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MEMORANDUM

Downey Rice
April 25, 1973

File: KAPLEAU
cc: Kluger

An additional interview was had with Maurice James Kluger in his office in Philadelphia on April 19, 1973 by Messrs. Malley and Rice.

Preliminary information has been reported relating to Kluger in the memorandum of April 10, 1973 entitled Harry E. Kapleau. Other information relating to Kluger is reported in a memorandum of January 14, 1972 concerning Kapleau, and a memorandum of April 6, 1973 concerning Kapleau and his participation in Central Dairy Products Sales, Inc. with Kluger.

It was ascertained that the name of the boat maintained by Kluger is "The ^{JEANNIE} ~~Gennie~~."

Carroll Milk Products Company

Kluger conceded that he had overlooked telling about Carroll Milk Products Company in his prior interview although asked about joint ventures with Kapleau.

He said that Carroll was based at Greensboro, Maryland, had been incorporated in Maryland with papers filed at Annapolis, and was an affiliate of Central Dairy Products Sales, Inc. of Pennsylvania.

The same stockholders in Central were involved in Carroll, meaning that he and Kapleau each had a one-half interest in the wholly-owned subsidiary.

Carroll was incorporated two or three years after the formation of Central. Central was formed December 30, 1953. The purpose of the affiliate was to extend Central's business on an out-of-state basis in Maryland. The bank account for Carroll was main-tained in Maryland.

Carroll purchased milk and brokered it to distributors. Carroll brokered milk to Michael's Dairy, the Maggio entity.

Kluger Interview - April 19, 1973 - 2

At the time of the termination of the Kapleau-Kluger partnership, Kluger signed over all rights to Carroll to Kapleau, hence he disclaimed having any books, records, documents, etc. relating to Carroll; and, in general, was extremely vague about explaining the operation of Carroll.

At this point, a subpoena had been prepared for Kluger directing him to produce information about Carroll, but he explained that this would not be possible.

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In 4-26 testimony raised
Kapleau just told him that
Carroll dissolved circa 63-65

HOUSE OF REPRESENTATIVES
COMMITTEE TO INVESTIGATE THE ADMINISTRATION OF JUSTICE
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

MEMORANDUM

By Downey Rice

Date May 8, 1974

FILE: Harry E. Kapleau
Maurice J. Kluger

Kapleau - Kluger - Maggio

In a telephonic interview on May 8, 1974, LIN HUBER of the Milk Marketing Board voiced his suspicion that there was something fishy about the contractual arrangement between Kluger's Central Enterprises and Maggio's Milk Maid. Huber said that the contract for hauling by Kluger/Central and Maggio/Milk Maid called for 5¢ more per hundred pounds than other contracts in the same situation.

The 5¢ apparently inflated price would aggregate something like \$5,000 extra per month or \$60,000 per year. Huber did not know why this seemingly artificially inflated price was in effect, but it would apparently make an extra \$60,000 per annum available to Kluger without any cost to Maggio as it would be charged as a business expense. Kluger could kick back something under the table or perhaps this was compensation to him for some other services that could not be compensated through a tax deduction payment. Huber seemed to think that Kluger is "owned" by Maggio.

In this connection, it is pointed out that Kluger, while doing business as Central Dairy after Kapleau's departure, admittedly borrowed \$7,000 from Michael's Dairy and turned over all of the Central Dairy stock certificates as collateral security.

The Central Dairy stock certificates produced by Kluger for this Committee turned out to be virtually "bearer" paper in that they are endorsed by the holder in blank and thus would be ostensibly owned by the bearer.

Huber went on to say that from his observation, if there were any special interests being represented by Kapleau, they would be the Maggio group and Lehigh Valley Co-op.

MEMORANDUM

Downey Rice
April 10, 1973

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File: HARRY E. KAPLEAU

An interview was had with Maurice J. Kluger on April 9, 1973 at his office at 1530 Chestnut Street, Philadelphia, Pennsylvania. Kluger's name appeared on his office door, together with that of Central Enterprises, Inc. Kluger insisted that the interview be tape-recorded, and the writer indicated that was perfectly agreeable.

Kluger is a Certified Public Accountant, had worked for the Federal Government in the Department of Agriculture in a division having to do with milk and dairies, along with Harry Kapleau until about 1952.

Kapleau, Kluger and Company

About 1952, the two friends left the Federal Government and formed an accounting firm known as Kapleau, Kluger and Company. This was a partnership that was formalized and registered with the Fictitious Names Registry in Pennsylvania. Kapleau is an accountant, but not certified.

actually 1977

Kapleau, Kluger and Company immediately started doing the accounting, auditing, and presumably tax and financial advice for the Maggio brothers.

At first, the Maggio brothers-operated Maggio and Company specialized in the making of Italian cheese, and had been in business "since Hector was a pup." The three Maggio brothers, Peter, Marino, and Seraphino were the company owners and operators. Peter Maggio is married to Angelo Bruno's sister, but Angelo Bruno was not believed to have any record interest in the Maggio entities.

Kapleau File - 4
April 10, 1973

*Kluger interim
4-6-73*

About 1961, Kapleau and Kluger decided to go their separate ways. Kluger's version is that Kapleau's talents ran toward brokering milk, and Kluger's interest ran toward doing accounting work. Together they had handled a very substantial amount of business and made enough money so that they were comfortable. At this point, the tangible assets of the partnership were figured to be about \$15,000. Kluger bought out Kapleau's share. The Kapleau, Kluger and Company accounting partnership was dissolved and the Fictitious Names Registry advised.

Information from:
Department of State
Fictitious Names

MEMORANDUM

Edward Hussie
April 17, 1973

File: KAPLEAU

KAPLEAU, KLUGER AND COMPANY

Approval granted to Kapleau, Kluger and Company (Public Accountants)
on July 19, 1947 under the Fictitious Names Act.

The headquarters were located at 1003 Stock Exchange Building,
1411 Walnut Street, Philadelphia, Pennsylvania.

The partners listed are:

Harry Kapleau

1856 Widener Place
Philadelphia, Pennsylvania

Maurice Kluger

332 East Essex Avenue
Lansdowne, Pennsylvania

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TESTIMONY OF MAURICE J. KLUGER
Executive Session
April 26, 1973

Maurice J. Kluger, 1530 Chestnut Street, Philadelphia, Pennsylvania, appeared before the Committee to Investigate the Administration of Justice in executive session in answer to a subpoena.

Kluger testified that he has been a Pennsylvania resident since 1945, at which time he was employed as Chief Accountant for the Philadelphia Federal Market Administrator, Department of Agriculture from approximately 1944 through 1949. His official duties consisted of the internal operation of the office and supervision of internal accounts. Kluger stated that he had been authorized to practice accounting in Pennsylvania, receiving his CPA certificate in 1954.

During this same period, Harry E. Kapleau, presently Chairman of the Milk Marketing Board, was also employed with the Federal Market Administrator as Chief Auditor, and Kapleau and Kluger became business and social friends. Kapleau's function as Chief Auditor was to supervise the examination of records of milk dealers and regulate dealers in the field.

Both Kapleau and Kluger left government service at the same time to form a partnership for the public practice of accountancy. According to Kluger, the partnership was registered in 1947, but he was unable to locate any documents relating to this partnership.

The subpoena issued to Kluger directed him to produce certain records, including the partnership agreement and dissolution agreement of any partnership in existence now and heretofore involving Kluger and Kapleau.

In answer to this directive, Kluger replied that there never had been a formal partnership agreement, except a verbal commitment to each other, nor did they have a formal dissolution agreement. Kluger produced papers concerning the dissolution filed with the State authorities, which had been accomplished by their attorneys. Kluger stated that obviously there were like papers in existence when the partnership was formed, but he was unable to locate them.

Kluger produced a document certifying that on March 14, 1962, the firm of Kapleau, Kluger and Company, heretofore registered with the Fictitious Names Registry, had been cancelled. It was noted that there was a filing of a Certificate in the Court of Common Pleas of Philadelphia, dated June Term of 1947, setting forth what appears to be a notification that in the matter of Kapleau, Kluger and Company, that Harry Kapleau of Cheltenham, Pennsylvania, and Maurice J. Kluger

of Springfield, had adopted a fictitious name, Kapleau, Kluger and Company.

Some questions were asked as to the exact year of the formation of the partnership, with Kluger stating the date was hazy in his mind, but thought it could have been in 1947, 1948 or 1949. Kluger stated that the partnership was conducted on a 50-50 basis.