

Accounting Committee

The Accounting Committee, headed by Kluger upon appointment by Kapleau, consists of the following:

1. Maurice James Kluger - Chairman
2. Laverne Lindenmuth - Controller of Abbotts Dairy
3. Thomas Enterline - Controller of Green's Dairy, York
4. Robert Eckersley, CPA - Scranton
5. John Martin - Controller of Otto Dairy, Pittsburgh
6. Boyd Sarer - Owner of General Dairy, Lewistown
7. Jack Fox - Auditor - Milk Marketing Board, Harrisburg

*Info. from
Kluger 4-19-73*

Kluger Interview - April 19, 1973 - 5

The Committee held its first meeting on September 11, 1972, having been appointed three weeks prior to that time.

The Committee reportedly stemmed from a decision of Judge Kramer that seemed to call for the revision of the accounting procedures relating to the milk industry and the simplification of the account-keeping. This stemmed from a suit by either the City of Pittsburgh or a class action in Pittsburgh against the Milk Marketing Board.

Martin Century Deal

Info. from Kluger by interview of 4-19-73

The memorandum of January 14, 1972 suggests that Kapleau sold Martin Century Farms on a money making scheme that backfired and cost Martin Century \$80,000.

Although Kluger was cited as the source of this allegation about Kapleau, he was extremely vague, and in the current interview created the impression that he would only be guessing about what the alleged Kapleau scheme and backfiring meant. He said something about Martin Century that had subsequently been absorbed by the Lehigh Valley Cooperative of Allentown having called him into consultation relating to charges of violations of federal regulations. Martin Century was at Lansdale, and apparently had been charged with violating procedures concerning the moving of milk and classification of milk. This cost Martin Century \$20,000 to \$30,000. Martin Century wanted to know from Kluger as to whether or not to contest the assessment. Kluger advised Martin Century to take its medicine and not to contest the violation.

When pressed as to Kapleau's participation, Kluger said that it was "quite possible" that Kapleau was the author of the procedures that were in violation, but that this was after the Kapleau-Kluger association.

all ✓

MEMORANDUM

Downey Rice
April 10, 1973

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.

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.

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H. Joseph Hepford

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

May 10, 1974

TO: H. Joseph Hepford, Chairman

FROM: Dale S. Thompson, Investigator

On May 9, 1974, at 4:30 p.m., I appeared at the office of Maurice J. Kluger, 1530 Chestnut Street, Philadelphia, Pennsylvania, where I intended to meet Peter J. Maggio. Mr. Kluger met me, there being just one other young fellow in the office. He indicated we had to go to a different location to see Mr. Maggio.

After completing some work he was doing and making a telephone call, we left his office. I overheard a part of the call in which Mr. Kluger asked if Peter Maggio was there. I presumed he had called the office to which we were going.

We arrived at the office of I. Raymond Kremer on the 20th floor of One East Penn Square, several blocks away. Telephone No. 215:LO4-3606. Mr. Kremer was in court and did not arrive until about 5:15 p.m., at which time we proceeded to his office.

I was introduced to an individual by the name of Peter Maggio. He was a young man, perhaps in his 20's, and it was obvious that he was not the Peter Maggio I had intended to meet.

I indicated that this Peter Maggio was not the one I had expected to interview. Mr. Kremer stated, "You didn't expect me to let you talk to him without my first finding out what you want. Do you?" He then wanted to know the purpose of my call.

I told him I was not too familiar with the inquiry being made by the Committee, however, it was my understanding they were making inquiries concerning a number of corporations in which Mr. Maggio had an interest and I wanted to talk to Mr. Maggio about them and related activities.

The Honorable H. Joseph Hepford - 2
May 10, 1974

Mr. Kremer then launched upon an unexpected and unprovoked diatribe against "you, b - - - ." He said all his client wanted was peace.

For the next five or ten minutes, he described how his client had been harassed by local, state and federal governmental groups and how members of the Committee and Downey Rice, its Counsel, had maligned his client on the floor of the Senate. He told about how a local grand jury had made inquiries into the activities of the Maggios. This was at the instigation of the local District Attorney, Arlen Specter. There was no indictment brought however. Information and innuendoes were fed to the press which slandered his client. He also told of an effort by the Pennsylvania Department of Justice to subpoena many records of the companies. Mr. Kremer was successful in getting this subpoena squashed. He kept referring to "you already have the records" and said that, as far as he was concerned, there is only one government and there is no reason for the Maggios to furnish information to other parts of the government when "you already have the information."

Mr. Kremer was quite loud and forceful in his assertions, however, this could have been for the benefit of young Maggio.

I interrupted and indicated that the speech-making had gone far enough and asked whether I could obtain certain information about the Maggio companies. Mr. Kremer hesitated and then said, "I like you. What do you want to know?"

Mr. Kluger then advised that the three Maggio brothers each had a one-third interest in Michael's Dairies, Inc., Maggio Company, and Milk Maid Dairy Products, Inc. They are all Philadelphia-based companies and all incorporated in the State of Pennsylvania. The first was incorporated about 1958; the second about 1942 or 1943; and the third about 1953. Mr. Kluger said that was all of their companies.

I then asked about the Vineland Cheese Company. Mr. Kluger said it does exist, but is a corporate shell as it does nothing. He believes it was incorporated in the State of New Jersey, probably about the same time as the Maggio Company and that it manufactured Italian cheese under the trade name of "Vineland." Each of the three brothers had a one-third interest in the company. The company stopped doing business about ten years ago and became inactive. He does not know, but assumes that it became too costly and time-consuming to operate two plants for the manufacture of cheese. He does not know why there were two companies set up for the manufacturing of cheese.

The Honorable H. Joseph Hepford - 3
May 10, 1974

Mr. Kluger said there may have been other companies owned and operated by the Maggios in the past, but not to his knowledge and certainly none have been active in current times.

Mr. Kremer said he wanted the investigator to take back a message to the Committee. He dictated it slow enough so that it is set forth below, substantially word for word:

There is no connection in any way, shape or form between the Maggio brothers and their companies and organized crime. Mr. Maggio has so stated before courts. The brothers have been victimized by press and prosecutor's offices who have distorted the facts and created headlines and innuendoes. My client is ready to appear before the House Committee and so testify under oath and, hopefully, no representative of the House of Representatives will hide behind the screen of immunity to disseminate newspaper stories which he knows, or should know, are false, for cheap political purposes.

He said he was "waiting" for the House and he was going to crucify them. If it was at all possible, he would ^{take} them to task if they caused cheap publicity about his client. He said he was familiar with the way the Committee operates by referring to a report which had been developed from a report that had been developed from a report, etc. etc.

He said his client had been before eight grand juries and it was always Mr. Kremer's motto and recommendation: "Don't claim the Fifth Amendment." He said he was ready to have his client testify fully before the House Committee and that he would accept a subpoena for him.

The meeting broke up about 6:00 p.m.



The Crime Commission of Greater Miami

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August 6, 1973

Mr. Downey Rice
1744 "R" Street, N.W.
Washington, D.C. 20009

Dear Downey:


Regarding Peter J. Maggio and Carlo Gambino, Dick Hunter was kind enough to make an investigation at Fort Lauderdale. Copies of his investigation are attached.

With best wishes.

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Sincerely,


Daniel P. Sullivan
Executive Vice President

DPS:jt
encls.

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RE: CARLO GAMBINO;
PETER J. MAGGIO

RESULTS OF INVESTIGATION, BROWARD COUNTY, FLORIDA, JULY 26, 1973.

CLERK, CIRCUIT COURT
Broward County Court House
Ft. Lauderdale, Fla.

The names of GAMBINO, MAGGIO and G & M Realty Corporation were checked through the appropriate dockets in this office, no reference to either being noted.

HUNTER INVESTIGATIONS, INC. SUITE 405 LAS OLAS BLDG.
PRE-EMPLOYMENT AND OTHER CONFIDENTIAL 305 S. ANDREWS AVENUE
INVESTIGATIONS, SURVEILLANCES AND REPORTS FT. LAUDERDALE, FLA. 33301

207 BLOUNT BUILDING
XXXXXXXXXXXXXXXXXXXX
FT. LAUDERDALE, FLORIDA 33301
305 - 525-3371

J. RICHARD HUNTER, JR., PRESIDENT
MEMBER, SOCIETY OF FORMER F. B. I. AGENTS

July 27, 1973

Mr. Daniel P. Sullivan
Crime Commission of Greater Miami
622 Biscayne Building
19 West Flagler Street
Miami, Florida 33130

Re: Carlo Gambino;
Peter J. Maggio

Dear Danny:

Forwarded herewith are the results of our inquiry regarding the captioned pair and G & M Realty Corporation.

As indicated, I found no record of any property owned in the name of either. In this regard, I went back through the docket as far as 1957.

If you come up with any other " trade name " that Gambino and Maggio may have used in connection with their acquisitions I will be glad to check that name. In the meantime and with kind regards, I am

As ever,

J. RICHARD HUNTER, JR.

JRH/kmh
encl.



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622 Biscayne Building, 19 W. Flagler Street, Miami, Florida 33130 • Tel. (305) 374-7464

July 20, 1973

Ann Taylor

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Mr. Downey Rice
1744 "R" Street, N.W.
Washington, D.C. 30009

Dear Downey:

Regarding Peter J. Maggio, Carlo Gambino, G & M Realty Corporation, M. Maggio Company, our files do not contain any information regarding Maggio, but considerable background of course, on Carlo Gambino.

There is an old memorandum in our files dated April 19, 1950, which reports that an operator of an Italian grocery at 1144 NE 1st Avenue, Miami, was forced out of business in about 1948, because he would not knuckle down to demands made by Joe Falcone, that the operator would have to purchase Olive Oil, Cheese, etc., directly from him, rather than through the factories.

A review of the City Directories subsequent to 1948, and apparently after the above owner was forced out of business, reflect that the address - 1144 NE 1st Avenue, was operated by a firm named M. Maggio (Peter R. Maggio) in the business of Cheese manufacturers and Italian groceries.

The above Falcone and his brother Salvatore Falcone, were top-notch Mafia characters from Utica, New York, where they headed up various rackets and were involved in Narcotics and various other illegal operations, including gangland killings, before coming to Miami. The Falcones also were in attendance at the gangland meeting at Apalacin, New York.

Our Telephone and City Directories in Dade and Broward Counties failed to show a Peter J. Maggio or M. Maggio Company in this area. I prevailed upon Dick Hunter, an ex Agent, to make a check of the Real Estate records of Broward County to see if he can pick up any information on the November 15, 1962, purchase by G & M Realty Corporation of 110 acres of Broward County land for \$60,000, or any record of additional purchases etc.

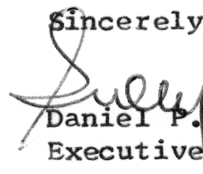
Page 2
Mr. Downey Rice.

July 20, 1973

This property apparently has appreciated substantially in value. A story in the Miami Herald of October 4, 1970, reports Peter J. Maggio as President, and Carlo Gambino as Secretary, acting as principals of the G & M Realty Corporation, in the above purchase in October 1962. This property was located next to the Oakridge Country Club, South of Griffin Road, and East of SW 40th Avenue, in Pompano, in a very selective neighborhood. As of October 1970, it's assessed value was given as \$400,000. The Bureau has ^{BO} information that Maggio is operating here, or has any other investments excepting in the above real estate transaction. //

I will let you know when I hear from Dick Hunter next week.

Sincerely,


Daniel P. Sullivan
Executive Vice President

DPS:jt
encls.

(4)

RE: CARLO GAMBINO;
PETER J. MAGGIO

RESULTS OF INVESTIGATION, BROWARD COUNTY, FLORIDA, JULY 24, 1973.

POLICE:

The Broward County Sheriff's Office was found to have no record of either subject.

The Intelligence Files of the Ft. Lauderdale Police Department describe GAMBINO as the leading Mafia figure with headquarters in New York; MAGGIO is reported as the leading Mafia figure in Philadelphia where he serves as GAMBINO's lieutenant.

Neither is presently the subject of any current investigation but it is thought the pair may be engaged in the loan shark business and it has been established that they are active in real estate development in the area. In this connection, they are thought to have been principals in the development of Palm Aire Lodge and Country Club in North Broward County; also, they are thought to own a large tract of land west of Hollywood, also in Broward County.

Specifically, GAMBINO was mentioned in an investigation conducted in 1968. One S. ROSENBLATT was also a subject or a party to the investigation. GAMBINO's date of birth was determined to be August 24, 1902 at that time. It is to be noted that the files of the Ft. Lauderdale Police Department are being photographed and computerized and this particular file is not available now.



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July 20, 1973

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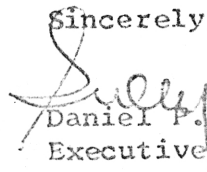
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Mr. Downey Rice.

July 20, 1973

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I will let you know when I hear from Dick Hunter next week.

Sincerely,


Daniel P. Sullivan
Executive Vice President

DPS:jt
encls.

NOTE: At this point in this memorandum a departure is made to allude to the transcript of the testimony of the hearing before the Milk Control Commission - April 29, 1965.

Pages 4 and 5

At that hearing, Kapleau said he was connected with Capitol Dairy Products, Inc., a Delaware corporation, with an address at Henderson, Maryland.

Kapleau File - 5
April 10, 1973

Pages 5 and 6

Kapleau declined to answer if he owned stock in other corporations involved in the dairy business because it was outside the scope of his subpoena.

He said he owned no stock in a Pennsylvania corporation engaged in the dairy business or in any corporation doing business in Pennsylvania.

A question as to whether he had an interest in Central Dairy Products Sales, Inc. resulted in an objection and was not answered.

Page 12

Kapleau said Capitol Dairy Products Sales, Inc. acquired its milk from plants and sources out of the state, but declined to answer on the grounds that it was a confidential trade secret.

Pages 13 and 14

When asked if the milk that he purchased in other states was distributed in Pennsylvania, he said, "Not by me." Then when asked to whom it was sold in Pennsylvania, he declined to answer on the basis that it was confidential.

Page 16

Kapleau described Capitol Dairy Products Sales, Inc. as a broker.

Pages 17 and 18

Kapleau was then asked a series of questions designed to develop that Capitol Products Sales received kickbacks or rebates, such as \$26,000 from Dairyman's League in 1961, but Kapleau said he could not remember back that far and his records had been disposed of.

Kapleau File - 6
April 10, 1973

Pages 26 and 27

Kapleau generally evaded all questions, but did admit that he had bought milk from Maryland Milk Products Cooperative and Martin Century Farms, a Pennsylvania dairy, in 1964.

This is of interest because a confidential investigation of Kapleau in January 1972 developed that Kluger alleges that Kapleau had a money-making scheme accepted by Martin Century Farms; but when the scheme backfired, it cost Martin Century Farms \$80,000.

On several occasions, counsel for the Milk Control Commission voted to have Kapleau cited for contempt for refusal to furnish information that had been freely furnished by other milk operators.

Pages 43 and 44

On that same date, April 29, 1965, James Kluger testified that he was an officer of Central Dairy Products Sales, Inc., a Pennsylvania corporation, principal office at 1530 Chestnut Street, Philadelphia, holding provisional milk dealer's license in Pennsylvania.

Kluger was Secretary-Treasurer, and Robert Focht was Vice President. Kluger was the only stockholder.

Central Dairy was "a hauler of milk." At that time, it "had just one contract" with Michael's Dairy. "Michael's Dairy is a dealer in milk."

Pages 48 and 49

In referring to the years 1957 through 1964 in regard to Central Dairy Products Sales, Inc., Kluger said the cash transactions in those years were quite voluminous and quite heavy. The cash flows through Central Dairy were quite heavy from many, many sources, with payments to many, many people.

Kapleau File - 7
April 10, 1973

In the current interview, Kluger conceded that he had innumerable meetings with the Maggios and probably knew more about their business than they do. He had been called upon by the Internal Revenue Service several times for testimony about their business.

He had heard of Salvatore Marino, but felt that he had no participation in the Maggio business. He had met Angelo Bruno on several occasions and, in fact, particularly recalled Kapleau being in Bruno's company at a New Year's Eve party a number of years ago when Kapleau and Kluger and their wives were guests of the Maggios. Angelo Bruno was also a guest at the party.

After the dissolution of the partnership around 1961, Kluger said he did not see much of Kapleau for 4-5 years and professed not to know much about what he was doing. (This despite the fact that he was present at the 1965 hearing when Kapleau testified about Capitol Dairy Products.)

After Kapleau was appointed Chairman of the Milk Marketing Board by Governor Shapp, Kluger had been in touch with Kapleau to advance the cause of the Maggios, who, in Kluger's opinion, had been hit with too hard a fine by the Milk Marketing Board for some violations.

Kluger pointed out that all of the milk dealers were guilty and that the largest and most active, Abbott, had been assessed a fine of \$5,000. Abbott did about ten times as much business as Milk Maid, the Maggio company, but Milk Maid was assessed a fine of \$3,000. Ergo, Kluger argued that the penalty for Milk Maid was too severe. He was certain that Peter Maggio had also telephoned and talked to Kapleau to try to get him to reduce that fine. It did not appear that anyone had paid any of the fines and that the matter is still pending.

Possibly the most important development in the interview was that Kluger divulged that Kapleau had appointed him Chairman of a committee to review accounting procedures for milk operators, termed a "Uniform System of Accounts Committee." This despite Kluger's concession that he had been closely affiliated with the Maggio brothers for some twenty years, continued to serve, and knew that they had been identified as members of the Cosa Nostra family of Angelo Bruno.

Jan. 14, 1972

Harry E. KAPLEAU 61 yrs., born in July, 1910.

Address, date of appointment, January 4, 1972.- 304 A, Somerset House, Cherry Hill, N.J. Phone-1-609-667-5332+(In service)

Has New Jersey Vehicle Operator's license for same address, giving date of birth, as July 1910. No owner's registration listed with the New Jersey Bureau of Motor Vehicles, under same name.

Is not listed, at the above address, with the Camden County Board of Voters registration.

In 1965 during the Milk Commission Hearing stated that he was President of Capitol Dairy Products Inc., a Delaware Corporation with an address at Henderson, Maryland. His son Paul V. KAPLEAU was Vice-President and his brother Albert D. KAPLEAU was Secretary. Listed as other stockholders were his wife and another son, Kenneth KAPLEAU.

Son, Paul V. is a C.P.A. and son, Kenneth is a school teacher, at the present time. (Information from James KLUGER)

Other addresses associated with Mr. Kapleau;
In 1965 stated that he lived at 7901 Rolling Green Rd., Cheltenham, Montgomery Co., Pa. He was listed in the County as a registered voter, up to and including 1970. Not presently registered. Present occupant, K.E. KIM, M.D. (Phone Essex 9-2201)
Prior to 1961, 1530 Chestnut St. in Phila., as President of Central Dairy Products, Inc. (partnership with James KLUGER)

Prior to 1971, 1110 Spruce St., Phila. Listed in phone directory with Son, Kenneth Neil KAPLEAU. Phone listed WA 5-8069, not in service at this time, and subject unknown at this address.

Listed in current Phila. phone directory at 2018 Walnut St., Phila. Phone LO 3-9699. This number also listed to ALBAR MUSIC REPRODUCTIONS, and when called, asking for Mr. KAPLEAU, was referred to MILK CONTROL COMMISSION, Harrisburg, Pa.

Employment and business affiliations:
FEDERAL MILK MARKETING ORDER ADMINISTRATION, according to James KLUGER, Mr. KAPLEAU resigned voluntarily, not under "any cloud", about 20 years ago. (About 1951 or 1952)

From the 1951-1952 era, he operated solely, the Capitol Milk Products Inc., based in Maryland. Also was in partnership with James KLUGER in running the Carrol Milk Products Co. based in Maryland and the Central Milk Products Co. of Pennsylvania. According to Mr. KLUGER Mr. KAPLEAU took care of the Milk Brokerage business and Mr. KLUGER handled the Accounting business. Partnership dissolved in 1961.

Also, according to Mr. KLUGER, Mr. KAPLEAU has for the past several years, operated as a milk broker for the New Jersey based CUMBERLAND FARMS DAIRY, which is operated by James and George HASEOTIS (Phoenetic)

UBER-- On Jan.6,1972 Mr.E.LIN HUBER, former Chairman of the Board of the Penna. Milk Control Commission stated that during the SCRANTON Administration, the Pittsburgh Press, from information obtained from the Internal Revenue Service, reported alleged "kickbacks" from milk producers to Harry KAPLEAU. He further stated that the allegations were investigated by Deputy Attorney Judson RUCH for Attorney General Allesandrone and there was no prosecution from the results of the investigation.

Mr.HUBER referred to the 1965 Hearings by the Milk Control Commission regarding "Investigation of Allegations of Widespread Rebates and other Illegal practices in the Milk Industry." In particular he mentioned the number of times that Mr.KAPLEAU took the "5th AMEND³ment". This would be the times that Mr. KAPLEAU refused to answer questions concerning from whom he purchased milk and to whom he sold it.

He also stated that Mr.KAPLEAU lives out of State in Cherry Hill, N.J. and was a Broker for CUMBERLAND FARMS and the MAGGIO CO. of Philadelphia. CUMBERLAND FARMS being a New Jersey "cut price" distributor and MAGGIO CO. being operated by a nephew of ANGELO BRUNO an alleged chief in the MAFIA or COSA NOSTRA.

Mr.HUBER stated that more information could be obtained from Dr. James HONAN, President of the INTERSTATE MILK PRODUCERS CO-OPERATIVE, 401 N.Broad St.,Phila.

ONAN DR. JAMES HONAN, President of the INTERSTATE MILK PRODUCERS CO-OPERATIVE, Room 1012, 401 N.Broad St.,Phila. (Wa2-3040).

Dr.HONAN stated that the policy of his Co-Operative was to take the middle of the road, not to endorse nor to condemn anyone. He did say,that in his personal opinion, Mr.KAPLEAU was not the person to be Chairman of the Milk Control Commission.

Dr.HONAN related that Mr.KLUGER, a former partner of Mr.KAPLEAU had called his office that morning and while talking to Dr.HONAN'S assistant, raved and ranted about the appointment of Mr.KAPLEAU to the Chairmanship of the Commission. Dr.HONAN said the Mr.KLUGER could be a good source of information but probably would not be so irate for the record.

DR. HONAN also reflected that the DAIRYMENS LEAGUE and the LEHIGH VALLEY CO-OPERATIVE would be pro Administration,as the present Commission had granted them lower prices for sales to ACME and other markets.

LUGER Mr. James KLUGER, CERTIFIED PUBLIC ACCOUNTANT, owner of CENTRAL ENTERPRISES INC., Bailey-Banks and Biddle Building, 1530 Chestnut St., Phila., Phone, LO 4-1661.

Mr. KLUGER stated that he is a C.P.A. and his business is and has been over the years,Accounting and consulting services within the Milk industry. That up to 1961 or 1962 he was in partnership with Harry E. KAPLEAU. They were equal partners in the CARROLL MILK PRODUCTS CO. of Maryland and CENTRAL DAIRY PRODUCTS CO. of Phila., and Mr.KAPLEAU handled the brokerage end of the Company and he handled the Accounting and Consulting part of the business.Mr. KAPLEAU also solely operated the CAPITOL MILK PRODUCTS CO. based

Mr.KLUGER said that the partnership was dissolved in 1961 or 1962 in an amicable manner. The reason for severing the partnership was that Mr.KLUGER did not like deals that Mr.KAPLEAU was making that bordered on criminal acts. He further stated that he did not approve the manner in which Mr.KAPLEAU handled Company money. Specifically: in making numerous deposits in several out of State (Penna.) banks.

Mr.KLUGER stated that Mr.KAPLEAU'S method of dealing was to buy surplus milk from producers at a price slightly above the manufacturers rate and then to sell it for liquid milk at slightly under the regulation price and pocketing the difference.

Mr.KUGLER said that some time ago, the MAGGIO CO. of Phila. asked him, because he did their accounting, to evaluate and advise them concerning a "scheme" that was offered to them by Mr.KAPLEAU. This he did and advised MAGGIO that they could make money but the "scheme" was strictly illegal. He stated that MAGGIO refused to do business with Mr.KAPLEAU as a result of his advice.

Mr.KUGLER further stated that during the past years, Mr.KAPLEAU has been doing brokerage work for the CUMBERLAND FARMS CO. based in New Jersey and operated by James and George HASEO'IS who originally came from New England. He further feels that CUMBERLAND FARMS may be behind his appointment to the Penna. Milk Board. His reasoning is that CUMBERLAND is already set up and organized as a cut price Company and would "make a bundle" if retail prices were not controlled.

Mr.KUGLER also said that Mr.KAPLEAU had a money making "scheme" which was accepted by MARTIN CENTURY FARMS and when the "scheme" backfired, it cost MARTIN CENTURY \$80,000.00

Mr.KUGLER wants his remarks kept confidential and would not testify to them. He also said that, in his opinion, MR. KAPLEAU is not qualified to be a member of the MILK BOARD and does not have the ability to do the job.

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Sometime after that the Maggios "were forced" into forming Michael's Dairy because the supply of milk needed by Milk Maid had been cut off. Nelson's Dairies of Norris-town had been the source of supply, but Abbott took over Nelson. As Abbott was a competitor of Milk Maid, the supply was cut off; thereupon, the Maggios formed Michael's Dairy with the advice and assistance of Kapleau and Kluger.

Kapleau and Kluger formed Central Dairy Products Sales, Inc. to act as a broker between the sources of milk located by Kapleau and Kluger and its delivery to Michael's Dairy the bottler. //

Kluger claimed that this relationship did not last very long because Michael's Dairy found direct sources of supply and eliminated the brokerage and that Carroll also participated in supplying some of the milk to Michael's Dairy. He repeated his previous assertion that he had contacted Kapleau since Kapleau had become Chairman of the Milk Marketing Board to "beat on" Harry on behalf of the Maggio interests.

As to the alleged scheme concocted by Kapleau to be worked by the Maggios as set forth in reference memorandum of January 14, 1972, Kluger was specifically questioned and denied any knowledge - adding that he was certain that if some scheme had been presented by Kapleau, the Maggios would unquestionably have discussed it with him. He completely negated the whole allegation.

During this conversation, Kluger stated that he has continued to act as the accountant for Michael's Dairy, Milk Maid Company, and Maggio Cheese.

Maggios

Asked for chronology of the Maggio milk entities, Kluger advised that Milk Maid distributing company was already in business when contact was first made with Kapleau and Kluger to do accounting work. It was suggested that they perhaps establish some reputation for expertise in accounting in the milk industry.