Commission meetings, and handled media inquiries.

I continued to serve in the capacity of Public Relations Director throughout 1988 and 1989 until July 1990, when Paco Martinez, the Deputy Director of the Commission, resigned. At that time, I was promoted to the position of Deputy Director. From the commencement of my serve as Public Relations Director, I reported to Executive Director John Williams.

Upon his departure in December 1988, I reported to the Deputy Director, Paco Martinez, and to the Chairman, John Goudie. When Raul De Quesada was hired as Executive Director of the Commission in September 1989, I reported to him and to Chairman Goudie.

During the course of my service as Public Relations Director, several inquiries from public relations firms were directed to me for follow-up. These included a number who were interested in being hired by the Commission on a retainer basis, to develop corporate sponsorship opportunities.

I had been told by my superiors that the Commission's annual appropriation was insufficient to support such a contractual obligation, and, therefore, made inquiries to the firms who contacted the Commission to ascertain whether any would be interested in serving the Commission on a pro bono or on a percentage basis.

The only firm who responded to this inquiry affirmatively was D'Arcy, Masius, Benton, and Boles (DMB&B), headquartered in New York. I met with representatives of this agency on several occasions, in an attempt to assist with the development of a proposal for a television network special, which DMB&B felt might bring advance revenue to the Commission for its operating needs. Unfortunately, there was insufficient interest on the part of any network in this proposal, and the project was shelved.

Another project that came to my attention during this period was a possible sponsorship opportunity with Texaco, Inc. A private consultant in Washington, Diana Holman, asked to meet with me regarding a proposal for a benefit dinner that her firm thought might bring visibility and income to the Commission.

When I explained to her that the Commission did not have the money required to mount such a project, the idea was abandoned. However, during the meeting, Ms. Holman mentioned that she might have a corporate contact who would be interested in sponsoring a Commission project. That sponsor was Texaco, and that meeting which took place in March 1989, led to the subsequent development of the concept of Texaco serving as the Commission's sponsor for the Caravels.

This project consumed a majority of my time for the next several months, and in September 1989, the Texaco sponsorship agreement was signed. As this program also required the negotiation of a cooperative agreement between the Commission and the Spanish Commission, my responsibilities from the spring of 1989 until the agreements were signed in September of that year, focused primarily on the development of this project, although I continued to field press inquiries and serve as a media contact.

After the agreements on the Caravels project were executed, I continued to work with representatives of Texaco and the Spanish Commission, in an attempt to advance the program. Unfortunately, the parties to these agreements were unable to agree as to how to mount the program effectively, and the Caravels project was returned to the sole management of the Spanish Government earlier this year.

During my service at the Commission, no staff person was specifically designated as general counsel. I received that title in February of this year, with the appointments of James Kuhn as Executive Director and Frank Donatelli as Chairman of the Commission. Prior to that time, contracts were reviewed by the Commission's legal committee, which consisted of two Commission members, and by Paco Martinez and me, as we were both attorneys, although we were often introduced as attorneys in meetings.

However, with regard to the Texaco and Caravels contracts, I did negotiate legal language, based on the advice of Chairman Goudie. As an attorney who is fluent in Spanish, and as the staffer most familiar with the Caravels program, I was seen by the chairman as the logical person to negotiate the language of these agreements.

Chairman Goudie would confer with William Tell, the senior vice president for Texaco and with Luis Yanez Barnuevo and Angel Serrano, the Chairman and Director of the Spanish Commission; then I would be told what points Chairman Goudie wished to be reflected in the agreements, and I would negotiate with the attorneys for Texaco and the Spanish Commission accordingly.

With regard to the Christopher Columbus Licensing Group, I was first made aware of the contract and proposal for this organization to be the licensing agent for the Commission at the July 11, 1989 Finance Committee meeting of the Commission, which took place in Chicago.

At that meeting, Chairman Goudie distributed copies of the contract and the proposal for the Committee's review, and a discussion was held, which resulted in the Committee's unanimous vote to accept the proposal. I examined the contract as did the others present, and made one or two suggestions for changes in the language. At no time was I asked by anyone to negotiate terms of this agreement, or to meet with representatives of CCLG.

I subsequently met Gunther Pfitzenmeier and Manny Gonzalez in Knoxville, TN, during a 1-day trip, when Chairman Goudie asked me to attend a meeting with organizers of the Knoxville Quincentenary Information Center, which was to be housed in the former World's Fair Pavilion. I was asked to attend because I had been in contact with the Knoxville representatives, Randy Tyree and Bill Rolen, and they felt that I had a positive feeling about the project and might be helpful.

I was told by Mr. Goudie that my presence at the meeting was for the purpose of ensuring that the project organizers would not get the impression that the Commission's endorsement of the project was final. The Commission had reviewed the project for endorsement, but left final approval dependent on the Commission's Finance Committee's determination that the project was adequately funded. Such final endorsement had not yet been obtained, and I was instructed by Chairman Goudie to make sure that neither the project organizers nor Messrs. Pfitzenmeier or Gonzalez treated the Commission's approval of the project as final.

I do not recall ever having met Mr. Gonzalez again. I have seen Mr. Pfitzenmeier on several subsequent occasions, when he has come to the Commission to meet with Chairman Donatelli or Mr. Kuhn. I met with Dominic Primato of CCLG when he came to the Commission last December or January after Chairman Goudie had resigned.

At that time, Raul De Quesada had already resigned as Executive Director and I was the senior staff, having taken the position of Deputy Director after the resignation of Paco Martinez in July 1990. Mr. Primato wanted to show me sketches of recent product developments, and to be assured that the Commission would continue.

I had spoken with Mr. Primato on several occasions prior to that on the telephone during 1990, when complaints from the Spanish Commission had been brought to my attention. The Spanish Commission was concerned that the Commission's licensing program would interfere unjustly with its own, and I spoke with Mr. Primato regarding my concern that the Caravels project might be jeopardized.

I did this with the knowledge and permission of Chairman Goudie and Executive Director De Quesada, who were aware that the licensing agents for the United States and Spanish Commissions were in conflict. Unfortunately, no party seemed to be able to find a solution to resolve this conflict, a factor which further contributed to the eventual dissolution of the Commission's joint participation in the management of the Caravels tour.

I did attend a meeting between Tony Baltes, a shareholder in CCLG, and his attorney, and Executive Director De Quesada. Mr Baltes had complained on the telephone to Mr. De Quesada that CCLG was not being cooperative with them with regard to providing access to information on Commission projects, specifically the Caravels tour, and asked to meet to discuss this problem. I attended that meeting, and with Executive Director De Quesada provided what information I could with regard to the Commission's projects and how they could be helpful to the licensing program.

I have also had contact with a man named Ed Mooney, who was either a consultant or independent contractor working with CCLG. Mr. Mooney had been in contact with Executive Director De Quesada to review promotional materials, brochures, fliers, and the like, which he wished to use in attempting to sell licensing products. Mr. De Quesada asked for my input, and I had several phone conversations with Mr. Mooney regarding the nature and quality of his materials.

Some of these materials were, in my judgment, unacceptable and I so advised Mr. Mooney. He did not take my criticisms well, and complained to Executive Director De Quesada, who supported my position.

Other than these phone conversations and exchanges of some correspondence, and one meeting with Executive Director De Quesada in the Commission's office in which Mr. Mooney introduced himself and presented a portfolio of his past work, I have had no other communication with Mr. Mooney.

I had no direct contact with sublicensees of CCLG, with two noted exceptions. The first was a meeting with Jeffrey Wyant and several of his colleagues, who represented American Founder's Mint, a company which produces medallions. Mr. Wyant and his colleagues came to the Commission's office to meet with Executive Director De Quesada to discuss possible ways to promote the Commission's licensing activities, and I attended that meeting.

I subsequently attended another meeting at the Commission with Mr. Wyant and his colleagues which took place in May of this year. Executive Director Kuhn, Laura Hunt, the Commission's new Endowment Director, Dominic Primato, and Gunther Pfitzenmeier were also present.

The second instance of my having direct contact with a sublicensee involved several faxes that came in from Theta Marketing, asking for information. I noted that the fax sheet had the Commission's logo prominently displayed, and that it was accompanied by words indicating "official licensee of the Quincentenary," or words to that effect.

I called Theta's offices and explained that only official sponsors of the Commission were entitled to promote their company's name in conjunction with the Commission's logo, but that licensing companies could only use it on actual product.

Aside from the above occasions, I do not recall any dealings with sublicensees. I mention these meetings with sublicensees, and the occasions on which I have met representatives of CCLG, because it has been brought to my attention by subcommittee staff that these matters have been of interest to this committee, and I have, therefore, set out my contacts with the Commission's licensing program.

I will now be happy to answer any pertinent questions the committee may have relative to this investigation.

Mr. SAWYER. Thank you very much for your testimony and your presence this morning. Ms. Joustra, you mentioned your initial hiring by John Williams. Could you describe the circumstances of that hiring and how you came to be introduced to the Commission?

Ms. JOUSTRA. Yes. I was working at General Services Administration in the Public Affairs Office. The Administrator at that time was Terry Golden.

He had made it known to his senior staffers that he was thinking of leaving the Administration and that staffers, therefore, might be advised to start looking for other employment opportunities. I learned from a friend that the Commission existed and that they were very short staffed.

So as they were across the street I wandered over there 1 day and met the Director, John Williams, and the Deputy Director, Paco Martinez. They were very encouraging about having additional staff people there. They said if details could be worked out, more than likely I would be able to start immediately. I went back to the General Services Administration and spoke with Administrator Golden. He agreed to arrange a detail.

Mr. SAWYER. You came on originally as Public Relations Director, but your background in the law had to be helpful.

Ms. JOUSTRA. We were very short staffed at the Commission. Paco Martinez was also an attorney and we wore several hats in the office. We did everything that needed to be done, from writing correspondence, contacting the press to doing filing.

Mr. SAWYER. I am not looking for long answers but we would like to get a feel for background in terms of different areas of law, contract law, criminal law?

Ms. JOUSTRA. No, just general. I had done some work in the past. That was pretty much it. I had done some statutory compliance work with Legal Services Corporation in 1985.

Mr. SAWYER. Have you worked in terms of ethics as it relates to government activity?

Ms. JOUSTRA. No.

Mr. SAWYER. Could you today, off the top of your head, or from your experience in government and law, provide examples or definitions of conflicts of interest as they may apply to a public official?

Ms. JOUSTRA. I would say the easiest definition of a conflict of interest is when one individual has divided loyalties.

Mr. SAWYER. Would using public office for private gain be characterized as unethical conduct?

Ms. JOUSTRA. I believe so.

Mr. SAWYER. Would acting with partiality or giving preferential contracts to a private organization be considered unethical conduct?

Ms. JOUSTRA. Yes.

Mr. SAWYER. Would it be your view that soliciting gifts or money from a person, entity, friends or family member or seeking or doing business with an employees' agencies be considered unethical conduct.

Ms. JOUSTRA. Yes.

Mr. SAWYER. Given that, can you tell us whether you, while employed at the Commission under the chairmanship of Mr. Goudie, participated in any unethical conduct of the type we just discussed.

Ms. JOUSTRA. Did I? No.

Mr. SAWYER. Have you observed any unethical conduct during the course of your employment?

Ms. JOUSTRA. Not personally.

Mr. SAWYER. Thank you. Let me turn to my friend and colleague from Pennsylvania, the ranking member of this subcommittee.

At this point we have gone past opening statements, but I think it would be appropriate for you to share your thoughts on the work of the Commission and the committee.

Mr. RIDGE. Mr. Chairman, I ask unanimous consent that my entire opening statement be considered as part of the record.

Mr. SAWYER. Without objection.

[The prepared statement of Hon. Thomas J. Ridge follows:]

OPENING STATEMENT
CONGRESSMAN TOM RIDGE

SUBCOMMITTEE ON CENSUS AND POPULATION
INVESTIGATIVE HEARING WITH REGARD TO THE CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION

NOVEMBER 21, 1991

THANK YOU, MR. CHAIRMAN. I WOULD FIRST LIKE TO PUBLICLY APOLOGIZE TO THE WITNESSES THAT TESTIFIED BEFORE THIS SUBCOMMITTEE YESTERDAY FOR MY ABSENCE. I DID TAKE THE OPPORTUNITY LAST NIGHT TO READ THROUGH THEIR WRITTEN STATEMENTS AND WOULD LIKE TO THANK THEM FOR PROVIDING US WITH THEIR STORIES, WHICH I BELIEVE BENEFICIAL TO OUR INVESTIGATION.

HAVING BEEN A PRACTICING ATTORNEY, I STRONGLY SUBSCRIBE TO THIS COUNTRY'S PRINCIPLE THAT AN INDIVIDUAL IS INNOCENT UNTIL PROVEN GUILTY. BUT GIVEN THAT, I WOULD LIKE TO MAKE A FEW OBSERVATIONS ABOUT WHAT WAS SAID BEFORE THIS SUBCOMMITTEE YESTERDAY. REVIEWING THE TESTIMONY I AM REMINDED OF THE WELL-KNOWN ADAGE THAT POWER CORRUPTS AND ABSOLUTE POWER CORRUPTS ABSOLUTELY. WHEN JOHN GOUDIE WAS NAMED CHAIRMAN OF THE COMMISSION, HE WAS ENTRUSTED WITH POWER AND UNFORTUNATELY THIS POWER BECAME ABSOLUTE.

TO SHOW HOW POWERFUL JOHN GOUDIE THOUGHT HE WAS, I WOULD LIKE TO QUOTE BRIEFLY FROM SOME OF THE STATEMENTS THAT WERE PRESENTED YESTERDAY.

> WILLIAM W. ROLEN: 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.

> ANTHONY BALTES: MS. JOUSTRA 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.

ANTHONY BALTES: MR. GOUDIE WAS VERY UPSET AND TOLD ME NEVER AGAIN TO SEND ANYTHING TO THE COMMISSION OFFICE AND IF YOU DO, HE WOULD TAKE IT TO THE JUSTICE DEPARTMENT.

PETER DUNEV: HE SAID (REFERRING TO JOHN GOUDIE) "I AM THE JUSTICE DEPARTMENT" AND I COULD HAVE YOU RUINED.

EDGAR MOONEY: MR. DE QUESADA TOLD ME, THAT UPON DIRECTION FROM JOHN GOUDIE, I WAS TO REMOVE THE PRESIDENT'S PICTURE FROM 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.

STATEMENTS LIKE THESE LEAD ME TO BELIEVE THAT JOHN GOUDIE, AS CHAIRMAN OF THE CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE COMMISSION (CCQJC), WAS CONVINCED THAT HE HAD ABSOLUTE POWER OVER ANYONE AND EVERYONE.

AS I SAID AT THE BEGINNING OF THIS STATEMENT, IT IS NOT OUR PLACE TO JUDGE MR. GOUDIE ON HIS GUILT OR INNOCENCE. HOWEVER, ANYONE READING OR HEARING THE TESTIMONY OF ONE DAY AGO WOULD BEGIN TO DRAW THE CONCLUSION THAT MR. GOUDIE WAS CORRUPT. I AM CONVINCED THAT HAVING ABSOLUTE POWER THROUGH THE COMMISSION PRESENTED MR. GOUDIE AN ABSOLUTE OPPORTUNITY.

ONE OTHER OBSERVATION I WOULD LIKE TO MAKE IS ABOUT THE SOLVENCY OF THE CHRISTOPHER COLUMBUS LICENSING GROUP (CCLG). AS EDGAR MOONEY TESTIFIED THE CCLG STILL OWES HIM $473,466.63, PLUS INTEREST ROYALTY PAYMENTS. MOONEY ALSO SAID THAT HE DID RECEIVE TWO CHECKS FROM THE GROUP, ONE $10,000 AND ONE $5,000, WHICH BOTH BOUNCED. WHEN QUESTIONED BY CHAIRMAN SAWYER, PETER DUNEV STATED THAT HE PERCEIVED THE CCLG DESPERATE FOR MONEY AND THOUGHT THEY WERE BROKE. TESTIMONY SUCH AS THIS, LEADS THIS MEMBER TO BELIEVE

THAT THE CCLG IS INSOLVENT.

MR. CHAIRMAN, I ONCE AGAIN THANK YOU FOR YOUR LEADERSHIP THROUGHOUT THIS INVESTIGATION. I ALSO APPRECIATE THE COOPERATION THE SUBCOMMITTEE HAS RECEIVED FROM CHAIRMAN CLAY AND CONGRESSMAN BEN GILMAN, THE RANKING MINORITY MEMBER, OF THE POST OFFICE AND CIVIL SERVICE COMMITTEE. LASTLY, I WOULD LIKE TO THANK STEVE MYERSON, JOE POTTER AND ALL THE FINE INDIVIDUALS AT THE OFFICE OF SPECIAL INVESTIGATIONS FOR THE LONG HOURS AND DEDICATION THEY HAVE GIVEN IN ASSISTING US.

Mr. RIDGE. Having been unable to attend much of the hearing yesterday, Mr. Chairman, I want to thank those witnesses for telling us those stories which I certainly believe was beneficial to our investigation.

Having myself been a practicing attorney, I strongly subscribe to this country's principles that an individual is innocent until proven guilty. But given that, I would like to make a few observations about what was said before the subcommittee yesterday.

Reviewing the testimony, I am reminded of the well-known adage that power corrupts and absolute power corrupts absolutely. I guess I have some grave reservations as to the conduct of Mr. Goudie when he was named Chairman of the Commission. In my judgment he was entrusted with absolute power and given the testimony of Messrs. Rolen, Baltes, Dunev, and Edgar Mooney, one questions whether or not he handled it in a manner consistent with the purpose and intent as outlined by Congress back in 1984 when we decided to have this celebration.

So I continue to applaud you for the very open and efficient and professional inquiry that you have made during the course of this investigation.

I certainly don't enjoy looking backward at some of the more troubled moments of this Commission, but I appreciate not only your willingness to do so, but the manner in which you have conducted these inquiries.

As I said before I ask unanimous consent that my remarks be included as part of the record.

Mr. SAWYER. Do you have some questions?

Mr. RIDGE. Yes, I do.

Ms. Joustra, yesterday Mr. Rolen testified before this subcommittee. He told us that his partner Randy Tyree had a conversation with you shortly after June 6, 1989—I would tell you, I don't know what I was doing on June 6, 1989.

Ms. JOUSTRA. I do, it was my father's birthday.

Mr. RIDGE. It was peculiar in that it involved a request by John Goudie for the Rolen Group to lend him a yacht. It is my understanding, according to the testimony, it was to be tied up, loaned to Mr. Goudie and tied to a pier directly linked to Mr. Goudie's home in Coral Gables, FL. I wonder if you would care to relate to this subcommittee your recollection of that conversation.

Ms. JOUSTRA. Yes, sir. I was rather irate about it.

Mr. RIDGE. Would you move the microphone closer, so we can hear better?

Ms. JOUSTRA. I was what can probably best be described as irate about it because I could not imagine that that was a serious conversation. It just seemed so clearly improper. I discussed did with Chairman Goudie. Chairman Goudie told me that in no way was that a serious discussion and he understood that that would be a clear conflict of interest and he was very annoyed that Mr. Rolen would suggest to Mr. Tyree that that was a serious conflict of interest. I made it clear to Mr. Tyree that the Commission would not be able to condone such an acceptance of a gift to the Chairman.

Mr. RIDGE. From whom did you first get knowledge about this request?

Ms. JOUSTRA. To be honest with you, I don't remember. I thought about this since yesterday. I remember having a conversation with Mr. Rolen on the telephone about it. I remember having a conversation with Mr. Goudie. I don't know which came first. But I do remember the end result was, which was a conference with Mr. Tyree and we settled the matter very clearly.

Mr. RIDGE. Do you recall what your response was to Mr. Tyree about this alleged request, about the ethics of it.

Ms. JOUSTRA. Yes, I was very upset. As I understood did, my conversation with Randy Tyree, he was not a party to the conversation. He and I were discussing the issue from a legal and ethical standpoint. We both agreed that it was highly improper.

Mr. RIDGE. Did Tyree indicate to you who initiated the conversation?

Ms. JOUSTRA. He merely told me who had first made him aware of it. That was Bill Rolen. He did not indicate to me that John Goudie asked for a boat or Bill Rolen offered a boat.

Mr. RIDGE. Did Mr. Goudie deny the request for a boat or did he say it was simply improper to do so?

Ms. JOUSTRA. As best as I recall, the conversation I spoke with John Goudie, I think it was the same day I spoke to Mr. Rolen about it. I said, "what is this business about this boat?", or words do that effect.

I said I talked to Bill Rolen and he said something, or Randy Tyree and he said something about a boat. John said, that is ridiculous. He said you had told Bill Rolen that that is out of the question. I did not ask him, "did you ask for a boat?"

Mr. RIDGE. Do you recall the conversation as being one where Mr. Rolen or Mr. Tyree were volunteering the boat spontaneously or whether or not they indicated that there had been any communication and they were actually responding to a request for this. Do you have any sense of that?

Ms. JOUSTRA. No. As I understand it, they were talking about the boat in terms of the relationship to the Information Center. So it is possible that the conversation was started by Bill Rolen in relation to a yacht that would be docked at the Information Center at Knoxville, TN. Perhaps that started the conversation. But as to when it took a turn to talking about a boat outside Chairman Goudie's house, I don't know how that happened.

Mr. RIDGE. Since you did mention Knoxville, I think you told us that you met Manuel Gonzalez during a 1-day trip to Knoxville.

Ms. JOUSTRA. Yes, I did.

Mr. RIDGE. I think you were there in response to a request made by former Chairman Goudie when he asked you to attend a meeting of the Rolen Group sometime after July 1989; is that correct?

Ms. JOUSTRA. Mr. Goudie asked me to go and Mr. Tyree and Mr. Rolen also asked me to go because I was very enthusiastic about the project.

Mr. RIDGE. You also stated you do not recall ever having met Mr. Gonzalez again; is that correct?

Ms. JOUSTRA. Yes, that is correct. I don't think I ever saw him again.

Mr. RIDGE. Had you seen or visited with or been in the company of Mr. Gonzalez prior to that time in Knoxville?

Ms. JOUSTRA. No, no, sir.

Mr. RIDGE. Are you sure you never had an occasion to meet Mr. Gonzalez at a reception in Mr. Goudie's home in 1988?

Ms. JOUSTRA. That is the only possibility. I did express to staffers of the subcommittee when they asked me about it earlier if I had ever met Mr. Gonzalez before, the only only thing I can think of would be there, but I don't recall seeing him there. I assume since the Chairman had a reception at his home in December 1988 in conjunction with the meeting in Miami, I knew there were many associates of the Chairman's in Miami so I thought he might be there, but I never had a conversation with him there.

Mr. RIDGE. There was never any occasion, either socially or professionally during this period of time when you had occasion to talk to him, write to him or phone him in furtherance of the Commission's business?

Ms. JOUSTRA. No, sir.

Mr. RIDGE. Could you tell us what, if anything, you were told by Mr. Goudie, regarding his relationship with Mr. Gonzalez?

Ms. JOUSTRA. He said only that he was a friend.

Mr. RIDGE. Did he every indicate to you under what context that friendship arose and how it was sustained?

Ms. JOUSTRA. I believe he said that they knew each other from the time they were young.

Mr. RIDGE. Did he ever indicate to you that this lifelong friendship had ever included any business relationships?

Ms. JOUSTRA. Not related to the Commission. I mean, he had said that they had been friends together for years.

Mr. RIDGE. But in the course of that friendship or relationship, did he ever indicate to you or specifically tell you that they had engaged in joint business activities together?

Ms. JOUSTRA. I don't recall the detail of that but I had the feeling that they had done business together.

Mr. RIDGE. Did you ever have occasion to talk to Mr. Gonzalez or send him any correspondence or deal with him at Mr. Goudie's request?

Ms. JOUSTRA. No, sir.

Mr. RIDGE. Do you have any personal knowledge as to the frequency of the contact between Mr. Goudie and Mr. Gonzalez?

Ms. JOUSTRA. I can only speculate that they, being close friends and living in the same town, it might have been very frequent.

Mr. RIDGE. Did you ever have occasion to discuss with Mr. Gonzalez his relationship with Mr. Goudie, particularly when you were in Knoxville?

Ms. JOUSTRA. No.

Mr. RIDGE. Did the fact that they had apparently a close personal relationship that may have extended during the course of a lifetime ever give you any concern about the propriety of their business relationship?

Ms. JOUSTRA. No, because the only time that I had contact with Mr. Gonzalez was at the Knoxville meeting. At that time he was introduced—as a matter of fact I was introduced to him by Mr. Rolen. I was told that he was a consultant and his presence at the meeting was as a consultant for Mr. Gunter Pfitzenmeier.

At that time I did not know anything else then other than he was working as a consultant for Gunter Pfitzenmeier. That was the cnly time that I saw him. So it never came up.

Mr. RIDGE. Do you recall telling Mr. Rolen in June 1989 or thereabouts that you would attend the meeting in Knoxville with Gonzalez and Gunter Pfitzenmeier because they were close personal friends of Mr. Goudie's?

Ms. JOUSTRA. No. I believe he said yesterday that I said to a staffer that they were close personal friends. I think what I said was that they were friends. I mentioned it in an offhand way. I was not aware of the specific relationship between Gunter Pfitzenmeier and John Goudie. I never heard of them before.

I knew Mr. Gonzalez was a friend of Mr. Goudie's. I may have mentioned that to Mr. Rolen. Mr. Rolen wanted me to go and Randy Tyree wanted me to go because I was excited by the project and he thought my enthusiasm might lend something to the meeting.

Mr. RIDGE. At the time of the Knoxville meeting had Mr. Pfitzenmeier and the Licensing Group signed an agreement with the Commission?

Ms. JOUSTRA. No, sir. That was the first time I ever knew who Gunter Pfitzenmeier was. It was the first time I ever heard about a Gunter Pfitzenmeier, in Knoxville.

Mr. RIDGE. To your knowledge, had there been any prior negotiations regarding the licensing arrangement undertaken prior to that?

Ms. JOUSTRA. Not that I was aware of.

Mr. RIDGE. Thank you.

Mr. SAWYER. Left me recognize at this point Mr. McNulty, the gentleman from New York.

Mr. MCNULTY. Thank you, Mr. Chairman.

Miss Joustra, the license agreement signed by the Commission and the CCLG on July 27, 1989 called for special assistance to be provided by the Commission to the group promoting the use of Columbus souvenirs at the Knoxville, as well as other exhibition halls. Was Mr. Gonzalez representing the Group or the Commission by his attendance at that meeting?

Ms. JOUSTRA. In no way did I feel that he was representing the Commission. That is what I was supposed to be there for.

Mr. MCNULTY. Was there any other reason Mr. Gonzalez joined you and Mr. Pfitzenmeier at the meeting in Knoxville?

Ms. JOUSTRA. I was told, this is Manny Gonzalez, he works for this man and this is Gunter Pfitzenmeier. That is the way the introductions went. That was pretty much the only explanation I was given.

Mr. MCNULTY. Was Mr. Gonzalez an officer, stockholder, investor or employee of the Licensing Group?

Ms. JOUSTRA. I had no knowledge of any activities on his part.

Mr. MCNULTY. Was he involved with CCLG?

Ms. JOUSTRA. I later heard he was a consultant, but this came out in newspaper articles, et cetera.

Mr. MCNULTY. Do you know anything more about that?

Ms. JOUSTRA. About what?

Mr. MCNULTY. Mr. Gonzalez being connected.

Ms. JOUSTRA. I heard several things from the investigation, that he was some sort of consultant.

Mr. MCNULTY. That is why you did not have any details beyond that.

Ms. JOUSTRA. Just that he was a consultant. I had no idea what that meant.

Mr. SAWYER. Was there an overt reason that you could tell for Mr. Gonzalez being at the meeting?

Ms. JOUSTRA. He never said two words at the meeting. We never exchanged words beyond "how do you do." He spoke to Mr. Pfitzenmeier.

We toured the facility with Mr. Tyree and Mr. Rolen. We drove around Knoxville. Mr. Rolen talked about parking patterns, the flow of tourism. Mr. Gonzalez never said one word. He spoke to Mr. Pfitzenmeier when we were touring the facilities, but that was it.

Mr. MCNULTY. Did you wonder what he was doing?

Ms. JOUSTRA. Yes, but he was pretty much with Mr. Pfitzenmeier and that was pretty much it.

Mr. MCNULTY. It was to a relationship specifically?

Ms. JOUSTRA. Yes.

Mr. MCNULTY. Was Mr. Vidal an officer or employee of the Licensing Group?

Ms. JOUSTRA. I never heard his name until yesterday.

Mr. MCNULTY. So you don't know of any other connection?

Ms. JOUSTRA. No, sir.

Mr. MCNULTY. We are aware Mr. Goudie visited Knoxville the last week in May 1989 and spoke at an invitation luncheon at the Knoxville Hilton. The media quoted him as saying, "I don't report to anyone but the President of the United States." The Business Journal reported that a man who reports only to the President was in Knoxville last week to insure civic and city officials that the Columbus Commission is serious about the commitment to the U.S. pavillion.

Was it true that Mr. Goudie only reported to President Bush?

Ms. JOUSTRA. I know that he had several meetings at the White House. I think that when he said that he reported to the President it was said rather tongue-in-cheek with the feeling that as a Presidential appointee, he was at the top of the chain.

Mr. MCNULTY. What was your personal reaction to this representation by Chairman Goudie?

Ms. JOUSTRA. Usually when I heard it, I thought it was of a humorous nature. I never felt that he was saying that he and the President conferred on things. I just felt he was saying it in a humorous, rather tongue-in-cheek way.

Mr. MCNULTY. You don't think he was serious when he said it?

Ms. JOUSTRA. He usually said it in a rather off-hand way, I only report to the President, ha, ha.

Mr. MCNULTY. Why did you think that the media thought he was serious?

Ms. JOUSTRA. If I had been a reporter that would have been a great line to start my article off, too. He definitely had a presence in meetings. He was very convincing and charismatic. I think in saying he reported to the President lent to that image.

Me. McNULTY. I have no further questions at this time, Mr. Chairman.

Mr. SAWYER. Mr. Clay.

Mr. CLAY. Thank you, Mr. Chairman.

How did Mr. De Quesada come to his position at the Commission?

Ms. JOUSTRA. He was hired by Chairman Goudie in September 1989.

Mr. CLAY. You told us that you began working for the Commission in January 1988 and reported to Executive Director John Williams. You also stated that after Director William's departure you reported to Deputy Director Paco Martinez and to Chairman John Goudie.

Do we understand your statement to mean that prior to December 1988 when Director Williams left the Commission you did not report in any way to Chairman John Goudie?

Ms. JOUSTRA. I believe my work performance was probably ultimately approved by Chairman Goudie through Director Williams. The reason I phrased it that way in my statement is because I can only remember seeing Chairman Goudie three or two times before Director Williams resigned. He was in Washington more and he was very much less in the office in 1988.

Mr. CLAY. Do you know why Director Williams left his position?

Ms. JOUSTRA. He resigned. I believe he had a conflict with the Commission and he resigned.

Mr. CLAY. Do you know the nature of the conflict?

Ms. JOUSTRA. Yes, I do. He signed an employment contract with an individual without having it approved by any committees of the Commission or the Commission. It involved a considerable expense to the Commission. It provided for an individual who was being hired as a fundraising consultant to be paid, I believe, $10,000 a month. The Commission budget could not sustain that.

Mr. CLAY. What was the name of the fundraiser hired?

Ms. JOUSTRA. Paula Dellinghouse.

Mr. CLAY. Did you play a role in terminating Mrs. Dellinghouse?

Ms. JOUSTRA. I was asked to tell Mrs. Dellinghouse that she could not work for the Commission. She was interviewed by the Commission staffer, Paco Martinez and John and I had all spoken with her. Our sense was that she was a nice person and she would be a good addition to the staff.

Apparently, the Chairman did not feel that she was capable of handling the fundraising role and had his reservations about it. When we all discussed it in the office, it turned out that they all had had some reservations about it, but we wanted a endowment person on board so we kind of tabled our reservations.

Mrs. Dellinghouse came up for a event the Commission had, a signing ceremony at the White House proclaiming Columbus Day a national holiday. She had an occasion to meet other Commission members and talk with the Chairman.

At the end of that day, the Chairman and a couple of other members apparently had discussions with Director Williams and said they did not think she was appropriate or that she would be the one to do this.

I don't know. This is speculation on my part. This is what I was told. So Director Williams was told by the Chairman to tell her that she could not be the endowment director. She called the office and Director Williams had her on hold. He said, he tried to explain it to her and she was very distraught. He turned the phone over to me and said, would you tell her? I explained to her the best I could what had been told to me by Mr. Williams.

Mr. CLAY. Mr. Goudie made the decision.

Ms. JOUSTRA. Yes.

Mr. CLAY. Still, did you go to the convention in New Orleans?

Ms. JOUSTRA. Yes, I went to the Republican National Convention.

Mr. CLAY. Was Mr. Goudie one of the persons you met while you were there?

Ms. JOUSTRA. I ran into him while I was there.

Mr. CLAY. Did you meet with him?

Ms. JOUSTRA. No.

Mr. CLAY. During the New Orleans trip, did Mr. Goudie make any public displays of public affection or sexual comments?

Ms. JOUSTRA. He put his arm around me once.

Mr. CLAY. Did you feel the Chairman, that John Goudie made public displays of attention toward you?

Ms. JOUSTRA. I told him about the putting of his arms around me.

Mr. CLAY. You were not concerned about it, were you?

Ms. JOUSTRA. Dr. Williams and I had discussed it and and I decided it was not anything to get upset about.

Mr. SAWYER. Could you characterize the management style or leadership style of John Goudie?

Ms. JOUSTRA. He was very much an involved, roll-up-your-sleeves Chairman. He was very active and involved in the day-to-day operations of the Commission, not in the sense that he was there, but he called the Commission frequently and he wanted to know the details of a lot of the day-to-day operations.

Mr. SAWYER. And he was familiar with the content of that detail?

Ms. JOUSTRA. Yes.

Mr. SAWYER. Was he authoratative?

Ms. JOUSTRA. Yes.

Mr. SAWYER. Would you describe him as in direct command or——

Ms. JOUSTRA. He was very much direct command.

Mr. SAWYER. We have heard a good deal about Chairman Goudie and his brothers. Would you characterize him as having close family relationships?

Ms. JOUSTRA. I believe he did. I never met his family.

Mr. SAWYER. Would you describe him as objective in his dealings with you and other employees?

Ms. JOUSTRA. I think so.

Mr. SAWYER. Was he fastidious in terms of his handling of the detailed record keeping, the memorializing of his activities, the filing of memos, the recording of conversation and activity?

Ms. JOUSTRA. No.