



C-1 End
11/13/72
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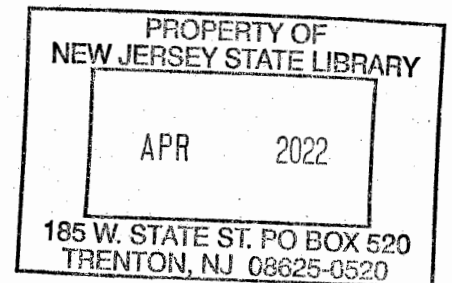
10-258

1345

STATE OF NEW JERSEY
GEORGE F. KUGLER, JR.
ATTORNEY GENERAL

August 1, 1972

Chairman Jack McCarthy
State Commission of Investigation
28 W. State Street
Trenton, New Jersey 08625



Dear Mr. McCarthy:

I have noted the recent response of the State Commission of Investigation to requests that my office be investigated with respect to certain allegations surrounding the handling of the Sherwin matter. In the interest of a fair trial for the defendants and for the State, I agree fully with the Commission's response. However, the allegations have continued to such an extent that the integrity of this office has been seriously questioned. Thus, it becomes essential that the public be made aware that my office welcomes any impartial investigation and will withstand any scrutiny thus imposed. In my view, the interest of the public in the integrity of this office is paramount.

For the foregoing reasons, I hereby invoke the provisions of N.J.S.A. 52:9M-4 and request that you conduct an investigation into the above allegations. My office, of course, stands ready to cooperate fully in the investigation.

I think in considering the progress of the investigation and the interest of both the State and the defendants to a fair trial you should bear in mind that I am immediately applying to the court for an early and firm trial date. I would anticipate that such a date can be had very soon after the new term of court.

In view of the fact that the charges have been made publicly against me in my office, I would like to request the opportunity to be present personally or through a representative at the time testimony is taken either publicly or privately.

Very truly yours,

George F. Kugler, Jr.

OFFICE OF SECRETARY OF STATE

INTER-COMMUNICATION

From: PAUL J. SHERWIN
Secretary of State

To: Joseph McCrane, State Treasurer
(Institution or Department)

Date: July 20, 1970

1346

EX C-2
11-13-72

RE: MANZO CONSTRUCTION CO.

I spoke with Florence about above Friday. Bill Loughran called to say this company wants to get back on the bidders list. Florence apparently needed additional info, and Loughran called this a.m., to advise as follows:

On July 13, 1970, J. R. Schuyler wrote to Manzo Re. Route 22, Section I E. stating that on Thursday, July 2nd, the Manzo Contracting Company submitted the lowest bid for Route 22, Section I E, in accordance with normal department procedure, staff of Department recommended to the Commissioner same for review and disposition. During the review they delved into the contract on Route 12 Section I B which was sublet in violation of specs and was brought to his attention. They state that "to the best of their knowledge you have not satisfied this department that you did not sublet the work of route 12 in violation of contract requirements thereof"....."In accordance with the record as it now stands your performance in connection with Route 12 project would dictate a recommendation to the Commissioner that your bid from the Mancuso Contracting Company for such project be rejected." "Any final action in connection with the recommendations concerning Route 22 project will be withheld until the end of the work day July 24 to provide you with an opportunity to present any information or documents which will satisfy the Department. the Manzo Contracting Company should be considered a responsible bidder in connection with the award giving Route 22 contract."

Per Loughran, Manzo refuses to join a group of road contractors who agree among themselves to only bid certain jobs. The other contractor, whose name he ^{Manzo} will not divulge is going to get the job when they get rid of Manzo.

C-3 Encl
11/13/72
ES

1347

August 4, 1970

To: Commissioner John C. Kohl
From: State Highway Engineer
Subject: Route 22, Section 1E, Manzo Contracting Company

Reference is made to an interoffice communication dated July 20, 1970 which was initiated by Paul J. Sherwin, forwarded to Joseph M. McCrone, and finally to your desk regarding subject contract.

By Commission Action initiated July 30, 1970 and approved by you on July 31, 1970, subject contract was awarded to Manzo Contracting Company.

A copy of the letter which was initiated by the writer is included herewith for your information. My letter to Manzo developed because staff was performing required duty in accordance with existing regulations which related to work previously performed by Manzo. Obviously since the Commission Action was initiated and award was recommended, the contractor satisfied the Department as requested by the writer on July 13, 1970.

The very last sentence of the basic memorandum (Sherwin to McCrone) prompts me to suggest that the Attorney General take depositions from Loughran and Manzo. The allegation gives the writer considerable cause for concern and should prompt an instant, vigorous investigation.

J. R. Schuyler
State Highway Engineer

Enclosure
cc: Assistant Commissioner Mullen
JRS:lco



1348

State of New Jersey
DEPARTMENT OF TRANSPORTATION

JOHN C. KOHL, COMMISSIONER
TRENTON 08625

August 7, 1970

C-4 Ends
11/13/72
EJ

MEMORANDUM

TO: George F. Kugler, Jr., Attorney General
FROM: David A. Biederman, Chief Counsel to Commissioner
RE: Manzo Construction Co.

The attached inter-communication between Mr. Sherwin, Secretary of State, and Mr. McCrane, State Treasurer, is self-explanatory. A copy of our Chief Engineer's explanation of the matter is attached for your further information.

What concerns me is the underlined portion of Mr. Sherwin's memorandum. The allegation in the second sentence of the referred to paragraph portrays an obvious ignorance of this Department's procedures. When a bid is rejected, for whatever reason, the contract must be rebid; it cannot be awarded.

The first sentence which makes an allegation of collusion is of primary concern to the undersigned. I recommend that the matter be immediately investigated. If Mr. Loughran and Mr. Manzo do not divulge the facts upon which this allegation is based, perhaps they should be subpoenaed to testify before the S.I.C.

This Department's problem with Manzo is not particularly articulated in Mr. Schuyler's memorandum. Apparently Manzo, in violation of the Department's specifications, subcontracted all of his Route 21 project by a single subcontract. He proved to the Chief Engineer's satisfaction, however, that his subcontract was, in effect, his own company and he was merely doing business under another trade name. In fact, he certified to the Federal government that the employees' withholding taxes were paid by Manzo himself. The reason for Manzo's use of this corporate device is unknown.

I bring this directly to your attention since I think the Cabinet should be instructed that any information alleging, inferring or implying any type of wrong-doing concerning any State agency should immediately be brought to your attention or at least to the Deputy Attorney General assigned to the agency.

C-3 Encl
11/13/72
W

1347

August 4, 1970

To: Commissioner John C. Kohl
From: State Highway Engineer
Subject: Route 22, Section 1B, Manzo Contracting
Company

Reference is made to an interoffice communication dated July 20, 1970 which was initiated by Paul J. Sherwin, forwarded to Joseph M. McCrane, and finally to your desk regarding subject contract.

By Commission Action initiated July 30, 1970 and approved by you on July 31, 1970, subject contract was awarded to Manzo Contracting Company.

A copy of the letter which was initiated by the writer is included herewith for your information. My letter to Manzo developed because staff was performing required duty in accordance with existing regulations which related to work previously performed by Manzo. Obviously since the Commission Action was initiated and award was recommended, the contractor satisfied the Department as requested by the writer on July 13, 1970.

The very last sentence of the basic memorandum (Sherwin to McCrane) prompts me to suggest that the Attorney General take depositions from Loughran and Manzo. The allegation gives the writer considerable cause for concern and should prompt an instant, vigorous investigation.

J. R. Schuyler
State Highway Engineer

Enclosure

cc: Assistant Commissioner Mullen
JRS:lcp



1348

State of New Jersey
DEPARTMENT OF TRANSPORTATION

JOHN C. KOHL, COMMISSIONER
TRENTON 08625

August 7, 1970

C-4 Ends
11/13/72
EJ

MEMORANDUM

TO: George F. Kugler, Jr., Attorney General
FROM: David A. Biederman, Chief Counsel to Commissioner
RE: Manzo Construction Co.

The attached inter-communication between Mr. Sherwin, Secretary of State, and Mr. McGrane, State Treasurer, is self-explanatory. A copy of our Chief Engineer's explanation of the matter is attached for your further information.

What concerns me is the underlined portion of Mr. Sherwin's memorandum. The allegation in the second sentence of the referred to paragraph portrays an obvious ignorance of this Department's procedures. When a bid is rejected, for whatever reason, the contract must be rebid; it cannot be awarded.

The first sentence which makes an allegation of collusion is of primary concern to the undersigned. I recommend that the matter be immediately investigated. If Mr. Loughran and Mr. Manzo do not divulge the facts upon which this allegation is based, perhaps they should be subpoenaed to testify before the S.I.C.

This Department's problem with Manzo is not particularly articulated in Mr. Schuyler's memorandum. Apparently Manzo, in violation of the Department's specifications, subcontracted all of his Route 21 project by a single subcontract. He proved to the Chief Engineer's satisfaction, however, that his subcontract was, in effect, his own company and he was merely doing business under another trade name. In fact, he certified to the Federal government that the employees' withholding taxes were paid by Manzo himself. The reason for Manzo's use of this corporate device is unknown.

I bring this directly to your attention since I think the Cabinet should be instructed that any information alleging, inferring or implying any type of wrong-doing concerning any State agency should immediately be brought to your attention or at least to the Deputy Attorney General assigned to the agency.

Mr. Sherwin's memorandum is dated July 20, 1970. I learned of it yesterday, August 4, 1970. I discussed it briefly with First Assistant Attorney General Schauer following our staff meeting yesterday.

Please advise if there is anything further you wish me to do in this matter.

DAB

Attachments

cc: Commissioner John C. Kohl

PAUL J. SHERWIN

C-5 Ends
11/13/72
ES.STATE HOUSE
TRENTON, NEW JERSEY 08625

October 8, 1970

Dear John:

I am attaching copy of Notice of Bid for Route U.S. 46 (1953), Sections 19A and 2B (Warren County), Federal Project No. RF-56 (17).

I understand that the budgeted amount for this contract was \$580,000. and since all bids were above that amount, there is an option on the part of the Transportation Department to review the higher bids and to seek bids once again for the contract work. On the other hand, I am told that you could accept the lowest bid since in this instance it is not too far removed from the maximum amount of \$580,000.

In this particular case, I would prefer that you reject the bids and request a rebidding and if you will telephone me on Tuesday, I will be glad to give you the reasons for my request.

Sincerely yours,



Paul J. Sherwin

Mr. John C. Kohl
777 West State Street
Apartment 11-B
Trenton, New Jersey

Enclosure as noted.

PJS:hm



State of New Jersey
DEPARTMENT OF TRANSPORTATION
JOHN C. KOHL, COMMISSIONER
TRENTON 08625

October 26, 1970

MEMORANDUM TO: Commissioner John C. Kohl ✓

As you are aware, the Department has been considering the award of a re-surfacing contract on Route U.S. 46, specifically Section 19A and 2B, for some weeks. This project, which was not originally on our schedule for the current year, was added at the request of local officials as an "emergency" project which, in the opinion of the Department's staff was warranted.

The original concept was to handle it on a rush basis, using bond funds, and to get the work underway by early September so that most if not all of the eight-mile project could be accomplished before winter. As the result of certain financial limitations, it became necessary to seek Federal participation, using a special classification of Federal funds only recently made available, and this delayed the advertising and receipt of bids for some four to five weeks.

During this same time interval, the asphalt shortage about which we had heard became more acute, and the State Highway Engineer thought it only proper, a decision in which I fully concur, to ask the successful bidder for some realistic and solid guarantee that he would be able to obtain the material with which to perform the work.

So much for history. The facts of the situation at the present time are as follows:

1. The low bidder was some 5% over the engineers' estimate and the second low bidder was some 8% over the engineers' estimate.
2. The best rate of progress in good weather is estimated at approximately 900 feet per day.
3. The low bidder did supply the Department with a written statement regarding the availability of material which, in the opinion of the State Highway Engineer, did not represent the type of commitment he has requested.

C-6 Encls.

11/13/72
IN REPLY, PLEASE REFER TO

1351

Route U.S. 46

Sec. 19A and 2B

F C

4. Although the original contract called for completion of the entire project by Memorial Day 1971, it was contemplated that by far the major portion of the work could be accomplished before winter. This is no longer possible.
5. Some verbal conversations with other bidders have indicated that all bidders are inclined to give the Department almost anything that might be requested in the way of verbal assurances, but it is extremely unlikely in view of our own information regarding the materials problem that the Department can get a solid written commitment.
6. The State Highway Engineer advised that even if the contract was awarded to the low bidder, it would be necessary to process a change of plan to alter the time schedule, since it is now impossible to handle it according to the strict contract language.

In view of all of the foregoing, I feel obliged to recommend that the Commissioner reject all bids and readvertise. This can and should be justified in a public statement citing the facts that the bids were above engineering estimates; the materials shortage casts some doubt on the ability of the contractor to perform; and the lateness of the year makes it impossible to accomplish a major portion of the work before winter. I further recommend that the engineering staff be directed to rearrange the contract immediately with a view to holding to the Memorial Day terminal date and readvertising immediately with only preliminary work to be performed before winter. If you concur in this recommendation, please advise and I will authorize the State Highway Engineer to prepare the necessary documents for your signature.

Russell H. Mullen
Assistant Commissioner, Highways

RHM:rb

cc: Mr. Schuyler

PERSONAL AND CONFIDENTIAL

BCC: Evan Jahos✓
James Petrella



JOHN C. KOHL
COMMISSIONER

STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION
1035 PARKWAY AVENUE
TRENTON, N. J. 08625

1355

C-8
11-13-72P
October 30, 1970

MEMORANDUM

TO: Commissioner John C. Kohl
FROM: David A. Biederman
RE: Route 46 Contract

On Tuesday, October 20, 1970, I received Mr. Richard Hale, President of Centrum Construction Company. Mr. Hale, who represented that he has been the moving spirit in the Citizens Highway Committee, recently established as a citizens aid to this Department, wished to know why the contract upon which he was the low bidder for Route U.S. 46 in Knowlton and White Townships, Warren County, had not been awarded. I investigated the matter.

Our Chief Engineer, Mr. Schuyler, advised me that the contract would not be awarded until the contractor had assured the Department that he had a sufficient supply of asphaltic material with which to do the job. Mr. Hale replied that he already supplied to the Department a letter from the supplier guaranteeing same. I advised him to contact Mr. Schuyler to meet whatever requirements this Department had and he later represented to me that he did so.

I later discussed this matter with you and you advised me that you had been requested by the Secretary of State, Mr. Sherwin, not to award the contract and to reject all bids so that the second bidder, Mr. Menzo represented by John E. Dimon State Republican Chairman, would have another shot at this contract. While the low bidder was above this Department's

estimates he was within the narrow percentage above said estimates usually used by Department as its criteria in awarding bids and would, therefore, if this were a normal matter, receive the contract. In addition, the Department both publicly and privately (see newspaper articles attached) represented that the project would be built and construction to start over a month ago. After discussion with you, you advised that the award would be made to the low bidder -- Centrum Construction Company and that Mr. Sherwin's request would be rejected. Later that day I discussed this matter with the Attorney General and advised him that in my view Mr. Sherwin's action was in derogation in policy of the bidding statutes. I further advised the Attorney General to take the matter up with Mr. Sherwin. His reply was that he would not do so, but thought that my Commissioner could do so.

Apparently on Monday, October 26, 1970, you reversed your decision to reject Mr. Sherwin's request. In light of the circumstances reviewed above I must object to the latter decision. This is to confirm my earlier verbal advice to you that Mr. Sherwin's request could be considered as part of a conspiracy to violate the bidding statutes regardless of the rationale utilized to throw out the bids if the prime motivation was simply to get Mr. Manzo another shot at this contract. Action in accordance with that request could be a direct violation of those statutes.

The best and proper course to take would be to award the contract to Centrum and fulfill the Department's promises to the local community with regard to the subject project.

DAB
DAB

Attachments



JOHN C. KOHL
COMMISSIONER

BCC: ✓ Evan Jahos

STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION
1035 PARKWAY AVENUE
TRENTON, N. J. 08625

*File
bid procedure*

*EX. C-8A
11-1772*

1357

October 30, 1970

MEMORANDUM

TO: Commissioner John C. Kohl
FROM: David A. Biederman
RE: Route 46 Contract

On Tuesday, October 20, 1970, I received Mr. Richard Hale, President of Centrum Construction Company. Mr. Hale, who represented that he has been the moving spirit in the Citizens Highway Committee, recently established as a citizens aid to this Department, wished to know why the contract upon which he was the low bidder for Route U.S. 46 in Knowlton and White Townships, Warren County, had not been awarded. I investigated the matter.

Our Chief Engineer, Mr. Schuyler, advised me that the contract would not be awarded until the contractor had assured the Department that he had a sufficient supply of asphaltic material with which to do the job. Mr. Hale replied that he already supplied to the Department a letter from the supplier guaranteeing same. I advised him to contact Mr. Schuyler to meet whatever requirements this Department had and he later represented to me that he did so.

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estimates he was within the narrow percentage above said estimates usually used by Department as its criteria in awarding bids and would, therefore, if this were a normal matter, receive the contract. In addition, the Department both publicly and privately (see newspaper articles attached) represented that the project would be built and construction to start over a month ago. After discussion with you, you advised that the award would be made to the low bidder -- Centrum Construction Company and that Mr. Sherwin's request would be rejected. Later that day I discussed this matter with the Attorney General and advised him that in my view Mr. Sherwin's action was in derogation in policy of the bidding statutes. I further advised the Attorney General to take the matter up with Mr. Sherwin. His reply was that he would not do so, but thought that my Commissioner could do so.

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The best and proper course to take would be to award the contract to Centrum and fulfill the Department's promises to the local community with regard to the subject project.

DAB
DAB

Attachments

Easton, Pa., Friday, Sept. 25, 1970

Clinton Firm Submits Low Bid For Reconstructing Route 46

The apparent low bidder for widening and reconstructing Route 46 between Buttzville and Columbia is Centrum Construction Corp., Clinton.

Bids for the project were opened yesterday by the state Department of Transportation.

Centrum Construction submitted a bid of \$803,571.

There were two other bidders, the Manzo Contracting Co., Matawan, \$907,657.50, and D. Stamato & Co., Andover, \$632,800.

Transportation Commissioner John C. Kohl said a contract will be awarded after the bids are studied by department engineers.

Terms of the contract call for completing the work within 70 working days.

Before Winter

A spokesman for the Department of Transportation said the department hopes the job can be finished before cold weather sets in, but the starting and completion dates depend on whether the commissioner can award the contract within a short time.

The project involves widening Route 46 from two 10-foot lanes

to two 12-foot lanes and resurfacing the roadway with a three-inch layer of bituminous concrete.

The condition of the highway has been a topic of complaint for several years.

Last June 19, traffic on Route 46 at Delaware was blocked for 15 minutes by about 40 Knowlton Township residents led by Mayor Robert S. Palazzo.

The blockade was designed to dramatize the residents' protest against hazardous conditions.

Waged Campaign

Palazzo, who had waged a campaign for improvement the previous year, said after the demonstration that state officials promised reconstruction would be forthcoming.

The protesters described the Knowlton Township portion of the road as "Death Alley," and called attention to the stretch's 20-month record of 95 accidents in which 85 persons were injured and eight were killed.

The Warren County Board of

Freeholders, responding to the township's pleas, urged traffic safety improvements.

The need for safety in school areas was emphasized by township officials, the board of education and PTA.

The Warren County League of Municipalities also urged prompt action.

Kohl and other officials inspected Route 46 in the Knowlton Township area last June at the request of state Sen. Wayne Dumont.

Numerous Potholes

One of the problems township residents cited was the number of potholes after spring thaws. Temporary patches crumbled because of heavy traffic.

During his campaign for improvements, Palazzo said an investigation into the cause of accidents on the highway revealed "no clear-cut causal pattern other than the condition of the highway itself."

He said the road "winds and twists" and is poorly banked,

lighted and marked." One of his chief complaints concerned crumbling shoulders.

Although the mayor called for a reduction in the speed limit to 40 miles an hour and banning of all passing on the four-mile township stretch, state traffic officials said last April that they found no need for changing the speed limit or instituting a no-passing zone.

In a letter to Washington Councilman Roger W. Masenior, president of the Warren County League of Municipalities, last July, Kohl announced plans for repaving the road "despite a record backlog of resurfacing needs."

Plans then called for letting contracts Aug. 1 and starting work Aug. 15.

Kohl said the "ever-mounting deterioration of our older highways" resulted from "a meager, pay-as-you-go funding policy" which the highway department had followed in its capital construction program for many years.

Expect Route 46 Repaving Start In Mid-September, Federal Approval Awaited

The state Department of Transportation will delay advertising of bids to reconstruct Route 46 in White and Knowlton townships until information is received from the U.S. Bureau of Public Roads on whether federal money can be acquired for the project.

But according to the department's assistant commissioner, Russell W. Mullen, the job will definitely begin by Sept. 15. Estimated project cost is \$750,000.

It was reported that the U.S. Bureau returned the state department's original plans of route reconstruction with recommendations that certain portions be "redone."

"Different elements," Mullen told the Star, "must be encountered in possible road reconstruction and these sketches cannot be done in a matter of days." He explained that the federal bureau will not approve funds until the design has been re-submitted. It is hoped the week will be done with 50 per cent federal and 50 per cent state funds.

Warren Sen. Wayne Dumont Jr., who investigated the situation,

said that it will be a "matter of weeks" before bids are advertised and another "several weeks" until the contract is awarded. But, the senator said, the job will be done.

Preliminary plans call for the widening of each side of the highway to 12 feet from Columbia east to Buttzville.

The entire section from Buttzville to Columbia in White and Knowlton Townships will be repaved and several areas will be super-elevated.

The elevation, which will raise one side of the road slightly above the other side will enable motorists to safely control their vehicles as they travel around the curve.

Knowlton Township Mayor Robert Palazzo, who has also kept contact with Mullen, was informed the improvements would be completed by this winter.

Route 46 in the two townships has been the scene of 95 accidents, 85 injuries and eight deaths over the past 20 months and five fatalities over the recent Memorial Day weekend.

Free Press
SEPTEMBER 9, 1970

ROUTE 46 WILL BE REPAIRED

Bids will be received September 24 on a project to reconstruct Route U. S. 46 in Knowlton and White townships in Warren County, it was announced by Transportation Commissioner John C. Kohl.

Less than two months ago, Commissioner Kohl wrote to local officials stating that the department planned this work in spite of a tremendous backlog of similar work, and a lack of maintenance money. The commissioner wrote in response to many communications from county and township officials.

The project extends from Columbia to Buttzville, a distance of 8.2 miles. The principal items of work will be reconstructing and widening the highway from two ten foot lanes to two 12 foot lanes. In addition a three inch

thick bituminous concrete resurfacing will be placed on the roadway.

In Manunkachunk, where the road surface is more seriously deteriorated, the roadway will be topped with a five and one half inch layer of bituminous concrete.

Commissioner Kohl said the department's problem with reconstructing the state's older roads which are deteriorating is "a meager pay - as - you - go funding policy." He added that the Department is well aware of the situation, which is state - wide, and said plans are underway to restore all the older highways to safer, smoother riding conditions.

The project, which is to be completed in 70 working days, will be financed 50/50 by state and federal governments.

1361

Clinton Award Contract Road Contract

CLINTON - Centruin Construction Corp. of Clinton, is the apparent low bidder for widening and reconstructing Route 46 between Buttzville and Columbia in Warren County, according to bids opened Thursday by the state Department of Transportation in Trenton.

The local firm bid \$663,871 for the job of widening the highway from two 10-foot lanes to two 12-foot lanes and resurfacing the roadway with a three-inch layer of bituminous concrete. The distance is approximately 10 miles.

The terms of the contract call for the completion of the work within 70 working days and the Transportation Department indicates the work will be done this Fall before cold weather sets in.



C-9 End
11/13/72
EJ

OFFICE OF SECRETARY OF STATE

INTER-COMMUNICATION

From: PAUL J. SHERWIN
Secretary of State

To: Commissioner John C. Kohl
(Institution or Department)

Date: October 29, 1970

Transportation

1362

C-9 End
11/13/72
EJ

RE: MEMO OCTOBER 5, 1970

The attached memo was sent to me with your initials affixed to the bottom and I am just wondering whether you actually sent this memo or whether perhaps it was mailed by one of your employees.

Incidentally, Florence is the secretary to Joseph McCrane and Bill Loughran is merely a friend.

PJS/bh
encl.

Biederman discussed
with Garvon 11/4
to explain to
in.

RECEIVED
SECRETARY OF STATE

1363



1970 OCT 26 PM 4:20 REPLY PLEASE REFER TO
STATE OF NEW JERSEY

State of New Jersey
DEPARTMENT OF TRANSPORTATION
JOHN C. KOHL, COMMISSIONER
TRENTON 08625

*P.C.
Attached!*

October 5, 1970

MEMORANDUM

TO: Paul J. Sherwin
Secretary of State

FROM: John C. Kohl
Commissioner of Transportation

RE: Manzo Contracting Co.

As you know, a meeting is being set up to discuss the problems of Manzo Contracting Co. You have previously submitted to me a background memorandum in this matter dated July 20, 1970 from yourself to Treasurer McCrane. Could you identify, for purposes of the meeting, two names appearing in the memorandum of whom we have no knowledge. Who is "Florence"? Who is Bill Loughran?

Thank you for your courtesy and cooperation.

J.C.K.
J.C.K.

Attachment

MSC

NEW JERSEY DEPARTMENT OF TRANSPORTATION
DEPARTMENT ACTION SLIP

1364

C-10 *Ench*
11/13/72
ES

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FOR ACTION BY COMMISSIONER

Award of Contract
Route U.S. 46 (1953)
Sections 19A & 2B
- Centrum Construction Corp.
October 1, 1970
Date

Approval is recommended in making Award of Contract to Centrum Construction Corp. at their bid, the lowest of three bids received on September 24, 1970 in the amount of \$603,871.00 for Route U.S. 46 (1953), Sections 19A & 2B from Paulins Kill to Route 31; Reconstruction, in the Townships of Knowlton and White, Warren County, Federal Project Number RF-56(17).

(Certificate of Award attached)

Upon approval of this action, the original is to be referred to the Division of Accounting for processing.

R. J. P. [Signature]
Supv. Hwy. Engr. 1, Bur. of Maintenance

10-2-70

Date

J. F. Andrews [Signature]
OCT 2 '70

Date

J. Schumley [Signature]
Director, Division of Maintenance

11-5-70

Date

APPROVE

Commissioner of Transportation

SCHEDULE _____ 1

51256

BIEDERMAN AND MULLIGAN
COUNSELLORS AT LAW
21 BRANT AVENUE
CLARK, NEW JERSEY 07066

1365

862-2222
AREA CODE 201

Please reply to:

ESSEX COUNTY OFFICE
17 ACADEMY STREET
SUITE 901
NEWARK, N.J. 07102
(201) 624-5275

DAVID A. BIEDERMAN
ROBERT L. MULLIGAN

March 22, 1972

Commissioner John C. Kohl
New Jersey Department of
Transportation
1030 Parkway Avenue
Trenton, New Jersey 08625

EX C 11
11-13-72
JP

Re: Crescent Construction Co., Inc.

Dear Commissioner:

This letter constitutes a formal request to re-instate Crescent Construction Co. as a qualified contractor for the Department of Transportation.

As you may recall, in October of 1970, Crescent Construction Co. was suspended by the Department of Transportation from being a qualified contractor. The reason for the suspension was primarily the indictment of the principals of the company, George and Louis Malanga. The company, at that time, was known as The Mal-Bros. Contracting Co.

The indictment against the Malanga brothers was a four-count indictment, and was returned on September 15, 1970. The counts were for filing false partnership information returns for the years 1965, 1966, 1967 and 1968. In November of 1971, the United States Attorney requested of George and Louis Malanga that they plead guilty to one count of the indictment, that count being the 1968 partnership return. Three counts were to be dropped.

In January, 1972, George Malanga pleaded no lo contendre to one count for filing a false partnership information return for 1968. Louis Malanga pleaded guilty to the same

1366

count. The other three counts were dismissed. Both brothers were sentenced by Judge Lawrence Whipple of the U. S. District Court to a fine of \$5,000 each, plus a two year suspended sentence and were both put on probation for a period of three years. The fine was paid immediately, and Judge Whipple indicated that after six months probation he would review the facts with respect to the continued term of probation.

This request for re-instatement is based upon the time-honored principle of justice that once a man has paid his debt to society in a criminal case, it is completely finished. Our penal system operates under the principle of rehabilitation. In the instant case, the Malanga brothers have paid their penalty under the Federal law. We believe the penalty imposed by the State in terms of suspension from qualification should now be lifted in the interests of rehabilitating the company and its principals. Not only have the principals suffered from the disqualification, but also the 250-500 employees, which include a 15% minority work force.

In the three year period prior to the disqualification, this company had performed \$36.5 million worth of work for the Department of Transportation. Their work was not merely rated excellent, but they were rated the best contractor in terms of achievement for the State of all the contractors doing business with the State. The Department of Transportation engineers can testify to this fact. During this period, the company paid \$4 million in Federal income taxes and \$500,000 in State taxes. Indeed, the Malanga brothers paid all of the taxes due to the Government. Their only crime was a reflection on their partnership information return of a single fact which turned out to be untrue. This resulted from doing another construction company a favor. Outside of this fact, to which they pleaded, they are now completely clean and have a complete bill of health from the U. S. Attorney.

During their period of travail, two companies, both regulated by the State of New Jersey, continued to stand by the company. Those companies were the National Newark & Essex Bank, which handled their banking and advanced credit to the company; and the Aetna Bonding Company, which continued to bond the company through this period.

March 22, 1972
Page Three

1367

Unfortunately, the financial position of the company is now in extremis. Unless the company is re-instated quickly, they will have to literally put the key in the door and go out of business.

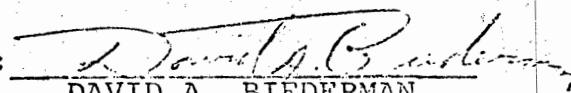
On the basis of the above facts, and in furtherance of the State's policy of rehabilitation in penal cases, as well as the well-known scarcity of qualified contractors available to the Department of Transportation at this time, we respectfully request immediate re-instatement as a qualified contractor with the Department of Transportation of Crescent Construction Co.

Thank you for your courtesy and cooperation in this regard.

Respectfully Submitted,

BIEDERMAN & MULLIGAN
Attorneys for Crescent
Construction Co.

By:


DAVID A. BIEDERMAN

DAB:lg

cc

Givien

MAR 29 1972

BIEDERMAN AND MULLIGAN
COUNSELLORS AT LAW
21 BRANT AVENUE
CLARK, NEW JERSEY 07066

1368

DAVID A. BIEDERMAN
ROBERT L. MULLIGAN

862-2222
AREA CODE 201

ESSEX COUNTY OFFICE
17 ACADEMY STREET
SUITE 901
NEWARK, N.J. 07102
(201) 624-5275

March 27, 1972

EX C-12
11-13-72
JP

Commissioner John C. Kohl
New Jersey Department of
Transportation
1030 Parkway Avenue
Trenton, New Jersey 08625

Re: Crescent Construction Co., Inc.

Dear Commissioner:

This letter supplements our letter to you of March 22, 1972, requesting the reinstatement of Crescent Construction Company as a qualified contractor for the Department of Transportation. We now request a formal hearing on this matter. Please schedule same at your earliest possible convenience.

The undersigned is being substituted for in this matter by Jack Okin, Esq. of the firm of Okin, Okin, and Samnick, Newark, New Jersey. Since I represented the Department at the earlier hearing, which resulted in the disqualification of Crescent Construction Company, then known as Mal-Bros Construction Company, my representation of Crescent may constitute a conflict of interest. Any further correspondence in this matter will be directed to you by Mr. Okin. Thank you for your courtesy.

Very truly yours,

BIEDERMAN & MULLIGAN

By:

DAB:jg
CC: Alfred Hardell
Honorable Pierre Garven

C
O
P
Y

George F. Kugler, Jr.

Edward B. McConnell

Attorney General

Administrative Director of the

April 6, 1972

Courts

Re: David A. Biederman, Esquire

It is with regret that I call to your attention and to the attention of the Supreme Court the conduct on the part of the above-named lawyer which, in my opinion, probably warrants some disciplinary action.

David A. Biederman, Esquire was a Deputy Attorney General and Chief Counsel to the Department of Transportation until November 12, 1971. He had been a deputy assigned to the Department of Transportation for a number of years; and, several months after I came here, I made him Chief Counsel. After having left state service, he has been practicing under the firm name of Biederman and Mulligan, 21 Brant Avenue, Clark, New Jersey. Robert L. Mulligan is also a former Deputy Attorney General who recently resigned his position.

While working for the Department of Transportation, Mr. Biederman personally conducted a disqualification hearing before Commissioner Kohl involving a contractor known as Mal-Bros. Construction Co. The Commissioner issued an order of temporary disqualification. This decision was appealed to the Appellate Division. The matter was argued by David Biederman as counsel of record for the State and was affirmed in a recorded decision (Mal-Bros. Contracting Co. vs. John C. Kohl, Commissioner of Transportation, 113 N.J. Super. 144).

Not too long ago, Robert Mulligan (Mr. Biederman's present partner) attempted to talk to me about this matter, indicating that they were representing Mal-Bros. and that they wanted to request a re-instatement of their certificate of qualification. At that time, I refused to discuss the case with him because of what I felt was a serious conflict of interest.

Recently, I was advised that Mr. Biederman had sent a letter of application to the Commissioner of Transportation on behalf of this same group of people for re-instatement. The company is now known as "Crescent Construction Company, Inc." I attach a copy of that detailed letter from Mr. Biederman to Commissioner Kohl, dated March 22, 1972 making the plea for re-instatement.

Edward B. McConnell, Administrative
Director of the Courts
April 6, 1972
Page 2

I also attach a copy of a letter from Biederman to Commissioner Kohl, dated March 27, 1972 which points out a "possible conflict" and then informs the Commissioner that another attorney will be substituted at the subsequent hearing (Jack Oakin, Esquire).

On April 5, 1972, a hearing was held before Commissioner Kohl. D.A.G. Alfred L. Nardelli, who is now the Chief of the Transportation Section of my office, conducted the questioning before the Commissioner. At that time, Mr. Oakin appeared for Crescent Construction Co. and Mr. Biederman sat in the back of the room. I am told by Mr. Nardelli that at least on one occasion Mr. Biederman passed up suggested questions listed on a piece of paper to be asked by Mr. Oakin. Further, when his presence was noted in the room by Commissioner Kohl, he got up and made a statement on behalf of the applicants for re-instatement, indicating that he was appearing as a "character witness." I also attach a copy of the transcript of his statement in that connection.

I would appreciate your arranging to have this matter follow the usual procedure for disciplinary proceedings consistent with the conduct that is found by the court to have existed.

I have been reluctant to bring this matter to the Court's attention because I do not wish to be vindictive. However, I feel it is my duty to protect the State under these circumstances. There are other cases in which Mr. Biederman has appeared for clients who had matters before the Transportation Department when he was Chief Counsel. In those cases, to my knowledge, he did withdraw and substituted someone else.

It seems to me now that someone has to further impress on Mr. Biederman that he cannot act for both sides of a case on alternate dates, whether he is a character witness or an attorney is immaterial in my opinion. If there is any further information I can supply, please advise. I am advising Mr. Biederman that I am taking this action; and, it is certainly agreeable to me if you or the Court desire to forward a copy of my letter to Mr. Biederman.

George F. Kugler, Jr.

GFK:bah

Attachments

EXC-13
11-63-12
JP

1 occupations. It requires them to associate
2 with law abiding persons and maintain reasonable
3 hours. These are the things which they have
4 got to do because the Probation Department tells
5 them to do it even if they didn't want to do
6 it. And we feel that during this period they
7 are under guidance by the Probation Department,
8 the people that they can contact or talk to
9 are limited because one of the conditions is
10 that they shall only associate with law abiding
11 persons. We feel that they have paid their
12 penalty and they should be reinstated and the
13 people that are working for them, let them have
14 a future also.

15 Thank you.

16 COMMISSIONER KOHL: At this point I might
17 note the presence of Mr. David Biederman, who
18 was the legal counsel to the Department at the
19 time of the prior hearings. I am wondering,
20 Mr. Biederman, whether you are here as an
21 interested observer or in some other capacity?

22 MR. BIEDERMAN: I am here as an interested
23 observer, but I would like to make a comment for
24 the record.

25 I have come to know these gentlemen. They

1 approached me to handle this matter some
2 time ago, and I couldn't because there is a
3 conflict, but I've come to know them since I
4 have left State Government.

5 Mr. Nardelli raised an interesting point
6 about what they learned.

7 In my experience in government, I can state
8 for the record, that I think they have learned.
9 I think they are certainly rehabilitated. This
10 time they will check the tax returns, they're
11 going to be good law abiding people. I'm saying
12 this, perhaps, as a character witness. I've
13 met these men and their families, and if anybody
14 deserves to be reinstated, they should. There
15 should be an end to punishment. I was partially
16 responsible initially for their debarment. I
17 handled the matter for the State. And the
18 State has rightfully punished them. But there
19 should come an end. The business will go
20 into bankruptcy and collapse. In effect, the
21 State will have punished these people far more
22 than the Federal Judge felt they should have
23 been punished. The Federal Judge had the
24 advantage of professional probationary reports,
25 and they have paid their price.

1 As an interested observer, I think the State
2 should not go beyond what the Federal Judge
3 has punished them for, and I think they should
4 be reinstated.

5 COMMISSIONER KOHL: I might comment both
6 to Mr. Okin and Mr. Biederman's point here in
7 respect to the basic issue of moral integrity.
8 There is, I think, as a result of testimony
9 here this morning, the question of financial
10 stability, financial future of the firm of
11 Crescent Construction Company, and there is the
12 temptation to undertake extreme measures to
13 insure against loss and under such circumstances
14 I think the issue of moral integrity has to be
15 brought to the fore, and that the character of
16 the principals in the operation becomes a very
17 prime question.

18 For that reason, any remaining doubts with
19 respect to the first item in the previous
20 proceedings, the matter of the Kantor case, is
21 perhaps of even greater import than the issue
22 of the tax situation.

23 MR. BIEDERMAN: Commissioner, if I may,
24 I was out of the room when Mr. Louis Malanga
25 testified, but the United States Attorney's

1 office has given these gentlemen a clean bill
2 of health, no further investigations, and that
3 matter is complete laid to rest. If there is
4 any doubt, I suggest you call Mr. Stern and find
5 out for yourself. The U.S. Attorney approached
6 them to plead and assured them that that would
7 be the end of it. One count on a four count
8 indictment, no custodial sentence.

9 COMMISSIONER KOHL: Should we not make
10 clear for the record then, Mr. Nardelli, that
11 situation? I think, as I understood the earlier
12 testimony, neither George Malanga or Mr. Louis
13 Malanga had any further comment with respect
14 to that matter of Kantor and the record would
15 not show the point that Mr. Biederman has just
16 raised.

17 MR. NARDELLI: Well, did you wish Mr.
18 George Malanga or Louis Malanga to come back
19 on the stand and then discuss that?

20 MR. OKIN: Yes.

21 MR. NARDELLI: Fine. Let's do it.

22 G E O R G E D. M A L A N G A, having been previously
23 sworn, resumed the stand and testified as follows:

24 REDIRECT EXAMINATION
25 BY MR. NARDELLI:



State of New Jersey
DEPARTMENT OF TRANSPORTATION

From the desk of

JOHN C. KOHL

Commissioner

Date OCT. 9, 1970 To RUSSELL H. MULLEN

STOP EVERYTHING ON THE AWARD
OF CONTRACT FOR ROUTE 46,
SECTIONS 19A AND 23 UNTIL I
CAN TALK TO YOU LATER THIS
AFTERNOON. FREEZE EVERYTHING.

10:00 10/9 J. C. K.
J. C. K. 10/14 ✓
Above telephoned to Mr.
Schuyler by 3:00 PM. ✓

C-14 Ends
11/13/72
El

1375

EX C-15
11-13-72
JP

1376

The New Jersey Department of Transportation today announced a determination to reject all bids previously received on a major resurfacing of Route U. S. 46 in Knowlton and White Townships, and to re-advertise promptly for new bids for the work to be performed on a revised time schedule.

Commissioner John C. Kohl said the Department made the decision "with great regret" because of the project's urgency. The Commissioner initiated the project on a crash basis earlier this year after touring the eight-mile section of highway at the request of Senator Wayne Dumont and other local officials.

"We made a commitment to Senator Dumont, to the Mayors, and to the residents of the area that we would initiate this work very promptly," the Commissioner said, "and we feel very badly that changed circumstances have compelled us to re-arrange some of the details in the contract. After very careful review, and in a desire to be fair both to the tax-paying public and the successful contractor, we had no option but to reject the bids previously submitted and revise the contract."

A spokesman for the Department indicated that the factors which influenced the decision include the following:

1. Both the lowest and the next lowest bid were slightly over engineering estimates of the cost of the work.
2. A shortage of raw materials required for the manufacture of bituminous concrete pavement which began to manifest itself earlier in the year, has now become more acute, casting some doubt on the availability of material required for the contract.
3. The original time schedule called for the contractor to be on the job some weeks ago, making it possible to complete the project before the

onset of summer traffic on a working day basis. It now appears that a change of plan is absolutely necessary in order to accomplish a major portion of the work without undue traffic interference.

1377

"We are aware that this decision will be extremely disappointing to the residents of the area affected by this improvement, and to all of the local officials, led by Senator Dumont, who made such strong representations on behalf of it," Commissioner Kohl said, "and we would like to assure them that this project will be re-advertised in the shortest possible time and that it will be given the greatest possible priority. The Department's decision does not represent an abandonment of its pledge to improve the safety and capacity of this section of Route U. S. 46. We will do our very best to see to it that all possible preliminary work is completed during the winter months and the final repaving is handled in the most expeditious manner in the spring."

The project extends from Columbia to Buttzville, a distance of 8.2 miles. The principal items of work will be reconstructing and widening the highway from two ten foot lanes to two 12 foot lanes. In addition a three inch thick bituminous concrete resurfacing will be placed on the roadway.

In Manunkackunk, where the road surface is more seriously deteriorated, the roadway will be topped with a five and one half inch layer of bituminous concrete.

Pending the planned development of Interstate Route 80 west of Netcong, this section of Route 46 carries 10,000 vehicles a day. Traffic volumes are expected to reach 13,000 a day by 1985.

At present, Route 46 accommodates one lane of traffic in each direction. From about 1,400 feet north of County Road 519 to 1,300 feet east of Beaver Brook, it will be improved to carry two lanes of westbound traffic. An adjacent two-lane

roadway will be built to carry eastbound traffic. A grass median will separate the two roadways.

1378 Turn slots and jughandles will be installed at the Sarepta intersection and the two connections with Route 519, and a new bridge will be built over Beaver Brook. The different phases of work will be scheduled to avoid major traffic interference.

#



1379

IN REPLY PLEASE REFER TO

State of New Jersey
DEPARTMENT OF TRANSPORTATION
JOHN C. KOHL, COMMISSIONER
TRENTON 08625

EX C-16
11-13-72
JP

November 4, 1970

MEMORANDUM

TO: Russell H. Mullen

FROM: David A. Biederman, Esq.

RE: Route 46, Section 19A & 2B Contract

The Commissioner discussed the above captioned matter with me on Monday, November 2, 1970, and due to his illness asked me to confirm his decision in the matter to you by this memorandum.

Although initially persuaded by your memorandum of October 26, 1970, to reject all the bids on the subject contract, the Commissioner's review of the file subsequently led him to the decision to award the contract to the present lowest responsible bidder, namely Centrum Construction Company. You may recall that you personally have been quoted in the public press and have represented to the local community and their elected representatives that this contract would be awarded in September and that it should cost approximately \$750,000. The low bid is approximately \$148,000 under your estimate and although it is some 5% over the engineers' estimate it has been the Department's custom to normally award contracts to the low bidder who is within that percentage.

In addition, some progress in building the road is better than no progress since the Department made a public commitment to begin this project in September the Commissioner felt that we should fulfill that commitment regardless of the technical objections you raise in your memorandum.

You are, therefore, authorized to proceed immediately in accordance with the Commissioner's instruction in this matter.

DAB
DAB

CC: Commissioner John C. Kohl

file # Rt. 46, Sec. 19A + 25
100 - Rt. 35 1381

Department of Law and Public Safety



Inter-Communication

From: Attorney General Kugler

To: DAG David Biederman

Date: November 4, 1970

(Institution or Department)

Re: Manzo Contracting Company

Neither the Director of Criminal
Justice nor I feel there is any further action
action required in the above matter.

*Centrum
Contracting
C. P.*
awm

GFK

1382



IN REPLY PLEASE REFER TO

Route 46
Section 19A & 2B


State of New Jersey
DEPARTMENT OF TRANSPORTATION
JOHN C. KOHL, COMMISSIONER
TRENTON 08625

November 4, 1970

EX. C-17
11-13-70
CK

MEMORANDUM TO: Mr. J. R. Schuyler

Attached is a copy of a memorandum from Mr. Biederman which speaks for itself. Accordingly, please immediately withdraw your letter to the Federal Highway Administration requesting rejection and readvertisement and instead ask for concurrence award of the contract.


Russell H. Mullen
Assistant Commissioner, Highways

RHM:rb

Commissioner's Office, awarding contract to Pentecost Contract
signed by S.A.E. 11/5/70 + forwarded to Port. Comm. Whelan
(Copy of C.A. included in the file). M.L.

Centrum

1383

CONSTRUCTION CORP.

PAVING • EXCAVATING • SEWERS

45 HIGHWAY 22 • CLINTON, N. J. • 201-735-4800

EXC-18
11-13-72
JP

October 14, 1970

Mr. Ralph Stelljes
Director of Division of Construction
N.J. Department of Transportation
1035 Parkway Avenue
Trenton, New Jersey 08625

Re: Rt. #46, Section 19A
and 2B

Dear Mr. Stelljes:

Please refer to the attached letter from Edison Asphalt Corp. Also, other commitments have been given.

Considerable effort has been made to obtain a definite commitment during this severe asphalt cement shortage from the major refineries and suppliers in New Jersey.

Due to much effort thus far, I firmly feel that Centrum Construction Corp. will be granted at least equal opportunity for available supply. Understandably, during the existing crisis, job award is an imperative requisite for the firmest commitment.

Yours truly,
CENTRUM CONSTRUCTION CORP.

Richard M. Hale
Richard M. Hale
President

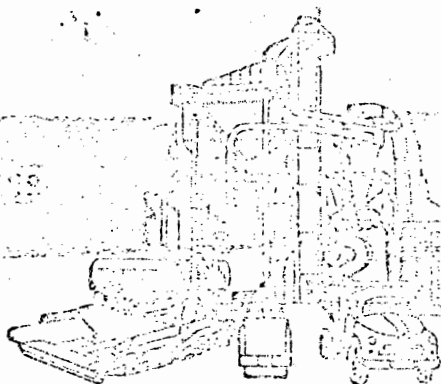
RMH:bp

cc: Mr. R. Rice
Mr. W. Booream

10-23-70

*Signs and gives to JPS by Mr. W. Booream.
Rep. to Stelljes. 100*

EDISON ASPHALT CORP.



Liberty 8-5474

MANUFACTURERS OF BLACKTOP • SALES • PAVING RENTALS

October 14, 1970

Mr. Ralph Stelljes
Director of Division of Construction
N.J. Department of Transportation
1035 Parkway Avenue
Trenton, New Jersey 08625

Re: Rt. #46, Section 19A and 2B

Dear Mr. Stelljes:

This is to confirm the availability of Edison Asphalt Corp. to supply material for subject job to Centrum Construction Corp. during the years 1970 and 1971. If further information is needed, please contact me immediately.

Sincerely yours,
EDISON ASPHALT CORP.

Richard M. Hale
Richard M. Hale
Secretary

RMH:bp

cc: Mr. R. Rice
Mr. W. Booream



C-20 Exh
11/14/72 EL

September 18, 1970

To: Mr. J. Freidenrich
From: State Highway Engineer
Subject: Asphalt Supply

The reported asphalt shortages prompts the necessity of promulgating Department policy relating to the current situation.

On all contract construction, reconstruction, and maintenance the Department will give consideration to extensions of time for performing subject work when it is clearly documented that the fuel crisis has in essence been responsible for noncompliance with contract provisions relating to time of completion.

The documentation should include but not be limited to the following exhibits:

- A. Contract between our prime contractor and our subcontractor, if appropriate, relating to performance of bituminous paving work.
- B. Contract between bituminous concrete supplier i.e., "plant" and prime of subcontractor for furnishing of material, together with certified statements from that plant ownership that they are unable to comply with the provisions of the contract because of shortage of asphalt. These statements shall include further order requests and/or contracts made between the "plants" and producer ("petroleum refinery") together again with a statement from the appropriate official of the producer that the oil company or refinery is unable to meet its obligations, because of the scarcity of the imports or asphalt being available in this country.
- C. Evidence that the contractor or subcontractor is in good standing with plant and is not the victim of discrimination or rationing because of many possible reasons. The same shall also apply between "plant" and producer.

In order to minimize the impact of the shrinking asphalt supply, the Department will give consideration to requests for changes of plan when initiated by the contractor in those areas where asphalt pavement or base is specified. For example, it may be practical in the case of detour roads, in the interest of expediting other work on a project, to one of the following substitutions in the place of asphalt pavements or bases:

Bases: Live-fly ash soil stablization, soil cement stablization, calcium chloride soil stablized bases, and substituting a surface treatment of tar and cover stone in lieu of bituminous concrete pavement. The use of plain portland cement concrete pavement may even be appropriate in certain locations. It will be necessary to review such proposals in relation to volume of traffic, loads, and anticipated subgrade conditions.

The Department will also look favorably upon stage construction of the various components of the entire pavement cross section. For example, traffic can operate on bituminous stablized base courses over one winter with the finished pavement surface being constructed a later date and prior to completion of the contract.

On work for which bids have been taken and not awarded, and it is apparent with proper justification--especially on maintenance resurfacing projects--that a supply of asphalt is not available, work should not be allowed to commence unless there is a reasonable chance that a particular phase of paving being completed and available to traffic. This precaution will have to be investigated so we will not be confronted with open excavations which are annoyance to the travelling public and could possibly be hazardous if allowed to remain in existence for any extensive length of time.

J.R. Schuyler

JRS/cv

cc: Mr. J.R. Cunningham
Mr. W.J. Schonwald
Mr. R.M. Stelljas
Mr. J.F. Andrews
Mr. J.C. Reed
Mr. O.H. Jansson



C-21 Ends
11/14/72

IN REPLY PLEASE REFER TO
File 5-A, Asphalt
Current Shortages

State of New Jersey
DEPARTMENT OF TRANSPORTATION
JOHN C. KOHL, COMMISSIONER
TRENTON 08625
Division of Materials

1387

C JCR:lkw

July 22, 1970

MEMORANDUM TO: Mr. J. R. Schuyler

A conference yesterday with representatives of the Atlantic-Richfield Company of Philadelphia has thrown some additional light on the current reported shortage of bituminous materials, that has brought available crude stocks in the United States from an average 21-day supply to seven days.

It seems that a combination of causes has precipitated the current shortage, aggravated by seasonal demands that are up 20-30% above normal for asphaltic materials. The root of the trouble seems to be a combination of international politics and a world wide concern with pollution. Because of the political situation in the Near East, the amount of crude oil being produced and shipped has been sharply reduced. Tankers, not being able to transit the Suez Canal, travel around South Africa, consuming more time and much higher costs for shipping. Europe, like America, has a pollution problem and has greatly reduced consumption of coal, in favor of oil, as many of our power plants have done.

In order to augment the Mid-East fuel supply, Europe is taking high asphaltic crudes from South America and burning them as fuel. All of this adds up to a critical shortage of crude imports on our Atlantic Coast, and especially affects asphalt production as asphalts are being made from crudes with a much lower asphalt content.

Of immediate concern to ARCO is the supply of asphalt cut-back RC 800, normally carried in bulk stock at the

July 22, 1970

-2-

Asphalt-Current Shortages

1388

Paulsboro Terminal where we can presample it and approve the material prior to use. Contractors in Southern New Jersey wishing to procure this material from ARCO will have to obtain it from their Philadelphia Refinery, where it is produced by blending the asphalt stock with a diluent through a computerized blender at the time of shipment. This precludes prior sampling and approval.

For the duration of the emergency we have given ARCO permission to ship the New Jersey contract work, including State Aid, at the producer's risk, pending approval of job samples. The Bureau of Plant Inspection plans to take random samples of RC 800 as opportunity permits, and will receive from ARCO their laboratory tests and copies of the automatically produced blender tickets. Because the asphalt stock at the Philadelphia Refinery used in blending may be a little harder than our specifications permit, we can expect some deviation in the penetration test at 77 deg. F. It is not expected that this deviation can be detected in the use and the performance of the material.

Copies of clippings from the "Oil Daily" of July 14 and the "Wall Street Journal" of July 15 are enclosed as additional information.

Signed


J. F. Reed

cc: R. H. Mullen
J. Freidenrich
J. F. Andrews
A. A. Faxon

Enclosures (2)

Form #AD-2

MEMORANDUM REFERENCE SLIP
DEPARTMENT OF TRANSPORTATION
STATE OF NEW JERSEY

Date 7/23, 19

THE ATTACHED IS REFERRED TO

Mr. J. L. Schuchman

FOR

General Information

FROM

J. C. Reed



Asphalt Shortages

State of New Jersey

DEPARTMENT OF TRANSPORTATION

JOHN C. KOHL, COMMISSIONER
TRENTON 08625

C-22 Encls.

11/14/72

El

1390

OPY FOR: Mr. J. R. Schuyler

CF

July 29, 1970

MEMORANDUM TO: Mr. R. H. Mullen

As a follow-up to your office being contacted by Senator Sears concerning an imminent shortage of bituminous materials, on July 27, 1970, I contacted, by telephone, Mr. Richard Cubby of Tri-County Asphalt and Mr. Ted Keller of Bosch-King Company and solicited the following information: The Humble Company has placed all of their bituminous producer customers on an allocation of 80% of last year's purchases. The Shell Company has allocated 50% of last year's purchases. The Chevron and Atlantic Companies have not as yet established any allocations.

To date the oil shortage has not manifested itself in any bituminous production stoppage. It appears that the shortage is due to the political situation in the Middle East; recent import quotas on crude oil and the current emphasis on the abatement of air pollution.

Mr. Keller suggested that perhaps our Governor could prevail upon the appropriate people in Washington to increase the import quotas and thereby alleviate the situation. He pointed out that if the bituminous concrete industry is curtailed because of material shortages, the impact on employment of minority groups would be significant.

Original Signed
Jack Freidenrich

Jack Freidenrich
Asst State Highway Engineer

JF:cc

cc: Mr. R. H. Mullen (1)
Mr. J. R. Schuyler

11



State of New Jersey
DEPARTMENT OF TRANSPORTATION

JOHN C. KOHL, COMMISSIONER
TRENTON 08625

IN REPLY PLEASE REFER TO
Engineer's Estimate
Route U.S. 46 (1953)
Section 19A and 2B
Reconstruction

1391

September 23, 1970

Memorandum to Mr. Ralph Stelljes:

Bids will be received on September 24, 1970 for reconstructing Route U.S. 46 (1953) Section 19A and 2B from Paulins Kill to Route 31; in the Townships of Knowlton and White, Warren County.

The Federal Project Number for this project is RF-56-(17)

The Engineer's estimate for the items of the project and costs are as follows:

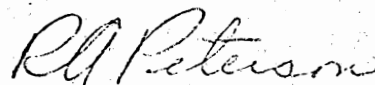
| <u>Item</u> | <u>Quantity</u> | <u>Unit Price</u> | <u>Amount</u> |
|---|-----------------|-------------------|---------------|
| 1. Roadway Excavation, Unclassified | 4,156 c.y. | 8.00 | \$33,248.00 |
| 2. Pav't Type FA-BC-1, 1½" thick & variable | 922 ton | 13.00 | 11,986.00 |
| 3. Pav't Type FA-BC-2, 3" thick & variable | 26,661 ton | 13.00 | 346,593.00 |
| 4. Bituminous - Stabilized base course, variable thickness | 8,200 ton | 14.00 | 114,800.00 |
| 5. Bituminous - Stabilized base course, 3½" thick and variable | 1,714 ton | 11.50 | 19,711.00 |
| 6. Topsoiling & Seeding, variable thickness | 6,950 s.y. | 3.00 | 20,850.00 |
| 7. Reset heads using new curb piece | 4 units | 175.00 | 700.00 |
| 8. Construction layout | lump sum | | 1,500.00 |
| 9. Contract bond | lump sum | | 2,810.00 |
| 10. 9" x 20" White concrete vertical curb (if and where required) | 200 l.f. | 10.00 | 2,000.00 |

September 23, 1970

1392

| | <u>Quantity</u> | <u>Unit Price</u> | <u>Amount</u> |
|--------------------------------------|-----------------|-------------------|------------------|
| 11. Field Office, Type C | lump sum | - | 2,500.00 |
| 12. Removal of Wire rope guard fence | 64 l.f. | 1.00 | 64.00 |
| 13. Beam guard rail | 4,700 l.f. | 5.00 | <u>23,500.00</u> |
| Total | | | \$580,262.00 |

Total Engineer's Estimate \$580,262.00

R. A. Peterson
Supervising Highway Engineer I
Bureau of Maintenance

Route 46,
Sections 13A and 20
N.J. Project No. 77-50(17)

October 30, 1970

EX C-24
11-14-72
J

Mr. E. I. Kellum
Division Engineer
Federal Highway Administration
Division Office
Trenton, New Jersey

Dear Mr. Kellum:

Transmitted herewith are the documents pertaining to the proposals received by this Department on September 24, 1970 to perform the work in conjunction with the reconstruction of subject State highway.

The original concept for this project was to get the work underway by the early part of September so that most of it, if not all of the eight-mile project, could be accomplished before winter. Your cooperation in expediting the review and approval of the plans, specification, and estimate was very helpful in view of the fact that this project was not originally on our schedule for the current calendar year.

During the course of the final processing and advertising for proposals, the asphaltic shortages which manifested themselves in the middle of the summer became more acute, and it was thought to be only proper to ask the successful low bidder for an unconditional guarantee that he would be able to obtain the material to perform the work. Meetings with the lowest responsible bidder have not produced an unqualified commitment of asphalt availability.

It is the Department's intention to reject all bids and readvertise for new proposals on November 5. The reasons for these recommendations are as follows: (1) All proposals were above the engineer's estimate; (2) As an original condition for concurrence of the plans, specification, and estimate, the Federal Highway Administration stipulated that there would have to be modifications to vertical profile between Stations 11C and 23C on subject contract. This revision was not reflected in the contract since it was intended to be handled as a change of plan after an award. This method was followed in the interest of saving time; (3) The original contract

Mr. R. I. Kellum

-2-

October 30, 1970

called for the completion of the entire project within seventy (70) working days. In view of delays which have developed, an award at this date would make the completion time in conflict with peak traffic conditions (summer tourist season). We, therefore, propose to change the contract by specifying a completion date which will further meet our requirements for completion.

All this in our judgment will represent a significant, substantial change in conditions.

We ask your concurrence in this action of rejecting all bids and re-advertising on November 5, 1970.

Very truly yours,

James J. Malloy
Assistant Supervising Engineer
Program Control

JJM:JRS:lcp

cc: Messrs. J. Freidenrich
J. F. Andrews (2)
R. Stelljes
J. A. Kilpatrick
Assistant Commissioner Mullen



State of New Jersey
DEPARTMENT OF TRANSPORTATION

JOHN C. KOHL, COMMISSIONER
TRENTON 08625

October 22, 1970

To: Mr. J. R. Schuyler
From: Herbert K. Englishman
Subject: Route 46, Section 19A and 26

IN REPLY PLEASE REFER TO

Region I
Netcong

Recently bids were taken on the above project and the low bidder was Centrum Construction Corporation.

It is the understanding that a meeting was held in Mr. Stelljes's office in reference the ability of this contractor to perform, and specifically, would he have a firm commitment for the necessary bituminous concrete materials to be used in resurfacing the project.

The company has replied under date of October 14, in the name of Richard M. Hale, President, that the company should have at least equal opportunity in any available supply and also the fact of the contract being awarded would establish some kind of priority.

Under date of October 14, a letter from Edison Asphalt Corporation under the signature again of Richard M. Hale states, this is to confirm the availability of Edison Asphalt Corporation to supply material for the subject job. It is believed that Edison Asphalt is the vendor that this contractor is attached to.

From a practical standpoint neither of these communications are a firm commitment, but the one from Edison Asphalt is some form of ability to meet the requirements of the project. Based on this particular communication it seems difficult to not recommend the awarding of the contract to Centrum Construction Corporation.

Herbert K. Englishman
Herbert K. Englishman
Regional Engineer

HKE:ms
Enc.

MEMORANDUM

1396

OCTOBER 30 1970

C-26 Encls
11/14/72
ES.

Re: Bids Route #46, Section 19A & 2B

Bid opening - September 24, 1970

| | |
|---------|--------------|
| Centrum | \$603,871.00 |
| Manzo | 607,657.50 |
| Stamato | 632,800.00 |

Hale wrote letter Sept 29

Chronology of events:

On Thursday, October 1, 1970 Mr. R. Rice phoned the Centrum office requesting a meeting at 9:00 a.m. at Department of Transportation offices the next morning. William Booream, Vice-President and General Manager and Richard M. Hale, President, met with Mr. R. Rice and Mr. R. Stelljes at that time.

Messrs. Stelljes and Rice stated that Mr. Schuyler felt it advisable to have some asphalt supply commitment before awarding the job. We discussed this and explained availability apparently to the Department of Transportation representatives' satisfaction. Also discussed were job suggestions as to construction methods etc. Also the importance of safety measures and residents' concern about getting the job started. We assured them that we were in a position to proceed immediately along the lines of their suggestions.

Richard Hale stated at the conclusion that if further information is needed, please contact us immediately.

October 14, 1970, Mr. Rice called and stated that the Department of Transportation would like something in writing concerning availability of asphalt material. This letter was that day written by Richard M. Hale, President with a supporting letter from Edison Asphalt Corp., and hand carried by William Booream to Mr. Rices office the next morning who took them to Mr. Stelljes office on Friday, October 16th.

Richard Hale called Mr. Stelljes on Tuesday morning, October 20th who stated that he would get them up to Mr. Schuyler's office that afternoon.

On Thursday, October 22nd, Senator Wayne Dumont called the Centrum office and stated that he talked to Mr. R. Mullen of Department of Transportation who stated that they still did not have subject letter. (7 days after our hand delivery.) Mr. Booream then called Mr. Rice who was not in and then Mr. Stelljes that same afternoon who said he'd been unable to get together with Mr. Schuyler.

Because of Senator Dumont's inquiry, the original letter was re-written and hand carried to Mr. Schuyler's office by Mr. Booream on October 22nd, at 11:45 a.m.

Mr. Schuyler met with Mr. Booream for 10 minutes and stated that his people probably didn't understand what he wanted. He was concerned with the major oil companies' commitment. He suggested that Richard Hale call him to get a definite idea of what would be practical insofar as a commitment of this type was concerned.

Richard Hale called Mr. Schuyler on or about 1:15 p.m. that afternoon and Mr. Schuyler called back at about 3:00 p.m. Mr. Schuyler expressed his reasons for wanting no delay in the job - its importance etc. Richard Hale stated that all measures were being taken to see that this would have top priority since there were no other Department of Transportation jobs by our companies at this time, and gave other reasons for this job's receiving proper service. Mr. Schuyler said, "You've been most helpful". The phone conversation ended with the statement by Richard Hale "If any other information is needed, please contact me". There was again no discussion other than reasonable assurance of an asphalt supply.

On Friday morning, October 30th, Mr. Richard Hale was informed by a supplier that the bids were rejected. Richard Hale immediately called Mr. Schuyler who then stated that the bids were rejected. In essence the reasons were:

- (1) The bids were over the estimate.
- (2) There was to be a change in the vertical profile which would require negotiation of a substantial nature.
- (3) They wanted to have a calendar date completion rather than 70 working days as in the specifications.

Questions and Complaints

- 1) What's going on in the Department of Transportation?
- 2) The Federal Bureau of Roads had approved these specifications before the letting of Bids.
- 3) We took every reasonable measure to supply information promptly.
- 4) We were definitely not dealt with in good faith.
- 5) The Department of Transportation has not fulfilled its promise to the residents as per several newspaper articles.
- 6) By the time we received word (upon my phone call) the job could have been awarded, construction started, and an earlier completion date achieved.
- 7) There have been numerous accidents and numerous deaths on the subject highway. There probably will be many more due to Department

1398
of Transportation's action.

8) I feel strongly that the Department of Transportation by its action may be potentially inviting in another contractor into a situation not in the Department of Transportation's best interest - short range and long range.

9) If \$580,000. was the engineers estimate, a 3+% overage is negligible to the other considerations herein stated.

10) Was the "asphalt shortage" a smokescreen?

THE OIL DAILY

Leim

MILBURN PETTY
Founding Editor

INTERNATIONAL EXPLORATION, PRODUCTION, PROCESSING, MARKETING, PRICES

TUESDAY, JULY 14, 1970

50¢ A COPY

NEW large measures are

Mobil Cites Rates, Cutoff

Mideast Furor Stirs Push for U.S. Crude

By EMILIO DESVERNINE JR.
Oil Daily Bureau Chief

NEW YORK — Mobil Oil Corp is pushing an intensive search for additional quantities of crude oil from Texas and Louisiana in the face of a complex series of circumstances that is resulting in less oil being imported here from abroad, a Mobil spokesman acknowledged Monday.

These circumstances include "sky-high" tanker rate, cutbacks in Libyan production and the deteriorated Tapline situation as part of the Middle East crisis.

These developments were pointed up by B.H. Templeton, general manager of Mobil's North American crude oil department.

While he would not set a figure on the exact amount of crude that the company wants to obtain from Louisiana and Texas petroleum provinces, Templeton did indicate that nomination of 4,800 b/d for Louisiana crude in August over July and 50,000 Mobil's b/d more from Texas is not all that Mobil needs to meet the needs of its markets on the East Coast.

The Libyan cutback means a production loss to this country of between 700,000 b/d and 800,000 b/d, while Tapline accounts for about 500,000 b/d less than before, Templeton said.

"There's no question about our great need for domestic oil," he said.

"Short of some confrontation in the East that will clear the air, I don't see any ready solution to the problem. It will have to be some sort of understanding arrived at by State Secretary Rogers and the Soviets—some settlement made at top level—before we can see any lessening of the problem that confronts us now. It's got to be something beyond the pure interests of American oil

might well grow worse before they get better.

Templeton deplored the proclamation that established imports from Canada at 395,000 b/d pointing out that this was a source of crude that is badly needed by the U.S. now and probably more in the days to come.

"We have enough pipeline transportation from Canada into the Great Lakes region to handle a great deal more oil than we are now bringing in. Certainly we need the oil and it's too bad we can't move it."

"What will the outcome be? don't know," the Mobil executive said.

"I think we'll just have to go on living under stress and strain until we reach a stage of emergency when something will have to be

Oil Search?

(Continued from page 1)

done. We'll have to turn to Southwest more and more until Texas and Louisiana cry quits. When that point is reached, government will have to step in and take some action. A real emergency is needed to clarify the situation. Maybe then we'll be allowed to obtain more Canadian oil."

In the meantime, Mobil is looking for all it can get from the Gulf of Mexico area.

EX C-27
11-14-72
JP

Soaring Tanker Rates Damp Oil Imports And May Force U.S. Gasoline Prices Up

WALL STREET JOURNAL JULY 15, 1973

A Wall Street Journal News Service

Multinational in the U.S. and Western Europe may soon be paying more for gasoline because a pipeline shutdown in Syria and forced production cutbacks in Libya have sent oil tanker charter rates soaring to new records.

The tanker charter, which has doubled since April and quadrupled since this last year, has boosted the delivered cost of Middle Eastern and African crude oil at U.S. East Coast refineries to 75 cents a barrel higher than the cost of delivered U.S. oil.

Normally the price edge is on the other side. The imported crude usually costs \$1.43 a barrel less than U.S. oil.

As might be expected, the price distortion has sharply reduced U.S. imports of foreign oil. And it has narrowed the profit outlook for some inland refineries who customarily obtain a windfall by trading off their oil import "tickets."

But it has sharply raised the profit outlook for such independent ship owners as Aristocle Orasidis and Stavros Niarchos of Greece and Daniel K. Ludwig of the U.S., operators of the world's largest private tanker fleets.

The impact is mirrored in domestic production plans. The Texas Railroad Commission, that state's oil regulatory agency, is expected today to raise sharply the amount of oil that Texas wells will be allowed to produce next month.

Louisiana's oil regulatory body, the Conservation Department, has already acted to open up the August flow. Last Friday it announced that the August per-well oil production rate will be the highest since the Suez Canal crisis snuffed off the flow of foreign oil in 1954.

Canada, too, is rushing to increase U.S. imports from Canada. In the first week of July it has nearly doubled the year-earlier rate.

This latest oil crisis had its beginnings May 8, when a bulldozer under mysterious circumstances rammed into the Trans Arabian Pipeline in Syria, knocking out the line, which normally carries about 475,000 barrels of oil a day from Saudi Arabian fields to the Mediterranean port of Sidon, Lebanon.

The line carried only about one-sixth of the oil output of Arabian American Oil Co., which is owned 99% each by Standard Oil Co. of California, Texaco Inc. and Standard Oil Co. (New Jersey) and 10% by Mobil Oil Corp. But this was oil that was close to Europe, only a short tanker's run away from Continental refineries.

Fixing the line would be simple enough, company officials asserted in New York. A spokesman said the job could be done "in about 24 hours." But so far, he stated, the Syrian government has adamantly refused to allow company technicians to do any repair work, and the line still sits idle.

Though Arabian American Oil officials are loathe to speculate about Syria's refusal, other Middle East specialists view the government stand as another play in the Arab-Israeli war. The line had often been attacked in the past by Arab guerrillas; one section of it goes through the Israeli-occupied Golan Heights. Evidently, by the analysis of some Middle East sources, Syria hopes to pressure the U.S., through the oil companies, to cut off Israeli aid.

Syria, though, was only the starting point

for the current oil crisis. Libya has compounded the woes in the past month by ordering seven producers in that country to slash their output to 350,000 barrels a day, or about 15% of Libya's total output. Companies that there are Continental Petroleum Corp., Continental Oil Co., Marathon Oil Co., Amerasia Hess Corp., the Royal Dutch-Shell Group, Texaco and California Standard.

The issue, by Libyan government account, is conservation. But some oil experts, see this, too, as a ploy, not in the war with Israel but in the war with the oil companies over tax payments.

Europe, as the Middle East's most immediate customer, has made up some of the almost one million barrels a day lost in Syria and Libya by shortstopping oil from Libya and Nigeria that normally would have gone to the U.S.

But Europe has had to do most of its emergency shipping in the Persian Gulf, and therein lies the cause of the tanker rate surge. Because the Suez Canal remains closed by the Arab-Israeli war, oil from the Gulf oil destined for Europe must take the long trek around Africa, a six-times-longer journey than the voyage across the Mediterranean from Lebanon to Europe.

Peddling Import 'Tickets'

The resulting sudden jump in tanker demand has quickly eliminated what had been a traditional summer surplus. And it has sent spot charter rates for a single voyage soaring close to levels prevalent during the Suez crisis of 1954. They are more than half again higher than during the six-day Arab-Israeli war of 1957.

The cost of moving a barrel of oil from the Persian Gulf to the U.S. East Coast has skyrocketed to about \$3.25 a barrel; the oil itself in the Persian Gulf area costs only \$1.23 a barrel, producing a total cost in the U.S. of about \$4.50 a barrel. A barrel of crude oil from Louisiana, by contrast, costs only \$3.75 delivered to an East Coast refiner, or 75 cents less.

On the West Coast, too, "Persian Gulf crude is quite a bit more costly than California crude," a California Standard spokesman says.

The effect of the high tanker rates has been to render temporarily worthless a "ticket" to import foreign oil. In normal times, inland refineries, which are too far from ports to economically utilize foreign oil, work out exchange agreements with East Coast refineries. They deliver low-cost foreign oil to the East Coast refinery in exchange for receiving an equal amount of high-cost domestic oil at the inland refinery. The value of this swap can be a windfall as high as \$1.43 a barrel to the inland refiner.

This gain "often means the difference between a profit and loss" for an inland refiner, said one oil executive. And the smaller the refinery, the greater the impact, under a so-called "sliding scale" that provides quotas of up to 4% of a small refinery's total crude oil processing rate, compared with a big-refinery average of only about 2%.

Seeking to Extend Quotas

J. Avery Cook, president of Diamond Shamrock Corp.'s oil and gas unit, said in Amarillo, Texas, his company was having increased difficulty arranging trades for about half its second-half oil import quota of about 4,000 barrels a day. "The amount of our quota which we haven't placed yet is large enough for us to be concerned" about its potential effect on second-half earnings, he said.

Clark Oil & Refining Co., Milwaukee, said "everything is still up in the air" in its efforts to work out exchange agreements for its second-half quotas.

"A number of companies holding unused tickets are likely to be hot-footing it to Washington in the next few weeks to seek an extension of their quotas," one oil executive said.

The quotas are due to expire Dec. 31. During the past world oil supply crisis, however, the Government permitted unused quotas to be used during the following two years.

Some inland companies also have protected themselves against the present situation with long-term exchange agreements. Amerasia Petroleum Inc., controlled by Petrofina S.A. of Belgium, said in Dallas it made "most of our deals on a full year basis" good until next Jan. 1, so it doesn't expect to be hit too hard by the current difficulties.

As the foreign crude cost mounts ever higher, mounting the big international oil companies continue to cut back on their use of foreign oil at U.S. refineries. "East Coast crude oil imports could fall to as little as 300,000 barrels a day from a normal level about 700,000 barrels daily," one major company predicted. Total U.S. imports of foreign oil other than that from Canada fell to 520,000 barrels a day in the week ended July 3 from 550,000 barrels daily a year earlier, the American Petroleum Institute said.

In the same period, imports of Canadian oil jumped to 469,000 barrels daily from 315,000 barrels a day a year earlier. This was despite the fact that Canadian oil was placed under an official U.S. quota for the first time July 1, bringing imports to an average of 194,000 barrels a day for the last six months of the year. "Companies are borrowing from future quotas to meet Canadian imports now at the expense of November or December," one analyst declared.

Libya Said to Plan Additional Cutbacks In Oil Production

Special to THE WALL STREET JOURNAL

TRIPOLI — The Libyan government plans new cutbacks in oil production about equal to those already decreed for some of the country's major oil producing groups, a highly placed oil source said in an interview.

He reported that Libya plans to reduce total oil output to about 2.5 million barrels a day from about 3.6 million barrels daily before the first cutback. To date the government has decreed reductions totaling about 500,000 barrels a day.

The new cutback orders are likely to affect affiliates of Standard Oil Co. (New Jersey), Mobil Oil Corp. and British Petroleum Co., he said. Gelsenberg AG of West Germany holds a 35% interest in Mobil's Libyan venture, Nelson Plunkert Hunt, Dallas oilman, holds a 20% interest in BP's Libyan venture, Atlantic Petroleum Co. and W. R. Grace & Co. have minority interests in one of Jersey Standard's Libyan oil ventures.

A spokesman for Jersey Standard said in New York the company hasn't had any word of such a cutback order, but said there were industry reports the reductions would be applied to all Libyan oil producers.

Previous cutbacks have been 300,000 barrels a day by Continental Petroleum Corp., 150,000 barrels a day by Oasis Oil Co. of Libya, and 100,000 barrels daily by a joint venture of Texaco Inc. and Standard Oil Co. of California. Oasis is owned one-third each by Continental Oil Co. and Marathon Oil Co. and one-sixth each by Amerasia Hess Corp. and the Royal Dutch-Shell Group.

Libya has officially said the cutbacks are a conservation move aimed at maximum ultimate recovery of oil reserves. But some industry sources have said the orders are related to a continuing dispute between the government and the producers over a proposed sharp increase in oil taxes.

The company said that during the talks it raised its offer to the government, and that "both sides have modified their positions." It said negotiations are continuing.

Neither the government nor the companies are disclosing their positions in the controversy. But the government has reportedly asked for a boost to \$3.64 a barrel from \$2.22 in the artificial posted price used to determine Libyan oil taxes. That would raise the government's tax and royalty take to about \$1.43 a barrel from \$1 a barrel now. But oil companies say Libyan oil sells for little more than that, making such a tax boost impossible.

Manzo Contracting Company
Route 35, Section 03

EX C-28
11-14-72
JP

October 21, 1970

MEMORANDUM OF RECORD:

At the request of the attorney representing Manzo Contracting Company, a meeting was held on Tuesday, October 20, 1970, at 1 p.m. in the Department's conference room. Attending on behalf of the contractor were Messrs. Manzo, John Rinoldi, Jim Fallon, and the contractor's attorney, John Dinon, Esq. Representing the Department were Miss Marjorie Smith, Messrs. Ralph Stelljes, Jack Freidenrich and David Diederma, Esq.

It quickly became apparent that the areas of disagreement between the contractor and the Department's construction forces concerned an assessment of \$9,900 in liquidated damages, and a reduction in payment of approximately \$44,000 for deficiencies in thickness of bituminous concrete pavement.

It was suggested by Mr. Freidenrich to Mr. Dinon that the contractor should attempt one more final meeting with the District Construction Supervisor to try to resolve the areas of disagreement. It was further suggested that if this meeting did not lead to a satisfactory conclusion, the contractor should submit a claim to the State Highway Engineer in accordance with regular Departmental procedures dealing with contractors' claims. Two copies of the Department's Procedure No. 3.112-A, Contractors' Claims, were made available to Mr. Dinon.

It was agreed that the above was a proper course of action. Copies of two letters dated May 13, 1970 and June 5, 1970 from the Resident Engineer, Mr. Fred Kling, to Mr. Manzo were also given to Mr. Dinon for easy reference.

Jack Freidenrich
Asst State Highway Engineer

JP:cl

cc- Miss Marjorie Smith
Mr. R. H. Kullen
Mr. J. R. Schuyler
Mr. D. A. Diederma
Mr. R. H. Kullen

8/9/72 Kugler's memo on Manzo MEMO IN MANZO 8/9/72 contains mystery notations C-29 Encls 11/14/78

By LEONARD J. FISHER

A 1970 memo written by State Attorney General George F. Kugler Jr. has handwritten notations on it directly related to the matter for which Secretary of State Paul J. Sherwin was indicted last June.

The memo, dated Nov. 4, 1970, was sent by Kugler to former Deputy State Attorney General David Biederman and concerned an investiga-

tion related to the "Manzo Contracting Co."

It was not known who had made the longhand notations on the memo.

Kugler told The Star-Ledger July 19 the memo stated that his office and that of State Criminal Justice Division felt no need to continue investigating charges by Michael Manzo, head of the company, that "collusive bidding" was under way in the state.

The attorney general said he sent the memo in response to several written to him by Biederman containing Manzo's allegations while the contractor was working on a Route 35 project.

Kugler said the memo was sent after Biederman, a civil attorney, was asked to interview Manzo regarding the criminal charges, from which Manzo promptly backed off when approached by Biederman.

But Kugler said his Nov. 4, 1970, memo, which he said he had "misplaced," had nothing at all to do with charges made in another Biederman memo.

The other Biederman memo, dated Oct. 31, 1970, for the first time singled out Sherwin as being involved in a "conspiracy" to violate the bidding laws specifically on the U.S. Route 46 project for which the secretary of state has been indicted.

Kugler's top criminal prosecuting aide was sent a copy of that memo, Kugler was not.

Reliable sources who have

(Please turn to Page 20)

Mysterious notations in memo

(Continued from Page One)

viewed the Nov. 4, 1970, memo said yesterday it contains handwritten notations.

Precisely, according to the sources the memo states the end of an investigation concerning Manzo's charges in a typewritten paragraph.

In longhand at the top of the memo, someone wrote "Route 46" and the exact project number on which Manzo was working. Below that notation is another, "Route 35," an earlier project on which Manzo had been employed.

In the righthand margin of Kugler's Nov. 4, 1970, memo, the sources noted, is written in longhand, "Centrum Construction Corp. award."

Sherwin, Manzo and Republican fund-raiser William C. Loughran were indicted June 27 by federal and state grand juries on charges of throwing out Centrum as the low bidder on the U.S. Route 46 project and trying to award the contract to Manzo, the second low bidder.

Centrum eventually won the \$600,000 contract. Manzo, the indictments state, paid a \$10,000 contribution to the Republican Party to get the award.

U.S. Attorney Herbert J. Stern has acknowledged the existence of a Nov. 4, 1970, memo but has refused to release its contents.

In response to questions raised by State Sen. James B. Wallwork (R-Essex) that a cover-up of the Sherwin case may have been attempted by Kugler's office, Kugler last week ordered the State Commission of Investigation (SCI) to investigate the senators' charges.

Kugler is considering whether to appoint a lawyer outside state government to prosecute the Sherwin case so as to avoid any possible conflict of interest. Kugler's Criminal Justice Division ordinarily would prosecute the case.

"I have turned over to the State Commission of Investigation all of the documents in my possession which bear on the subject matter of its inquiry," Stern said yesterday

in response to questions about the Nov. 4, 1970, memo.

"I will not disclose, at this time, the contents of these documents because I do not want to prejudice the SCI investigation," he said.

Stern has said he will testify before any agency investigating Wallwork's cover-up charges, however.

In all, four memoranda have become significant in the Sherwin case.

On Oct. 9, 1970, Biederman, once in charge of Transportation Department legal matters, sent a memo directly to Kugler stating that Manzo, then employed on a Route 35 project, was claiming "collusive bidding."

Evan William Jahos, director of the Criminal Justice Division, it was learned, assigned Biederman to talk to Manzo about the charges.

When Biederman did, Manzo refused to talk, according to Biederman's return memo to Kugler, dated Oct. 21, 1970. That memo also noted that State Republican Party Chair-

man John Dimon was representing Manzo and that Loughran also was in the picture.

Kugler said his Nov. 4, 1970, memo to Biederman, ending the Manzo investigation, was in connection with Manzo's general collusive bidding charges related by Biederman in the Oct. 9 and Oct. 21 memos.

On Oct. 31, 1970, Biederman wrote a lengthy memo to Transportation Commissioner John C. Kohl and Jahos stating his belief that Sherwin was involved in a "conspiracy" to violate the bidding laws on U.S. Route 46. That memo also states that Biederman spoke by telephone to Kugler about the "conspiracy" charge.

This has been denied by Kugler. Kohl and Jahos have refused to comment about the Oct. 31, 1970, memo. Neither would confirm its existence.

But U.S. Attorney Stern, while he would not disclose the contents of an Oct. 31, 1970, has acknowledged that one exists.

Stern said it was one of the memos, brought to him in April by Biederman, that launched his federal grand jury investigation into the Sherwin case and resulted in the federal indictment. A Nov. 4, 1970, memo was another he said.

Kugler has said the state investigation of the Sherwin matter began independently about a month later when testimony in a civil matter relating to the Sherwin case was referred to Kugler's office by a Morris County Superior Court judge.

"I had not reason in 1970 to conduct an investigation involving Paul Sherwin and the Department of Transportation," Kugler has said.

Department of Law and Public Safety



Inter-Communication

Attorney General Kugler

To: DAG David Biederman

November 4, 1970

(Institution or Department)

Re: Manzo Contracting Company

Neither the Director of Criminal
Justice nor I feel there is any further action
action required in the above matter.

*Centrum
Construction
Corp.*
*awm
cont.*

CFK

Department of Law and Public Safety



Inter-Communication

1405

From: Attorney General Kugler

To: DAG David Biederman

Date: November 4, 1970

(Institution or Department)

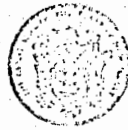
Re: Manzo Contracting Company

*C-30A Ends
11/16/72
ES*

Neither the Director of Criminal
Justice nor I feel there is any further action
action required in the above matter.

GFK

1406



State of New Jersey

DEPARTMENT OF TRANSPORTATION

JOHN C. KOHL, COMMISSIONER
TRENTON 08628

Route U.S. 45, Sec. 12A &
From Rt. 31 to Paulina Mill
Warren County

H.J. Project HT-55(17)

November 4, 1970

COPY FOR

The Railway
Mr. Robert I. Kellum
Division Engineer
Federal Highway Administration
Trenton, New Jersey

ATTENTION: Mr. Wilson B. Harding

Dear Sir:

There are submitted herewith triplicate certified copies of the bids received on September 24, 1970.

As directed by Messrs. J. E. Andrews and R. H. Stelljes, Directors of Maintenance and Construction respectively, concurrence in awarding the contract to the low bidder, Centura Construction Corporation, Clinton, New Jersey in the amount of \$603,871.00 is hereby requested.

The low bid is over the Engineer's estimate by \$23,609.00 or 4.07% all three (3) bids received were regular as to form.

The construction providing for widening, resurfacing and other incidental work is under Code Type 6706 for a distance of 8.28 miles.

Accompanying this request is the original non-collusion affidavit, statement of the contractors prequalifications and classification, three (3) copies of the Engineer's Estimate, one (1) copy of the supervision and inspection letter.

Very truly yours,

DEPARTMENT OF TRANSPORTATION

ORIGINAL WHTD
JAN 14 1971

James J. Halley
Assistant Supervising Engineer
Program Control

JJM:hob:mec

Enc.

Distribution 11-5-70

I. R. Schuyler, W. J. Schonwald, R. Stelljes, E. Jones, W. Sunderland

C-31 Ends

11/14/70

*award of contract
Centura Const. Corp.*

renewing

WE CONCUR AS REQUESTED ABOVE

FOR THE DIVISION ENGINEER
U.S. BUREAU OF PUBLIC ROADS
DATE 11-5-70



C-32 *Encls*
11/15/72
State of New Jersey

1407

DEPARTMENT OF TRANSPORTATION

DAVID A. BIEDERMAN

From the desk of

Chief Counsel to the Commissioner

Date Oct. 9, 1970

To Goerge F. Kugler, Jr.
Attorney General

Re: Manzo Contracting Company, Inc.

This is to supplement my previous transmittal to you concerning the above-captioned matter.

As you may recall, there is some indicia, possible collusive bidding on State contracts present. Mr. Manzo will be in the Department for a meeting concerning several other matters scheduled tentatively for October 14, 1970. At that time, it may be propitious to invite Manzo to discuss with a representative from Mr. Jahos' office the collusive bidding allegation.

Please advise.

DAB

cdd

cc: Evan W. Jahos, Esq.



Manzo
C-33Evid
11/15/72
71

IN REPLY PLEASE REFER TO

State of New Jersey
DEPARTMENT OF TRANSPORTATION
JOHN C. KOHL, COMMISSIONER
TRENTON 08625

October 21, 1970

MEMORANDUM

TO: George F. Kugler, Jr.
Attorney General

FROM: David A. Biederman
Deputy Attorney General

RE: Manzo Contracting Company
Route 35, Section 9B

This is to supplement my memorandum to you of October 9, 1970, concerning the above captioned matter.

On the suggestion of Evan W. Jahos, Director, Division of Criminal Justice, I asked Mr. Manzo and his attorney to meet with me yesterday following a previously scheduled meeting to discuss a contract claim Manzo had against the State. Mr. Manzo is represented by John E. Dimon, Esquire. I referred Mr. Manzo to comments made by him to Mr. Loughran concerning a probable collusion in bidding practice, and asked if Mr. Manzo would voluntarily expand or explain his statement. Mr. Manzo could not recollect anything about the statement. Mr. Dimon promised to discuss the matter with his client and advise me if his client had any additional information to offer.

The original recommendation made to you in my memorandum of August 7, 1970, remains unchanged.

Please advise me if there is anything further you wish me to do on this matter.

DAB
DAB



State of New Jersey
DEPARTMENT OF TRANSPORTATION
JOHN C. KOHL, COMMISSIONER
TRENTON 08625

C-34 Ends
11/15/72
EJ

October 26, 1970

1409

MEMORANDUM TO FILES

(SUPPLEMENT TO MY MEMORANDUM TO THE FILES
OF OCTOBER 22, 1970)

(which pertained to the Mem.
to JCK of 10/30/70)

Assistant Commissioner Russell H. Mullen advised today, October 26, 1970, that our Highway Engineer James R. Schuyler had advised that he was not satisfied with the contractors assurances regarding a sufficient supply of asphaltic material. The Commissioner stated that the job was to be amended in any case and for both of those reasons the contract would be rebid. He also advised that Mr. Sherwin is no longer happy with merely rejecting all the bids, but now wishes that only the lowest bid be rejected so that the second bidder Mr. Manzo can get the contract. He assures the Commissioner that Mr. Manzo has an adequate supply of asphalt. I advised the Commissioner that at our meeting with the Governor on Tuesday, October 27, 1970, we should straighten Sherwin out about the entire matter.

DAB
DAB

C-35 Encls
11/15/72
JL
April 20, 1972

1410

Herbert J. Stern
Jonathan L. Goldstein

Bruce I. Goldstein

On Friday, April 14, 1972, David A. Biederman, former Deputy Attorney General of the State of New Jersey, who served as counsel to the Department of Transportation, first called and then came to my office and made a formal complaint pertaining to the awarding of a contract for certain road construction on Route 46 in Warren County in September of 1970.

Mr. Biederman presented me with certain documents and information which are delineated below.

On September 24, 1970, the Department of Transportation of the State of New Jersey received the following bids from the following companies for certain road construction on Route 46:

| | |
|---------------|--------------|
| Centrum | \$603,871.00 |
| Manzo | 607,657.55 |
| Stamato | 632,800.00 |

The lowest bid, that of Centrum, was approximately 3 1/2% over the engineer's estimate and that in the usual, ordinary course of Department of Transportation practice the award would have been given to Centrum.

According to Biederman, Paul J. Sherwin, Secretary of State of the State of New Jersey, asked John C. Kohl, the Commissioner of the Department of Transportation to delay awarding a contract for this construction. Biederman handed me a letter, dated October 8, 1970, sent by Sherwin to Kohl's residence, rather than his office. In this letter Sherwin stated:

"In this particular case, I would prefer -- that you reject the bids and request a re-bidding and if you will telephone me on Tuesday, I will be glad to give you the reasons for my request."

(The full text of this letter is attached as Exhibit A.)

Apparently, this had been the subject of some discussion prior to the writing of this memorandum since Kohl sent a letter to Sherwin three days before referring to a discussion of the "Manzo" matter and also referring to a background memorandum which Sherwin had sent to him. (The letter from Kohl to Sherwin dated October 5, 1970, is attached as Exhibit B.) Biederman did not present me with a copy of that background memorandum.

According to Biederman, the Marzo firm was then represented by Mr. Dimon, who, I understand, is Chairman of the Republican State Committee.

According to Biederman, shortly after Sherwin sent the letter to Kohl, the President of the Centrum company, Richard M. Hale, was contacted by a Mr. Rice of the Department of Transportation and a meeting was set up between him and other officials of the Transportation Department. According to him, these officials suggested that because of the fact that there was a shortage in the asphalt industry, they wanted a commitment from Centrum that it would be able to supply the necessary asphalt needed to complete the job.

Allegedly two letters were thereafter conveyed by Mr. Hale to the office of Mr. Rice in the Department of Transportation representing the ability of Centrum to supply the required asphalt. One of these letters was sent under the signature of Richard M. Hale, President of the Centrum Construction Corp. The other was sent under the signature of Richard M. Hale, Secretary of the Edison Asphalt Corp. (These two letters are attached as Exhibits C & D).

According to Biederman, at this point the Centrum company was subjected to a bureaucratic run-around. On or about October 20, 1970, Hale contacted Biederman in the Attorney General's Office and told him of his plight, i.e.; despite the fact that Centrum had submitted the lowest bid and despite the fact that numerous state officials had indicated that this project would be given top priority and despite the fact that they had submitted two letters to the Department of Transportation indicating that Centrum could satisfy the requisite asphalt commitment, the firm had not yet been awarded the job.

1412

Hale went to Biederman since Hale had been represented by Biederman's former law firm when Biederman was in private practice.

Biederman states that he began to look into the matter. He stated to me that he was advised by Commissioner Kohl that Secretary of State Sherwin had requested Kohl not to award the contract, and to reject all bids so that the second bidder, Mr. Manzo, represented by Mr. Dimon, State Republican Chairman, would have another shot at the contract. (See Biederman's memorandum dated October 30, 1970 attached as Exhibit E).

It should be noted that this memorandum was sent to Evan Jahos and James Petrella. Apparently during this conversation Kohl agreed to award the contract to Centrum despite the request of Sherwin.

On that same day, Biederman states that he had a discussion with Attorney General Kugler. He suggested that Kugler look into the matter but Kugler apparently suggested that the Commissioner should resolve it. (Again, see Biederman's memorandum, Exhibit E).

Biederman alleges that on October 26th, in another conversation with Kohl, Biederman learned that Kohl was going to acquiesce to Sherwin's request. As a result of that conversation, Biederman wrote the October 30th memo.

Apparently, the decision to reject the bid was sufficiently serious so that a press release was drafted with regard to the rejection of all bids. (This press release is attached as Exhibit F).

It is my understanding, however, that this was never issued to the papers and that on or about October 2, 1970, Commissioner Kohl informed Biederman that the award would be made to the Centrum company. (See Biederman's memorandum dated November 4, 1970, attached as Exhibit G).

It is my understanding that a copy of the Biederman memorandum was sent to Pierre Garvin, counsel to the Governor.

Mr. Biederman furnished all of this information and materials to this office in support of his request for an investigation by this office. 1413

Please advise as to what action should be taken as to this complaint.

UNITED STATES GOVERNMENT

Memorandum

C-36 Enb
11/15/72

1414

DATE: June 14, 1972
J

FROM : Bruce I. Goldstein
Chief, Special Prosecutions

SUBJECT: Conference Held on 6/13/72

The purpose of this memorandum is to summarize a conference that was held in the office of the United States Attorney on Tuesday, June 13, 1972, at approximately 6:30 p.m. between the United States Attorney Herbert J. Stern, Chief Assistant United States Attorney Jonathan L. Goldstein, Chief of Special Prosecutions Bruce I. Goldstein, Evan Jahos, Director of Criminal Justice of the Attorney General's Office of the State of New Jersey and Edwin H. Stier and Peter R. Richards, co-directors of the Attorney General's Organized Crime Unit.

The subject of the meeting was the investigation of a contract for the improvement of Route 46 in Warren County which was awarded by the Department of Transportation in the fall of 1970. More specifically, the subject of the conference was the investigation of the Manzo Contracting Company which is alleged to have paid a substantial sum of money to influence the awarding of that contract.

Mr. Stern began the meeting by delineating how we initially got into the investigation, referring to Biederman's memoranda and then set forth with particularity how he thereafter visited Attorney General Kugler and informed him of the allegations of the Biederman memoranda, showing Mr. Kugler all of the documents which had been given to us pertaining to the allegations of corruption, including the letter from Paul Sherwin to John Kohl asking that the contract be awarded to Manzo.

Mr. Stern stated that after fully disclosing all the details of the investigation to Mr. Kugler both men discussed how the matter should be investigated. Mr. Stern recalled that he had told Mr. Kugler that since the State had taken no action on this matter for two years and since Biederman had given us the memoranda because of some apparent unhappiness with the position the State had taken that it might be more advisable for the Federal Government to conduct the investigation. He assured Mr. Kugler, however, that the results of the investigation would be related to Mr. Kugler as they became known to us.



Mr. Stern stated that after he had left Mr. Kugler's office and gone to the Office of the United States Attorney in Trenton, he received a phone call from Mr. Kugler wherein he agreed to this format; i.e., the Attorney General's Office of the State of New Jersey would defer to the United States Attorney's Office in the investigation of this matter and the United States Attorney's Office would keep Mr. Kugler advised on a continuing basis of the results of this investigation.

Mr. Stern informed Messrs. Jahos, et al. that he did, in fact, have conversations with Mr. Kugler to inform him of the results of the investigation; that, for example, when Commissioner Kohl came to the office to discuss this transaction, the results of that interview were related to the Attorney General.

He then stated that during the course of our investigation, when Agents of the Federal Bureau of Investigation visited a party by the name of Parrucci, they discovered that Parrucci was then involved in a law suit with Manzo and that during the litigation of that law suit before Judge Joseph Stamler of the Chancery Division in Morris County both Parrucci and Manzo had admitted that Manzo had paid \$10,000 to the Republican Party in order to have the State throw out the bids on the Route 46 job since Manzo was not the lowest bidder; that these facts were confirmed by telephone call with Judge Stamler. Mr. Stern noted that he tried to call Mr. Kugler last week to discuss this matter but was unable to reach him since he was out of the office and would be out of the office until the 19th of June.

Mr. Stern then stated that the office had learned that a Mr. Cowan of the Attorney General's Office was actively investigating the Manzo matter; that he had interviewed Russell Mullin on the evening of June 12, 1972 and that Mr. Mullin told us thereafter that Mr. Cowan repeated questions about what the United States Attorney's Office had asked him, who had raised the name of John Dimon and who was the target of the United States Attorney's investigation. He also asked him whether it was true that no money passed hands and that Sherwin was, in fact, a friend of Manzo. Mr. Stern indicated his concern that these statements might be construed by third parties to suggest

that the State was trying to bury the investigation and that this might be particularly harmful to the State because of the two year history to which Biederman referred in his memoranda.

Mr. Stern also noted that he had learned that Cowan was scheduled to investigate other principals in this matter during the week. He noted that this might raise a substantial problem in further litigation since any statement that the State took might pose a real Jencks Act problem in either the Federal or State courts. He pointed out that it seemed somewhat foolish for the Attorney General's Office and for the United States Attorney's Office to be "racing" for witnesses and that it would be far superior if the two offices worked in a cooperative effort. He then proposed that the investigation be conducted on a joint basis and that this office would consent to an order making available the Grand Jury testimony elicited pertaining to this investigation. He suggested that in his judgment if both offices agreed that the matter ultimately warranted criminal prosecution, that a joint indictment be returned in both the State and Federal courts simultaneously. Moreover, he suggested that if this was done and if the State were so inclined, he would be willing to defer to the State for the trial of this matter.

Mr. Jahos replied that he was unaware of Mr. Kugler's agreement to refrain from investigating this matter. He said that Mr. Kugler had told him of his conversations with Mr. Stern but had never told him not to investigate. He also said that when he received a call from Judge Stamler two weeks ago he related the message to Mr. Kugler and that Mr. Kugler did not tell him not to investigate. He did state, however, that his investigation did not begin until after the call from Judge Stamler. He stated that he could not understand the implications arising from Cowan's conduct but he suggested that Mullin was very close with Biederman and that Mullin had an axe to grind. When Messrs. Richards and Stier were asked whom they had interviewed, they stated that they had already interviewed Mr. Mullin, Mr. Schuyler and Mr. Loughrin and that they planned to interview Messrs. Parrucci and Manzo within the next two days. They also stated that they had subpoenaed Mr. Loughrin to appear before a State grand jury on Thursday.

They told us that Loughrin had admitted to them that he received \$10,000 from Manzo and that Loughrin had called Sherwin and asked him to throw out the bids. It is my understanding that Loughrin denied that there were any strings attached to the contribution or that Sherwin was aware of the contribution. Mr. Stern noted that it was our understanding that Loughrin not only accepted the \$10,000 but offered to return the \$10,000 when it became evident that the bids were not to be returned. They were unaware of this fact.

The State has not yet interviewed Commissioner Kohl. Mr. Stern delineated for them what Mr. Kohl had told us in an interview in our office.

Both Mr. Stier and Mr. Jahos recognized that it would not be wise to create "Jencks Act" problems by taking extensive statements from any witnesses at this juncture of the investigation and that they would refrain from doing so and that any statements that they would take would be with utmost care. They also agreed that they would neither interview nor put Mr. Kohl before a grand jury this week.

Mr. Stern stated that although this office had planned to bring Mr. Loughrin before a grand jury this Thursday, that he would defer doing so until further contact with the State was made. Mr. Jahos further stated that he had not yet interviewed Mr. Sherwin and that this would not be done this week.

Mr. Jahos noted that he would not be able to speak to Mr. Kugler until Sunday and that he would have to discuss this matter with him before a final decision could be made on the approach the State would take. Although he initially suggested that there were only two alternatives; i.e., that the State would prosecute the matter by themselves (assuming prosecution was warranted) or that the State and Federal Government would prosecute jointly, Mr. Stern noted that there were really three alternatives: (1) State prosecution; (2) Federal prosecution; and (3) Joint prosecution. Mr. Stern again reiterated his desire to approach the investigation on a joint basis and, assuming that both offices concluded that prosecution was warranted, to return joint indictments.

C-37 Evid
11/15/72

AO Form No. 110 (Rev. 5-68)

Subpoena to Testify Before Grand Jury

BIG:jlb

United States District Court
FOR THE

DISTRICT OF NEW JERSEY

To Responsible Officer
Manzo Contracting Company, Inc.
Waterworks Road
Madison Township, New Jersey

You are hereby commanded to appear in the United States District Court for the

District of New Jersey at Federal Bldg., 970 Broad St., / Rm. 502 in the city of

Newark on the 28th day of April 1972 at 10:00 o'clock A. M. to

testify before the Grand Jury and bring with you¹ all books, records and documents listed on the attached Schedule A pertaining to the above-named company for the years 1969 to date.

This subpoena is issued on application of the United States.

Herbert J. Stern, U. S. Attorney
By: Bruce I. Goldstein
Chief, Special Prosecutions
645-3007

ANGELA W. LOCASCIO

Clerk.

Date April 26, 1972

By Mary Bradbury
Deputy Clerk.

1. Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

RETURN

Received this subpoena at NEWARK, N.J. on 4/26/72
 and on 4/26/72 at MADISON TOWNSHIP, N.J. I served it on the
 within named JOSEPH MANZO
 by delivering a copy to HIM and tendering² to the fee for one day's attendance and the mileage
 allowed by law.

Date April 26, 1972

Robert P. Hyman
 I. R. S.

By

Service Fees

Travel \$
 Services \$
 Total \$

² Fees and mileage need not be tendered to the witness upon service of a subpoena issued in behalf of the United States or an officer or agency thereof, 28 USC 1825, or on behalf of a defendant who is financially unable to pay such costs (Rule 17(b), Federal Rules Criminal Procedure).

SCHEDULE "A"

1. General ledgers.
2. General journals.
3. Cash disbursement journal.
4. Cash receipts journal.
5. Vouchers.
6. Paid bills.
7. Invoices.
8. Billings.
9. Bank statements.
10. Cancelled checks and check stubs.
11. Payroll records.
12. Contracts and copies of contracts.
13. Subcontracting agreements and purchase orders.
14. Records of equipment rental and leasing.
15. Financial statements.
16. Bank deposit tickets.
17. Retained copies of income tax returns.
18. Retained copies of payroll tax returns.
19. Purchase journals.
20. Accounts payable ledgers.
21. Accounts receivable ledgers.

22. Stock transfer book.
23. Corporate minutes.
24. Corporate charter.
25. Records of permit and license fees.
26. Requisitions by separate subcontractors and trade payment breakdowns.
27. All other requisitions, invoices and estimates.
28. Bids, solicitations to bids and worksheets prepared in connection therewith.
29. Records of payment for all materials, supplies and equipment rentals.
30. Written communications or records of oral communications with subcontractors, vendors, suppliers, architects, public officials and authorities and public utilities.

EX C-38
11-16-72
J

George F. Ryger, Jr.

Edward D. McConnell

Attorney General

Administrative Director of the

April 6, 1972

Courts

Re: David A. Biederman, Esquire

It is with regret that I call to your attention and to the attention of the Supreme Court the conduct on the part of the above-named lawyer which, in my opinion, probably warrants some disciplinary action.

David A. Biederman, Esquire was a Deputy Attorney General and Chief Counsel to the Department of Transportation until November 12, 1971. He had been a deputy assigned to the Department of Transportation for a number of years; and, several months after I came here, I made him Chief Counsel. After having left state service, he has been practicing under the firm name of Biederman and Mulligan, 21 Brant Avenue, Clark, New Jersey. Robert L. Mulligan is also a former Deputy Attorney General who recently resigned his position.

While working for the Department of Transportation, Mr. Biederman personally conducted a disqualification hearing before Commissioner Kohl involving a contractor known as Mal-Bros. Construction Co. The Commissioner issued an order of temporary disqualification. This decision was appealed to the Appellate Division. The matter was argued by David Biederman as counsel of record for the State and was affirmed in a recorded decision (Mal-Bros. Contracting Co. vs. John C. Kohl, Commissioner of Transportation, 113 N.J. Super. 144).

Not too long ago, Robert Mulligan (Mr. Biederman's present partner) attempted to talk to me about this matter, indicating that they were representing Mal-Bros. and that they wanted to request a re-instatement of their certificate of qualification. At that time, I refused to discuss the case with him because of what I felt was a serious conflict of interest.

Recently, I was advised that Mr. Biederman had sent a letter of application to the Commissioner of Transportation on behalf of this same group of people for re-instatement. The company is now known as "Crescent Construction Company, Inc." I attach a copy of that detailed letter from Mr. Biederman to Commissioner Kohl, dated March 22, 1972 making the plea for re-instatement.

Edward B. McConnell, Administrative
Director of the Courts
April 6, 1972
Page 2

I also attach a copy of a letter from Biederman to Commissioner Kohl, dated March 27, 1972 which points out a "possible conflict" and then informs the Commissioner that another attorney will be substituted at the subsequent hearing (Jack Oakin, Esquire).

On April 5, 1972, a hearing was held before Commissioner Kohl. D.A.G. Alfred L. Nardelli, who is now the Chief of the Transportation Section of my office, conducted the questioning before the Commissioner. At that time, Mr. Oakin appeared for Crescent Construction Co. and Mr. Biederman sat in the back of the room. I am told by Mr. Nardelli that at least on one occasion Mr. Biederman passed up suggested questions listed on a piece of paper to be asked by Mr. Oakin. Further, when his presence was noted in the room by Commissioner Kohl, he got up and made a statement on behalf of the applicants for re-instatement, indicating that he was appearing as a "character witness." I also attach a copy of the transcript of his statement in that connection.

I would appreciate your arranging to have this matter follow the usual procedure for disciplinary proceedings consistent with the conduct that is found by the court to have existed.

I have been reluctant to bring this matter to the Court's attention because I do not wish to be vindictive. However, I feel it is my duty to protect the State under these circumstances. There are other cases in which Mr. Biederman has appeared for clients who had matters before the Transportation Department when he was Chief Counsel. In those cases, to my knowledge, he did withdraw and substituted someone else.

It seems to me now that someone has to further impress on Mr. Biederman that he cannot act for both sides of a case on alternate dates, whether he is a character witness or an attorney is immaterial in my opinion. If there is any further information I can supply, please advise. I am advising Mr. Biederman that I am taking this action; and, it is certainly agreeable to me if you or the Court desire to forward a copy of my letter to Mr. Biederman.

George F. Kugler, Jr.

CFK:bah

Attachments

BIEDERMAN AND MULLIGAN
COUNSELLORS AT LAW
21 BRANT AVENUE
CLARK, NEW JERSEY 07066

862-2222
AREA CODE 201

DAVID A. BIEDERMAN
ROBERT L. MULLIGAN

Please reply to:

ESSEX COUNTY OFFICE
17 ACADEMY STREET
SUITE 901
NEWARK, N.J. 07102
(201) 624-5275

March 22, 1972

Commissioner John C. Kohl
New Jersey Department of
Transportation
1030 Parkway Avenue
Trenton, New Jersey 08625

Re: Crescent Construction Co., Inc.

Dear Commissioner:

This letter constitutes a formal request to re-instate Crescent Construction Co. as a qualified contractor for the Department of Transportation.

As you may recall, in October of 1970, Crescent Construction Co. was suspended by the Department of Transportation from being a qualified contractor. The reason for the suspension was primarily the indictment of the principals of the company, George and Louis Malanga. The company, at that time, was known as The Mal-Bros. Contracting Co.

The indictment against the Malanga brothers was a four-count indictment, and was returned on September 15, 1970. The counts were for filing false partnership information returns for the years 1965, 1966, 1967 and 1968. In November of 1971, the United States Attorney requested of George and Louis Malanga that they plead guilty to one count of the indictment, that count being the 1968 partnership return. Three counts were to be dropped.

In January, 1972, George Malanga pleaded no lo contendre to one count for filing a false partnership information return for 1968. Louis Malanga pleaded guilty to the same

count. The other three counts were dismissed. Both brothers were sentenced by Judge Lawrence Whipple of the U. S. District Court to a fine of \$5,000 each, plus a two year suspended sentence and were both put on probation for a period of three years. The fine was paid immediately, and Judge Whipple indicated that after six months probation he would review the facts with respect to the continued term of probation.

This request for re-instatement is based upon the time-honored principle of justice that once a man has paid his debt to society in a criminal case, it is completely finished. Our penal system operates under the principle of rehabilitation. In the instant case, the Malanga brothers have paid their penalty under the Federal law. We believe the penalty imposed by the State in terms of suspension from qualification should now be lifted in the interests of rehabilitating the company and its principals. Not only have the principals suffered from the disqualification, but also the 250-500 employees, which include a 15% minority work force.

In the three year period prior to the disqualification, this company had performed \$36.5 million worth of work for the Department of Transportation. Their work was not merely rated excellent, but they were rated the best contractor in terms of achievement for the State of all the contractors doing business with the State. The Department of Transportation engineers can testify to this fact. During this period, the company paid \$4 million in Federal income taxes and \$500,000 in State taxes. Indeed, the Malanga brothers paid all of the taxes due to the Government. Their only crime was a reflection on their partnership information return of a single fact which turned out to be untrue. This resulted from doing another construction company a favor. Outside of this fact, to which they pleaded, they are now completely clean and have a complete bill of health from the U. S. Attorney.

During their period of travail, two companies, both regulated by the State of New Jersey, continued to stand by the company. Those companies were the National Newark & Essex Bank, which handled their banking and advanced credit to the company; and the Aetna Bonding Company, which continued to bond the company through this period.

March 22, 1972
Page Three

1426

Unfortunately, the financial position of the company is now in extremis. Unless the company is re-instated quickly, they will have to literally put the key in the door and go out of business.

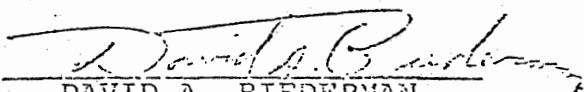
On the basis of the above facts, and in furtherance of the State's policy of rehabilitation in penal cases, as well as the well-known scarcity of qualified contractors available to the Department of Transportation at this time, we respectfully request immediate re-instatement as a qualified contractor with the Department of Transportation of Crescent Construction Co.

Thank you for your courtesy and cooperation in this regard.

Respectfully Submitted,

BIEDERMAN & MULLIGAN
Attorneys for Crescent
Construction Co.

By:


DAVID A. BIEDERMAN

DAB:lg

cc.

Given

BIEDERMAN AND MULLIGAN
COUNSELLORS AT LAW
21 BRANT AVENUE
CLARK, NEW JERSEY 07066

1427

852-2222
AREA CODE 201

DAVID A. BIEDERMAN
ROBERT L. MULLIGAN

ESSEX COUNTY OFFICE
17 ACADEMY STREET
SUITE 901
NEWARK, N.J. 07102
(201) 624-5275

March 27, 1972

Commissioner John C. Kohl
New Jersey Department of
Transportation
1030 Parkway Avenue
Trenton, New Jersey 08625

Re: Crescent Construction Co., Inc.

Dear Commissioner:

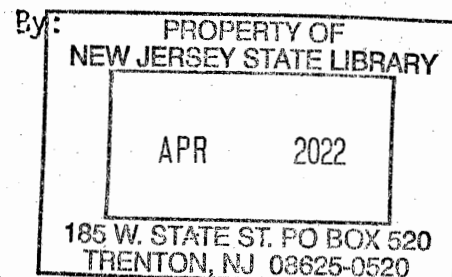
This letter supplements our letter to you of March 22, 1972, requesting the reinstatement of Crescent Construction Company as a qualified contractor for the Department of Transportation. We now request a formal hearing on this matter. Please schedule same at your earliest possible convenience.

The undersigned is being substituted for in this matter by Jack Okin, Esq. of the firm of Okin, Okin, and Samnick, Newark, New Jersey. Since I represented the Department at the earlier hearing, which resulted in the disqualification of Crescent Construction Company, then known as Hal-Bros Construction Company, my representation of Crescent may constitute a conflict of interest. Any further correspondence in this matter will be directed to you by Mr. Okin. Thank you for your courtesy.

Very truly yours,

BIEDERMAN & MULLIGAN

DAB:jg
CC: Alfred Hardell
Honorable Pierre Garven



April 7, 1972

EX C-39
11-16-72
JF

David A. Biederman, Esquire
Biederman and Mulligan
21 Brant Avenue
Clark, New Jersey 07066

Dear Mr. Biederman:

This letter will notify you that today I formally advised the Administrative Director of the Court that I objected to your conduct in relation to the Mal-Bros. Construction Co. matter. I have requested the Court to institute disciplinary proceedings consistent with the conduct that is found by the Court to have existed in this case.

Very truly yours,

George F. Kugler, Jr.
Attorney General

GFK:bah

CONFIDENTIAL



JOHN C. KOHL
COMMISSIONER

Handwritten: C. J. ...

STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION
1035 PARKWAY AVENUE
TRENTON, N.J. 08625

1429

July 1, 1971

Honorable George F. Kugler, Jr.
Attorney General
State House Annex
Trenton, New Jersey

*Handwritten: EX C-40
11-16-72*

Dear General:

It has been a little over one year since you have appointed me as Chief Counsel to the Department of Transportation. In that period I believe I have produced for both you and the Department of Transportation the results sought by Commissioner Kohl and yourself.

The attached report indicates that the condemnation case load has been cut by some 20%. The Division of Law in the Department of Transportation is organized. Indeed, the Department of Transportation's Division of Management Systems, after a management study, has noted that the Division of Law is the most efficient Division in the Department of Transportation. The Deputies assigned to the Department of Transportation have performed very well and they work well together. The esprit de corps in the office is quite remarkable.

Much of the above, of course, is due to the excellent personnel you have given me and the virtual free hand I have had in operating my Section.

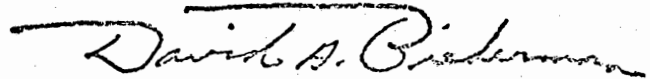
You have fulfilled all of the requests made by me at our meeting with Commissioner Kohl, with one exception. You may recall that I requested one of the several, still open, tenure positions. I am now 38 years old, I have a sizable family. My salability to an outside law firm will completely disappear after the implementation of the Conflict Bill. I know that the present administration, Commissioner Kohl, yourself, Governor Cahill and Judge Garven have recognized my capabilities. What the next administration would do, however, is completely open to question. In 6 1/2 years I

will be in my middle forties and will have absolutely nothing to offer a firm in private practice, should I be forced out of my present position. This is not impossible.

For the foregoing reasons I renew my request to you for a tenure position.

Please advise.

Very truly yours,



David A. Biederman
Deputy Attorney General
Chief Counsel to Commissioner

Attachment

CC: Honorable John C. Kohl
✓ Marilyn Loftus Schauer
First Assistant Attorney General



JOHN C. KOHL
COMMISSIONER

STATE OF NEW JERSEY

DEPARTMENT OF TRANSPORTATION

1035 PARKWAY AVENUE
TRENTON, N.J. 08625

1431

September 1, 1971

EX C-41
11-16-72

Honorable George F. Kugler, Jr.
Attorney General
State House Annex
Trenton, New Jersey

Dear General:

It is with deep regret that I submit to you my resignation as Deputy Attorney General and Chief Counsel to the Department of Transportation.

As I indicated in my previous letter to you on July 1, 1971, I read the Conflict of Interest bill as one which will be liberally construed by the Courts to bar any Deputy Attorney General from appearing before or against any State Department or agency. Further, the bill would prohibit his partners from so doing. The effect, therefore, is to make any Deputy Attorney General who resigns for any reason after January 11, 1972, completely unsalable in the market place. Whatever expertise he builds up in his present capacity will be completely useless to him and, in fact, a detriment to any law firm he goes to for two years.

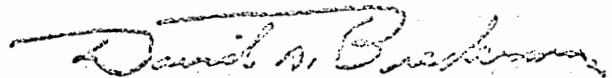
While I expect this administration to last for another six years I do not intend to hazard my career or the livelihood of my family on an election. While I survived one change of administration, there is no telling what another administration may do with regard to old personnel. The effective date of my resignation is January 10, 1972, unless you wish me to resign earlier.

I do have several priorities for the Department and the Governor's office that must be done, e.g. conditional veto message, etc., which I intend to accomplish in the next several weeks.

I have told Commissioner Kohl that I do not intend to leave him with any matters unfinished since we have a rather active agency. I will take whatever time and effort is required to orient my successor, whoever he may be.

I have greatly enjoyed working as part of your office and appreciate your many personal kindnesses to me.

Sincerely yours,



David A. Biederman
Deputy Attorney General.

CC: Honorable John C. Kohl
Honorable Pierre P. Garven



STATE OF NEW JERSEY
GEORGE F. KUGLER, JR.
ATTORNEY GENERAL

September 8, 1971

1433

David A. Biederman, Deputy Attorney General
Department of Transportation
Trenton, New Jersey

EX C-42
11-16-72

Dear David:

Your resignation as a Deputy Attorney General will be accepted on a date prior to January 11, 1972, so that you will not have to worry about the conflict of interest statute. You will be advised shortly of the date on which your resignation is to be accepted.

I note that you have been discussing your resignation with the press. You are still a Deputy Attorney General and the rules concerning discussion with the press are still in effect. Please refrain from talking any further with the press concerning your resignation.

I would appreciate your scheduling a conference with me early next week to discuss any legal affairs of the Department of Transportation. This should be arranged through Marilyn Schauer's secretary so that she can also be present.

I wish to take this opportunity to thank you for your services as a Deputy during my tenure of office and to wish you every success in your private practice.

Sincerely,

George F. Kugler, Jr.
Attorney General

GFK:hd

BIEDERMAN AND MULLIGAN
COUNSELLORS AT LAW
21 BRANT AVENUE
CLARK, NEW JERSEY 07066

1434

DAVID A. BIEDERMAN
ROBERT L. MULLIGAN

862-2222
AREA CODE 201

Please reply to:

ESSEX COUNTY OFFICE
17 ACADEMY STREET
SUITE 901
NEWARK, N.J. 07102
(201) 624-5275

December 29, 1971

George F. Kugler
Deputy Attorney General
State House Annex
Trenton, New Jersey

FX C-43
11-16-72

Dear General:

I have just finished reading the decision of the Supreme Court in the case of Department of Transportation vs. Trap Rock Industries. Congratulations on your splendid victory in this matter. Since I was part of the case for a considerable period, I feel that I should bring the following facts to your attention:

I have been given to understand that although Trap Rock Industries is prevented from bidding on State jobs, the company is still a "state approved source" of road materials and is still permitted to supply State and County jobs. I have been further given to understand that the "bidding" only constitutes 50 to 60% of that business. In fact, therefore, Trap Rock is still making money from the taxpayers of the State of New Jersey in considerable quantities despite the Supreme Court's decision. If the State is not going to do business with Trap Rock as a contractor, I do not know what rationale would permit the State to do business with Trap Rock as a supplier. When I left the office I knew that you were considering the second phase of the Trap Rock matter. Since I concur completely in your policy in this matter vis a vis, the State doing business with contractors who lack moral responsibility, I would hope that the Trap Rock matter is completely finalized. I was advised from my source that the States position has been circumvented since the bulk of Trap Rock's business, which depends on "State Approval", is still going strong, despite all of the court actions, civil and criminal, against Stavola.

Con't.

Prior to drafting this letter I discussed the contents hereof with Mr. Hardelli.

Please be assured that despite my resignation, my regard for you as a lawyer and a man has not, and shall not, diminish in any respect whatever. The Governor knows and I am sure this letter will make it plain that my partner and I have complete loyalty to the administration.

Best regards and best wishes for a happy Holiday Season.

Sincerely yours,

David A. Biederman

HAB:md

cc to: Alfred Hardelli
Section Chief
Department of Transportation
1035 Parkway Avenue
Trenton, New Jersey 08265

Blind cc to: Pierre P. Garvin
Counsel to the Governor
State House Annex
Trenton, New Jersey 08265

1436

BIEDERMAN AND MULLIGAN
COUNSELLORS AT LAW
21 BRANT AVENUE
CLARK, NEW JERSEY 07066

862-2222
AREA CODE 201

DAVID A. BIEDERMAN
ROBERT L. MULLIGAN

✓ Transposed
C-44 Ends
11/16/72
Please reply to:
ESSEX COUNTY OFFICE
17 ACADEMY STREET
SUITE 901
NEWARK, N.J. 07102
(201) 624-5275

January 5, 1972

George F. Kugler
Attorney General
State House Annex
Trenton, New Jersey

Dear General:

Reference to our letter of December 29, 1971, the second paragraph inadvertently had one line omitted which changed the percentages of Trap Rock's business, therefore, listed following is the correct language relative to that paragraph.

"I have been given to understand that although Trap Rock Industries is prevented from bidding on State jobs, the company is still a "state approved source" of road materials and is still permitted to supply State and County jobs. I have been further given to understand that the bidding only constitutes 15% of Trap Rock's business whereas supplying materials constitutes 50 to 60% of that business. In fact, therefore, Trap Rock is still making money from the taxpayers of the State of New Jersey in considerable quantities despite the Supreme Court's decision. If the State is not going to do business with Trap Rock as a contractor, I do not know what rationale would permit the State to do business with Trap Rock as a supplier. When I left the office I knew that you were considering the second phase of the Trap Rock matter. Since I concur completely in your policy in this matter vis a vis, the State doing business with contractors who lack moral responsibility, I would hope that the Trap Rock matter is completely finalized. I was advised from my source that the States position has been circumvented since the bulk of Trap Rock's

January 4, 1971

business, which depends on "State Approval", is still going strong, despite all of the court actions, civil and criminal, against Stavole".

Again best regards and wishes for a Happy New Year.

Sincerely yours,

/s/ David A. Biedermann

David A. Biedermann

DAB/md

cc: Alfred Nardelli
Section Chief
Department of Transportation
1035 Parkway Avenue
Trenton, New Jersey

Blind cc to Pierre P. Garvin
Counsel to the Governor
State House Annex
Trenton, New Jersey

C-45 Encls

11/16/72

ES

1 occupations. It requires them to associate
2 with law abiding persons and maintain reasonable
3 hours. These are the things which they have
4 got to do because the Probation Department tells
5 them to do it even if they didn't want to do
6 it. And we feel that during this period they
7 are under guidance by the Probation Department,
8 the people that they can contact or talk to
9 are limited because one of the conditions is
10 that they shall only associate with law abiding
11 persons. We feel that they have paid their
12 penalty and they should be reinstated and the
13 people that are working for them, let them have
14 a future also.

15 Thank you.

16 COMMISSIONER KOHL: At this point I might
17 note the presence of Mr. David Biederman, who
18 was the legal counsel to the Department at the
19 time of the prior hearings. I am wondering,
20 Mr. Biederman, whether you are here as an
21 interested observer or in some other capacity?

22 MR. BIEDERMAN: I am here as an interested
23 observer, but I would like to make a comment for
24 the record.

25 I have come to know these gentlemen. They

1 approached me to handle this matter some 1439
2 time ago, and I couldn't because there is a
3 conflict, but I've come to know them since I
4 have left State Government.

5 Mr. Nardelli raised an interesting point
6 about what they learned.

7 In my experience in government, I can state
8 for the record, that I think they have learned.
9 I think they are certainly rehabilitated. This
10 time they will check the tax returns, they're
11 going to be good law abiding people. I'm saying
12 this, perhaps, as a character witness. I've
13 met these men and their families, and if anybody
14 deserves to be reinstated, they should. There
15 should be an end to punishment. I was partially
16 responsible initially for their debarment. I
17 handled the matter for the State. And the
18 State has rightfully punished them. But there
19 should come an end. The business will go
20 into bankruptcy and collapse. In effect, the
21 State will have punished these people far more
22 than the Federal Judge felt they should have
23 been punished. The Federal Judge had the
24 advantage of professional probationary reports,
25 and they have paid their price.

1 As an interested observer, I think the State
2 should not go beyond what the Federal Judge
3 has punished them for, and I think they should
4 be reinstated.

5 COMMISSIONER KOHL: I might comment both
6 to Mr. Okin and Mr. Biederman's point here in
7 respect to the basic issue of moral integrity.
8 There is, I think, as a result of testimony
9 here this morning, the question of financial
10 stability, financial future of the firm of
11 Crescent Construction Company, and there is the
12 temptation to undertake extreme measures to
13 insure against loss and under such circumstances
14 I think the issue of moral integrity has to be
15 brought to the fore, and that the character of
16 the principals in the operation becomes a very
17 prime question.

18 For that reason, any remaining doubts with
19 respect to the first item in the previous
20 proceedings, the matter of the Kantor case, is
21 perhaps of even greater import than the issue
22 of the tax situation.

23 MR. BIEDERMAN: Commissioner, if I may,
24 I was out of the room when Mr. Louis Malanga
25 testified, but the United States Attorney's

1 office has given these gentlemen a clean bill
2 of health, no further investigations, and that
3 matter is complete laid to rest. If there is
4 any doubt, I suggest you call Mr. Stern and find
5 out for yourself. The U.S. Attorney approached
6 them to plead and assured them that that would
7 be the end of it. One count on a four count
8 indictment, no custodial sentence.

9 COMMISSIONER KOHL: Should we not make
10 clear for the record then, Mr. Nardelli, that
11 situation? I think, as I understood the earlier
12 testimony, neither George Malanga or Mr. Louis
13 Malanga had any further comment with respect
14 to that matter of Kantor and the record would
15 not show the point that Mr. Biederman has just
16 raised.

17 MR. NARDELLI: Well, did you wish Mr.
18 George Malanga or Louis Malanga to come back
19 on the stand and then discuss that?

20 MR. OKIN: Yes.

21 MR. NARDELLI: Fine. Let's do it.

22 G E O R G E D. M A L A N G A, having been previously
23 sworn, resumed the stand and testified as follows:

24 REDIRECT EXAMINATION
25 BY MR. NARDELLI:

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION

1442

JOSEPH H. STAMLER
JUDGE



COURT HOUSE
MORRISTOWN, N. J.
07960

June 21, 1972

Received from Hon. Joseph H. Stamler, for delivery to Robert E. Cowen, Deputy Attorney General, at New Jersey State Police Headquarters, the following:

1. Original cancelled check for \$10,000 payable to Republican Finance Committee dated October 23, 1970 drawn by Manzo Contracting Co.;
2. Excerpt from testimony of John Perucci, Jr., prepared by Ellen DiBenedetto, C.S.R.;
3. Excerpt from testimony of Michael Manzo prepared by John Lord, C.S.R.;
4. Excerpt from testimony of Michael Manzo prepared by Paul Kelly, C.S.R..

By John S. C. 25.00

46A
C-~~46A~~ Encl
11/16/72
EJ

| | | | | |
|--|--|---|--|--|
| BY ENDORSEMENT THIS CHECK WHEN PAID IS RECEIVED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT | | MANZO CONTRACTING CO., INC. GENERAL CONTRACTORS MATAWAN, NEW JERSEY | | 36460 |
| TOTAL OF INVOICES | | PAY TO THE ORDER OF <i>Republican Finance Committee</i> | | <i>10/23</i> 19 <i>72</i> <u>55-412</u> 212 |
| LESS % DISCOUNT | | <i>PAID</i> | | <i>50/100</i> DOLLARS |
| LESS | | | | |
| TOTAL DEDUCTIONS | | | | |
| AMOUNT OF CHECK | | | | |

507 30.70

See Thousand

PAID

55-412

8 May 73

FARMERS & MERCHANTS NATIONAL BANK
OLDEST BANK IN MONMOUTH COUNTY
MATAWAN, N. J.

⑈036160⑈ ⑆0212⑈0412⑈ ⑆03⑈003⑈ 1⑈ ⑆0001000000⑈

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
ORGANIZED CRIME AND SPECIAL PROSECUTIONS SECTION
DIVISION OF CRIMINAL JUSTICE

C-47 Evid.
11/16/72
Evl.

MEMORANDUM

TO: File - SGJ9-72-11

Date: June 29, 1972

FROM: Peter R. Richards and Edwin H. Stier
Deputy Attorneys General in Charge

SUBJECT : Interview of Pierre P. Garven on June 20, 1972

Pierre Garven, counsel to the Governor, was interviewed on June 20, 1972, beginning at 12:15 p.m. and ending at 12:35 p.m. The interview was conducted in the office of Evan W. Jahos, Director of the Division of Criminal Justice, and present at all times during the interview were Messrs. Stier, Richards, Jahos, and Garven.

Garven was shown a copy of an interoffice communication from Paul J. Sherwin, Secretary of State, to Commissioner John C. Kohl, dated October 29, 1970. The subject of the memorandum is "Memo October 5, 1970" and written at the bottom of the memorandum in handwriting is "Biederman discussed with Garven 11-4. Garven to explain to Sherwin." Garven said that "a long time ago," Deputy Attorney General David Biederman came to Garven's office. Garven has no specific recollection of the time of Biederman's visit. Biederman mentioned to Garven the "matter" between Secretary of State Sherwin and Commissioner Kohl with regard to the repaving contract on Route 46. Garven said that the specific issue in his conversation with Biederman was that Sherwin had written a letter to Kohl with regard to the contract. Garven does not recall whether or not he was shown a copy of Sherwin's October 8, 1970, letter to Kohl, but Garven is sure that Biederman at least told him about the letter.

Biederman told Garven that he (Biederman) felt that the low bid on the Route 46 contract was proper, and the substance of the conversation was that both Biederman and Commissioner Kohl felt that that low bid should be accepted. Garven told Biederman that he (Biederman) was the Deputy Attorney General assigned to the Department of Transportation, and that he (Biederman) should know whether or not the bid was legal and proper. Garven told Biederman that if "this would get the work done, go with the low bidder." Garven assumed that he was given Manzo's name by Biederman, but he (Garven) has no specific recollection of Manzo's name being mentioned.

Garven recalls that Biederman asked him if he (Garven) would speak with Sherwin about the matter. Garven "vaguely thinks" that he could have called Sherwin about it, but he has no specific recollection of doing so. Garven thinks he probably did call Sherwin, but he is not sure. Garven knows that Biederman did ask him to call Sherwin, and Garven remembers that he told Biederman he would call Sherwin, but he has no recollection of whether or not he did so.

Garven assumed that Biederman came to him because of the letter of October 8, 1970, from Sherwin to Kohl. Garven said he thought Biederman came to him to offset any influence which had been exerted by Sherwin.

Garven said that his conversation with Biederman took approximately 3 minutes. He thinks that both he and Biederman conducted the conversation standing up, and he did that specifically so that Biederman would leave quickly. Garven said that Biederman never came to him on any similar matters that he can recall, but Garven added that Biederman always was calling him up and writing memoranda.

gvb

C-48 IN EVID.
R.R.
11/16/72

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION-WARREN COUNTY
Docket No. C-1763-70

MANZO CONTRACTING CO., INC.,
Plaintiff,
v.
WARREN LIMESTONE CO., INC.,
Defendant.

Morristown, New Jersey
February 29, 1972

Before

HONORABLE JOSEPH H. STAMLER, J.S.C.

Appearances:

PILLSBURY, BARNACLE, RUSSELL & CARTON, by
LAWRENCE A. CARTON, III, attorneys for
plaintiff.

STOVER & STOVER, by BERNARD F. CONWAY, attorneys
for defendant.

John E. Lord, C.S.R.
Official Court Reporter

1 M I C H A E L J. M A N Z O resumes the stand.

2 * * * *

3 CROSS-EXAMINATION BY MR. CONWAY:

4 * * * *

5 Q Mr. Manzo, I show you D-8 for identification and
6 ask if you recognize those sheets as the documents your
7 company prepared for the purposes of advising the Perruccis
8 of back charges and other offsets for the year 1970 and
9 forwarded to the Perrucci interests by your attorney.

10 A Yes.

11 Q Direct yourself to page 8. Strike that.

12 MR. CONWAY: Excuse me just a minute, your Honor.

13 Q Just preliminarily, this is a worksheet, accounting
14 worksheet, in which you have listed on the left-hand side
15 dates and items and explanations and consist of a review
16 of your records to determine moneys that you have paid to
17 material people or advances to the Perruccis for salary or
18 other moneys that you claim are legitimately due you for
19 the various transactions in 1970. Isn't that correct?

20 A Ask the question again, please.

21 Q I want to know whether or not that document there
22 itemizes the various charges that you paid during 1970 on
23 behalf of the Perruccis, whether it be Chevron Oil, whether
24 it be for payroll, whether it be for taxes or what have you,
25 that you felt you were entitled to credit for.

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1 A Yes.

2 Q And it was computed from your records at Manzo

3 Contracting? A Yes.

4 Q And if you look on page 4 you have an item down

5 about midway of the page, Warren County Republican Club,

6 Warren County Democratic Club, a thousand dollars and a

7 thousand dollars. A Yes.

8 Q Those were political contributions that you made to

9 those parties which you are charging against the Perrucci

10 account. Is that correct? A Yes.

11 Q Now, on page 8 you have an item listed, five trucks,

12 equipment, \$50,000. Is that correct? A Yes.

13 Q Now, did you charge them \$50,000 for trucks?

14 A I charged them \$40,000 for trucks.

15 Q And what, may I ask, is the \$50,000 figure in

16 there when \$40,000 is the actual figure? A \$10,000

17 contribution to the political party that I was told--I was

18 asked to do by Mr. Perrucci, Sr.

19 Q Well, this is an itemization in which you are

20 telling them the charges that you feel you're entitled to

21 be reimbursed for. Is that correct? A Yes.

22 Q These sheets. A Yes.

23 Q Why isn't the \$10,000 in the political contributions

24 section on page 4 or why isn't it designated specifically

25 a political contribution rather than have it lumped into a

1 \$50,000 figure on trucks? A I couldn't answer
2 that question, sir. I don't know why that isn't, but that's
3 what it is. I don't enter it in the books so I couldn't
4 answer that.

5 Q This \$10,000 political contribution was made to
6 the Warren County Republican or Democratic Club?

7 A It was made out to either one of the parties and it
8 was made out for the state.

9 BY THE COURT:

10 Q Made out to the state? A For the state
11 Republican or Democratic.

12 Q But not to both. It was to one or the other?

13 A Yes.

14 BY MR. CONWAY:

15 Q It was made to the Republican Finance Committee,
16 wasn't it? A All right. If you are looking at
17 it, then I would say that's probably it.

18 Q And that contribution was delivered to someone up
19 in Warren County or someone down in Marlboro Township?

20 A That was delivered to someone, I would say, along the
21 Shore somewhere that handles the contributions for the state.

22 Q And was that on a Manzo Contracting check or was
23 it one made payable to Perruccis and endorsed over?

24 A It was on a Manzo Contracting check.

25 Q Well, what indicia or what evidence on the check

450 1 or who delivered it would indicate that the Perruccis might
2 get some credit for such a contribution? A I don't
3 know what you are saying now. I did what Mr. Perrucci told
4 me to do.

5 Q Are you telling me that he told you to give
6 \$10,000 to the Republican Finance Committee and you did it?

7 A Yes.

8 Q And do you know when you did it? A Some-
9 time in the fall of '70.

10 Q October 23rd, 1970? A 'Could have been, yes.

11 Q Is that correct? A Yes.

12 Q And was that a gubernatorial year? A Oh,
13 I don't know. I didn't get into that. I don't know.

14 Q Do you know whether the Perruccis are Democrats
15 or Republicans? A I don't.

16 Q You say John Perrucci called you up and said you
17 better given \$10,000 to the Republicans? A John
18 Perrucci didn't call me. John Perrucci told me.

19 BY THE COURT:

20 Q How did he tell you, face-to-face? A I was
21 there; yes, face-to-face.

22 Q Did you write a letter to the Republican State
23 Committee and say, "I am sending"--or to the Democratic
24 State Committee, whichever it was--"I am sending you a check
25 for \$10,000 for Perrucci or Warren Limestone"? A No,

1 I did not, your Honor.

2 Q So that for whatever benefit the political
3 contribution, good will or otherwise, it was Manzo
4 Contracting's check and Manzo was listed as a contributor?

5 A Your Honor, I can only tell the facts, and the facts are--
6 you're right as far as that is concerned--but the facts are
7 that he told me to do it and that it would come out of that
8 part of the business, the Warren County business, that I
9 would be paid for the money.

10 THE COURT: Mr. Conway, what I have now to say
11 applies to Mr. Carton also. Unless there is a sound
12 objection from counsel--I have tried this case without
13 a jury--I have no objection to the marking and receiving
14 in evidence of defendant's exhibits on plaintiff's case
15 or to plaintiff's exhibits on defendant's case rather
16 than go through an intermediate marking for identification
17 purposes. This may avoid the necessity of the recall of
18 some witness at some later date to further certify when
19 the document is offered in evidence and either counsel,
20 other than the offering party at that time, raises some
21 voir dire objection to the admissibility of the document.
22 So that I want you both to know that sitting in this
23 case without a jury I follow the federal system of
24 permitting the movement into evidence of defendant's
25 exhibits notwithstanding we are still on plaintiff's

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1 case. Do you understand me, Mr. Conway?

2 MR. CONWAY: Yes, sir.

3 THE COURT: Mr. Carton?

4 MR. CARTON: Yes, sir.

5 THE COURT: So that you may feel free to do it.
6 Know this much, that I will not examine any exhibit for
7 identification of either plaintiff or defendant until
8 it's received in evidence. If it's merely marked for
9 identification I am not going to look at it.

10 MR. CONWAY: In light of that, I wonder if I might
11 move those items that I have discussed. Well, I will
12 move this one so we can get--

13 THE COURT: The eight ledger sheets or columnar
14 sheets?

15 MR. CONWAY: Yes, sir.

16 THE COURT: Any objection?

17 MR. CARTON: Yes, your Honor.

18 THE COURT: Let me hear you.

19 MR. CARTON: That particular ledger sheet, as Mr.
20 Conway indicated in his cross-examination, was submitted
21 along with a covering letter, and I think that the
22 exhibit should be or should have as an integral part
23 that covering letter because that covering letter
24 contains distinct and serious qualifications.

25 THE COURT: What about that, Mr. Conway?

1 MR. CONWAY: Well, the covering letter is a letter
2 from Mr. Carton which in many respects is self-serving.
3 The fact of the matter is that I don't read the letter
4 as in any way qualifying the information in here; for
5 example, saying that it's restricted in anything other
6 than the fact that it has a number of paragraphs which
7 relate to other merits here which I think are objection-
8 able. He has, "Manzo Contracting Co., Inc., has,
9 therefore, prepared the document enclosed," which is
10 this document, "which consists of an itemization of
11 all moneys or credits delivered to Manzo Contracting,
12 Inc., which are attributable to the joint venture
13 conducted under the oral agreement. Also included is a
14 complete listing of the various disbursements and
15 liabilities which have accrued during the course of the
16 year 1970 which Manzo is either aware or has paid. You
17 will, therefore, note that a number of items have actual
18 check numbers or indications next to them that they were
19 in fact paid by checks, while other exist merely as state-
20 ments or liabilities as determined by Manzo at this time.
21 Also listed are past due principal and interest payments
22 due Manzo as the holder of various security agreements.
23 Inasmuch as these disbursements and accrued liabilities
24 have not been allocated to categories but merely lumped
25 together, it will be necessary for representatives of

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1 Manzo Contracting Co., Inc., and representatives of
2 your group to meet within the next few days to settle
3 the allocations and categories of the various items
4 to obtain a clear picture of the financial condition
5 of your companies at this particular time."

6 The next paragraph I don't think relates to the
7 authenticity of these documents. In other words, I see
8 nothing in this letter that would in any way belie the
9 offer here and that the offer represents what they said
10 they thought they were due.

11 THE COURT: Mr. Carton, it seems to me that though
12 there is a reference and a suggestion that the parties
13 meet for subsequent allocation, if this is a recapitu-
14 lation by Carmen or the C.P.A., or whomever it may be,
15 and it is submitted by an agent of Mr. Manzo's company
16 to the defendants with those qualifications where the
17 check numbers appear, there are canceled checks to
18 cover it, where there are no check numbers, which
19 appears they have been allocated by Manzo, that
20 seems to be the only qualification and I don't know
21 why I shouldn't receive it in evidence, and if you want
22 to put your letter in or that portion of the letter in
23 on redirect or some other portion of plaintiff's case,
24 you may do so.

25 MR. CARTON: Your Honor, so long as the

1 reservation is understood that that is the case, I have
2 no further objection.

3 THE COURT: Well, I have explained--

4 MR. CARTON: Exactly, except that one further
5 element should be brought to your attention and to Mr.
6 Conway's attention if it has not been already. There are
7 some subsequent letters on my stationery indicating
8 corrections of errors contained in that summary.

9 THE COURT: Well, that may be, but we are really
10 not up to that point, and you on redirect, if Mr.
11 Conway doesn't go into the corrections--for example,
12 let's assume that P-8 shows \$5000 to Shell Oil and on
13 a later date it's determined that it should have been
14 three or seven and you want to correct it, I will
15 certainly permit you to correct it at that point, but
16 now we are at the point where I want to know whether
17 you have any objection to the receipt of D-8 for
18 identification in evidence.

19 MR. CARTON: With those clarifications, no, your
20 Honor.

21 THE COURT: All right.

22 MR. CONWAY: May I just say now, sir, so I am not
23 mistaken because I am directing my interrogation
24 specifically to an item of \$50,000, whether Mr. Carton
25 has any addendum correspondence that reallocated that

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1 item of 40 and 10 because I don't have it and I don't
2 want to misrepresent to the Court and pursue a line
3 of examination which bears not only on the merits here
4 but may bear on credibility. I know of no such letter.
5 I see two letters or one letter which makes changes,
6 which I am not even getting involved in, in amounts
7 which are not significant at all in my judgment, but
8 I would like to know if Mr. Carton has a letter in
9 which someone wrote and said that the \$50,000 equipment
10 should not have been \$50,000 and it should have been
11 40 and 10 should have been a political contribution.
12 I will not pursue this any further because it would be
13 very unfair, but I know of no such letter. I don't
14 want to get misled here if there is such a letter.

15 THE COURT: Mr. Carton, Mr. Conway seems--

16 MR. CARTON: I don't believe there is such a
17 letter.

18 THE COURT: All right. There is no change in
19 that. D-8 for identification, eight columnar sheets,
20 will be received in evidence.

21 [Eight columnar sheets previously marked D-8 for
22 identification are received in evidence as Exhibit D-8.]

23 BY MR. CONWAY:

24 Q Now, Mr. Manzo, I have just selected one item and
25 you tell us you don't know how Carmen or whoever made this

1 sheet up put an extra \$10,000 in equipment which was really
2 a political contribution. Is that right? A That's
3 right. I wouldn't know anything about that.

4 Q How did you know enough to tell me today and tell
5 me last week ago Thursday that the extra 10 was in fact a
6 political contribution? A Well, the question, I
7 think, was asked before and I assume that the 40 was the
8 equipment and the 10 makes the 50. It's as plain as that.

9 Q Well, when is the first time, sir, that anybody
10 asked you--when I say the first time, either before this
11 litigation or when you were talking to Carmen or talking to
12 these men--any question about that \$50,000, that it came to
13 your attention? A I think when the question was asked.
14 I think when I first learned this I called up--I believe I
15 called the accountant because Carmen is on vacation. I
16 may have asked Carmen. I think. I'm not sure. Either one.
17 They told me for some reason--it was the 40 and 10--there
18 was a little mix-up there in the two figures.

19 Q Well, did you tell Mr. Carton when he was making
20 other changes to write to Mr. Stover or whoever he was
21 writing to and to indicate that that was a mistake and
22 that that figure should really be 40 and that there should
23 be a new item for \$10,000 for political contributions as you
24 did on page 4, a thousand dollars to the Republicans, a
25 thousand dollars to the Democratic Club? A No, I didn't.

1 Q You didn't? A No, I didn't tell him.

2 Q As a matter of fact, Mr. Manzo, when I took your
3 deposition just a week and a half ago you didn't even know
4 where that contribution was paid to, did you?

5 A Well, I told you it was paid to the party but I didn't
6 know which party.

7 Q I took your deposition on February 17th, page 207..

8 THE COURT: Hold it just a moment.

9 MR. CONWAY: Your Honor, page 207, line 4.

10 Q Mr. Manzo, you recall my being in your office on--
11 or Mr. Carton's office on February 17th, don't you?

12 A Yes.

13 Q And you recall when I started the proceedings I
14 indicated what the purposes of the proceedings were?

15 A Yes.

16 Q And that you were under oath and how it was
17 important that you answer all my questions and understand
18 them and if you didn't I would be glad to reframe them?

19 You remember me saying that in the beginning? A Yes.

20 Q This isn't the first time you had your deposition
21 taken. Isn't that correct? A Yes.

22 Q You have through the course of business been
23 involved in litigation. You know what this is all about.

24 Right? A Yes.

25 Q And I asked you, did I not, page 207, line 4:

1 "Did you agree to sell them trucks from time to time?" and
2 your answer then was, "We got into an agreement with both
3 sides, yes. They decided they wanted to buy some of our
4 trucks and we agreed to sell them." Do you remember that
5 question and answer? A Yes.

6 Q I asked you, "For how much?" and you said,
7 "\$40,000." A That's right.

8 Q "Question: Why do you have \$50,000 charged off
9 on the account there?" and I was referring to the very sheets
10 that are now in evidence, wasn't I? A Yes.

11 Q And you said, "Well, I think somebody just made a
12 mistake on that. There was an additional \$10,000 that we
13 were told to make a contribution on."

14 Then I asked, "Contribution to who?" You said, "To
15 the political party," and I said, "What political party?"
16 and you said, "I don't remember exactly if it was Democrat
17 or Republican, but it was a political party and we were told
18 to do this by the Perruccis. I shouldn't say we. I was
19 told this."

20 And I said, "Did you make this contribution?" and you
21 said, "Yes, I did," and I said, "You have contributions
22 down here to some political party of \$2000." I said, "Is
23 that part of the--" You interrupted. You said, "No. That
24 was for the first year the 2000 and the 10,000 happened on
25 the second year."

1460 1 I asked you, "When?" You said, "Oh, I don't know exactly
2 when, somewhere around the end of the season I guess."

3 Then I asked you--down to line 14, your Honor. "It was
4 either"--strike that. Line 12.

5 "Question: And it was made payable to some party?

6 "Answer: Right.

7 "Question: It was either local or national or state?

8 "Answer: It was a party, now, if it was--"

9 And then I asked you a question which you didn't answer
10 which is not relevant here.

11 On page 210, line 7: "Do you recall what county the
12 political contribution was made? Was it local here?

13 "Answer: Do you mean who the check was made to? It
14 was made to a party and it was made local in this area."

15 Is that correct? A I just said the same
16 thing before. It was local in that area along the Shore.

17 Q But you didn't remember on the 17th that it was
18 to the Republican Party, did you? A Can I help that
19 I didn't remember it was Republican? I didn't remember.

20 Q So you made a \$10,000 political contribution and
21 didn't recall what party it was. Is that what you are telling
22 me? A That's what I said, yes.

23 Q And you say that the Perruccis or Mr. Perrucci
24 sometime, I guess, in the fall called you up and said you
25 got to make a \$10,000 contribution. Is that right?

1 A Right.

2 Q That is about the same amount of money that you
3 funded that account with up in Warren County, isn't it?

4 A Well, that is the exact amount.

5 Q So I mean we are not talking about \$1000 to a
6 local political club. You made \$1000 to the Republicans and
7 \$1000 to the Democrats. That might be good business sense
8 up in Warren County, but this is \$10,000. Had they ever
9 asked you to do this before? A They had asked me
10 to do this and they also--a week ago approximately we were
11 trying--we were discussing trying to negotiate this deal.
12 The first thing they said they wanted to give me back my
13 \$10,000 that they had told me to give out. Now, I don't
14 know what--

15 BY THE COURT:

16 Q You lost me."The first thing they said is they
17 want to give me back my \$10,000." Who is they, not the
18 political party you gave it to? A No, your Honor.

19 Q They never give it back. A I mean John
20 Perrucci, Sr., said to me, "Mike, I'll give you back the
21 \$10,000 I asked you to give to the party."

22 Q When you gave it to the party did you say, "This
23 is a good wish blessing from John Perrucci, Sr., or from
24 Warren Limestone" or did you say, "This is from Manzo
25 Contracting," or didn't you say anything and there was the

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1 check? Was it a check of Manzo Contracting? A Yes.

2 It was a check for \$10,000.

3 Q So whatever stars may come forth from that, Manzo
4 Contracting would look like the fair-haired boy.

5 A Your Honor, on your side of the fence, yes.

6 Q Not on my side of the fence. A They told
7 me to do this exactly the way I did it and they told me
8 exactly where to go with it and who to give it to. So
9 I'm sorry if there is anything about it.

10 BY MR. CONWAY:

11 Q Who did you go to and who did you give it to?

12 A I told you the area that it went to and that's the end
13 of the story.

14 Q Well, now, why wouldn't you, if this was the
15 arrangement that you say, charge an item on these sheets of
16 \$10,000 to political contributions? A I would think
17 they did. We paid taxes on this \$10,000. I don't know why
18 you keep hitting me on this thing. We paid taxes on a
19 contribution of \$10,000. Now, if somebody before that put
20 it in the wrong column or put it in the wrong place, I have
21 nothing to do with this. I paid taxes on that \$10,000. I
22 want you to know that.

23 Q Other than the \$2000 that you had paid before,
24 were there any other times when you were asked to make a
25 contribution to a political party by the Perruccis in the

1 two years that you had worked together? A Was I
2 ever asked by Perruccis? No.

3 BY THE COURT:

4 Q Why did you pay taxes on it if it was for the
5 Perruccis? A It's a contribution, your Honor.
6 You have to pay.

7 Q I know what the law is, that you can't deduct
8 contributions to a political party, but you didn't really
9 make it, did you? The Perruccis made it. A Your Honor,
10 they made it and they had promised that they would give me
11 back this money.

12 Q If they gave you back exactly \$10,000 you would
13 still be out some money, wouldn't you? A No. They
14 were going to take care--they were going to pay me whatever
15 it cost. Whatever additional expense would be involved,
16 they would pay me for it.

17 Q The additional expense being that amount of money
18 that Manzo Contracting Company had to pay in federal taxes
19 for earning \$10,000 which was not deductible?

20 A Yes.

21 Q So they would assume the tax burden. This company,
22 Perrucci, who hasn't been doing so well up in Warren County
23 would assume the tax burden in the bracket and tax position
24 of Manzo Contracting Company, whatever that may be, and give
25 you an additional sum of money, \$10,000 plus whatever the

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1 federal tax might come to. A Yes.

2 BY MR. CONWAY:

3 Q Mr. Manzo, did you do that on the \$2000 that were
4 recorded earlier in the year? A What do you mean by
5 did I do? What do you mean?

6 Q Did you charge them whatever it cost you over and
7 above the thousand dollars contribution to each of the
8 parties in Warren County? A That was in '69.
9 If it was '69--I don't remember. Was it '69 or was it '70?
10 I don't know. You will have to tell me because it was
11 handled the same way, your Honor. It was taken from that
12 business that we did up there that year, regardless what
13 year it was.

14 BY THE COURT:

15 Q Well, as I understood Mr. Conway's question to
16 you when he offered the document in evidence that this was
17 something that your associates or assistants in Manzo
18 accomplished to show the relationship in 1970. I didn't
19 realize, unless you now state to me that it includes the
20 '69 figures too. Does it include '69? A I'm not
21 sure.

22 THE COURT: Well, Mr. Conway, I would like to
23 know for the purposes of the record because I had
24 understood from your question to Mr. Manzo that these
25 eight sheets involved the '70 transactions as opposed

1 to the '69 transactions.

2 MR. CONWAY: That was my understanding.

3 BY MR. CONWAY:

4 Q I will show the witness the specific entry here
5 which says Warren County Republican Club, Warren County
6 Democratic Club, 9/10, 9/10, and this is '70. A O.K.
7 Then it was in '70.

8 Q What I want to know, sir, is: Is there a
9 category here to show actually what that cost you so that
10 they could absorb that or did you give-- A I don't
11 have it in here, but if you want it I could have it, yes.

12 Q Now, you also, did you not, direct your accountant
13 to add on these charges, the interest which you claim to be
14 due on the \$273,000 mortgage and the \$10,000 mortgage which
15 was part of the original transaction? A Yes.
16 We were entitled to that, yes.

17 * * * *

18 REDIRECT EXAMINATION BY MR. CARTON:

19 Q Mr. Manzo, I show you P-17 in evidence and ask
20 you if you can identify that check. A Yes. That is
21 a Manzo Contracting check.

22 Q Can you tell me if that is the check that was
23 the subject of cross-examination by Mr. Conway?

24 A Yes.

25 Q The amount of the check is some \$10,000?

1466 1 A \$10,000.

2 Q Did you deliver this check personally to some
3 person? A No, I did not deliver it personally.

4 BY THE COURT:

5 Q I can't hear you. A No, your Honor.

6 BY MR. CARTON:

7 Q Do you know who did deliver it? A I think the
8 person picked it up at the office.

9 Q Did you issue this check at the direction and
10 behest of the defendants? A Yes.

11 Q Or on your own? A On behalf of the
12 defendants.

13 Q Did they give any explanation as to why it should
14 be issued? A No. They asked me to do it and I just
15 did it.

16 BY THE COURT:

17 Q Did you turn over the check to whoever came to
18 the office to pick it up? A I didn't turn it over.

19 My brother signed it. I was called in and I called the
20 officers in and I told them to make the check out and then
21 certain--one of the people from the party picked it up.

22 Q You weren't there? A No, I was not there.

23 Q And this \$10,000 is one part of your charge against
24 Perrucci? You know the charges you are making against
25 Perrucci. A Your Honor, I don't know that you would

1 say it would be a charge against them. This is something
2 that he told me to do and he would refund the money back
3 to me, back to the company--it isn't my money--back to the
4 company.

5 Q All right; back to Manzo. A Manzo, yes.

6 Q All right. Are you claiming in this case that the
7 defendants or any of them owe Manzo Contracting Company
8 \$10,000 for this check to the Republican Finance Committee?
9 Is that part of your claim? A I think it is, your
10 Honor. I would have to ask my attorney. I don't remember
11 in detail exactly every item, but I think that \$10,000 is
12 also included in the moneys that he owes Manzo, yes.

13 Q Did Manzo during this same period of time make
14 other large contributions to the Republican Finance
15 Committee in addition to this \$10,000? A I would
16 say that we--that Manzo had other contributions made, if
17 that is what you are saying, yes.

18 Q No. I'm trying to say--and I am not trying to
19 embarrass you. You're trying to charge this whole \$10,000
20 to Mr. Perrucci because you say you did it on Perrucci's
21 orders or at their request and they promised to pay you
22 back the \$10,000. A Yes, your Honor.

23 Q And it's just interesting to me that if somebody
24 gives money to a political party that he doesn't want to
25 get any name credit for it. You know, he doesn't want the

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1 Republican Party to know that he did it so he uses Manzo.
2 Now, it's not uncommon for business people to contribute
3 to both parties because there was a contribution of a thousand
4 dollars to the Warren County Republican Committee and a
5 thousand dollars to the Warren County Democratic Committee.
6 You remember you were asked about that? A Yes.

7 Q Right? A Yes.

8 Q That is business practice, isn't it?

9 A Yes.

10 Q Now, my question is this: Did Manzo on its own
11 contribute a greater amount, an equal amount, a lesser
12 amount or no amount to the Republican State Finance
13 Committee than this \$10,000?

14 MR. CARTON: Or Democratic.

15 THE COURT: What?

16 MR. CARTON: Or Democratic.

17 THE COURT: No. I will come to the Democratic
18 later. My question, Mr. Carton--the purpose of my
19 question ought to be clear to you. He is claiming
20 here that Mr. Perrucci ought to pay the entire
21 \$10,000. All right. Now, if the fair-haired boy in
22 the political contribution game is Manzo Contracting,
23 why should Mr. Perrucci have to pay it? This is what
24 I am asking.

25 Q All right. So did you make other contributions

1 at the same time or about the same time to the Republican
2 State Committee? A Yes, your Honor.

3 Q All right. Equal or better? A I would
4 say that we did a good contribution.

5 THE COURT: All right. Now go ahead.

6 BY MR. CARTON:

7 Q Mr. Manzo, did Manzo Contracting Company also
8 give contributions at or about the same time of substantial
9 size to the Democratic Party? A Yes.

10 Q Is it not the case that the jobs which were being
11 performed in 1970 under your understanding of arrangement
12 number two in the Warren County areawere in the name of
13 Manzo Contracting Company? A Yes.

14 Q Did you understand that there were to be any bids
15 in Warren County performed or submitted on behalf of Warren
16 Limestone alone? A No. I didn't hear of any bids.
17 With the highway you mean? No.

18 Q Under arrangement number two that we have been
19 discussing here in examination and cross-examination were
20 the defendants, Perrucci or Warren Limestone, supposed to
21 bid any jobs in the Warren County area? A Absolutely
22 not.

23 * * * *

24

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C E R T I F I C A T E

I, John E. Lord, Official Court Reporter, hereby
certify the foregoing excerpts from proceedings taken by me
on February 29, 1972.

Dated: JUNE 21, 1972

John E. Lord

C-49 IN EVID.
R.R.
11/16/72

SUPERIOR COURT OF NEW JERSEY 1471
CHANCERY DIVISION: MORRIS COUNTY
DOCKET NO. C-1763-70

-----]
MANZO CONTRACTING CO., INC.,]

Plaintiff,]

v.]

EXCERPT OF TESTIMONY]

WARREN LIMESTONE CO., INC.,]

Defendant.]
-----]

The Court House
Morristown, New Jersey
March 27, 1972

B E F O R E:

THE HONORABLE JOSEPH H. STAMLER, J.S.C.

A P P E A R A N C E S:

MESSRS PILLSBURY, BARNACLE, RUSSELL & CARTON

BY: LAWRENCE CARTON, Esq.
Counsel for Plaintiff

MESSRS. STOVER & STOVER

BY: BERNARD F. CONWAY, Esq.
Counsel for Defendant

Paul A. Kelly, C.S.R.
Official Court Reporter

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I N D E XWitnessDirect

Michael Manzo

Mr. Carton

Mr. Conway (Voir dire)

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1 MICHAEL MANZO, sworn.

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2 THE COURT: Mr. Manzo, you were previously
3 placed under oath in this case. The oath still stands.
4 There's no need to re-administer the oath. All right?

5 THE WITNESS: Okay.

6 DIRECT EXAMINATION BY MR. CARTON:

7 Q Mr. Manzo, in some of your previous testimony
8 you referred to the fact that you made a contribution to the
9 Republican State Committee on behalf of the defendants.

10 Do you recall that? A Yes.

11 Q And did you, in connection with that disburse-
12 ment, secure from the Perruccis some evidence of that
13 disbursement? A Yes.

14 Q And what was that evidence?

15 A A note.

16 Q I show you Plaintiff's Exhibit P-21 and ask you
17 if you can identify it. A Yes. This is the
18 \$10,000 note for a check that I made out.

19 Q Is this, in fact, the note for the disbursement
20 to the Republican State Committee? A Yes.

21 Q And --

22 THE COURT: That's only for identification, is
23 it?

24 MR. CARTON: Yes. I would submit it into
25 evidence at this point.

1474 1 THE COURT: Mr. Conway, any objection?

2 MR. CONWAY: I'd like a voir dire on the offer.

3 THE COURT: All right, you may have a voir dire
4 on the offer.

5 BY MR. CONWAY:

6 Q I thought you told us that these various notes
7 that we have seen throughout this trial represented
8 receipts or acknowledgments by the Perruccis that certain
9 moneys were given to them by Manzo?

10 A I said that every dollar that I gave them I had them
11 sign a note for.

12 Q The notes were signed contemporaneously with
13 when you gave them the dollars, right?

14 A Yes. This was cleared with Mr. Perrucci, he was
15 going to return this \$10,000.

16 Q Can you explain to me why this is dated
17 December 5th? That's after election time, which --

18 A Oh, yes.

19 Q That might suggest to me that the check wasn't
20 made out at that time. Do you know when the check was made?

21 A The check was made roughly, maybe, four or five weeks,
22 or maybe six weeks, before this. I don't recall exactly.

23 Q Take a look. A This was made on the
24 10th month, 23rd day of --

25 THE COURT: What day?

1 THE WITNESS: The 10th month, 23rd day. 1475

2 Q October 23rd, which is almost seven weeks before
3 the receipt which P-21 for identification is. Is that
4 correct? A That's correct.

5 Q Why didn't they sign it the day that you gave
6 the check out? A Well, he told me to do this
7 when I was at the office, at his office.

8 THE COURT: Who told you to do this?

9 THE WITNESS: Mr. Perrucci, Sr., told me to do
10 this. He instructed me to do this.

11 Q Didn't you think that was a funny instruction?
12 He just told you to give \$10,000 to the Republican Party?

13 A Well, it could be funny, but he told me to do it and
14 I did it.

15 Q Why didn't you give him -- send up one of these
16 receipts right away? A I gave it to someone else.
17 When I did catch up with him later, that I did have this
18 receipt, he signed it.

19 Q Then if I looked and seen the rest of these
20 receipts, I would be assured that there would be nine in
21 the interim between October 23rd and December 5th?

22 A If they went to the office and got other money, it
23 would be more signed in between, certainly.

24 Q When they went to the office the next time,
25 wouldn't they sign a receipt?

1 A They didn't because I didn't tell the office to do
2 this. This I did on my own when I ran into him as time went
3 on.

4 Q What do you mean, you did it on your own? You
5 gave a Manzo Contracting check of \$10,000?

6 A Yes, I did.

7 Q You had to get the check from the office, didn't
8 you? You didn't carry a checkbook along with you, did you?

9 A I gave the check to someone else. I didn't give this
10 thing directly to him. This is the reason why he didn't
11 sign this until that moment. This check was given to some-
12 one else at a later^{time} When I ran into Mr. Perrucci, he
13 signed the note.

14 THE COURT: Let me ask you this: Why didn't
15 you draw the check to Mr. Perrucci or to Warren
16 Limestone for \$10,000?

17 THE WITNESS: He asked me to do exactly what I
18 did, and these questions, I wouldn't know how to
19 answer them. He told me to give -- he told me to
20 give \$10,000 to a person that I knew, and I did
21 exactly that.

22 THE COURT: A person that you know?

23 THE WITNESS: Yes.

24 THE COURT: Did he know the person, too?

25 THE WITNESS: No, he don't know the person.

1 THE COURT: Well, I'm getting a little confused.
2 here. Mr. Perrucci told you to give \$10,000 to some-
3 body that you knew and that he never knew?

4 THE WITNESS: Yes.

5 THE COURT: Is that right?

6 THE WITNESS: For the Republican Party, for
7 their campaign,. their campaign they were running, yes.
8 I knew these people.

9 THE COURT: Why would he pick out this man that
10 he never knew and say, "Give this money to somebody
11 I don't know"?

12 THE WITNESS: Your Honor, he picked Mike Manzo
13 to do him a favor, and I did it. That's what I did.
14 He don't know the other party. He told me to do the
15 exact thing that I just said, with nothing else
16 added to it.

17 He says, "I want you to go and give the
18 Republican Party \$10,000 for their campaign they were
19 running," and that's exactly what I did.

20 THE COURT: You gave it to somebody?

21 THE WITNESS: I gave it to a certain party
22 which was the head of the Finance Committee.

23 THE COURT: Who is it?

24 THE WITNESS: I don't remember his name, but
25 I can get it for you. I can make a phone call and

1 get it.

2 THE COURT: The head of the Republican Finance
3 Committee?

4 THE WITNESS: Yes.

5 THE COURT: What did you say, "This is from my
6 good friend, John Perrucci"?

7 THE WITNESS: Your Honor, I can only tell you
8 what I did. He asked me to give it to him, and there
9 was nothing else said or anything else done about it.
10 The money was there, and that was the end of it.

11 THE COURT: Did you say nothing when you handed
12 him the check?

13 THE WITNESS: I said it was for his campaign,
14 for the Republican Party, to help the party.

15 THE COURT: Did you say it was from Mr. Perrucci?

16 THE WITNESS: Your Honor --

17 THE COURT: No, no. Just answer my question.

18 THE WITNESS: No, I did not. I said --

19 THE COURT: Now, look. From a practical stand-
20 point, whether you received the blessings in heaven
21 or while you're here on earth for a political
22 contribution, whatever your interest is, to see some-
23 body get elected that you like --

24 THE WITNESS: Right.

25 THE COURT: -- when you make a political

1 contribution, you have a purpose in mind. Either you
2 want the man that you think will make a good
3 president or a good governor or a good senator, or
4 you hope that he will look kindlier on you when,
5 perhaps, something may happen -- this is practical
6 business, isn't it?

7 THE WITNESS: Yes.

8 THE COURT: Now, here Mr. Perrucci says to you --
9 by the way, was it Sr. or Jr. who said this?

10 THE WITNESS: Junior -- I'm sorry, Senior.

11 THE COURT: Senior?

12 THE WITNESS: Senior.

13 THE COURT: Senior says to you, "Mike, I want
14 you to give \$10,000 to somebody I never knew, I
15 don't even know him, but you know him, give it to
16 him in your name. Then you take the gold star and
17 the halo and don't mention my name."

18 Is that what happened?

19 THE WITNESS: Your Honor, what happened was
20 exactly what I said. Now, I can't rephrase it any
21 different. I did exactly as I was told. Any other
22 way it may be put is not the fact in this case. He
23 told me to give \$10,000, and I gave it.

24 THE COURT: Did he tell you why?

25 THE WITNESS: Your Honor, no, he didn't get

1 into that. You will have to ask him that. You would
2 have to ask him.

3 THE COURT: No, no. I'm --

4 THE WITNESS: No, he didn't tell me.

5 THE COURT: Did he pick out that man, the man?

6 THE WITNESS: He don't know this man.

7 THE COURT: What, he doesn't know this man?

8 THE WITNESS: This man doesn't know him.

9 THE COURT: All right.

10 BY MR. CONWAY:

11 Q I show you some separate sheets which are dated
12 between October 23, December 5, and do they represent times
13 when you gave Perrucci money? A Yes, this is
14 money that Perrucci received.

15 Q They signed a receipt for it? A Yes.

16 Q Those receipts are signed in your office,
17 usually? A Yes.

18 Q How many are there between October 23rd and
19 December 5th? A You're asking me to count these?

20 Q Yes, in verifying that all receipts occurred during
21 the day that you wrote the check and the day you say that --

22 A I can't say that. What you're saying -- I can't
23 testify that every one was signed when he got the check
24 because there were times when they got checks and they
25 signed later. There were times -- they didn't always just

1 sign. There were a few times for some reason they didn't
2 sign the notes. I can't sit here a year or so later and
3 come up with an answer like that.

4 Q They are all dated? A These are dated,
5 yes.

6 Q They are all dated between the time of your
7 check and the time that you claim they acknowledged the
8 \$10,000? A Yes, they are.

9 Q How many are there? A I didn't count
10 them. You want me to count them now?

11 Q Please. A Ten of them.

12 THE COURT: How many?

13 THE WITNESS: Ten.

14 * * * *

15 Q Did you get anything for the \$10,000? I don't
16 mean illegally. Did you get some business, or did somebody
17 look favorably on Manzo Contracting? A I didn't
18 get anything. If you're asking me if I got anything, no,
19 I didn't get anything. I haven't had a contract there in
20 I don't know how long.

21 THE COURT: When you gave the guy \$10,000 --

22 I know we're a big metropolitan state, but a \$10,000
23 contribution is something that most political parties
24 would at least say "thank you," and, you know, "We'll
25 pass it on, and maybe come to a cocktail party and

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1 we'll buy you a drink for that sum."

2 Did the guy say anything to you?

3 THE WITNESS: No, he didn't ask a word.

4 Q So, if he didn't ask a word -- he's in your
5 office picking up a check on your -- drawn off your account,
6 given to you by him, and you say Perrucci doesn't know him.
7 How would they ever know that Perrucci gave it?

8 A I couldn't tell you. I don't know how to answer that
9 question.

10 THE COURT: You certainly didn't tell anybody
11 that it was from Perrucci?

12 Q Or did you? A No, I did not. I just
13 did what the man told me. He said, "Mike, I want you to
14 give this to the party," and that's it. I don't know what
15 you're trying to get out of me.

16 THE COURT: He said, "Mike, I want you to give
17 this," and that means \$10,000, right?

18 THE WITNESS: Yes.

19 THE COURT: He didn't really -- he must have
20 said, "I want you to give \$10,000," not "this" because
21 he didn't have the check in his hand?

22 THE WITNESS: That's what I mean by "this." I
23 mean that he told me to give him \$10,000.

24 THE COURT: He said, "I want you to give the
25 Republican Party \$10,000," correct?

1 THE WITNESS: Yes. 1483

2 THE COURT: Did he say the National, the State,
3 or the County Republican Party, or did he just say
4 the Republican --

5 THE WITNESS: That's the State. That was the
6 State.

7 THE COURT: You remember now that John, Sr.,
8 said, "I want you to give \$10,000 to the State
9 Republican Party," correct?

10 THE WITNESS: He didn't say that. He just asked
11 me if I knew somebody in the Republican Party, and I
12 knew this fellow from the State Republican Party, and
13 I gave it to the State Republican Party. He knows
14 that I gave it to the State Republican Party.

15 THE COURT: Who is "he"?

16 THE WITNESS: John Perrucci, Jr., and Senior.
17 I want you to know they're both there. The Senior
18 did the talking. They're both there when they told
19 me this.

20 THE COURT: Were they there when the guy --
21 man came to pick up the check, too?

22 THE WITNESS: No, they were not there.

23 THE COURT: What happened? They said, "Give
24 \$10,000 to the State Republican Party"? John, Jr.,
25 said it; John, Sr., said it, and you said, "All right,

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1 I'll do it." Is that right?

2 THE WITNESS: Yes.

3 THE COURT: Somebody drew a check for \$10,000.

4 Was that the next step?

5 THE WITNESS: Yes.

6 THE COURT: Then somebody signed the check.

7 That would be you?

8 THE WITNESS: Not necessarily. I don't think I
9 did, your Honor.

10 THE COURT: All right.

11 THE WITNESS: I don't remember, but I don't
12 think I did. I think I was on the road somewhere.

13 THE COURT: Is that your signature?

14 THE WITNESS: No, your Honor.

15 THE COURT: Whose signature is it?

16 THE WITNESS: It looks like Pat Manzo's.

17 THE COURT: Who?

18 THE WITNESS: Patrick's.

19 THE COURT: Pat signed the check on your orders?

20 THE WITNESS: Yes, your Honor.

21 THE COURT: Did you tell Pat what it was for?

22 THE WITNESS: No, sir. I was on the road. They
23 called me and I answered over the air on the radio.
24 I have a two-way radio; and I just said, "Sign the
25 check." That was all there was to it, and he signed

1 the check.

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2 THE COURT: What did Pat say to you?

3 THE WITNESS: Pat never gets into --

4 THE COURT: Who called you on the two-way radio?

5 THE WITNESS: The office called. Carman, he
6 wrote the check.

7 THE COURT: Well, then, the name, except for the
8 signature, is Carman's?

9 THE WITNESS: Yes.

10 THE COURT: Carman wrote out a check for \$10,000?

11 THE WITNESS: Yes.

12 THE COURT: Made payable to the Republican
13 Finance Committee, or whatever it is.

14 Now, Carman calls you and he says, "Should I
15 draw the check"? Is that what Carman said?

16 THE WITNESS: Carman asked me should he write
17 up this check, and I said, "Yes." I told him what
18 it was, and I asked him if there was anyone there to
19 sign and he said Pat was there. So, I said, "Have
20 him sign."

21 THE COURT: This is now over a car radio, a
22 little public conversation, right?

23 THE WITNESS: Yeah, a little public conversation.
24 I didn't amount to a big story, just amounted to
25 making the check out. I had already told him a few

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1 days before this that when he got in contact with this
2 fellow, that he was to give him a certain amount of
3 money.

4 THE COURT: Wait, wait. Who was to get in contact
5 with this fellow?

6 THE WITNESS: Carman, my office -- my bookkeeper
7 was going to call this certain fellow and have him
8 come down and pick this money up.

9 THE COURT: All right. Did your bookkeeper call
10 him?

11 THE WITNESS: Yes. He called me when he came in
12 the office. That's when he got ahold of me. He
13 wanted to verify --make sure it was all clear.

14 THE COURT: Who did?

15 THE WITNESS: Carman.

16 THE COURT: Carman called you on the radio?

17 THE WITNESS: Yes.

18 THE COURT: You never got in touch with your
19 friend? They said to come on in and pick up the
20 \$10,000 contribution?

21 THE WITNESS: I think that -- I don't remember
22 whether I got in -- because I run into him here and
23 there fairly regularly, your Honor. I don't know
24 whether it was Carman that called. I may have called
25 the night before. If he didn't come flying down the

1 next day, he may have come in three or four days later.
2 But he did come in. Carman asked me -- or told me
3 so-and-so was in the office. He took care of it.

4 THE COURT: You run into him fairly regularly?
5 Where do you run into him, on jobs?

6 THE WITNESS: No, dinners, you know, things
7 like this.

8 THE COURT: You don't know who he is?

9 THE WITNESS: I don't remember his name. I can
10 get the name, if it's important. When I go to eat
11 I'll make a phone call, give you his name, if you
12 want his name.

13 THE COURT: I think I'd like to have his name.

14 THE WITNESS: All right.

15 THE COURT: When you called this fellow whose
16 name you can't remember, what did you say to him?
17 Do you remember that conversation, even though you
18 don't remember his name?

19 THE WITNESS: I just asked him that if he was
20 in the area again, to please stop in, that Carman has
21 some money for his election, for the election.

22 THE COURT: And then when he stopped, you weren't
23 there, you were on the road?

24 THE WITNESS: Yes.

25 THE COURT: Any objection, or any further

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voir dire on P-21 for identification?

MR. CONWAY: No, sir.

* * * *

I, PAUL A. KELLY, Official Court Reporter, hereby
certify the foregoing transcript of proceedings in the
above matter is true and accurate.

Paul A. Kelly
Official Court Reporter

Dated: June 21, 1972

50
C-~~50~~ IN EVID.
R.R.
11/16/72

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION - MORRIS COUNTY
DOCKET NO. C-1763-70

MANZO CONTRACTING CO., INC., :

Plaintiff, :

v. :

WARREN LESTONE CO., INC., :

Defendant. :

-----X

The Court House,
Morristown, New Jersey
May 30, 1972

B E F O R E :

THE HONORABLE JOSEPH H. STAMLER, J.S.C.

A P P E A R A N C E S :

MESSRS. PILLSBURY, BARNACLE, RUSSELL & CARTON,
BY: LAWRENCE CARTON, ESQ.,
Counsel for Plaintiff.

MESSRS. STOVER & STOVER,
BY: BERNARD F. CONWAY, ESQ.,
Counsel for Defendant.

ELLEN DI BENEDETTO, C.S.R.
Official Court Reporter

* * *

(A F T E R N O O N S E S S I O N)

THE COURT: You may proceed, sir.

BY MR. CONWAY:

Q Mr. Perrucci, when I showed you D-3 in Evidence, which I will show you, again, which are certain working papers, which outline the back charges claimed by M. Manzo on the running account that was in existence from 1970, that was presented to the Perrucci interests, I think, sometime in 1971; is that correct?

A Yes, sir.

Q That was the time that you indicated that you learned that Mr. Manzo was asking for a twenty thousand dollar salary, is that correct?

A Yes, sir.

Q Can you tell me, sir, did you yourself participate in the receipt of these documents and checking them and the negotiations that may have transpired with respect to this ---

THE COURT: (Interposing) With respect to what, sir?

MR. CONWAY: With respect to the documents.

THE COURT: Prior to ---

1 Q (Interposing) At the time, was he involved,
2 on behalf of the Perrucci interests, in that presentation?

3 A (No response.)

4 Q In other words, did you know what steps led
5 up to the fact that you got that in the mail; how you got
6 it?

7 A Yes, sir. We kept asking
8 for it and asking for it and we finally received it.

9 Q Did you review that with your brother and your
10 father?
11 A I looked it over
12 with my dad, yes.

13 Q Was it your father that handled most of the
14 negotiations regarding same?

15 A Yes, sir.

16 Q Now, on that is a back charge for a ten thousand
17 dollar contribution to the Republican Party which---

18 A (Interposing) Yes, sir.

19 Q ---Mr. Manzo is claiming is due him? Do you
20 have any knowledge regarding the contribution and what that
21 share, if any, was to be paid by Perrucci in conjunction
22 with the contribution?

23 A Yes, sir.

24 This relates to a job that was on Route 46 that was let
25 out by the State Highway Department. I don't know the
specific section numbers but I went down to Mr. Manzo and
told him that the job was coming out; would be one of the
biggest jobs for overlay material that Warren County has ever

1 seen and I gave him a price on it and we talked about it
2 and as the time proceeded to get near for the bid, he came
3 up and we talked about it some more and I told him--I asked
4 him what he was going to do, you know, whether he was going
5 in with my price because we were having a little bit of
6 difficulty then and he said, "yes." I gave him a price of
7 twelve dollars a ton, for the material. The job, he lost.
8 He was second.

9 Q Did he bid the price that you recommended?

10 A No, he bid fourteen dollars a ton, I believe.

11 Q Did he, thereafter, discuss with you the con-
12 tribution that we are referring to?

13 A Yes. Later on, it came out that he was going to have
14 the job thrown out through some political power that he
15 had and it would cost ten thousand dollars.

16 Q Did he pay the ten thousand dollars?

17 A He said he did; yes, sir.

18 Q Was there any---

19 THE COURT: (Interposing) Pardon me. Paid
20 the ten thousand dollars to lose the bid?

21 MR. PERRUCCI: To have the bid thrown out.
22 The first bidder got it. He was second bidder.

23 THE COURT: You mean, he paid ten thousand
24 dollars for nothing because the first bidder got it
25 anyway?

1 MR. PERRUCCI: Yes, sir.

2 BY MR. CONWAY:

3 Q Was there any agreement between you and him
4 as to what share, if any, Perrucci would share in the
5 ten thousand dollar contribution?

6 A No, sir.

7 Q Did he ever ask for a repayment of the ten
8 thousand dollars, until this lawsuit was started?

9 A No, sir.

10 Q Now, do you know who prepared the figures in
11 conjunction with that document that you have before you?

12 A He told me that Gerry Bauman did it.

13 Q Did Mr. Bauman come to you people and ask you
14 to provide him with any backup material regarding charges
15 that you had made to Manzo, in conjunction with the
16 preparation of that document?

17 A We had given him information before this document.
18 He needed our information, he said, to make this document
19 up.

20 Q Did you give him information regarding prices
21 and bills that you sent to Manzo and monies that you felt
22 were due you? A Yes, sir.

23 BY THE COURT:

24 Q Did you ever discuss this ten thousand dollars
25 with him, Michael Manzo? A Yes, I did.

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Q Did he tell you to whom he had given the money? A He told me he had given it to a man in Monmouth County that was a State Republican, was on the State Republican Committee.

Q Did Manzo tell you that it was given to this man in Monmouth County to secure the successful bid on a State job on Route 46? A He told me he gave it to him to have the job thrown out and he promised the man, he would give the State anywhere between twenty five and fifty thousand dollars if it was bid, again.

MR. CONWAY: Was the job thrown out?

THE COURT: He said, "The job was not thrown out."

THE WITNESS: In the paper it was. Then it was reinstated, again.

Q What do you mean, in the newspapers?

A Yes, sir.

BY MR. CONWAY:

Q The job was awarded -- A The job came out and it was awarded and it was taken out and it was going to be bid, again and then it was awarded to the principal, again, in the papers.

THE COURT: Mrs. DiBenedetto, put a paper clip in there, please.

(Court Reporter complies with Court's request.)

Perrucci -

7

1 Q Who ultimately, successfully, got that job?

2 A Halecrest.

3 THE COURT: Who?

4 THE WITNESS: Halecrest.

5 THE COURT: Halecrest.

6 H-A-L-E-C-R-E-S-T.

7 Q Where are they located? A Edison, New
8 Jersey.

9 Q Where is that in reference to the Manzo --

10 A It's in the area.

11 THE COURT: I would like to see both
12 counsel in chambers.

13 (At 2:00 p.m., while in camera, Court
14 Reporter related aforementioned testimony
15 to Court and counsel.)

16 (The following takes place in open
17 court at 2:15 p.m.)

18 THE COURT: Before we proceed,
19 Mr. Perrucci, I want the record to note
20 that I called a short recess and had a
21 discussion with counsel, in chambers.
22 You had been testifying a moment ago, before
23 the recess, about a discussion with Mr. Manzo
24 concerning a ten thousand dollar contribution
25 to the Republican Party and before I permit

any further questions to be asked in this case of you, I want to know whether or not you have discussed with your counsel your right to remain silent as to any of those matters with regard to these payments or, this payment. Have you discussed it with your counsel?

THE WITNESS: Yes, sir.

THE COURT: Has he advised you with regard to your constitutional rights?

THE WITNESS: Yes, sir.

THE COURT: That you can remain silent if you so desire?

THE WITNESS: Yes, sir.

THE COURT: All right. You may continue, Mr. Conway.

BY MR. CONWAY:

Q Even after I discussed with you the matter of your rights, is it not true that you desire to pursue the matter and testify with respect to the matter; wasn't that your request? A I am taking your advise --

Q I know you are taking my advise and not testifying but I am asking you, even after I advised you, wasn't your request that I go ahead and discuss the matter? A Yes.

1 Q But I advised you that, in my judgment, it would
2 be better not, for your own purposes, not to go on?

3 A Yes, sir.

4 Q And you are taking that advise? A Yes, sir.

5 Q Is that correct? A Yes, sir.

6 THE COURT: So that I understand
7 correctly, any questions asked of you with
8 regard to the ten thousand dollar contribution,
9 you will plead the Fifth Amendment; is that
10 correct?

11 THE WITNESS: Yes, sir.

12 THE COURT: All right. Let me just
13 ask (1) so that the record is clear --

14 MR. CONWAY: I object to that, for the
15 record, most respectfully, your Honor.

16 THE COURT: You may object to it, sir.
17 I am going to ask --

18 MR. CONWAY: I do object, in light of
19 the fact, we made a complete disclosure of
20 our intention and I think it is improper to
21 ask --

22 THE COURT: Are you telling me, no
23 matter what I ask him or what Mr. Carton may
24 ask him on cross examination, he will refuse
25 to answer on the grounds, it may tend to

1 iacriminate or degrade him?

2 MR. CONWAY: What I am saying, sir,
3 is: Both the witness and myself find
4 ourselves in an extraordinary situation
5 which requires the exercise of counsel's
6 judgment regarding a matter which the
7 witness himself has indicated a full
8 willingness to answer any question but, as
9 his lawyer, I have exercised my own
10 independent judgment and advised him not
11 to. I think I have a right to do that.

12 THE COURT: You certainly have --

13 MR. CONWAY: He is taking my advise and
14 I explained to the Court that with respect to
15 any question, whether it be by way of cross
16 examination of the Court or counsel or any
17 further direct by myself surrounding the
18 contribution payment of ten thousand dollars,
19 he will not answer and I think that that is
20 sufficient for present purposes, without
21 having the Court or Mr. Carton pursue it
22 by a direct question and I respectfully
23 think that it's improper, in light of that
24 representation by myself and the witnesses
25 own confirmation, that will be his position,

to press the matter to the point of a

THE COURT: I want to press it for one reason because it is not counsel's advise that makes it privilege. This is a personal privilege which must be exercised by the witness, as I understand the law, and a battery of counsel may advise him to remain silent but he has to exercise the privilege personally and all I will do is ask that one question, over your objection and if he desires not to answer, I wish him so to state.

Did you and Mr. Michael Manzo discuss the reason for the payment of the ten thousand dollars?

MR. CONWAY: Don't answer that, by advise.

THE COURT: You refuse to answer?

THE WITNESS: Yes, sir.

THE COURT: And you plead the Fifth Amendment?

THE WITNESS: Yes, sir.

THE COURT: All right. That's all I need.

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C E R T I F I C A T E

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I, ELLEN DI BENEDETTO, a Certified Shorthand Reporter
and Notary Public of the State of New Jersey, do hereby
certify that the foregoing is a true and accurate
transcript of my stenographic notes.

Ellen Di Benedetto
Certified Shorthand Reporter

June 9, 1972

C-51 IN EVID.
R.R.
11/14/72

1501

Conference of Herbert F. Stern, Jonathan L. Goldstein and Attorney General George F. Kugler on April 26, 1972.

We met with Attorney General George F. Kugler for the purpose of advising him that the Federal Government had begun a grand jury investigation into certain charges which had been brought to our attention by former Deputy Attorney General David Biederman against Secretary of State Paul Sherwin.

We showed certain documents and memoranda which Mr. Biederman had brought to our office to Attorney General Kugler. Attorney General Kugler acknowledged to us that Mr. Biederman had personally brought this matter to his attention. He indicated to us that this matter had also been brought to the attention of Mr. Pierre Garven, counsel to the Governor, and that Mr. Garven had spoken to Mr. Paul Sherwin and had stopped Mr. Sherwin's activities in this matter.

Mr. Kugler advised us that he was certain that Mr. Biederman had come to our office because Mr. Kugler had preferred ethics charges against Mr. Biederman. Mr. Kugler showed us copies of correspondence which he had sent to Mr. McConnell of the Supreme Court. From the dates of the correspondence it is clear that Mr. Biederman did come to our offices with his complaint in connection with Mr. Sherwin after Mr. Kugler had made an ethics charge against him.

Mr. Kugler agreed with us, however, that irrespective of the motives of Mr. Biederman the Sherwin matter had to be investigated by our office inasmuch as Mr. Biederman had made a formal complaint to us.

We advised Mr. Kugler that we intended to obtain certain documents and records from the files of the Department of Transportation and perhaps his own office as well and asked if we could have his cooperation in this matter. Mr. Kugler assured us that he would do so.

We then discussed whether or not the State ought to also commence an investigation into this matter. We advised Mr. Kugler that inasmuch as the State had apparently disregarded this matter for well over a year, that it was our view that the State ought not to commence an investigation now, only after Mr. Biederman had come to our offices. We explained to Mr. Kugler that in the event that the investigation revealed that Mr. Sherwin had done nothing wrong, the integrity of the investigation would be suspected if the State were to jump into it at this point and that accusations could be brought that the State had interfered in the Federal investigation after having first shelved any investigation by itself a year and a half earlier.

Mr. Kugler advised us that he would consider the matter and would be in touch with us later. We assured Mr. Kugler that in the event the State decided not to begin an investigation immediately we would keep his office informed as to any additional material which we uncovered which showed evidence of additional State crimes.

We also asked Mr. Kugler not to communicate any information about the investigation to Mr. Sherwin who was clearly the target of the investigation. Mr. Kugler gave his word that he would not apprise Mr. Sherwin either of the commencement of the Federal investigation or as to any details which that investigation disclosed.

Later that day, Mr. Kugler telephoned the United States Attorney's Office and advised Mr. Stern that he had discussed the matter with Governor Cahill and that the Governor and he had agreed to let the Federal investigation commence without suddenly commencing a State investigation into this matter. He again gave us his assurance that Mr. Sherwin would not be apprised of any of the details of the Federal investigation or, indeed, of the investigation itself.

Manual

New Jersey Department of Transportation
Trenton, New Jersey

Sheet 1 of 1
Change Order Letter **11-17-72** **EX-C-52**
Change Order No. **11-17-72**
Date **January 27, 1972**

Control No. **2107 697** Federal Aid Project No. **EE-55(17)** Region No. **1**

Route No. **U.S. 46** Section No. **19A & 2B** Bridge

Local Name **From Paulins Kill to Route 31; Reconstruction in the Townships of Knowlton and White, Warren County**

Contractor **Centrum Contracting Company, P. O. Box 5060, Clinton, New Jersey 08809**

Gentlemen:

In accordance with the Provisions of Articles 1.6.1, 1.6.4, and 1.6.5 of the Specifications for the above contract, you are hereby advised of the following changes in contract quantities; or in the case of Supplementary work agree to its performance by you firm at the prices stated,

Location of Proposed Change **Throughout Project**

Nature and Reason of Changes

In order to adjust the Contract Quantities to agree with the As-Built Quantities, the following Supplementary, Extra and Reduction Quantities are required:

SUPPLEMENTARY

Item Nos.

SA 913 Reset Heads, Using Existing Curb Piece 7 Units @ \$80.00 = \$ 560.00

The original contract provided for four units "Reset Heads Using New Curb Piece"; Two units were constructed under this item. An additional seven inlets required resetting but did not require new curb pieces. The Contractor submitted a supplementary price of \$80.00 per unit; which price has been reviewed and is acceptable.

EXTRA

Item Nos.

2 Pavement FABC-1, 1-1/2" Thick and Variable + 176 Ton

The adjusted Contract Quantity of 1,334 Tons was increased 176 Tons due to the variable width of existing shoulders and the variable thickness of pavement required thereon.

Extension of time Recommended this C. O. **NONE**

| CONTRACT AMOUNT | ROAD | BRIDGE | RESERVED FOR AUDIT BUREAU |
|--|----------------------|--------|--|
| Amount of Original Contract | \$ 603,871.00 | \$ | Original Completion Date 70 W.D. |
| Adjusted amount based on Change Order Nos. | \$ 731,175.07 | \$ | Extension This Change Order - 0 - |
| | | | Previous Extensions 9 W.D. |
| | | | Adjusted Completion Date 79 W.D. |

| CHANGE ORDER NO. 'D' FINAL | <input checked="" type="checkbox"/> Road <input type="checkbox"/> Bridge | RESERVED FOR F.H.W.A. |
|-----------------------------------|--|---|
| Supplementary | \$ 560.00 | <p>1-6-72</p> <p>1-31-72</p> <p>3/3/72</p> |
| Extra | \$ 36,856.57 | |
| Reduction | \$ 10,389.00 | |

Recommended

Robert P. Reink

☒ Resident Engineer ☐ County Engineer

Robert P. Reink

Highway Engineer ☒ (Construction) ☐ (F.A.S.)

Audit Review & Funds Available

3/3/72 **Robert P. Reink** **13-28-72**

(Chief Auditor)

Accepted

Robert P. Reink

(Contractor)

(If Corporation, Corporate Officer; if Partnership, Partner; If Proprietorship, Owner)

Approved

Robert P. Reink **1-31-72**

Supervising Engineer ☒ (Construction) ☐ (F.A.S.)

Robert P. Reink **3/3/72**

Chief Engr., Trans. Oper. & Local Aid

☒ Regional Highway Engineer

(Commissioner of Transportation)

1-6-72 **1-31-72**

1-19-72 **1-31-72**

NEW JERSEY DEPARTMENT OF TRANSPORTATION

Trenton, New Jersey

Change Order No. 14 FINALForm DC-12(b)
Rev. 10-15-67Date January 27, 1972

Control No. 2107 697 Federal Aid Project No. RF-56(17) Region No. 1
 Route No. U.S. 46 Section No. 19A & 2B Bridge
 Local Name From Paulins Kill to Route 31; Reconstruction in the Townships of Knowlton and White, Warren County
 Contractor Centrum Contracting Company, P. O. Box 5060, Clinton, New Jersey 08809

(EXTRA CONTINUED)

- 3 Pavement FABC-2, 3" Thick and Variable + 1,492 Ton

The adjusted contract quantity of 25,902 tons was exceeded due to variable shoulder width and variations in grade and cross slope of existing pavement surface.

- 4 Bituminous Stabilized Base, Variable Thickness + 495 Ton

The two foot pavement widening averaged greater than two feet wide and required additional Stabilized Base material which was paid by tons used. The previous adjusted contract quantity was 8,225 tons.

- 5 Bituminous Stabilized Base, 3-1/2" and Variable + 187 Ton

The adjusted contract quantity is 3,802 tons. Variations in shoulder grade and width resulted in the use of additional material.

- 8 Construction Layout \$ + 1,054.07 L.S.

| | | |
|-----------------------------------|---|--|
| - Payment for Construction Layout | = | Final Project Cost Less Constr. Layout |
| Bid Price | | Original Project Cost Less Construction Layout |

| | | |
|---------|---|------------|
| Payment | = | 725,121.00 |
| 5,000 | = | 598,871.00 |

| | | |
|----------|---|----------|
| Payment | = | 6,054.07 |
| Original | = | 5,000.00 |
| Extra | = | 1,054.07 |

- 13 Beam Guard Rail + 825 L.F.

The original contract provided for 100 Lineal Feet at each existing headwall. In order to conform to revised design standards, an additional 25 Lineal Feet were constructed at each headwall.

REDUCTION
Item Nos.

- 1 Roadway Excavation - 375 C.Y.

This original contract provided for an 8" or 9" depth in the two foot pavement widening so as to correspond to the depth of the adjacent existing pavement. It was determined, however, that a uniform 8" depth is preferable and this resulted in the above reduction from the adjusted contract quantity of 4,113 Cubic Yards. The extra width constructed beyond two feet was not included for payment under excavation as per contract specifications.

- 6 Topsoiling & Seeding - 1,321 S.Y.

The As-Built quantity of this item is 7,200 Square Yards. The above reduction resulted from an over estimation in the original contract.

NEW JERSEY DEPARTMENT OF TRANSPORTATION

Trenton, New Jersey

Change Order No. 101 FINAL

Form DC-12(b)
Rev. 10/15/67

Date January 27, 1972

Control No. 2107 697 Federal Aid Project No. RF-56(17) Region No. 1
 Route No. U.S. 46 Section No. 19A & 2B Bridge
 Local Name From Paulins Kill to Route 31; Reconstruction in the Townships of Knowlton and White, Warren County
 Contractor Centrum Contracting Company, P. O. Box 5060, Clinton, New Jersey 08809

(REDUCTIONS CONTINUED)

9 Contract Bond

\$ - 1,255.00 L.S.

This reduction is based on the actual cost of the bond, which was less than the lump sum amount bid in the proposal.

10 9" x 20" White Concrete Vertical Curb

- 205 L.F.

The contract quantity of this item is 340 Lineal Feet to be constructed "if and where required". The above reduction quantity was not required to complete the project.

SUPPLEMENTARY

913 Reset Heads, Using Existing Curb Piece

7 Units @ \$ 80.00 = \$ 560.00

EXTRA

TOTAL SUPPLEMENTARY.....\$ 560.00

Item # 2 Pavement FABC-1, 1-1/2" Th. & Var. ✓
 Item # 3 Pavement FABC-2, 3" Th. & Var. ✓
 Item # 4 Bit. Stab. Base, Var. Th. ✓
 Item # 5 Bit. Stab. Base, 3-1/2" Th. & Var. ✓
 Item # 8 Construction Layout ✓
 Item #13 Beam Guard Rail ✓
 SA 907 Inlets, Additional Depth ✓
 SA 912 Shoulder Surface Treatment ✓

176 Tons ✓ @ \$ 13.00 = \$ 2,288.00
 1492 Tons ✓ @ \$ 13.00 = \$ 19,396.00
 495 Tons ✓ @ \$ 16.00 = \$ 7,920.00
 187 Tons ✓ @ \$ 13.00 = \$ 2,431.00
 L.S. ✓ @ = \$ 1,054.07
 825 L.F. ✓ @ \$ 3.30 = \$ 2,722.50
 2 L.F. ✓ @ \$ 50.00 = \$ 100.00
 1890 S.Y. ✓ @ \$.50 = \$ 945.00

TOTAL EXTRA.....\$36,856.57

REDUCTION

Item # 1 Roadway Excavation ✓
 Item # 6 Topsoiling & Seeding ✓
 Item # 7 Reset Heads Using New Curb Piece ✓
 Item # 9 Contract Bond ✓
 Item #10 9"x 20" White Conc. Vert. Curb ✓
 Item #12 Removal, Wire Rope Guard Fence ✓
 SA 901 18" Corr. Metal Sewer Pipe ✓
 SA 902 27" Corr. Metal Sewer Pipe ✓
 SA 908 15" Corr. Metal Sewer Pipe ✓
 SA 911 Rock Excavation Subsurf. Struct.

375 C.Y. ✓ @ \$ 12.00 = \$ 4,500.00
 1321 S.Y. ✓ @ \$ 2.00 = \$ 2,642.00
 2 Units ✓ @ \$100.00 = \$ 200.00
 L.S. ✓ @ = \$ 1,255.00
 205 L.F. ✓ @ \$ 5.00 = \$ 1,025.00
 31 L.F. ✓ @ \$ 2.00 = \$ 62.00
 10 L.F. ✓ @ \$ 12.50 = \$ 125.00
 10 L.F. ✓ @ \$ 20.00 = \$ 200.00
 10 L.F. ✓ @ \$ 8.00 = \$ 80.00
 5 C.Y. @ \$ 60.00 = \$ 300.00

TOTAL REDUCTION.....\$10,389.00

BITUMINOUS CONCRETE SHOULDER SURFACE TREATMENTDESCRIPTION.

BITUMINOUS CONCRETE SHOULDER SURFACE TREATMENT SHALL CONSIST OF THE CONSTRUCTION OF A SURFACE TREATMENT OF TACK COAT AND COVER MATERIAL ON A PREVIOUSLY CONSTRUCTED BITUMINOUS MATERIAL.

MATERIALS.

COVER MATERIAL SHALL BE LIGHT-COLORED 3/8 INCH BROKEN STONE CONFORMING TO THE REQUIREMENTS SPECIFIED IN ARTICLE 8.5.5 OR LIGHT-COLORED 3/8 INCH GRAVEL CONFORMING TO THE REQUIREMENTS SPECIFIED IN ARTICLE 8.5.6, AND SHALL HAVE A DAYLIGHT 45 DEGREE - 0 DEGREE LUMINOUS DIRECTIONAL REFLECTANCE OF NOT LESS THAN 25 PERCENT WHEN TESTED IN ACCORDANCE WITH CURRENT A.S.T.M. SPECIFICATIONS E-97. ONLY ONE TYPE OF COVER MATERIAL SHALL BE USED THROUGHOUT THE PROJECT.

THE TACK COAT SHALL CONSIST OF CUTBACK ASPHALT, GRADE RC-70 OR RC-250 CONFORMING TO THE REQUIREMENTS OF ARTICLE 8.1.7.

METHODS OF CONSTRUCTION.

THE SURFACE OF THE BITUMINOUS CONCRETE MATERIAL SHALL BE KEPT CLEAN AND NOT USED FOR ANY PURPOSE UNTIL THE APPLICATION OF THE TACK COAT AND COVER MATERIAL HAS BEEN MADE AS HEREINAFTER SPECIFIED.

THE TEMPERATURE OF THE TACK COAT MATERIAL SHALL BE 130 DEGREES TO 160 DEGREES F. FOR RC-70 AND 170 DEGREES TO 200 DEGREES F. FOR RC-250, WHEN APPLIED.

THE TACK COAT AT THE RATE OF 0.40 GALLON PER SQUARE YARD SHALL BE APPLIED BY MEANS OF MOTOR DRIVEN PRESSURE DISTRIBUTORS AS SPECIFIED IN ARTICLE 3.6.3.

IMMEDIATELY AFTER THE APPLICATION OF THE TACK COAT, THE SPECIFIED COVER MATERIAL SHALL BE PLACED AT THE RATE OF 20 POUNDS

MEMORANDUM

to Mr. J. Hamilton

Mr. Jack Freidenrich

State Highway Engineer

1507

SUBJECT: Route 46, Sections 19A & 2B

August 11, 1971

Please refer to your memorandum dated July 9, 1971.

Enclosed for your information is a copy of a memorandum dated July 29, 1971 from Mr. M. S. Greitzer, wherein the results of his analysis of the situation yields agreement in your recommendation for separate contract for the removal and installation of wire rope guard rail, but indicated that the contractor's price of 50¢ per square yard for surface treating the shoulders is not out of line.

Unless you have specific reasons which would dictate otherwise, please proceed in accordance with Mr. Greitzer's recommendation.

cc: Mr. F. C. DePhillips w/encl.
Mr. M. S. Greitzer

Heath 8-20-71

Jack Freidenrich

*The surface treatment
of shoulders was completed
some time previous to
12/8/71*

MEMORANDUM

Mr. J. Freidenrich

State Highway Engineer

1508

Bureau of Maintenance

SUBJECT: Route 46, Section 17A and 2B
Guard rail and Surface Treatment

I believe that James Hamilton in referring to past correspondence from the "former Division of Maintenance" in a July 3, 1961 memorandum was relating to the attached from Robert J. Suess, Principal Engineer, Bureau of Maintenance. In any event, I concur with Mr. Hamilton's recommendation that a separate contract be prepared for the removal and installation of 18,000 feet of guard rail. Mr. Suess, at my request, has checked with the Federal Highway Administration; and they will participate in such a project.

I do not agree, however, with Mr. Hamilton's comment concerning the resurfacing of the shoulders with our own forces. The price of 50 cents a square yard by the contractor appears reasonable to me. Attached you will find a recent tabulation of bids for a Route 50 project in Warren County. The low bidder submitted a price of 50 cents a square yard on this item and the second low bidder a price of 45 cents. At present, Region II is doing some surface treatment in the State's State Parks; and the price for the materials alone runs somewhere around 17 cents per square yard.

Maintenance forces have a considerable workload at this time because of the preparation of existing roads prior to resurfacing and the Resurfacing Program, itself. Our costs for surface treatment with Maintenance labor, I am quite certain, are rather high. I, therefore, recommend that we accept the price quoted by the contractor.

MSG:ba

Att.

cc: Asst. Com. F. C. DePhillips

MEMORANDUM

Barry Roth

Box 103, Route 46

Butterville, New Jersey 07829

Robert K. Suran

Principal Engineer, Highway

Bureau of Maintenance

SUBJECT Change Order Route US 46, Section 12A and 2B
Guard Rail and Shoulder Surface Treatment

June 29, 1971

1509

As per our telephone conversation of June 29, 1971, please be advised as follows:

We have obtained authorization to request a change order on the above captioned project. The change order will include surface treating approximately 72,000 s.y. of shoulder and constructing approximately 20,000 l.f. of guard rail. The estimate for this change order is as follows:

| | | |
|------------------------------|------------------------------|----------|
| Beam Guard Rail | 20,000 l.f. at \$3.30/l.f. = | \$66,000 |
| Remove Wire Rope Guard Fence | 20,000 l.f. at \$.50/l.f. = | 10,000 |
| Shoulder Surface Treatment | 72,000 s.y. at \$.25/s.y. = | 18,000 |
| Total | | \$94,000 |

We are requesting that you contact the contractor and negotiate the prices for shoulder surface treatment and removal of wire rope guard fence. It will be necessary to have the change order approved before any supplemental work on these items can be started.

Attached are 2 copies of a supplementary specification for shoulder surface treatment. The contractor should be given a copy of this specification and base his bid accordingly.

If you have any questions, please contact me.

RKS:cs

Att.

cc: Messrs. R. Rice

R.A. Peterson

M.S. Greitzer ✓

C. Kuisner

R.K.S.

*Bid price for this item was \$2 per l.f. based on 64 l.f. Because of the tremendous increase in the amount of removal of wire rope guard fence, it is felt that this price is unreasonable and should be negotiated. If the contractor refuses to negotiate, the change order for the guard rail and removal of wire rope guard fence will not be approved.

DEPARTMENT OF TRANSPORTATION
BUREAU OF CONTRACT ADMINISTRATION
TRENTON, NEW JERSEY

PAGE 1 OF 3

TABULATION OF BIDS

SECTION 11, FROM COUNTY ROUTE 519 TO COUNTY ROUTE 517,
TOWNSHIPS OF HOPE, FREELINGHUYSEN, AND
MANTON, MANTON COUNTY, FEDERAL PROJECT NO. N.J.-1-80-112113.

DATE: JAN 7, 1971

| | |
|---|----------------|
| 1. J. J. JONES & SONS CO., MINNEAPOLIS, MINNESOTA | \$6,644,711.00 |
| 2. PALMERST CO., EDISON, NEW JERSEY | 6,948,484.49 |
| 3. THE COUNTY ASPHALT CORP., ROSELAND, N.J. | 7,341,929.45 |
| 4. J. J. PUGH PAVING CONTRACTOR, INC., KEARNY, N.J. | 7,587,376.90 |
| 5. THE LEADBIT & FOUNDATION CORP., PHILA., PA. | 7,851,483.75 |
| 6. MANTO CONTRACTING CO., INC., MATAWAN, N.J. | 7,887,191.02 |

| ITEM NO. | DESCRIPTION | UNIT | CONTRACT QUANTITY | LOW BID | 2ND LOW BID |
|----------|--------------------------------------|------|-------------------|------------|-------------|
| 1 | FIELD OFFICE, TYPE A | LS | 1.00 | 7,500.00 | 9,172.00 |
| 2 | MATERIALS FIELD LABORATORY | LS | 1.00 | 4,000.00 | 7,000.00 |
| 3 | CONSTRUCTION LAYOUT | LS | 1.00 | 133,000.00 | 87,240.00 |
| 4 | POOR EXCAVATION, SUBSURFACE STRUCT. | CY | 25.00 | 50.00 | 100.00 |
| 5 | SUBBASE, TYPE 1 | CY | 193713 | 4.1500 | 5.8000 |
| 6 | SUBBASE, TYPE 5 | CY | 111010 | 11.50 | 9.50 |
| 7 | PREPARATION OF ROADBED | SY | 500232 | 0.4000 | 1.0000 |
| 8 | BITUMINOUS CCA SHLDR, SURF TREATMENT | SY | 98615.00 | 0.5000 | 0.4500 |
| 9 | TRAINERS | PH | 9000.00 | 0.8000 | 0.8000 |
| 10 | PETUM SLAB BASE CRSE | T | 157273 | 11.7500 | 11.4000 |
| 11 | PAVEMENT TYPE FA-BC VAR THK | MT | 89484.00 | 12.00 | 12.50 |
| 12 | NO ITEM | | | | |
| 13 | NO ITEM | | | | |
| 14 | SUBBASE OUTLET DRAIN | LF | 12272.00 | 5.50 | 4.25 |
| 15 | 6 INCH CORRUGATED METAL PIPE | LF | 971.00 | 6.50 | 4.00 |
| 16 | RESET HEADS | U | 218.00 | 60.00 | 30.00 |
| 17 | CONCRETE GUTTER, 6 INCH THICK | SY | 276.00 | 22.00 | 16.00 |
| 18 | 9IN X 20IN WHITE CONC VERT CURB | LF | 59005.00 | 5.00 | 5.50 |
| 19 | NEW MANHOLENTS | U | 200.00 | 30.00 | 10.00 |

1510

NEW JERSEY DEPARTMENT OF TRANSPORTATION
Trenton, New Jersey

Change Order No. 3
Date October 8, 1971

Control No. 2017 696 Federal Aid Project No. RF 56(17) Region No. 1
Route No. US 46 Section No. 19A & 2B Bridge
Local Name From Paulins Kill to Route 31, Reconstruction in the Townships of Knowlton and White, Warren County.
Contractor Centrum Construction Corporation, P. O. Box 5069, Clinton, New Jersey 08809

Gentlemen:

In accordance with the Provisions of Articles 1.8.3; 1.8.4; and 1.8.5 of the Specifications for the above contract, you are hereby advised of the following changes in contract quantities; or in the case of Supplementary work agree to its performance by your firm at the prices stated.

Location of Proposed Change Throughout Project

Nature and Reason of Change: The original contract included the re-surfacing of existing pavement and shoulders with FABC-2, 3" thick and variable, with no provision for shoulder surface treatment.

The Bureau of Maintenance, however, requested that shoulder surface treatment be constructed throughout the project to improve delineation between shoulder and pavement.

The Contractor submitted a supplementary price of \$0.50 per s.y. for the work of shoulder surface treatment, which price was reviewed and accepted as satisfactory. Shoulder surface treatment was constructed in accordance with the attached Supplementary Specification entitled "Bituminous Concrete Shoulder Surface Treatment".

The following addition in contract quantities is necessary:

SUPPLEMENTARY

Item No.

SA 912 Shoulder Surface Treatment 72,000 S.Y. @ \$0.50 = \$ 36,000.00
TOTAL.....\$ 36,000.00

Extension of Time -- Five (5) working days.

This Change Order was discussed on October 18, 1971 with Mr. W. Harkins, Federal Highway Administration, who concurs in the necessity of the work.

| CONTRACT AMOUNT | Road | Bridge | RESERVED FOR BUREAU OF PUBLIC ROADS |
|---|--|--------|-------------------------------------|
| Amount of Original Contract | \$ 603,871.00 | | |
| Adjusted amount based on Change Order Nos. 1 - <u>3</u> | \$ 704,147.50 | | |
| CHANGE ORDER NO. <u>3</u> | <input checked="" type="checkbox"/> Road <input type="checkbox"/> Bridge | | |
| Supplementary | \$ 36,000.00 | | |
| Extra | \$ | | |
| Reduction | \$ | | |

Recommended
President

Approved

Bray R. Kido
(District Engineer)

Director ☐ (Division of Construction) ☐ (Division of Local Gov't. Aid)

Robert C. Blum 10-21-71
Supervising Engineer, ☐ (Construction) ☐ (Federal Aid Secondary)

Audits and Funds Approved Gene E. Helzel 12-24-71
(Auditor)

Accepted William W. Brown
(Contractor)
(If Corporation, President or Vice-President, Secretary, Treasurer)

(Commissioner of Transportation)

No input sheet required 12-24-71

1-612-121-769
P-69-021-CCO

Form 12-61
Rev. 9-28-67

NEW JERSEY DEPARTMENT OF TRANSPORTATION

Trenton, New Jersey

Sheet 1 of 2

Change Order No. 15

Date January 29, 1971

Control No. 2017 - 697 Federal Aid Project No. RF 56 (17) Region No. 1
 Route No. US 46 Section No. 19A & 2B Bridge
 Local Name From Paulins Kill to Route 31; reconstruction in the Townships of Knowlton and White, Warren County
 Contractor Centrum Construction Corporation, P. O. Box 5060, Clinton, New Jersey

Gentlemen:

In accordance with the Provisions of Articles 1.8.3; 1.8.4; and 1.8.5 of the Specifications for the above contract, you are hereby advised of the following changes in contract quantities; or in the case of Supplementary work agree to its performance by your firm at the prices stated.

Location of Proposed Change Station 11+00 "C" to Station 23+00 "C"

Nature and Reason of Change:

The original contract provides for re-surfacing the existing concrete pavement with FABC-2, 3" thick and variable at the above location.

In order to improve an existing sharp crest vertical curve at Station 16+75, it is herein proposed to substitute resurfacing with FABC-1, 1-1/2" thick, on variable thickness Bituminous Stabilized Base for the above resurfacing. A flatter vertical curve will result from placing the Bituminous Stabilized Base in varying thickness from 1-1/2" thick to 15" thick.

The originally planned 2' wide shoulder construction is herein eliminated at Station 15+00 "C" to Station 20+00 "C" left and Station 15+00 "C" to Station 19+00 "C" right due to the increased thickness of bituminous overlay.

Also the resulting revised profile necessitates replacing 2,425 L. F. of existing Wire Rope Guard Fence with an equal amount of Beam Guard Rail.

This Change Order was discussed with Mr. C. Niessner of the Federal Highway Administration on January 15, 1971.

Continued

EXT. TIME - NONE

| CONTRACT AMOUNT | Road | Bridge | RESERVED FOR BUREAU OF PUBLIC ROADS |
|--|--|--------|-------------------------------------|
| Amount of Original Contract | \$ 603,871.00 | | |
| Adjusted amount based on Change Order Nos. 1 | \$ 640,022.50 | | |
| CHANGE ORDER NO. 1 | <input checked="" type="checkbox"/> Road <input type="checkbox"/> Bridge | | |
| Supplementary | \$ | | |
| Extra | \$ 47,894.50 | | |
| Reduction | \$ 11,743.00 | | |

Recommended

Approved

Robert H. Miller - Jr.
 Resident Engineer
 Supervising Engineer, ☒ (Construction) ☐ (Federal Aid Secondary)
 Audited *P. H. ...* 4/15/71
 (Auditor)

Director ☐ (Division of Construction) ☐ (Division of Local Gov't. Aid)
Robert H. Miller - Jr. 6/17/71
 Audits and Funds Approved *Gene E. ...* 6-15-71
 (Chief Auditor)

Accepted *W. B. ...* 4/15/71
 (Contractor)
 (If Corporation, President or Vice-President; if Partnership, Partner)

(Commissioner of Transportation)
 1-612-121-769
 P-69-021-000

1514

Form UC-12(a)
Rev. 9-25-67NEW JERSEY DEPARTMENT OF TRANSPORTATION
Trenton, New JerseyChange Order No. 2
Date April 26, 1971

Control No. 2017 697 Federal Aid Project No. RF 56 (17) Region No. 1
 Route No. US 46 Section No. 19A & 2B Bridge
 Local Name From Paulins Kill to Route 31, Reconstruction in the Townships of Knowlton and White,
Warren County
 Contractor Centrum Construction Corporation, P. O. Box 5060, Clinton, New Jersey 08809

Gentlemen:

In accordance with the Provisions of Articles 1.8.3; 1.8.4; and 1.8.5 of the Specifications for the above contract, you are hereby advised of the following changes in contract quantities; or in the case of Supplementary work agree to its performance by your firm at the prices stated.

Location of Proposed Change Station 35+50 "B" to Station 48+30 "B"

Nature and Reason of Change:

The original contract provides for re-surfacing the existing concrete pavement with a bituminous overlay, without any provision for drainage improvement.

The Maintenance Division design section has proposed to improve the existing drainage system at the above location to eliminate flooding during heavy rains.

The proposed construction includes a one thousand foot long trunk line and eight new inlets which are to be added to the present drainage system. The work is shown on a change of plan titled "Route #46, Drainage Improvement, Roy-Ace Road to Clarence Street, February 1971."

The Contractor has submitted prices for supplementary work items in a letter dated March 25, 1971, which prices have been reviewed and are considered acceptable.

EXT. TIME 4 W.D.

Continued

| CONTRACT AMOUNT | Road | Bridge | RESERVED FOR BUREAU OF PUBLIC ROADS |
|---|--|---------------------------------|-------------------------------------|
| Amount of Original Contract | \$ 603,871.00 | | |
| Adjusted amount based on Change Order Nos. <u>1-2</u> | \$ 668,147.50 | | |
| CHANGE ORDER NO. <u>2</u> | <input checked="" type="checkbox"/> Road | <input type="checkbox"/> Bridge | |
| Supplementary | \$ 25,065.00 | | |
| Extra | \$ 3,060.00 | | |
| Reduction | \$ | | |

Recommended

Approved

Barry R. Keith
 Resident Engineer
 Supervising Engineer, ☒ (Construction) ☐ (Federal Aid Secondary)
 Audited 6/15/71
 (Auditor)

Director ☐ (Division of Construction) ☐ (Division of Local Gov't. Aid)
6/17/71
 (Assistant State Highway Engineer)
 Audits and Funds Approved Gene E. Helzel 6-15-71
 (Chief Auditor)

Accepted 10/11/71
 (Contractor)
 (If Corporation, President or Vice-President; if Partnership, Partner)

(Commissioner of Transportation)
1-612-121-769
P-69-021-CCO

NEW JERSEY DEPARTMENT OF TRANSPORTATION

Trenton, New Jersey

Change Order No. B... 1515m DC-12(b)
n 10/16/67Date April 26, 1971Control No. 2017 697 Federal Aid Project No. RF 56 (17) Region No. 1Route No. US 46 Section No. 19A & 2B Bridge Local Name From Paulins Kill to Route 31, Reconstruction in the Townships of Knowlton and White, Warren CountyContractor Centrum Construction Corporation, P. O. Box 5060, Clinton, New Jersey 08809

The following additions to contract quantities are necessary:

SUPPLEMENTARY

| <u>ITEM</u> | | | | | <u>AMOUNT</u> |
|-------------|--|----------|-------------|---|----------------|
| A 901 | 18" C.M. Sewer Pipe | 220 L.F. | @ \$ 12.50 | = | \$ 2,750.00 ✓ |
| A 902 | 27" C.M. Sewer Pipe | 800 L.F. | @ 20.00 | = | 16,000.00 ✓ |
| A 903 | Pavement Excavation | 18 S. Y. | @ 40.00 | = | 720.00 ✓ |
| A 904 | Remove Concrete Headwall | 3 UNIT | @ 150.00 | = | 450.00 ✓ |
| A 905 | Type "B" Inlets | 6 UNIT | @ 530.00 | = | 3,180.00 ✓ |
| A 906 | Type "E" Inlets | 2 UNIT | @ 530.00 | = | 1,060.00 ✓ |
| A 907 | Inlets Additional Depth | 4 L. F. | @ 50.00 | = | 200.00 ✓ |
| A 908 | 15" C.M. Sewer Pipe | 10 L. F. | @ 8.00 | = | 80.00 ✓ |
| A 909 | 12" C.M. Sewer Pipe | 10 L. F. | @ 7.50 | = | 75.00 ✓ |
| A 910 | Reset Head Using New "B" Inlet Casting | 1 UNIT | @ 250.00 | = | 250.00 ✓ |
| A 911 | Rock Excavation Subsurface Structures | 5 C. Y. | @ 60.00 | = | 300.00 ✓ |
| | | | TOTAL S. A. | | \$ 25,065.00 ✓ |

EXTRAITEM

| | | | | | |
|----|------------------------------------|-----------|-------------|---|---------------|
| 4 | Bit. Stab. Base Crse. Var. Th. | 110 TON | @ \$ 16.00 | = | \$ 1,760.00 ✓ |
| 10 | 9" X 20" White Conc. Vertical Curb | 140 L. F. | @ 5.00 | = | 700.00 ✓ |
| 6 | Topsoiling & Seeding Var. Th. | 300 S. Y. | @ 2.00 | = | 600.00 ✓ |
| | | | TOTAL EXTRA | | \$ 3,060.00 ✓ |

An extension of time of four (4) working days is recommended.

This change order was discussed with Mr. C. Niessner of the Federal Highway Administration on April 4, 1971.

ESTIMATE CERTIFICATE

WORK PERFORMED AND MATERIALS FURNISHED

7 FINAL

Sheet 2 of 2
Date 01-24-72

| | | |
|--|---------------------|---------------------------------|
| Route 46 | Section 19A & 2B | Federal Project No. PF56(17) |
| Local Name From Paulins Kill to Route 31; Reconstruction, in the Townships of Knowlton and Waits, Warren County. | | |
| Contractor (Name and Address) Centrun Construction Corp., P.O. Box 5060, Clinton, New Jersey 08809 | | |

NOTE: Insert Heading for Supplemental Work, when necessary, in Description Column

| Item No. | Description | Unit | Contract Quantity | Contract Quantity Adjusted | Quantity Previously Allowed | Quantity Allowed This Estimate | Quantity Allowed to Date | Unit Price | Amount Allowed to Date |
|--------------------|---|-------|-------------------|----------------------------|-----------------------------|--------------------------------|--------------------------|------------|------------------------|
| 1 | Roadway Excavation, Unclassified | C.Y. | 4,156 | 3738 | 3738 | 0 | 3738 | 12.00 | 44,856 |
| 2 | Pavement Type FA-BC-1 1" Thick & Variable | Ton | 922 | 1510 | 1110 | 400 | 1510 | 13.00 | 19,630 |
| 3 | Pavement Type FA-BC-2 3" Thick & Variable | Ton | 26,661 | 27394 | 25962 | 1432 | 27394 | 13.00 | 356,122 |
| 4 | Bituminous-Stabilized Base Course, Variable Thickness | Ton | 8,200 | 8720 | 6225 | 455 | 8720 | 15.00 | 130,800 |
| 5 | Bituminous-Stabilized Base Course, 3 1/2" Thick | Ton | 1,714 | 3989 | 3802 | 187 | 3989 | 13.00 | 51,857 |
| 6 | Topsoiling & Seeding, Variable Thickness | S.Y. | 6,950 | 7200 | 7000 | 200 | 7200 | 2.00 | 14,400 |
| 7 | Reset Heads Using New Curb Piece | Units | 4 | 2 | 0 | 2 | 2 | 100.00 | 200 |
| 8 | Construction Layout | L.S. | L.S. | 6054.07 | 5000 | 1054.07 | 6054.07 | 5,000.00 | 6,054 |
| 9 | Contract Bord | L.S. | L.S. | 2745 | 2200 | 545 | 2745 | 4,000.00 | 2,745 |
| 10 | 9"x20" White Concrete Vertical Curb (If and Where Required) | L.F. | 200 | 135 | 135 | 0 | 135 | 5.00 | 675 |
| 11 | Field Office, Type C | L.S. | L.S. | 2000 | 2000 | 0 | 2000 | 2,000.00 | 2,000 |
| 12 | Removal of Wire Rope Guard Fence | L.F. | 64 | 2458 | 2350 | 108 | 2458 | 2.00 | 4,916 |
| 13 | Beam Guard Rail | L.F. | 4,700 | 7950 | 7125 | 825 | 7950 | 3.30 | 26,235 |
| SUPPLEMENTAL ITEMS | | | | | | | | | |
| 901 | 18" CMSP | L.F. | 220 | 210 | 210 | 0 | 210 | 12.50 | 2,625 |
| 902 | 27" CMSP | L.F. | 800 | 790 | 790 | 0 | 790 | 20.00 | 15,800 |
| 903 | Pavement Excavation | S.Y. | 18 | 18 | 18 | 0 | 18 | 40.00 | 720 |
| 904 | Remove Concrete Headwalls | Units | 3 | 3 | 3 | 0 | 3 | 150.00 | 450 |
| 905 | Type "B" Inlets | Units | 6 | 6 | 6 | 0 | 6 | 530.00 | 3,180 |
| 906 | Type "E" Inlets | Units | 2 | 2 | 2 | 0 | 2 | 530.00 | 1,060 |
| 907 | Inlets Additional Depth | L.F. | 4 | 6 | 4 | 2 | 6 | 50.00 | 300 |
| 908 | 15" CMSP | L.F. | 10 | 0 | 0 | 0 | 0 | 8.00 | |
| 909 | 12" CMSP | L.F. | 10 | 10 | 10 | 0 | 10 | 7.50 | 75 |
| 910 | Reset Head Using New Curb Casting | Unit | 1 | 1 | 1 | 0 | 1 | 250.00 | 250 |
| 911 | Rock Excavation Subsurface Structure | C.Y. | 5 | 0 | 0 | 0 | 0 | 60.00 | 0 |
| 912 | Shoulder Surface Treatment | S.Y. | 72,000 | 73890 | 72000 | 1890 | 73890 | .50 | 36,945 |
| 913 | Reset Heads, Using Existing Curb Piece | Units | 7 | 7 | 0 | 7 | 7 | 80.00 | 560 |

TOTAL AMOUNT Estimated \$ 731,125.07

| | | | |
|--|-------------------|------------------------------------|-----------------------------------|
| 46 | SECTION 19A & 2B | FEDERAL PROJECT NO. RF-56(17) | Region 1 |
| Local Name: From Pauline Kill to Route 31; Reconstruction, in the Townships of Knowlton and Waite, Warren County. | | | |
| Contractor (Name and Address): Centum Construction Corp., P.O. Box 5060, Clinton, New Jersey 08809 | | | |
| Work Performed and Materials <input type="checkbox"/> ALLOWED <input checked="" type="checkbox"/> FURNISHED TO: 01-24-72 | | | |
| SUBJECT | ROAD | BRIDGE | TOTAL |
| Amount of Estimate | 731,175.07 | | 731,175.07 |
| Less 0 % Retained of ROAD | | | |
| Less 0 % Retained of BRIDGE | | | |
| Total Net Amount Estimated | 731,175.07 | | 731,175.07 |
| Plus Allowance for Material on Job Site | | | + |
| Less 30 % of Allowance for Material on Job Site | | | - |
| Total Amount Allowed for Material | | | e |
| Allowed to Date on Contract | 731,175.07 | | 731,175.07 |
| Less Amount Previously Paid | 654,278.12 | | - 654,278.12 |
| Amount Due This Estimate | 76,896.95 | | e 76,896.95 |
| Less Deduction for Bituminous Pavement Deficiencies | | \$ 5,651.80 | \$ 5,651.80 |
| AMOUNT DUE..... | | \$ 71,245.15 | \$ 71,245.15 |
| Bid Amount | \$603,871.00 | | \$603,871.00 |
| Less Reductions | 22,132.00 | | - 22,132.00 |
| Plus Extras | 149,436.07 | | + 149,436.07 |
| Adjusted Amount | 731,175.07 | | e 731,175.07 |
| Less Amount Completed (Excluding Materials on Job Site) | 731,175.07 | | - 731,175.07 |
| Amount to Complete | 0 | | e 0 |
| Incl. Change Order No. 1 to Change Order No. 4(FINAL) except for Change Order No. NONE | | | |
| Contract Starting Date | November 30, 1970 | Estimated by | Barry R. Keith |
| Date Actually Started | November 24, 1970 | Recommended by Resident Engr. | Barry R. Keith |
| Completion Time | 70 WD | Recommended by Dist. Constr. Supt. | Robert R. King |
| Extensions | 9 WD | Audited by | D. K. Hunt |
| Adjusted Time | 79 WD | Aud. Reviewed by | Henry E. Heiser |
| Time Used | 76 WD | APPROVALS | |
| Time Remaining | 3 WD | | |
| Date | Road | Bridge | Supervising Engineer |
| Completed | 3-30-71 | | Regional Engineer Ralph Stodoljan |
| Accepted | 3-22-72 | | Supervisory Engineer |
| Code Number | 2107-000 | Federal Project No. | RF-56(17) |
| % At Built | 100 % | Copy Distribution | |
| | | Original | Invoice <i>dup</i> |
| | | Duplicate | Invoice |
| | | Triplicate | Contractor |
| | | Quadruplicate | Division Office |
| | | Quintuplicate | Resident Engineer |
| | | Extra | Federal Aid |
| | | Extra | |

Mr. K. Collins
Const. Control

1518

1970
LAWYERS DIARY
AND
MANUAL
INCLUDING BAR DIRECTORY
OF NEW JERSEY

EX C-53
11/21/72

MARY BRENNAN

1000 20 11

Mail Casey &
302nd day
63 days to come

5th THURSDAY, OCTOBER 29, 1970

Get agenda for Pres. - ready for mailing

Ex C-54

1519

11/21/72

12:30 - Staff Lunch - Holiday Inn

3:00 - Pres. Schrogger & Dr. Libby re Consolidated
(Pres. Schrogger. 302)

In:
Sen. Dougherty
Sen. Kaptur
Pres. Wilt
Judge Fisher
Major Bluff
R. Johnson

Out:
Sen. Kaptur
Pres. Wilt
Judge Fisher

5th FRIDAY, OCTOBER 30, 1970

303rd day
62 days to come

Judicial Conf of Municipal Ct. Judges
9:30 - Registration; 11:30 - 1:00 - Panel Discussion

1520

Judge
Bauter - 6761
Gen Sharp
Gros. Begley
Major Olaff
Lennie Fisher - 5030

Keinson
Chief Moken - Bayonne
Bob Marenz - New Brunswick Home News

Debt:
Gen Sharp
Keinson
Pro. Diltz - 201 -

304th day
61 days to come

5th SATURDAY, OCTOBER 31, 1970

1521

305th day
60 days to come

1st SUNDAY, NOVEMBER 1, 1970

1st MONDAY, NOVEMBER 2, 1970

306th day
59 days to come

U.S. Court of Appeals session commences at Philadelphia.
Motion day, United States District Court, at Trenton. (Rule 12)
Last day to file quarterly F.I.C.A., Withholding Tax and Unemployment Compensation
returns covering July, August and September.
Fourth quarterly real estate tax payment due.

1522

| <u>In.</u> | <u>Out.</u> |
|------------------------------|-----------------------|
| Clare Nessler | Nessler |
| Bliss | Phillips |
| Assemblyman Krenarik | Pros. Biltz |
| Pros. Biltz | St. Pagano |
| Pros. Schragger - Jacconi | Stier |
| Pros. Dolan - 201-Ch. 6-0400 | Pros. Dolan |
| Akol - 394-1101 | Judge Fisher - lfc. |
| Lennie Fisher - star Ledger | Lucas - 201-244-2121 |
| Capt. Kell | Sir McConough - 6200 |
| | Sir McConough 12-3312 |

NOVEMBER MONTHLY PLANNER

IMPORTANT DATES TO REMEMBER FOR THE COMING MONTH AND THE MATTERS THEY RELATE TO. Suggested Usage. Enter below deadline dates for matters such as filing of pleadings, motions, briefs or appearances; or matters scheduled for completion such as contracts, deeds, leases, corporation papers, opinions, wills, collection items, or work being attended to by an associate. Alternate Usage. Enter items below not completed the past month, as a reminder or carry over to this month.

| OCTOBER '70 | | | | | | |
|-------------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | 4 | 5 | 6 | 7 | 8 | 9 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

NOVEMBER 1970

MONTH AT A GLANCE PLANNER

| DECEMBER '70 | | | | | | |
|--------------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

Memoranda

1524

SUNDAY

1

MONDAY

2

QUARTERLY
F.I.C.A., & U.C.
RETURNS DUE

TUESDAY

3

ELECTION DAY

WEDNESDAY

4

THURSDAY

5

FRIDAY

6

SATURDAY

7

SUNDAY

8

MONDAY

9

TUESDAY

10

WEDNESDAY

11

VETERANS' DAY

THURSDAY

12

FRIDAY

13

SATURDAY

14

SUNDAY

15

MONDAY

16

TUESDAY

17

WEDNESDAY

18

THURSDAY

19

FRIDAY

20

SATURDAY

21

SUNDAY

22

MONDAY

23

TUESDAY

24

WEDNESDAY

25

THURSDAY

26

THANKSGIVING
DAY

FRIDAY

27

SATURDAY

28

SUNDAY

29

MONDAY

30

Memoranda

307th day
58 days to come

1st TUESDAY, NOVEMBER 3, 1970

LEGAL HOLIDAY, ELECTION DAY

1525

1st WEDNESDAY, NOVEMBER 4, 1970

308th day
57 days to come

9:30 - Ed Laird & Rick Silverman, atty off.

1526

7:00 - Roger Mc Donough re Narcotics Pamphlet

Re:

Major Olaff - urgent.
Sgt. Lucas - in after lunch
Sgt Eugene Walton

~~Exhol~~

Pro Datto

Pro. Rittenhouse - 201-782-2312

Sir Mc Donough's secretary
(Miss Krasnapecki) 6200

Herman Crystal - 4724.

Pro. Schragger

Out:

Sgt. Majorointz

Th. McGowan

Pro Datto

Pro. Rittenhouse

Capt. Dupin - H. Betz

Sir Mc Donough.

309th day
56 days to come

2 PM
3 PM

1st THURSDAY, NOVEMBER 5, 1970

Remind Ken Olet re chairs for Pres. Conf. cl. Rm. 441

1527

2:00 - Larry Fisher

In:

Capt. Gurkin

Mrs. Proger

Col. Kelly

Evon Baker

Bob Russell - 641-9893

Luther Munson - Daily Princetonian

Major Groff

Dave Lucas - 201-244-2570

Ed Liston

Ed Turnback - 201-477-1610

Out:

Doc (Oler) 212-425-1323

Bary E. - 201-675-2200 x2323

Larry Fisher

Major Groff

Pres. Kemper

Judge McEwan

Judge Fisher

9 AM
P.

1st FRIDAY, NOVEMBER 6, 1970

310th day
55 days to come

Motion day, United States District Court, at Camden. (Rule 12)

9:00 - a. y.

1528

1:00 - Prosecutors Conference - Room 441

In:

Lt. Pagano

Jusoni (Baksendale - adm. ff.)

Judge Rizzolo - 241-526-0700

Shler

Brendan Byrne

Judge Vaccaro

Michael Gold

Out:

Ken Gouber

Judge Fisher

1529

BIEDERMAN AND MULLIGAN
COUNSELLORS AT LAW
21 BRANT AVENUE
CLARK, NEW JERSEY 07066

862-2222
AREA CODE 201

DAVID A. BIEDERMAN
ROBERT L. MULLIGAN

ESSEX COUNTY OFFICE
17 ACADEMY STREET
SUITE 901
NEWARK, N.J. 07102
(201) 624-5275

December 3, 1971

Morton Greenburg, Ass't. Attorney General
State House Annex
Trenton, New Jersey 08625

Dear Mort:

It was a pleasure to speak to you last Tuesday. I am sorry that I was not present when you returned to Trenton. I suggest we make that up with a good lunch. I would like to meet with you, at your convenience, next week or the following for lunch.

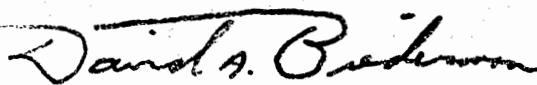
As I told you, my firm now represents Mr. Aldo J. Baresi, a property owner whose land was taken by the Department of Transportation some nine years ago. The property is in the Meadowlands along Route 3. I would like to discuss with you at the time of our meeting a possible settlement of this matter. I shall bring with me the appraisals which Mr. Baresi has. Apparently nine years have passed since the State took his property and the man has not seen a quarter yet. I am certain you are as shocked as I am to learn that a litigant has not been able to get his "day in court" for nine years in a case where constitutional rights are involved. An expeditious settlement would cure this matter to, I hope, everyone's satisfaction.

Thank you for your courtesy and cooperation.

Best regards to your lovely wife.

Very truly yours,

BIEDERMAN & MULLIGAN

By: 
David A. Biederman

DAB/oc

P. S. Kindly reply to our Newark office.

EX C-56
11-21-72
JP

BIEDERMAN AND MULLIGAN
COUNSELLORS AT LAW
21 BRANT AVENUE
CLARK, NEW JERSEY 07066

1530

DAVID A. BIEDERMAN
ROBERT L. MULLIGAN

862-2222
AREA CODE 201

Please reply to:
ESSEX COUNTY OFFICE
17 ACADEMY STREET
SUITE 901
NEWARK, N.J. 07102
(201) 624-5275

December 13, 1971

Assistant Attorney General
Morton Greenberg
State House Annex
Trenton, New Jersey

Re: State of New Jersey
vs.
Aldo Baresi
Condemnation Matter

Dear Mr. Greenberg:

This letter will confirm our conversation of Thursday, December 9, 1971 concerning the captioned matter. Please be advised that we have been retained by Aldo Baresi to represent him in an anticipated condemnation suit of certain lands fronting on State Highway Route 3, East Rutherford, by the Department of Transportation.

Mr..Baresi has a suit pending before Judge Trautwein compelling the State to condemn the captioned land. Mr. Baresi is represented in that suit by the firm of Lafferty, Rowe, McMahon & McKeon. I am given to understand by Mr. Weigel of that firm that a summary judgement is being prepared on that matter. Mr. Weigel represents the Title Company, which company was forced to pay Mr. Baresi's mortgage when the State took possession of the property. I do not know the exact amount but it is in six figures.

Furthermore, Mr. Weigel will be participating in the anticipated condemnation suit so as to protect the Title company's interest therein.

We on the other hand will represent Mr. Baresi with respect to his interest in that condemnation suit. Both Mr. Weigel and I would

Con't.

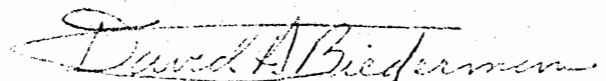
State of New Jersey
vs.
Aldo Baresi
Condemnation Matter

1531

like to have an appointment with you as soon as possible in order to expedite a conclusion in this matter.

I am enclosing herewith, for your review, an application on the property which was submitted by Mr. Baresi. Your courtesy and cooperation in the aforesaid matter will be greatly appreciated.

Very truly yours,

A handwritten signature in cursive script, reading "David A. Biederman". The signature is written in dark ink and is positioned below the typed name "David A. Biederman".

DAB:md

1532

EX C-57
12-19-72
JP



IN REPLY PLEASE REFER TO

State of New Jersey
DEPARTMENT OF TRANSPORTATION
JOHN C. KOHL, COMMISSIONER
TRENTON 08625

November 6, 1970

MEMORANDUM

TO: Honorable Pierre P. Garven
Honorable George F. Kugler, Jr.
Director Evan W. Jahos ✓

FROM: David A. Biederman
Chief Counsel to the Commissioner

SUBJECT: Mal-Bros. Contracting Company

As you know, Mal-Bros. Contracting Company is under temporary suspension from dealing with the Department of Transportation. The attached transcript of testimony taken in the above is for your further attention.

In effect, the contractor claims that he is innocent of any wrong doing in a sworn statement. The Company is under indictment in the Federal Courts. The Commissioner's opinion is that the indictment and the inferences raised through the testimony adduced in the Addonizio trial and in the separate statement of Irving Kantor (previously forwarded to you) has not been rebutted by the testimony adduced. No explanation has been offered as to why the transaction took place except that it was, in effect, a personal favor by the contractor to Mario Gallo. Under the circumstances, the Commissioner will continue with the suspension of the contractor.

You may recall, that there is no case in this State which holds that an indictment without conviction shall be sufficient to support a charge of moral integrity against a contractor

Hon. Pierre P. Garven
Hon. George F. Kugler, Jr.
Director Evan W. Jahos

November 6, 1970

justifying a suspension from bidding. Mal-Bros.' attorney has indicated that he will certainly appeal the suspension of his client.

If you concur in the Commissioner's opinion and wish this Administration to make this case a test case which would establish a standard for treating other contractors dealing with State Government, please advise.

DAB
DAB

cdd

Attachment

1534



State of New Jersey
DEPARTMENT OF TRANSPORTATION

DAVID A. BIEDERMAN

From the desk of

Chief Counsel to the Commissioner

Date October 29, 1970 To Evan Jahos

Re: Pre-qualification Requirements

Has a meeting been arranged with other Departments to discuss pre-qualification requirements? Please advise.

Thank you for courtesy and cooperation.

DAB
DAB

hkw

EX. C-58
12-19-72
88

RECEIVED

NOV 2 1970

DIV. OF
CRIMINAL JUSTICE

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CRIMINAL JUSTICE

And procedure 7/6-115

MEMORANDUM

1535

TO: Director Evan William Jahos

DATE: November 5, 1970

FROM: John P. Brennan, Chief Investigator

SUBJECT: CIS 70-133 - STATE CONTRACTS PROCEDURE

Forwarded for your consideration is a memorandum dated October 29, 1970 from Herman Crystal, Deputy Director of the Division of Purchase and Property, concerning a meeting in this matter on October 22, 1970.

This morning I received from the Treasury Department additional requests for checks on vendors but have suspended action on them pending a determination of whether our checking procedure is to be continued.

Your advice will be appreciated.

B
J. P. B.

JPB/js
encs.

M E M O R A N D U M

1536 TO ... JOHN BRENNAN, Chief Investigator
Criminal Investigation Section
Department of Law and Public Safety

Trenton ☐Newark ☐

FROM ... HERMAN CRYSTAL, Deputy Director
Division of Purchase and Property

SUBJECT ... Police Checkup, State Vendors

Date .. October 29, 1970

I am attaching hereto a memorandum of the meeting here in my office on October 22, 1970.

I would appreciate it very much if you would follow up with the Attorney General as set forth in the minutes and advise me just what our position should be.

H. C. 

HC:pn
Enc.

RECEIVED

NOV 4 - 1970

DIV. CRIMINAL JUSTICE

MEMORANDUM FOR THE RECORD

October 30, 1970

Re: State Police Checkup Contracts

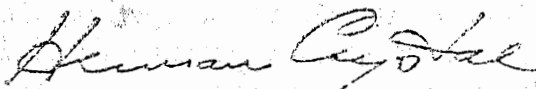
A meeting was held in the office of Deputy Director Herman Crystal on October 22, 1970, to review the program initiated several years ago whereby all contracts in excess of \$100,000 receive three-way police checks. The following were present:

Herman Crystal, Deputy Director
Division of Purchase and Property
James O'Connor, Consultant to the
Division of Purchase and Property
Charles Hibbs, Supervisor
Purchase Bureau
John Brennan, Chief Investigator
Criminal Investigation Section
Department of Law and Public Safety
Edward Schwartz, Deputy Attorney General
Department of Law and Public Safety
Clinton Pagano
Division of State Police
James E. Stover, Assistant Supervising
Contract Administrator
Division of Building and Construction

The entire procedure was reviewed and it was agreed that the present procedure is inadequate because of failure to get a directive as to follow-up based upon information made available by these checks. It was agreed to ask the Attorney General to review the entire program. Mr. Brennan indicated that he would follow through.

The representatives of the Attorney General's office feel that in the absence of more definitive information as to the use of this program that it probably would be suspended. However, it was decided to wait until we receive a decision from the Attorney General and we will continue the program.

Respectfully submitted,



Herman Crystal, Deputy Director
Division of Purchase and Property

HC:pn

cc: Mr. Charles Hibbs
✓ Mr. John Brennan

Director Evan William Jones

October 23, 1970

John P. Brennan and Clinton Pagano

State Contracts - CIS 70-133

In response to your instructions, a meeting was held today between ourselves and Mr. Herman Crystal, Assistant Director of Division of Purchase and Property, Deputy Attorney General Edward Schwartz, Charles Hibbs and James O'Connor of the Division of Purchase and Property, and Mr. James E. Storer of the Division of Building Construction. The purpose of this meeting was to review a procedure presently in effect which requires that all bidders on State contracts in excess of \$100,000 be checked through the records of the State Police.

This procedure was initiated on August 14, 1968 at the instruction of Attorney General Arthur J. Sills. Up to October 13, 1970, 996 corporations were checked with records being found on 125 of these corporations. Records were also found on 148 corporate officers. These checks represent thousands of information inquiries to the State Police records representing a sizable workload and manpower commitment.

Attorney General Sills' instructions were in keeping with the following statement contained in the Sixth Annual Message of Governor Richard J. Hughes to the legislature on January 9, 1968, wherein he stated:

"Legislation requiring the disclosure of information regarding the backgrounds of those in formal or real control of business bidding on government contracts to counter the risk that the public may unwittingly be supporting organized crime which may have infiltrated legitimate business."

Discussion revealed that there has not been rejection of a single contract nor failure to qualify a single bidder based upon all the information furnished to the Treasury

Department. It was explained to us that the standards employed are experience and financial standing and character plays no part in the consideration for awarding a given contract. It is evident that the efforts expended are fruitless and the Division of Purchase and Property merely respect this procedure as an obligation to the Attorney General.

There was a general feeling that bad character cannot serve as a basis for disqualification of a bidder or rejection of a bid.

Mr. Crystal said that his office would be willing to have the present procedures suspended pending review of the entire matter but that he would require a letter of suspension from you for this purpose.

Mr. O'Connor raised what seems to be a valid criticism. He said that it is the practice of bidders to go to the various State agencies, such as Transportation, Purchase and Property, Education, etc., and obtain prequalification for bidding. He said that the formula used is an approval based upon from 5 to 7 times the value of quick assets. He said this could produce a situation whereby a contractor whose entitlement to a true qualification of a million dollars might end up with approval for a total of three million dollars as a result of going to the several separate agencies. He proposed that in order to prevent this a central office be established to clear all prequalifications. Again, with this central clearing office for bids, character would not play a part in the qualifications established.

It is our recommendation that a Deputy Attorney General be assigned to completely review the procedures presently enforced for the prequalification of bidders and that the Deputy further look into the possibility of legislation which would tighten the standards for bidders, especially as to character. Further, it is recommended that the present system of checking State Police files be suspended until such time as this research is completed. At present this procedure serves no worthwhile purpose and represents both an outlay of

manpower to the State and a roadblock to the completion of more important work.

An offer was made to the persons assembled to check records on a selective basis in connection with any situation which might arise at the Division of Purchase Property. These requests would be forwarded through your office to the Division of State Police.

JPB-CP:jc

J. P. B.

BCC: Evan Jahos

STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION
1035 PARKWAY AVENUE
TRENTON, N. J. 08625

JOHN C. KOHL
COMMISSIONER

1541

October 30, 1970

MEMORANDUM

TO: Commissioner John C. Kohl
FROM: David A. Biederman
RE: Route 46 Contract

On Tuesday, October 20, 1970, I received Mr. Richard Hale, President of Centrum Construction Company. Mr. Hale, who represented that he has been the moving spirit in the Citizens Highway Committee, recently established as a citizens aid to this Department, wished to know why the contract upon which he was the low bidder for Route U.S. 46 in Knowlton and White Townships, Warren County, had not been awarded. I investigated the matter.

Our Chief Engineer, Mr. Schuyler, advised me that the contract would not be awarded until the contractor had assured the Department that he had a sufficient supply of asphaltic material with which to do the job. Mr. Hale replied that he already supplied to the Department a letter from the supplier guaranteeing same. I advised him to contact Mr. Schuyler to meet whatever requirements this Department had and he later represented to me that he did so.

I later discussed this matter with you and you advised me that you had been requested by the Secretary of State, Mr. Sherwin, not to award the contract and to reject all bids so that the second bidder, Mr. Manzo represented by John E. Dimon, State Republican Chairman, would have another shot at this contract. While the low bidder was above this Department's

estimates he was within the narrow percentage above said estimates usually used by Department as its criteria in awarding bids and would, therefore, if this were a normal matter, receive the contract. In addition, the Department both publicly and privately (see newspaper articles attached) represented that the project would be built and construction to start over a month ago. After discussion with you, you advised that the award would be made to the low bidder -- Centrum Construction Company and that Mr. Sherwin's request would be rejected. Later that day I discussed this matter with the Attorney General and advised him that in my view Mr. Sherwin's action was in derogation in policy of the bidding statutes. I further advised the Attorney General to take the matter up with Mr. Sherwin. His reply was that he would not do so, but thought that my Commissioner could do so.

Apparently on Monday, October 26, 1970, you reversed your decision to reject Mr. Sherwin's request. In light of the circumstances reviewed above I must object to the latter decision. This is to confirm my earlier verbal advice to you that Mr. Sherwin's request could be considered as part of a conspiracy to violate the bidding statutes regardless of the rationale utilized to throw out the bids if the prime motivation was simply to get Mr. Manzo another shot at this contract. Action in accordance with that request could be a direct violation of those statutes.

The best and proper course to take would be to award the contract to Centrum and fulfill the Department's promises to the local community with regard to the subject project.

DAB
DAB

Attachments

1970, Easton, Pa., Friday, Sept. 25, 1970

Clinton Firm Submits Low Bid For Reconstructing Route 46

The apparent low bidder for widening and reconstructing Route 46 between Buttzville and Columbia is Centrum Construction Corp., Clinton.

Bids for the project were opened yesterday by the state Department of Transportation.

Centrum Construction submitted a bid of \$603,871.

There were two other bidders, the Manzo Contracting Co., Matawan, \$607,657.50, and D. Starnato & Co., Andover, \$632,600.

Transportation Commissioner John C. Kohl said a contract will be awarded after the bids are studied by department engineers.

Terms of the contract call for completing the work within 70 working days.

Before Winter

A spokesman for the Department of Transportation said the department hopes the job can be finished before cold weather sets in, but the starting and completion dates depend on whether the commissioner can award the contract within a short time.

The project involves widening Route 46 from two 10-foot lanes

to two 12-foot lanes and resurfacing the roadway with a three-inch layer of bituminous concrete.

The condition of the highway has been a topic of complaint for several years.

Last June 19, traffic on Route 46 at Delaware was blocked for 15 minutes by about 40 Knowlton Township residents led by Mayor Robert S. Palazzo.

The blockade was designed to dramatize the residents' protest against hazardous conditions.

Waged Campaign

Palazzo, who had waged a campaign for improvement the previous year, said after the demonstration that state officials promised reconstruction would be forthcoming.

The protesters described the Knowlton Township portion of the road as "Death Alley," and called attention to the stretch's 20-month record of 95 accidents in which 85 persons were injured and eight were killed.

The Warren County Board of

Fresholders, responding to the township's pleas, urged traffic safety improvements.

The need for safety in school areas was emphasized by township officials, the board of education and PTA.

The Warren County League of Municipalities also urged prompt action.

Kohl and other officials inspected Route 46 in the Knowlton Township area last June at the request of state Sen. Wayne Dumont.

Numerous Potholes

One of the problems township residents cited was the number of potholes after spring thaws. Temporary patches crumbled because of heavy traffic.

During his campaign for improvements, Palazzo said an investigation into the cause of accidents on the highway revealed "no clear-cut causal pattern other than the condition of the highway itself."

He said the road "winds and twists and is poorly banked,

lighted and marked." One of his chief complaints concerned crumbling shoulders.

Although the mayor called for a reduction in the speed limit to 40 miles an hour and banning of all passing on the four-mile township stretch, state traffic officials said last April that they found no need for changing the speed limit or instituting a no-passing zone.

In a letter to Washington Councilman Roger W. Masenior, president of the Warren County League of Municipalities, last July, Kohl announced plans for repaving the road "despite a record backlog of resurfacing needs."

Plans then called for letting contracts Aug. 1 and starting work Aug. 15.

Kohl said the "ever-mounting deterioration of our older highways" resulted from "a meager, pay-as-you-go funding policy" which the highway department had followed in its capital construction program for many years.

Project Route 46 Repaving Start In Mid-September, Federal Approval Awaited

The state Department of Transportation said that it will be a "matter of weeks" before bids for reconstructing Route 46 in White and Knowlton townships are advertised and another "several weeks" until the contract is awarded. But, the senator said, the job will be done. Preliminary plans call for the widening of each side of the highway to 12 feet from Columbia east to Buttzville.

But according to the department's assistant commissioner, Russell W. Mullen, the job will definitely begin by Sept. 15. Estimated project cost is \$750,000. The entire section from Buttzville to Columbia in White and Knowlton Townships will be repaved and several areas will be super-elevated.

It was reported that the U.S. Bureau returned the state department's original plans of route reconstruction with recommendations that certain portions be "redone." The elevation, which will raise one side of the road slightly above the other side will enable motorists to safely control their vehicles as they travel around the curve.

"Different elements," Mullen told the Star, "must be encountered in possible road reconstruction and those sketches cannot be done in a matter of days." He explained that the federal bureau will not approve until the design has been re-submitted. It is hoped that week will be done with 50 per cent federal and 50 per cent state funds.

Warren Sen. Wayne Dumont, Jr., who investigated the situation, said that Route 46 in the two townships has been the scene of 95 accidents, 35 injuries and eight deaths over the past 20 months and five fatalities over the recent Memorial Day weekend.

Free Press
SEPTEMBER 9, 1970

ROUTE 46

WILL BE

REPAIRED

Bids will be received September 24 on a project to reconstruct Route U. S. 46 in Knowlton and White townships in Warren County, it was announced by Transportation Commissioner John C. Kohl.

Less than two months ago, Commissioner Kohl wrote to local officials stating that the department planned this work in spite of a tremendous backlog of similar work, and a lack of maintenance money. The commissioner wrote in response to many communications from county and township officials.

The project extends from Columbia to Buttsville, a distance of 8.2 miles. The principal items of work will be reconstructing and widening the highway from two ten foot lanes to two 12 foot lanes. In addition a three inch

thick bituminous concrete resurfacing will be placed on the roadway.

In Manunkachunk, where the road surface is more seriously deteriorated, the roadway will be topped with a five and one half inch layer of bituminous concrete.

Commissioner Kohl said the department's problem with reconstructing the state's older roads which are deteriorating is "a meager pay - as - you - go funding policy." He added that the Department is well aware of the situation, which is state - wide, and said plans are underway to restore all the older highways to safer, smoother riding conditions.

The project, which is to be completed in 70 working days, will be financed 50/50 by state and federal governments.

1545

Award Contract Road Contract

CLINTON - Centrum Construction Corp. of Clinton, is the apparent low bidder for widening and reconstructing Route 46 between Buttsville and Columbia in Warren County, according to bids opened Thursday by the state Department of Transportation in Trenton.

The local firm bid \$663,871 for the job of widening the highway from two 10-foot lanes to two 12-foot lanes and resurfacing the roadway with a three-inch layer of bituminous concrete. The distance is approximately 10 miles.

The terms of the contract call for the completion of the work within 70 working days and the Transportation Department indicates the work will be done this Fall before cold weather sets in.



JOHN C. KOHL
COMMISSIONER

STATE OF NEW JERSEY

DEPARTMENT OF TRANSPORTATION

1035 PARKWAY AVENUE
TRENTON, N.J. 08625

1546

December 2, 1970

MEMORANDUM

TO: Honorable Pierre P. Garven
Honorable George F. Kugler, Jr.
Director Evan W. Jahos

FROM: David A. Biederman
Chief Counsel to Commissioner

RE: Mal-Bros. Contracting Company

The attached determination of the Commissioner in the above captioned matter is forwarded to you for your further information.

DAB
DAB

Attachment

RECEIVED

DEC 3 1970

DIV. OF
CRIMINAL JUSTICE



JOHN C. KOHL
COMMISSIONER

STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION
1035 PARKWAY AVENUE
TRENTON, N. J. 08625

STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION

| | | |
|-----------------------|---|-----------------------------------|
| IN THE MATTER OF |) | HEARING ON QUALIFICATION |
| |) | CLASSIFICATION |
| MAL-BROS. CONTRACTING |) | |
| |) | DETERMINATION OF THE COMMISSIONER |
| COMPANY |) | |

This matter has been brought before the Department of Transportation under N.J.S.A. 27:7-35.8.

Mal-Bros. Contracting Company of West Caldwell, New Jersey and the Conduit and Foundation Corporation of Philadelphia, Pennsylvania on August 13, 1970, submitted a joint bid of \$8,161,867.80 for construction of Section 2N, Route U.S. 1 & 9, and Section 5AT, Route 78. This bid was the lowest of four submitted to the Department of Transportation.

Subsequent to the submission of bids, information regarding developments in an investigation of Mal-Bros. Contracting Company being conducted by the United States Attorney for the District of New Jersey was received by this Department which was deemed to be of such a nature as to affect the responsibility of Mal-Bros. The information received was:

1. George Malanga, a partner in Mal-Bros. Contracting Company had been found in contempt of a Federal Court for not producing records which according to the public press he claimed had been burned. The alleged burned records were produced 11 days after Malanga had been jailed without bail to purge the contempt. In addition the public press reported that one of Mal-Bros. employees had testified that she was instructed to burn the records.

2. Mal-Bros. had drawn checks in excess of \$400,000 to Kantor Supply Company, a non-existent corporation set up to provide a means to cash checks issued on the basis of false invoices for illegal purposes among which was to finance pay-offs to Government officials.

3. Malanga had refused to tell the Federal Grand Jury whether his company had paid more than \$400,000 to the non-existent Kantor Supply Company on various contracting jobs.

4. Irving Kantor, the principal of Kantor Supply Company, had testified in United States v. Addonizio, et als, that the corporation was a fictitious company used solely as a conduit for illegal transactions.

5. The investigation was proceeding and the United States Attorney expected to bring a case for indictment of George and Louis Malanga to the Grand Jury shortly.

Based on this information, the Department of Transportation determined that these developments could affect the contractor's responsibility as a bidder. Accordingly, Mal-Bros. was notified by telegram on September 14, 1970, that a hearing on the affect of these developments on its bid qualification classification would be held on September 24, 1970. In addition, telegrams were sent on September 14, 1970, to all bidders on the subject project, notifying them that all bids had been rejected.

The next day on September 15, 1970, George and Louis Malanga were indicted by the Federal Grand Jury, and charged with filing false partnership returns, insofar as the cost of goods sold or cost of goods purchased for the years 1965, 1966, 1967, and 1968. The defendants to that action have entered a plea of not guilty.

A hearing before the Department was held on October 2, 1970, and continued on October 5, 1970. At this hearing Mal-Bros. was provided the opportunity to present any information which might have tended to substantiate their existing classification. At the initial hearing on October 2, 1970, the transcript of Irving Kantor's testimony in the case of United States v. Addonizio, et als, was introduced and made part of the record as well as a

statement made by Mr. Kantor to the United States Attorney. Mal-Bros. Contracting Company presented no witnesses to refute the testimony of Irving Kantor, despite the fact that the partners in the company were present. The only testimony given by Mal-Bros. were statements by their counsel. On October 5, 1970, Louis Malanga testified before the Department on behalf of Mal-Bros. Based on the information made available by the United States Attorney and on the lack of evidence given on behalf of Mal-Bros. at the hearing, the Department has determined that Mal-Bros. Contracting Company is to be suspended since a satisfactory explanation of the transactions with Kantor Supply Company has not been given.

The following pertinent testimony was given by Irving Kantor with respect to checks drawn to Kantor Supply Company by Mal-Bros. in a statement taken at the East Orange Veteran's Administration Hospital on January 2, 1970:

"Mr. Walsh: Mr. Kantor, you remember my conversation with you the other night when I told you that you would be visited by Mr. Ziemba and Mr. Nulty in connection with the investigation that's going on by the Grand Jury that's sitting in New Jersey. They have certain information which they know about concerning Gallo, concerning Biancone and concerning Mal-Bros. Contracting and several other companies. They allege you received, put into motion certain phony statements; you received cash payments or payments by check on these statements under the name Kantor Supply Company, which was a non-existing corporation, you cashed those checks and--after they cleared you deposited them, rather, and after they cleared you withdrew the money in toto and you gave the monies either to Gallo or representative of Gallo, or Biancone or a representative of Biancone and you retained nothing more than five per cent for yourself. Am I correct on that figure?

"Mr. Kantor: Right."

(page 2)

"Q. Mr. Kantor, in your dealings with Mal-Bros. Contracting Company, was that done through Mr. Biancone?

A. Yes.

Q. Did you give Mr. Biancone the invoices that Mal-Bros. used?

A. Yes.

Q. Did Mr. Biancone deliver to you the checks that Mal-Bros. used?

A. Yes.

Q. Did you give Mr. Biancone the cash in the Mal-Bros. case?

A. Yes, less five percent.

Q. At any time did Mr. Biancone have anyone else with him that you remember from Mal-Bros.?

A. Yes.

Q. Who was that individual?

A. Louis Malanga.

Q. Do you know what Mr. Malanga's position is with the Mal-Bros. Company?

A. One of the owners.

Q. Did Mr. Malanga ever execute checks in your presence to you, to Kantor Supply Company?

A. He gave me a check once.

Q. Did you give Mr. Malanga the cash personally?

A. No.

Q. Or did you give it to Mr. Biancone?

A. Yes.

"A. No, never.

Q. Did you have on the occasion that Mr. Malanga gave you the check, the one time he gave you a check--was it only one time that he, Mr. Malanga, gave you a check?

A. I don't remember.

Q. But on at least one occasion he gave you the check himself?

A. Yes.

Q. On that occasion do you remember having any discussion with Mr. Malanga?

A. Only that Joe Biancone was the one who arranged it.

Q. In other words, Mr. Malanga told you that this was the arrangement that Joe Biancone had made with you?

A. He gave me the check and said to deposit it.

Q. Go ahead.

A. And then see Joe Biancone.

Q. And did you subsequently see Joe Biancone?

A. Yes.

Q. What did Joe Biancone say to you?

A. When the check clears draw out the cash less five percent.

Q. At what point would the invoice be made, when you drew out the cash?

A. No. Joe Biancone had a quantity of invoices. He used them as he needed them.

Q. Would he mail them to you or give them to you personally?

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"A. You mean a copy of the invoice?

Q. Did he ever give you copy of invoices?

A. Yes.

Q. Are these the copies you destroyed?

A. Right."

Louis Malanga, who testified at the hearing on behalf of Mal-Bros. did not refute the testimony given by Kantor with respect to the transactions between Mal-Bros. and Kantor Supply Company. Indeed, he confirmed that checks had been issued by Mal-Bros. for invoices of Kantor Supply Company. In addition, Malanga provided the following additional information.

First, the witness testified that the checks were issued pursuant to invoices given to Mal-Bros. by Mario Gallo, and that the checks drawn to Kantor Supply Company were then given to Gallo in exchange for his checks drawn to Mal-Bros. in an equal amount. In Malanga's own words:

"He [Gallo] would give me a check and I would make out my own company checks to replace his checks."

On cross examination, the following testimony was given to explain the rationale for the transactions between Mal-Bros. and Gallo which required Mal-Bros. to issue checks to Kantor Supply Company.

"Mr. Biederman: Back to the appropriate adjustment that Gallo made, was that in the exact and total amount you issued to Kantor?

The Witness: I think most of them were, the others were supplies. Most of the checks that I have received from him almost to the penny.

Mr. Biederman: Is it fair to say, the supply, this was done strictly as accommodation to Gallo? He never disclosed to you the reason for his transaction?

The Witness: Never. I don't know if he was buying from Kantor or not.

"Mr. Biederman: Lastly, this relationship you had with Gallo and Kantor on these particular checks, would you consider this a normal relationship between a contractor and sub-contractor?

The Witness: This is the position we were in. I don't know other contractors.

Mr. Biederman: Is it fair to say Gallo was your principal supplier?

A. Yes.

Q. Were you heavily dependent on Gallo?

A. Yes.

Mr. Biederman: And in your relationship you were nice to your principal supplier and did him a favor, and that's why you did it?

A. I know Gallo for a number of years. Yes."

The alleged counterbalancing checks drawn by Gallo to Mal-Bros. were not made available for this Department to review since they are the subject of present Federal Grand Jury investigations. However, even if such checks have been written, the explanation given by Louis Malanga is unsatisfactory. The witness testified that Gallo had never disclosed the reason for these transactions. However, it is incredible that a construction executive such as Malanga would participate in such unusual transactions where substantial sums were involved without determining the underlying reason for them.

Malanga verified Kantor's testimony that they had met, however, he denied that the subject transactions were discussed. This is in direct conflict with Kantor's testimony that Malanga had at one time given him a check personally and directed him to deposit it and see Joseph Biancone. Also, Kantor testified that Louis Malanga had been with Joseph Biancone on an occasion when the latter had visited Kantor. This was not refuted by Malanga. Putting aside the discrepancies between Malanga's and Kantor's testimony, Malanga has admitted meeting Kantor. Yet he claims he made no inquiry whatsoever into the transactions which to any construction man with his experience would seem highly irregular at best. In short, Louis Malanga has given an unsatisfactory explanation for the highly unusual transactions he has described.

Therefore, I find as follows:

1. The clear inferences to be drawn from the sworn testimony of Irving Kantor that Mal-Bros. Contracting Company participated in an illegal scheme which involved the corruption of government officials have not been rebutted.

2. The facts underlying the indictment against Louis J. Malanga and George Malanga, Criminal Indictment 442-70, United States District Court, District of New Jersey, have not been satisfactorily explained or the actions of the partners involved justified.

3. The reticence of George Malanga, a partner in Mal-Bros. Contracting Company to cooperate with a Federal Grand Jury by failing to produce company records would necessitate his jailing for civil contempt has not been satisfactorily explained. The contempt was purged by subsequent production of the records.

It has long been the law of this State that the moral integrity and moral worth of the bidder is critical to an evaluation of his qualification to bid. Arthur Venneri Co. v. Paterson Housing Authority, 29 N.J. 392, 403 (1959). In that case, Venneri had been placed on a disqualification list by the Public Housing Administration for giving a gratuity to a government contracting officer in the hope of securing favorable treatment. The New Jersey Supreme Court upheld the rejection by the Paterson Housing Authority of a low bid by Venneri because of the Federal disqualification. At page 403, the court noted th "[a]lthough responsibility may involve experience, financial ability and facilities necessary to perform the contract . . . it may also involve the moral integrity of the bidder." Other jurisdictions have also applied this rule. Koich v. Cvar, 111 Mont. 463, 110 P.2d 964 (1941); Williams v. City of Topeka, 85 Kans. 857, 118 Pac. 864 (1911); Kayfield Construction Corp. v. Morris, 15 A.D. 2d 373, 225 N.Y.S. 2d 507 (App. Div. 1962); Dairymens' League Cooperative Association, Inc. v. Perrini, 54 Misc. 2d 400, 282 N.Y.S. 2d 887 (Sup. Ct. 1967); Application of Limitone, 21 Misc. 2d 376, 189 N.Y.S. 2d 738 (Sup. Ct. 1959); Picone v. City of New York, 176 Misc. 967, 29 N.Y.S. 2d 539 (Sup. Ct. 1941). Indeed this Department knows of no cases which do not follow the rule as set forth by the New Jersey Supreme Court in Venneri, supra.

Dairymen's League Cooperative Association, Inc. v. Perrini, supra, is particularly apposite to the fact situation under consideration. There, the petitioner was the low bidder for a New York City milk delivery contract, and sought to annul a determination of the Board of Responsibility that it was not a responsible bidder. Employees of the petitioner had refused to sign a waiver of immunity before the Grand Jury concerning investigations involving the milk industry. The Board of Responsibility accorded to petitioner an opportunity to answer questions as to whether its bid was tainted by collusion, but the petitioner chose to submit as a witness an employee who refused to answer pertinent questions, resting on his constitutional privilege. The Court upheld the Board's determination that the petitioner was not a responsible bidder.

It should be noted that here as in Dairymen's League Cooperative Association, Inc., supra, the bidder has not been convicted of a criminal offense. However, a partner of the company has been found in contempt, two of the partners have been indicted, and the company has failed to credibly explain the transactions with Kantor Supply. In such a case, temporary suspension pending resolution of the issues left unanswered is deemed to be the proper method of disposition by this Department. Such a procedure is followed by the Federal Government as noted in McBride and Wachtel, Government Contracts, §10.240 (4):

"Less drastic than debarment, but extremely serious, is the administrative procedure called suspension. A firm or individual may be denied the opportunity to participate in Defense Department contracts when that firm or individual is suspected, upon adequate evidence and not merely accusation, of violations which, if proved, would result in debarment. All suspensions are temporary for a period necessary to complete an investigation, at which time the suspension will be removed, or the individual will be placed on the debarred list, as appropriate."

Accordingly, it is hereby ordered that Mal-Bros. Contracting Company be suspended from bidding until satisfactory explanations for the items listed on page 8 aforesaid are

adduced which would indicate to this Department that Mal-Bros. possesses the moral integrity to qualify as a responsible bidder.



John C. Kohl
Commissioner of Transportation

DATED: DECEMBER 2, 1970



State of New Jersey
DEPARTMENT OF TRANSPORTATION

JOHN C. KOHL, COMMISSIONER

TRENTON 02625

September 4, 1970

MEMORANDUM

TO: Pierre P. Garven
Counsel to the Governor

FROM: David A. Biederman
Chief Counsel to the Commissioner

RE: Mal-Bros.

The attached article is the one I spoke of regarding our conversation concerning the above captioned matter this morning.

The Commissioner's statements were apparently made before notification to him, by you, of your views in the matter. In view of the statements made, a reversal of the position should be handled as gracefully as possible and it would be helpful if there were newly discovered facts previously unavailable to justify the reversal in position. Apparently only the Newark News carried this story.

Your opinion is certainly buttressed by the Supreme Court case of Arthur Venneri Co. v. Paterson Housing Authority, 29 N.J. (1959). A copy of the relevant excerpt is attached.

DAB
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Attachments

CC: Attorney General
George F. Kugler, Jr.

have one thing going for him in the strong support of Cahill, who has not forgotten how party as the treehouse.

Contractor Probe Delayed; Firm's Activities Questioned

A federal court hearing to decide whether contractor George Malanga must answer more than 40 questions before a federal grand jury has been postponed until Tuesday. Malanga, a partner in Mal Bros. Contracting Co. of West Caldwell, refused last week to reply to the queries dealing with the firm's activities on public construction projects in Essex and Hudson Counties. The grand jury is looking into possible pay-offs to public officials. Federal Judge Robert Shaw, who must rule on the propriety of Malanga's claiming the Fifth Amendment privilege against self incrimination, rescheduled the hearing because of the press of other court business. The grand jury also will meet next Tuesday.

Meanwhile the court has received a transcript of the prior grand jury hearing and memorandum on the legal standards claiming the Fifth Amendment from Justin P. Walder, Malanga's attorney. The contractor was found in contempt of court last month for failure to answer another series of jury questions and served 11 days in jail.

Cahill's Cheering For N.J. Champs

WILLIAMSPORT, Pa.—Gov. Cahill of New Jersey will be among those rooting for Wayne, N.J., today in the Little League World Series title game.

Cahill, an honorary member of the Little League board of trustees and a member of the league's board of directors, yesterday announced plans to attend the 24th annual world series championship to support the eastern regional champions.

Wayne will meet the Campbell, Calif., team for the title in a game scheduled for 2 p.m.

is aware of the federal investigation and has investigated to define the state's responsibility in the pending contract. Kohl said Mal Bros. record with the Transportation Department is "excellent" with regard to past work performed and he has an equal opportunity report that says Mal Bros. has an outstanding record in this regard.

Accuse 2 Cops of Extortion

ATLANTIC CITY (UPI)—Two policemen, one the president of the Atlantic City Patrolmen's Benevolent Association, have been arrested on charges of conspiracy and extortion of \$400.

Police Director Mario Floriani said patrolman John Devine, 23, and Thomas Stabile, 34, the association's PBA president, were charged last night with extorting the money Aug. 13 from a person Floriani would not identify.

The police director said he

SUPREME COURT OF NEW JERSEY, 1959. 403

29 N. J. Arthur Venneri Co. v. Paterson Housing Authority.

basic policy of the bidding laws, *i. e.*, the encouragement of competition, which in turn works to protect the public coffers and prevent chicanery and fraud in public office. See *e. g.*, *Asbury Park Press, Inc. v. City of Asbury Park*, 23 N. J. 50, 54 (1956); *Hillside Tp., Union County v. Sternin*, 25 N. J. 317, 322 (1957). Arbitrary rejection of favorable bids results in the stifling of competition and undermines the policy of the act—hence the requirement of a hearing before a bid can be rejected on grounds of irresponsibility. *Sellitto v. Cedar Grove Tp., supra*.

[5] Although responsibility may involve experience, financial ability and facilities necessary to perform the contract, *Hillside Tp., Union County v. Sternin, supra*, 25 N. J. at pages 317, 323; *Sandfort v. Atlantic City*, 134 N. J. L. 311, 312 (Sup. Ct. 1946); *Sellitto v. Cedar Grove Township*, 133 N. J. L. 41, 43, 44 (Sup. Ct. 1945); *Sellitto v. Cedar Grove Tp., supra*, 132 N. J. L. at page 31; *Paterson Contracting Co. v. City of Hackensack*, 99 N. J. L. 260, 263, 264 (E. & A. 1923); *Peluso v. Commissioners of City of Hoboken*, 98 N. J. L. 706, 708 (Sup. Ct. 1923), it may also involve the moral integrity of the bidder. *Picone v. City of New York*, 176 Misc. 967, 29 N. Y. S. 2d 539 (Sup. Ct. 1941); *Williams v. City of Topeka*, 85 Kan. 857, 118 P. 261, 38 L. R. A., N. S., 672 (Sup. Ct. 1912); 10 *McQuillin, Municipal Corporations* (3rd ed. 1930), § 29.73, p. 352. See also *Sellitto v. Cedar Grove Tp., supra*, 132 N. J. L. at page 31.

For purposes of the disposition of the present controversy we will assume that plaintiff's application for a waiver did not constitute a "hearing" such as is contemplated by the cases, and further assume that plaintiff did not waive its right to a hearing by failing to appear at the October 16, 1958 meeting of the housing authority.

[6-8] Assuming, *arguendo*, that plaintiff was not afforded a hearing before the housing authority, the further question is what kind of a hearing and a hearing to determine what? Plaintiff was not seeking a hearing to establish his financial ability or trade qualifications to complete the project—these

1560

10/1/70

3:40 P.M.

Message from Dave Biederman: re memo received from him today concerning Schiavone.

Commissioner Kohl has discussed the matter with the Governor - the Governor thinks we ought to proceed to disqualify these people - Counsel has registered a minority opinion.

He hopes to have an affidavit from U.S. Attorney by Monday - however, if it is not received he would appreciate your calling the U.S. Attorney .

hd



JOHN C. KOHL
COMMISSIONER

STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION
1035 PARKWAY AVENUE
TRENTON, N. J. 08625

1561

September 30, 1970

Herbert J. Stern, First Assistant
United States Attorney's Office
District of New Jersey
Federal Building
Newark, New Jersey

RE: Schiavone Construction Company, Inc.

Dear Mr. Stern:

As you may know, this Department has suspended the above captioned Corporation from bidding departmental financed work. At present Schiavone has contracts with the Department totaling \$78,900,000. There are presently pending two contracts on which Schiavone Construction Company, Inc. has been successful low bidder. These are:

- (1) Route 95, Section 1AC (Bergen County)
Amount: \$3,551,381.72
- (2) Route 9, Section 24B and 4C (Middlesex County)
Amount: \$6,951,077.05

The suspension was based upon Commissioner's authority under N.J.S.A. 27:7-35.8, a copy of which is attached for your further information.

The case law in this State interprets "responsibility of the bidder" as including moral integrity. The suspension placed upon Schiavone Construction Company, Inc., is based upon the cloud placed upon this bidder's integrity by the fact that said contractor did business with Kantor Supply Company, a non-existent fictitious corporation whose sole purpose was to funnel funds for illegal business. The Statute provides that a bidder has an opportunity to present any additional information which might tend to substantiate his existing bid classification. The

DEPT. OF
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contractor availed himself of such opportunity with a hearing before the Commissioner this date. A copy of the transcript should be available for your further information by late Friday afternoon.

In summary, the following facts were adduced. Mr. Ronald Schiavone, President of said Corporation, testified that he merely signed the check given to Kantor and that his Vice President, Raymond Donovan, negotiated and consummated the deal with Kantor. He did state that all kinds of city regulations and other problems necessitated the finding of a dump site. Schiavone was working on Project #W 1400 for the New Jersey Turnpike. The New Jersey Turnpike Authority did not have an available dump site which was suitable because the material to be dumped was wet. In addition there were greivous traffic problems on Wilson Avenue which made it difficult to move the equipment. Mr. Donovan testified that the material to be dumped was largely debris and garbage and that "our people in the field" sought a dump site. That during the late Spring his "project people" called the main office and explained that a 2 1/2 acre tract was available convenient to the work site east of Avenue P and north of Wilson Avenue in Newark. Mr. Donovan said he was concerned about possible disputes with the property owner over measuring amounts to be dumped and then, therefore, made a lump sum offer of \$13,000 to be paid after the material had been dumped. Said deal was supposedly a payment to Kantor of \$13,000 in exchange for "dump rights" for use by Schiavone of property allegedly owned by Kantor. The agreement was a verbal one. The verbal agreement was supposedly made in a telephone conversation between Mr. Donovan and a gentleman who either said he was Kantor or who represented Kantor talking from the project office. Project personnel allegedly introduced Kantor to Mr. Donovan on the telephone. The work was completed in August 1967 and Mr. Donovan stated that he personally handed the check to someone who appeared at the office for it. No identification of the "someone" was made by Donovan nor was a receipt obtained, nor a voucher or billing on any document submitted to Donovan or Schiavone as evidence of the transaction in return for the check. This statement was made unsolicited and not in response to a question or by a logical extension of an answer to a previous question. Mr. Donovan stated he never checked the ownership of the property nor asked that it be checked and that he didn't know whether his project personnel had done so. He also indicated that since it was a lump sum contract, no job tickets recording or monitoring the dumping operation were required. He also indicated that the trucking was done primarily by his own forces.

1564

An exhibit passed on to your office recording several checks to LaFera Construction Company was not touched upon. He did say that diaries were kept by the project personnel concerning this matter and that he would produce them as well as any other personnel we required.

The case law, as I understand it, governing moral integrity gives us no guidance in the instant situation. Where a disqualification on the basis of moral integrity has been upheld by the Courts, there has always been either a conviction or at least an indictment pending against the subject bidder. Since the Commissioner's action in this matter can be appealed to the New Jersey Superior Court, Appellate Division, based on the record made within the agency, I have recommended to my Commissioner that the following steps be taken.

That the project personnel referred to by Mr. Donovan be interrogated. Do your files reveal any information or statements of such project personnel which could be helpful to us?

Further, it is imperative that a statement be obtained from Mr. Kantor, in affidavit form, telling us what actually did transpire in his transaction with the Schiavone Construction Company. Specifically, we must know whether he submitted an invoice to Schiavone. How was the amount of \$13,000 arrived at? Who did he negotiate with? What was the actual consideration for the \$13,000? Is there any truth whatsoever in the statements made described aforesaid as given under oath by Messrs. Schiavone and Donovan?

If the requested information reveals the story as told by Schiavone's officials as untrue, the Commissioner, as judge of the credibility of the testimony may have a record which could stand review by the Appellate Division. For that reason, I make that request.

We now have a list of contractors mentioned in the Addonizio trial transcript who have done business with Kantor and appropriate action will be taken concerning those contractors. If there are any other contractors presently doing business with the State, who are prequalified with the State, we should like to know if your office has them under investigation. Said list is attached.

Thank you for all of your past, present and anticipated cooperation.

Very truly yours,



—David A. Biederman

Deputy Attorney General

—Chief Counsel to the Commissioner

Attachments

CC: Honorable Pierre P. Garven
/ Honorable George F. Kugler, Jr.
Honorable John C. Kohl
Director Evan W. Jahos, Esq.

27:7-35.7 Prequalification committee; members

The prequalification committee, to be appointed by the State Highway Commissioner, shall consist of the State Highway Engineer; a deputy Attorney General; the Director, Division of Construction; the Director of Accounting and Auditing and the supervising officer, contracts, highway or such other officials as the commissioner may deem appropriate for the performance of these duties. L.1966, c. 185, § 7.

27:7-35.8 Developments subsequent to classification; right to reject bidder

Nothing contained in this act shall be construed as depriving the State Highway Commissioner of the right to reject a bidder at any time prior to the actual award of a contract, where there have been developments subsequent to the classification of such bidder, which in the opinion of the commissioner would affect the responsibility of the bidder. Before taking final action on any such bid, the commissioner shall notify the bidder and give him an opportunity to present any additional information which might tend to substantiate the existing classification. L.1966, c. 185, § 8.

Library references

Highways 113(1-5).

C.J.S. Highways §§ 208-211.

27:7-35.9 False, deceptive or fraudulent statement; misdemeanor

Any person who makes, or causes to be made, a false, deceptive or fraudulent statement in the questionnaire required to be submitted, or in the course of any hearing under this act shall be guilty of a misdemeanor, and upon conviction shall be sentenced to pay a fine of not less than \$100.00 nor more than \$1,000.00; or, in the case of an individual or the officer or employee charged with the duty of making such questionnaire for a person, firm, co-partnership, association or corporation, to pay such fine or undergo imprisonment, not exceeding 6 months, or both. All such persons and any copartnership, association, corporation or joint stock company of which any such person is a partner or officer or director, and any corporation of which he owns more than 25% of the stock, shall for 5 years from the date of such conviction be disqualified from bidding on all public work in this State. L. 1966, c. 185, § 9.

27:7-35.10 Liquidated damages

The commissioner shall cause the forfeiture as liquidated damages to the State of any certified check or certificate of deposit deposited by any person who makes or causes to be made any false, deceptive or fraudulent statement in the questionnaire or bid information required to be submitted, or in the course of any hearing under this act. L.1966, c. 185, § 10.

27:7-35.11 Regulations for controlling qualifications of prospective bidders; adoption; publication

The commissioner may establish such reasonable regulations as he may deem appropriate for controlling the qualifications of prospective bidders. The regulations may fix the qualification requirements for bidders according to available capital and equipment, and with due regard to experience and records of past performance and all other pertinent and material facts. The qualification rating of any bidder shall not be influenced by his nationality or place of residence. No regulations of the commissioner for controlling the qualification of bidders shall become effective until at least 30 days after the regulation shall have been formally adopted and published in not less than 10 newspapers of this State. L.1966, c. 185, § 11.

Library references

Highways 113(1-5).

C.J.S. Highways §§ 208-211.

27:7-35.12 Liability of commissioner and state officials

No action for damages out of any court of competent jurisdiction shall lie against the commissioner or any State official because of any action taken by virtue of the provisions of this act. L.1966, c. 185, § 12.

[illegible]

David A. Biederman
Chief Counsel to the Commissioner

September 29, 1970

Evan William Jahos, Director

Schiavone Construction Company, Inc.

PERSONAL and CONFIDENTIAL:

I have discussed the substance of your memorandum of September 24, 1970, to the Attorney General with the United States Attorney for New Jersey. As a result of that conversation, I am confident that should it be necessary we can establish that Schiavone Construction Company paid certain amounts of money to the Kantor Supply Company and that Kantor in his testimony in the Addonizio trial stated unequivocally that all checks received by Kantor Supply were not for services or supplies but were for payments to Biancone and others.

E.W.J.

EWJ:MB



IN REPLY PLEASE REFER TO

1569

State of New Jersey
DEPARTMENT OF TRANSPORTATION
JOHN C. KOHL, COMMISSIONER
TRENTON 08625

September 24, 1970

MEMORANDUM

TO: George F. Kugler, Jr.
Attorney General

FROM: David A. Biederman
Chief Counsel to the Commissioner

RE: Schiavone Construction Company, Inc.

The specific details concerning the pending contracts with the above contractor are as follows:

- 1) The State must award or disqualify Schiavone by Friday midnight, September 27, 1970. The contract is in the amount of \$3,551,381.72 on Route 95, Section 1AC (Bergen County), the so-called "missing mile" contract.
- 2) The second contract must be awarded or Schiavone disqualified by midnight October 10, 1970. That contract is in the amount of \$6,951,077.05 and is on Route 9, Section 24B and 4C.

The appropriate statute is N.J.S.A. 27:7-33:

"The commissioner shall award the contract or reject the bids therefor within one month after the bids are received, and all proposal checks which may have been delivered with the bids, except the two lowest responsible bids, shall be returned within three days thereafter."

1570

I discussed this matter with Judge Garven, who as you know, has expressed the interest of the Governor's office in this matter. In fact, his telephone call to me on the State Library telephone concerning same, was the reason for my tardiness at our staff meeting. Judge Garven expressed view was that unless additional information was received from the U.S. Attorney, in his opinion our present information would not be enough to sustain a disqualification of Schiavone. The present information is that relayed to us from Fletcher Krause, Regional Counsel, Federal Highway Administration, U.S. Department of Transportation, to wit, that Schiavone had paid checks to Kantor Supply Company in the amount of up to \$10,000. Mr. Krause received his information in a telephone call from U.S. Attorney Lacey,

In view of your direction at our staff meeting that advice to our agency should be advice which we think a Court would sustain, I am compelled to agree with Judge Garven. Any action based on the present information, whose source is supposedly secret testimony before a Grand Jury, would not be sustained, I don't think, unless we could obtain that information from other than Grand Jury sources. For this reason my Commissioner has requested that you personally call U.S. Attorney Lacey to develop whatever additional information may be available. This Department would prefer to disqualify Schiavone if we can.

Please advise before our Friday deadline.

DAB
DAB

CC: ✓ Director Evan W. Jahos
Commissioner John C. Kohl

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CRIMINAL JUSTICE

1571

MEMORANDUM

TO: Mr. Jahos

DATE: October 9, 1970

FROM: Mary B.

SUBJECT: Telephone Message from David Beiderman
re Schiavone Construction Co.

Mr. Beiderman called to tell you that another hearing has been scheduled re Schiavone for 2:00 P.M. on Tuesday, October 13th. He said you were supposed to assign someone to handle it or you may handle it yourself. He would like to know who will be handling it and would like them to have the file today so that the file may be examined before Tuesday. Beiderman said he told Mr. Nolan that the affidavit was not satisfactory and another affidavit would be needed to clarify the matter.

M.

CONFIDENTIAL



JOHN C. KOHL
Commissioner

STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION
1035 PARKWAY AVENUE
TRENTON, N. J. 08635

1572

October 8, 1970

MEMORANDUM

TO: Honorable Pierre P. Garven
Counsel to the Governor

FROM: David A. Biederman
Chief Counsel to the Commissioner

RE: Schiavone Construction Company, Inc.

This is to supplement my previous memorandums to you concerning the above captioned matter.

Attached hereto please find affidavit from Charles Keener, Project Manager for the Schiavone Construction Company. Mr. Keener's affidavit says absolutely nothing. I believe we should advise Schiavone that the matter has not been clarified and that an additional set of questions, based upon statements we have recently received (U.S. Attorney's transmittal of Kantor's testimony, dated January 2, 1970, page 10 -- forwarded to you on October 7, 1970), necessitates additional testimony to be taken under oath. At that time we would request that Mr. Keener be produced and be questioned as to the negotiation. The Attorney General has indicated to me that he wishes a professional from the Division of Criminal Justice to handle any further interrogations concerning this or like matters. On behalf of the Commissioner, this Department has no objection providing the Attorney General indicates this in writing to the Commissioner, since by statute, the particular matter under discussion, is completely within the province of this Department and its staff. Since I wear two hats, as you know, I would prefer that this procedure be followed.

Mr. Keener's affidavit indicates that he received instruction from the home office, whereas Vice President Donovan's testimony indicates that Mr. Keener, in fact, handled the whole transaction and that, in effect, the home office merely settled the price.

As you know our road projects are being held up because of this review of the contractors responsibility and it is a rather urgent priority and we should like to finalize this matter as quickly as possible.

The Commissioner has indicated that he would like some direction from the Governor if there is no unanimity of agreement as to the course of action this Department should take as among himself, the Attorney General and the Governor's Counsel.

Please comment.

DAB
DAB

Attachment

CC: Honorable George F. Kugler, Jr.
Honorable John C. Kohl
Director Evan W. Jahos, Esq.

1574

RECEIVED

STO OCT 8 PM 3 45

DEPT. OF
LAW & PUBLIC SAFETY
DIV. OF LAW

*Witness has original
dated 10/3/73*

Charles Keener being duly sworn upon his oath deposes and says:

I am a Project Manager for the Schiavone Construction Company and was assigned during the years 1966, 1967 and 1968 to New Jersey Turnpike Authority Contract W-1400.

The contract entailed excavating and disposing off the site of some 800,000+ c. y. of unsuitable material in the form of rubbish, burned garbage and underlying meadowmat. Most of the material to be excavated (about 700,000+ c. y.) was located on the west side of the existing Turnpike and adjacent to a disposal area adequate to contain all of the unsuitable material on the job. The balance of the material to be excavated and spoiled was on the east side of the existing Turnpike, and because of late R.O.W. acquisition, and the need to remove over 2,000 tons of used tires, was not available until July of 1967 at which time excavation was started (a portion of this material, some 20 to 30 thousand cubic yards was, however, suitable for refill or embankment construction also required in the contract). The disposal site on the west side of the Turnpike was utilized at the beginning of the east side excavation, but it was soon apparent that the disposal site was temporarily near capacity because of the difficulty of trucking on the previously placed material. It soon became impossible to efficiently place any further material in the westerly disposal area until it was consolidated and dried out with time.

In late July or early August of 1967 it was necessary to find additional dumping areas. At the field office during this period we were actively seeking dump sites because of our urgent need and many truckers, dump operators, land-lease holders, as is the custom in this business, would either phone or visit the field office. Whenever it appeared that location and budget conditions suited our needs, I would refer all negotiations

to our head office. I cannot recall all of the many persons calling or those that visited the field office regarding dumpsites since they were so numerous. Subsequently, I was informed by the home office that we could begin to dump in a low portion of a large dump area east of Avenue "P" and north of Wilson Avenue, other portions of which were being filled by others. At the same time the office informed me that our contract for this area was not on a unit price per yard basis but a Lump Sum Basis of \$13,000.00 for the dump area for an estimated volume of 40,000 c. y.

According to these instructions from the home office we began dumping in this area and performed rough grading as we went along. As I recall the main office checked with me in late August as to whether we had completed dumping a substantial portion of the material, as was done with many items, since payment was made by the home office. Between 30,000 and 40,000 c. y. were placed in this site and completed sometime in mid-September.

These above facts are supported by my job diary.

Charles Keener
CHARLES KEENER

Sworn to and Subscribed

to before me this 7th

day of October 1970.

Donald E. Williams

NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 21, 1975

CONFIDENTIAL



JOHN C. KOHL
COMMISSIONER

STATE OF NEW JERSEY

DEPARTMENT OF TRANSPORTATION

1035 PARKWAY AVENUE

TRENTON, N. J. 08625

1577

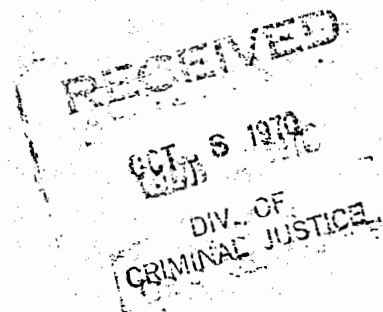
October 8, 1970

MEMORANDUM

TO: Honorable Pierre P. Garven
Counsel to the Governor

FROM: David A. Biederman
Chief Counsel to the Commissioner

RE: Schiavone Construction Company, Inc.



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1578

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The Commissioner has indicated that he would like some direction from the Governor if there is no unanimity of agreement as to the course of action this Department should take as among himself, the Attorney General and the Governor's Counsel.

Please comment.

DAB
DAB

Attachment

CC: Honorable George F. Kugler, Jr.
Honorable John C. Kohl
✓ Director Evan W. Jahos, Esq.

*Commissioner has original
dated 10/3/70*

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These above facts are supported by my job diary.

Charles Keener
CHARLES KEENER

Sworn to and Subscribed

to before me this 7th

day of October 1970.

Amund T. Peterson

NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 12/31/72



JOHN C. KOHL
COMMISSIONER

STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION
1035 PARKWAY AVENUE
TRENTON, N.J. 08625

1581

October 7, 1970

MEMORANDUM

TO: Evan W. Jahos, Esq.
Director, Division of Criminal Justice

FROM: David A. Biederman
Chief Counsel to the Commissioner

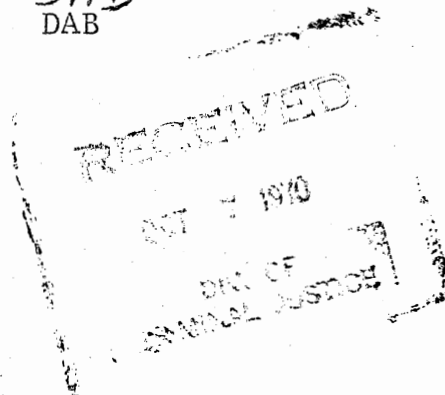
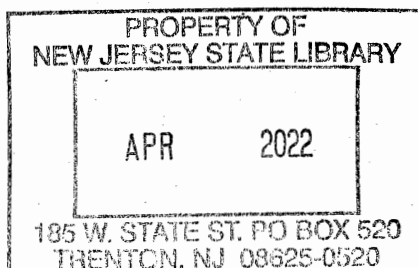
RE: Schiavone Construction Company, Inc.
Mal-Bros. Contracting Company

The attached transcripts in the above captioned matters are for your immediate comment.

Thank you.

DAB
DAB

Attachments





JOHN C. KOHL
COMMISSIONER

STATE OF NEW JERSEY

DEPARTMENT OF TRANSPORTATION

1035 PARKWAY AVENUE
TRENTON, N.J. 08623

1582

October 7, 1970

MEMORANDUM

TO: Honorable George F. Kugler, Jr.
Attorney General

FROM: David A. Biederman
Chief Counsel to the Commissioner

RE: Schiavone Construction Company, Inc.
Mal-Bros. Contracting Company

The attached transcripts in the above captioned matters are for your immediate comment.

Thank you.

DAB

DAB

Attachments

DEPT. OF
LAW & PUBLIC SAFETY
CIVIL LAW

NOV 7 7 12 56

RECEIVED

PLEASE ADDRESS ALL MAIL TO
UNITED STATES ATTORNEY
NEWARK, N. J. 07101
AND REFER TO

JWB:cm

United States Department of Justice

UNITED STATES ATTORNEY
FOR THE DISTRICT OF NEW JERSEY
NEWARK, NEW JERSEY 07101

October 2, 1970

David A. Biederman
Deputy Attorney General
Chief Counsel to the Commissioner
State of New Jersey
Department of Transportation
1035 Parkway Avenue
Trenton, New Jersey

Re: Schiavone Construction Company, Inc.

Dear Mr. Biederman:

In response to your letter I enclose the following:

1. Xeroxed copy of a sworn statement of Irving Kantor taken on January 2 and 9, 1970, with appearances as noted; *all done*
2. Excerpt from the transcript of the civil litigation entitled Schiavone Construction Company v. Parrish Contracting Co. Inc., et al. (p. 613 - 631). *done*

We construe the statements of Mr. Kantor as being a matter of record, since under the Jenks Act they were distributed to defense counsel in the case of United States v. Hugh J. Addonizio, et al., Docket No. 548-69, after Kantor's testimony. The direct reference to Schiavone is brief; however, when coupled with the entire pattern it may have some impact.

We have also determined that the two and one-half acre tract described in your letter used for dumping purposes was owned by the City of Newark at that time. This should be a matter of public record, though we do not have formal title review in our files. You will note that Kantor testified to having used his blank fictitious invoice system in connection with the Schiavone transaction. Schiavone never produced

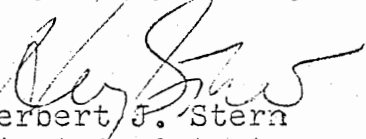
- 2 -

such an invoice pursuant to any of our subpoenas, and Kantor's own copies have long been destroyed.

As to our review of the list of contractors, I gather that this matter is not of a rush nature. I shall respond to you on this subject at a later date.

I am hopeful that these materials will prove of assistance to you.

Very truly yours,



Herbert J. Stern
First Assistant
United States Attorney

Encls.

STATEMENT OF

IRVING KANTOR

Veterans Administration Hospital
East Orange, New Jersey
Friday, January 2, 1970

APPEARANCES:

FREDERICK B. LACEY, ESQ.,
United States Attorney,
By: JOHN P. NULTZ, ESQ.,
Assistant United States Attorney

MESSRS. BRACKEN, WALSH & CRAIG,
By: JOSEPH F. WALSH, ESQ.,
on behalf of the witness

JAMES ZIEMBA and DALE GARDNER,
Special Agents, Internal Revenue Service

Wesley Catri
Certified Shorthand Reporter

MR. WALSH: Mr. Kantor, you remember my

conversation with you the other night when I

told you that you would be visited by Mr.

Ziemba and Mr. Nulty in connection with the

investigation that's going on by the Grand

Jury that's sitting in New Jersey. They have

certain information which they know about

concerning Gallo, concerning Blansone and

concerning Mal-Bros Contingent and several

other companies. They allege you received,

put into motion certain phony statements;

you received cash payments or payments by

check on those statements under the name

Kantor Supply Company, which was a non-

existing corporation, you cashed those

checks and--after they cleared you deposited

them, rather, and after they cleared you

withdrew the money in lots and you gave the

money either to Gallo or a representative of

Gallo, or Blansone or a representative of

Blansone and you retained nothing more than

five per cent for yourself. Am I correct on

that figure?

MR. KANTOR: Right.

MR. WALSH: In addition thereto, they

1 are going to ask you about approximately when
2 this started, approximately how much is involved;
3 they are going to ask you who set up the idea.

4 Now, as you told me the other night, some
5 of the slips that would be prepared by Gallo,
6 they want to know about that.

7 Now, the reason they are taking this
8 statement, sir, is because you are ill.
9 In addition thereto, they want to verify this,
10 and they know that you are ill, you see.
11 Now, sir, you know how ill you are yourself
12 and if you care to state for the record how
13 ill you are when you are testifying, you do
14 that.

15 Other than that, the rules of the game
16 as I set them up with Frederick Lacey, and
17 you were present, Mr. Ziomba, are that Mr.
18 Nulty will ask you the questions. And you
19 do understand, don't you, sir, you understand
20 what I am saying?

21 MR. KANTOR: Yes.

22 MR. WALSH: And you will answer the
23 questions and Mrs. Kantor will interpret for
24 you to make sure we all have it right.

25 So I suggest that you not take the answer

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Q What was the purpose of using that name?
A My own.
Q Who gave you the idea to use that name?
A It was never formed. It was just a name.

Company?
Q Mr. Kantor, did you form the Kantor Supply

EXAMINATION BY MR. NUTTE:

J A N E K A N T O R, Interpreter, sworn.
I R V I N G K A N T O R, sworn.

Based on that, you can swear the witness.
your wife to testify.

all likelihood there will be no necessity for
she should testify. But, if you testify in
testify. And I have advised your wife that
I am further advising you that you should
Amendment and you do not have to testify.

of the United States to invoke the Fifth
that you have the right under the constitution
I am further compelled to advise you

and you should have been indicted.
for what you have done you could be indicted
to instruct you that, and I have advised you,
Now, Mr. Kantor, I am further obliged

from him but from Mrs. Kantor.

A For the purpose of having invoices.

Q Who gave you the idea to have invoices made?

A Joseph Blansone.

Q And about what time was that? What year,

do you remember?

A About three or three and a half years ago.

Q What was his purpose in asking you to set up

Kantor Supply Company?

A Just for this purpose of invoices.

Q Did he tell you why he wanted you to produce

these invoices?

A He wanted me to deposit checks and withdraw

the money all except five per cent which I was to keep

for myself.

Q When you made invoices for Mr. Blansone, to

what company were they directed?

A I don't recall all of them.

Q Did you give them to Mr. Blansone in blank,

the invoices?

A Yes.

Q Did you yourself fill out the name of the

company to be billed on the invoices?

A Occasionally.

Q Were all of the invoices issued by Kantor

Supply Company false invoices?

1 Q Did you ever deal with anyone other than
2 Mr. Diamond?

1591

3 A Yes.

4 Q And in every instance, whoever it was, the
5 invoice was a false invoice; is that correct?

6 A Yes.

7 Q And were they all for the purpose of depositing
8 money by means of paying a false invoice and extracting
9 the cash and turning the cash over to someone else?

10 A Yes.

11 Q Did you ever use that procedure with Hal-
12 Bros Construction Company?

13 A Yes.

14 Q When you dealt with Hal-Bros Construction
15 Company who was the individual that handled the in-
16 voice from Hal-Bros?

17 A I don't know. I gave it to Diamond.

18 Q In other words, when you dealt with Hal-Bros
19 on invoices you dealt through Diamond, is that correct?

20 A Yes.

21 Q Did you ever have any invoices dealing with
22 the Arlio Construction Company or Contracting Company?

23 A Yes.

24 Q Who was the individual you dealt with when
25 Arlio Construction Company?

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1 Q Who did you deal with in that company?

2 A Edward Hansen,

3 Q And did he bring you a check and you gave
4 him the cash?

5 A I gave him the cash and picked up a check--
6 once only.

(Discussion off the record.)

7
8 Q Did you ever have any dealings with the
9 Solivans Construction Company?

10 A Yes.

11 Q And in the case of Solivans Construction
12 Company, did you prepare invoices for them or did
13 they prepare them for you?

14 A I gave him the blank invoice -- once only.

15 Q Who did you give the blank invoice to?

16 A I don't know, in the office.

17 Q Who sent you to Solivans Construction Company?

18 A Joe DiMarco.

19 Q What did he tell you to do in connection
20 with Solivans Construction Company?

21 A Pick up a check and give him a blank invoice.

22 Q Did you ever have any dealings with the Di-

23 Marco Company?

24 A Yes.

25 Q Who did you deal with at Di-Marco's Solivans Company?

1 Do you remember?

2 A I believe Ivoncelle needed some cash and I
3 loaned it to him. He had loaned me money in the past.

4 Q Do you know anyone named Louis Hollander?

5 A Yes.

6 Q Did Louis Hollander have any connection with
7 this invoice operation?

8 A Never.

9 Q Mr. Kantor, in your dealings with Mal-Bros
10 Contracting Company, was that done through Mr. Biancone?

11 A Yes.

12 Q Did you give Mr. Biancone the invoices that
13 Mal-Bros used?

14 A Yes.

15 Q Did Mr. Biancone call on you the check
16 that Mal-Bros used?

17 A Yes.

18 Q Did you give Mr. Biancone the cash in the
19 Mal-Bros case?

20 A Yes, less five percent.

21 Q At any time did Mr. Biancone have anyone else
22 with him that you remember from Mal-Bros?

23 A Yes.

24 Q Who was that individually?

25 A Louis Volonte.

1594

1 Q Do you know what Mr. Malanga's position
2 is with the Mal-Bros Company?

3 A One of the owners.

4 Q Did Mr. Malanga ever execute checks in
5 your presence to you, to Kantor Supply Company?

6 A He gave me a check once.

7 Q Did you give Mr. Malanga the cash personally?

8 A No.

9 Q Or did you give it to Mr. Biancone?

10 A Yes.

11 Q In Mr. Malanga's presence?

12 A No, never.

13 Q Did you have on the occasion that Mr.
14 Malanga gave you the check, the one time he gave you
15 a check--was it only one time that he, Mr. Malanga,
16 gave you a check?

17 A I don't remember.

18 Q But on at least one occasion he gave you
19 the check himself?

20 A Yes.

21 Q On that occasion do you remember having
22 any discussion with Mr. Malanga?

23 A Only that Joe Biancone was the one who
24 arranged it.

25 Q In other words, Mr. Malanga told you that

1 this was the arrangement that Joe Blomone had made with you?

3 A He gave me the check and said to deposit it.

4 Q Go ahead.

5 A And then see Joe Blomone.

6 Q And did you subsequently see Joe Blomone?

7 A Yes.

8 Q What did Joe Blomone say to you?

9 A When the check clears draw out the cash less

10 five percent.

11 Q At what point would the invoice be made, when

12 you draw out the cash?

13 A No. Joe Blomone had a quantity of invoices.

14 He used them as he needed them.

15 Q Would he tell them to you or give them to

16 you personally?

17 A You mean a copy of the invoice?

18 Q Did he ever give you copy of invoice?

19 A Yes.

20 Q Are those the copies you destroyed?

21 A Right.

22 Q Now, Mr. Kantor, in connection with the

23 C. Salvatore South Side Interceptor Sewer Project,

24 did you ever have any dealings with Mr. Nalanga in

25 connection with that job?

1 A I believe it on the check was written "South
2 Side Sewer Project," what would be the only way I
3 could identify it.

4 (Discussion off the record.)

5 MR. WALSH: Are you stipulating now

6 that we will stop now because he has put in

7 a good day?

8 MR. NUTTY: Yes.

9 MR. WALSH: And you agree that he is

10 physically fit?

11 MR. NUTTY: Yes.

12 MR. WALSH: And emotionally upset?

13 MR. NUTTY: Yes.

14 BY MR. WALSH:

15 Q Just a few things, Mr. Kantor.

16 In all of those months involved, you never

17 took more than five percent?

18 A No.

19 Q I have two more questions.

20 One, at any time during this entire pro-

21 cedure did you ever know what was going on?

22 A No.

23 Q And the last question I will ask you now is

24 were most of your transactions carried on the honor

25 Plumbing Supply Company ledger?

1 A Yes.

2 Q Now, you said you wanted to put something
3 on the record.

4 A I would like to say I am dying with an
5 incurable disease. I would like to clear my conscious
6 and--(unintelligible).

7 MRS. KANTOR: I can't understand
8 what he is saying.

9 Q Mr. Kantor, I want to help you.

10 I think you said, "I don't want to help
11 the other people," and you don't want anybody to hurt
12 your wife. Is that what you are trying to say?

13 A I want to help destroy--I want to help cure
14 the illness of organized crime.

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STATE OF NEW JERSEY
DEPARTMENT OF TRANSPORTATION

IN RE: : Testimony of:
SCHIAVONE CONTRUCTION CO., INC. : Raymond A. Donovan

Transcript of the proceedings taken at
David A. Biderman's office, 1035 Parkway Avenue, Trenton,
New Jersey, on Wednesday, September 30, 1970.

DEPARTMENT MEMBERS:

David A. Biderman, Chief Counsel to the Commissioner
Mr. Kellum, Bureau of Public Roads
Victor Peccarelli, Chief Investigator
Philip Donnelly, Esquire

A P P E A R A N C E S

Schiavone Construction
Co., Inc. Joseph M. Nolan, Esquire

Richard A. Merlino & Associates

CERTIFIED SHORTHAND REPORTERS
1256 SOUTH BROAD STREET
TRENTON, NEW JERSEY 08610

393-3007

I N D E X

1599

| <u>Witnesses:</u> | <u>Direct</u> | <u>Gross</u> |
|--------------------|---------------|--------------|
| Raymond A. Donovan | 13 | 23 |

E X H I B I T S

| <u>No.</u> | | <u>Ident.</u> |
|------------|---|---------------|
| C-1 | Telegram-photostatic copy | 3 |
| C-2 | Photostatic copy of check | 6 |
| C-3 - 7 | Schiavone Construction Co., Inc. documents | 11 |
| C-8 | Schiavone Construction Co., Inc. documents | 12 |
| C-9 | Map | 15 |

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MR. BIEDERMAN: As you know on Friday a telegram was mailed to Schiavone Construction Company, a photostatic copy of which I have here.

Mr. Nolan, do you have the original of that telegram so we could mark it?

MR. NOLAN: No, we don't have the original.

MR. BIEDERMAN: So could we mark the copy then?

Here, I will let you have a peek at it.
(At which time the telegram was reviewed by counsel.)

MR. NOLAN: Alright.
(At which time the telegram was marked C-1 by the reporter.)

MR. NOLAN: Schiavone Construction Company received this on September 28, 1970.

MR. BIEDERMAN: I will state for the record that a telegram was mailed by Mr. James ^{SCHUYLER} ~~Skyler~~ at the direction of Commissioner Kohl on Friday, September 25, 1970, the date of the telegram. We can produce Mr. ^{S. Schuyler} ~~Skyler~~ if you want his affirmation to that representation.

MR. NOLAN: No, it's not necessary.

MR. BIEDERMAN: He is in the building

1 if needed.

1601

2 This is a statutory proceeding under the pro-
3 visions of N.J.S.A. 27:7-35.8, which gives the
4 Commissioner the right to disqualify bidders.
5 The statute speaks for itself and counsel has been
6 made familiar with the statute.

7 Statute offers the opportunity to the bidder
8 to "present any additional information which might
9 tend to substantiate the existing classification."
10 And that is the purpose of this hearing today.

11 MR. NOLAN: David, what do we have
12 to answer to now?

13 MR. BIEDERMAN: I was about to state
14 that.

15 The disqualification is based upon provision
16 in the statute pertaining to the responsibility of
17 the bidder and as to responsibility this is to the
18 "moral responsibility of the bidder--moral integrity
19 of the bidder as it effects responsibility as it ~~is~~
20 ~~permeates by~~ effects the case law in this State".

21 The particular details of this contractor are
22 the association or business dealings by this con-
23 tractor with Irving Kantor or the Kantor Supply
24 Company. It is a matter of public record, we ask
25 that notice be taken of the public record made in

1 a sworn statement has been presented ^{that it} is a fictitious
2 company which never existed and whose sole function
3 was to be used as a conduit for ^{the} legal funds ob-
4 tained from contractors and passed on to other
5 parties. Now, in this context it has come to the
6 attention of the commissioner that this contractor,
7 Schiavone Contracting Company, did in fact do bus-
8 iness with this particular fictitious non-existing
9 company and issued a check to the company in the
10 amount of thirteen thousand dollars and would like
11 an explanation of that transaction.
12

13 I have and I would like to introduce as an
14 exhibit a photostatic copy of said check.

15 MR. NOLAN: We brought everything
16 down. We cannot produce the original checks, we
17 cannot produce the invoices because they are in the
18 hands of the U. S. attorney which with all our
19 documents, all our records were turned over vol-
20 untarily to Mr. Lacey.

21 Now, I think Mr. Schiavone can give you the
22 background there on how we came to Mr. Lacey and
23 how it all started.

24 MR. BIEDERMAN: Well, could we
25 identify this as a correct photostatic copy of the

1 check?

1603

2 MR. NDLAN: Yes.

3 COMMISSIONER KOHL: Whose signature
4 is that on the check?

5 MR. SCHIAVONE: That's mine.

6 COMMISSIONER KOHL: Would you mark
7 this, please--

8 MR. BIEDERMAN: Mark this as an
9 exhibit.

10 (At which time the document was marked C-2 by the
11 reporter.)

12 MR. BIEDERMAN: A statement is
13 addressed to the record concerning the hearing of
14 this particular matter at this time.

15 The telegram notes that "an opportunity to
16 be heard on this action will be afforded on
17 October 5, 1970 at 10:00 a.m. at the office of
18 the Commissioner of Transportation." At the request
19 of Mr. Nolan, the attorney for the Schiavone Con-
20 struction Company, Inc., a meeting was scheduled
21 for today which was requested to be an informal
22 hearing as I informed Mr. Nolan today that it was
23 his option as to whichtype of hearing he preferred.
24 Mr. Schiavone advised that if it would hasten the
25 decision on this matter, he would hold a formal

2 that it would hasten the final decision, but under
3 the statute, and I will repeat this, under the
4 statute the option is completely that of the con-
5 tracting company and we are at your pleasure.

6 MR. NOLAN: Mr. Schiavone is president
7 of Schiavone Construction Company, Inc., and he will
8 bring you up to date on his recollection of the
9 facts.

10 R O N A L D A. S C H I A V O N E, having
11 been duly sworn as a witness by the notary public,
12 testified as follows:

13 THE WITNESS: In the fall of 1966
14 we were low bidder on one of the first turnpike
15 widening projects, W1400 in Newark, which entailed
16 primarily the excavation of some seven, eight hundred
17 thousand yards of unsuitable material and replacing
18 replacement with select fill and common borrow.
19 The area in which the job was supposed to be con-
20 structed is virtually surrounded by dumps, some
21 of them filled to capacity, some of them in pro-
22 cess, and some areas that were just available for
23 dumping but weren't in use.

24 Now, the bulk of the material was on the
25 westerly side of the turnpike, this material was

1 placed on turnpike lands, excess turnpike lands 1605
2 acquired from the Central Railroad. We had about
3 forty thousand of the total amount was on the
4 easterly side of the turnpike and whereas the
5 available dump furnished by the turnpike was
6 adequate, had adequate capacity to hold all of the
7 material, it couldn't be done--it couldn't be--
8 while it was wet you just couldn't pile it in there,
9 if you waited six months we could have easily gotten
10 it all back, you could now go back and put another
11 two thousand yards in.

12 It meant travelling down Wilson Avenue with
13 equipment and besides the force fit, the capacity
14 of the dump, we were in some traffic in that we
15 had to finish the job and we had to get rid of the
16 material and I might add it was not easy to find
17 places to dump material in Newark, not with standard
18 factories in the middle of the dump and there was
19 all kind of regulations and problems, spillage on
20 the streets and so forth.

21 It came to my attention to the office I be-
22 lieve first from Mr. Donovan but it was--we had
23 an offer for a dump site and it was subsequently
24 negotiated and paid for. The time the check was
25 released I was of the understanding, and I can't

1 pinpoint the conversations that took place three
2 years ago, but the check was released at a time
3 when the dump, the fill told us that the dumping
4 was completed, there was one day's run and the
5 check was for dump rights but I was not involved
6 in negotiating for it or discussion of it, other
7 than the fact that thirteen thousand dollars
8 agreement to pay for dumping rights was consumated
9 or virtually consumated when the payment was made.

10 Sometime in '69, now that's almost impossible
11 for me to relate--

12 COMMISSIONER KOHL: May I interrupt?
13 Was there a written agreement or was this strictly
14 verbal?

15 THE WITNESS: No, there was no
16 written agreement.

17 I mean at the time, I didn't know whether
18 there was or not and sometimes there is and some-
19 times there isn't, but the check was paid for and
20 the work was consumated.

21 Sometime in '69 Fred Rone, our accountant,
22 came to us--

23 MR. NOLAN: Excuse me, Ronnie, these
24 gentlemen don't know Fred Rone or anyone else, you
25 have to identify them for the record.

1 THE WITNESS: He is with the account-
2 ing firm of Puder and Puder which is now part of 1607
3 Tursh Ross. He came to us and asked if we ever done
4 business with Cantor Supply and I had to refresh my
5 memory in that we had done some and told him we did
6 and then he alluded the fact that this was under
7 investigation, at which time if I am not mistaken
8 we turned over documents to him to the Essex County--
9 do you remember the details of this, Joe, this is
10 where I am at a loss to remember exactly what we
11 did.

12 MR. NOLAN: Maybe Mr. Donovan can
13 bring this up because I don't remember this part
14 of it.

15 THE WITNESS: This is an area that
16 I am a little bit confused as to what exactly
17 happened, and the timing of it, I just recollect
18 it was in '69.

19 In any event, I will go on with the balance
20 of the story with which I am more familiar.

21 Early in 1970 or late in '69 our name appeared
22 in the paper with regard to this Newark investiga-
23 tion with a list of about seventeen contractors
24 which were to be--whose books were to be looked
25 into, I think that's how it was on paper.

1 MR. BIEDERMAN: Can you identify the
2 paper?

3 THE WITNESS: Newark Evening News.
4 It was either the Newark News or Newark Star Ledger.

5 We in turn got in touch with our attorney and
6 it turns out that I guess in conversation with
7 Mr. Lacey that this was the issue at which point we
8 sat down and instructed our attorney to contact
9 Mr. Lacey's office and tell him we would bring him
10 down anything we wanted to know.

11 MR. BIEDERMAN: Your attorney is
12 Mr. Nolan I take it?

13 THE WITNESS: Yes, and has been
14 throughout this period.

15 In February we went down to Mr. Lacey's office
16 and brought--I may be wrong, we may not have brought
17 these documents at the time to drop off to him,
18 but we testified to the details of the transaction
19 and subsequently I think within a few days we
20 turned over these documents and this is a receipt
21 for them from Richard Phillips, special agent of
22 the I.R.S. Intelligence Division.

23 MR. BIEDERMAN: Would you mark
24 these, please.

25 (At which time the documents were marked C-3, 4, 6,
and 7, by the reporter.)

1 MR. BIEDERMAN: Mark this, too.

2 (At which time the document was marked C-8 by the
3 reporter.)

1609

4 THE WITNESS: We volunteered this
5 testimony to the U.S. Attorney's Office and sub-
6 sequently agreed voluntarily agreed to have our
7 books examined to whatever extent they wished to,
8 and at which time the special agents went through
9 our books over a period of days and come up with
10 these documents.

11 Is that about the area you wanted me to cover?

12 MR. NOLAN: Explain to the Commission-
13 er the area that was covered and there has been
14 no deficiency asserted.

15 THE WITNESS: Yes, since that time
16 we have heard nothing from the U.S. Attorney's
17 as
18 Office, that is/of the end of February I believe.
19 That's about all I can say. I don't know if I
20 missed anything here.

21 MR. NOLAN: I think Mr. Donovan
22 is more familiar with the transaction, he also
23 testified before the U.S. Attorney down at the
24 Federal Building and I might note for the record
25 that our Mr. Paradise, our comptroller testified,
but we did not see the reason for bringing him

1 today because we have all the records, all he was
2 asked was to produce the records down there so we
3 have produced all our receipts and copies of what
4 we produced for the U.S. Attorney.

5 R A Y M O N D A. D O N O V A N, having been
6 duly sworn as a witness by the notary public, test-
7 ified as follows:

8 DIRECT EXAMINATION BY
9 MR. NOLAN:

10 Q Will you give your position with the company and
11 how long you have been with the company.

12 A Vice-President with the company. I have been with
13 the company eleven years.

14 Mr. Schiavone described the situation first
15 and in general terms, some of what I say maybe
16 repetitive but I will try to keep it as short as
17 possible and fill in details and specifics that may
18 be needed.

19 The history of this project he touched upon,
20 there were seven hundred fourteen thousand yards
21 of unsuitable material to come off the project,
22 with fourteen hundred on the turnpike, mainly made
23 up of burnt garbage, debris, earth, rock, consid-
24 ered unsuitable material to build a highway on
25 so that had to be removed and a half a million cubic

yards of burrow had to be brought in.

1611

To our eyes there was adequate area provided under the contract to dispose of this. It became apparent in the spring and summer of '67 because of the bulking of the material and because of its wetness and the difficulty in travelling the city of Newark's streets to get to any further dump that we needed additional dump spots.

Our people in the field for several months during that period sought out other dump areas to see if they were available to what we guessed at the time to be thirty to forty thousand cubic yards of material.

In various discussions with both public dump people and private people who had low land in the area, we faced two difficulties, one a price that they might want, we had a figure of fifty cents a cubic yard based in our bid to dispose of any excess material that we found.

During late spring or early summer of '67 the project called the office and spoke to me and explained that there was an area available of approximately two and a half acres in the vicinity of the job where fortunately off the road equipment could be used to get to it, rather than to go on Wilson

1 Avenue. The area was east of Avenue P, and north
2 of Wilson Avenue.

3 I have a map here from the contract documents
4 to indicate the exact location of this area that
5 I just described. Now, this is the turnpike right-
6 of-way. (Indicating) To identify this location to
7 those who might not be familiar with it, it's be-
8 tween the airport and the Palasky Skyway. This is
9 the turnpike right-of-way, this is approximately
10 Wilson Avenue where I am drawing this line and this
11 is Avenue P. Most all of the material excavated
12 was from this side and was put on this piece of
13 property.

14 The thirty to forty thousand yards came on the
15 east side of the turnpike excavation area, taken
16 by off the road equipment to this dump site. This
17 is where the material was dumped.

18 MR. BIEDERMAN: Can we mark this
19 so we will have the area identified?

20 (At which time the map was marked C-9 by the
21 reporter.)

22 A In describing this area to me on the phone from the
23 field, that I just submitted here in plan form, they
24 advised me that they felt it could be acquired for
25 forty cents to fifty cents a cubic yard which was

1 within our budget.

2 COMMISSIONER KOHL: That is the
3 dumping rights?

4 THE WITNESS: The dumping rights.
5 As always in these negotiations I get concerned
6 about quantity count, it was wet material, there
7 would be some argument as to differences as to how
8 much was put in there and I said we have to approach
9 this on a lump sum basis.

10 The area was described, I offered a price of
11 thirteen thousand dollars, in any way splitting the
12 difference between the two on the condition that it
13 was accepted on a lump sum basis and the payment
14 would be made after the material was dumped in.

15 COMMISSIONER KOHL: What difference
16 were you splitting here?

17 THE WITNESS: Well, I felt by their
18 advising me, the engineers, that there was thirty
19 to forty thousand yards in there, it could have
20 been less or it could have been more. In my mind
21 I was being as fair as I could and precluding any
22 possible future discussions on too much went in or
23 too little you owe me or we owe them.

24 This was agreed upon and in furtherance of your
25 question, Mr. Kohl, it was a verbal agreement.

1 This seems to have been the same questions that
2 Lacey's office has asked us, isn't it odd that you
3 wouldn't form a contract eventhough you are a
4 multi-million dollar company, have done a hundred
5 million dollars worth of work for the State and
6 isn't it odd, and to a layman it is odd and maybe
7 ^{Scayler} Jim Scayler would be helpful here, not that I am
8 asking for him but he certainly has field experience.

9 We can point to many cases on the turnpike and
10 on state projects ^{if} were an opportunity missed is an
11 opportunity lost. As long as we felt we didn't
12 have to pay until it was put there, then we felt
13 we were secure, and it has happened before and can
14 be pointed out to you where not only by us but I
15 am sure by other contractors.

16 The work was completed in July and August of
17 1967. Payment was made in August of 1967.

18 Now, that transaction was over, the job was
19 completed and in late as I recall late or in the
20 middle of 1969, Fred Rone who is the partner in
21 charge of our account for Puder and Puder, who are
22 now Tursh Ross, came to our office and said, there
23 is a company being investigated by the Essex County
24 Grand Jury named ~~Qantor~~ Supply, do you know of them,
25 and I said, no. He said, well, in our investigation

1 there is a check at Kantor Supply paid by your company
2 paid to Kantor in the amount of thirteen thousand
3 dollars. 1615

4 MR. NOLAN: May I clarify the record
5 for the Commissioner?

6 You have just stated meaning Fred Rone, he
7 said to you, in our investigation. Now, would you
8 clarify that for the Commissioner.

9 THE WITNESS: Puder and Puder who
10 is now Tursh Ross, who I will continue to call
11 Tursh Ross, represents as accountants the Essex
12 County Prosecutor and the U.S. Attorney's Office.
13 We have had them as accountants for seven years.
14 Does that clear it up?

15 MR. NOLAN: Yes.

16 THE WITNESS: I called upstairs and
17 asked for the file and records on the payment to
18 Kantor and what it was. The file came down and
19 obviously after reading it, then we knew what it
20 was. Up until this point I didn't remember Kantor,
21 it was nothing about Kantor in the newspapers to
22 my knowledge, or else this may have happened sooner,
23 I don't know.

24 I explained to Rone just what I explained to you
25 here. He said, fine, I will explain that to the

1616

1 Essex County Prosecutor and that was the last we
2 heard until late '69 when our name appeared in the
3 Newark News among other contractors as having done
4 work for the City of Newark.

5 We were damn angry to see it in the newspapers
6 because it is a lie, we have never done any work
7 for the City of Newark. Apparently the pattern
8 there from reading or the pattern indicated by
9 association we were guilty of having done business
10 with the City of Newark through Cantor, that is
11 only supposition on my part but I think there is
12 some basis to it.

13 It was absolute guilt by association and we
14 were angry. We called our attorney and said, we
15 want a hearing somewhere, where do we go, Joe, to
16 indicate to them that this isn't so. He called
17 Mr. Lacey's office and asked who released that in
18 the newspaper because it wasn't true and Mr.
19 Lacey said, and Joe, you're probably better in
20 quoting what Mr. Lacey said, but in essence, he
21 said, honestly, Joe, I didn't even know it was
22 released.

23 Then we told Mr. Nolan that we want to go
24 down there and settle this matter if there are any
25 doubts in there mind or any suspicions of us, we

1 want it cleared up, we spent too many good damn
2 years building this company and its reputation.

3 Joe Nolan called Lacey and Lacey set up an
4 appointment, Mr. Schiavone, Mr. Paradise and I and
5 Mr. Nolan went down there and spent the better part
6 of a day, as my memory tells me it was from ten
7 o'clock in the morning until a lunch break, I was
8 interviewed in the morning late, we had lunch,
9 they had no more need for me and Mr. Schiavone
10 testified in the afternoon. At that point upon
11 my leaving they said to me, will you be in your
12 office at two o'clock to give us maps, data,
13 diaries, to prove to us that you dumped the material
14 there, which would indicate to me that they didn't
15 believe that we dumped the damn material there and
16 that this check was for some other purpose.

17 I said, yes, I will be, and it is there. They
18 never came. That's the last we heard on the U.S.
19 Attorney's end of it until we get this suspension
20 telegram from the State Highway Department.

21 The major point I want to make here is that this
22 is a hearing on our moral integrity and I understand,
23 Mr. Kohl, why you had to take this action, this is
24 probably the only avenue I guess that is open to
25 you but it doesn't preclude our being angry or upset

1 about it.

2 We never worked for the City, we did not know
3 who Kantor was at the time or if we knew that that
4 was part of conduits to put money places where it
5 didn't belong, we would not have done business with
6 them.

7 Is it odd that we would think that Kantor
8 Supply would own a dump? That's a good question
9 to ask yourself and maybe you people have.

10 I ask, is it odd that Nate Rapp who owns the
11 Ramp Restuarant and serves hamburgers; also owns
12 a dump.

13 But these are questions that laymen answer
14 for themselves and in a way do not answer for them-
15 selves.

16 To my knowledge or it is my impression, we
17 felt we handled this thing as openly and as above-
18 board and as directly as anybody would dare to.
19 We gave up constitutional rights in order to do it
20 and I think this is a point that should be made and
21 made strongly, and I think at this formal hearing
22 this morning and saying what we are and sitting
23 here willing to answer any questions that you fellows
24 have, indicates it again.

25 That's all I have.

1 MR. NOLAN: David, may I make one 1619
2 point for the Commissioner's edification, maybe he
3 knows more about it than I do.

4 But from what I understand of the Gantor
5 Supply Company, it was some sort of conduit for
6 pay-off to City officials and also these are all
7 newspaper stories and what you hear, and also some
8 other methods of avoiding income tax.

9 Now, I don't know the full details but of
10 course to the amounts that seem to have gone into
11 that account were astronomical and absolutely no
12 reason why such a thing would happen, none of these
13 contractors could give any reason why they would
14 be dealing with this type of an outfit, and I just
15 want to make that part of the record.

16 COMMISSIONER KOHL: Well, how is it
17 determined that Gantor Supply owned the particular
18 dump area?

19 THE WITNESS: I thought I touched
20 upon it by inference. It is now apparent to us,
21 Mr. Kohl, through Lacey's office, that he did not
22 nor did he, we have operated in other areas where
23 this was not the case as specifically as not owning
24 it.

25 It is now apparent that at least part of this

1620

1 as I understand it, if not all of it, was a City of
2 Newark dump, so if we have done anything wrong in
3 Lacey's eyes, it is poor businessmen for not
4 assessing that this were the case or we go to Cantor
5 and ask them to pay the City of Newark.

6 MR. NOLAN: Or that we owe the City
7 of Newark the money.

8 MR. BIEDERMAN : I have a couple
9 of questions.

10 CROSS EXAMINATION BY
11 MR. BIEDERMAN:

12 Q You negotiated the contract?

13 A Right.

14 Q With who?

15 A It was actually through my field office.

16 Q Did you personally--

17 A Talking on the phone.

18 Q Who?

19 A I presume it was Cantor, I don't know.

20 Q Did he identify himself at any time as Cantor?

21 A Not to my knowledge. It's the only area where I

22 can say where I don't really recall whether it
23 was Cantor or an assistant of Cantor or somebody in
24 his office.

25 Q You said that the "project called the office" your

1 office and explained that the tract was available?

2 A Right.

1621

3 Q Now, who was the "project"?

4 A Either Charlie Keener or the field office manager.

5 Q Do you know who called?

6 A Not exactly, I think it was Charlie Keener.

7 Q Who else is in that "project office"?

8 A I don't know the other people there. Bobbie Lementen
9 is the office manager.

10 Q Could you supply those names?

11 A Sure.

12 MR. SCHIAVONE: I think it was
13 Charlie Keener, Ray.

14 A Yes, I believe so.

15 Q Who received the call from the project office?

16 A I did.

17 Q What did he say to you?

18 A I touched upon that.

19 Q Alright, you didn't ask him who owned the tract?

20 A I am presuming that he followed through and knew the
21 man that owned the tract.

22 Q From the best of your recollection did you ask that
23 question, who owned the tract?

24 A To the best of my recollection, no.

25 Q Did he ever inform you as to who owned the tract?

1622

1 A I just presumed that the man who was offering the
2 tract owned it.

3 Q You don't have any office memorandum concerning this
4 transaction?

5 A Yes.

6 Q Outside of what has been produced here?

7 A No, but there is an attached memorandum to the
8 check.

9 Q Did you ever go down and look at the property your-
10 self?

11 A No. Well, not specifically to look at it, I have
12 been on the project before.

13 Q Are you telling us that an negotiation--I know you
14 are a Vice-President and probably don't get involved
15 in these things--

16 A No, no, I do, don't get that impression at all, if
17 it took our going down and shoveling it out ourselves,
18 we would.

19 Q In this particular negotiation, did you do the neg-
20 otiation or did your people in the field do the
21 negotiation?

22 A You would have to say I did the final negotiation.
23 I was the one that probably suggested don't go on
24 a unit basis, go on a lump sum basis.

25 Q Did you call the gentleman you talked to or--

1 A The field office called me and put him on the
2 telephone. 1623

3 Q And when they introduced him to you, who did they
4 say was on the other end of the line?

5 A A property owner, as I said to you, I don't know
6 whether they called him by name.

7 Q Do you know who put him on the line to you, which
8 of your field people put him on the line?

9 A I am presuming it was Charlie Keener, I don't know.
10 This is now three years ago now.

11 Q Now, you say that you have the tickets for the
12 dumping available for Mr. Lacey's office but he
13 never picked it up?

14 A Right.

15 Q Do you have those tickets still available?

16 A They are not tickets, they are diaries.

17 Q Are they still available, whatever they are?

18 A Yes.

19 Q And were your people in the field office who neg-
20 otiated on this project, do they still have their
21 diaries?

22 A Yes.

23 Q Could we see those?

24 A Yes, I presume so. I never actually asked Charlie
25 is
for his diary but he keeps one and it there.

1624

1

And a field trip if necessary, Mr. ^eBidderman,

2

to show you physically where it is and what happened.

3

Q Who made the arrangements for the file with respect

4

to the dumping, is that all handled in the field

5

office, also, the actually dumping operation?

6

A Do they physically do it themselves? Sure.

7

Q Who supervises is?

8

A Charlie Keener is the president.

9

Q And when they dump the materials, how do they account

10

for how much they dump or was it necessary here

11

because it was a lump sum contract?

12

A That is specifically why I asked for a lump sum

13

contract to get away from a daily count, how much is

14

it, sixteen yards or twelve.

15

Q Did you do the trucking yourself or was it ^{over}ear

16

trucks?

17

A Some may have been hired but mainly ours and most

18

of it as I understand it would be ours or rented,

19

but the road equipment would be ours or rented by

20

us.

21

Q This gentleman that you just spoke of, did he super-

22

vised the actually dumping?

23

A Yes.

24

Q Actually he is the guy we have to talk to.

25

You didn't really handle the negotiations, he

1 introduced a party to you who you never met who 1625
2 was identified by this other gentleman who you never
3 saw, you actually didn't know who you were dealing
4 with, isn't that a fair statement or did you know
5 who you were dealing with?

6 A Well, I knew the Company was called Kantor Supply
7 Company but I didn't know of them or who they were.

8 Q And you just assumed they were a legitimate company?

9 A Yes, and as I said it happened many times before,
10 it's happening right now on Route 440 in Perth
11 Amboy, we are dumping material.

12 Mr. Kohl, when a dumping operation starts, it's
13 very difficult, the guy who is receiving it thinks
14 he is getting gold, all of the sudden it gets a
15 little mushy and he says, stop, that type of opera-
16 tion, getting rid of unsuitable materials.

17 Q You said some time you have written agreements on
18 these contracts and sometimes you don't.

19 A Right.

20 Q For office purposes, what kind of records do you
21 keep for this type of verbal agreement?

22 I mean how does your accountant know what it is
23 all about?

24 A The memo.

25 Q Would you identify which memo?

1 A This is--well, it's hardly called a memo, it's a
2 request for voucher payment for the dump rights on
3 the Cantor Supply issue and I approved this as my
4 approval that I made that lump sum.

5 Q And did you get a voucher from Cantor Supply?

6 A No, we did not. This is an internal accounting
7 system which is commonly used in our office.

8 MR. BIEDERMAN: Okay, do you have
9 any questions, gentlemen?

10 (At which time further testimony was taken upon
11 the record but not transcribed.)
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF NEW JERSEY

1627

DEPARTMENT OF TRANSPORTATION

IN RE: SCHIAVONE CONTRUCTION : REPORTER'S CERTIFICATION
COMPANY, INC.

I, RICHARD A. MERLINO, a certified shorthand
reporter and notary public of the State of New Jersey, do
hereby certify that the foregoing is a true and correct
transcript of the proceedings.

DATE:

Oct. 1 1970

Richard A. Merlino

RICHARD A. MERLINO

1628

October 2nd
2:00 P.M.
DEPARTMENT OF LAW AND PUBLIC SAFETY
OFFICE OF THE ATTORNEY GENERAL

From the desk of

GEORGE F. KUGLER, JR.
Attorney General

To ...Dir. Jahos - Div. of Criminal Justice Date 9/29/70

Re: Dave Biederman's memo of 9/23/70 re Affidavit
as to Moral Integrity

Please arrange a meeting.

RECEIVED

SEP 29 1970

DIV. OF
CRIMINAL JUSTICE

*This has been
sent for file*
GFK

AFFIDAVIT

AS TO MORAL INTEGRITY

1629

STATE OF NEW JERSEY)

ss:

COUNTY OF

I, _____, the

_____ of _____,
Pres. or Vice-Pres., Owner or Partner Company

being first duly sworn, deposes and says:

1. That the _____ (Company) (Owner)
(Corporation) wishes to (be prequalified) (and/or bid) on
_____ with the New Jersey Department of
Contract
Transportation on _____.
Date

2. That _____ (Company) (Owner)
(Corporation) wishes to demonstrate moral integrity in accord-
ance with rules, procedures and regulations of the New Jersey
Department of Transportation in accordance with a directive by
the Commissioner dated September ____, 1970.

3. That in accordance with said rules, procedures and
regulations, as of the date of signing this affidavit, neither
the _____ Company, nor any of its
(Owners, Officers) or (Directors) are involved in any Federal,
State or other Governmental investigations concerning criminal
or quasi criminal violations, except as follows: (If none, so
state).

4. Deponent further states it has never engaged in any
violation of a Federal or State Criminal Statutes, or violations

of any nature regarding work or contracts performed by it,
except as follows: (If none, so state).

1630

5. That the undersigned, being authorized to act on
behalf of _____ Company, certifies that
I am personally acquainted with the operations of said Company,
have full knowledge of the factual basis comprising the contents
of this Affidavit and that the same are true to my knowledge.

6. That this Affidavit is made to induce the New Jersey
Department of Transportation to accept (a prequalification)
(and/or bid) on _____, knowing that the said
Contract

New Jersey Department of Transportation relies upon the truth
of the statements herein contained.

Company/Corporation

By: _____

Sworn and subscribed to
before me this _____
day of _____, 1970.

Notary Public

DEPARTMENT OF LAW AND PUBLIC SAFETY
OFFICE OF THE ATTORNEY GENERAL

From the desk of

GEORGE F. KUGLER, JR.
Attorney General

To Dir. Jahos - Div. of Criminal Justice Date 9/29/70

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as to Moral Integrity

Please arrange a meeting.

GFX



State of New Jersey
DEPARTMENT OF TRANSPORTATION

DAVID A. BIEDERMAN

From the desk of

Chief Counsel to the Commissioner

Date Sept. 23, 1970 To Evan W. Jahos, Esq.

Re: Affidavit as to Moral Integrity

You have given me to understand that doubts have been raised as to the efficacy of compelling contractors who wish to prequalify with this Department or other State agencies to submit "honest man" affidavits.

This Department wishes to institute immediately, a prequalification requirement on moral integrity.

May I see you to discuss this matter with the Chief of my enforcement personnel at your earliest possible convenience.

DAB

DAB

cdd

cc: George F. Kugler, Jr. ✓
Attorney General

DEPT. OF
LAW & PUBLIC SAFETY
DIV. OF LAW

1970 SEP 24 PM 4 19

RECEIVED

1633

AFFIDAVIT

1634

AS TO MORAL INTEGRITY

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Contract
New Jersey Department of Transportation relies upon the truth
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Company/Corporation

By: _____

Sworn and subscribed to
before me this _____
day of _____, 1970.

Notary Public



State of New Jersey
DEPARTMENT OF TRANSPORTATION

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This Department wishes to institute immediately, a prequalification requirement on moral integrity.

May I see you to discuss this matter with the Chief of my enforcement personnel at your earliest possible convenience.

DAB
DAB

cdd

cc: George F. Kugler, Jr.
Attorney General

AFFIDAVIT

AS TO MORAL INTEGRITY

1637

STATE OF NEW JERSEY)

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COUNTY OF

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Pres. or Vice-Pres., Owner or Partner Company

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1638

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Contract
New Jersey Department of Transportation relies upon the truth
of the statements herein contained.

Company/Corporation

By: _____

Sworn and subscribed to
before me this _____
day of _____, 1970.

Notary Public

CONFIDENTIAL



State of New Jersey
DEPARTMENT OF TRANSPORTATION

JOHN C. KOHL, COMMISSIONER

TRENTON 08625

1639

October 22, 1970

MEMORANDUM TO FILES

EX C-59
12-19-72
JP

On Tuesday, October 20, 1970, I received Mr. Richard Hale, President of Centrum Construction Company. Mr. Hale who has been the moving spirit in the Citizens Highway Committee, ~~REPRESENTED THAT HE HAS~~ recently established as a citizens aide to this Department, wished to know why the contract upon which he was the low bidder for Route U.S. 46 in Knowlton and White Townships, Warren County, had not been awarded. I investigated the matter.

Our Chief Engineer, Mr. Schuyler, advised me that the contract would not be awarded until the contractor had assured the Department that he had a sufficient supply of asphaltic material with which to do the job. Mr. Hale replied that he already supplied to the Department a letter from the supplier guaranteeing same. I advised him to contact Mr. Schuyler to meet whatever requirements this Department had. ~~AND HE LATER REPRESENTED~~ TO ME THAT HE DID SO.

1640

I later discussed this matter with the Commissioner. ^{YOU}

The Commissioner advised me that he had been requested by the ^{YOU} Secretary of State, Mr. Sherwin, not to award the contract and to reject all bids so that the second bidder, Mr. Manzo represented by John E. Dimon, State Republican Chairman, would have another shot at this contract. While the low bidder was above this Department's estimates he was within the narrow percentage above said estimates ^{USUALLY} ¹ used by Department as its criteria in awarding bids and would, therefore, ^{IF THIS WERE A NORMAL MATTER} receive the contract. In addition, the Department both publicly and privately (see newspaper articles attached) represented that the project would be built and construction to start over a month ago. After discussion with ^{YOU} the Commissioner, the ^{YOU} Commissioner advised that the award would be made to the low bidder -- Centrum Construction Company and that Mr. Sherwin's request would be rejected. Later that day I discussed this matter with the Attorney General and advised him that in my view Mr. Sherwin's action was in derogation in policy of the bidding statutes. I further asked the Attorney General to take the matter up with Mr. Sherwin. His reply was that he would not do so, but thought that the ^{YOU} Commissioner could do so.

DAB
DAB

TO: FILE DATE: September 29, 1972

FROM: CHARLES D. SAPIENZA CDS:dfe
Counsel

RE: MEETING WITH JUDGE JOSEPH STAMLER

On September 28, 1972, the writer spoke to the Honorable Joseph Stamler and requested to meet with him to discuss the case of Manzo Contracting Company, Inc. v. Warren Limestone Company, Inc. Judge Stamler replied that he would be happy to speak with us at any time. We arranged to get together at the Judge's home (103 Fernwood Road, Summit, New Jersey) at 7:30 that evening.

Counsel, accompanied by Special Agent-Accountant Anton A. Kurtzuk and Special Agent Joseph T. Corrigan, appeared at the Judge's home at 7:30. Judge Stamler had previously pulled his file on the case and made available to us the following documents.

1. Transcript dated May 30, 1972 containing testimony of Mr. Perucci.
2. Copy of the front of a cancelled check marked "EXHIBIT P-17".
3. Original letter dated June 21, 1972, signed by Sergeant W. C. Wells.
4. Original minutes of the trial by the Court Clerk.
5. Copy of Verified Answer and Counter-claim.

Judge Stamler said that the only clear indication of a possible payoff came from the May 30 testimony of Mr. Perucci. He stated that after he heard this testimony on that day he knew something was wrong, but was not clear as to which prosecutorial agency would have jurisdiction. On May 31, at 8:30 in the morning he discussed the matter with the Honorable Alexander P. Waugh, Assignment Judge. Judge Waugh suggested that he call Evan Jahos of the State Attorney General's Office.

Judge Stamler immediately contacted Mr. Jahos, explained to him the testimony that he had received and was told that a Deputy Attorney General would be immediately in touch with him. On that

MEETING WITH JUDGE STAMLER

September 29, 1972

Page 2

same day Deputy Attorney General Robert Cowan contacted Judge Stamler and requested copies of the transcript in this matter. Shortly thereafter Mr. Cowan appeared at Judge Stamler's court and interviewed him regarding the testimony. He informed Cowan that Mike Manzo testified that the \$10,000 item classified as a "contribution" was included as part of the rolling equipment (truck) account in the total amount of \$50,000, which is part of Manzo's claim against the Peruccis; Manzo had testified that the sum was entered in the books of account in this fashion (Trucks - \$50,000), at the suggestion of a Gerry Bauman (phonetic) who is politically connected.

Judge Stamler stated that at the outset of this proceeding Manzo sought to attach the Perucci assets; that he (Judge Stamler) appointed Theodore Geiser as Fiscal Agent to watch the Perucci operation; that Geiser in turn retained the services of Sam Fleder, CPA to assist him in the assignment. Both Geiser and Fleder have offices at 24 Commerce Street, Newark, New Jersey. He indicated that fiscal reports prepared by Geiser and Fleder relating to the Perucci interests operation were sent to Cowan on June 5, 1972.

Some time later Judge Stamler was contacted by Bruce Goldstein of the Federal United States Attorneys office, who requested a copy of the transcript and the check which had been marked as "Exhibit P-17". Bruce Goldstein indicated that he had been referred to Judge Stamler's court by the Peruccis; that the Peruccis' records were being examined by U.S. Government examiners, and that in the course of the examination they were told to contact the Judge, as he had all of the records and answers to their questions.

Judge Stamler stated that the Manzo and Perucci transcripts of their testimonies were requested on May 31, 1972. However, they were not received until June 20 or 21, 1972, at which time he made them available to representatives of the State's Attorney General and the United States Attorney. Here it should be noted that the Perucci transcript had not been made part of the records received by this office from either the office of the Attorney General or the U.S. Attorney. Further, that the references to the \$10,000 payment to the Republican Finance Committee as a contribution in appreciation for the upsetting of the bid on the Route 46 project is alluded to in detail in this Perucci transcript, which bears June 9, 1972 as the date transcribed.

Judge Stamler stated that at no time during the course of the proceedings were the names of David Biederman, George Kugler, William C. Loughran or Paul J. Sherwin alluded to with the exception of

MEETING WITH JUDGE STAMLER

September 29, 1972

Page 3

Loughran who was referred to as Lockwood by Manzo.

Judge Stamler also stated that considerable testimony was taken at pre-trial examinations; that none of these transcripts had been examined by the court and that to his knowledge the transcripts remain intact in the court's files.

In Judge Stamler's opinion, the Attorney General's office operated very quickly and efficiently when the matter was brought to their attention on May 31, 1972.