it is developed. The population growth and community development necessary to enable you to sell your lot at or near the price you paid or are paying for it may not occur for many years, if at all. If the lot may be exchanged for a developed lot, there may be some small demand by builders for a limited amount of such lots at the present time.

You should be aware that neither AMREP nor (insert subdivision) will buy back your lot or help you resell it except for providing a resale listing service, as described in II below.

II. RESALE LISTING SERVICE

In accordance with the provisions of the Commission's Order, AMREP will provide a resale listing service for purchasers of its undeveloped lots in (insert subdivision). AMREP will provide a clearinghouse for all purchasers who desire to resell their property, but is not required to act as a traditional broker in seeking buyers.

AMREP will maintain a list of all property that is placed for resale, with a description of the unit, block and lot number, the size of the lot, the price that you, the owner or contract holder, desire to sell it for, and your name, address and telephone number. You should remember, in determining your price, that you will be competing with other lotowners for buyers. [324]

AMREP will notify the local realtors' multiple listing service (MLS) that lots are for sale, but will not individually list your lot with the MLS. Prospective buyers may then contact AMREP and select a lot from the master list. As the lots are relatively similar in characteristics, it is expected that the lowest-priced lots will be sold first, if at all (*See* I above).

If you desire to list your lot in this manner, write to AMREP at the following address:

( )
(Insert Respondent's Address)
( )

Include the following listing information: your name, current address, telephone number, contract number, lot identification (unit, block and lot), size of lot and the price at which you want to list your lot.

III. OPTIONS AVAILABLE TO PURCHASERS

There are a number of options available to you at this time which you should review based on the information provided in this notice:

1. You can continue making your payments.

2. You can refuse to make any further payments and perhaps take a tax loss. According to the FTC Order you *cannot* be [325] required to pay any more money, but if you elect this option, you will lose your land and all the money you have paid. However, if you purchased your lot as an investment and not for your own use as a homesite, you might be able to declare the money you lost as a tax loss, deductible from your income on federal and state tax returns. It is suggested strongly that you contact your local District Director of the Internal Revenue Service *before* deciding whether to stop payments, if your decision is based on the possibility of taking a tax loss. Whether your loss is deductible will be based on your specific situation and you should *not* rely on this letter as authority for a deduction.

3. You can stop making payments and seek satisfaction against AMREP in a private

lawsuit. You should consult an attorney before electing this option. The Commission's Order may be relevant in such a suit and your attorney should obtain a copy.

4. You can list your lot as described in Section II above. [326]

5. You can relocate to (insert subdivision) and, if possible, build on your lot or exchange for a building lot if so permitted by your contract or by company policy. You may, however, be required to pay more money for this exchange lot. Check with the company for details.

If you have any questions about the contents of this letter, write to me. Please do not telephone.

If you have questions about your account, the development of your specific lot, or the procedures for listing your property, call AMREP toll-free at ( ). A representative will return your call. Instead of calling, you may wish to write to:

( )
(Insert Respondent's Address)
( )

In any letter, you should include your name as set forth in your contract, your account number, your lot identification number, your current address and telephone number, and the name of the subdivision in which your lot is located.

Sincerely,

Perry W. Winston
Attorney

APPENDIX A1

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of AMREP CORPORATION, a corporation.	DOCKET NO. 9018

RULING ON EFFECT TO BE GIVEN HERE TO JUDGMENT IN *U.S. V. AMREP CORP. ET AL.*

In the course of argument over other matters, under date of 4/18/77 Respondent submitted copies of the original indictment, a superceding indictment and the Judge's instructions to the jury in *U.S.* v. *AMREP Corp., et al.,* S. 76 Cr., S.D.N.Y., a criminal mail fraud and interstate land sales fraud case paralleling this one (for the trial of which hearings here were, in fact, enjoined during the last half of 1976 and early months of 1977). Thereupon, under date of 4/25/77 Complaint Counsel moved to have the Court "take official notice that the jury (in *U.S.* v. *AMREP Corp. et al.*) found Respondent's claims as to the investment value of its land and the direction and extent of growth of Albuquerque to be false," asserting that such a "finding" would support allegations in Complaint Pars. 11, 12, 14, 15, 20, 21 and 54 here. Attaching uncertified copies of the judgments of conviction in *U.S.* v. *AMREP Corp. et al.,* Complaint Counsel noted that certified copies would be offered into evidence "at the hearings."

Under date of 5/12/77 Respondent submitted a brief objecting to the taking of official

notice here of the instructions and convictions in *U.S.* v. *AMREP Corp. et al.* on grounds that (1) the criminal case was (and is) still on appeal, and (2) "to make out a [2] case against respondent by simply resting upon a decision in a prior proceeding would do violence to fair play and due process", noting further that official notice is really designed for facts of a generally recognized nature.

On 5/25/77 oral argument was held. During the course of such argument the propriety of official notice as a vehicle for Complaint Counsel's goal was eliminated as an issue, in view of the Administrative Law Judge's opinion that certified copies of relevant portions of the record in *U.S.* v. *AMREP Corp. et al.* should be offered for the record here and Complaint Counsel's statement of intention to offer such certified copies here in any event. The issue under consideration is thus no longer whether official notice should be taken of the proceedings in *U.S.* v. *AMREP Corp. et al.* but whether certified copies of portions of the criminal case record should be received in evidence here.

During this same argument Complaint Counsel advised the Court that their motion of 4/25/77 was not intended to seek collateral estoppel effect for the criminal case judgment but merely to permit its use as one "piece of evidence" to be considered along with all other evidence in the case. Counsel cited in support new Federal Rule 803(22) which overcomes any hearsay objection to introduction of a judgment of previous conviction of felony to prove any fact essential to sustain such judgment. The comment of the Judicial Conference's Committee on Rules of Practice and Procedure published in the March 1971 "Revised Draft of Proposed Rules of Evidence for the United States Court and Magistrates" (at p. 122 of West Edition) indicates, however, that the use of such a judgment "in evidence for what it is worth" would normally occur only "when . . . the doctrine of res judicata does not apply to make the judgment either a bar (i.e. claim preclusion) or a collateral estoppel (i.e. issue preclusion)." [3]

Complaint Counsel's proposed limited use of the judgment in *U.S.* v. *AMREP Corp. et al.* as just another piece of evidence "for what it is worth" is thus most unusual and puzzling. Complaint Counsel explain—and Respondent's Counsel not too surprisingly agree—that they see great difficulties in actually applying the doctrine of collateral estoppel, primarily because a general jury verdict is inherently ambiguous as to the facts on which it is based. The difficulties suggested, however, would seem to apply as much to use of a judgment as a "piece of evidence" as to its use as a "collateral estoppel" and, in any event, such difficulties are by no means insuperable.

A primary difficulty stressed by both parties is that Judge Metzner's instructions to the jury in the criminal case, while recognizing that the indictment alleged two different false claims ["investment value of the purchase of land at Rio Rancho" *and* "direction and extent of growth of Albuquerque" (Tr. 7814)] went on to tell the jury it could not convict unless it found *either* one *or* the other of these two allegations was true [Tr. 7818]. Thus, it is argued, it is now impossible to tell which of these two allegations the jury adopted.

A similar predicament faced the court in *Emich Motors Corp. et al.* v. *General Motors Corp. et al.*, 340 U.S. 558 (1951). There Respondents contended (p. 567) that since the Government did not offer evidence to support all of the 26 different acts charged in a prior criminal case on the same facts and was required to prove only one of them, it was impossible upon a general verdict of guilty to determine on which of the various acts the jury based its verdict and that consequently the judgment had no relevance in a subsequent civil suit.* The Supreme Court [4] recognized the problem but did not think—as some older cases might suggest—that this was fatal. It explained:

* *Emich* was based on the special provision of Sect. 5(a) of the Clayton Act, which made criminal antitrust convictions *prima facie* evidence in a subsequent civil suit even without identity of litigating parties. For present purposes the *Emich* case is nevertheless precisely in point.

> What issues were decided by the former Government litigation is, of course, a question of law as to which the court must instruct the jury. It is the task of the trial judge to make clear to the jury the issues that were determined against the defendant in the prior suit and to limit to those issues the effect of that judgment as evidence in the present action. As to the manner in which such explanation should be made, no mechanical rule can be laid down to control the trial judge who must take into account the circumstances of each case . . . . He is not precluded from resorting to such portions of the record, including the pleadings and judgment, in the antecedent case as he may find necessary or appropriate to use in presenting to the jury a clear picture of the issues decided there and relevant to the case on trial. (pp. 571–2)

In this case it seems to the Administrative Law Judge, who is charged by *Emich* with resolving such ambiquities, that there can be no serious doubt that the jury in the criminal case must at least have adopted Judge Metzner's instruction that they might find a scheme to defraud based on "a false claim as to the investment value of the purchase of land at Rio Rancho" (whereas it is not clear at this juncture whether or not they further adopted his instruction that they might also find "a false claim as to the direction and extent of growth of Alburquerque") This is simple common sense. **[5]**

The proposition regarding the direction and growth of Albuquerque would not, standing alone, support the ultimate inference of a scheme to defraud; it operates only thru the other proposition (a false claim as to the investment value of Rio Rancho land). It would thus be quite illogical for the jury to have found a scheme to defraud based solely on the Albuqurque-growth misrepresentation. Contrariwise, the investment-value proposition stands on its own legs; from it one may deduce directly—without reference to the Albuquerque-growth proposition—the ultimate proposition asserted: the fraudulent scheme. In summary, if the jury's verdict was not based on adoption of *both* the investment-value and Albuquerque growth propositions—as further study of the criminal record and evidence may well reveal—the jury could logically have adopted the investment-value proposition without the Albuquerque-growth proposition but it could not logically have adopted the Albuquerque-growth proposition without the investment value proposition.

A second difficulty is alleged because the Indictment pleaded a fraudulent scheme devised between 1961 and 1975 and Judge Metzner instructed the Jury that "(t)he Government is not required to prove that the alleged scheme to defraud existed over the whole course of time set forth in the indictment. It is sufficient if you find that at any time within that period all of the elements of the alleged scheme to defraud have been proven to your satisfaction beyond a reasonable doubt" (Tr. 7817). It is not clear why such an instruction would be any less satisfactory as far as Section 5 of the Federal Trade Commission is concerned. With reference to the asserted defense of abandonment, that is an affirmative defense (involving much more than the simple passage of time) which Respondent is free to prove, if it can, **[6]** whether or not estopped from challenging the fraudulent scheme allegation. Correspondingly, we would certainly permit Complaint Counsel a reasonable leeway to rebut an abandonment charge which seemed to have any substance to it, whether or not the basic fraudulent scheme may be questioned.

Finally, the question of possible consumer redress—previewed in the notice order—is said by Complaint Counsel to require specific findings as to guilty knowledge. Certain it is that new Section 19(a)(2) of the FTC Act requires a showing by this Commission in the subsequent redress action that "the act or practice to which the cease and desist order relates is one which a reasonable man would have known under the circumstances was dishonest or fraudulent . . ." However, the Commission has made it crystal clear that discovery (and thus proof) of matters relevant only to a subsequent redress

action are not to be litigated in a proceeding like this. *Electronic Computer Programming Institute, Inc.*, D. 8952, Commission Order of 11/11/75. There is thus no real difficulty now as respects matters to be taken up *de novo* in a subsequent redress action.

The Administrative Law Judge is quite aware that our litigation is still geared primarily to an adversary rather than an investigative system, although a trend toward the latter in recent years is manifest. Be that as it may, the Commission has charged us with responsibility not only "to conduct fair and impartial hearings" but "to take all necessary action to avoid delay in the disposition of proceedings." Commission Rule Section 3.42(c). While the case-in-chief here is nearly complete, as things stand, there is a long defense ahead, stretching into 1978. The prospect of materially shortening that period of litigation by judicious use of collateral estoppel leads us to take affirmative action to achieve that goal. We now ORDER Complaint Counsel to abandon their "piece of evidence" approach; to prepare any necessary amendment to the pleadings (*see* 46 Am. Jur. 2d, Judgments, Section 602 et seq.); and to establish as their last proof in the case-in-chief that Respondent is estopped to question such facts [7] relevant to this matter as Complaint Counsel may show have been litigated and decided in *U.S.* v. *AMREP Corporation, et al.* This order will not take effect, however, until 6/21/77, prior to which time the Administrative Law Judge will hear argument contra by either or both parties at such time as may be requested.

/s/ Paul R. Teetor
Administrative Law Judge

June 10, 1977

APPENDIX A2

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of AMREP CORPORATION, a corporation.	)	DOCKET NO. 9018

FURTHER RULING ON EFFECT TO BE GIVEN HERE TO JUDGMENT IN *U.S. V. AMREP CORP. ET AL.*

Under date of 6/10/77 we issued a tentative order to Complaint Counsel in order to effect a major economy of time and effort in this matter to prepare any necessary amendment to the Complaint and as the last proof in their case-in-chief here to introduce enough of the record in *U.S.* v. *AMREP Corp. et al.*, S. 76 Cr., S.D.N.Y., to raise a collateral estoppel as to any issue of fact litigated and determined there which is also an issue here. The effective date of the order was simultaneously stayed until 6/21/77, however, to permit statements of objections by either or both parties.

Argument was, in fact, held on 6/21/77, as will appear in more detail from the transcript of proceedings on that date. Both parties vigorously opposed the Administrative Law Judge's proposed plan.[1] Among [2] other things, Respondent, as earlier,

[1] The leading case cited by the Administrative Law Judge for use of a criminal conviction to raise a collateral estoppel in a subsequent civil suit by the same Government was *Local 167* v. *U.S.*, 291 U.S. 293 (1934). That (footnote cont'd)

stressed the instruction of Judge Metzner to the jury in *U.S.* v. *AMREP Corp., et al.* that in order to find a fraudulent scheme it must find a misrepresentation either as to the investment value of land purchased at Rio Rancho Estates or as to the trend of Albuquerque's growth, so that, it was argued, it cannot be known from the jury's verdict on which ground or grounds the case was decided. Complaint Counsel, for their part, stressed, inter alia, the practical uselessness of a broad finding of a fraudulent scheme (of any kind) since that would leave a host of specific practices still to be established in order to justify the proposed provisions of the lengthy and complex cease and desist order sought here.[2] At the close of said argument, in open court we further stayed the effective date of our order of 6/10/77 for reconsideration thereof. As a result of an extensive review of the authorities and an intensive consideration of the special situation here we are now persuaded to ABROGATE the proposed order.

We do not by this action adopt Respondent's argument that a collateral estoppel is foreclosed by Judge Metzner's charge to the jury. It is no doubt good law that as to an "ultimate fact" the existence of an alternative basis for the jury's finding might prevent a collateral estoppel by making it impossible to know on which ground the jury decided the case. *Russell* v. *Place,* 94 U.S. 606, 608 (1876). But there was no such dilemma as to the "ultimate fact" here. The "ultimate fact" in issue[3] (or "ultimate inference", as we called it in our 6/10/77 order) was the [3] existence of a scheme by defendants (including Respondent here) to defraud Rio Rancho purchasers by making false claims. As to that simple finding there can be no ambiguity. There seems, accordingly, little question that it could well be the subject of a collateral estoppel here, regardless of whether, as we intimated in our tentative order, a similar estoppel might also arise as to the "mediate" allegation that such claims were, in general, concerned with the investment value of the land.

Assuming that a collateral estoppel could be raised, Complaint Counsel argue, however, (and Respondent's counsel expressly concur) that a collateral estoppel at this "ultimate fact" level is not worth very much in a case like this which is brought to justify an order to cease and desist from a large number of very specific trade practices.

Insofar as Complaint Counsel's position is based on an assumption that a respondent must be shown to have actually engaged in each practice from which it is ordered to cease and desist, we do not believe this to be the law. The proper test is whether there is a real possibility that an unfair practice may be followed in the future. Past practice is only one indication of such a possibility and not even a necessary one at that.

As explained by the Supreme Court in *N.L.R.B.* v. *Express Publishing Co.,* 312 U.S. 426 (1941) an agency's authority to restrain an unfair practice in which a respondent has been engaged may extend to practices in which he has *not* been engaged if they are reasonably related to the proven unfair practice. Similarly, said the Court, an order restraining violations of the statute other than the one found is justified when those violations bear some resemblance to that which the respondent has committed or when danger of their commission in the future is to be anticipated from the course of conduct in the past. [4]

In *F.T.C.* v. *Mandel Bros.,* 359 U.S. 385 (1959) the Supreme Court, applying *Express Publishing's* "other like or related unlawful acts" test to this Commission's orders approved one to cease and desist from violating six disclosure requirements of the Fur Products Labeling Act, even though the Commission had *affirmatively found no viola-*

---

government agencies are in privity with each other he cited *Sunshine Coal Co.* v. *Adkins, Collector of Internal Revenue,* 310 U.S. 381 (1940).

[2] The notice order contains this statement: "Specific provisions ordered by the Commission will be based upon the record facts developed in adjudicative proceedings in this matter."

[3] For attempted definitions of such terms as "issue", "ultimate fact" and "mediate fact", *see Paine & Williams Co.* v. *Baldwin Rubber Co.,* 113 F.2d 840 (6th Cir., 1940) and *The Evergreens* v. *Nunan, Commissioner of Internal Revenue,* 141 F.2d 927 (2d Cir., 1944).

tions of three of the six: "Where the episodes of misbranding have been so extensive and substantial in number as they were here, we think it permissible for the Commission to conclude that like and related acts of misbranding should also be enjoined as a prophylactic and preventive measure." (p. 393).

In *F.T.C.* v. *Ruberoid Co.*, 343 U.S. 470 (1951) the Supreme Court approved a Commission order prohibiting *all* price differentials between competing customers, although differentials of no more than 5% had actually been found. Since it was unquestioned that very small differences in price were material factors in competition the Commission was not required to limit its prohibition to the specific differential shown to be adopted in past violations of the statute. In much quoted language the Supreme Court said:

> Orders of the Federal Trade Commission are . . . intended to . . . prevent illegal practices in the future. In carrying out this function the commission is not limited to prohibiting the illegal practice in the precise form in which it is found to have existed in the past. . . . (I)t must be allowed effectively to close all roads to that prohibited goal so that its order may not be by-passed with impunity.
>
> * * * * * * * [5]
>
> Congress expected the Commission to exercise a special competence in formulating remedies. . . . (and) the Courts will not interfere except where the remedy selected has no reasonable relation to the unlawful practice found to exist. (p. 473)

One of the most striking examples of an order which extended far beyond the proven violation was *General Transmissions Corporation of Washington et al.*, 73 F.T.C. 399 (1968). There the Examiner had limited his order to prohibit deceptive practices only "in connection with the advertising, offering for sale and sale, repair and servicing of *automobile transmissions and related parts*" (emphasis added) but Commissioner Elman, for a unanimous Commission, wrote:

> It is true that the practices giving rise to this proceeding concern the sale and repair of transmissions but it would be relatively easy for respondents to utilize their present illegal tactics in connection with the sale and repair of other automobile parts . . . . or in connection with the sale and repair of radios, television sets, home appliances and a number of other products. Nor is it unrealistic to fear that respondents might switch to one of these related fields in an effort to evade the Commission's order. . . . We are therefore modifying the order to give it broader applicability, thus preventing evasion of the order or recurrence in any other guise of the fraudulent activities revealed in this record. (pp. 426–7) [6]

Such authorities make it clear that it is not essential to find the existence of past practices to support an order to cease and desist from similar practices in the future, so long as there is any good reason for such a prohibition. Thus, even a broad finding by collateral estoppel that Respondent has been engaged in a scheme to defraud purchasers of land at Rio Rancho by making false claims might well be enough to support prohibitions of specific practices, whether or not Respondent has heretofore engaged in those specific practices. The logical end of such reasoning would, of course, be a reaffirmation of the order of 6/10/77 directing Complaint Counsel to invoke a collateral estoppel based on the indictment, verdict and judgment in *U.S.* v. *AMREP Corp. et al.* The reasons why we now abrogate instead of re-affirming that order are as follows.

The fact that in some instances an order to cease and desist from a specific kind of

deceptive practice *may* prohibit conduct never previously engaged in does not, of course, mean that in all or perhaps even most such instances a showing of need for such relief based solely on the jury's finding of a fraudulent scheme would be felt sufficient either by the Administrative Law Judge or the Commission. As a result, such a substantial quantity of evidence might well be required for an intelligent assessment of the need for particular provisions of a proposed order—even if a finding of a scheme to defraud Rio Rancho buyers be assumed by virtue of collateral estoppel—that whether there would be any significant saving of trial time becomes problematical. This consideration is augmented by the fact the result of the criminal case did not become known until well into Complaint Counsel's case here and as a practical matter the case-in-chief, based on *de novo* proof, is now virtually complete.

We note finally the fact that Complaint Counsel and Respondent's Counsel stand shoulder to shoulder in opposition to substituting a collateral estoppel for *de novo* proof on the issue of violation. Under such circumstances we would feel bound to allow an [7] interlocutory appeal which might well consume several months time. Moreover, in an adversary system involvement by the Judge in a normal function of counsel is most unusual.[4] On mature reflection we have now concluded to abrogate our order of 6/10/77.

Counsel are advised that if and when certified copies of the judgment and other relevant parts of the record in *U.S.* v. *AMREP Corp. et al.* are actually offered here, counsel will be expected to cite clear and convincing federal authority for the use of such matter other than to establish a collateral estoppel.

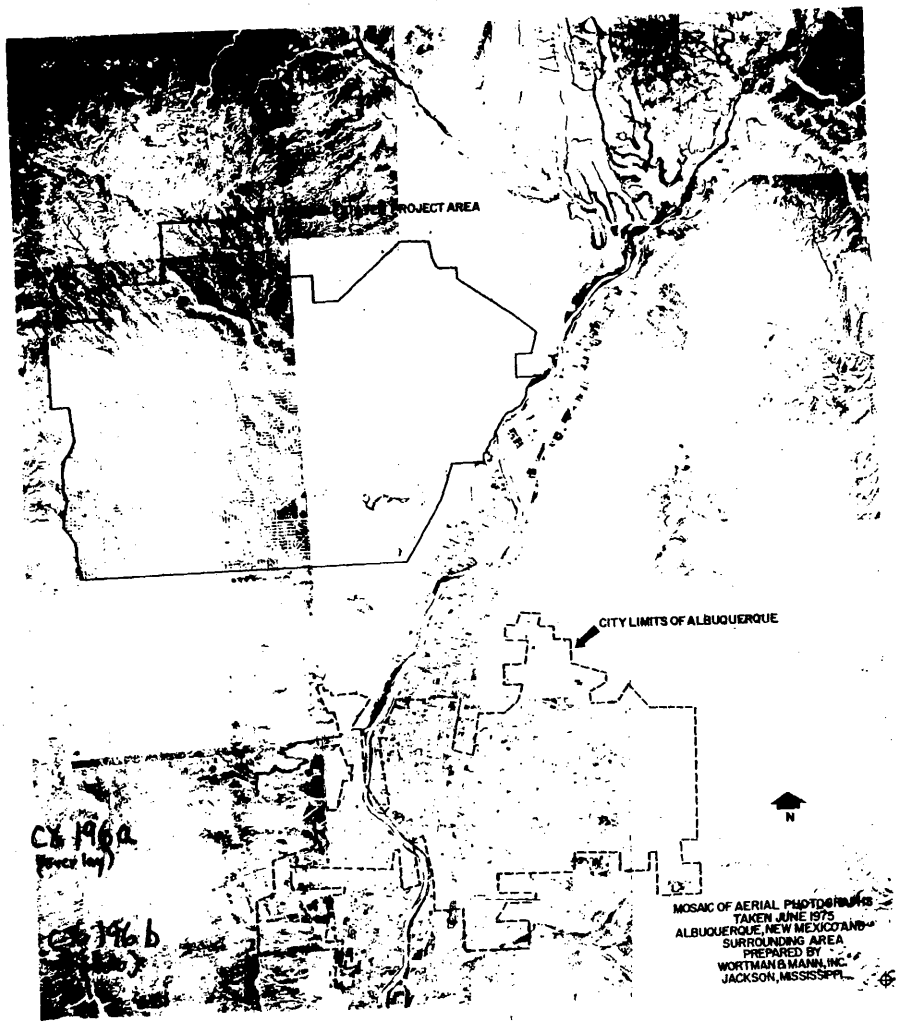
/s/ Paul R. Teetor
Administrative Law Judge

June 30, 1977

[4] Miller, R.W., "The Premises Of The Judgment As Res Judicata In Continental And Anglo American Law", 39 Mich. L.R. 1, 7–8 (1940).

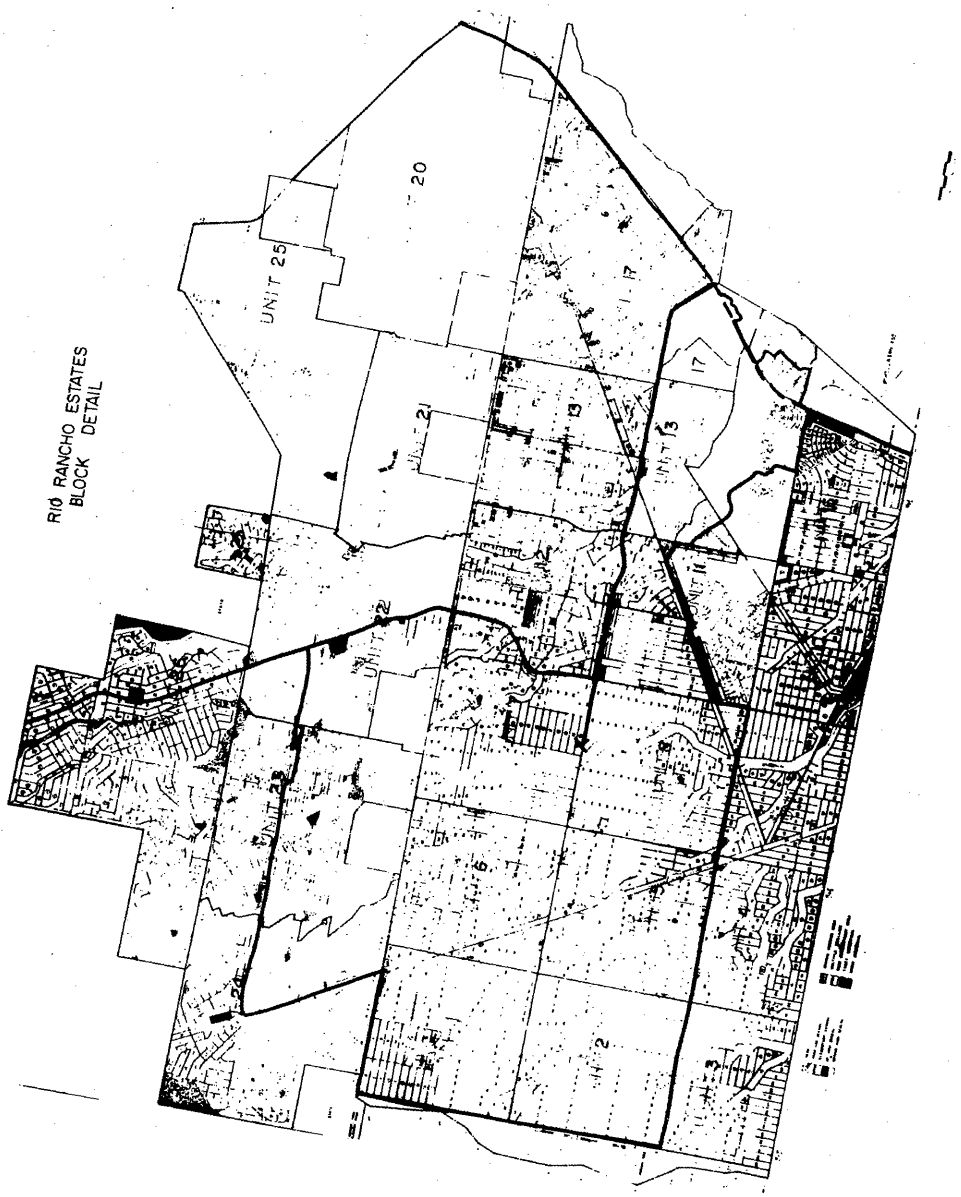
APPENDIX B

(Aerial Map of Rio Rancho)



APPENDIX C

CX 263, p. 68 (*See also* CX 561)



APPENDIX D

Excerpts from the testimony of Luciano J. Scirica (TR 5516–41)

LUCIANO SCIRICA, having been duly sworn, took the stand and testified as follows:

JUDGE TEETOR: The witness is sworn.

DIRECT EXAMINATION

BY MR. SCHULMAN:

Q. Would you please state your name and address for the record?

A. I am Luciano J. Scirica. I live at 355 North Long Beach Road, Rockville Center, New York.

Q. That is pronounced Scirica?

A. Scirica, yes.

Q. Mr. Scirica, when did you first come to hear of AMREP Corporation?

A. Oh, we had received a postcard in the mail inviting us to a dinner party.

Q. Do you recall about when that was?

A. Oh, I guess it was some time in February of 1973.

Q. Did you attend that dinner?

A. Yes, I did.

Q. Do you recall when that dinner was?

A. When?

Q. When the dinner was?

A. It was February 13th, 1973.

Q. Do you recall where that dinner was?

A. Not really, because I attended so many. I'm confused at this point exactly which one and where it was at that date.

Q. Do you remember what city or county it was in?

A. Oh, yes. It was in Nassau County.

Q. And that's in New York?

A. Yes.

Q. Did you go with anybody?

A. No. It was just the wife and I.

Q. What happened when you first arrived at the location where the dinner party was?

A. Well, you arrived there and you came in with a card and you tell the receptionist or the door, they have at the door your name. And she calls over a salesman and you are introduced to the salesman and he takes you to a table and you sit down at a table. And he tells you he'll be right with you.

Q. Do you recall the name of the salesman?

A. Yes.

Q. What was his name?

A. Bernie Lombardi.

Q. And how many people were sitting at your table?

A. One other couple.

Q. Do you know how many other tables were there at that dinner party?

A. Oh, I would—I didn't count them but I would say maybe at least 20 tables.

Q. What happened first after you were seated at the table?

A. We were seated at the table. And we were introduced to the people that were there, the couple that were there, and introduced. You have a lot to talk to these people because these people own property and make yourself comfortable. And he says I'll get back to you because he was pretty busy. This was Mr. Lombardi.

Q. Did he return to the table?

A. Later on, yes.

Q. What happened when he returned to the table?

A. He just made small talk until the meeting, so to speak, got started, and we had a little speech and then it started to go on because they said they would give us a little speech or a little talk because Mr. Estrema would get up and give us a little background about the AMREP Corporation and then we would have dinner.

Q. Do you recall what Mr. Estrema said?

A. Yes. He said that—he welcomed us all to the dinner and he was sure we would enjoy ourselves, and he said, giving us a little background about the AMREP Corporation. The AMREP Corporation was an important Company. He says it had—it was listed on the Stock Exchange. They have been in this business a long, long time. Rio Rancho is not only the only area they are developing. They are developing areas throughout the United States. And he says that a little later on they would show us movies about Rio Rancho.

Q. What happened when Mr. Estrema was done with this talk?

A. I think after he was done I think we started to have dinner.

Q. And after dinner what happened?

A. Well, after dinner they started to show this movie about Rio Rancho.

Q. Do you recall what was in the movie?

A. Yes. A good portion of it I believe.

Q. Can you tell us what you saw in the movie?

A. Yes, in the movie it was showing, you know, I think it showed that Albuquerque was located in the golden triangle area of the country, of the United States. I believe it was Albuquerque, Phoenix. All I know it was the shape of a triangle. And told us about the City of Albuquerque, that it was a fast-growing community. There was a great deal of building going on. It was doubling itself.

And it showed us pictures of Rio Rancho, the golf course area.

And it also had people who, I guess they visited people at their homes in Rio Rancho. I believe one was having a picnic there. And each one of these people who were residents of Rio Rancho stated how happy they were in their investment and how happy that they did make the change to come down into Albuquerque.

Q. Do you recall anything else in the film?

A. I believe—you know, so much, it gets a little confusing.

I remember seeing, I believe, how the dollar was broken up, something like that. It's not very clear whether I saw it at that movie or some other time.

Q. Okay. Is there anything else in the film that you saw that you recall?

A. Yes. The most outstanding thing in the film was that I was tremendously impressed with was to see an outstanding political figure praise what AMREP was doing for New Mexico by developing this Rio Rancho area.

Q. And do you recall who that man was?

A. I've seen him. It was either at that time or it was either Senator Montoya or was it the governor of the state? Clark or what is the name? I forget.

But he was, at that time of the year he was quite prominent in the paper, and I was very impressed to hear an outstanding political figure was praising the Rio Rancho development.

A. Right offhand—

Q. Do you remember anything in the film about—excuse me. Go ahead.

A. Go ahead.

Q. Do you remember anything in the film about the direction of the growth of Albuquerque?

A. Oh, yes, definitely.

It explained the direction of the growth of the city of Albuquerque and the city was

growing, that the only direction that the city could grow towards would be to the Rio Rancho development area.

And the reason for that was that I believe to the east was the Sandia Mountains. I believe to the south was either government land and Indian reservation, orientation—I know it was completely boxed in. And the only area that was open as they explained to us was in a north direction, towards the Rio Rancho area.

Q. After the movie, what happened?

A. Well, after the movie, we, I guess, and Mr. Estrema got up again and he said that the salesmen were at each table, he says, and they would talk to people who came and who wanted to know a little bit more about Rio Rancho, and that they did have a limited number of lots for sale and that the sale of the lots was very brisk and they were doing very, very well, and we were fortunate to come in and to talk to the salesmen. The salesmen would surely satisfy anything that you wanted to know or any particular piece of property you think you would be interested in.

Q. Do you recall anything else that Mr. Estrema said?

A. Not really. Not at the moment.

Q. What happened after he was done with his talk?

A. Well, once he got finished with his talk we had, I believe, one of the salesmen—I assume he is a salesman because he came up to the microphone and he said "Parcel so-and-so and so is sold."

And as you are trying to talk to the—I was trying to talk to Mr. Lombardi because I wanted to get more information as to what is the facilities and how soon will the place be developed and all that.

As this goes on, each time a piece of property is sold, that salesman would run up to the microphone and tell them, "Cross out lot so-and-so. It's sold."

And this is going on as you are trying to talk and have a conversation with your salesman.

Q. What did Mr. Lombardi tell you?

A. Mr. Lombardi, he told me, he says to me, "Well, you know, I have something real great for you. Now, we are both Italians and I have something for you that I'm pretty sure you would be very, very happy with."

He says, "Don't forget, we just don't sell any piece. We make sure whatever we sell is good."

He says, "Because we want to treat our customers good because we want them, you know, to remember us with other people and their friends."

And he told me he had this piece of property that he thought would be ideal for me.

Q. Do you recall anything else that he said?

A. Yes. He said, "Just remember, you can never really lose money on the land because at the price we are giving it to you tonight," he says, "next week it goes up 10%. How could you lose with that? You are buying something today and next week it's worth 10% more."

Q. Do you recall anything else that Mr. Lombardi said to you?

A. Right offhand, not at the moment.

Q. OK.

Now, with reference to a speech by Mr. Estrema and the talk that Mr. Lombardi delivered at the table, do you recall anything that was said with regard to investment?

A. Oh, yes. As far as investment was concerned, that they said, No. 1, that it was a tremendous investment, the value of the property was going up continuously. The demand for the land was unbelievable, he said. The demand is surprising them and the values are going up and even into today's market—oh, I think that's where it was. Probably in the movie or something, where it showed that the value of your dollar is decreasing because of inflation. And here you will be buying property at a reasonable price and then as the years go on, as you make payments with this increased inflation,