



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG
SELECT COMMITTEE ON STATE CONTRACT PRACTICES

June 21, 1974

C O N F I D E N T I A L

TO: *Members of the House Select Committee on State Contract Practices*

FROM: *Special Counsel to the Committee*
Michael Willmann
Stephen Freind
Frederick Voigt

RE: *Status Report March 11, 1974 thru May 31, 1974*

Pursuant to the request made by the members of the House Select Committee on State Contract Practices for a synopsis of the work undertaken during the above time period by special counsel to the committee, the following case synopses have been prepared.

This material is offered in addition to the copies of all correspondence from this time period which have been previously forwarded to committee members. It is offered, too, in addition to the memos from special counsel to the committee designating dates and locations of case interviews which have been made available pursuant to the committee's request.

It is also offered in addition to the information provided at meetings of the committee on June 17, 1974, June 10, 1974 and March 25, 1974.

Date: March 17, 1974; Case Designation: Noncon; Subject: Frank Beal, Secretary of Administration; Location: Harrisburg, Pa.; Case Investigators: Willmann & Freind; Synopsis: Beal was interviewed concerning information requested of his predecessor Ron Lench in letters dated September 11, October 11, October 29, and November 8, 1973 and February 14, March 6 and March 13, 1974 which had gone

unanswered; after the interview Beal was served with a subpoena demanding the production of all consulting contracts entered into by the Office of the Governor. (A copy of the subpoena has been previously forwarded to the members of the committee).

Date: March 27, 1974; Case Designations: Greenscan and Faypay;
Subject: Confidential Source #1; Location: Harrisburg, Pa.;
Case Investigators: Willmann, Freind and Voigt; Synopsis: Source #1 provided information concerning alleged kickbacks demanded of lessors of equipment in Greene and Fayette Counties. He also provided information concerning possible hidden ownership of equipment leased to the State in Greene County.

Date: March 29, 1974; Case Designation: Noncon; Subject: Confidential Source #2; Location: Harrisburg, Pa.; Case Investigators: Willmann & Freind; Synopsis: Source #2 provided information concerning a contract entered into by the Department of Property & Supplies and Space Utilization Associates; source #2 also gave information concerning a contract between the Department of Community Affairs and Better Government Associates and concerning contracts between Xerox and Indiana University and Univac and the State Police.

Date: March 25 to March 29, 1974; Case Designation: Westvest;
Subjects: Auditor General's staff - William Smith, Dick Foutz, Ed Short, Jake Scuggs and Bill Fleming; Location: Harrisburg, Pa.; Case Investigators: Freind, Willmann and Voigt; Synopsis: During this time period special counsel met with the above members of the Auditor General's staff for a Westvest orientation; subsequently a copy of the Auditor General's Westvest file was provided to special counsel.

Date: April 4, 1974; Case Designation: LEL; Subjects: Mike Ryman & Chris Mazzella, Special Agents for the Federal Bureau of Investigation; Location: Harrisburg, Pa.; Case Investigator: Freind; Synopsis: To establish liaison.

Date: Early April (exact dates not recorded); Case Designations: Noncon, Westvest, Greenscan, Faypay, Bankcon, Merlin, Querie, etc.; Subjects: Peter Capatides, Director of the Bureau of Corporation Taxes, Revenue Department; James Green, Bureau of Elections, Department of State; James Krouse, Corporation Bureau, Department of State; Location: Harrisburg, Pa.; Case Investigators: Willmann & Voigt; Synopsis: Each of the above were contacted to establish a liaison so that information available from their respective offices would be accessible to special counsel; these liaisons were subsequently confirmed by a letter to Secretary Yakovicz dated April 9, 1974 and by letter to Secretary Tucker dated April 9, 1974 and April 29, 1974.

Date: April 9, 1974; Case Designation: Milhil; Subject: Norman Krumenacker; Location: Johnstown, Pa.; Case Investigators: Willmann, Freind and Voigt; Synopsis: Former special counsel of committee was interviewed with respect to the actions undertaken by the committee during his tenure.

Date: April 10, 1974; Case Designation: Westvest; Subject: Confidential Source #3; Location: Pittsburgh, Pa.; Case Investigators: Freind, Willmann and Voigt; Synopsis: Source #3 offered information concerning lessors allegedly being forced to make kickbacks to PennDOT officials in Westmoreland County.

Date: April 10, 1974; Case Designation: LEL; Subjects: Richard Thornburgh Jay Waldman, Sam Orr, U.S. Attorney's Office, Western District of Pennsylvania; Location: Pittsburgh, Pa.; Case Investigators: Freind, Willmann and Voigt; Synopsis: Meeting was held to establish a liaison with Thornburgh's office to discuss Westvest and Noncon - specifically the General State Authority component. (Subsequent meetings in Harrisburg between special counsel and Orr also included Merlin and Querie.)

Date: April 18, 1974; Case Designations: LEL and Propbust; Subject: Leroy Zimmerman, Dauphin County District Attorney; Location: Harrisburg, Pa.; Case Investigators: Freind, Willmann & Voigt; Synopsis: Meeting to establish liaison with the District Attorney's office to discuss public hearings and possible perjury prosecutions subsequent to those hearings; Propbust was also discussed and information requested.

Date: April 19, 1974; Case Designation: LEL; Subjects: Robert Curran, Rick Galli, U.S. Attorney's Office, Eastern District of Pennsylvania; Location: Philadelphia, Pa.; Case Investigators: Freind, Willmann & Voigt; Synopsis: Meeting was held to establish liaison with the Curran office to discuss Noncon - specifically General State Authority and to discuss presentments by the Philadelphia Special Investigating Grand Jury, particularly in the areas of liquor, cigarette smuggling and payoffs by architects and engineers.

Date: Mid April; Case Designation: Noncon; Subject: Dick Campbell, Executive Director, Legislative Data Processing Center; Location: Harrisburg, Pa.; Case Investigators: Voigt & Willmann; Synopsis: Meeting was held to initiate computer study of the relationship between the awarding of State contracts and political contributions; numerous subsequent meetings - all of a follow-up nature - have been held.

Date: April 22, 1974; Case Designation: Noncon; Subject: Otis Littleton, Executive Director, House Consumer Protection Committee; Location: Harrisburg, Pa.; Case Investigators: Freind, Willmann & Voigt; Synopsis: To establish liaison with the committee, particularly its insurance sub-committee; numerous follow-up meetings have been held.

Date: April 25, 1974; Case Designation: LEL; Subject: John Cottone, U.S. Attorney's office, Middle District of Pennsylvania; Location: Scranton, Pa.; Case Investigators: Freind, Willmann & Voigt; Synopsis: To establish liaison with the office, particularly to discuss Noncon - specifically its General State Authority component.

Date: April 25, 1974; Case Designation: Bankcon; Subject: Warner DePuy; Location: Milford, Pa.; Case Investigators: Willmann, Freind & Voigt; Synopsis: The meeting was held for background information on the operation of the Treasurer's Office and the Department of Revenue - specifically, the State's use of active and inactive depositories and transfer agents.

Date: April 26, 1974; Case Designation: Noncon; Subject: Confidential Source #4; Location: Philadelphia, Pa.; Case Investigators: Freind, Willmann & Voigt; Synopsis: Information was given concerning possible payoffs for the retention of state contracts by a liquor warehousing company.

Date: Late April; Case Designation: None; Subject: Rep. H. Joseph Hepford; Location: Harrisburg, Pa.; Case Investigators: Freind, Willmann & Voigt; Synopsis: Discussion of presentments issued by the Philadelphia Special Investigating Grand Jury.

Date: May 3, 1974; Case Designations: LEL & Kasspay; Subject: Paul Kilian, U.S. Attorney's Office, Middle District of Pennsylvania; Location: Harrisburg, Pa.; Case Investigators: Freind, Willmann & Voigt; Synopsis: The meeting was held to establish a liaison with the Harrisburg office and to discuss allegations of a payoff obtained by a former congressional candidate for his role in obtaining a flood relief loan.

Date: May 6, 1974; Case Designation: LEGCON; Subject: Arlen Specter; Location: Philadelphia, Pa.; Case Investigators: Willmann, Freind & Voigt; Synopsis: Consultation concerning legal issues arising during the investigation.

Date: May 7, 1974; Case Designation: Bankcon; Subject: Grace Sloan; Location: Harrisburg, Pa.; Case Investigator: Voigt; Synopsis: Meeting was held to obtain background regarding active and inactive depositories and transfer agents. (Minority members and staff were present).

Date: May 6 to May 9, 1974; Case Designation: Westvest; Subjects: Confidential; Location: Westmoreland County, Pennsylvania; Case Investigators: Freind & Willmann; Synopsis: Appropriate interviews conducted pursuant to review of Auditor General's report.

Date: May 8, 1974; Case Designations: LEL and Westvest; Subject: Albert Gaudio; Location: Greensburg, Pa.; Case Investigators: Freind & Willmann; Synopsis: The meeting was held to establish liaison with Westmoreland County District Attorney's Office.

Date: May 10, 1974; Case Designation: Noncon; Subject: Irv Sagorsky; Location: Philadelphia, Pa.; Case Investigators: Freind, Willmann & Voigt; Synopsis: To discuss the Sagorsky firm's lottery contracts with the State and political contributions made by the principals of the firm.

Date: May 14 and 15, 1974; Case Designation: Cleansweep; Subject: Republican and Democratic County Committees and County Boards of Election in Philadelphia, Montgomery, Dauphin, Lycoming, Cambria, Westmoreland, Greene, Fayette, Allegheny, Mercer & Erie Counties; Location: The above counties; Case Investigators: Freind, Willmann, Voigt and 14 other designated subpoena servers; Synopsis: Service of subpoenas for political contribution records in the above counties.

Date: May 16, 1974; Case Designation: Cleansweep; Subject: Delaware County Republican and Democratic County Committees and County Board of Elections; Location: Delaware County; Case Investigators: Freind & Voigt; Synopsis: Service of subpoenas for political contribution records in Delaware County.

Date: May 16, 1974; Case Designation: Noncon; Subjects: Gary Levitt and Victor Sonder; Location: Philadelphia, Pa.; Case Investigators: Freind, Willmann & Voigt; Synopsis: To discuss the Levitt and Sonder firm's lottery contracts with the State and political contributions made by the principals of the firm.

Date: May 17, 1974; Case Designation: LEL; Subject: Walter Phillips, Ben Joseph, Philadelphia Special Prosecutor's Office; Location: Philadelphia, Pa.; Case Investigators: Freind, Voigt & Willmann; Synopsis: To establish liaison; to discuss Westvest, Bankcon and Noncon - particularly the General State Authority component, and presentments by the Philadelphia Special Investigating Grand Jury.

Date: May 18, 1974; Case Designation: LEGCON; Subject: Arlen Specter;
Location: Philadelphia, Pa.; Case Investigators: Willmann, Freind & Voigt;
Synopsis: Consultation concerning legal issues arising during the investi-
gation.

Date: May 10, 1974; Case Designation: Bankcon; Subjects: Jere Young,
I.V.B., Arthur Konow, Continental Bank and Frederick Littleton, Fidelity Bank;
Location: Philadelphia, Pa.; Case Investigators: Willmann & Freind;
Synopsis: Individual meetings with the above to discuss the respective
banks' status as transfer agents, and as active or inactive depositories, and
as lenders to political committees. (See letters to I.V.B. dated May 15 and
May 31, 1974; to Fidelity Bank dated May 15 and June 3, 1974 and to
Continental Bank dated May 15, May 29 and June 18, 1974.)

Date: May 23, 1974; Case Designations: LEL and Westvest; Subject: Albert
Gaudio; Location: Greensburg, Pa.; Case Investigators: Freind & Willmann;
Synopsis: Meeting was held to establish liaison with Westmoreland County
District Attorney's Office.

Date: May 30, 1974; Case Designations: Westvest, Noncon, Bankcon etc.;
Subjects: Mike Ryman & Chris Mazzella, Special Agents, Federal
Bureau of Investigation; Location: Harrisburg, Pa.; Case Investigators:
Freind, Voigt & Willmann; Synopsis: Status report on all phases of the
investigation and a discussion of the presentments issued by the
Philadelphia Special Investigating Grand Jury.

The above entries represent a good faith reconstruction of special
counsel's interviews during the captioned period. Any omission is
inadvertent.

A Case Designation Index appears on a separate sheet following this
memorandum.

(N.B. A copy of several thousand pages of Westvest background material
is being made available with a copy of this memorandum to Representative
James Manderino because of his expressed and continued interest in Westvest.

Representative Manderino is requested to forward these background materials to the Minority Chairman when he has concluded his perusal. The Minority Chairman is requested to make these materials available to minority staff. It is suggested that these materials be treated as confidential.)

JMW/SFF/FLV:nlr

CASE DESIGNATION INDEX

<i>Westvest</i>	<i>Westmoreland County PennDOT kickback investigation</i>
<i>Greenscan</i>	<i>Greene County PennDOT kickback investigation</i>
<i>Faypay</i>	<i>Fayette County PennDOT kickback investigation</i>
<i>Merlin</i>	<i>Mercer County PennDOT kickback investigation</i>
<i>Querie</i>	<i>Erie County Community Affairs Department property rental kickback investigation</i>
<i>Bankcon</i>	<i>Investigation into the relationships between banks' contractual relationships with the State and loans to political committees.</i>
<i>Noncon</i>	<i>Investigation into the relationship between the awarding of non-bid contracts by the State and political contributions.</i>
<i>LEGCON</i>	<i>Legal consultation</i>
<i>Milhil</i>	<i>Investigation into charges of sweetheart lease agreements for DER in Harrisburg.</i>
<i>Propbust</i>	<i>Investigation into the circumstances leading to the arrest of P & S employees by Dauphin County District Attorney's office.</i>
<i>Kasspay</i>	<i>Investigation into allegations of a payoff obtained by a former congressional candidate for his role into obtaining a flood relief loan.</i>
<i>LEL</i>	<i>Law enforcement liaison</i>