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STATE OF NEW JERSEY  
COMMISSION OF INVESTIGATION

1970 ANNUAL REPORT

*Title*



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Governor and Legislature*

STATE OF NEW JERSEY  
COMMISSION OF INVESTIGATION  
28 WEST STATE STREET  
TRENTON, NEW JERSEY 08608

REPORT FOR THE YEAR 1970  
*of the*  
COMMISSION OF INVESTIGATION  
*of the*  
STATE OF NEW JERSEY  
*to*  
THE GOVERNOR AND THE LEGISLATURE  
*of the*  
STATE OF NEW JERSEY

**THE COMMISSION OF INVESTIGATION  
OF THE STATE OF NEW JERSEY**

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John F. McCarthy, Jr.  
Glen B. Miller, Jr.

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\* Resigned July 1, 1970—Vacancy filled by John F. McCarthy, Jr.  
Appointed July 8, 1970 by Governor William T. Cahill.



STATE OF NEW JERSEY  
COMMISSION OF INVESTIGATION

28 WEST STATE STREET  
TRENTON, N. J. 08608  
TELEPHONE (609) 292-6767

February 1971

TO: *The Governor and the Members of the Senate  
and Assembly of the State of New Jersey*

The New Jersey Commission of Investigation is pleased to submit its second annual report and recommendations pursuant to Section 10 of P. L. 1968, Chapter 266 (N. J. S. A. 52:9M-10), the Act establishing the Commission of Investigation.

Respectfully submitted,

James T. Dowd, *Chairman*  
Charles L. Bertini  
John F. McCarthy, Jr.  
Glen B. Miller, Jr.



## CONTENTS

	PAGE
SUMMARY OF ACTIVITIES .....	1
<i>Initial Confrontation</i> .....	1
<i>Five Major Public Hearings</i> .....	1
<i>Private Hearings</i> .....	2
<i>Task Force on Drug Abuse</i> .....	3
INVESTIGATION INTO THE AFFAIRS OF THE CITY OF LONG BRANCH .....	4
<i>National Spotlight</i> .....	4
<i>City Manager Testifies</i> .....	4
<i>Offer Rejected</i> .....	8
<i>Impending Raids Leaked</i> .....	11
<i>Questions Unanswered</i> .....	12
<i>Police Chief Queried</i> .....	13
<i>The Harbour Towers Story</i> .....	15
<i>Former Chief Threatened</i> .....	17
<i>Epilogue</i> .....	21
INVESTIGATION INTO THE ADMINISTRATION OF THE MONMOUTH COUNTY PROSECUTOR'S OFFICE .....	22
<i>Chief Gawler Commits Suicide</i> .....	22
<i>Accountant Testifies</i> .....	22
<i>Informants' Fees Questioned</i> .....	24
<i>Prosecutor Keuper Responds</i> .....	24
<i>Investigative Expenses</i> .....	28
<i>Outside Jobs on County Time</i> .....	29
<i>Confidential Investigator Fired</i> .....	32
RECOMMENDATIONS FOR IMPROVING THE COUNTY PROSECUTOR SYSTEM .....	32
INVESTIGATION INTO PRACTICES OF THE DIVISION OF PURCHASE AND PROPERTY .....	37
<i>Public Hearings Convened</i> .....	37
<i>Payoffs Alleged</i> .....	39
<i>Irregularities Noted</i> .....	41
<i>Non-Performing Contractors</i> .....	43
<i>Additional Complaints</i> .....	45
<i>Summary</i> .....	46

	PAGE
INVESTIGATION INTO THE BUILDING SERVICES AND MAINTENANCE INDUSTRY .....	47
<i>Thwarting Competition</i> .....	47
<i>Sweetheart Contract</i> .....	51
<i>A Hard Sell for Poly Clean</i> .....	52
<i>Poly Clean and Labor Peace</i> .....	53
<i>DeCavalcante Influence</i> .....	56
<i>DeCavalcante Mediation</i> .....	62
INVESTIGATION OF THE HUDSON COUNTY MOSQUITO EXTERMINATION COMMISSION .....	69
<i>Treasurer Nearly Blind</i> .....	69
<i>Auditor Shocked</i> .....	71
<i>Extensive Power Exercised</i> .....	72
<i>Accounts Analyzed</i> .....	72
<i>Kickbacks Alleged</i> .....	79
<i>Immunity Granted</i> .....	82
<i>Contractor Testifies</i> .....	85
<i>Fraudulent Vouchers</i> .....	88
APPENDICES .....	91
I. <i>Legislative Action Leading to Formation of the Commission</i> .....	92
II. <i>Act Creating the Commission and Amendments Thereto, N.J.S.A. 52:9M-1 et seq.; L. 1968, C. 266, as amended by L. 1969, C. 67, and L. 1970, C. 263</i> ..	95
III. <i>Members of the Commission</i> .....	101
IV. <i>Code of Fair Procedure, N.J.S.A. 52:13E-1 et seq.; L. 1968, C. 376</i> .....	103

## SUMMARY OF ACTIVITIES

### INITIAL CONFRONTATION

The year 1970, the second year of operations for the Commission, was a busy, eventful and productive one. Its highlight involved the confrontation between the Commission, and the leaders of organized crime.

Early in the year the New Jersey Supreme Court, in an opinion by Chief Justice Joseph Weintraub, upheld the constitutionality of the statute creating the Commission. After a series of protracted legal battles, some of which still continue, four of the reputed leading Mafia chieftains elected to go to jail rather than answer questions about their activities put to them by the Commission.

Held on a charge of contempt for refusing to answer Commission questions, although granted immunity from having their answers used against them, were Joseph (Bayonne Joe) Zicarelli, reputed rackets boss in Hudson County; Gerardo (Jerry) Catena, alleged successor to the late Vito Genovese; Anthony "Little Pussy" Russo, reputed rackets leader in Monmouth County; and Angelo Bruno, whose Philadelphia-based Mafia family is said to extend from Trenton to Atlantic City. Bruno and Catena have been identified as members of the nine-man ruling body of the Mafia by the U. S. Department of Justice.

Each of the four remains incarcerated to this day, although Mr. Russo has been transferred to another state penal institution to begin serving time for a conviction of perjury.

### FIVE MAJOR PUBLIC HEARINGS

During 1970, the Commission conducted five major public hearings. Each was held in the State Senate Chamber in Trenton.

One set forth the findings of a nine-month investigation into the affairs of the City of Long Branch. Shortly after the hearings, the police chief retired and the electorate voted in a new administration.

Another dealt with an investigation of the Office of the Monmouth County Prosecutor. A full inquiry was limited by the death of the Chief of County Detectives, who took his life within 24 hours after being subpoenaed by the Commission. The Monmouth County hearings resulted in a series of legislative recommendations to tighten up procedures in county prosecutors' offices throughout the state. These recommendations are set forth in full later in this report.

The third public hearing was held on practices of the Division of Purchase and Property of the State Department of the Treasury. The testimony led to changes in the procedures followed and resulted in the dismissal of a senior purchase agent.

Leads produced during this investigation led to another public hearing to determine what influence, if any, organized crime exerted on the building services and maintenance industry and the competitive and labor practices in that industry. Pressures and methods used to intimidate honest businessmen were brought into the open and transcripts of the testimony were referred to the newly-organized Criminal Justice Division of the State Department of Law and Public Safety.

In December, the Commission convened its fifth series of public hearings to examine the financial affairs of the Hudson County Mosquito Extermination Commission at Jersey City. Highlights of testimony adduced are presented later in this report.

## PRIVATE HEARINGS

The Commission uses private hearings as an investigative tool to supplement the field investigations carried on by special agents and accountants. At least two of the Commissioners must sit at private hearings, and all witnesses have the benefit of the State Code of Fair Procedure.

In 1970, more than 55 witnesses have been questioned in private. Private hearings, for the most part, are held in Commission headquarters but may be convened elsewhere as the occasion demands.

In addition, a total of 182 subpoenas have been issued for production of public and private records and files. The State Commission of Investigation is also viewed as a statewide Ombudsman by some members of the public. More than 71 citizen complaint letters were received and processed in 1970.

## TASK FORCE ON DRUG ABUSE

During 1970, the Commission also concerned itself with the area of drug abuse. Early in the year, the Commission was prepared to hold public hearings on the drug problem, but deferred these in view of the new drug abuse program then being prepared under Governor Cahill, who asked the Commission to coordinate its work with his.

Governor Cahill appointed various task forces to work up a legislative program. Commissioner William F. Hyland was appointed Chairman of the Law Enforcement Task Force. Members of his committee were Attorney General George F. Kugler, Jr., SCI Commissioner Glen B. Miller, Jr., Motor Vehicle Director Ronald M. Heymann, Deputy State Police Superintendent Eugene E. Olaff, State Police Captain George R. Kell, Thomas Tripodi, agent-in-charge, Federal Bureau of Narcotics and Dangerous Drugs, Newark, and Deputy Attorney General Edward C. Laird.

Kenneth P. Zauber, SCI counsel, was assigned to work with the Law Enforcement Task Force. Many of its recommendations were adopted by Governor Cahill and became part of his April 27, 1970 message, "Drug Abuse—Problem of the Decade".

Additionally, Mr. Zauber collaborated with Deputy Attorney General Laird in a section-by-section analysis of the Administration's comprehensive law called "New Jersey Controlled Dangerous Substances Act". This was a cornerstone of the Legislative program recommended by Governor Cahill in his Special Message, and later voted into law. It was based upon recommendations of the United States Attorney General to the National Governors' Conference for model and uniform state drug controls and seeks to eliminate artificial distinctions between narcotic and non-narcotic drugs, and to crack down on professional drug pushers.

## INVESTIGATION INTO THE AFFAIRS OF THE CITY OF LONG BRANCH

The City of Long Branch, the second largest city on the New Jersey Atlantic Coast, was famed in earlier years as the "Playground of the President". As early as 1788, this Monmouth County community enjoyed a national reputation as a summer resort. It has entertained Presidents U. S. Grant, Rutherford B. Hayes, Benjamin Harrison and Woodrow Wilson. President James Garfield, wounded by an assassin's bullet, was taken to Long Branch from Washington and died there on September 19, 1881.

### NATIONAL SPOTLIGHT

Long Branch was projected into the news spotlight in 1967 when charges were publicized that a Mafia capo controlled the mayor and city council. This was followed by disclosures, in F.B.I. recorded conversations of La Cosa Nostra members, of serious infiltration into the governmental processes of the seashore town. Other official reports indicated that prominent organized crime figures were operating from a base there in an atmosphere of relative security from law enforcement pressure.

In early May, 1969, special agents were dispatched to Long Branch and a full scale investigation of the City began. Members of the Commission sat in private hearings throughout summer and winter and heard testimony developed by field investigation.

Public hearings were held March 31, April 1, and April 3, in the State Senate Chambers in the Capitol at Trenton. There was much testimony to indicate that organized crime elements had become extremely influential in Long Branch and its public affairs.

### CITY MANAGER TESTIFIES

Mr. Richard J. Bowen, former City Manager of Long Branch, deserves the thanks of the citizens of New Jersey for taking the stand and publicly documenting the story he unfolded in private

to the Commissioners. It was then, with reluctance, that he consented to testify. His wife and children having been threatened, he was then, and remains today, concerned for their safety.

A graduate of Colby College, Waterville, Maine, and holder of a Master's Degree in Government Administration from the University of Pennsylvania, Mr. Bowen has been directly, or indirectly, involved in municipal government since 1954 and has a wide experience to draw upon. He served as town manager at Wells, Maine; assistant township manager in Lower Merion Township, Pennsylvania; township manager, Bristol Township, Pennsylvania; town manager of Andover, Massachusetts; and was serving as city manager of Portsmouth, New Hampshire, when he consented to return to New Jersey to testify.

Mr. Bowen assumed his duties in Long Branch on September 2, 1961. What followed was a nightmare for him and his family. He left Long Branch in apparent disgrace.

Mr. Bowen had known first hand of the organized crime influences in city government and the police department, according to his testimony. It was when he began to take counteraction that forces were set in motion for his dismissal.

*Q. Were there charges brought against you for firing you?*

A. Yes, there were charges.

*Q. Were you charged with incompetence?*

A. No, I was not.

*Q. Were you charged with dishonesty?*

A. No, I was not.

*Q. Were you charged with misconduct in office?*

A. No, I was not.

*Q. What was the nature of the charges against you?*

A. There were two charges brought in the resolution of dismissal. One charged my failure to work harmoniously with the city council as a whole. The other was acting so as to bring unfavorable publicity upon the City of Long Branch.

*Q. Did you indicate that you had demanded and received a hearing on these charges?*

A. Yes, I did, in fact, demand a hearing; in fact, I had . . . four hearings comprising some twenty hours of hearing.

*Q. Sometime during the course of the hearings did you begin to feel that you might, in fact, prevail and retain your position as city manager?*

A. Yes. As the hearings were approaching their ending, certainly by the time of the third hearing, my attorney and I felt that we had probably made some headway in changing the votes of one or more of the members of the city council majority and, consequently, would have had a majority to vote to reinstate me as city manager.

*Q. Did your attorney have something to say to you regarding your hopes immediately prior to the last day's hearings?*

A. Yes. Immediately prior to the last hearing I met with my attorney and we had talked briefly about what we thought was progress. He advised me that he had heard from what he considered to be reliable sources, though he did not indicate what they were, that a meeting had been held the day or two before our getting together some place in North Jersey at which time the council majority, or a number of the council majority, were told to stiffen their backs and "get rid of him."

*Q. When you say "council majority," are you referring to the members of the City of Long Branch Council?*

A. Yes. I'm referring specifically to the six members of the council who voted for my dismissal.

*Q. These were the same people who were weighing your fate. You heard a rumor that they were meeting somewhere in Northern New Jersey discussing your case?*

A. Yes, that's correct.

*Q. Did you ever hear who it was who told them that?*

A. Not specifically, although my attorney advised me he thought that a Mr. Russo was instrumental in convening the meeting.

*Q. When he said "Mr. Russo," do you know to whom he referred?*

A. I do, yes.

*Q. And who was that?*

A. Anthony Russo.

*Q. Was one of the members of the council who voted against you a man by the name of Walter George?*

A. Yes.

*Q. Had he, in fact, initiated the vote of confidence which ended ultimately in your being fired?*

A. Yes, he did.

*Q. Do you know of any connection between him and Anthony Russo?*

A. Yes, but it came to light after my having been dismissed.

*Q. What was it you learned?*

A. After my dismissal, one day I received a telephone call from Mr. George at my home and he asked if I would take the time to drop into his office. More out of curiosity, morbid curiosity perhaps, I indicated that I would and I did, in fact, visit his office.

*Q. If I may interrupt, did you indicate that this was after you were fired?*

A. Yes.

*Q. Sometime after that?*

A. We had actually met before that, but at no time did he discuss his relationship with Mr. Russo.

*Q. Did you, in fact, go to his office?*

A. Yes, I did. After expressing to me sympathy, if you will, or understanding, or whatever you want to call it, concerning what had happened and my being dismissed, he asked me if I would be interested in taking a position as a union representative; that, in fact, he had been instructed by Anthony Russo to approach me about such a position.

*Q. Did he indicate any relationship between himself and Mr. Russo?*

A. He indicated at that time he was merely acting as an intermediary or agent for Mr. Russo so far as this specifically was concerned.

*Q. Did he indicate whether he was Mr. Russo's attorney?*

A. Not at that time, no.

Q. Have you learned since that he was?

A. Yes, I did.

Q. Did he tell you what union he was referring to?

A. No, he did not. I asked what a union representative was and what a union representative would do, and the response that I got was: "He collects \$15,000 a year."

Q. Did he indicate what duties you would perform?

A. No, he did not.

Q. Did he indicate where the union was?

A. No, he did not.

Q. Merely that you could have the job and that Anthony Russo had instructed him to offer it to you, is that correct?

A. That's correct, yes."

#### OFFER REJECTED

Mr. Bowen stated that he rejected the offer. However, he claimed that he was approached one more time by Anthony Russo personally. According to Mr. Bowen's testimony, J. O. Jones, Bowen's successor, ran into him in a drugstore and told him that a man wanted to see him in the greeting card section of the store. Bowen describes this confrontation in the following manner.

Q. What did Mr. Russo say to you?

A. After introducing himself to me, since I had never met the man before, amongst other things he indicated that it was too bad that he and I had not met before. He regretted the difficulties that I had experienced which could have been avoided if we had met before. He indicated that he was quite upset about the fact that there were very few people whom he could trust; something to the effect he was sick of these four-letter word people having their hands in his pockets, and that I looked like—

Q. Did he indicate—excuse me. Did he indicate what class of people he was talking about when he said that, in any way?

A. Not specifically at that particular point, no.

Q. Whom did you understand him to mean?

A. City Council members.

Q. I'm sorry to have interrupted. Will you go on?

A. He indicated to me that he thought that with my experience now behind me it might well be possible for something to be worked out. He asked if I would be interested in being city manager of Long Branch once again.

Q. Now, again if I may interrupt, he offered you the job of city manager?

A. Yes, he did.

Q. And he made reference to it being too bad that you hadn't met him prior to the trouble that you had had?

A. That's correct.

Q. And if you had met him perhaps the trouble could have been avoided?

A. Correct.

Q. Was there any doubt in your mind what trouble he was referring to when he said that?

A. Absolutely not.

Q. What was that?

A. My dismissal. I might add that the trouble would not have been avoided because I don't think what Mr. Russo had in mind was something I would have done under any circumstances.

He indicated to me in the course of our conversation after having asked if I would like to be city manager—I might add that was prior to that point and the only time since that time that I've ever been speechless. He indicated to me that he controlled the majority of the city council and that the job was mine for the asking.

Q. Did he indicate any ground rules that you would have to follow if you took the job?

A. Yes. He made it very clear that he expected me to do absolutely nothing in terms of—to do nothing except the work as the city manager. If I can recall him correctly, I was just to keep my eyes straight ahead of me, not be too much concerned about what's happening on either side.

He indicated that there was money for everybody, there was a little piece for everybody, and that the job was mine for as long as I just adopted that posture.

*Q. Could you interpret for us what you took him to mean by all that?*

A. It was very clear to me at the time that the city manager would act as a front, as a respectable front, for people whom apparently he controlled and who were intent upon engaging in any manner of graft or corruption in the operation of the City of Long Branch.

I'd like to point out, also, that in the course of his having made this offer, and at the conclusion of his having made the offer, he indicated to me that he, or they, would not pull a sneak on me. I remember this very clearly. I never heard the expression before.

*Q. "Pull a sneak"?*

A. Yes. And that I would under no circumstances be permitted to consider pulling a sneak on him because I had a wife and six very lovely children.

*Q. He told you that?*

A. Yes, he did.

*Q. He referred to your wife?*

A. Yes, he did.

*Q. And to your six children?*

A. Yes.

*Q. Which, in fact, you had?*

A. Yes.

*Q. And indicated that the penalty for pulling a sneak on them would have something to do with them?*

A. Yes, he did.

*Q. Do you interpret that as a very direct and clear threat?*

A. Absolutely. That terminated our conversation. I might add, that terminated the one-sided conversation that took place.

Mr. Bowen later related that he told this story to several members of the city administration and law enforcement officials, but nothing came of it. Most of them, he said, reacted with disbelief.

### IMPENDING RAIDS LEAKED

The police department had particular problems for Mr. Bowen. For instance, Bowen said the late Police Chief Thomas Pesano, then a captain, complained to him that tips on gambling raids were being leaked in time to prevent arrests. Here was Bowen's testimony:

*Q. Did he indicate in any way where he thought the leak was?*

A. He thought it was at the source, at the point of obtaining the search warrant itself.

*Q. Meaning from the office of the judge?*

A. That's correct.

*Q. Who was the judge?*

A. Baldino.

*Q. Did you take direct action to try to establish this in any way or get around it in any way?*

A. Yes, I did.

*Q. What action did you take?*

A. Capt. Pesano and I had agreed that we would follow what I will relate to you as the procedure should he find a situation that he thought would result in an arrest for illegal gambling activity.

Upon being notified by Capt. Pesano one morning of the fact that he had a place that he felt could be knocked off, I placed a call to Judge Baldino's court clerk asking that when Judge Baldino was through his morning session, would he drop by my office. The city manager's office then was in the city hall annex. The court was in the city hall proper.

Judge Baldino did, in fact, appear later in the morning, and after inviting him to sit down in my office I locked the door and placed a call to the police station and asked Pesano to come to my office. He did. And upon his getting to my office he produced an unsigned warrant which I asked Judge Baldino to sign.

Judge Baldino protested that this was an unusual procedure; that this was not the way it had been done in the past. I asked him to examine the warrant and, if it was in proper order, to sign it. He protested several times but, since he could find nothing wrong with the warrant, he did, in fact sign it.

Capt. Pesano then left my office. I locked the door again. Judge Baldino offered to leave. I asked him to stay. He indicated again, also, that this was rather unusual, and I don't recall exactly what was said but he stayed long enough for Capt. Pesano, and I assume with some assistance from other members in the department, to make on two different occasions relatively small but good arrests for illegal gambling activity.

*Q. You say "on two different occasions." Did you go through this procedure on two different occasions?*

*A. Yes, I did.*

*Q. And each time the judge signed the warrant?*

*A. Yes, he did.*

*Q. And each time the raid or the arrest or whatever was successful?*

*A. Yes.*

*Q. Contrary to the record that Capt. Pesano was able to have on other occasions?*

*A. Yes, that is correct.*

## QUESTIONS UNANSWERED

Anthony "Little Pussy" Russo was questioned extensively at private hearings, but steadfastly refused to answer any questions on the grounds that his answers might tend to incriminate him. The Commission conferred immunity on him in exchange for information on the corruption of Long Branch public officials and police. For refusing to testify, he was imprisoned at the Yardville Reception Center. Later, he was removed to State Prison to serve a sentence for committing perjury when he denied, to a grand jury, that he told three police officers who were meeting with him in a car that he controlled the Long Branch city government.

## POLICE CHIEF QUERIED

Substantial testimony was received indicating a lack of confidence in the ability of the police department to investigate organized crime under Chief Joseph D. Purcell.

State Police Captain Howard Graff took the stand at the public hearings and testified that a Long Branch bookmaker said in a monitored telephone conversation that Purcell tipped him that the telephone company was inquiring about the bookmaker's phone.

Chief Purcell admitted playing golf with the late mobster Nick Delmore, Mafia family leader, even after learning that he was an underworld kingpin.

Former City Manager Bowen indicated grave reservations about Purcell's honesty. Former City Manager Frank Vanore also questioned Purcell's integrity. Departmental appointments and transfers under Purcell were questioned.

The Chief appeared to accept some responsibility for events leading up to the Commission investigation. Under questioning the following dialogue occurred:

*Q. Chief, in the course of your testimony today and on other occasions you were questioned about a number of figures who were identified as having lived or worked or had business interests in Long Branch, Mr. Russo, Mr. Occhipinti, quite a number of others who, through newspaper talk at least, are reputed to have some connection with organized crime. Is that correct?*

*A. That's so.*

*Q. Long Branch seems to have been afflicted with a number of these people?*

*A. Yes.*

*Q. And if they're as bad as they're painted, it's rather bad, is that right?*

*A. I would say so.*

*Q. Now, I heard you just a moment ago say with respect to Mr. DeCavalcante, you asked your people to look into the situation generally but never gave*



*them any specific instructions about investigating the possibility that Mr. DeCavalcante was exerting some influence over business or governmental affairs of Long Branch or its area. Did I hear you correctly?*

*A. That's right, sir.*

*Q. And how about Mr. Russo; what have you done with regard to special investigations into the extent of influence that he might have in Long Branch?*

*A. Well, Mr. Russo hasn't been around Long Branch, I'd say, for a period of time. As a matter of fact, he came in to register in January.*

*Q. He lived in Deal before that, didn't he?*

*A. Prior, yes, sir.*

*Q. How far away from Long Branch is Deal?*

*A. It's the next town south.*

*Q. Right next door?*

*A. Right.*

*Q. One side of the street is Deal, the other side of the street is Long Branch?*

*A. Right.*

*Q. So for all practical law enforcement purposes we are talking about one integrated area, are we not?*

*A. I would say so.*

*Q. What have you done by way of confrontation with the police officials in Deal to ascertain whether he represented any threat to your community?*

*A. I haven't done anything directly with the people in Deal.*

*Q. Any other community that you can point to that you have sat down with the law enforcement people and said, "Hey, everybody tells me we've got an organized crime problem here. What are we going to do about it?" Have you had any meetings like that?*

*A. No. With the prosecutor's office we have had meetings with all the chiefs together, have had meetings and discussed various aspects of law enforcement. But specifically into these individuals I would say I can't remember any.*

*Q. Did Mr. Keuper or anybody in his office ever meet with you people specifically to talk about Mr. Russo, or Mr. DeCavalcante, or Mr. Occhipinti, or*

*Cosa Nostra, or the mob, or the syndicate or organized crime or whatever you want to call it?*

*A. No, he has not.*

*Q. That's a pretty serious indictment, wouldn't you say, of the quality of law enforcement of your area?*

*A. Well, looking at it from that way, yes, sir.*

*Q. Well, isn't that the way you ought to be looking at it?*

*A. I would look at law enforcement—*

*Q. Why should it be necessary for us to come in and look at it? Why haven't you been looking at it?*

*A. I appreciate your statement.*

*Q. You're not only chief of police but before that time, Chief, you were the captain of detectives?*

*A. Yes, sir.*

*Q. And as I understood it from prior testimony the detective force would be the one with particular responsibility for gambling investigations and surveillances and so forth. How long had you served as captain of the detective force?*

*A. Since 1955 up until '66, and then I was executive officer.*

*Q. So that from 1955 down to the present date you have to bear a very heavy responsibility for whatever gambling or organized crime, bookmaking, what-have-you, might exist in Long Branch, is that right?*

*A. Yes, sir; yes, sir.*

Chief Purcell, however, denied any personal wrongdoing as testified during the hearings. A policeman for 32 years, he had been described as the most decorated man on the police force.

Two weeks after Chief Purcell testified before the Commission, he submitted his resignation. The resignation was offered, he said, on advice of his physician who warned that increased tension could lead to a "cardiac catastrophe." The position of Director of Police remains vacant at this writing.

## THE HARBOUR TOWERS STORY

Events surrounding these modern, high-rise apartment buildings were perhaps a microcosm of the history of Long Branch.

From the 1870s, the oceanfront property on which the apartments were erected, had been owned by the Wolf family who maintained a fine house on the property which was used first as a summer home and later as their year-round home. When, however, the scion of this family, Samuel S. Wolf, got into financial difficulties, he turned to loansharks for help. Before they were through, they took him for everything he had, including this property. He and his mother were evicted from it.

Testimony and information received by the Commission indicated that the former Wolf mansion went through a brief period of use as a gambling den. This was followed by a fire which gutted the twenty-room mansion on August 6, 1963. The evidence presented to the Commission overwhelmingly established that the fire was the result of arson.

The Wolf tract of land ultimately was sold to William Kraut and Frank Messina, both of New York, who completed the Harbour Towers building in December, 1968. Before long, Anthony Russo and some associates were living rent-free in the apartment building. That was the situation when the Commission began its investigation.

Numerous questions went unanswered as special agents probed details of construction. The builders were unable to explain to the Commission's satisfaction, for instance, a large number of checks written to cash for sizeable amounts.

Questions of conflict of interest on the part of city officials were raised by the Commission. The then City Building Inspector—Samuel DeBartolis—performed \$2,000 worth of repair work on the Harbour Towers shortly before it was opened. Mr. DeBartolis acknowledged the conflict with the realization that he had the responsibility for inspecting the construction so that it could be opened.

Another city official—Charles E. Polk, then chairman of the Long Branch Planning Board—received \$1,500 for landscaping work on the project which was required before the building could open. The planning board had required that landscaping be provided before Kraut and Messina could get final approval. However, Mr. Polk denied involvement in a conflict of interest. He did acknowledge that a conflict could nonetheless be construed by his action.

## FORMER CHIEF THREATENED

One of the tragic figures to emerge from the Long Branch investigation was the late Police Chief Thomas A. Pesano, whom Chief Purcell succeeded.

Chief Pesano died of a heart attack in 1968, while still under a cloud of suspicion which resulted from criticism contained in a Monmouth County grand jury presentment.

Testimony before State Commission of Investigation indicated, however, that Chief Pesano was an honest, dedicated police officer who was working under extreme handicaps. Chief Pesano had reported on meetings between Russo and Purcell, then serving as a Detective Captain and responsible for gathering intelligence in the city and enforcing gambling laws. Pesano had also complained of continuing harassment by Mayor Paul Nastasio, Jr., in the operation of the department.

Some indication of the problems facing Chief Pesano were developed through the halting testimony of his widow, Mrs. Helen Pesano:

*Q. Going on, Mrs. Pesano. In January of 1967, I direct your attention to that date, did your husband become ill while on duty?*

A. Yes.

*Q. Can you tell us what it was that happened to him?*

A. He passed out in city hall.

\* \* \* \* \*

*Q. Did he tell you something that had happened to him prior to passing out?*

A. Yes.

\* \* \* \* \*

*Q. What did he tell you that happened?*

A. That he had received a phone call to call this particular number; that if he didn't step in the way of—

*Q. Excuse me. You say he was told to place a call to a particular phone number?*

A. Yes.

*Q. And did he return the call to that number?*

A. Yes.

\* \* \* \* \*

Q. And he spoke to someone?

A. Yes.

Q. And did he tell you what the person said to him?

A. Yes.

Q. Was this a male or a female, by the way?

A. It was a male.

Q. "It was a male." And what did the male voice say to him?

A. He didn't—if he didn't step in the way of the line of the mayor's thinking, that they could run over his wife or his daughter.

\* \* \* \* \*

Q. By the way, at that time were you employed?

A. Yes, I was.

Q. In what capacity were you employed?

A. I was a school guard.

Q. You were a school guard?

A. Yes.

Q. You mean you would be in the street a good deal of the time?

A. Yes.

Y. Your husband reacted to that phone call?

A. Yes, he did.

Q. Did he indicate to you that that was part of the cause of his [illness] . . . ?

A. Yes.

Q. And becoming ill. Had he been under a great deal of pressure at that time?

A. Yes.

Q. This built up and he became ill; is that correct?

A. Yes.

### More Threats

Mrs. Pesano related another telephoned threat to their home shortly after Chief Pesano read to the City Council his charges of political interference with his department. The caller, in this case, threatened their daughter and said the Pesano's had better take the first warning seriously. Still a third incident upset the family, as testified to by Mrs. Pesano.

Q. Directing your attention to March 1, 1967, did you receive another phone call?

A. Yes.

Q. Do you recall from whom that call came?

A. Yes, I do.

Q. Who was it who placed that call?

A. Mr. Mazzacco.

Q. And who is Mr. Mazzacco?

A. The principal of the junior high school.

Q. Was this the junior high school which your daughter attended?

A. Yes.

Q. Was she in school that day?

A. Yes, she was.

Q. Did the phone call have something to do with her?

A. Yes.

Q. What was the purpose of Mr. Mazzacco's call?

A. He had received a phone call from a female saying that I wanted my daughter released from school and that a cab would pick her up.

Q. Now, the female voice was referring to your daughter?

A. Yes.

Q. And apparently pretended to be yourself calling?

A. Yes.

Q. And Mr. Mazzacco was calling to determine whether that was, in fact, so?

A. Yes.

Q. And, in fact, it was not so, is that right?

A. It was not so.

Q. You had not placed the call?

A. No.

Q. Your husband didn't have anybody place the call?

A. No.

\* \* \* \* \*

Q. Just so I have this straight, Mrs. Pesano, apparently somebody had called Mr. Mazzacco, the

*school principal, pretended to be you and asked that your daughter be gotten ready, that a cab would pick her up. Is that correct?*

A. Yes.

*Q. And then Mr. Mazzacco apparently was suspicious of it and called you to make sure it was really you who was calling, and you, of course, told him that you had made no such call. Is that correct?*

A. Yes.

*Q. You, of course, told Mr. Mazzacco that you had not made the call?*

A. Yes, I did.

*Q. What did you do then?*

A. I called my husband at police headquarters.

*Q. Did you speak to him?*

A. Yes, I did.

*Q. And told him what had happened?*

A. Yes.

*Q. Did he tell you what he was going to do?*

A. Yes.

*Q. And did you also find out later what, in fact, he had done?*

A. Yes, I did.

*Q. Generally, what did he do?*

A. He went to the junior high school and talked with Mr. Mazzacco, and they decided to return my daughter, our daughter, to the classroom, to not disturb her any more in the classwork, and he stayed there to see if any cab did arrive.

*Q. Did a cab arrive?*

A. No, it did not.

## EPILOGUE

The Asbury Park Press commented editorially that the Commission hearings did more good than four grand jury investigations, the latest in 1968. In the final analysis it is the citizenry which is responsible for the type of government it gets. Long Branch residents were given the testimony as the Commission received it. Some testimony received in private, however, could

not be disclosed because the witnesses feared for their lives. Perhaps the best epilogue to the Long Branch hearings was delivered by the former City Manager, Richard Bowen:

THE CHAIRMAN: *Do you have anything further you want to add to your testimony, Mr. Bowen?*

THE WITNESS: Really one final comment, if I may. You are correct in that there has been a fair amount of soul-searching. It's almost seven years ago to the day that I went through the experience that I did in Long Branch. We had a child born during [that time], and it wasn't a very pleasant experience.

It has been with misgivings that I have appeared before the Commission, mainly because it seems that this kind of thing happens periodically; that is, there seems to be a certain amount of soul-searching, a certain amount of breast-beating, and a certain exposé kind of thing about crime and particularly corruption in local government. And my fond hope, my sincere hope, and be damned if it isn't this way, that something comes of what you're doing.

It's far too easy to be apathetic and lethargic about so many things. I would certainly hope that the people of the State of New Jersey, for whom I hold no great fondness, would realize what you're doing and, damn it, do something about it, something that they have not really been willing to do in the past.

It's seldom that many of us in the business of government get a second chance. New Jersey has certainly gotten more than a second chance, and if they don't do something with it, they certainly deserve everything they have had before and a lot worse, which I am sure they will get."

## INVESTIGATION INTO THE ADMINISTRATION OF THE MONMOUTH COUNTY PROSECUTOR'S OFFICE

From the very outset of the investigation into Long Branch and Monmouth County, it became evident that the administration of the prosecutor's office would be a proper part of the inquiry since the primary responsibility for law enforcement is vested in the prosecutor of each county.

Under law each prosecutor is charged with the responsibility for the detection, arrest, indictment and conviction of offenders against the law. As a result of its study, members of the Commission hold the view that these heavy responsibilities require full-time prosecutors and assistant prosecutors. A series of recommendations follows this report.

At the time of this investigation, Vincent P. Keuper had served as the prosecutor of Monmouth County since April, 1955, on a part-time basis while maintaining his private law practice in Asbury Park.

The investigation disclosed that a disproportionate amount of authority appeared to be vested in John W. Gawler, chief of county detectives in Prosecutor Keuper's Office in Freehold.

A series of subpoenas was issued on October 20, 1969, for records pertaining to financial transactions of the office. The subpoenas were served on the county treasurer and Chief Gawler. The Chief was also subpoenaed to appear personally in Trenton for questioning in connection with the investigation.

### CHIEF GAWLER COMMITS SUICIDE

Within 24 hours after being subpoenaed, Chief Gawler was found dead of carbon monoxide poisoning in the garage of his Atlantic Highlands home. Dr. Edward H. Albano, state medical examiner, listed the death as a suicide.

### ACCOUNTANT TESTIFIES

Commission accountants had analyzed the subpoenaed financial records. SCI Special Agent Julius M. Cayson was called to the

stand during public hearings on February 3, and 4 to present results of that study. Mr. Cayson, who holds a bachelor's and master's degree from City College of New York, is a certified public accountant and former Special Agent with the U. S. Treasury Department's Intelligence Unit.

Mr. Cayson, testifying on his analysis of the confidential expense account used to pay informants, said a total of \$57,993.00 had been allegedly paid out between 1960 and September 1969, under Chief Gawler's direction.

There, however, was no way to trace the payments. The code maintained by Chief Gawler merely listed initials and there were no files to indicate the actual recipients of the money. Chief Gawler, questioned before his death, said the informant funds were funnelled through chiefs of police in the county, but each police chief questioned denied this. Here is the testimony from Agent Cayson with respect to these transactions:

*Q. Now, did Mr. Gawler at any time during your conversation indicate to whom the funds were given?*

A. Yes. He indicated that the funds were transferred to the chief enforcement officers in the various municipalities in Monmouth County; that is, the chief of police.

*Q. Do I understand you to say that he did not pay directly to informants as you have described them but rather to the law enforcement agencies in the county?*

A. That was his testimony at the time, yes.

THE CHAIRMAN: *Who would that be, the chief of police, for example, in a municipality, or just who?*

THE WITNESS: Yes, Mr. Chairman. In other words if—it would be the chief of police, yes.

THE CHAIRMAN: *And this is what Mr. Gawler told you?*

THE WITNESS: That's right.

*Q. Now, was there any investigation at any time with respect to corroborating that statement of Mr. Gawler?*

A. Yes, it was, sir.

*Q. In what manner?*

A. Special agents of the Investigating Commission made trips to the various municipalities in the county

such as Long Branch, Asbury Park, Matawan, Middletown, Neptune, West Long Branch and Red Bank, and they interviewed each chief of police in those towns.

*Q. Did any of those chiefs indicate that they had received the moneys that were purportedly given to them under the fund?*

A. Each chief denied receiving any money from Chief Gawler.

### INFORMANTS' FEES QUESTIONED

A series of vouchers for informants' fees was made part of the hearing exhibits in an effort to explain the unquestioned disbursement of these funds, all under Prosecutor Keuper's signature. The confidential cash disbursements to informants came from a separate \$1,000 revolving fund which the Board of Freeholders would replenish on periodic written request by Chief Gawler. This fund was never audited by the county, a situation incompatible with recommended practices. Receipt of the funds, as well as disbursements, was vested in Chief Gawler.

### PROSECUTOR KEUPER RESPONDS

The following testimony was given by Prosecutor Vincent P. Keuper, who admitted signing the vouchers in blank, and without knowledge they were to be used for cash disbursements to informants:

*Q. Can you take any one of those exhibits, Mr. Keuper, and tell us what the funds that were expended under that receipt represent? For example, as I recall—*

A. What fund this money was expended from?

*Q. No. As I recall in looking at this a moment ago, this is a certification on its face by you that you had received X dollars from Chief Gawler for some particular purpose. Take the very first one, for example, Exhibit 1A.*

A. Yes.

*Q. Now, if it does not involve the disclosure of some criminal matter or something that you feel is not in the public interest to be disclosed, I would like you to read the entire receipt.*

A. "Date 6/28/68. Received from John M. Gawler, \$100. For: Re informant code N Key, signed Vincent P. Keuper."

*Q. Now, do you have any awareness of what that money—*

A. No, sir. I signed this in blank. The information was filled in later, not in my handwriting.

*Q. All right. Now, who would get the \$100?*

A. I don't know.

*Q. Well, did you get it?*

A. What do you mean what would I get?

*Q. No, no. I think, Mr. Keuper, you're talking before you're listening.*

*I said, would you get it? Did you get it? The receipt says that you received \$100 from Mr. Gawler.*

A. Well, no, I did not, sir.

*Q. That's what I'm trying to establish.*

A. No, I did not receive it.

*Q. Would this money be retained by you under any circumstances in any case?*

A. No, I never got the money.

*Q. Every one of these receipts, then, represents money, notwithstanding what it says on its face, that was received presumably by someone else?*

A. Someone else other than myself, yes, sir.

*Q. All right. Would you know what the purpose of that particular receipt was by looking at it?*

A. I'm not familiar with the code used by Gawler. "Informant, code N Key." I don't know what it means.

*Q. Well, it really doesn't make much difference if it was in blank when you signed it, does it?*

A. It was in blank when I signed it. So I don't know what he filled in.

*Q. But that would be his responsibility to fill in the receipt as you understood it?*

A. Yes, because I understand he had to report back to the board of freeholders.

Q. Well, when did you reach that understanding?

A. Beg pardon?

Q. When did you reach that understanding that he had to report back to the board of freeholders?

A. When he asked me to sign these slips he had to have it for his records to report back to the board of freeholders. That's why he had to have it.

Q. Do you know whether, in fact, this fund was ever audited by the board of freeholders?

A. I never learned that, Mr. Hyland, till after Gawler's death when I had a conference one day with the board of freeholders about the present account.

Q. And what did you learn at that time?

A. I learned that the fund had never been audited. Reports were submitted but the fund had never been audited.

Q. So that over this period of time, and I think we, I hesitate to say established, but in our private hearings, at least, we discussed the fact that some \$58,000 passed through this fund. As we get the information now, it would appear that the receipt and disbursement of that money was not under your control, that these funds were disbursed on receipts that you signed in advance in blank and that no representatives of the board of freeholders, the disbursing agent, ever audited that fund?

A. Now, that's the information given me by the board of freeholders. I have no information of my own personal knowledge.

Now, do you understand that this fund, this money is paid to the fiscal agent who in this case was Gawler, never paid to me as prosecutor, and the check is made payable to him and he has full and complete control, or had full and complete control of this fund?

Q. Why would the check be made payable to Chief Gawler if the receipt stipulated that you received the money?

A. This receipt is presumably the receipt given by me to Gawler. I'm talking about the money paid to

Gawler by the board of freeholders which created this fund.

Q. I see. And from time to time was that fund-reimbursed by the board of freeholders?

A. It was replenished, yes, whenever he needed, more money.

Q. What you're saying is those replenishment checks would be made payable to Chief Gawler?

A. That's right, sir.

Q. How is this being handled at the present time?

A. The money [is] being paid to Chief McCormick [Gawler's successor]. And I found that Gawler always kept this in a cash fund. If I wanted to send money down to the Appellate Division of the Superior Court or to the Supreme Court to pay a filing fee, I didn't know this until recently, they would send the cash down to the post-office to get a money order. I discussed this with Mr. McCormick. I agreed, I told him rather, he should have a fund, I mean should have an account in the bank with the name of the prosecutor's office with his name on the signature so we could send checks. It was a horse-and-buggy operation.

Q. When you became prosecutor of Monmouth County did you sit down with anyone and discuss the financial administration of the affairs of that office or did you merely accept a system that was in effect at that time?

A. I accepted the system that was in effect at that time, yes, sir.

Q. All right. So you accepted that system. And at any point did you sit down with anyone to review the system and determine whether the financial control was what it should be or whether a tighter and tighter internal security would be worked out?

A. Mr. Chairman, I never had occasion to suspect it was not being handled properly. So therefore I never reviewed it and never had occasion to review it.

Q. And the fact that you signed for all this money in blank didn't concern you as a lawyer about accountability, you weren't concerned about the accountability of all of this money for which you were signing?

A. I have men in whom I had implicit confidence and trust. I never suspected any wrongdoing. Furthermore, I knew, or at least expected, the board of freeholders had supervision over this fund and what was spent. It wasn't my—

*Q. So your system was only as good and as secure as the men in whom you placed your confidence?*

A. You're right, sir, yes.

The present Chief of County Detectives, Albert V. McCormick, who served as Detective Captain under Chief Gawler, testified that neither he nor any other detective or investigator, to the best of his knowledge, had ever received any money from the Chief for an informant.

Testimony clearly established this to be an unacceptable system of accountability and responsibility for the confidential fund.

It is now understood that the Board of Freeholders is requiring itemization of all funds disbursed by the prosecutor's office.

#### INVESTIGATIVE EXPENSES

Investigative expenses was the second category analyzed. In the period from 1966 to 1969, a total of \$38,256 was reimbursed to county detectives and investigators as a result of personal vouchers submitted.

The vouchers revealed that each detective and investigator submitted bills for daily lunches even if he was not on travel status, that they billed the total monthly cost of their home telephones and that they received an \$8 monthly allowance for garaging their county-owned automobiles at their homes.

It was generally agreed that these expenses may have been given to the men to supplement incomes that were rather low several years ago, but which now appear to be upgraded throughout the state.

There were also unusual uses of automobile gasoline credit cards assigned to the prosecutor's office. Prosecutor Keuper was surprised to learn at the public hearings that nine such cards were in use. He knew only about one card used by Chief Gawler.

An examination of the ordinary expenses—the third category—showed that 1,500 stamps a month were being purchased in the

years 1963, 1964 and 1965. This appeared to be an inordinate amount of money to be spent on stamps, and Prosecutor Keuper was asked for an explanation. He indicated, according to testimony given by Agent Cayson, that this fund was really being used to supplement the salary of an employee they wanted to keep.

#### OUTSIDE JOBS ON COUNTY TIME

There appeared from the investigation and testimony produced that it was a practice for the men to take outside jobs. Chief Albert V. McCormick was questioned on this point:

*Q. Chief, returning to the question relating to any of the detectives or investigators working on any other jobs beside their detective duties, did you know of any?*

A. Yes. We had one detective that worked with the Monmouth Park Race Track.

*Q. Was that limited to one detective?*

A. Well, up until '69 it was.

*Q. He worked at the Monmouth track?*

A. Monmouth Park Race Track.

*Q. "Monmouth Park Race Track." And did any investigators also work at the Monmouth track?*

A. Not until 1969, this past year.

*Q. What happened in 1969?*

A. 1969, instead of allowing just one detective to moonlight, I guess you would call it, over there at the raceway during the racing season, the chief decided that he was going to split the season up and send some of the other detectives over there on a two-week staggered basis, two weeks at a time.

*Q. As a matter of fact, Chief, this is not strictly moonlighting because these individuals who work at the track are getting paid by the track, are they not?*

A. I understand they are, sir. I have never seen their checks or anything, but I'm sure they are or were.

*Q. But they're also working on county time?*

A. Yes, yes, they were employed by the county at that time.



*Q. Did you know of any other jobs which detectives worked and got paid on county time for jobs performed during county time?*

A. Well, a situation came about where one of our detectives is a Freehold police officer, a sergeant on the Freehold police force, and the Freehold police force had a thing going where they would work their off-duty times with the Bell Telephone Company to be safety man, so to speak, when they would have these manhole openings. . . . Freehold Borough police did this for years and they became involved with their extra time working at the raceway. And the telephone company needed men, and one of our men, Mr. Freeman, went to the chief and told him that there would be a temporary thing and how bad they needed money, and he agreed to let them work this type of thing provided they kept their caseload up and wrote up some of the cases at night at home and so forth and didn't get behind with their caseload in the office. And that only happened a short time before you came along and put an end to that.

*Q. In any event, Chief, there were individuals as you have just described that worked at the race track and got paid by the race track and were paid also by the county, as well as individuals who worked as a safety man for the telephone company, were paid by the telephone company at the same time they were paid by the county; is that correct?*

A. That's correct, sir.

*Q. More specifically than that, Chief, this work at the track and on the manhole assignment was done during their regular duty period, was it not?*

A. Well, we don't really have any regular duty period because the nature of our work. A lot of our calls have to be made in the evenings when people are home, particularly working people that you can't catch them, and our hours are very irregular. We don't have such time as nine to four-thirty except our office is open those particular hours. But a lot of times our men have to work weekends, nights, Sundays, holidays and everything else, and they can give a reasonable forty-hour week, so to speak, of time to the

county and still be working during the regular daytime period, which is the normal working day for other people.

*Q. Well, it would be rather ludicrous, wouldn't it, if all of the detectives were absent from the office during the daytime hours?*

A. Well, I—

*Q. And ostensibly doing their work at night and on weekends? You wouldn't recommend that?*

A. I absolutely would not recommend moonlighting, and I was opposed to this thing all the way through. I believe a man should be compensated adequately [so] that he can earn a decent living and devote his full time to the regular job. Now, I didn't become involved in this because I wouldn't have wanted to be involved in it. The job in itself was difficult enough in the office that it did throw a burden on the office with the men being out of there that much and—

*Q. With six detectives at best?*

A. I beg pardon?

*Q. I say, with six detectives—*

A. That's right.

*Q. —under the statute at best, if one or two men are at the track or working on this manhole duty then the office, at least during those hours, would be depleted, wouldn't it?*

A. It was something that should never happen and it was absolutely wrong to allow—as bad as the men did need extra money to support their family. The thing should have been pressed harder with the board of freeholders than it was and a stronger demand made for an adequate salary and none of this moonlighting business.

*Q. Do I understand, Chief, that this was permitted mainly to be more or less of a sop to the investigators that they wouldn't complain too much about their inadequate salaries?*

A. That's right."

## CONFIDENTIAL INVESTIGATOR FIRED

While these various methods were being used to get additional funds for the investigative personnel of the office, the prosecutor employed a confidential investigator at \$4,800.00 a year for nearly 12 years.

The man, James LoBiondo, of West End, was serving as a business agent for a labor union at the same time he worked directly under Prosecutor Keuper. Two days before the public hearings began, Mr. LoBiondo was fired by Prosecutor Keuper.

Mr. LoBiondo made not one written report of an investigation in the 12 years. He was unable to remember a single instance where information he supplied led to an arrest or conviction.

Pressed for some evidence of investigative work performed for the money he received, Mr. LoBiondo made a general reference to investigating obscene literature, and said he was one of a party that raided a cock fight many years ago.

## RECOMMENDATIONS FOR IMPROVING THE COUNTY PROSECUTOR SYSTEM

The investigation in Monmouth County with respect to organized crime influences in Long Branch and the daily administration of the Monmouth County Prosecutor's Office has convinced the Commission that revision and reform is necessary in the county prosecutor system.

Indeed, the Asbury Park Press commented editorially that the Commission's investigation into the prosecutor's office "uncovered a story so incredible that no citizen can fail to see the need for the reform in the county prosecutor system."

The office of the county prosecutor in New Jersey has been functioning in essentially the same fashion and under almost identical statutory provisions since 1844. Legislation was adopted after the public hearings requiring all future prosecutor appointments to be full-time in the state's nine largest counties, including Monmouth. This is a step in the right direction, but more needs to be done in combatting the influences of organized crime.

At the conclusion of the public hearings on the Monmouth County Prosecutor's Office, the staff submitted a number of recommenda-

tions for Commission consideration. Several meetings were held before final recommendations were drafted. The eight recommendations were then incorporated in a Special Report and submitted to the Governor and members of the Senate and Assembly under Section 10 of the SCJ statute calling for interim public reports. The recommendations were as follows:

*1. An Executive Office for County Prosecutors Should be Created Under the Direction of the Office of the Attorney General and be Headed by an Assistant Attorney General.*

This office would be similar in scope and operation to the Executive Office of the United States Attorneys.

The Executive Office for County Prosecutors would perform the following functions: (A) It would conduct a periodic evaluation of each county prosecutor's office in the State, and (B) would co-ordinate the efforts and activities of all county prosecutors and their assistants in order to maximize the use of experienced personnel notwithstanding county border limitations, especially in the fight against organized crime.

*2. Each County Prosecutor, and all Assistant Prosecutors, Should Serve on a Full Time Basis.*

In every county, regardless of size, there should be a full time prosecutor responsible for the detection, arrest, indictment and conviction of offenders against the laws, as set forth in Section 2A:158-5 of the New Jersey Statutes.

Even in the smallest counties of the State, those engaged in prosecutorial functions should be full time in order to eliminate any possible conflict between their public duties and the interests of private clients. Such conflicts can arise inadvertently, or may even be intentionally created by unscrupulous individuals who wish to compromise a law enforcement official in the performance of his duties.

To accomplish a reasonable transition to the stage where each county will have a full time prosecutor, it is conceivable that for a time a given individual

might be appointed as prosecutor for several counties, with one or more full time assistants in each of these counties to assist him.

Full time prosecutors and assistant prosecutors will also ensure a more co-ordinated effort and continuity in the internal administration of the county prosecutor's office and in the trial of criminal cases. This has been a serious deficiency under the existing part-time system, a factor which has severely handicapped the effective trial of alleged criminals.

The number of assistant prosecutors in a given county should depend not only upon its population, but also upon the particular needs of the county. The determination of the number of assistants should be made by the Attorney General, based upon the recommendations of the county prosecutor.

*3. The Term of Each County Prosecutor Should Be The Same as that of The Governor.*

This recommendation will require an amendment to the New Jersey Constitution. However, it would be an important factor in delineating the responsibility for law enforcement since the Governor, as Chief Executive of the State, appoints the Attorney General, who is the principal law enforcement officer of the State, and whose term is the same as the term of the Governor. In order to provide a sensible chain of responsibility, the terms of county prosecutors, who are vested with the same powers and duties within their respective counties as the Attorney General is for the State as a whole, should also be the same as the term of the Governor.

*4. The State of New Jersey Should Assume Sixty Per Cent of the Salaries of Prosecutors and Assistant Prosecutors.*

The 1970 Legislature has established that full time county prosecutors shall receive the same salary as county judges, \$32,000. A salary of that level is necessary if qualified full time prosecutors are to be obtained. The State of New Jersey pays sixty per

cent of the salary of county judges, and each county assumes the remaining forty per cent share. To minimize the impact of the increased cost of full time prosecutors and assistant prosecutors, the same cost allocation should be made between the State and the counties. A further reason for this proposal is that the State of New Jersey is the real party in interest in prosecutions, rather than the county.

*5. The Chief of County Detectives and The Captain of County Detectives Should Serve at the Pleasure of the County Prosecutor.*

While it is recognized that existing civil service positions probably cannot be affected by this recommendation, for future purposes, it is essential that each county prosecutor have the opportunity to appoint the supervisory heads of his detective and investigative force. Such appointments conceivably might be made from existing detective personnel. However, it is essential that the leadership of the detective and investigative force be provided by someone selected by the prosecutor and in whom he has a basis for complete confidence.

*6. A Security Clearance For All Employees of the County Prosecutor's Office Should Be Conducted Prior to Their Appointment.*

In many respects, it is as essential that a security clearance be obtained for clerical and secretarial help in the office of the county prosecutor as it is for the prosecutor himself. A security clearance should be conducted by the State Police before the appointment of any county prosecutor, assistant prosecutor, county detective, investigator, or other employee. This report should be submitted to the Executive Office of County Prosecutors and the county prosecutor himself.

*7. The Executive Office of County Prosecutors Should be Vested With the Power to Make a Financial Audit of the Office of Any County Prosecutor.*

In addition to the existing audit procedures in the various counties, the Executive Office of County

Prosecutors should have the authority to conduct periodic audits of the funds received and disbursed in the office of each county prosecutor. The county prosecutor, himself, however, should remain primarily responsible for the professional and financial integrity of his office.

*8. The Salary Levels for Detectives and Investigators Should be Raised to Insure Qualified Personnel Who Will Devote Full Time to Their Duties.*

This recommendation is made for the same reason that prosecutors and assistant prosecutors should be full time. Implementation of this recommendation would eliminate possible conflicts of interest arising from outside employment and would help attract and keep competent people.

## INVESTIGATION INTO PRACTICES OF THE DIVISION OF PURCHASE AND PROPERTY'

In February, the Commission commenced an investigation inquiring into charges of corrupt practices and procedures between employees of the State Division of Purchase and Property and suppliers of state services. An in-depth study was made of purchasing procedures by the State.

Since the investigation and public hearings, a number of the State bidding and purchasing procedures have been changed and a senior State buyer has been dismissed from his job after charges that he was paid kick-backs.\*

Generally speaking, there was public testimony to show rigged bids on State contracts, renewal of State contracts without bidding, unsatisfactory performance of work called for under State contracts and the illegal subcontracting of such work.

## PUBLIC HEARINGS CONVENED

The Commission convened public hearings on June 2, 1970 in the Senate Chambers and called as its key witness Emil Bevacqua, former vice president, Middlesex Building Services, of New Brunswick, a corporation headed by Sol Adoff. Mr. Bevacqua said he joined Middlesex in 1965, when it was known as New Brunswick Window Cleaning Company. It was incorporated under its present name in January, 1967. At the time of incorporation, Mr. Bevacqua held the post of vice president, remaining in this post until his departure in November, 1969.

Bevacqua testified that at the time of his joining Middlesex the only state jobs held by Middlesex were "one-shot" deals, encompassing just window cleaning and seasonal maintenance. However, soon after this, several contracts were received for the complete service of various state institutions. He alleged that this in-

\* The buyer, Joseph W. Seaman, has filed an appeal from his dismissal with the State Civil Service Commission, claiming he only received \$500 over a 3-year period and that these payments represented gratuities and not bribes. Mr. Seaman refused to testify at the hearings, claiming the Fifth Amendment privilege.

creased state business was a result of payments being made by Sol Adoff to a buyer in the Division of Purchase and Property, whom he identified as Joseph Seaman. The testimony at the hearing was as follows:

*Q. Now, did there come a time after 1965, the time you joined Mr. Adoff, did there come a time that you learned that certain payments were being made to Mr. Seaman?*

A. Yes.

*Q. And from whom did you learn this?*

A. From Sol Adoff.

When questioned as to the mode of payment, Bevacqua stated that at first they were made through an intermediary. However, in the beginning of 1966, this procedure was abandoned and payments of \$100 were made directly to Joseph Seaman. Further testimony was developed through the following discourse.

*Q. Did you learn from Mr. Adoff how much money was involved that was being paid now to Mr. Seaman directly?*

A. Yes.

*Q. How much was that?*

A. \$100 a month.

*Q. And who would make these payments?*

A. Sol Adoff, most of the time.

*Q. Now, again starting with 1966 when these payments were made directly, did there come a time when the amount was increased?*

"A. This was the understanding that Mr. Adoff gave me.

*Q. . . . What did he tell you about that?*

A. It was after he had seen Mr. Seaman on one occasion, and Mr. Adoff told me, "Now that because we have more State business, he's looking for more money."

Bevacqua testified that the payments were then increased to \$200 a month, and subsequently more State business was "awarded" to Middlesex Building Maintenance Corporation. Further, it was stated that this business was for complete maintenance and was to be performed on a daily basis. The witness said that it was apparent from his conversation with Sol Adoff that Joseph Sea-

man was helping Middlesex in return for these payments. Bevacqua testified that this was done in a number of ways.

A. In the first instance of the glass cleaning at the various institutions, we wound up with the contract because the jobs were not properly advertised.

*Q. All right. So, in some way, Seaman was involved in not properly advertising their bid so that Adoff would get the bid, is that correct?*

A. That's right.

*Q. Is there any other way that Adoff indicated to you that Seaman was helping?*

A. Yes, by the bidding process of the complete service contract . . . I was given to understand that he had several people that he could trust bidding along with us.

*Q. And you are talking about "he". You mean Joseph Seaman?*

A. Yes.

Bevacqua said that another method used by Seaman would be the sending out of invitations to bid to non-existent vendors. In many cases, only three such invitations were sent out by Seaman. And to his surprise, Bevacqua learned that his name was listed as an official bidder and a quotation for bids was sent to him personally. In addition, another would be sent to New Brunswick Window Cleaning Company, the former name of Middlesex, and a third to Middlesex itself. Therefore, these three concerns were invited to bid on a particular job, while, in fact, all three were one and the same, thus insuring that Adoff would receive the contract.

#### PAYOFFS ALLEGED

Bevacqua alleged that the payments to Seaman were made on the first Saturday of each month. On these days, Seaman would go to the office of Middlesex where Sol Adoff would personally hand the money over to him. On this point, Richard Evans, a Special Agent of the State Commission of Investigation, testified that on Saturday, March 7, 1970, he conducted a surveillance at the home of Joseph Seaman. This was the first Saturday of the month, the day alleged to be "payment day." The witness stated that, on this day, he observed Mr. Seaman get in his car and proceed to the office of

Middlesex Building Service. At this destination, Evans saw Seaman enter the building, later emerging in the company of Sol Adoff.

Bevacqua also explained Sol Adoff's method of obtaining the funds in order to make the alleged payoffs to Seaman. "He would take a check from the general account (of Middlesex) and make it out to one of several suppliers' salesmen. . . ."

*Q. What would he do with them after he made them payable to the various individuals?*

A. He would either forge the countersignature or have someone else do it for him.

*Q. When you're talking about the countersignature, you're talking about the signature on the back of the check?*

A. Right.

\* \* \* \* \*

*Q. And then who would sign under the forged name of the payer?*

A. Sol Adoff.

\* \* \* \* \*

*Q. Now, did you ever talk to him about this practice of his?*

A. Yes, I did, on several occasions.

*Q. And what was his response when you would confront him with these forged countersignatures—endorsements?*

A. His reply was "You don't want me to take this money out of my pocket, do you?"

Bevacqua admitted that on some occasions he himself had forged the endorsement and alleged that Sol Adoff's two brothers, Sid and Alex, and Sol Adoff's wife, had also participated in these forgeries.

In subsequent testimony, two salesmen to whom some of the above-mentioned checks were made payable, after viewing these checks, stated that the endorsements were not their signatures. One of them further testified that Sol Adoff had asked him for some bills to justify the phony checks. Both stated that they had never received the proceeds from any of the checks.

The total value of these cancelled checks amounted to \$16,898 covering the period from 1967 through 1968. Each check bore the forged name of one of the two salesmen and the signature of Sol Adoff.

Bevacqua also stated that very often the work done by Middlesex would not be done as specified in the contract. By utilizing a smaller work crew than was required, or by cutting out some of the duties that should have been done, costs would be lessened and profits increased.

## IRREGULARITIES NOTED

As a result of the investigation, the Department of Purchase and Property conducted a review of Joseph Seaman's work. Charles H. Hibbs, the supervisor of the bureau, and Laurence Fried, an employee, were called to testify and said that many irregularities had existed throughout the last few years. They both related that they discovered Seaman's practice of issuing bid proposals to the same company under different names in order to insure that Middlesex would receive the contract.

Mr. Fried told of an added incident involving the New Jersey College of Medicine. The monthly cost of the contract was \$8490. It appears that the contract which Middlesex had for maintenance work originally ran for one year. At the expiration date, it was not rebid. Instead, it was continued on a month-to-month basis.

It appears that Mr. Seaman also broke a contract into two six-month periods, thereby reducing the amount involved for each period to below \$2500. This eliminated the necessity for advertisement. It was pointed out that such practice was directly against the operating policy of the department. Fried also related a story as to maintenance services to day care centers within the State. Requisitions were received from six day care centers and a bid proposal was put out indicating all six. Bids were received for only four of the six day care centers. No bids came from Middlesex at all. Mr. Fried gave the following testimony:

The contracts were awarded to vendors for the four day-care centers in which bids were made. The other two day-care centers, it appears that orders were issued and contracts let to Middlesex without a bid. . . .

Now, I say it appears this way. The common procedure for the buyer is to issue an order right from the lowest responsible bid. By issuing the order, I mean that he takes the bid proposal; he goes through

it, signs his name to it and says, 'Issue order and contract'. . . .

On the two day-care centers where Middlesex received the contracts, the requisitions themselves instead of the bids were marked 'Issue' and signed 'Seaman'. . . .

If there were bids by Middlesex I feel—I have never seen any buyer who didn't mark the bid proposal 'Issue' rather than the requisition. . . .

It was also pointed out that the contract for the second day-care center, Passaic County Day-Care Center, given to Middlesex had been subcontracted without the approval of the Director. In this case, it was subcontracted to Yankee Maintenance Company. The contract award to Middlesex was originally \$8,800 a year. Yankee Maintenance was receiving \$450 a month as subcontractor from Middlesex. The fact that Middlesex was making a profit on the deal was evidenced by the following testimony from Mr. Fried:

*Q. You mentioned that the bid proposal, the contract award to Middlesex was in the amount of \$8,800 on the annual basis?*

A. That's correct.

*Q. Are you aware, sir, that the amount this work was allegedly being performed for by Yankee was \$450 a month?*

A. I only heard this very recently. But that's about half the cost.

*Q. Was Middlesex being paid the full amount, the full contract price?*

A. Yes, they were being paid the full contract price.

\* \* \* \* \*

A. Yankee was actually being, as a subcontractor, was being paid \$450 a month by Middlesex.

*Q. In other words, Middlesex was receiving the money from the State?*

A. That's correct.

*Q. And subcontracted the work to Yankee and was paying Yankee about half of the contract price?*

A. Yes.

*Q. Presumably, Middlesex has retained the rest of the state payments for itself without doing any work?*

A. Presumably, yes.

Later testimony disclosed that the work being performed at the Passaic County Day Care Center was unsatisfactory, while the state was paying the full amount of \$8,000 to Sol Adoff.

Joseph Seaman was called to testify and given a chance to explain the above accusations. He refused to answer any questions that were directed to him concerning his involvement with Sol Adoff or the reception of any gifts or money in connection with his work. He also chose not to make any statement at the conclusion of his testimony.

### NON-PERFORMING CONTRACTORS

During the field investigation and extensive review of all contracts held by the Middlesex firm, it was learned that a number of institutions had made continuing complaints that maintenance work under state contracts was either non-existent or inadequate. Several witnesses were called at the public hearings to corroborate these findings.

Mrs. Carol Handoga, a program director at the Passaic County Day Care Center, Totowa, testified to conditions at the center where 88 severely retarded children from four years of age to twenty years undergo training. The following testimony was elicited during her appearance on the second day of hearings:

*Q. Could you describe some of the programs that you have for the children there at the center?*

A. It's mostly self help, feeding, toilet and such. We have a few children that will eventually be going into public schools, trainable classes, and we have programs set up for them as far as, you know, learning letters, numbers.

*Q. How long have you been working there?*

A. I've been working there a year and a half.

*Q. You also have therapy programs for the children?*

A. Yes, we do.



*Q. And could you describe those for us; please?*

A. We have physical therapy programs, and at which time the children are mostly on the floor, exercises. We have parallel bars.

*Q. You do have programs whereby the children actually work on the floor?*

A. Work constantly on the floor, yes.

*Q. Now, based upon your professional position and your experience, are you in a position to be familiar with the cleanliness, general cleanliness of the area at the Passaic County Day Care Center?*

A. Yes.

*Q. Would you care to describe the conditions under which you have been required to work for the past year at the center?*

A. The conditions are disgraceful. Nothing at all has been done. The floors are so dirty you wouldn't know the color that they originally were. I don't think the floors have ever seen any water at all. The bathrooms: We have drains in the bathrooms that are supposedly there to catch the water when they mop up the floors. The drains are bone dry. There is dust in them.

*Q. Are these the same floors that the children are taking therapy on?*

A. Yes, it is.

*Q. I ask you whether or not you have had occasion to make complaints regarding these conditions?*

A. I have made several complaints, both written and I called the company itself. I've called. We have the subcontractor. I've called Yankee and I talked to Mr. Lentz, L-E-N-T-Z, and explained the conditions to him.

Mr. Lentz had come up one time to see the day care center because I had complained, and in his estimate the center was clean. He told me that my—that I was reaching too high.

*Q. Did he ever correct the conditions at all?*

A. Did he? No.

It was pointed out in earlier testimony that Middlesex sub-contracted, without permission, the work at this day center to

Yankee Building Maintenance Services, which was receiving about half the \$8,800 a year being paid by the State to Middlesex.

#### ADDITIONAL COMPLAINTS

Dr. Oscar Frank, an assistant professor of medicine at the New Jersey College of Medicine and Dentistry, was called to testify about the performance of Middlesex at the East Orange Trailer Laboratories in East Orange. Between fifty and one hundred undergraduate and post-graduate students and professional personnel work in the trailer complex.

Dr. Frank testified that he complained many times about the cleaning services performed by Middlesex. He said the complaints would result in a "flurry of activity . . . and then we revert back to the normal status."

Mrs. Lois Redd, coordinator of housing services for the five dormitories at Montclair State College, also testified about the services performed by Middlesex. The firm held a contract for window cleaning only, as general maintenance is performed by college personnel.

Following Dr. Frank on the stand, she told of a number of complaints made against Middlesex Building Services, including windows taken from the tracks and not replaced correctly and failure to clean the windows properly.

She told of the following incident which occurred when she complained to the college building and grounds engineer and he, in turn, complained to the Middlesex firm:

*Q. Can you tell us, did you, subsequent to that, have a conversation with Mr. McGinty concerning his contract with Mr. Adoff of Middlesex?*

A. Yes. I think Mr. McGinty spoke to someone at Middlesex. I don't know who it was, but they said the contract was to wash the windows, not to clean the windows.

THE CHAIRMAN: *Would you repeat that? Did I miss something there? They said what?*

THE WITNESS: Mr. McGinty said to me that someone at Middlesex had said to him the contract was to wash the windows, not to clean the windows.



## SUMMARY

The Division of Purchase and Property was responsible for the procurement of more than \$110,000,000.00 in services and commodities for state agencies in 1970. Most of this business is conducted by the Bureau of Purchase and its 90 employees. Irregularities discovered by the investigation involved only one employee, but his position as senior buyer was important enough to influence many of the contracts obtained by the Middlesex Building Service Co., a firm which was doing \$500,000.00 a year in business under State contracts at the time of the investigation. It is to the credit of the Bureau and the overwhelming majority of its faithful employees that the irregularities led to a single employee.

We commend the officials of the Division of Purchase and Property for their cooperation in the probe. We also commend them for moving quickly to tighten bidding practices and procedures. A number of changes were internal and directed at closer supervision of the assistant buyers and buyers by senior buyers. These other changes were put into effect:

*—Applications of companies wishing to be placed on the State's list of approved bidders are being checked by the Division's inspection staff. Formerly, a firm was put on the list by merely asking, regardless of qualifications.*

*—Application forms for the bidders' list were redrawn and newly printed, and now must be notarized to keep potential bidders from giving false information about their qualifications.*

*—Senior buyers are making spot checks on the work of buyers under their jurisdiction.*

*—Spot checks are being made on performance of contractors who are awarded service contracts with State institutions.*

*—State agencies and institutions are being encouraged to complain directly to the Bureau, instead of the contractors, when work is considered substandard. The filing of complaints can lead to administrative hearings which may result in a halt in payments due under the contracts.*

## INVESTIGATION INTO THE BUILDING SERVICES AND MAINTENANCE INDUSTRY

During the course of the investigation into certain practices of the Division of Purchase and Property, there were indications of anticompetitive practices and corrupt labor practices in connection with the building service industry. Moreover, names commonly associated with organized crime were brought forth in connection with this industry. The Commission commenced a follow-up probe to look into these matters.

Additional public hearings were convened June 25 and 26 in the Senate Chamber of the State House, Trenton.

Emil Bevacqua, a witness in the earlier June hearings and a former official of the Middlesex Building Services Company of New Brunswick, had testified to the coerced sale of a cleaning product to various firms with the quid pro quo of labor peace. He further testified about an organization operated by Sam "Red" Leonard and known as the New Jersey Contractors Management Company (N.J.C.M.C.).

## THWARTING COMPETITION

Bevacqua described the purpose of this organization as follows:

To form a close bond, so to speak, amongst these members and contractors, that is, and to eliminate one contractor taking another account away from a fellow member.

*Q. So, in effect, it was to protect everybody's individual business, is that correct?*

*A. That's right.*

*Q. And to limit free bidding and free enterprise by the members of that particular company.*

*A. Yes.*

*Q. I take it, then, that when one person was bidding in a particular job, other members of this particular group would be warned off or told to bid high; is that the idea?*

*A. Right.*

Q. So that, in fact, whether it was the State or any other person that was purchasing, they weren't getting the lowest available price?

A. No.

Q. Was it understood that you couldn't take business from fellow members of the association?

A. Yes.

Bevacqua stated that the N.J.C.M.C. was also used to settle disputes that arose between members. One such instance arose with a contract that Middlesex Building Services had with Reynolds Metal Company. However, after a while, Reynolds cancelled its contract with Middlesex because of a sub-par performance. In its place, International Maintenance Company of Newark, New Jersey was hired. Bevacqua then described what happened:

Mr. Adoff complained to Mr. Leonard and Mr. Leonard interceded and, as a result, International made a monthly payment to Middlesex.

Q. Well, even though Middlesex had lost the contract by nonperformance, International had taken over presumably legitimately, they were still forced to pay this reparation to Middlesex each and every month?

A. Yes.

Under questioning at the public hearings Leonard said one of the services he performed for members of the N.J.C.M.C. was to arbitrate disputes between them.

Q. Well, I would like the specifics of these arbitrations. What was the issue? Who were the parties? What were the contentions? What was your decision?

A. It's been a custom in the trade for, oh, ever since the trade has been in its inception that if you had a customer, in order to maintain the value of your businesses you maintained your own customers and you didn't go around taking work away from other people. And on occasion they would sit down and they would sell the accounts to somebody else.

Q. You mean to tell me there was no competition in this business?

A. There's competition.

Q. How could there be? You just said they had an understanding they wouldn't take each other's customers?

A. Mr. Commissioner,—

Q. Isn't that what you said?

A. Mr. Commissioner,—

Q. Wait a minute. I know—

A. If there's five hundred—

Q. I know my title. Didn't you just say they would sit down and sell an account to somebody else and that was one of the things you would participate in?

A. Yes, sir.

Q. All right. Then I get back to what I said before. What kind of competition was there in the business?

A. There's over five hundred companies doing business in the state, and this was just a little handful.

Q. You just told us there was a practice they wouldn't take customers from each other?

A. Usual practice.

Q. And one of the things you were called upon to do was apparently help maintain that practice because you would help arbitrate the disputes that arose out of that practice. Is that right?

A. That is right, sir.

Mr. Samuel Turren, Vice President of Bloomfield Window Cleaning Company substantiated the foregoing anti-competitive practices:

Q. Now, let me ask you this, Mr. Turren: With your experience in the trade, is there a practice, sir, among some of the contractors who are friendly to each other of paying reparations when they take each other's jobs?

A. Yes, sir.

Q. And at the present time, sir, may I ask you this: Is your company receiving any reparations from any company who took jobs from you?

A. Yes, sir.

Q. About how many is that?

A. I'd say that there's probably around a half a dozen either one way or the other.

*Q. All right. And they're making monthly payments to your firm?*

*A. Yes, sir.*

The subject of the N.J.C.M.C. was brought up again in questions to Bevacqua. Even though Leonard was the head of the association, Bevacqua alleged that he was, in fact, only a front man for someone else. When asked who was the person behind Leonard, the witness replied:

There was an understanding in the industry that he represented a man known as Timmy Murphy.

Bevacqua then stated that Murphy also was known by another name, Thomas Pecora, and that this man was the real head of the N.J.C.M.C. When pressed further as to what power Pecora, a/k/a Timmy Murphy, possessed that enabled him to be the behind-the-scenes man for Leonard, Bevacqua replied "... through the union."

*Q. It was generally believed and known that he was connected with labor?*

*A. Yes.*

\* \* \* \* \*

*Q. Did you ultimately learn what union Pecora, also known as Murphy, was associated with?*

*A. Yes.*

*Q. And what union was that?*

*A. International Brotherhood of Teamsters, Local 97.*

This branch is generally associated with the building maintenance industry.

Bevacqua was then asked about the money that was paid by members to Sam Leonard and his group. To this, he answered:

[There] was an understanding amongst the industry that all moneys collected by Mr. Leonard were, in fact, deposited with Timmy Murphy and he would make the slice.

Mr. Robert Morrison heads the Acme Cleaning Service, Inc., in Newark. Morrison testified that he also joined the N.J.C.M.C. He stated that once he was having a problem with a contractor and Sam Leonard indicated that he had a connection with Local 97 and

that some friends there may be some help. Although Leonard did not mention any names at this time, Morrison stated that he did so at a later date:

Well, at a future time, at a later date, I was having a problem with a contractor, with some work doing for the State at that time, and Mr. Leonard offered to intercede on my behalf and mentioned that a man by the name of Timmy Murphy might be able to help me secure that contract which I had difficulty getting.

### SWEETHEART CONTRACT

Bevacqua also testified as follows about John Todaro, Business Agent of Teamsters Local 97. He said that a contract was signed by Todaro and Sol Adoff, the president of Middlesex, which stated that Todaro had the duty of negotiating any labor agreement between the company and the union. As Bevacqua told it at the hearings:

It wasn't a negotiation ... as we know the word.

*Q. All right. What do you mean by that, sir?*

*A. He knew beforehand what was going to go into the contract, and he didn't make any real effort to arbitrate it.*

\* \* \* \* \*

*Q. And from whom did he know what was to go into the contract?*

*A. Sol Adoff.*

*Q. So, in other words, Adoff pretty well dictated the terms of the contract.*

*A. Yes.*

*Q. Is there a term for that type of contract in the trade?*

*A. Yes.*

*Q. What do they call it?*

*A. Sweetheart [contract].*

Bevacqua stated that once he actually saw Adoff give money to Todaro. This occurred in 1968 at the Treat Restaurant in Newark, with Sol Adoff, Todaro, and himself present. However, he was not

able to say exactly how much money was passed. Bevacqua also spoke of a time when Todaro called him on the phone:

He had made a telephone call to me and, if I remember, his words were: "The other outfits take care of me pretty well, but you got a pretty cheap outfit."

*Q. This is what Todaro told you?*

A. Yes.

*Q. What did you say to him?*

A. I says: "Well, if it's money you're asking for, you're talking to the wrong man."

*Q. Did you tell Adoff about this?*

A. Yes, I did.

*Q. All right. What did Adoff say; what was his reaction?*

A. Well, he lost his temper somewhat and called Mr. Todaro, in my presence, and told him in no uncertain terms that if he ever wants to discuss anything like that he'd have to make sure he talks to him and not anyone else.

#### A HARD SELL FOR POLY-CLEAN

The name Thomas Pecora, a/k/a Timmy Murphy, came up again in the hearings, this time in connection with a cleaning product used mainly in the building maintenance industry. The product is called Poly-Clean and is distributed by All Purpose Chemical Company in Newark. The head of the company is Frank Vasfaiolo, yet it is alleged that he is only a front man for Thomas Pecora. It was stated that Poly-Clean was no better than other cleaners and was overpriced. Yet its purchase was alleged to have brought great benefits for those who used it. The questioning to Bevacqua went as follows:

*Q. Now, can you tell us, again from your knowledge of the industry and meetings, etc., what was the word on Poly-Clean in the industry?*

A. Well, it was understood that if you didn't want labor problems you'd stock and use Poly-Clean.

*Q. Who, if anyone, was Poly-Clean supposed to be connected with?*

A. That was also well known in the industry that this was Timmy Murphy's company.

*Q. So this All Purpose Chemical being run by Frank Vasfaiolo was, in fact, another front for Timmy Murphy?*

A. Yes.

*Q. Did you ever talk to Sol Adoff about it?*

A. Yes.

*Q. And what did he tell you about Poly-Clean?*

A. He said that he stocked it because he didn't want any labor problems.

*Q. "Didn't want any labor problems." Told you to keep using it?*

A. He did.

*Q. Did he ever mention anything about a favor or anything to that effect?*

A. Yes, he did. He said, "You never know when you may want a favor."

*Q. So he told you to keep stocking it, even though it was overpriced?*

A. Right.

#### POLY-CLEAN AND LABOR PEACE

Bevacqua then told of a conversation between Al Bookspan, Sr., a member of the N.J.C.M.C., and Sol Adoff, which took place at one of the monthly meetings.

*Q. . . . Would you describe for us, sir, to the best of your recollection, what you heard Bookspan say to Adoff and what you heard Adoff say to Bookspan?*

A. He mentioned that he was having union problems with a particular union.

*Q. Who mentioned that?*

A. Al Bookspan to Mr. Adoff. And Sol Adoff replied, "well, where have you been? All you have to do is call up All Purpose Chemical Company and order some Poly-Clean and solve your problems."

Q. Now, did this topic come up again sometime later?

A. Yes, at the very next meeting.

Q. And that was the month later?

A. Yes.

Q. Would you tell us on that occasion what Adoff said to Bookspan and what Bookspan said to Adoff in your presence?

A. Oh, Adoff asked him, "How did that work out with your union problems?" and Bookspan replied, "Boy, it worked like a charm."

Bevacqua also spoke of an incident that occurred when he was at the Great Eastern Food Market on U. S. 1, in New Brunswick. While there on a routine check of the premises, Bevacqua encountered Frank Vasfailo and a Mr. Buddy Evangelista, the regional manager. While in the company of the two, Bevacqua noticed that Poly-Clean was on one of the shelves. He testified that upon seeing this:

I turned to Frank and I said, "You're doing pretty good getting your products in the supermarkets and"—

Q. What did he say?

A. He said, "Yes, I get a little bit here and a little bit there."

Q. What did you say?

A. I said, "That should make Timmy pretty happy."

\* \* \* \* \*

Q. Who did you mean? Timmy Murphy?

A. Yes.

Q. And what did Vasfailo reply to that?

A. He said, "That makes Timmy happy, it makes Great Eastern happy because they have no union problems."

Samuel Turren of the Bloomfield Window Company also testified as to his experiences with Poly-Clean and Timmy Murphy. Turren said that the first time he heard of the product was about five years ago. At that time he received a telephone call from Timmy Murphy stating that he had a friend whom he wanted to

introduce who was selling Poly-Clean. Murphy then brought the man to Turren's office where the product was demonstrated.

Turren also stated that he has seen Murphy at the office of All Purpose Chemical on a number of occasions. They would use this location when they had a meeting together to talk over any problems.

Gilbert McDougald, President of Yankee Maintenance Company, Inc., testified as to his introduction to Poly-Clean. He stated that one day five salesmen came into his office and attempted to convince him to purchase the product. They started to demonstrate with the Poly-Clean by cleaning some of the furniture in the room. McDougald said he was not impressed with their whole approach and asked them in no uncertain terms to leave. Soon after this, he received a call from Sam Leonard, saying that it would be much better to have friends in the business than enemies. Leonard then asked McDougald to go down to the office of All Purpose Chemical to see Timmy Murphy. At that time, McDougald stated he did not know who Timmy Murphy was, but when he met him at that office, Murphy seemed to be very upset. As the witness explained the incident at the hearing:

Well, he was disturbed the way I supposedly treated his five friends, and which were the salesmen that came into my office, and he thought I was rude to them in every way. And I told him, you know, what I thought, it was a rotten approach and if it's a good product you don't need, you know, ninety-nine people up here to sell it to a small maintenance company like mine.

Sol Adoff was called to testify, but declined to answer any questions pertaining to the N.J.C.M.C., All Purpose Chemical, or Poly-Clean.

Frank Vasfailo refused to answer all questions asked him.

John Todaro also refused to answer all questions asked of him.

Leonard, in his testimony, said he knew Frank Vasfailo and his association with All Purpose Chemical Company, distributor of Poly-Clean. He said he also knew Thomas Pecora, but denied knowing any business relationship between the two men.

Leonard further testified that he first learned of Pecora's association with Organized Crime through newspaper reports that

followed the release of the so-called DeCavalcante and DeCarlo tapes.

SCI agents were unable to locate Pecora to serve him with a subpoena for the public hearings. On request of the SCI, Teamster Local 97 attempted in vain to contact him through a registered letter. When Pecora failed to attend a meeting of the union's Executive Board June 29, 1970, the Executive Board voted to treat his nonappearance as a resignation. The union then notified the SCI that Pecora was no longer affiliated with it.

### DECALCANTO INFLUENCE

The influence of Simone R. DeCavalcante, who was recently sentenced to fifteen years in federal prison for extortion, was brought out during questioning of Ralph Nadel, a partner in the A & P Spotless Cleaning Company. Nadel and his partner Isadore Ungarten, were the two "unidentified men" mentioned in an FBI memorandum covering a recorded conversation that took place in DeCavalcante's office July 8, 1965. The episode also involved Leonard, who earlier had testified that he did not know DeCavalcante. Counsel for the Commission elaborated:

For the information and guidance of the Commission, Mr. Chairman, I have had marked today Exhibit C-11 . . . with today's date. I wish to make the following explanation to the Commission: This is Volume No. VIII of the DeCavalcante Logs, which are official public records filed in the Federal Court in Newark, New Jersey. And I have particular reference during the course of this to Page K225 of that log. This is a court certified copy of that log that is on file in Newark.

*Q. I am showing you, if I might, Mr. Nadel, Page K 225 of Volume VIII, which purports to be a memorandum, an FBI memorandum, covering Samuel Rizzo DeCavalcante and covering a meeting taking place on July the 8th, 1965. Now, I have showed you all these before, have I not?*

*A. You did.*

*Q. And in that particular report of the FBI there is described two basically unknown men from the*

*A & P Spotless Window Cleaning Company that met with Mr. DeCavalcante on that date?*

*A. Yes.*

*Q. And can you now tell us who those formerly two unidentified men were?*

*A. No.*

*Q. Well, were you and your partner, Mr. Ungarten, in a meeting with Mr. DeCavalcante?*

*A. Yes, we were.*

*Q. We have gone through this log before and this is what transpired?*

*A. Yes.*

*Q. So that, again, when they're describing the two men from A & P Spotless that went to see Mr. DeCavalcante, those two men were you and your partner?*

*A. Yes.*

*Q. All right. Fine. And this particular report on K225 is a log of what transpired at that particular meeting, is that correct?*

*A. Yes.*

*Q. And you have gone through that, basically, and now recall what went on during that meeting?*

*A. Yes.*

*Q. Fine. Now, just leading up to that meeting, Mr. Nadel, I wonder, sir, if I can first of all ask you, how did you first meet Sam DeCavalcante?*

*A. In the year of 1965, I believe it was the month of May, I received a telephone call over the phone, like I get many other calls, to estimate the cleaning of an office. . . . I received a telephone call at my office to estimate the cleaning of an office in Kenilworth.*

*Q. This was Mr. DeCavalcante's office in Kenilworth?*

*A. Yes.*

*Q. His plumbing business?*

*A. Yes.*

*Q. How did you happen to receive a call, sir, if you know, to do that cleaning job?*

*A. I'm assuming that because of my name, A & P Spotless, alphabetically we were listed in the tele-*

phone directory as number one, so\* whoever called us picked the first name.

\* \* \* \*

Q. So did you go over and estimate the job, that is estimate how much it would cost to clean up Mr. DeCavalcante's office?

A. I did.

Q. And how much was it going to cost?

A. I estimated the cleaning cost was \$65 per month.

Q. Did you tell that to Mr. DeCavalcante?

A. I told that to Harriet.

Q. All right. Did you then have a conversation with Mr. DeCavalcante about the cleaning?

A. Yes.

Q. All right. Will you tell us what, if any, names he mentioned to you during the course of this conversation?

A. Mr. DeCavalcante mentioned a few labor names related to our business.

Q. Did he mention the name Timmy Murphy?

A. He did.

Q. Did he mention the name Nick Caprio, C-A-P-R-I-O?

A. He did.

Q. And did he mention the name Al Palumbo?

A. He did.

Q. That's P-A-L-U-M-B-O?

A. Yes.

Q. Now, Timmy Murphy you now know is connected with Local 97, is that correct?

A. Yes.

Q. With whom is Mr. Caprio connected?

A. I believe it's Local 389, building service maintenance.

Q. That's again in your field of endeavor?

A. Yes, it is.

Q. How about Mr. Palumbo?

A. He is connected with Mr. Caprio.

\* The call was allegedly made by Harriet Gold, secretary to DeCavalcante.

Q. In Local 389?

A. In Local 389.

Q. Incidentally, are those two unions, namely Local 97 and Local 389, the two unions that you do business with in the A & P Spotless?

A. Yes.

Q. All right. So Mr. DeCavalcante mentioned that he knew these men?

A. He did.

Q. What, if anything, did he mention that he might be able to do for you, or how, did he say?

A. If I ever needed a favor he could help me out.

Q. All right. Did he ask you to do anything about the price of the cleaning?

A. He asked me to reduce the price a little bit.

Q. Did you reduce the price?

A. I did.

Q. You reduced it from \$65 to what?

A. I reduced it from \$65 to \$55.

Q. And then did you undertake to clean his office?

A. Yes.

Q. How long were you cleaning his office?

A. Well, till this present date.

Q. All right. Now, Mr. Nadel, let me ask you this: Did there come a time when you had reason to remember Sam DeCavalcante's mentioning of the fact that if you needed a favor you can see him?

A. Yes.

Q. Incidentally, do you know a man named Sam "Red" Leonard?

A. Yes, I do.

Q. All right. Back around this time—I'm talking about around May-April, 1965—were you having some difficulty with Sam Leonard?

A. Yes, I suspected of having some difficulty with him.

Q. All right. Will you, first of all, explain how this whole thing came up between you and Leonard?

A. I was, I was cleaning a job that Sam Leonard was cleaning. He was, he was given a discontinue, and I took the job over.

Q. So, in effect, as far as you know Sam Leonard had reason to believe you had taken a job from him?

A. Yes.

Q. And as far as you thought did you think he was mad at you for that?

A. This is what I suspected.

Q. Now, what happened with respect to some of your jobs that revived this whole thing?

A. I had begun to lose a couple of jobs and I had suspected that [Leonard] was responsible for it. So, remembering Sam DeCavalcante's offer of help whenever you're in trouble, I went to see Sam about this.

Q. And then was your partner with you on that first occasion?

A. I beg pardon?

Q. Your partner was with you that first time?

A. I think so.

Q. And that's the meeting that's been described in the exhibit I just showed you?

A. Yes.

Q. Fine. If we can get to that, you and your partner went to see Mr. DeCavalcante at his office back on about July the 8th, 1965?

A. Yes.

Q. And just going through the report, sir, you complained to Mr. DeCavalcante that you were losing clients to Sam "Red" Leonard, or at least you thought you were, and Leonard was using Timmy Murphy's name as far as you knew?

A. Yes.

Q. Further, it goes on to say you mentioned to DeCavalcante that Leonard, at least you thought, had taken four Food Fair store clients from you, is that correct?

A. Yes.

Q. You mentioned that these stores, one was in Irvington, one was in Belleville and two were in Newark?

A. Yes.

Q. And, further from this report, then, DeCavalcante told you that he would try and get these clients back for you?

A. Yes, he did.

Q. All right. Then DeCavalcante further stated, did he not, that he could obtain, or that it was a possibility he might be able to get some Shop-Rite stores for you as clients in New Brunswick, New Jersey?

A. Yes, he did say that.

Q. And in Sayreville, New Jersey?

A. Yes.

Q. And then, again, did he also at this meeting tell one of you to get Sam "Red" Leonard on the telephone?

A. Yes.

Q. And did one of you look up his phone number?

A. Yes.

Q. Do you remember which one it was?

A. No.

Q. Just concluding, did DeCavalcante then tell you that you could use his name to protect your business and to gain new clients but that you were not to abuse people while you used his name?

A. Yes.

Q. And did he further tell you that he could protect you, and would protect you, as long as you did right but he would be the first one to come after you if you didn't?

A. Yes.

Q. And finally, did he tell you that he would meet with Thomas Pecora, also known as Timmy Murphy, and tell him not to interfere with A & P Spotless any more?

A. Yes.

Q. He told you that?

A. Yes.

Q. So that the FBI reports, then, dated July 14, 1965, which I in effect just read to you, that's fully accurate?

A. Yes.



## DECAVALCANTE MEDIATION

*Q. All right. Now, again we're going with this meeting of July the 14th, when you made these complaints to DeCavalcante and he told you he would try and help you out and tell Pecora to lay off; did he later call a meeting?*

*A. He did.*

*Q. And do you now remember where that was?*

*A. Yes, I do.*

*Q. Okay. Where was it?*

*A. Harriet Gold had called me and told me to come down to the office. This was late in the afternoon. And when I got there she said, "Sam's over at the restaurant around the corner from the office."*

*Q. He's over at the restaurant around the corner?*

*A. Yes.*

*Q. What was the name of the restaurant?*

*A. Angie and Min's.*

*Q. Now, did you go over there?*

*A. I did.*

*Q. And was Sam DeCavalcante there?*

*A. Yes.*

*Q. Was Sam "Red" Leonard there?*

*A. Yes.*

*Q. Was your partner with you at this point?*

*A. He was.*

*Q. How many other men were there, do you know?*

*A. There were two other men.*

*Q. Okay. Just so that I have this straight, over at this restaurant at this meeting called by DeCavalcante, you had DeCavalcante who called the meeting?*

*A. Yes.*

*Q. Sam "Red" Leonard?*

*A. Yes.*

*Q. You and your partner, Isadore Ungarten?*

*A. Yes.*

*Q. And two males who you don't know who they are?*

*A. Yes.*

*Q. Incidentally, to this date to the best of your knowledge have you ever laid eyes on Timmy Murphy, Thomas Pecora?*

*A. No.*

*Q. So whether he was one of the guys, of the other two unidentified males, I take it you can't tell us?*

*A. Yes.*

*Q. All right. Now, what happened at this particular meeting? Did you make some accusations against Leonard?*

*A. Yes, I did.*

*Q. And what accusations did you make against him?*

*A. I accused him of causing me to lose those supermarkets, and he denied everything, naturally.*

*Q. Okay.*

*A. And there was no definite proof, but I did an awful lot of hollering.*

*Q. Okay. You were pretty mad, I take it?*

*A. Yes.*

*Q. Sam was kind of sitting as judge and jury of this dispute?*

*A. Yes, yes.*

*Q. And you got pretty hot under the collar?*

*A. I did.*

*Q. Did Sam Leonard react in any way?*

*A. Well, he just denied everything.*

*Q. All right. Did, then, Sam DeCavalcante finally get in or step in at this point?*

*A. At this point he did step in and said, "Calm down, fellows. Nothing can be gained by hollering at each other."*

*Q. Did Sam DeCavalcante tell you to do something with respect to those four stores that you had lost?*

*A. After the hollering died down he said, "You submit—rebid the stores that you lost."*

*Q. Rebid the four stores?*

*A. Yes.*

*Q. And did you rebid them?*

*A. I did.*

Q. And how many of them did you get back?

A. I got back two of them.

Q. So as far as you know Sam resolved the difficulty. Two of them you got back and two of them you didn't?

A. Yes.

Q. Fifty-fifty, is that right?

A. Yes.

Q. Now, after this particular meeting with Sam "Red" Leonard, et cetera, wherein DeCavalcante had told you that you could represent yourselves as his partners, did there come a time when you took any member of his family into the business, or hired him?

A. Yes, I did.

Q. And whom did you hire?

A. Sam DeCavalante's son, Robert.

Q. And do you remember about how long after this dispute it was that you hired Bobby?

A. This might have been about two or three weeks.

Q. And how long did Bobby DeCavalcante work for you?

A. He worked approximately a year.

Q. Was it your understanding that if Bobby worked out, et cetera, he might ultimately become a partner?

A. Yes.

Q. Did Sam tell you something about what he could do for your business in the way of clients?

A. Yes. He said he could build my business.

Q. Do you recall him using any phrase like he wouldn't double the business, he'd triple it?

A. Yes.

Q. He did say that to you?

A. He did say that.

Q. And he put his son into the business with you?

A. Yes.

Q. Just in shorthand, did Bobby work out as an employee?

A. Not too good.

Q. How long was he with you?

A. He was with us approximately a year.

Q. Where is he now as far as you know?

A. I wouldn't know.

Q. But he's no longer in the window cleaning business?

A. Oh, no, no.

Q. Now, during this period of time, aside from the money that you were paying to his son, did Sam DeCavalcante share at all in the profits of the business?

A. No.

Q. Never gave him a cut?

A. No.

Q. And he never asked for any?

A. No, he never did.

Q. And he wasn't really in any sense your partner but you were just allowed to use his name?

A. Use his name.

Q. Did he get you any business?

A. He did.

Q. All right. Would you tell us about that?

A. There were two, there were two different accounts in East Orange, and a total of six buildings, and he was very, very friendly with the principals involved in those buildings, the landlords, the owners of the buildings.

Q. Would you say that again? I don't think we have it.

A. He was very friendly with the owners of two corporations that owned six buildings.

Q. And what were the names of the corporations, if you remember?

A. One was Iorio, Iorio Construction Company.

Q. Iorio, that's I-O-R-I-O?

A. Yes.

Q. All right.

A. They owned three buildings.

Q. Right.

A. I don't remember the name then, but the name now for the other three buildings was Amato Holding Company.

Q. Amato Holding Company?

A. Amato Holding Company.

Q. And he told you that you were to start cleaning, in effect, those six buildings?

A. Yes.

Q. Did you go up and see those six buildings?

A. Yes,

Q. All right. Now, when you went up to see the Iorio buildings, I think that you have described, these are all up in East Orange?

A. Yes, they are.

Q. What did you do, take a walk around to see what was involved?

A. Yes, I did.

Q. What were you to do with these buildings?

A. Start commencing cleaning the beginning of the month.

Q. All right. Cleaning all of them?

A. Yes.

Q. And all phases of janitorial services?

A. All maintenance.

Q. Did something happen while you were looking at the Iorio buildings?

A. Yes. Prior to taking over beginning the first of the month, I solicited the cleaning help that was in the building then. I walked in one early evening, and evidently one of the cleaning help notified the previous owner of the contract of cleaning the buildings.

Q. Okay. So that I get this, then, I take it you had talked to the people that were working cleaning up the job already about staying on?

A. Yes.

Q. And one of them tipped off the fellow that he was working for that had been doing the work previously, right?

A. Yes.

Q. Who was that fellow that was doing the work previously?

A. John Todaro.

Q. Where is this building?

A. East Orange.

Q. Is that the same John Todaro that's connected with Local 97?

A. Yes.

Q. He is the one that was here yesterday and took the Fifth Amendment? No question about that as far as you know?

A. Yes.

Q. You say he was still doing some maintenance work on these buildings?

A. Yes.

Q. Does he have a company which does such maintenance work?

A. Yes.

Q. What's the name of that?

A. Todaro and Sons.

Q. As far as you know is he still active in it aside from these one or two buildings that he had as his private domain?

A. I don't think he's active in it.

Q. He kind of kept these aside?

A. As to himself.

Q. And he was losing them to you as a result of DeCavalcante's intervention?

A. Yes.

Q. Did Todaro come over and see you while you were working at the building?

A. Yes.

Q. Will you describe his reaction if you could, please?

A. Yes. He was terribly upset. "Why are you doing this to me?" and using some bad language.

Q. Used some bad language at you?

A. Yes.

Q. Tell you he'd get even with you, et cetera?

A. Yes, threatened me all sorts of ways. But—

Q. Because you were taking the account away from him?

A. Yes.

Q. What did you tell him?

A. I told him I had a partner involved and to go see him.

*Q. You aren't talking about Isadore Ungarten, were you?*

*A. No.*

*Q. You told him to go see DeCavalcante?*

*A. Yes.*

*Q. Did you tell Sam DeCavalcante about this meeting with Todaro?*

*A. I did.*

*Q. Did you ever have any trouble with Todaro after that?*

*A. No.*

## INVESTIGATION OF THE HUDSON COUNTY MOSQUITO EXTERMINATION COMMISSION

Shortly before the close of 1970, the Commission of Investigation decided to hold public hearings on information uncovered in an investigation of the Hudson County Mosquito Extermination Commission at Jersey City.

### TREASURER NEARLY BLIND

The testimony disclosed that the Mosquito Commission's treasurer, David Straus, was nearly blind, and signed his name to agency checks and vendor vouchers on direction of Mr. C. Harry Callari, the Executive Director of the Hudson County Mosquito Extermination Commission, even though in many instances Mr. Straus was unable to read what he was signing.

Mr. Straus, operator of a food market, has served as treasurer for 20 years. He first began having trouble with his eyes 12 years ago and could, it is understood, be classified today as legally blind. He described his ailment this way:

\* \* \* \* \*

*Q. Now, Mr. Straus, before we get into any specific procedural aspects of the operations of the Mosquito Commission, I wonder if you can tell the commission something about the difficulties that you have had of late with respect to your vision. Have you had trouble seeing recently?*

*A. I nearly broke my neck out there just now. I thought I had an assistant with me.*

*Q. Why is that, Mr. Straus?*

*A. This counselor here came after I fell. I don't see too well. I have a detached retina in one eye and I have fluid on the cornea of my good eye.*

*Q. And I take it, then, that you can only see from one eye?*

*A. Sometimes.*

Q. And you have fluid on the cornea of your one good eye?

A. Yes, sir.

Q. Mr. Straus, when you get up in the morning what do you have to do to your eye before you can go out and go to work?

A. Well, first thing I do, when I get up in the morning everything is very hazy. I have trouble putting two drops in my eye. Then I have to use a hair dryer to dry the fluid in my eye for at least five minutes.

Q. And that's before you go out of the house?

A. Before I can do anything. Before I get dressed.

Q. And for how long have you had this problem, Mr. Straus?

A. Well, the detached retina I've had twelve years now.

\* \* \* \* \*

Q. Excuse me. Do you ever sign things without reading them?

A. Yes, sir.

Q. Do you ever sign checks, without reading them?

A. Yes, sir.

Q. Do you ever sign vouchers without reading them?

A. Yes, sir.

Q. Did you ever sign things and not find out if the goods were delivered?

A. Well, when I sign the voucher I always make sure there's other signatures on the voucher.

Q. Have you signed any backdated vouchers since we commenced investigation last summer?

A. Will you repeat that, please?

Q. Have you signed any vouchers which were backdated prior to the summer of 1970?

A. No, not that I remember, no.

Q. You don't recall doing that?

A. No, sir.

Q. Your testimony is you have not done that since we commenced investigation?

A. I don't remember doing anything like that.

Q. When you sign checks in blank, to whom do you give the blank check?

A. I leave them right on the sheet.

Q. Who tells you to sign the blank?

A. Well, when I come in, the checks will be—excuse me—the checks will be on my desk.

## AUDITOR SHOCKED

Mr. Paul Garbarini, of Carlstadt, a certified public accountant, who audits the books of the Hudson County Mosquito Extermination Commission, said he was "shocked" when S.C.I. agents told him about a secret bank account and containing \$155,000 of income never reported to him. He also testified as follows:

Q. Mr. Garbarini, once this matter came to your attention did you have any conversations with Mr. C. Harry Callari?

A. Yes. He brought it up to me, oh, I would say a week to two after the investigators saw me.

Q. What did he say?

A. Well, he told me about the account.

Q. What did he tell you?

A. He told me he had an account and he was sorry he didn't tell me about it. And I asked him why he did something like that and he said it was to speed up work and things like that, and I said, "You know, it was in violation. You know, you were supposed to," and he said he realized it.

Q. Did he tell you where the money went that went into that account?

A. I didn't ask him, he didn't volunteer it.

Q. Did he tell you where it came from?

A. It came from the meadowland work on drainage.

Q. Meadowland work?

A. I would say, yeah, drainage and things like that.

Q. Did he tell you who the contributors to that account were?

A. Just corporations.

*Q. Now, as a C. P. A. and as a registered municipal accountant, in your expert opinion what is the significance of the existence of this undisclosed account?*

*A. Well, he's concealing, concealing records from the audit.*

### EXTENSIVE POWER EXERCISED

Even the New Jersey Turnpike Authority and its contractors were not immune from the Mosquito Commission and its power to halt construction. While dredging was underway for the \$9 million extension of the turnpike through the Hackensack meadows, the general contracting firm of Atlantic-Gahagan was asked for \$85,000 to cover repairs to "damaged drainage ditches." The project engineer, George G. Felps, said his company finally agreed to pay because they regarded it "as a right to go to work and not to be molested." An additional demand for \$140,000 from the company was rejected summarily. Under questioning, Felps said he saw no work performed on the ditches by the Mosquito Commission for the original \$85,000.

Clyde Nichols, Vice President of the Penn Central Company Real Estate Department, said his company paid a total of \$86,000 from 1966 to 1969 to the Mosquito Commission for alleged damage caused by the operations of his railroad. He, too, testified he could see nothing that was done by the Hudson County Mosquito Extermination Commission with the money even though he passes the site in question every day on the train.

Some \$50,000 from the Atlantic-Gahagan Dredging Co.; \$9,500 from the New Jersey Turnpike Authority; and \$55,000 from the Penn Central Company wound up in the so-called secret account where 99 percent of the funds were paid out for nonexistent or highly questionable purchases.

### ACCOUNTS ANALYZED

Mr. Cayson, an SCI special agent-accountant, analyzed (1) the secret account, (2) the capital improvement account, and (3) the general operating account of the H. C. M. E. C., and the disbursements from each. The questioning starts when Mr. Cayson was asked to detail disbursements from the \$155,000 secret account.

*Q. Did you conduct an investigation to determine where that money went, that \$155,000?*

*A. Yes, we did.*

*Q. Would you explain, please, the disbursements from that account covering that sum of money?*

*A. Yes. We found that the Eastern Supply Company was paid two checks, one for \$13,500 and one for \$15,660.*

*Q. Did you ever examine any documents to support that transaction?*

*A. Yes, sir, we did.*

*Q. Were they provided to you by the Mosquito Commission?*

*A. No, no, sir, they were not.*

*Q. Where did you get the documents?*

*A. In general, we got the documents from the suppliers, the alleged suppliers.*

*Q. I'm directing my question, now, to the Eastern Supply Company.*

*A. Yes.*

*Q. Where did you get the documents to explain the payment of \$29,160 to Eastern Supply Company?*

*A. From Mr. Milton Reid.*

*Q. Did you attempt to get the supporting documents from Harry Callari?*

*A. He had no documents, sir.*

*Q. Were these the documents that disappeared?*

*A. Yes, sir, that's right.*

*Q. All right. What did the documents show?*

*A. In regard to Eastern Supply?*

*Q. Eastern Supply.*

*A. In regard to Eastern Supply, it was ascertained that one check for \$13,500 was allegedly spent for spraying of the Secaucus meadows by helicopter.*

*Q. This thirteen-thousand-some-odd dollars was paid to Eastern Supply for spraying?*

*A. That's right, yes.*

*Q. Did Eastern Supply, according to its records, actually do the spraying itself?*

*A. No, sir, it did not.*

Q. Did they hire someone else to do it?

A. They did, yes.

Q. According to their records what did it cost them to hire someone to do it?

A. \$2,700.

Q. Yet they were paid in excess of \$13,000?

A. That's correct, yes, sir.

Q. Now, what was the other check made payable to Eastern Supply?

A. That was for some spraying material. It's Baytex, some sort of chemical with the trade name of Baytex. It is particularly effective, I understand, in this type of work.

Q. Sorry, Mr. Cayson. You were explaining the—

A. Yes.

Q. —purchase of Baytex?

A. That's right. And we found here that \$15,660 was paid for the Baytex. 24,000 pounds was supposed to be delivered. There was actually a delivery of only 20,000 pounds, that is, the Mosquito Commission was shortshipped, as we call it, 4,000 pounds and the supplier was paid some \$5,850.

Q. What did the Mosquito Commission pay for this material?

A. \$15,660.

Q. What did it cost Eastern Supply?

A. \$5,050.

Q. All right. Lehigh Truck.

A. In regard to Lehigh Truck, sir, there will be other testimony later in regard to that. I can only say for now that we examined the books and records of Lehigh Truck; and their gross receipts in the past two or three years does not exceed \$4,000, which will obviously, to my mind, indicate that they never got \$28,104.

Q. Royal Mart.

A. In regard to Royal Mart, we find that this is the one legitimate transaction in this whole schedule. It refers to some dehumidifiers which were delivered to the Mosquito Control Commission.

Q. That's \$437?

A. That's correct, yes.

Q. D. T. Rossillo Trucking.

A. D. T. Rossillo is a trucking company which has done substantial sub-contracting work for Benron, and again I would care not to make any further elaborations at this time.

Q. How about United Marine Construction?

A. United Marine Construction is a company which was formed one month before they received a contract from the Hudson County Mosquito Extermination Commission. We have found upon examination of United Marine's books that they have three executive officers and one employee and 100% of their funds are received from the Mosquito Control Commission.

Q. Damar Salvage & Hauling; they received \$60,000 I see here?

A. That's right. Damar Salvage & Hauling, as far as our investigation can determine, was used merely as a conduit of funds for money emanating from the corporation that allegedly operated an illegal dumping site in Hudson County.

Q. What's that corporation?

A. The Duncan Land Reclamation Company.

Q. Directing your attention to the payment of \$60,000 to Damar Salvage & Hauling, were any interviews conducted of any of the corporate officers of Damar Salvage & Hauling to determine what that \$60,000 was for and where it went?

A. Yes, sir.

Q. Briefly, would you relate the details?

A. Without going into extreme detail, in regard to the \$60,000 the procedure would be—was that these checks and others would be taken to a particular bank. The checks were cashed.

Q. By whom?

A. By a gentleman by the name of John Marcillio.

Q. Was he interviewed?

A. He was, yes, sir.

Q. What did he say?

A. He said that he took these and other checks to a particular bank and the checks were cashed.

Q. Who cashed them?

A. He did.

Q. What did he do with the cash?

A. He gave it to a gentleman by the name of James Ruffo.

Q. Or is that Joseph Ruffo?

A. I'm sorry. Joseph Ruffo.

Q. Did he tell you what Ruffo did with the money?

A. Yes. The only thing he said, that he would see Mr. Ruffo then take the money down to the address of the Hudson County Mosquito Commission on Duncan Avenue.

Q. Did he say he saw him go into the building with the money?

A. He did.

Q. Where was he at this time?

A. He was on the dump site on Duncan Avenue.

Q. Where is that in relation to the Mosquito Commission building?

A. Approximately one-half mile up from the building.

Q. Ralph Grasso, I see, received \$3,000. Who is Ralph Grasso?

A. Ralph Grasso is the county engineer assigned to the Hudson County Mosquito Control Commission.

Q. Were you able to determine why he received \$3,000?

A. No, sir, I don't. No, I did not, no, sir.

Q. Mr. Cayson, what percentage of the total expenditures does your investigation classify or—no. Strike that, please.

Q. What percentage of the total expenditures of this Mosquito Commission would you classify as questionable in nature as a result of your investigation?

A. Of the secret account, sir?

Q. Yes.

A. 99.3%.

Q. Did you make a similar percentage determination in regard to the known and existing special account for capital improvements?

A. Yes, sir.

Q. What is your opinion on that?

A. We find 72% of expenditures were of a questionable nature.

Q. What's the basis for this opinion, sir?

A. Well, we have found, for instance, that the bulk of the work was done by certain companies. These companies are as follows: Meadowland Contractors of which one Mario Gallo, until he died last year, was the president; Cityline Contractors; D. T. Rossillo; Benron; Emory, and Bellezza Brothers.

Q. Do you know who the principal officers of Emory are?

A. Yes, sir.

Q. Who are they?

A. Ben and Ronnie Callari. They own all the stock.

Q. Would you repeat that answer, Mr. Cayson? I didn't hear you.

A. Benjamin and Ronnie Callari own all the stock of it.

Q. Are they related to Mr. Callari of the Mosquito Control Commission?

A. Yes, sir, they are.

Q. What are they?

A. They are his sons.

Q. Continue.

A. Yes. We found that the principal contractors employed by the Hudson County Mosquito Commission paid Benron substantial sums of money as follows: City Line, \$20,580; Meadowland, \$49,850.

Q. And again to recap, who are the principal stockholders of Benron?

A. Ben and Ronnie Callari.

Q. What was questionable about the Emory transactions?

A. Well, the Emory transactions we find as follows: that a company by the name of Bellezza, which had a contract with the Hudson County Mosquito Commis-



sion, paid Emory \$53,990 and Meadowland, Mr. Mario Gallo's firm, paid \$30,000. We found that the Hudson County Mosquito Extermination Commission also paid \$28,985 and \$9,870 directly to Emory.

*Q. Have you made a determination as to how much money was withdrawn from the Benron Corporation by Callari or his relatives?*

A. Yes, sir.

*Q. How much?*

A. \$40,770.

*Q. Over what time period is this, Mr. Cayson?*

A. This is approximately two and a half years.

*Q. How about Emory?*

A. \$76,818.

*Q. Over what period of time?*

A. Approximately three years; three, three and a half years.

*Q. To your knowledge do either the Benron Corporation or the Emory Construction Company own any heavy construction equipment?*

A. As far as the records I received from their particular accountants, they have none, no.

*Q. What equipment do they own, if any?*

A. They have three automobiles.

*Q. What's the value of the automobiles?*

A. \$9,830.

*Q. Has Emory ever received a major contract from the Hudson County Mosquito Commission?*

A. Yes, sir, they have.

*Q. In what amount?*

A. \$29,985.

*Q. And what was that contract for?*

A. For the purchase of some pumps to be used out in the meadows.

*Q. What were they paid for the pumps?*

A. Who, sir?

*Q. Well, would you explain the transaction?*

A. Oh, yes. The Mosquito Commission got a quote for the pumps of \$17,125. Then by a series of correspondence the contract for the purchase of the pumps

was subsequently assigned to Emory, and Emory, in fact, bought the pumps, as far as we can ascertain from examination of their books and records.

*Q. Have those pumps been located?*

A. The investigators in going into the field ascertained that two of the pumps are in place and one is not.

*Q. Missing?*

A. That's right.

*Q. Have you made a determination as to whether or not there are any questionable expenditures in the general operating account?*

A. Yes, sir, we have.

*Q. What percentage would be questionable?*

A. With the exclusion of—we excluded salaries because we did not go into any payroll analysis. The answer would be 28%.

*Q. What do you base this percentage on?*

A. We base that percentage on the fact that the same suppliers in general who we have referred to in the special account also got paid out of the general account.

*Q. All right. By way of recapitulation, would you again state for the record the name of the account you are referring to and what percentage of the transactions you find questionable?*

A. And the amount of money?

*Q. And the amount of money.*

A. Right. Out of the general account, 28% for a total of \$201,637; 28%, \$201,637. Out of the special account, 72% for \$361,307; \$361,307. And, of course, out of the secret account 99.3% questionable for a total of \$154,584.

The grand total of this money is \$717,528.

## KICKBACKS ALLEGED

Three witnesses testified to kickbacks to Mr. Callari, executive director of the Hudson County Mosquito Extermination Commission.

Harry Woodruff, of Levittown, Pa., a former salesman for the Eastern Supply Co. of Hoboken, told of a \$9,000 kickback he made to Mr. Callari. The salesman testified that Callari had suggested a scheme for charging the Mosquito Commission \$13,550 for helicopter spraying when the job actually cost much less. Woodruff, in explaining the deal in the following testimony, said he gave the money to Callari in the latter's office in Jersey City in 1968.

*Q. At that time was there any further discussion with regard to the arrangements made with Mr. Callari?*

*A. Well, we had spoken to—I had spoken to Mr. Reid in regard to what Mr. Callari was to receive, which was a percentage based on the overall order, and at this time the order was approximately—initially it was forty-some-thousand dollars, which was to be regulated on the basis of how much spraying was to be done and that Mr. Callari was to receive a percentage of this. And at this time I explained to Mr. Reid that whatever was to be done with Mr. Callari, that he was expecting to be taken care of as these checks cleared.*

*Q. So did a check clear?*

*A. Yes, sir.*

*Q. How did you know this?*

*A. Because I went in and sat down with Mr. Reid and we discussed the disbursement of the funds of what had come in, and I had some incurred expenses and I was given a small commission and I was to give the balance of this check to Mr. Callari, which was \$9,000.*

\* \* \* \* \*

*Q. Mr. Woodruff, you have before you Commission Exhibit C-27. I ask you, sir, whether you have ever seen that check before.*

*A. Yes, sir.*

*Q. Where did you see it?*

*A. It was given to me in Mr. Reid's office.*

*Q. By whom?*

*A. By the—Terry, the girl who was the office manager or secretary for Mr. Reid.*

*Q. What is the amount of that check, sir?*

*A. \$10,800.*

*Q. And the date?*

*A. October 10th, 1968.*

*Q. What did you do with the check, sir?*

*A. I went across the street to the bank and deposited the check and drew \$5,000 out of the account.*

*Q. What did you do with the \$5,000?*

*A. I put it in an envelope and took it to the Hudson Mosquito Commission.*

*Q. What did you do when you arrived at the Mosquito Commission?*

*A. I turned it over to Mr. Callari. Mr. Callari said he was expecting more. I said I would deliver the balance in a few days.*

*Q. Did you deliver the balance in a few days?*

*A. Yes, sir.*

*Q. How much did you deliver in a few days, sir?*

*A. Four more thousand dollars.*

*Q. What happened? And where did you deliver it?*

*A. At the Hudson County Mosquito Commission.*

*Q. To whom?*

*A. Mr. Callari.*

*Q. On each occasion did he count the money in your presence?*

*A. I'm not certain.*

*Q. Did he have any conversation with you when you delivered the moneys to him?*

*A. Well, the feeling was that he was looking for more moneys.*

*Q. Did he say why?*

*A. No, but just that he would work it out.*

*Q. Did he tell you what he was going to do with the money?*

*A. He said he had obligations to other associates and he didn't go into it any further.*

*Q. What happened to the other \$1,800?*

*A. I had—some of it was used as incurred expenses and I received \$400 as commission, bonus, whatever.*

## IMMUNITY GRANTED

The next two witnesses, testifying under a grant of immunity, told of several kickback schemes under which Callari would get 75 percent of the amount they received under fraudulent vouchers. A father and son team, they were active in several construction ventures.

Joseph D. Rossillo, the son, of Guttenberg, took the stand first and testified to several occasions when Mosquito Commission checks were sent to him on fraudulent vouchers. Rossillo said he would deposit the check in his bank account and then write a check to cash for the amount he would kick back to Callari.

The largest amount involved, a \$25,000 Mosquito Commission payment to the younger Rossillo for excavating drainage ditches—work that was never performed. Rossillo described details of the transaction this way:

*Q. Fine. All right. Then if we could, then, Mr. Rossillo, let me just go back a little bit. You said Mr. Grasso called you down to the office and described a certain job to you, is that correct?*

*A. Yes, he did.*

*Q. And he asked you for your letterhead of J. Rossillo Trucking Company?*

*A. Yes, he did.*

*Q. And then what did he do with that particular letterhead and bill form once he got it from you?*

*A. He has the original copy. This is my copy that he gave me.*

*Q. Right. What did he do with it?*

*A. He then wrote up a voucher.*

*Q. Okay. Did he type that or have that typed in the office?*

*A. I believe he typed it, because I left it with him.*

*Q. All right. Will you read the job description that is on Exhibit C-29 of this work that you were supposed to do?*

*A. "Excavating trenches, furnishing fill in the property known as the Colt property in Secaucus."*

*Q. In Secaucus?*

*A. "Work completed. \$25,000."*

*Q. 25,000. Did you ever do any of that work, incidentally?*

*A. Take the Fifth.*

WITNESS' COUNSEL: Your Fifth Amendment protection has been granted.

*A. No, I never did the work.*

*Q. All right.*

*Q. Who is that bill addressed to?*

*A. This bill is addressed to the Hudson County Mosquito Commission—Extermination Commission.*

*Q. All right, fine. Now, as I get it, a couple of days later, or two or three days later, you got a check from the Hudson County Mosquito Extermination Commission for \$25,000 drawn on their account in the Trust Company of New Jersey, Journal Square. Is that correct?*

*A. Yes, that is.*

*Q. And C-28 that we are now showing you is a copy of that particular check?*

*A. Yes, it is.*

*Q. All right. Now, would you tell us, first of all, what you did with that check? You already indicated Mr. Grasso had told you you were to keep 25% and return 75%, is that right?*

*A. I got the check. I went down to my bank in Secaucus, National Bank of Secaucus, deposited the check. A few days later I went in and withdrew one of my own checks to cash for eighteen-thousand-eight-hundred-some-odd dollars.*

*Q. Eighteen-thousand-eight-hundred-some-odd?*

*A. Right.*

*Q. All right. How was that money delivered to you at the bank; what did you do with it, et cetera?*

*A. I went to the bank president of my bank and explained to him that I had put a check in three or four days before, to see if what is cleared; I want to withdraw some money on it. And he checked my account. The check was cleared. I then, in turn, went to the window and I withdrew eighteen-thousand-eight-hundred-seventy-some-odd dollars, whatever it*

was. I got it in thousand-dollar—thousand dollar packages, hundred-dollar bills. It was wrapped up in rubber bands, wrapped up into an envelope and then wrapped up with rubber bands.

I then took it; put it in my attache case; went directly to the Hudson County Mosquito Commission, Duncan Avenue; went upstairs; went in to Ralph J. Grasso; told him that I had the money.

*Q. Did you show him the package?*

A. I showed him the package. I took it out of the attache case, showed it to him.

*Q. Where was Ralph Grasso when you showed him this?*

A. In the engineering room.

*Q. That's the consulting engineer for the Mosquito Commission?*

A. Yes, it is.

*Q. What did he tell you to do with it?*

A. He told me to bring it to Mr. C. Harry Callari.

*Q. What did you do?*

A. I then walked down the corridor, went inside, saw Mr. Callari, greeted him.

*Q. That's C. Harry Callari, the executive director?*

A. Yes, it is.

*Q. Where was he?*

A. He was in the conference room in the Mosquito Commission down the corridor from the engineering room.

*Q. And what did you do?*

*Q. Was anybody else present or just the two of you?*

A. Just me and Mr. Callari.

*Q. What did you do then with the package?*

A. I then opened up my attache case; took the package out; unwrapped the rubber bands; took the money out of the envelope; took the rubber bands off; laid it on the table; counted it and gave it to Mr. Callari.

*Q. And what did he say?*

A. "Thank you." We counted it out, okay. He asked me how I was, how my father was, so forth, and

we ended the conversation. I then got up, picked up my valise, went into the engineering room, said goodbye to Ralph and went downstairs and proceeded to my business.

*Q. Mr. Rossillo, did you do any of the work on that voucher that you submitted for \$25,000?*

A. No, I didn't.

*Q. Was that a fictitious representation to the commission?*

A. Yes, it was.

*Q. And so what you were really doing was getting twenty-five cents on the dollar to cash checks?*

A. Yes, sir.

## CONTRACTOR TESTIFIES

Dominick T. Rossillo, of Union City, later took the stand. He is the father of Joseph Rossillo. He testified to a series of kickback payments dating back to 1966. Dominick Rossillo cashed more than \$28,000 worth of checks issued by the Benron Construction and Equipment Company, keeping 25 cents on the dollar for himself and remitting the remainder to Ralph J. Grasso, the Mosquito Commission's consulting engineer.

The largest kickback transaction, however, involved a \$36,414.00 Mosquito Commission contract, 75% of which found its way back to C. Harry Callari, executive director of the commission. No work was ever done. Dominick Rossillo testified thusly:

*Q. Now, did there come a time when somebody from the Mosquito Extermination Commission contacted you and told you they had some business for you?*

A. Yes, sir.

*Q. And who was that, sir?*

A. Mr. Ralph J. Grasso.

*Q. And was this back in '66?*

A. Yes, sir.

*Q. And what did he tell you that he wanted you to do?*

A. He told me he wanted to see me. I went down to the Hudson County Mosquito Commission building,

in the engineer's room, and he had a check he would like me to cash for \$36,000—\$414.

Q. Well, let's go back just a minute. In early '66, Mr. Rossillo, did he describe certain work that he wanted you to carry out somewhere else?

A. Yes. He told me they had a job for me, a creek which I believe they call the Institution Ditch, on Colt's property in Secaucus. That's west of County Avenue in Secaucus, Secaucus Road.

Q. I take it you did do some work out there?

A. Yes, I did.

Q. And whether that was on public or private property or what portion of either you have no way of knowing?

A. I have no way of knowing. No idea whose property.

Q. All right. Now, did there come a time again around early May of 1966 when you went into the Hudson County Mosquito Extermination office and signed a voucher for some \$36,414?

A. Yes.

Q. And is that the voucher that's on the last page of Exhibit C-35? Yes, I think you will see it's the last page.

A. Yes, this is the last page.

Q. All right, fine. Now, would you read for us the description of the work on that voucher?

A. "Realignment of trenches for drainage through properties"—

Q. Go more slowly, Mr. Rossillo. Start again.

A. "Realignment of trenches for drainage, through properties in North Bergen meadows between Tonnelle Avenue, Secaucus Road and Pennsylvania High Line."

Q. Was that anywhere near where you were doing your work?

A. No, sir, it was not.

Q. Did you ever do the work described on that voucher?

A. No, sir, I didn't.

Q. All right. Some time later, more specifically around May the 18th, 1966, did you, D. T. Rossillo, get a check for \$36,414.00 issued by the Mosquito Commission?

A. Yes, sir.

Q. Will you tell us what you did with the check and what you did with the proceeds?

A. Well, Ralph, Mr. Ralph J. Grasso, Mr. Ben Callari and myself had gone to the Hudson County National Bank in Jersey City. Went to the officer of the bank, showed him the check. He okayed it. Mr. Ralph Grasso and myself and Ben Callari went downstairs in a room, a conference room.

Q. A conference room in the bank?

A. Yes, sir.

Q. Fine, sir. Go ahead.

A. We counted out the \$36,000 there and returned back to the Mosquito Commission building.

Q. All three of you?

A. All three of us.

Q. What did you do then?

A. Mr. Ralph Grasso went in his room. Mr. Ben Callari and myself went back into the conference room in the Hudson County Mosquito Commission, took out the money, counted it out. I got 25% of it, 75% he kept.

Q. Was C. Harry Callari there?

A. Yes, sir, Mr. Callari.

Q. So you and Ben went in and saw C. Harry and counted out the money?

A. Yes, sir.

Q. And he kept 75%?

A. Yes, sir.

Q. Incidentally, had you been told that by Mr. Grasso, when you signed the voucher, that that was the arrangement?

A. Yes, sir.

## FRAUDULENT VOUCHERS

The final witness in the two-day public hearings was Max Zark, of Englewood Cliffs, owner of Royal Mart, an appliance store in Jersey City. Zark told of supplying Mr. Callari and his associates with more than \$23,000 worth of electrical appliances such as air conditioners, ice makers, toasters, freezers, vacuum cleaners and television receivers, over the last six years.

Mr. Zark, whose relationship with Callari was uncovered by agents of the State Commission of Investigation, also testified under immunity.

He said Mr. Callari first came to his store in 1964 and ordered a few items. To cover all future purchases, the witness testified, Callari arranged a scheme under which Callari would send him official vouchers made up for items used in mosquito control work, but items which Zark never carried in his store.

For instance, there were 23 vouchers signed by Mr. Zark for shovels, wheelbarrows, spray mixtures, etc. The amount on 23 fraudulent vouchers uncovered by the investigation always matched the amount of electrical appliances provided by Royal Mart in separate transactions with Callari.

Mr. Zark explained the system when he gave details on two of the fraudulent vouchers.

*Q. And I ask you, sir, to examine those two vouchers and to read for the record the contents of those vouchers. What goods were supposed to be shipped pursuant to those vouchers?*

*A. "15 wheelbarrows, 24 long-handle spade shovels, 16 pair of boots." That's on 39.*

*Q. All right. And the other voucher, sir?*

*A. This has two vouchers in it.*

*Q. Just with reference to the first one, to 42A.*

*A. 6 pair of lineman's shoes, 8 pair of lineman's shoes, a different size, 6 pair of hip boots, 8 pair of other hip boots, 6 pair of heavyweight top-lace shoes and 8 pair of the same in another size.*

*Q. Mr. Zark, what is the total value represented by that voucher?*

*A. \$997.20.*

*Q. Mr. Zark, you run an appliance store, don't you?*

*A. Yes, sir.*

*Q. Do you carry hip boots?*

*A. I do not.*

*Q. Do you carry in your store any of the items listed on that voucher?*

*A. I don't carry any of the items listed on this voucher.*

*Q. What, in fact, did you ship that was paid for by the proceeds from that voucher?*

*A. Assorted appliances, sir.*

More exotic items in Zark's non-existent inventory included pipet racks, trunion carriers, and mosquito larvae. Some were so outlandish that Benjamin Callari, son of the Mosquito Commission's executive director, was obliged to supply Zark, even after the investigation was underway, with backdated vouchers to replace those submitted originally.

## APPENDICES

- I. Legislative Action Leading to Formation of the commission.
- II. Act Creating the Commission and Amendments Thereto, N.J.S.A. 52:9M-1 *et seq.*; L. 1968, C. 266, as amended by L. 1969, C. 67, and L. 1970, C. 263.
- III. Members of the Commission.
- IV. Code of Fair Procedure, N.J.S.A. 52:13E-1 *et seq.*; L. 1968, C. 376.

## APPENDIX I

### LEGISLATIVE ACTION LEADING TO FORMATION OF THE COMMISSION

On March 11, 1968, the Legislature adopted Senate Concurrent Resolution No. 44 calling for creation of a Joint Legislative Committee to Study Crime and the System of Criminal Justice in New Jersey. The special legislative committee consisted of fourteen members, seven senators appointed by the President of the Senate and seven assemblymen appointed by the Speaker of the General Assembly. Senator Edwin B. Forsythe became Chairman.

Following extensive public hearings and a study of state agency reports and statistical data, the Forsythe Committee issued its report, which said, in part, "New Jersey has a serious and growing crime problem and a crisis in crime control . . . with major action needed immediately." The Committee Report expressed alarm over what it called expanding activities of organized crime in New Jersey and suggested that, for such widespread criminal activities to exist, "there must be failure to some considerable degree in the system itself, official corruption, or both."

Concerned over a lack of any new and meaningful developments which would help alleviate the problem, the Forsythe Committee offered a series of sweeping recommendations for improving the administration of criminal justice, including the establishment of a New Jersey Commission of Investigation. Formation of a high-level New Jersey Commission of Investigation modelled along the lines of the highly-successful New York State Investigation Commission, the Committee said, would combat expanded organized crime operations and "benefit immensely from the continued presence of such a small but expert investigative body." At the time, the New York Commission was the only one of its kind in the country and had enjoyed a 10-year history of success that brought it nationwide attention as it delved into organized crime and official corruption.

Creation of state-wide crime investigation commissions was also recommended by the President's Commission on Law Enforcement

and Administration of Justice in its report, *The Challenge of Crime in a Free Society*. The report, widely circulated, stated:

States that have organized crime groups in operation should create and finance organized crime investigation commissions with independent, permanent status, with an adequate staff of investigators, and with subpoena power. Such commissions should hold hearings and furnish periodic reports to the legislature, Governor, and law enforcement officials.

The Forsythe Committee Report called for a four-member non-partisan Commission of Investigation with the broad jurisdiction of the New York Commission, and a similar structure. The report concluded that "this commission will provide a significant, independent watchdog for the entire system of administering criminal justice in New Jersey."

The bill creating the New Jersey Commission of Investigation was introduced April 29, 1968, in the Senate by Senators Edwin B. Forsythe, Frank X. McDermott, Wayne Dumont, Jr., Joseph C. Woodcock, Jr., Milton A. Waldor, Matthew J. Rinaldo, Joseph J. Maraziti, William T. Hiering and Alfred D. Schiaffo.

On September 4, 1968, the bill was passed, creating the Commission for a five-year term ending December 31, 1974. It is cited as Public Law 1968, Chapter 266.

The primary and paramount statutory responsibility vested in the Commission is set forth in Section 2 of the Act. It provides:

2. The Commission shall have the duty and power to conduct investigations in connection with:

a. The faithful execution and effective enforcement of the laws of the State, with particular reference but not limited to organized crime and racketeering;

b. The conduct of public officers and public employees, and of officers and employees of public corporations and authorities;

c. Any matter concerning the public peace, public safety and public justice.

Further, Section 3 provides that at the direction of the Governor or by concurrent resolution of the Legislature the Commission



shall conduct investigations and otherwise assist in connection with: (a) the removal of public officers by the Governor; (b) the making of recommendations by the Governor to any other person or body, with respect to the removal of public officers; (c) the making of recommendations by the Governor to the Legislature with respect to changes in or additions to the existing provisions of law required for the more effective enforcement of the law.

## APPENDIX II

### STATE COMMISSION OF INVESTIGATION

New Jersey Statutes Annotated 52:9M-1, *Et. Seq.*

L. 1968, C. 266, as amended by L. 1969, C. 67, and L. 1970, C. 263

*52:9M-1. Creation; members; appointment; chairman; terms; salaries; vacancies.* There is hereby created a temporary state commission of investigation. The commission shall consist of 4 members, to be known as commissioners.

Two members of the commission shall be appointed by the governor, one by the president of the senate and one by the speaker of the general assembly, each for 5 years. The governor shall designate one of the members to serve as chairman of the commission.

The members of the commission appointed by the president of senate and the speaker of the general assembly and at least one of the members appointed by the governor shall be attorneys admitted to the bar of this state. No member or employee of the commission shall hold any other public office or public employment. Not more than 2 of the members shall belong to the same political party.

Each member of the commission shall receive an annual salary of \$15,000.00 and shall also be entitled to reimbursement for his expenses actually and necessarily incurred in the performance of his duties, including expenses of travel outside of the state.

Vacancies in the commission shall be filled for the unexpired term in the same manner as original appointments. A vacancy in the commission shall not impair the right of the remaining members to exercise all the powers of the commission.

*52:9M-2. Duties and powers.* The commission shall have the duty and power to conduct investigations in connection with:

a. The faithful execution and effective enforcement of the laws of the state, with particular reference but not limited to organized crime and racketeering;

b. The conduct of public officers and public employees, and of officers and employees of public corporations and authorities;

c. Any matter concerning the public peace, public safety and public justice.

52:9M-3. *Additional duties.* At the direction of the governor or by concurrent resolution of the legislature the commission shall conduct investigations and otherwise assist in connection with:

a. The removal of public officers by the governor;

b. The making of recommendations by the governor to any other person or body, with respect to the removal of public officers;

c. The making of recommendations by the governor to the legislature with respect to changes in or additions to existing provisions of law required for the more effective enforcement of the law.

52:9M-4. *Investigation of management or affairs of state department or agency.* At the direction or request of the legislature by concurrent resolution or of the governor or of the head of any department, board, bureau, commission, authority or other agency created by the state, or to which the state is a party, the commission shall investigate the management or affairs of any such department, board, bureau, commission, authority or other agency.

52:9M-5. *Cooperation with law enforcement officials.* Upon request of the attorney general, a county prosecutor or any other law enforcement official, the commission shall cooperate with, advise and assist them in the performance of their official powers and duties.

52:9M-6. *Cooperation with federal government.* The commission shall cooperate with departments and officers of the United States government in the investigation of violations of the federal laws within this state.

52:9M-7. *Examination into law enforcement affecting other states.* The commission shall examine into matters relating to law enforcement extending across the boundaries of the state into other states; and may consult and exchange information with officers and agencies of other states with respect to law enforcement problems of mutual concern to this and other states.

52:9M-8. *Reference of evidence to other officials.* Whenever it shall appear to the commission that there is cause for the prosecu-

tion for a crime, or for the removal of a public officer for misconduct, the commission shall refer the evidence of such crime or misconduct to the officials authorized to conduct the prosecution or to remove the public officer.

52:9M-9. *Executive director; counsel; employees.* The commission shall be authorized to appoint and employ and at pleasure remove an executive director, counsel, investigators, accountants, and such other persons as it may deem necessary, without regard to civil service; and to determine their duties and fix their salaries or compensation within the amounts appropriated therefor. Investigators and accountants appointed by the commission shall be and have all the powers of peace officers.

52:9M-10. *Annual report; recommendations; other reports.* The commission shall make an annual report to the governor and legislature which shall include its recommendations. The commission shall make such further interim reports to the governor and legislature, or either thereof, as it shall deem advisable, or as shall be required by the governor or by concurrent resolution of the legislature.

52:9M-11. *Information to public.* By such means and to such extent as it shall deem appropriate, the commission shall keep the public informed as to the operations of organized crime, problems of criminal law enforcement in the state and other activities of the commission.

52:9M-12. *Additional powers; warrant for arrest; contempt of court.* With respect to the performance of its functions, duties and powers and subject to the limitation contained in paragraph d. of this section, the commission shall be authorized as follows:

a. To conduct any investigation authorized by this act at any place within the state; and to maintain offices, hold meetings and function at any place within the state as it may deem necessary;

b. To conduct private and public hearings, and to designate a member of the commission to preside over any such hearing;

c. To administer oaths or affirmations, subpoena witnesses, compel their attendance, examine them under oath or affirmation, and require the production of any books, records, documents or other evidence it may deem relevant or material to an investigation; and the commission may designate any of its members or any member of its staff to exercise any such powers;

d. Unless otherwise instructed by a resolution adopted by a majority of the members of the commission, every witness attending before the commission shall be examined privately and the commission shall not make public the particulars of such examination. The commission shall not have the power to take testimony at a private hearing or at a public hearing unless at least 2 of its members are present at such hearing;

e. Witnesses summoned to appear before the commission shall be entitled to receive the same fees and mileage as persons summoned to testify in the courts of the state.

If any person subpoenaed pursuant to this section shall neglect or refuse to obey the command of the subpoena, any judge of the superior court or of a county court or any municipal magistrate may, on proof by affidavit of service of the subpoena, payment or tender of the fees required and of refusal or neglect by the person to obey the command of the subpoena, issue a warrant for the arrest of said person to bring him before the judge or magistrate, who is authorized to proceed against such person as for a contempt of court.

*52:9M-13. Powers and duties unaffected.* Nothing contained in sections 2 through 12 of this act [chapter] shall be construed to supersede, repeal or limit any power, duty or function of the governor or any department or agency of the state, or any political subdivision thereof, as prescribed or defined by law.

*52:9M-14. Request and receipt of assistance.* The commission may request and shall receive from every department, division, board, bureau, commission, authority or other agency created by the state, or to which the state is a party, or of any political subdivision thereof, cooperation and assistance in the performance of its duties.

*52:9M-15. Disclosure forbidden; statements absolutely privileged.* Any person conducting or participating in any examination or investigation who shall disclose to any person other than the commission or an officer having the power to appoint one or more of the commissioners the name of any witness examined, or any information obtained or given upon such examination or investigation, except as directed by the governor or commission, shall be adjudged a disorderly person.

Any statement made by a member of the commission or an employee thereof relevant to any proceedings before or investigative activities of the commission shall be absolutely privileged and such privilege shall be a complete defense to any action for libel or slander.

*52:9M-16. Impounding exhibits; action by superior court.* Upon the application of the commission, or a duly authorized member of its staff, the superior court or a judge thereof may impound any exhibit marked in evidence in any public or private hearing held in connection with an investigation conducted by the commission, and may order such exhibit to be retained by, or delivered to and placed in the custody of, the commission. When so impounded such exhibits shall not be taken from the custody of the commission, except upon further order of the court made upon 5 days' notice to the commission or upon its application or with its consent.

*52:9M-17. Immunity; order; notice; effect of immunity.* a. If, in the course of any investigation or hearing conducted by the commission pursuant to this act [chapter], a person refuses to answer a question or questions or produce evidence of any kind on the ground that he will be exposed to criminal prosecution or penalty or to a forfeiture of his estate thereby, the commission may order the person to answer the question or questions or produce the requested evidence and confer immunity as in this section provided. No order to answer or produce evidence with immunity shall be made except by resolution of a majority of all the members of the commission and after the attorney general and the appropriate county prosecutor shall have been given at least 24 hours written notice of the commission's intention to issue such order and afforded an opportunity to be heard in respect to any objections they or either of them may have to the granting of immunity.

b. If upon issuance of such an order, the person complies therewith, he shall be immune from having such responsive answer given by him or such responsive evidence produced by him, or evidence derived therefrom used to expose him to criminal prosecution or penalty or to a forfeiture of his estate, except that such person may nevertheless be prosecuted for any perjury committed in such answer or in producing such evidence, or for contempt for failing to give an answer or produce in accordance with the order of the commission; and any such answer given or evidence produced shall

be admissible against him upon any criminal investigation, proceeding or trial against him for such perjury, or upon any investigation, proceeding or trial against him for such contempt.

52:9M-18. *Severability; effect of partial invalidity.* If any section, clause or portion of this act [chapter] shall be unconstitutional or be ineffective in whole or in part, to the extent that it is not unconstitutional or ineffective it shall be valid and effective and no other section, clause or provision shall on account thereof be deemed invalid or ineffective.

52:9M-19. There is hereby appropriated to the Commission the sum of \$400,000.

52:9M-20. This Act shall take effect immediately and remain in effect until December 31, 1974.

### APPENDIX III

#### MEMBERS OF THE COMMISSION

Activities of the Commission during the last six months of 1970 were directed by James T. Dowd, former Special Assistant to the U. S. Attorney General, of Essex Fells. Mr. Dowd, who was first named to the Commission on September 12, 1969, was selected Acting Chairman on July 15, 1970 by fellow Commissioners to succeed Chairman William F. Hyland, who resigned effective July 1, 1971. The three other Commissioners are Charles L. Bertini, John F. McCarthy, Jr. and Glen B. Miller, Jr.

Having taken his pre-law training at William and Mary College (Va.) and graduated from the Rutgers University School of Law, Mr. Dowd has been admitted to the Bar of Texas and New Jersey. He served as First Assistant, U. S. Attorney, in Southern District, Texas, a Staff Assistant to U. S. Attorney General William P. Rogers, and was a Special Assistant to U. S. Attorney General Robert F. Kennedy. He resigned from federal service in 1963 and now conducts a general law practice in Caldwell. Mr. Dowd was appointed to the Commission by the Speaker of the Assembly.

Mr. Bertini, of Wood-Ridge, was sworn in as a Commissioner on January 3, 1969, following his appointment by former Governor Richard J. Hughes. A graduate of the former Dana College and the Rutgers University School of Law, he was serving as president of the New Jersey Bar Association when he was appointed. Bloomfield (N.J.) College awarded him an honorary Doctor of Laws degree in 1970. Commissioner Bertini conducts a general law practice in Wood-Ridge.

Mr. McCarthy, of Princeton, was appointed by Governor William T. Cahill to fill the vacancy caused by the resignation of Chairman Hyland. He took his oath on July 8, 1970. A graduate of Princeton University and the University of Pennsylvania Law School, he is the senior partner in the law firm of McCarthy, Bacsik, Hicks and Dix, in Princeton. He served as attorney for the Borough of Princeton during 1957-1960.

Mr. Miller, of Princeton, is also a member of the Bar of the State of New Jersey. He was appointed to the Commission at the time of

its creation by Senator Edwin B. Forsythe, then President of the Senate. A graduate of the University of North Carolina and the Columbia University Law School, Commissioner Miller is Assistant General Counsel to Johnson & Johnson in New Brunswick. He left the office of Judge of Princeton Township to accept appointment to the Commission.

Mr. Hyland, who concluded 18 months of service as Chairman last July 1, 1970, is a graduate of the University of Pennsylvania and the University of Pennsylvania Law School. He is a former Speaker of the Assembly and Chairman of the New Jersey Board of Public Utility Commissioners. He is a senior partner of Hyland, Davis and Reberkenny in Cherry Hill.

## APPENDIX IV

### CODE OF FAIR PROCEDURE

Chapter 376, Laws of New Jersey, 1968, N. J. S. 52:13E-1 to 52:13E-10.

An Act establishing a code of fair procedure to govern state investigating agencies and providing a penalty for certain violations thereof.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. As used in this act:

\*(a) "Agency" means any of the following while engaged in an investigation or inquiry: (1) the Governor or any person or persons appointed by him acting pursuant to P. L. 1941, c. 16, s. 1 (C. 52:15-7), (2) any temporary State commission or duly authorized committee thereof having the power to require testimony or the production of evidence by subpoena, or (3) any legislative committee or commission having the powers set forth in Revised Statutes 52:13-1.\*

(b) "Hearing" means any hearing in the course of an investigatory proceeding (other than a preliminary conference or interview at which no testimony is taken under oath) conducted before an agency at which testimony or the production of other evidence may be compelled by subpoena or other compulsory process.

(c) "Public hearing" means any hearing open to the public, or any hearing, or such part thereof, as to which testimony or other evidence is made available or disseminated to the public by the agency.

(d) "Private hearing" means any hearing other than a public hearing.

2. No person may be required to appear at a hearing or to testify at a hearing unless there has been personally served upon him prior to the time when he is required to appear, a copy of this act, and a general statement of the subject of the investigation.

A copy of the resolution, statute, order or other provision of law authorizing the investigation shall be furnished by the agency upon request therefor by the person summoned.

3. A witness summoned to a hearing shall have the right to be accompanied by counsel, who shall be permitted to advise the witness of his rights, subject to reasonable limitations to prevent obstruction of or interference with the orderly conduct of the hearing. Counsel for any witness who testifies at a public hearing may submit proposed questions to be asked of the witness relevant to the matters upon which the witness has been questioned and the agency shall ask the witness such of the questions as it may deem appropriate to its inquiry.

4. A complete and accurate record shall be kept of each public hearing and a witness shall be entitled to receive a copy of his testimony at such hearing at his own expense. Where testimony which a witness has given at a private hearing becomes relevant in a criminal proceeding in which the witness is a defendant, or in any subsequent hearing in which the witness is summoned to testify, the witness shall be entitled to a copy of such testimony, at his own expense, provided the same is available, and provided further that the furnishing of such copy will not prejudice the public safety or security.

5. A witness who testifies at any hearing shall have the right at the conclusion of his examination to file a brief sworn statement relevant to his testimony for incorporation in the record of the investigatory proceeding.

6. Any person whose name is mentioned or who is specifically identified and who believes that testimony or other evidence given at a public hearing or comment made by any member of the agency or its counsel at such hearing tends to defame him or otherwise adversely affect his reputation shall have the right, either to appear personally before the agency and testify in his own behalf as to matters relevant to the testimony or other evidence complained of, or in the alternative at the option of the agency, to file a statement of facts under oath relating solely to matters relevant to the testimony or other evidence complained of, which statement shall be incorporated in the record of the investigatory proceeding.

7. Nothing in this act shall be construed to prevent an agency from granting to witnesses appearing before it, or to persons

who claim to be adversely affected by testimony or other evidence adduced before it, such further rights and privileges as it may determine.

8. Except in the course of subsequent hearing which is open to the public, no testimony or other evidence adduced at a private hearing or preliminary conference or interview conducted before a single-member agency in the course of its investigation shall be disseminated or made available to the public by said agency, its counsel or employees without the approval of the head of the agency. Except in the course of a subsequent hearing open to the public, no testimony or other evidence adduced at a private hearing or preliminary conference or interview before a committee or other multi-member investigating agency shall be disseminated or made available to the public by any member of the agency, its counsel or employees, except with the approval of a majority of the members of such agency. Any person who violates the provisions of this subdivision shall be adjudged a disorderly person.

9. No temporary State commission having more than 2 members shall have the power to take testimony at a public or private hearing unless at least 2 of its members are present at such hearing.

10. Nothing in this act shall be construed to affect, diminish or impair the right, under any other provision of law, rule or custom, of any member or group of members of a committee or other multi-member investigating agency to file a statement or statements of minority views to accompany and be released with or subsequent to the report of the committee or agency.