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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF LOS ANGELES – CENTRAL DIVISION
12 IN A MATTER OF UNLIMITED JURISDICTION

13 PETER F. PAUL,	)	Case No. BC304174
	P)	
14 Plaintiff,	)	SUPPLEMENTAL DECLARATION OF
15 v.	)	PETER F. PAUL:
	)	(1) IN OPPOSITION TO DEFENDANTS’
16 WILLIAM JEFFERSON CLINTON,	)	ANTI-SLAPP MOTION; and
17 HILLARY RODHAM CLINTON, HILLARY	)	(2) IN SUPPORT OF MOTION FOR LEAVE
18 RODHAM CLINTON FOR U.S. SENATE	)	TO DEPOSE DEFENDANT HILLARY
19 COMMITTEE, INC., NEW YORK SENATE	)	RODHAM CLINTON, etc.
20 2000, DAVID ROSEN, GARY SMITH,)	
21 JAMES LEVIN, and AARON TONKEN, et	)	DATE: April 7, 2006
22 al.	)	TIME: 8:30
	)	DEPT: 47
23 Defendants.)	
	)	The Honorable Aurelio N. Munoz
)	
	)	Original Complaint Filed: 10-14-03
	)	1st Amended Cplt. Filed: 2-27-04
)	
	)	Discovery Cut-Off: None
	)	Trial Date: None
)	
)	

24 I, PETER F. PAUL, declare:

25 I am the plaintiff in this action, I am over the age of 21 years and fully competent and authorized
26 to make this declaration. I make this declaration as a supplemental declaration in opposition to
27 the pending Motion to Strike under California *Code of Civil Procedure* Section 425.16 of
28 Defendants HILLARY RODHAM CLINTON (hereafter “Mrs. Clinton”) and HILLARY
RODHAM CLINTON FOR U.S. SENATE COMMITTEE, INC. In addition, this declaration is

1 made in support of my pending Motion for Leave to Depose Hillary Rodham Clinton and for
2 Continuance of Defendants' Anti-SLAPP Motion. The following facts are true of my own
3 knowledge and, if called to testify, I could competently testify thereto.

2. 4 My declaration of June 22, 2004, filed in support of my opposition to defendant David Rosen's
5 Anti-SLAPP motion, has previously been incorporated by reference at page 11, footnote 9, of my
6 opposition brief filed on August 30, 2004, to the within Anti-SLAPP motion. As I stated in
7 paragraph 2 of my prior declaration, the factual allegations of paragraphs 10-29, 31-68, 70-72,
8 74-98, 100-103, and 106-14 of the First Amended Complaint (hereafter "FAC") are based on my
9 personal, first-hand knowledge. In my prior declaration, I inadvertently included the factual
10 allegations of paragraph 99 of the FAC as also being based on my first-hand knowledge. I
11 hereby retract that inclusion. Furthermore, paragraph 99 inadvertently states erroneously that:
12 "In late November 2000, Plaintiff learned that, . . . Levin had set up a U.S. subsidiary of Venture
13 Soft Co., Ltd., called Venture Soft USA, Inc., on Oto's behalf." I did not become personally
14 aware of that development until years later. With the removal of the phrase "Plaintiff learned
15 that," and the words "late" and "had," the remaining assertions of that paragraph *are* true to the
16 best of my information and belief. Paragraph 99 would thus be amended to read:

17 " In November 2000, contrary to Levin's promises and representations in late July 2000
18 about respecting the proprietary nature of Plaintiff's business relationship with Oto,
19 Levin set up a U.S. subsidiary of Venture Soft Co, Ltd., called Venture Soft USA, Inc.,
20 on Oto's behalf. On information and belief, Levin received a fee of at least \$100,000
21 from Oto for his services and for introducing Oto to the President."

3.22 With that correction, I hereby reiterate the fact that I have read the First Amended Complaint and
23 know the contents thereof, and I certify that the allegations of paragraphs 10-29, 31-68, 70-72,
24 74-98, 100-103, and 106-14 of the FAC are true of my own knowledge and, as to the remaining
25 allegations of the FAC, I believe them to be true.

4.26 As alleged in paragraphs 14-16 of the FAC, in or about December 1999, after meeting with
27 defendant Aaron Tonken (hereafter "Tonken"), I conceived of a plan to hire defendant William
28 Jefferson Clinton, after he left the Presidency, to work as a "good will" ambassador for my two

1 companies. In contemplating such an arrangement, I was aware that my felony convictions from
2 anti-Castro activities in the late 1970s might be an issue, but I did nothing to attempt to conceal
3 my past. I knew from previous experience that my felony convictions would be discovered in
4 any background check based on providing my social security number and date of birth.

5. 5 My background, including my criminal history, were necessarily thoroughly investigated by the
6 White House and State Department in connection with my visits to the White House between
7 1987-1994, for four events I produced for President Reagan 1989 -1992 (one while he was
8 President), and for an event for then-president of Poland, Lech Walesa, in 1991. Because I
9 experienced no hesitancy on the part of others in my being allowed to engage in those activities,
10 I had reason to believe my 20-year-old record would be reviewed and similarly ignored by the
11 Democratic National Committee (hereafter “DNC”) and the White House in connection with any
12 activities I hoped to engage in with them. Attached hereto as **Exhibit 1** are several photographs
13 depicting myself with former Presidents Nixon, Ford, Carter, and Reagan; with Polish President
14 Lech Walesa; and with Governor George Deukmejian and Col. Buzz Aldrin. Also attached as
15 part of Exhibit 1 are: Supreme Court Chief Justice Burger’s commendation of me; an ad placed
16 in *Variety* regarding a “Spirit of America Awards Gala” I organized as president of the American
17 Spirit Foundation, honoring Helen Hayes and featuring President and Mrs. Ronald Reagan
18 leading the awards presentation; and an event photo of myself with Ronald Reagan and Helen
19 Hayes, demonstrating my public profile with them.

6.20 In fact, in 1994, I had previously met with the President and Mrs. Clinton in connection with
21 producing the first-ever book signing in the White House President’s Message Office (and I later
22 hired the director of that office, Dan Burkhardt, in Spring, 2000, to be employed as executive
23 vice-president of my company, Mondo English, as mentioned in paragraph 13 of the FAC.)
24 Through the Secret Service, I arranged for a private meeting with the Clintons at the National
25 Italian American Dinner in Washington in 1994, where my then-client, “Fabio,” chased Hillary
26 Clinton around a conference table and then physically lifted the First Lady, from her sitting
27 position on the floor, for a series of romance-pose photographs. Attached hereto as **Exhibit 2**

28

1 are two signed and inscribed photographs of the Clintons with my former client, Fabio, taken on
2 that occasion.

7. 3 I donated \$30,000 to co-host a DNC fundraising dinner featuring President Clinton and hosted
4 by then-Governor Gray Davis, in or about the middle of February, 2000, at Café Des Artistes in
5 Hollywood, California (FAC ¶ 17). As part of the preparations for making those arrangements, I
6 provided my social security number and birth date to the DNC organizers of the event for the
7 purpose of checking my background. Attached hereto as **Exhibit 3** is a photograph of myself and
8 my wife with President Clinton taken at that event.

8. 9 Based on my review of public documents filed with the FEC, I later discovered that my personal
10 \$30,000 contribution to the DNC, made by a check drawn on my personal holding company,
11 Excelsior Productions, was reported to the FEC by the DNC as a contribution from my company,
12 not myself personally, as I had intended, and thereby concealing the fact that I was the source of
13 that contribution to the DNC.

9.14 Furthermore, to the best of my knowledge, there was no record whatsoever of the in-kind
15 contributions I made on behalf of this event. Attached hereto as **Exhibit 4** are excerpts copied
16 from Tonken’s autobiographical book published in 2004 entitled *King of Cons*. For the sake of
17 reference, the entire book, *King of Cons*, is being lodged with the court. While I disagree with
18 Tonken’s interpretation of many of the facts in this book, as well as many of the facts as Tonken
19 represents them, Tonken’s account of the events associated with this case does corroborate much
20 of my testimony. All “page references” for Exhibit 4 are to the book’s own page numbers.
21 Tonken’s account, in *King of Cons*, of the refusal of DNC personnel to take any receipts
22 documenting my in-kind contributions for the mid-February Café Des Artistes event is
23 corroborative of my testimony. See text marked at p. 272 of Exhibit 4.

10.24 At the Café Des Artistes event, I was introduced to then-DNC Chairman Ed Rendell (hereafter
25 “Rendell”), who represented the DNC at that event. We talked at length about my becoming a
26 major contributor to the DNC. Rendell represented himself as the chief fundraiser for the
27 Democratic Party and a personal friend of Bill Clinton, noting that President Clinton had
28 appointed Mrs. Rendell to a federal judgeship. He told me that his relationship with the President

1 could be useful in furthering my stated business objectives. Rendell then told me he would be
2 pleased to assist me in my quest to present an employment agreement to President Clinton for his
3 post-White House services as a rainmaker to my corporate interests, Stan Lee Media and Mondo
4 English.

11.5 I advised Rendell that my wealth was based on more than \$50 million in stock I acquired as co-
6 founder of the public company Stan Lee Media. To the extent I could make contributions of
7 appreciated stock after it “matured” as marketable “Regulation 144” stock in September 2000, I
8 would be willing to commit a few million dollars of stock my family owned or controlled. This
9 would enable me to donate appreciated stock for which I would not face tax consequences in
10 selling it for the benefit of the DNC. Rendell advised me that if I made a pledge to transfer my
11 stock to the DNC in September, it would be treated by the Federal Elections Commission
12 (hereafter “FEC”) as a “memo” contribution as of June 8, 2000, and he was quite agreeable to
13 that arrangement.

12.4 Rendell began to cultivate a personal and professional relationship with me. He invited my wife
15 and me to be his guests at a small DNC fundraising dinner for Al Gore in late March 2000 so
16 that I could meet with the Vice President and consider contributing to his 2000 campaign for the
17 presidency. We attended the event with Rendell at the home of the president of the California
18 Trial Lawyer’s Association in Beverly Hills and met with Al Gore.

13.9 Thereafter, Rendell solicited me as a contributor, host, and underwriter for a Hollywood
20 fundraising event for Al Gore, to assist the Gore 2000 Campaign for President. This event,
21 known as the “Gore Hollywood Gala,” would be held at the Beverly Hills Hotel on June 8, 2000.
22 Tonken, who now worked for me, would coordinate and produce the event at my sole expense,
23 with funds I advanced to Tonken to spend on my behalf. (Attached hereto as **Exhibit 5** is a copy
24 of the invitation for that event. Attached hereto as **Exhibit 6** is a photograph of Ed Rendell with
25 my wife and myself, taken at the Gore Hollywood Gala on June 8, 2000.)

14.6 I established a checking account for Tonken through a brokerage account I arranged to have
27 opened at Merrill Lynch in Tonken’s name. Because of Tonken’s problems with creditors and
28 the IRS, which precluded him from using regular bank accounts, and because of my desire to

1 margin rather than sell the stock I was using to fund many of my political activities, I provided
2 marginable stock and cash to Tonken's Merrill Lynch brokerage and checking account
3 exceeding \$1.3 million in value. Tonken drew from this account to make "in-kind" contributions
4 in excess of \$600,000 to the DNC and defendant Hillary Rodham Clinton for U.S. Senate
5 Committee on my behalf. Based on my review of publicly available documents filed with the
6 FEC, I determined that these in-kind contributions were not reported by the DNC or by Mrs.
7 Clinton's campaign. The text marked on page 273 of Exhibit 4 corroborates (a) the fact that I
8 opened a margin account for Tonken with Merrill Lynch, (b) that Tonken drew from this account
9 to make "in-kind" contributions to the DNC and defendant Hillary Rodham Clinton for U.S.
10 Senate Committee on my behalf, and (c) Tonken's use of my Stan Lee Media stock for margined
11 funds.

12 Rendell convinced me to pledge \$150,000 in stock to the DNC for the benefit of the Gore
13 campaign as the "cost" of my hosting the Gore Hollywood Gala. Although he did not make a
14 contribution, my partner, Stan Lee, benefited by sharing in my billing as host of the event.
15 Rendell said this pledge would be recorded by the DNC and reported to the FEC as a "memo"
16 contribution. However, based on my review of publicly available documents filed with the FEC,
17 no report concerning this event was ever filed by the DNC. As a consequence, there is no public
18 record of the fact that I pledged \$150,000 in stock in connection with this event. The text
19 marked at pages 277 and 279 of Exhibit 4 corroborates my pledge of \$150,000 in Stan Lee
20 Media stock to the Gore campaign. The text marked at page 280 of Exhibit 4 relates the refusal
21 of the Gore campaign to accept an accounting for the in-kind contributions I made for this event.

22 During the time we prepared for the Gore Hollywood Gala on June 8, 2000, Rendell advised me
23 that he had discussed with the President my desire to work with Bill Clinton after he left office.
24 Rendell reported to me that Bill Clinton said the best way he could justify spending private time
25 with me before he left office -- and thereby consider a post-White House business relationship
26 with me -- would be if I became a major supporter of Hillary Clinton's Senate campaign.
27 Rendell told me that my doing that would create opportunities for President Clinton and me to
28 spend time together and develop a personal relationship. Rendell and other DNC representatives

1 told me there are limitations on the President's ability to spend time privately with people he did
2 not previously know. Consequently, the best way to justify private meetings with me would be
3 through my becoming a major supporter of Mrs. Clinton's campaign. (However, because of my
4 wife's pregnancy, making travel difficult for her, I was unable to accept the various invitations
5 that were presented to spend time with the First Family in Washington.)

17.6 As a result of Rendell's comments to me about the advice from the President, I agreed with
7 Rendell to host two events for Hillary Clinton's Senate campaign with the idea of spending time
8 with the First Lady to determine the viability of my proposal. These were a VIP luncheon at
9 Spago Restaurant in Beverly Hills and a Tea at Cynthia Gershman's home, both scheduled for
10 June 9, 2000, the day after the Gore fundraising dinner. I worked closely with DNC Southern
11 California Director Stephanie Berger and DNC fundraising consultant from Capital Strategies,
12 Terry New.

18.3 In order to serve as host for these events, with my partner Stan Lee billed as co-host, Rendell
14 told me that I would be required to pledge \$150,000 in stock to Hillary's campaign, which
15 would, like the Gore contribution, be transferred at the end of September 2000. Rendell
16 explained that, as with the \$150,000 pledged for the Gore Hollywood Gala, this second \$150,000
17 stock pledge was the "cost" for the privilege of Stan Lee's and my serving as hosts for the First
18 Lady. Rendell confirmed that this pledge would be reflected in a memo filed with FEC as a
19 contribution to the campaign as of June 9, 2000. In addition to the pledge of stock, I also paid
20 for all expenses of the lunch at Spago Restaurant, including \$20,000 to Dionne Warwick for
21 entertainment, and most of the expenses of the Tea, exceeding \$40,000 in total.

19.2 According to FBI Agent David Smith, who testified in the federal criminal trial of David Rosen
23 in Los Angeles on May 20, 2005, *no* reports of these contributions have ever been made to the
24 FEC. (See attached **Exhibit 7**, excerpt of David Smith testimony, Rosen Trial Transcript (May
25 20, 2005) pp. 37-39. For the court's reference, the entire written transcript of the David Rosen
26 trial is being lodged with the court. Tonken's account in the text marked at pages 282-283 of
27 Exhibit 4 further corroborates this failure to report my in-kind contributions for the Spago
28 luncheon. The text marked at page 309 of Exhibit 4 recounts Tonken's observation of Mrs.

1 Clinton's Senate campaign's failure, in general, to accept documentation for in-kind
2 contributions on her campaign's behalf. The text marked at pages 364-366 of Exhibit 4 recounts
3 a conversation Tonken had with Mrs. Clinton in which he described in detail all of the expenses
4 he had paid for on behalf of her campaign using my money.

205 The June 9 luncheon at Spago's for Mrs. Clinton was a small function with 12 VIP's. I spent
6 approximately 15 minutes speaking with Mrs. Clinton at a pre-lunch reception and another 90
7 minutes seated adjacent to Mrs. Clinton at lunch. (Attached hereto as **Exhibit 8** are photographs
8 of myself with Hillary Clinton on the occasion of the Spago luncheon on June 9, 2000.)
9 Following the luncheon, I spent another two hours on June 9 seated at the same table with Mrs.
10 Clinton at the Tea for 100 supporters that I co-hosted at Cynthia Gershman's house. (Attached
11 hereto as **Exhibit 9** is a photograph taken at the Tea on June 9, 2000).

212 During the time Mrs. Clinton and I spent together on June 9, 2000, our wide-ranging discussion
13 included different aspects of using my support for her Senate campaign as a means to get to
14 know the President and his family, with a view towards working together when he left the White
15 House. Mrs. Clinton said that any "scrutiny" of my spending time with the Clintons occasioned
16 by the various protocols and political sensitivities to which Rendell and Mrs. Clinton had alerted
17 me would best be addressed by pointing to my status as a major supporter of Mrs. Clinton's
18 Senate campaign.

229 Included in our conversation was a discussion of our "youth," which included mutually shared
20 information on our college years in the late 1960s and on my career as an international lawyer in
21 Miami in the late 1970s. Among the personal matters we discussed was Hillary's unsuccessful
22 "blind" date with a friend of mine at Dartmouth College during Winter Carnival, 1967. When I
23 made reference to my "colorful" career in law and anti-Castro activities in Miami, Hillary used
24 facial expressions to acknowledge she was aware of my career, while she intentionally moved
25 the conversation in a different direction in what was clearly an effort to avoid verbalizing further
26 information on my past legal problems from the late 1970s. I also discussed my activities with
27 Republican leaders in California, including President Reagan and Governor Deukmejian, who
28 had simply ignored my felony convictions and prison terms in their public dealings with me.

23.1 Based on Mrs. Clinton's comments and questions during the entire course of our time together,
2 she gave every indication that she had been *fully* briefed on my history and understood that I was
3 alluding to the lack of impact of my prior felony convictions on my business and political
4 activities since 1985.

24.5 At the conclusion of the time we spent together that day, Mrs. Clinton personally assured me she
6 would specifically discuss with her husband, the President, my interest in making a post-White
7 House business proposal to him. She told me her understanding that such a proposal would
8 include my offer of substantial support for her Senate campaign as a good-faith advance on the
9 business arrangement he would be agreeing to. Mrs. Clinton's complete understanding of the
10 nature of my desired proposal was further confirmed in the conversation that my then-agent,
11 Tonken, had with Mrs. Clinton on my behalf while riding in the same car with her in the
12 motorcade from Spago's to the Tea at Cynthia Gershman's home, which he related to me
13 afterwards. The fact of Tonken's riding with Mrs. Clinton after the Spago luncheon while en
14 route to the Gershman Tea is corroborated by the text marked at pages 286-288 of Exhibit 4.

25.5 Approximately ten days later, Tonken called me from outside the Oval Office late at night after
16 Rendell arranged for Tonken to join President Clinton in a limousine ride to the White House
17 from a fundraising event in Georgetown that Tonken attended with Chaka Kahn, whose
18 entertainment at the event Tonken donated, at my expense, as described in paragraph 30 of the
19 FAC. Tonken told me from his cell phone in the White House that he had just arrived after
20 speaking with the President privately in the limousine. He said that the President brought me up
21 in their conversation and indicated, based on what he had heard from Rendell and Mrs. Clinton,
22 that he was interested to know more about me and my business. Tonken advised me that, while
23 he had discussed with the President my background and my objectives, he had not been in a
24 position to discuss the details of the business proposition I had in mind. The fact of Tonken's
25 riding in a limousine with the President and Chaka Kahn en route from a fundraising event in
26 Georgetown and afterwards receiving a tour of the Oval Office is corroborated at pages 328-331
27 of Exhibit 4.

28

26.1 A few days later, on or about June 23, 2000, I received the first of a series of calls from
2 defendant James Levin (hereafter “Levin”) from Chicago. (Attached hereto as **Exhibit 10** is a
3 phone log dated June 26, 2000, on which my secretary logged my phone calls for that day.
4 Levin’s call at 3:17 is noted on the log referring to our earlier conversation.) Levin introduced
5 himself as a personal and business associate of the President and a major fundraiser and friend of
6 Hillary R. Clinton. Levin had just met with Tonken, Kelly Craighead (Mrs. Clinton’s senior
7 staff official), and David Rosen (Mrs. Clinton’s campaign finance director), to discuss the
8 possibility of my hosting and underwriting a major event for Mrs. Clinton’s Senate campaign to
9 coincide with the Democratic National Convention during the week of August 14, 2000. Levin
10 stated that he would be meeting with the President about the proposed fundraiser if I was serious
11 about producing and underwriting it. Levin told me that, based on the President’s response, he
12 would be traveling to Los Angeles the first week of July to discuss the details of the event with
13 me.

27.4 The fact of Levin’s meeting in Chicago with Tonken, Rosen, and Kelly Craighead on June 23,
15 2000 is corroborated, jointly, by (1) Tonken’s account, at pages 293-297 of Exhibit 4, and by (2)
16 Levin’s testimony at pages 27-30 on May 17, 2005, in the David Rosen trial, attached hereto as
17 **Exhibit 11**.

28.8 From July 5, 2000, onward, Levin became my direct liaison with President Clinton, coordinating
19 with the President’s secretary, Betty Curry, in the White House, with Mrs. Clinton and her Senate
20 campaign through Kelly Craighead, and with David Rosen (hereafter “Rosen”) as campaign
21 finance director. Tonken’s corroboration of the fact that he worked with White House staffers
22 Kelly Craighead, Patti Solis Doyle and Capricia Penavic Marshall on Mrs. Clinton’s behalf for
23 the Gala is mentioned at pages 310-311 of Exhibit 4.

29.4 By mid-July 2000, Levin made it clear from his comments to me in meetings at my home and in
25 my office, that he had done a thorough background check on me and my business, Stan Lee
26 Media. Levin told me to prepare a written memorandum proposal for President Clinton about
27 the proposed, post-White House deal with the President, which I did. Levin later informed me
28 that he had personally delivered my proposal to the President, that the President had accepted my

1 proposal, and that the President now expected me to proceed to produce and underwrite the
2 Hollywood Gala Salute to President William Jefferson Clinton (hereafter the “Gala”) that we had
3 conceived for August 12, 2000, under the terms and conditions I had requested.

30.4 Levin advised me that the President requested that he spend time in my offices to get to know the
5 business of Stan Lee Media and its principals, so as to better advise the President about our
6 activities, objectives and international alliances. At my request, Levin executed both a written
7 non-disclosure and confidentiality agreement and provided verbal assurances he would not
8 interfere with confidential and proprietary information and relationships that he was introduced
9 to by me as part of informing the President about my business activities.

3110 In producing the concert portion of the Gala (hereafter, the “Concert”), we were presented with a
11 choice between my friends at Dick Clark Productions and Gary Smith’s “lend-out” production
12 company, Black Ink Productions. Dick Clark Productions was interested, as they had done my \$1
13 million-plus event that launched Stan Lee Media in February, 2000. However, David Rosen,
14 Aaron Tonken and James Levin all told me that Mrs. Clinton had a personal relationship with the
15 Grammy Award’s producer Gary Smith, and that she preferred that I use Smith over Clark.
16 Although Smith was already busy producing the Democratic National Convention and the Al
17 Gore Victory Gala, he confirmed he had been convinced by the First Lady’s insistence that she
18 wanted him to produce the concert segment of the Gala. Attached hereto as **Exhibit 12** is a
19 photograph of Hillary Clinton with Gary Smith taken on June 9, 2000, at the Tea at Cynthia
20 Gershman’s home. Attached hereto as **Exhibit 13** is an excerpt of Gary Smith’s testimony on
21 May 24, 2005, pp.43-44 of the Rosen Trial, admitting the fact that he agreed to produce the
22 Concert because Mrs. Clinton “really really wanted [him] to do this.”

323 I met with defendant Gary Smith (hereafter “Smith”) at a luncheon meeting at the Dome
24 Restaurant in West Hollywood on July 11, 2000, along with Rosen and Tonken, to discuss the
25 final fees and costs for Smith's production of the Concert. Smith demanded \$850,000 as a “turn-
26 key” fee, which was understood to include his services and all costs. This fee specifically
27 included the delivery of a line edit of the Gala the day after the Gala, and a final, high-quality,
28 professionally mastered edit of the event within ten days. The video of the event could then be

1 used by me and /or the Clintons for fundraising purposes to benefit the Clinton Library and
2 Hillary's campaign.

33.3 After mildly protesting directly to Smith at lunch about the \$850,000 fee, I protested vehemently
4 to Rosen after we left Smith. Rosen assured me that because of Hillary Clinton's personal desire
5 that I use Gary Smith's services, and the friendship between Mrs. Clinton and Smith, she would
6 intercede on my behalf to have Smith lower his fee. The following day, Rosen called and told me
7 that Mrs. Clinton had spoken with Smith the night before, and he had agreed to lower his fee by
8 \$50,000. This fact was corroborated to me by Mike Wallace's producer, Bob Anderson, the day
9 Wallace had planned to meet me for an exclusive interview in Brazil, in April 2001. Anderson
10 advised me the reason Wallace cancelled his trip the morning he was to fly to Sao Paulo to
11 interview me for 60 Minutes was that he had spoken to Gary Smith – the leading, independent
12 producer of CBS specials – the night before. Smith had admitted to Wallace that Mrs. Clinton
13 had personally called him to lower his fee, and Wallace did not want to implicate Smith in his 60
14 Minutes expose. This conversation was witnessed by an executive with a non-profit company
15 that was working with me then.)

34.6 The initial \$800,000 to \$900,000 range of Smith's fee and the fact that he agreed to lower it by
17 \$50,000 because of his relationship with the Clintons is corroborated by Levin's testimony on
18 May 12, 2005, pp. 156-158, in the Rosen Trial, the excerpt of which is attached hereto as
19 **Exhibit 14**. The initial \$850,000 amount of Smith's fee and the fact that Hillary Clinton got him
20 to lower it is corroborated by Tonken's account at page 306 of Exhibit 4. The fact that Mrs.
21 Clinton pressured me into using Smith, that Rosen and Tonken both felt Smith's fees were
22 unreasonable, and the fact that Smith initially lowered his fee by \$50,000 but "then later it
23 wound up being more" is corroborated by Raymond Reggie's testimony on May 19, 2005, pp.
24 63-67, and pp. 76-77 in the Rosen Trial, the excerpt of which is attached hereto as **Exhibit 15**.

35.5 But for Rosen's representation to me that the First Lady had intervened and had succeeded in
26 getting Smith to lower his fee by \$50,000 – as well as his representation to me that the First Lady
27 was insistent that Smith be the one to produce the Concert – I would never have agreed to use
28

1 Smith in producing the Gala. However, because of Rosen's representations, I agreed to Smith's
2 adjusted fee.

36.3 Predicated on Levin's confirmation that, if I proceeded to underwrite the Gala, it would be
4 deemed a good-faith advance on the employment agreement that Bill Clinton would then accept
5 as I presented it, I began negotiating with Smith's legal/accounting representative Jay Kenoff, on
6 the method and timing of payment for Smith's services. The agreed payments consisted of (a)
7 \$30,000 paid through Aaron Tonken immediately, (b) \$100,000 paid via Stan Lee's presentation
8 of a check for \$100,000 to New York Senate 2000, which would enable New York Senate 2000
9 to simultaneously pay \$100,000 to Gary Smith's designated production company, Black Ink
10 Productions and (c) \$475,000 paid directly by me using checks I signed from my holding
11 companies. An additional \$200,000 would be paid through Aaron Tonken. (I deposited
12 \$200,000 in cash into the Merrill Lynch checking account I had set up for Tonken for
13 contributions I personally made through him as my agent. These cash deposits were made
14 between August 10 and 11, 2000.

37.5 However, a few days before the Gala, Smith's representative, Jay Kenoff, called to tell me that
16 Smith wanted to be paid an *additional* \$75,000 for his personal services, notwithstanding his
17 earlier agreement that his "turn-key" fee of \$800,000 was all inclusive. Kenoff told me that
18 Smith would not follow through on producing Concert without receiving a check in advance of
19 the Gala for these "new" fees. I implored Rosen and Levin to have Hillary Clinton intervene with
20 Smith again because I considered this a breach of the agreement Mrs. Clinton helped negotiate,
21 and that it was coercive and extortionate in its last-minute, bad-faith demands for more money
22 "or else." Rosen told me that Hillary was apologetic, but she would not intervene again, and that
23 I had to resolve this problem with Smith without her involvement. This incident is corroborated
24 by Tonken's account at page 307 of Exhibit 4.

38.25 On the day following the Gala, I requested delivery of a line edit of the Gala, as Smith had
26 promised in our contract. No such edit was delivered. Ten days later I requested the final edit of
27 the Gala from Smith, but I still received nothing. Two months after the concert, I still had not
28 received anything, and both the President and Mrs. Clinton were pressing me for the tape, as

1 communicated through their liaisons, Tonken and Levin. (Paragraph 93 FAC) Smith finally
2 communicated that there were "unforeseen" additional expenses not included in either the
3 \$800,000 "turn-key" fee or the \$75,000 "personal service" surcharge. He demanded over
4 \$12,000 in additional fees before he would release the *unedited* masters of the tapes. (These facts
5 are corroborated by Tonken's account at page 334 of Exhibit 4.)

39.6 As discussed in paragraph 93 of the FAC, Levin called me repeatedly during the latter part of
7 October 2000 regarding the status of the videotape in order to make copies to send out as
8 Christmas gifts and for fundraising purposes. When I explained to Levin that Smith was
9 withholding the tape unless I acceded to his demands for more money, Levin told me to pay it
10 because the President and Mrs. Clinton were anxious to have the tape. Once again, Mrs. Clinton
11 refused to intercede with Smith on my behalf to get him to honor his agreement, even though the
12 tape was being made for hers and the President's benefit.

40.3 After lengthy negotiations in November 2000, between a lawyer I hired for that purpose, Steven
14 Machat, and Alan Baumrucker, acting on Smith's behalf, Smith lowered his demand to my
15 making a cash payment of \$6,100 to Baumrucker for delivery of the unedited tapes, which I paid.
16 That payment was reflected in a check dated November 14, 2000, on the Black Ink Productions
17 account, made payable to Black Ink Productions, with the notation "Cash Payment from Stan
18 Lee" made on the memo line. A copy of that check is attached hereto as **Exhibit 16**. As I made
19 the payment, and not Stan Lee, this was a false statement that I believe was done to deceive any
20 inquiry into the origin of the cash demanded by Smith.

41.21 Attached hereto as **Exhibit 17** is the Gary Smith Gala bank account statement for December
22 2000. It reflects a beginning balance on December 1, 2000, of \$21,079.82. By this point in time,
23 every vendor and product in connection with the Gala had been paid for *except* the \$25,000
24 budgeted for the edited video of the event, which Smith never edited. As I have just described,
25 Smith refused to deliver the *unedited* masters of the tape between August and October, and
26 demanded more money for "unforeseen" expenses, using the demand for additional monies as
27 the reason to withhold the unedited masters. Yet Exhibit 17 shows that this demand for more
28 money was a pretense, because there was excess money in the account as of December 2000.

42.1 In July 2000, I had Levin sign a confidentiality and non-competition agreement to ensure that
2 confidential and proprietary information I shared with Levin at President Clinton's direct request
3 would not be exploited in a prejudicial way by Levin. Thereafter, I introduced Levin to my
4 Japanese business partner, Tendo Oto, the founder and CEO of Venture Soft of Japan, when he
5 visited my offices in mid-July 2000. Levin spent time with Oto and his entourage, at the
6 President's request, to understand Oto's business and his interest in partnering with me in my
7 post-White House employment agreement with the President.

43.8 Mr. Oto asked to participate in my post-White House employment arrangement with President
9 Clinton by sharing in the \$17 million contract obligation, provided Mr. Clinton would assist our
10 Asian joint venture between Stan Lee Media and Venture Soft as part of the deal. (See Stan Lee
11 Media, Inc. press release dated August 15, 2000 announcing this joint venture, attached hereto as
12 **Exhibit 18**).

44.3 My offer to underwrite and produce the Gala as part of my obligation under my post-White
14 House employment agreement with the President was conditioned on certain requests with
15 respect to the Gala with which the President and Mrs. Clinton were to comply. First and
16 foremost, I demanded assurances that the President had accepted my employment offer, as
17 detailed in the memorandum given to Levin for presentation to him, that he would work with me
18 and my two companies as a rainmaker for one year beginning immediately following his
19 departure from the White House on January 20, 2001. His acceptance of my offer would be
20 further confirmed by compliance with various conditions for my producing what would be the
21 biggest event ever produced for a President in Hollywood. These conditions to be accepted by
22 the President and Mrs. Clinton included: (a) that this would be the last major public event the
23 President would appear at in Hollywood before leaving office; (b) that I would have absolute
24 control over who participated in and made presentations at the event; (c) that I would determine
25 who was admitted to the Gala and where they were seated; (d) that I would be allowed to invite
26 guests who made no personal contributions to attend the event; (e) that I would be given broad
27 discretion in using the event for business purposes as well as for fundraising purposes. The
28

1 President and Hillary Clinton guaranteed and delivered full cooperation by their staff to abide by
2 these conditions.

45.3 It was my experience and my observation that the President and Mrs. Clinton acted fully in
4 accordance that understanding, even “bending the rules” to ensure that my requirements were
5 satisfied. For example, about a week prior to the Gala, I attempted to obtain security clearances
6 for a Japanese film crew to attend (see attached copy of an email I received, attached as **Exhibit**
7 **19**), but I was informed that the White House Press Office had made a rule that no international
8 press and no hard media (as opposed to entertainment media) would be allowed. On the day of
9 the Gala, the Clintons countermanded the White House Press Office rule for the event that by
10 permitting a Japanese news crew from TBS Channel 6 in Tokyo to cover the concert as part of
11 news coverage of Mr. Oto's attendance at the event, which would make reference to Mr. Oto's
12 and his new relationship with President Clinton through me and Stan Lee Media.

46.3 At my direction, the Clintons ignored the FEC ban on foreign donors and attendees of a federal
14 fund raising event by enabling Mr. Oto, a Japanese national, with no social security number, to
15 attend the Concert and sit within arms length of, and directly behind, the First Family. Mrs.
16 Clinton was introduced to Mr. Oto through his interpreter as she took her seat directly in front of
17 him, where I had directed that he and his interpreter, escorted by my secretary, be seated after
18 being "smuggled" into the event by David Rosen and Jim Levin. This was done with the
19 requisite direction by the President to the Secret Service to make an exception to the security
20 requirements for doing a thorough background check on any foreign national seated in close
21 proximity of the President. (See photographs of Tendo Oto being admitted to the Gala and being
22 seated directly behind the President and Mrs. Clinton for the Concert attached hereto as **Exhibit**
23 **20**). (See, also, corroborating account by Tonken at pages 6-8 of Exhibit 4).

47.4 The Clintons waived their ban on working press attending the private event by allowing me to
25 admit two of my friends from the media, Cindy Adams from the *New York Post* and Army
26 Archerd from *Variety*, as my guests.

48.7 President Clinton requested, through his secretary Betty Curry, a few days before the event, that
28 Apollo Astronaut Buzz Aldrin and his wife be invited to attend the Gala and lead the audience in

1 the pledge of allegiance, as a personal favor to the President. I reminded the President through
2 Ms Curry that we had agreed that I would control the guest list and that (for personal reasons)
3 Col. Aldrin and his wife were "persona non grata" at my event. As a result, the President
4 "disinvited" Col. Aldrin and he did not attend. However, I did agree to Mr. Clinton's request that
5 other family members be invited.

49.6 Hillary Clinton, Bill Clinton and Chelsea Clinton all spoke with me at length throughout the
7 events of the Gala, including the private welcome when they arrived, being seated with me
8 during the Concert, at the small reception for the Clintons after the Concert, and at the VIP
9 dinner that followed. At the VIP dinner, I was seated next to President Clinton, without
10 interruption, for three hours from 11:30 p.m. to 2:30 a.m.). Throughout the evening, the
11 President, Mrs. Clinton, and Chelsea Clinton all discussed at length my proposal to work with
12 the President after he left the White House. Their enthusiastic comments showed their collective
13 interest in and support for the project. (Attached hereto as **Exhibit 21** is a photo of my wife and
14 myself seated next to the First Family during the Concert.)

50.5 At dinner, Bill Clinton and I talked about and went over the terms of the offer I had presented to
16 him through Jim Levin. The President told me directly that he accepted and agreed with those
17 terms.

51.8 The following day after the Gala, Jim Levin arranged through President Clinton for me to attend
19 a fundraising brunch at the home of Barbra Streisand and James Brolin in Malibu, California, so
20 that we could meet with the First Family again. Ms. Streisand had insisted that only contributors
21 who had already made donations of more than \$500,000 to President Clinton's library be allowed
22 into her house. I wanted to bring my wife and Japanese business associate, Tendo Oto, with me,
23 but I had not made any contribution to the Clinton Library. However, because I had just
24 contributed more than \$1.2 million to Mrs. Clinton's Senate campaign, Levin arranged, through
25 President Clinton and Terrence McAuliffe, for us to be admitted to attend.

52.6 While attending the August 13, 2000, brunch at Barbra Streisand's house, Chelsea Clinton came
27 up and spent approximately 25 minutes with my wife, Mr. Oto, and myself, recapping the events
28 of the day before, and narrating what her parents did after they left the Gala VIP Dinner at 2:30

1 a.m. the night before. Chelsea related that she and her parents had stayed up playing scrabble,
2 discussing the Gala and the prospect of her father's working with the creator of Spider Man
3 when he left the White House. Chelsea then escorted my party to meet with her mother and her
4 father. We all took photographs together, and Mr. Oto was allowed to take official photos by the
5 White House photographer with the President and Mrs. Clinton. President Clinton spoke at
6 length with me, my wife and Mr. Oto. Mrs. Clinton was also introduced to Mr. Oto and spoke
7 with him through his interpreter. (Attached hereto as **Exhibit 22** is a photo taken of my wife and
8 me with President Clinton at Barbra Streisand's house on August 13, 2000).

53.9 On the evening of August 13, 2000, after the brunch, Mrs. Clinton called my home and left a
10 detailed message on my answering machine thanking us for our friendship and what we were
11 doing for her campaign.

54.2 On Monday afternoon, August 14, 2000, DNC Chairman Rendell called my office and left an
13 "urgent" message to call him immediately regarding a *Washington Post* story being written by
14 "The Reliable Source" columnist Lloyd Grove. I returned Rendell's call to learn that Grove had
15 asked Mrs. Clinton's spokesman Howard Wolfson about my role in Mrs. Clinton's Senate
16 campaign in relation to my felony convictions from the late 1970s. Rendell told me that he had
17 spoken to the Clintons and that I should support the position being taken by Mrs. Clinton -- that I
18 was merely one of several producers of the Gala and that I did not make *any* contributions to
19 Mrs. Clinton's campaign. Rendell did not seem the least surprised that I had not discussed these
20 convictions with him earlier. On the contrary, he handled the situation matter-of-factly, without
21 emotion, regarding my criminal past. Rendell specifically reassured me that if I just followed the
22 "party line" presented by Mrs. Clinton's campaign, that we would get through this without
23 upsetting the relationship I had established with Bill Clinton. Since I had just spent over \$1.2
24 million in pursuit of that relationship, I was eager to comply with whatever Rendell required.

55.25 As soon as I finished my call with Rendell, Lloyd Grove called me and I repeated the lie that
26 Rendell had instructed me to say, namely, that I was merely one of several producers of the Gala
27 and that I had not made any contributions to Mrs. Clinton's Senate campaign. (Attached hereto
28

1 as **Exhibit 23** is a copy of my August 15, 2000, phone log, my secretary kept for me, showing
2 Rendell's call at 10:11 a.m., immediately followed by Lloyd Grove's call at 11:00 a.m.)
56.3 On August 15, 2000, the *Washington Post* published Lloyd Grove's column, which, under the
4 heading "THIS JUST IN," led off with: "Is Hillary Clinton soft on crime? We certainly hope
5 not, even though convicted felon Peter Paul – who served three years in prison two decades ago
6 after pleading guilty to cocaine possession and trying to swindle \$8.7 million out of the Cuban
7 government – helped organize Saturday's star-glutted \$1 million fundraising gala for Clinton's
8 Senate race at businessman Ken Roberts's Brentwood estate." (A copy of Lloyd Grove's August
9 15, 2000, *Washington Post* column is attached hereto as **Exhibit 24**.)
57.0 After the Post published Grove's column on August 15, 2000, I spoke with Jim Levin, and he
11 confirmed what Rendell had told me, that that he had spoken with the Clintons about the
12 situation and that my business arrangement with Bill Clinton was salvageable if I followed the
13 "party line" and did not contest the statements that Hillary's campaign would be making.
58.4 Later in the day, on August 15, 2000, Lloyd Grove called again to ask about a \$2,000
15 contribution that I had given to Mrs. Clinton's campaign in June. I told him that my failure to
16 acknowledge this gift when I had earlier told that I had not given any money to her campaign
17 was an oversight, due to the fact that Tonken regularly wrote checks I signed in blank. Grove
18 asked me to submit a picture of myself for his follow-up piece on Wolfson's declaration in the
19 August 15 column, on Mrs. Clinton's behalf, stating that she "vowed" not to accept any money
20 from me.
59.21 On August 17, 2000, the *Washington Post* published Grove's follow-up story. In that day's
22 "Reliable Source" column, Howard Wolfson was quoted as saying that I had, in fact, given
23 \$2,000 to Mrs. Clinton's Senate campaign in connection with an earlier event, "but not
24 associated with this event, and today we returned the check." The story went on to state, "Paul
25 was paid a 'nominal fee' for his producing services, [Paul] said, and Wolfson said Stan Lee
26 donated \$100,000 to cover some expenses for the event. As for the rest of the estimated \$1
27 million-plus cost, 'it was an in-kind contribution . . . and not a check,' Wolfson said." Attached
28 as **Exhibit 25** is a copy of the August 17, 2000, follow-up story by Lloyd Grove.)

60.1 In an effort to preclude Republicans from using me as a political issue to attack Mrs. Clinton's
2 campaign, I had supplied Grove with a picture of myself with President Ronald Reagan taken in
3 connection with his Welcome Home to Hollywood Dinner that I produced ten days before he left
4 the White House, in January, 1989. That photo appeared in the published article. The article also
5 included references I had made in my interview to Supreme Court Chief Justice Burger's
6 commendation of me.

61.7 On August 22, 2000, I received two personal letters, one each from Hillary and Bill Clinton.
8 They were both dated August 18, 2000, two days after Mrs. Clinton's campaign spokesman
9 made the second statement to the *Washington Post* that I had no connection with her campaign,
10 that Stan Lee contributed \$100,000 towards the \$1 million plus cost of the event. The personal
11 nature of Clintons' letters, and their timing led me to believe that they were signaling to me that
12 -- notwithstanding their statements to the media to the contrary, and in appreciation for my
13 efforts to avoid exposing Mrs. Clinton's deceptions to the media and the voters -- we still had a
14 close relationship that was on course for the business arrangement the entire Clinton clan had
15 told me they supported. (Attached as **Exhibit 26** are copies of the notes I received from the
16 President and Mrs. Clinton on August 22, 2000).

62.7 On August 24, 2000, David Rosen sent a fax on the letterhead of the Hillary Rodham Clinton for
18 U.S. Senate Committee to my controller Steven Gordon (who handled all my brokerage accounts
19 and stock transfers), requesting a contribution of \$100,000 made through the transfer of
20 marketable securities to the "Working Family Party" on behalf of its "fusion" candidate, Hillary
21 Clinton. (Attached hereto as **Exhibit 27** is a copy of that fax.) Between August 4 and August 24,
22 Rosen had called repeatedly with the same request, but I was hesitant to give any more money on
23 behalf of Mrs. Clinton's campaign in light of her campaign's public disavowal of me and my
24 support. Rosen continued calling my office through September with the same request for
25 money, which I met with the same hesitancy. Through Rosen, I informed Mrs. Clinton that
26 unless President Clinton personally reassured me that we still had a business deal, I would not
27 contribute further to her campaign.

28

63.1 Through numerous calls and additional faxes from Rosen as her representative, Mrs. Clinton
2 emphatically demanded I honor the \$150,000 pledge I made to host the Spago Lunch and
3 Gershman Tea, regardless of the excessive donation I had been forced to make to underwrite the
4 costs of the Gala. Through Rosen, Mrs. Clinton communicated to me that she expected me to
5 honor that commitment because she had "given her word" to Working Family Party that the
6 proceeds of my pledge would be directed to them to support her candidacy through them. (It
7 should be noted that my donation to Working Family Party would not subject to the same FEC
8 disclosure requirements as a donation to her campaign.) Through Rosen, Mrs. Clinton
9 communicated to me that if she was embarrassed because she was forced to renege on the
10 promise she made to direct my contribution to WFP, then my failure to honor my pledge would
11 terminate the business relationship we had all agreed on.

64.2 This impasse was resolved on September 22, 2000, when Mrs. Clinton arranged for me to have a
13 private meeting with herself and the President on Air Force One in Los Angeles. On that date, as
14 I stood with Governor Davis as the first to greet President Clinton as he descended from Air
15 Force One, the President took me to the side and told me our deal was still on track. The
16 President allowed me to videotape him giving another thank-you message for my gift of the Gala
17 to him and Mrs. Clinton, and he also offered a private message for me to videotape for my wife
18 on her impending birth of our son. (Attached as **Exhibit 28** is a photograph taken from
19 Tonken's book, *King of Cons*, depicting Tonken with President Clinton in front of Air Force
20 One, along with myself and Governor Davis.)

65.1 The next day I instructed Steven Gordon to wire 5,000 shares of Stan Lee Media stock, trading at
22 \$10.75, as requested, to Working Family Party. I was advised the stock was received and
23 negotiated for approximately \$55,000.

66.24 On or about September 15, 2000, Tendo Oto, my business partner from Japan, flew into Los
25 Angeles to visit with me on his way to Washington to attend the last State Dinner of the Clinton
26 White House. I had made arrangements through Levin for him to attend. Oto had recently
27 confirmed his intention to continue to make investments in Stan Lee Media after the positive
28 business media reception accorded Oto's trip with Stan Lee to China in late August to promote

1 the Asian joint venture between Venture Soft and Stan Lee Media. (See article published in *Red*
2 *Herring* on August 24, 2000, entitled, “China Rolls Out Red Carpet for Stan Lee,” attached
3 hereto as **Exhibit 29**.)

67.4 Immediately after the Gala, Oto invested \$5 million in Stan Lee Media. (See *Red Herring* article
5 dated August 18, 2000, subtitled, “His Spider Senses Are Tingling” reporting that “Stan Lee
6 Media this week pulled in \$5 million in funding from Tokyo-based Venture Soft,” a copy of
7 which is attached hereto as **Exhibit 30**.) When he visited me in September, Oto confirmed to me
8 his earlier pledge to share in my \$15 million-plus employment agreement with Bill Clinton. Oto
9 also confirmed that he would invest a minimum of \$5 million more in Stan Lee Media in
10 November 2000, both in anticipation of a formal announcement of the Clinton agreement after
11 January 20, 2001, and in order to assist the company until more favorable financing was
12 arranged.

68.3 At my request to Levin, Oto attended the Indian State Dinner at the White House on September
14 17, 2000, escorted by Levin and Oto’s interpreter, Jonathan Rogers. Levin told me that the last
15 state dinner of the Clinton administration had an audience of 2,500 guests, with most of them
16 relegated to a tent erected outside the White House. Levin also told me that he arranged for Oto
17 to sit at a table adjacent to the President’s, where Oto received preferential treatment over all
18 celebrities and long-term associates of the President. Levin said Oto was accorded a special,
19 personal tour of the Oval Office where he was allowed to sit in the President’s chair behind the
20 President’s desk for a photo session with the White House photographer.

69.1 On September 18, 2000, Levin called to say that the Oto outing at the White House was a big
22 success. He said he was getting all the photos from the White House photographer of Oto at
23 Barbra Streisand’s house with Hillary and Bill Clinton, of Oto behind the President’s desk in the
24 Oval office, Oto in the receiving line, and Oto at the table adjacent to the Clintons. Levin told me
25 that Oto had invited him to Japan to discuss business and that he intended to go the following
26 week as Oto’s guest. I reminded Levin that he could not go without my express permission
27 pursuant to the written and oral confidentiality and non-interference agreements he had entered
28

1 into with me and Stan Lee Media. Levin said he would not proceed further with Oto without my
2 consent.

70.3 On October 5, 2000, I received a fax from my mother, Arlene Paul, from a hotel in Kyoto, Japan.
4 She later relayed to me the following incidents. While traveling in Asia for personal reasons,
5 Arlene happened to arrive in Tokyo on October 1, 2000. At my request, she had called Oto's
6 office upon her arrival to say hello. She then discovered that her hotel was part of a building
7 complex that included Oto's offices. Oto immediately sent his Vice President, Kazumi-San, to
8 bring Arlene to his offices. Upon entering Oto's conference room filled with Japanese
9 executives, Arlene saw one, lone Caucasian in a corner behind some Japanese executives. It was
10 Jim Levin, whom Oto proceeded to introduce to Arlene. At the time, Arlene did not know
11 Levin, nor that he was my liaison with President Clinton. Arlene was then invited to join Oto's
12 entourage, with Levin, preparing to travel to Kyoto for a few days. Arlene told me she was
13 treated like a visiting dignitary by Oto. Arlene sent me the fax from her hotel in Kyoto while
14 traveling with Oto's entourage. The following pertinent information was included:

15 *"Mr. O doesn't trust John [Rogers, his interpreter] because he's too emotional and too*
16 *quick to talk about company matters outside the company walls. (to you specifically).*
17 *Mr. O is impressed with Levin because he's so close to Clinton, he's putting Clinton on*
18 *the Slee [Stan Lee Media] board, he let Mr. O sit in the Pres. chair in the Oval office*
19 *(equal to the Emperor's sacred chair in which no one is allowed to sit but the Emperor)*
20 *and because books Levin wrote were stacked on Clinton's desk (sounds like stage setting*
21 *to me). Today Mr. O is using Levin because of his tight Presidential connections to IPO*
22 *investors and wants him to be the market maker in the states. Kazumi doesn't trust Levin*
23 *but Mr. O is carried away with the Clinton Mystique and is using it for all it's worth with*
24 *potential investors."*

25 (A copy of Arlene's October 5, 2000, fax from Japan is attached as **Exhibit 31**, along with a
26 typed transcript of the handwritten text.) While in Kyoto, Arlene took a picture of Levin seated
27 in a geisha house with Oto and John Rogers, Oto's interpreter. A copy of this photo is attached

28

1 as **Exhibit 32**. (Attached as **Exhibit 33**, for the sake of reference, is a photograph of my mother,
2 along with myself and Nancy Reagan.)

71.3 Upon his return from Japan, Levin contacted me and apologized for secretly visiting Oto in
4 Japan. His explanation was that Oto wanted the photos I had arranged for him and that the
5 President wanted Levin to investigate Oto's business personally since he was now a part of our
6 business arrangement. Levin promised he would do no business with Oto without my knowledge
7 and approval. Levin made no mention of the \$100,000 check that he received from Oto for
8 delivery of the photographs of Oto with President Clinton and in his Oval Office chair. That
9 information was provided to me by members of Oto's staff later in October.

72.0 In late October, I communicated with Oto, through his interpreter and other intermediaries,
11 regarding his next investment into Stan Lee Media, namely, the promised minimum of another
12 \$5 million in November, 2000. Oto led me to believe that he would make the investment in
13 November, as agreed.

73.4 On November 7, 2000, Hillary Clinton was elected to the U.S. Senate, and I phoned a
15 congratulatory message to her.

74.6 By mid-November, Oto had, with no explanation to me, reneged on his promise to enter into a
17 joint venture with Stan Lee Media to establish Venture Soft's U.S. subsidiary, as well as his
18 promise to make a minimum investment of \$5 million into Stan Lee Media. I later learned that
19 Jim Levin had secretly incorporated Venture Soft USA, Inc. in Illinois, on November 12, 2000,
20 with Jim Levin as sole managing director. (See "Business Comprehensive Report" attached
21 hereto as **Exhibit 34**, showing public information regarding Venture Soft USA, Inc.) The fact
22 that Levin entered into a business relationship with Oto for his own profit shortly after the Gala
23 was *admitted* by Levin in sworn testimony he gave in the Rosen trial, on May 12, 2005, pp. 202,
24 a copy of which is attached hereto as **Exhibit 35**.

75.5 It appeared to me, on review of the Venture Soft USA incorporation documents filed by Levin,
26 that Levin intentionally waited until after the November 7, 2000, election victory of Hillary
27 Clinton before filing the articles of incorporation so as to prevent any possible discovery of the
28

1 incorporation until it was too late for me to go to the media or take any other action that might
2 have affected the outcome of the election.

76.3 In mid-November 2000, because the promised \$5 million investment from Oto was not
4 forthcoming, I was forced to margin shares of Stan Lee Media that my family owned in order to
5 obtain \$500,000 to loan to Stan Lee Media for operating expenses. A week after I made this
6 loan, short sellers began forcing the price of the stock down. This caused my margin loan to be
7 called on November 27, 2000, the same day that I was in a hospital delivery room as my wife
8 was giving birth to our son. My failure to repay the loan within two hours of the margin call
9 resulted in the shares securing the loan being sold into the market. That caused the stock price to
10 fall further, which, along with the voluntary sale of shares by corporate officers, resulted in the
11 stock's collapsing.

77.2 Oto's promised \$5 million investment would have provided operating cash for the company
13 during the interim period, from November 2000 until after the former President began working
14 for Stan Lee Media, when other investors would have come on board. When Oto failed to invest
15 the promised \$5 million in November 2000, the company's lack of necessary operating cash
16 created a liquidity crisis which, in turn, caused the company's stock to collapse. Once the stock
17 collapsed, a November 30, 2000, financing deal fell through which had been arranged by
18 management. As a result of this string of events, the company was forced to cease operations on
19 December 19, 2000.

78.0 When the company's cash position prohibited it from continuing its operations, and after my
21 consulting agreement with Stan Lee Media was terminated, I relocated to Sao Paulo Brazil to
22 manage my last remaining investment, 112 Interactive do Brazil, the largest vendor of CD Audio
23 English language learning programs in South America.

79.4 In February 2001, I searched the filings on the FEC web site to determine how my contributions
25 to the DNC and Hillary Clinton's Senate campaign were reported. I learned that there was no
26 reporting of my in-kind contributions, and there was a false reporting of a portion of my
27 contributions attributed to Stan Lee personally and Stan Lee Media.

28

80.1 I reported this discovery in late February, 2001, along with all the facts surrounding my
2 contributions, first to an FBI agent, Morretti, with the Atlantic City office of the FBI, and then to
3 four assistant U.S. Attorneys, assembled by the FBI agent in the Office of the U.S. Attorney for
4 New Jersey, on March 30, 2001.

81.5 On June 12, 2001, I was indicted for violation of SEC Regulation 10(b)5 in connection with my
6 trading of stock I owned in Stan Lee Media.

82.7 On June 18, 2001, I filed a civil suit against the Clintons and others in connection with the
8 business frauds and coercion they directed against me.

83.9 On July 16, 2001, I filed an FEC complaint with the FEC and a demand letter delivered to
10 Senator Clinton's chambers, requesting that she correct the false reports her campaign had filed,
11 and refund the excessive contribution (based on the \$25,000-soft-money- donation limitation
12 imposed on individuals contributing to federal campaigns) I made to her national campaign.

84.3 My personal effects and files stored in a warehouse in Los Angeles, were confiscated by the FBI
14 pursuant to a search warrant obtained May 9, 2002, supported by the Affidavit of David Smith,
15 as part of the criminal investigation of Hillary Clinton's false campaign finance reports
16 emanating from my proffers to the Government. David Smith's affidavit attests to the fact that I
17 personally donated more than \$1 million in in-kind contributions that were not reported
18 according to the Federal Election Law by Hillary Clinton's Senate campaign. A copy of the
19 affidavit in its entirety is attached hereto as **Exhibit 36**. The relevant portion of the affidavit is
20 found at paragraph 8 on pages 8-9 and states:

21 "In addition to the foregoing, a federal grand jury in the Central District of California is
22 continuing to investigate allegations of violations of the federal campaign finance
23 statutes, and of false statements to federal government agencies. In particular, on August
24 12, 2000, while the Democratic National Convention was underway in Los Angeles,
25 PAUL was responsible for hosting a fundraising event known as "THE HOLLYWOOD
26 GALA SALUTE TO PRESIDENT WILLIAM JEFFERSON CLINTON" ("the event").
27 The event was a fundraiser for the benefit of New York Senate 2000, the campaign
28 organization which supported the United States Senate Campaign of Hillary Rodham

1 Clinton. The event's costs exceeded \$1 million, but the required forms filed by New
2 York Senate 2000 with the Federal Election Commission ("FEC") months after the event
3 incorrectly disclosed that the cost of the event was only \$523,000. It appears that the true
4 cost of the event was deliberately understated in order to increase the amount of funds
5 available to New York Senate 2000 for federal campaign activities."

85.6 David Smith's affidavit, Exhibit 36, is corroborated by Levin's testimony in David Rosen's trial
7 on May 12, 2005, pp. 172-175, a copy of which is attached hereto as **Exhibit 37**. In this
8 excerpted testimony, Levin admitted that Tonken and I were telling the truth about my having
9 spent \$1.2 million to underwrite the Gala. Furthermore, Levin admitted and that he and Rosen
10 had colluded to lie about the cost of the Gala, falsely claiming that my figure of \$1.2 million was
11 not even remotely true.

86.2 David Smith's affidavit, Exhibit 36, is further corroborated by Raymond Reggie's testimony in
13 David Rosen's trial on May 19, 2005, pp. 91-92, a copy of which is attached hereto as **Exhibit**
14 **38**. In this excerpted testimony, Reggie recounts a conversation he had with David Rosen during
15 which he was "wearing a wire" at the behest of FBI agent David Smith. In their recorded
16 conversation, Reggie asked Rosen, "How much money was spent? Did this guy spend that much
17 money?" Reggie stated that Rosen responded, "He probably could have spent \$2 million."

87.8 On December 29, 2005, I was notified by the FEC that, as a result of a four-year investigation
19 into my complaint of Hillary Clinton's Election Law frauds, her joint fundraising committee and
20 former defendant in the instant case -- New York Senate 2000 -- and its treasurer, Andrew
21 Grossman, had admitted, in a secret settlement negotiation that Grossman violated the Federal
22 Election law by hiding more than \$721,000 in my donations. A copy of the December 29, 2005,
23 letter to me from the FEC is attached hereto as **Exhibit 39**. That settlement, a copy of which was
24 included with my December 29 notification letter, required Grossman to file a fourth, amended
25 report reflecting the findings of the FEC General Counsel. Attached hereto as **Exhibit 40** is a
26 copy of the Conciliation Agreement, along with the FEC's December 29, 2005, cover letter to
27 counsel for New York Senate 2000 and Andrew Grossman.

28

88.1 The findings of the FEC General Counsel that formed the basis for the settlement are contained
2 in the FEC General Counsel's Brief, dated July 5, 2005 (attached hereto as **Exhibit 41**), and in
3 the FEC General Counsel's Report #2, dated September 29, 2005 (attached hereto as **Exhibit**
4 **42**). Both of these documents are posted on the official FEC website, <http://www.fec.gov/>, and
5 Exhibits 39 and 40 were both downloaded directly from that site. These two exhibits set forth in
6 detail the evidentiary basis for the FEC General Counsel's finding of probable cause to believe
7 that New York Senate 2000 and Andrew Grossman did not disclose all of the Event 39 (i.e., the
8 Gala) costs in accordance with the Federal Election Campaign Act of 1971 and the
9 Commission's regulations.

89.0 On January 30, 2006, New York Senate 2000 filed its amended October 2000 Quarterly Report.
11 However, notwithstanding the corrected disclosure of the *amount* of the costs of Event 39 (the
12 Gala), the amended report persists in falsely attributing the *source* of the over \$1.1 million in
13 costs. The expenses paid for Event 39 are erroneously attributed to Stan Lee personally
14 (\$225,000) and to my two holding companies, Paraversal, Inc. and Excelsior Productions Inc.
15 (\$838,902). While Grossman attempted to attribute funds paid exclusively with checks signed by
16 me from my holding companies, Paraversal and Excelsior, as coming from Stan Lee personally
17 -- but not from me personally -- this latest deception is not supported by the FBI affidavit
18 (Exhibit 36) or the FEC General counsel report (Exhibit 40). Attached hereto as **Exhibit 43** are
19 the pages from New York Senate 2000's January 30, 2006, amended October 15th [2000]
20 Quarterly Report that pertain to Event 39.

21 I declare, under penalty of perjury, that the foregoing is true and correct. Executed this
22 27th day of March, 2006, at Candler, North Carolina.

24 Peter F. Paul [faxed signature]

Peter F. Paul

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