U.S. Department of Justice
Washington, DC 20530

Supplemental Statement
Pursuant to Section 2 of the Foreign Agents Registration Act of 1938, as amended.

OMB No. 1105-0002

For Six Month Period Ending 31 MAR 1995
(Insert date)

Name of Registrant
Paul Magliocchetti Associates, Inc.

Registration No.
4949

Business Address of Registrant
1755 Jefferson Davis Hwy., Suite 1107
Arlington, VA 22202 USA

I—REGISTRANT

1. Has there been a change in the information previously furnished in connection with the following:

(a) If an individual:

(1) Residence address	Yes ☐	No ☐
(2) Citizenship	Yes ☐	No ☐
(3) Occupation	Yes ☐	No ☐

(b) If an organization:

(1) Name	Yes ☐	No ☒
(2) Ownership or control	Yes ☐	No ☒
(3) Branch offices	Yes ☐	No ☒

2. Explain fully all changes, if any, indicated in item 1.

N/A

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, and 5.

3. Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Name	*Position*	*Date Connection Ended*

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4. Have any persons become partners, officers, directors or similar officials during this 6 month reporting period?
Yes ☐ No ☒

If yes, furnish the following information:

Name	*Residence Address*	*Citizenship*	*Position*	*Date Assumed*

5. Has any person named in Item 4 rendered services directly in furtherance of the interests of any foreign principal?
Yes ☐ No ☒

If yes, identify each such person and describe his services.

6. Have any employees or individuals other than officials, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes ☒ No ☐

If yes, furnish the following information:

Name	*Position or connection*	*Date terminated*
Lawrence S. Naehr	Consultant	11/23/94

7. During this 6 month reporting period, have any persons been hired as employees or in any other capacity by the registrant who rendered services to the registrant directly in furtherance of the interests of any foreign principal in other than a clerical or secretarial, or in a related or similar capacity? Yes ☒ No ☐

If yes, furnish the following information:

Name	*Residence Address*	*Position or connection*	*Date connection began*
Kenneth L. Keefe	8252 Private Lane	Consultant	1/17/95

II—FOREIGN PRINCIPAL

8. Has your connection with any foreign prinicpal ended during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Name of foreign principal — *Date of Termination*

9. Have you acquired any new foreign principal[1] during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish following information:

Name and address of foreign principal — *Date acquired*

10. In addition to those named in Items 8 and 9, if any, list the foreign principals[1] whom you continued to represent during the 6 month reporting period.

Fontana Bleu S.p.A.

III—ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 8, 9, and 10 of this statement? Yes ☒ No ☐

If yes, identify each such foreign principal and describe in full detail your activities and services:

See Attachment A

[1]The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual or organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a)(9)).

A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those foreign principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity[2] as defined below?
Yes ☐ No ☒

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals? Yes ☐ No ☒

If yes, describe fully.

[2]The term "political activities" means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV—FINANCIAL INFORMATION

14. (a) **RECEIPTS—MONIES**

During this 6 month reporting period, have you received from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes ☒ No ☐

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.[3]

Date	*From Whom*	*Purpose*	*Amount*

See Attachment B

Total

(b) **RECEIPTS—THINGS OF VALUE**

During this 6 month reporting period, have you received any thing of value[4] other than money from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal? Yes ☐ No ☒

If yes, furnish the following information:

Name of foreign principal	*Date received*	*Description of thing of value*	*Purpose*

[3]A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, as part of a fund raising campaign. See Rule 201(e).
[4]Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) **DISBURSEMENTS–MONIES**

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement? Yes ☒ No ☐

(2) transmitted monies to any such foreign principal? Yes ☐ No ☒

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

Date	*To Whom*	*Purpose*	*Amount*
See Attachment B			

Total

15. (b) **DISBURSEMENTS—THINGS OF VALUE**

During this 6 month reporting period, have you disposed of anything of value[5] other than money in furtherance of or in connection with activities on behalf of any foreign principal named in items 8, 9 and 10 of this statement?
Yes ☐ No ☒

If yes, furnish the following information:

Date disposed	*Name of person to whom given*	*On behalf of what foreign principal*	*Description of thing of value*	*Purpose*
N/A				

(c) **DISBURSEMENTS—POLITICAL CONTRIBUTIONS**

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value[5] in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?
Yes ☐ No ☒

If yes, furnish the following information:

Date	*Amount or thing of value*	*Name of political organization*	*Name of candidate*

V—POLITICAL PROPAGANDA

(Section 1(j) of the Act defines "political propaganda" as including any oral, visual, graphic, written, pictorial, or other communication or expression by any person (1) which is reasonably adapted to, or which the person disseminating the same believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions, or (2) which advocates, advises, instigates, or promotes any racial, social, political, or religious disorder, civil riot, or other conflict involving the use of force or violence in any other American republic or the overthrow of any government or political subdivision of any other American republic by any means involving the use of force or violence.)

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any political propaganda as defined above? Yes ☐ No ☒

IF YES, RESPOND TO THE REMAINING ITEMS IN THIS SECTION V.

17. Identify each such foreign principal.

N/A

[5]Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating political propaganda? Yes ☐ No ☒

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

N/A --remaining items in this section

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of political propaganda include the use of any of the following:

☐ Radio or TV broadcasts ☐ Magazine or newspaper articles ☐ Motion picture films ☐ Letters or telegrams

☐ Advertising campaigns ☐ Press releases ☐ Pamphlets or other publications ☐ Lectures or speeches

☐ Other *(specify)* _____

20. During this 6 month reporting period, did you disseminate or cause to be disseminated political propaganda among any of the following groups:

☐ Public Officials ☐ Newspapers ☐ Libraries
☐ Legislators ☐ Editors ☐ Educational institutions
☐ Government agencies ☐ Civic groups or associations ☐ Nationality groups
☐ Other *(specify)* _____

21. What language was used in this political propaganda:

☐ English ☐ Other *(specify)* _____

22. Did you file with the Registration Section, U.S. Department of Justice, two copies of each item of political propaganda material disseminated or caused to be disseminated during this 6 month reporting period? Yes ☐ No ☐

23. Did you label each item of such political propaganda material with the statement required by Section 4(b) of the Act? Yes ☐ No ☐

24. Did you file with the Registration Section, U.S. Department of Justice, a Dissemination Report for each item of such political propaganda material as required by Rule 401 under the Act? Yes ☐ No ☐

VI—EXHIBITS AND ATTACHMENTS

25. **EXHIBITS A AND B**

(a) Have you filed for each of the newly acquired foreign principals in Item 9 the following: N/A

Exhibit A[6] Yes ☐ No ☐
Exhibit B[7] Yes ☐ No ☐

If no, please attach the required exhibit.

(b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period? Yes ☐ No ☐ N/A

If yes, have you filed an amendment to these exhibits? Yes ☐ No ☐ N/A

If no, please attach the required amendment.

[6]The Exhibit A, which is filed on Form CRM-157 (Formerly OBD-67) sets forth the information required to be disclosed concerning each foreign principal.
[7]The Exhibit B, which is filed on Form CRM-155 (Formerly OBD-65) sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

26. **EXHIBIT C**

If you have previously filed an Exhibit C[8], state whether any changes therein have occurred during this 6 month reporting period. Yes ☐ No ☒

If yes, have you filed an amendment to the Exhibit C? Yes ☐ No ☐

If no, please attach the required amendment.

27. **SHORT FORM REGISTRATION STATEMENT**

Have short form registration statements been filed by all of the persons named in Items 5 and 7 of the supplemental statement? Yes ☒ No ☐

If no, list names of persons who have not filed the required statement.

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this registration statement and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in attached Short Form Registration Statement, if any, insofar as such information is not within his (their) personal knowledge.

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

(Type or print name under each signature)

PAUL MAGLIOCCHETTI ASSOCIATES, INC.

Paul J. Magliocchetti

President

Subscribed and sworn to before me at Signet Bank

this 28th day of April, 19 95

(Signature of notary or other officer)

Tammy Campbell

[8]The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, constitution, and bylaws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, Internal Security Section, U.S. Department of Justice, Washington, D.C. 20530.)

UNITED STATES DEPARTMENT OF JUSTICE
REGISTRATION UNIT
CRIMINAL DIVISION
WASHINGTON, D.C. 20530

NOTICE

Please answer the following questions and return this sheet in triplicate with your supplemental statement:

1. Is your answer to Item 16 of Section V (Political Propaganda - page 7 of Form CRM-154, formerly Form OBD-64 - Supplemental Statement):

   Yes _____ *or No* X

(If your answer to question 1 is "yes" do not answer question 2 of this form.)

2. Do you disseminate any material in connection with your registration:

   Yes X *or No* _____

(If your answer to question 2 is "yes" please forward for our review copies of all such material including: films, film catalogs, posters, brochures, press releases, etc. which you have disseminated during the past six months.)

Signature

4/29/95
Date

Paul J. Magliocchetti
Please type or print name of signatory on the line above

President
Title

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ATTACHMENT A
III - Activities

11. During this 6 month reporting period, have you engaged in any activities or rendered any services to any foreign principal named in Items 8, 9, and 10 of this statement. Yes

If yes, identify each such foreign principal and describe in full detail your activities and services:

- Advised client about potential business development opportunities with the U.S. Government.
- Advised client of actions taken by the Navy and Congress related to the construction of a support facility at Naples, Italy.
- Provided an issue paper regarding the support facility at Naples, Italy to legislative staff employees.

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ATTACHMENT B

IV - Financial Information

14.(a) Receipts - Monies

During this 6 month reporting period, have you received from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise. Yes

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.

Date	***From Whom***	***Purpose***	***Amount***
10/31/94- 3/31/95	Fontana Bleu, S.p.A.	Fee for Consulting Services See Attachment A	$44,800.00

15.(a) Disbursements--Monies

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement? Yes

(2) transmitted monies to any such foreign principal? No

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

Date	***To Whom***	***Purpose***	***Amount***
10/31/94- 3/31/95	Misc. Vendors	Misc. Employee Out-of-Pocket Expenses:	$1,690.42

Nov '94

Naval Support Center

Appropriations: Operation & Maintenance, Navy

Funding	Budget	($ in millions)					
Profile:	Request	HASC	SASC	CONF	HAC	SAC	CONF
FY 1995	21.2	20.1	21.3	21.1	21.3	21.3	21.3

Program Description: The Naval Support Site (NSS) will provide family oriented functions through leasing of support facilities in the Naples area as a part of a "Rent-a-Village" concept. This is a three phase project to provide up to 1,000 housing units, dependent schools, a hospital, child care center, Navy exchange, Commissary and a variety of other morale, welfare, and recreational facilities.

Situation: In November 1991, the Navy issued a request for proposals (RFP) for lease-construction to meet long-term facility needs of the U. S. Navy in Naples, Italy. This RFP was comprised of two basic elements:

- Design, construction, and leasing of an initial 500 housing units, an

elementary/secondary school, related utility systems, roads, sidewalks, athletic/sports facilities, perimeter fencing, access gates, grading, drainage, and other site improvements as required to provide a complete and usable self-sufficient facility for the exclusive use of the Navy in accordance with the specified criteria. An option to increase up to a total of 1000 the number of housing units to be constructed under the first increment was to be included in all proposals.

- Provision of a support complex site of sufficient size to accommodate the construction of the above-cited improvements.

Three years have elapsed since the initiation of this RFP and, at this time, the contract has not been awarded. During this interval, fourteen (14) amendments to the original RFP have been issued, some of which changed the RFP in a substantive manner. Also, the proposed procurement has been marked by two bid protests, the first of which was made in September 1993 and became academic only because the Navy decided to amend the RFP and to conduct additional discussions. The second protest was dismissed by the U. S. General Accounting Office in September 1994 on the basis that, absent a showing of

possible fraud or bad faith on the part of procurement officials, it will not review an agency's determination of responsibility.

According to a Navy document, the final scope of the proposed leasing action, the options available, and the specific costs involved will be provided to the Congressional oversight committees and all requisite congressional approvals for leasing will be obtained prior to execution of the lease agreements. The statute provides that a lease may not be made until a period of 21 days elapses after the notification is received by the committees.

Background: A review of the RFP and the subsequent 14 amendments seems to indicate that the Navy softened the specifications and requirements for specific documentation in favor of a lesser requirement for a plan of action. For example, the second low bidder in protesting the initial award in 1993 alleged that the low bidder's offered price excluded the statutory cap for foreign rental housing imposed by 10 U.S.C. 2828 and that it had failed to offer the Navy a purchase option, a mandatory requirement. While the protest was being considered, the Navy rescinded the low bidder selection and "for technical reasons" decided to reopen discussions and request Best and Final Offers (BAFOS). As part of this effort, the Navy issued RFP Amendment No. 13 on

December 16, 1993.

The amendment specifically addressed the grounds of protest raised by the second low bidder. Moreover, in many instances, the amendment revised the RFP to either relax a requirement or to recast mandatory requirements into matters of responsibility. For example, Amendment 13 eliminated the RFP section requiring offerors to provide evidence of site ownership and replaced it with a requirement calling for a detailed plan of action for acquiring sufficient control over the site to carry out the terms and conditions of the leases to be executed. The RFP amendments stated that offerors had to provide written evidence of "sufficient control" within 150 days of selection and that evidence could include a registered deed, lease, right of superficies (a form of leasehold interest recognized under Italian law), or other evidence of control sufficient to carry out the terms of the lease. Under the amended RFP, the failure of the selected offeror to comply with the requirement to produce evidence of sufficient control gives the Navy the discretion to (1) rescind the selection of the offeror or (2) establish a new date for the selected offeror's completion of the required performance.

With respect to the statutory cap, the record is not clear as to the approach

taken. The RFP specified a maximum average basic rent for family housing units at $11,000 annually with a separate but unspecified amount for maintenance rent. RFP Amendment No. 4 increased the basic rental amount to $12,000, which amount was in effect when the 1993 award was made; no mention was made regarding maintenance rent.

RFP Amendment No. 13 merged the basic and maintenance rents, and created a "composite rent" for the family housing units, including rental adjustments. Under this approach, the composite rental amount is $18,500 per housing unit per year. Whether this modification is reasonable and consistent with existing legislation is not determinable at this time.

As to the purchase option matter, the original RFP required the offerors to include a binding offer to sell or convey title to the leased premises (land and improvements) to the Navy throughout the 30-year lease period. Under RFP Amendment No. 13 offerors were to submit proposals to sell and convey "their interest" to the Navy for only the first 10 years of the 30-year lease period. Apparently, lacking title, the low bidder could not comply with the original requirement as all it could convey was a "right of superficies" which, under Italian law, is a form of real estate interest in which the owner grants the right (in

this case, to the low bidder) to erect and maintain structures on the land.

Issues: Having effectively traded away securing written proof of performance for written plans to perform on such key issues as land ownership, final zoning, the existence of necessary permits and approvals, and financial commitments and capabilities, the Navy must now assure itself that documentary evidence/proof that the low bidder in fact does comply with these plans as provided for in the RFP and its amendments.

RFP Amendment No. 13 specifies that in the event the Successful Offeror fails to provide 1) sufficient control of the offered site(s) to allow the Offeror to carry out all the terms and conditions of the leases to be awarded, 2) necessary planning, building and zoning approvals, 3) necessary approvals of the Offerer's Land Use Plan, or 4) financing and/or loan commitments within 150 days of written notice of its selection as the Successful Offeror, such failure shall constitute the Offeror's default and the U.S. Navy shall have the unilateral right and option to either 1) rescind the selection of the Successful Offeror without penalty or prejudice to the Navy or to 2) establish a new completion date for the Offeror's required performance.

Under RFP Amendment No. 13, beneficial occupancy for the first increment (100 housing units) is to occur 12 months after lease execution. Beneficial occupancy will then occur at various intervals with the final increment (150 housing units) to be available 30 months after lease execution. Given the length of time already involved in this procurement, the interest of the Chief of Naval Operations in getting construction underway, and the minor differences in the final scores of the low bidder and second low bidder on a project of this magnitude, the possibility that the Navy may grant yet a further extension of time to the Successful Offeror in the hope that RFP requirements will finally be met seems both unnecessary and unjustifiable.

Recommendation: Should the Successful Offeror fail to satisfy the requirements of the RFP and amendments thereto, therefore placing itself in default, the Navy in the interest of expediting the project and satisfying a critical housing need, should be directed to rescind the selection of the Successful Offeror and to award the contract to the second low bidder.