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Pataki's 1994 Fund-Raising Is Under Investigation

By CLIFFORD J. LEVY

ALBANY, Jan. 20 — Federal prosecutors have begun an inquiry into fund-raising for Gov. George E. Pataki's 1994 election campaign, investigating whether potential donors were promised favors from the state government in return for campaign contributions, officials involved in the case said tonight.

The United States Attorney's Office in Brooklyn issued subpoenas tonight to several people who worked for Mr. Pataki's 1994 campaign, including Zenia Mucha, who was the deputy campaign manager and chief spokeswoman. Ms. Mucha now serves as communications director in the Pataki administration, and is considered one of the Governor's most influential aides.

Ms. Mucha confirmed tonight that she received a subpoena to appear before a Federal grand jury. She said the inquiry concerned the fund-raising activities of one

donor and that campaign officials were not being investigated for any wrongdoing. But an official involved in the investigation, who spoke on the condition of anonymity, said investigators were also examining the relationship between the donor and campaign officials.

In addition, the official said investigators were trying to determine whether potential donors were promised leniency from the State Parole Board in exchange for contributions. It was unclear tonight why donors might have needed the intervention of the parole board.

At issue in the investigation are contributions connected to a Korean-born New Jersey businessman who in recent years has given tens of thousands of dollars to Republican candidates and committees in New York, New Jersey and elsewhere, officials involved in the case said tonight. The businessman, Yung Soo Yoo of Glen Ridge, N.J.,

gave \$10,000 to Mr. Pataki's campaign on Nov. 3, 1994, according to campaign finance records. He made another donation of \$5,000 to Mr. Pataki's re-election campaign on April 17, 1995, the records show.

Mr. Yoo has been the subject of inquiries by Congressional committees in Washington, which examined his ties to Representative Jay C. Kim of California, who pleaded guilty to misdemeanor charges of accepting \$230,000 in illegal campaign contributions last year. It was unclear whether Mr. Yoo made any of those donations. Mr. Yoo was convicted of bank fraud in 1984, but he has not been charged in any of the recent investigations into his contributions.

Although Mr. Yoo was not a paid fundraiser for Mr. Pataki's campaign, investigators are examining whether he solicited donations to the campaign from others,

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promising favorable rulings from the State Parole Board in return, officials involved in the case said. The investigators are also trying to determine if campaign officials knew of or participated in Mr. Yoo's activities.

Ms. Mucha said tonight that the campaign had returned Mr. Yoo's contributions when his name surfaced in the Congressional investigations. She said the Governor had no connection to the current investigation. "I have learned of an investigation involving an individual outside the official campaign who may have solicited contributions under false pretenses," Ms. Mucha said. "Over a year ago, as soon as I heard of even the possibility that any of these improprieties may have taken place, I immediately directed that the contributions be returned. That was long before there was even a hint of an investigation. I will be pleased to relay this information when asked."

She added that "this has absolutely nothing to do with the Governor or the administration."

State records show that the Pataki campaign returned \$5,000 to Mr. Yoo on Dec. 5, 1996. But it waited nearly a year to return the other \$10,000, giving it back to Mr. Yoo on Oct. 15, 1997, the records show. On the same day that the campaign returned the \$5,000, it returned \$12,000 in donations to a man whose name is listed as John S. Jhang. Mr. Yoo solicited the contribution from Mr. Jhang, officials involved in the investigation

said.

On April 28, 1997, the campaign returned \$9,500 in contributions to a donor listed on campaign records as Incha Chung, whose donations were also believed to have been solicited by Mr. Yoo, the officials said.

Mr. Yoo could not be reached for comment tonight.

Officials involved in the case said more than a half-dozen subpoenas were issued today, some seeking documents from the 1994 Pataki campaign and others for testimony from campaign officials, including a campaign fund-raiser, Patrick Donohue.

Campaign officials have retained two well-known lawyers, Paul L. Shechtman and Matthew Fishbein. Mr. Shechtman, who served as Mr. Pataki's top criminal justice adviser in the first part of his term, declined to comment. Mr. Fishbein, who until recently was a top aide to Mary Jo White, the United States Attorney in Manhattan, said, "I can't talk about it." Aides to the United States Attor-

ney in Brooklyn, Zachary Carter, whose office is conducting the investigation, declined to comment.

"We don't comment on matters that we may or may not have under investigation," William J. Muller, executive assistant United States attorney in Brooklyn, said.

It was not clear tonight whether the Parole Board made any decisions because of donations. The board is a state agency that has the

authority to determine whether inmates in state prisons are released on parole. It normally has 19 members, who are appointed by the Governor with the consent of the State Senate. Members serve six-year terms.

The board now has 18 members, with one vacancy. Nine were appointed by Mr. Pataki; the other nine were named by his predecessor, Mario M. Cuomo.