TO:

Edward Hussie

FROM:

John Michael Willmann

RE:

Attached letter

I suggest that it would be appropriate that you be in touch with Mr. Beall's office by telephone. At such time as you are in touch with Mr. Beall, please be aware of Bob Kagan's request.

JMW:nlr

HERBERT FINEMAN, Esq.

DEMOCRATIC FLOOR LEADER
SUITE 322, MAIN CAPITOL BLDG.



1314 CHESTNUT STREET PHILADELPHIA, PENNSYLVANIA 19107 PHONE: AC 215-985-1470

HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

August 5, 1974

Michael Willman, Special Counsel Select Committee on State Contract Practices 288 Main Capitol Building Harrisburg, Pennsylvania

Dear Mike:

It was with some interest that I noted Chairman Gleason's correspondence with U. S. Attorney Beall. As you may know, the members of the minority staff have an interest in this investigation also, and we would appreciate it if you would inform us as to when you are going to meet with Mr. Beall or his designee so that we may make plans to attend what promises to be some most important conversations and discussions.

Cordially

Robert P. Kagan, Esq.

Assistant Minority Counsel

RPK:1s

cc: All Committee Members

HR - 11



HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA

June 12, 1974

MEMO

SUBJECT: Commonwealth Insurance

TO: Members of the Select Committee

FROM: Rep. Patrick A. Gleason

I am enclosing a copy of an opinion from the Attorney General regarding Commonwealth Insurance. I am directing the staff th prepare appropriate legislation consistent with this opinion.

PAG/sbm

OMMONWEALTH OF PENNS (LYANE

June 4, 1974

subject: Commonwealth Insurance

FROM

Honorable Israel Packel Attorney General

W. W. Anderson (VVV)

Deputy Attorney General

Chief, Property and Natural Resources

Ted Adler and I have reviewed the subcommittee report on insurance that was sent to you by Representative Lehr on April 16, 1974. Following are our comments:

1. The Bureau of Insurance, Department of Property and Supplies, is in violation of Section 2404.1 of the Administrative Code (71 P.S. § 634.1) which provides:

"The Secretary of Property and Supplies, ex officio, is hereby authorized and his duty shall be to transact business as a licensed insurance broker for the purpose of contracting all insurance and surety bonds for any department, board, agency or commission of this Commonwealth and for the General State Authority, the State Public School Building Authority or any other State authority or commission created by law.

Any and all fees collected by the Secretary of Property and Supplies for the performance of the duties of a licensed insurance broker in contracting insurance or surety bonds for any department, board, agency, commission or authority of this Commonwealth shall be paid into the Higher Education Assistance Fund."

Although the Secretary of Property and Supplies has been receiving brokers fees for all insurance contracts purchased on behalf of the Commonwealth, such contracts are not purchased directly from insurance companies as would be done by a broker, but they are purchased from other brokers. This means that the Commonwealth is paying two brokers fees, one to the insurance broker

who obtains the insurance and the other to the Secretary of Property and Supplies, in accordance with the above section. In our opinion, the legislative intent behind the foregoing section was for the Secretary of Property and Supplies to act as a true insurance broker (through the Director of the Bureau of Insurance, who should be a qualified broker) and should purchase insurance contracts direct from insurance companies so that there would be only one broker's fee paid.

2. The report concludes/that the following agencies are exempt from the act which establishes the State Insurance Fund (72 P.S. § 3731 et seq.) which establishes a one million dollar fund for the restoration of buildings and other property destroyed by fire or other casualty:

- 1. Liquor Control Board
- 2. Turnpike Commission
- 3. General State Authority
- 4. State Highway and Bridge Authority
- 5. State Public School Building Authority
- 6. Pennsylvania Industries for the Blind
- 7. Regional Planning Commissions
- 8. Port Authorities
- 9. Museum Commission.

This conclusion is incorrect. It is based upon an Attorney General's Opinion (Informal Opinion No. 675 of February 28, 1936) which held that the proprietary activities of the Liquor Control Board, such as the storage of over eight million dollars of liquor in its warehouses, was not covered by the State Insurance Fund. The conclusion cannot properly be drawn from that that the above listed agencies are excluded from the act.

3. It is also incorrect to conclude that the purchase of insurance is subject to the competitive bidding requirements of Section 2409 of The Administrative Code (71 P.S. § 639). That section covers the purchase of equipment, furniture and furnishings, stationery, supplies, repairs, alterations, improvements, fuel, and all other articles that may be needed by their respective departments, boards or commissions. These are all physical, tangible items and cannot be construed to include insurance. There is no provision for competitive bidding in the sections dealing with the purchase of insurance and it may be inferred that the Legislature has

determined that it would not be practicable. However, it is our opinion that it is practicable to submit contracts for the purchase of insurance to competitive bidding and this is supported by the fact that the department during the previous Administration did so. However, it is recommended that legislation be drawn up to cover this.

4. The report criticizes the Bureau of Insurance for failing to determine the over-all insurance needs of the Commonwealth and merely purchasing for each agency the kind of insurance policy that the agency requests. Most agencies have their own insurance advisers which determine their insurance needs on an agency-wide basis, but there is no coordination attempted by the Bureau of Insurance. According to the report, this situation has resulted in considerable overlapping of policies and excessive premium payments. In my opinion, the legislation applicable to the Department of Property and Supplies does not require it to assume responsibility for determining the insurance requirements of the Commonwealth as a whole. Rather, it is in compliance with its statutory duty by purchasing for each agency whatever that agency requests.

On the other hand, there is nothing in the law that would prohibit the department from fulfilling that role and it would be consistent with services performed by some insurance brokers. As a matter of policy, I think that the insurance requirements of the entire Commonwealth government should be subject to the jurisdiction of one bureau and I would recommend that legislation be adopted to require the Department of Property and Supplies to assume that role.

5. The report criticizes the procurement of the Gulf Insurance Policy insuring employees of the Commonwealth against liability on the ground that the employees of the Commonwealth are not a legal entity. This is not valid. Section 2404(b) of The Administrative Code (71 P.S. § 634(b)) authorizes the Department of Property and Supplies:

"...to procure public liability insurance covering all State employees...and the issuance of such insurance for State employees by any duly authorized insurance company in Pennsylvania, is hereby declared to be lawful,..."

On the other hand, I do agree with the report's criticism that the

purchase of the Gulf Insurance Policy at a three-year premium of \$603,000 is a waste of taxpayer's money in view of the fact that the company is insisting upon the right to raise the defense of sovereign immunity with respect to all claims made under the policy.



HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA HARRISBURG

SELECT COMMITTEE ON STATE CONTRACT PRACTICES

September 26, 1974

Honorable Jacob G. Kassab Secretary Department of Transportation Commonwealth of Pennsylvania 1200 Transportation & Safety Building Harrisburg, Pennsylvania 17120

Dear Secretary Kassab:

Reference is made to the two enclosed newspaper articles:

Evening Herald, September 14, 1974, Page 1 The Patriot, September 24, 1974, Page 6

I would appreciate your forwarding to me the results of any investigations conducted and/or authorized by your Department concerning the matters detailed in the two enclosed articles. I am particularly interested in obtaining the rationale of your Department for allowing improper activities to continue for a two month grace period. Your thoughts on this matter would be appreciated.

I would be most appreciative if you would forward to my office any such material by Wednesday, October 2, 1974 at 11:00 o'clock a.m.

Thank you in advance for your cooperation in this matter.

Patrick A. Gleason

Chairman

PAG: nir

COMMONWEALTH OF PENNSYLVANIA OFFICE OF ATTORNEY GENERAL HARRISBURG, PA. 17120

ISRAEL PACKEL

September 20, 1974

Honorable Patrick A. Gleason Chairman, Select Committee on State Contract Practices House of Representatives Room B-10, Main Capitol Building Harrisburg, Pennsylvania

Dear Representative Gleason:

Pursuant to your subpoena duces tecum, the only data I have is enclosed herewith. It consists of material received from the Governor's Office on Tuesday, September 17, 1974, and was first seen by me on Wednesday, the following day. On that date the material was delivered to the head of our Bureau of Investigations after a conference with him in my office.

Very truly yours,

Israel Packel Attorney General

IP jg Enclosures

Abraham Fishkin Alice Dobson

attorneys-at-Law

533 Fifth Avenue Pittsburgh, Pennsylvania 15219 Telephone 391-5050

September 23, 1974

Select Committee on State Contract Practices House of Representatives Room 288, Main Capitol Bldg. Harrisburg, Pennsylvania 17120

> Attention: Stephen P. Freind or J. Michael Willmann, Special Counsel

Re: Subpoena Duces Tecum issued to the President, Keystone Bank, dated September 13, 1974

Dear Mr. Freind:

After reviewing the above Subpoena, it appears that the information requested to be supplied is not relevant to the inquiry authorized by Resolution No. 98, Sessions 1973, and further is addressed to the President of Keystone Bank, who is not the custodian of the records of said Bank.

It is further advanced that Resolution No. 98 is not in accordance with the authority vested in the Legislature.

The Resolution authorizes the issue of Subpoenas to appear before it and answer any questions touching matters properly being inquired into by the Committee. Under the Resolution and under Rule 51 of the House of Representatives, there does not seem to be the right to issue Subpoenas Duces Tecum as such but only in conjunction with the appearance of the party subpoenaed.

Article II, Pennsylvania Constitution, Section 1, vests in the General Assembly consisting of a Senate and House of Representatives legislative power. The right to investigate the abuse of position or misuse of power by an administrative agency of the State in and of itself is a function belonging to the Executive Branch and the Judiciary. The



Abraham Fishkin Alice Dobson

attorneys-at-Law

533 Fifth Avenue Pittsburgh, Pennsylvania 15219 Telephane 391–5050

Resolution above mentioned in its entirety is basically an investigative Resolution not within the authority granted by the Constitution.

If it is determined by proper agencies that the Resolution is constitutional and the Subpoena proper, my client will comply with the Subpoena.

Very truly yours,

Abraham Fishkin

AF:OB CERTIFIED MAIL RETURN RECEIPT REQUESTED





HOUSE OF REPRESENTATIVES COMMONWEALTH OF PENNSYLVANIA

MEMO

September 23, 1974

SUBJECT:

League of United Veterans of Pennsylvania

TO:

Hon. Patrick A. Gleason, Chairman

House Select Committee to Investigate State Contract Practices

FROM:

Joseph W. Murphy, Assistant Chief Legal Counsel

House of Representatives

I read with considerable interest on Sunday, in the Philadelphia Inquirer, a story relating the activities of the League of United Veterans of Pennsylvania.

This "political committee" purportedly raised political funds at various times, under the direction of Frank C. Hilton, utilizing state employees on state time to administer these efforts.

No accounting has ever been filed with the Department of State concerning any of these activities.

In light of my memo of September 20, 1974 I felt it necessary to point out that, just like Pennsylvanians for Progress, this organization is in direct violation of the Pennsylvania Election Code.





HOUSE OF REPRESENTATIVES COMMONWEALTH OF PENNSYLVANIA

MEMO

September 20, 1974

SUBJECT:

Transcription Error in Memo Relating to Financial Reporting

Requirements Under Election Code

TO:

Hon. Patrick A. Gleason, Chairman

House Select Committee to Investigate State Contact Practices

FROM:

Joseph W. Murphy, Assistant Chief Legal Counsel

House of Representatives

In reviewing the memo I sent you earlier today, I have discovered that several "dots" have been left out in quoting Section 1607 of the Election Code. This quote should have read "...every treasurer of a political committee...shall, ...if the amount received or expended or liabilities incurred shall exceed the sum of one-hundred fifty dollars, file a full, true and detailed account, subscribed and sworn to by him, setting forth each and every sum of money received, contributed, or disbursed by him for primary or election expenses the date of each receipt, contribution, and disbursement, the name of the person from whom received or to whom paid, and the specific object or purpose for which the same was disbursed."

While this error is not of a crucial nature I feel it is important enough that the correction should be made so that no one will think that I have tried to misrepresent the statute.

Please transmit this correction to all recipients of your previous letter.



Abraham Fishkin Alice Dobson

attorneys-at-Law

533 Fifth Azenue Pittaburgh, Pennayliania 15219 Telephone 391–5050

September 23, 1974

Select Committee on State Contract Practices House of Representatives Room 288, Main Capitol Bldg. Harrisburg, Pennsylvania 17120

Attention: Stephen P. Freind or J. Michael Willmann, Special Counsel

Re: Subpoena Duces Tecum issued to Herman J. Israel dated September 13, 1974

Dear Mr. Freind:

After examining the Subpoena delivered to an agent for my client, Herman J. Israel, it is my opinion that the Subpoena is not valid. I do not believe it to be in accordance with House Resolution No. 98, Sessions 1973, and, in fact, I believe that said Resolution is in itself unconstitutional. The Subpoena for cancelled checks and corresponding check stubs of an individual, Herman J. Israel, who does not now nor ever did, individually, have any transactions with the Commonwealth of Pennsylvania or any Department thereof is certainly not within the Resolution which applies to those having or being involved in purchasing, leasing, construction and disposal of Commonwealth property, supplies and services. The Resolution authorizes the issue of Subpoenas to appear before it and answer any questions touching matters properly being inquired into by the Committee. Under the Resolution and under Rule 51 of the House of Representatives, there does not seem to be the right to issue Subpoenas Duces Tecum as such but only in conjunction with the appearance of the party subpoenaed.

Article II, Pennsylvania Constitution, Section 1, vests in the General Assembly consisting of a Senate and House of Representatives legislative power. The right to investigate the abuse of position or misuse of power by an administrative agency of the State in and of itself is a function belonging to the Executive Branch and the Judiciary. The



Abraham Fishkin Alice Dobson

attorneys-at-Law

533 Fifth Avenue Pittsburgh, Pennsylvania 15219 Telephone 391-5050

Resolution above mentioned in its entirety is basically an investigative Resolution not within the authority granted by the Constitution.

If it is determined by proper agencies that the Resolution is constitutional and the Subpoena proper, my client will comply with the Subpoena.

Very truly yours,

Abraham Fishkin

AF:OB CERTIFIED MAIL RETURN RECEIPT REQUESTED



HARRISBURG

September 24, 1974

17125

Honorable Patrick A. Gleason Chairman, House Select Committee on State Contract Practices B-10 Main Capitol Building Harrisburg, Pennsylvania

Dear Chairman Gleason:

In response to your subpoena Ducas Tecum addressed to Scoop Ceres, I submit the following:

- (a) Any meetings and/or discussions between Scoop Ceres and any other individual(s) from June 1, 1974 until the present during which meetings and/or discussions the following topics were discussed:
- An alleged loan from Walter Robbins to Frank C. and/or Viola R. Hilton.

Answer: I know nothing about such a loan.

2. Preparation for a press conference held July 2, 1974 by Frank C. Hilton.

Answer: On the morning of July 2, 1974 I was directed by Mr. Hilton to summon a press conference in the usual manner for 2:00 P.M. July 2, 1974 in his office, 515 North Office Building. Usual manner consists of contacting the News Room and requesting that a notice of the conference time and place be displayed on the bulletin board. In addition news editors of radio and TV stations are contacted. Inquiring newsmen were told Mr. Hilton would discuss the July 1, 1974 Complaint In Mandamus filed in Commonwealth Court against Chairman Gleason and the Majority members of the Select Committee, and also the source of a loan obtained by Mr. Hilton.

3. The real source of the funds by which Frank C. and/or Viola R. Hilton repaid an outstanding loan from the Keystone Bank of over \$15,000.

Answer: This appears to be a personal matter which Mr. Hilton never discussed with me.

4. The reasons why Frank C. Hilton provided false information at his July 2, 1974 press conference.

Answer: Mr. Hilton stated his reason at the press conference as being an effort to find the source or sources of "leaks" inside his department.

5. Any course of action to be taken by Frank C. Hilton, Milton J. Shapp or other officials concerning the revelation that Frank C. Hilton provided false information at his July 2, 1974 press conference.

Answer: I have no knowledge of any course of action to be taken by Mr. Hilton, the Governor, or bther officials".

6. Any and all other issues related to the described topics. This data should include but not be limited to any notes, tapes, appointment book entries, phone logs and any and all other data relating to any such meeting(s) and/or discussion(s).

Answer: I have no notes, tapes, appointment book entries, phone logs or any other data relating to any such meeting(s) and/or discussions.

Scoop Ceres
513 North Office Building
Harrisburg, Pennsylvania

Albert F. Ceres, Jd.





HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA

October 3, 1974

MEMO

Answer to Informal Opinion of the Attorney General

SUBJECT: Regarding Reporting of Campaign Receipts and Expenditures

Honorable Patrick A. Gleason

Chairman, House Select Committee to Investigate

Chairman, nouse beleet committee to investigate

State Contract Practices

FROM:

Joseph W. Murphy

Assistant Chief Legal Counse

House of Representatives

As much as I respect the Attorney General, I must vigorously disagree with his informal opinion of September 20, 1974 regarding the Election Code requirements for reporting political contributions.

First, he states "the one and only election filing requirement as clearly spelled out in the Election Code mandates that the filing take place within thirty days after the election."

The code provision says "file a full, true and detailed account, subscribed and sworn to by him, setting forth each and every sum of money received, contributed or disbursed by him for primary or election expenses, the date of each receipt, contribution and disbursement, the name of the person from whom received or to whom paid, and the specific object or purpose for which the same was disbursed."

The term "a" in the statute is not exclusionary as the word "the" he uses in his explanation is. If the code merely said that accounts had to be filed, one could wait twenty years and not be in violation of the law. This provision was meant to insure that at least one account would be filed within a reasonable time and surely contemplated future filing if there was any change in status --- i.e. receiving more money or spending more money!

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Second, the Attorney General fails to read the provision in light of the whole Election Code. The reporting requirements intend that full disclosure be made. "It has been called a golden rule of statutory interpretation that unreasonableness of the result produced by one among alternative possible interpretations of a statute is reason for rejecting that interpretation in favor of another which would produce a reasonable result. It is said to be a well established principle of statutory interpretation that the law favors rational and sensible construction." (2A Sutherland Statutory Construction, Section 45.12.)

This principle has been adopted by our State Supreme Court in Finance Company of Pennsylvania v. Board of Finance and Revenue 433 Pa. 549, 555 (1969) when it said "...legislative intent is to be accertained by considering the consequences of a particular interpretation and the object to be obtained and that the legislature does not intend a result that is absurd or unreasonable."

Also, in Commonwealth of Pennsylvania Water and Power Resources Board v. Green Spring Company, 394 Pa. 1,6 (1958) the Court said "...in determining a statute's validity we must look to its purpose, its nature and its reasonable effect; we are not limited to the mere letter of the law but must look beyond the letter to determine its true purpose and effect".

It is obvious that an interpretation that money received after the thirty-day account is filed is not reportable is not rational nor sensible in light of the whole statute.

Third, in the brevity of his answer, Mr. Packel seems to have missed the fact that the people not onlyhave the right to know how much a candidate spends but where he gets the money to do so. The receiving end of campaign funds is the point where most of the abuses occur. These facts must be fully subject to public scrutiny.

Fourth, even if what the Attorney General said were true, which I believe it is not, why did the Pennsylvania's For Progress not file their report thirty days after the next election in which the Governor was involved? (i.e. the May 1974 primary.) An excuse that the committee was terminated prior thereto is of no legal consequence. If this were true, every political committee could terminate itself the day after any election and escape all reporting requirements.

Finally, if the Attorney General knowns nothing about, the Pennsylvania's For Progress as he says, my question is WHY?





HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA HARRISBURG

SELECT COMMITTEE ON STATE CONTRACT- PRACTICES

October 3, 1974

RULES OF PROCEDURE FOR THE COMMITTEE AS ADOPTED ON AUGUST 15, 1973 AND AMENDED ON MARCH 25, 1974 AND AMENDED ON AUGUST 14, 1974 AND AMENDED ON OCTOBER 2, 1974

In addition to, and not in derogation thereof, of the House Rules, particularly Rule #51 relating to investigations, the following Rules of Procedure are adopted:

- 1. No public hearing connected with an investigation shall be held without approval of a majority of the Committee. Each member shall be apprised of, with the approval of the chair, and witnesses may be subpoenaed for attendance at such preliminary inquiries.
- 2. Subpoenas for attendance of witnesses and the production of memoranda, documents and records shall be issued by the Chairman or by any other Member of the Committee designated by him. Notice of issuance of said subpoenas shall be furnished to each Member promptly.
- 3. The Chairman shall have the authority to call meetings. This authority may be delegated by the Chairman to any other Member of the Committee when necessary. The Chairman shall not schedule any hearings or series of hearings without giving at least 48 hours notice thereof to the Members of the Committee.
- 4. For public or executive sessions, any two Members of the Committee shall constitute a quorum for the administering of oaths and the taking of testimony in any given case or subject matter. By direction of the Chairman, one Member of the Committee shall constitute a quorum for the administering oaths and the taking of testimony in any given case or subject matter in public or executive sessions.
- 5. All witnesses at public or executive hearings who testify to matters of fact shall be sworn.

- 6. Counsel retained by any witness and accompanying such witness shall be permitted to be present during the testimony of such witness at any public or executive hearing, and to advise such witness while he is testifying of his legal rights. Provided, however, that any Commonwealth officer or employee being interrogated by the staff or testifying before the Committee and electing to have his personal counsel present shall not be permitted to select such counsel from the employees or officers of any Commonwealth agency. This rule shall not be construed to excuse a witness from testifying in the event his counsel is ejected for contumacy or disorderly conduct; nor shall this rule be construed as authorizing counsel to coach the witness, answer for the witness, or put words in the witness' mouth. The failure of any witness to secure counsel shall not excuse such witness from attendance in response to subpoena.
- 7. Any witness desiring to read prepared or written statement in executive or public hearings shall file a copy of such statement with the counsel or Chairman of the Committee 48 hours in advance of the hearings at which the statement is to be presented unless the Chairman and the ranking minority Member waive this requirement. The Committee shall determine whether such statement may be read or placed in the record of the hearing.
- 8. A witness may request, on grounds of distraction, harassment, or physical discomfort, that during his testimony, television, motion picture, and other cameras and lights shall not be directed at him, such request to be ruled on by the Committee Members present at the hearing.
- 9. An accurate stenographic record shall be kept of the testimony of all witnesses in executive and public hearings. The record of his testimony whether in public or executive session shall be made available for inspection by witness or his counsel under Committee supervision; a copy of any testimony given in public session or that part of the testimony given by the witness in executive session and subsequently quoted or made part of the record in a public session shall be made available to any witness at his expense if he so requests. Records of public sessions shall be made available to any person at his expense if he so requests.
- 10. Interrogation of witnesses at Committee hearings shall be conducted on behalf of the Committee by Members and majority and minority committee counsel only.
- 11. Any person who is the subject of an investigation in public hearings may submit to the Chairman of the Committee questions in writing for the cross-examination of other witnesses called by the Committee. With the consent of a majority of the Members of the Committee present and voting, these questions shall be put to the witness by the Chairman, by a Member of the Committee, or by Counsel of the Committee.

- 12. Any person whose name is mentioned or who is specifically identified, and who believes that testimony or other evidence presented at a public hearing, or comment made by a Committee Member or counsel tends to defame him or otherwise adversely affect his reputation, may (a) request to appear personally before the Committee to testify in his own behalf, or, in the alternative, (b) file a sworn statement of facts relevant to the testimony or other evidence or comment complained of. Such request and such statement shall be submitted to the Committee for its consideration and action.
- 13. All testimony taken in executive session shall be kept secret and will not be released for public information without the approval of a majority of the Committee.
- 14. No Committee report shall be released to the public without the approval of a majority of the Committee.
- 15. All staff members shall be confirmed by a majority of the Committee. Such staff members are authorized to serve subpoenas as well as the Sergeant-at-Arms of the Legislature or other person designated by the Committee or Chairman.
- 16. All witnesses shall testify before the Committee on eath or affirmation in hearings which shall be opened to the public and the news media. Provided, however, that the Chairman shall have the authority to direct that the testimony of a particular witness on eath or affirmation be received in an executive meeting in the first instance, if the Committee would otherwise be unable to ascertain whether the witness possesses information relevant to the matters the Committee is authorized to investigate.
- 17. All still photography will be completed before a witness actually testifies and no photographing shall occur while the witness is testifying. The testimony of a witness in public session, however, may be broadcast by television or radio with the permission of the Chairman, provided that such coverage is orderly and unobstrusive. The coverage of any hearing of the Committee by television, radio, or still photography shall be under the direct supervision of the Chairman, who may for good cause terminate such media coverage in whole or in part, or take such other action as the circumstances may warrant.
- 18. The oral presentation by a witness of any opening statement which has been authorized by the Committee pursuant to Rule 7 shall be made under oath or affirmation and shall not exceed five minutes unless an extension of time is authorized by the Chairman. The statement shall be relevant to the subject matter of the Committee's inquiry. Statements or portions of statements which take the form of personal attacks by the witness upon the motives or character of the Committee, any member thereof, or Committee staff, and statements which are intemperate, are not deemed to be relevant or germane, shall not be made, and may be stricken from the record of the proceedings on the authority of the Chairman.

- 19. At the conclusion of the interrogation of his client, counsel shall be permitted to make such reasonable and pertinent requests upon the Committee, including the testimony of other witnesses or other evidence, as he shall deem necessary to protect his client's rights. In the discretion of the Chairman, such requests may be ruled upon immediately by the Committee members present or taken under advisement for future consideration by the Committee.
- 20. Counsel for a witness may not examine his own client. Counsel may submit to the Chairman in writing any questions he wishes propounded to his client or to any other witness. Such questions, subject to changes in form, shall be put to the witness by the Committee Chairman, by another member of the Committee, or by Committee counsel designated by the Chairman, unless a majority of the Committee rules that the questions are objectionable on the grounds of relevancy, form or for other proper reason.
- 21. If the lawyer who accompanies the witness before the Committee advises the witness to claim a privilege against giving any testimony or producing documents sought by the Committee, the Committee shall permit the lawyer to present his views on the matter for the information of the Committee, and the Committee shall thereupon rule on the validity of the claim or its application to the particular circumstances involved and require the witness to give the testimony or produce the documents sought in the event its ruling on the claim is adverse to the witness. Neither the witness nor any other officer or person shall be permitted to claim a privilege against the witness's testifying or producing records prior to the appearance of the witness before the Committee, and the Committee shall not rule in respect to the claim that testimony is privileged or properly withheld until the question by which the testimony is sought is put to the witness.
- 22. Questioning of witnesses shall be conducted in the following order: majority counsel, minority counsel, Chairman, Vice-Chairman, members of the majority and minority in alternation, minority counsel, and majority counsel. Questioning by majority and minority counsel shall be unlimited. No more than two counsel representing the majority and minority respectively may interrogate any particular witness. The Chairman and Vice-Chairman shall be permitted fifteen minutes at a time to question each witness; otherwise Committee members shall be permitted ten minutes at a time to question each witness.
- 23. In fulfillment of the requirements of Rule 51, of the Rules of the House of Representatives, the Committee shall notify any person who, in the opinion of the Committee, has been defamed, degraded or incriminated by any evidence or testimony received by the Committee, of the substance of the accusation. Such person shall also be invited voluntarily before the Committee and to request that additional witnesses be summoned.
- 24. In the absence of the Chairman, the ranking majority member of the Committee shall be the acting Chairman or any member designated by the Chairman shall be the acting Chairman.



COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL HARRISBURG

FRANK P. LAWLEY, JR.

September 25, 1974

Patrick A. Gleason, Chairman Select Committee on State Contract Practices House of Representatives B-10 Main Capitol Building Harrisburg, Pennsylvania 17120

Dear Representative Gleason:

At 12:10 P.M. today, I accepted service of a Subpoena Duces Tecum on behalf of Auditor General Robert P. Casey as issued by the Select Committee on State Contract Practices. The Subpoena requires Mr. Casey to bring or cause to be brought before the Select Committee:

"the following books, correspondence, documents, accounts, records, indices, tapes, logs, ledgers, checks, and any and all other data pertaining to:

Any expense vouchers and/or travel vouchers filed by Frank C. Hilton former Secretary of the Department of Property & Supplies and Anthony Altavilla, an employee of the Department of Property & Supplies from June 1, 1974 until the present."

This Department desires to comply with the Subpoena and will do so if possible. However, as I explained to Stephen F. Freind, Special Counsel to the Committee, in a telephone call at the time I accepted service of the Subpoena, the material requested, if it has been received by this Department from the State Treasurer after payment, will be filed as a part of a "Voucher Transmittal".

In the Commonwealth's bill paying process, any number of invoices are placed on a Voucher Transmittal submitted by a particular department seeking payment thereof. Therefore, any expense account submitted by any employe, including a department head, would be only one invoice among any number of others on one Voucher Transmittal. When such Voucher Transmittal is submitted to the Treasury Department for pre-audit and then payment, the same is assigned a warrant number and checks are drawn upon that particular warrant.

Patrick A. Gleason, Chairman -2-September 25, 1974 Select Committee on State Contract Practices After Treasury has completed its work in connection with the payment process, the Voucher Transmittal is eventually lodged with the Department of the Auditor General for filing purposes. This Department files such Voucher Transmittals according to warrant number. Therefore, unless we are furnished the warrant numbers and dates covering the material subpoenaed, it would be practically impossible for us to isolate the particular documents requested by the Subpoena. Mr. Freind informs me that copies of the same records requested of the Auditor General, as maintained by the Comptroller for the Department of Property and Supplies, have also been subpoenaed. Upon receipt of the Property and Supplies' records, Mr. Freind has informed me that he will furnish to this Department the warrant numbers and dates as reflected in the Department of Property and Supplies' records.

Upon receipt of this information from the Committee, we will be readily able to locate the original Voucher Transmittals and cause the same to be delivered to the Committee in compliance with the Subpoena.

If you have any questions concerning this matter, please do not hesitate to call me.

Sincerely,

Frank P. Lawley, Jr.

FPL/mcf

cc: Mr. Freind



COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF PROPERTY AND SUPPLIES HARRISBURG, PENNSYLVANIA

FRANK C. HILTON

September 13, 1974

Honorable Patrick A. Gleason Chairman, House Select Committee Room B-10 Main Capitol Building Harrisburg, Pennsylvania

Dear Mr. Gleason:

In compliance with your subpoena Duces Tecum requesting me, under provision of House Resolution 98, Printers No. 1381, adopted July 25, 1973, pursuant to House of Representatives Rule 51, you will find under provision of sub-title:

(a) Receipted note Keystone Bank in the amount of \$19,800.00, which had been reduced by regular payments, plus interest, to \$15,675.00, which balance was paid on July 19, 1972. In a separate envelope you will find cancelled checks and statement showing payments made on Account No. 16955. The loan was retired from savings of my wife in the amount of \$13,802.16, plus \$6,000.00 received from an Option Agreement for a quarter interest in land situate in Cambridge Township, Crawford County, Pennsylvania.

Your attention is invited to the attached signed Option Agreement, prepared by Barco and Barco, Attorneys at Law, 357 Center Street, Meadville, Pennsylvania, as well as the notorized statement signed by Alvin N. Fuerst, 1100 Yellowstone Road, Cleveland Heights, Ohio 44121.

Inasmuch as sub-title (b), (c), (d), and (e) do not apply, there is nothing to report.

Under provisions of sub-title (f) you will find copies of all financial statements filed by Frank C. Hilton, Secretary of the Department of Property and Supplies, including the current statement dated September 12, 1974.

Sincerely yours,

Frank C. Hilton

Secretary of Property and Supplies

BASKIN, BOREMAN, WILNER, SACHS, GONDELMAN & CRAIG ATTORNEYS AT LAW

ARNOLD D. WILNER HERBERT B. SACHS LEONARD BOREMAN FRANK R. BOLTE DAVID W. CRAIG HAROLD GONDELMAN
JEROME M. LIBENSON NELSON P. YOUNG GEORGE E. EWING HAROLD A. GOLD REGIS D. MURRIN CHARLES E. WITTLIN RALPH D. TIVE ROBERT G. SABLE GERALD S. LESHER

EDWARD M. CITRON EDNA L. FISCHER GEORGE R. SPECTER CLIFFORD J. KOERTH LINDA LEEBOV GOLDSTON JOHN P. KLEE RICHARD H. MARTIN ROBERT N. HACKETT THEODORE GOLDBERG DONALD S. HERSHMAN RAYMOND N. BAUM WILLIAM JOHN CHAPAS STANLEY J. KANN, II

10TH FLOOR FRICK BUILDING PITTSBURGH, PA. 15219

(412) 562-8600

September 25, 1974

WRITER'S DIRECT DIAL NUMBER

562-8718

Stephen Friend, Esquire Chief Counsel Select Committee on State Contract Practices of the House of Representatives Capitol Building Harrisburg, Pennsylvania

Frank C. Hilton and Viola R. Hilton, his wife v. Patrick A. Gleason, et al., Members of the Select Committee on State Contract Practices of the House of Representatives, Commonwealth of Pennsylvania

Dear Mr. Friend:

A copy of the complaint in equity which I have filed on behalf of my clients, Frank C. Hilton and Viola R. Hilton, is being handdelivered herewith to you, it having been filed today in the Commonwealth A copy has been served on the Attorney General of Pennsylvania in view of the attack on the constitutionality of certain statutes. Copies of the complaint will be served upon each member of the Committee.

I have informed my clients that by reason of the attack upon the constitutionality of the Committee and of its subpoenaing power, they are not required to comply with the subpoenas until such time as the matter has been adjudicated by the courts.

Very truly yours

HAROLD GONDELMAN

Also enclosed is order of Court filing HG/avg Encl. Recentification



HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA HARRISBURG SELECT COMMITTEE ON STATE CONTRACT PRACTICES

September 17, 1974

Mr. Frank C. Hilton
906 Grove Street
Meadville, Pennsylvania 16335

Dear Mr. Hilton:

As you know, you were invited to appear voluntarily as a witness before the Select Committee on State Contract Practices. The invitation was directed to you in your official capacity as Secretary of Property and Supplies, your appearance being scheduled for September 26, 1974 at 10:00 a.m. in the House Majority Caucas Room.

To date, we have not received a response from you to our letter of invitation dated September 11, 1974 (a copy of which is attached).

I also enclose a copy of the rules of procedure of the Committee. Note please the invitation on opening statements by witnesses.

Please be advised we still want you to appear before our Committee on September 26 at the appointed time and place.

May we hear from you immediately?

Very truly yours.

Patrick A. Gleason

Chairman

PAG/sbm

Enclosures



HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA HARRISBURG

September 13, 1974

Hon Patrick A. Gleason, Chairman House Select Committee on State Contract Practices Main Capitol Building Harrisburg, Pennsylvania 17120

Dear Pat,

In view of the serious and disturbing questions revolving around the conduct of Frank Hilton, who will resign as Secretary of Property and Supplies, tomorrow, we request you give consideration to calling Mr. Hilton to testify at the earliest possible date

We note that Mr. Hilton has been seeking a hearing since last year but is now not scheduled to testify until September 26. We believe the public is entitled to a speedy explanation and that the matter should not be left hanging for so long.

Sincerely,

Harry Comer, Member House of Representatives

James Manderino, Member House of Representatives Likery Englicati

Harry Englehart, Member House of Representatives



STATEMENT ISSUED BY REP. HARRY J. COMER, (D), PHILADELPHIA, MINORITY CHAIRMAN, SELECT COMMITTEE INVESTIGATING REAL ESTATE LEASES AND OTHER MATTERS IN THE DEPARTMENT OF PROPERTY AND SUPPLIES, SPEAKING FOR HIMSELF AND REPS. HARRY A. ENGLEHART, JR. (D) CAMBRIA, AND JAMES J. MANDERINO (D) WESTMORELAND, MARCH 18, 1974 NEWS CONFERENCE.

"Mr. Hilton's testimony has been postponed by the committee majority on four different occasions. He was given the opportunity to testify in private, in executive session, but while he has been subpoenaed four times to various public hearings, he has yet to be called on to testify.

"I suspect the committee majority does not want to call him to testify because it will further show that up to date this committee has come up with one very large zero. It is another example of Republican investigating committees established with much publicity who call a couple of sensational charging witnesses to get some quick headlines and then lose interest in balancing the picture of giving those accused a right to testify.

"The Committee has heard from many witnesses making ubsubstantiated charges about Shapp Administration leasing policies, but with the exception of one witness the committee has yet to allow any Shapp Administration members, or any persons accussed to reply to the charges made.

"All we're interested in is getting all the facts on the record. Mr. Hilton has already made his statement to the committee in closed session as did all the other witnesses. We just want to do what is fair and give him the opportunity to testify in public and put his statements before the people so they can evaluate the testimony and decide if any wrongdoing has occurred.

"From the testimony they've produced so far it appears this committee is beating a dead horse. So far they have produced nothing to substantiate their charges, yet they appear reluctant to allow Mr. Hilton to testify. He has been accused in the press and through leaks to the press of executive session testimony, and we believe it is time, past time, in fact, that he was given the right to state his case publicly, and respond to some of the outrageous statements that have been made."

#

HARRY R. J. COMER, MEMBER 1725 NORTH FRONT STREET PHILADELPHIA, PENNSYLVANIA 19138

NOOM B-2 MAIN CAPITOL HARRIBBURG, PENNBYLVANIA 17120



COMMITTEES

STATE GOVERNMENT, MINORITY CHAIRMAN APPROPRIATIONS COMMISSION ON 'INTERSTATE COOFERATION, SECRETARY

HOUSE OF REPRESENTATIVES COMMONWEALTH OF PENNSYLVANIA HARRISBURG

March 15, 1974

Honorable Patrick A. Gleason Chairman, Select Committee Pursuant to House Resolution #98 636 Main Street Johnstown, Pennsylvania 15901

Dear Pat:

The minority members of the Select Committee formally request that the Committee schedule a public hearing in order that the Secretary of Property and Supplies may appear and testify.

You, as Chairman of the Committee, have made certain accusations and innuendos against the Secretary of Property and Supplies and we feel, in all fairness, that he should have the chance to reply to these remarks in the forum of a public hearing.

As the Chairman is aware, Secretary Hilton has been subpoensed to appear on several occasions and his appearance has been cancelled each time by the Chairman.

Sincerely,

Harry Comer, Minority Chairman
Harry Englehart, Jr.,
James Manderino



HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

August 23, 1973

Honorable Frank C. Hilton Secretary, Department of Property and Supplies Room 515 borth Office Building Harrisburg, Pennsylvania

Dear Frank:

I am writing to inform you, on behalf of the Minority members appointed to the Committee pursuant to House Resolution #98, that the following individuals have been appointed as minority staff to the Committee. John J. Connelly, Jr., Esquire, Counsel, and Thomas Frascella and Shirley Huston as Investigators.

Sincerely,

Harry Comer



HOUSE OF REPRESENTATIVES

COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

SELECT COMMITTEE ON STATE CONTRACT PRACTICES

September 11, 1974

Honorable Frank C. Hilton Secretary Department of Property & Supplies Commonwealth of Pennsylvania 515 North Office Building Harrisburg, Pennsylvania 17125

Dear Secretary Hilton:

Please be advised that this Committee requests your appearance before it in public hearings, to give testimony under oath on Thursday, September 26, 1974 at 10:00 o'clock a.m.

Very truly yours,

Patrick A. Gleason

Chairman

PAG: nlr

REMARKS OF FRANK C. HILTON, SECRETARY OF THE DEPARTMENT OF PROPERTY AND SUPPLIES, AT PRESS CONFERENCE 1:30 p.m., MARCH 18, 1974.

SINCE I HAVE BEEN CONSISTENTLY REFUSED TO BE PUBLICLY HEARD, I AM GLAD TO HAVE THE OPPORTUNITY TO COMMENT ON THE LETTER FROM HARRY R. J. COMER, MINORITY CHAIRMAN, AND REPS. HARRY A. ENGLEHART, JR. (D) CAMBRIA, AND JAMES J. MANDERINO (D) WESTMORELAND, TO REPRESENTATIVE PATRICK A. GLEASON, MAJORITY CHAIRMAN OF THE SELECT COMMITTEE OF THE HOUSE OF REPRESENTATIVES, INVESTIGATING REAL ESTATE LEASE PROCEDURES AND NUMEROUS OTHER MATTERS WITHIN THE DEPARTMENT OF PROPERTY AND SUPPLIES.

THIS SO-CALLED INVESTIGATION IS POLITICALLY-MOTIVATED.

IT IS AN ABUSIVE EXERCISE OF LEGISLATIVE COMMITTEE POWER OVER
THE EXECUTIVE BRANCH OF THE COMMONWEALTH'S GOVERNMENT.

FOR CHAIRMAN GLEASON TO MAKE UNSUBSTANTIATED ACCUSATIONS AGAINST ME IS UNFAIR TO SAY THE LEAST.

HAVING NOTHING TO HIDE, WE WELCOMED THE POLITICALLY-MOTIVATED, UNFAIR INQUIRY INTO OUR REAL ESTATE LEASE SYSTEM, AND COMPETITIVE BIDS FOR PURCHASING THOUSANDS OF ARTICLES USED BY STATE AGENCIES.

Neither Rep. Gleason or any Republican member of the House ever appeared in my department or addressed a communication to me or my department regarding any lease or commodity purchase.

IN JANUARY OF 1973, I PERSONALLY CONFERRED WITH SPEAKER OF THE HOUSE KENNETH B. LEE AND INVITED HIM, OR ANY COMMITTEE HE WOULD APPOINT, TO INSPECT THE RECORDS OF MY DEPARTMENT.

A YEAR HAS NOW PASSED AND THIS INVITATION HAS NOT YET BEEN ACCEPTED.

IN VIEW OF THIS, IT IS, THEREFORE, SURPRISING THAT WITHOUT ANY FOUNDATION AN INVESTIGATION WAS LAUNCHED.

THEN, TO PUBLICALLY VIRTUALLY LABEL ME GUILTY OF WRONGDOING BY SUBPOENING ME AND SENDING STATE POLICE TO SEIZE MY REAL ESTATE LEASES, AS ONE WOULD A COMMON CRIMINAL, WAS WHOLLY UNJUSTIFIED. THE MORAL BLEMISH WAS FIXED IN THE PUBLIC'S MIND.

THIS ACT COMPOUNDED THE LEGISLATURE'S ABUSE OF PRIVILEGE.

IT WAS FURTHER COMPOUNDED BY NOT PERMITTING ME TO PUBLICLY

TESTIFY ON MY OWN BEHALF AND MY DEPARTMENT GENERALLY.

REPUBLICANS STILL DANGLE A SWORD OF DAMOCLES HERE. THE "WATERGATE" STRONGLY CHARGED TO EXIST HERE HAS BEEN PROVED NOT TO EXIST. IN WASHINGTON THE OPPORTUNITY FOR THE ACCUSED TO PUBLICLY DENY GUILT IS RESISTED. IN HARRISBURG THE OPPORTUNITY FOR THE ACCUSED TO PUBLICLY DENY GUILT IS REFUSED.

SINCE THE GLEASON COMMITTEE HAS FAILED TO TURN UP ANY EVIDENCE OF WRONGDOING ON MY PART OR ANYONE IN MY DEPARTMENT, I ASK THAT I BE PERMITTED TO TESTIFY WITHOUT ANY FURTHER DELAY--I HAVE NOTHING TO HIDE.

(MORE)

THERE COMES A TIME WHEN CAMPAIGN ORATORY, DEMAGOGUERY, INFERENCES OF DISHONESTY AND FALSE CHARGES MUST BE CONVERTED TO PROOF WITH PROVEN FACTS. THAT TIME IS HERE AND NOW.

STATE AUDITOR GENERAL ROBERT P. CASEY HAS STUDIED THE CIRCUMSTANCES SURROUNDING THE HARRISBURGER LEASE AND FOUND NOTHING ILLEGAL IN THE TRANSACTION.

If the Gleason Committee does not intend to call Me, Mr. Gleason should write a report of the hearing's findings and get back to work on behalf of the citizens of Pennsylvania instead of the Republican Party at the public's expense.



DEPARTMENT OF PROPERTY AND SUPPLIES HARRISBURG

OFFICE OF THE SECRETARY

Telephone No. (717) 787-5996

September 16, 1974

Honorable Patrick A. Gleason Chairman, Select Committee House of Representatives Commonwealth of Pennsylvania Room B-10 Capitol Building Harrisburg, Pennsylvania

Dear Chairman Gleason:

In compliance with the subpoena served by the Select Committee of the House of Representatives and signed by you on September 6, 1974, I am providing the attached contracts:

- 1. File copy of contract between Commonwealth of Pennsylvania, acting through the Department of State Police and the Department of Property and Supplies and SUA, a division of Dillingham Corporation, dated August 6, 1970.
- 2. File copy of contract between Commonwealth of Pennsylvania, acting through the Department of State Police and the Department of Property and Supplies, and SUA, a division of Dillingham Corporation, dated September 24, 1971.
- 3. File copy of a memorandum from the Pennsylvania State Police terminating the contract with SUA, dated June 26, 1973.

These two contracts were inadvertently omitted when the other documents were sent to you on September 13, 1974. Please contact my office when you have completed your use of these files and we will make arrangements for the return of the files.

Ronald G. Lench, Acting Secretary of Property and Supplies

AND NOW TO WIT THIS 10th day of October 1974 THE WITHIN APPLICATION FOR TEMPORARY RESTRAINING ORDER HAVING BEEN PRESENTED AND IT APPEARING TO THE COURT THAT COUNSEL FOR DEFENDANTS REPRESENTED THAT SUBPOENAS WOULD NOT BE ISSUED OR SERVED UPON PLAINTIFFS UNTIL ADJUDICATION OF THE MATTERS SET FORTH IN PLAINTIFFS COMPLAINT IN EQUITY AND PLAINTIFFS RIGHT TO A TEMPORARY INJUNCTION AND IT FURTHER APPEARING TO THE COURT THE EXHIBITS "O" AND "P" ATTACHED TO THE WITHIN APPLICATION VIOLATE THE REPRESENTATIONS MADE TO THE COURT AS TO THE CONDUCT OF THE DEFENDANTS DURING THE PENDENCE OF THE LITIGATION, IT IS ORDERED, ADJUDGED AND DECREED THAT THE DEFENDANTS AND EACH OF THEM AND THE SELECT COMMITTEE ON STATE CONTRACT PRACTICES OF THE HOUSE OF REPRESENTATIVES BE AND THEY ARE HEREBY ENJOINED FROM ISSUING. SERVING, OR OTHERWISE INTERFERRING WITH THE RIGHTS OF THE PLAINTIFFS UNTIL FURTHER ORDER OF COURT. BY THE COURT /S/ HARRY A. KRAMER, JUDGE, COMMONWEALTH COURT.