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EDUCATIONAL AFFAIRS DIVISION

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June 2, 1995

Mr. Richard H. Outten
Clerk of the Court
Circuit Court for Worcester County
Room 104, Court House
P.O. Box 40
Snow Hill, Maryland 21863

This is a falsified affidavit from the Maryland Attorney Generals Office by William F. Howard to smear, vilify & ridicule Stone and to help & protect MD. AG Joseph Curran Jr.'s friends Gilbert & Mark Sapperstein steal Stone's patents even though Howard is Longos arch enemy

Re: Donald Stone Industries, Inc. and Charles R. Longo
v. Donald J. Stone
Civil Action No: 94CV0182
Docket No: SP-59/117

Dear Mr. Outten:

Please find enclosed for filing in the above-captioned case William F. Howard's Motion to Quash Trial Subpoena Served by Defendant Stone, with proposed Order, and Motion to Shorten Time for Defendant Stone to Respond to William F. Howard's Motion to Quash Trial Subpoena, with proposed Order.

Thank you for your cooperation and attention to this matter.

Irrefutable evidence against Howard was obtained much later by Stone, USDOJ bankruptcy tapes of Howard discussing Donald Stone Ind. Inc. with Longo Jan. & Feb. 1995 & USDOJ notes of Howard discussing Longos multitude of criminal activities dated Sept. 1994

Very truly yours,

Andrew M. McDonald
Assistant Attorney General

\Clk.WCO
cc: Donald D. Stone ✓
Joseph G. Harrison, Jr., Esquire

Howard's honest testimony in this sham lawsuit would have stopped Longo & Sapperstein organized crime syndicate dead in their tracks & possibly resulted in the collapse of Gilbert & Mark Sapperstein \$3.5 million Baltimore School Board theft they were running between 1991-2003.

After Oct. 1993 Longo was running Donald Stone Industries Inc. (DSII) at the same address as Shippers Choice and co-mingling Shippers Choice assets with those of DSII embezzling money from DSII and also using DSII corporate identity to further his multitude of fraudulent schemes, money laundering, bankruptcy fraud, securities fraud

DONALD STONE INDUSTRIES, INC. * IN THE CIRCUIT COURT
AND * FOR WORCESTER COUNTY
CHARLES R. LONGO, * STATE OF MARYLAND
Plaintiffs,
v. *
DONALD D. STONE, * CIVIL ACTION NO: 94CV0182
Defendant. * DOCKET NO: SP-59/117
* * * * *

WILLIAM F. HOWARD'S
MOTION TO QUASH TRIAL SUBPOENA
SERVED BY DEFENDANT STONE

William F. Howard, Deputy of the Educational Affairs Division

of the Office of the Attorney General of Maryland, a non-party, by his attorneys, **J. Joseph Curran, Jr., Attorney General of Maryland,** and Andrew M. McDonald, Assistant Attorney General, respectfully submits this Motion to Quash pursuant to Maryland Rule 2-510(e) and says:

Gilbert & Mark Sapperstein's good buddy

1. Mr. Howard moves this Court to quash the subpoena served upon him by Defendant Donald D. Stone (pro se) in order to protect Mr. Howard from undue burden and expense, annoyance, oppression, and a waste of time and State resources. Mr. Howard has no personal knowledge of facts or possession of any documents relevant to the trial of this case.

2. On June 1, 1995, Mr. Howard was served in the Office of the Attorney General with a subpoena requested by Mr. Stone, acting pro se. This subpoena ordered Mr. Howard to personally appear to testify in the trial of this case on June 19, 1995. The subpoena further ordered Mr. Howard to produce at that time "All documents

pertaining to Charles R. Longo, Shippers Choice, National Training Systems, and Bruff J. Procter." A copy of the subpoena is attached hereto as Exhibit 1.

2. Mr. Stone has also reportedly requested that similar subpoenas be served upon Hon. Janet Reno, Attorney General of the United States; Hon. Lynne Battaglia, United States Attorney for Maryland; Hon. Louis J. Freeh, Director of the Federal Bureau of Investigation; and Hon. J. Joseph Curran, Jr., Attorney General of Maryland¹; among others.

3. This case appears to involve a dispute between Plaintiffs Donald Stone Industries, Inc. and Charles R. Longo and Defendant Donald J. Stone arising out of an unhappy business venture. Plaintiffs seek declaratory judgments and injunctions effectively giving them control over certain inventions and patents.

Plaintiffs also seek substantial compensatory damages.

4. Mr. Howard has no personal knowledge of any facts relevant to the trial of this case, as set forth in his Affidavit, attached hereto as Exhibit 2. Similarly, Mr. Howard does not have possession of any documents relevant to the trial of this case. In addition, the documents identified in the subpoena, which are wholly irrelevant to the facts of this case, are quite voluminous. These documents are presently stored in approximately 20 boxes.

¹When and if Attorney General Curran is served with a subpoena in this case, this Office will file a Motion to Quash, on the grounds that Attorney General Curran, like Mr. Howard, has no personal knowledge of facts relevant to the trial of this case.

5. To require Mr. Howard to appear to testify in this case or to produce the documents identified would subject Mr. Howard to undue burden and expense, would be oppressive, and would waste valuable State resources.

6. It is difficult to understand Mr. Stone's motivation for subpoenaing Mr. Howard. Mr. Stone could be engaging in a misguided fishing expedition, or he could be attempting to harass Mr. Howard and the other officials he has subpoenaed. Whatever Mr. Stone's motivation, however, the subpoena served upon Mr. Howard should be quashed.

WHEREFORE, for the reasons set forth above, William F. Howard, a non-party, requests this Court to quash the trial subpoena served upon him in this case by Defendant Donald J. Stone.

Respectfully Falsified by Joseph Curran Jr. on behalf of his personal acquaintances Gilbert & Mark Sapperstein organized crime syndicate simultaneously helping Gilbert and Mark Sapperstein steal & launder \$3.5 million from the Baltimore School Board between 1991-2003

Respectfully submitted,

J. JOSEPH CURRAN, JR.
Attorney General of Maryland


ANDREW M. McDONALD
Assistant Attorney General

200 St. Paul Place, 17th Floor
Baltimore, Maryland 21202
Tel: (410) 576-6450

Attorneys for William F. Howard

Points and Authorities

1. Maryland Rule 2-510(e).


ANDREW M. McDONALD

CIRCUIT COURT FOR WORCESTER COUNTY
COURT HOUSE, ROOM 104
SNOW HILL, MARYLAND 21863

WRIT OF SUBPOENA

DONALD STONE INDUSTRIES INC. :

Case No. 94CV0182

AND

CHARLES R. LONGO (individually) :

Docket No. SP-59/117

vs. PLAINTIFFS

DONALD D. STONE

Defendant :

STATE OF MARYLAND, WORCESTER COUNTY, TO WIT:

TO: (Name, Address, County)

William F. Howard
Assistant Attorney General of Maryland
Educational Affairs Div.
200 St. Paul Place 17th Floor
Baltimore, Maryland. 21202

Tel. (410) 576-6450

County-Baltimore

YOU ARE HEREBY COMMANDED TO: () Personally appear; () Produce documents or objects only; (x) Personally appear and produce documents or objects; AT CIRCUIT COURT FOR WORCESTER COUNTY, Snow Hill, M.
ON Monday, the 19 day of June, 19 95 at 9:30 a.m.

AND PRODUCE THE FOLLOWING DOCUMENTS OR OBJECTS: All documents pertaining to Charles R. Longo, Shippers Choice, National Training Systems, and Bruff J. Procter.

Subpoena requested by () Plaintiff (x) Defendant and any questions should be referred to: _____

Donald D. Stone (Pro Se) 1820 N.E. Jensen Beach Blvd. Suite 648, Jensen Beach, FL. (407) 334-5909

(Insert name of Party of Attorney: Address and Phone Number)

WITNESS, the Honorable Chief Judge of the First Judicial Circuit.

Date Issued 4-11-95

Richard H. Gitten
Clerk

NOTICE:

- (1) YOU ARE LIABLE TO A BODY ATTACHMENT AND FINE FOR FAILURE TO OBEY THIS SUBPOENA.
- (2) This subpoena shall remain in effect until you are granted leave to depart by the Court or by an officer acting on behalf of the Court.
- (3) If this subpoena is for attendance at a deposition and the party served is an organization, notice is hereby given that the organization must designate a person to testify pursuant to Rule 2-412 (d).
- (4) An original and one copy of this subpoena is required for each witness.

SHERIFF'S RETURN



DONALD STONE INDUSTRIES, INC.

AND

CHARLES R. LONGO,

Plaintiffs,

v.

DONALD J. STONE,

Defendant.

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IN THE CIRCUIT COURT
FOR WORCESTER COUNTY
STATE OF MARYLAND

CIVIL ACTION NO: 94CV0182
DOCKET NO: SP-59/117

* * * * *

AFFIDAVIT

I, William F. Howard, depose and state as follows:

1. I am over eighteen years of age, a resident of the State of Maryland and am competent to testify as a witness.

2. Since 1987 I have been employed as an Assistant Attorney General in the Educational Affairs Division of the Attorney General's Office, and in that capacity I have represented the Maryland Higher Education Commission, a State agency.

3. I have reviewed the Complaint and Answer in this case, and I have no personal knowledge of any of the allegations, defenses or other matters raised therein. I have no personal knowledge of any transactions relating to Donald Stone Industries, Inc. or of transactions between or among Donald Stone, Charles R. Longo, Bruff Procter or any other investors. To the best of my understanding, I have no personal knowledge of any facts or possession of any documents relevant to the issues in this case.

4. In my capacity as counsel to the Maryland Higher Education Commission, I have participated in litigation before the State Office of Administrative Hearings, State Circuit Court, and federal

EXHIBIT
2

Bankruptcy Court involving Mr. Charles R. Longo and two defunct companies formerly owned by him, National Training Systems, Inc. and Shippers' Choice, Inc., some of which is still pending. In the course of those proceedings, I have accumulated a large volume of documents (approximately 20 boxes worth) relating to those entities. None of those documents relate to Donald Stone or Donald Stone Industries, Inc., other than a few documents sent to me by Donald Stone himself.

5. When Mr. Stone advised me of his intention to subpoena me and Attorney General J. Joseph Curran, Jr. as witnesses in his case, I requested that he not do so, because neither of us has any relevant personal knowledge of any facts material to Mr. Stone's case. I particularly requested that he not subpoena Mr. Curran, because I believed that Mr. Curran had absolutely no knowledge, information or documents in any way related to Mr. Stone's case. Mr. Stone persisted, and informed me that he wished to question Mr. Curran about the reasons why no one was doing anything about the many bad actions of Mr. Longo.

We now know that Curran was protecting Longo to help Longo steal Stone's patents on behalf of Curran's buddies Gilbert & Mark Sapperstein

I SOLEMNLY AFFIRM under penalties of perjury and upon personal knowledge that the contents of the foregoing affidavit are true.

Date: June 2, 1995.


WILLIAM F. HOWARD

a:\affidavit

DONALD STONE INDUSTRIES, INC.

AND

CHARLES R. LONGO,

Plaintiffs,

v.

DONALD D. STONE,

Defendant.

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IN THE CIRCUIT COURT
FOR WORCESTER COUNTY
STATE OF MARYLAND

CIVIL ACTION NO: 94CV0182
DOCKET NO: SP-59/117

* * * * *

ORDER

Having considered William F. Howard's Motion to Quash Trial Subpoena Served by Defendant Stone, any Opposition thereto, and for good cause shown, it is this ___ day of June, 1995,

ORDERED that the Motion is GRANTED, and the subpoena is QUASHED.

Judge
Circuit Court for Worcester County

\Ord.sto

Stone in May/June 1995 discovers that Longo crime syndicate associates Gilbert & Mark Sapperstein have a lot of friends in the MD. AG. Office (specifically Joseph Curran Jr.).

In May/June 1995 in a brief conversation with MD. Assistant AG. William Howard, Howard told Stone that the Sapperstein's were well known at the MD. Attorney General's Office. Stone thinking that Gilbert & Mark Sapperstein were also under investigation by the MD. AG. like Longo & Procter. Stone then asked Howard what he meant. Howard responded " They have lots of friends at the Maryland Attorney General's Office".

These documents are internal USDOJ documents describing numerous criminal activities of Charles R. Longo and Bruff J. Procter that Stone had obtained in late 1995 with a FOIA request.

Unknown to me, until later, Stone realized these agencies were trying to block my access to these documents because they would be detrimental to Longo and Sapperstein's sham lawsuit to steal Stone's patents and invaluable to Stone in fending off this sham lawsuit.

Prior to this, Stone in May/June 1995 had served or tried to serve a Subpoena Duece Tecum on three of these agencies.

1. The US Attorneys office USDOJ, Baltimore,MD.

US Attorney for Maryland, Lynne Battaglia simply quashed Stone's subpoena (Battaglia was MD. AG. Curran's head of his Criminal Div. at the MD. AG. Office prior to becoming US Attorney for MD)

This was done to conceal her **Chief of White Collar Crimes, Dale Kelberman** from disclosing any information that would be detrimental to Longo's sham lawsuit against Stone and beneficial to Curran's personal friends Gilbert & Mark Sapperstein

2. The US DOJ Bankruptcy Trustee Baltimore,MD.

Lori Simpson USDOJ Bankruptcy Trustee attorney repeatedly evaded Stone's process server with help from her boss US Bankruptcy Trustee Karen Moore

3. The Maryland Attorney Generals Office Baltimore

William (Bill) Howard simply falsified an affidavit filed with the Worcester County Circuit Court ridiculing me and smearing me claiming he had no knowledge

Lori Simpson US
DOJ Bankruptcy
Trustee lawyer

Dale Kelberman
Chief of White
Collar Crimes
Maryland US DOJ

Mike Beck,
Investigator,
Maryland Dept. of
Higher Education

Bill Howard
Maryland Attorney
General lawyer
MD. Higher
Education Division

9-26-94

Longo -
Meeting with US, Bill Howard, Dale Kelberman, Mike - →

Operating private career school - MD since late 20s - truck
driving - then opened other training centers in MD + Va -
correspondence course - truck driver home study then
3 weeks of on-site training - very few people made
it to the resident training -

In one year he pulled down more federal aid in
MD than College Park

was legitimate enterprise - certain features the
state didn't like.

He was licensed by state - as vocational school -
he sued to get that license - because his trucks
were failing the MVA standards - he said they
were only being used as student vehicles - then
after he was licensed as providing vocational training
he was eligible for federal aid.

Inspector General of Dept. of Education - looked
at Pell grants - investigation was completed in Feb-1994
started in 1990-1991. Senate Select Committee wanted
to look into NTS but were told that IG had the
matter under investigation.

IG report was issued - said NTS followed all
the proper procedures + if anything the government
owed them \$ -

NTS 1.1 used special consultant for assistance

their paperwork - Earl Grovat + Associates - Florida Co - that
Howard says employees ^{specialize in this} told them that dates had
been changed - he told OIG - doesn't know if that
was ever looked into.

Supervisor of OIG said they are looking into it again -
(John Taylor) - said they were doing a review -

NBS files 10-21-90 - case dismissed 7-92 - on motion of IRS
Loyco filed 11-13-90 layout under confirmed
plan -

Total amounts owed to students of \$8 million - of NBS -

Crochal represents Charles Loyco -
Howard Rubenstein represents ex-wife
Mel Paul represented Creditors' Committee

Sellinger - was personal attorney

bodykeeper -
outside Charles Fagan - Pikeville

Charles R. Longo
(National Training Systems, Inc./Shippers' Choice, Inc.)

I. Background

1. Notice of Deficiencies from MHEC to NTS (6/28/90)
2. Recommended Decision from ALJ Tranen (8/15/91)
3. Notice of Deficiencies from MHEC to NTS (8/10/90)
4. Proposed Order from ALJ Lewis-Frazer (6/28/91)
- X MHEC's Proposed Findings of Fact and Conclusions of Law (4/11/94) *NTS + Longo -*
6. MHEC's Complaint Objecting to Discharge of Debtor (9/16/93)
7. MHEC's Motion to Convert to Chapter 7 (11/23/93)
8. MHEC's Amended Counterclaim against Shippers' Choice, Inc. (7/21/94)

II. Possible Bankruptcy Fraud

A. Basic Information

9. NTS Bankruptcy Schedules
10. Longos' Bankruptcy Schedules
11. Longos' Check Register

B. \$51,368.44 taken from NTS in last week before bankruptcy

12. NTS Credit Line Account computer summary
13. NTS Credit Line bank account statements
14. Charles Longo Chevy Chase bank account statements and letter from Martin Snider

(first meeting with Alan Grochal, NTS bankruptcy counsel, took place on 9/18/90; petition was filed on 9/21/90)

C. Postpetition conversion of \$7,000 Cougar proceeds to own use

1. See findings pp. 42-43, 76, 85-86

D. Postpetition transfers from NTS to Shippers' Choice: (a) at least \$85,422.04 included on May - Sept. 1991 monthly reports, never approved by Court, and (b) at least \$66,932.96 totally

unaccounted for

15. NTS Monthly Reports (May-Sept. 1991)
16. Tydings & Rosenberg ledgers and bank statements
- E. Postpetition conversion of NTS computer and other personal property
 - See June 1991 monthly report (above) - \$7,300 computer purchase
 - 17. Gary Boardwine deposition (5/23/94) (re computer, phones and fax machine)
- F. Failure to disclose, and unknown use of, separate bank account for Charles Longo, with a balance of \$9,203.22 on date of his petition
 - See Longos' Schedules (above), pp. 1, 10
 - 18. Citizens Bank account statements
- G. Many examples of false statements - see Complaint Objecting to Discharge for some

III. Possible Securities or Mail Fraud Concerns

A. Private Offerings by Shippers' Choice/American Credit Co. totaling approximately \$500,000 in Sept. '92, Dec. '92 and Mar. '93, guaranteed by Charles R. Longo

-with no disclosure of the financial status of Mr. Longo, the fact that he was in bankruptcy, and with the guarantee of questionable legality in the bankruptcy proceedings

-warranties to investment broker that company was authorized to conduct its business in accordance with law and that no actions or proceedings had been filed or threatened against it, contrary to cease and desist letters from MHEC

-possible misuse of proceeds by Charles R. Longo individually, rather than for corporate purposes

-possibly not registered as exempt in all necessary states

19. Confidential Term Sheets (Depo. Exs. 1 and 2)
20. Agency Agreements dated 11/25/92 and 3/1/93

B. Private Offering of up to \$1,000,000 on or after July '93

-possible misuse of proceeds by Charles R. Longo individually, rather than for corporate purposes as stated in placement memorandum

-similar representation that company was not a party to any litigation, nor had any been threatened against it

-financial information differs drastically from info on tax return and internal financial statement for same period

21. Confidential Private Placement Memorandum, 7/14/93

22. 1992 Federal Income Tax Return for Shippers' Choice see p. 4

23. Shippers' Choice internal financial statements as of Dec. 31, 1992 (run 3/24/93)

B. Donald Stone Industries/Investors/Bruff Procter -- complaints by Donald Stone

24. E.g., Complaint and Answer in Charles R. Longo and Donald Stone Industries, Inc. v. Donald J. Stone

IV. Possible Income Tax Concerns

A. 1989 Joint Personal Return

-failure to report \$300,000 dividend. See Proposed Findings above, pp. 48-49

-possible unreported officer loan, vending machine and Lamborghini income. See Proposed Findings above, pp. 66-70, 49-52 and 39-40.

-questionable "personal interest" claim of \$35,000 (\$7,000 deduction)

-failure to report \$28,873 Nissan income claimed later

B. 1990 Individual Return

-possible unreported officer loan income/questionable deductions for \$704,317 in claimed "business losses" for loans# pp. 29-31, 49-52 and 39-40.

-mysterious transfers from NTS probably not reported or

accounted for on income tax return

C. 1991 and later returns

-allegedly receiving no salary from Shippers' Choice, but showing huge amounts of income/cash flow on monthly bankruptcy reports and in checking account; unknown how much income reported

25. Summary of Bank Deposits and Other Cash Payments

-See Charles Longo monthly bankruptcy reports through 12/93

26. Charles Longo deposition extracts and officer loan account summary

V. Possible Federal Aid Concerns

- A. Approximately \$700,000 in aid drawn down by NTS for ineligible ACT program in early 1989 - possible flaw in system - was approved 6 months later - student now have to repay financial aid -
- B. Individual allegations of fraud in cashing student loan checks by NTS

↓
180 students
probably high %
↑ loans are in default