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ATTORNEYS FOR

Plaintiff

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

DOCKET NO. 86-2938(A34)

HONORABLE

FIRST FIDELITY BANK, N.A.,
NEW JERSEY,

Plaintiff

-VS-

LYNDON H. LaROUCHE, JR.;
INDEPENDENT DEMOCRATS FOR LaROUCHE;
THE LaROUCHE CAMPAIGN; THE
LaROUCHE DEMOCRATIC COMMITTEE;
NATIONAL CAUCUS OF LABOR COMMITTEES;
INTERNATIONAL CAUCUS OF LABOR
COMMITTEES; CAMPAIGNER PUBLICATIONS,
INC.; NEW SOLIDARITY INTERNATIONAL
PRESS SERVICE, INC.; CAUCUS
DISTRIBUTORS, INC.; PUBLICATION
AND GENERAL MANAGEMENT, INC.;
NEW BENJAMIN FRANKLIN HOUSE
PUBLISHING COMPANY, INC.; NATIONAL
DEMOCRATIC POLICY COMMITTEE; GRAND
DESIGN PRODUCTION, INC.; FUSION ENERGY
FOUNDATION; THE SCHILLER INSTITUTE;
PMR PRINTING CO., INC.; WORLD
COMPOSITION SERVICES, INC.; PEPPER
FINE ARTS, INC.; JOHN DOE
CORPORATIONS A, B, C; EDWARD
SPANNAUS; NANCY SPANNAUS; FERNANDO
QUIJANO; CRITON ZOAKOS (a/k/a NICK
SYVRIOTIS); CHRIS WHITE; CAROL

COMPLAINT
AND
JURY DEMAND

WHITE; ALLEN SALISBURY; MELVIN :
KLENETSKY; WILLIAM WERTZ; UWE :
HENKE; GERALD ROSE; WARREN :
HAMERMAN; KENNETH KRONBERG; MOLLY :
KRONBERG (a/k/a MARIELLE :
KRONBERG); PHILLIP RUBENSTEIN; :
ELLIOT GREENSPAN; DEBRA FREEMAN; :
PATRICIA SALISBURY; RICHARD :
WELCH; JOHN DOE; RICHARD ROE; :
Defendants. :

Plaintiff First Fidelity Bank, N.A., New Jersey, by way
of complaint against the defendants, alleges as follows:

I. Jurisdiction and Venue

1. The jurisdiction of this Court is based upon the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. §1961 et seq., and 28 U.S.C. §1331. Jurisdiction is also based upon diversity of citizenship pursuant to 28 U.S.C. §1332, and principles of pendent jurisdiction.

2. Plaintiff is a New Jersey corporation with its principal place of business in New Jersey. None of the defendants is a New Jersey citizen.

3. Venue is proper in this district pursuant to 18 U.S.C. §1965(a) in that defendants transact business in this district, and pursuant to 28 U.S.C. §1391 in that plaintiff resides in this district and the claims asserted in this complaint arose here.

4. In connection with the acts alleged in this complaint, the defendants, directly or indirectly, used means and instrumentalities of interstate commerce, including wire communications, and the United States mails.

5. The amount in controversy, exclusive of costs and interest, exceeds \$10,000.

II. The Parties

A. Plaintiff

6. Plaintiff First Fidelity Bank, N.A., New Jersey (the "Bank") is a banking corporation organized and existing under New Jersey law, with its principal place of business at 550 Broad Street, Newark, New Jersey.

B. Defendants

7. Defendant Lyndon H. LaRouche, Jr. ("LaRouche") was a candidate for president of the United States in the 1980 and 1984 elections, and is a candidate for president in the 1988 election. For many years and at all times herein relevant he has created, maintained, controlled, directed and manipulated a variety of organizations (hereinafter sometimes referred to as the "LaRouche organizations"), including those organizations named as defendants herein, in order to propagate and implement his personal political, economic and social philosophy, to pro-

mote his candidacies, and to solicit or raise money from the public for these purposes. These organizations, ostensibly independent, are controlled, dominated and administered by interlocking officerships, directorships and executives/managers, comprised in large part of the individual defendants herein, and ultimately by defendant LaRouche.

8. Defendant Independent Democrats for LaRouche ("IDL") is the campaign committee formed to promote LaRouche's 1984 general election campaign for United States president, but which in fact is active in propagating and implementing LaRouche's political, economic and social philosophy. IDL's president is defendant Debra Freeman; its treasurer is defendant Rose; its assistant treasurer is defendant Welch.

9. Defendant The LaRouche Campaign ("TLC") is the campaign committee formed to promote LaRouche's 1984 primary election campaign as the Democratic party candidate for United States president, but which in fact is active in propagating and implementing LaRouche's political, economic and social philosophy. TLC's secretary and campaign director is defendant Klenetsky; its assistant treasurer is defendant Welch.

10. Defendant the LaRouche Democratic Committee is the campaign committee formed to promote LaRouche's 1988 primary and general election campaigns for United States president. Its treasurer is defendant Edward Spannaus; its assistant treasurer is defendant Welch.

11. Defendants National Caucus of Labor Committees ("NCLC") and International Caucus of Labor Committees ("ICLC") are organizations founded by LaRouche whose announced purpose is to promote LaRouche's ideology. As set forth below, NCLC is the central controlling organization through which LaRouche dominates, controls and manipulates the other defendant organizations, and others, to promote his ideology.

12. Defendant Campaigner Publications, Inc. ("CPI") is an organization which publishes periodicals and newspapers espousing LaRouche's ideology, including: the New Solidarity newspaper, published twice weekly, of which defendant Nancy Spannaus is editor-in-chief; Campaigner, a magazine published quarterly, which is the English language journal of the NCLC, of which defendant Carol White is editor and defendant Kenneth Kronberg is associate editor; and Loudoun County News, a recently-created publication for distribution in Loudoun County, Virginia, to which most of the LaRouche organizations and the defendants herein have moved their activities and principal offices. Nancy Spannaus was an initial incorporator of CPI and is a director thereof; defendant Edward Spannaus is its president. On information and belief, CPI, at all times herein relevant, engaged in fraudulent and illegal activities using credit card accounts and charges similar to the activities of defendants TLC and IDL as hereinafter described, as part of a pattern of manipulation and illegal use of credit card accounts and charges by the LaRouche organizations at the instigation of defendant LaRouche.

13. Defendant New Solidarity International Press Service, Inc. ("NSIPS") is a press service which, under the guise of disseminating news, espouses and propagates the LaRouche ideology. It is the publisher of Executive Intelligence Review ("EIR"), a weekly magazine with bureaus in eighteen cities around the world. EIR is a LaRouche propaganda organ ostensibly directed to the security concerns of business and law enforcement agencies, but which in fact propagates and implements LaRouche's personal political, economic and social philosophies. Defendant Molly Kronberg was an original incorporator of NSIPS and is a record owner of stock of NSIPS. Defendant LaRouche was founder of and is a contributing editor to EIR; defendant Zoakos is its editor-in-chief; contributing editors include defendant Nancy Spannaus. Owners of EIR also include NSIPS, defendants Nancy Spannaus and Edward Spannaus.

14. Defendant Caucus Distributors, Inc. ("CDI") is a corporation which sells and distributes literature espousing the LaRouche ideology, and conducts fundraising activities in support of LaRouche's political activities. Defendant Edward Spannaus was an initial incorporator of CDI; directors include defendants Rubenstein and Kenneth Kronberg; defendant Rubenstein is its president. An initial director of CDI was Jeffrey Steinberg, who also is "chief of security" for defendant LaRouche.

15. Defendant Publication and General Management, Inc. is a corporation which provides management services to the LaRouche organizations.

16. Defendant New Benjamin Franklin House Publishing Company, Inc. is a corporation which publishes literature espousing LaRouche's ideology, including the book Dope, Inc. Defendants Nancy Spannaus and Molly Kronberg were original incorporators. Defendant Nancy Spannaus is its president and Molly Kronberg is an officer thereof.

17. Defendant National Democratic Policy Committee is a political action committee which promotes, finances and otherwise supports political candidates supporting LaRouche or espousing his ideology. Its name was deliberately chosen to create the appearance of an affiliation with the Democratic party, with which it has no connection. Its chairman is defendant Warren Hamerman.

18. Defendant Grand Design Production, Inc. is a corporation which provides graphics and other services to the LaRouche organizations.

19. Defendant Fusion Energy Foundation ("FEF") is a tax exempt organization whose announced purpose is to "promote energy-flux-dense modes of production and application of energy, together with emphasis on the standpoint in physics and physics-mathematics education required for comprehension of and progress

in developing such technologies." FEF publishes periodicals entitled Fusion and International Journal of Design Energy, of which defendant Carol White is the editor. Directors of FEF include Paul Gallagher, a member of the National Committee (described below at paragraph 26) and an owner of CPI.

20. Defendant The Schiller Institute is an organization founded in 1984 by Helga Zepp-LaRouche, the wife of defendant LaRouche, who is its chairman. Its announced purpose is "to counterpose to the multiple tendencies towards decoupling Western Europe from the United States a positive conception for the maintenance and revitalization of the Western alliance." LaRouche is an advisory board member.

21. Defendant PMR Printing Co., Inc. is a corporation which provides printing services to the LaRouche organizations and is managed by members of defendant NCLC or its supporters. All publications written and published by members of defendant NCLC or organizations associated with LaRouche are printed by defendant PMR Printing Co., Inc.

22. Defendant World Composition Services, Inc. is an organization which provides printing and typesetting services to the LaRouche organizations.

23. Defendant Pepper Fine Arts, Inc. is a corporation which allegedly deals in the purchase and sale of artworks, but

which in fact provides financial and other services to the LaRouche organizations.

24. Defendants John Doe Corporations A, B, C., etc. are fictitious names for such other organizations, whose identities presently are unknown, which were formed and exist to promote defendant LaRouche's personal political, economic and social philosophy, to promote his candidacies, and to solicit or raise money from the public for these purposes.

25. The activities and operations of all LaRouche organizations, including the organizations named as defendants herein, are and at all relevant times were controlled, dominated, directed and manipulated by LaRouche, such that all such organizations were mere instrumentalities of LaRouche, with no de facto existence separate from him or each other. In federal Grand Jury proceedings pending in the United States District Court for the District of Massachusetts, and in appeals from judgments of civil contempt therein entered against defendants CPI, FEF, NDPC and CDI, it was therein held, and these defendants are collaterally estopped from denying, that they are "associated with Lyndon LaRouche", and that they, together with defendants IDL and TLC, are "LaRouche related entities." In said actions, defendants CPI, FEF, NDPC and CDI were adjudged in civil contempt and fined over one million dollars because of their failure to cooperate with a Grand Jury investigation into possible credit card frauds

by them and defendants TLC and IDL, which are the frauds alleged herein, and to produce documents subpoenaed by said Grand Jury in connection with that investigation. These acts were committed in furtherance of the conspiracy hereinbelow alleged and in an effort to conceal same.

26. Such domination, control and manipulation of the LaRouche organizations was and is conducted by LaRouche through a so-called "National Executive Committee" ("NEC") and "National Committee" ("NC") of defendants NCLC and ICLC. The NEC sets policy and makes decisions for all LaRouche organizations. These policies and decisions are implemented and monitored through the presence of NEC members in the management of the LaRouche organizations and NC members in the management and membership of such organizations. The NC members report to the NEC regarding the activities of the LaRouche organizations, and provide second level control thereof.

27. In addition to LaRouche, the following defendants presently are, or at relevant times were, members of the NEC: Edward Spannaus, Nancy Spannaus, Fernando Quijano, Criton Zoakos (a/k/a Nick Syvriotis), Chris White, Carol White, Allen Salisbury, Melvin Klenetsky, William Wertz, Uwe Henke, Gerald Rose, Warren Hamerman, Kenneth Kronberg and Molly Kronberg (a/k/a Marielle Kronberg). In their capacity as members of the NEC, they aided and abetted LaRouche in his domination and control of

the LaRouche organizations, including those named as defendants herein; and participated in the management and operation of such organizations to the end of directing, participating in, ratifying, aiding and abetting the illegal acts of fraud and criminality hereinafter described. Each defendant NEC member, at or through daily briefings, was informed of the tally of moneys being fraudulently raised by the LaRouche organizations in the manner hereinafter described in paragraphs 32 through 52.

28. All funds generated by the LaRouche organizations, including those generated through contributions, loans, or commercial or business functions, are used for common infrastructure, facilities and for other common purposes. Financial distinctions between and among organizations are disregarded, and funds are commingled and/or transferred among organizations, and between organizations and individual LaRouche adherents, in attempts to "launder" funds in order to secrete and obfuscate the sources and uses thereof.

29. Defendants Debra Freeman, Richard Welch and Patricia Salisbury, as well as other defendants previously named, are or at relevant times were officers of defendants IDL and TLC, and/or are or were authorized signatories on accounts, described below, opened in 1984 with the Bank.

30. Defendants Elliot Greenspan and Phillip Rubenstein are or at relevant times were regional or state coordinators and

supervisors of fundraising activities conducted by the LaRouche organizations, including TLC and IDL. Defendant Greenspan is an official of CDI. He was jailed in Boston, Massachusetts in October 1985 for refusing to comply with a subpoena from the federal Grand Jury in Boston investigating the frauds herein alleged. His refusal was an act committed in furtherance of the scheme and conspiracy hereinafter alleged and in an effort to conceal same.

31. Defendants John Doe and Richard Roe are fictitious names for other persons, whose identities presently are unknown, who have participated in the unlawful acts described herein.

III. Allegations Common to All Claims for Relief

A. The Merchant Accounts; Termination of the Accounts

32. In 1984, defendants IDL and TLC opened accounts with the Bank and entered into "Bank Card Merchant Agreements" (annexed as Exhibits A and B) in connection with their use of credit card charges as a means of obtaining contributions to LaRouche's 1984 political campaign.

33. Under the express terms of each such agreement, either party had the right to terminate the same at any time upon written notice given to the other (Exhs. A, B, para. 3.07).

34. Each such agreement further provides, inter alia, that in their credit card transactions, IDL and TLC shall comply

with all applicable laws (Exh. A, B, para. 1.03), and shall submit to the Bank only charge slips reflecting bona fide transactions (Id., para. 1.04). Each agreement additionally provides for the Bank to charge against the IDL and TLC accounts the full value of any item determined to be fraudulent, or not representing a bona fide transaction, or which is in violation of law, or which otherwise involves a breach of any term of the agreement (Exh. A, B, para. 2.04).

35. Pursuant to such agreements, the Bank was obligated to credit the IDL/TLC accounts with the face amounts of credit card charge slips or deposits, and then had the right to debit (or "charge-back") to such accounts the amounts of any credit card charges disputed or disclaimed by credit cardholders. Thereafter the collection of the disputed charges which are the subjects of the chargebacks became the sole responsibility of the "merchant", i.e. IDL or TLC. Under said agreements and at common law, IDL and TLC represented and warranted that all credit card charge slips deposited in the accounts were bona fide and had in fact been authorized by the credit cardholders for the purposes therein reflected.

36. During the period between approximately July 1984 and October 1984, the number and volume of chargebacks to the TLC and IDL accounts increased dramatically. The reasons stated by

the credit cardholders for such disputed charges indicated impropriety or wrongdoing by IDL and TCL in their solicitation of campaign contributions and loans. Such reasons included assertions that the charges were totally unauthorized; or were authorized but in amounts lower than those charged; or were induced by unfulfilled promises to promptly repay the funds loaned.

37. On November 1, 1984, the Bank was informed by the Federal Bureau of Investigation that the fundraising practices of the LaRouche organizations, including TLC and IDL, were being investigated and that the Bank's records regarding the accounts of such organizations would be subpoenaed.

38. On November 1, 1984, the Bank exercised its rights to terminate the Bank Card Merchant Agreements with IDL and TLC. On November 1, 1984, the Bank gave written notice of termination, as required by paragraph 3.07 of the agreements (Exhs. A,B). Such notice was confirmed by a telegram sent to and received by IDL and TLC on November 2, 1984.

39. In connection with such termination, the Bank debited the two accounts of TLC and IDL in the total sum of \$200,000. Such funds were placed in a "suspense liability" escrow account, as and for a reserve to pay chargebacks as of that time unknown, but which were anticipated to be substantial. IDL and TLC were fully advised of these actions and the purpose thereof.

40. The actions taken by the Bank in terminating the accounts upon notice, and transferring funds as aforesaid, were lawful, warranted, proper and prudent under the circumstances.

B. The Nature of Defendants' Fraud

41. During the period between approximately January 1984 and November 1984, the defendants devised and intended to devise a scheme and artifice to defraud the Bank and for obtaining money and property from the Bank by means of false and fraudulent pretenses, representations and promises, to wit: on multiple occasions during this period, defendants TLC and IDL and their representatives or agents presented to the Bank, at its offices at 550 Broad Street, Newark, New Jersey, and there had credited to their accounts, credit card slips fraudulently procured and executed which were eventually charged-back by the defrauded credit cardholders, such credit card slips purporting to reflect bona fide charges but which were in fact fraudulent because (a) the credit cardholders had not authorized the charges at all or (b) the cardholders had authorized charges in amounts significantly less than those reflected on the slips or (c) the charges reflected loans which defendants promised to repay promptly, but which were not repaid as promised and which defendants never intended to repay as promised or (d) the defendants induced the cardholders to lend their names as contributors or lenders, with the pre-arrangement that the cardholders would re-

ject the charges when bills were presented to them for payment. In each such instance, TLC and IDL received interest-free use of the Bank's funds, credited to their accounts, represented by these fraudulent credit card slips. The fraud, deceit, and deception practiced by defendants upon the Bank were part of a plan, scheme and conspiracy by and among the defendants, and each of them, to obtain use of the Bank's funds upon the false pretenses that such credit card deposits were valid, legitimate and represented bona fide contributions, when in fact the same were known to be invalid, illegitimate and intended only to create the false appearance of bona fide deposits to the accounts.

42. Having devised and intending to devise the aforesaid scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, the defendants, during the period between approximately January and November, 1984, for the purpose of executing such scheme and artifice and attempting to do so, repeatedly (a) placed or caused to be placed in a post office or authorized depository for mail matter, or took or received therefrom, or knowingly caused to be delivered by mail according to the direction thereon, envelopes containing credit card numbers obtained by various LaRouche organizations through sales of LaRouche publications, and then used such credit card numbers to fraudulently charge contributions to those accounts; and (b) transmitted and caused to be transmitted by means of wire commun-

ications in interstate commerce telephone calls to National Data Corporation, a company which verified whether requested charges were within a credit cardholder's credit limit and were based upon a valid credit card, requesting authorization for charges to particular cards where the cardholder either did not authorize the transaction or did so in an amount less than that presented by defendants; when told that the requested charges would exceed a cardholder's credit limit, defendants called back requesting a lower charge, and repeated this process until the cardholder's credit limit was determined--all in violation of 18 U.S.C. §§1341, 1343 and 2.

43. Defendants further compounded and aggravated the aforementioned fraud, and attempted to conceal same, by publicly professing, through mail matter sent or delivered by the Postal Service and by wire communications in interstate commerce, that they had "investigated" such charges of credit card fraud, and had found them to be wholly false in that they were results of an attempted "sting operation" by undisclosed political adversaries in conjunction with governmental agencies to sabotage their activities in the course of which, among other things, legitimate contributors or lenders had been coerced into disavowing their credit card slips -- in violation of 18 U.S.C. §§1341, 1343 and 2.

44. Defendants, having devised and intending to devise the aforesaid scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transported and caused to be transported in interstate commerce money having a value of over \$5,000, knowing the same to have been taken by fraud -- in violation of 18 U.S.C. §§ 2314 and 2; and defendants then further received and disposed of money of the value of more than \$5,000, moving as and which were a part of and which constituted interstate commerce, knowing the same to have been unlawfully converted or taken -- in violation of 18 U.S.C. §§2315 and 2.

45. Such acts, perpetrated by defendants, were committed knowingly and wilfully.

46. The Bank has been injured in its business as a result of defendants' acts, in that, among other things, as a result of the aforesaid schemes and artifices to defraud, the Bank was fraudently induced to pay to defendants substantial funds, and extend to defendants substantial amounts of credit.

47. The events described above in paragraphs 32 to 46 inclusive are the subject of consolidated litigations presently pending in this Court, entitled "The LaRouche Campaign and Independent Democrats For LaRouche vs. First National State Bancorporation and First Fidelity Bank, N.A., New Jersey," docket no. 84-4685A.

C. Participation of Each Defendant in the Fraud

48. LaRouche, through the organizational structure described above, and his domination and control of the NEC and all LaRouche organizations, controlled, directed, approved, incited, aided, abetted and conspired to commit the fraudulent and criminal acts set forth in this complaint.

49. All NEC members identified above in paragraph 27, through their control and domination of the LaRouche organizations as set forth above, controlled, directed, approved, incited, aided, abetted and conspired to commit the fraudulent and criminal acts set forth in this complaint.

50. The officers of defendants IDL and TLC, and the authorized signatories to the merchant accounts opened with the Bank, all as identified above in paragraph 29, through their positions and access to the accounts, controlled, directed, approved, incited, aided, abetted and conspired to commit the fraudulent and criminal acts set forth in this complaint.

51. Defendants Elliot Greenspan and Phillip Rubenstein, through their positions as coordinators and supervisors of fund-raising activities conducted by various defendant entities, controlled, directed, approved, incited, aided, abetted and conspired to commit the fraudulent and criminal acts set forth in this complaint.

52. All defendant organizations, through their receipt of the benefits of the fraudulent and criminal acts herein alleged, through the use of funds obtained from the Bank for common purposes, including common infrastructure, and by reason of their status as mere instrumentalities of LaRouche, with no de facto existence separate from him or each other, controlled, directed, approved, incited, aided, abetted and conspired to commit the fraudulent and criminal acts set forth in this complaint.

FIRST COUNT

(Against all defendants, under federal RICO,
18 U.S.C. §1962(a))

53. All prior allegations are incorporated by reference, as if set forth herein at length.

54. Each defendant organization is an enterprise as defined in 18 U.S.C. §1961(4); and all defendants, both individual and organizational, are associated in fact and collectively are an enterprise as defined in 18 U.S.C. §1961(4) (the "LaRouche Enterprise"). Furthermore, all individual defendants are employed by and associated with the LaRouche Enterprise.

55. As set forth more fully above in paragraphs 32 to 52, defendants have engaged in schemes and artifices to defraud the Bank by means of false and fraudulent pretenses, representations and promises. Such fraudulent acts were perpetrated by use of the United States mails and wire communications, and thereby

constitute mail fraud, in violation of 18 U.S.C. §1341, and wire fraud, in violation of 18 U.S.C. §1343. Such acts further were perpetrated by means of the interstate transportation of monies fraudulently obtained, in violation of 18 U.S.C. §§2314, 2315 and 2.

56. The fraudulent and criminal conduct engaged in by defendants is presently under investigation by the United States of America.

57. The foregoing fraudulent and criminal conduct by defendants was committed on multiple occasions within the last ten years, thereby constituting a pattern of racketeering activity as defined in 18 U.S.C. 1961(5).

58. Defendants have received income derived from the pattern of racketeering activity, and have used and invested such income and the proceeds of such income in the operation of the LaRouche Enterprise, the activities of which affect interstate commerce, in violation of 18 U.S.C. §§1962(a) and 2.

59. The Bank, as a "person" within the definition of 18 U.S.C. §1961(3), has been injured in its business or property, in the manner set forth above in paragraph 46, by reason of defendants' violation of 18 U.S.C. §1962(a), and therefore has a right of action against them pursuant to 18 U.S.C. §1964(c).

WHEREFORE, plaintiff First Fidelity Bank, N.A., New Jersey, demands judgment against the defendants, and each of them, for damages, both compensatory and punitive, for treble damages, attorneys' fees, interest, costs and for such other relief as to the Court shall seem proper.

SECOND COUNT

(Against all defendants, under federal RICO,
18 U.S.C. §1962(c))

60. All prior allegations are incorporated by reference, as if set forth at length herein.

61. Defendants have conducted and participated in the conduct of the affairs of the LaRouche Enterprise through the pattern of racketeering activity hereinabove described, in violation of 18 U.S.C. §1962(c) and 2.

62. The Bank, as a "person" within the definition of 18 U.S.C. §1961(3), has been injured in its business or property, in the manner set forth above, by reason of defendants' violation of 18 U.S.C. §1962(c), and therefore has a right of action against them pursuant to 18 U.S.C. §1964(c).

WHEREFORE, plaintiff First Fidelity Bank, N.A., New Jersey, demands judgment against the defendants, and each of them, for damages, both compensatory and punitive, for treble damages, attorneys' fees, interest, costs and for such other relief as to the Court shall seem proper.

THIRD COUNT

(Against all defendants, for conspiracy to violate
Federal RICO, 18 U.S.C. §1962(d))

63. All prior allegations are incorporated by reference, as if set forth at length herein.

64. Defendants have together conspired with one another to violate the provisions of 18 U.S.C. §1962(a) and (c), in violation of 18 U.S.C. §1962(d).

65. The Bank, as a "person" within the definition of 18 U.S.C. §1961(3), has been injured, in the manner set forth above, by reason of defendants' violation of 18 U.S.C. §1962(a), and therefore has a right of action against them pursuant to 18 U.S.C. §1964(c).

WHEREFORE, plaintiff First Fidelity Bank, N.A., New Jersey, demands judgment against the defendants, and each of them, for damages, both compensatory and punitive, for treble damages, attorneys' fees, interest, costs and for such other relief as to the Court shall seem proper.

FOURTH COUNT

(Against all defendants, under State RICO)

66. All prior allegations are incorporated by reference, as if set forth at length herein.

67. In addition to the federal predicate acts of racketeering, the aforesaid fraudulent and criminal conduct by defendants constitutes theft by deception in violation of N.J.S.A. 2C:20-4, 2C:2-6 and 2C:5-1 and violates the New Jersey racketeering statute, N.J.S.A. 2C:41-2(a) and (c), 2C:2-6 and 2C:5-1.

68. The Bank is a "person", as defined in N.J.S.A. 2C:41-1(b) who has been injured in its business and property, in the manner set forth above, by reason of defendants' violation of N.J.S.A. 2C:41-2, and is therefore entitled to damages pursuant to N.J.S.A. 2C:41-4(c).

WHEREFORE, plaintiff First Fidelity Bank, N.A., New Jersey, demands judgment against the defendants, and each of them, for damages, both compensatory and punitive, for treble damages, attorneys' fees, interest, costs as provided by statute and at law, and for such other relief as to the Court shall seem proper.

FIFTH COUNT

(Against all defendants, for conspiracy to
violate State RICO)

69. All prior allegations are incorporated by reference, as if set forth at length herein.

70. Defendants have together conspired with one another to violate the provisions of 18 U.S.C §§1341, 1343, 2314 and 2315 and N.J.S.A. 2C:41-2.

71. The Bank is a person as defined in N.J.S.A. 2C:41-1(b) who has been injured in its business and property, in the manner set forth above, by reason of defendants' violation of N.J.S.A. 2C:41-2, and is therefore entitled to damages pursuant to N.J.S.A. 2C:41-4(c).

WHEREFORE, plaintiff First Fidelity Bank, N.A., New Jersey, demands judgment against the defendants, and each of them, for damages, both compensatory and punitive, for treble damages, attorneys' fees, interest, costs as provided by statute and at law, and for such other relief as to the Court shall seem proper.

SIXTH COUNT

(Against all defendants, for violation of
N.J.S.A. 2C:20-20)

72. All prior allegations are incorporated by reference, as if set forth at length herein.

73. The fraudulent and criminal conduct by defendants described above constitutes a violation of N.J.S.A. §2C:20-7, 2C:2-6 and 2C:5-1.

74. By reason thereof, the Bank has been damaged in its business and property in the manner set forth above, and therefore is entitled to damages pursuant to N.J.S.A. 2C:20-20.

WHEREFORE, plaintiff First Fidelity Bank, N.A., New Jersey, demands judgment against the defendants, and each of

them, for damages, both compensatory and punitive, for treble damages, attorneys' fees, interest, costs and for such other relief as to the Court shall seem proper.

SEVENTH COUNT

(Against all defendants for common law fraud
and conspiracy)

75. All prior allegations are incorporated by reference, as if set forth at length herein.

76. The acts described above, committed and perpetrated by defendants against the Bank, constitute common law fraud.

77. Each of the defendants, both organizational and individual, planned, schemed, plotted and conspired with each other and others yet unknown, to commit the unlawful acts hereinabove set forth, and caused, perpetrated, promoted, incited, aided and abetted such unlawful acts.

78. The Bank has been severely injured as a result of the defendants' acts.

WHEREFORE, plaintiff First Fidelity Bank, N.A., New Jersey, demands judgment against the defendants, and each of them, for damages, both compensatory and punitive, for treble damages, attorneys' fees, interest, costs and for such other relief as to the Court shall seem proper.

EIGHTH COUNT

(Against all defendants, based upon their
alter ego status).

79. All prior allegations are incorporated by reference, as if set forth at length herein.

80. As more fully set forth above, each of the defendant organizations is in fact the alter ego of LaRouche, and each organization is in fact the alter ego of each other. Legal distinctions between or among organizations are and have been utilized to shield, obfuscate and conceal the acts of fraud and criminality herein alleged.

WHEREFORE, plaintiff First Fidelity Bank, N.A., New Jersey, demands judgment against the defendants, and each of them, for damages, both compensatory and punitive, for treble damages, attorneys' fees, interest, costs and for such other relief as to the Court shall seem proper.

DEMAND FOR JURY

Plaintiff demands a trial by jury on all issues.

HANNOCH WEISMAN
Attorneys for Plaintiff

By _____
ALBERT G. BESSER

DATED: July 28, 1986.

FIRST NATIONAL STATE BANK

BANK CARD MERCHANT AGREEMENT

FIRST NATIONAL STATE BANK ("Bank") and the undersigned MERCHANT ("Merchant") hereby agrees as follows:

SECTION I. *Right and Obligations of Merchant.*

1.01. *Honoring Cards.* Upon execution of this Agreement by Merchant and its acceptance by Bank, Merchant will become a participant in Bank's Bank Card Plan ("Plan"), operated in conjunction with VISA U.S.A. Inc. and Mastercard International Inc. As a participant in such Plan, Merchant will honor those bank credit cards designated in Section 4 hereof ("Cards") on the terms and conditions set forth herein. There will be no restriction on Merchant's right to honor other credit cards.

1.02. *Advertising.* Merchant will adequately exhibit advertising displays supplied by Bank in order to inform the public that Cards are honored at Merchant's place of business. In no case shall Merchant display promotional material containing the name or symbol of Bank without Bank's written permission.

1.03. *Compliance with Law.* In completing Card transactions, Merchant will comply with all applicable laws and regulations, including the Truth in Lending Act. Merchant will save and hold Bank harmless from & indemnify Bank against all claims, losses, damages & liabilities including attorney's fees, relating to, or resulting from any violation of, or any contention that there has been a violation of, law arising out of any act or omission of Merchant.

1.04. *Compliance with rules and regulations of VISA® and MasterCard®.* Merchant agrees to comply with all the current rules and regulations of VISA® and/or MasterCard® as well as any changes and amendments to those regulations which may subsequently be enacted by these organizations.

1.05. *Use of Sales Slips.* Each Card sale effected by Merchant will be evidenced by a sales slip drawn by Merchant, as drawer, on the customer, as drawee, in favor of the issuing member bank, as payee, and each such sales slip shall be completed only with respect to a bona fide transaction and shall be on an appropriate form furnished to Merchant by Bank or otherwise acceptable to Bank.

1.06. *Procedures in a Normal Card Sale.* Subject to the provisions of Sections 1.06 and 1.07 hereof, in effecting a Card sale Merchant will:

(a) Make no sale (i) through use of a Card that is not yet valid (if a valid date appears on the Card) or has expired, or (ii) through use of a Card that Merchant is advised at the time of an authorization inquiry is not to be honored, or (iii) through use of a Card or counterfeit card listed on the then current restricted card list provided to Merchant unless prior authorization for such sale is obtained;

(b) include all goods and services purchased in a single transaction in the total amount on a single sales slip;

(c) process no Card transaction when only a part of the consideration due is paid through use of a Card except when the remainder is paid by the customer at the time of sale, either in cash or by check; provided however, that Merchant may allow a customer to sign two separate sales slips in a delayed delivery sale, which is a sale in which a deposit is tendered by cash or by completion of a sales slip (to be labeled "deposit") and payment of the balance is tendered by completion of a second sales slip (to be labeled "balance"), with the latter sales slip's effectiveness conditioned upon delivery of the contracted goods or services. Authorization is required if the total amount of both sales slips exceeds the applicable floor limit, and, if obtained, each sales slip shall be assigned a separate authorization number;

(d) complete the sales slip by (i) legibly imprinting it with the embossed legend from the Card and the Merchant's imprinter plate, or by typing in or printing the Merchant's name and address if an imprinter plate is not in use; (ii) legibly filling in the appropriate spaces on the sales slip, including a brief description of the goods or services purchased (in sufficient detail to identify the transaction) and the date the customer signed the sales slip (or the space provided for the customer's signature was otherwise completed); (iii) if the transaction occurs at a gasoline filling station, entering the motor vehicle license number and state (or other jurisdiction) of issue, or the words "No Car" if no motor vehicle is present; and (iv) requiring the customer to sign the sales slip;

(e) if the total amount of the sales slip, including any taxes, exceeds the then current floor limit (as to which Merchant shall be advised from time to time by Bank), obtain prior authorization for the total amount of the transaction and enter the authorization number on the sales slip;

(f) complete the transaction only (i) if the signature on the sales slip appears to be the same as the authorized signature on the Card, (ii) if the customer resembles the person depicted in any identification picture that appears on the Card, (iii) if the identity of the customer appears to conform to any other means of identification that appears on the Card, and (iv) if the Card appears to have been validly issued and currently valid, it being understood that, except as provided in section 1.07 or section 1.08 Bank shall not have the right to charge against Merchant's account the amount of a sales slip because of a forged or unauthorized signature or because the card was a counterfeit card, provided that Participant has complied with this section 1.06;

(g) endorse in favor of Bank all sales slips in which the customer by the signing thereof does not become directly obligated to the issuing member; and

(h) deliver to the customer a true copy of the sales slip at the time of the sale (that is, when Merchant has delivered the goods or performed the services covered by the sales transaction).

1.07. Procedures in Other Card Sales. Card transactions may be completed, other than as specified in section 1.06 as follows:

(a) If, at Merchant's option, the transaction will be effected without imprinting the Card on the sales slip, Merchant shall comply with the requirements of section 1.06, other than the Card imprinting requirements, and shall write legibly on the sales slip sufficient detail to identify the customer and the Card issuer. Such detail shall include at least the name or trade style of the Card issuer as it appears on the face of the Card, the account number, the interbank number and initials (if any), the expiration date (and valid date, if any), the cardholder name and any company name. Merchant shall also use its best efforts to record on the sales slip any other information embossed on the Card, such as security symbols;

(b) If, at Merchant's option, a transaction will be effected by a telephone or mail order or is based on a preauthorized order made by a person who claims he is authorized to use a Card, the procedures in section 1.07 (a) shall be followed except that Merchant shall indicate Merchant's name in the space provided for the cardholder's signature and note that the order was placed by telephone (TO) or mail (MO) or is a preauthorized order (PO). Merchant shall be liable for the amount of any sales slip generated by a preauthorized order that proves to be uncollectible for any reason whatsoever.

(c) In effecting a transaction as provided in this section, Merchant shall be deemed to warrant that the data written on the sales slip pursuant to section 1.07 (a) is the same as that appearing on the Card. Merchant shall also be deemed to warrant, whether or not authorization is obtained, the true identity of the customer as the authorized cardholder, unless the merchant obtains and notes on the sales slip independent evidence of the cardholder's true identity; and

(d) Merchant shall obtain prior authorization for the amount of each sale effected as provided in this section if such amount exceeds the then current floor limit for the transaction (which shall be specified from time to time by Bank).

1.08. Delivery of Sales Slip. Within three (3) bank business days after the purchase is made or the services rendered, Merchant will deliver the sales slip to Bank or another bank as agreed upon between Merchant and Bank; provided, however, that Merchant will not present to Bank a sales slip, other than a "deposit" sales slip pursuant to a delayed delivery sale, until such time as Merchant has delivered the goods or performed the services covered by the transaction; and provided further, that such three (3) day limitation shall be extended as necessary with respect to any sales slip that Merchant is required by law to retain for a period in excess of three (3) days.

1.09. Requests for Prior Authorization. Prior authorization for a Card sale shall be requested from the authorization center designated by Bank whenever a Card presented by a customer is listed on the then current restricted card list, whenever Merchant otherwise believes or suspects that a Card is counterfeit or any signature is questionable or any aspect of the transaction is suspicious, and as otherwise provided in sections 1.06 and 1.07. Authorization inquiries may be made during the hours designated by Bank from time to time, which hours are currently 24 hours per day for every day. In making an authorization inquiry for any reason other than that the amount of the transaction exceeds the then current floor limit, Merchant shall make the inquiry orally by telephone and shall state the reason for its inquiry to the authorization operator.

1.10. Retrieval of Cards. Merchant will use its best efforts to retrieve each Card and counterfeit Card that it is advised at the time of an authorization inquiry is to be retrieved. In retrieving or attempting to retrieve a Card or counterfeit Card at the request of Bank or otherwise, it is understood that neither such request nor this agreement authorizes a breach of the peace or any injury to persons or property. Merchant will hold Bank harmless from any claim arising from any injury to persons or property, or other breach of the peace arising from Merchant's acts in retrieving or attempting to retrieve a Card.

1.11. Nondiscriminatory Policy. Merchant will not discriminate against persons making purchases through use of a Card account with respect to the exchange of, return of, or adjustment on merchandise and services obtained through such purchases unless Merchant's practice of discriminating against Card users is conspicuously disclosed by Merchant at each point of sale. In addition, if refunds are not allowed, Merchant shall legibly write the words "No Refund" on the sales slip.

1.12. Use and Delivery of Credit Memorandum. In the event that merchandise is returned, or any price adjustment in respect to a sale of goods or services is allowed by Merchant (other than involuntary refunds by airlines or other carriers when required by applicable tariffs), Merchant will make no cash refund to the purchaser but will properly prepare, execute and deliver to Bank within three (3) bank business days from the date of such adjustment or return a credit memorandum on an appropriate form furnished to Merchant by Bank or otherwise acceptable to Bank. Merchant shall also deliver a true copy of such credit memorandum to the customer at the time it is completed.

1.13. Change in Merchant's Imprinter Plate. Merchant shall notify Bank in the event the information on Merchant's imprinter plate is changed.

1.14. In accordance with Regulations of the Bank Card Associations. The Merchant shall not, without the cardholder's consent, sell, purchase, provide, or exchange account number information in the form of imprinted sales slips, carbon copies of imprinted sales slips, mailing lists, tapes, or other media obtained by reason of a bank-card transaction to any third party other than to the merchant's agents for the purpose of assisting the merchant in its business, to its bank of deposit, (acquiring member) to Visa USA®, Master Card® or pursuant to a proper written summons, subpoena or request by a governmental agency.

SECTION 2. Rights and Obligations of Bank.

2.01. Imprinters. If Merchant does not have available a suitable sales slip imprinter or imprinters, Bank will

2.02. Credit for Sales Slips. Upon delivery of a sales slip to Bank in accordance with Section 1.08 hereof, Bank will credit to Merchant, or to Merchant's account at Bank or at another bank as agreed upon between Bank and Merchant ("Merchant Account"), the face amount of such sales slip, less such discount amount as Merchant and Bank may agree upon from time to time. Bank may refuse to give Merchant immediate credit for any sales slip that does not conform in every respect to the requirements of sections 1.04 through 1.07 hereof.

2.03 Collection or Charge for Credit Memorandum. Upon delivery of a credit memorandum to Bank unaccompanied by a cash remittance therefor, Bank shall have the right to charge the amount evidenced by such credit memorandum against any Merchant Account, less the applicable portion of the discount charged in connection with the sales slip covering the original transaction.

2.04 Chargebacks. Bank shall have the right to charge against (or credit to) Merchant Account, the full amount of any sales slip or any credit memorandum ("item") that:

Notwithstanding any nonrecourse provisions contained herein or on purchased Sales Slips, Merchant will pay Bank upon demand the face amount of any Sales Slip or Bank shall have the right to charge Merchant account therefore and to reassign such Sales Slip to Merchant in any of the following situations:

(a) Where Products have been returned to Merchant by Cardholder whether such return is reported to Bank or not;

(b) Where the purchase represented by Sales Slip exceeded the Floor Limit then in effect and such purchases had not been authorized by the designated Card Authorization Center as required by Sections 1.06 and 1.07.

(c) Where any portion of the Sales Slip or Credit Slip is illegible and cannot be processed;

(d) Where Card was listed on a Restricted Card List; provided that the sale occurred after the date of receipt of such notice by Merchant, but in any event no later than three (3) days from the date such notice is postmarked and provided that the sale occurred prior to or on the expiration date of such notice;

(e) Where the sale or the service performed was in violation of law or the rules or regulations of any governmental agency, federal, state or local;

(f) Where the Cardholder contends in writing to Bank or the appropriate issuing member of the Bank Card Plans that Products sold or the performance of services described on Sales Slip were defective, or not merchantable quality, or that there has been a breach of warranty with reference thereto;

(g) Where Sales Slip was received more than thirty (30) calendar days after the transaction date shown thereon;

(h) Where Sales Slip does not contain a transaction date or the face of such Slip shows that such date or dollar amount has been altered or incorrectly entered before delivery to Bank;

(i) Where the Sales Slip contains the imprint or description of a Card other than Card specified;

(j) Where the Sales Slip was generated through the use of an expired Card;

(k) Where Sales Slip is a duplicate of one previously delivered to Bank or includes a charge previously paid by Cardholder;

(l) Where no signature appears on Sales Slip or Cardholder has certified in writing to Bank or the appropriate issuing member of the Bank Card Plans that he did not make or authorize the transaction;

(m) Where Sales Slip does not contain the embossed legend from a Card and Merchant has failed to obtain the specific authorization from a designated Card Authorization Center to complete the transaction and Cardholder has certified in writing to Bank or the appropriate issuing member of the Bank Card Plan that he did not make or authorize the transaction or;

(n) Where a form delivered to Bank cannot be processed by Bank; or

(o) Where the signature on the Sales Draft is obviously different from the signature appearing on the signature panel of the Bank Card.

(p) Where the Issuer has information that Merchant fraud occurred at the time of Transaction(s), whether or not such Transaction(s) was properly authorized by the Issuer, and the Cardholder neither participated in nor authorized the Transaction(s) or the Issuer certifies that there was no card outstanding with the account number used.

(q) In any other situation (i) where the Sales Slip was executed or depository credit given to Merchant in circumstances constituting a breach of any representation or warranty of Merchant hereunder, or (ii) where any action or lack of action by Merchant has resulted in a Sales Slip being charged back to Bank by an issuing member of the Bank Card Plans pursuant to the Bank Card Plan's Rules and Regulations, as amended from time to time.

Merchant obligations to pay the amount of any such Sales Slip, or Bank's rights to debit Merchant therefore pursuant to the provisions of this Section 2.04 shall be deemed waived by Bank unless Bank shall have made demand upon Merchant for the amount of such Sales Slip or debited Merchant within the time specified in the Bank Card Plan's Rules and Regulations plus a reasonable time to allow for mail deliveries and processing by Bank.

Bank will provide Merchant with any information possessed by it which may enable Merchant to recover from others the amount of any Sales Slip charged back to Merchant under the provisions of this Section 2.04.

2.05 Maximum Liability. Bank's liability to Merchant with respect to a Card sale shall in no event exceed the

SECTION 3 Miscellaneous

3.01. *Credit Information.* Merchant represents that any credit application submitted to Bank by it is true and accurate, and will supply such additional credit information as Bank may reasonably request from time to time.

3.02. *Solicitation or Acceptance of Payment.* Merchant shall not solicit or accept any payment on account of any sales slip which has been delivered to Bank and which has not been returned to Merchant.

3.03. *Restricted Card List.* Merchant understands that any restricted card list provided to Merchant may not be complete or up-to-date.

3.04. *Selection of Member Bank.* In the event Merchant has entered into an agreement with one or more other Member Banks upon the same general subject matter as this Agreement, Merchant shall have the right to select the Member through which Merchant will process each Card transaction, provided, however, that no forms supplied by Bank hereunder shall be used by Merchant in processing a Card transaction through any other Member Bank.

3.05. *Record Verification.* Bank may examine and verify at any reasonable time all records of Merchant pertaining to its acceptance of Cards, and Merchant agrees to preserve such records for a period of one year from the date of the sales slip.

3.06. *Notices.* Any notice required or permitted to be given hereunder shall be effective if given in writing by depositing such notice in the United States mail, postage prepaid and if to Bank, addressed to the branch office where Merchant then presents its sales slips under this Agreement, and if to Merchant, addressed as indicated below following Merchant's signature, or to such other place as either party hereto may hereafter designate by written notice to the other.

3.07. *Termination.* This Agreement may be terminated by either party at any time upon written notice given to and received by the other respective party. The right of Merchant to effect Card transactions as specified in this Agreement and to use advertising displays and other materials developed for use in Bank's Card program, shall cease immediately upon termination of this Agreement. Any items delivered to the Bank after such termination will be returned to the Merchant. However, in the event that after such termination the Bank should accept any items from the Merchant, such items will be handled on a collection basis only. The Bank gives no guarantee regarding their payment and will credit the Merchant only for those monies received less any service charges which may be imposed. All other items which are returned or remain uncollected for any or no reason shall, if possible, be returned to the Merchant.

3.08. *Amendment.* This Agreement may be amended from time to time in writing by mutual consent of the parties, and may also be amended by Bank upon written notice to Merchant at least ten (10) calendar days prior to the effective date of the amendment, and accepted by Merchant either in writing or by failing to give Bank written objection to such amendment within such ten (10) day period.

3.09. *Successors and Assigns.* This Agreement shall be binding on the successors and assigns of the parties hereto. Merchant shall not, without prior written consent of Bank, assign this Agreement or any interest hereunder, and any attempt to assign this Agreement without the prior written consent of Bank shall be null and void.

3.10. *Governing Law.* This Agreement shall be governed and construed in accordance with the laws of the State of New Jersey.

3.11. *Effectiveness.* This Agreement shall become effective on the date of its acceptance by Bank's Bank Card Services Department, as indicated below.

SECTION 4 Charge Card Designation.

4.01. The bank credit cards to be honored by Merchant in accordance with this Agreement ("Cards") are as designated (mark either or both boxes below):

☒ (a) MasterCard and other Interbank cards issued by Bank or any other member of Interbank.

☒ (b) VISA U.S.A. Inc. and other cards issued by Bank or other members of VISA International Inc.

FIRST NATIONAL STATE BANK

BANKCARD SERVICES DEPT.

494 Broad Street

Newark, N. J. 07102

By [Signature]
Authorized Signature

7/23/84
Date Accepted

INDEPENDENT DEMOCRATS FOR LARGUHE
Business Name of Participant

By [Signature]
Signature and Title TRUSTEE

By [Signature]
Signature and Title ASST. TREASURER

504 WEST 58 ST. - 5th Fl.
Address

NEW YORK, NY 10019
City State Zip

7/15/84
Date

Pursuant to the terms and conditions of the Merchant Terminal Agreement ("Agreement") between the undersigned and First National State Bank of New Jersey (Bank), the undersigned authorizes the Bank to draw a draft or another debit instrument covering sums due to the Bank pursuant to the Agreement against the undersigned's account at

FIRST NATIONAL STATE BANK

A. J. J. J.

This authorization is to remain in effect until the Agreement is terminated

7/14/84

Merchant

INDEPENDENT DEMOCRATS FOR LARSEN

Payee

General Rule Transfer

as witness

**FIRST NATIONAL STATE BANK
OF NEW JERSEY**

BANK CARD MERCHANT AGREEMENT

FIRST NATIONAL STATE BANK OF NEW JERSEY ("Bank") and the undersigned MERCHANT ("Merchant") hereby agree as follow :

SECTION 1. *Rights and Obligations of Merchant.*

1.01. *Honoring Cards.* Upon execution of this Agreement by Merchant and its acceptance by Bank, Merchant will become a participant in Bank's Bank Card Plan ("Plan"), operated in conjunction with Interbank Card Association ("Interbank"), National BankAmericard Incorporated ("NBI"), IBANCO and other financial institutions affiliated with Interbank, NBI or IBANCO ("Member Banks"). As a participant in such Plan, Merchant will honor those bank credit cards designated in Section 4 hereof ("Cards") on the terms and conditions set forth herein. There will be no restriction on Merchant's right to honor other credit cards.

1.02. *Advertising.* Merchant will adequately exhibit advertising displays supplied by Bank in order to inform the public that Cards are honored at Merchant's place of business. In no case shall Merchant display promotional material containing the name or symbol of Bank without Bank's written permission.

1.03. *Compliance with Law.* In completing Card transactions, Merchant will comply with all applicable laws and regulations, including the Truth in Lending Act. Merchant will save and hold Bank harmless from and indemnify Bank against all claims, losses, damages and liabilities, including attorneys' fees, relating to, or resulting from any violation of, or any contention that there has been a violation of, law arising out of any act or omission of Merchant.

1.04. *Use of Sales Slips.* Each Card sale effected by Merchant will be evidenced by a sales slip drawn by Merchant, as drawer, on the customer, as drawee, in favor of the issuing member bank, as payee, and each such sales slip shall be completed only with respect to a bona fide transaction and shall be on an appropriate form furnished to Merchant by Bank or otherwise acceptable to Bank.

1.05. *Procedures in a Normal Card Sale.* Subject to the provisions of Sections 1.06 and 1.07 hereof, in effecting a Card sale Merchant will:

(a) make no sale (i) through use of a Card that is not yet valid (if a valid date appears on the Card) or has expired, or (ii) through use of a Card that Merchant is advised at the time of an authorization inquiry is not to be honored, or (iii) through use of a Card or counterfeit card listed on the then current restricted card list provided to Merchant unless prior authorization for such sale is obtained;

(b) include all goods and services purchased in a single transaction in the total amount on a single sales slip;

(c) process no Card transaction when only a part of the consideration due is paid through use of a Card except when the remainder is paid by the customer at the time of sale, either in cash or by check; provided however, that Merchant may allow a customer to sign two separate sales slips in a delayed delivery sale, which is a sale in which a deposit is tendered by cash or by completion of a sales slip (to be labeled "deposit") and payment of the balance is tendered by completion of a second sales slip (to be labeled "balance"), with the latter sales slip's effectiveness conditioned upon delivery of the contracted goods or services. Authorization is required if the total amount of both sales slips exceeds the applicable floor limit, and, if obtained, each sales slip shall be assigned a separate authorization number;

(d) complete the sales slip by (i) legibly imprinting it with the embossed legend from the Card and the Merchant's imprinter plate, or by typing in or printing the Merchant's name and address if an imprinter plate is not in use; (ii) legibly filling in the appropriate spaces on the sales slip, including a brief description of the goods or services purchased (in sufficient detail to identify the transaction) and the date the customer signed the sales slip (or the space provided for the customer's signature was otherwise completed); (iii) if the transaction occurs at a gasoline filling station, entering the motor vehicle license number and state (or other jurisdiction) of issue, or the words "No Car" if no motor vehicle is present; and (iv) requiring the customer to sign the sales slip;

(e) if the total amount of the sales slip, including any taxes, exceeds the then current floor limit (as to which Merchant shall be advised from time to time by Bank), obtain prior authorization for the total amount of the transaction and enter the authorization number on the sales slip;

(f) complete the transaction only (i) if the signature on the sales slip appears to be the same as the authorized signature on the Card, (ii) if the customer resembles the person depicted in any identification picture that appears on the Card, (iii) if the identity of the customer appears to conform to any other means of identification that appears on the Card, and (iv) if the Card appears to have been validly issued and currently valid, it being understood that, except as provided in section 1.06 or section 1.07, Bank shall not have the right to charge against Merchant's account the amount of a sales slip because of a forged or unauthorized signature or because the card was a counterfeit card, provided that Participant has complied with this section 1.05;

(g) endorse in favor of Bank all sales slips in which the customer by the signing thereof does not become directly obligated to the issuing member; and

(h) deliver to the customer a true copy of the sales slip at the time of the sale (that is, when Merchant has delivered the goods or performed the services covered by the sales transaction).

EXHIBIT B

1.06. Procedures in *Consumer Card Sales.* Card transactions may be completed, other than as specified in section 1.05, as follows:

(a) If, at Merchant's option, the transaction will be effected without imprinting the Card on the sales slip, Merchant shall comply with the requirements of section 1.05, other than the Card imprinting requirements, and shall write legibly on the sales slip sufficient detail to identify the customer and the Card issuer. Such detail shall include at least the name or trade style of the Card issuer as it appears on the face of the Card, the account number, the Interbank number and initials (if any), the expiration date (and valid date, if any), the cardholder name and any company name. Merchant shall also use its best efforts to record on the sales slip any other information embossed on the Card, such as security symbols;

(b) If, at Merchant's option, a transaction will be effected by a telephone or mail order or is based on a preauthorized order made by a person who claims he is authorized to use a Card, the procedures in section 1.06(a) shall be followed except that Merchant shall indicate Merchant's name in the space provided for the cardholder's signature and note that the order was placed by telephone (TO) or mail (MO) or is a preauthorized order (PO). Merchant shall be liable for the amount of any sales slip generated by a preauthorized order that proves to be uncollectible for any reason whatsoever, except a sales slip generated under the provisions of section 1.07;

(c) In effecting a transaction as provided in this section, Merchant shall be deemed to warrant that the data written on the sales slip pursuant to section 1.06(a) is the same as that appearing on the Card. Merchant shall also be deemed to warrant, whether or not authorization is obtained, the true identity of the customer as the authorized cardholder, unless the merchant obtains and notes on the sales slip independent evidence of the cardholder's true identity; and

(d) Merchant shall obtain prior authorization for the amount of each sale effected as provided in this section if such amount exceeds the then current floor limit for the transaction (which shall be specified from time to time by Bank).

1.07. Procedures in *Vehicle Rental and Hotel/Motel Transactions.* Card transactions involving vehicle rentals or hotel/motel services may also be completed as follows:

(a) If a Card is presented and imprinted on a sales slip or imprinted on a rental contract that contains a written preauthorization rather than on the sales slip, and the cardholder executes the preauthorization instead of signing the sales slip, Merchant shall complete the transaction as prescribed in section 1.05, including a comparison of signatures on the preauthorization and the Card, except that Merchant shall (i) indicate its name in the space provided for the cardholder's signature on the sales slip; and (ii) enter the date of the presentation of the Card in the space provided on the slip for a description of goods and services, and the date of the termination of the vehicle rental or room occupancy period in the space provided on the sales slip for a date; and (iii) when the Card is imprinted on the preauthorization rather than on the sales slip, write legibly on the sales slip all information embossed on the Card; and

(b) If it appears when the Card is presented that the total amount of the transaction, including applicable taxes, if any, will be in excess of the then current floor limit, Merchant shall obtain authorization for the amount contemplated.

1.08. *Delivery of Sales Slip.* Within three (3) bank business days after the purchase is made or the services rendered, Merchant will deliver the sales slip to Bank or another bank as agreed upon between Merchant and Bank; provided, however, that Merchant will not present to Bank a sales slip, other than a "deposit" sales slip pursuant to a delayed delivery sale, until such time as Merchant has delivered the goods or performed the services covered by the transaction; and provided further, that such three (3) day limitation shall be extended as necessary with respect to any sales slip that Merchant is required by law to retain for a period in excess of three (3) days.

1.09. *Requests for Prior Authorization.* Prior authorization for a Card sale shall be requested from the authorization center designated by Bank whenever a Card presented by a customer is listed on the then current restricted card list, whenever Merchant otherwise believes or suspects that a Card is counterfeit or any signature is questionable or any aspect of the transaction is suspicious, and as otherwise provided in sections 1.05, 1.06 and 1.07. Authorization inquiries may be made during the hours designated by Bank from time to time, which hours are currently 24 hours per day for every day. In making an authorization inquiry for any reason other than that the amount of the transaction exceeds the then current floor limit, Merchant shall make the inquiry orally by telephone and shall state the reason for its inquiry to the authorization operator.

1.10. *Retrieval of Cards.* Merchant will use its best efforts to retrieve each Card and counterfeit Card that it is advised at the time of an authorization inquiry is to be retrieved. In retrieving or attempting to retrieve a Card or counterfeit Card at the request of Bank or otherwise, it is understood that neither such request nor this agreement authorizes a breach of the peace or any injury to persons or property. Merchant will hold Bank harmless from any claim arising from any injury to persons or property, or other breach of the peace arising from Merchant's acts in retrieving or attempting to retrieve a Card.

1.11. *Nondiscriminatory Policy.* Merchant will not discriminate against persons making purchases through use of a Card account with respect to the exchange of, return of, or adjustment on merchandise and services obtained through such purchases unless Merchant's practice of discriminating against Card users is conspicuously disclosed by Merchant at each point of sale. In addition, if refunds are not allowed, Merchant shall legibly write the words "No Refund" on the sales slip.

1.12. *Use and Delivery of Credit Memorandum.* In the event the merchandise is returned, or any price adjustment in respect to sale of goods or services is allowed by Merchant (other than involuntary refunds by airlines or other carriers when required by applicable tariffs), Merchant will make no cash refund to the purchaser but will properly prepare, execute and deliver to Bank within three (3) bank business days from the date of such adjustment or return a credit memorandum on an appropriate form furnished to Merchant by Bank or otherwise acceptable to Bank. Merchant shall also deliver a true copy of such credit memorandum to the customer at the time it is completed.

1.13. *Change in Merchant's Imprinter Plate.* Merchant shall notify Bank in the event the information on Merchant's imprinter plate is changed.

SECTION 2. Rights and Obligations of Bank.

2.01. *Rental of Imprinters.* If Merchant does not have available a suitable sales slip imprinter or imprinters, Bank will provide Merchant with an appropriate number of such imprinters, and Merchant will pay rental on imprinters as agreed upon from time to time by Bank and Merchant. All such imprinters will remain the property of Bank and will be returned to Bank upon termination of this agreement in the same condition as when received, reasonable wear and tear excepted. Merchant will reimburse Bank for any lost or damaged imprinters.

2.02. *Credit for Sales Slips.* Upon delivery of a sales slip to Bank in accordance with Section 1.08 hereof, Bank will credit to Merchant, or to Merchant's account at Bank or at another bank as agreed upon between Bank and Merchant ("Merchant Account"), the face amount of such sales slip, less such discount amount as Merchant and Bank may agree upon from time to time. Bank may refuse to give Merchant immediate credit for any sales slip that does not conform in every respect to the requirements of sections 1.04 through 1.07 hereof.

2.03. *Collection or Charge for Credit Memorandum.* Upon delivery of a credit memorandum to Bank unaccompanied by a cash remittance therefor, Bank shall have the right to charge the amount evidenced by such credit memorandum against any Merchant Account, less the applicable portion of the discount charged in connection with the sales slip covering the original transaction.

2.04. *Rejected Items.* Bank shall have the right to charge against (or credit to) Merchant Account, the full amount of any sales slip or any credit memorandum ("item") that:

- (a) is determined by Bank to be fraudulent, or not to represent a bona fide transaction; or
- (b) is not completed legibly or correctly, or is not properly endorsed, or is not delivered to Bank within the time limits specified herein; or
- (c) shows a total price for the goods and services purchased that is incorrect or differs from the amount shown on the copy of the item delivered to the customer at the time of the transaction; or
- (d) is a duplicate of an item previously paid by the issuing Member Bank, or is one of two or more items generated in a single transaction in violation of Section 1.05(b) or 1.05(c); or
- (e) was completed without obtaining prior authorization when such authorization was required or after authorization was refused (whether or not the transaction exceeded the applicable floor limit or otherwise required authorization); or
- (f) was completed using a Card that was expired or not yet valid; or
- (g) that evidences a transaction in which the customer disputes the execution of the item, or the sale, quality, or delivery of the merchandise or services covered by the item, or alleges that the price adjustment or credit memorandum was requested from Merchant and refused; or
- (h) evidences a transaction in violation of law, or that is void or is voidable by operation of law; or
- (i) otherwise involves a breach of any term or condition of this Agreement, including a breach of warranty under Section 1.06.

2.05. *Maximum Liability.* Bank's liability to Merchant with respect to a Card sale shall in no event exceed the amount of the sales slip less the discount amount therefor.

SECTION 3. Miscellaneous.

3.01. *Credit Information.* Merchant represents that any credit application submitted to Bank by it is true and accurate, and will supply such additional credit information as Bank may reasonably request from time to time.

3.02. *Solicitation or Acceptance of Payment.* Merchant shall not solicit or accept any payment on account of any sales slip which has been delivered to Bank and which has not been returned to Merchant.

3.03. *Restricted Card List.* Merchant understands that any restricted card list provided to Merchant may not be complete or up-to-date.

3.04. *Selection of Member Bank.* In the event Merchant has entered into an agreement with one or more other Member Banks upon the same general subject matter as this Agreement, Merchant shall have the right to select the Member Bank through which Merchant will process each Card transaction; provided, however, that no forms supplied by Bank hereunder shall be used by Merchant in processing a Card transaction through any other Member Bank.

3.05. *Record Verification.* Bank may examine and verify at any reasonable time all records of Merchant pertaining to its acceptance of Cards, and Merchant agrees to preserve such records for a period of one year from the date of the sales slip.

3.06. *Notices.* Any notice required or permitted to be given hereunder shall be effective if given in writing by depositing such notice in the United States mail, postage prepaid and if to Bank, addressed to the branch office where Merchant then presents its sales slips under this Agreement, and if to Merchant, addressed as indicated below following Merchant's signature, or to such other place as either party hereto may hereafter designate by written notice to the other.

3.07. *Termination.* This Agreement may be terminated by either party at any time upon written notice given to the other; provided, however, that notwithstanding such termination, this Agreement shall remain in full force and effect with respect to any item that is actually delivered to Bank by Merchant and not returned to Merchant. The right of Merchant to effect Card transactions as specified in this Agreement, and to use advertising displays and other materials developed for use in Bank's Card program, shall cease immediately upon termination of this Agreement.

3.08. *Amendment.* This Agreement may be amended from time to time in writing by mutual consent of the parties, and may also be amended by Bank upon written notice to Merchant at least ten (10) calendar days prior to the effective date of the amendment, and accepted by Merchant either in writing or by failing to give Bank written objection to such amendment within such ten (10) day period.

3.09. *Successors and Assigns.* This Agreement shall be binding on the successors and assigns of the parties hereto. Merchant shall not, without prior written consent of Bank, assign this Agreement or any interest hereunder, and any attempt to assign this Agreement without the prior written consent of Bank shall be null and void.

3.10. *Governing Law.* This Agreement shall be governed and construed in accordance with the laws of the State of New Jersey.

3.11. *Effectiveness.* This Agreement shall become effective on the date of its acceptance by Bank's Payment Services Department, as indicated below.

SECTION 4. Charge Card Designation.

4.01. The bank credit cards to be honored by Merchant in accordance with this Agreement ("Cards") are as designated (mark either or both boxes below):

- [☒] (a) Master Charge and other Interbank cards issued by Bank or any other member of Interbank.
[☒] (b) BankAmericard and other Blue, White and Gold Bands Design NBI or IBANCO cards issued by Bank or any other member of NBI or IBANCO.

FIRST NATIONAL STATE
BANK OF NEW JERSEY
PAYMENT SERVICES DEPT.
650 Broad Street
Newark, N.J. 07102

LAURENCE COMPANY
Business Name of Participant

X By [Signature]
Signature and Title ASSISTANT TREASURER

By [Signature]
Authorized Signature

By _____
Signature and Title

1/12/84
Date Accepted

304. W 50th
Address

NEW YORK NY 10016
City State Zip

1/12/84
Date



**First
National
State**

**ADDENDUM TO BANK CARD MERCHANT AGREEMENT DATED
BETWEEN AND THE
FIRST NATIONAL STATE BANK OF NEW JERSEY**

The Merchant Agreement dated _____ between
(Merchant) and the First National State Bank of New Jersey
(Bank) is amended as follows:

1. A new paragraph 1.14 is added which should read as follows:

"1.14. In accordance with Regulations of the Bank Card Associations

The Merchant shall not, without the cardholder's consent, sell, purchase, provide, or exchange account number information in the form of imprinted sales slips, carbon copies of imprinted sales slips, mailing lists, tapes, or other media obtained by reason of a bank-card transaction to any third party other than to the merchant's agents for the purpose of assisting the merchant in its business, to its bank of deposit, (acquiring member) to Visa USA[®], Master Card[®] or pursuant to an official government request."

First National State Bank of New Jersey

By: 

By: 

[®]Service Marks owned and licensed by Visa U.S.A. Incorporated and MasterCard International Incorporated.

Authorization
Payment Services Department
Copy 1

Terms and conditions of the Bank Card Merchant Agreement ("Agreement") between the undersigned and First National State Bank
Jersey (Bank) the undersigned authorizes the Bank to draw a draft or another debt instrument covering sums due to the Bank pursuant to
the Agreement against the undersigned's account at

Account No. 113 098078 1

Authorization is to remain in effect until the Agreement is terminated

1/64
Signature LAROCHE C. J. J.
Paul E. Walsh