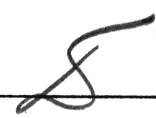


YC-A

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

MEMORANDUM



By Dale S. Thompson

Date June 3, 1974

FILE: Governor's Justice Commission

Yoke Crest, Inc.  
Alternatives, Inc.

The files of the Governor's Justice Commission reflect the following grants to Yoke Crest, Inc., 1820 Mulberry Street, Harrisburg, Pennsylvania:

DA-082-71A

To set up a facility as a totally therapeutic oriented alternative to prison for youthful offenders who have been found guilty of a criminal offense.

\$56,625 awarded for period April 1, 1971 to March 31, 1972. Mitchell K. Rigel, Director. Yoke Crest received additional funds from local churches and other sources.

DA-203-71A

A continuation grant in the amount of \$48,222 for the period April 1, 1972 to March 31, 1973.

DS-340-72E

A continuation grant in the amount of \$76,000 for the period April 1, 1973 to March 31, 1974. Because of temporary freeze of funds in early 1974, this project period has been extended and is now in force.

DS-423-73A

In addition, the Commission awarded DS-423-73A on November 13, 1973 to Alternatives, Inc., Harrisburg, Pennsylvania, for \$57,365 for the period November 13, 1973 to February 15, 1974 to supply technical assistance and expertise to localities interested in establishing community

treatment programs. Thus, Mr. Rigel wanted to establish programs throughout the State similar to that at Yoke Crest. The local jurisdictions interested were expected to pay \$19,125 for receiving assistance.

The files and interviews with Commission personnel reveal the following information:

The Governor's Justice Commission issued a check in the amount of \$28,682 in December 1973 to start this project. This amount should have been deposited in Alternatives, Inc. special account - Statewide Planning Project. However, the check was deposited in Alternatives, Inc. general account. From this account, \$23,682 was deposited into the special account and, on December 21, 1973, another payment was made to Mitch Rigel in the amount of \$5,000. This \$5,000 was used by Rigel for the down payment on a home he and his wife were buying. Reportedly, this was a loan.

Reportedly, Rigel was convicted of bank robbery and remains on probation. Reportedly, he became involved in gambling and drinking and one of his employees "blew the whistle." The Governor's Justice Commission moved in, froze the bank accounts, and initiated an audit. The Board of Directors of Yoke Crest, Inc. accepted Rigel's resignation as Executive Director on January 8, 1974.

The new corporation, Alternatives, Inc., was a Mitch Rigel company which would charge 68% of Federal awards received for administrative expenses. It had already received \$5,230 from the above grant (DS-423-73A) and \$4,685 from a health grant. These amounts were used to pay one Yoke Crest employee (L. Bienemann) \$1,500 and \$4,422 to Mitch Rigel - presumably for salary. Also, \$3,716 was spent for car rental. Two cars were rented from Rigel's brother, a Ford dealer in Canton, Ohio; one was used by Mitch Rigel, and the other by his wife, Valerie.

As a result of the audit, Grant DS-423-73A was cancelled. The Governor's Justice Commission has not yet finally resolved how it will handle a \$4,813 match deficit. Also, Rigel gave the Governor's Justice Commission a check for \$5,000; reportedly, obtained from relatives.

DS-338-724

In addition, the Governor's Justice Commission awarded, on April 2, 1973, a grant to the State Correctional Institution at Camp Hill, Pennsylvania, in the amount of \$179,182 for the period July 1, 1973 to June 30, 1974. This project was for the period July 1, 1973 to June 30, 1974.

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The program was to establish a facility within the confines of the White Hill Correctional Institution as a therapeutic community to provide treatment to persons entering the institution who have a history of alcohol or drug abuse. This project was subcontracted by the State Correctional Institution to Alternatives, Inc. to operate.

According to files at the Commission, they will continue this project and maintain close supervision over all financial transactions necessary to complete it. There were apparently some problems with this project, however, there were no serious fiscal deficiencies.

Material relating to these projects, including the \$5,000 payment on Rigel's personal home, is attached.

Information developed by staff. Information not as yet verified by testimony.

ALTERNATIVES, INC.  
(Umbrella Corporation)

Around November 1972, Mitch Rigel formed Alternatives, Inc. (the umbrella corporation), a privately operated corporation.

Board of Directors:

- Mitch Rigel Executive Vice President
- Robert Rigel President
- (Mitch's brother)
- Newman Gaugler President of Prison Ministry
- Valerie Rigel Secretary-Treasurer
- Irene Gaugler Assistant Secretary-Treasurer

\$40,987 deposited in bank account. Accounts incapable of audit due to lack of records. Attempt at audit results in allegations of federal violation and that corporation was for personal benefit of Executive Director Mitch Rigel.

Account frozen February 11, 1974 and project cancelled.

PACIDA

Governor's Council on Drug and Alcohol Abuse (of which Mitch Rigel was a member) arranged a \$86,000 grant by U.S. Department of Health to Alternatives, Inc. as "demonstration grant." Described as funding an information center for increasing knowledge of problems on drugs and alcohol. Center operated from Alternatives, Inc. office from spring of 1973 to June 1973 and grant not renewed. Deposit of \$4,685 from PACIDA made in Alternatives umbrella account, but no evidence of audit or review of operation as yet located.

ALTERNATIVES, INC.  
Project - Camp Hill No. DS-338-72A

Federal funding of \$179,182 awarded to State Correctional Institute at Camp Hill. Camp Hill gave "service purchase contract" to Alternatives, Inc. on August 16, 1973 for monthly billing of \$15,102.81. This was to run the Alcohol and Drug Treatment Center. At least \$60,411.28 was paid to Alternatives under this arrangement that was cancelled in March 1974.

YOKE CREST, INC  
1820 Mulberry Street, Harrisburg

Organization to rehabilitate prisoners. Governor's Justice Commission awarded (through Dauphin County as grantee) GJC funds as follows:

- 1971 - \$56,625 Mitch Rigel, Director
- 1972 - \$48,222 Mitch Rigel, Director

1973-1974 - \$76,000

Federal funds constituting 1/2 of \$153,630 for year. Funds frozen February 11, 1974 and Rigel resigned. Martha Kunkel became Director and project renewed March 1974.

ALTERNATIVES, INC  
Project - Alternative to Prison No. DS-423-73A

Direct Governor's Justice Commission grant, November 13, 1973, to Alternatives, Inc. for project to set up programs, similar to Yoke Crest, in other localities. \$57,365 awarded through November 1974. First "draw down" of \$28,682 was not deposited in special account as directed, but processed through Rigel controlled umbrella account, with \$23,682 going to this project and \$5,000 used as a down payment on a house bought by Mitch Rigel.