

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

MEMORANDUM

By Dale S. Thompson

Date March 18, 1974

FILE: Governor's Justice Commission

On March 18, 1974, the office of FRANK N. HAPP, Director, Bureau of Securities, Receipts and Deposits, State Treasury Department, was visited in Room 126 of the Finance Building. His telephone number is 787-2143. In Mr. Happ's absence, HARRY MILLER, Administrative Officer, telephone No. 787-4759, furnished the following information.

In order to receive LEAA funds from the Federal Government, L. A. PETRUCCIO, Comptroller, Department of Justice, initiates U. S. Treasury Form BA-7578 entitled "Request for Payment on Letter of Credit and Status of Funds Report." This form reflects the balance of funds available at the beginning of the July 1 fiscal year, monies received to date from the Treasury Department, disbursements to date, and the balance on hand at the time of the request. This form must be signed by the Comptroller of the Department of Justice, the State Treasurer, or by Mr. Marsh, the Deputy State Treasurer. It is then sent to the U. S. Disbursing Office in Philadelphia where a check is prepared in the amount of the request and sent to the Philadelphia National Bank in Philadelphia for deposit to the credit of the State of Pennsylvania. At the time the Comptroller of the Justice Department initiates the letter of credit form, he also prepares Form OA-420 entitled "Transmittal of Revenue" and forwards this form and a copy of the letter of credit to Mr. Happ's office.

When the bank in Philadelphia receives the Treasury Department check, it calls Mr. Happ's office who then initiates a credit to the LEAA account in the amount of the letter of credit. A copy of Form OA-420 is sent back to the Department of Justice so that office knows that the money has been received from the Federal Government.

Whenever a grant refund is received by the Comptroller of the Department of Justice, he initiates Form OA-419 entitled "Refund of Expenditures," which indicates the date, amount, appropriation symbol, etc. The form is sent with the refund check to the Comptroller's Office, Department of Revenue, Cashier's Section (ELIZABETH GEISEL, Supervisor, Room 211, Finance Building). This refund is recorded in the Department of Revenue and the check and Form OA-419 are sent to Mr. Happ's office. The receipt of the check is acknowledged on Form OA-419, which is sent back to the Revenue office which then fans out copies of the form to offices needing to be advised. The refund check is concurrently deposited by Mr. Happ's office.

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Mr. Happ's office maintains a ledger sheet on LEAA funds which reflects debits and credits to the account. His office also receives copies of disbursements from the account (Form OA-125 entitled "Voucher Transmittal"), which is also posted to the Department of Justice account. This account is balanced monthly with the account maintained in the Bureau of Disbursements, State Treasury Department.

Form OA-419 ("Refund of Expenditures"), which is initiated by the Department of Justice, indicates from whom the money is received, however, this form is filed on a daily basis in Mr. Happ's office along with many other documents processed that particular day. It would be a monumental job to try and identify more details concerning the LEAA funds from this source.

Mr. DARL H. CALLEN, Director, Bureau of Disbursements, State Treasury Department, Room 124, Finance Building, telephone No. 787-2896, was interviewed on March 18, 1974.

His office is responsible for the expenditure of all funds from the State of Pennsylvania accounts. In the case of LEAA funds, the Department of Justice initiates Form OA-125, entitled "Voucher Transmittal." This form is a request for payment to be charged to the LEAA account. It reflects the payee, the amount and the purpose of the expenditure, as well as the specific appropriation to be charged.

This form and any supporting documents are audited in Mr. Callen's office and, if in order, a check is issued to the payee requested on the form.

This office maintains a ledger account of LEAA funds and posts all expenditures to it. This office also receives copies of Form OA-419 and Form OA-420 from Mr. Happ's office which are posted as credits to the LEAA account. Miss PEGGY CLARK heads up the bookkeeping section in this office. The balances of the account as maintained by this office are also reconciled and balanced with the account in the office of Mr. Happ on a monthly basis.

All state checks are signed by Mrs. GRACE M. SLOAN, State Treasurer. This is an elected position.

Copies of Form OA-125 - Voucher Transmittal - are sent to interested offices after checks have been issued to the requested payee.

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Mr. LEE KELLER was interviewed on March 19, 1974 in Room ~~B-1~~^{22(B-2)}, Main Capitol Building, occupied by the staff of the Committee.

He said he works about one week a month for Erie County, and he recently spent two weeks in Florida working with Mr. CHARLES BRESNAHAN who is now employed in the St. Petersburg area. Mr. Bresnahan is permanently located in Florida.

According to Keller, THOMAS C. BERARD and Bresnahan had differences of opinion concerning the Philadelphia Police Department problems, however, they did not have a falling out on this subject and it was not the cause for Bresnahan's dismissal. Keller does not know the details of the Philadelphia grants or anything about RIZZO. As far as he knows, there is no indication of personal benefit on Rizzo's part. The only possibility that exists is that the grant funds were spent for a different type of law enforcement effort than was provided for in the respective grants.

Keller reported that Bresnahan had received a satisfactory rating on his efficiency report, which was signed by both E. DREXEL GODFREY and Berard; however, about ten to fifteen days thereafter, Berard furnished him with an unsatisfactory report. This was not signed by Godfrey. According to Keller, the following employees of the Commission were approached by Berard to testify about Bresnahan's incompetency: ELWOOD RICE, BETTY PROCIK, JOHN L. GETHEN, THEO J. PRUSHINSKI and HAROLD BRESSLER. All refused except Bressler who did appear and testified against Bresnahan at the Civil Service Commission hearing. Bressler was subsequently appointed to Bresnahan's position.

Mr. Keller reported that he had been with the the State for 22 years prior to his retirement. Most of the time had been in the accounting and audit field. He was in audit work in the Department of Health and the Department of Banking most recently prior to his employment with the Commission. He left because he felt there was extremely poor management of the program in the Commission. He was not pressured to leave.

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Mr. Keller reported that LEAA funds must be spent within two fiscal years after the funds are received from the Federal Government. As an example: Funds received by the Commission during the fiscal year ending June 30, 1973 have to be spent generally by June 30, 1974. All funds for salaries must be spent by the deadline date, however, the actual expenditures of cash for other purposes can be made in the 90 days following the close of the second fiscal year if the commitment had been made prior to the end of the second fiscal year.

The State of Pennsylvania is considered the 'grantee' in connection with funds received from the Federal Government. The various police departments and other entities are considered 'subgrantees' when they are furnished LEAA funds through the Commission.

When funds given to subgrantees lapse because they are not expended in accordance with federal regulations, they are returned to the Commission and are applied against the subsequent fiscal year grant authorization to the state. This, in effect, reduces the funds available to the state by the amount of such unexpended funds.

In this regard, Berard had asked Bresnahan to estimate the amount of funds which would come back to the State at the end of fiscal 1973 because they would not be appropriately spent or obligated. The obligation and/or expenditure for other than salaries were to be considered as all being obligated or spent; only salaries were to be included in the desired figure. Bresnahan came up with an estimate of \$1/2 million coming back to the State. Actually \$1-1/2 million came back, principally because funds for other than salaries were not all obligated and/or spent. Berard was criticized by other state officials for having underestimated this amount. He placed the blame for this bad estimate on Bresnahan and claimed that he, Berard, had been "sold down the river." Accordingly, he told Bresnahan at 11:00 a.m. one day that he was fired and that he was through at noontime that same day.

In regard to the guidelines which Bresnahan and Keller prepared—but which were rejected by Berard—these were to assist the subgrantees in preparing their applications for Commission funds and in the administration of such grants. These guidelines pertain to fiscal areas only - not program areas.

Berard, as Director of Administration for the Commission, is responsible for the fiscal management office which had been occupied by Mr. Bresnahan. There were nine auditors in that office. Eight were in the field and Mr. Keller was located in the central office to handle discretionary grants and other work related to the audit program. Each auditor was pretty much on his own since they did not have guidelines issued from Harrisburg.

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Harold Bressler was the auditor in the Philadelphia regional office and succeeded Mr. Bresnahan.

The responsibility of the auditors was to audit the expenditure of grant funds, however, this has developed into a responsibility of advising the subgrantees concerning fiscal matters because Mr. PETRUCCIO in the Department of Justice has employed eight auditors to conduct grant audits.

Elwood Rice is Chief of the Financial Management Unit under Mr. Berard and is responsible for the "bookkeeping" relating to the expenditure of Commission funds. He had no other staff, however, he did receive part-time help from Betty Procik. She is now with the Governor's Council on Drug and Alcohol Abuse (Dr. Richard E. Horman). Her telephone number is 787-9763. Rice is a very capable individual and it is Keller's opinion that his records will be maintained in a very straightforward fashion.

Rice is the person who initiates a request for payment to the State from the Federal Government in accordance with a letter of credit already agreed upon. This is forwarded to the State Treasurer, however, the details concerning this are not known to Mr. Keller. When an award is authorized to a subgrantee, Mr. Rice initiates full or partial payment to the subgrantee in accordance with the terms of the grant. This, accordingly, puts funds at a local level immediately; however, experience shows that usually local agencies have funds on hand for a considerable period of time before they are spent. Rice initiates these payments through the use of the "Voucher Transmittal" form.

Refunds from subgrantees are mailed direct to the Commission. All mail is opened in Mr. Berard's office by LOUISE FLECK, his secretary, or someone acting for her. She then routes the mail. Mr. Keller believes that refund checks would be routed to Mr. Rice who would initiate the necessary action to put the funds into the State Treasury for the benefit of the LEAA account.

Mr. Keller is not aware of any rumor or facts which would indicate that Berard has injected himself into the handling of refund checks. He believes that Rice would properly account for these refunds.

PEGGY KINGSTON had worked directly for Mr. Berard and was in charge of travel vouchers, service purchase contracts, and all other procurement. She left about eighteen months ago and CAROL LOEFFLER took Miss Kingston's place, although some work was reassigned. Miss Kingston left because she did not like to work for Berard who was a tyrannical person. As an example: Miss Kingston would try to follow the state procurement regulations, however, he would demand that she violate them. As an example: A lot of expenditures were justified long after the

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fact. She now works for the Department of Welfare at Camp Hill, telephone No. 787-8042.

Most of the grants to the City of Philadelphia were in the area of courts, probation and parole, and the police department. Problems were encountered in getting these projects started and, accordingly, funds were not promptly spent. Counting unobligated funds and questionable expenditures (such as the Public Defender's Office grant), the city owed the Commission \$1-1/2 million. He does not know how these problems have been ironed out in regard to the Defender's Office grant. He reported that the grant was for the purpose of hiring twenty new attorneys for the program, however, they were not hired and, in effect, the program was funded by the Federal Government rather than the State, this being contrary to LEAA regulations for supplementing state ongoing programs with federal funding.

Mr. Keller believes Godfrey is still in the Harrisburg area as he sees him from time to time. Mr. Godfrey lives on Mountain View Boulevard, telephone No. 921-8324. Berard really ran the Commission rather than Godfrey. Mr. Keller does not know the source of Berard's power. Godfrey had expressed to others that he was not happy at the Commission and he may have resigned on his own rather than being eased out.

In regard to the Motorola contracts, this was not specifically a Commission problem. This related to the expenditure of funds by the subgrantees to Motorola. Reportedly, subgrantees acquired communications equipment after requesting bids in accordance with LEAA and state regulations, however, the specifications for the equipment were so worded that only Motorola could be the successful bidder. Motorola salesmen had apparently worked with local procurement people in writing the specifications for the equipment.

FRANK T. SYMONAK of the Commission conducted an audit concerning Beaver County expenditures of grant funds. This was in the southwest region. The audit was "shot down" by Berard who said there had not been a supplementation of the funds.

In regard to the Allegheny Prison Academy grant, an audit was conducted by John L. Gethan of that region. The audit reflects that funds were expended for the purchase of things and payment of staff before the Academy was ever built.

Mr. Keller is not familiar with the Easton Police Department building grant.

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In regard to the award of grants, all applications are received by the respective region within the Commission. It is reviewed there and the Council either recommends approval or rejection. The application then comes into Harrisburg where the central office staff reviews it and adds recommendations. It is then reviewed by the Commission members for final action. At headquarters, Miss Procik was the one who reviewed the grants for form and preparation of staff recommendations. She may be knowledgeable of the Easton project.

Mr. Keller believes the regional council and staff operations are basically O.K.; however, at headquarters, he thinks there is too much of a "one man show" in that Berard runs the Commission rather than the Executive Director. Also, there is not a good definition of the responsibilities of individuals at the headquarters office.

Mrs. Louise Fleck is Berard's secretary. She does not like him. She has told Mr. Keller that her daughter had been trying to get into the Hershey Medical School. The school had written to Berard about Mrs. Fleck. Reportedly, a very derogatory letter was sent by Berard. Attorney General Packel has reportedly subpoenaed this letter. Berard told Mrs. Fleck about a week ago that she had better find another job.

DEAN G. MANTIS is the Field Liaison Officer at headquarters. He knows a lot about Berard and his personal activities because he has gone on trips with him. He may or may not talk and reveal information to this staff.

Whenever federal funds are expended, these funds are to be matched in some way by a 25% contribution at the state and local level. The local level is supposed to have a 10% hard cash portion of the 25% match. In addition, the state may agree to match a certain portion of the 25% total. In addition to the 10% hard cash match, the balance may be made up of other kinds of contributions to the grant. As an example: A local agency may furnish equipment to the project or provide for rental of space or a facility. In fiscal 1973, the state provided \$1-1/2 million to assist local governments. This is described as a "state buy-in," however, it applies to only certain types of grants and the percentage of buy-in is different for various types of grants.

Mr. Keller will furnish additional information which he remembers and might be of value to this investigation.

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HOUSE OF REPRESENTATIVES
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Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

MEMORANDUM

By Dale S. Thompson

Date March 20, 1974

FILE: Governor's Justice Commission

Mr. RAY FRANKENBURG was interviewed at the Host Town Motel, Lancaster, Pennsylvania, during the evening of March 19 and furnished the following information.

Mr. Frankenburg was employed for 10 years with the Grove City Police Department in Mercer County. Prior to his employment with the Commission, he was Assistant Chief at the time he left. He was first employed by the Commission in the Northwest Region on January 19, 1970 as a field representative. He became Regional Director in November 1971 when he took KARL BOYES place. He presently has the same position.

Mr. Frankenburg, as well as Mr. Boyes, were disenchanted with the way the Commission was being operated. They felt the Justice Commission program was not doing the job which it could and was really falling apart. Mr. Frankenburg arranged with his cousin, a Pennsylvania House Representative, to talk with the Chairman of this Committee. Mr. Boyes also met with Mr. Hepford.

In the late summer of 1973, Mr. Boyes was very concerned about the Commission work and he asked for an appointment with the Governor. He had a two-hour meeting with the Governor at which time, reportedly, Boyes "laid it on the line." His principal gripe was poor administration of the program and felt that BERARD was the principal culprit. The Governor promised to look into the matter. Boyes subsequently was contacted by the Governor and was offered a gubernatorial appointment if he was interested. He did say that the facts as described by Mr. Boyes were true. Mr. Boyes said he would think about the Governor's offer. The Governor also told him that he could not ask GODFREY to leave because it would "rock the boat" too much, but that he probably would leave later.

The Attorney General subsequently called Mr. Boyes, Mr. Godfrey and Mr. Berard to his office. After discussing the matter, he asked the three of them to get together to talk it over and see if they couldn't resolve the various issues so that they could get along and work together. Godfrey was adamant and said he was going to leave or Boyes would have to leave. However, the three did get together after the meeting with the Attorney General, but they could not resolve anything. Godfrey told Boyes he would have to go.

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The Attorney General subsequently called the three of them together, and again Godfrey said Boyes had to go at once. Boyes said that he would go, but in his own time. The Attorney General said that would be all right and he would be in touch.

Thereafter, HARVEY THIEMAN, one of the Governor's righthand men who handles patronage for the western part of Pennsylvania, contacted Boyes and again offered an appointment by the Governor. The Governor had already asked the State Police to conduct a background investigation of Boyes in anticipation of an appointment. Boyes finally resolved the issue by resigning. He did not want to take another state job.

In regard to the Easton Police Department project of about \$700,000, this was the only "brick and mortar" project. Boyes wrote an inhouse memo challenging this project and its proposed funding, however, there was a lot of pressure from local officials and others and the project finally went through. Votes had been lined up in advance in order to accomplish this. The minutes of the Commission should be reviewed in this regard.

GENE COON is Sheriff in Allegheny County and also Chairman of the Democratic Party there. He did not get along with THORNBURGH, the U. S. Attorney, a Republican and the Chairman of the Council there. The Allegheny County Police Department made application for a narcotics drug investigative unit on a county-wide basis. Coon objected to this, so he filed his own application as a unit of local government, asking that this narcotics drug unit be established within the Sheriff's Office. Coon worked with the Governor and Attorney General people in order to line up support of the central staff and to properly present the case and line up Commission votes in advance of the hearing. Presumably, Godfrey did a lot of this work. The award was made to the Sheriff's Office even though the Regional Council had approved the Allegheny County Police application and turned the Sheriff's application down. The County Police is not a politically motivated organization. BARGER of the State Police objected to making this award to the Sheriff's Office and his comment should be recorded in the Commission's minutes. Mr. Frankenburg does not know how the grant is operated.

Discretionary grants are awarded only by the central office (Berard) to other state agencies. The overall state plan has 20% of its funds identified for state grants. These grants are susceptible to "hanky panky," however, Frankenburg knows of no specific problems in this regard to these awards. Berard reportedly handled this type of grant on his own. The Regional Directors always suspected there was

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something wrong with these grants. He does not know why Godfrey left the Commission. He assumes Godfrey got fed up and decided to get out before the "roof falls in." He does not believe Godfrey was forced out. Frankenburg has heard that Godfrey is with Washington Justice Associates. Godfrey had given this company a lot of contracts prior to the time he left.

KEITH MILES was an employee of the Washington Justice Associates and did a lot of work at the Commission. Miles took orders from Godfrey and really worked for Godfrey. While Miles worked with Berard, he answered only to Godfrey. Godfrey used this method of contracting because he couldn't get his own Commission employees. Miles did not like SNAVELY, the new Executive Director, and so it is understood that he is getting out of Commission work in Harrisburg. He may return to the D. C. area.

The planning grants given by the central office are questionable in that the selection process and proposal plans were inadequate. BETTY PROCIK worked on these. She was considered a good employee.

LOUISE FLECK and Berard have been very close until about two months ago. They are apparently now at odds. Reportedly, she put out some kind of an inhouse memo about how ruthless Berard was.

FREDERICK told Frankenburg on March 19 that he, Frederick, was going to be the Southcentral (Harrisburg) Regional Director. CHARLIE MORAN, the present Regional Director there, is going to be Deputy Director under Snavely. Frederick told Frankenburg that Snavely does not like him, Frederick, but he did not give the reason why. Moran and Frederick are real buddies from way back.

Frankenburg says he does not know how he stands with Snavely. Snavely may be after him, but he won't rock the boat if he thinks Frankenburg will cause a problem. Frankenburg and Snavely have argued in the past, but not other than the normal course of give and take on a subject.

Frankenburg is not aware of any indication that Berard or anyone else in the Commission ever personally benefited in terms of money from the program. Berard has built himself a power empire.

AL LEWIS stepped down from the chairmanship of a Regional Council, although he is still on that Council. Lewis is a dyed in the wool Republican and a very honorable man. He hates Berard with a passion.

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Former employee LEE KELLER should know a lot about the grants and finances. He is trustworthy, but may not be too stable in that he drinks heavily. Keller hates Berard.

Berard keeps a notebook on his person at all times concerning funds available.

Snavelly got the appointment as Executive Director because he is wired to Judge Chalpain. The Judge is Chairman of the Philadelphia Regional Council. He is a Democrat and wired to the Governor.

The relationships between Snavelly and Berard have not been too good in the past, however, on March 19 it appeared their relationship was good. Snavelly will probably run a tight ship and it is Frankenburg's belief that Berard will be transferred to another state agency sooner or later. Berard has no political sponsor, however, he has done many favors for the Attorney General and Lieutenant Governor Ernest Kline. Kline is a Democrat and is Barger's sponsor. They are old buddies in Allegheny County. Barger is known as a "straight arrow and lily-white." Frankenburg hears that Barger is on the way out and that COLONEL McGROARTY is to replace Barger. Frankenburg does not know the problems but reportedly Barger has had problems with the legislators, including the State Police arrests of 12 of them for speeding. His own men are down on him for little things. He is just a poor administrator.

Berard had told others that he thought that he himself had a good chance to be Executive Director of the Commission. He probably did some lobbying and this is another reason why he may subsequently be eased out.

The Commission is now hiring eight additional auditors for field work. There will now be two in each regional office working directly for Berard. To Frankenburg's knowledge there are no guidelines for auditing or fiscal work.



HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA

HARRISBURG

April 2, 1974

TO: The Honorable H. Joseph Hepford
Chairman

FROM: Dale S. Thompson
Investigator

Proposed imminent interviews include the following:

1. E. DREXEL GODFREY, former Executive Director of Governor's Justice Commission, now reportedly employed by Washington Justice Associates, a contractor of the Commission.
2. ALVIN B. LEWIS, a member of Commission's Regional Council now and former Chairman. Reportedly a staunch Republican - hates Berard - lives in Lebanon and has law offices here and in Hershey.
3. L. A. PETRUCCIO, Comptroller, Department of Justice, re-organizational and fiscal matters relating to Commission. Reportedly has just hired eight new auditors for Commission matters.
4. House Majority Leader ROBERT BUTERA says U. S. Attorney and First Assistant have information about questionable practices at the Commission regarding consultants and other personnel.
5. FRED GILES, an attorney and formerly in Attorney General's Office and an attorney in the Justice Commission. Reportedly knowledgeable of Berard's activities. Reportedly working for Senator Louis G. Hill who is counsel for the Senate Judiciary Committee.



The Honorable H. Joseph Hepford
April 2, 1974

HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA

6. Representative JOSEPH RHODES, JR. ^{HARRISBURG} who wrote to Chairman Hepford on November 28, 1973 indicating a concern about the Committee's investigation as to LEAA fund distributions through the Governor's Justice Commission.
7. RALPH B. PINSKEY, a Harrisburg attorney and formerly Deputy Attorney General assigned as legal advisor to the Governor's Justice Commission. He drafted a memorandum to the Attorney General concerning problems at the Commission. He no longer is with the State.
8. JOHN T. SNAVELY, Executive Director, Governor's Justice Commission, to make available books, records and files, and present employees for interview.

You may have (1) some observations or guidance concerning these proposed interviews; (2) do not desire some interviews be made at this time; or (3) want to make arrangements for the interviews.

DST:rf

P.S. Were you able to make contact with Peggy Kingston at 787-8042?