

yoke crest, inc.

administrative offices
p.o. box 3512
harrisburg, penna. 17105
(717) 232-7618

residence:
1820 mulberry street
harrisburg, penna. 17105
(717) 238-1646

Handwritten:
Mulberry
attached
JTB

Handwritten: YC-K

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Eugene A. Powell, Executive Director

April 30, 1974

Thomas C. Berard
Director of Administration
Governor's Justice Commission
Executive House
Second & Chestnut Streets
Harrisburg, PA 17101

Dear Tom,

As a follow-up to our meeting on April 23, 1974, regarding past problems of Yoke Crest, Inc. of poor administration and lack of fiscal control of State and LEAA funds, I want to share with you corrective action which we have now taken to prevent this situation from re-occurring at some future date. This letter will also serve as an update to a letter sent you by Martha Kunkel dated March 14, 1974.

We have now established a business office at 2405 N. Front Street which houses all Corporate records. At the present time our business office consists of an Administrative Director, bookkeeper, and secretary. We plan to hire a full-time accountant to complete our business office personnel needs. In addition, we plan to employ a secretary for the Mulberry Street residence. Presently we have no one assigned there to perform the necessary clerical and record keeping duties necessary to coordinate business transactions between the two facilities. It is my strong belief that with these changes we should have no serious problems in adhering to both State and LEAA funding guideline requirements.

As you already know, we have retained the services of the Certified Public Accountant firm of Laventhol, Kreckstein, Horvath and Horvath to assist us in the analysis and development of an effective fiscal control procedure.

We are continuing to pay all delinquent taxes. Presently we have paid delinquent federal tax to the I.R.S. in the amount of \$15,000. Final payment of approximately \$800.00 will be made on May 17, 1974.

We are now conducting interviews for the vacant treatment director position which when filled will bring our treatment staff to capacity. This position coupled with the recent filling of two counselor vacancies provide us the necessary supervision of residents at both of our facilities.

All staff members who were also serving on the Board of Directors have resigned from the Board leaving Board membership exclusively to interested citizens from the community. It should also be noted that persons employed by Alternatives, Inc. were removed as Board members.

As you can see, we are attempting to overcome a large number of obstacles which have caused some disruption to the Yoke Crest program. It is most unfortunate that the actions of the few persons in key positions had such an impact on a direly needed treatment program of this nature.

It is therefore our intent to "mend fences" and re-establish good working relationships with state and private agencies as well as the general public. We intend to strive for excellence in the field of rehabilitation but in doing so we are aware of the need for a professional operation of fiscal affairs.

Your assistance and cooperation with Yoke Crest, Inc. is sincerely appreciated. It is our desire to continue to work closely with you and your staff to fully comply with your administrative and financial requirements.

We will contact you within the next several days regarding our submission of our application for continued funding of our program.

Thank you again for your assistance. If you should need any additional information, please let me know.

Sincerely,



Eugene A. Powell
Executive Director

EAP/lm

CC: John T. Snavely, Esq.
Mr. Charles Morn
Ms. Martha Kunkel

DS-338-72A

DS-338-72
BUREAU OF CORRECTIONS / J. Leake
ACT. 1111
XC-2

Awarded on April 2, 1973 to the Bureau of Corrections
State Correctional Institute at Camp Hill

Subgrant in the amount of - Matching Funds - \$ 52,512
Federal Funds - 179,182

The Bureau of Corrections, after receiving the subgrant, wrote a Service Purchase Contract to Alternatives, Inc. (Project I) to run the Alcohol and Drug Treatment Center. The original Service Purchase Contract, Number 393215, was effective August 1, 1973, signed by Ernest S. Patton for the Bureau of Corrections and Larry E. Bienemann for Alternatives, Inc. (Project I). The original Purchase Contract (Exhibit I) was in the amount of \$30,205.62. The amendment (Exhibit II) to the Purchase Contract was prepared on August 16, 1973, in the amount of \$45,308.43. The Contract is for a monthly billing of \$15,102.81, of which four months has been invoiced and paid, totaling \$60,411.28. The Bureau of Corrections is now holding the fifth month's invoice of \$15,818.00. All of these invoices coming from Alternatives, Inc. (Project I) are signed by Larry E. Bienemann.

Valarie Rigel loaned Alternatives, Inc. (Project I), \$5,000 on October 9, to start this program. On October 18, after receiving the first check from the Bureau of Corrections, Alternatives, Inc. (Project I) repaid Mrs. Rigel (Exhibit 3).

Alternatives, Inc. (Project I) paid to Alternatives, Inc. (the Umbrella Corporation) twelve percent (12%) administrative cost each month. These monies were deposited in the account of Alternatives, Inc. (Umbrella Corporation) (Exhibit 4).

For four months, the Alternatives, Inc. (Project I) was paying Regal Rent A Car of Kenton, Ohio, \$119.50 for the lease of a 1973 Gran Torino Squire Wagon which Mitch Rigel is using (Exhibit 5).

Alternatives, Inc. (Project I) was paying Yoke Crest, Inc. for billings each month for various items, none of which were included in the subgrant as being received from Yoke Crest, Inc. E. P. Faraday and Ron R. Putle and Ann Benion were billed as consultant services, all of which, were being paid from other Yoke Crest, Inc., funds. This was an attempt to reimburse Yoke Crest for the time these people devoted to Project I.

All matching funds are coming from the Bureau of Corrections and are on schedule. Due to the late starting of this grant project, the complete program will not be completed. The first resident was received into the therapeutic community on December 12, and it is Jim Leake's opinion that the re-entry phase will not be started until June 1974.

John R. Leake

February 25, 1974

12-M

CONFIDENTIAL**BERARD COPY**

SUBJECT: Preliminary Draft Audit
Yoke Crest, Inc./Alternatives, Inc.

TO: Mr. Peter Brown
First Deputy Attorney General
Department of Justice

FROM: Thomas C. Berard
Director of Administration
Governor's Justice Commission



Attached, please find a brief up-to-date summary of my administrative review and my Auditors' review of Yoke Crest, Inc. and Alternatives, Inc. I would like to state that the audit is not complete even though we have gone in depth into the many facets and through a voluminous series of books during the last eight working days.

By next Friday, I hope to have from the Field Auditors a more complete report of the grants. Please bear in mind that the monies were commingled and record keeping was very poor. There was a diversion of \$40,000 to Alternatives, Inc. (Umbrella Consulting Organization), not within the confines of any of our grants. I am convinced, at this point, that there are certain facets that cannot be audited and cancelled checks without backup and that any audit, no matter how lengthy, will not produce them.

However, I am presenting for today's meeting a summary which I believe we can discuss in considerable depth and arrive at various decisions. There are firm proposals, which I would like to recommend in the best interest of protecting the programs and the departments involved, while we deal with certain individuals on a singular basis.

I have met, during this administrative and fiscal audit, with all entities including today a meeting with Mr. Robert Saylor, Bureau of Correction and Mr. Mellon, Internal Revenue Service, and I feel in a position to provide a meaningful discussion.

I believe it is germane at this point to inform you that I refuse to discuss this with anyone in the Justice Commission or allow any statements to be made, by myself or Accountants in the field or those working on the project, to anyone. Security of information at this time is the principal factor if we are to resolve this in the best light possible.

TCB/pc

cc: Dr. Richard Horman, Ph.D.
Dean Sheaffer
Mr. Berard

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

MEMORANDUM

By James R. Malley

Date July 2, 1974

FILE: Governor's Justice Commission

EDWIN W. FRESE, Jr. (prefers to be called by his nickname "Jay"), District Attorney's Office, Harrisburg, telephone No. 234-7001, stated that he had a one-hour conference with BENJAMIN LERNER, Deputy Attorney General, Office of Criminal Law, and one of the investigators for the Department of Justice.

Their report was much more extensive than he had anticipated. He thought it would be close to 2,000 pages. It was agreed that Lerner's office would make a copy of the report and furnish it to Mr. Frese on Monday, July 8, and that this report would be available for review by the Committee as soon as it was received by Mr. Frese.

He stated that the statements made available by LARRY BIENEMANN and JAMES LEAKE are in the file. There was no reluctance whatsoever on the part of the investigator to name the informants who had furnished the original information relative to MITCH RIGEL's activities. He said the comment had been made that there was certainly room for questioning the general business practices and the manner in which Rigel operated, but there was great difficulty in showing any criminal intent on the part of Rigel.

Frese said that he would not accept these statements without thoroughly reviewing the material that would be made available .

With regard to the \$5,000 loan, Frese said that Lerner explains Rigel's actions by saying that Rigel, at a Christmas party, broadcast his intentions to borrow money from the business enterprise and, therefore, it would be rather difficult to say that he had any intention of taking the money without returning it and that he took that position because of the liberal loan policy to the inmates - that certainly there was no reason that he would not be able to make a loan which he fully intended to repay.

Frese again repeated that he would determine whether he felt there was any room for criminal prosecution after he reviewed all of the material.

YCM-A



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

June 17, 1974

Mr. LeRoy S. Zimmerman
District Attorney
Dauphin County Courthouse
Front and Market Streets
Harrisburg, Pennsylvania 17101

Dear Mr. Zimmerman:

Yoke Crest, Inc. - Alternatives, Inc.
Mitchell Kenneth Rigel, Valerie Rigel, Larry E. Bienemann

Your letter of June 13, 1974, addressed to Investigator Dale S. Thompson of this Committee, was opened in his absence from the city. I have reviewed the correspondence leading up to that letter and would suggest that when your staff member checks into this situation that I will be glad to meet with him if Mr. Thompson is still away.

In addition to the records and reviews mentioned by Mr. Thompson in his letter of June 11, the Committee staff has conducted several relevant interviews that may be of interest to your office.

Sincerely,

DOWNEY RICE
Counsel

DR:rf

COPY



LEROY S. ZIMMERMAN
DISTRICT ATTORNEY
DAUPHIN COUNTY
HARRISBURG, PENNSYLVANIA 17108

June 13, 1974

Mr. Dale S. Thompson
Investigator
Committee to Investigate the
Administration of Justice
House of Representatives
Post Office Box 3900
Harrisburg, Pennsylvania 17105

In re: Yoke Crest, Inc. - Alternatives, Inc.
Mitchell Kenneth Rigel, Valerie Rigel,
Larry E. Bienemann

Dear Mr. Thompson:

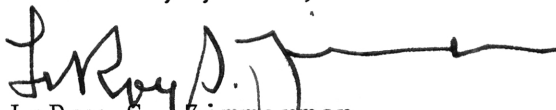
This will acknowledge receipt of your letter dated June 11, 1974.

This office has had no official notification concerning any of the above named individuals. Enclosed I am forwarding a photocopy of a letter dated June 10, 1974, from Benjamin Lerner, Esquire, Deputy Attorney General, Chief, Office of Criminal Law, Department of Justice, received here on June 12, 1974. You will note that in the second paragraph of his letter, he states "After a thorough review of the results of our investigation, we have concluded that this matter does not warrant criminal prosecution."

Also, I am enclosing a copy of my response to Mr. Lerner, in which I requested an opportunity to review the facts and findings of the Justice Department's investigation before I can agree that there shall be no prosecution in this County.

I am assigning a staff member to supervise this matter and he will be available to cooperate with you and the Department of Justice.

Sincerely yours,


LeRoy S. Zimmerman
District Attorney

LSZ/fp
Enclosure (2)



HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA

HARRISBURG

JSM
dl

June 11, 1974

Mr. LeRoy S. Zimmerman
District Attorney
Dauphin County Courthouse
Front and Market Streets
Harrisburg, Pennsylvania 17101

Dear Mr. Zimmerman:

As an investigator for this Committee, I have been examining records and reviewing actions of Yoke Crest, Inc. and Alternatives, Inc., Harrisburg, Pennsylvania. Three of the principals involved are Mitchell Kenneth Rigel, Valerie Rigel and Larry E. Blenemann.

This Committee would be interested in knowing whether or not any information on the above has been presented to your office; or whether or not you, as the District Attorney, have reviewed any of the activities of the two organizations or the individuals named herein who have been primarily in charge of the activities of Alternatives, Inc.

We would appreciate receiving by return mail any information that you may have as the Committee anticipates looking into this matter early next week.

Sincerely yours,

DALE S. THOMPSON
Investigator

DST:rf

COPY



OFFICE OF THE ATTORNEY GENERAL
HARRISBURG, PA. 17120

Capitol Annex
(717) 787-3167

RECEIVED

JUN 12 1974

DISTRICT ATTORNEY'S
OFFICE
DAUPHIN COUNTY

June 10, 1974

LeRoy S. Zimmerman, Esq.
District Attorney of
Dauphin County
County Court House
Harrisburg, Pennsylvania

Re: Alternatives Inc. - Yokecrest - Mitch Rigel

Dear Mr. Zimmerman:

The Bureau of Investigations of the Department of Justice has recently completed an investigation into alleged acts of criminality involving the above named organization and individuals. Briefly, the investigation, which was conducted at the request of the Governor's Justice Commission, focused primarily on allegations that public funds were being illegally used for private purposes.

After a thorough review of the results of our investigation, we have concluded that this matter does not warrant criminal prosecution. However, because some of the matters covered in the investigation occurred within your jurisdiction, we felt that it was appropriate to advise you of the investigation.

Sincerely,

A handwritten signature in cursive script that reads "Benjamin Lerner".

Benjamin Lerner
Deputy Attorney General
Chief, Office of Criminal Law

BL:ij