

Y.C.T.  
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HOUSE OF REPRESENTATIVES  
COMMITTEE TO INVESTIGATE THE ADMINISTRATION OF JUSTICE  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania

MEMORANDUM

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JDM

By Dale S. Thompson

Date June 12, 1974

FILE: Governor's Justice Commission

Yoke Crest, Inc. - Alternatives, Inc.

Arrangements had been made for LARRY E. BIENEMANN, 906 Front Street, Hershey, Pennsylvania, telephone No. 533-6292, to appear at the staff office at 10:30 am on June 11 to discuss this issue.

He did not show up. About eleven o'clock, Mrs. Bienemann was contacted and said her husband had to assist in connection with the death of a friend. He would get in touch with this office at a later time about an interview. Shortly after lunch, Mr. RICHARD M. STONE, an attorney, telephone No. 236-9341, telephoned the staff office making inquiry about the investigator and asking that he be contacted. He was telephoned about four o'clock that afternoon and was informed of the purpose of the interview with Mr. Bienemann. He said he had no objection and that he would have his client get in touch with the office.

Mr. Bienemann appeared at the staff office at 8:30 am on June 12 and furnished the following information.

Mr. Bienemann has a B.S. degree in biology from Alliance College in Pennsylvania. He also has 20 graduate hours in business from West Virginia University. He is about to get a master's degree from Penn State at Middletown. He has never been arrested. He has not had permanent employment since his work with Alternatives, Inc.; however, he is to become the Director of the Bureau of Planning of the Governor's Council on Drug and Alcohol Abuse on June 20 under Dr. RICHARD E. HORMAN. He will be in Canada until June 19 where he is visiting.

Mr. Bienemann was a planner with the City of Harrisburg; and in connection with that work, he became known to MITCH RIGEL. Mr. Rigel hired him in January 1973 as Rigel's Administrative Assistant at Yoke Crest. Specifically, Bienemann was to be involved with the preparation of proposed grants and compliances related to those grants.

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In January 1973, Alternatives, Inc. was an existing legal corporation. Mrs. Rigel, Mitch Rigel, Robert Rigel (Canton, Ohio) and one or two other individuals were members of the Board of Directors. Prior to that time, the Board of Directors may have consisted of different individuals. It was Mitch Rigel's intention—through Yoke Crest—to become involved in other "Alternatives" to perform projects; however, the Board of Directors was not sure that Yoke Crest should branch out to this extent at the present time. As a result, Bienemann and a few other Yoke Crest employees, during the summer of 1973, prepared two proposals for Alternatives, Inc. and submitted them to the Governor's Justice Commission for funding. These two proposals were those which the Governor's Justice Commission subsequently approved, namely, the White Hill counseling project and the statewide "Alternatives" project.

About January 1974, RICHARD MAROLD, Counselor; Miss Marcia Tamke, bookkeeper; and Larry Bienemann went from the Yoke Crest payroll to Alternatives, Inc. They were to be paid in connection with the implementation of the two Alternatives, Inc. projects. This action was done unilaterally by Rigel without knowledge of the Board of Yoke Crest.

During December 1973, members of Yoke Crest staff learned that Mitch Rigel was gambling. They knew this had been a serious personal handicap to him in the past. Bienemann had also helped Miss Tamke in connection with Yoke Crest and Alternatives financial accounts and became concerned over some of the financial transactions, particularly the \$5,000 loan. Rigel's car had been seen outside a well known Harrisburg gambling place. JAMES LEAKE and ED FARADAY, members of the staff at Yoke Crest at the time, had gone to this gambling joint and convinced Rigel to leave.

Bienemann reported that Mitch Rigel personally requested Miss Tamke to deposit the \$28,000 check in Alternatives, Inc. General Account rather than in a Special Project Account. He also instructed that a \$5,000 check be prepared, payable to him, and a check written for the remaining \$23,000 and deposited in the Special Account. There apparently was no explanation of this transaction to Miss Tamke at the time. A day or two later or almost immediately, Miss Tamke told Larry Bienemann of this transaction.

Members of the staff became concerned that because of Rigel's gambling and questionable financial manipulations, the Alternatives, Inc. projects (from which they were paid) would be in jeopardy. Mr. Bienemann, Mr. Leake, and Mr. JERRY JAFFEE, an employee, confronted Mr. Rigel for four or five days in a row concerning gambling and the financial transactions. They wanted

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him to put the money back and to receive some kind of psychiatric treatment in relation to his gambling. He promised to put the money back no later than January 22, but the time came and went and he did not put this money back.

Mr. Rigel admitted gambling...which he could hardly deny. Mr. Bienemann became so concerned that he called Mrs. MARTHA KUNKEL, Chairman of the Board of Directors of Yoke Crest, and indicated that the staff was concerned about some items and wanted to talk to her. This meeting was during the week of January 21.

Mr. SPITZER was at that meeting acting as an attorney for Yoke Crest. Mrs. Kunkel was advised of the gambling on the part of Rigel and of the questionable financial transactions. She was informed that unless the matter was cleared up, it would be necessary for a report to be made to the grant funding sources. At this meeting, Bienemann questioned the role of Mr. Spitzer because of a possible conflict of interest. Mr. Spitzer was the attorney for Yoke Crest, he had also prepared the corporate papers and bylaws for the incorporation of Alternatives, Inc., was Mitch Rigel's personal lawyer, and had assisted in preparing some of the minutes of the first meetings of the Board of Alternatives, Inc. Mr. Spitzer did finally acknowledge the possible conflict and withdrew from the entire meeting.

Mitch Rigel went to Florida about January 26 and was supposed to stay a couple of weeks; however, he came back after about a week. Members of the staff again confronted him about repayment of the \$5,000 and his gambling. Mr. Rigel indicated that Bienemann, Leake and Jaffee would have to leave and there was no other way this issue could be resolved.

On February 7 or 8, either Mr. Bienemann or Mr. Leake telephoned Dr. Horman of the Governor's Council on Drug and Alcohol Abuse and indicated the problems at Yoke Crest and the story of \$5,000. On the following Monday, February 11, all of the concerned bank accounts were frozen and an audit was initiated by the Governor's Justice Commission.

Mr. Bienemann advised that he had been called to Peter Brown's office at the Department of Justice and advised to retain a lawyer. RICHARD STONE was retained and he advised Mr. Bienemann not to discuss the various issues any further with Rigel. After this advice and Mr. Bienemann's refusal to answer further questions, the letter of separation was given to Mr. Bienemann. Mr. Bienemann did give a statement to the Department of Justice. It was typed up and Mr. Bienemann made pencil notations thereto. The draft was then sent

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back to the Department of Justice, but no final copy was prepared and signed by Bienemann. Mr. Bienemann obtained a copy of the first draft from his attorney's file and it is attached.

Mr. Bienemann stated that when the \$5,000 check was written to Mr. Rigel that Mr. Rigel informed Miss Tamke to write on the books that it was a loan to him. She did this and this is the story that Mr. Rigel has maintained since that time.

Mr. Bienemann reported there were other items of questionable nature. He said that in addition to the two cars rented by Alternatives, Inc. from Mr. Rigel's brother in Canton, Ohio, Yoke Crest also rented cars from Mr. Rigel's brother. Credit cards for gasoline were charged to the Yoke Crest account by Mrs. Rigel, as well as Mitch Rigel. Mr. Bienemann and others felt these were personal expenses and not related to the business.

Mrs. MARYANN KNOBLE was also an employee and helped Miss Tamke with the books prior to February 1974. She has been retained by Yoke Crest to do bookkeeping work.

Miss Tamke is still unemployed after having been fired from Alternatives, Inc. She resides at Camp Hill - telephone No. 761-4565. Jim Leake is working for the Bureau of Correction in connection with the Camp Hill project funded by the Governor's Justice Commission.

Mr. Bienemann was asked why DON STEPHENSON had resigned as a Board member at Yoke Crest. He said he did not know. Rigel told Mr. Bienemann that he had informed Stephenson of the confrontation between members of his staff and Rigel concerning gambling. This was back in December. He thinks this put Stephenson in the middle and it is Bienemann's speculation that because of this Stephenson resigned as a member of the Board at Yoke Crest.

In connection with the proposal by Rigel to combine Alternatives, Inc. and Yoke Crest, Mr. Bienemann said there was no real logic to this. He believes it was an effort by Rigel to get out from under many of the Yoke Crest Board of Directors constraints. It was difficult for Rigel to work under a Board of Directors.

Mrs. Kunkel had tried very hard to have Rigel define the York Crest programs and where they were headed. Mrs. Kunkel also had problems with the administration of Yoke Crest performed by Rigel and she was unable to understand

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the transaction between Yoke Crest and Alternatives, Inc. This involved a sharing of the staff by the two corporations. Mrs. Kunkel was bright and strong and asked too many questions for Mr. Rigel. There became a personality conflict between the two.

Mr. Bienemann reported that Mitch Rigel was at one time on the Board of Directors of Alternatives, but there was a question raised about a conflict of interest and he was dropped from the Board. Mr. Bienemann never had any interest in Alternatives, Inc. other than being an employee. At the time of the confrontation with Rigel, he initiated a conference call with the Board of Directors of Alternatives, Inc. He was given the position of Executive Vice President with authority to act between Board of Directors meetings.

Mr. Bienemann does not know what Mr. Rigel is now doing. Mrs. Rigel owned another house in addition to the one purchased by Mr. and Mrs. Rigel in December 1973. She has three children and reportedly has some child support income. Beyond that, Mr. Bienemann does not know of her financial status.

Mr. Bienemann is aware that Mr. Rigel was a member of the Southcentral Regional Council of the Governor's Justice Commission and the Governor's Council on Drug and Alcohol Abuse. He was in these positions prior to the time Bienemann went to work for Alternatives, Inc. He does not know how these appointments came about. He heard that there was a conflict of interest which caused Mr. Rigel to resign from his position on the Governor's Council on Drug and Alcohol Abuse.

It is Mr. Bienemann's opinion that Mr. THOMAS BERARD of the Governor's Justice Commission did an admirable job in connection with quickly and responsibly looking into the grant deficiencies. He was able to keep a cool head throughout. Mr. Bienemann does think it was a bad decision to cancel the Alternatives, Inc. project for statewide programs, similar to Yoke Crest, and to place the Camp Hill project under the direction of the Bureau of Correction. This arbitrarily put four innocent people out of work. If they were good projects, they should have been continued with the present people, with the exception of Mr. Rigel.

It is Mr. Bienemann's opinion that the Governor's Justice Commission and others were put into a very difficult position after learning of three years of dubious financial transactions. If these were pushed, they realized that Mr. Rigel would go back to prison for a long time. Thus, it is his feeling that the decision not to further push this issue was in part due to a desire not to revoke Rigel's parole.

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After Miss Tamke was contacted and indicated she had been informed by Mr. Bienemann to go ahead and write the \$5,000 check, Mr. Bienemann was again questioned concerning this item. At the time he first told of this matter, he indicated it was a day or two after the check had been written that he first learned of it. It should be noted that this is the way it was written in his statement to the Department of Justice in February 1974 when he could better remember the incident. He did say that he would stick by the way he had reported it in his statement even though it is in conflict with the story furnished by Miss Tamke.