

# Committee Meeting

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## ASSEMBLY APPROPRIATIONS COMMITTEE

"Meeting directed by Assembly Resolution No. 150,  
to investigate issuance of bonds by the State,  
State agencies, and independent authorities"

**LOCATION:** State House Room 319  
Trenton, New Jersey

**DATE:** October 14, 1993  
11:00 a.m.

### MEMBERS OF COMMITTEE PRESENT:

Assemblyman Rodney P. Frelinghuysen, Chairman  
Assemblyman C. Richard Kamin, Vice-Chairman  
Assemblywoman Joann H. Smith  
Assemblyman Richard H. Bagger  
Assemblyman John C. Gibson  
Assemblyman Walter J. Kavanaugh  
Assemblyman Leonard Lance  
Assemblyman David C. Russo  
Assemblyman Louis A. Romano  
Assemblyman John S. Watson  
Assemblyman Robert G. Smith



### ALSO PRESENT:

Michael J. Basarab  
Office of Legislative Services  
Aide, Assembly State Government Committee

### *Hearing Recorded and Transcribed by*

The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, CN 068, Trenton, New Jersey 08625





RODNEY P. FRELINGHUYSEN  
Chairman  
C. RICHARD KAMIN  
Vice-Chairman & Sub-Committee Chair  
JOANN H. SMITH  
Sub-Committee Chair  
CLARE M. FARRAGHER  
Sub-Committee Chair

RICHARD H. BAGGER  
JOHN C. GIBSON  
WALTER J. KAVANAUGH  
LEONARD LANCE  
JACKIE R. MATTISON  
LOUIS A. ROMANO  
JOHN S. WATSON

## New Jersey State Legislature

ASSEMBLY APPROPRIATIONS COMMITTEE  
LEGISLATIVE OFFICE BUILDING, CN-068  
TRENTON, NEW JERSEY 08625-0068  
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### COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY APPROPRIATIONS  
COMMITTEE

FROM: ASSEMBLYMAN RODNEY P. FRELINGHUYSEN, CHAIRMAN

SUBJECT: COMMITTEE MEETING - October 14, 1993

*The public may address comments and questions to Michael J. Basarab, Committee Aide, or make bill status and scheduling inquiries to Patricia Scott, secretary, at (609) 984-6798.*

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The Assembly Appropriations Committee will meet on Thursday, October 14, 1993 at 11:00 AM in Room 319, State House, Trenton, N.J.

This is the second meeting of the committee in accordance with Assembly Resolution No. 150 of 1993 which directs the committee to investigate the issuance of debt by the State, State agencies and authorities. The topic of discussion will be the New Jersey Sports and Exposition Authority.

The following witnesses have been invited to testify:

- 1) Jerome Goodman.
- 2) Robert Mulcahy.
- 3) Peter Levine.
- 4) Robert Del Tufo,
- 5) Douglas Berman.

**THE CHAIRMAN REQUESTS THAT ALL LEGISLATIVE AGENTS  
PLEASE DISPLAY IDENTIFICATION BADGES  
WHILE IN ATTENDANCE AT COMMITTEE MEETINGS.**

Issued 10/8/93



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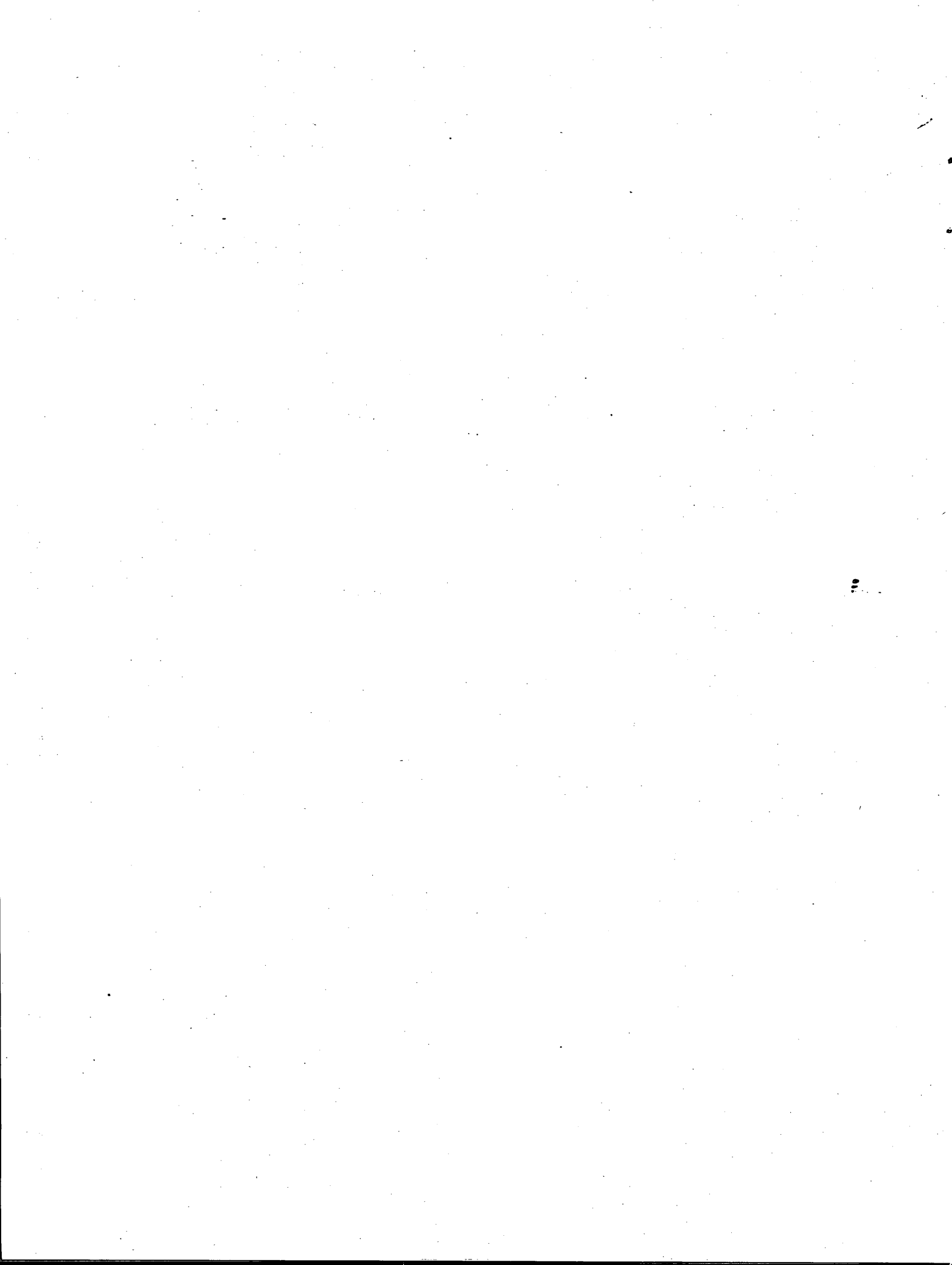
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**ASSEMBLYMAN RODNEY P. FRELINGHUYSEN (Chairman):** Good morning. I want to thank everybody for being here on time. I apologize for the late commencement of this hearing.

I particularly want to thank Mr. Peter Levine, Jonathan Goldstein, and Mr. Shapiro, a colleague of Mr. Goldstein's for being here so promptly. I'm sorry we were not here to greet you at 11:00 as we promised. But thank you, gentlemen, for being here and for your cooperation.

Of the Office of Legislative Services, a required public notice was put out on this Committee meeting?

**MR. BASARAB (Committee Aide):** Yes, it was, Mr. Chairman.

**ASSEMBLYMAN FRELINGHUYSEN:** And we're in compliance with the Open Public Meetings Act?

**MR. BASARAB:** Yes, we are, Mr. Chairman.

**ASSEMBLYMAN FRELINGHUYSEN:** Before beginning the Committee meeting and making a statement, the Chair would like to recognize -- and he'll be here in a few minutes, who is joining us -- the Chairman of the Assembly State Government Committee, Assemblyman David Russo, will be joining us, as he was at the first hearing.

And the Chair is pleased to recognize one of our other Assembly colleagues, Assemblyman Robert Smith, who is substituting for Assemblyman Jackie Mattison. Bob, welcome back.

**ASSEMBLYMAN SMITH:** Thank you, Mr. Chairman.

**ASSEMBLYMAN FRELINGHUYSEN:** Good morning, and again, thank you all for coming. Today the Assembly Appropriations Committee is holding the second in a series of public hearings on the bonding practices of the Florio administration. As I said at the first hearing in September, it is a sad commentary that circumstances have brought us to a point where these hearings are not only warranted, but necessary.

This Committee has been accused of embarking on a witch-hunt, and criticized for conducting a political sideshow. I must say, it would be a greater disservice to the taxpayers of this State to ignore the allegations surrounding the bonding practices of the State government and its agencies. Therefore, our focus today will be the bonding practices of the New Jersey Sports and Exposition Authority.

Rule 71 of the Rules of the General Assembly clearly states that a Committee may conduct investigations. Title 52:13-1 of the revised statutes stipulate that a Committee may compel a witness's testimony if directed by an Assembly Resolution. The mandate of this Committee is expressed by both the Rules of the General Assembly, and the Assembly Resolution No. 150 is broad, yet it is clear.

The Assembly Appropriations Committee is specifically conducting the investigation of the issuance of bonds by the State and its agencies. It is the duty of this Committee to determine whether the issuance and sale of bonds meets the standards appropriate to and required of traditional government entities.

If in the course of this investigation it comes to light that any other actions are being performed by individuals within government or its agencies which are not in the best interests of this government or its people, I fully intend to exercise any and all authority bestowed upon me as Chairman to carry out the moral responsibilities of this Committee.

Let members of this Committee and the public be clear that I intend to get answers to my questions, whether under subpoena authority conferred upon this Committee under Rule 71 of the Rules of the General Assembly, or under the provisions of New Jersey Statute 40:2-2, which allows witnesses testifying before this Committee to be placed under oath.

I take no pleasure in examining the operations of this Authority, but its bonding and fiscal decisions have become a focal point of Federal and other investigatory probes for

possible wrongdoings. The Authority's records would not have been subpoenaed by the Securities and Exchange Commission unless someone in higher authority suspects improprieties.

While I understand the desire of some individuals to politicize these hearings, I am offended by the attacks that have been levied in the media against the integrity of this Committee. Those who find it necessary to criticize these hearings seem to advocate a hands-off policy when it comes to bonding practices of State government, State agencies, and authorities, as if no harm has been done to this State's reputation and to the State Treasury. Meanwhile, newspaper articles and media accounts about bonding improprieties and alleged illegal and unethical activities are still being reported on a regular basis, with a specificity that no one -- no one -- can ignore.

Some of you sitting on this Committee may be willing to look the other way, or perhaps bury your head in the sand to avoid facing the issue because of potential political repercussions. But I will not follow suit.

For those who are new to the deliberations of this Committee, I believe it is important for a few minutes that we revisit the past. Let's go back to December of 1991, when power was about to be transferred from the Democratically controlled Legislature to a newly elected Republican majority. During this period of legislative transition, which is commonly characterized as a lame-duck session, Governor Florio and the Democratic leadership sought to manipulate the legislative process with a last-minute effort to provide the Sports and Exposition Authority with the power to pursue projects that may not have been in the best fiscal interests of New Jersey taxpayers.

As some may remember -- and certainly I do -- it was in those final hours of an inglorious session that the Senate President, John Lynch, and Speaker Doria, with the full

blessing of Governor Florio, signed off on documents which, for the first time, required taxpayers to underwrite the financial actions of the Sports Authority.

During our last meeting several weeks ago, Democratic Budget Officer, John Watson, reminded me of those lame-duck Committee meetings. As I recollect, those legislative sessions were a low point of this Committee's history and deliberations. We were forced to act on legislation which annually appropriated funds in the State budget to finance the Sports Authority's needs. What was even more questionable was the request to endorse, with minimal investigation, a proposal to broaden dramatically the Sports Authority's powers to include the Atlantic City area, and particularly the construction of the Convention Center.

Without casting judgment on those actions, which were made in the name of economic pump priming, little did anyone suspect that those very bond issuances would then be subject to Federal and other probes. In putting aside the strong-arm tactics used on our Committee to approve these plans without thorough fiscal analysis, who would have ever guessed that these bond issues would be fraught with allegations of political patronage, self-dealing, and manipulation of underwriters and others out of Governor Florio's own office.

Let me say that Treasurer Crane suggested at our first hearing that this Committee's agenda -- to use his own words, and I quote, "is driven by the pressures of the current political season." As I said at our first hearing, our mission is not political. The citizens of this State have a right to know if Governor Florio's appointees to the Sports Authority or his Cabinet officials have been acting in their best interests, or in the interests of the taxpayers.

Even at this late date, it is necessary to proceed if the public's confidence in this State government is to be restored.

And finally, let me say something about the Sports Authority, which from its founding was supposed to epitomize the best of New Jersey in its facilities, through its events, and its actions. Personally, I believe that reputation was deserved up until the time Governor Florio and his team cleaned house and replaced the bipartisan composition of that Board. Under the guise of curbing the Authority's independence, and the independence of every other State authority, the Governor undertook a wholesale cleansing of bipartisan appointees, whose sole purpose was to serve the people of this State.

When these positions were suddenly made available, they were, to my mind, filled in great part by strict partisanism, some of whom appear to have worked in concert -- some appear to have worked in concert -- with the Governor's former Chief Counsel and Chief of Staff to maximize political patronage and financial benefits for the State Democratic party and themselves.

It is because of these types of serious allegations that New Jersey State government and the Sports Authority have become targets of several investigations. And it is also the reason, despite what others may say, this Committee has convened today. Thank you.

I believe Assemblyman Watson, the Democratic Budget Officer, also has a statement.

ASSEMBLYMAN WATSON: Thank you, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson.

ASSEMBLYMAN WATSON: Mr. Chairman, I would like to begin today by saying that I am glad that the Committee has returned to the open public forum to conduct its business. The last time we met, it was in a hastily called, private executive session. The Republican members of this Committee voted to subpoena a man, who by the Chairman's own admission had not refused to testify. The Chairman claimed that people told him that Mr. Levine would not attend without a subpoena, and apparently, we now do business based on, "he or she said."

As unbelievable as it may seem that this Committee set out to taint a man's reputation based on unconfirmed beliefs from some people the Chairman refused to name, what transpired next was even more unbelievable. Despite assurances by the Chairman, backed by assurances of Speaker Haytaian that Democratic members of this Committee would be given the opportunity to present the names of individuals to be called before this Committee, my colleagues and I were denied access to the procedures under which this Committee is operating.

We were told by the Chairman that if we wanted any witnesses, we should contact them ourselves. There should not be two different processes set for the Committee's procedures, one for the majority and one for the minority. As we all know, there is no such thing as separate but equal.

The Democratic members of this Committee, representing only three of eleven votes, quite frankly do not have the clout to compel anyone's attendance here. We do not hold the threat of subpoenas. By refusing to lend your backing to our requests, you denied our participation in witness selection, breaking a promise made by both yourself and the Speaker of the House. I remember a time when I could take you at your word, Mr. Chairman, and I will mourn that loss.

One of the things I find most amazing about the whole episode is your asking us who those people were and why we would want them. So, for everyone's benefit, I will reiterate exactly who we would have liked you to invite, and why.

First, Mr. Cary Edwards and Mr. Robert Ferdon, of Mudge, Rose, Alexander, and Ferdon, would provide insight into the refinancing process. The firm was the bond counsel for the Sports and Exposition Authority refunding, the supposed topic of this hearing. And you will also recall that Mr. Edwards spent many, many long hours into the evening, lobbying the Committee to pass the Sports Authority legislation.

Merrill Lynch was one of the major underwriters of the issuance, while Wolfe and Sampson were underwriter's counsel.

Mr. Hanson, the former Chairman of the Sports and Exposition Authority, could provide an historic perspective on the bonding activities on the bonding activities of the Authority.

And Mr. Chairman, Mr. Cobbs presence would provide this Committee the opportunity to clear up his previous testimony. Mr. Cobbs claimed not to do work in New Jersey because you had to contribute to campaigns to get it. He seemed to claim that other places he did work, such as New York State, were far superior to our State. But he also, Mr. Chairman, failed to disclose that he had made significant -- significant -- contributions to New York politicians, and as such, we were not able to ascertain if he had made those contributions to secure the work he received.

As for activities since we last met, I must say, Mr. Chairman, that I'm quite dismayed. Your letter to the Governor clearly shows that these hearings are no more than a political sideshow designed to taint the Governor's reputation with your own suppositions. I don't know if everyone here saw the letter, so I would like to point out a few things about this particular letter.

The implication of these hearings has been that it is improper for the Governor's office to be involved in bond issuance. Yet, Mr. Chairman, the implication of part of your letter is that the Governor would be irresponsible if he was not. Mr. Chairman, you can't have it both ways. Your letter purports to be necessary because you feel that Mr. Crane's statements regarding Mr. DeCotiis are contradictory to the Governor's. That is your reading; I disagree.

But what I find interesting, which makes this letter more of a political publicity stunt, is your mention of Mr. Salema at the end. You asked the Governor to assist you in obtaining the cooperation of Mr. DeCotiis and Mr. Salema on

this matter. Maybe we were at different hearings, but I do not remember the Treasurer or any other witnesses even mentioning Mr. Salema's name.

It is also interesting that you feel that you had to have the Governor's assistance in obtaining cooperation, since to my knowledge, no one has refused a request to appear before this Committee of yours. Yet, your letter makes it appear as if you had been stonewalled and desperately need the Governor's help. I am sure that desperation plays into this whole scenario, but not because of lack of cooperation.

I was also somewhat amused by your closing in the letter. Your claim to want to dispel any doubt in the mind of the public that the State's business is conducted in less than a responsible, credible, and professional manner. Well, Mr. Chairman, these hearings will not help you with that mission. If you want to dispel public doubts, then we should have a session and deal with actual legislation which has been introduced. That would go a long way toward boosting public confidence. We should enact Mr. Hudak, Lustbader, and Russo's bills, which would codify the Governor's Executive Order on competitive bidding. We should consider Mr. Russo's bill, which would ban contributions from those involved in the bonding process.

And I'm aware, Mr. Chairman, that our Governor here in the State not only signed an Executive Order for competitive bidding, but he also said if this kind of legislation hit his desk, he would sign that legislation. I don't see you or your members, with veto power, exercising those legislative responsibilities.

We're not here-- We're not a law-enforcement body. We are a law-making body. If there was any wrongdoing involved in the bond process, then I'm sure that the law-enforcement entities that are looking into it will find it and deal with it. Meanwhile, we should be concentrating on our

constitutional duty to be lawmakers, and pass the tools we need to eliminate any future negative appearances in bonding procedures.

I want to thank you, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Thank you very much, Assemblyman Watson, for your statement.

Just for everybody's edification, our first witness -- and we're certainly pleased to welcome him -- is Peter L. Levine, Commissioner of the New Jersey Sports and Exposition Authority. He will be followed later in the day by Robert Mulcahy, President and Chief Executive Officer of that Authority; as well as the present Chairman of that Authority, Jerome S. Goodman; and later in the afternoon, Robert Del Tufo, the former Attorney General of the State of New Jersey.

At this point, Mr. Levine, I want to thank you for being here. I am required to ask you a series of questions, which I assume your attorney may be familiar with, and I would appreciate your response.

Did you receive a subpoena from this Committee compelling your attendance at this hearing today?

PETER L. LEVINE: Yes, sir.

ASSEMBLYMAN FRELINGHUYSEN: For the record, I'd like to note for the transcriber, and certainly for the Committee that Mr. Levine -- everyone knows is a long time, distinguished member of the Sports and Exposition Authority, and he will be assisted this morning -- or this afternoon -- by his counsel, Jonathan L. Goldstein, Esquire.

And Mr. Shapiro, I didn't get your--

RICHARD D. SHAPIRO, ESQ.: Richard.

ASSEMBLYMAN FRELINGHUYSEN: Richard Shapiro, of the same firm of Hellring, Lindeman, Goldstein, and Siegel.

Gentlemen, thank you all for being here. And Mr. Goldstein, it's especially great for this Committee to recognize, certainly, your public service to this State in a

former capacity as U.S. Attorney for the District of New Jersey for a number of years. So I'm sure you're aided by a very excellent team.

J O N A T H A N L. G O L D S T E I N, E S Q.: Thank you very much, sir.

ASSEMBLYMAN FRELINGHUYSEN: Did you receive a subpoena from this Committee compelling your attendance at this hearing today?

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN FRELINGHUYSEN: Do you understand that the Chairman of this Committee has the authority to administer an oath or affirmation to a witness in any matter now pending before this Committee?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN FRELINGHUYSEN: Have you received a copy of the Code of Fair Procedure here today before testifying before this Committee?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN FRELINGHUYSEN: Fourthly, the Code of Fair Procedure gives you certain rights as a witness testifying under oath here today before this Committee; for example, you have the right to be accompanied by counsel who may advise you of your rights during the proceeding. Do you have counsel present here today?

COMMISSIONER LEVINE: I do.

ASSEMBLYMAN FRELINGHUYSEN: What is the name of your counsel, and would you gentlemen, so recognized, introduce yourselves to the Committee.

MR. GOLDSTEIN: Mr. Chairman, I'm Jonathan L. Goldstein. My colleague and law partner is Richard D. Shapiro. We are with the firm of Hellring, Lindeman, Goldstein, and Siegel.

ASSEMBLYMAN FRELINGHUYSEN: Thank you very much.

Does your counsel waive the reading of the rights of witnesses under the Code of Fair Procedure at this time?

MR. GOLDSTEIN: We do.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, if you would be kind enough to raise your right hand, please.

Do you solemnly, sincerely, and truly declare and affirm that the testimony that you shall give in the matters now pending before this Committee shall be the truth, the whole truth, and nothing but the truth?

COMMISSIONER LEVINE: I do, sir.

ASSEMBLYMAN FRELINGHUYSEN: Do you understand that if the statements you make today are willfully false, you may be subject to penalties under the law, including monetary penalties and incarceration if you fail to answer a pertinent question or commit perjury, which is the making of a false statement under oath in an official proceeding such as this?

COMMISSIONER LEVINE: I do, sir.

ASSEMBLYMAN FRELINGHUYSEN: Do you understand this?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, do you have any formal comments you would like to make at this time, before I proceed with some questions?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN FRELINGHUYSEN: You don't.

On September 27 of 1993, as you are aware, a subpoena was issued to compel your appearance here today, which everyone knows is a matter of public record.

Mr. Levine, would you tell this Committee, for the record, whether or not you have heard from anyone, either inside or outside of government, with regard to your scheduled testimony, particularly in a threatening or intimidating fashion?

MR. GOLDSTEIN: May I ask the Chairman how that question is pertinent to the mandate of the Committee at this point in time?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, as your attorney may know, and I'd like to read this. Under New Jersey Statute 2C:28-5, it provides that it is a crime of the third degree for anyone to attempt to induce or otherwise cause a witness to testify or falsely inform, withhold any testimony, information, or document with regard to an official proceeding or investigation.

Furthermore, it is a crime in the fourth degree for someone to harm another in order to retaliate against another person as the result of his testimony.

These type of legislative hearings fall under that statute, and we just want to make sure for the record, and I'd like to find out at that time-- You're certainly welcome to consult with Mr. Goldstein whether you have in any way been, for the record -- heard from anyone inside or outside of government in regard to your scheduled testimony, and in particular, in any threatening or intimidating fashion about your proposed responses today.

MR. GOLDSTEIN: Let's not debate the question, Mr. Chairman. I understand exactly what you have said. I still do not see how that question is pertinent to what I believe the mandate of this Committee is -- as you very clearly and, I thought, very correctly articulated earlier this morning -- to ask questions about the bonding practices at the New Jersey Sports and Exposition Authority.

Before, I think, we go forward, and respond to a question that has many different parts to it, and has certain words in there that can be construed in different ways-- So that we have absolute clarity, I'd like to understand what the basis is, at least for this Committee, asking that question? And I'd also like to understand exactly what the words are that you are using, because some of those words are words that are pejorative and loaded, and I do not want to have a response -- if we permit a response to this question -- that is in any way going to be inaccurate.

ASSEMBLYMAN SMITH: Mr. Chairman, on a point of order.

ASSEMBLYMAN FRELINGHUYSEN: Yes, Assemblyman Smith, and then Assemblyman Bagger.

ASSEMBLYMAN SMITH: I think Mr. Goldstein is correct. Quite frankly, this is our second hearing. We've had six -- five or six -- witnesses in front of us. Not one of those five or six witnesses was asked the question whether or not they've been threatened or intimidated with regard to their testimony.

Is there any reason why this Committee believes that Mr. Levine has been threatened or intimidated with respect to his testimony? Why are we asking the question if we didn't ask it of any other witness? What's the basis for it?

Mr. Goldstein is correct. Why are we asking this witness this question?

ASSEMBLYMAN FRELINGHUYSEN: All right. Thank you for your comment, Assemblyman.

Assemblyman Bagger?

ASSEMBLYMAN BAGGER: Mr. Chairman, I think you might be able to address Mr. Goldstein's concerns by asking him -- asking the witness, excuse me -- simply about what contacts he has had with any officials in or out of State government, other than of course his attorney, with respect to his appearance here today.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine? Mr. Goldstein?

MR. GOLDSTEIN: I'm still not sure that -- with all due respect, Assemblyman Bagger -- that is still an appropriate question to be asked at this time.

Mr. Levine is here. He is very pleased to be here. He would be happy to respond to all of your questions that have to do with bonding practices at the Sports Authority. And I would suggest, rather than us go back and forth on this issue, for which I really do not understand what the predicate is or how it is part of the Committee's mandate, I would suggest that Mr. Levine be asked questions on the areas for which he was

asked to come here today. And he would be happy to respond to the Chairman's questions, or any members' questions about the bonding practices.

ASSEMBLYMAN FRELINGHUYSEN: All right. Committee members, I'm going to proceed with my questions.

Mr. Levine, how many years have you served as a Commissioner of the Sports Authority?

COMMISSIONER LEVINE: Nearly 15 years.

ASSEMBLYMAN FRELINGHUYSEN: When were you appointed Chairman, and who appointed you?

COMMISSIONER LEVINE: I was appointed Chairman by Governor Florio in April of 1990.

ASSEMBLYMAN FRELINGHUYSEN: Would you be so kind, Mr. Levine, as to tell us what were your role and responsibilities while you were Chairman of the Sports Authority?

COMMISSIONER LEVINE: The role of the Chairman is to establish policy and to provide leadership in terms of daily operations and long-term direction for the NJSEA.

ASSEMBLYMAN FRELINGHUYSEN: Thank you for your response. Mr. Levine, did your role as Chairman differ from that of the Executive Director, Mr. Mulcahy? And if it did, in what ways did it differ?

COMMISSIONER LEVINE: Mr. Mulcahy, as the CEO, is in charge of implementing the policies established by the Board of Directors -- by the Commission. Mr. Mulcahy is in charge of the daily operations of the Meadowlands Sports Complex and the other facilities belonging to the Sports Authority.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, would you be good enough to tell the Committee how much time as Chairman you spent at the Authority on a weekly basis, on planning and policy matters?

COMMISSIONER LEVINE: I spent several days and several evenings attempting to be an activist chairman, as well as attending events representing the State.

ASSEMBLYMAN FRELINGHUYSEN: Did your role as Chairman differ in any way, in your own mind, from that of your successor, Mr. Goodman, the current Chairman?

COMMISSIONER LEVINE: The role of Chairman should be interpreted the same by any chairman.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, as someone who had been associated with the Sports and Exposition Authority for over 13 years -- and you've certainly served with distinction, and you served as Chairman for two years -- how do you view the Authority's present independence and integrity?

COMMISSIONER LEVINE: Could you ask that in a little fuller way, sir, please?

ASSEMBLYMAN FRELINGHUYSEN: Well, there have been, Mr. Levine, as you're aware, quotations attributed to Authority officials that the Authority at times is reported to be run out of-- Certain aspects of the Authority's responsibilities appear to have been run out of the Governor's office. There have been allegations in the paper that there seems to be undue influence and direction from the Governor's office. That's what I'm alluding to. Whether during your chairmanship, and during your 13 years prior -- that time prior to your chairmanship -- whether there was any difference in terms of the Authority's independence and integrity of what has transpired over the last couple of years, since you are no longer Chairman?

COMMISSIONER LEVINE: Well, there have been very few chairmen of the Sports Authority, and I have been fortunate enough to have witnessed all of them, in some form, in their role as chairman. Sonny Werblin was the founder and the genius behind the concept, and was one of a kind. Bill Hyland, John Hanson, were hands-on, very pro-Jersey, caring chairmen.

We all followed a philosophy that from the inception has been the hallmark of the Authority, and perhaps, the key element in its success in relationship to decision making. And

that philosophy was that the political autonomy, the independence of decision making was the paramount foundation principle to develop and maintain the Meadowlands Sports Complex and our other facilities as being the finest in our country, if not in the world.

So we fought earnestly to maintain that standard of decision-making independence. One of the primary reasons for that, sir, is because as opposed to some of the other authorities which are dealing with inanimate objects -- a Turnpike Authority, a Highway Authority, they're dealing with pavement; they're dealing with long-term engineering plans. The other authorities are to a large extent monopolies run in the interest of the State. Our Authority is competing, by its very nature, in the world of sports and entertainment. Every year 10 million people, approximately, visit the Meadowlands Sports Complex, and we're competing with Madison Square Garden, with Philadelphia, with Long Island, with other teams for our fair share of the pie. And we also want to keep our visitors happy and safe.

We have to respond. Every day we wake up, we're in an active business, because it's not a monopoly. We have to make decisions affecting that night, maybe multiple events, some collegiate, some professional. Because we're running a business -- a bottom-line oriented business that's sensitive to competition -- it was very important for input from bipartisan business personalities on the Board. And over the years, from its inception, and throughout the 13 years before I was Chairman -- 12 years -- it was always run in a totally independent manner. And that's how I perceived it would be run when I took over as Chairman.

**ASSEMBLYMAN FRELINGHUYSEN:** For the record, Mr. Levine, are you satisfied with the amount of independence the Authority has now, and does the amount of independence and integrity on that issue differ from the past, when you were Chairman?

COMMISSIONER LEVINE: I think the most tangible response is that I'm no longer Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, thank you for your response. Could you tell the Committee members here how it came to be that you were replaced as Chairman of the Sports and Exposition Authority? As you are aware, it has been widely reported by the press that you were replaced because you objected to the solicitation of Sports Authority vendors for campaign contributions.

MR. GOLDSTEIN: Again, Mr. Chairman, not to any way take issue with the question, I think the question goes somewhat further afield than what I believe Mr. Levine has been asked to appear before this Committee about. I think if you're asking Mr. Levine whether, when he was Chairman, there was the same independence that he had as Chairman, and the Exposition Authority had as he had in the past, or whether, since he was replaced as Chairman, is the independence of the Authority -- was it reduced, or was it some way impacted or interfered with, I think those are appropriate questions to ask him.

I believe getting into the history of various issues involving fund raising and involving whether or not Sports Authority vendors were solicited for campaign funds, I'm not sure that is really pertinent to today's examination as to bond practices. I think the Committee, and I know the Chairman of this Committee, is well aware of Mr. Levine's instructions as Chairman to the Authority as far as his position that vendors not be solicited.

But I do not believe that is part of the Committee's mandate today. But if we want to direct it -- and do I think you really want to ask about is whether or not Mr. Levine, as both the Chairman and now as a member of the Sports Authority, observes as a factual observation whether or not the independence of the Authority has been in some way curbed or even compromised, I think that is an appropriate question. And Mr. Levine, I'm sure will respond and answer that question.

ASSEMBLYMAN WATSON: Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Mr. Watson, I am asking a few questions--

ASSEMBLYMAN WATSON: Well, I think I have a right to a point of order, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: --and I will be happy to recognize you. A point of order. I want to get a response to Mr. Levine, and then I will recognize your point of order.

Mr. Levine, would you clarify what your counsel has suggested you might be willing to clarify, the issue of independence? What happens when an Authority loses its independence? I know from newspaper reports that you have been straightforward. You have a reputation for integrity and straightforwardness, and I would like to know what your reaction is to a situation where it appears that the Authority has lost its independence?

COMMISSIONER LEVINE: When an authority-- I can't address other authorities; I'm not knowledgeable or qualified. But in terms of the Sports Authority, which is a now, everyday, hands-on, complicated operation-- If the Sports Authority would lose its independence and its ability to make those decisions regarding the ever changing nature of competition within the sports and entertainment industry -- should that independence be lost, the Authority would lose its vitality and its competitiveness. It can't be run in a bureaucratic manner with any outside influences. Vendors, promoters, professional team owners, colleges, and high schools have to view their negotiations with the executives of the Authority as being definitive and final, and not subject to any change other than to the one possibility which I don't think has ever been exercised to my knowledge, the veto power of a governor to the minutes of a meeting within a specific time frame following a public Sports Authority meeting.

Is your-- Would you rephrase your question again, so that I get a clear understanding of what it is that you wish to know relating to the independence.

ASSEMBLYMAN FRELINGHUYSEN: I think you've gone, Mr. Levine, part of the way in answering it. The issues that we're focusing on at this particular point in time in this hearing are issues of the independence and the basic integrity of the Authority. And it's quite clear in my mind that when you were Chairman, and during the preceding years when you were a member, there were certain standards that were kept. And I'm just wondering what your feeling is in terms of the present situation, and whether, in fact, if those standards aren't being kept, has the Authority lost anything in the way of the competitive advantage that you aptly described?

MR. GOLDSTEIN: Maybe I can help.

COMMISSIONER LEVINE: No. I can do it.

The primary income generated, the lifeblood of the Authority financially, had been the racetrack. Racing was negatively impacted by the lottery and Atlantic City, and by other forms of exotic gambling and by other opportunities for entertainment oriented actions.

We became the only place in the United States-- The Meadowlands had two professional football teams playing in one stadium. We brought over the professional basketball of the Nets, and the Devils, and the college games. Everything was run smoothly, professionally, with enthusiasm, and in a totally pro-New Jersey spirit.

When the logo went down, as an example, on the football field in Giants Stadium -- the Sports Authority logo saying, "New Jersey Meadowlands," -- that was probably one of the prouder moments for any of the Commissioners who had taken-- We had taken so much abuse, and had been competing at such a disadvantage with New York teams, and newspapers and media. We were proud that even though on television they would

say, "The New York Giants, the New York Jets," visually the reality is: There on the 50-yard line, no matter which way the teams were going, was the logo of the State of New Jersey.

And that was the feeling of the Commission and the Commissioners; that we were here, having been born and working in New Jersey, we were doing something. We were a part of something great. We were so proud of our involvement, and we took it very, very personally.

In terms of the bonding and the independence, I have been reading newspaper accounts, and I have a general understanding of various points of view. The real issue to me was not the bonding alone. The real issue was whether this Authority, if in fact it wasn't going to be independent in its decision making, and if outside influences were allowed to dictate decisions from off site; if this Authority, in fact, should continue under the guise of being called an independent authority; if in fact decision making was taking place in other areas and we were being instructed what to do as opposed to thinking and interfacing; why not simply make what in the past was an independent authority into another department of State, or put it within a department of State.

I could fully understand, with taxpayers' money being used, because of the ratcheting down in racing income, and the other realities -- the ongoing competitiveness in various increasing forms of gambling within our State which adversely affect the Sports Authority site -- I could understand an administration stating, "We now are using taxpayers' money. Because we are using taxpayers' money, we need even more oversight. Because we want to watch every dollar of taxpayers' money, we want to give our input in a manner that wasn't required in the past because you never had a problem financially." If you go to a bank, if someone lends you money, of course you're going to listen, and of course they should have more authority in terms of how those dollars are spent.

My problem based on my experience, and based on all that I learned through the philosophy of Sonny Werblin and the other chairpersons-- The problem was that the perception of an independent authority and the reality of an independent authority weren't one and the same.

As Chairman, I fought vigorously, directly and indirectly, using whatever abilities I had to represent Mr. Mulcahy, the Board, and the people trying to maintain our political autonomy. Now, obviously, any good chairman of any commission that is plugged into government, especially with State funds -- taxpayers' funds -- being used, has to be sensitive to legislative operations, to the administration. We're all part of a team trying to help the State.

But there's a big difference between being a team player and being a rubber stamp. In terms of our Authority, I simply think that if outside sources want to make decisions, fine, don't pretend that it's an independent Authority. If you want to make it an independent Authority, which is in the highest and best interests, in my opinion, of the people of the State, then it should revert to being operated as it always has been during its evolution as a very vital, exciting body, with the Commissioners knowing that their mandate is to try to generate a return on investment.

But more importantly, we're projecting an image of New Jersey to the country at large. When people watch the Giants and the Jets, and our other -- our concerts. When they watch in Iowa or California, they see that logo, and everyone knows that the Meadowlands is the most successful sports complex in America -- the Meadowlands in New Jersey. Well, if you want to have an independent authority running that, then we should be allowed to make the decisions and not be told what decisions should be made. And that was a severe departure from what was -- what the relationship was with any chairman with any administration in the past.

ASSEMBLYMAN WATSON: Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: Yes, thank you, Mr. Levine, for your comments and your elaboration. Obviously you hold some very deep convictions, and we respect those.

Assemblyman Watson?

ASSEMBLYMAN WATSON: Yes. Thank you. Mr. Chairman, in all respect to Mr. Levine, whom I've known for many, many years and have a lot of respect for Mr. Levine, but I think that, Mr. Chairman, your question is not to be answered in the way that you called this meeting. I think questions are -- and with all due respect to you, Mr. Levine -- is very evasive here. We want to get to the core of what you called this meeting for, and evidently is not being done here. We have questions, and we want to at least bring to the light what the practices are and how they were arrived at.

These are the kind of things that I think the Chairman is looking for. It's not being answered here today, and we intend to ask those questions.

MR. GOLDSTEIN: Assemblyman Watson--

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: --I take issue with your comment about Mr. Levine being evasive. Quite the contrary, he's trying to answer the questions directly. I'm trying to be of some assistance to you all, trying to focus the questions on where I believe you and your colleagues are interested in. I started before Mr. Levine's last question to try to be of some help to you, but I think if the questions were specific, then Mr. Levine would be able to answer the specific questions. I think we want to deal with facts, not with impressions.

What I would like Mr. Levine to be able to respond to are very specific questions that deal with actual facts of what took place. We have not had an opportunity to really respond to that kind of a question. So we are dealing right now with philosophy -- philosophy about the need for and the maintaining the independence of this Authority. What I was about to--

Before Mr. Levine's last answer, in order to-- Where I think you really want to be in asking Mr. Levine questions is to go back to, I believe, the February 1992 meeting that the Sports Authority had. I think that really is the crux of why we are all here today.

ASSEMBLYMAN WATSON: I disagree.

Excuse me, Mr. Chairman, if I might.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Watson, and then I want to recognize Assemblyman Kamin.

ASSEMBLYMAN WATSON: Fine. I just want to get this point across. I disagree with your time schedule. I think if we want to give a little philosophy and a little history, then I think we need to go back further than that, of which we're going to do that today, and our questions are going to be direct and specific. We intend to get some answers.

Thank you, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman Watson.

The Vice-Chair, Assemblyman Kamin.

And Mr. Goldstein, you look eager to respond, and I won't deny you that. If you want to respond, then I'll recognize--

MR. GOLDSTEIN: No.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Kamin.

ASSEMBLYMAN KAMIN: Thank you, Mr. Chairman.

Good afternoon to you, Mr. Levine. Your testimony indicated that the real issue, as you described it, was the decision making was now coming from other areas, and that you were being instructed. My question is: Could you elaborate on what you mean by being instructed from other areas in the operation as Chairman in the Authority?

COMMISSIONER LEVINE: Do you have any one area in mind?

ASSEMBLYMAN KAMIN: No, those were your words, that you were being instructed. And if you could elaborate for the

benefit of this Committee what areas were being instructed, and in what way, and the source of those instructions?

COMMISSIONER LEVINE: In terms of policy, we had always, over the years going back to the inception, made those decisions ourselves, and on occasion, when required, we would interface with whatever department of State government had expertise in those areas where we needed input.

During my chairmanship, decisions-- During my chairmanship, the process was getting increasingly difficult to maintain at the confines of the Sports Complex. There were outside people expressing their views.

ASSEMBLYMAN KAMIN: For example?

COMMISSIONER LEVINE: Well, in terms of the bonds, in terms of personnel selection.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, this relates to the comments you made earlier that perhaps decisions were dictated off site--

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN FRELINGHUYSEN: --as opposed to what had been the common practice that you described as sort of marking the history of this fine Authority; that, in fact, there had been a degree of autonomy over fiscal matters?

COMMISSIONER LEVINE: Yes. Assemblyman, I'm responding to you by saying that my leadership, or at least my attempt to be a productive chairman, was negatively impacted by outside sources relating to all aspects of operations, including the bonds, patronage, fund-raising, everything.

ASSEMBLYMAN KAMIN: As a follow-up, if I may, Mr. Chairman, through you?

ASSEMBLYMAN FRELINGHUYSEN: Just one question, Assemblyman.

ASSEMBLYMAN KAMIN: Mr. Levine, when you said earlier, and you made the distinction between the perception and the reality, I assume you were putting your statement that you just made into the reality column, as opposed to the perception?

COMMISSIONER LEVINE: Yes. I wanted to be responsive to Assemblyman Watson, and if I wasn't, it was because I thought the question was asked in a very broad-based way. I'll answer any question asked. If it's a legitimate question, I'll respond with a legitimate answer.

What I'm attempting to say, again, so there's-- I'm attempting to make it crystal clear as to the foundation of what I'm communicating about the entire Sports Authority operation is that there would be nothing wrong with this administration or any administration having input on any decisions made by any authority, if the public had that clear point of view, that because of logical reasons -- in this particular case with the bonds, because of the tremendous amount of money that the taxpayers, for the very first time, would be asked to guarantee -- it would be logical for someone in a position of authority in Trenton to state, "We appreciate the brilliant work of this Authority in creating the finest sports complex in the country. At this point in time, we need much more oversight because we were elected to protect taxpayers' dollars, and so forth."

If that was stated, then we would be happy to subordinate our view, and there would be a new understanding, and it could be argued that because of taxpayers' money being used for the first time, that perhaps there should be much greater input and oversight.

The problem that I entertain, which I couldn't overcome -- so obviously I'm not chairman anymore. The problem that I had was in knowing that the perception of an independent authority, with vigorous input from commissioners, was no longer a reality, as well as reading in the newspaper that there was no outside influence, when in fact the input was daily and consistent in terms of all the decision making at the Authority. We were no longer independent, and that was the problem.

I don't know what else you want me to-- You could ask a question; I'll respond specifically. Are you asking for individuals? Is that--

ASSEMBLYMAN FRELINGHUYSEN: I think you've been quite straightforward in your response, and I commend you for your-- I know you're speaking from the heart, and I think that's what we want to hear. This isn't a court of law, and while we have somewhat formal proceedings, I think it's important to get from the witnesses what they feel to be the true situation. I know all Committee members appreciate your being here, your being so honest and forthright with your testimony. And I think Assemblyman Kamin and those of us on the Committee just want to get the answers so we can rectify, some day in the future, the situation.

Assemblyman Kamin?

ASSEMBLYMAN KAMIN: Thank you, Mr. Chairman.

As you described it, this daily and consistent contact related to bonds, contracts, patronage, everything, as you've outlined it, and where there may have been a justification for fiscal oversight, we're talking about political oversight. My question is, specifically: What branches of government, if in fact that was the source of this political oversight, were involved, and what individuals were involved in contacting you as Chairman, or as a Commission of five members?

COMMISSIONER LEVINE: Well, our staff worked with the Treasurer's office, which made very good sense, because obviously this was a major new change in the funding of the Authority, as well as its responsibilities. Bob Mulcahy, who is a most competent, honorable individual, met with people in the Treasurer's office, and the plans were working out nicely from a financial viewpoint. And the bond firms, which come to mind, the bond firms were generally, with few exceptions, outstanding firms, and they saved the State significant amounts

of money on the refinancing by taking advantage of what homeowners are now taking advantage of, lower interest rates, in effect.

Having stated that from a financial viewpoint, the interfacing with the Treasurer's office was understandable. There was other interference that took away the decision-making process from the Authority. I didn't mind the Treasurer's office. We welcomed their input.

ASSEMBLYMAN KAMIN: Was there any political guidance or suggestions from the Treasurer's office, directly from the Treasurer himself?

COMMISSIONER LEVINE: Well, I think that Bob can answer that this afternoon, because it was the responsibility of the CEO to deal with the Treasurer's office, and he would do that. That's not the interference that I'm making reference to, sir.

ASSEMBLYMAN KAMIN: What other offices or individuals?

COMMISSIONER LEVINE: The decision-making process relating to the bonds, relating to employment -- serious employment. Those type of decisions were made, generally, sitting in a room like this with the Executive Committee interfacing with representatives of our Finance Committee and our Legal Committee. And our Finance Committee, looking at it in a real-life way, was headed by the Treasurer of the State. Our Legal Committee was headed by the Attorney General of the State. So obviously, we had these very sophisticated, knowledgeable individuals involved in the process. I'm talking from the inception of the Sports Authority to the time of my chairmanship, and prior to my not being Chairman.

In the past, there was, during other administrations, communications with the administration about a variety of subjects. And we welcomed a reasonable amount of input, and sometimes we would go to an administration, be it Governor Byrne or Governor Kean's, and we would ask their guidance. We

would ask their input, because we are all part of the New Jersey scenario, and the Sports Authority could not function properly without legislative approvals and input.

Having said that, there is a world of difference between not initiating the policies and being the primary provider of names; not going through our professional staff and our individual committees in terms of hirings, in terms of what firms to use in terms of the bond firms.

The bond firms were terrific. They did what they were asked to do and even better, in terms of saving money relating to the refinancing that enabled our State to do so many things, including the Atlantic City Convention Center.

Again, it wasn't the bond firms; it wasn't the concept of refinancing. It wasn't the concept of expanding off-site work of the Authority. It was the process by which, instead of initiating things by our committees and subcommittees through vigorous discussions, we were the recipient of directions, and that was the problem.

ASSEMBLYMAN KAMIN: Mr. Chairman, through you.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Kamin.

ASSEMBLYMAN KAMIN: As you described it referring to the items of hirings and firms to be selected, you mentioned about the Treasurer and the Attorney General sitting in on what would be your normal structural meetings, by definition of the makeup of the Committee, they were there. That was routine?

COMMISSIONER LEVINE: Ex officio.

ASSEMBLYMAN KAMIN: Ex officio. You're referring to this daily and consistent outside interference -- outside input to you as Chairman and to the Commission. Was the source of that the Chief of Staff, Joe Salema?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN KAMIN: Is there anyone else that was also participating in this daily and outside -- daily and consistent -- input to you as a-- For example, did the Governor give personal calls to you for daily and outside influence?

COMMISSIONER LEVINE: The daily input was from Mr. Salema and Mr. DeCotiis.

ASSEMBLYMAN KAMIN: Anyone else?

COMMISSIONER LEVINE: Lots of people have ideas.

ASSEMBLYMAN KAMIN: How about Mr. Berman, the former Treasurer, in a political sense, more than his ex officio role?

COMMISSIONER LEVINE: Doug was an activist.

ASSEMBLYMAN FRELINGHUYSEN: Just for the record, the Chair-- I believe the witness has given the name of Douglas Berman -- just so the transcriber has that for the record -- the former State Treasurer, and somebody who we -- unfortunately because of the time schedule today, we are unable to hear testimony from. But for the record, that's the individual you are referring to?

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN FRELINGHUYSEN: Let me ask you, Mr. Levine, in terms of the oversight, which by your own characterization and others on the Committee, it seemed to be a high degree of political oversight, which made you feel -- as somebody who had been around for a long time, who cared deeply about the Authority and its independence -- it made you feel fairly uncomfortable? Is that the right characterization?

COMMISSIONER LEVINE: I think the record will show, if you check the minutes of Sports Authority meetings from the inception of my chairmanship through today, that what I'm expressing now under subpoena to this Committee at this date in time, is nothing new. It's simply a reflection of how I voted and what I said, and as a vigorous attempt, in which I failed, to maintain the independence of the Authority.

I think that-- I guess it's all plugged into my initial actions in trying to protect the vendors of the Authority from outside interference.

I've spent my life fund-raising, and it's very-- I know the ropes. I know right from wrong. As Chairman of the

Authority, I think my effectiveness was lost when I communicated to Mr. Salema activities that I felt were dead wrong. And from that day forward, the relationship was cool, at best.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, did you or any other Authority member approach the Attorney General about these matters related to bond work?

COMMISSIONER LEVINE: Your question asks me if I-- Does your question ask me if I ever spoke to Attorney General Del Tufo about matters at the Sports Authority, or specifically the bonding?

ASSEMBLYMAN FRELINGHUYSEN: My question is, if I can rephrase it, did you at any time talk with or correspond with, and are you aware if any other member of the Authority ever brought to former Attorney General Del Tufo the concerns you expressed about this new political oversight, something that had not characterized the Sports and Exposition Authority during your tenure.

ASSEMBLYMAN KAMIN: If I may, Mr. Chairman.

That's activities that you're describing as dead wrong, those activities.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman.

COMMISSIONER LEVINE: Yes, those activities were brought to the attention of the AG.

ASSEMBLYMAN FRELINGHUYSEN: Why did you bring those activities to the Attorney General's attention? Did you do this orally -- in writing? And perhaps more importantly, what was the outcome of your bringing these serious matters to the Attorney General's attention?

COMMISSIONER LEVINE: I first tried to handle the matter -- these matters -- with the Executive Committee of the Sports Authority, and with our CEO, Bob Mulcahy. And I have to emphasize to you that Bob Mulcahy is as decent a human being, and as competent a chief executive officer as you could find in

America, in my opinion. I have the highest regard for Bob. He's a person of honor, and no one is more dedicated to New Jersey and to the Sports Authority than Bob.

I sympathize with the realities of his position. I spoke with Bob about a matter that was brought to my attention by an attorney, and Bob communicated that matter to the Attorney General. I was then called by the Attorney General and I met with the Attorney General in his office in Trenton with Bob Winters, discussed the matter, and I would like to think that I was successful in stopping a pattern that had started, relating to protecting the vendors at the Sports Authority.

ASSEMBLYMAN KAMIN: Mr. Chairman, if I might, through you?

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Kamin.

ASSEMBLYMAN KAMIN: Would you describe for us, Mr. Levine, what activities that you characterized as dead wrong, the information that you first went to your Commission and to your Executive Board, and then went to the Attorney General's office? Would you give us some examples of what you felt was dead wrong, and do you have, for example, written correspondence to support these different positions? Please elaborate to the fullest extent on these dead-wrong activities.

COMMISSIONER LEVINE: I was approached by an attorney relating to a problem that one of his clients had. I met with the attorney; I met with the client. And then I brought that information, after other analysis and input from other vendors, to Mr. Winters and Mr. Del Tufo.

ASSEMBLYMAN KAMIN: I'm not sure-- Mr. Chairman, through you, I'm not sure that I understand what the activity was.

COMMISSIONER LEVINE: What are you asking, the specifics?

ASSEMBLYMAN KAMIN: Yes, what the activity was that was dead wrong.

I'm not asking you-- I wouldn't probably, not being an attorney-- I think Mr. Goldstein would say you can't indicate who the person was, but I think you could elaborate on the circumstances and describe the case.

ASSEMBLYMAN FRELINGHUYSEN: Take your time, Mr. Levine. That's why you have counsel here. (referring to witness conferring with his counsel)

ASSEMBLYMAN KAMIN: Would you like me to rephrase the question? (no response)

COMMISSIONER LEVINE: I was at the Meadowlands one evening for an event, and I was approached by an attorney about a client. I knew this attorney over my lifetime. We used to play football together when we were kids. He said that he had a new client coming in on Monday, and it related to a Sports Authority matter, and could he have a moment of my time.

I said, "Sure," and he told me about his client. His client had been frightened. When I heard the word frightened, that changed the nature of the conversation. And he continued to tell me what had happened.

I was so-- I wasn't surprised, but I was hurt on behalf of everything -- all the time we had put in and so forth. I wasn't going to let the activity he was talking about happen while I was Chairman, and I told him that I would meet with his client. I asked him, "When are you seeing this man again?" And he told me, and I said, "Where are you seeing him?" And he said, "At his office." And I said, "Well, I'm going to go there. I'm going there wearing two hats. I'm going there wearing the hat as Chairman of the Authority, but also I'm going there because I want to protect what we stand for, as well as protecting any splash-over effect on the Governor."

I went there and I told this individual that I was a supporter of Governor Florio, and that the first Executive Order -- Executive Order No. 1 -- related to ethics, and I

wanted to assure him that during my chairmanship, he would not receive any position based on the assurances of anyone outside of the Authority, nor would he be harmed.

And I asked him why he was frightened, and he told me. My response was that I assured him that if he didn't make contributions, that there was a level playing field between this individual and his competition.

He said that he had had difficulty in communicating with certain people at the Complex, and I picked up the phone, and I called our General Manager immediately, right in front of him. I demanded a meeting between this person and the General Manager to show this person and his partner at this attorney's office that we weren't going to put up with any monkey business. We arranged a meeting. A few days later I went to that meeting, and the nature of what took place was such that Bob Mulcahy spoke to Bob Del Tufo, and then Bob told me that I should give the Attorney General a call, which I did.

. ASSEMBLYMAN FRELINGHUYSEN: Just for the record, Mr. Levine, was there a correspondence besides conversation with the Attorney General?

COMMISSIONER LEVINE: Yes-- No, there was correspondence not with the Attorney General, but there was correspondence relating to this situation. I impulsively wrote a letter.

ASSEMBLYMAN FRELINGHUYSEN: Do you have that correspondence in your possession?

MR. GOLDSTEIN: We'd be very happy to forward it to you, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: All right. Thank you, Mr. Goldstein.

And just for the record, Mr. Levine, perhaps Mr. Goldstein, has any other investigating authority asked for that document?

MR. GOLDSTEIN: Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: We're happy to produce the letter.

ASSEMBLYMAN FRELINGHUYSEN: All right.

MR. GOLDSTEIN: It's our understanding that that letter should be in a file within the State, most likely within the Attorney General's office. But that letter will be produced to the Committee so you will have a copy of it.

ASSEMBLYMAN FRELINGHUYSEN: Thank you. Thank you for your assistance in this matter.

Assemblyman Kamin?

ASSEMBLYMAN KAMIN: Thank you, Mr. Chairman.

As I think I understood your response to our question, you were-- This daily and consistent activity -- outside influence -- that you were now having to work directly with vendors who were coming to you with situations where, in order for them to be considered-- Let me back up here.

The vendors were getting pressure directly from some other source, indicating in order to play under the new rules, they had to -- there had to be an admission fee. And when that came to your attention, you directly told those vendors -- in the case of this attorney and a client -- that was not the case. There was no admission fee; there was a level playing field.

COMMISSIONER LEVINE: I don't know if I'd characterize it exactly that way, but suffice it to say that my primary motive was to maintain the independence of the Authority. How could I possibly-- How could Bob Mulcahy use a, again -- or Mike Rowe, the greatest arena/stadium manager in the country -- I might add, both these individuals could have left for other jobs -- in Toronto, in New York at the Garden -- and have received double what their salaries are in the world of entertainment. They stayed because of a love of New Jersey. They were happy; they loved the Authority and they loved New Jersey. These people are activists in the State. How could

they possibly deal with an individual coming to the Authority, negotiating. How could our representatives deal in an arm's-length way with one entity -- let's say one promoter -- coming, feeling that he was now blessed because of a major involvement, financial involvement.

They would deal with this person, and then another person would come, another promoter in the exact same business. What did that do for the Authority? All it did was raise a level playing field, starting at ground zero, where people could make contributions to Republicans, Democrats; they could give whatever ELEC allows. But if they both came to our staff having been promised or threatened, how do you run a business, from ground zero to ground \$100,000?

So what I did, I think, is no different than I would like to think any of you would have done. I immediately wrote a letter to put a stop to the practice. It didn't sit easily with me when the man's word was frightened. And when I met with him, I personally was never involved in a situation like that before, and I felt very sympathetic to him.

ASSEMBLYMAN KAMIN: If there is anything that is clear to us today, it is not only your sense of pride of the years of independence and accomplishment out of that Authority, and how not just the integrity of the Commission has been hurt, but I think to a large extent the integrity of New Jersey has been hurt because it is such a visible component of New Jersey's structure.

ASSEMBLYMAN FRELINGHUYSEN: Just before you proceed, Assemblyman, I just want to assure Mr. Levine that I echo Assemblyman Kamin's comments about your strong feelings.

You were quoted in the Bergen Record last May as saying that -- and you said it here today; I just want to make sure that I understand -- while soliciting contributions by the Board -- those that served on the Board -- may be legal, it shouldn't be done because the Board is in a position of

deciding important contract awards for architects, consultants, and law firms. And your feeling, if I understand it correctly, is that these awards should be based on merit and competence, not on donations to any particular individual or party. Is that correct? Does that reflect--

COMMISSIONER LEVINE: Well, I think it's important to say, in all balance, that my input has been in the area of fund-raising, and that I think it would be totally unrealistic -- someone would have to be from another planet to truly think that people who received money -- elected officials -- in major amounts, always receive those amounts simply out of belief in the individual's character, or out of belief in the policy that that individual espouses.

It's part of the system. I'm proud of my participation on behalf of the individuals whom I supported. But because of my intimate knowledge of the laws, of the system, of the method, there is a big difference between hugging and mugging. There is a big difference between encouraging someone to become part of the team, participate in public service, and get to know the candidates, as opposed to the flip side of that -- the other side of the moon -- which is, "If you don't do this, then this won't happen. If you don't do this, then you won't have our support."

That's why I wrote the letter, and that's why I met with Mr. DeCotiis. That's why I met with the lawyer, to make certain that everyone understood precisely what I stood for.

ASSEMBLYMAN FRELINGHUYSEN: So by your frank admission -- and I give you credit for it, Mr. Levine -- there was, in fact, a distinct policy and degree of independence and integrity when you chaired the Authority?

COMMISSIONER LEVINE: I knew-- I know-- I may not know much, and I never had any personal ambition beyond the Sports Authority. I felt I was the luckiest guy in the world to simply serve on the Sports Authority, and I recognize in another month, I won't be.

But what I'm communicating to you is, because of my knowledge of fund-raising, I felt that as Chairman of the Authority -- because everyone knew I was a fund-raiser, but at the same time everyone knew I loved the Authority and I was really into it, and I took my position seriously -- that I should announce that I wouldn't be involved in fund-raising. It would be very unfair for me to approach anyone, because I couldn't imagine them saying no to a Chairman, let alone to me, when I've had relationships in the past with hundreds of people involved -- thousands of people involved with New Jersey, live. So I announced the policy for the reasons of perception as much as reality, that I would not be involved in fund-raising, and that fund-raising wouldn't have any impact while I was Chairman of the Authority.

ASSEMBLYMAN FRELINGHUYSEN: To the best of your knowledge -- and thank you for your response, Mr. Levine -- did the Attorney General, or anyone in his office ever speak to the client or vendor that you characterized earlier as frightened?

COMMISSIONER LEVINE: I would certainly like to think so.

ASSEMBLYMAN FRELINGHUYSEN: All right. Assemblyman Kamin, do you have something further?

ASSEMBLYMAN KAMIN: I guess the question that jumps right at me is what appears to be-- The question is: Was there a quid pro quo change in the way this outside influence was contacting your Commission and your office as Commissioner?

COMMISSIONER LEVINE: Perhaps you could ask it again? I understand your words, but I-- Ask it one more time so I get the purpose behind it.

ASSEMBLYMAN KAMIN: The purpose would be, when you related to a frightened vendor, represented by an attorney, that that individual may have felt that had he not participated financially, he would not be considered. Or, conversely, that if he did participate, that the contract was, in fact, wired.

COMMISSIONER LEVINE: There's no question that-- That individual who already had a large contract with the State and who had done business with the Sports Authority, was, in fact, frightened, and that that individual was under the impression that certain things would happen if he did or if he didn't do certain other things. And that's why, at the end of the meeting, to show you the intensity of the meeting -- this is the first time that I had ever met this individual, although I knew who he was -- he hugged me and kissed me and said, "Thank God, thank you very much."

That's when I wrote the letter and so forth.

ASSEMBLYMAN KAMIN: So he understood there was a quid pro quo?

COMMISSIONER LEVINE: I think you-- I'm not one to answer for anyone for anyone else, and I'm not here to speculate or draw conclusions. I'm responding to questions asked, and I-- Your question earlier was, did I bring it to the attention of the appropriate people, and did I write a letter? Did I put something in writing? Did I verbally discuss it? And the answer is: I wrote a letter. I vigorously verbally discussed it with top individuals.

ASSEMBLYMAN KAMIN: Did this--

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Assemblyman.

For the record, Mr. Levine, was this particular subject matter discussed with other officials of the Sports and Exposition Authority in executive and public session?

COMMISSIONER LEVINE: Oh, definitely. It was discussed with the Executive Committee, and I think every commissioner was aware of the agony thrust upon us by outside sources.

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Assemblyman.

Thank you for your response, Mr. Levine.

ASSEMBLYMAN KAMIN: Yes, thank you, Mr. Chairman.  
Through you.

Did this individual tell you who it was that contacted him--

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN KAMIN: --that made him frightened?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN KAMIN: Who was that individual?

MR. GOLDSTEIN: Mr. Kamin.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: If I could just interpose just for one moment. I think one of the points of Mr. Levine's testimony here today has been to discuss with you philosophy as well as specific events. We're in a public arena. I don't think it really should be placed -- the burden should be placed upon him to have to name names, as such. I think what you're concerned about are policies, procedures, legislation to correct certain kinds of practices, to change certain kinds of practices.

I think if you want to get into names and so forth, Mr. Levine is really not the appropriate person to be asking. You have other people who are going to testify today and later, and they probably are much more appropriate individuals to ask those -- that kind of specific question of.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein, I think your point is well taken. I'd either ask the Assemblyman to rephrase his question, or have a brief follow-up.

ASSEMBLYMAN SMITH: Mr. Chairman, I have a point of order, if I might?

ASSEMBLYMAN FRELINGHUYSEN: Yes, Assemblyman Smith.

ASSEMBLYMAN SMITH: I don't think Mr. Goldstein's point is well taken. What Mr. Levine has done is allege that there is a shakedown by the executive branch of the government to vendors. And now he's refusing to say who the individual was.

I'd like to know who the individual was. I'd like to know who the vendor was. I'd like to know what the conversation was.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Smith, we're taking your point--

COMMISSIONER LEVINE: I'll be happy to answer that. That's not what I'm--

ASSEMBLYMAN FRELINGHUYSEN: You've made your point of order.

Does Mr. Levine or counsel care to respond to those comments?

MR. GOLDSTEIN: Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: Let me respond to both your question and Assemblyman Smith's comment.

The basic underlying facts were reported to the Attorney General's office. What happened thereafter, what those facts amounted to, what developed, is something that is not in Mr. Levine's province, nor is it within his knowledge.

What he did was to report events that were told to him by an individual who had a complaint. He correctly reported it, both within the Authority and to the Attorney General's office. That was his responsibility and obligation, and he carried it out.

What happened thereafter, or how those facts are both interpreted -- what those facts amount to -- that is really not Mr. Levine's-- Mr. Levine is not drawing any kinds of conclusions, Assemblyman Smith. All he is doing is reporting, and it's for the appropriate investigative agencies to then follow up on that.

So I don't think it is really appropriate, at least at this hearing, for Mr. Levine to be asked either specifics as to names or anything beyond the practice, other than to say that it was Mr. Levine's purpose reporting the practice, that by trying to stop it at its inception, that there would not be any further repetition, or any more individuals who would come to him with those kinds of complaints.

ASSEMBLYMAN FRELINGHUYSEN: The Chair agrees with Mr. Goldstein's comment.

ASSEMBLYMAN SMITH: Well, Mr. Chairman, if I might--

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Assemblyman Smith, I'll be happy to recognize you in a few minutes.

Assemblyman Kamin, and then for a brief comment in a minute, Assemblyman Smith.

Assemblyman Kamin?

ASSEMBLYMAN KAMIN: Thank you, Mr. Chairman. I'll just finish up what I -- Just to walk us through the process.

The reason the individual came to you is because they were frightened and, in fact, felt that it was a criminal--

COMMISSIONER LEVINE: No. The reason the individual-- The individual did not come to me. The individual went to an attorney in New Jersey--

ASSEMBLYMAN KAMIN: Right. And the attorney came to you.

COMMISSIONER LEVINE: --and the attorney came to me.

ASSEMBLYMAN KAMIN: And the reason for coming to you<sup>2</sup> was because they thought the activity was criminal?

COMMISSIONER LEVINE: I can't answer that.

ASSEMBLYMAN KAMIN: In your opinion, is the reason you went to the Attorney General for the same reason, that you thought it was criminal?

MR. GOLDSTEIN: I think that, Assemblyman Kamin, is not-- With all due respect, I think you are now trying to draw all kinds of inferences that I don't think it's fair to ask Mr. Levine about.

Mr. Levine's obligation as Chairman of the Sports Authority was to bring that episode to the attention of the appropriate people. It's not for Mr. Levine to either characterize it or to evaluate it as to whether or not it is a proper procedure. His obligation is to report it, which he did, and I really don't think that he should be asked to in any way characterize it.

ASSEMBLYMAN KAMIN: I understand, and I apologize.

ASSEMBLYMAN FRELINGHUYSEN: I would agree with Mr. Goldstein. Mr. Levine has been straightforward and a good citizen -- a very good citizen.

Assemblyman Bagger, I believe, had a question, is that correct, and then Assemblyman Smith.

ASSEMBLYMAN KAMIN: I just want to ask the time frame.

ASSEMBLYMAN WATSON: Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: Excuse me.

Assemblyman Bagger, and then Assemblyman Watson.

ASSEMBLYMAN BAGGER: Before we departed this incident, I wanted to wanted to ask a couple of things.

I believe you testified before that -- and I want to make sure you spoke correctly -- that you reported this incident that you've been describing to Mr. DeCotiis.

COMMISSIONER LEVINE: No.

ASSEMBLYMAN BAGGER: I just want it to be clear. You said Bob DeCotiis before. I don't know whether you meant to say Bob Del Tufo or Bob Mulcahy.

ASSEMBLYMAN WATSON: Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Assemblyman Watson.

ASSEMBLYMAN WATSON: Just a point of order, please, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Could you repeat the question, Assemblyman Bagger, and then I'll recognize--

ASSEMBLYMAN WATSON: Could I just ask a question first, Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Mr. Watson. If you want to make a point of order--

ASSEMBLYMAN WATSON: Well, I want to make a point of order, and I think--

ASSEMBLYMAN FRELINGHUYSEN: --I'll be happy to recognize you in a minute.

ASSEMBLYMAN WATSON: --that takes precedent over anything else here.

ASSEMBLYMAN FRELINGHUYSEN: Well, with all due respect, the Chair will choose to recognize you in a minute. I'd like to get a response to the Assemblyman's--

ASSEMBLYMAN WATSON: Well, no. I want to pose my point of order before Mr. Bagger--

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Mr. Watson.

ASSEMBLYMAN WATSON: --speaks, because you were to recognize, at least, Mr. Smith next, and you jumped over Assemblyman Smith and you've now gone to Mr. Bagger.

ASSEMBLYMAN FRELINGHUYSEN: Well, thank you--

ASSEMBLYMAN WATSON: I don't think-- Is this an undemocratic process, or is it a democratic process you're running here?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Watson, you know what the process is.

ASSEMBLYMAN WATSON: Well, it seems as though, so far--

ASSEMBLYMAN FRELINGHUYSEN: You know the rules of this Committee, having chaired this Committee. Everybody will have an opportunity to ask questions.

ASSEMBLYMAN WATSON: I wish you would live by the rules, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Well, the rules are stated, and having chaired this Committee, you ought to know that we've been quite straightforward.

ASSEMBLYMAN WATSON: I think it's disrespectful to Assemblyman Smith here, who led into his questions, and now you refuse to acknowledge him. You recognized Mr. Bagger first, and I think that is unprecedented as far as this Committee is concerned.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson, I recognized Assemblyman Smith for a point of order, and not for a subsequent question in an immediate sense. I recognized

Assemblyman Bagger so he can get a response to his question, and then we'll recognize Assemblyman Smith.

ASSEMBLYMAN BAGGER: There is a question pending, and unless it needs to be repeated, which is--

MR. GOLDSTEIN: I think, Assemblyman Bagger, Mr. Levine has your question in mind.

COMMISSIONER LEVINE: It was reported to Mr. Del Tufo.

ASSEMBLYMAN BAGGER: I take it, then, that you misspoke before when you said that you discussed it with Mr. DeCotiis in terms of reporting the incident.

COMMISSIONER LEVINE: No. Your question was, "Who did I report it to?", and my answer is, sir: I reported it to the proper-- I reported it-- I discussed it with Bob Mulcahy, and we, on behalf of the Authority, brought it to the attention of the Attorney General, Bob Del Tufo.

On the other hand, my reference to Mr. DeCotiis was not as Chief Counsel to the Governor. Mr. DeCotiis was the attorney for the vendor prior to becoming Chief Counsel.

ASSEMBLYMAN BAGGER: What was the time frame that this meeting with Mr. DeCotiis and his client, and then you reporting it to the Attorney General took place?

COMMISSIONER LEVINE: Immediately. January 1991.

ASSEMBLYMAN BAGGER: January of 1991. That was approximately a year before you were replaced as the Chairman?

COMMISSIONER LEVINE: That's correct.

ASSEMBLYMAN BAGGER: And what was the end result of your bringing this to the Attorney General's attention?

MR. GOLDSTEIN: I don't think Mr. Levine is in a position to answer that question.

ASSEMBLYMAN BAGGER: Were any other similar instances with vendors brought to your attention between the time of January 1991 and your replacement as Chairman?

COMMISSIONER LEVINE: Your question relates specifically to vendors?

ASSEMBLYMAN BAGGER: For the moment, yes.

COMMISSIONER LEVINE: Pardon me?

ASSEMBLYMAN BAGGER: Yes.

COMMISSIONER LEVINE: I would like to think that-- I do think that even at the sacrifice of myself, that what I did to a large degree stopped that kind of activity thereafter. There were many, many other things -- many parallel things -- and I reacted the same way as did Mr. Mulcahy, in order to try to run an independent authority in as clean a way as possible.

But relating to the vendors, I do get satisfaction in thinking that that blocked that.

ASSEMBLYMAN BAGGER: And what were some of those parallel things that you were just referring to? Did any of those relate to the selection of bond firms participating in underwriting syndicates?

COMMISSIONER LEVINE: As a consequence of my talking with the AG, and my constantly at public sessions, expressing the view of fighting for the independence of the Authority, I would like to think that I did, and we did, everything to limit any of the advanced desired results of outside influences at the Authority to the best of our abilities.

ASSEMBLYMAN BAGGER: Were there any other circumstances of interference or activities that you would characterize as dead wrong that you felt it necessary to bring to the attention of the Attorney General's office?

COMMISSIONER LEVINE: Well, Mr. Del Tufo served as an ex officio member, and also attended meetings and was very active, and we talked about many things at many times.

ASSEMBLYMAN BAGGER: Any of those involve things that you would characterize as dead wrong?

COMMISSIONER LEVINE: I never-- If what you are asking is, did I go to the -- did I meet with the Attorney General of the State and the head of criminal justice on other occasions relating to Sports Authority matters, the answer is, no.

If you're asking, did I talk to Bob Del Tufo, an Executive Committee -- excuse me, an ex officio member of the Authority, yes. We participated in the decision-making process.

There are many things that I fought for and I lost, relating to people and relating to policy.

ASSEMBLYMAN BAGGER: I will relinquish the floor, but I think that we as a Committee need to spend some time, now that we have in some detail discussed the issue relating to vendors at the Sports Authority, that we go into and discuss with Mr. Levine some of the other areas of the interference that he characterized in terms of being with all aspects of operations of the Authority, and everything, so we can find out what it was that this daily and consistent input -- from whence it came, what it was, and what those activities were that were dead wrong.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman.

Let me just tell everybody where we're going. I'm going to recognize Assemblyman Smith for a point of order because I believe that he certainly is desirous of following up on his earlier point of order.

Then I'm going to recognize Assemblyman Lance for a brief point of order.

ASSEMBLYMAN WATSON: Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: And then, Assemblyman Watson, I'm going to recognize you for that block of time that you have been very patient in waiting for.

ASSEMBLYMAN WATSON: I think we've been two hours and fifteen minutes on your side of the aisle. I think it's about time for us to be heard on this side of the aisle, and for you to do this is very disrespectful, not only to the me, but to my Committee as a whole.

You know, I'm quite surprised at the actions here today, with you.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Watson, you'll have an opportunity to comment at length just as soon as our colleague, Assemblyman Bob Smith, gets his point of order in, and then I'm going to recognize Assemblyman Lance, and then you'll have the floor, Assemblyman Watson.

Assemblyman Smith.

ASSEMBLYMAN SMITH: Mr. Chairman, before I get to my point of order, I'd just like to reemphasize what Mr. Watson said. If there is even the slightest hope that the people of this State would view this as a serious legislative attempt to reform the bonding process of the State, it would be nice to allow it to be a bipartisan process, and to allow the Democrats to have some participation in the process. I mean, it's a real shame it's turned into a circus.

That being said--

ASSEMBLYMAN FRELINGHUYSEN: Your point of order, please, Mr. Smith.

ASSEMBLYMAN SMITH: The point of order that I tried to make 20 minutes ago is simply this: There was a question to Mr. Levine posed by Mr. Kamin saying, give us the specifics. Mr. Levine has stated he has no problem answering any question. He is here to answer the questions. He has alleged, even though his lawyer would attempt to say that's not really what he did. On one hand he said, "I was contacted on a daily basis by the chief executive officers of this government's chief agent to talk about the daily activities of the government and the daily activities of the Sports Authority." He said, "I got outside interference." Then, in the next breath he tells a story about an attempted shakedown of a vendor, and he refuses to give the specifics.

This can only be characterized as a hearing that occurred 30 or 40 years ago in Washington, D.C. conducted by Senator McCarthy, wherein he said, "I have a list of 100 known communist infiltrators in the State Department."

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Smith.

ASSEMBLYMAN SMITH: And nobody can ever get specifics.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Smith, that's not a point of order. That's a political statement on your part which is an insult to this Committee.

ASSEMBLYMAN SMITH: The point of order is, he should answer Assemblyman Kamin's questions.

ASSEMBLYMAN FRELINGHUYSEN: If you don't think that the things that we're talking about here are important to the taxpayers of New Jersey--

ASSEMBLYMAN SMITH: They're important to the election of a Republican majority in the Legislature.

ASSEMBLYMAN FRELINGHUYSEN: --that the allegations that have been raised in the newspaper accounts that, in fact, our witness here has, to a certain extent, substantiated-- If you don't think those allegations--

ASSEMBLYMAN SMITH: Ask him for factual specifics.

ASSEMBLYMAN FRELINGHUYSEN: Your point of order.

ASSEMBLYMAN SMITH: I've never heard so much hearsay in my life.

ASSEMBLYMAN FRELINGHUYSEN: Your point of order.

They are important to the taxpayers of the State of New Jersey. This is an individual who spent a good portion of his public life working on behalf of this Authority.

ASSEMBLYMAN SMITH: Who refuses to document charges. Give us the facts.

ASSEMBLYMAN KAMIN: Well, we can certainly ask--

ASSEMBLYMAN SMITH: Who did what, when? Who said what?

ASSEMBLYMAN FRELINGHUYSEN: Your point of order. What is your point of order, Assemblyman?

ASSEMBLYMAN SMITH: The point of order is that Assemblyman Kamin's question was absolutely appropriate, and that Mr. Levine, if he is alleging that there was a shakedown of a vendor, I want to hear about it.

ASSEMBLYMAN KAMIN: Well, I think, maybe--

Excuse me, Assemblyman. Point of order.

ASSEMBLYMAN SMITH: I want to hear who said it, what was said, what the contract was about, what subsequent action occurred? Don't throw that on the table and then walk away from it.

ASSEMBLYMAN FRELINGHUYSEN: Okay. Thank you for your point of order.

Assemblyman Kamin, if you want to-- Your point of order. I'm going to Mr. Lance, and Mr. Watson has been very patient. I want to recognize him.

ASSEMBLYMAN KAMIN: The point is, I think the witness, Mr. Levine, indicated that perhaps it would be better for us to ask that question of the Attorney General for verification -- former Attorney General Del Tufo -- and we can do that later today.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman.

Assemblyman Lance, for a brief question or a point of order, and then we're going to Assemblyman Watson.

ASSEMBLYMAN LANCE: A point of order, and I recognize Assemblyman Watson, the Budget Officer for the Democratic party has been waiting, and I'll be very brief Assemblyman Watson.

It seems to me, if not now, at some point we should revisit the issues that Mr. Levine has raised. I've been taking notes, and I'm interested in what other aspects of the operation-- And I have written down: personnel, fund-raising, patronage, everything was changed, based upon his testimony that matters are different now from prior times. And his statement -- Mr. Levine's statement that he engaged in a vigorous attempt in which he failed to maintain the independence of the Authority. I want to disassociate myself from any indication that I think Mr. Levine has in any way been McCarthyistic today. Rather, I think he's been public spirited to come forward.

The matters testified to have been testified to by Mr. Levine, the witness. They have not come from the Committee; they have been statements by Mr. Levine, and I do think it is inappropriate to characterize his testimony as McCarthyistic.

Thank you, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Thank you for your point. And, of course, the testimony is being given under oath, I so note for the record.

Assemblyman Watson, thank you for your patience.

ASSEMBLYMAN WATSON: Thank you, Mr. Chairman.

Mr. Levine, I've sat here for two hours and fifteen minutes, and I appreciate your patience, and would only like to see your patience extended to this side of the aisle.

Could you tell me, is all Sports and Exposition Authority policy in written form?

ASSEMBLYMAN KAMIN: Could I ask Mr. Watson to repeat the question? I couldn't quite hear it.

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Mr. Watson, could you move the microphone closer to you.

ASSEMBLYMAN WATSON: Is all of the policy of the Exposition and Sports Authority in written form?

COMMISSIONER LEVINE: I think that our Chief Executive Officer could answer that more technically correct than I could. I would think that the majority of policy is in written form, yes, sir.

ASSEMBLYMAN WATSON: It is in written form?

COMMISSIONER LEVINE: I would think that the majority of policy is in written form.

ASSEMBLYMAN WATSON: Do you have a copy of that here, or anyone from the--

COMMISSIONER LEVINE: I'm sure that that could be produced.

ASSEMBLYMAN FRELINGHUYSEN: For the record, Mr. Watson is looking for policies that relate to the governance of the Authority?

ASSEMBLYMAN WATSON: Well, from what I gather, so far I hear from Mr. Levine continues to say all of the great kinds of things that policy has been in regards to the Authority, and I would just like to know whether or not the policy that you have been stating all afternoon is in written form? Are you speaking from your personal view, or are you speaking from a document that exists?

COMMISSIONER LEVINE: I believe the policy--

May I ask this, sir: I assume -- correct me if I'm wrong -- you must be asking if there is a code of ethics in writing dictating what my responsibility, what Bob Mulcahy, what the present people involved with the Authority, what -- how we should act, how we should interpret things, what our role is? If you're asking if there is a written code of ethics, the answer is, yes.

ASSEMBLYMAN WATSON: All right, then. You've also stated here that the role of Chairman is to set policy, and you have stated over and over again, these are some of your feelings about the policy that you have set during your administration as Chairman.

COMMISSIONER LEVINE: May I ask you to repeat that, because I don't believe that that's a correct interpretation of what I said? I'll be happy to respond to whatever you say.

ASSEMBLYMAN WATSON: It's the role of the Chair, you stated, to establish policies.

COMMISSIONER LEVINE: It's the role of the Board to establish policy, with the Chairman being a lead participant in those policies being established. That is one of the roles of the chairman of any authority, I would imagine.

ASSEMBLYMAN WATSON: Then it's not the role of the Chairman completely? Now, you said, it's the role of the Board.

COMMISSIONER LEVINE: Oh, of course. I'm only one-- My attitude as Chairman, the way it was run -- and the record will show it, and any of the reporters who attended the meetings, and we get tremendous coverage--

My attitude was, if anything, extremely liberal and open. I viewed myself-- While titled as Chairman, I viewed myself as being one active Commissioner on a Board of legitimate Commissioners who were going to try to do everything in the best interest of the Authority. So there was lots of interfacing with other Commissioners and lots of discussions, and we operated in a teamwork manner.

ASSEMBLYMAN WATSON: Through you, Mr. Chairman.

Mr. Levine, on your chairmanship, the kinds of things you were discussing here as your policy, your view or whatever, was it ever put in written form as part of your charge?

COMMISSIONER LEVINE: It didn't have to be. It already was. In terms of the code of ethics, I think if you read it, you'll see very clearly that matters that I'm referring to are covered in a global way by our code of ethics.

ASSEMBLYMAN WATSON: I think we're mixing up a little bit here.

You're now bringing in ethics. We're talking about policy, your policy.

COMMISSIONER LEVINE: Not my policy, sir, Sports Authority policy.

ASSEMBLYMAN WATSON: The Board's policy, the policy when you were the Chairman that you discussed here today.

COMMISSIONER LEVINE: The policy of the Sports Authority. The historical and traditional policies of the Sports Authority. Not my policy, the Sports Authority policies, practices, yes.

ASSEMBLYMAN WATSON: Mr. Chairman, through you.

Mr. Levine, the Republican members of this Committee voted to subpoena you before us today, even though they had not received word from you that you would not attend. Is that correct?

MR. GOLDSTEIN: How would Mr. Levine know that?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein is-- Just so the transcriber will know, Mr. Goldstein is responding to the Assemblyman's question.

Could you repeat it again, Assemblyman. I'm not sure people can hear you.

ASSEMBLYMAN WATSON: The Republican members of this Committee voted to subpoena you before us today, even though they had not received word from you that you would not attend. Is that correct?

MR. GOLDSTEIN: Assemblyman Watson, Mr. Levine did not attend the meeting when the vote was taken. How would he know what was in their minds when they--

ASSEMBLYMAN WATSON: Mr. Goldstein, we're speaking on the meeting that was held--

ASSEMBLYMAN FRELINGHUYSEN: Through the Chair, please.

ASSEMBLYMAN WATSON: Yes, Mr. Chairman. I'm sorry.

Through the Chair, the executive meeting that you're referring to, I guess, was held after we found out that Mr. Levine was to be subpoenaed before this Committee. We asked a question in that executive session whether or not Mr. Levine had any correspondence, whether he had spoken to anyone, including the Chairman. And in that meeting, it was never answered because no one knew who asked who, what, or whether or not you had contacted the Chairman back. Now, this is my question.

MR. GOLDSTEIN: Mr. Watson, with all due respect, I am having difficulty trying to understand exactly the point of the question.

ASSEMBLYMAN WATSON: Well, I think--

MR. GOLDSTEIN: I don't believe Mr. Levine can testify as to the reasons that the Committee both debated or discussed and then voted as to whether they should or should not issue a subpoena. I don't think Mr. Levine is in a position to do that.

ASSEMBLYMAN WATSON: Can I be more direct?

MR. GOLDSTEIN: Sure.

ASSEMBLYMAN WATSON: Prior to subpoena issuance, did you refuse to testify?

COMMISSIONER LEVINE: When this evolved, I received a letter asking to attend the meeting on a certain date here. And as has been the practice of the Authority, our Chief Executive Officer and our present Chairman speak for Commission members. I stated that the Chief Executive Officer and the Chairman should represent the Authority in answering Authority questions.

ASSEMBLYMAN WATSON: Mr. Chairman, through you.

Prior to your subpoena issuance, did you refuse to testify?

COMMISSIONER LEVINE: Prior to my subpoena issuance, I stated at a Sports Authority meeting that our Chief Executive Officer was the appropriate person, because the last thing that I wanted to do was to usurp my position now as just a Commissioner. It's our Chief Executive Officer's role to represent the Authority, as well as our new Chairman.

ASSEMBLYMAN WATSON: Then may I ask it in another way, because I'm not getting my answer.

Did you at any time notify the Chairman yourself about the actions that you were just speaking on, that you would rather not testify, or any member of that Committee, or any member of the staff? Did you have any communication at all with any of those?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN WATSON: Thank you.

Then I must say in this Committee here, the executive hearing, we were told by the Chairman that he had heard from people close to you that you would not attend unless you were subpoenaed. Do you know who these people are, close to you? And if so, were they acting on your behalf? And if so, why didn't you respond yourself?

COMMISSIONER LEVINE: Well, I thought I had responded in the sense that right after receiving the letter that others had received, I assumed, I stated publicly that the Chief Executive Officer and the Chairman should speak on behalf of the Authority, and that would be my preference. That was stated at the Sports Complex, and I can only assume that they heard that that was my preference.

ASSEMBLYMAN WATSON: Mr. Levine, in that particular session -- in the executive session -- we on this side of the aisle were trying to protect a citizen of this State from being embarrassed, and this is why we're asking you these questions. Because the action that was taken, it is our understanding now that no communication came from you at all in regards to not attending the hearing that would be called.

COMMISSIONER LEVINE: No, that's not what I'm saying, sir.

If you're asking if I specifically, in writing, communicated with the Committee saying, "I will not come unless I'm subpoenaed," I didn't do that. But I verbally stated publicly that I felt it was more appropriate, because my perception is this is a fact-finding situation, for the CEO and the Chairman of the Authority to represent the Authority. I didn't want to personalize it.

ASSEMBLYMAN WATSON: Thank you, Mr. Levine.

COMMISSIONER LEVINE: You're welcome.

ASSEMBLYMAN WATSON: Through you, Mr. Chairman.

I know you have stated it once, but would you mind stating it again. How long have you been a member of the Authority?

COMMISSIONER LEVINE: I was appointed by Brendan Byrne in January of 1979.

ASSEMBLYMAN WATSON: January of 1979. So that means you were a member since at least '85?

COMMISSIONER LEVINE: Almost 15 years.

ASSEMBLYMAN WATSON: Through you, Mr. Chairman. In 1985, former Governor Kean was running for reelection, and I seem to recall your being very involved. And also today, I even heard that you were a great supporter of Governor Florio -- in one of your statements.

COMMISSIONER LEVINE: I don't know if I was a great supporter. I was a sincere supporter.

ASSEMBLYMAN WATSON: Oh, sincere. I'm sorry, sincere supporter. And in your involvement, you were an organizer for a group known as Democrats for Kean?

COMMISSIONER LEVINE: I was the Chairman.

ASSEMBLYMAN WATSON: You were the Chairman, fine.

Through you, Mr. Chairman. Could you tell me, Mr. Levine, did you help raise money for Governor Kean's reelection efforts?

MR. GOLDSTEIN: I think, Assemblyman Watson--

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein is speaking, for the record.

MR. GOLDSTEIN: I think, with all due respect to the question, the answer to that question is well-known, and I do not understand where that question is relevant to this morning's and this afternoon's proceedings. Maybe you could elucidate a little bit, and explain to us--

ASSEMBLYMAN WATSON: Well, the relevance here is that in the tenure Mr. Levine, he has alleged here in some way there have been shakedowns.

MR. GOLDSTEIN: He hasn't alleged that at all.

ASSEMBLYMAN FRELINGHUYSEN: Excuse me. For the record, Mr. Goldstein-- Mr. Goldstein, before you reply, and I suspect we may be on the-- Nobody has entered that, except for one of our Assembly colleagues, into our dialogue. I think it is a very inappropriate word, and to assign that to the witness, that type of terminology is inexcusable.

Assemblyman Watson, back to you.

ASSEMBLYMAN WATSON: Well, Mr. Chairman, through you. I'll say to you, Mr. Levine--

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein, you're willing to--

ASSEMBLYMAN WATSON: --that if that offends you, I'm sorry. I'm sorry.

In some way in this two hours and thirty-five minutes, it has been here as something happening in the Authority that is not right, and we are now trying to get to the bottom of just what makes you feel the way you feel. If I offended you, I'm sorry. But there has been an awful lot said here today impugning a whole lot of people, and we want to know just how and why you arrive at some of the things that you were saying today.

ASSEMBLYMAN FRELINGHUYSEN: The Chair recognizes Mr. Goldstein.

MR. GOLDSTEIN: Thank you, Mr. Chairman.

Assemblyman Watson, I'm not sure if there is a question that is pending. I think in fairness to these proceedings, so we have an absolutely clear record, it was Assemblyman Smith who interjected for the very first time the use of the word shakedown.

If you would listen to what Mr. Levine described as the conduct that he was trying to prevent and to stop, that is not an accurate description of that conduct, first of all.

Secondly, I do not believe that it is appropriate for this Committee, or for you at this time, to go back into 1985, and to begin an examination that goes back eight years, because it has nothing to do with what the mandate of this Committee is looking at.

ASSEMBLYMAN WATSON: Through you, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson.

ASSEMBLYMAN WATSON: Mr. Goldstein, I'm just going to try to put things in its proper context. Number one, Mr. Levine has been a member of the Authority since 1985.

Secondly--

COMMISSIONER LEVINE: Nineteen seventy-nine.

ASSEMBLYMAN WATSON: Nineteen seventy-nine. And secondly, Mr. Levine, you have, over and over again, said that you were a great fund-raiser.

COMMISSIONER LEVINE: I never said that, sir.

ASSEMBLYMAN WATSON: Well, you're a good fund-raiser.

COMMISSIONER LEVINE: I never said that, either.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson?

ASSEMBLYMAN WATSON: Well, you're a fund-raiser.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson, please, through the Chair. And I think Mr. Levine is objecting to whatever you are suggesting he might be. But he can speak for himself, or Mr. Goldstein can.

Mr. Watson, again.

ASSEMBLYMAN WATSON: Mr. Chairman, because I don't want to sit here thinking that I'm hallucinating, I would like for the transcript to be played back to the point where, not once, twice, maybe three times, Mr. Levine has labeled himself a fund-raiser.

COMMISSIONER LEVINE: No, I never said I didn't. You said great and good. I said fund-raiser.

ASSEMBLYMAN WATSON: Well, I'll take out the adjectives.

COMMISSIONER LEVINE: Well, then, we're on the same wavelength.

ASSEMBLYMAN WATSON: And I'll just say fund-raiser, all right.

Now the record is straight that you have raised funds, right?

COMMISSIONER LEVINE: The record was never unstraight.

ASSEMBLYMAN WATSON: All right, then. I want to ask some questions that I would like to see you answer, relevant to the fund-raising.

COMMISSIONER LEVINE: Surely.

ASSEMBLYMAN WATSON: Did you help raise funds for Governor Kean's reelection?

COMMISSIONER LEVINE: I want to answer it, John.

MR. GOLDSTEIN: I know you do.

I'm going to let Mr. Levine answer the question.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein, go ahead.

MR. GOLDSTEIN: But I just want, Mr. Chairman, to be clear. In permitting Mr. Levine to answer this question, which I think is well-known, that is not going to in any way stop me from objecting to additional questions if we're off on a frolicking detour, Mr. Watson.

ASSEMBLYMAN FRELINGHUYSEN: Thank you.

Mr. Levine, you're recognized.

COMMISSIONER LEVINE: Assemblyman, I think you know, because we've known each other a long time, and I respect you-- I think you know that I have been a lifelong Democrat. The fact that I supported Tom Kean, I'm very proud of. That doesn't mean that I'm anti-Democrat. I'm a Democrat today, and as I stated earlier, I was a sincere supporter of Governor Florio.

I heard comments that this is being political because there is a gubernatorial campaign happening at this point in time. Well, I can't answer what's in your mind, or what's in the other Committee members' minds, but the record will show -- the minutes of the Sports Authority will show, and press clippings will show that for years, prior and then when I became Chairman, I stated my belief in the independence of the Authority. And the very first thing I did, because I am known for actively participating in fund-raising and for having been Co-Chairman of Brendan Byrne's inaugural, Tom Kean's inaugural, and Jim Florio's inaugural-- I participated actively in the democratic process.

The very first thing I did as Chairman was, with that background and knowledge, know that it wasn't in the interests of the Authority for a Chairman, especially with that type of an extensive, intimate background, to be involved directly or indirectly with fund-raising.

And I know the difference between appropriate fund-raising and inappropriate fund-raising. I never said -- I never said that there was a shakedown. I never said that anything at all today political-- I never speculated. I didn't bring up the name of either gubernatorial candidate. I'm here based on a subpoena to respond to questions. I'm not here as a Democrat. I'm not here as a Democrat who once supported a Republican. I'm here to respond as a former Chairman of the Authority, to communicate what I know in my mind and feel in my heart after nearly 15 years of public service to the Authority.

I told you that I felt certain individuals are absolutely terrific. I will say to you again, I don't know of a more caring human being than Bob Mulcahy. I don't know of a more competent Chairperson. I don't know of a more competent CEO than Bob Mulcahy, who could have many times left the Authority for much more lucrative positions in the private sector, in entertainment as well as with other companies.

I never fought the concept of the Authority doing the Atlantic City Convention Center. I never fought the concept of the bonding. I'm not here to knock the bond firms, and I'm not here to discover America in terms of what should be done relating to future fund-raising practices. I'm here to respond to questions.

In terms of Governor Florio, since you introduced the subject, I again want to tell you I was a sincere, dedicated supporter, who tried with all my heart and soul to promote and protect the Governor. I'm not here knocking, directly or

indirectly, the Governor. I'm here talking about actions that took place by key individuals, which I tried to block to save the Authority.

Nothing I say is an anti-Democratic situation. Nothing I say is a pro-Republican situation. It's a pro-Sports Authority situation. I'm responding to questions, and I'd like to clarify it and say again that I think, in all objectivity -- and I say this with the respect for knowing who you are -- it's inflammatory to use the word shakedown. I would be delighted to cite names, places, and events. That's not the purpose of the hearings. And especially at this point in time, I think it then becomes politicized.

I must tell you, no one has ever called me McCarthy before. I'm here, trying to simply be decent and to respond to questions, so please don't--

I say to you respectfully, what does Tom Kean or Brendan Byrne have to do-- What do those fund-raising activities have to do-- I'm not on trial. I'm here to cooperate.

ASSEMBLYMAN WATSON: Well, through you, Mr. Chairman. I'm glad you asked that question. It leads into some of what we're trying to do for good government here.

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN WATSON: It also leads into the fund-raising, whatever, during your tenure, and still tenure as a member of the Authority. And we're talking about the different practices -- the bonding practices -- and I only hope that we're-- These are very specific questions, and I'd just like to get a specific answer in regards to this.

We're talking about the philosophy and context, and I think we should bring it all in so we can put good government on the table.

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN WATSON: You have raised money for Governor Kean?

COMMISSIONER LEVINE: Yes. I was very proud of my involvement with Governor Kean, just as I was very proud of my involvement on behalf of Brendan Byrne, and just as I am very proud of certain aspects of my involvement with Governor Florio.

ASSEMBLYMAN WATSON: Through you, Mr. Chairman. During the course of these fund-raising activities, did you solicit funds from bond underwriters who had done business with the Sports Authority?

COMMISSIONER LEVINE: Absolutely.

ASSEMBLYMAN WATSON: Did these individuals or their firms contribute to Governor Kean's reelection effort?

COMMISSIONER LEVINE: Yes. I will say this to you, sir, if I may respond to give you more complete details, because it was noted earlier that I wasn't specific.

It's not my role, nor do I have the ability to determine -- you do -- what happens in terms of future fund-raising; should bond firms be treated as banks. That's not why I'm here. I'm not here for the political context, and I'm not here to speculate or to give opinions based on my experiences.

I'm stating to you that the problem was not in the bonding. The bonding companies were sensational. Also, it's not against the law for bonding companies to contribute to political campaigns.

I'm stating that during the process, the Authority did not act in an independent manner. And I was compromised, and I can't speak on behalf of Bob Mulcahy, who I respect and consider a dear friend; he'll speak for himself. But I know that everything was different.

I don't say that in a political context at all. But you mentioned Governor Kean. When Governor Kean was governor, when Brendan Byrne was governor, of course they stated certain things, and the people around them would communicate wish lists, constructive criticism, and otherwise. They would

contribute those thoughts as a reaction to what we were doing, not as the starting point for everything that happens at an independent authority.

My entire thesis on today is that if the Authority is not going to be independent, I'm not saying that's against the law. I'm not saying anyone did anything against the law. I'm saying, "then let's call a barking dog a barking dog." If you wanted us a department of State, great, maybe it's time for that to happen. If you want to have it continue as an independent authority, then let it be independent in its hiring practices, in its bonding practices, in all aspects. We have the top professionals in America working under the top chief executive officer, Mr. Mulcahy, and they were doing just fine.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson.

ASSEMBLYMAN WATSON: Thank you, Mr. Chairman.

And thank you, Mr. Levine. Mr. Levine, did you solicit from bond counsels during your fund-raising?

COMMISSIONER LEVINE: I never-- I don't do business with bonding counsels, with-- I solicited from anyone who legally was a proper age, who could contribute to whatever the cause I was soliciting at the time.

ASSEMBLYMAN WATSON: I just want to-- I have an article here, The Star-Ledger, Thursday, February 27, 1992. I want to read a quote, and you can tell me whether this is your quote or not.

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Watson, could you move a little closer to the microphone, please.

ASSEMBLYMAN WATSON: Yes, sure.

And the quote is from you, supposedly: "Everything is based on my love and commitment to the Sports Authority, Levine said, adding that he was trying to keep all forms of politics away from the decision-making process." Is that your quote?

COMMISSIONER LEVINE: Absolutely.

Somehow you're changing this into my fund-raising, former administrations, the fact that once in my years I supported a Republican -- and I'm proud of that. I'd like to point out to you that fund-raising is a legitimate part of the process. I believe that you may have accepted campaign contributions once or twice.

ASSEMBLYMAN WATSON: I think I have. I really think I have.

COMMISSIONER LEVINE: Okay. Even from me.

ASSEMBLYMAN WATSON: And that's for the record.

COMMISSIONER LEVINE: Okay.

ASSEMBLYMAN WATSON: And I have the highest regard for you.

COMMISSIONER LEVINE: And I have a high regard for you. Having stated that, what does any of this have to do with anything? What I'm here to tell you is that a once proud independent Authority is no longer independent, period. And I'm here to tell you that in that same article -- in that same article -- wasn't there a discussion on other things? There was a vote, Mr. Watson; there was a vote. What does the vote show? You read to me before, read to me one more time. What does the vote show in terms of how I voted on the issues reflected in that article?

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson?

ASSEMBLYMAN WATSON: Mr. Chairman, as a member of your Committee, and someone I have some respect for, I think that I'm here to ask the questions, and Mr. Levine, I think, my questions to answer.

COMMISSIONER LEVINE: Well, let me-- May I then continue what I was saying to you?

ASSEMBLYMAN WATSON: Sure.

COMMISSIONER LEVINE: I'll answer the question.

ASSEMBLYMAN FRELINGHUYSEN: The Chair recognizes Mr. Levine.

COMMISSIONER LEVINE: There was a vote taken that day on the issue of underwriting. There was a vote taken that day as to the list of underwriters selected by the Authority -- by the Authority that I served for at that point in time, I think, 13 years, whatever. Everyone on the Authority voted yes. I voted no. That would have been enough for me. I wasn't looking for attention. I was voting my conscience.

Later at the same meeting there were job hires, including the most important job in Atlantic City, the job of construction manager of the Atlantic City Convention Center. That's a pivotal job of a \$500 million project, what will ultimately be the renaissance. I'm all for the Convention Center. I'm all for every single thing that's being done by the Authority. But if you take that job, I said, "Where did the name come from? Did our Personnel Committee interview Mr. Mendolia? Were other people-- When we're in the middle of a deep recession, especially in my industry, in real estate and construction, were other people interviewed for that job, or was that name just given to us from an outside source with instructions that, 'This is the man who is going to be the key to the bidding and everything else in Atlantic City.'" That's what I resented, and that's what I'm fighting for today.

It has nothing to do with Governor Kean. It has nothing to do with Republican or Democrat. It has nothing to do with Governor Florio.

ASSEMBLYMAN WATSON: Thank you, Mr. Levine.

Mr. Chairman, just a yes or no, if you care to-- Did these individuals or their firms contribute to Governor Kean's reelection effort?

COMMISSIONER LEVINE: Well, what individuals?

ASSEMBLYMAN WATSON: The bond counsels and the underwriters.

COMMISSIONER LEVINE: I think any--

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson?

COMMISSIONER LEVINE: I think any legal entity-- Any entity that I solicited was legal and contributed. The big difference is that, they were, as I said earlier, hugged and not mugged.

ASSEMBLYMAN WATSON: I don't think--

I'm sorry, Mr. Chairman, you wanted to interrupt?

ASSEMBLYMAN FRELINGHUYSEN: No, I just wanted to make sure you were getting the answers you desired.

ASSEMBLYMAN WATSON: Thank you, because I haven't yet said anything that we have discussed so far, in questions or answers, whether it was illegal or not, or whether you've done anything. I'm not saying illegal; I'm just trying to get the record straight.

During Governor Kean's second term, did any of the individuals or firms from which you solicited funds for the Governor, who in fact contributed to the Governor, receive any contracts or bond work pursued by the Sports and Exposition Authority? And if so, could you just name the--

COMMISSIONER LEVINE: You know, it's so ironic. I mean, it's so-- This is such a serious topic, and earlier, Jack, you said that you were outraged at the political aspect of the hearings -- you know, the timing right before the gubernatorial and so forth. I again want to say, if you look at the date on the article, I've been saying this for years, and I'm no longer Chairman. I'm just one individual who is fading from the scene of Sports Authority life. And I'm delighted to have served, and I'm thrilled at the privilege to have performed a public service.

Having said that, I would suggest -- or at least my interpretation is that you're making it political. I'm not making it political. What does Tom Kean or Brendan Byrne--

I did for Tom Kean the exact same thing that I did for Brendan Byrne, the exact same thing that I did when I was Chairman of the Democratic State Committee -- the Finance Chairman. I went out and I approached people legitimately.

The difference is, I never tied things together. I never did anything as a quid pro quo. That's the primary difference. I never promised anything.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson, I may be a little fuzzy, but I think, with all due respect, you have asked the same question several times. Maybe I'm imagining things, but--

ASSEMBLYMAN WATSON: I think you are.

ASSEMBLYMAN FRELINGHUYSEN: Maybe you have the same question--

ASSEMBLYMAN WATSON: I think you're letting your imagination run away with you.

ASSEMBLYMAN FRELINGHUYSEN: Maybe, Assemblyman, you have the same question as one, two, three, and four, but if you could actually get on to the focus of our hearing.

ASSEMBLYMAN WATSON: I think this is my line of questioning, Mr. Chairman, and I would ask the respect, as the budgetary member of this side of the aisle -- have the same respect that I have given, all others of my Committee on my side has given.

And I just want to say for the record, also through you, Mr. Chairman, that you're making my point. You're making the point that I was trying to make today, that this is politicized. You're making my point.

COMMISSIONER LEVINE: Mr. Watson, I want to just say one thing.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine.

COMMISSIONER LEVINE: I can't speak for what any of the individuals on the Committee do. I'm not a psychiatrist. I don't know the background. I'm not a lobbyist.

I'm here under subpoena to respond to you. For the record, are you suggesting in any way that I'm making it political?

ASSEMBLYMAN WATSON: No, I did not. But if you look straight ahead, you can see it yourself.

MR. GOLDSTEIN: Mr. Watson, I don't--

ASSEMBLYMAN FRELINGHUYSEN: Mr. Watson, I recognize Mr. Goldstein.

MR. GOLDSTEIN: Thank you, Mr. Chairman.

Can we get back to simply asking questions and giving answers?

ASSEMBLYMAN WATSON: Sure, absolutely.

MR. GOLDSTEIN: And can we move on to what this mandate is for this Committee, because I do not believe that going back, whether it be 1979 in one governor's term, or 1985 in another governor's term, is pertinent to this hearing today.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein, Assemblyman, makes a very good point. I'm glad that he's, perhaps, pointed us in the right direction. In a few minutes I want to recognize Assemblyman Bagger, perhaps, if you could move ahead with your questions.

ASSEMBLYMAN WATSON: Mr. Chairman, I sat for two hours and thirty-five minutes listening to your side, and I just hope that you give me the same opportunity to do it from this side of the aisle, along with my members.

ASSEMBLYMAN FRELINGHUYSEN: And then we're going to Assemblyman Smith and Assemblyman Romano are on deck, a few minutes?

ASSEMBLYMAN WATSON: And through you, Mr. Chairman.

Mr. Goldstein, you're absolutely right. We want to set the tone of what we're after here today, and all of this is relevant to doing that.

You're talking about the changing practices, legislation, and why we should be doing it, and I, in fact, feel that the line of questioning here has a direct relevancy to what we're doing.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman.

ASSEMBLYMAN WATSON: Mr. Levine?

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN WATSON: Just one more question on your fund-raising. Did you at any time solicit funds from any of the other vendors for the reelection of Governor Kean?

COMMISSIONER LEVINE: Sir, I solicited funds from everyone under the sun for Governor Byrne, for Governor Kean, and Governor Florio. The main difference is that once I became Chairman, I understood that I had a greater responsibility, especially with my knowledge of the operations of the Sports Authority and the importance of the Chairman's leadership.

I want you to know, if what you're asking is, did I ever solicit-- If what you're trying to imply is that I solicited funds from entities that at some point thereafter did business with the State of New Jersey, I'm sure that's correct. I'm sure that some did before, some did after. Who better to know that you shouldn't drink in excess than a former drunk? Who better to know about fund-raising problems than someone who has spent his entire life, since he was 16 involved in fund-raising? This was a matter of right versus wrong, not soliciting for a Republican or a Democrat.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson?

ASSEMBLYMAN WATSON: Thank you, Mr. Levine.

Mr. Chairman, I think Mr. Levine is really hitting on some very important points here. What we're looking for is a historical perspective here to put in place maybe something much better than what we've had before. What we're discussing here this afternoon is part of that historical perspective that we're looking for, and it's something that has been a part and parcel of government. It's been the authorities and everything else. So now, you know, we don't want to sit here and give a side that's holier than thou, but we want to bring out the whole perspective to make sure that we understand what's going on here today. Thank you, Mr. Chairman.

Could you name any of the vendors that--

MR. GOLDSTEIN: Assemblyman Watson, I don't think that's really appropriate for this proceeding.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein, could you speak up a little bit, please?

MR. GOLDSTEIN: I'm sorry. Mr. Chairman, I do not believe that Assemblyman Watson's question is appropriate for this proceeding. I think we're here to, as you have just said, Assemblyman, to talk about principles and to formulate legislation to improve practices and procedures. I don't think naming vendors has anything to do with what I believe the mandate is of this Committee.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Mr. Goldstein.

Thank you, Assemblyman.

ASSEMBLYMAN WATSON: Thank you, Mr. Goldstein.

And again, Mr. Chairman, I have to disagree, because just in these hearings so far, we have named some very good people in this State, so we named those people in relation to what we're doing here today, and to name some of the vendors is no different than -- I would say vendors would be less than to do some of the things that we have done to some of the people that we have named here today.

So I would suggest that just as a matter of, again, a historical perspective, to give us some of the names of the vendors that so happened to be able to support your fund-raising.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman.

Mr. Goldstein, before you respond, I don't think the question is appropriate, and I think we ought to get on about the business of conducting this hearing.

Do you have anything further, Assemblyman?

ASSEMBLYMAN WATSON: Yes, I do have something further, Mr. Chairman, and if that's a part of your denying the witness here to testify, to make things as it should be, then I would

say that maybe you should ask the witness whether or not he would care to answer that question or not, rather than you take a dictatorship, and do it on your own.

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Mr. Watson, I'm not sure-- I may have been called a few things, but I've never been called a dictator.

Mr. Goldstein?

MR. GOLDSTEIN: Do I understand-- So I understand what you're asking for, Assemblyman Watson--

ASSEMBLYMAN WATSON: I'm asking for names of some of the vendors that supported Mr. Levine's fund-raising efforts.

MR. GOLDSTEIN: I think, with all due respect, Assemblyman Watson, that is an inappropriate question.

ASSEMBLYMAN FRELINGHUYSEN: Isn't it true, Mr. Goldstein, that it's a matter of public record, the Election Law Enforcement Commission?

MR. GOLDSTEIN: It's all a matter of public record. I think it's inappropriate for this Committee today.

ASSEMBLYMAN FRELINGHUYSEN: Anything further, Assemblyman?

ASSEMBLYMAN WATSON: Yes.

Did anyone in Governor Kean's administration ever recommend any individual or firms for bond work or vendor contracts to you or other members of the Sports Authority?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: Mr. Chairman, Mr. Levine is here to discuss with this Committee bonding practices while he was Chairman, and since he was removed as Chairman of the Sports Authority. If Mr. Watson has any questions that relate to the mandate of this Committee, Mr. Levine will be pleased to answer those questions.

ASSEMBLYMAN WATSON: Mr.-- Point of order.

MR. GOLDSTEIN: One second.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: Assemblyman Watson, with all due respect, I think that you are bringing this Committee into areas which you have criticized the Committee of trying to get into. I don't think you want to get into these areas, because I don't think that's what you really believe. So I would--

ASSEMBLYMAN WATSON: Are you speaking for me, Mr. Goldstein?

MR. GOLDSTEIN: No, I'm not speaking for you. I'm speaking for Jonathan Goldstein.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein is recognized, and Assemblyman Watson will be recognized after him. Excuse me, Mr. Goldstein.

MR. GOLDSTEIN: I don't think it's appropriate.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson.

ASSEMBLYMAN WATSON: Thank you, Mr. Chairman.

Once again, Mr. Levine, because it's a feeling here that it's improper for the Governor's office to ask or make recommendations in regard to bond counsel, and other things -- and I think it's been stated here--

COMMISSIONER LEVINE: No, I didn't say that.

ASSEMBLYMAN WATSON: All right. Then could you refresh my memory.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine is recognized.

COMMISSIONER LEVINE: It's totally appropriate for the Treasurer's office, for the Governor's office, for other individuals and agencies, including yourself and the Senate, to provide input, to provide constructive criticism, and to interface relating to almost any matter. That's not the problem.

We're talking about a matter of degree. We're not talking about the fact that, did any other governor ever suggest a name, or did any other bond firm ever be solicited and get a contract. We're talking about the entire process that took away the independence of this very proud Authority.

And while I'm not giving you names, I would like to think that it was more appropriate to give the names and the circumstances to the Attorney General of the State, and to Robert Winters, the head of Criminal Justice, as opposed to give the names to this Committee.

Talk about politicizing something, what good does that do? I'm not here to hurt anybody; I'm here to respond.

ASSEMBLYMAN WATSON: I realize that. I realize that, Mr. Levine.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson.

ASSEMBLYMAN WATSON: Yes, through you.

Thank you, Mr. Levine. Now, once again, I would just like to know whether or not Governor Kean has, at any time, asked for anything in regards to bonding counsel, underwriters, or anything else from his office?

COMMISSIONER LEVINE: No, I can answer.

Okay, go ahead, John.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: With all due respect, Mr. Chairman, I would ask the Chair to please instruct Assemblyman Watson that the questions should pertain to the mandate of this Committee, and I do not believe that there is any mandate for this Committee to go back to either it be Governor Byrne's administration, Governor Kean's administration. I don't believe that is the subject matter of this proceeding today.

ASSEMBLYMAN FRELINGHUYSEN: Just for the record, I probably would be quite reluctant to instruct Mr. Watson to do anything. He's been a longtime member of this Committee.

He does have some questions. I think there is a degree, he'd have to admit, of repetition. I understand that maybe Mr. Levine would again like to respond. He appears to be of that inclination. But if that isn't the case, then the questions go back to you, Assemblyman Watson. I know Assemblyman Bagger is on deck, and he'll be in here in a few minutes.

ASSEMBLYMAN WATSON: Mr. Chairman, I would not like you to put words in my mouth or thoughts in my mind. One thing for sure, this is not a court of law, and I know that. And I want you to know, too, that I thoroughly understand what repetitious is. I'm not being repetitious here today. I'm only trying to carry out my questions as I see fit, and there are different sections of what I'm asking -- is what I would like to hear.

And I just don't want you to think, Mr. Chairman, that I'm being repetitious here. I'm just trying to be thorough, that's all.

ASSEMBLYMAN FRELINGHUYSEN: You're being emphatic. Excuse me. I will change that description.

Any response from Mr. Levine, and then Assemblyman Watson may have a few additional questions. And then the Chair is going to recognize Assemblyman Richard Bagger.

MR. GOLDSTEIN: Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: Yes.

MR. GOLDSTEIN: I don't want to be repetitious either. I've said now, on I think three occasions, that I do not think the question is appropriate. I don't think it is part of the mandate of this Committee, and I do not see how this question is relevant to this Committee's discussions today.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Watson? Anything further, Assemblyman Watson?

ASSEMBLYMAN SMITH: Could I make a point of order?

ASSEMBLYMAN FRELINGHUYSEN: A point of order. And then, Mr. Watson, are you about--

ASSEMBLYMAN SMITH: We're asking that the Committee just take a look at its own resolution, sponsored by Assemblyman Frelinghuysen, which says, "In order to strengthen the public's trust, there is a clear need to review the policies and practices of the State agencies and independent State and interstate authorities in New Jersey with respect to

the issuance and refinancing of bonds, and to determine whether the selection and performance of private parties in connection with the process meets the standards appropriate to and required of traditional governmental entities, and whether the public, press, and elected representatives have sufficient access to information and records governing the transactions, etc." And there was a specific amendment saying, "that the investigation shall cover no less than the period commencing July 1, 1981, and ending with the adoption of this resolution."

This is absolutely part of the scope of the investigation of the Committee.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman, for your point of order.

Anything further, Assemblyman Watson?

ASSEMBLYMAN WATSON: Mr. Chairman, I have one final question of Mr. Levine.

ASSEMBLYMAN FRELINGHUYSEN: I'd like to point out for the record, that amendment that Assemblyman Smith referred to was never adopted by the Committee.

ASSEMBLYMAN SMITH: That's true. The language of the resolution clearly says we're to investigate all of the bonding practices of the State. There is no limit in time. It doesn't say the recent bonding practices.

ASSEMBLYMAN FRELINGHUYSEN: Just for the record to be straight, we never adopted that.

Assemblyman Watson, one last question, and then Assemblyman Bagger.

ASSEMBLYMAN GIBSON: Point of order.

ASSEMBLYMAN FRELINGHUYSEN: Yes, Assemblyman Gibson.

ASSEMBLYMAN GIBSON: Did Assemblyman Smith know that when he brought that up, that it was not adopted?

ASSEMBLYMAN SMITH: What happened, I reached into my packet and pulled this out, and I thought this was the adopted resolution.

ASSEMBLYMAN FRELINGHUYSEN: All right.

ASSEMBLYMAN SMITH: But the adopted resolution does say that we are to investigate whether or not there has been any impact on the process of selecting underwriters and bond counsels through political influence. That's in the adopted resolution, and that's part of the inquiry today.

ASSEMBLYMAN GIBSON: Thank you, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Gentlemen. Thank you, Assemblyman.

Thank you, Assemblyman Smith.

Assemblyman Watson for a last question, and then Assemblyman Bagger.

ASSEMBLYMAN WATSON: Thank you, Mr. Chairman.

Mr. Levine, this question is just for the Exposition and Sports Authority. During Governor Kean's tenure, was all of the bond work and all of the vendor contracts for the Sports Authority given out to the lowest responsible bidder?

COMMISSIONER LEVINE: I think there are others here who would be in a better position to respond. I wasn't Chairman.

But I will say this to you, you badgered -- I say that respectfully -- the point. The difference is in degree. Governor Kean, during his administration, and Governor Byrne, during his administration -- so that this isn't a Republican or Democratic debate -- of course they communicated to our Chief Executive Officer, to our Chairman, constructive thoughts. Having said that, there is a difference in the degree of the input.

Tom Kean and Brendan Byrne were terrific in terms of their understanding and their enthusiasm for the Sports Authority. But there is a difference. As an example, since I'm baited-- And I didn't want to get into this whole thing, but there's a difference between Tom Kean asking for four tickets to a football game, and this administration taking every ticket for every game for the Jets, Giants, Nets, and Devils before the season starts.

That's a difference in degree. They're doing the same thing. It's the Governor's box. But instead of being used for State purposes-- They have different philosophies.

I'm responding to you that Tom Kean and Brendan Byrne were terrific, and I think Bob Mulcahy, who I said earlier is in my opinion one of the most decent people I've ever met in my life, and clearly one of the top executives of any company or entity, especially public service, he'll respond the same way. We do what we can do to protect the independence and the pro-New Jersey aspect of that Authority.

ASSEMBLYMAN WATSON: Mr. Chairman, this is still my question -- the same question, again. I didn't get my answer.

Mr. Levine?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN WATSON: During Governor Kean's tenure, was all of the bond work and all of the vendor contracts for the Sports Authority given out to the lowest responsible bidder, yes or no?

COMMISSIONER LEVINE: No, they were-- Oh, I know what you're getting at.

I don't know if it was bid or not bid, if that's your point. I don't know how the bond work was selected. Others will discuss that.

But I do know one thing -- if this is your inference -- that the decisions during those days started and finished with the officials of the Sports Authority. There wasn't, in terms of degree, the difference between four tickets and maybe 400 tickets.

You asked the question; that's the answer.

ASSEMBLYMAN WATSON: I don't think that's the answer.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Watson.

ASSEMBLYMAN WATSON: That's definitely not the answer. You know, as far as the tickets, that's another day.

My thing is the process itself. Did the lowest bidder or vendor, or was it otherwise?

COMMISSIONER LEVINE: In everything that's bid, the Authority always did the proper thing. Everything was arm's length and appropriate. Some things--

ASSEMBLYMAN WATSON: Some you negotiated.

COMMISSIONER LEVINE: Let me finish. Some things were not bid, and they were negotiated in a totally arm's length manner.

ASSEMBLYMAN WATSON: All right. Mr. Levine, I just want to thank you, and I want to thank your counsel for your patience in answering my questions. Once again, I continue to say, I have a lot of respect for you, and over the years we've known one another.

Just as a philosophical perspective here, what we're dealing with, I think it should all be out on the table. I just wanted to let you know, these are the reasons why we're sitting here today, to make sure that it's all out here.

And thank you, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman.

Mr. Levine and your colleagues, I know you have a strong constitution, but it may not be so strong that you might not want to take a break to wash up for a minute. Is there a feeling on your part that you might like to do that? Because I do know that you have other places to go, and there are obviously a number of other questions that Committee members have.

MR. GOLDSTEIN: If I can make this suggestion: If there are not going to be a lot more questions -- I know it's getting on in the afternoon -- rather than take a break, and it may take some time to get us all reconvened again, I would just as soon finish up the questions, if that's all right with the Committee. And then, maybe when Mr. Levine's time is--

ASSEMBLYMAN FRELINGHUYSEN: The offer of the break was to the witness, not to the rest of the Committee. If they can't hold it, I'm surprised.

MR. GOLDSTEIN: On this issue, I'll speak for both Mr. Levine and the whole Committee. It may be easier just for us to finish, then we can take a break, and then you all go on.

ASSEMBLYMAN FRELINGHUYSEN: Okay. Thank you very much. Assemblyman Bagger?

ASSEMBLYMAN BAGGER: Thank you, Mr. Chairman.

Thank you, Mr. Levine, for your patience today, and for the sincerity and public spiritedness of your testimony and your suggestions as we try to address public policy issues here today.

I'd like to focus our attention on what I believe is really the core of why we're here; and that's to return to the Sports Authority's bond sale in February of 1992.

Assemblyman Watson referred to the newspaper account of that meeting of the Sports Authority, and you yourself had testified that you had voted against that bond sale. If you could, explain the reasoning that went into your vote and the considerations behind that?

COMMISSIONER LEVINE: Again, you understand -- I hope I made myself clear -- that I supported the Sports Authority program totally that Mr. Mulcahy and others put to the Legislature, and that in terms of the amount of bond firms or if they did a good job, I assume that the bulk of them did a very good job. Certainly, what we anticipated came true, that we reduced the debt service to the Authority, put it on much stronger footing, and now we're creating jobs and helping in the renaissance of Atlantic City and other places.

What you're really addressing is why I voted no. I voted no not against any individual, and I'm not pointing a finger at anyone. I voted no because of the process. Heretofore, from the inception of the Authority, the primary decisions were crafted -- were created, crafted, finalized, and then reviewed. If we chose, with outside interests--

Thirty days after I stopped being Chairman, this list, which I had no awareness of whatsoever, I understood that there was work being done. I understood that Mr. Mulcahy was working very earnestly and well, doing a very complicated refinancing project. Having stated all of that, the specific list and the input was the involvement -- the degree of involvement -- from outside sources, in my opinion, did not allow the Authority to act in an independent manner, and it was the process that I was bringing attention to.

I know how to count. I knew that I was going to be the only no vote. But I had very strong feelings on the process.

And there are others who may not be in the independent position that I'm in, who can't express these thoughts to you, but who feel these thoughts in their hearts and in their heads.

ASSEMBLYMAN BAGGER: I think one newspaper reporting on that meeting attributed to you a quote that, "Commissioners should have the necessary information and the ability to discuss it and make decisions, as opposed to being a rubber stamp." Is that a fair statement of your views on that subject?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN BAGGER: What role did the Board play in the selection of the underwriters that were in the Sports Authority refinance?

COMMISSIONER LEVINE: I think it's better if those questions are answered by others from the Authority who participated. I was not involved in the selection process at all. That's why I asked--

I mean, the irony is, you're asking me the same questions today that I asked on that date.

ASSEMBLYMAN BAGGER: What was the-- You were replaced as Chairman about a month before the approval of the refinance?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN BAGGER: What was the status of the selection of the underwriters at the time that you ceased to be Chairman?

COMMISSIONER LEVINE: Our staff was working very earnestly with Cliff Goldman, who is terrific and honest and very competent in what he does, toward putting together a package with very proper RFPs, and doing everything in what appeared to be an arm's length way to fund the Atlantic City and refinancing aspects of the Sports Authority, primarily due to the ratcheting down in racing, as has been testified earlier.

At that point in time, I wasn't involved in the process at all.

ASSEMBLYMAN BAGGER: Are you able to tell us at what point in the procedure the process was when you ceased to be Chairman? It was not yet at the Board level, I take it?

COMMISSIONER LEVINE: I'm sorry, I don't understand.

ASSEMBLYMAN BAGGER: The selection of the actual participants in the underwriting syndicate in terms of a recommendation to the Board, had that occurred at the time that you were replaced as Chairman, or was that subsequent to that?

COMMISSIONER LEVINE: Are you asking if, when I was Chairman, there was an awareness of the names of the firms, or the amount of the firms that would be selected?

ASSEMBLYMAN BAGGER: That's right.

COMMISSIONER LEVINE: The answer is that our professional staff was working diligently, in my mind, to formulate that list.

ASSEMBLYMAN BAGGER: And it was not something that you were involved in? You would have awaited a recommendation from them?

COMMISSIONER LEVINE: Absolutely. They're the best in the business.

ASSEMBLYMAN BAGGER: Did the Sports Authority at that time have a set of procedures for how a bond financing should

be done in terms of selecting the participants? Was there a written procedure or anything like that?

COMMISSIONER LEVINE: I think there are others who could answer that question much more specifically and appropriately than I could.

ASSEMBLYMAN BAGGER: Are you aware of one?

COMMISSIONER LEVINE: Am I aware of what? Please--

ASSEMBLYMAN BAGGER: Of a series of procedures that would be used by the Sports Authority and its professionals for selecting the--

COMMISSIONER LEVINE: Yes. I was keenly aware, as all Board members were, of Cliff Goldman being our adviser, and Bob Mulcahy leading the Authority in trying to make the best possible refinancing deals while developing -- I mean, to develop the Atlantic City Convention Center and the refinancing of the Authority.

Of course, our professional staff interfaced with the professional staff of the Treasurer's office, and that makes sense. The State was guaranteeing hundreds of millions of dollars. So at the time that I left as Chairman, everything seemed on track.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Bagger, if you could go through the Chair when you're asking your questions.

ASSEMBLYMAN BAGGER: Of course.

ASSEMBLYMAN FRELINGHUYSEN: I'm assuming you're doing it, but if you would do that.

ASSEMBLYMAN BAGGER: As always.

A request for proposals had been put out, and had been responded to by about 60 firms, as I understand it, and those were being evaluated at the time that your tenure as Chairman ceased?

COMMISSIONER LEVINE: An evaluation of all the financial aspects was in an evolutionary stage when I left.

ASSEMBLYMAN BAGGER: Do you know whether any of the 21 underwriters that were selected were personally interviewed by anyone on behalf of the Authority?

COMMISSIONER LEVINE: I'm sorry?

ASSEMBLYMAN BAGGER: Do you know if any of the 21 underwriters that were ultimately selected were personally interviewed by anyone on behalf of the Authority?

COMMISSIONER LEVINE: I think there are others who could answer that better, sir.

ASSEMBLYMAN BAGGER: Do you know whether there was a written report prepared that justified the selection of the 21 underwriters that participated in the deal?

COMMISSIONER LEVINE: There were many reports relating to analysis and final product. In fact, prior to the vote, a bond counsel made a -- as well as Cliff, our bond adviser, Cliff Goldman, made presentations of the facts relating to the bonding, and they all seemed very sound in terms of the actual benefits of the bond refinancing.

ASSEMBLYMAN BAGGER: What was it about the list of the underwriters that was presented to you as a Board member in February that made you uncomfortable?

COMMISSIONER LEVINE: There was nothing wrong with the majority of the bond firms. They were the top firms. They met up to the standards of the RFP, and in an arm's length manner, they interfaced with the appropriate people.

I said no-- Excuse me. I voted no addressing not the bond firms, but addressing the process that limited the independent ability to craft and to operate what was perceived as being and had been a totally independent Authority. Autonomous in the sense that it did not have political interference or involvement as part of the decision-making process. I voted against the process, not the product.

ASSEMBLYMAN BAGGER: The interference or involvement that you referred to from outside sources, from where did that interference or involvement come?

COMMISSIONER LEVINE: Here too, I think that's a question that's best left to others who are directly involved in the process who will be testifying this afternoon.

ASSEMBLYMAN BAGGER: What is the basis of your belief that there was involvement or interference from outside sources?

COMMISSIONER LEVINE: My conversations with people I respect, as well as people outside of the Authority.

ASSEMBLYMAN BAGGER: And do you know, as we sit here today, from what sources that interference or involvement from outside sources occurred?

MR. GOLDSTEIN: Just to-- Excuse me, Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein is recognized.

MR. GOLDSTEIN: Just so the question is precise, rather than asking does he know, I think the question, if you want to rephrase it, would be, "were you told -- have you heard," so that we can have a more precise question. Because I think as all of you have made clear, Mr. Levine has made it clear, he's trying to deal with facts, and we do not want to deal with hearsay. And that's why he suggests that you might want to address that question to others who might be more directly -- be able to give you a more direct answer.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Bagger.

ASSEMBLYMAN BAGGER: Thank you, Mr. Chairman, and through you.

Is it your understanding that there was involvement or interference from outside sources?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN BAGGER: And were those sources within the Governor's office?

MR. GOLDSTEIN: I think, if I may, Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein is recognized.

MR. GOLDSTEIN: Assemblyman Bagger, I think what I would suggest is that this specific question be asked this afternoon of the appropriate members of the Sports Authority. And I do not think that what you want to hear from Mr. Levine are things that were said or told to him. I think you can ask the direct question this afternoon, and I'm sure you will get a direct answer.

ASSEMBLYMAN BAGGER: What is the nature of the interference or involvement from outside sources that you understand to have occurred?

COMMISSIONER LEVINE: Again, it's a matter of degree.

ASSEMBLYMAN BAGGER: And if you could elaborate on that. If it's analogous to what you described before, it would not be in the nature of recommendations, but in the nature of direction, as in, "include these particular firms," maybe not all but some of the 21 firms in the underwriting syndicate. Include these firms on the list. Is that the nature of the interference you're speaking of?

COMMISSIONER LEVINE: I really think that should be more appropriately answered by others.

ASSEMBLYMAN BAGGER: Did you discuss your concern about this interference or involvement with any other members of the Authority?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN BAGGER: Which members of the Authority was that?

COMMISSIONER LEVINE: Well, I mean, I discussed it at open public meetings. I guess that would mean with all members.

ASSEMBLYMAN BAGGER: At the meeting in February of 1992, at the time of the vote?

COMMISSIONER LEVINE: Well, that was one meeting.

ASSEMBLYMAN BAGGER: And did you ask the then new Chairman or Mr. Mulcahy whether what you had heard and understood about the outside interference -- whether that was, in fact, true?

COMMISSIONER LEVINE: I prefer to let others respond to what they heard or didn't hear. I just called it as I saw it.

ASSEMBLYMAN BAGGER: I have the greatest respect for your forthright testimony today, but consistent with that respect, this is a question I'm asking you about conversations that you had, and would not--

COMMISSIONER LEVINE: Is your question, "Did I discuss this with other Authority members, either in private or individually"?

ASSEMBLYMAN BAGGER: To ask whether what you suspect to be true or had heard to be true was, in fact, true?

COMMISSIONER LEVINE: We had an outstanding Executive Committee. Yes, there were discussions between me with members of the Executive Committee, and with other officials at the Sports Complex.

ASSEMBLYMAN BAGGER: Who was on the Executive Committee -- or was on the Executive Committee at that time with whom you discussed this?

COMMISSIONER LEVINE: Do you mean who were the members of the Executive Committee?

ASSEMBLYMAN BAGGER: Right, who were present at the time your concerns were discussed.

COMMISSIONER LEVINE: I guess from time to time, all the members of the Executive Committee.

ASSEMBLYMAN BAGGER: And what was the substance of those discussions? You passed on your concerns about this interference with the independence of the Authority in connection with this transaction, and what were you told by others as to whether or not it was, indeed, the case?

COMMISSIONER LEVINE: I think others should really speak for themselves. These are people who are competent adults, and who I've worked with over the years, and I'd prefer not to characterize anything that they say.

I respect the individuals on the Executive Committee, and I have absolutely total respect for Bob Mulcahy. I would rather not characterize anything that was said or any of their feelings. I'd rather answer just fact.

ASSEMBLYMAN BAGGER: Is it fair to say that you took your concerns about this transaction to Mr. Mulcahy, as well?

COMMISSIONER LEVINE: Mr. Mulcahy is our Chief Executive Officer, and because of the deepest respect in which I hold him, I brought all my thoughts to Mr. Mulcahy for his wisdom and opinion.

ASSEMBLYMAN BAGGER: Did you ask him whether your concerns about the outside interference in this transaction were well-founded?

COMMISSIONER LEVINE: I'm not going to characterize-- I don't think it's necessary to characterize my conversations with Mr. Mulcahy or with other members of the Executive Committee.

ASSEMBLYMAN BAGGER: Did you discuss your concerns with Mr. Del Tufo?

COMMISSIONER LEVINE: I discussed my concerns with the Executive Committee members.

ASSEMBLYMAN BAGGER: Is Mr. Del Tufo a member of the Executive Committee?

COMMISSIONER LEVINE: The leadership of the Authority was aware of my concerns.

ASSEMBLYMAN BAGGER: And were you told anything that allayed your concerns? I take it not, based upon your testimony here today.

COMMISSIONER LEVINE: I certainly wasn't told as Chairman.

ASSEMBLYMAN BAGGER: Do you know any particular members of the underwriting syndicate for the refinancing that were included in the transaction at the direction of anyone outside of the Sports Authority?

COMMISSIONER LEVINE: I'd like to repeat what I said earlier. At the time I left as Chairman, I had no knowledge of even one name. So I'd like to answer, but that is my answer. I wasn't involved with the process.

ASSEMBLYMAN BAGGER: At the time you were replaced as Chairman, had the decision been made to replace Merrill Lynch as the primary underwriter with the firm of Lazard Freres?

COMMISSIONER LEVINE: There are other people who will testify who could provide you with the specifics.

At the time I was Chairman, we were very grateful to have input from Cliff Goldman, as well as Bob Mulcahy's top leadership. Things were looking very good in terms of achieving a statewide beneficial thrust for the entire Authority in terms of jobs and productivity. We were very happy with the bond concept, as well as with the refinancing program, as well as with Atlantic City.

You're talking about this bond specifically, and I wasn't involved with any of that process.

ASSEMBLYMAN BAGGER: And did-- Cliff Goldman has been quoted in the newspaper as saying a transaction of this magnitude could have been handled with seven or eight underwriters in the transaction, as opposed to the twenty-one that were ultimately presented to the Board in February. Is it fair to say that at the time that you were replaced as Chairman, that you personally were not aware of any effort to replace Merrill Lynch as the lead underwriter with the firm of Lazard Freres?

COMMISSIONER LEVINE: I had an awareness that this was an evolving process.

ASSEMBLYMAN BAGGER: That the selection of the firms was being evaluated by staff?

COMMISSIONER LEVINE: By top professionals.

ASSEMBLYMAN BAGGER: Did you know that there was any consideration, or whether there was any consideration being given to replacing the lead underwriter?

COMMISSIONER LEVINE: A generic answer -- a global answer would be yes.

ASSEMBLYMAN BAGGER: From your perspective, what had Merrill Lynch's experience with the Sports Authority been in its time that it acted as lead underwriter?

COMMISSIONER LEVINE: Are you talking about their experience, or my opinion of their work?

ASSEMBLYMAN BAGGER: Yes.

COMMISSIONER LEVINE: Which?

ASSEMBLYMAN BAGGER: Your opinion of Merrill Lynch's performance as lead underwriter, I guess, for the entire life of the New Jersey Sports Authority prior to February of 1992.

COMMISSIONER LEVINE: As one individual, I felt they were extremely competent and genuinely involved with Sports Authority life. They had done an outstanding job.

ASSEMBLYMAN BAGGER: Mr. Chairman, I think that's all I have for the moment. I may return with more questions. Thank you.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman Bagger.

I believe Assemblyman Smith is next. Assemblyman?

ASSEMBLYMAN SMITH: Mr. Levine, with respect to the Sports Authority refinancing bond issue, the one that was passed in January of 1992, did you engage yourself in any way in the lobbying for the passage of that bond issue?

COMMISSIONER LEVINE: I supported the bond issue as Chairman of the Authority. By bond issue, you mean the refinancing concept?

ASSEMBLYMAN SMITH: Correct. January of '92.

COMMISSIONER LEVINE: Absolutely. Absolutely.

ASSEMBLYMAN SMITH: Okay. And was it your feeling that that refinancing was basically a good-government, bipartisan issue for this State?

COMMISSIONER LEVINE: Because of the ratcheting down of racing, it was a brilliant proposal. Bob Mulcahy handled it beautifully, and it was approved.

ASSEMBLYMAN SMITH: That's not part of the question.

Do you remember whether the bond issue was passed on a bipartisan basis?

COMMISSIONER LEVINE: I believe it was.

ASSEMBLYMAN SMITH: You've indicated in your testimony some concern for the independence of the Sports and Exposition Authority, and I need to understand the current process much better so that perhaps if reform is needed, we can look at possible reform. Is it true that the Sports and Exposition Authority has 13 members?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN SMITH: Okay. And I understand three of them are ex officio: the Treasurer, the AG, and the Hackensack Meadowlands Development Commissioner. Is that correct?

COMMISSIONER LEVINE: That's correct, sir.

ASSEMBLYMAN SMITH: Okay. Then there are other appointments that are recommended by the governor and sent to the Senate for consent. Is that correct?

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN SMITH: Okay. And if we talk about 1991 -- January of 1991 -- while you are still the Chairman, compared to February of 1991, what kind of turnover was there in the Sports Authority Board during that two-month period?

COMMISSIONER LEVINE: The composition of the membership?

ASSEMBLYMAN SMITH: Yes.

COMMISSIONER LEVINE: I'd have to refer to records.

ASSEMBLYMAN SMITH: All right. Do you remember there being any changes during that two-month period?

COMMISSIONER LEVINE: I truly have to refer to records.

ASSEMBLYMAN SMITH: Is it likely that--

COMMISSIONER LEVINE: I know there were two changes that came about, but I don't know the exact sequence.

ASSEMBLYMAN SMITH: Most of the Board, however, during the '91-'92 period has basically the same composition. Is that correct?

COMMISSIONER LEVINE: During '91 and '92?

ASSEMBLYMAN SMITH: Yes.

COMMISSIONER LEVINE: No. There were--

ASSEMBLYMAN SMITH: There were two additions, as I understand it.

COMMISSIONER LEVINE: Two additions after the bond -- after the refinancing was approved.

ASSEMBLYMAN SMITH: Right.

COMMISSIONER LEVINE: But prior to that time the Board changed in its composition.

ASSEMBLYMAN SMITH: Do you remember to what degree?

COMMISSIONER LEVINE: Significantly.

ASSEMBLYMAN SMITH: Do you know the political affiliation of the Board members?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN SMITH: Are there Democrats on the Board?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN SMITH: Are there Republicans on the Board?

COMMISSIONER LEVINE: The former Chairman is a Republican, and I think the present Chairman is a registered Republican.

ASSEMBLYMAN SMITH: Are there any independents on the Board, to your knowledge?

COMMISSIONER LEVINE: Absolutely not.

ASSEMBLYMAN SMITH: Okay. I think you indicated in your earlier testimony your confidence in the other members of the Sports Authority Board, but at the same time you indicate there has been some loss of independence. How could we change the structure to provide for greater independence?

COMMISSIONER LEVINE: It wasn't-- It's still a great structure.

ASSEMBLYMAN SMITH: All right.

COMMISSIONER LEVINE: You don't have to change anything in East Rutherford. You have a top executive running it who is as honest as any man I've ever met.

ASSEMBLYMAN SMITH: We've heard that.

COMMISSIONER LEVINE: Well, I think that's very important in this climate.

ASSEMBLYMAN SMITH: So you're saying no change in structure is necessary?

COMMISSIONER LEVINE: No change in the structure of how the Sports Authority -- in terms of its written policies and in terms of its professionalism, no change is required.

ASSEMBLYMAN SMITH: What change is required?

COMMISSIONER LEVINE: The change that's required is to eliminate outside interference.

ASSEMBLYMAN SMITH: All right, and that being?

COMMISSIONER LEVINE: That being to allow the Chief Executive Officer and the Board to do its role as Commissioners on a politically autonomous authority, and to make decisions based on bottom-line and pro-New Jersey reasons alone.

ASSEMBLYMAN SMITH: Okay.

COMMISSIONER LEVINE: Not to make decisions based on outside influence.

ASSEMBLYMAN SMITH: The problem, of course, with this testimony and the prior testimony is -- and the Majority party is trying, as well, to get some specifics about this. Let's focus for the sake of trying to find some specifics, because I haven't heard any, respectfully, on that February 26, 1992 meeting.

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN SMITH: Okay. And there are a number of newspaper reports about your comments concerning the

appointment of the bond counsel and certain employees of the Authority.

Did you receive -- you personally -- receive any communication from the Governor's office, or any member of the executive branch of the government about how the executive branch wanted you to vote on any of those issues -- either bond counsel or the appointment of personnel?

COMMISSIONER LEVINE: If you're asking--

ASSEMBLYMAN SMITH: A very simple question. Did you receive a communication from any member of the executive branch about how to vote at the February 26, 1992 meeting, either on the underwriters, bond counsel, or personnel?

COMMISSIONER LEVINE: Are you asking directly or indirectly?

ASSEMBLYMAN SMITH: I don't know that there is a difference. Did you directly-- I guess maybe there is a difference. Did you receive any communication -- you personally--

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Smith?

ASSEMBLYMAN SMITH: Yes, through the Chair, of course.

ASSEMBLYMAN FRELINGHUYSEN: I don't think you need to point at the witness. He's being very cooperative.

ASSEMBLYMAN SMITH: Well, there seems to be a communications problem.

ASSEMBLYMAN FRELINGHUYSEN: Yes. Please don't point at him, please.

ASSEMBLYMAN SMITH: Did you personally receive a communication from the executive branch or any member of the executive branch about how you were to vote at that meeting -- any communication -- oral, written, whatever?

COMMISSIONER LEVINE: I received a communication, very clearly, 30 days earlier, when I was asked to step down as Chairman. If you're asking me--

ASSEMBLYMAN SMITH: Did that bother you, by the way?

COMMISSIONER LEVINE: Did it bother me?

ASSEMBLYMAN SMITH: Yes.

COMMISSIONER LEVINE: Well, of course. My feelings were hurt.

ASSEMBLYMAN SMITH: Your feelings were hurt. Are you still hurt?

COMMISSIONER LEVINE: You're asking if it was sour grapes?

ASSEMBLYMAN SMITH: No. I'm asking are your feelings still hurt that you were not reappointed as Chairman of the Sports and Exposition Authority? Do you feel you were done an injustice?

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Smith, through the Chair, please.

COMMISSIONER LEVINE: I'll respond.

ASSEMBLYMAN SMITH: Through the Chair.

ASSEMBLYMAN FRELINGHUYSEN: And give the witness an opportunity to respond, please, before you ask another question.

ASSEMBLYMAN SMITH: I think I'm asking very clear questions--

ASSEMBLYMAN FRELINGHUYSEN: I think you are, but--

ASSEMBLYMAN SMITH: --and yet the witness continues to rephrase them.

ASSEMBLYMAN FRELINGHUYSEN: You and I have talked in previous hearings. This is not a courtroom, and I would appreciate it if you would let the witness respond in his own time. Thank you.

ASSEMBLYMAN SMITH: I'm waiting for his answer.

MR. GOLDSTEIN: Mr. Chairman?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: Can I also ask Assemblyman Smith to refrain any further from characterizing, the way he is asking his questions. I don't think that is necessary.

ASSEMBLYMAN SMITH: I'm still waiting for an answer to the question.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Smith.

MR. GOLDSTEIN: I m sorry.

ASSEMBLYMAN SMITH: I am still waiting for an answer to that question.

COMMISSIONER LEVINE: State the question and I'll give you an answer.

ASSEMBLYMAN SMITH: Did you directly receive an communication, written or oral from any member of the executive branch about how you were to vote at the February 26, 1992 meeting?

COMMISSIONER LEVINE: If you're asking did I receive a direct order--

ASSEMBLYMAN SMITH: Mr. Chairman, I'll ask you to ask the witness to answer the question. This is a clear, simple, English declarative question.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Smith, this is not a courtroom. The witness is trying to respond. Let him get a word in and respond to you.

ASSEMBLYMAN SMITH: The words yes or no work.

ASSEMBLYMAN FRELINGHUYSEN: If he cares to answer in a certain manner, and you're unsatisfied, you can ask the question again, but at least give him the courtesy of responding.

Mr. Levine, whenever you wish to respond, and how you wish to respond is your choice.

COMMISSIONER LEVINE: Assemblyman, I'm sincerely trying to respond to the best of my ability, and a yes or a no doesn't answer anything.

If you're asking if people outside of the Sports Authority held conversations with me relating to the vote, relating to the bonds, relating to the entire philosophy and the event, absolutely yes.

ASSEMBLYMAN SMITH: Were any of those individuals who talked to you members of the State government -- employees of the State of New Jersey?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN SMITH: Who were they?

COMMISSIONER LEVINE: I don't believe this is the purpose of this forum. I'm not here to hurt anyone. I'm here to do what you said earlier. I'm here to try to be helpful in improving future mechanisms for other authorities and for the State. I'm not here to personalize it or to point fingers at any individual.

ASSEMBLYMAN SMITH: We're not trying to personalize anything, Mr. Levine. We're trying to find out the facts. We have a right to ask the question.

The question has been asked. Mr. Chairman, I would appreciate it if you would instruct him to answer the question.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman, could you move a little closer to the microphone and reask the question?

COMMISSIONER LEVINE: Are you asking specific names of individuals?

ASSEMBLYMAN SMITH: New Jersey State employees who told you how to vote on February 26 of 1992.

COMMISSIONER LEVINE: If you keep it narrow, no one said, "You are ordered to vote this way." If you're--

ASSEMBLYMAN SMITH: No.

COMMISSIONER LEVINE: No. I didn't say no.

ASSEMBLYMAN SMITH: Okay. All right, tell me the difference.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Smith, let the witness respond, please.

COMMISSIONER LEVINE: The difference is that you have posed your question in the most narrow manner.

ASSEMBLYMAN SMITH: I'm supposed to.

COMMISSIONER LEVINE: But I'm supposed to answer in the broadest manner.

ASSEMBLYMAN SMITH: You're supposed to answer the question.

COMMISSIONER LEVINE: I'm supposed to respond to your question-- The answer to your question is that yes, I had discussions with individuals in the executive branch that expressed their point of view quite clearly to me regarding the entire issue of refinancing and the vote.

ASSEMBLYMAN SMITH: Was it your earlier testimony that you did not find that offensive in prior administrations?

COMMISSIONER LEVINE: I didn't say that at all, sir. I would like the-- Since I've been here for so many hours, I'd like you to point out in the transcript where I said anything even remotely approaching that. I never said that.

What I did say was just the opposite. What I said was that there was never interference during Governor Kean's or Governor Byrne's administration. What I did say was that there was interfacing with their offices, but the that the ideas were generated at the Sports Complex, and we went to others as reaction.

ASSEMBLYMAN SMITH: After 1992 isn't it true that the financial relationship of the State of New Jersey and the Sports and Exposition Authority changed?

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN SMITH: And how did it change?

COMMISSIONER LEVINE: It changed primarily because, for the very first time taxpayers' dollars were being used to underwrite the operations of the Sports Authority, and that's a significant change.

ASSEMBLYMAN SMITH: Isn't that a change that would, in some cases, necessitate the Governor's office or the Treasurer being in contact with any chairman of the Authority to discuss the spending policies or the financial policies of the Authority?

COMMISSIONER LEVINE: I couldn't agree with you more.

ASSEMBLYMAN SMITH: Okay..

COMMISSIONER LEVINE: But, no--

ASSEMBLYMAN SMITH: You don't need any more. You've answered the question.

COMMISSIONER LEVINE: But I--

ASSEMBLYMAN LANCE: Let him finish. We're not in a court of law.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman, Mr. Levine--

ASSEMBLYMAN LANCE: A point of personal privilege, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Yes. A point of order -- personal privilege. Assemblyman Lance?

ASSEMBLYMAN LANCE: We're not in a court of law, and we're not confined to yes or no answers. I think the witness should be entitled to give a full answer, because he's here to give full testimony. It's not a yes or no situation, and I would request that the witness be given an opportunity to answer.

ASSEMBLYMAN FRELINGHUYSEN: An excellent point, Assemblyman Lance.

Mr. Levine, at your convenience, if you care to give a further comment and reaction?

COMMISSIONER LEVINE: Ask the next question, sir.

ASSEMBLYMAN SMITH: Wouldn't it be irresponsible, in fact, if the executive branch of the government did not question and recommend actions to the Sports and Exposition Authority in light of the fact that New Jersey State taxpayers' dollars are on the line?

COMMISSIONER LEVINE: Assemblyman, it would be beyond irresponsible for the Sports Authority, through our Chief Executive Officer and our consultants, not to have interfaced with the Treasurer's office and with the Governor's office. What I am saying is exactly00 If we're here to say how can we better the process, I never denied--

I never said that the administration wasn't involved or shouldn't be involved. What I've been reading and what I've been hearing is that they weren't involved. The very people

who were involved are saying they weren't involved. And you're here saying to me, wouldn't it be irresponsible if we, as an authority, didn't interface. There's a big difference between being told what to do--

And again, the basis of everything I'm saying is, there's a huge cleavage between reality and perception. If we're an independent authority, and if, because of the taxpayers' money now being used, if the administration wanted to state something, then the perception and the reality should be that the administration was involved. The first time that that was stated was two weeks ago, here, when the Treasurer said, "Oh, yeah, Mr. DeCotiis may have been involved in some way."

I couldn't agree more. There was nothing wrong with the administration being involved. Say you were involved from "A" to "Z." Don't say, "We had nothing to do with it," until there's a Committee hearing three weeks before an election.

ASSEMBLYMAN SMITH: Are you familiar with the Governor's Executive Order No. 92?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN SMITH: You mentioned earlier in your testimony that the lawyer for a vendor -- specifically I think you mentioned that the lawyer was Bob DeCotiis -- approached you and said that he represented a vendor that was frightened. And I ask you the question, who was the vendor?

COMMISSIONER LEVINE: I don't think that's my role here today, or your role. It was reported to the appropriate party in a timely manner, and I think everyone handled themselves very well. The net result was that the Authority was not interfered with on that level relating to vendor relations after that point.

ASSEMBLYMAN SMITH: Mr. Chairman, I respectfully request that the question be answered. It's within the scope of the inquiry, and I'd like to know the answer to the question.

MR. GOLDSTEIN: Mr. Chairman, if I may respond?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: I think it ill behooves Assemblyman Smith to demand an answer to a question that is irrelevant to this proceeding today, and particularly demand an answer to this kind of a question by someone who has loosely thrown around terms like McCarthyism, and has characterized transactions improperly.

This question is not an appropriate or proper question, and I do not see any purpose or any relevance in trying to seek an answer to this question.

ASSEMBLYMAN SMITH: Mr. Chairman, if I might.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Smith.

ASSEMBLYMAN SMITH: Mr. Levine brought this up as proof that the Sports and Exposition Authority was being mugged rather than hugged. He brought this up to indicate that under his chairmanship, he wouldn't allow that to happen. If we are to do our job to examine the activities of the authorities of this State to make sure their practices are as they should be, we should know the specifics.

ASSEMBLYMAN KAMIN: Mr. Chairman, a point of order.

ASSEMBLYMAN FRELINGHUYSEN: Yes, Assemblyman Kamin.

ASSEMBLYMAN KAMIN: This question was asked earlier in the day, in fact, by me.

ASSEMBLYMAN SMITH: Right. And I think you're--

ASSEMBLYMAN KAMIN: And what we did receive was testimony today from Mr. Levine who told us the individuals to whom the information was given, who are people of law enforcement. We will ask that question of those individuals at the appropriate time. It is not the responsibility of Mr. Levine to answer that question.

ASSEMBLYMAN SMITH: Well, respectfully, I think it is. We differ.

ASSEMBLYMAN KAMIN: And the witness doesn't need--

ASSEMBLYMAN SMITH: And quite frankly, throughout the entire hearing, whether it was your questions or our questions, they haven't been answered. Mr. Goldstein has done an outstanding job of rephrasing the questions, or suggesting they should be asked of someone else.

We are an investigative body. When you ask the question and you have subpoena power, you're entitled -- and this man has been subpoenaed, and he's taken an oath -- you're entitled to an answer, respectfully. And you're allowing that your right and your responsibility to the citizens of this State to evaporate.

ASSEMBLYMAN KAMIN: Well, if we've exhausted all opportunities to get an answer to this at some point, then perhaps your point would be relevant.

ASSEMBLYMAN SMITH: Well, I'd like to--

ASSEMBLYMAN KAMIN: But until such time, I don't think it is. Why don't you proceed with another question, Mr. Smith?

ASSEMBLYMAN SMITH: Mr. Goldstein, is your client refusing to answer the question?

MR. GOLDSTEIN: Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: I can't say that I am totally familiar with the procedures of your Committee. Having heard what the Vice-Chairman, Mr. Kamin, has said, I would ask the Chairman for a ruling as to whether the question asked by Assemblyman Smith is in order or is out of order because it is irrelevant and is not pursuant to the mandate of this Committee at this time, as relates to Mr. Levine.

ASSEMBLYMAN FRELINGHUYSEN: All right. I'm going to confer with counsel for a minute. (Chairman confers with counsel)

The Chair has decided that there are enough witnesses that will come before the Committee that we can get the answer to that question from a subsequent witness. That's my decision.

ASSEMBLYMAN SMITH: Mr. Levine, do you have any--

ASSEMBLYMAN FRELINGHUYSEN: Any additional questions, Assemblyman?

ASSEMBLYMAN SMITH: Sure, through you, Mr. Chairman.

Mr. Levine, do you have any specific, personal knowledge that you can relay to this Committee of any vendor, bond counsel, or underwriter being required to pay an admission fee, or to pay a campaign contribution in order to become or stay a vendor, or to become or stay a bond counsel or underwriters?

MR. GOLDSTEIN: I take it--

Mr. Chairman, if I may just clarify this?

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: I take it, Assemblyman Smith, you're asking about anything in addition to what Mr. Levine has testified to so far today?

ASSEMBLYMAN SMITH: Right.

COMMISSIONER LEVINE: Will you be kind enough to rephrase the question?

ASSEMBLYMAN SMITH: I won't rephrase it; I'll repeat it. Do you have--

COMMISSIONER LEVINE: Would you be kind enough to please the repeat the question?

ASSEMBLYMAN SMITH: I will. Do you, Mr. Levine, have any specific personal knowledge of any vendor, bond counsel, or underwriter being required to pay an admission fee or pay a campaign contribution either to become a vendor, bond counsel, or underwriter, or to stay a vendor, underwriter, or bond counsel?

MR. GOLDSTEIN: Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein.

MR. GOLDSTEIN: I think that this is a question that is not appropriate for this Committee to be asking. It may, indeed, be a question that can be asked by other institutions,

and may, indeed, have been asked by other institutions. I don't think this is a question for this Committee to be asking Mr. Levine at this time, given what we are here for today to be discussing.

Even as Mr. Smith read out, at least that portion of what I believe the Committee's mandate is, the Committee's mandate does not go into a wide ranging discourse as to events that may have taken place that go beyond the practices of the Sports Authority, and beyond the question as to whether or not the Authority has been able to maintain its independent character as an authority or not.

It may well be that the question that Mr. Smith has asked is certainly appropriate for another body to be asking, or maybe that body has asked it or has looked at it, but I don't think it's appropriate to be raised here in this Committee at this point in time.

The Chair reacts to the question much as I did to the last one. I think we have enough witnesses coming before us that we can get the information that the Assemblyman seeks.

Of course, this is not a court of law and while the Committee may have certain responsibilities, one thing that is quite clear from our proceedings here is that people can ask as many questions as they want, and they can ask the same questions repeatedly, even though the content is basically the same. I think that there will be sufficient time in our deliberations either today or tomorrow to get whatever Assemblyman Smith and other members seek in the way of any additional information.

Assemblyman Smith?

ASSEMBLYMAN SMITH: Mr. Chairman, for the record, I strongly disagree with your interpretation of this issue. Our Assembly Resolution No. 150 says -- and I'll only quote in part -- "Whereas there have been wide-spread reports of irregular and perhaps improper activities in the issuance of bonds."

A little further down, "Whereas the ability of certain organizations and individuals to purchase and exert influence over the political process, and the public's perception that certain organizations and individuals have a singular ability to purchase and exert influence over the political process leads inexorably to the erosion of the public's confidence in government." And it goes on to establish this Committee.

Respectfully, the question is the crux of this Committee's function. I am doing your job for you. I'm trying to get you the specifics and find out whether or not there is a problem. Mr. Chairman, if you've decided you don't want an answer to the question, I would suggest that there is no factual answer to the question. The people should be aware of the fact, as I indicated before. It's not going to be personally insulting to you or Mr. Levine. This is all a charade. Either you have the goods or you don't.

ASSEMBLYMAN FRELINGHUYSEN: Would you continue, Assemblyman.

ASSEMBLYMAN SMITH: I will.

With respect to past practice, which is within the scope of this investigation, to your knowledge were requests made from the executive branch of the government from the period of 1985 through 1989 for patronage appointments to positions on the Sports and Exposition Authority?

COMMISSIONER LEVINE: Clearly, there's always communication between the Executive Officer and the officers of the Sports Authority, and from time to time when a position becomes available, if it's recommended by the executive office, or by you, or by anyone, those individuals would be interviewed in the appropriate arm's-length manner by our Personnel Committee, by Mr. Mulcahy's staff.

ASSEMBLYMAN SMITH: Did some of them-- To your knowledge, did any of those recommendations from the executive branch, during that period of time -- were they ever hired by the Sports and Exposition Authority?

COMMISSIONER LEVINE: I think the record will show all of that, or perhaps you could ask people who will be coming later.

ASSEMBLYMAN SMITH: Well, you were on the Sports and Exposition Authority. Isn't that correct? At that period of time?

COMMISSIONER LEVINE: I have been on it since 1979.

ASSEMBLYMAN SMITH: So you were on it during that period of time, and there was a Personnel Committee during that period of time?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN SMITH: Okay. Did that Personnel Committee during that period of time review the patronage requests of Governor Kean?

COMMISSIONER LEVINE: There were no patronage requests.

ASSEMBLYMAN SMITH: I thought you just answered that in the reverse?

COMMISSIONER LEVINE: No, I didn't.

What you're doing, at least what I hear, sir, is you're interpreting it in the reverse. What I said is that our staff has always been respectful to the executive branch, be it Governor Florio, Governor Byrne, Governor Kean. And when there is a suggestion provided to Mr. Mulcahy, he'll always listen to it, evaluate it with the appropriate professionals at the Authority, and then there will be an interviewing process specifically relating to hiring. That's a big difference between that and having a patronage demand made.

ASSEMBLYMAN SMITH: Do you care to be at all any more factually specific with recollections from your factual personal knowledge of why you have made this statement that the situation today is one in which people are mugged rather than hugged? I want to give you that opportunity. Do you want to name a name, a place, a date, or a specific factual context? I'd really like to hear it.

COMMISSIONER LEVINE: I did, at the appropriate time, discuss that situation with the appropriate officer of the State.

ASSEMBLYMAN SMITH: Are you talking about that vendor that was frightened? Is that the situation that you are referring to?

COMMISSIONER LEVINE: Well, it's easy here, a few years later, to throw off that vendor being frightened.

ASSEMBLYMAN SMITH: Right.

COMMISSIONER LEVINE: I mean, in a real life circumstance, had I allowed that to happen, how do we know here today, hypothetically, if it wouldn't have spread as a cancer among all the vendors? I'm not here to point fingers at people or to reintroduce situations that were handled appropriately by myself, by Mr. Mulcahy, and by others, or by other State officials. I'm here to respond to the bond practices and to answer factual questions. I'm not going to draw conclusions.

ASSEMBLYMAN SMITH: I have no further questions, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman.

Assemblyman Lance, you had some questions?

ASSEMBLYMAN LANCE: Mr. Chairman, I think that at some point we would like to know the answer to that question raised by Assemblyman Smith. It seems to me the follow-up question, the answer were in the affirmative, would be who, and in what situations? But that might impeach an ongoing investigation. I don't know whether there is an ongoing investigation; I am not in the executive branch of government. And I suppose that is the concern that we have on this Committee.

But at some point, Mr. Chairman, I think we should get to the bottom of the source of daily and consistent interference by Mr. Salema and Mr. DeCotiis, which is what you testified to this morning, as I understand it, and the fact that there were situations that you have characterized as dead

wrong regarding vendors and influence from outside the Authority. I guess it's my understanding that your counsel does not believe that it's appropriate for you to answer those questions at this time? Is that accurate, Mr. Goldstein?

MR. GOLDSTEIN: With all due respect, Assemblyman Lance, I believe that it is not appropriate for this Committee to ask those questions at this time. There may be a future time when it may be relative, or the mandate may be broadened, or it may be appropriate. That's the objection that I have interposed.

ASSEMBLYMAN LANCE: Perhaps we disagree, Mr. Goldstein, and I agree with Assemblyman Smith. I am aware, however, that I do not want to impede a possible investigation of the executive branch of government. Given that fact, based upon your advice to your client, I guess I cannot follow up on questions that I would have.

ASSEMBLYMAN KAMIN: Mr. Chairman, through you, I'd like to have Assemblyman Lance ask the questions anyway.

ASSEMBLYMAN LANCE: Well, the witness is being advised by his attorney--

ASSEMBLYMAN KAMIN: No, he wasn't.

ASSEMBLYMAN LANCE: --that he doesn't choose to answer those questions.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman, could you speak up, please. I can't hear you.

MR. GOLDSTEIN: No, let me repeat myself, Assemblyman Lance. What I have said is that I do not think at this moment the question is one that is appropriate from the Committee, and I do not believe that it is a question that this Committee, at least at this moment, can in an appropriate manner ask. That is my objection to it. It may well be that a time will come when it will be absolutely appropriate for the Committee to have the question asked, and Mr. Levine will happy be to respond to it. But I don't believe it is at this moment.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman?

ASSEMBLYMAN KAMIN: Through the chair, if I might-- Wouldn't it be appropriate-- Again, I am not an attorney. Wouldn't it be appropriate if the question were more narrowly focused rather than so open-ended? I think perhaps some of our problems in asking the questions of the witness today have been maybe our phraseology has been too broad-based, and that if we were to be specific, then that would allow you to be specific.

MR. GOLDSTEIN: It really then depends on a question by question basis, sir.

ASSEMBLYMAN KAMIN: Right. That's why I would like to have--

ASSEMBLYMAN FRELINGHUYSEN: A point of order, Assemblyman Bagger.

ASSEMBLYMAN BAGGER: I'd just like to add that I think Assemblyman Lance's questions are quite appropriate. The questions in which earlier this afternoon I did not vigorously pursue that related to precisely who it was in the Governor's office or in the executive branch that was making decisions about selection of bond underwriters and the refinancing, I did not press because there are other witnesses scheduled to appear before us who know as a matter of their own personal knowledge, and who will be testifying before us under oath to tell the truth with respect to what they know about those transactions. We have other sources of getting that -- of asking those questions.

Assemblyman Lance's questions following up on testimony this morning about what was referred to as the daily and consistent input from Mr. Salema in the operations of the Authority while Mr. Levine was the Chairman is a subject that was opened to the Committee by the witness' testimony and as a matter within the witness' own personal knowledge. It is not something that we can rely upon for other witnesses. So I would hope the Assemblyman would pursue his line of questioning.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Goldstein, would you like to react to the Assemblyman's comment, and then Assemblyman Lance.

MR. GOLDSTEIN: I would just-- If I may, Mr. Chairman, I would only suggest, Assemblyman Bagger, that as to the narrow question that you just raised, that that question could be more, I think, properly put to other witnesses this afternoon who may have had more direct contact. I think one of the things that this Committee was concerned about earlier today was to differentiate between hearsay, and what may be reported to somebody, and one's actual knowledge. It may well be that the question that you want answered can be answered if the question is raised and put before a witness -- another witness who is scheduled to testify this afternoon. I think at that point you will probably receive your answer.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Lance.

ASSEMBLYMAN LANCE: Yes. Well, given that fact, I will not ask Mr. Levine these questions at this time; however, I reserve the right to do so later if we do not get satisfactory answers from subsequent witnesses. I'm interested in knowing the types of daily and consistent interference by Mr. Salema and Mr. DeCotiis at the Sports and Exposition Authority, either of Commission members such as Mr. Levine or of high ranking officials of the Authority with Chief Executive Officer and others. I reserve the right to ask the questions of Mr. Levine later, following the testimony of others here today.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman Lance.

Before going to Assemblyman Romano, the Chair recognizes the Chairman of the State Government Committee, Assemblyman Russo.

ASSEMBLYMAN RUSSO: Thank you.

Mr. Levine, you've talked-- I just want to talk to you about the bonds right now. You talked about daily, constant interference. I believe you testified with regard to that interference coming from Governor's Counsel, Mr. Salema, and Mr. Berman. Is that correct?

COMMISSIONER LEVINE: No, I didn't use Mr. Berman's name in that context at all.

ASSEMBLYMAN RUSSO: Okay. Just Governor's Counsel and Mr. Salema?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN RUSSO: With regard to the bonds. What form did that interference take with regard to the \$224 million issue -- phone calls, conversations, correspondence? And from which individual?

COMMISSIONER LEVINE: Phone calls, conversations, meetings.

ASSEMBLYMAN RUSSO: Letters?

COMMISSIONER LEVINE: Letters.

ASSEMBLYMAN RUSSO: You have copies of the letters?

COMMISSIONER LEVINE: I don't have copies. I'm sure they are in the Sports Authority file.

ASSEMBLYMAN RUSSO: Mr. Chairman, we could-- Does the Sports Authority have a phone log?

COMMISSIONER LEVINE: Sir?

ASSEMBLYMAN RUSSO: Does the Sports Authority maintain a phone log -- a daily phone log?

COMMISSIONER LEVINE: There are others who could answer that question.

ASSEMBLYMAN RUSSO: So your answer is you don't know?

COMMISSIONER LEVINE: I don't make the phone calls for the various officials. Perhaps if you ask the officials how frequently they were in touch or met -- that there may be a log. I don't know. I can't answer that. I can answer about policy, not about day-to-day, other than what I do know.

ASSEMBLYMAN RUSSO: Can you answer with regard to your own phone conversations? Would they be logged in or kept in a message book at the Sports Authority?

COMMISSIONER LEVINE: I didn't have that many conversations from the Sports Authority with the individuals to whom I assume you're making reference.

ASSEMBLYMAN RUSSO: Yes, Mr. Salema and the Governor's Counsel, with regard to the bond issue.

Mr. Chairman, would it be possible that we would first make inquiry with regard to phone logs and number two, with regard to the correspondence more importantly? The witness believes that those memoranda between--

Would it be between yourself and Mr. Salema and yourself and Governor's Counsel?

COMMISSIONER LEVINE: No, the individual at the Sports Complex who handled the daily operations -- the leader of the staff was Mr. Mulcahy.

ASSEMBLYMAN RUSSO: Right.

COMMISSIONER LEVINE: You would have to ask him as to the involvement of the Treasurer's Office or the Governor's Office, and the letters back and forth. I'm sure he'll cooperate.

ASSEMBLYMAN RUSSO: So my understanding is that Mr. Mulcahy, and not you, would have copies of the correspondence. Was the correspondence directed to you or Mr. Mulcahy from Governor's Counsel and Mr. Salema?

COMMISSIONER LEVINE: Your talking about written correspondence?

ASSEMBLYMAN RUSSO: Written correspondence, memorandum, whatever you want to call it.

COMMISSIONER LEVINE: Written correspondence will be reflected by a review of the file, but specifically our lead person was our CEO, who interfaced with both those other branches of government.

ASSEMBLYMAN RUSSO: Did you receive correspondence directed to you from those two gentlemen with regard to the selection of the bond underwriters on that transaction, or the allocation of the bonds?

COMMISSIONER LEVINE: No, I have no written correspondence from those individuals.

ASSEMBLYMAN RUSSO: From either of those individuals?

COMMISSIONER LEVINE: That's correct, sir.

ASSEMBLYMAN RUSSO: Mr. Mulcahy might have?

COMMISSIONER LEVINE: I can't answer as to what he has. If you're asking is there written correspondence between the Sports Authority, the Treasurer's Office, and the Governor's Office, of course there is.

ASSEMBLYMAN RUSSO: Okay, and we can get a copy of that, Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Well, we're going to have a number of witnesses, and I would think since some of those witnesses are here voluntarily today that we could certainly ask them about any general correspondence, and get down to the particulars during the questions. I would have no problem requesting whatever records -- correspondence records that might be available that would be relevant to the subject matter at hand.

ASSEMBLYMAN RUSSO: With regard to that bond issue which you voted against -- and I understood your reasoning, for the -- you talked about the process. I believe you stated that the majority of the bond underwriting firms were fine firms, and well-known firms, and you had no problem with that. What about the minority of the firms? And I don't mean minority firms in this case. The minority of the firms. Did you have a problem with the minority of the firms -- I believe there were 21 firms -- or particular firms that were selected?

COMMISSIONER LEVINE: You're asking if I personally had a problem?

ASSEMBLYMAN RUSSO: Yes.

COMMISSIONER LEVINE: I didn't have enough time to have a problem. I went to a meeting to vote. Thereafter was I disappointed in terms of a few of the firms? Yes.

ASSEMBLYMAN RUSSO: Which ones?

COMMISSIONER LEVINE: In terms of the specific bond firms--

ASSEMBLYMAN RUSSO: Yes.

COMMISSIONER LEVINE: --that were part of the February meeting, which is in the minutes of the Authority? That's what we're talking about -- that date and that first bond?

ASSEMBLYMAN RUSSO: Yes. I believe you stated that you didn't have a problem with the majority of the firms on the list.

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN RUSSO: So I would assume if you didn't like the process, which is what you stated--

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN RUSSO: --that you had a problem with the minority of the firms on the list.

COMMISSIONER LEVINE: I had a problem not knowing the specificity, the final determination of the list itself until the day of the meeting. I had a problem, thereafter, in interfacing with the staff, in hearing and sharing some of their opinion relating to, one firm, I believe wasn't involved with the RFP and relating to other aspects.

ASSEMBLYMAN RUSSO: That was Tri-State?

COMMISSIONER LEVINE: That was one.

ASSEMBLYMAN RUSSO: So Tri-State would be one of the firms that you, with regard to process or the selection, you would have had a problem?

COMMISSIONER LEVINE: I did.

ASSEMBLYMAN RUSSO: You did?

COMMISSIONER LEVINE: I did, yes.

ASSEMBLYMAN RUSSO: Who had the authority to pick the bond underwriters and to designate the allocations of the bonds on that issue? Who had the authority?

COMMISSIONER LEVINE: I think I would refer that to others, again, because I am not a lawyer and I don't know the specific answer. I know that the Executive Committee of the Authority would hold those type of discussions normally, and that the final authority is in the Commission, in it's public vote. But in terms of the individual at the complex, I would suggest that you ask our Chief Executive Officer that question.

ASSEMBLYMAN RUSSO: You mean Mr. Mulcahy?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN RUSSO: And as Chairman, you would not have had the authority to have input in that process?

COMMISSIONER LEVINE: In theory, any Chairman should have the authority to have input in that process.

ASSEMBLYMAN RUSSO: Did you receive-- We talked about memos a couple of minutes ago. Did you receive telephone calls from either Mr. Salema or Governor's Counsel with regard to the selection of either Lazard Freres, bond underwriting firms, or the designation of bonds?

COMMISSIONER LEVINE: As to those two specific firms?

ASSEMBLYMAN RUSSO: Well, Lazard Freres or any of the firms on the list.

COMMISSIONER LEVINE: I held discussions with those individuals relating to this issue.

ASSEMBLYMAN RUSSO: With regard to Mr.--

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, could you speak up just a little louder, please, and repeat your response.

COMMISSIONER LEVINE: There were discussions with those individuals relating to the refinancing.

ASSEMBLYMAN RUSSO: Did Mr. Salema contact you, not only with regard to financing, but with regard to the selection of underwriting firms that appeared on the list?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN RUSSO: Did he contact you with regard to the allocation of the bonds on that list?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN RUSSO: Did Governor's Counsel?

COMMISSIONER LEVINE: Pardon me?

ASSEMBLYMAN RUSSO: Did Governor's Counsel -- same two questions?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN RUSSO: Could you relate those conversations?

COMMISSIONER LEVINE: It all dovetails back, sir, into the concept of an independent authority versus an extension of State government. No one ever said anything that was mean spirited or that, in my opinion, was intended to be illegal.

ASSEMBLYMAN RUSSO: Was a suggestion made -- or were suggestions made with regard to selection of various firms?

COMMISSIONER LEVINE: There wasn't one conversation that anyone had with me relating to the selection process, which to a large degree took place following my chairmanship.

ASSEMBLYMAN RUSSO: I don't have any further questions in this line right now.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman Russo.

Assemblyman Romano.

ASSEMBLYMAN ROMANO: Thank you, Mr. Chairman. It appears that everybody has asked all the questions I thought of all during the day, but I'll manage to find a few.

I think part of the problem, Mr. Chairman, here, was what had happened. Our charge, as originally given to us, was in reference to the issuance of debt, namely with bonds, etc., etc. And what I find for the most part, if you will, a philosophical discussion which might be a good subject for a doctoral dissertation on the autonomy of authorities.

In any event, I'll go along, and I promise not to mention anyone's name. I promise not to use any of those hackneyed expressions used here today which people take umbrage with. What I would like, just to make a couple of observations, if I may.

Number one, through you, Mr. Chairman, to Assemblyman Bagger. I compliment Assemblyman Bagger--

ASSEMBLYMAN ROMANO: Assemblyman, I know that Assemblyman Bagger is looking for compliments (laughter)--

ASSEMBLYMAN ROMANO: No, no, nothing bad.

ASSEMBLYMAN FRELINGHUYSEN: --but actually we -- the witness has been in the chair for five hours--

ASSEMBLYMAN ROMANO: It's a compliment. It's a compliment. No, no, I'm going to be quick. I won't be long. Three minutes, four minutes, that's all.

ASSEMBLYMAN FRELINGHUYSEN: All right, okay.

ASSEMBLYMAN ROMANO: I'm going to compliment Assemblyman Bagger, because he derived from Assemblyman Kamin that, in fact, the situation of clear reference of this frightened, if you will, vendor -- it was once. We haven't heard anything that continued that on above many other people, except for the fact there was no continuation after that matter.

Am I correct, Mr. Levine?

COMMISSIONER LEVINE: You're not correct.

ASSEMBLYMAN ROMANO: Correct me, then.

COMMISSIONER LEVINE: What I said is that the Commission was successful in the limited area of vendor solicitation in putting a stop to outside heavy-handed tactics, if you will. I did not say that that was true relating to anything else.

ASSEMBLYMAN ROMANO: Except for that one situation.

COMMISSIONER LEVINE: No, except for the one topic of leaving our vendors alone.

ASSEMBLYMAN ROMANO: Oh, that's where the gray area is, excuse me. Through you, Mr. Chairman, because we don't know the other areas. In that broad description of what we talked about, all the wrong doing, etc., etc., or improper presentation of something -- this is something better left to another agency.

COMMISSIONER LEVINE: I don't think that in all my words today I used the word wrongdoing.

ASSEMBLYMAN ROMANO: Well, I'll take that one back, because I know there are words that we mentioned here--

COMMISSIONER LEVINE: But I didn't, and that's what counts to me.

ASSEMBLYMAN ROMANO: Okay.

COMMISSIONER LEVINE: I didn't accuse anyone of any wrongdoing.

ASSEMBLYMAN ROMANO: What I'm actually interested in -- when we talked about people being hugged not mugged, all right? I won't forget that one. That's going to be a good one. And you were quick to tell us and very aptly so, never tied things together -- don't ever put it together with a quid pro quo, because you do no fund-raising. Am I correct?

COMMISSIONER LEVINE: I think so.

ASSEMBLYMAN ROMANO: Okay, and I don't mean to insult you. Please understand. We're not playing good cop, bad cop. Actually, I'm on the good side, okay. If I knew we were going to have these problems today I would have brought in cannoli and banuelli cookies (phonetic spelling) all right? (laughter) Perhaps that would have loosened everything up.

Because I'm only to happy to learn, and perhaps we could put it into bills and ethics forms what the right words are versus the wrong words. I'm always guided by the words of a magistrate I know who says, "Always remember, what we do here tonight, if it's the first page of the newspaper tomorrow

morning, how would it look." You know, I'm only too anxious to learn about what the right words are always to make it that we hugged them and we didn't mugged them.

Actually here today I haven't heard anything that we're all going to be waiting for the subsequent witnesses.

Let me see what other notes I have: the appropriateness and inappropriateness of fund raising; what were the forms of daily interference; phone calls, conversations, and we have to still wait for the communications.

Mr. Levine, for myself I'm very thankful for your coming here today as a willing-- No, you were not willing; you had to be subpoenaed. I think you are the only one that had to be subpoenaed. Am I correct? No one else was subpoenaed except Mr. Levine.

Thank you Mr. Levine.

COMMISSIONER LEVINE: Thank you, sir.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Assemblyman. Assemblyman Kamin, the Vice-Chair.

ASSEMBLYMAN KAMIN: Thank you, Mr. Chairman.

Earlier in the day you mentioned your concern about the way the construction manager was hired for the Atlantic City project -- for the Convention Center, Mr. Mendolia. How many people were interviewed for that position? Do you know?

COMMISSIONER LEVINE: I wasn't part of that process, but-- (equipment malfunction due to power outage; a few words of testimony lost) --were involved in daily operations of the Authority.

ASSEMBLYMAN FRELINGHUYSEN: We'll hold any Q and A here. I'm not sure whether that light dimming means that the transcript is-- (referring to a power outage to the tape recorder)

Gentlemen, if you would proceed.

Assemblyman Kamin?

ASSEMBLYMAN KAMIN: Through you, Mr. Chairman. What would be the hiring procedures, normally, for someone to be-- Under normal circumstances in the past, what had been the procedures for the selection of someone for a job of that magnitude -- a \$250 million project?

COMMISSIONER LEVINE: Well, we haven't had too many projects of that scope. However, there is a very professional Personnel Committee that interviews applicants for jobs. And then, ultimately, those people have discussions with the top officials of the Authority, depending on what area of expertise is required. If it's anything relating to executive decisions, then, of course, our Chief Executive Officer would interview a variety of individuals and compare them, and come back and tell the Executive Committee his opinion of one, two, or three, and then the culmination of that would be brought to the Board.

ASSEMBLYMAN KAMIN: And in this particular case, that procedure was not followed?

COMMISSIONER LEVINE: That's correct.

ASSEMBLYMAN KAMIN: Mr. Levine, do you know an Elizabeth Mendolia?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN KAMIN: Or do you know a John Mendolia?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN KAMIN: Do you know if Mr. Mendolia is related to anyone close to either Mr. Salema or to the Governor in a business or professional relationship?

COMMISSIONER LEVINE: I have absolutely no idea.

ASSEMBLYMAN KAMIN: I just wanted to ask one follow-up question, I think, on some of the area that Mr. Russo was reviewing, Tri-State Capital Markets.

Were you aware at the time that that firm had been -- that they had been censured by the NASD, the National Association of Security Dealers, at the time of their approval?

COMMISSIONER LEVINE: I wasn't aware of their name until the day of the meeting.

ASSEMBLYMAN KAMIN: So their previous -- their track record under another name, Jersey Capital Markets, was essentially reincorporated. The fines by the NASD, and suspension took place under another firm, and then they appeared almost at the same time they were ready to be approved by you. But your first notice of them, or knowledge of them was the day of the meeting when the votes were cast?

COMMISSIONER LEVINE: My personal first notice, yes.

ASSEMBLYMAN KAMIN: Thank you.

Mr. Chairman, that's all the questions that I have.

Thank you, Mr. Levine.

ASSEMBLYMAN FRELINGHUYSEN: Assemblyman Kamin.

Assemblyman Gibson, you have some questions?

ASSEMBLYMAN GIBSON: Yes, thank you, Mr. Chairman.

Mr. Levine, does the Authority maintain a construction division? Do they construct their own stadiums and things like that?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN GIBSON: How are they built? Are they delegated out to some other branch of the State government?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, before you respond: The hour is late. You have been in this seat for a number of hours. There are three other witnesses to testify. It appears that we are not going to be able to get to those witnesses today, and I anticipate there may be some necessity in the near future to get you back. I'm going to ask that Assemblyman Gibson proceed with his questions, and I want to sincerely apologize to those others who have voluntarily said that they would be here today. It does not appear at this point that we are going to be able to hear from you today, and ask you questions relative to the subject at hand.

Assemblyman Gibson, back to you.

ASSEMBLYMAN GIBSON: Thank you, Mr. Chairman.

How are they built? Are the stadiums and the different structures that you're involved in, are they built by a different branch of the State government?

COMMISSIONER LEVINE: No. We have top professionals -- meaning the Sports Authority has top professionals and consultants. If you want to use another like-type example to the Convention Center, it would be the Meadowlands Arena. There was a committee selected to oversee the requisitions, and there is a committee, now, from the Sports Authority to oversee the requisitions and the construction of the Atlantic City Convention Center.

The difference was, in the case of the Arena, in terms of prior to the requisitions and prior to the decisions, there was always an active Commissioner or two at the meetings of the contractors when they requested change orders, changes in requisitions, and when there was any problem. This was a committee of the Sports Authority to protect the interests of the Sports Authority.

Now there are many interests involved in the Atlantic City construction.

ASSEMBLYMAN GIBSON: Other than this construction manager -- this is what I'm leading up to -- you don't-- The Sports Authority doesn't maintain any other construction personnel who are full-time employees of the Sports Authority?

COMMISSIONER LEVINE: Well, I have no knowledge of any construction manager, assistant, or what have you. I know that there are many people on different levels involved in the statewide activities of the Sports Authority. But in terms of construction, he's the head person. He is our person in Atlantic City.

ASSEMBLYMAN GIBSON: He, the construction manager?

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN GIBSON: After he's hired, does he then hire the architect, or would the architect be hired first?

COMMISSIONER LEVINE: That's a process that's discussed with either the Global Construction Committee, which now represents different groups from Atlantic City, and the Sports Authority, as well as our staff and our officials. I think that the present Chairman, or the present CEO could respond to what's been going on relating to those questions.

ASSEMBLYMAN GIBSON: You voted no on the hiring of the construction manager?

COMMISSIONER LEVINE: Yes, sir.

ASSEMBLYMAN GIBSON: You told us that earlier today.

Your no vote, I believe -- I'd like you to expand on it -- was on the basis of that was the only name that was submitted. Was that why you voted no?

COMMISSIONER LEVINE: My no vote is based on the process that was used in the selection of this gentleman.

He may be the greatest construction manager in America, and we may be the luckiest people in the world to have him, but it would be good if we interviewed a broad cross section of individuals, and if we initiated that process and made the final determination subject to review by other government agencies, as opposed to having the recommendation come from outside sources.

ASSEMBLYMAN GIBSON: The recommendation came from outside sources. Those outside sources would be Mr. Salema or Mr. DeCotiis or--

COMMISSIONER LEVINE: They came from outside sources.

ASSEMBLYMAN GIBSON: Period?

COMMISSIONER LEVINE: Are you asking who recommended Mr. Mendolia?

ASSEMBLYMAN GIBSON: Yes.

COMMISSIONER LEVINE: Mr. Salema.

ASSEMBLYMAN GIBSON: And you reviewed the individual's credentials and you voted no based on the fact that there were no more names submitted; or because as you looked over the

credentials, you weren't satisfied; or because it was simply recommended by outside sources and you considered that interference?

COMMISSIONER LEVINE: I don't want to say anything at all, directly or indirectly, against Mr. Mendolia. In other words, he may be doing a great job. He may be the most qualified guy in the world.

What I'm saying is that the process that was actually used interfered with the independent decision making of this Authority. We should recommend.

ASSEMBLYMAN GIBSON: I don't have any further questions, Mr. Chairman.

Thank you, Mr. Levine.

ASSEMBLYMAN FRELINGHUYSEN: Thank you.

Assemblyman Kamin?

ASSEMBLYMAN KAMIN: Thank you, Mr. Chairman.

Just a couple of more brief points, if I might, Mr. Levine.

Were you aware that in August, the Securities and Exchange Commission had subpoenaed materials from the Sports Authority?

COMMISSIONER LEVINE: Yes.

ASSEMBLYMAN KAMIN: Was there any documentation subpoenaed from you personally?

COMMISSIONER LEVINE: From the SEC?

ASSEMBLYMAN KAMIN: Yes.

COMMISSIONER LEVINE: No.

ASSEMBLYMAN KAMIN: Were you interviewed by the SEC?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN KAMIN: Those are the questions that I had. Thank you.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Levine, were you interviewed by any other agency, other than the Securities and Exchange Commission?

COMMISSIONER LEVINE: Was I interviewed? No.

ASSEMBLYMAN FRELINGHUYSEN: So to respond to my question, you have not been interviewed relative to these matters by any higher authority?

COMMISSIONER LEVINE: No.

ASSEMBLYMAN FRELINGHUYSEN: Are there any further questions for Mr. Levine from any of the Committee members?

ASSEMBLYMAN KAMIN: If I may follow up, that includes the U.S. Attorney? Higher authority-- Were you interviewed by the U.S. Attorney?

COMMISSIONER LEVINE: I haven't been interviewed by anyone other than through this subpoena today.

ASSEMBLYMAN KAMIN: Or I meant like the NASD, the PSA, the Municipal Securities Rule-making Board, any of those?

COMMISSIONER LEVINE: No, not as of this time.

ASSEMBLYMAN FRELINGHUYSEN: I think I understood Mr. Levine correctly -- "I did not."

Assemblyman Watson, and then Assemblyman Bagger.

ASSEMBLYMAN WATSON: Mr. Chairman, I don't have any questions for Mr. Levine, but I do have a request that I would like to make after Mr. Levine is dismissed.

Do you want me to make my request now? I would appreciate your--

ASSEMBLYMAN FRELINGHUYSEN: The floor is open for any requests you care to make, Assemblyman.

MR. GOLDSTEIN: Mr. Chairman, may we be dismissed then?

ASSEMBLYMAN FRELINGHUYSEN: Let me just-- I believe Assemblyman Bagger has a specific question for Mr. Levine, and then we are going to thank Mr. Levine and his colleagues for being here.

ASSEMBLYMAN BAGGER: It's not a question of testimony, but, Mr. Chairman, you directed a letter to Mr. Goldstein of October 7 getting a request for documents that I have not heard referred to today, unless I missed that. I was wondering if

you could tell us whether that letter was received, and whether it's Mr. Levine's intention to voluntarily produce the documentation referred to in the Chairman's letter.

MR. GOLDSTEIN: That letter was received. I sent you a response on, I believe, either Monday or Tuesday of this week. I said to you in that response that we have absolutely no objection whatsoever for you going to the Sports Authority and obtaining from the Sports Authority all the correspondence. We will impose no objections at all.

You asked today for a particular document which I made a note of, which we're going to produce to you as well.

But I believe the Sports Authority should have, within its files, the various communications that you are interested in. If you have difficulties with that, we'll be very happy to cooperate with your staff to facilitate that.

ASSEMBLYMAN BAGGER: So that every responsive document that is in Mr. Levine's personal possession could also be found through the Sports Authority?

MR. GOLDSTEIN: I believe so. We'll be happy to help your staff in doing that.

ASSEMBLYMAN FRELINGHUYSEN: So requested, and would the letters that you refer to be made a part of the record, and that will be ordered.

Assemblyman Watson?

ASSEMBLYMAN WATSON: Thank you for recognizing me, Mr. Chairman.

Mr. Chairman, I know the hour is growing late, but I do know that the name of our Attorney General has been bandied around all afternoon. The Attorney General has been sitting here all afternoon listening to the testimony, and at this time -- through you, Mr. Chairman -- at least I would like to give the Attorney General a chance to address what knowledge he has on this. I think it would only be fair to him to be able to hear from him, and to ask him any question you might want to ask him.

ASSEMBLYMAN FRELINGHUYSEN: The Chair has no objection with that suggestion.

Are there any other additional questions for Mr. Levine, Mr. Goldstein, or Mr. Shapiro? (no response)

Hearing none, let me thank you gentlemen for your participation over many hours. If we need you again, we will be back in touch with you in very short order.

The Chair is pleased to recognize former Attorney General Robert Del Tufo. And let me say-- What is the feeling of Mr. Del Tufo? Do you care to come forward at this time?

MR. GOLDSTEIN: Mr. Chairman, on behalf of Mr. Levine and Mr. Shapiro, I'd like to thank you and your Committee for your courtesies and your patience. We very much appreciate your giving us a chance to appear here. Thank you.

ASSEMBLYMAN FRELINGHUYSEN: Thank you very much.

Mr. Attorney General, do you have some comments or remarks?

ROBERT J. DEL TUFO, ESQ.: Just one thing, Mr. Chairman. I was in the room when Mr. Levine was discussing some allegations relative to a vendor. I'm not-- I'm characterizing as the frightened vendor, and the like. I just--

ASSEMBLYMAN FRELINGHUYSEN: Excuse me. Staff advises me, and the press described it as archaic, but I'm required to go through a litany here relative to swearing you in.

I do apologize, but I have to read this statement and have you respond. Excuse me for interrupting.

MR. DEL TUFO: I understand the Act, and all the rights in it.

ASSEMBLYMAN FRELINGHUYSEN: I'm sure you could perhaps tell us in toto what it is, but I have to, evidently, according to counsel, have it read into the record and have you respond.

MR. DEL TUFO: Fine.

ASSEMBLYMAN FRELINGHUYSEN: And I do apologize.

Mr. Del Tufo, is the testimony you are providing today given of your own free will?

MR. DEL TUFO: Yes.

ASSEMBLYMAN FRELINGHUYSEN: Have you been directed or required by anybody to testify here today?

MR. DEL TUFO: No.

ASSEMBLYMAN FRELINGHUYSEN: Do you understand that the Chairman of this Committee has the authority to administer an oath of affirmation to a witness in any matter now pending before this Committee?

MR. DEL TUFO: Yes.

ASSEMBLYMAN FRELINGHUYSEN: Have you received a copy of the Code of Fair Procedure here today before testifying before this Committee?

MR. DEL TUFO: I have.

ASSEMBLYMAN FRELINGHUYSEN: The Code of Fair Procedure gives you certain rights as a witness testifying under oath here today before this Committee. For example, you have the right to be accompanied by counsel who may advise you of your rights during the proceedings. Do you have counsel here present today?

MR. DEL TUFO: I do not.

ASSEMBLYMAN FRELINGHUYSEN: Do you agree to testify here today without having counsel present with you?

MR. DEL TUFO: Yes.

ASSEMBLYMAN FRELINGHUYSEN: Under the Code of Fair Procedure you also have the right, at the completion of your examination by this Committee, to file a brief sworn statement relative to your testimony for incorporation into the record of this investigatory proceeding. You are advised we are making a tape recording of this proceeding, and you are entitled to receive a copy of your testimony. You also have the right to receive a copy of the resolution authorizing this investigation.

Do you have any questions concerning the Code of Fair Procedure or your rights under the law?

MR. DEL TUFO: I do not.

ASSEMBLYMAN FRELINGHUYSEN: Please raise your right hand. Do you solemnly, sincerely, and truly declare and affirm the testimony you shall give in the matters now pending before this Committee shall be the truth, the whole truth, and nothing but the truth?

MR. DEL TUFO: I do.

ASSEMBLYMAN FRELINGHUYSEN: Do you understand that if the statements you make today are willfully false, you may be subject to penalties under the law, including monetary penalties and incarceration if you fail to answer a pertinent question or commit perjury, which is the making of a false statement under oath in an official proceeding such as this?

MR. DEL TUFO: Yes.

ASSEMBLYMAN FRELINGHUYSEN: Do you understand this?

MR. DEL TUFO: Yes, I do.

ASSEMBLYMAN FRELINGHUYSEN: Please continue. Thank you.

MR. DEL TUFO: That was left hanging, so I thought I should make a statement about it. In 1991 -- I think it was January of 1991 was identified. I'm not sure exactly the date, but that sounds about right. I spoke with Mr. Mulcahy, who indicated that Mr. Levine had been in and had had a conversation with him, and Mr. Mulcahy narrated to me the substance of that conversation. I encouraged Mr. Mulcahy to suggest to Mr. Levine that he come speak with me, because what had been discussed was a matter of some seriousness, in my judgment.

Mr. Levine did come to see me, and as a result of speaking with him, the allegations which he told to me -- that matter was referred to the Division of Criminal Justice in the ordinary course of business for review and investigation.

My recollection is that the Divisions of State Police and Criminal Justice conducted interviews and conducted an investigation, and at the end of that process, the

recommendation which I received was that there was no basis for further action.

ASSEMBLYMAN FRELINGHUYSEN: Just for the record: The recommendation you received was oral, or was it a written from your Division?

MR. DEL TUFO: I can't-- There is a file over at the Attorney General's office. I can't recall. Probably both, but I can't recall.

ASSEMBLYMAN FRELINGHUYSEN: I believe that some of the Assembly members of the Committee have some questions.

Assemblyman David Russo?

ASSEMBLYMAN RUSSO: Thank you.

Mr. Attorney General, can you briefly outline the powers that your office has with regard to investigations of State bond issuances? What powers would you have with regard to prosecution or investigation as AG?

MR. DEL TUFO: Well, I don't know that there are powers to investigate State bond issues per se. If something is happening that shouldn't happen that violates the criminal laws of the State of New Jersey, or if there is something that amounts to some civil wrong, then I imagine the Attorney General has an obligation and the responsibility to pursue action on behalf of the State.

ASSEMBLYMAN RUSSO: We know there have been the Federal investigations of the bond situation in New Jersey. Did the Governor at any time during your tenure as Attorney General instruct your office to investigate the same situation at the State level?

MR. DEL TUFO: No. The matter that you're talking about involves an entirely different matter than is the subject of this proceeding. I was in contact-- And I think that investigation was started by some internal happenings at the brokerage house.

At any event, I was in touch with Federal authorities about that investigation to cooperate with them and to offer them any information which we might have in our files. It didn't seem to make much sense to have two agencies investigating the same allegations.

ASSEMBLYMAN RUSSO: From the newspaper accounts with regard to the investigation of Armacon, it would appear that the criminal investigation is looking for either possible bribery or kickbacks, or whatever you'd like to call it. The question is this: Even if that firm is found not guilty criminally, has there been any consideration of your office investigating or conducting any prosecution with regard to ethical violations under the statutes in this State?

MR. DEL TUFO: I think, again, there is an investigation in process, and we should await the outcome of that investigation.

ASSEMBLYMAN RUSSO: So, so far, really, at the State level, the Attorney General's office has not made any investigation with regard to any of the -- for example, Tri-State and the other companies.

MR. DEL TUFO: The Attorney General, to the extent that it has information, has indicated to the Federal authorities it will be made available, and we are cooperating with the Federal authorities.

ASSEMBLYMAN RUSSO: Has there been any investigation emanating from the Bureau of Securities?

MR. DEL TUFO: That, I don't know.

ASSEMBLYMAN RUSSO: Did the Governor during your tenure ask you to investigate any possible conflicts of interest with regard to any of these companies, especially any with ties to the Governor's former Chief of Staff?

MR. DEL TUFO: The Governor never asked me specifically to investigate anything or not to investigate anything. The Governor was very supportive of law enforcement

in the State of New Jersey, very supportive of my office, and very supportive of everything that we did.

Our practice is to pursue allegations that we receive from whatever source that they come from, and the Governor has never inquired as to particular allegations, or what our investigation is, or what it should be. That has been done strictly through professionals in the Divisions of Criminal Justice or the State Police.

ASSEMBLYMAN RUSSO: With regard to the Turnpike bond issue, Lazard Freres and Merrill Lynch have been the two firms involved in that, and I believe you may be aware that there were some similar problems in Massachusetts with regard to the same two firms with regard to fee splitting.

Has the AG's office conducted any type of investigation with regard to the possible fee splitting with regard to the New Jersey Turnpike bonding with regard to those two firms?

MR. DEL TUFO: I know of no allegations involving that bond issue that would warrant attention. No, there is no investigation.

ASSEMBLYMAN RUSSO: Have there been any discussions--

MR. DEL TUFO: Not to my knowledge, anyway.

ASSEMBLYMAN RUSSO: Sure.

Have there been any discussions or any opinions from your office with regard to undisclosed fee splitting between the bond companies on any of these issues?

MR. DEL TUFO: I'm not-- I don't know. I don't even know if fee splitting is a fact. I just don't know. No allegations ever came to our attention that there was any problem.

ASSEMBLYMAN RUSSO: Now, you were present at the February 26 meeting of the Sports Authority that Mr. Levine talked about at great length.

MR. DEL TUFO: If that's when it was, yes.

ASSEMBLYMAN RUSSO: It was reported that you had intervened on his behalf because he had complained to the Chairman at that time about the bond selection process. Was that reported correctly?

MR. DEL TUFO: I don't understand the question.

ASSEMBLYMAN RUSSO: Well, supposedly, that Mr. Levine had complained about -- as he stated today, was not happy with the selection process. Was there any -- oh, let's say -- was there any reason that-- It was reported that you supposedly intervened on his behalf. You were at the meeting. That's what I'm talking about.

MR. DEL TUFO: I think I know what you mean. Mr. Levine wanted to make a statement, and I think-- Well, to the best of my recollection, there was some question raised as to whether he should make a statement, so I said, "If he wants to make a statement, then he should be able to make a statement."

ASSEMBLYMAN RUSSO: What information concerning the procedures in selection for the bond underwriters, to your knowledge, was provided to the Board members prior to that vote?

MR. DEL TUFO: As far as underwriters are concerned, I relied on our financial adviser, who I think had been in touch with various underwriting firms, with the Treasurer's office, and perhaps with the Governor's office -- I just don't know -- but who had reviewed this process, and had indicated to us that the format that was put in place was advantageous to the State, and could proceed to great advantage of the citizens of New Jersey. So, as far as the underwriters were concerned, I didn't get into that, but it's not my area of expertise, if I have one, and left that to Mr. Goldman and to other people.

The one area that I really thought that I-- You see, this time frame was very compressed, too, because Cliff wanted to get to market right away to get favorable rates and the like.

One thing I wanted to make sure was that the fees and the like were in line. Now, as far as underwriters were

concerned, our experts told us that those fees were in line. I gave special attention to attorney's fees and the like, and to representation of the Authority in the bond issue.

With Mr. Goldman's assistance, we essentially dictated what underwriters' counsel could be paid. I think the major thrust of my interest was to make certain that Mudge, Rose -- Cary Edwards' law firm -- was the bond attorney, the major bond attorney -- for the Authority. That was a suggestion which I think met with virtually universal approval.

ASSEMBLYMAN RUSSO: Are you aware or could you comment on this. For example, before Mr. Goodman became Chairman, are you aware of how the decisions were made with regard to bonding before that time, or did you see any difference?

MR. DEL TUFO: I didn't see any difference. I don't know that I participated in a bond issue prior to this one involving the Authority. On this-- I had been on the Authority back where I discharged the Attorney General's responsibilities on the Sports Authority, back in the '70s when it was being built. I don't think we had a bond issue then either, but I was on the construction committee and oversaw the construction process.

I think that over the years-- Now, I wasn't there during the Kean years, but my perceptions of it -- and talking with Jon Hanson who was there, and I guess Bob Mulcahy -- is that there always has been a good working relationship and some tensions between the Governor's office, the Treasurer's office and the Sports Authority. But for the most part my recollection of my experience is that important decisions involving the Sports Authority were always made on a collective basis -- on a consensus kind of basis, and also bringing the Legislature along when that was necessary or desirable.

ASSEMBLYMAN RUSSO: I asked you before, and I believe you stated that the AG's office has conducted no investigations, and you haven't been asked by the Governor or

the Governor's office to conduct any investigations at this level with regard to the bonding situations in New Jersey.

Has anyone from the Governor's office or the Governor-- Have they asked you not to investigate any of those issues?

MR. DEL TUFO: I thought I answered that, Assemblyman. Let me say that the system we have in New Jersey-- And again, I have a great regard for General Edwards, and I'll take his name in vain, because he testified to keep our system for appointment of Attorneys General -- the system that we have -- and not go to an elective one. For example, the Attorney General, once confirmed, is-- I guess you're all stuck with him or her for a four-year term, unless the god mammon beckons.

ASSEMBLYMAN RUSSO: What district is mammon in?

MR. DEL TUFO: Anyway. The Attorney General, because of that security, and I guess also just as a matter of character -- but that security helps -- is an independent agency, and should be an independent agency because of the responsibilities of the office, the power that the office has, and the like.

And what I was saying to you was that I can assure you that never once during my three years and seven months in office has the Governor ever spoken to me about an investigation, or about starting an investigation, or about stopping an investigation. He has, with utmost integrity, respected the integrity of the Attorney General's office. And his advice from the outset to me was, "Do the job and let the chips fall where they may."

ASSEMBLYMAN RUSSO: The other question I wanted to ask you: You mentioned a second ago bringing the Legislature along. Could you maybe amplify on that a little bit?

MR. DEL TUFO: Well, the last-- The particular bond issue that we're talking about is one that I think -- I didn't

participate in that directly, but I think Mr. Mulcahy and Mudge, Rose -- Cary's firm -- participated in coming before you, Mr. Frelinghuysen, I guess, and other committees. Wasn't that-- That led to the enactment of the law.

ASSEMBLYMAN FRELINGHUYSEN: Maybe you weren't here when I made my initial comments. I don't have a very happy memory of being brought along.

MR. DEL TUFO: Well, in any event, whether you have a happy memory or not, I guess you had to pass Chapter 375 of the laws in order for those bond issues to go forward, so the Legislature was there. I guess that's right. I remember now. I'll retract that happy memory statement.

So the Legislature was directly involved, and this issue, of course, was the first time that the State was responsible for the debt service.

ASSEMBLYMAN FRELINGHUYSEN: Actually, just for the record, the Legislature's involvement occurred in a rather interesting period of time. As you may remember, there was a lame-duck Legislature, and virtually, as the control was moving from one political party to another in both the Senate and the Assembly, the outgoing Senate President and the Speaker signed off obligating the State of New Jersey from now until whenever those bonds expire, to provide on an annual basis a certain funding which would increase on a multimillion dollar basis each and every year, for let's say, the next 25 or 30 years.

It was not--

ASSEMBLYMAN WATSON: Mr. Chairman.

ASSEMBLYMAN FRELINGHUYSEN: Excuse me, Assemblyman.

It was not done, I think, recognizing the responsibilities of the new legislative leadership. It was very much done as a last minute device to shut out the new majority from having any major say in that major commitment. The first time in the State when, in fact, the State of New

Jersey budget would be providing a major measure of financial security for the Authority, and changing, I think, forever our relationship with the Authority.

It was of great concern, as I'm sure it was reported to you that some of us were upset about the manner in which that was done.

MR. DEL TUFO: Well, I guess, if the Legislature was brought along, there were some people who weren't happy about it. So the answer to Assemblyman Russo's question is, that's what I was referring to.

ASSEMBLYMAN FRELINGHUYSEN: All right.

Assemblyman Watson, point of order, and then back to Assemblyman Russo.

ASSEMBLYMAN WATSON: Just a point of order: In those waning hours, I just wanted you to know that we had bipartisan support that evening. And on top of it was Mr. Gormley -- Senator Gormley -- if you recall, and also Mr. Edwards was there that evening for that legislation.

But on top of it, it was--

ASSEMBLYMAN FRELINGHUYSEN: Just for the record, there was no bipartisan support, Assemblyman Watson.

ASSEMBLYMAN WATSON: Well, Mr. Kavanaugh was a member of the Committee, and he was a sponsor of the bill.

ASSEMBLYMAN FRELINGHUYSEN: Let me respond. There was no bipartisan support for the Senate President -- the outgoing Senate President -- and the Speaker of the Assembly to sign the State of New Jersey into a responsibility of providing that debt for the next 25 or 30 years. That was done purely as a political action.

ASSEMBLYMAN WATSON: Mr. Chairman, we're talking about the bill, and in front of me I've got--

ASSEMBLYMAN FRELINGHUYSEN: You're talking about the bill. I'm talking about this other matter.

ASSEMBLYMAN WATSON: --a bipartisan sponsorship here. You have 10 "Ds" and 9 "Rs" on the sponsorship. And on top of that, at the final vote on the Assembly floor, you had 58 yeas and 12 no's, including 40 "Ds" and 18 Repubs. So now if that isn't bipartisan support, I don't know what is?

ASSEMBLYMAN FRELINGHUYSEN: I think the Democratic Budget Officer knows that the manner in which that was done was highly unusual, but things that appear before the Joint Budget Oversight Committee under the previous regime have been found to be quite unusual, as we all know here.

Back to you Assemblyman Russo.

ASSEMBLYMAN RUSSO: Thank you.

During your tenure did any Sports Authority official ever approach you with regard to unethical practices, besides that one instance you talked about with the vendor a few seconds ago?

MR. DEL TUFO: No.

ASSEMBLYMAN RUSSO: Nothing during that time?

Anything with regard to any of the rock promoters? No problems with regard to that -- with regard to any contributions?

MR. DEL TUFO: You're talking-- You're taking the incident Mr. Levine referred to and I referred to and putting it to one side, and you're asking about other things now?

ASSEMBLYMAN RUSSO: Yes.

MR. DEL TUFO: No.

ASSEMBLYMAN RUSSO: No. Besides that, no.

With regard to the bond issue, I had asked Mr. Levine a question. I think his reply was, he wasn't happy with the selection process. He didn't have enough time. He mentioned that he wasn't happy with the situation with regard to the selection of Tri-State Capital. Now, at the time that occurred, were you aware that they had not submitted a proposal with regard to the RFP?

MR. DEL TUFO: I didn't really get into the underwriters. I mean, that would be lost on me. I don't have that kind of expertise. I relied on our experts who made a recommendation to the Board that this was good for the State, and that this was in order. As long as the people were qualified to do the job, the fees were in line, and it was beneficial for the people of the State, that was fine with me.

I know that there have been in the past, and also in this bond issue, I think, probably efforts to include minorities and other types of underwriters. But I did not get into that.

ASSEMBLYMAN FRELINGHUYSEN: Mr. Attorney General, when you use the expression, "lost on me," isn't it true that as Attorney General you have to sign a letter attesting to the propriety and the thoroughness of your investigation as Attorney General, in the front of the prospectus?

MR. DEL TUFO: Again, you pick on a phrase that I have--

ASSEMBLYMAN FRELINGHUYSEN: While you may depend on a very professional staff, I would assume that that endorsement represents your vote of approval.

MR. DEL TUFO: I accepted the experts' view as to these underwriters, yes. I devoted most of my attention to the attorneys.

ASSEMBLYMAN FRELINGHUYSEN: Agreed.

Assemblyman Russo?

ASSEMBLYMAN RUSSO: Thank you, Mr. Attorney General.

MR. DEL TUFO: You're welcome.

ASSEMBLYMAN FRELINGHUYSEN: Are there any further questions for Mr. Del Tufo? (no response) Hearing none, thank you very much for your testimony.

MR. DEL TUFO: Thank you very much, Mr. Chairman.

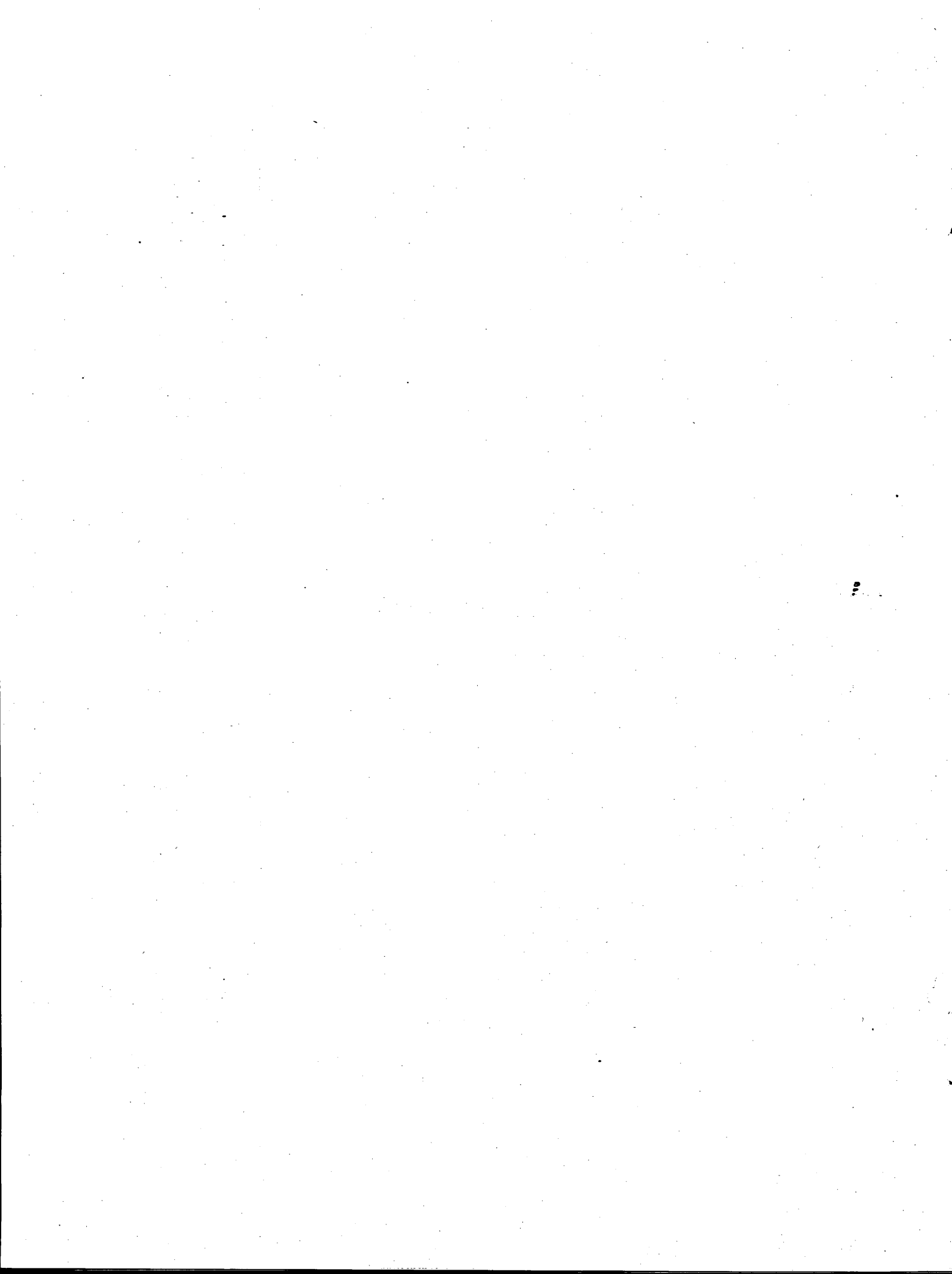
ASSEMBLYMAN FRELINGHUYSEN: This Committee is going to stand adjourned. At a date in the very near future, we will be

hearing from the other witnesses. I apologize to them for not including them today.

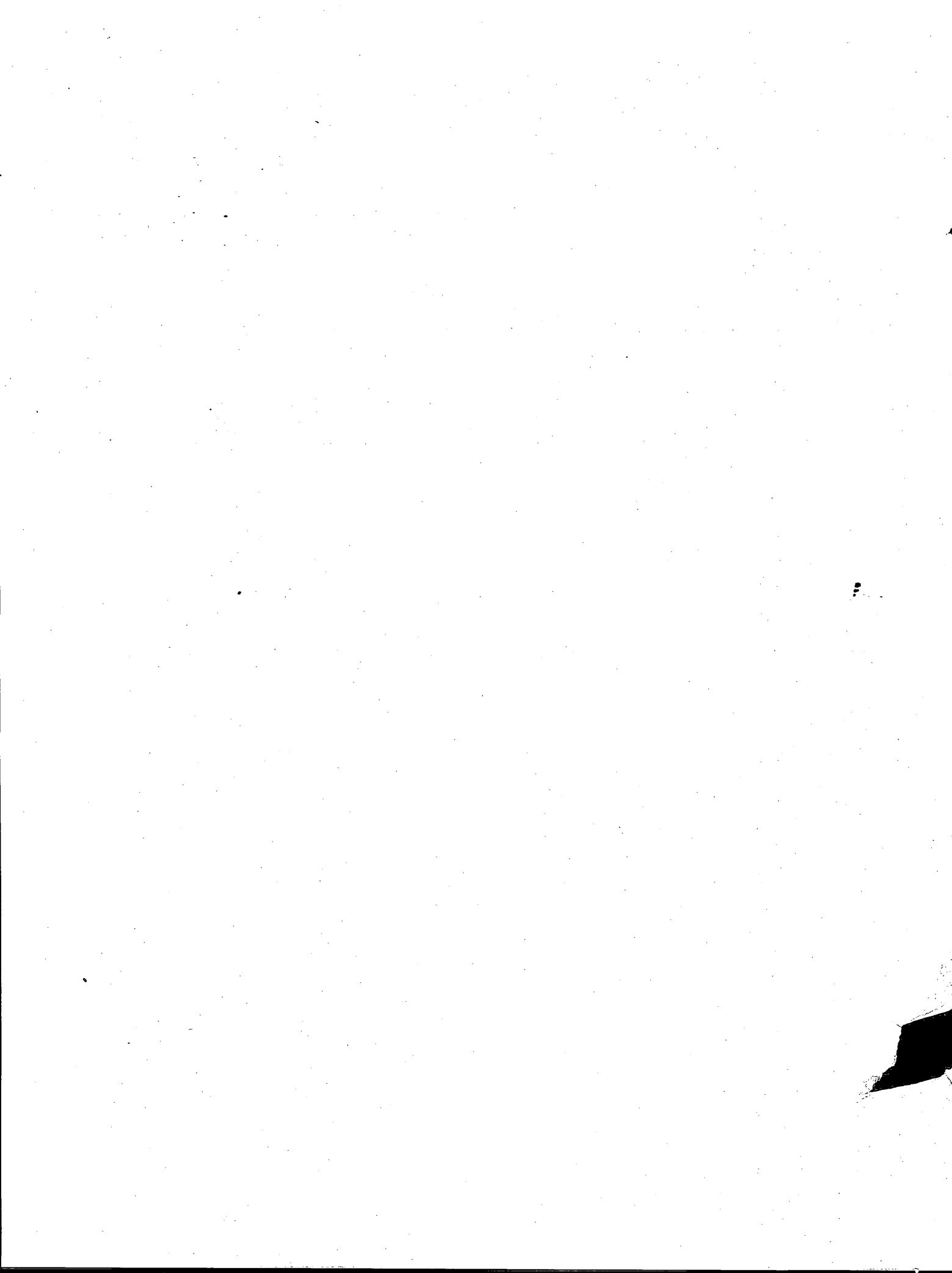
My thanks to the Committee, nonpartisan staff, partisan staff, and to our transcribing group for all their efforts.

Thank you. We stand adjourned.

**(MEETING CONCLUDED)**



APPENDIX



HELLRING LINDEMAN GOLDSTEIN & SIEGAL

COUNSELLORS AT LAW

BERNARD HELLRING (1916-1991)  
PHILIP LINDEMAN II<sup>^</sup>  
JOEL D. SIEGAL<sup>^</sup>  
JONATHAN L. GOLDSTEIN<sup>^</sup>  
JAMES A. SCARPONE †  
MICHAEL EDELSON †  
MARGARET DEE HELLRING<sup>^</sup>  
RICHARD D. SHAPIRO<sup>^</sup>  
CHARLES ORANSKY<sup>^</sup>  
RICHARD B. HONIG<sup>^</sup>  
RICHARD K. COPLON<sup>^</sup>  
ROBERT S. RAYMAR<sup>^</sup>  
RONNY J. G. SIEGAL<sup>^</sup>  
STEPHEN L. DREYFUSS<sup>^</sup>  
JOHN A. ADLER<sup>^</sup>  
ROBERT D. GILBERT †  
RONNIE F. LIEBOWITZ †  
JUDAH I. ELSTEIN<sup>^</sup>  
BRUCE S. ETTERMAN<sup>^</sup>  
RACHEL N. DAVIDSON<sup>^</sup>  
VAL MANDEL †  
SARAH JANE JELIN<sup>^</sup>  
MATTHEW E. MOLOSHOK<sup>^</sup>  
ERIC A. SAVAGE<sup>^</sup>  
DAVID N. NARCISO<sup>^</sup>  
SHERYL E. KOOMER †  
PETER STOMA<sup>^</sup>

<sup>^</sup> NJ & NY  
† NJ ONLY

ONE GATEWAY CENTER  
NEWARK, NEW JERSEY 07102-5386  
(201) 621-9020  
TELECOPIER (201) 621-7406

October 20, 1993

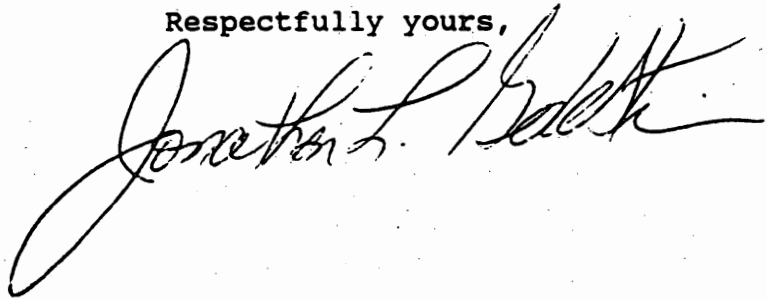
Hon. Rodney P. Frelinghuysen, Chairman  
Assembly Appropriations Committee  
10 Park Place  
Morristown, New Jersey 07960

Dear Chairman Frelinghuysen:

In response to the Committee's request, enclosed  
are redacted copies of documents referred to by  
Mr. Levine during his testimony on October 14,  
1993.

Respectfully yours,

JLG:aml  
Enclosure



1X



Peter L. Levine  
Chairman of the Board

To: Robert Mulcahy III  
Michael Rowe

From: Peter L. Levine

Date: October 31, 1990

Re: Political Fund-Raising Activities

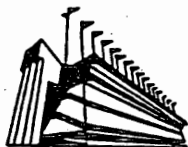
It is of the utmost importance that people doing business with the NJSEA have a crystal clear understanding that politics will not enter into any decision making. The perception and reality of this truism is a foundation element in the continuing unmatched success of the Meadowlands Sports Complex and other satellite NJSEA operations.

The rumblings, recently inflamed by outside interference, vividly highlights the good judgment and sound business logic of why an independent Authority must maintain its independent professional judgment and policies based on solely objective analysis. Towards that end, kindly communicate to all individuals working at the Authority, as well as vendors and other individuals and entities contracting business with the Authority, the following:

No outsider speaks for the NJSEA. Policy is established by the Board and implemented through our professional staff in an open, appropriate, businesslike manner. Everything that can possibly be bid should be bid in an "arms-length" manner. On those rare occasions when sole source items, or emergency procedures must be utilized, please know that good judgment based on quality, pricing, experience, and goal orientation, will continue to be the primary measurement standards. In order to maintain our position as the premier sports and entertainment complex in America, we must fight fiercely to protect our independent judgments without outside interference.

With the above in mind, I want to have an awareness of when anyone outside the Authority makes "representations" to anyone doing business with the Authority. Again, no one speaks for the Authority but appropriate Authority personnel. Perhaps more than any other state entity the Meadowlands Sports Complex represents the jewel in New Jersey's crown. We must use our respective offices to keep that jewel shining brightly for the sake of our staff, franchises, the public, and the image of New Jersey.

2x



Meadowlands Racetrack



Giants Stadium



Meadowlands Arena



Monmouth Park Racetrack

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY**

(201) 460-4010/East Rutherford, New Jersey 07073-0700



Peter L. Levine  
Chairman of the Board

October 4, 1990

Mr. Joseph C. Salema  
Chief of Staff  
Office of the Governor  
125 West State Street  
Trenton, NJ 08625

Dear Joe:

Whether people agree or disagree with individual legislative acts, one thing is for certain, our Governor is a man of total integrity and is dedicated to improving the quality of life in our state. That's the reality and the perception and these ingredients are vital to his continued successful leadership.

With the above in mind, permit me to communicate to you a few observances with specific recommendations regarding fund-raising:

1. I believe it's wrong for any vendor doing business with the state to serve as an official member of the DSC fund-raising apparatus. This does not mean that an individual or company should not have the right to make contributions within the ELEC guidelines. I'm simply stating that from an ethical and perceptual viewpoint, a state vendor should not serve as a formal fund-raising committee member. Simply stated, it looks bad and sends out the wrong signal to potential competitors.
2. If you agree with number 1, then I would suggest that you discreetly handle with the DSC, the recent membership of \_\_\_\_\_ as a member of the 1990 Governor's Gala Finance Committee. \_\_\_\_\_ is a most professional \_\_\_\_\_ who currently does extensive business with the NJSEA at the Meadowlands Sports Complex. This company promotes the majority of \_\_\_\_\_ at the Meadowlands and has from its inception. Everything, to date, has always been totally arm's length and non-political. The fact that he recently joined the Finance Committee makes me, as Chairman of the NJSEA, feel "uncomfortable." I know \_\_\_\_\_ to be an honest, legitimate guy, but the mere perception of his presence on the Finance Committee sends out the wrong signal.
3. Please know that I have already heard complaints from \_\_\_\_\_ another major \_\_\_\_\_ based in New York. At present, \_\_\_\_\_ has an exclusive contract with the \_\_\_\_\_ for \_\_\_\_\_ at the \_\_\_\_\_ in Holmdel. I know that \_\_\_\_\_ feels extremely concerned at the perception that \_\_\_\_\_ is very close to this administration. You and I know that this is not the reality, yet the appearance of \_\_\_\_\_ on the Finance Committee doesn't provide the perception of a level playing field.

3x



NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

(201) 460-4010/East Rutherford, New Jersey 07073-0700

4. Based on my experience, \_\_\_\_\_ and \_\_\_\_\_ are highly regarded in the NY/NJ metropolitan area. No one has ever been given favoritism by the NJSEA nor will anyone be given favoritism while I'm Chairman. - Still, the possibility of a negative public perception could unfairly and unfortunately do harm to the Governor should any vendor ( \_\_\_\_\_ ) be actively involved in fund-raising on behalf of the DSC, especially for the 1990 Governor's Gala to be held on November 8. I don't want either one of these \_\_\_\_\_ any vendor doing business with the NJSEA to feel that they have some kind of special closeness or advantage to the administration and its officials.
5. Permit me to further suggest that any vendor doing business with the state or any Authority be excluded from serving as members of the DSC or any Florio fund-raising committee. If they want to make a contribution, fine, but we must do everything possible to avoid even the appearance of a conflict or the perception that someone is being favored. No one should be favored based on "politics". Contracts should be given based solely on bottom line cost and efficiencies, proven competence and other objective, arm's length business factors.

I await your review of the situation and your guidance.

Respectfully,

  
Peter L. Levine

4X



Peter L. Levine  
Chairman of the Board

October 5, 1990

Mr. Robert E. Mulcahy, III  
President and Chief Executive Officer  
NEW JERSEY SPORTS & EXPOSITION AUTHORITY  
Executive Offices  
East Rutherford, NJ 07073

Dear Bob:

Enclosed please find copy of my letter dated October 4, 1990, to Joe Salema, the Governor's new Chief of Staff. While the letter is self-explanatory, I wish to highlight to you a few of my core thoughts about which I feel very strongly. I know that you share my views as reflected in all your attitudes and actions over the years as President and CEO of the N.J.S.E.A. Please note the following:

1. I believe it's wrong for any vendor doing business with the State to serve as an official member of the DSC/Florio fund-raising apparatus. This does not mean that an individual or company should not have the right to make contributions within the ELEC guidelines. I'm simply stating that from an ethical and perceptual viewpoint, a State vendor should not serve as a formal fund-raising committee member. It's wrong from every viewpoint. It looks bad and sends out the wrong signal to that vendor's potential competitors.
2. As we discussed, I was surprised and disturbed at seeing [redacted] appear at a recent meeting of the 1990 Governor's Gala Finance Committee. [redacted] is a most professional [redacted] who has always enjoyed an excellent relationship with the N.J.S.E.A. as a direct result of his abilities, having absolutely nothing to do with politics. The fact that he recently joined the Finance Committee makes me, as Chairman of the N.J.S.E.A., feel "uncomfortable." I know [redacted] to be an honest, legitimate guy, but the mere perception of his presence on the Finance Committee sends out the wrong signal.
3. Please know that I've already heard complaints from [redacted], another major [redacted]. I know that [redacted] feels extremely concerned at the perception that [redacted] is very close to this administration. You and I know that this is not the reality, yet the appearance of [redacted] on the DSC/Florio Finance Committee doesn't provide the perception of a "level playing field."
4. No one has ever been given favoritism by the N.J.S.E.A., nor will anyone be given favoritism while I'm Chairman. I couldn't care less if vendors are Republicans or Democrats. What I care about is competence, price, experience and reputation.



Meadowlands Racetrack



Giants Stadium

5x



Meadowlands Arena



Monmouth Park Racetrack

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

(201) 460-4010/East Rutherford, New Jersey 07073-0700

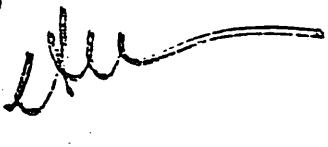
5. It should be made perfectly clear to all vendors that political contributions will not in any way favorably affect the objective decision-making process of the N.J.S.E.A. Board and staff. Vendors doing business with the N.J.S.E.A. should know in a crystal clear manner that this Authority will continue to show absolutely no favoritism.

We will continue to operate this Authority as an independent body making our decisions based solely on merit and good judgment. I believe it's timely for all N.J.S.E.A. officials, staff and vendors to again be reminded of our continuing arms-length practices and policies. To continue our role as the premier sports and exposition authority in the country requires totally independent, objective judgments...with absolutely no exceptions to this rule. I'm confident that no one would agree with this thinking more than our Governor. His very first Executive Order (#1) relates to improving the ethical standards and practices of government and those of us serving in public service.

Kindly communicate my strong feelings on this matter to everyone.

Respectfully,

Peter L. Levine



PLL:amf  
Enclosure  
cc: M. Rowe

6x