

JOHN PATERAKIS, BALTIMORE CITY DEVELOPER PLEADS GUILTY

State Prosecutor, Robert A. Rohrbaugh, announced that prominent Baltimore City businessman John Paterakis (80), the developer of Inner Harbor East and other high profile real estate projects in Baltimore City, has entered a plea of guilty to the charge of conspiring with Ronald H. Lipscomb (a partner with Paterakis in the Inner Harbor East development) and Baltimore City Councilwoman Helen Holton to violate the campaign finance laws.

In July, 2009, the Grand Jury for Baltimore City returned a two count indictment charging Mr. Paterakis and a company controlled by him, Jon Ber Associates, Incorporated with conspiracy to violate the campaign finance laws and with making an illegal campaign finance payment. The charges stem from an illegal payment of \$12,500.00 made on behalf of Councilwoman Holton, by Paterakis and Lipscomb shortly before the 2007 election in which Holton was running for re-election. Holton, represents Council District 8 and, at the time, served as Chair of the Taxation and Finance Committee of the Baltimore City Council.

Paterakis entered a plea of guilty for himself, personally, to the charge of conspiring to violate the campaign finance laws. In addition, he entered a plea of guilty on behalf of his corporation, Jon Ber Associates, Inc. to the second count of the indictment, charging that they paid in part for a \$12,500.00 survey for the re-election campaign of Councilwoman Holton by paying \$6,000 to Ronald Lipscomb's company, Doracon Contracting, Inc.

Paterakis entered his plea pursuant to a plea agreement with the State Prosecutor under which he has agreed to cooperate with the State and to testify in connection with the conspiracy and campaign finance charges pending against Councilwoman Holton. Under the plea agreement, Paterakis will pay the maximum fine of \$25,000.00 for conspiracy to violate the campaign finance laws. Jon Ber Associates, Inc., his corporation, will pay a \$1,000 fine, the maximum permissible for its illegal payment. Due to Paterakis' age and health issues, community service was not required.

Ronald Lipscomb entered a plea of guilty to conspiracy to violate the campaign finance laws in connection with these events in June, 2009. Charges of similar campaign finance law violations against Councilwoman Holton are scheduled for trial in the Circuit Court for Baltimore City on December 7, 2009.

The evidence, presented to the Court in the form of an Agreed Statement of Facts signed by Paterakis, established that in July, 2007, Ronald Lester, the owner of Lester and Associates, proposed to perform an election survey for Councilwoman Holton. Holton told Lester that she would get Ronald Lipscomb, John Paterakis, and another person to pay the \$12,500.00 cost of the poll proposed by Lester. Thereafter, Holton, Paterakis and Lipscomb met in Baltimore City, where Holton inquired concerning the status of the pending real estate projects at Inner Harbor East and also requested that Paterakis and Lipscomb pay \$12,500.00 for the his poll of her district in support of her re-election campaign. They agreed to do so, even though Paterakis knew that the amount of \$12,500.00 exceeded both the aggregate campaign finance limit of \$10,000.00 to all candidates, and the limit of \$4,000.00 to any single candidate during a four-year election cycle, since another of his companies had been fined civilly in the past for exceeding those limits.

At the direction of Holton, Lester contacted Lipscomb directly to obtain payment for the survey, and Lester prepared an invoice for Doracon Development Corporation. On July 30, 2007, Lipscomb had a check for \$12,500.00 drawn on his company, Doracon Contracting, Inc., payable to Lester and Associates. Ronald Lester met Lipscomb for the first time on that date, when he picked up the \$12,500.00 check at the premises of Doracon Contracting, Inc. in Baltimore City.

Lipscomb then contacted Paterakis and asked to be reimbursed for Paterakis' share of the survey cost. On August 10, 2007, Paterakis personally requested that his accounting personnel issue a check drawn on J & B Associates in the amount of \$6,000.00 payable to Doracon and give him the check. The requested check was issued to reimburse Lipscomb for his share of the survey contribution. August 30, 2007, the \$ 6,000.00 check drawn on J & B Associates was deposited to the account of Doracon Contracting, Inc.

Because Lipscomb, Paterakis and Holton paid Lester directly for the survey, Holton's campaign treasurer was unaware of the \$12,500.00 paid on July 30, 2007 and therefore did not report that transaction on campaign reports filed with the State Board of Elections until after Councilwoman Holton was indicted in January 2009. Even after the payment from Lipscomb was finally reported, the payment by Paterakis and J&B Associates, Made through Doracon Contracting, Inc., was not reported.

State Prosecutor Robert Rohrbaugh said, "Cozy financial relationships between developers and public officials are devastating to the public confidence in the honesty and fairness of our governing institutions. When those relationships cross the line by violating the campaign finance laws, we will continue to vigorously and diligently pursue the offenders."

STATE OF MARYLAND

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July 29, 2009

Via e-mail and regular mail

Charles Scheeler, Esq.
DLA Piper
6225 Smith Ave.
Baltimore, Maryland 21209-3628

AUG 14 4 53 PM
2009

Re: Your Clients: John Paterakis
Jon Ber Associates, Inc., t/a J&B Associates

Dear Mr. Scheeler:

As we discussed, the State is prepared to accept pleas of guilty from your clients, John Paterakis and Jon Ber Associates, Inc, t/a J&B Associates (hereinafter "J&B Associates") under the following terms:

1. Mr. Paterakis and J&B Associates will enter pleas of guilty to a two (2) count indictment charging conspiracy to violate the campaign finance laws and making a payment to a person other than the campaign finance entity in violation of the common law and Election Law Article §§13- 602(a)(4). A copy of the proposed two count indictment is attached. The maximum penalty for the first count is one year incarceration and a \$25,000.00 fine. The maximum penalty for the second count is a fine of \$1,000.00 and, since J&B Associates is a corporation, there is no jail sentence. Considering your client's age and health, the State is not seeking community service.

2. Mr. Paterakis will waive voluntarily all of his constitutional rights and enter a plea of guilty personally to count one and plea of guilty on behalf of the corporation to count two. The Statement of Facts will be essentially the same facts that were a part of the plea of guilty entered by Mr. Lipscomb related to this incident.

3. If requested by the State Prosecutor, Mr. Paterakis will cooperate with the State and, as a part of the cooperation, will testify at any future proceedings, including at a trial and before the grand jury, as may be required by the State in connection with the matter involving Helen L. Holton and the survey conducted by Ronald Lester & Associates.

Lester, Helen Holton told Mr. Lester that she would get Ronald Lipscomb, John Paterakis and a third person, whose name Mr. Lester does not presently recall, to pay \$12,500.00 for the survey.

Thereafter, Councilwoman Holton, Ronald Lipscomb, and John Paterakis met in Baltimore City. Mr. Paterakis remembered that, during the meeting, Helen Holton asked about the status of the pending real estate projects in Inner Harbor East and Mr. Paterakis gave her an overview. According to Mr. Lipscomb, Councilwoman Holton asked Mr. Lipscomb and Mr. Paterakis to provide the money for the campaign survey. According to Mr. Lipscomb, they agreed to do so, by contributing \$12,500.00, an amount in excess of the campaign contribution limits of the Maryland Election Law, for the survey. Mr. Paterakis knew that the contribution limit was \$4,000.00 per person to a single candidate and \$10,000.00 total to all candidates during a four year election cycle. In fact, one of the entities in which Mr. Paterakis had been involved in the past (but did not have an ownership interest) was known as Munsey Building, LLC. In 2005, Munsey Building LLC was fined civilly for exceeding the campaign contribution laws and Mr. Paterakis signed the check that paid the fine which had been levied by the State of Maryland.

According to testimony which State witnesses would provide, Councilwoman Holton bypassed her campaign finance treasurer, Audrey Parham Stewart, and told Ronald Lester to contact Ronald Lipscomb directly to obtain payment for the survey. Mr. Lipscomb agreed to pay Mr. Lester for the survey. On July 25, 2007, Councilwoman Holton and her new campaign manager, Kobi Little, met with Ronald Lester at the Double T Diner in Catonsville to plan the survey. On July 27, 2007, Councilwoman Holton again met with Ronald Lester at the Double T Diner to finalize the details of the campaign survey. At the direction of Helen Holton, Ronald Lester sent an invoice to Mr. Lipscomb. The invoice was prepared for "Doracon Development Corporation" in the amount of \$12,500.00 for the survey. Mr. Lester contacted Mr. Lipscomb and arranged to pick-up the payment on Monday, July 30, 2007 at the premises of Doracon located at 3500 E. Biddle Street in Baltimore City.

According to Mr. Lipscomb, instead of making the check payable to Helen Holton's campaign, on July 30, 2007 Ronald Lipscomb caused a check to be drawn on his company, Doracon Contracting, Inc., in the amount of \$12,500.00 payable to Lester and Associates. Ronald Lester met defendant Ronald Lipscomb for the first time when he picked up that check at the premises of Doracon Contracting, Inc. in Baltimore on July 30, 2007.


Ron Lester and Associates completed the survey and sent the report, via e-mail attachments, to Helen L. Holton at holtonhl@comcast.net. On August 9, 2007, Helen Holton forwarded the messages containing the survey results to Ronald Lipscomb at rlipscomb@doracon.com.

Mr. Lipscomb would testify that, thereafter, he contacted Mr. Paterakis to obtain the reimbursement for the survey. On approximately August 10, 2007, John Paterakis personally requested from his accounting personnel a check to be drawn on the account

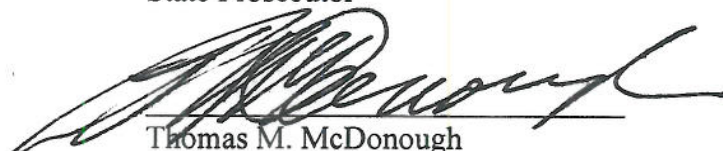
of J&B Associates. Mr. Paterakis' handwritten note states, "Need a check from J&B for Duracon (sic) Construction for \$6,000.00. Give me the check." The accounting office issued the check on August 10, 2007 drawn on an account at Harbor Bank on an account in the name of J & B Associates, 601 South Caroline Street, in the amount of \$6,000.00, payable to Duracon (sic) Contracting, Inc., to reimburse Ronald Lipscomb for his share of the \$12,500.00 survey contribution. The check, a copy of which is attached as Exhibit A, bears the signature of John Paterakis. According to bank records, on approximately August 30, 2007, that check was deposited into the account of Doracon Contracting, Inc.

Audrey Parham Stewart, the treasurer of Helen Holton's campaign finance committee, would testify that she did not know of the payment, and she therefore did not report the money on the campaign finance reports which were filed with the State Board of Election until after the indictment had been returned against Ms. Holton and Mr. Lipscomb. Even after the indictment against Ms. Holton had been returned, the campaign finance reports failed to disclose the payment made by Mr. Paterakis and J&B Associates which had been made through Doracon Contracting, Inc. for Helen Holton's campaign.

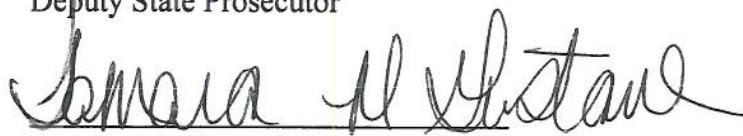
8/19/09
Date


Robert A. Rohrbaugh
State Prosecutor


8/19/09
Date


Thomas M. McDonough
Deputy State Prosecutor


8/19/2009
Date


Tamara M. Gustave
Assistant State Prosecutor

8/13/09
Date


John Paterakis, individually, and on
Behalf of Jon Ber Associates, Inc. t/a
J&B Associates, Defendants

8/17/09
Date


Charles Scheeler, Esquire
Attorney for the Defendants

DUR002 Invoice Nbr DURACON CONTRACTING, INC. J & B Associates 8/10/2007
 Invc Date Invoice Amount Description Disc Taken Net Check Amt

Invoice Nbr	Invc Date	Invoice Amount	Description	Disc Taken	Net Check Amt
081007M	08/10/07	6,000.00	MISC.	0.00	6,000.00

006864

J & B Associates
 601 South Caroline Street
 Baltimore, MD 21231

Harbor Bank of Maryland
 Baltimore, MD 21201

7-177/520

Check # 006864

Check Date
 8/10/2007

Check Amount
 *****\$6,000.00

Six Thousand and 00/100

US Dollars

ORDER OF DURACON CONTRACTING, INC.

John Patrick
 Authorized Signature

⑈006864⑈ ⑆052001772⑆ ⑈4000113755⑈