

BEFORE THE FEDERAL ELECTION COMMISSION

AUG 27 2002

In the Matter of)
) MUR 4931
Audiovox Corporation, *et al.*)
)

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FEDERAL ELECTION COMMISSION SECRETARIAT

GENERAL COUNSEL'S REPORT #7

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1 **I. ACTIONS RECOMMENDED**

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7 3. Take no further action and close the file as to twenty-eight respondents.

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9 **II. INTRODUCTION**

10 In our last report to the Commission (General Counsel's Report #6, dated October 16,
11 2001), this Office informed the Commission that the deposition of Philip Christopher, the
12 Executive Vice President of Audiovox Corporation ("Audiovox"), would be conducted after all
13 other discovery was completed. Christopher's deposition was taken on March 26 and 27, 2002.
14 Thus, this Office has concluded the investigation into this matter. This report discusses the
15 results of the investigation, identifies the respondents this Office believes were reimbursed for
16 contributions they made at Christopher's request, and makes no further action
17 recommendations to bring this matter closer to a final resolution.

18 This matter was referred to the Commission by the United States Department of Justice
19 on March 2, 1999. After conducting a preliminary investigation into whether Christopher asked
20 Robert Rossano, the owner of Autosound Delaware Valley, Inc. (a distributor of Audiovox
21 products), to make contributions to two federal candidates with the understanding that Rossano

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1 would later be reimbursed by Audiovox, the Department of Justice referred this matter to the
2 Commission

3
4 When this investigation began, this Office believed that Audiovox's reimbursement of
5 Robert Rossano's two campaign contributions was only the tip of the iceberg. As a result of this
6 investigation, this Office has uncovered eighty-five (85) prohibited contributions with varying
7 reimbursement fact patterns. Some Audiovox employees were reimbursed by submitting
8 falsified expense reports. Other employees were reimbursed directly from a corporate petty cash
9 account. Audiovox distributors were reimbursed with "co-op" payments, and the owner of one
10 of Audiovox's distributors reimbursed his daughter with both corporate funds and personal
11 funds. Finally, Christopher used his own funds to reimburse at least one contributor.

12 At Audiovox, Christopher created an environment where spending corporate funds for
13 political purposes was an acceptable business practice. Christopher used corporate funds to
14 make contributions to national party committees and state and local candidates. Christopher
15 justified those expenditures because, in his opinion, they benefited Audiovox. Christopher told
16 Audiovox's employees their campaign contributions benefited Audiovox as well. Not
17 surprisingly, some employees believed their contributions were business expenses. In fact, one
18 employee said that Christopher told him to "expense" his campaign contribution. Audiovox
19 distributors viewed the making of campaign contributions as a requirement of doing business
20 with Audiovox and some requested reimbursement from Audiovox to cover the cost of their
21 contributions.

22 Although the full extent of Audiovox's reimbursement scheme may never be known, this
23 Office believes that between 1995 and 1999 Audiovox made eighty (80) of the eighty-five (85)

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1 prohibited campaign contributions discussed in this report.² Audiovox funds were not used to
2 reimburse five of the campaign contributions discussed below. Personal funds were used to
3 reimburse four of those contributions, and a distributor used corporate funds to reimburse one
4 contribution.

5 **III. BACKGROUND**

6 On September 30, 1999, the Commission found reason to believe that Audiovox and
7 Christopher knowingly and willfully violated 2 U.S.C. §§ 441f and 441b(a) and that Autosound
8 Delaware Valley, Inc. and Rossano violated 2 U.S.C. § 441f. The Commission also found reason
9 to believe that the following individuals, whose pattern of campaign contributions mirrored
10 Christopher's, violated the Act:

RESPONDENT	EMPLOYER	VIOLATION(S) ³
Nickolaos Ageletopoulos	Audiovox	2 U.S.C. §§ 441f and 441b(a)
Polixein Kaeubais	Audiovox	2 U.S.C. §§ 441f and 441b(a)
Patrick Lavelle	Audiovox	2 U.S.C. §§ 441f and 441b(a)
John Shalam	Audiovox	2 U.S.C. §§ 441f and 441b(a)
Socratis Stavropoulos	Audiovox	2 U.S.C. §§ 441f and 441b(a)
Charles Stoehr	Audiovox	2 U.S.C. §§ 441f and 441b(a)
Louis Antoniou	Audiovox Communications Corp.	2 U.S.C. §§ 441f and 441b(a)
Daniel McGuire	Audiovox Communications Corp.	2 U.S.C. §§ 441f and 441b(a)
James Papadopoulos	Audiovox Communications Corp.	2 U.S.C. §§ 441f and 441b(a)
Neil Levine	Audiovox Communications Corp.	2 U.S.C. § 441f*

² This Office requested that Audiovox produce expense reports covering the years 1995 through 1999. Although Audiovox produced expense reports for 1997, 1998 and 1999, it claimed it could not locate the expense reports for 1995 and 1996. Notwithstanding Audiovox's claim, Audiovox's counsel provided one 1996 expense report for Chris Lazarides, Audiovox's Vice President of Financial Planning, who made only five \$100 campaign contributions and was not generated as a respondent in this matter.

³ The Commission did not make knowing and willful findings as to all of the respondents. The non-knowing and willful findings are identified with an asterisk (*).

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Christina Christopher	Philip Christopher's wife	2 U.S.C. § 441f*
Quintex Mobile Communications		2 U.S.C. §§ 441f and 441b(a)
Frederick Beiswenger	Quintex	2 U.S.C. §§ 441f and 441b(a)
Nancy Beiswenger	Frederick Beiswenger's wife	2 U.S.C. § 441f*
Aris Constantinides	Quintex	2 U.S.C. §§ 441f and 441b(a)
Barbara Constantinides	Quintex	2 U.S.C. §§ 441f and 441b(a)
Helen Constantinides	Quintex	2 U.S.C. §§ 441f and 441b(a)
William Funovits	Quintex	2 U.S.C. §§ 441f and 441b(a)
Chris Philiastides	Quintex	2 U.S.C. §§ 441f and 441b(a)
Gloria Pisano	Quintex	2 U.S.C. §§ 441f and 441b(a)
A-Z Auto		2 U.S.C. §§ 441f and 441b(a)
Jodi DiFazio	A-Z Auto	2 U.S.C. §§ 441f and 441b(a)
Joseph DiFazio	A-Z Auto	2 U.S.C. §§ 441f and 441b(a)
Kim Macdonald	A-Z Auto	2 U.S.C. §§ 441f and 441b(a)
Brett Macdonald	A-Z Auto	2 U.S.C. §§ 441f and 441b(a)
Auto Sound Company		2 U.S.C. §§ 441f and 441b(a)
Howard Honigbaum	Auto Sound Company	2 U.S.C. §§ 441f and 441b(a)
Ronald Needleman	Auto Sound Company	2 U.S.C. §§ 441f and 441b(a)
GLM Security & Sound		2 U.S.C. §§ 441f and 441b(a)
George Iordanou	GLM Security & Sound	2 U.S.C. §§ 441f and 441b(a)
Drew Levy	GLM Security & Sound	2 U.S.C. §§ 441f and 441b(a)
Gary Tabackman	GLM Security & Sound	2 U.S.C. §§ 441f and 441b(a)
Meridy Tabackman	GLM Security & Sound	2 U.S.C. §§ 441f and 441b(a)
Parkway Car Stereo		2 U.S.C. §§ 441f and 441b(a)
John Brunetti	Parkway Car Stereo	2 U.S.C. §§ 441f and 441b(a)
Brian Norris	Parkway Car Stereo	2 U.S.C. §§ 441f and 441b(a)

1 On July 28, 2000, the Commission found reason to believe that James Maxim, a Quintex
 2 vice president, knowingly and willfully violated 2 U.S.C. §§ 441f and 441b(a), and that his wife,
 3 Cathy Maxim, violated 2 U.S.C. § 441f.

4 On October 31, 2000, the Commission found reason to believe that Nikos Mouyiaris,
 5 Sophia Cotzia, and Chris Christoforou violated 2 U.S.C. § 441f.⁴ Finally, on October 22, 2001,

⁴ Nikos Mouyiaris, Sophia Cotzia, and Chris Christoforou each received a significant amount of money from Christopher and contributed to some of the same candidates Christopher contributed to. General Counsel's Report #4 dated October 24, 2000 ("GCR #4") at 6-14.

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1 the Commission found reason to believe that Thomas Doherty, Audiovox Communication
2 Corporation's controller, knowingly and willfully violated 2 U.S.C. §§ 441f and 441b(a).

3 **IV. ANALYSIS**

4 **A. Summary of Relevant Statutory and Regulatory Authority**

5 **1. Relevant FECA Provisions**

6 Corporations are prohibited from making contributions or expenditures from their general
7 treasury funds in connection with any election of any candidate for federal office. 2 U.S.C.
8 § 441b(a). In addition, corporate officers and directors are prohibited from consenting to such
9 contributions or expenditures. *Id.*

10 It is unlawful for any person to make a contribution in the name of another, or for any
11 person to knowingly permit his or her name to be used to make such a contribution. 2 U.S.C.
12 § 441f. Moreover, no person may knowingly help or assist any person in making a contribution
13 in the name of another. 11 C.F.R. § 110.4(b)(1)(iii).

14 The Act addresses violations of law that are knowing and willful. *See* 2 U.S.C.
15 § 437g(a)(5)(B). The phrase "knowing and willful" indicates that "actions [were] taken with full
16 knowledge of all of the facts and a recognition that the action is prohibited by law." 122 Cong.
17 Rec. H3778 (daily ed. May 3, 1976). *See also Federal Election Commission v. John A. Dramesi*
18 *for Congress Committee*, 640 F. Supp. 985, 987 (D.N.J. 1986) (knowing and willful standard
19 requires knowledge that one is violating the law).

20 A knowing and willful violation may be established "by proof that the defendant acted
21 deliberately and with knowledge that the representation was false." *United States v. Hopkins*,
22 916 F.2d 207, 214 (5th Cir. 1990). In *Hopkins*, the defendants wanted to make large
23 contributions to various candidates or political groups in an effort to prevent passage of

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1 legislation they felt was unfavorable to the savings and loan industry. The defendants devised a
2 scheme in which they would reimburse officers and employees of the financial institutions they
3 controlled for the contributions the defendants required them to make. The reimbursements were
4 disguised either as pay raises or as reimbursements for legitimate business expenses. *Id.* at 210-
5 211.

6 In *Hopkins*, the court found that the defendants “knew that corporations could not make
7 political contributions” and that an inference of a knowing and willful violation could be drawn
8 “from the defendants’ elaborate scheme for disguising their corporate political contributions” as
9 individual contributions, and that they “deliberately conveyed information they knew to be false
10 to the . . . Commission.” *Id.* at 214-15. The court also found that the evidence did not have to
11 show that a defendant “had specific knowledge of the regulations” or “conclusively demonstrate”
12 a defendant’s “state of mind,” if there were “facts and circumstances from which the jury
13 reasonably could infer that [the defendant] knew her conduct was unauthorized and illegal.” *Id.*
14 at 213 (quoting *United States v. Bordelon*, 871 F.2d 491, 494 (5th Cir.), *cert. denied*, 439 U.S.
15 838 (1989)).

16 2. Statute of Limitations

17 The Act does not contain a statute of limitations for civil enforcement actions.⁵ Because
18 the Act does not specify a limitations period for civil enforcement actions, the omnibus five-year
19 statute of limitation set forth in 28 U.S.C. § 2462 applies to actions for civil penalties. *See FEC*
20 *v. Williams*, 104 F.3d 237, 239-40 (9th Cir. 1996), *cert. denied*, 118 S. Ct. 600 (1997); *FEC v.*

⁵ For criminal violations of the Act, a three-year statute of limitations accrues from the date of the violation.
2 U.S.C. § 455.

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1 *National Right to Work Comm.*, 916 F. Supp. 10, 13 (D.D.C. 1996); *FEC v. National Republican*
2 *Senatorial Comm.*, 877 F. Supp. 15, 19 (D.D.C. 1995).

3 Generally, the five-year limitations period commences when the alleged offense is
4 committed. *3M Co. v. Browner*, 17 F.3d 1453, 1462 (D.C. Cir. 1994) ("An action, suit or
5 proceeding [for a civil penalty] must be commenced within five years of the date of the violation
6 giving rise to the penalty."); *National Right to Work Comm.*, 916 F. Supp. at 13 (finding the
7 limitation date runs from the date of the alleged violation, not the date that the Commission finds
8 probable cause). The statute of limitations, however, can be tolled by agreement or as a matter of
9 law when the respondent's fraudulent conduct conceals his or her violation of the Act. The
10 doctrine of equitable tolling for fraudulent concealment "is read into every federal statute of
11 limitations." *Holmberg v. Armbrecht*, 327 U.S. 392, 397 (1946).

12 The purpose of this doctrine "is to prevent a defendant from 'concealing a fraud, or . . .
13 committing a fraud in a manner that concealed itself until such time as the party committing the
14 fraud could plead the statute of limitations to protect it.'" *State of New York v. Hendrickson*
15 *Bros., Inc.*, 840 F.2d 1065, 1083 (2d Cir.), cert. denied, 488 U.S. 848 (1988) (quoting *Bailey v.*
16 *Glover*, 88 U.S. (21 Wall.) 342, 348 (1874)). If fraudulent concealment is established, the statute
17 does not begin to run until the fraud is discovered. *Id.*

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1 **B. Summary of the Facts**

2 Audiovox is a publicly traded company that markets and supplies, worldwide, a diverse
3 line of aftermarket products, which include cellular telephones and accessories, automotive
4 sound equipment and accessories, and consumer electronics. In 2001, Audiovox had sales of
5 \$1,267,746,000. Audiovox Communications Corporation ("ACC") is a subsidiary of Audiovox.
6 Christopher is both Executive Vice President of Audiovox and President of ACC. Quintex
7 Mobile Communications Corporation ("Quintex") is a subsidiary of ACC. Quintex's officers
8 report directly to Christopher.

9 Christopher was born in Cyprus and moved to the United States in 1959 when he was ten
10 years old. Attachment 2 at 7. Christopher graduated from New York University in 1969, and
11 shortly thereafter joined Audiovox. In 1973, Christopher became Administrative Vice President
12 of Audiovox, and in 1979 he was promoted to Executive Vice President, his current position
13 with Audiovox. Christopher deposition, pp. 16-23. In October of 1996, Audiovox formed ACC
14 and Christopher was named President and CEO of the new subsidiary.

15 Christopher is active in the political process and has contacts with many Congressmen
16 and Senators, which he believes benefits Audiovox. Christopher deposition, pp. 43-44.
17 Christopher uses his position at Audiovox to make corporate contributions to national, state and
18 local party committees, as well as to state and local candidates. Between 1994 and 2000,
19 Audiovox contributed a total of \$122,000 to the non-federal accounts of the Democratic National

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1 Committee, the Democratic Congressional Campaign Committee and the Democratic Senatorial
2 Campaign Committee. *Id.*, pp. 38-40. Christopher also authorized a \$5,000 contribution to the
3 non-federal account of Unity '96, a political committee that supports New York state and federal
4 candidates, including Congressman Gary Ackerman. Attachment 3. According to Christopher,
5 this contribution was a legitimate use of Audiovox funds because there was a business purpose
6 for responding to Congressman Ackerman's request for a contribution. Christopher deposition,
7 pp. 45-46.

8 In addition, Christopher authorized Audiovox contributions to state and local parties and
9 candidates. For instance, at the request of an Audiovox customer, Christopher authorized a
10 \$2,000 contribution to Rex Early, a Republican candidate for governor of Indiana. Christopher
11 believes that all of the contributions Audiovox made benefited the company. *Id.*, pp. 48-51.

12 Political fundraising is a significant part of Christopher's life and he, in turn, has made it
13 a part of life at Audiovox as well. Daniel McGuire, an ACC vice president, commented, "as I
14 became more involved with Audiovox, politics in general became more of a part of Audiovox."
15 McGuire deposition, p. 59.

16 Although Christopher could not remember when he began soliciting contributions from
17 Audiovox officers and employees, disclosure reports reveal that Audiovox officers and
18 employees made eighteen contributions to Michael Dukakis' presidential campaign during 1987
19 and 1988. Christopher acknowledged he solicited those contributions. Christopher deposition,
20 pp. 134-135. Based on our search of disclosure reports, it appears that at least 25 officers and
21 employees of Audiovox and its subsidiaries made contributions to federal candidates between
22 1995 and 1999.

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1 Christopher solicited Audiovox officers and employees at work. During meetings,
2 Christopher asked his employees to attend fundraisers and took headcounts to see who was
3 going. McGuire deposition, p. 68. As for those who did not work at Audiovox's headquarters,
4 Christopher solicited them by telephone. Christopher deposition, p. 138. On at least one
5 occasion Christopher sent an interoffice memorandum soliciting campaign contributions.¹⁰ That
6 memorandum stated, in pertinent part:

7 Please Federal Express a personal check in the amount of \$1,000.00, payable to
8 "Biden for Senate." This is extremely sensitive and important. Please Federal
9 Express the check to my attention at the office.

10

11 Attachment 4. Christopher told other employees how much they should contribute as well. For
12 instance, McGuire recalled that Christopher told him the name of a candidate and suggested an
13 amount to contribute. McGuire deposition, pp. 64-65. Papadopoulos also recalled that
14 Christopher told him the amount to contribute in connection with a contribution. Papadopoulos
15 deposition, pp. 89-90.

16 Some of Audiovox's employees thought the campaign contributions solicited by
17 Christopher were business expenses for which they should be reimbursed. For example, Doherty
18 felt Christopher's request was a "business request" and that his contribution was a "business-
19 related expense, company function" for which he should be reimbursed. Doherty deposition, pp.
20 106-108. Apparently, Papadopoulos also thought his contribution was business-related as he
21 asked Doherty whether Audiovox would reimburse his contribution. Papadopoulos deposition,
22 pp. 121-124.

¹⁰ Although Christopher did not think there were other memoranda soliciting campaign contributions, he acknowledged, "there may be others." Christopher deposition, pp. 169-170.

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1. Quintex Officers and Employees

a. James Maxim and Cathy Maxim

James Maxim was the Quintex Vice President for the Mid-Atlantic region.¹¹ Christopher began soliciting Maxim for campaign contributions in 1994 when he asked for a \$500 contribution to Hoke for Congress. Maxim considered Christopher's solicitation a business request and, therefore, felt he could reimburse himself as a business expense. GCR #5 (Attachment 7 at 1-2).

Between 1995 and 1999, Maxim reimbursed himself and his wife, Cathy, for eight campaign contributions.¹² Maxim also reimbursed Frederick Beiswenger, the Controller for the Mid-Atlantic region, and his wife, Nancy, for three campaign contributions. Maxim acknowledged he used Audiovox corporate funds from a Quintex petty cash account for all of the reimbursements. *Id.* at 1-3.

Maxim violated sections 441f and 441b(a) of the Act by permitting Audiovox to make eight contributions in his and his wife's names, by assisting Audiovox in making three campaign

¹¹ Maxim originally owned H&H Distributors, a distributor of Audiovox products. In 1992, when Audiovox bought H&H Distributors and made it a part of Quintex, Maxim became a Quintex Vice President. In 2000, Maxim purchased H&H back from Audiovox. Maxim, however, is still a consultant for and manages Audiovox's Delaware Valley Wireless. GCR #5, Attachment 7 at 5-6.

¹² Maxim contributed \$1,000 to the Committee to Elect Gary Ackerman on December 26, 1995; \$1,000 to Torricelli for U.S. Senate on December 29, 1995; and \$1,000 to Citizens for Biden on June 15, 1997. In addition, Maxim and his wife each contributed \$1,000 to Hoke for Congress on May 21, 1996. Maxim and his wife also made three contributions, totaling \$2,500, to Clatworthy U.S. Senate '96 Fund during 1996.

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1 contributions in the names of Frederick and Nancy Beiswenger, and by consenting to those
2 corporate contributions.

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4 With respect
5 to Maxim's wife, Cathy, this Office recommends that the Commission take no further action and
6 close the file as to her as the evidence indicates she was not aware her contributions were
7 reimbursed. See GCR #5 (Attachment 6 at 4-5).

8 **b. Frederick Beiswenger and Nancy Beiswenger**

9 At Christopher's request, Maxim directed Beiswenger to make three \$1,000 campaign
10 contributions.¹³ Beiswenger, in response to the Commission's subpoena, acknowledged he was
11 reimbursed for his and his wife's campaign contributions. GCR #5 (Attachment 4 at 4).

12 According to Beiswenger, Maxim indicated he would be reimbursed for the
13 contributions. Beiswenger did not have the financial resources to contribute to the candidates
14 and, without the promise of reimbursement, he would never have written the contribution checks.
15 Maxim signed Beiswenger's reimbursement checks, which were drawn on a Quintex petty cash
16 account funded by Audiovox. GCR #5 (Attachment 5 at 1-5).

17
18 Because the
19 Beiswengers provided information that tied Audiovox to the prohibited contributions, and fully
20 cooperated in this investigation, this Office recommends that the Commission take no further

¹³ Beiswenger and his wife, Nancy, each contributed \$1,000 to Hoke for Congress on May 21, 1996. On June 30, 1997, Beiswenger contributed \$1,000 to Citizens for Biden.

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1 action and close the file as to the Beiswengers. This Office also recommends that an
2 admonishment letter be sent to the Beiswengers.

3 c. William Funovits

4 William Funovits was the Quintex Vice President for the Pittsburgh region from 1987 to
5 2000.¹⁵ GCR #5 (Attachment 3 at 2, 4). Funovits reported directly to Christopher. At
6 Christopher's request, Funovits made \$1,000 campaign contributions to the Committee to Elect
7 Gary L. Ackerman, Torricelli for U.S. Senate and Citizens for Biden. Audiovox reimbursed
8 Funovits for the Ackerman and Torricelli contributions. GCR #5 (Attachment 2 at 1, 4-5).
9 According to Funovits, during the telephone conversation in which Christopher solicited the
10 Ackerman contribution, Christopher told him he could "expense" his contribution. A few days
11 later, Christopher called Funovits and asked him to make a \$1,000 contribution to Torricelli for
12 U.S. Senate. Funovits assumed he had Christopher's permission to expense the Torricelli
13 contribution as well. GCR #5 (Attachment 3 at 6-8). Funovits, however, did not expense his
14 contribution to Citizens for Biden because Christopher had not personally spoken to him about
15 that contribution.¹⁶ *Id.* at 9-10.

16 Christopher does not remember having a telephone conversation with Funovits regarding
17 the Ackerman contribution. Christopher claims that he made a solicitation to a group of
18 employees at a conference where Gary Ackerman was a guest speaker. Christopher also denies

¹⁵ In October of 2000, Audiovox sold the automobile and retail part of the business to Funovits. Funovits continues to work as a contractor/consultant to Audiovox for the cellular side of the business. GCR #5, Attachment 3 at 4.

¹⁶ Funovits was one of the recipients of Christopher's interoffice memorandum soliciting contributions for Senator Biden's campaign. See Attachment 4.

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1 having told Funovits he could expense the Ackerman contribution. Christopher deposition at pp.
2 194-197.

3 Christopher's denial is not as credible as Funovits' specific recollection that Christopher
4 told him he could "expense" the Ackerman contribution. To begin with, Christopher did not
5 deny having a telephone conversation with Funovits regarding the Ackerman contribution.
6 Instead, he testified that he could not remember if he had a telephone conversation with Funovits
7 regarding that contribution. *Id.*, p. 196. Moreover, it was not in Funovits' financial interest to lie
8 about Christopher's statement that he could "expense" his contribution, as Funovits still has a
9 business relationship with Audiovox.

10 Although Funovits violated sections 441f and 441b(a) of the Act by permitting Audiovox
11 to make two contributions in his name and by consenting to those corporate contributions, this
12 Office recommends that the Commission take no further action and close the file as to
13 Funovits. Since the primary focus of this case is on Audiovox, who, through Christopher,
14 orchestrated the reimbursement of campaign contributions solicited by Christopher, any
15 information tying Christopher to the reimbursements was critical.

16
17 Moreover, given the small number and dollar amount of contributions Funovits
18 made and his cooperation in this investigation, we feel that it is appropriate to take no further
19 action and close the file as to Funovits. This Office, however, recommends that an
20 admonishment letter be sent to Funovits.

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e. Chris Christoforou

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Chris Christoforou works for Quintex as Director of Sales. Christoforou is also

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Christopher's nephew. Between 1995 and 1999, Christoforou made six campaign contributions,

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totaling \$2,000, to federal candidates. On or about January 13, 1996, Christopher gave

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Christoforou a check in the amount of \$15,000. GCR #4 at 13. Christoforou came to this

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Office's attention because GLM Security and Sound ("GLM"), which is one of Audiovox's

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distributors, said that Christoforou would stop by and pick up contribution checks when its

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employees were unable to attend fundraisers. This Office investigated Christoforou to determine

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1 if he used Christopher's \$15,000 payment to reimburse GLM's employees for their campaign
2 contributions. *Id.* at 13-14.

3 In his response to the Commission's subpoena, Christoforou explained that Christopher
4 gave him the \$15,000 to help him purchase a house. Attachment 6 at 8. Christoforou also
5 provided documentation to support his explanation. *Id.* at 10-31. This Office is satisfied with
6 Christoforou's response and, therefore, it does not appear that Christoforou used Christopher's
7 money to reimburse himself or GLM's employees for their campaign contributions. Moreover,
8 this Office's review of Christoforou's 1997 and 1998 expense reports did not reveal any
9 suspicious expenses that could have been used to disguise a reimbursement by Audiovox.
10 Accordingly, this Office recommends that the Commission take no further action and close the
11 file as to Christoforou.

12 With respect to the other Quintex employees who are respondents in this matter, Barbara
13 Constantinides, Helen Constantinides and Chris Philiastides, we recommend that the
14 Commission take no further action and close the file as to them because there is insufficient
15 evidence to establish they were reimbursed for their campaign contributions.

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1 **3. Audiovox Distributors**

2 Over the years, Christopher developed personal friendships with many of Audiovox's
3 distributors. Christopher deposition, p. 299. Christopher called upon some of those distributors
4 to contribute to the candidates he supported. As Christopher explained,

5 [T]here were three or four distributors that I have a special relationship with and
6 those three, four distributors were always consistent contributors to my
7 fundraisers, besides Mr. Honigbaum, Joe DiFazio, Johnny Brunetti, Brian Norris,
8 Gary Tabackman and those were really the people I always called or invited
9 because over the years we developed a relationship and we had a very good
10 friendship. They were sympathetic to the cause of what I was trying to do. They
11 often attended our dinners and our activities. So it was a closer relationship with
12 these individuals than other distributors.

13
14 *Id.* at 322-323.

15 Our investigation found that when Christopher called a distributor to request a campaign
16 contribution, it was customary for him to talk about business before asking for the contribution.

17 *Id.* at 205-206. Our investigation also uncovered a pattern of Audiovox payments to certain
18 distributors in close proximity to campaign contributions made by those distributors. As
19 discussed below, the facts uncovered demonstrate that Audiovox reimbursed several distributors
20 for contributions they made at Christopher's request.

21 **a. Autosound Delaware Valley, Inc. and Robert Rossano**

22 Robert Rossano met Christopher in 1975. Christopher helped Rossano obtain Audiovox
23 products for his automotive sound business and later arranged a \$10-12,000 line of credit when
24 Rossano began selling Audiovox cellular telephone equipment. Rossano dealt directly with
25 Christopher when he wanted to get deals on cellular telephone equipment. On average, Rossano
26 and Christopher spoke by telephone every two to three months. Attachment 13 at 3.

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1 In April of 1996, Christopher called Rossano and said "I need you to make a contribution
2 to Clinton/Gore '96." *Id.* at 4. Christopher added that the contribution was to be \$1,000 and
3 Rossano should Fed-Ex the check to Audiovox that day. Rossano felt obligated to make the
4 contribution because of what Christopher had done for him. Christopher later asked Rossano to
5 contribute \$1,000 to Hoke for Congress. Christopher offered to reimburse Rossano for both
6 contributions with either cash or merchandise. Rossano opted for a cash reimbursement and
7 asked Christopher to reimburse him personally. Christopher told Rossano that he could not
8 reimburse Rossano directly, but had to reimburse Rossano's company instead. Rossano
9 complained to Christopher that he would have to pay taxes twice on money deposited into his
10 company account since he had to move the money from there to his personal account. Rossano
11 told Christopher that he wanted additional money to cover the taxes. Although Christopher was
12 not happy with Rossano's demand for additional money, Audiovox issued a check in the amount
13 of \$2,800, payable to Auto Sound Co. (Attachment 14), to reimburse Rossano for his two \$1,000
14 contributions.²¹ Attachment 13 at 4-5. Rossano deposited the check into Autosound Delaware
15 Valley's business account on August 9, 1996. Subsequently, on August 19, 1996, Rossano wrote
16 himself a \$2,800 "bonus" check on Autosound Delaware Valley's business account. Attachment
17 1 at 5-6.

18 The check Christopher sent to Rossano indicated it was a "co-op" payment.²² Attachment
19 14. During his interview with this Office, Rossano stated that "his business never received any

²¹ Autosound Delaware Valley is not associated with Auto Sound Co., which is also a distributor of Audiovox products. Christopher acknowledged that the August 5, 1996 check was the one he sent to Rossano, but he does not know why it was made out to "Auto Sound Co." Christopher deposition, pp. 222-223.

²² "Co-op" refers to money given to a distributor to advertise Audiovox's products, or for other purposes. McGuire deposition, pp. 165-166.

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1 advertising assistance or co-op checks from Audiovox." Attachment 13 at 6. In fact,
2 Audiovox's accounting records show that between December 1, 1994 and November 30, 1997,
3 Audiovox made only three payments (totaling \$160) to Autosound Delaware Valley. Attachment
4 15 at 1-4. None of those payments were co-op payments. *Id.* at 5-9 and Christopher deposition,
5 pp. 225-226.

6 Rossano violated section 441f of the Act by permitting Audiovox to use his name in
7 making two contributions, and Autosound Delaware Valley violated section 441f by assisting
8 Audiovox in making those contributions. It was Rossano who told the F.B.I. about Christopher
9 and Audiovox's involvement in this reimbursement scheme.

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Under these circumstances, and in
order to focus the conciliation discussions on Audiovox and Christopher,

we recommend that the
Commission take no further action and close the file as to Rossano and Autosound Delaware
Valley. This Office, however, also recommends that an admonishment letter be sent to Rossano
and Autosound Delaware Valley.

**b. Auto Sound Company, Inc., Howard Honigbaum and Ronald
Needleman**

Auto Sound Company, Inc. ("Auto Sound") is a distributor of Audiovox products.
Howard Honigbaum and Ronald Needleman are President and CEO, respectively, of Auto
Sound. Attachment 16 at 1-2. Needleman is also the majority shareholder. Attachment 17 at 2.

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At Christopher's request,

Needleman made two \$1,000 campaign contributions between 1995 and 1999.

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With respect to Ronald Needleman, however, there does not appear to be sufficient evidence to prove that he was reimbursed for either of his campaign contributions. This Office recommends that the Commission take no further action and close the file as to Ronald Needleman.

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c. GLM Security & Sound, Inc.

GLM Security & Sound, Inc. ("GLM") has been a distributor of Audiovox products since 1973. Gary Tabackman is the president of GLM. Attachment 20 at 1. In 1996, GLM's subsidiary, GLM Wireless Communications, Inc. ("GLM Wireless"), entered into a joint venture with Quintex. The joint venture involved retail wireless operations. For the most part, the only payments received by GLM and GLM Wireless from Audiovox and Quintex were in connection with the joint venture and the sale of products to Audiovox. *Id.* at 5. The only Audiovox co-op payment to GLM uncovered by this Office was a \$5,000 payment made on November 27, 1995. Attachment 21 at 4-5. This Office has not uncovered any evidence that GLM used that money to reimburse Gary Tabackman or any of GLM's employees for their campaign contributions. As such, this Office recommends that the Commission take no further action and close the file as to GLM Security and Sound, Inc.

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1 During his interview, Iordanou repeatedly stated that he was not reimbursed for any of his
2 campaign contributions. *Id.* at 7-8. This Office has not uncovered sufficient evidence to
3 establish that Iordanou was reimbursed for his campaign contributions and, therefore,
4 recommends that the Commission take no further action and close the file as to George Iordanou.

5 d. **A-Z Auto Sound Systems, Inc.**

6 Audiovox is a major supplier of products to A-Z Auto Sound Systems, Inc. ("A-Z").
7 Joseph DiFazio owns A-Z. Between 1995 and 1999, DiFazio and members of his family
8 contributed \$28,500 to federal candidates at Christopher's request.
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19 A-Z and DiFazio, however, did reimburse DiFazio's daughter,
20 Kim Macdonald, for three of her 1996 campaign contributions.

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1 Macdonald contributed \$1,000 to Friends of Lee Hamilton on March 7, 1996. She also
2 contributed \$1,000 to Funderburk for Congress '96 and \$1,000 to Don Payne for Congress on
3 April 16, 1996.³³

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18 This Office further recommends that the Commission take no further action and close the
19 file as to Jodi DiFazio and Brett Macdonald.

³³ Although Brett Macdonald is listed as the contributor in the disclosure reports, Kim Macdonald actually signed the contribution checks.

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e. **Parkway Car Stereo**

Parkway Car Stereo ("Parkway") sells Audiovox products in its retail stores. During 1996 and 1997, Parkway received \$69,900 in co-op payments from Audiovox. Attachment 29. This Office, however, has not been able to establish a link between Audiovox's payments and the \$40,000 in campaign contributions made by Parkway's owners, John Brunetti and Brian Norris, during that same time period. In fact, unlike Audiovox's co-op payments to the other distributors discussed above, this Office uncovered documentation showing the basis for Audiovox's co-op payments to Parkway. See Attachment 30.

Brunetti and Norris made their campaign contributions from two joint checking accounts. According to Brunetti, these accounts were used to pay his and Norris' mutual personal expenses, such as gifts to employees. Both of these "personal" accounts have credit lines, which Brunetti used at times to lend money to Parkway when the company's credit line was exhausted. Parkway would then repay the personal account's credit line with corporate funds. Brunetti and Norris funded the personal joint accounts with portions of their payroll checks or with "charge to income" checks.³⁴ According to Brunetti, all of the money deposited in the joint checking accounts, other than Parkway's repayments for credit line loans, is income on which he and Norris pay taxes. Brunetti deposition, pp. 65-69.

Initially, it appeared to this Office that Brunetti and Norris used Parkway's funds to reimburse the joint checking accounts from which their contributions were made. GCR # 5 at 19. Upon further investigation, which included interviewing Parkway's accountant, this Office confirmed that some of the Parkway deposits into the joint checking accounts were repayments

³⁴ In addition to their salary, Brunetti and Norris received K-1 distributions from Parkway, which is a Subchapter S corporation. See Attachment 31 at 2 and Attachment 32 at 2-3.

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1 of loans made by Brunetti and Norris to Parkway and the other deposits were treated as taxable
2 income to Brunetti and Norris. Attachments 31 and 32.

3 This Office recommends that the Commission take no further action and close the file as
4 to Parkway, Brunetti and Norris.

5 **4. PSEKA**

6 Most of the fundraisers attended by officers and employees of Audiovox and its
7 subsidiaries, as well as Audiovox's distributors, were organized by the International
8 Coordinating Committee Justice for Cyprus ("PSEKA"), an international Greek-Cypriot
9 organization that was founded in 1976 for "the purpose of coordinating the struggle of the
10 Cypriot people for freedom and justice." Attachment 2 at 8. Christopher was one of the
11 founders of PSEKA and has been its president since 1989. As president, Christopher manages
12 and oversees PSEKA and its efforts to publicize and remedy the problems that face Cyprus.
13 PSEKA's activities in the United States include organizing fundraising events for federal
14 candidates sympathetic to PSEKA's mission. Christopher is personally involved in PSEKA's
15 fundraising activities. *Id.* As Christopher explained, "[w]ell, you know, my name is
16 synonymous with almost all of the fundraisers." Christopher deposition, pp. 126-128.

17 Many of the people who attended those fundraisers have close ties to the Greek-Cypriot
18 community. This Office interviewed several individuals who regularly attended PSEKA's
19 fundraisers. None of those individuals received money from Christopher in connection with their
20 contributions, and no one knew of anyone who was reimbursed for their contribution.

21 The Commission, however, found reason to believe that two individuals associated with
22 PSEKA (Sophia Cotzia and Nikos Mouyiaris) violated section 441f based on suspicious checks
23 they received from Christopher. GCR #4 at 7-13.

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b. Nikos Mouyiaris

16 **Nikos Mouyiaris, who is one of Christopher's close friends, is the Executive Vice**
17 **President of the Pancyprian Association and a member of PSEKA's board of directors.**
18 **Christopher deposition, pp. 456-457. Mouyiaris is also the founder and president of Mana**

1 Products, a cosmetics manufacturer located in New York, and was the majority owner of Greek
2 American Publishing until it closed down in 2001. Attachment 34 at 4, 6.

3 During the 1996 and 1998 election cycles, Mouyiaris contributed a total of \$47,000 to
4 federal candidates, many of whom also received contributions from Christopher. Mouyiaris said
5 that Christopher did not have to ask him to make campaign contributions. Mouyiaris explained
6 that he got involved in fundraising during the mid-1980s when he volunteered to help
7 Christopher organize the PSEKA fundraisers at the Taverna Vraka in Astoria, New York. *Id.* at
8 7.

9 What brought Mouyiaris to this Office's attention was Christopher's January 3, 1996
10 check, in the amount of \$14,700, which was made payable to Mouyiaris. GCR #4 at 7-12.
11 Mouyiaris explained that Christopher's \$14,700 check was payment for a gambling debt.
12 According to Mouyiaris, for the past 10 or 12 years his family and Christopher's family
13 vacationed together during the Christmas/New Years season. In 1995, they were at a resort and
14 Christopher ran up some big gambling losses. Christopher asked Mouyiaris to lend him some
15 money so that he could keep on playing. Mouyiaris denied that Christopher's check was a
16 reimbursement for the \$15,750 in contributions that Mouyiaris and his employees gave to federal
17 candidates in 1995. Attachment 34 at 11.

18 Christopher's explanation for the \$14,700 check was slightly, but not materially, different
19 than Mouyiaris'. Christopher recalled that he and Mouyiaris were gambling at a resort and the day
20 Mouyiaris was leaving, he (Mouyiaris) did not have time to cash his chips so he gave them to
21 Christopher. When Christopher cashed the chips, he repaid Mouyiaris. Christopher deposition,
22 pp. 458-459. Christopher denied that he gave money to Mouyiaris to give to others to contribute
23 to candidates. *Id.*

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6. Audiovox Corporation

A corporation can only act through individuals such as its officers, employees and agents.

As discussed above, through Christopher, as well as other executives and high-level employees of ACC and Quintex, Audiovox made eighty prohibited campaign contributions disguised as contributions made by others in violation of sections 441b(a) and 441f of the Act.

As for the remaining Audiovox respondents, Nickolaos Ageletopoulos, Louis Antoniou, Polixein Kaeubais, Patrick Lavelle, John Shalam, Socratis Stavropoulos, Charles Stoehr and Christina Christopher, this Office has not uncovered sufficient evidence to establish that their campaign contributions were reimbursed by Audiovox. Therefore, this Office recommends that the Commission take no further action and close the file as to them.

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VI. RECOMMENDATIONS

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3. **Take no further action and close the file as to: Nickolaos Ageletopoulos, Louis Antoniou, Polixein Kaeubais, Patrick Lavelle, John Shalam, Socratis Stavropoulos, Charles Stoehr, Christina Christopher, Frederick Beiswenger, Nancy Beiswenger, Barbara Constantinides, Helen Constantinides, William Funovits, Cathy Maxim, Chris Philiastides, Nikos Mouyiaris, Chris Christoforou, Autosound Delaware Valley, Inc., Robert Rossano, Ronald Needleman, Jodi DiFazio, Brett Macdonald, Drew Levy, George**


1 Iordanou, GLM Security and Sound, Inc., Parkway Car Stereo, John Brunetti and Brian
2 Norris.

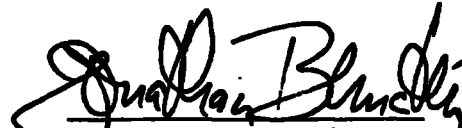
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4 4. Send admonishment letters to Frederick and Nancy Beiswenger, William
5 Funovits, Robert Rossano and Autosound Delaware Valley, Inc.


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7 5. Approve the appropriate letters.
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11 _____
12 Date


Lawrence H. Norton
General Counsel


Rhonda J. Vosdingh
Associate General Counsel


Jonathan A. Bernstein
Assistant General Counsel


Jack A. Gould
Attorney

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34 Other staff assigned:
35 James Pawlik
36 Daniel G. Pinegar
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