

MEMORANDUM

James R. Malley
April 6, 1973

File: HARRY E. KAPLEAU

Special Agent Robert Savard, FBI, advised today that after reading the paper on the hearing involving Kapleau on April 4, 1973, he rechecked the information previously furnished.

He stated that a check revealed there was no Central Product Sales, Inc., but corporation records when checked did show there was a company known as the Central Dairy Products Sales, Inc.

The records show that this company incorporated with 200 shares of stock, at \$10.00 a share, on December 30, 1953, and that the incorporators were also the directors of the company. They were listed as: Harry E. Kapleau, 20 shares of stock; Morris J. Kluger, 20 shares of stock; and F. Ralph Yocum, 20 shares of stock. Corporation records did not reflect the owners of the other shares of stock. It is understood that only the incorporators must show the amount of stock they hold.

In 1969, Central Dairy Products Sales, Inc. changed their name to Central Enterprises, Inc. at 1530 Chestnut Street, Philadelphia, Pennsylvania.

Savard advised that information is available that loans were made to Central Enterprises by Michael's Dairy. He also advised that it is alleged that Central Dairy is now owned 100% by the Maggio brothers.

Based on the above, it appears that while Kapleau truthfully answered questions concerning his ownership of 20 shares of stock in Michael's Dairy, there appears to be good reason for speculation about the other shares of Central Dairy Product Sales, Inc., which is probably owned by the Maggio group. Even if this were so, there would be no basis for a perjury violation on the part of Kapleau.

*Only 50 shares now 25
25
revised to 24
240
2 to you*

took 24 @ 25 at shift

Put up all 50 with Michael + your buy

THE BELL TELEPHONE COMPANY OF PENNSYLVANIA

ACCOUNTING DEPARTMENT
ONE PARKWAY, PHILADELPHIA, PA. 19102
AREA CODE 215 466-5423

JRM

R. J. REYNOLDS
ASSISTANT COMPTROLLER

April 3, 1974

Chairman H. Joseph Hepford
Committee to Investigate Administration of Justice
Pennsylvania House of Representatives - Room B2
State Capitol, Harrisburg, Pennsylvania 17120

Dear Chairman Hepford:

Attached for your information is a copy of our Company's Security Organization "Wiretap Procedures".

If you have any questions regarding our policies, please contact me.

R. J. Reynolds

December 1, 1973

Security Organization

"WIRETAP PROCEDURES"

Reports

Normally reports of suspected wiretaps will be handled by the plant service center and may originate directly from the customer, a business office representative or an employee of the plant department.

Customer Complaints

Routine complaints will be processed by a Service Center Foreman. If no evidence of a wiretap is discovered, the customer will be advised by the Service Center Foreman that the inspection has been completed and no irregularities found. The case will be closed and Form 1985 completed and forwarded to the Area Security Manager.

Complaints handled directly by Security from Federal or State regulatory agencies, public officials or higher management shall be referred to the Supervising Service Center Foreman or his designated representative who will be guided by whatever instructions the Area Security Manager deems necessary. In these instances, the Area Security Manager will be responsible for the customer contacts.

Irregularities Discovered As a Result of a Customer's Complaint

Any irregular conditions found will not be changed or disturbed by Plant personnel. The employee, using a line other than the customer's, will immediately report the details to the plant Supervising Service Center Foreman or his designated representative and will remain on or near the scene pending further instructions. The Supervising Service Center Foreman will contact the Area Security Manager immediately.

Upon receipt of a report from the Supervising Service Center Foreman, the Area Security Manager will contact the General Claims and Security Supervisor to determine the possible existence of a court ordered wiretap and depending on circumstances existing, will arrange for a Security Agent and/or an investigating officer from an appropriate law enforcement agency to appear on the scene within the hour. It is imperative that the employee be relieved of his responsibilities as quickly as possible. In the event any delay is encountered, it will be the responsibility of the Area Security Manager to instruct Plant regarding instructions to be followed.

In all such situations Security Agents will not conduct any investigation but will offer technical assistance to the investigating officer concerning circuit knowledge and wiring. The irregularity will be brought to the attention of the customer and the law enforcement agency handling the matter will be identified. It will be the responsibility of the law enforcement agency involved to answer any questions the customer may have relative to the existence of the irregularity discovered. The Security Agent will prepare a report of the case.

In those situations where the FBI is not the investigating agency, they will be notified by Security for possible violation of Federal statutes.

No Customer Complaint - Wiretap Discovered by Employee

Evidence of wiretapping may be discovered by a plant employee during his regular work. As in the case of a customer complaint, the Supervising Service Center Foreman will be notified and he will contact the Security Manager immediately. Upon receipt of a report from the Supervising Service Center Foreman, the Area Security Manager will contact the General Claims and Security Supervisor to determine the possible existence of a court ordered wiretap.

If it is an illegal wiretap the Area Security Manager will arrange for a Security Agent and/or an investigating officer from an appropriate law enforcement agency to appear on the scene and the employee relieved of his responsibility. The irregularity will be brought to the attention of the customer and it will be the responsibility of the law enforcement agency involved to answer any questions the customer may have relative to the existence of the irregularity discovered.

If it is a court ordered wiretap, the customer will not be advised and the wiretap will not be disturbed unless it is causing trouble on the line. In the latter case, the law enforcement agency responsible for the court ordered wiretap should be notified.

Court Ordered Wiretaps

Wiretapping applications and orders are "sealed" by the court. The Omnibus Crime Control and Safe Streets Act of 1968 (amended in 1971) provides that a person, including a telephone employee, can be held in criminal contempt for disclosing the existence or content of any such application or order without prior approval of the issuing judge. Therefore, we cannot answer any inquiries concerning the existence or non-existence of wiretaps placed pursuant to such orders.

Theft of Service

There may be situations discovered where a suspected wiretap is actually some unknown party stealing outgoing telephone service to avoid payment. In such instances, Security should conduct a separate investigation or assist the law enforcement authorities looking toward the identification, apprehension and prosecution of the guilty party.

Reports

The Area Security Manager will receive a report of every wiretap inspection on Form #1985 and will prepare a quarterly report of the total number of inspections initiated by plant and the total number of instances where evidence of wiretapping is discovered.

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

JRM

MEMORANDUM

By James R. Malley

Date April 30, 1974

FILE: Bell Telephone Company
Security Organization - "Wiretap Procedures"

For record purposes, the hearing of April 12, 1973 covers testimony of Frank Ertz, Supervisor of the public affairs activities for Bell Telephone Company in central and northeastern Pennsylvania.

Pages 49 and 50

Mr. Hepford requested that the Bell Telephone Company make available "what procedures are followed, what steps are taken to determine whether or not it's a legal wiretap where they are permitted in those states so that this Committee can determine the steps and procedures that may be incorporated in legislation that we may or may not recommend to the General Assembly."

Mr. R. J. Reynolds, Bell Telephone Company, replied to this request and made available the procedures followed by Bell Telephone Company in the States of New Jersey and New York, as well as procedures that are being updated in the State of Pennsylvania.

In the hearing of October 18, 1973, testimony was taken from Mr. Carl S. Teets, General Claims and Security Supervisor, Bell Telephone Company.

Pages 94 and 95

Chairman Hepford asked Mr. Teets whether because of the large number of telephone companies, independent and otherwise, operating in the Commonwealth, he considered this more reason that "we should clarify in legislation the responsibilities of any telephone repairman or company, outline the duties with regard to notifying the authorities?"

Mr. Teets replied that "If a law comes into existence, such guidance would be helpful to us because we are somewhat in the middle of between a problem of law and law enforcement which is not our reason for existence, but yet we have respect for it and we want that law to operate." He commented that "way before some of

Bell Telephone Company - 2
April 30, 1974

wiretap laws came into existence, whether federal or state, the privacy and secrecy of communications has always been - - that is an ingrained item with telephone people...."

Inasmuch as the Bell Telephone Company's original policy was not entirely complete as set forth in their letter of July 3, 1973, by telephone calls to Mr. William Naylor, Mr. Malley requested that an official statement be made available to the Committee setting forth the current official policy of the Bell Telephone Company relative to the handling of any devices that are found on telephone instruments or lines. An official reply was received, dated April 3, 1974, enclosing the company policy as of December 1, 1973.