

YYC-6

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

MEMORANDUM

By Dale S. Thompson

Date July 11, 1974

FILE: Governor's Justice Commission

The Department of Public Welfare, Commonwealth of Pennsylvania, entered into a contract with Yoke Crest, Incorporated (the attached copy obtained on 7/10/74 from Tim Warfield of the Department, Room 303, telephone 7-1947).

This contract provides that Yoke Crest would, among other things, develop a single, centralized, State-wide information and referral system for drug and alcohol programs related to their abuse. This program was known as the Pennsylvania Clearing House on Information of Drug and Alcohol - "Pacida".

The contract was to run from December 1, 1972, to June 30, 1973, and not to exceed \$86,000 in expenses. The administration of the program was delegated to the Executive Director of Yoke Crest, Mr. Mitch Rigel. Included in the total budget was an amount of \$5,350.00 for overhead, not further explained.

Miss Sarah Sendlebach of the Department, Room 406, telephone 7-3760 made available the fiscal file on the contract on July 10. The file reflects the following payments to Yoke Crest, based upon General Invoices signed by M.K. Rigel, one of which is attached:

<u>Date</u>	<u>Overhead</u>	<u>Total Amount</u>
2-15-73	\$1,078.44	\$ 2,522.01
2-15-73	279.81	3,388.83
2-16-73		21,500.00
5-21-73	209.21	7,933.17
5-21-73	2,343.44	2,131.95
6-12-73	98.56	1,428.32
7-24-73	1,340.54	33,495.38
Total	<u>\$5,350.00</u>	\$72,399.66
Unspent Funds		<u>13,600.34</u>
		\$86,000.00

She advised this was a contract, not a grant. All the funds were Commonwealth, not Federal.

The audit work papers of the GJC indicate deposits in the general bank account of Alternatives, Inc. from the Pacida project as follows:

February 13, 1973	\$ 934.59
April 13	500.00
April 25	500.00
June 20	500.00
July 16	1,357.97
August 24	<u>892.03</u>
	\$4,684.59

It has not been possible to reconcile the above payments to Alternatives from Yoke Crest with the billings by Yoke Crest to the Welfare Department.

Larry Bienemann (telephone 3-8200) was contacted on July 10, 1974, and furnished the following information. It was Rigel's idea to charge Yoke Crest for certain "administrative expenses" in order to have more income to Alternatives and some of its employees. As a result, M.K. Rigel received \$4,421.71 and L. Bienemann received \$1,500 from Alternatives, Inc. as salary. Bienemann said there was no good rationale for this arrangement because both Rigel and Bienemann were both being paid their full salary from Yoke Crest until January 8, 1974, when both of them were transferred to the payroll of Alternatives. Bienemann said these double payments were definitely in violation of the contracts between the GJC and Yoke Crest and Alternatives, Inc. He continued that it would have been improper for Rigel and Bienemann to have 100% of their salaries charged to the GJC grants and also a part of their salary, or additional salary, paid for by the Pacida project.

During an investigation by the Pennsylvania Justice Department, Mr. Berard of the GJC indicated that Rigel had been authorized to work reduced hours for reduced wages, i.e., 50% of his time for 50% of his wages. The Justice report concludes Rigel was not paid an amount in excess of his total authorized salary from Yoke Crest. Larry Bienemann says this is not so; that Rigel's salary was not reduced until December 1973 or January 1974; and that Rigel, in effect, received two salaries for a period of time prior to that date. Attached is a listing of salaries or consultant fees paid by Alternatives, Inc.

He said there was no audit to the Pacida contract even though it was called for in the contract.

Bienemann said he had no personal knowledge of Rigel's gambling - he heard of it from Ann Banion. Rigel was gambling at Jimmie G's, on Hummel Street. Beinemann knows nothing about gambling at the Warner Hotel.

Attachments

Salaries and/or Consultant Fees Paid from Alternatives, Inc., Umbrella Account

<u>Date</u>	<u>CK</u>	<u>Bienemann</u>	<u>Rigel</u>
April 13, 1973	111	\$ 79.25	\$
April 25	118	79.25	
May 11	125	79.25	
May 21	128	79.25	
June 20	132	158.50	
July 6	134	79.25	
July 16	135		1,357.97
August 24	137		892.03
October 25	142		88.34
October 31	143	145.25	
November 8	145		767.00
November 8	146	396.25	
November 21	149		153.40
November 21	150	79.25	
December 27	154	158.50	
December 27	155		306.80
December 31	156	166.00	
December 31	157		372.80
January 31, 1974	161		483.37
		<u>\$1,500.00</u>	<u>\$4,421.71</u>

YYC-~~4~~6

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

By James R. Malley

Date June 18, 1974

FILE: Governor's Justice Commission

Alternatives, Inc.

The memorandum of February 25, 1974 describing the administrative setup and some of the financial matters relating to Alternatives, Inc., which is believed to have been prepared by THOMAS BERARD, contains the following statement:

There is also a Department of Health grant called PACIDA on which an 8% fee was paid for administrative purposes.

Mr. Thomas Berard advised on June 18 that this was a U. S. Department of Health grant which was handled by the Governor's Council on Drug and Alcohol Abuse and was independent of the Governor's Justice Commission.

After several inquiries, it was determined that Miss Consetta Cheteruzzo (phonetic) had at one period been working on this matter at the Governor's Council on Drug and Alcohol Abuse. When reached by telephone, she advised that this was an \$86,000 grant by the U. S. Department of Health and was referred to as a "demonstration grant." She stated that it can best be described as a grant which provided funds to set up an information center for the purpose of increasing knowledge on the problems involved in the use of drugs and alcohol and that it operated from the spring of 1973 until June 1973, with the information center being located at Alternatives, Inc.

She advised that no attempt was made to obtain a new grant to Alternatives, Inc. inasmuch as it was decided that the matter could best be handled at the headquarters of the Governor's Council on Drug and Alcohol Abuse.