

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1423119-000

Total Deleted Page(s) = 307

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Field File No. 196A - 999

Serial # of Originating Document 1

OO and File No. AX 196A - 999 - 1A

Date Received 3/18/87

From DHL
(NAME OF CONTRIBUTOR)

(ADDRESS OF CONTRIBUTOR)

By 

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to
Rule 6(e), Federal Rules of Criminal Procedure
 Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of

1. Receipt from DHL

COURIER FOR AIRTEL
& ENCLOSURE SENT TO
LEGAT BONN.
AIRTEL DATED 3/16/87

b6
b7c

Field File No. PH 193A-100

Serial # of Originating Document Serial 1

OO and File No. AX 196A-999 - 1A (3)

Date Received 5/8/87

From

(Name of Contributor)

(Address of Contributor)

(City and State)

By IA
(Name of Special Agent)

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure Yes No

Title:

Unsubs: Unauthorized Use of Government
Computer Systems in Lawrence Berkeley
Laboratory, Berkeley, California: FBW

Reference: Philadelphia FD 302 5/8/87
(Communication Enclosing Material)

Description: Original notes re interview of

b3
b6
b7C

(4)

Field File No. 196A 999-1A

Serial # of Originating Document _____

OO and File No. _____

Date Received 5/2/87

From PHILADELPHIA
(NAME OF CONTRIBUTOR)

(ADDRESS OF CONTRIBUTOR)

(CITY AND STATE)

By SA

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to
Rule 6(e), Federal Rules of Criminal Procedure
 Yes No

Title: UNAUTHORIZED USE OF
GOVERNMENT COMPUTER, et al.

Reference: _____
(Communication Enclosing Material)

Description: Original notes re Interview of

copy of 2 subpoenas of

b6
b7cb3
b6
b7c

United States District Court

EASTERN

DISTRICT OF

VIRGINIA

TO: [Redacted]

SUBPOENA TO TESTIFY BEFORE GRAND JURY

SUBPOENA FOR: [Redacted]

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE [Redacted]	COURTROOM [Redacted]
DATE AND TIME [Redacted]	

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

[Redacted]

b3
b6
b7C

Please see additional information on reverse

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK
[Redacted]NAME ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY
[Redacted]

Assistant United States Attorney
701 Prince Street
Alexandria, Virginia 22314

b3
b6
b7C

RETURN OF SERVICE ⁽¹⁾

RECEIVED BY SERVER	DATE	PLACE
SERVED	DATE	PLACE

SERVED ON (NAME)

SERVED BY	TITLE
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STATEMENT OF SERVICE FEES

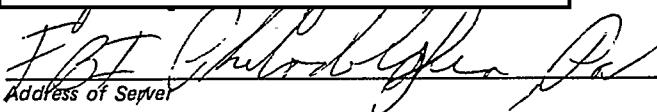
TRAVEL	SERVICES	TOTAL

DECLARATION OF SERVER ⁽²⁾

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Return of Service is true and correct.

Executed on 3/6/87

Date



FBI Special Agent

Address of Server

b3
b6
b7C

ADDITIONAL INFORMATION

(1) As to who may serve a subpoena and the manner of its service see Rule 17(d), Federal Rules of Criminal Procedure, or Rule 45(c), Federal Rules of Civil Procedure.

(2) "Fees and mileage need not be tendered to the witness upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure; Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)".

United States District Court

EASTERN

- DISTRICT OF VIRGINIA

TO:

**SUBPOENA TO TESTIFY
BEFORE GRAND JURY**

SUBPOENA FOR:

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE

COURTROOM

DATE AND TIME

Page 1 of 1

b3
b6
b7c

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

b3
b6
b7c

Please see additional information on reverse

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK

A large, empty rectangular frame with a black border, occupying most of the page.

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY
[Redacted]

b3
b6
b7C

If not applicable, enter "none"

RETURN OF SERVICE⁽¹⁾

RECEIVED BY SERVER	DATE	PLACE
SERVED	DATE	PLACE

SERVED ON (NAME)

SERVED BY	TITLE
-----------	-------

STATEMENT OF SERVICE FEES

TRAVEL	SERVICES	TOTAL
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DECLARATION OF SERVER⁽²⁾

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Return of Service and Statement of Service Fees is true and correct.

Executed on 5/6/87

<u>S</u>	
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Address of Server /

b3
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b7C

ADDITIONAL INFORMATION

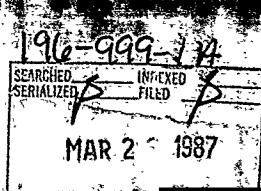
(1) As to who may serve a subpoena and the manner of its service see Rule 17(d), Federal Rules of Criminal Procedure, or Rule 45(c), Federal Rules of Civil Procedure.

(2) "Fees and mileage need not be tendered to the witness upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure; Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)".

Title:

卷之三

$$96 - 999 = 114$$



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b6
b7c

Field File No.

NK 196A 2554-1A1

Serial # of Originating Document

OO and File No. Ax 196A 999

Date Received

4/01/87

From

(Name of Contributor)

(Address of Contributor)

By

(City and State)

(Name of Special Agent)

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure Yes No

Title:

Reference:

(Communication Enclosing Material)

Description: Original notes re interview of

misc documents

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Field File No.

AK 196 A 2554 - 1A2

Serial # of Originating Document

OO and File No.

Ax 196 A 999

Date Received

4/1/87

From

Agent

(Name of Contributor)

(Address of Contributor)

(City and State)

By

(Name of Special Ag)

To Be Returned

Yes

No

Receipt Given

Yes

No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure

Yes

No

Title:

Reference:

(Communication Enclosing Material)

Description: Original notes re interview of

[Redacted]

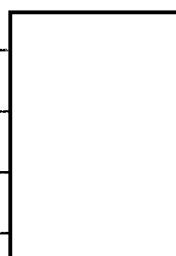
b6

b7C

b6

b7C

3/30/87
4/1/87



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b7C

C
Boggs

① "1981-82 met [redacted]

[redacted] abc

b6
b7C

descri. as Centrally Intel Parallel Super computer. Its operating system & opt intel natural lang | machine translation / flight control -

" 12/83 made [redacted] aware.

" early 84 became associated in venture Natural Intelligent Machines.

entitled to Annual Licensing fee ~ \$60,000

for designs. + Royalties per machine.

[redacted] prov small amount of \$ for NJM and then demanded full ownership rights under threat of bodily harm, lawsuits etc. In 1984 [redacted] gave up access to designs and [redacted] missing. [redacted] resigned

b6
b7C

[redacted] now engaged in external layouts w/ [redacted] for business (paternity) interests etc.

Since leaving: I believe that this information [redacted]
was disseminated by [redacted] & others
to a group including

Logos Corp

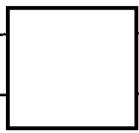
by Logos - Siemens } Information Systems
BMW } W. Germany

b6
b7C

[redacted] believes that this

Indicted; to NYS AG office Sec. Reg Agency
for Securities Act: 7/86

b6
b7C



alleges that theft of prototype machinery

software, databases (Personal belongings



& [redacted] Conspiracy/threat/extortion)

This

~~NIA~~ technology/pers in Trade

Restricted /.

b6
b7C

(3)

[redacted] suspects that [redacted]

conspiring

exists foreign intelligence involvement.
~~organizations and~~

Believes German, European/Soviet
weapons merchants. International
armsmenants would be interested.

(4) Agency: 8/84 contacted re: generating
business/trade restrictions.

Presented slide show, quest. [This
answers etc. was referred to
Army Research Institute.

End March and

Has requested FOIPA re [redacted] and
FBI - [redacted] Feb/March 1987.

b3
b7E

To see if any info assist in lawsuits.
implant

Late March 19 spoke to female [redacted]
director's office - brief info re above
now file.

Out communication - not sent -



b6
b7C

UNITED STATES GOVERNMENT

Memorandum

TO : Sac, Alexandria(196A-999)

DATE: 6/3/89

FROM : Sac, Newark(196A-2554)

SUBJECT: UnsubS; unAuthorized use of
Govt. Computer system in

RUC

File Destruction Program

(Title)
Lawrence Berkely LABORATORY,
Berkely, California; FBI

Enclosed are 2 items.
These items are forwarded your office since:

All logical investigation completed in this Division

You were OO at the time our case was RUC'd.

Enclosures are described as follows:

2-EXHIBITS

b3
b7E

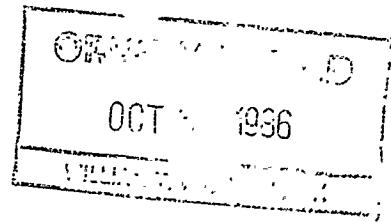
Reclassified into

Enc. 2

NOTE: DO NOT BLOCK STAMP ORIGINAL ENCLURE

SEARCHED	INDEXED
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AUG 07 1989	
FBI - WASH. METRO FIE	

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b7C



TOMPKINS, MCGUIRE & WACHENFELD
550 BROAD STREET
NEWARK, N. J. 07102
(201) 622-3000
ATTORNEYS FOR

Plaintiff, Jack Arnold Shulman

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

CIVIL ACTION NO. 86-4021

HON. HAROLD A. ACKERMAN

JACK ARNOLD SHULMAN

Plaintiff,

v.

JOHN CASABURRO, NICHOLAS CASABURRO
(a/k/a Nicholas Case, Nick
Casaburro or Nick Case), DIAMOND
ROCK ASSOCIATES, INC., JOHN
CASABURRO & ASSOCIATES, LOGOS
CORPORATION (a/k/a Logos Develop-
ment Corp. and Logos Computer
Systems), LOGOS CANADA, LTD.,
LOGOS COMPUTER SYSTEMS OF
FRANKFURT, GERMANY, INC., LOGOS
BELGIUM, B&G, LOGOS COMPUTER GmbH,
GENEVA, SWITZERLAND, ABC COMPUTER
CORPORATION (a fictitious name),
XYZ INVESTOR CORPORATION #1 through
#10 (a fictitious name), DEF COR-
PORATION #1 through #20 (a ficti-
tious name), JOHN DOE #1 through
#20 (a fictitious name),

FIRST AMENDED
VERIFIED COMPLAINT
AND JURY DEMAND

Defendants.

Plaintiff, by way of Amended Complaint against defendants, alleges and says:

THE PARTIES

1. Plaintiff, JACK ARNOLD SHULMAN is a citizen of the State of New Jersey.
2. Defendant, JOHN CASABURRO is a citizen of the State of New York.
3. Defendant, NICHOLAS CASABURRO (a/k/a Nicholas Case, Nick Casaburro or Nick Case) is a citizen of the State of Maryland.
4. Defendant, DIAMOND ROCK ASSOCIATES, INC. (hereinafter sometimes "DRA") is a corporation of the State of New York with its principal place of business located in Yonkers, New York.
5. Defendant, JOHN CASABURRO & ASSOCIATES is a purported business entity with its principal place of business located in the State of New York.
6. Defendant, LOGOS CORPORATION (a/k/a Logos Development Corp. and Logos Computer Systems) (hereinafter "Logos") is a corporation of the State of Delaware with its principal place of business in Wellesley, Massachusetts.
7. Defendant, LOGOS CANADA, LTD. (hereinafter "Logos Canada") is a corporation incorporated under the laws of Canada with a principal place of business in Montreal, Quebec, Canada, and, on information and belief, is a subsidiary of Logos.

8. Defendant, LOGOS COMPUTER SYSTEMS OF FRANKFURT, GERMANY, INC. (hereinafter "Logos Germany") is a corporation incorporated under the laws of a jurisdiction other than the State of New Jersey with a principal place of business in Frankfurt, Germany, and, on information and belief, is a subsidiary of Logos.

9. Defendant, LOGOS CORPORATION, B&G (hereinafter "Logos Belgium") is a corporation incorporated under the laws of a jurisdiction other than the State of New Jersey with a principal place of business in Belgium, and, on information and belief, is a subsidiary of Logos.

10. Defendant, LOGOS COMPUTER GmbH (hereinafter "Logos Switzerland") is a corporation incorporated under the laws of a jurisdiction other than the State of New Jersey with a principal place of business in Geneva, Switzerland, and, on information and belief, is a subsidiary of Logos.

11. Defendant, ABC COMPUTER CORPORATION, a fictitious name, the true name and identity of which is unknown to plaintiff at this time, is a corporation incorporated under the laws of a jurisdiction other than the State of New Jersey with its principal place of business in a State other than the State of New Jersey.

12. Defendants, XYZ INVESTOR CORPORATION #1 through #10, a fictitious name, the true name and identity of these defendants being unknown to plaintiff at this time, are corporations incorporated under the laws of a jurisdic-

tion other than the State of New Jersey with principal places of business in States other than the State of New Jersey.

13. Defendants, DEF CORPORATION #1 through #20, a fictitious name, the name and identity of these defendants being unknown to plaintiff at this time, are corporations incorporated under the laws of a jurisdiction other than the State of New Jersey with principal places of business in States other than the State of New Jersey.

14. Defendants, JOHN DOE #1 through #20, a fictitious name, the true names and identities of these defendants being unknown to plaintiff at this time, are citizens of a State other than the State of New Jersey.

JURISDICTION

15. The matter in controversy exceeds, exclusive of interest and costs, the sum of \$10,000 (Ten Thousand Dollars). This Court has jurisdiction over this action pursuant to 28 U.S.C. §§1331 and 1332 and 18 U.S.C. §1964 et seq., as well as pendent jurisdiction over the claims based in state law.

16. This Court has venue over this action pursuant to 28 U.S.C. §1391 and 18 U.S.C. §1965.

INTRODUCTION

17. As described at length herein, defendants conspired to misappropriate plaintiff's artificial intelligence technology and to interfere with plaintiff's development of his technology. The pattern of racketeering

utilized by defendants - extortion, mail fraud and wire fraud - is set forth in detail, as the defendants employed this pattern against plaintiff and plaintiff's former employer, to successfully divert and suppress plaintiff's technology.

THE FACTS

18. Plaintiff is engaged in the general business of rendering contract services in the research and development of computer systems and software.

19. Plaintiff is, and for many years has been, designing and implementing an artificially intelligent parallel super-computer, sometimes referred to as a fifth generation architecture.

20. Plaintiff is, and for many years has been, designing and implementing a general purpose parallel virtual machine operating system software for said fifth generation parallel super-computer.

21. Plaintiff is, and for many years has been, designing and implementing an artificial intelligence software system, including but not limited to a natural language translation-natural language processing system, and a knowledge processing data base management system capable of running on conventional as well as fifth generation computers.

22. Said parallel super-computer and associated parallel virtual machine operating system are specifically

intended and designed to run and to support the artificial intelligence software, although each of the software and hardware are also intended and designed to be self-sufficient.

23. Defendant, John Casaburro, is self-described as a business consultant, venture capital consultant and a promoter. He is primarily engaged in the operation of several painting and decorating businesses and in the loaning and collecting of money.

24. Defendant, Nicholas Casaburro, is a sales manager for a computer firm. He is also engaged in the operation of a painting and contracting business.

25. Defendant, DRA, is purportedly engaged in the business of promoting and marketing technology and is purported to be a venture capital company.

26. Defendant, John Casaburro & Associates, is an ill-defined entity through which defendant, John Casaburro, purported to operate in September 1986.

27. Defendant, Logos, is engaged in the business of marketing natural language translation software as well as, on information and belief, its underlying hardware and software.

28. Defendant, Logos Canada, is purportedly engaged in the business of marketing natural language translation software and its underlying hardware and software to customers.

29. Defendant, Logos Germany, is purportedly engaged in the business of marketing natural language translation software and, on information and belief, its underlying hardware and software to an agency of the United States government at a site located in Germany.

30. Defendants, Logos Belgium and Logos Switzerland, are, on information and belief, purportedly engaged in marketing activities for defendant, Logos.

31. Defendant, ABC Computer Corporation, is engaged in, among other activities, development of artificial intelligence computer systems.

32. Defendants, XYZ Investor Corporation #1 through #10, are engaged in the business of providing venture capital financing to partnerships and/or corporations formed for the purpose of investing capital in various ventures.

33. Defendants, DEF Corporation #1 through #20, otherwise participated in, and/or benefitted by, the actions described hereafter.

34. Defendants, John Doe #1 through #20, are engaged in various business including but not limited to certain aspects of the business of computer technology development, marketing, sales and research.

35. Artificial intelligence is the specialized part of computer science concerned with designing intelligent computer systems, in other words, systems which exhibit

characteristics customarily associated with intelligence in human behavior.

36. Artificial intelligence systems can emulate human reasoning, solve problems and learn. They are capable of language interpretation and/or translation, through the use of intelligent or expert software. Such artificial intelligence (hereinafter sometimes referred to as "AI" or "fifth generation") systems are defined as those involving processes that are reasonably similar to those which take place in intelligence, learning, understanding, interpreting or translating human language and human reasoning.

37. From approximately January 1974 plaintiff has been engaged in developing the internal design of a fifth generation AI computer, its operating system, its artificial intelligence software environment, a natural language translation-natural language processing system and a knowledge processing data base management system.

38. Each hardware and software component and/or sub-assembly of this total product, as individual software or hardware, would be useful, valuable and salable separately or in any combination.

39. The software designed by plaintiff was intended to be capable of running on hardware of other manufacturers, as well as on hardware of plaintiff's own design. Similarly, plaintiff's hardware was intended to run software sold by other manufacturers, as well as software of plaintiff's own design.

40. The entire design, and partial or complete implementation, including but not limited to central processing unit design, operating system design, all software designs and implementations, the internal arithmetic/logic processing unit, hardware, and software design, the BUS and Networking design, all of the internal networking and internal communications pathways, designs, the memory management design, the input-output processing design, the support cabinetry and power supply designs and each and every portion or version of all of its software, are all property of plaintiff and plaintiff afforded others only a license to use the foregoing, in exchange for compensation.

41. The foregoing artificial intelligence system, and each component thereof, was intended to be sold, as a finished product, to commercial enterprises, scientific users, the United States government, educational institutions and other existing or potential users of artificial intelligence software and hardware computer systems.

42. The total end product was intended, when introduced, to be superior to any hardware, operating system and software combination currently available on the market, both for artificial intelligence and for general purpose applications.

43. Plaintiff commenced working on this project in January 1974, although he had commenced research and development of the software in January 1968, and worked on

both the research and development of this product on his own time from that date until approximately July 1983. During that period he spent approximately \$5,000 per year, or a total of approximately \$50,000, of his own money developing and designing this product.

44. In approximately November 1981 plaintiff was introduced to defendant John Casaburro.

45. In approximately August 1982 defendant John Casaburro fraudulently induced plaintiff to join defendant John Casaburro in forming the defendant corporation Diamond Rock Associates, Inc. (DRA) and to reveal to defendant John Casaburro the design of a mechanical pumping device of plaintiff's design intended to aid jaw cancer patients in transferring food, or to serve as a generalized dispenser of cosmetics, volatile and non-volatile chemicals, consumables, and other related uses, by promising plaintiff to promote the development and sale of, and to secure on behalf of plaintiff patents on, that product.

46. Subsequently, defendant John Casaburro fraudulently induced plaintiff to reveal other designs to DRA in reliance on similar promises, and to design several objects for DRA in exchange for promises of future compensation. To date neither defendant John Casaburro nor DRA has informed plaintiff whether either defendant has obtained a patent on behalf of plaintiff for any of these designs, nor has either

defendant informed plaintiff whether either defendant has promoted the development or sale of any of these designs. Plaintiff has received no compensation from defendant John Casaburro or DRA for plaintiff's efforts on behalf of DRA.

47. In late September 1983 plaintiff met with an individual who was then purportedly working on an idea for an advertising typographical system. Defendant John Casaburro learned of that encounter and coerced plaintiff into arranging a meeting between defendant John Casaburro and that individual. A series of meetings followed during which a number of people were invited to become a part of a corporation to be formed for the purpose of developing and promoting the sale of a typographical editing system, to be called the "HIT System" under a corporation to be called Hesco International, Inc.

48. In approximately November 1983, defendant John Casaburro claimed that defendant DRA was now the parent company of Hesco International, Inc. Subsequently, as a result of John Casaburro's conduct, the other individual became disinterested in the endeavor. The Hesco International, Inc. venture did not continue.

49. Upon failure of the attempted formation of the Hesco International, Inc. venture, defendants John Casaburro and his brother, defendant Nick Casaburro (who was involved in the Hesco negotiations) continued to entice,

threaten and otherwise coerce plaintiff, and to state that, if plaintiff did not join with them and allow them to create a corporation for the purpose of promoting plaintiff's artificial intelligence computer system, they would, among other threats, commence litigation against plaintiff, seeking one-half interest in all of plaintiff's personal property and total ownership of plaintiff's designs. By way of these and other extortive threats, defendants John Casaburro and Nick Casaburro coerced plaintiff into signing the documents which ultimately went to forming the corporation known as Natural Intelligence Machines, Inc. (hereinafter sometimes "NIM"), a corporation organized under the laws of the State of New York, with a principal place of business in New York.

50. In approximately October 1983, defendant John Casaburro threatened plaintiff that John Casaburro would take various actions against plaintiff in an effort to bring financial and reputational ruin to plaintiff and to otherwise undermine and make plaintiff's life unbearable, unless plaintiff obtained sufficient office space to house Natural Intelligence Machines, Inc. (NIM). In response to these threats, and threats of bodily harm, plaintiff was coerced into renting, and ultimately did rent, sufficient office space to house NIM, plaintiff's employer and businesses of defendants John Casaburro and Nick Casaburro, in White Plains, New York, at an aggregate monthly shared office facilities rent in excess of \$2,000, plus expenses.

51. In or about October 1983, defendant John Casaburro and defendant Nick Casaburro, as a part of a scheme to defraud plaintiff, knowingly made false representations to plaintiff to the effect that they had, or had access to, the three or four million dollars that would be required to develop plaintiff's artificial intelligence software and computer system product to completion of the first phase of development, and that they had, or had access to, an additional four to eight million dollars in funds necessary to fully develop the computer manufacturing and marketing corporation which would build and market the resulting product and that they would secure these funds and invest them in the development of plaintiff's product.

52. Defendant John Casaburro confirmed this representation on or about October 14, 1983, and on an almost daily basis thereafter until about January 1985. These representations were also confirmed by defendant Nick Casaburro and by others on various occasions.

53. Additionally, in furtherance of defendants' scheme, and in an attempt to solicit plaintiff's complicity, defendants John Casaburro and Nick Casaburro knowingly made false promises to plaintiff that they would personally guarantee plaintiff an annual salary of between \$80,000 and \$120,000 per year, plus expenses and other benefits, together with annual increments. Further, plaintiff was told that he would be paid by defendants for a license to use plaintiff's

designs, that his designs would be patented in his own name and that he would retain all ownership rights in his designs. Plaintiff relied, to his detriment, on each of the aforesaid false representations and promises.

54. To further defendants' control of plaintiff and plaintiff's designs, at the time the corporation was formed, defendant John Casaburro named himself the Vice President of the Corporation (later Vice President of Business Administration and Operations of NIM). Defendant Nick Casaburro elected to be named the Vice President of Manufacturing of NIM. Other business associates of defendants were hired by NIM.

55. Plaintiff was employed by NIM as its Chief Technical Officer. However, the Casaburro defendants insisted that plaintiff also be named the President of the corporation in emulation of previously successful computer companies such as Apollo, Apple, Data General and Prime.

56. Notwithstanding representations made by John Casaburro and Nick Casaburro, plaintiff independently sought direct investments in NIM from certain venture capital companies well known and recognized in the industry.

57. At about this time, defendant John Casaburro and defendant Nick Casaburro, on their own initiative, began to hold meetings at the apartment of defendant John Casaburro in Yonkers, New York. They advised plaintiff and others of some of these meetings, informing plaintiff that these meet-

ings were technical seminars at which plaintiff would meet with prospective technical and manufacturing employees who might be interested in joining NIM as programmers, engineering technicians, systems engineers, as financial, administrative or other employees. At the request of John Casaburro and Nick Casaburro, and in reliance on their representations that most of the attendees were prospective technical employees, plaintiff would make simple technical presentations regarding the nature of the artificial intelligence product that the company intended to produce. On several occasions defendants, John Casaburro and Nick Casaburro promised the attendees that shares of stock in NIM would be available to incoming employees at a preferential price.

58. In reliance on the fraudulent representations made by John Casaburro and Nick Casaburro that they had, or had access to, all the capital necessary to bring the artificial intelligence product to market, and upon their false promise to immediately obtain that capital and invest it in the product, as well as in response to defendants' continuing coercion and threats, plaintiff commenced to spend his own money to pay for the activities of NIM. These expenditures included such things as paying a portion of the rent and secretarial costs for the NIM offices at 701 West Chester Avenue, White Plains, New York, together with paying certain corporate expenses from plaintiff's personal funds, personally guaranteeing the company's credit and incurring personal

debt for the benefit of NIM, and buying and reselling and otherwise engaging in the trade of certain computer equipment, that was also used for development of the product, the sale of which generated profits for NIM. All of this was done by plaintiff out of fear for his life, and of his family's lives, should NIM fail.

59. Defendants John and Nick Casaburro insisted that the company accept an investment on the part of purported small investors of "seed" money. Plaintiff maintained that, since the "seed" money was inadequate to finance NIM, no small investments should be accepted until after a venture capital company had committed to place between four and eight million dollars into the fledgling operation. Defendants insisted that the "seed" money was necessary before defendants could obtain the promised venture capital funding.

60. Notwithstanding plaintiff's objections, defendant John Casaburro solicited investments from small investors and transmitted the investment checks to the secretary-receptionist at NIM and instructed plaintiff and the secretary-receptionist to deposit those monies into the company's corporate checking account.

61. Despite repeated representations by Nick Casaburro and John Casaburro that plaintiff would be paid an initial annual salary of at least \$85,000, on which representations plaintiff relied, plaintiff did not receive any

actual salary or benefit from either the Casaburros or NIM.

62. In October 1983 and from approximately May 1984 to December 1985, defendant John Casaburro knowingly, intentionally and maliciously interfered with plaintiff's and NIM's relationships with venture capitalists in a deliberate attempt to discourage such venture capitalists from investing in NIM.

63. Defendant John Casaburro prepared, or caused to be prepared, various agreements for NIM which further served to defraud plaintiff in that the agreements were illegal, unenforceable and/or unintelligible.

64. In reliance on John Casaburro's and Nick Casaburro's fraudulent representations that they had available to them monies sufficient to fund the growth of NIM and their false promise to invest those monies in NIM, and later in response to the extortive threats of defendants, plaintiff invested or loaned in excess of \$85,000 in or to NIM. Additionally, plaintiff invested his full-time efforts over a period of three years in reliance on the Casaburros' promises and representations, including but not limited to their promise that he would be paid a minimum annual salary, together with benefits and stock options.

65. At no time during the period from October 1983 to approximately January 1985, or at any time thereafter, did either defendant Nick Casaburro or John Casaburro provide the promised funds, to plaintiff or to NIM.

66. In approximately August 1984, several parties, including but not limited to defendant John Casaburro, fraudulently induced plaintiff to invest personal funds in the production of a short video during the months of September, October and November 1984. Defendant John Casaburro promised plaintiff that John Casaburro would provide at least \$20,000 of his personal funds to replace any costs NIM incurred. Defendant John Casaburro introduced and represented to plaintiff buyers that were represented to be prepared to purchase the finished product for at least \$100,000. Defendant John Casaburro represented to plaintiff that the profit derived from the sale of the video would be used first to reimburse plaintiff for plaintiff's personal expenditures and costs with respect to the production, and the balance would be reinvested in NIM. In October and November 1984, when the video was nearly complete, John Casaburro reneged on his promise to provide the corporation and plaintiff with the funds to pay the costs of producing that video.

67. At about the same time (October 1984) defendant John Casaburro coerced plaintiff into entering into personal guarantees and a loan to NIM in excess of \$7,000, in connection with the lease of a \$25,000 import car from an associate of defendant John Casaburro, which defendant John Casaburro represented would be a company car. Additionally, John Casaburro coerced plaintiff into signing a personal guarantee on the assumed lease of a station wagon for use by

NIM sales personnel, a lease assumed from Dr. Richard Peskin. Plaintiff signed such personal guarantees and leases in response to various threats made by defendant John Casaburro.

68. In or about late November 1984, defendant John Casaburro represented to plaintiff that all of the "seed" money which had been invested in the company by small investors had come not from the signatories to the investment agreements, but rather had its source in undisclosed income of defendant John Casaburro, defendant Nick Casaburro and their brother, Joseph Casaburro. At that time, defendant John Casaburro threatened plaintiff with death or severe bodily harm if plaintiff ever advised the Internal Revenue Service or any other entity or individual of the scheme to conceal unreported income. At that time, defendant John Casaburro claimed that he and his brothers were involved in organized crime. Subsequent statements made by and activities of defendants further supported this claim, as did statements made by others.

69. In November 1984, plaintiff met with John Casaburro at his apartment in Bronxville, New York. At that time, defendant John Casaburro assaulted plaintiff, and attempted to extort from plaintiff 40 percent ownership in NIM, full ownership of the short video, to himself be released from any debts to plaintiff and to receive \$60,000 in cash, based upon threats that defendant John Casaburro would incite the small investors so that they would file a com-

plaint against plaintiff with the Attorney General of the State of New York, that John Casaburro would arrange for a reporter from the Daily News to interview defendant John Casaburro during which interview he would destroy plaintiff's reputation, and other serious threats. The following day, defendant John Casaburro telephoned Joanne Clark, the secretary/receptionist at NIM and told her that reporters from the Daily News were then at his house. At about this time defendant John Casaburro also threatened plaintiff that he would destroy plaintiff's business reputation, and that plaintiff would "die a horrible death" if plaintiff did not meet defendants' demands.

70. On or about December 15, 1984, after plaintiff refused to meet the aforementioned extortion demands, defendant John Casaburro used interstate telephone wires to call plaintiff, and others, to falsely accuse plaintiff of paying for prostitutes and parties with company funds, advised plaintiff that there was no longer a buyer for the short video because he, defendant John Casaburro, had told the buyers that plaintiff was involved in unspecified illicit dealings, and defendant John Casaburro then formally demanded full right, title and ownership to every technical idea on which plaintiff was currently working, had ever worked, or ever would work. Defendant, John Casaburro also advised others that he already personally owned all of plaintiff's technical ideas. Said telephonically transmitted threats

and extortion demands have been made to plaintiff from December 1984 to date.

71. On or about December 17 or 18, 1984 defendant John Casaburro telephoned plaintiff at the offices of NIM and threatened plaintiff's life. At that time, defendant John Casaburro advised plaintiff that one of John Casaburro's brothers was going to have plaintiff killed, or that John Casaburro would do so himself. During that conversation defendant John Casaburro threatened to inculpate plaintiff in criminal activities, to blackmail and extort payments from plaintiff, and admitted to having done so to other individuals in the past. At that time plaintiff discontinued the communication.

72. Thereafter, on or about December 29, 1984, plaintiff met with Mr. James Buckley of the Westchester County District Attorney's Office and, together with an attorney who had also been threatened, requested an investigation of defendant John Casaburro.

73. In January 1985, while on a business trip in Los Angeles, plaintiff's parents separately received telephone calls from John Casaburro during which John Casaburro said that there were twelve or more people waiting to kill plaintiff when plaintiff returned to New York and that these people would be waiting for plaintiff at the airport.

74. During the months of January, February, March, April and May 1985 plaintiff received life threatening phone

calls at his home which appeared to come from defendant John Casaburro and/or his agents or employees. These phone calls included threats against the life and well being of plaintiff's infant son and plaintiff's parents. The callers threatened to kidnap and/or kill plaintiff's infant son. At the time, plaintiff's son was approximately one and one-half years of age.

75. The telephonically transmitted threats against the life and well being of plaintiff and his family, as well as the telephonically transmitted extortion demands, recommenced in December 1985 and have continued to date.

76. On information and belief, during the month of January 1985 both defendant John Casaburro and defendant Nick Casaburro telephoned Dr. Richard Peskin, Vice President of Research at NIM, and threatened Dr. Peskin with harm if he did not immediately cease doing business with plaintiff and NIM. As a result of this threat, Dr. Peskin, who was working on plaintiff's software under a non-disclosure agreement, ceased doing business with plaintiff and NIM in February 1985.

77. On information and belief, during the month of January 1985, defendant Nick Casaburro telephoned or had someone telephone plaintiff's outside employer and falsely advised plaintiff's employer that plaintiff was involved in some wrongdoing. At that time, Nick Casaburro was employed

by a major customer of plaintiff's outside employer. As a result of this telephone communication, plaintiff was dismissed from his outside job.

78. As a result of the repeated harassment, threats and coercion by defendants John and Nick Casaburro, on or about March 1, 1985, plaintiff resigned his position with NIM, out of fear for his life and his family's lives.

79. Defendant John Casaburro falsely advised many, if not all, of the small investors and venture capitalists that plaintiff and/or NIM was operating a prostitution ring, buying and selling drugs and arranging parties, that plaintiff's life was in jeopardy because of NIM's dealings with "the mob," and that plaintiff had no prior computer experience, in an effort to dissuade them from having any further dealings with plaintiff or NIM. Accordingly, all of the small investors refused to accept personal delivery of stock certificates and shareholders' agreements and, for the most part, indicated they would not want such stock certificates even if the certificates were mailed to them.

80. On or about September 6, 1985, plaintiff's wife locked plaintiff out of his apartment and, shortly thereafter, commenced divorce proceedings against him. At that time, John Casaburro obtained additional property of plaintiff which had been in plaintiff's apartment.

81. On or about June 18, 1986 a Grand Jury indictment was generated in New York as a direct consequence

of false reports filed by John Casaburro with the Attorney General's Office, as well as false testimony given by John Casaburro before the Grand Jury and false statements made by him to the small investors in NIM.

82. Since January 1985, defendant John Casaburro has written several threatening and harassing letters to plaintiff indicating that John Casaburro represents various major computer companies and various major venture capitalists, each of which has between five and ten million dollars to invest in plaintiff's product technology. None of these representations have been true. Each of these letters has been mailed to plaintiff in an effort to further the defendants' scheme to extort from plaintiff, interfere with or defraud plaintiff of, proprietary rights in his artificial intelligence computer systems technology.

83. On August 29, 1986, at approximately 6:10 p.m., at mile 149 of the Garden State Parkway, a .222 caliber rifle bullet struck the windshield of plaintiff's vehicle. The bullet was deflected by the hardened windshield and the fact that the bullet had travelled a long distance. Plaintiff has consulted a ballistics expert who has verified that the damage to plaintiff's windshield was the result of a bullet.

84. From approximately February 1984 to the present, defendants secretly provided proprietary information

belonging to plaintiff, e.g., technical and logic designs of product hardware and software, software listings and software mag tape and floppy discs, to various third parties, and to several of the defendants. During that same period of time, and on several later occasions, defendant John Casaburro took or obtained copies of many technical papers belonging to plaintiff, representing that John Casaburro was taking such copies so that the documents would not be lost, or could be shown to the small investors, while simultaneously coercing and threatening plaintiff and others.

85. In or about May 1984, Nick Casaburro approached Dr. Richard Peskin and, under coercive threat, to induce Dr. Peskin to arrange the gradual transfer of certain portions and versions of plaintiff's proprietary materials to Nick Casaburro, beginning in July 1984 and continuing to July 1985.

86. In or about September 1984, the defendants met with John Doe #1, one of the attendees of seminars at John Casaburro's home, and proposed and contracted with him to form, secretly, a venture derivative of NIM to build and market certain portions and versions of plaintiff's proprietary materials in derogation of plaintiff's rights therein. At that time, all of the technical assets of plaintiff were either transferred or promised to John Doe #1 by secret and illicit agreement.

87. Under extortive threat and coercion, or in

exchange for a financial remuneration, a principal in a computer software company formerly affiliated with NIM covertly transferred ownership of a subsidiary of the computer software company to John Doe #2 and/or John Doe #3, which subsidiary, as a result of a merger of same with plaintiff's technical assets and a preexisting corporation or corporations (possibly corporations renamed Logos Development Corporation and/or Logos Computer Systems) resulted in the formation of defendant Logos Corporation.

88. In or about July 1985, in exchange for a financial remuneration, Logos Corporation transferred a large percentage of ownership interest in itself and the assets of plaintiff to XYZ Investor Corporation #1 through #10, venture capital consortia or corporations, without informing the transferees that the technical assets were the property of plaintiff, and of NIM. The transferees later learned that the assets were plaintiff's.

89. During 1985, in exchange for financial consideration, Logos Corporation sold versions of the converted proprietary materials of plaintiff to certain parties in Frankfurt, Germany, Brussels, Belgium and Geneva, Switzerland, among other places, under the name Logos Computer Systems and other "Logos" entities. Logos Corporation has continued to profit from the sale of said proprietary materials since that date, from sales to parties and from continued disposal of small percentages of ownership to ABC

COMPUTER CORPORATION and DEF CORPORATION #1 through #10, some of which know that plaintiff is the owner of the technology.

90. In or about August 1985, John Doe #1 and/or John Doe #2 hired an individual to become Chairman of Logos Corporation, and incorporated the past history of that individual's endeavors in the field of linguistics as the purported "official history" of the software at Logos Corporation, which incorporation further served to defraud plaintiff by concealing plaintiff's ownership of said software and hardware designs.

91. On or about March 10, 1986, plaintiff discovered some of the above information as a result of reading the Annual Report of American Research and Development and by discussions with friends and relatives of defendants, American Research and Development employees and several of the defendants themselves. Plaintiff, after much deliberation and investigation, requested an investigation on March 20, 1986 by the New York Attorney General's Office in an effort to protect his and the other shareholders of NIM's rights. Shortly after the receipt of the complaint by the Attorney General, plaintiff began to receive renewed threats by defendants Casaburro, whereupon, on plaintiff's refusal to withdraw his complaint, and his seeking to enforce his rights in his assets, the activities leading up to the indictment of plaintiff occurred.

92. In or about November 1985, XYZ Investor Corporation #1 through #10 proceeded to invest money in Logos Corporation, as described above, with knowledge that the assets which had been transferred to Logos Corporation were plaintiff's, under the advice of John Doe #4.

93. In or about December 1985, defendants Casaburro engaged in wire and mail fraud activities with a major computer firm in an effort to convince plaintiff that the Casaburros had not previously engaged in the sale of plaintiff's assets, and sent copies of their correspondence to plaintiff's home with threatening letters, even after the above described transfer had occurred, all of which were intended to defraud plaintiff.

COUNT ONE

94. Plaintiff repeats and realleges all of the allegations contained in Paragraphs 1 through 93, inclusive, as if set forth at length herein.

95. The acts and conduct of the defendants constitute a violation of the Federal Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §§1961-1968.

96. Defendants Diamond Rock Associates, Inc. (DRA), Logos, Logos Canada, Logos Germany, Logos Belgium and Logos Switzerland are enterprises engaged in, or the activities of which affect, interstate commerce, pursuant to 18 U.S.C. §1961(4) and §1962(c).

97. Natural Intelligence Machines, Inc. (NIM), not a party herein, is an enterprise engaged in, or the activities of which affect interstate commerce as defined in 18 U.S.C. §1961(4) and §1962(c).

98. The acts of defendants, set forth above, constitute a pattern of racketeering activity within the meaning of 18 U.S.C. §§1961(5), 1961(1)(B) and 1962(c).

99. Defendants, and others, conspired to conduct, and to participate in the conduct of, the affairs of Diamond Rock Associates, Inc. (DRA), Logos, Logos Canada, Logos Germany, Logos Belgium and Logos Switzerland through a pattern of racketeering activity.

100. Defendants, and others, conspired to conduct, and to participate in the conduct of, the affairs of Natural Intelligence Machines, Inc. (NIM) through a pattern of racketeering activity.

101. The defendants' acts set forth above were in violation of 18 U.S.C. §1964(c) and §1962(c). Plaintiff has been injured in his business or property by reason of defendants' violation of 18 U.S.C. §1961 et seq., and defendants have been unjustly and improperly enriched by those acts, to the detriment of plaintiff.

102. By reason of the foregoing, defendants are liable to plaintiff for threefold plaintiff's actual damages, which are yet undetermined but are in excess of the monetary jurisdictional requirement of this Court, together with the

costs of this action and plaintiff's attorney's fees, pursuant to 18 U.S.C. §§1964(c), and such injunctive relief as the Court deems appropriate under 18 U.S.C. §1964(a).

COUNT TWO

103. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 93, inclusive, as if set forth at length herein.

104. The foregoing acts and conduct of defendants constitute a violation of the New Jersey Racketeering Influenced Corrupt Practices Act, N.J.S.A.2C:41-1 et seq.

105. Defendants Diamond Rock Associates, Inc. (DRA), Logos, Logos Canada, Logos Germany, Logos Belgium and Logos Switzerland are enterprises engaged in, or the activities of which affect, trade or commerce as defined in N.J.S.A.2C:41-2 and 2C:41-1(c).

106. Natural Intelligence Machines, Inc. (NIM), not a party herein, is an enterprise engaged in, or the activities of which affect, trade or commerce as defined in N.J.S.A.2C:41-2 and 2C:41-1(c).

107. The acts of defendants, set forth above, constitute a pattern of racketeering activity within the meaning of N.J.S.A.2C:41-1(d).

108. Defendants, and others, have conspired to conduct, and to participate in the conduct of, the affairs of defendants Diamond Rock Associates, Inc. (DRA), Logos,

Logos Canada, Logos Germany, Logos Belgium and Logos Switzerland through a pattern of racketeering activity.

109. Defendants, and others, have conspired to conduct, and to participate in the conduct of, the affairs of Natural Intelligence Machines, Inc. (NIM) through a pattern of racketeering activity.

110. The defendants' acts set forth above were in violation of N.J.S.A.2C:41-2, and plaintiff has been damaged in his business or property by reason of that violation of N.J.S.A.2C:41-2.

111. By reason of the foregoing, defendants are liable to plaintiff for threefold plaintiff's actual damages, which are yet undetermined but are in excess of the monetary jurisdictional requirement of this Court, together with the costs of this action and plaintiff's attorney's fees, pursuant to N.J.S.A.2C:41-4(c), together with such injunctive relief as the Court deems appropriate under N.J.S.A.2C:41-4(a).

COUNT THREE

112. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 93, inclusive, as if set forth at length herein.

113. The defendants have engaged in their wrongful course of conduct for the purpose of improperly enriching themselves to the detriment of plaintiff, and plaintiff has

been injured thereby. Further, these acts constitute unfair competition.

114. By reason of the foregoing, defendants are jointly and severally liable to plaintiff for damages to the extent they have been unjustly enriched by their wrongful conduct and unfair competition toward plaintiff.

COUNT FOUR

115. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 93, inclusive, as if set forth at length herein.

116. Defendants' acts constitute the tort of intentional interference with the advantageous economic relationships between plaintiff and various entities engaged in the development and marketing of artificial intelligence hardware and software, between plaintiff and Natural Intelligence Machines, Inc. (NIM), between plaintiff and venture capital companies, between plaintiff and his employers, and plaintiff has suffered and will suffer damages as a result of that tortious interference with advantageous economic expectations.

117. By reason of the foregoing, defendants are jointly and severally liable to plaintiff for damages suffered as a result of their tortious interference with plaintiff's advantageous economic expectations.

COUNT FIVE

118. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 93, inclusive, as if set forth at length herein.

119. The acts of defendants constitute fraud upon plaintiff and plaintiff has suffered injury as a result thereof. Further, these acts constitute a conspiracy.

120. By reason of the foregoing defendants are jointly and severally liable to plaintiff for damages suffered as a result of their fraudulent and conspiratorial conduct.

COUNT SIX

121. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 93, inclusive, as if set forth at length herein.

122. Defendants have wrongfully removed from plaintiff's possession certain portions and versions of proprietary materials relating to plaintiff's design of the artificial intelligence super-computer hardware, operating system and software systems.

123. Defendants have willfully and wrongfully failed and refused to return to plaintiff the aforesaid proprietary materials, knowing that plaintiff is in need of those materials to continue and complete his design efforts. Defendants have used, and will continue to use, those pro-

prietary materials in developing similar or related artificial intelligence computer systems, hardware, operating systems and software, or will sell, exchange, license or otherwise transfer interest in those proprietary materials to others, in derogation of plaintiff's proprietary rights in those materials, rendering plaintiff unable to continue development of his own super-computer system and artificial intelligence software, and plaintiff has been, and will continue to be, damaged thereby.

124. By reason of the foregoing, defendants are jointly and severally liable to plaintiff for damages suffered as a result of their wrongful conversion of portions and versions of plaintiff's proprietary materials.

COUNT SEVEN

125. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 93, inclusive, as if set forth at length herein.

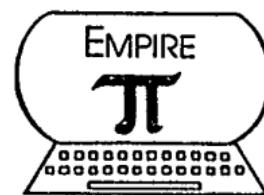
126. As a result of the negligent and intentional tortious acts of defendants, set forth above, plaintiff has suffered severe emotional distress manifesting itself in atrial fibrillation and a heart attack suffered by plaintiff at the age of thirty-four on January 18, 1986, resulting in permanent arythmia and cardiac instability.

127. By reason of the foregoing, defendants are jointly and severally liable to plaintiff for plaintiff's

196A:2554-1A2

PLEASE DO NOT REMOVE
THIS SLIP FROM EXHIBIT

SYSTEMS ENGINEERING
PROGRAMMING & CONSULTING



JACK A. SHULMAN
DIRECTOR

The
EMPIRE COS.
(201) 232-0829

P.O. 1221
Mountainside, NJ 07092

ORIGINAL FILED

MAR 23 1987

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550 BROAD STREET
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(201) 622-3000
ATTORNEYS FOR

WILLIAM T. WALSH, CLERK

Plaintiff, Jack A. Shulman

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY
CIVIL ACTION NO. 86-4021

JACK A. SHULMAN, : HON. HAROLD A. ACKERMAN
Plaintiff, :
v. : AFFIDAVIT OF
JOHN CASABURRO, et al., : JACK A. SHULMAN
Defendants. :

JACK A. SHULMAN, being duly sworn upon his oath,
deposes and says:

1. I am the plaintiff in the referenced matter.
2. I make this Affidavit in opposition to the various Motions filed on behalf of the Logos Defendants. Particularly, the Logos Defendants have filed a Summary Judgment Motion, a Motion for an Expedited Hearing and a

Motion for a Protective Order, all of which are returnable on April 13, 1987.

3. This Affidavit is based upon personal knowledge. The purpose of this Affidavit is to refute the contention of the Logos Defendants that there is no connection whatsoever between the Logos Defendants, on the one hand, and Logos Information Systems, Inc. or Drs. Peskin and Walther, on the other hand. Also, this Affidavit responds to various factual and procedural contentions of the Logos Defendants.

4. Insofar as the Logos Defendants are concerned, the crux of this lawsuit is my contention that the Logos Defendants and others are in possession of certain aspects of my artificial intelligence technology. As set forth in my First Amended Verified Complaint, at Paragraph 84, technical and logical designs of my product hardware and software, together with my technical papers, and software tapes and disks were removed from the offices of Natural Intelligence Machines, Inc. ("NIM") beginning in or about February 1984. As alleged in Paragraph 85, it is also my contention that Dr. Peskin, who was engaged in software development on behalf of NIM, was somehow coerced into arranging the gradual transfer of certain portions of my proprietary materials, from approximately July 1984 through approximately July 1985.

5. As described in Paragraph 80, additional materials were taken from my apartment in September 1985, when my then-wife locked me out of our apartment.

6. During the time when NIM employed both Dr. Peskin and Dr. Walther and was dealing with Logos Information Systems, Inc. ("LIS"), I had occasion to speak several times with the attorney for LIS, John M. Donnelly. During one conversation in or about June 1984, Mr. Donnelly advised me that the parent corporate headquarters of LIS were located in Waltham, Massachusetts. According to the answer to Interrogatory No. 5 of Logos Corporation (excerpts from the answers to Interrogatories by Logos Corporation being annexed hereto as Exhibit "A"), the corporate headquarters of Logos Corporation were, in fact, located in Waltham, Massachusetts in June 1984. At that time he also recommended to me that I arrange a merger between NIM and either LIS or its parent company, Logos Corporation, to facilitate the funding of NIM. At that time Mr. Donnelly was a Director of LIS, according to the Certificate of Incorporation, a copy of which is annexed hereto as Exhibit "B".

7. As indicated in my Affidavit of February 24, two employees of Logos Corporation at its New Jersey research facility, Eric Setto (phonetic) and Kim Thomas, advised me that Logos Corporation was once known as Logos Computer, Logos Development and Logos Information Systems. They also told me that Logos' software had been written in New Jersey. These conversations occurred in January, February and October 1986. The Logos Defendants have taken the position that any such statements by employees of the Logos

Defendants must have been the result of confusion regarding the various corporate names of the Logos Defendants. Particularly, Mr. Gadsby, in a November 26, 1986 letter to my attorney, a copy of which is annexed hereto as Exhibit "C," took the position that the Logos Defendants' employee must have confused the name Logos Computer with the name Logos Information Systems. However, in fact, the two employees independently identified Logos Computer and Logos Development, as well as LIS. Portions of this story were verified by Dudley Clark and Phillip Minard, also of Logos Corporation.

8. In his letter of November 26, 1986, Exhibit "C," Mr. Gadsby states, in Paragraph 5, that the initial operations of Logos Corporation were conducted in a garage. I have personally visited the former location of the Mt. Hope Foundation commune and observed the so-called garage. In my opinion, it would be extraordinarily difficult to engage in software development in the garage inasmuch as the garage is not electrified and is more than 600 yards from the nearest outlet and is, in reality, an unheated cow feed shed. Mr. Gadsby goes on to state that the operations were moved in January 1970 and entirely conducted at 2 Low Avenue in Middletown, New York, from 1975 through October 1985. I have been to 2 Low Avenue in Middletown, New York. The actual Logos Corporation operations at that location did not commence until approximately September 1983. Prior to that time, the space which reportedly housed Logos Corporation

was being utilized as a storage facility by the Mt. Hope Foundation. The point of the foregoing information is that, until 1983, Logos Corporation did not appear to have any research or developmental facilities.

9. In its answer to Interrogatory No. 35(p), contained within Exhibit "A," Logos Corporation indicates that the Mt. Hope Foundation

is still in existence, although the community has substantially dispersed. Logos' predecessor corporation was founded by certain individual members of the religious community. Neither Logos nor its predecessor had or has any legal or formal relationship to the Foundation, although a number of members or former members of the community have been employed by Logos and its predecessor at various times.

10. During my visit to the former location of the Foundation commune, I obtained a computer printout of what appears to be members of the Foundation, a copy of which is annexed hereto as Exhibit "D." Although the date of Exhibit "D" is not set forth, the telephone number for Logos Corporation is at its Mt. Arlington research facility, indicating that the date of Exhibit "D" is after September 1985, the date on which the Logos research facility was relocated to Mt. Arlington, New Jersey according to the answer to Interrogatory No. 5 of Logos Corporation, Exhibit "A." The listing of Foundation members seems to suggest that the Foundation has not been substantially dispersed but, rather, relocated to Milford, Pennsylvania. The extent of the rela-

tionship between Logos Corporation and the Foundation is apparent from the reference on Exhibit "D," the bottom of the second page, wherein it is indicated that one should telephone "Hildegard at Logos [Mt. Arlington facility] for any changes to this list."

11. The history of the Foundation is quite interesting. Exhibit "E," annexed hereto, is copies of a series of newspaper articles relating to the Foundation.* According to an April 4, 1973 article, the Foundation "enjoys federal tax exemption as an educational and charitable organization." However, "the 130 residents of Mt. Hope drive good cars, eat well, dress well and according to a close friend of the group 'believe in buying the best of everything.'" The relationship between Logos Development and the Foundation is intriguing. According to the same April 4, 1983 article, "a former employee said that on payday at Logos the checks - paid at the time primarily with government money - were distributed, signed, and turned back to Miss Haunert, that the officers and employees of Logos who live at Mt. Hope never cashed their own checks." Further, "It is reported that the cars of other foundation residents who hold office

* I apologize to the Court and counsel for the abysmal quality of the photocopies. Unfortunately, the library could only provide microfiche copies, which were very poor copies in the first instance.

at Logos also are charged to the company." The same article indicates that Logos Development "installed its new computer in Newburgh as Logos Data Center, which offers payroll processing and computer typesetting among its services." To date, Logos Corporation has not disclosed any operation in Newburgh, New York. Nor has it indicated that it was once known as Logos Data Center. Finally, there has been no indication by Logos Corporation that it has ever offered payroll processing and computer typesetting among its services.*

12. In its Memorandum in support of its Motion for a Protective Order, Logos Corporation makes much of the fact that I was indicted for securities fraud. Indeed, Logos Corporation annexes a copy of the 13 count indictment to its Memorandum. However, the Logos Defendants omitted to advise the Court that, of the 13 counts, eight have been dismissed by the Honorable Carmine C. Marosca, based upon the Court's examination of the Grand Jury minutes, in a February 18, 1987 Order, a copy of which is annexed hereto as Exhibit "F." A motion to dismiss the remaining counts was recently filed.

* I realize that it is unusual to oppose a Summary Judgment Motion by referring to statements contained in newspaper articles. However, inasmuch as the Logos Defendants have declined to produce documents, and otherwise participate in discovery, such references are necessary.

13. It is indeed ironic to learn that Logos Corporation, and its principals, when it was known as Logos Development Corporation, were sued for securities fraud (the same sort of offense of which I was indicted) in the Southern District of New York. It should be noted, however, that my alleged fraud is in the approximate amount of \$7,000 while the alleged fraud of the Logos Defendants was in the approximate amount of \$1,250,000. Exhibit "G" annexed hereto is a copy of a computer print-out of an Opinion wherein a plaintiff class was certified in connection with securities fraud allegations against Logos Development and its principals. I do not know the disposition of the securities fraud actions against Logos at this time, and do not mean to suggest that the filing of a Complaint or indictment indicates that the defendant is guilty of securities fraud. I simply find it most ironic that Logos Corporation and its principals have been accused of the same type of wrongdoing of which I have been accused.

14. Returning to the course of my lengthy investigation of Logos Corporation, I wrote a complaint to the office of the Attorney General of the State of New York on March 20, 1986 and advised Ms. Judith Schultz that I believed that the technology of NIM may have found its way to Logos Corporation. I set forth both addresses of Logos Corporation and indicated that Logos Corporation was formerly known as Logos Development and Logos Computer. A copy of my

March 20, 1986 letter is annexed hereto as Exhibit "H." The letter was received on March 24, 1986.

15. I do not know what investigation was undertaken by the Attorney General's Office. I do know, however, that Mr. Casaburro's first letter to me, Exhibit "A" to my February 24, 1987 Affidavit was mailed to me on March 26, 1986, after Ms. Schultz' office received my March 20 letter. Although Mr. Casaburro's letter is dated March 12, it was postmarked March 26. This was the first of a series of letters and increased threats from Mr. Casaburro which, ultimately, led to my being indicted.

16. I have reviewed the February 12, 1987 Affidavit of Dr. Peskin, filed in support of the Summary Judgment Motion of the Logos Defendants. In Paragraph 6 of his Affidavit, Dr. Peskin states: "LIS has not been active since approximately September 1985, and is effectively defunct." It is thus surprising to review the 1987 Dun's Consultants Directory, an excerpt from which is annexed hereto as Exhibit "I." In Exhibit "I" LIS indicates that its sales for the preceding year were \$573,000.00 and that it has six employees. The entry just above LIS is for another computer consulting firm, named Logos General Systems, Inc. Curiously, the sales for the preceding year and the number of employees are identical to the figure set forth for LIS. Logos General Systems, Inc. is another entity which Logos Corporation is unable to identify. See answer to Interrogatory No. 35(i), Exhibit "A."

17. Dr. Peskin seems to question my qualifications in the field of artificial intelligence. Without setting forth my curriculum vitae, I would like to advise the Court that I have recently been nominated to become the next Chairman of the DVAIA, the Delaware Valley Artificial Intelligence Association. Additionally, I have developed software for IBM's own use. I have addressed over 5,000 IBM scientists and management personnel at the IBM Professional Science and Education Colloquium at the Thomas J. Watson Research Laboratory of IBM, on the subject of virtual network computer architectures. These are the sort of architectures that are utilized extensively in the artificial intelligence arena.

18. I question Dr. Peskin when he asserts that he and LIS have never heard of Logos Corporation. In March 1986 I had a collection agency contact LIS. The result of this inquiry, the purpose of which was to collect funds due to NIM, was that LIS had never heard of NIM.

19. Mr. Mark Biggers was an employee of LIS who was dually employed by NIM and worked on the NIM software development. Mr. Biggers is an individual whom Logos Corporation is unable to identify, according to Logos Corporation's answer to Interrogatory No. 36(b), contained within Exhibit "A". It is interesting, however, that Mr. Gadsby, the Secretary of Logos Corporation, referenced Mr. Biggers in Mr. Gadsby's November 26, 1986 correspondence, Exhibit "C" by stating that Mr. Biggers "was apparently an employee of Logos Information Systems, Inc.," and that Mr. Biggers "is

employed by (not a consultant to) Siemens Research Technology Laboratory in Princeton*** (emphasis in original)."

20. In its answer to Interrogatory No. 35(t), contained within Exhibit "A", Logos Corporation identified Siemens as a manufacturer of computer and telecommunications equipment with which Logos Corporation had a contractual relationship to develop a German/English translation system from approximately 1979 through approximately 1984. Furthermore, Logos Corporation indicated that it was "currently negotiating with Siemens for the latter to become a user of Logos' translation software."

21. Exhibit "J" is a March 19, 1987 Certification of Dan Myers, the Account Executive for the Mid-Atlantic Sales Region for Charles River Data Systems, Inc. In his Certification, Mr. Myers explains that, in 1984, Dr. Peskin of LIS purchased several super-micro-computers from Charles River Data Systems, together with software development licenses and software customarily used in the development of software programs. Exhibit "J" at ¶4. On October 10, 1986, Mr. Biggers contacted Mr. Myers to discuss the transferring of software licenses from LIS and Dr. Peskin to Siemens Research and Mr. Biggers, so that Mr. Biggers could utilize Dr. Peskin's software on a Charles River super-micro-computer that Mr. Biggers had acquired, or was about to acquire, from LIS, for Mr. Biggers' use at Siemens Research. Exhibit "J" at ¶5.

22. It is my contention that my own software, technical notes and design documents, together with certain prototype hardware components, were transferred from NIM and from my apartment along with one of Dr. Peskin's super-micro-computers which was used to do NIM software development.

Mr. Biggers, who worked for Dr. Peskin on the NIM project, acquired, or was about to acquire, one of Dr. Peskin's super-micro-computers, for use at Siemens Research.

Siemens Research had a contractual relationship with Logos Corporation and Logos Corporation is currently negotiating with Siemens to enter into another contractual relationship.

23. During 1985, when I contend that much of the transfer of technology occurred, Boston Capital Ventures, located at One Devonshire Place, Boston, Massachusetts became represented on the Board of Directors of Logos Corp., according to the 1984 and 1985 Annual Reports of Logos Corporation, copies of which are annexed hereto as Exhibit "K." Mr. Johann von der Goltz is a former officer of Siemens A.G. and, I contend, represents the investment of Siemens A.G. in Logos Corporation.

24. During 1986, I engaged in a lengthy discussion with Henry Fitzon, a director of Siemens Research in Princeton, New Jersey who, among other things, stated that the Princeton Research Center was engaged in a joint research project with Bayerische Motoren Werke, A.G. ("BMW"). Mr. Fitzon described the joint venture

as a venture into "machine learning" and "factory automation."

25. Also during 1986, I engaged in a lengthy discussion with William Osborne, an employee of BMW in BMW Technologies. Mr. Osborne identified BMW as an investor in Logos Corporation. Furthermore, Mr. Osborne indicated that the Chairman of BMW's Supervisory Board, Hans Graf von der Goltz was "of keen interest and direct involvement in" BMW Technologies' investments in artificial intelligence, represented by Logos Corporation, Thinking Machines, Inc. and Gold Hill Technologies, Inc.

26. If one were to in some way combine the following products:

- * Logos' SAL artificial intelligence semantic abstraction language (introduced in late 1986);
- * Gold Hill's artificial intelligence software and "Hummingboard" (introduced in early 1987);
- * Thinking Machines, Inc.'s "Connection Machine" (introduced in late 1986), and
- * Siemen's/BASF's "Logom" personal computer (just being introduced now),

one would have a partial synthesis of the overall computer technology which was being developed by NIM, although a nexus of a much less sophisticated level than the technology which was being developed by NIM.

27. In Paragraph 8(a) of his February 10, 1987 Affidavit, Bernard E. Scott states: "Logos does not currently market any computer hardware***." On March 20,

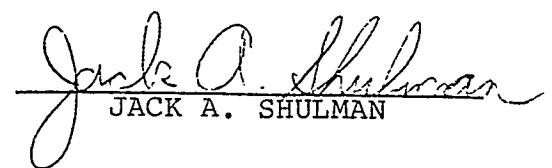
1987 I spoke with David Breitman (phonetic) of the Montreal, Canada office of Logos Corporation. Mr. Breitman advised me that Logos Corporation, in fact, was currently in the business of reselling the Wang VS computer system, thereby totally contradicting Mr. Scott's assertion.

28. In Paragraph 8(b) of his February 10, 1987 Affidavit, Mr. Scott states that "Logos translation software has been unchanged in its fundamentals since the early 1970's***." On or about September 27, 1986 I spoke with Mr. Horner of Grieve Horner Associates of Toronto, Canada. Mr. Horner advised me that more than \$15 million dollars had been invested in Logos over the preceding two years. I question the magnitude of this investment if, in fact, the Logos translation software has been unchanged for the past decade.

29. On October 4 and 5, 1986 I visited the Mt. Arlington research facility of Logos Corporation on several occasions. I saw very little evidence of software development work at the Mt. Arlington research facility. Instead, the facility appeared to be more geared toward marketing.

30. In an April 28, 1986 letter, which was Exhibit B to my February 24, 1986 Affidavit, John Casaburro stated that technical notes relating to my artificial intelligence technology, as discussed in Paragraph 5, above, had been evaluated by Tom Sobczak an associate of Mr. Casaburro. "Tom's report states that he validates your

notes as doable and feasible. He told me the Air Force already has half of what you claim in process in their Rome, New York research facility." Mr. Casaburro may have, for once, been telling me the truth. The Rome, New York research facility of the U.S. Air Force (Foreign Technologies Department) is at Griffiss Air Force Base where most of the Air Force's research regarding machine translation is or was undertaken. According to an excerpt from a November 5-6, 1981 Conference Proceeding on machine translation, a copy of which is annexed as Exhibit "L," the USAF contractor was reportedly Logos Corp. and the project leader was reportedly Mr. Scott. It is clear that Logos Corp. has had dealings with the Rome, New York Air Force research facility. Indeed, Hatsi Delori of Logos Corp. advised me in November 1986 that the Air Force continues to use Logos software.



JACK A. SHULMAN

Sworn to and Subscribed
before me this 23^d day
of March, 1987.

W.S. Leinenweber
Atty-at-Law of N.Y.

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

STRYKER, TAMS & DILL
33 Washington Street
Newark, NJ 07102
(201) 624-9300
Attorneys for the
Logos defendants

JACK ARNOLD SHULMAN, : Civil Action No. 86-4201
Plaintiff, :
vs. :
JOHN CASABURRO, ET AL., :OBJECTIONS AND ANSWERS
Defendants. :OF LOGOS CORPORATION TO
: PLAINTIFF'S FIRST SET
: OF INTERROGATORIES

Pursuant to Rule 33 of the Federal Rules of Civil Procedure, defendant Logos Corporation ("Logos") makes the following objections and answers to plaintiff's "First Set of Interrogatories to Defendant, Logos Corporation".

General Objections

1. Logos objects generally to definition no. 1 contained in the "Definitions and Instructions" section of plaintiff's interrogatories, on the ground that the definitions therein given to the terms "you", "your", "Logos" and "defendant" are, in many of the contexts in which those words are used in the interrogatories, overly broad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible

- (a) the name of such person;
- (b) his or her relationship to Logos;
- (c) the position or positions he or she now holds or ever held in, with, for or on behalf of Logos;
- (d) the dates between which he or she held each such position; and
- (e) if no longer associated with Logos, the reason such association was terminated.

Response to Interrogatory No. 4

See response to Interrogatory No. 3.

Interrogatory No. 5

Identify Logos.

Response to Interrogatory No. 5

See General Objections. Logos Corporation is a Delaware corporation with its principal place of business located at 20 William Street, Wellesley, Massachusetts. It was incorporated on or about April 14, 1983. It is registered or qualified to do business in Massachusetts and New Jersey. It was formerly qualified to do business in New York but has not renewed such qualification since closing its research and development facility in Middletown, New York. To the best of Logos' knowledge, it is in good standing in all states in which it is registered or qualified to do business. Logos has done business at the following locations in the United States since its incorporation: its corporate headquarters have been located successively at 1 DeAngelo Drive, Bedford, MA 01730 (4/83 to approximately 6/83); 100 Fifth Avenue, Waltham, MA 02154 (approximately 6/83 to approximately 5/85); and 20 William Street, Wellesley, MA 02181 (approximately 5/85 to date); and its research and development facility has been located

successively at 2 Low Avenue, Middletown, NY 10940 (4/83 to approximately 9/85) and 111 Howard Boulevard, Mt. Arlington, NJ 07856 (approximately 9/85 to date). The officers of Logos Corporation are William H. Hohenstein, President, Chief Executive Officer and Treasurer; Bernard E. Scott, Chief Scientist (senior technical person); Dudley Clark, Vice President (in charge of operations at research and development facility); Harro Hassel, Vice President (marketing responsibilities; and Edward N. Gadsby, Jr., Secretary (outside general counsel). Messrs. Hohenstein and Hassel are employed at corporate headquarters; Messrs. Scott and Clark are employed at the Mt. Arlington, New Jersey research and development facility; and Mr. Gadsby is a partner in the law firm of Foley, Hoag & Eliot, One Post Office Square, Boston, MA 02109.

Interrogatory No. 6

As to each person identified as an officer or director in your answer to Interrogatory No. 5, briefly describe the duties and responsibilities each such person has or had with respect to the day-to-day operations of Logos.

Response to Interrogatory No. 6

See response to Interrogatory No. 5. To the extent that Interrogatory No. 6 seeks information beyond that provided in the response to Interrogatory No. 5, Logos objects to Interrogatory No. 6 as overly broad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence.

Interrogatory No. 7

Identify each person, firm, corporation or other entity or organization who associated or participated in financing the formation of Logos, and indicate the source and precise amount of each separate contribution and the date on which each contribution was received by Logos.

Response to Interrogatory No. 7

Logos objects to Interrogatory No. 7 on the ground that it is overly broad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. Logos further objects on the ground that the interrogatory seeks private, confidential and valuable proprietary information belonging to Logos. Logos is the successor in interest to a corporation originally formed in 1969 (see response to Interrogatory No. 15, infra,) and the identity of the persons who participated in the formation and financing that corporation has no relevance to alleged wrongdoing by Logos in late 1984 or 1985.

Interrogatory No. 8

State whether any amount contributed for the original financing of Logos has been repaid and, if so, set forth, in detail:

- (a) the name and address of the persons or entities that have been repaid;
- (b) the time and place of repayment; and
- (c) the method of repayment.

Response to Interrogatory No. 8

Logos objects to Interrogatory No. 8 on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence, and on the further ground that the word "repaid" is ambiguous and unintelligible. Without waiving its objection, Logos states that it is the successor, by merger, to a corporation originally incorporated in 1969. Of the original stockholders of Logos' predecessor, some, but not all, remain stockholders of Logos. Logos has not repurchased the stock of any of the original stockholders.

Interrogatory No. 9

State whether Logos issued shares of stock and, if so, state:

- (a) the name and address of the person to whom each share was originally issued;
- (b) the date of issuance of each original share; and
- (c) the amount of each class of stock that was originally issued to each person.

Response to Interrogatory No. 9

Logos has issued shares of stock. Logos objects to Interrogatory No. 9 insofar as it request identification of and other data concerning each stockholder of Logos, on the ground that Logos has had more than 400 stockholders since 1983, and the interrogatory is therefore overly broad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. Logos has previously agreed to provide plaintiff with a list of all persons holding in excess of 2% of Logos' stock, subject to entry of an appropriate confidentiality order.

Response to Interrogatory No. 34

Assuming that Interrogatory No. 34 is intended to inquire as to an offer by Logos (or one of its subsidiaries) to a party other than Logos or one of its subsidiaries, Logos responds:
Not applicable.

Interrogatory No. 35

Set forth the identity of the following entities and briefly describe your relationship to each of the following entities:

- (a) Bridge Publications, Inc.;
- (b) BMW;
- (c) Dan Mal, Inc.;
- (d) Diamond Rock Associates, Inc.;
- (e) Foster Management;
- (f) John Casaburro & Associates;
- (g) Kama River Trucking Co.;
- (h) Logos Applications;
- (i) Logos General Systems, Inc.;
- (j) Logos Information Systems, Inc.;
- (k) Logos International Fellowship;
- (l) Logos Ministries;
- (m) Logos Publications, Inc.;
- (n) Logosphere;
- (o) Mt. Hope Day School;
- (p) Mt. Hope Foundation;
- (q) Mt. Hope Minerals;
- (r) Mt. Hope Mining;
- (s) Natural Intelligence Machines, Inc.;
- (t) Siemens;
- (u) Smartcopy, Inc.;
- (v) Symbolics, Inc.;
- (w) Thinking Machines, Inc., and
- (x) Vasira Communications, Inc.

Response to Interrogatory No. 35

Logos objects to Interrogatory No. 35 and each subpart thereof on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence. Without waiving its objections, Logos responds as follows:

- (a) Logos is unable to identify the entity referred to.

(b) Logos is unable to identify the entity referred to.

The name "BMW" is, Logos believes, often used to refer to a West German manufacturer of motor vehicles. Logos has no relationship with that company. A venture capital corporation named BMW Technology Partners, Inc. is a minority stockholder in Logos, owning approximately 11% of Logos' stock. Logos believes that BMW Technology Partners, Inc. is affiliated in some way with the West German company.

(c)-(f) Logos is unable to identify the entities referred to.

(g) Logos is unable to identify the entity referred to.

Logos was involved to a limited extent in the 1973-74 time frame in something that it knew as "the Kama River Trucking project". Logos understood that a company named Swindel Dressler, which it believes was a subsidiary of Pullman Corp., had contracted with an agency of the Soviet Union to design a foundry for a heavy truck factory to be located in the Soviet Union. Logos believes that other American companies, including possibly General Electric and/or Caterpillar, were involved to some extent in the project. Logos performed a limited amount of English/Russian translation for Swindel Dressler and one or more of the other American companies in the time frame previously mentioned.

(h) Logos Applications, Inc. was the name of a New York corporation in which Logos' predecessor, Logos Computer Systems, Inc. (then Logos Development Corp.) formerly owned a minority interest. Logos Applications was set up at some point during the 1970's for the purpose of becoming a production company, but

never received any substantial funding, and remained essentially a shell corporation. It was spun off in 1981, and was renamed Smart Copy, Inc. (see response to subpart (u) hereof) at or about that time. Logos has not been involved in ownership or management of the company since that time, and believes it to be effectively defunct.

(i) Logos is unable to identify the entity referred to.

(j) Upon information and belief, Logos Information Systems, Inc. is a New Jersey corporation wholly owned by two individuals, Dr. Richard Peskin and Dr. Sandra Walther. Logos had never heard of Logos Information Systems, Inc. prior to the filing of the complaint herein and subsequent conversations between counsel for Logos and counsel for plaintiff. In one of those conversations, counsel for plaintiff asserted that Logos Information Systems, Inc. had been or might have been the agent for the alleged transfer of technology to Logos. The information asserted in the first sentence of this paragraph was obtained by counsel for Logos through subsequent conversations with the two principals of Logos Information Systems, Inc. There is not and never has been any relationship, association or dealings of any kind between Logos (or any of the Logos defendants) and Logos Information Systems, Inc.

(k)-(n) Logos is unable to identify the entities referred to.

(o) Mount Hope Day School was founded as a day school for children of families belonging to the religious community associated with the Mount Hope Foundation. It was at some point

in time incorporated as a non-profit corporation under Pennsylvania law. It had and has no relationship to Logos Corporation.

(p) Mount Hope Foundation is a New York non-profit corporation which was incorporated in approximately 1970 by certain members of a religious community which had existed as an unincorporated association for approximately ten years prior thereto. The Foundation is still in existence, although the community has substantially dispersed. Logos' predecessor corporation was founded by certain individual members of the religious community. Neither Logos nor its predecessor had or has any legal or formal relationship to the Foundation, although a number of members or former members of the community have been employed by Logos and its predecessor at various times.

(q)-(s) Logos is unable to identify the entities referred to.

(t) Logos is unable to identify the entity referred to. The name "Siemens", Logos believes, is commonly used to refer to a West German manufacturer of, inter alia, computer and telecommunications equipment. Logos had a contractual relationship with that West German company to develop a German/English translation system. The contract was signed in approximately 1979 and expired in approximately 1984. Logos is currently negotiating with Siemens for the latter to become a user of Logos' translation software.

(u) Upon information and belief, Smart Copy, Inc. is a New York corporation which was formerly named Logos Applications, Inc. (See response to subpart (h) hereof.) It was spun off in 1981 and Logos has had no involvement in the ownership or management of the company since that time. Logos is informed and believes that the company owns certain optical character recognition technology, and also that the company is not currently active and is effectively defunct.

(v)-(x) Logos is unable to identify the entities referred to.

Interrogatory No. 36

Identity each of the following individuals and describe the relationship, if any, of Logos to the following:

- (a) Vasily Androvich Nasiuta;
- (b) Mark Biggers;
- (c) Betty Braun;
- (d) Siegfried Braun;
- (e) Herbert Budnick;
- (f) John Casaburro;
- (g) Joseph Casaburro;
- (h) Nicholas Casaburro;
- (i) Dr. Edward Divinny;
- (j) Elaine Falber;
- (k) Ira Harfenist;
- (l) Jack Hilton;
- (m) Grant W. Kelleher;
- (n) Cynthia Mellet;
- (o) Oliver Mellet;
- (p) Henry Peskin;
- (q) Dr. Richard Peskin;
- (r) Dr. Herbert Schwartz;
- (s) Bernard Smith;
- (t) Roy B. Smolarz;
- (u) Harold Sobelman;
- (v) Mr. Valencourt;
- (w) Sandra Walther, and
- (x) Peter Wheeler

Response to Interrogatory No. 36

Logos objects to Interrogatory No. 36 and each subpart thereof on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence. Without waiving its objection, Logos responds as follows:

(a)-(b) Logos is unable to identify the individuals referred to.

(c) Upon information and belief, Betty Braun is the name of a former member of the Mount Hope religious community. Logos believes that Ms. Braun was employed for a brief period of time by Logos in the 1970's or early 1980's. She has no current or recent connection with Logos.

(d)-(l) Logos is unable to identify the individuals referred to.

(m) Grant Kelleher is an attorney who practises or practised law in Middletown, N.Y. Upon information and belief, he was the attorney who arranged the incorporation of Logos' predecessor. Mr. Kelleher may have rendered other legal services to Logos' predecessor during the early 1970's. He has no current or recent connection with Logos.

(n) Logos is unable to identify the individual referred to. An individual named Cecilia Mellet was one of the co-founders of Logos' predecessor, and was an officer of the company until approximately mid-1983. At the time of her resignation, Ms. Mellet was Secretary of the company, but had

CERTIFICATE OF INCORPORATION
OF
LOGOS INFORMATION SYSTEMS, INC.

To: The Secretary of State
State of New Jersey

The undersigned, of the age of eighteen years or over, for the purpose of forming a corporation pursuant to the provisions of Title 14A, Corporations, General of the New Jersey Statutes, does hereby execute the following Certificate of Incorporation:

FIRST: The name of the corporation is
LOGOS INFORMATION SYSTEMS, INC.

SECOND: The purpose or purposes for which the corporation is organized are:

To do any lawful act or thing for which corporations may be organized pursuant to the provisions of Title 14A, Corporations, General, of the New Jersey Statutes.

THIRD: The aggregate number of shares which the corporation shall have the authority to issue is

2,500 shares without nominal or par value

"B"

FOURTH: The address of the corporation's initial registered office and the name of the corporation's initial registered agent herein are:

Sandra S. Walther R.D. 5, Box 114B
 Flemington, New Jersey.
 08822

FIFTH: The number of directors constituting the initial board of directors shall be three and the names and addresses of the directors are as follows:

Richard L. Peskin	R.D. 5, Box 114B Flemington, New Jersey 08822
Sandra S. Walther	(same as above)
John M. Donnelly	113 Woodside Ave., Trenton, New Jersey 08618

SIXTH: The name and address of the incorporator is as follows:

Roy B. Smolarz 10 Nassau Street
 Princeton, New Jersey
 08540

IN WITNESS WHEREOF, the undersigned, the incorporator of the above named corporation, has hereunto signed this Certificate of Incorporation.

Dated: 9/1/1971

Roy B. Smolarz

FOLEY, HOAG & ELIOT

ONE POST OFFICE SQUARE
BOSTON, MASSACHUSETTS 02109

TELEPHONE: (617) 482-1390
CABLE ADDRESS "FOLEYHOAG"
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EDWARD N. GADSBY, JR.

IN WASHINGTON, D.C.
1615 L STREET, N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 775-0600
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November 26, 1986

William S. Wachenfeld, Esq.
Tompkins, McGuire & Wachenfeld
550 Broad Street
Newark, New Jersey 07102

Re: Shulman v. Casaburro et al

Dear Mr. Wachenfeld:

This will confirm the following, in response to your November 21 letter and per our phone discussion.

1. With respect to statements by a Logos Corporation employee concerning its name, I can only surmise that whoever made such a statement was confused. For approximately two years of its 17-year history, the company was formally named Logos Computer Systems, Inc., and the name was changed from that to Logos Corporation in 1983, as you know from the charter documents that I previously sent you.

2. With respect to my client's qualification in New Jersey, no consent by Logos Information Systems, Inc. was required or obtained. That is a matter of record with the Secretary of State. According to Prentice-Hall, the service company that handled the qualification for us, no objections were raised by the Secretary of State to the filing of our client's qualification papers. Tom Murphy of Prentice-Hall's Boston office has informed me that the most likely explanation for this is that the Secretary of State's office did not consider the two corporate names to be confusingly similar, if a conflict check was made at all. You are welcome to confirm any or all of this with Mr. Murphy at (617) 227-9554.

3. As previously indicated, I did discuss this matter with Dr. Peskin. He stated unequivocally that he had never heard of Logos Corporation or the project in which it is involved. He briefly described his relationship with your client, but I did not question him about NIM or his other professional activities.

4. BMW Technology Partners has been an investor in Logos Corporation equity securities since May of 1984, and indeed provided bridge financing some six months prior to that time. This

William S. Wachenfeld, Esq.
Tompkins, McGuire & Wachenfeld
November 26, 1986
Page 2

partnership holds less than 10% of the outstanding capital stock of the company. The nature of the charter of BMW Technology Partners is such as to preclude its involvement in any type of technology joint venture with Siemens. There are obviously other business operations of BMW that could get so involved with Siemens. However, we have been in contact with counsel for Siemens and have been advised that (a) Mr. Biggers is employed by (not a consultant to) Siemens Research Technology Laboratory in Princeton, and (b) there is no BMW-Siemens joint venture taking place at the Princeton facility or (subject to counsel's confirmation) elsewhere in the U.S. However, even if Mr. Biggers, who was apparently an employee of Logos Information Systems, Inc., were employed by a venture in which BMW was involved, this would hardly create an adequate reason for joining our client as a defendant in the Shulman litigation.

5. Logos Corporation was funded in 1969 by Bud Scott, Charles Byrne and Cecilia Mellet, who were the original stockholders of the company. Its initial operations were indeed conducted in a garage (used in part as a milk house), but these operations were moved in January of 1970 and were entirely conducted at 2 Low Avenue in Middletown, New York, from 1975 through about October of 1985.

We have now provided you with information which has explained or documented the impropriety or incorrectness of each inference made by you and your client tying Logos Corporation to this unfortunate mess. We have been very direct with you in meeting each of the points that you have raised, since our client has nothing to hide. Once again, I ask that you take the necessary steps to terminate our client's involvement in this litigation.

Finally, your client must terminate his efforts to publicize the current status of Logos Corporation as a defendant in this action. Our most recent inquiry was received from Computerworld, the largest computer industry trade publication. As it happens, I am general counsel for the company that publishes Computerworld, so that this particular foray of Mr. Shulman's is not likely to cause Logos Corporation any particular harm. But I do not represent every industry publication, and ask that you point out to your client that further publicity of this nature will only serve to exacerbate this situation.

Very truly yours,

E. N. Gadsby, Jr.

ENG/mj

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Mount Hope Foundation's financing a mystery

(Continued from Page 1)

social welfare, and combatting juvenile delinquency.

The mere fact that an organization that has been organized for relief of indigent persons might receive voluntary contributions from the very persons intended to be relieved would not prevent that organization from being considered as operating exclusively from charitable purposes," Levine said.

In its first return filed for the year 1970, Mount Hope listed its net worth at almost \$160,000, including assets in cash, buildings and equipment, land and fixtures of nearly \$360,000 and liabilities, including outstanding loans and notes payable of approximately \$200,000. Levine said Mount Hope's 1971 return was filed but not available at this time. Approximately 402 foundation children attend Minisink Valley Schools, traveling to and from Talley Ho Road in the foundation's own school bus two years ago, school officials asked the Town of Mount Hope to investigate the legal status of the children to determine if any should be paying tuition. Supervising Principal Reginald Kierstead said recently he was satisfied the Mount Hope children are legal residents of the district. He stressed several times during a brief conversation that the foundation children are good students and always well behaved. "Everyone has nice things to say about them," Kierstead commented.

Who's paying?

But some elected officials and townspeople feel they are paying for the education of those children. Once granted federal tax exemption, Mount Hope foundation could apply for and claim exemption from local property and school taxes. It has never done so.

The foundation property is assessed at about \$117,000. Town assessor Hugh Budd says his job is to assess property, not the number of people who live on the property. Consequently, the group's school taxes cover the cost of educating only a few of its children.

Schwartz says the group has never asked for tax-exemption because "it wouldn't want to do anything that would lead to disharmony with neighbors." As to the amount of tax, he says, "All we can do is pay what we are asked to pay."

The foundation is always late in paying its taxes, requiring the county to reimburse the school district. Mount Hope Foundation paid the county more than \$13,000 in back taxes for 1972 just last month as the property was about to be auctioned at a tax sale.

The question of voluntary or required contributions by residents has also been raised in many corners. Schwartz maintains that the community at Mt. Hope is living a "truly communal life" in which the handing over of goods is completely voluntary, and the sharing of goods is according to personal and collective need.

"I have no income," he says, "and the foundation has what other people turn over to it." It has been reported from several independent sources that most of the permanent residents of Mount Hope either have money or come from wealthy families. But Miss Haunert claims that only four percent of the members of the foundation could be said to come from "wealthy families." And most of those are young people whose families contribute only a small monthly stipend for their support. Only three or four adults have given substantial donations from their own resources she says.

More people give over everything when they move in, Schwartz says. Over 50 percent came without anything. To turn away people without money, he says, "would be un-Christian."

The foundation's entire budget comes from voluntary contributions, mostly from the town of Newburgh, where the foundation operates. They receive room, board and an allowance, but no salary, or outside the foundation primarily as volunteers at Logos. Most turn over their entire

long as he controls everything but he has to control.

Three sources told the story of a young woman who lived at Mount Hope and inherited a home when her mother died. She reportedly sold the house and turned the money over to Schwartz and received a new Jaguar for her next birthday.

A young man from a wealthy Westchester family came to live at Mount Hope a few years ago. He worked as a mechanic at the commune and says he was never required to pay a cent. He says his father sent money to Schwartz not because it was required but because he wanted to.

A former employee reports that there appears to be little choice involved as far as Logos employees are concerned. Logos Development Corp., with headquarters Dolson Avenue in Middletown and a branch new computer center in Newburgh, is a pioneer in language translation by computer. The majority of the directors of Mount Hope Foundation and of Logos are the same, but Miss Haunert stresses that there is no legal connection between the two.

Logos developed a system for translating English to Vietnamese and demonstrated its system to the U.S. Government and garnered some sizeable contracts to translate technical publications such as flight manuals into Vietnamese for the government, except for the Vietnamese nationals who worked there. Many Logos employees reside at Mount Hope. Most of the company's officers are members of Schwartz's family. Schwartz himself is the unsalaried chairman of the board. "I don't have any technical expertise," he says, "but they appreciate my prudence in making decisions."

Although he receives no salary, Schwartz's car, a BMW sedan, is provided by Logos. It is reported that the cars of other foundation residents who hold an office at Logos also are charged to the company.

A former employee said that on payday at Logos, his checks were paid at that time primarily with government money. They were distributed, signed and turned back to Miss Haunert; that the officers and employees of Logos who live at Mount Hope never cashed their own checks.

Last May, Logos made an offering of common stock selling 125,000 shares to the public at \$10 a share. The offering brought about \$1.2 million into the company.

At the time it was reported in the corporation prospectus that controlling interest in the company, or 37,500 shares, would remain mainly with the officers and directors who purchased the stock for one cent a share. Nearly 60 percent of the stock is held by Miss Haunert's Scott and Charles D. Byrnes, who also live at the foundation. About 75 percent is held jointly by all the officers, including Middletown attorney Robert E. Markovits, who is counsel to and secretary of the corporation.

The stock was offered as "high risk" securities and the prospectus said no dividend would be paid in the foreseeable future. The money from the offering was to be used primarily for administrative salaries — including annual stipends in excess of \$5,000 for Scott and Byrnes, payment of debts and research development.

Some anticipated government contracts did not materialize, but Logos employees have been working on Russian, French and Spanish translation techniques to add to the Vietnamese. Outgrowing their Dolson Avenue headquarters, they tried to buy the Middletown Armory last October. Logos Vice President Bernard Scott went as high as \$90,000 but was outbid at a public auction for the state-owned building by a Scarsdale realtor.

So Logos installed its new computer in Newburgh as Logos Data Center, which offers payroll processing and computer typesetting among data services.

Not entirely rosy

What may turn out to be the most lucrative Logos project thus far is an agreement made earlier this year to provide Russian computerized translation services for U.S. firms supplying equipment to the huge \$4 billion Kama River truck manufacturing

plant in mid-March the letter was in the hands of the SEC but had not been transmitted to stockholders of record.

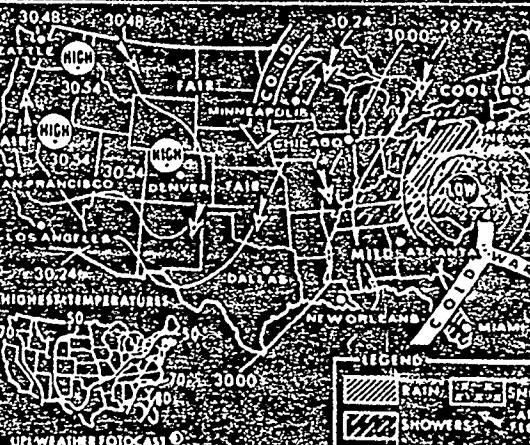
Residents of the foundation have qualms. At least two other attempts to enter the business world's Bill Herrington, owner of Herrington Motors in Montgomery, said that Schwartz tried to buy his business in 1970.

He brought a money man from Spring Valley and wanted either to buy in or buy me out, Herrington said. But my accountant said no. Schwartz also reportedly tried to obtain a Jaguar dealership, but was unsuccessful.

In its financial dealings, no less than in its philosophy, Mount Hope Foundation remains an enigma.

TOMORROW Life on the inside.

Weather roundup



The Almanac
Today is Wednesday, April 4, the 94th day of 1973 with 271 to follow.

The moon is between its new phase and first quarter. The morning stars are Mercury, Venus, Mars and Jupiter. The evening star is Saturn.

Those born on this date are under the sign of Aries. Dorothy Lynde Dix, American pioneer of prison reform, born April 4, 1802.

Today's forecast

Catskill area: Mostly cloudy today. High in the mid to upper 40s. A chance of rain today and Thursday. Low tonight from the upper 30s to 40s.

Probability of precipitation is 20 to 50 per cent today, with up to 1/2 inch of rain per hour.

Hudson Valley: Variable cloudiness today. High in the low to mid 50s. Chance of rain tonight and Thursday. Low tonight in the low 40s. Highs today in the 40s. Probability of precipitation is 20 to 50 per cent.

Wind speeds up to 10 miles per hour.

Middlebury: Rainfall to date 10.36 inches. Last year: 8.51 in. Monticello rainfall to date 11.78 inches. Last year: 12.03 in. Newburgh rainfall to date 8.29 inches. Last year: 11.12 in.

Temperatures

Location	High
Middletown	54
Monticello	54
Newburgh	58
Port Jervis	55

Pollution watch: Report any pollution of New York-New Jersey waters to US Environmental Protection Agency by calling 201-548-3730 any day. Or write Gerald N. Hassler, EPA, 20 Federal Plaza, New York, N.Y. 10007.

On this date

In 1841, President William H. Harrison died of pneumonia, one month after being inaugurated. John Tyler became the 10th

Mimiski Valley Schools: Traveling to and from Tailey Hill Road in the foundation's own school bus. Two years ago, school officials asked the Town of Mount Hope to investigate the legal status of the children to determine if any should be hospitalized. Supervising Principal Reginald Kierstead said recently he was satisfied the Mount Hope children are local residents of the district. He stressed several times during a brief conversation that the foundation children are good students and always well behaved. "Everyone has nice things to say about them," Kierstead commented.

Who's paying?

But some elected officials and townspeople feel they are paying for the education of those children. Once granted federal tax exemptions, Mount Hope Foundation could apply for a local exemption from local property and school taxes. It does not do so.

The foundation property is assessed at about \$17,000. Town assessor Hugh Budd says his job is to assess property, not the number of people who own the property. Consequently, they group contributions cover the cost of educating only a few of its children.

Schwarz says the group has never asked for local tax exemption because "I wouldn't want to do anything that would lead to disharmony" with neighbors. As to the amount of tax he says, "All we can do is pay what we are asked to pay."

The foundation is always late in paying its taxes, requiring the county to reimburse the school districts. Mount Hope Foundation paid the county more than \$13,000 in back taxes for 1972 just last month. The property was about to be auctioned off a tax

lien was placed on it.

The question of voluntary or required contributions by residents has also been raised in many corners. Schwarz maintains that the community at Mount Hope leads a truly communal life, in which the handing over of goods is completely voluntary and the sharing of goods is according to personal and collective needs.

"I have no income," he says, "and the foundation is whatever people turn over to it." It has been reported from several independent sources that most of the permanent residents of Mount Hope either have money or come from wealthy families. But Miss Hauner claims that only four percent of the members of the foundation could be said to come from wealthy families. And most of these are young people whose families contribute only a small monthly stipend for their supports. Only three or four adults have given substantial donations from their own resources, she says.

"Most people give over everything when they move in, but many living here came with very little," says Schwarz. "Over 50 per cent came without anything." To runaways, people without money, he says, would be on Christian aid.

The adults work either at the foundation, where they receive room, board and an allowance, but no salary, or outside the foundation primarily as teachers or at Logos. Most turnover their entire paycheck to the Mount Hope Foundation.

Residents of the commune include a lawyer for the Standard Oil Co., three doctors, a journalist, seven or eight teachers, several social workers and administrators; in addition to those who work for Logos.

As former employee reported that one year ago adult males received an allowance of \$5 per week. Young men who worked on the farms were given \$2. "You had to ask for anything over and above that," he said. "You'd get 100 percent of the time but you had to ask."

There are several reports of Schwarz's generosity toward the people who live with him. "If he likes, you'll be like that over anything," says the former employee.

"People don't know what they need," says a former employee. "If you need something, you ask." A former employee, who was the editor of the publication of Schwarz's foundation, said, "Schwarz will do anything for

you if you're computer literate." Newburgh is a pioneer in language translation by computer. The majority of the directors of Mount Hope Foundation and of Logos are the same, but Miss Hauner stresses that there is no legal connection between the two.

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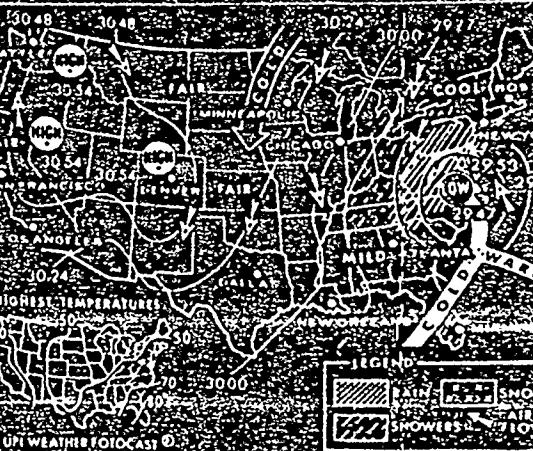
Not entirely rosy

What may turn out to be the most lucrative Logos project thus far is an agreement signed early this year to provide Russian computerized translation services for U.S. firms supplying equipment to the huge \$4 billion Kama River truck manufacturing facility under construction in the Soviet Union. The Logos picture is not entirely rosy, however. In early February, the Securities and Exchange Commission (SEC) ordered trading suspended in Logos stock for a 10-day period because of questions which have arisen in connection with the offering. The suspension has been extended several times.

A spokesman at SEC's New York regional office said the agency was conducting a private investigation and could not discuss the case. Logos has not made a statement on the suspension.

Following the initial offering, the value of Logos stock rose sharply. Although the company reported ever-increasing losses, the stock rose from \$10 to near \$30 a share at the time of the suspension, was trading at \$16 1/2. The company reported losses of almost \$50,000 for a nine-month period ending last September. Some analysts prepared to buy the stock despite the continuing financial difficulties.

Weather roundup



The Almanac

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The moon is between its new phase and first quarter. The morning stars are Mercury, Venus, Mars and Jupiter. The evening star is Saturn.

Those born on this date are under the sign of Aries. Dorothea Lynde Dix, American pioneer of prison reforms, born April 4, 1802.

Today's forecast

Catskills

Mostly cloudy today. High in the mid to upper 40s. A chance rain today and Thursday. Low tonight from the upper 30s to 40s.

Probability of precipitation is 20 to 50 per cent today. Windy, 5 to 12 miles per hour.

Hudson Valley

Variable cloudiness today. High in the low to mid 50s. Chance rain tonight and Thursday. Low tonight in the low 40s. High Thursday in the 40s. Probability of precipitation is 20 to 50 per cent today. Winds south to southwest 8 to 12 miles per hour.

Rainfall

Middletown rainfall: to date, 10.38 inches. Last year, 8.51 inch. Monticello rainfall: to date, 11.62 inches. Last year, 12.05 inch. Newburgh rainfall: to date, 8.29 inches. Last year, 11.12 inch.

Temperatures

Middletown: 55. Monticello: 55. Newburgh: 55. Port Jervis: 55.

Highs

Middletown: 55. Monticello: 55. Newburgh: 55. Port Jervis: 55.

Pollution watch

Report any pollution of New York-N.J. waters to U.S. Environmental Protection Agency by calling 201-548-5730 any day. Or write Gerald M. Hansley, EPA, 526 Federal Plaza, New York, N.Y. 10017.

On this date

In 1841, President William H. Harrison died of pneumonia a month after being inaugurated. John Tyler became the first vice president to become chief executive due to a death.

In 1917, the U.S. Senate, by a vote of 82 to six, approved President Woodrow Wilson's resolution calling for a declaration of war against Germany.

Clearing the record

Mrs. Mary Murtie, who was sworn in as mayor of Warwick, night, is not the first woman elected mayor in Orange County. A woman was.

Mrs. Jane M. Johnson was elected mayor of Walden on March 1 with both Democratic and Republican support. She died in office more than a month later. She had lived in Walden for 32 years in the Walden Fire Shoppe.

Mrs. Margaret B. Williams resigned as village clerk of Wawayanda night after 18 years in that post. She was erroneously described as a woman not to be taken seriously in her 100th year.

Road to Mount Hope paved with trouble

Copyright 1973, The Times Herald-Record

By JANET MANDELSTAM

The road to the Mount Hope Foundation is quiet now. Tally Ho Road twists and bends past the gently rolling hills of Mount Hope and culminates through the 230 acres owned by the sprawling, religiously oriented foundation. From the road it is impossible to tell that the people who live there enjoy a life-style radically different from anyone else along the narrow country road. Horses graze in snowdrifts; winter fields, dogs gambol across lawns turned brown by the season; barns stand silent against the gray sky.

Only an inordinate number of cars are parked haphazardly along the road, provides a hint that the foundation is not a typical family farm.

Even neighborhood curiosity about the commune has waned. In the seven years the group has lived here, 100 people grumble now and then about paying taxes to the foundation; children go to public schools but for the most part attend, or ignore, the complex of houses, barns and fields where some 130 permanent residents split their week-end visitors live. Catholic centered Dr. Herbert T. Schwartz, philosopher-musician-dispenser of LSD and dianetics and controversial father to them all, is still there.

But neither the group's journey to Tally Ho Road nor its communal life has always been so tame. Father to a sprawling septuagenarian family, Schwartz has had a often turbulent personal life. And the community has had its hassles with suspicious local authorities since Schwartz first took up communal living more than 10 years ago in Ramsey, N.J.

Mrs. George Baldwin remembers that beginning of a day became the Mount Hope Foundation in the early 1930s. Mrs. Baldwin lived next door to the William Davy family, a family she recalls that was

on the verge of collapse. "I saw they were down and I took care of them," Mrs. Baldwin remembered during a recent interview in Ramsey. "He [the dad] never controlled the money, made all the decisions, disciplined the children." It wasn't long before the people moved in and the numbers of visitors to the Davy house began to multiply.

"The people who came to Schwartz," Mrs. Baldwin said, seemed incapable of organizing their own lives. "He'd rapier everything he got furnishings for the house, the women took care of the house and everyone went to work." Mrs. Baldwin said the change she observed in the Davy family was "remarkable. He saved them."

While she may have appreciated the transformation in neighbors, Mrs. Baldwin didn't appreciate the septic tank from their crowded house, overflowing in her backyard and soon the Ramsey board of health was cutting the Davy household off the healthy ration.

Schwartz helped people who needed it. Mrs. Baldwin said, "but Schwartz did nothing to do his three bedroom hill-level house in a residential neighborhood."

Unbeknownst to her, two houses on the same street stand with a family of 10 waiting to move in. Herbert Schwartz, Pittsburgh, Ohio, commune were forced to look for another home.

In the spring of 1964, Schwartz, and about 30 of his followers settled in Ridgewood, N.J., Herbert Schwartz, 41, 60 years old, a former professor and scholar, converted to Catholicism and well on his way to becoming a religious spiritual-cultural-business-and-financial

counselor, she said in a recent telephone interview. Gallagher said she has never been to Mt. Hope, have been told that "there are many instances of who can function there who cannot function in an environment. That seems very good as a temporary measure for such persons, provided that its aim is to lead them to be able to function on their relation to others and to God."

Schwartz vigorously disputes this estimate of counseling and its results. One member of the fan school teacher in the Middletown area, says she lost hope of ever holding down a steady job again; work performance is so consistent now that she is tenured in time and will receive her master's deg-

August.

Schwartz is reticent about all avenues that led him to Mount Hope except his spiritual pain. He says he spent many years reading and meditating to formulate an idea of his own relationship to God. This relationship, he explains to those who live with him must be based on love derived from faith.

Herbert Schwartz was born Dec. 14, 1903, in New York. About his childhood he says only, "I was sensitive and I wanted to be loved." As before brushing aside the subject.

He was graduated from the University of Michigan in 1927 and returned to New York to earn a doctorate in philosophy at Columbia University in 1933. A 21-year teaching career began in 1936 when Schwartz, an accomplished pianist, was appointed instructor of music at the University of Chicago. He later taught English and philosophy at St. John's College in Annapolis, Md., Laval University in Quebec, Georgetown University in Washington, D.C., and from 1947 to 1951 at Xavier University in Cincinnati.

He was twice married; his first marriage, ending in divorce in 1933. It was in Chicago in the mid-1930s that Schwartz and his second wife became converts to Catholicism. He had been born a Jew, she a Protestant. In his own words, Schwartz "took the faith very seriously" and was reported during his teaching years to be a deeply religious man. He and his wife, Charleen, spent sometime in a monastery in Kentucky, and he took a leave of absence from Xavier to teach philosophy at a Trappist Monastery in Oregon.

His second marriage broke up in the late 1940s. Charleen Schwartz was granted an annulment by the Ohio Court of Appeals in 1960 on the grounds that Schwartz's original 1933 divorce had been obtained under false pretenses. Schwartz admitted in his testimony that he and his first wife had agreed to "frame up" a fraudulent adultery scene in order to obtain a divorce decree in New York, where adultery was then the only legal ground for divorce. Hers says now that all this happened before he came into the church.

Herbert and Charleen Schwartz have four children, two of them adopted. All have visited their father at Mt. Hope, and three reportedly have decided they cannot accept his life-style. Alton, Tom, live at the commune, and was married there recently.

Charleen Schwartz still lives in Cincinnati where she is a widely respected Jay analyst, with a doctorate from Laval University. Now Mrs. Thomas Gallagher, she is reluctant to discuss her life with Schwartz and as an analyst she finds herself in professional disagreement with her husband's approach to counseling.

"I believe the common goal in all counseling, whether religious or psychotherapy, is to enable people to get on their own feet and function independently of the

counselor," she said in a recent telephone interview. Gallagher said she has never been to Mt. Hope, have been told that "there are many instances of who can function there who cannot function in an environment. That seems very good as a temporary measure for such persons, provided that its aim is to lead them to be able to function on their relation to others and to God."

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August.

Little is known about Schwartz's life between the time he took up residence in Ramsey. He reportedly spent some time in Mexico and then journeyed to make unsuccessful attempts to become a "Politics," he says, prevented him from attaining goals.

Today, he shrugs off criticism that he lacks ecclesiastical or professional qualifications to counsel and he is himself critical of both priests and psychiatrists. He just moved in at the Davy invitation, he says, and began readings their spiritual and earthly lives.

News of the incipient commune spread quickly, carried by priests and nuns who knew Schwartz. In 1964, unable to expand in Ramsey, he bought a room-and-a-half-century-old house on a two-acre Ridgewood, N.J., lot. The house had two fireplaces and a 30-foot kitchen and seemed ideal purchased from Mrs. Laura R. Larkin, as was Schwartz had met at church who seemed sympathetic to his life-style. She held an \$18,000 mortgage on property.

If Mrs. Larkin was sympathetic, the town fathers note, their suspicion was aroused when 27 persons several different surnames applied for permission at the local pool and all gave the same home address.

(Continued on p. 6)

Editor's note: This is the second article in a series of articles about Mount Hope Foundation and paradoxical man - who is its leader? Herbert Schwartz runs a Catholic-oriented commune which is six religious superiors expressed serious concern. Despite its religious motif, the foundation tax exemption is for charitable and educational purposes. While members look upon Schwartz as a benevolent father who has brought psychological and spiritual peace to his flock, also paternalistic that he takes charge of worldly goods of most members and direct aspects of their lives. He has enthusiastic supporters and fierce critics. Few are neutral about him.

This series represents the first time he consented to be interviewed for publication for allows outsiders to observe life of commune for reporting purposes.

Planning ahead

Michael Culver, president of the Orlisville Mount Hope First Aid Squad, and Mrs. Dorothy Natalezzio, secretary of the Hi-Lo Snowmobile Club in Orlisville, check first aid supplies in a snowmobile. They led the

club donated to the squad. The sled and a new \$18,000 ambulance were on display at an open house Sunday. The sled can be towed behind any snowmobile and carries a standard hospital stretcher.

...Road to foundation paved with troubles, mistrust

(Continued from Page 1)

Code of Ethics area of Ridgewood where Schwartz had bought the house was zoned for single-family dwellings. A requirement he and his attorneys felt was met by his spiritual family. The town didn't agree and sent a notice to Schwartz calling for correction of the zoning law violation. There exist in Ridgewood Borough Hall today a file and a lingering aura of suspicion about it. Village officials still remember the "commune" as odd and in 1964 went so far as to pull the house under police surveillance for a few days. The policeman on duty logged all the comings and goings and was so thorough in his notes that even noted that 29 people sat down to dinner on the porch, said prayers and then ate "some kind of noodle soup."

In the fall of 1964 the Village of Ridgewood went to court, naming Schwartz, Mrs. Larkin and all the residents of the house as defendants. Judge Morris Fashman of Superior Court of New Jersey ruled the defendants had to be out of the house by March 15, 1965 with a possible 60-day extension. The village attorney wrote monthly letters to Schwartz, noting the passage of time. Just before the deadline, Schwartz's attorney requested and got the 60-day extension. In for 10 years, various areas were looking for a suitable and acceptable place for Dr. Schwartz and his family to live. Schwartz had agreed to the court's decision in advance, though still believing his commune conformed to the law.

He asked that a statement of his be included in the village's press release announcing the settlement. He wrote: "I have always been a strong advocate of fairness to myself and the group. The present occupancy of the premises was undertaken in all good faith in the conviction that it complied with the existing zoning laws and with the definition of a family contained therein, and this interpretation was confirmed by lawyers of unquestionable integrity and good reputation. I and my group were moved to our present decision by the spiritual director of the group, who thought it would be unfitting to enter into a law suit with Civil Authority. The director said, in effect, since the whole purpose of what you are doing is the rehabilitation of the spirit of obedience in accordance with Catholic teaching, it would seem out of order and incongruous not to submit to the decree of your civil authority, even though you are convinced that the law is on your side."

The spiritual director was the Rev. J. C. Osborne, a Dominican priest now deceased, a long-time friend of Dr. Schwartz who functioned for many years as his spiritual director.

Schwartz's search for a new home ended on Tally Ho Road where he bought a farm of about 110 acres. Meanwhile, the Ridgewood property reverted to Mrs. Larkin. She still lives in Ridgewood in a small house across town from Godwin Avenue, where she harbors some bitterness about what happened in 1964-65. But her bitterness is offset by the village and other towns' support.

Service during non-commuted hours. The Port Authority of New Jersey, the state's largest privately owned mass transit bus system, has announced it will also provide emergency bus service during the PATH shutdown. There will be limited bus service on the No. 118 line in Newark from Penn Station, the Erie Lackawanna Broad Street station and the Collonade Apartment building. The No. 31 Grove Line, operating between Lower Jersey City and Hoboken's Hudson Place terminal, will have increased service as will the No. 33 Greenville Express. The No. 33 Hoboken-New York line will increase service along its regular route via the Lincoln Tunnel and provide special express service to either the Uptown Port Authority midtown bus terminal or downtown to Canal Street. One-way fare is 55 cents.

There also will be increased service on NJ lines in Bergen, Passaic and Essex Counties. Additional service along Boulevard East in North Hudson is planned.

Ed T. McLaughlin, the president of the Iron Horse Commuters Association, said Sunday commuters who ride the Erie Lackawanna Railway Co.'s main line from Port Jervis to Hoboken, N.J., were given brochures explaining alternative routes to Manhattan about two months ago. He said the distribution coincided with the first indications that PATH workers might strike.

McLaughlin said the leaders included maps showing commuters where buses the Erie has hired would travel. About 700 Orange commuters ride the Erie's two trains from Port Jervis.

McLaughlin's organization represents Orange community residents and some from Rockland County.

"I had lived in Ridgewood for 35 years," he said recently. "I wouldn't have gone through with the sale if I had thought it was illegal. Had Dr. Schwartz or I wanted to sue, we would have had a good case." She said she heard later that some people in Ridgewood thought she had sold her home to Communists.

Mrs. Larkin said she was in and out of the house many times after Schwartz and his group moved in and that she was invited to join them. It's not my style, she said, but some people want a different way of life and it should be their privilege. "I feel they were refined educated people and I hold them in high regard. If I wanted a place to live tomorrow and didn't have five cents, I'm sure they'd take me in."

In Mount Hope the commune has grown so that on weekends "as one resident said laughing, 'you have to step over sleeping nuns to get to the bathroom.' A second adjoining farm was added in 1969. Several residents knowledgeable in the computer field started the highly successful Middletown-based computer translation firm Logos Development Corp. There are more people waiting to get in than room to put them. And in 1970 the "commune" until then loosely structured incorporated as Mount Hope Foundation. Schwartz turned all the group's holdings over to the foundation which was granted tax-exempt status by the Internal Revenue Service.

TOMORROW: Mount Hope and the Catholic Church

Schwartz: Messiah or mountebank?

Copyright 1973, The Times Herald Record

By JAN STEPHEN D'ESTAMPS

Herbert T. Schwartz's Mount Hope Foundation is a profound influence on the church and outside the church. He has taken issue with his spiritual father.

Certain aspects of the Catholic life left

Herbert T. Schwartz and his followers have raised

theological and moral doubts in the minds

of clerics, laymen and members of the

growing opposition.

Central to the controversy is Schwartz's

role as the spiritual father to some 130

participants in the community life at

the foundation's farm on Tally Ho Road.

He charges that the 69-year-old

Schwartz has "fostered a dangerous

tendency in the people who live with him and allow him to make the decisions

for their lives." Schwartz maintains

that this "dangerous dependence" has brought

in freedom and maturity. But because

many of those people are priests and nuns

former members of religious orders,

the doctrinal and psychological aspects of

his leadership take center stage.

Stories reach NYC

Former residents and employees tell

of 100 people kneeling before

Herbert T. Schwartz and others who say "or

faded priest's knees and sick for Herbert's

recovery." Schwartz says this is done only

as the priests celebrate Mass.

Stories of these have reached the

Archdiocese of New York and the highest

levels of several religious orders whose

members still Mount Hope.

Schwartz admits that identification with him is pretty strong but claims that this identification with a wise and loving father helps them to find their own identity. This, he says, is a normal phenomenon in counseling called transference and refers to a period where there is necessarily a strong identification with the new father figure.

He speaks of the superiors of some religious orders as being jealous of the devotion and love bestowed upon him by so many religious. His critics in the church, he says, have no idea of what I teach. None of them has ever come here to talk with me. They say there have never been any charges of heresy brought against him.

At the heart of this philosophy and at the heart of life at Mt. Hope is Schwartz's role as father to his flock. What holds this place together, he says, is that through their belief God loves them as they are. My job is to communicate the mercy of God to my children.

To Herbert T. Schwartz, a Jew who became a convert to Catholicism about 40 years ago, the Catholic Church is in a state of decadence, not moral degeneracy, but a prioritizing weakness in faith leading to barren, anxious and unhappy lives. Dozens of religious come here to find out what the gospel is all about. Many Catholics have lost the faintest idea of what it means to live by faith. If they are not getting nourishment through the gospel in their orders, I have to help them.

The Rev. T. De Horcaja, Dominican priest who has known Schwartz for 30 years and a regular visitor at Mount Hope,

and has cleared many troubled priests and nuns to Schwartz.

Many people come into religious life and don't know how to live by faith, Father Horcaja says. Traditionally in the church it is the man of faith who teaches people to live by faith. That's why the religious come here; even though their superiors do not always understand why they need to come.

Mount Hope, he says, is a real threat to the superiors of the orders because the religious are saying, "We are discovering it Herbert's how to live by faith," an experience which has often been missing from their life in their orders.

Schwartz says that he acts as a catalyst to draw people into a relationship with God, a relationship which is mystical and based on faith and love.

Schwartz on God

We cannot comprehend God, says Schwartz. The relationship to God is one of love and we are drawn to it by an understanding founded on faith. You have to believe that God knows the worst about you and still loves you as you are. Then you are moved to love Him in return.

De Horcaja says a very real analogy between God and the father and the human father. The child loves God through the father and the father communicates to the child that he loves the child not because you are good but because you are living.

At Mount Hope everyone is Herbert Schwartz's child. Religious adults, everyone he says, that once they know he loves them because they are mine, that is the psychological foundation for the life of faith. Without that knowledge there is the psychological foundation for despair and neurosis.

To Schwartz the root of all neurosis is unmitigated guilt, a guilt which can be mitigated only through faith, through knowing that God loves you because this is good now because you are good.

All religion today, he says, is man-centered. We think of how good we are or we are afraid of how bad we are and we forget about the goodness of God. The true religious life is on the other hand, God-centered. That is why the end and purpose of all we do here is to learn how to be more and more united with God. And this leads naturally to love of others. I know that God loves me but I cannot give God anything back because He has everything. So the only way to pay Him back is through other people by loving others.

It is about this aspect of life at Mount Hope that much of the curiosity swirls around Herbert Schwartz's family. A survey is in a very personal manner. The real symbiotic bonding and ties binding the words "I love you" are spoken frequently among all members of the family.

When Schwartz talks about the church today he says that what is missing is the spiritual life of an covenant to God. He says the mythical love of God which was part of the earliest tradition in the church began to erode with the introduction by the results of a confusing doctrine of free will. In history every human act is not absolute autonomy to act without being acted upon by God, but rather the freedom of a creature who imagined by God. If you believe in God to think you can do something without is theologically abhorrent.

Criticism of his teachings has been seen in the context of our society, he says. This life of dependence on God won't make sense to those either don't believe in God or have a conception of God.

Whom residents and regular visitors of what life at Mount Hope mean to them they use many of the same words, same phrases that Schwartz does express a deep sense of family ties speak of Schwartz as their father everyone else as their brothers sisters and they speak of Mount Hope a place of peace and serenity where can be themselves.

A nun from a community in Chicago returned to Mount Hope last month after returning to her order. She now teaches New York and is a regular weekend holiday visitor. What did she gain Mount Hope?

I experienced in a family situation I was loved as I am. I learned to love and respect for myself. I learned that wanted me to love myself. God's she said, was transmitted by a full authority here.

Another nun spoke of Mount Hope place where you don't have to someone you aren't or put on faces peace in the environment here is because all are living by faith in a relationship God's.

But the religious superiors of the to which these nuns belong look only on Mount Hope in a different light. Last October, representing five different orders of nuns wrote a letter of concern to the sisters in their communities representing congregations of Sisters Northwest and Midwest.

They wrote: "We with an increasing sense of concern that we Religious Superior have met over the issue of the sisters in our communities associate with Dr. Herbert T. Schwartz and Mt. Hope. We do not at this time condemn hope or the people who go to Mt. Hope nor do we wish to do so. Our judgment however is that the internalitus community at Mt. Hope is radically different from the thrust of our Religious Congregation and not compatible with them. Because of this a difference these Religious Congregations play a secondary role and is placed in compromised position. We can no longer accept this compromise."

Contradictions?

Attempts were made to reach the signatories of this letter who represent congregations of the Religious Sacred Heart, the Adrian Dominican Sisters, Sisters of the Holy Child, Sisters of Notre Dame de Namur, Sisters of the Holy Cross. Four declined comment and one could not be reached. The fifth said there was a contradiction in regard to the understanding of religious and spiritual life between Mt. Hope and the orders. The comment felt the sisters couldn't be living two of the spiritual life without violating the other. At Mt. Hope, she said, is a regressive behavior present in of very high dependency.

A nun who received the letter said telephone interview that there is contact all religious orders over where appropriate to get spiritual direction.

"It has been traditional in the cat-





Preschool age children attend class at the foundation with teacher — Recommended photo by Te Plummer

All Hell from Pater
In religious direction can be found where she said, but in 10 years it's been confined to religious orders which have a considerable number of laymen who live outside the order without its concurrence.

She claimed that the orders have nothing personal against Schwartz. A religious order would like to find the man in God's love within itself. And she looks at Schwartz as "as many with profound insight into the life of prayer."

Schwartz says he knows he is anathema to many religious superiors. He insists that he is not trying to draw the laymen away from the orders.

"A lot of women who were thinking of leaving have gone back to their orders," he says. "I never heard of any deviation of the church going on in this country. If I inform somebody in faith, I do not tell them to go back and help to form her. In the cases of a few who have left, I play the devil's advocate and guide them to the order."

Enevangelist suspicion

He has a desire-chiar relationship with the Archdiocese of New York, a son of suspicion. He has never had confirmation from the church or tax exempt status from the Internal Revenue Service, not as a religious organization, but as an educational charitable foundation. Accordingly, the Archdiocese has no official position on Mount Hope.

Recently, Herbert Schwartz's family, that is in the counseling department of the Salesian, inquiring, have come to the church headquarters from time to time. A diocesan priest familiar with Mount Hope called it "a very dangerous rock." Another lawyer who was involved in an affair of Schwartz several years ago, and whom he was afraid of making any contact, there is no question of how well they know enough of what goes on there to condemn him. It is a

political decision not to do so. Schwartz's relations with the local Catholic authorities, on the other hand, have been exemplary. The commune is within the Oriskany parish. Marriages and baptisms are performed at Holy Name Church in Oriskany, usually by Father Rover with permission from the parish priest.

Msgr. J. T. Reardon, who was priest at Holy Name until a few months ago, said there was a very easy and very happy relationship between the commune and the church. Msgr. Reardon said he looked on Mount Hope residents as "the largest family in the parish, and I'm always delighted to see a big group come."

Schwartz reportedly gave a card to Msgr. Reardon's predecessor as priest at the Archdiocese, viewed the gifts with skepticism. Oh yes, he responded, they really did ask for it now. Jobson him.

The Most Rev. John M. Kearns until recently episcopal vicar for Orange and Rockland counties, said before leaving the area that he looked on Mount Hope as "a good thing."

Bishop Kearns said he thought Schwartz was attempting to help people and to live a distinctly Christian kind of life.

There will always be some members

of religious communities who have difficulties.

Bishop Kearns said if Schwartz can't solve his problems, he can't serve the difficulties they have and help them to live a full life in Christ. I would think their communities would be grateful.

Bishop Kearns' replacement, the Rev. Philip J. Murphy, said recently he hadn't been in the area long enough to form judgments about Mount Hope.

But others outside the family do judge.

Several speak of an atmosphere of self-hate and well as loves. Says a former employee: "You've got to believe you're

rotten and then God loves you. Another

former resident says Schwartz's teachings

are "terribly masochistic. God knows he

loves you by making you suffer."

In answer to this, Schwartz said

himself taught: "Unless you hate your own soul, you will lose it." Far from being

masochistic, Schwartz says: "My teaching

emphasizes above all that you are to look upon God as your loving father and believe in your own holiness in Christ."

Wearing chains

Perhaps the most bizarre incident reported involved the simple link chain bracelets worn by nearly everyone at Mount Hope, including Schwartz. The bracelet is put on with a pair of pliers and cannot be removed without mechanical aid.

Critics see the chain as yet another sign of spiritual and emotional dependency, but Schwartz says the wearing of the chains is an approved devotion to the Virgin Mary and was originated by St. Louis de Monfort in the 18th century in his writing De Monfort recommends the wearing of 100 devotions as one of the practices of a true devotee to Mary.

Father Rover says Schwartz was attracted to De Monfort's writing over 30 years ago and has worn the chain for many years. Now it has become a custom of the place, but Herbert won't give the chain to anyone who doesn't understand the devotion.

A lawyer reports that about three years ago he sought to have a woman released from Mount Hope, but that in his view her departure necessitated a symbolic severing of the commitment to Schwartz. The lawyer says he brought wire cutters to a meeting with Schwartz and insisted that the community leader cut the bracelet from the woman's wrist.

He says he refused to do so and pointed out later that both the lawyer and the woman or husband were superstitious with regard to the meaning of the chain or bracelet, which he says has nothing to do with loyalty to him.

At the time legal papers were in the works, and the woman's husband was preparing to sue Schwartz for breaking up his marriage, though Schwartz says he recommended that she return to her husband.

Neither the Mount Hope Mission Fathers on

Long Island nor the Archdiocese Chancery

know of another place where wearing of

the chains is practiced in a similar manner.

Devotion to Our Lady is popular among the Montfortians, but they approve the church, says Msgr. O'Donnell, the Archdiocese, but they never hear this particular practice, rather suspect it is private to the group. It is not approved by the church.

Schwartz says he bases his devotion entirely upon the teaching of Louis de Monfort and includes it in his fort in his famous work "True Devotion to Mary."

It is a serious, glorious, praiseworthy thing, and very useful to those who have made themselves slaves to Jesus in Mary, that they should wear signs of their loving slavery, little chains blessed with the pronouncements of the Gospels.

The theme that runs through criticism voiced by all of Schwartz's critics, whether religious or non-religious, is the notion of dependence. Says a lawyer: "He convinces these people he is a kind of Messiah. From and source. Those people worship ground he walks on. He holds religion in his head, and they would do anything for him."

But a former resident, who lived at Mount Hope intermittently for more than four years, disputes claims of Schwartz's hypnotic control over his followers. Herbert is not the end. God is the end. The people are under Herbert's leadership and he makes the decisions, but God is any gaps.

Schwartz says the relationship with his wife generates a healthy independence, human authority, including his own.

But in the minds of many critics, Schwartz and devotion to become one, and they same. Schwartz rejects any notion that he is playing "Nothing could be more abhorrent to draw people away from God, or myself. The whole import of my life is to bring these people to God."

TOMORROW — Look at the scene

County Court of the State of New York
County of Westchester

2/18/ 77

THE PEOPLE OF THE STATE OF NEW YORK,

- against -

JACK SHULMAN

Defendant.

Indictment No.

86-00862-01

MARASCO, J.

The defendant is charged with one count of Violating General Business Law §352-C(5), one count of Violating General Business Law §352-C(6), and eleven counts of Grand Larceny in the Second Degree.

The defendant moved for omnibus relief.

The Court has conducted an in camera examination of the Grand Jury minutes. The counts of Grand Larceny in the Second Degree appear to be premised on the theory that the thefts occurred by false pretenses or false promises. The elements of the crime of larceny by false pretenses are: (1) an intent to deprive an owner of property, (2) the making of a false representation, (3) knowledge of the falsity, (4) obtaining the property of another, and (5) that the owner of the property was induced by the representation to give up the property. People v. Chaitin, 94 AD2d 705 (second dept 1983) aff'd 61 NY2d 683 (1984). The evidence presented to the Grand Jury would, if unexplained and uncontradicted, warrant a petit jury's finding that four of the five elements were proven. The proof is insufficient on some of the grand larceny counts as to the fifth element, inducement of the owner to give up the property in reliance on the defendant's representations. The proof as to this element is

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PEOPLE v. JACK SHULMAN
Indictment No. 86-00862-01

sufficient with regard to the third, fourth and tenth counts of the Indictment. The proof is not sufficient with regard to the fifth, sixth, seventh, eighth, ninth, eleventh, twelfth and thirteenth counts of the Indictment; the motion to dismiss with regard to these counts is granted. The People are granted leave to represent evidence with regard to these counts to a new Grand Jury.

The charge of fraud in the sale of securities in violation of General Business Law §352-C(5) requires in part proof of an intentional engagement in a scheme constituting a systematic ongoing course of conduct with intent to defraud ten or more persons or to obtain property from ten or more persons by false or fraudulent pretenses, representations or promises. The intent to defraud or obtain property by false or fraudulent pretenses could exist in the mind of a defendant without regard to whether all the people from whom the property is sought to be obtained actually rely on the defendant's representations. The crime is completed when property is obtained from one or more such persons by means of the fraud or false pretenses, and the scheme is connected to securities or commodities. The proof presented to the Grand Jury was sufficient, if unexplained and uncontradicted, to warrant a conviction by a trial jury.

The motion to dismiss counts one, two, three, four and ten is denied.

This shall constitute the decision and order of this Court.

DATED: White Plains, New York
February 18, 1987

CARMINE C. MARASCO
County Court Judge

LEVEL 1 - 1 OF 1 CASE

ARTHUR LERNER, CARDINAL EXPORT CORPORATION, MARTIN GROSSMAN, WESLEY NEWPORT, HENRY J. HENGLIN, PAUL WOLPERT, JOAN SISCO, STANLEY SISCO, LEONARD SISCO and DOMINIC PULEO, on behalf of themselves and all others similarly situated, Plaintiffs, against LOGOS DEVELOPMENT CORPORATION, CHARLES E. BYRNÉ, BERNARD E. SCOTT, CECILIA M. HAUNERT, ROBERT L. MARKOVITS, BACH L. TRUONG, HERBERT T. SCHWARTZ, LYMAN H. TREADWAY, ELDON E. KUHNS, COHEN GOREN EQUITIES, INC., STANLEY COHEN, STEPHEN GOREN, L. M. ROSENTHAL & CO., INC., SHASKAN & CO., INC., DANIEL S. BROER & CO., INC., ROBERT W. STEVEN CORP., SCHWEICKART & CO., SINGER & MACKIF, INC., BAIRD PATRICK & CO., SANFORD TRONTZ, RONALD GREENBAUM, GERALDINE CHEVALIER, GARY LEVENBERG, IRVING ATHERTON, STEPHEN I. FISCHGRUND, SIDNEY R. BUCHMAN, DANIEL S. BRIER, ROBERT I. KONIGSBERG, JOHN RADIN, MATHEW SHAPIRO, DANIEL LANKTREE, JEROME SCHWARTZ, DONALD REISFELD, ARTHUR A. OKUM, DAVID VINIK, and CECILE VINIK, Defendants.

73 Civ. 3035

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

Fed. Sec. L. Rep. (CCH) P95,207

Fed. Sec. L. Rep. (CCH) P95,207

June 6, 1975

COUNSEL:

SCHOENGOLD & SPORN, By: Samuel P. Sporn, 217 Bway, NYC 10007

MORTIMER A. SHAPIRO, (MORTIMER G. LEVINE-co-counsel), 9 East 40th St. NYC 10006 For Plaintiff

Brown Wood Fuller Caldwell & Ivey, One Liberty Plaza NYC 10006, 349-7500 for deft Schweickart & Co.

Delaney & O'Reilly (deft. Lanktree), 39 B'Way, NYC 10006

Booth, Lipton & Lipton, 292 Madison Ave. N.Y. 10017-MU 6-0644, (Cohen, Goren Equities & S. Cohen & Stephen Goren) For Defendant

OPINIONBY: KNAPP

OPINION:

MEMORANDUM AND ORDER

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KNAPP, D.J.

This is a motion by plaintiff for an order pursuant to Rule 23(c)(1) of the Federal Rules of Civil Procedure permitting the above-entitled matter to be maintained as a class action. The motion will be granted.

I. Background

This consolidated action n1/ arises out of the initial offering and subsequent ("aftermarket") trading activity of the stock of Logos Development Corporation (Logos). The consolidated amended complaint asserts two causes of action, and plaintiffs seek class action status to prosecute both of them.

n1/ The consolidated action embraces two parallel lawsuits. The first action ("the Lerner action") was commenced on August 10, 1973. The named defendants were Logos Development Corporation and designated officers and employees of Logos; Cohen-Goren Equities, Inc., the sole underwriter of the offering of Logos common stock here involved, and certain of its officers, directors and employees; and seven broker-dealers, together with named officers and employees of said broker-dealers. The Lerner complaint alleged a conspiracy among the named defendants to defraud the plaintiffs and manipulate the market subsequent to the offering of 125,000 shares of Logos common stock at \$10 per share.

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The second action ("the Grossman action") was commenced on August 16, 1973. The essence of the violation charged in the first count of the Grossman complaint was the dissemination by certain of the defendants of a registration statement and prospectus containing false and misleading statements and omitting certain material information in violation of Sections 11, 12(2) and 15 of the Securities Act of 1933. It was also alleged in a separate count that manipulative trading activity among certain of the named defendants damaged plaintiffs and others similarly situated who purchased Logos common stock both in the original offering and in the aftermarket. Both actions were alleged to have been brought as class actions.

Thereafter, various motions to dismiss, to consolidate and for a more definite statement, were made on behalf of the named defendants, with respect to both the Lerner and Grossman actions. On April 2, 1974 this court denied the subject motions to dismiss; consolidated the Grossman and Lerner actions; and granted the motion for a more definite statement with respect to Rosenthal & Co.

The first count of the complaint is asserted solely against the defendant Logos, and certain of its officers and directors, and defendant Cohen Goren Equities (CGE), the sole underwriter for Logos stock, and certain of its directors, officers, and employees. The count alleges violations of both the 1933 and 1934 securities acts, and Securities and Exchange Commission rules

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promulgated thereunder, all allegedly arising out of a misleading registration statement and prospectus with respect to Logos stock.

The second count of the complaint, which names all defendants, charges a conspiracy to defraud the plaintiffs by artificially inflating the price of Logos common stock in connection with the aftermarket trading of Logos, in violation of, among others, Section 10(b) of the 1934 Act, and Securities and Exchange Commission Rule 10b-5, promulgated thereunder. As part of this count, plaintiffs have also charged that certain of the defendants entered into protective market arrangements with CGE prior to the public offering of Logos stock and failed to disclose such arrangements in violation of Section 15(c)(2) of the 1933 Act and Rule 15c2-7; and that certain of the broker-dealer defendants failed to comply with criteria governing the trading of new issues such as Logos, and thus failed to reasonably supervise their personnel with respect to the violations set forth in the complaint.

The plaintiffs in this action are all purchasers of Logos common stock, some of whom purchased on the date of the original offer, May 24, 1972, others of whom purchased in the aftermarket. The plaintiffs seek the certification of a class which would encompass both groups of purchasers. Specifically, they ask that the class consist of all persons, except the defendants, who bought Logos stock between May 24, 1972, the initial offering date, and February 14, 1973,

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the date upon which the Securities and Exchange Commission suspended trading in Logos stock.

The defendants opposing the motion n2/ argue that plaintiffs have failed to meet the requirements of both Rule 23(a) and 23(b) of the Federal Rules of Civil Procedure. They argue 1) that there are no questions of law or fact common to the class, 2) that inherent conflicts of interests among the members of the proposed class demonstrate that the parties cannot adequately represent the class, and 3) that, assuming common questions of law and fact do exist with respect to the class, these questions do not predominate over questions affecting only individual members.

n2/ Opposition papers were received by defendant L. M. Rosenthal & Co., Inc., Singer & Mackie, Inc., Shaskan & Co., Inc., and Ronald Greenbaum.

II. Discussion

Rule 23 of the Federal Rules of Civil Procedure n3/ requires a litigant seeking to maintain an action on behalf of a class to fulfill each requirement of Rule 23(a), and satisfy at least one of the categories under 23(b). In considering whether plaintiffs have met this burden, we are, of course, "mindful of the admonition of liberality toward demands for class suit status in

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securities litigation (particularly 10b-5 suits)." Korn v. Franchard Corporation (2d Cir. 1972) 456 F.2d 1206, 1209; Green v. Wolf Corporation (2d Cir. 1968) 406 F.2d 291, 298, cert. denied, 395 U.S. 977; Tucker v. Anderson (S.D.N.Y. 1975) F.Supp. .

m3/ The pertinent sections of Rule 23 for purposes of this motion are as follows:

"(a) Prerequisites to a Class Action. One or more members of a class may sue or be sued as representative parties on behalf of all only if (1) the class is so numerous that joinder of all members is impracticable, (2) there are questions of law or fact common to the class, (3) the claims or defenses of the representative parties are typical of the claims or defenses of the class, and (4) the representative parties will fairly and adequately protect the interests of the class.

"(b) Class Actions Maintainable. An action may be maintained as a class action if the prerequisites of subdivision (a) are satisfied, and in addition:

(1) the prosecution of separate actions by or against individual members of the class would create a risk of

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(A) inconsistent or varying adjudications with respect to individual members of the class which would establish incompatible standards of conduct for the party opposing the class, or

(B) adjudications with respect to individual members of the class which would as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests; or

* * *

(3) the court finds that the questions of law or fact common to the members of the class predominate over any questions affecting only individual members, and that a class action is superior to other available methods for the fair and efficient adjudication of the controversy. The matters pertinent to the findings include: (A) the interest of members of the class in individually controlling the prosecution or defense of separate actions; (B) the extent and nature of any litigation concerning the controversy already commenced by or against members of the class; (C) the desirability or undesirability of concentrating the litigation of the claims in the particular forum; (D) the difficulties likely to be encountered in the management of a class action.

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"(c) Determination by Order Whether Class Action to be Maintained; Notice; Judgment; Actions Conducted Partially as Class Actions.

(1) As soon as practicable after the commencement of an action brought as a class action, the court shall determine by order whether it is to be so maintained. An order under this subdivision may be conditional, and may be altered or amended before the decision on the merits.

(2) In any class action maintained under subdivision (b)(3), the court shall direct to the members of the class the best notice practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort. The notice shall advise each member that (A) the court will exclude him from the class if he so requests by a specified date; (B) the judgment, whether favorable or not, will include all members who do not request exclusion; and (C) any member who does not request exclusion may, if he desires, enter an appearance through his counsel.

* * *

(4) When appropriate (A) an action may be brought or maintained as a class action with respect to particular issues, or (B) a class may be divided into subclasses and each subclass treated as a class, and the provisions of this

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rule shall then be construed and applied accordingly."

Under Rule 23(a), an action may be maintained as a class action if the following conditions are satisfied: (1) the class is so numerous that joinder of all members is impracticable; (2) there are questions of law or fact common to the class; (3) the claims of the representative parties are typical of those of the class; and (4) the representative parties will fairly and adequately protect the interests of the class.

The defendants do not dispute that plaintiffs have satisfied the numerosity requirement of 23(a)(1). It is clear from the moving papers that at least 400 persons purchased Logos stock at the initial offering and about the same number purchased in the aftermarket. The proposed class is therefore sufficiently large to make joinder impracticable. See, Korn v. Franchard Corp., *supra*, 456 F.2d 1206; Green v. Wolf Corp., *supra*, 406 F.2d 291; Werfel v. Kramarsky (S.D.N.Y. 1974) 61 F.R.D. 674; Hawk Industries, Inc. v. Bausch & Lomb, Inc. (S.D.N.Y. 1973) 59 F.R.D. 619.

Similarly, defendants do not seem to contest that the plaintiffs have satisfied 23(a)(3) - requiring that plaintiffs' claims be typical of the claims of the class. As stated above, the plaintiffs in this action are either purchasers on the initial offering date or purchasers in the aftermarket. They

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claim to be either victims of the misleading registration statement and prospectus or victims of the alleged manipulation of Logos stock during the period of trading from May, 1972 until February, 1973.

The real dispute between the parties centers on whether there are questions of law or fact common to the class and on whether these plaintiffs can adequately represent the interest of the class.

On the first issue, the defendants argue that it is clear from the consolidated complaint that common questions of law and fact do not exist. They emphasize that the first count deals solely with the dissemination of an allegedly false and misleading registration statement and prospectus, and that this cause of action is only asserted as to a few of the named defendants. They also argue that with respect to the second count many of the defendants accused of conspiring artificially to inflate the price of Logos stock ceased making markets in the stock at different times over the alleged period of manipulation. Finally, the defendants maintain that the proposed class actually consists of four separate and distinct groups of purchasers - those who purchased at the initial offering and retained their shares, those who purchased at the initial offering and sold their shares, those who purchased in the aftermarket and retained their shares, and those who purchased in the aftermarket and sold their shares. The defendants contend that the issues with respect to each of these

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groups is different.

To us, the defendants' view of the case and of the requirement of Rule 23(a)(2) is, however, much too narrow. First of all, Rule 23(a)(2) requires only that common issues of fact and law exist, not that all issues be identical with respect to all members of the proposed class. Secondly, defendants fail to take into account the provisions of Rule 23(c)(4) which specifically permits a court to divide a class into appropriate subclasses, and then treat each subclass as an independent class. As we view the consolidated amended complaint, there are indeed two groups of purchasers - the initial market purchasers of May 24, 1972 who retained their shares, ^{n4/} and the aftermarket purchasers who either retained their shares or sold them at a loss during the aftermarket period. With respect to each of these subclasses, there are undoubtedly common questions of law and fact. As to the purchasers at the initial offering, there is, for example, the overriding issue of whether the registration statement and prospectus contained untrue statements of material facts or omitted to state material facts that should have been included. As to the aftermarket purchasers, there are, of course, the common issues of whether a conspiracy to defraud existed, and whether the market was indeed manipulated.

^{n4/} The purchasers at the initial offering who sold their shares during the aftermarket period are irrelevant to this lawsuit since they sold their stocks

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at a higher price, and thus did not suffer any damages.

It should also be noted before leaving this issue that we find the defendants' arguments regarding the absence of common issues somewhat disingenuous in view of the fact that it was the defendants who had moved to consolidate what had originally been two separate class action complaints, primarily on the ground that the issues involved were similar.

Defendants' argument that plaintiffs have not satisfied the requirement of 23(a)(4) must also be rejected. They contend that because the proposed class encompasses several groups with conflicting interests, the plaintiffs would not be adequate class representatives.

The answer to this argument is twofold. First of all, we are not at all convinced that there is any conflict between any members of the proposed class. A difference in the amount purchased or a difference in the date of purchase does not amount to a conflict of interest within the parameters of this litigation. Secondly, even if there were a conflict between purchasers at the initial offering, and purchasers in the aftermarket, dividing the proposed class into two subclasses pursuant to Rule 23 (c)(4) will certainly cure any such difficulty. See, *Green v. Wolf Corporation*, supra, 406 F.2d 291, 299. In this connection we note that there is no suggestion by the defendants that

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plaintiffs' counsel are in any way unethical or not qualified and experienced to conduct the proposed litigation. *Korn v. Franchard*, supra, 456 F.2d 1206, 1212; *Eisen v. Carlisle & Jacqueline* (2d Cir. 1968) 391 F.2d 555, 562. We feel confident that should any unforeseen conflicts arise, plaintiffs' attorneys will take appropriate corrective actions.

Having concluded that plaintiffs have satisfied the requirements of Rule 23(a), it is next necessary to determine whether they satisfy one of the three subdivisions of 23(b). Although in their amended consolidated complaint, plaintiffs invoke the provisions of either 23(b)(1) or 23(b)(3), they appear to abandon the former ground in their moving papers, and thus rely exclusively on 23(b)(3).

In order for plaintiffs to meet the requirements of 23(b)(3), the Court must find that "the questions of law or fact common to the members of the class predominate over any questions affecting only individual members," and that "a class action is superior to other available methods for the fair and efficient adjudication of the controversy."

There seems to be little doubt, except in the minds of the defendants, that the plaintiffs satisfy these two requirements. There is now an abundance of authority sustaining the superiority of a class action in cases brought under

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the securities laws, see, Tucker v. Anderson (S.D.N.Y. 1975) F.Supp., especially where a large number of persons are allegedly injured, who might not otherwise seek recovery. Green v. Wolf Corporation, *supra*, 406 F.2d 291; Korn v. Franchard Corp., *supra*, 456 F.2d 1206.

On the question of "predominance," most of the defendants' arguments revolve around their contention that the plaintiffs are asserting separate and distinct claims against two separate sets of defendants. These arguments are disposed of by our decision to divide the proposed class into two subclasses. There can be little dispute that within each of these subclasses, the common questions predominate. The decision to divide the proposed class into subclasses also makes the case easy to manage in order to achieve an efficient and fair adjudication of the controversy.

Conclusion

In summary, plaintiffs' motion to certify a class pursuant to Rule 23(c)(1) is granted. The proposed class will be subdivided into two subclasses as allowed by Rule 23(c)(4), one of which to consist of those who purchased Logos stock at the initial offering date of May 24, 1974, and who have subsequently retained such stock, and the other to consist of purchasers of Logos stock in the aftermarket, who either retained such stock or sold such stock at a loss up

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until the time trading in Logos stock was suspended.

Within forty-five (45) days from the signing of this order plaintiffs are to complete discovery as to the names and addresses of class members, and are to submit an order in accordance with this decision together with a form of notice and a form of exclusion request.

SO ORDERED.

Dated: New York, New York

June 6, 1975.

WHITMAN KNAPP, U.S.D.J.

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Exhibit H

Ms. Judith Schultz
Assistant Attorney General
Law Department,
NY State Attorney General
2 World Trade Center
New York, N.Y. 10047

March 20, 1986

Dear Ms. Schultz:

This is a letter of complaint.

The company that I now suspect to be none other than the firm that performed research work for Natural Intelligence Machines, Inc. is-

LOGOS CORPORATION
20 William Street
Wellesly, Massechusetts

also located at:
111 Howard Boulevard,
Mt. Arlington, New Jersey

a.k.a. LOGOS DEVELOPMENT CORPORATION
LOGOS COMPUTER SYSTEMS

I would like to know if N.I.M., Inc.'s product ideas and designs somehow ended up on the hands of this company, and what can be done.

Your looking into this matter is appreciated.

Thank you.

Sincerely,

Jack Shulman
Jack Shulman
655 Hillcrest Avenue
Westfield, N.J. 07090

"H"

P 160 075 704

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982
★ U.S.G.P.O. 1984-446-014

Sent to	NY State Attorney General <i>Mrs. Judith Schultz</i>
Street and No.	2 World Trade
P.O., State and ZIP Code	NY, NY 10047
Postage	\$ 22
Certified Fee	75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	70
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	167
Postmark or Date	167

PS Form 3811, July 1983, 447-845

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2. Restricted Delivery.

3. Article Addressed to:

NY State Attorney General
2 World Trade Center
NYC, NY 10047

4. Type of Service:

- | | |
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| <input type="checkbox"/> Registered | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD |
| <input type="checkbox"/> Express Mail | |

Article Number

160075 704

Always obtain signature of addressee or agent and
DATE DELIVERED

5. Signature - Addressee
X *Hattie M. Cawley*

6. Signature - Agent
X

7. Date of Delivery
MAR 24 1986

8. Addressee's Address (ONLY if requested and fee paid)

Exhibit I

DUN'S®
CONSULTANTS
DIRECTORY

1987

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"I"

D-U-N-S 06-428-3765
LOGOMOTION INC
 1516 N Gardner St, Los Angeles, CA 90046
 Tel (213) 876-4600
 Sales NA Emp 5
 Year Started 1982
 Business Description Specialty Advertising Consultants with 1000 Accounts Selling to Financial Institutions Insurance Companies Manufacturers & Entertainment Industry Nationwide
 Officers/Directors
 *Christopher Reed Pr
 *Carl J Fenig Sec Tr

D-U-N-S 14-820-1858
LOGOS GENERAL SYSTEMS INC
 5100 Wisconsin Ave NW, Washington, DC 20016
 Tel (202) 362-5252
 Sales 573M Emp 6
 Year Started 1984
 Business Description Computer Consultants Selling to General Public Private Businesses International Businesses & Government in the Washington DC Metropolitan Area & Internationally
 Officers/Directors
 Dr Sami J Albanna Owner

D-U-N-S 10-125-1221
LOGOS INFORMATION SYSTEMS INC
 Rd 5 Cherryville Stntr Rd, Flemington, NJ 08822
 Tel (201) 782-1533
 Sales 573M Emp 6
 Year Started 1982
 Business Description Computer Consultants Selling to Commercial & Industrial Accounts in New Jersey New York & Connecticut
 Officers/Directors
 *Sandra Walther Pr
 *Richard L Peskin Sec

D-U-N-S 15-096-7511
LOGUE JAMES A ASSOCIATES INC
 2701 S Le Jeune Rd, Miami, FL 33134
 Tel (305) 444-0043
 Sales 1MM Emp 10
 Year Started 1984
 Business Description Management Consultants Selling to Banks Financial Institutions & Other Commercial Concerns
 Officers/Directors
 *James A Logue Pr
 *Margaret L Logue VP
 *Michael P Logue

D-U-N-S 09-728-4749
LOHMANN & ASSOCIATES INC
 1215 Crossroads Blvd, Norman, OK 73072
 Tel (405) 321-2324
 Sales 424M Emp 7
 Year Started 1979
 Business Description Geophysical Engineering Consultants Selling to Oil Companies Nationwide
 Officers/Directors
 *Donald Chism Pr
 *Bill Lohmann VP
 *Julia Lohmann Sec
 *Jill Holmes Tr
 *Phillip Lohmann

D-U-N-S 07-779-5623
LOHNES & CULVER
 1156 15th St NW Ste 606, Washington, DC 20005
 Tel (202) 296-2722
 Sales 762M Emp 13
 Year Started 1945
 Business Description Engineering Consultants in Radio & Television Selling to Communications Radio & Television Concerns in United States
 Officers/Directors
 Elizabeth Dahlberg Pt
 Frederick Viehmeyer Pt
 Robert Culver Pt

D-U-N-S 03-285-4853
LOHRMANN ENGINEERS INC
 709 Mc Knight Park Dr, Pittsburgh, PA 15237
 Tel (412) 367-0332
 Sales 352M Emp 5
 Year Started 1979
 Business Description Engineering Consultants Selling to Industrial Trade in Western Pennsylvania
 Officers/Directors
 *Manfred Lohrmann Pr
 *Edith Lohrmann VP

D-U-N-S 05-191-3606
LOIZEAUX GROUP INTERNATIONAL*
 2737 Merrymans Mill Rd, Phoenix, MD 21131
 Tel (301) 667-6610
 Sales 150M Emp 2
 Year Started 1981
 Business Description Engineering Consultants in Field of Demolition & Explosive Industry Selling to Industrial Accounts within United States & Worldwide
 Officers/Directors
 *J Mark Loizeaux Pr Tr
 *Douglas K Loizeaux VP

D-U-N-S 11-731-6638
LOM-TECH INC
 7 Westchester Plz, Elmsford, NY 10523
 Tel (914) 592-1420
 Sales 1MM Emp 20
 Year Started 1984
 Business Description Management Consultants with 15 Accounts Selling to Military Power Generation Chemical & Process Industries Internationally
 Officers/Directors
 *Linda Lund Pr
 *Gregory Opetosky

D-U-N-S 12-250-8914
LOMBARD WORLD TRADE INC
 90 John St, New York, NY 10038
 Tel (212) 406-9770
 Sales 743M Emp 8
 Year Started 1946
 Business Description Trade Policy Consultants Selling to Commercial Concerns Worldwide
 Officers/Directors
 *Arthur Calganini Pr

D-U-N-S 06-902-4073
LOMBARDI A R ASSOCIATES INC
 25 Terrace Dr, Vernon, CT 06066
 Tel (203) 872-2703
 Sales NA Emp 15
 Year Started 1971
 Business Description Engineering Consultants & Land Surveyors with 100 Accounts Selling to Municipal Industrial Accounts & Developers in Connecticut
 Officers/Directors
 *A Richard Lombardi Pr Tr
 *Alice M Lombardi Sec

D-U-N-S 09-892-5282
LOMBARDO R J & ASSOCIATES INC
 825 4th St W, Palmetto, FL 33561
 Tel (813) 722-4561
 Sales 1MM Emp 37
 Year Started 1976
 Business Description Engineering Consultants Specializing in Civil Engineering & Surveying Selling to Land Developers in Manatee & Sarasota Counties Florida
 Officers/Directors
 *Robert J Lombardo Pr
 *Jan Skipper VP Sec
 *William W Hamilton VP Tr
 *Dianna Rovamus Asst Sec

D-U-N-S 05-115-4128
LOMBARDO WERLINGER INC
 1961 Landings Dr, Mountain View, CA 94043
 Tel (415) 967-4177
 Sales 1MM Emp 7
 Year Started 1974
 Business Description Electronic & Com-

puter Consultants with to Electronic & Co-United States Other Locations Officers/Directors •Frank R Lombardo •Allen Werlinger

D-U-N-S 07-18
LONCO
 2680-18 St, Den Sales 600M Emp Year Started 1981 Business Description Consultants with 75 Commercial Concerns Officers/Directors •William E Hamouz •Ed White •John Osnes

D-U-N-S 06-19
LONDE PAR
 910 Clayton Rd Ste 314 Tel (314) 256-757 Sales NA Emp Year Started 1981 Business Description Consultants with 20 Acc Industry Commerce & Nationwide Other Locations Officers/Directors •Paul Londe •Richard D Parker •Denise Hasty

D-U-N-S 07-20
LONDON & EGAZARI
 165 W Putnam Ave, Gre Sales 1MM Err Year Started 1981 Business Description Consultants Selling to Air Companies & Governm United States Officers/Directors •Bernard London •Joseph Kmetz •Warner Rosenbaum •Manoog Egazarian

D-U-N-S 10-1
LONDON ENGL
 72 Vogel St, Boston Sales 2MM Em Year Started 1981 Business Description Consultants Specializing in En & Recovery Power Plant ditioning Heat Pumps P Computer Analysis Sell Manufacturers & Con England Officers/Directors Farina Corp F Ilya London F

D-U-N-S 12-61
LONDON GREG ENTE
 7904 Topanga Cyn Blvd. Tel (818) 702-9392 Sales 100M Emp Year Started 1981 Business Description Consultants with 12 Accounts mercial Concerns Locally Officers/Directors •Greg London Pr

D-U-N-S 10-82
LONDON GROL
 100 E Lake Ave, Spring L Tel (201) 449-0435 Sales 450M Emp Year Started 1981 Business Description Ma

TOMPKINS, MCGUIRE & WACHENFELD
550 BROAD STREET
NEWARK, N. J. 07102
(201) 622-3000
ATTORNEYS FOR

Plaintiff, Jack A. Shulman

JACK A. SHULMAN,
Plaintiff,
v.
JOHN CASABURRO, et al.,
Defendants.
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY
CIVIL ACTION NO. 86-4021
HON. HAROLD A. ACKERMAN
UNITED STATES DISTRICT JUDGE

CIVIL ACTION - CERTIFICATION OF DAN MYERS

I, DAN MYERS, of full age, hereby certify as follows:

1. I am the Account Executive for the Mid-Atlantic Sales Region for Charles River Data Systems, Inc. and I am fully familiar with the facts set forth herein.

2. The Mid-Atlantic Sales Region for Charles River Data Systems, Inc. includes the southern portion of the State of Connecticut, that is, the Fairfield County area, New York City, Long Island, Westchester County, New

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Jersey, Delaware, Maryland, Virginia, West Virginia, eastern Pennsylvania and Washington, D.C.

3. Charles River Data Systems, Inc. is a manufacturer of 32-bit Motorola 68,000 micro-processor based super-micro-computers which run the Charles River Data Systems UNOS* operating system and support software.

4. In 1984, Dr. Richard L. Peskin of Logos Information Systems, Inc. purchased several Charles River Data Systems Universe Model 68/35 hardware packages together with UNOS* software development licenses. It also purchased the necessary ancillary software customarily used in the development of software programs.

5. On October 10, 1986, Mark Biggers of Siemens Research, located at 105 College Road East, Princeton, New Jersey, 08540, telephoned me at work. He inquired as to the cost of transferring the software licenses from the name of Logos Information Systems, Inc. and Dr. Peskin to the name of Siemens Research and Mr. Biggers. The purpose was so that Mr. Biggers might use that software on a Charles River Universe Model 68/35 system that Mr. Biggers had acquired, or was about to acquire, from Logos Information Systems, Inc. and Dr. Peskin, for Mr. Biggers' use at Siemens Research. I researched the cost and procedures involved for

* UNOS is a registered trademark of Charles River Data Systems, Inc.

the transfer, and called him back several days later at (609) 734-3325 with that information. I have heard nothing further from Mr. Biggers since that time.

I hereby certify under penalty of perjury that the foregoing is true and correct.



Dan Myers

Executed on: March 19 , 1987

