



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION
HARRISBURG, PENNSYLVANIA 17120

OFFICE OF
SECRETARY OF TRANSPORTATION

August 22, 1974

Honorable Patrick A. Gleason, Chairman
House Select Committee
Room B-10, Main Capitol Building
Harrisburg, Pennsylvania 17120

Dear Mr. Gleason:

In our haste to get to you the material requested in your subpoena, I failed to include our departmental review of the re-examination of the audit made by Mr. Berard while on loan to the Department of Justice during the joint investigation with the Auditor General in Westmoreland County.

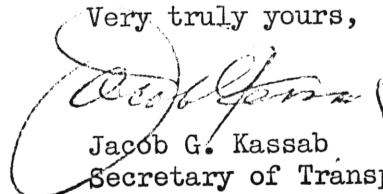
This departmental review and re-examination was made for the benefit of PennDOT and may not have been the subject of your request for investigation reports and audits in Westmoreland County, but I think you should have the benefit of same during the course of your deliberation.

Attached please find:

1. A report from Mr. Micco to Secretary Kassab dated November 21, 1973, which constituted a re-examination by Mr. Berard of Finding No. 4.
2. Memo from J. B. Wilson to Secretary Kassab dated December 20, 1973, which is a report of the Task Force appointed to make an in-depth review of the audit report.
3. Letter from Secretary to Casey, Auditor General, transmitting the Task Force report dated January 9, 1974.

If I can be of further assistance to you in this matter, please advise.

Very truly yours,


Jacob G. Kassab
Secretary of Transportation

Attachments (3)



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION
HARRISBURG, PENNSYLVANIA 17120

OFFICE OF
SECRETARY OF TRANSPORTATION

August 19, 1974

Honorable Patrick A. Gleason, Chairman
House Select Committee
Room B-10, Main Capitol Building
Harrisburg, Pennsylvania 17120

Dear Representative Gleason:

Reference is made to the Subpoena Duces Tecum, which you directed to me dated August 16, 1974.

As for item (a), we have already furnished your Committee with copies of all investigation reports concerning Westmoreland County. The audit you request was completed by an employee of this Department who was on loan to the Department of Justice during the joint investigation by Justice and the Auditor General. Therefore, I suggest that you direct your request to the Department of Justice.

Attached you will find the list of lessors of equipment as requested in paragraph (b).

Serving a subpoena on me was totally unnecessary, as you are fully aware of the fact that I have offered and given total cooperation to your Committee by supplying all information requested. On this very date I had several boxes of investigation reports hand carried to your office.

A phone call or a letter will continue to be sufficient to get my cooperation.

Very truly yours,

Jacob G. Kassab
Secretary of Transportation

Attachment

17,889.84



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION
HARRISBURG, PENNSYLVANIA 17120

OFFICE OF
SECRETARY OF TRANSPORTATION

Legal Bureau

Honorable Patrick A. Gleason, Chairman
House Select Committee on
State Contract Practices
Harrisburg, Pennsylvania 17120

Dear Representative Gleason:

I am in receipt of your letter of June 11, 1974, requesting certain information concerning leasing of equipment by this Department.

Let me say at the outset that much of the information you are now requesting has already been supplied to your committee.

As for your inquiry concerning collection from lessors for overpayment, please be advised that action was taken immediately upon receipt of the Attorney General's letter by our Legal Bureau to recoup the amounts owed. In some instances, the overpayment was received immediately from the lessors. In others, settlement was made after a complaint was filed in Commonwealth Court. Three cases are still pending in Commonwealth Court. These cases are James C. Poole - \$3,369.75; Regis Klinchock - \$416.00; and Bruce Cholock - \$333.20. This constitutes our answer to your first and second questions.

In answer to your third question as to whether all of the lessors have been suspended from leasing to PennDOT, please be advised that all lessors were suspended and their contracts canceled when we became aware of the fact overpayments were made, as evidenced by Attachment "A". As repayment was made, the lessors again became eligible for contracts. The reason for this is that we do not feel there were any criminal acts such as fraud committed by the lessors involved. What did occur included a misunderstanding as to the manner of measuring the capacity of the buckets on front-end loaders, a failure by the original investigators to discover the existence of backhoes or that trucks were equipped with side-boards which permitted them to carry a greater load than the body would normally carry, and a decision by the District Attorney of Westmoreland County after a thorough review of the evidence that the matter did not warrant prosecution as to any of the lessors.

June 13, 1974

Regarding Foreman Michael Gates, a letter of dismissal (Attachment "B") terminating his employment was prepared and issued on October 22, 1973. On December 20, 1973, the Bureau of Labor Relations, Office of Administration, directed the reinstatement of Mr. Gates until disposition of the criminal proceedings pending at that time. Subsequent to the preparation of the Attorney General's letter of October 11, 1973, it was determined by the District Attorney of Westmoreland County that no criminal charges could be brought in this matter. Attorney General Packel concurred with the conclusion of the District Attorney in the matters involving Foreman Gates, James Brown and the Laurel Construction Corporation.

I also wish to advise you that when our Legal Bureau, Comptroller and Investigation Division reviewed the report of the Attorney General, they found certain items which could not be substantiated and certain other items which were in error, and in those cases the claim was adjusted by them accordingly. For instance, the claim against Brown for \$10,197.00 and his other company, Laurel, for \$1,784.10 was corrected to \$8,400.00. The claim against Jones Construction and John E. Jones & Son was corrected from \$1,641.90 to \$1,717.10.

Regarding your request for a listing of equipment rentals, we call to your attention our letter of January 10, 1974, (Attachment "C") in response to your earlier correspondence. Forwarded with this correspondence were computer tabulations of equipment lessors, the dates of their contracts, the amounts paid, and generally all the information you are again requesting. This information covered calendar years 1972 and 1973, and a special computer run was completed to provide this information by individual county. These listings included not only the eight (8) specific counties you have requested in your most recent letter, but also the information for all sixty-seven (67) counties in the Commonwealth.

In an effort to eliminate a duplication of effort and costly resubmission of the same data, my staff has contacted Mr. Jeff Hammett, a staff researcher in the House of Representatives who secured the earlier information. We are attempting to provide the requested data as quickly as possible, and as soon as Mr. Hammett informs us of the specific material required in addition to what has already been provided, we will be pleased to forward the additional data. We will forward the PennDOT personnel listing you have requested when we receive it from Central Management Information.

In response to your request for detail on the entire administrative process involving equipment leases, we attach Circular Letter M-2354 (Attachment "D") that completely outlines our internal procedures. Please note that prior to this administration, detailed instructions on the control of rented equipment were not in existence.

June 13, 1974

The actual payment for leased equipment is handled as a Department payroll procedure. This information is available in the Department Accounting Manual.

In January, it came to my attention that the checks in payment for leased equipment were being distributed from our County Offices, as they had been in prior Administrations. I immediately discontinued this practice. Attached are a memo dated December 27, 1973, and Circular Letters AA-1932 (Attachment "F") and AA-1932-1 (Attachment "G") outlining a revised procedure now requiring direct mailing by the Department Comptroller for all payments of leased equipment.

I trust these are satisfactory answers to your inquiry.

Sincerely,



Jacob G. Kassab
Secretary of Transportation

Attachments

PATRICK A. GLEASON
CHAIRMAN



OFFICE OF SPECIAL COUNSEL

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

June 13, 1974

The Honorable Jacob G. Kassab
Secretary of Transportation
1200 Transportation and Safety Building
Harrisburg, Pennsylvania

Re: Westmoreland County Investigation

Dear Secretary Kassab:

Enclosed please find a copy of my letter of June 7, 1974 to Attorney General Israel Packel expressing the concern of this Committee over obstructionistic tactics on the part of the "Union" representing PennDot employees.

As the enclosed letter indicates, I requested the Attorney General to apprise this Committee of his legal opinion concerning this matter, what action, if any, he took in dealing with this matter when it was originally brought to his attention by Auditor General Casey in May of 1973 and what steps, if any, he now intends to take to deal with this matter.

In addition to the circumstances as detailed in my letter to Attorney General Packel, I have been advised by members of the staff of this Committee that supervisory personnel of PennDot in District 12-5 have advised employees that their pay would be "docked" if they spoke to Committee staff on the job.

We feel, of course, that since the Committee's investigators are inquiring only about activities involving PennDot employees in their capacities as State employees, they have an affirmative obligation to cooperate so that this duly authorized Committee of the House may be in a position to discharge its responsibilities pursuant to House Resolution 98.

I would respectfully request that you advise this Committee as to what your official position is relative to the aforementioned matters and what steps, if any, you intend to take to rectify this situation. I would appreciate your response as soon as possible.

Very truly yours,

A handwritten signature in cursive script that reads "Patrick A. Gleason" followed by a small circled "P" or similar mark.

Patrick A. Gleason, Chairman
House Select Committee on
State Contract Practices

PAG:bb
Enclosure

PATRICK A. GLEASON
CHAIRMAN



OFFICE OF SPECIAL COUNSEL

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

June 11, 1974

The Honorable Jacob G. Kassab
Secretary of Transportation
Room 1200
Transportation and Safety Building
Harrisburg, Pennsylvania

Dear Secretary Kassab:

As you are no doubt aware, the House Select Committee on State Contract Practices, which I chair, is conducting an extensive investigation into allegations of corrupt contract practices which have occurred in Westmoreland County. Specifically, these allegations deal with alleged improper and criminal activities on the part of various employees of the Pennsylvania Department of Transportation, Highway District 12-5, as well as individuals who lease equipment to the Commonwealth for highway maintenance.

Many of these allegations were previously investigated in a joint effort by investigators of the office of the Attorney General of Pennsylvania and the office of the Auditor General of Pennsylvania. As you no doubt recall, this joint venture began in approximately March of 1973 and was terminated in approximately December of that same year. At the conclusion of that investigation, the Auditor General suggested that the indictment of at least eight (8) individuals, including both PennDot employees and lessors of equipment, would be appropriate. By letter dated October 11, 1973 from Attorney General Packel, you were advised that the Attorney General was recommending the indictment of PennDot foreman, Michael Gates, and equipment lessor, James L. Brown. In addition, the Attorney General recommended that your office initiate proceedings to recover a sum of \$10,197.00 from James L. Brown, this money having been paid by the Commonwealth to Brown for services which were, in fact, not rendered. Also the Attorney General recommended similar proceedings against ten (10) additional lessors to recover an additional total of \$10,869.35.

Please advise me as to what specific action your department has taken with respect to these recommendations. Specifically, have the above described monies been collected from James L. Brown, also doing business as Laurel Construction Corporation, and the ten (10) additional lessors. For each specific lessor, please advise as to the following:

1. Has any action been taken to recover the above described sums of money?

The Honorable Jacob G. Kassab

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2. If so, what is the current status of such attempt?
3. Have any or all of the lessors in question been suspended from leasing equipment to PennDot?
4. If so, for what period of time has this suspension been in effect or if appropriate, has this suspension been lifted.

In view of the fact that the Attorney General, in his letter to you of October 11, 1973, advised that his investigation revealed "criminal wrong doing and gross administrative irregularities" in PennDot District 12-5, please advise me as to what steps, if any, your office has taken to correct this situation. In addition, please detail the entire administrative process involved in the contractual basis by which an owner of equipment leases such equipment to PennDot. In this vein, please include any details as to eligibility or ownership, which may preclude an individual from leasing such equipment to your department. Further, please indicate in what manner records are kept as to the specific dates and number of hours for which a specific piece of equipment was used by PennDot.

Additionally, I would appreciate your sending me a list of all individuals who have leased equipment to PennDot from January 1, 1970 until the present. Included in this list should be the name of the lessor, both individually and/or corporate, the dates of such contracts and the total amount of revenue paid to each lessor by PennDot. I desire this information for all lessors of equipment in the following counties:

Westmoreland County	District 12-5
Greene County	District 12-2
Washington County	District 12-4
Fayette County	District 12-1
Mercer County	District 1-4
Butler County	District 10-2
Montgomery County	District 6-4
Cambria County	District 9-3

I would appreciate the above information to be broken down into each specific highway district and, if possible, alphabetized. In addition, please forward to me, the PennDot personnel list for all PennDot employees from January 1, 1970 until the present in Butler and Washington counties.


I realize that the time involved in compiling the data which I have requested may be extensive. Accordingly, I only ask that the information dealing with the lessors mentioned in the Attorney General's letter and the data concerning all lessors from January 1, 1970

The Honorable Jacob G. Kassab
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to the present in Westmoreland County be delivered to me no later than Monday, June 17, 1974 at 11:00 A.M. I would appreciate that the remainder of the requested data be in my hands no later than Friday, June 21, 1974 at 11:00 A.M.

Thank you for your continued cooperation. The Committee is most appreciative of your efforts in these matters.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Pat Gleason". The signature is written in dark ink and is positioned above the typed name.

Patrick A. Gleason, Chairman
House Select Committee on
State Contract Practices

PAG:bb

PATRICK A. GLEASON
CHAIRMAN



OFFICE OF SPECIAL COUNSEL

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

May 1, 1974

Honorable Jacob G. Kassab
Secretary of Transportation
Room 1200
Transportation and Safety Building
Harrisburg, Pennsylvania

Dear Secretary Kassab:

Thank you for your letter of April 23, 1974 and the prompt furnishing of the items requested by this Committee.

I would be most appreciative if you would provide to us a list of all PennDOT employees employed in the following highway districts since January 1, 1970. This list should provide the name of the employee, the address of his residence, his job classification and the date that his employment began and, where appropriate, was terminated. The districts for which such information is requested is as follows:

Westmoreland County	District Number 12-5
Montgomery County	District Number 6-4
Greene County	District Number 12-2
Fayette County	District Number 12-1
Mercer County	District Number 1-4
Lycoming County	District Number 3-2

It is critical to the work of the Committee that the information concerning the employees of the Westmoreland County district be forwarded to us at your earliest possible convenience, but no later than Thursday, May 9, 1974, at 10:00 A.M. The material requested concerning PennDOT employees in the other five (5) counties should also be forwarded at your earliest convenience, but certainly no later than Thursday, May 16, 1974.

I deeply appreciate your pledge of assistance to the work of this Committee. It seems to me that such mutual cooperation is both appropriate and productive.

Very truly yours,

A handwritten signature in cursive script that reads "Patrick A. Gleason".

Patrick A. Gleason, Chairman
House Select Committee on
State Contract Practices

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