New Jersey. Commission to Investigate the Violations of Law and the Conduct of Public Officials.

REPORT

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OF THE

Joint Committee Created and Appointed by Joint Resolution No. 13, Laws of 1928, Approved April 3, 1928, as Amended by Joint Resolution No. 1, Laws of 1929, Approved January 16, 1929

TO THE

SENATE AND GENERAL ASSEMBLY
OF THE STATE OF NEW JERSEY

MacCrellish & Quigley Co.
Printers
Trenton, New Jersey
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REPORT

To the Senate and General Assembly of the State of New Jersey:

This Joint Committee was created and appointed by Joint Resolution No. 13, laws of 1928, approved April 3, 1928, as amended by Joint Resolution No. 1, laws of 1929, approved January 16, 1929. The original resolution conferred on the Committee the following powers:

> "to make a survey of all questions of public interest, to investigate violations of law and the conduct of any State official, State department, commission, board or body, and to ascertain what departments or activities of the State government may be curtailed or eliminated, and further to make a general survey of the finances of the State, excluding, however, any investigation of the Department of Banking and Insurance authorized under the provisions of Joint Resolution No. 1, laws of one thousand nine hundred and twenty-eight, approved January thirty-first, one thousand nine hundred and twenty-eight."

The amendatory resolution conferred upon the Committee the following powers:

> "to make a survey of all questions of public interest; to investigate violations of law and the conduct of any State, county or municipal official, State, county or municipal department, State, county or municipal commission, State, county or municipal board, or State, county or municipal body, to report whether the functions of such officials, departments, commissions, boards and bodies have been or are being lawfully and properly discharged for the purpose of obtaining information relative thereto as a basis for such legislative action as the Senate and General Assembly may deem necessary and proper; to ascertain what departments or activities of the State, county and municipal governments may be curtailed, consolidated or

eliminated and to report its findings as a basis for such legislative action as the Senate and General Assembly may deem necessary and proper; to make a general survey of the finances of the State, counties and municipalities and to report its findings as a basis for such legislative action as the Senate and General Assembly may deem necessary and proper."

The committee organized June 14, 1928. Clarence E. Case was elected Chairman, and Thomas L. Hanson, Secretary.

Mr. Case was succeeded as Chairman by Albert R. McAllister on February 14, 1929.

Mr. Hanson was succeeded as Secretary by Charles R. Blunt on January 17, 1929, and he was succeeded as Secretary by S. Rusling Leap on March 18, 1929.

The Committee has been attended by Russell E. Watson as counsel, with whom has been associated Thomas B. Davidson, John H. Miller, Jr., David A. Nimmo, Emil W. A. Schumann and Benjamin Dowden, and by Joseph S. Fishkind as Stenographer.

In addition to its executive sessions, the committee has held forty-four public hearings, has examined three hundred thirty-five witnesses and has taken about 8,200 pages of testimony.

The Committee submits the following report of its proceedings to this date:

Primary Election

The Committee investigated the primary election held in Jersey City, Hoboken and Bayonne in May, 1928. Many violations of the election law and many irregularities opposed to the intent and spirit of the law, if not its letter, were disclosed.

There were found 116 voters who voted in the Democratic primary in 1927 and in the Republican primary in 1928, and five who voted in the Republican primary in 1927 and in the Democratic primary in 1928. These are clear violations of the election law.

Forty-eight Democratic election officers, functioning as such in the May, 1928, primary election, voted in the Republican primary, with the acquiescence, if not the connivance, of the Republican board members in the districts in which they were serving. Nine voters who had filed applications for appointment

as Democratic election officers at the May, 1928 primary, voted in the Republican primary. Twenty-seven Jersey City members of the Hudson County Democratic County Committee voted in the Republican primary. More than one thousand Democrats, who signed Democratic nominating petitions for the May, 1928 primary, in which they declared themselves Democrats, voted in the Republican boxes in that primary. These likewise are clear violations of the election law, inasmuch as these voters were all members of the Democratic party, and were prohibited by the act from voting in the Republican primary.

The evidence showed that approximately 22,000 Democrats voted in the Republican primary. Many of these voters were subpœnaed, all of whom defended their vote on the ground that they had not participated in the primary election of either party in 1927.

The Committee endeavored to ascertain whether this wholesale voting of Democrats in the Republican primary was the result of a conspiracy, but was unable to obtain tangible legal evidence to that effect. Almost without exception the witnesses examined by the Committee were evasive and vague in testifying. For example: Richard A. Murphy, of 138 South street, Jersey City, New Jersey, a then member of the Hudson County Grand Jury, who voted in the Republican primary, testified that he voted for a majority of the Democratic candidates at the 1927 general election, but was unable to recall for which party he voted in 1926 or 1925. He was uncertain as to his party affiliations. He was then confronted with his signature to the petition of William A. Bremner for nomination to membership in the Hudson County Democratic Committee, signed by him in March, 1928, in which he certified that he was a member of the Democratic party and that he intended to affiliate with the Democratic party at the next election.

Otto Kerber of 619 Grand street, Jersey City, New Jersey, another then member of the Grand Jury, whose wife was a member of the Democratic County Committee, testified that he had voted the Democratic ticket since 1920, notwithstanding which he voted in the Republican primary in 1928. His reason for vot-

ing in the Republican primary in 1928 was, "Because I wanted to, I had some friends on there I wanted to vote for."

As a result of the testimony of these two witnesses, the Grand Jury then in office was relieved from the consideration of the 1928 primary election cases.

Henry Waring of 203 13th street, Jersey City, New Jersey, a Democrat, voted in the Republican box, "Because I just felt I was going to vote that way."

Arthur J. Foley, a lieutenant of the Hudson County Police, a member of the Hudson County Democratic Committee, voted in the Republican Primary. When asked whether he was a Democrat or a Republican, he testified, "Well, I don't know. At night time I changed my mind, at twelve o'clock. I had some friends I wanted to vote for."

The cases of those who voted in the Democratic Primary in 1927 and in the Republican Primary in 1928, of the election officers who voted in the opposite boxes and of County Committee members who voted in the opposite boxes, were referred to the Attorney-General, then in charge of the Hudson County Prosecutor's office, for appropriate action. To this date no indictments have been found. The Committee is advised that these matters are still before the Grand Jury.

Nothing can be done by way of legislation with reference to such cases. The law is specific and sufficiently broad. It is law enforcement that is needed.

The cases of approximately 22,000 Democrats who did not vote in either primary in 1927 and who voted in the Republican primary in 1928 present a situation which requires Legislative action. Under the construction of the law contended for by those who assert the validity of these votes, it is possible for voters, who are in fact members of the opposite party and who did not participate in the primary of the preceding year, to vote in the primary of the party of which they are not in fact members and if sufficiently numerous, to nominate the candidates of the party to which they are opposed. This is unfair to the primary contestants, contrary to the spirit and intent of the election law, unethical and opens the door to political corruption.

Paragraph 361 of the election law provides that no voter shall be allowed to vote in the ballot box of a political party if the name

of such voter appears in the primary poll book of another political party as made up at the next preceding primary election.

Paragraph 362 provides that if a voter is registered and did not vote in the party primary of any other policial party at the last preceding primary election, he shall be allowed to vote in the party primary in which he offers to vote.

Paragraph 364 provides that in case a voter desires to vote in the same political party box in which he voted at the next preceding primary election and is challenged, he shall take an oath or affirmation that he is a member of the political party in the ballot box of which he voted at the next preceding primary election; that at the last election for members of the General Assembly at which he voted, he voted for a majority of the candidates of the said party, and that he intends to support the candidates of said party at the ensuing election. If the person so challenged refuses to take the oath or affirmation he is not entitled to vote at the primary election.

The Committee recommends that Paragraphs 361 and 362 be amended so as to provide that no voter shall be allowed to vote in the ballot box of a political party if the name of such voter appears in the primary poll books of another political party as made up at the last two preceding primary elections, and that if a voter is registered and did not vote in the party primary of any other political party at the last two preceding primary elections he shall be allowed to vote in party primary in which he offers to vote.

The Committee further recommends that Paragraph 364 be amended so as to provide that in case the vote of any voter desiring to vote in a primary election is challenged, he shall take an oath or affirmation that he is a member of the political party in the ballot box of which he desires to vote, and that at the last general election for members of the general assembly he voted for a majority of the candidates of the said party nominated for national, state and county offices, and that he intends to support the candidates of that party at the ensuing election, and that if he refuses to take the oath or affirmation, he shall be not entitled to vote at the primary election.

The effect of such an amendment would be that a voter, in order to vote in a certain party primary, would have to show, not only that he did not vote in the party primary of any other political party at the last two preceding primary elections, but that he voted at the last general election for a majority of candidates of the party in the primary of which he desires to participate. In order to change from one party to another, a voter would not only have to refrain from voting in the primary of his original party for two years, but he would have to perform the positive act of voting at a general election for a majority of the candidates of the party of which he desires to become a member.

This would tend to prevent a repetition of the frauds which were practiced so extensively in the May, 1928, primary in Hudson County.

The evidence showing that Democratic election officers voted in Republican primary ballot boxes, with the acquiescence or connivance of their Republican colleagues, presents a state of facts even more serious. The purity of any election depends in large measure upon the faithfulness, intelligence and honesty of the election board, particularly in the counting of the votes. When election officers are so blind to the letter of the law and so morally incapable of comprehending its spirit that they violate it and permit it to be violated in this manner, what assurance is there that they are honest in the performance of their most important duty, the counting of the votes? Such conduct destroys faith in the capacity and moral integrity of the election boards involved.

The investigation made by the Committee confirms what is common knowledge, that it ought to be the policy of the election laws to confine the duties of district election boards, as far as possible, to mechanical acts. The boards ought to have a minimum of discretion and judicial or quasi-judicial power.

This Committee recommends that legislation be enacted providing for the use of voting machines. It is not intended here to discuss the arguments for the use of voting machines, such as increased speed in voting, secrecy of the ballot, the elimination of marked and spoiled ballots, immediate and permanent returns, and the prevention of costly recounts, or those contra. This single phase of the problem is emphasized. The evidence before

the Committee shows such a lack of comprehension of legal duty and moral obligation on the part of many election boards as to warrant a well-justified fear, if not a belief, that these boards were wholly derelict in the performance of their duty. The use of voting machines would take from the district boards the duty of counting the votes, the one most open to serious wrong doing, and would substitute a mechanical contrivance insuring an honest count.

The Committee further recommends that the offices of members of the district election boards and members of the county committees be forfeited if the holder thereof votes in the current primary election of another party than that with which he is affiliated and that legislation to this effect be enacted.

The Committee further recommends that legislation be enacted providing that no holder of any public office, excepting school teachers, shall be eligible to membership in district boards of election.

Payroll Padding

The Committee spent considerable time in investigating the Jersey City and Hudson County payrolls and examined many witnesses with reference thereto.

Payrolls for Hudson County and for Jersey City, as of May 15, 1928, were introduced into evidence.

The annual payroll for Hudson County amounted to $4,305,-644.48, paid to 2,152 employees.

The annual payroll for Jersey City amounted to $8,544,026.70, paid to 3,760 employees, exclusive of the payroll of the Board of Education.

The testimony shows that a considerable part of this money is wasted. Many witnesses were examined whose testimony leads this Committee to conclude that many persons on the payroll perform no service or inadequate service for the compensation which they receive.

An outstanding case was that of Alfred H. Mansfield, an employee of the Hudson County Board of Health, who served as a health inspector at a salary of $4,000 per year. He has worked in that capacity for twenty-five years. He was unable to give the Committee the name and address of the owner of any place

that he had ever inspected, and testified that he had never made a complaint or arrest, and that if a man has a job he is "supposed to get the vote out."

Mansfield testified on July 5, 1928. He was recalled on September 10, 1928. The testimony disclosed that in July, County Supervisor O'Neill ordered that he make written reports of his work. These reports were subpœnaed and it was then discovered that Mansfield, in three instances, prepared bi-weekly reports in advance of the period purporting to be covered and filed them with the Board of Freeholders when the required time arrived.

Sheriff Coppinger of Hudson County has under him a staff of thirty employees who receive approximately $122,000 per year. He had utterly no knowledge of the duties supposed to be performed by those subordinates and the salaries which they received. There was no check of any kind designed to make sure that the County received its money's worth in services for this payroll.

It costs Hudson County approximately $18 each for the services of process of various kinds by the Sheriff, although the fees received by the County are only between $10 and $5 each. This is due to the failure on the part of some of those employed as process servers to do their share, or in some instances, any of the work.

Chauffeurs are paid, in many instances, from $3,000 to $3,500 per year.

It costs Jersey City approximately $83,500 per year for salaries for telephone service, elevator service and the operation of the heating plant in the City Hall, and the cleaning of it. This sum is expended for salaries for the maintenance of the City Hall, exclusive of the repairs—clearly an exorbitant sum.

According to the testimony of Commissioner Potterton, it costs Jersey City $7,300 per acre per annum, for salaries for the maintenance of fourteen parks, containing thirty-seven acres of land, likewise an exorbitant sum.

Hudson County pays approximately $202,000 per year for salaries for the maintenance of its Court House, not including the services of "County mechanics" who repair it. Six of these employees are listed as cuspidor cleaners. That the expenditure of

this sum of money for this purpose is a gross waste of public funds needs no argument. The custodian of the Court House, John F. Callahan, was unable to give to the Committee any clear or convincing explanation of the need for the large number of Court House employees, or of their individual duties.

The Superintendent of County Mechanics, James Doody, has seventy men on his payroll who receive approximately $127,000 per year. It is the duty of these men to make repairs on the approximately seventy-five County buildings. A more unbusinesslike system of administration than that presented by Superintendent Doody's testimony could not be imagined. The men are not employed by the Superintendent of the Department. They are employed by the Board of Freeholders without the request of the Superintendent whether they are needed or not and he does the best he can to keep them busy. The system requires no written requisition for work in the various county buildings. No record of the work done is kept by the Superintendent and no report of work done is made to the Board of Freeholders. There is no timekeeper, there are no time cards or clocks, and no record of the time worked by the individual employees or spent in the various operations is kept. The only supervision of the employees of this department, to determine whether the work which they do is necessary and their pay reasonable, or whether they work at all, is that of Superintendent Doody and his assistant, who depend upon personal visits to the seventy-five county buildings and their eyesight to see that their subordinates are usefully employed. The Board of Freeholders has no way of knowing whether the money expended in this department is wisely or necessarily expended.

No attention is paid to seasonal demands. Seasonal employees, such as tree trimmers, park laborers, firemen and heater men are employed the year round. A street laborer is paid $1,700 per year for keeping two blocks of the highway clean. He testified, "If boxes would fall off a truck and block the road, it would be my job to keep the road clear." This is an illustration of the wasteful expenditure of public funds for unnecessary labor.

The Committee recommends that the legislature consider legis-

lation intended to prevent or to render more difficult the waste of public money by what is properly called "payroll padding."

Taxation has become one of the most important public problems. The cost of State, county and municipal government has increased progressively in recent years at an alarming rate. Taxation is becoming an increasingly heavy burden upon the home-owner, the tenant, the farmer, the businessman and upon industry. It is one of the factors that has caused certain kinds of industry to leave this section of the country and which tends to prevent certain other kinds of industry from locating here. It is impossible to discontinue expenditures for public improvements constructed by the State, counties and municipalities. They are necessary to our manner of living and the expeditious conduct of our business affairs. The most effectual method of decreasing State, municipal and county taxation is the introduction of economy and greater efficiency into government. The most vulnerable points in the armor of the high cost of government are the public payroll, pensions and tenure of office.

This Committee recommends that legislation be enacted imposing upon the Civil Service Commission the duty of supervising State payrolls and county and municipal payrolls where the act is operative, and the responsibility of certifying that all employments under its jurisdiction are necessary, that the holder of each position renders a necessary and adequate service, and that the compensation received is reasonable, with severe penalties for any violation of duty in these respects. Such legislation should also aim to eliminate, as far as possible, part-time employment in the public service by the consolidation of existing part-time positions

Civil Service

Shortly after its organization, the Committee subpœnaed the payrolls of the City of Jersey City and of the County of Hudson, and the Civil Service records of the employees of Jersey City and Hudson County, all as of May 15, 1928.

The Jersey City payrolls were furnished by the City Clerk in response to the subpœna. The Hudson County payrolls were produced by the Board of Freeholders. The Civil Service lists

of both Jersey City and Hudson County were produced by the Trenton Office of the Civil Service Commission.

A comparison was made of the City and County payrolls as submitted by the City Clerk and the Clerk of the Board of Freeholders, with the Civil Service lists submitted by the Trenton office of the Civil Service Commission. The following discrepancies and irregularities were found:

As to Jersey City

Names on City payroll and not on Civil Service list	207
Names on Civil Service list and not on City payroll	199
Instances of variance in salary between the City payroll and the Civil Service list	276
Total	682

Testimony was taken as to these matters on December 20, 1928, and Theodore Smith, chairman of the Civil Service Commission in charge of the Hudson zone and Elmer S. Parsells, Chief Clerk of the Jersey City office, testified.

After the testimony was taken a further comparison of the City and County lists with the Civil Service lists was made, which disclosed the following additional discrepancies and irregularities:

As to Jersey City

Number of temporary employees on the city payroll	317	
Number of temporary employees on the Civil Service list	172	
Difference		145
Number of temporary employees on the City payroll over four months	264	
Number of temporary employees on the Civil Service list over four months	128	
Difference		136
Number of discrepancies first above noted		682
Total for Jersey City		963

It should be noted that the Civil Service law authorizes the employment of temporary employees in an emergency for not

more than two months, which may be extended for a further period of not more than two months, making a total period of four months for which employees may be legally temporarily employed.

As to Hudson County

Names on County payroll and not on Civil Service list	104	
Names on Civil Service list and not on County payroll	132	
Instances of variance in salary between the County payroll and the Civil Service list	47	
Number of temporary employees on the Civil Service list over four months	38	
Total for Hudson County		321
Total for Jersey City		963
Total number of discrepancies between the Jersey City and Hudson County payrolls and the Civil Service lists and irregularities		1284

Mr. Smith testified that he had been a member of the Commission for about nine years and Chairman for about eight years. He said that the State was divided into zones, and that each member of the Commission was in charge of a zone. He was in charge of the Hudson County Zone, having jurisdiction over Jersey City and Hudson County, with a branch office in the City Hall of Jersey City.

He testified that the original reports of the Commission were kept in Trenton, that duplicate records concerning each zone were kept in each zone office, and that under this system Jersey City's office kept duplicate records and transmitted the originals to the main office of the Commission at Trenton.

It was originally the intention that the branch offices should handle routine matters of local interest, but the practice has developed in such manner that each branch is an independent unit and each Commissioner supreme in his domain. The result of this procedure is a personal Civil Service administration in each zone in accordance with the notions of the Commissioner assigned thereto. There is no warrant in the law for this system of administration and the Commission must accept responsibility for this perversion of the law.

Mr. Smith was questioned concerning the discrepancies and irregularities enumerated in the items first above set forth, his explanation was that the Trenton records were not up to date. He said that all data concerning Civil Service employees in the Hudson County zone were reported to the Trenton office by the Jersey City office and that the Trenton office did not keep up its records accurately and completely.

It appeared that the system of keeping records was very lax and that it was possible for the Jersey City office to violate the Civil Service act or to permit it to be violated by the City or County administration, without the Trenton office having any record of such violations.

Several violations of the Civil Service law were shown to exist and were brought to Mr. Smith's attention. Among these were cases of persons in public employ in Jersey City and Hudson County who had never taken a Civil Service examination, as required by the statute; persons who were temporarily in the public employ longer than four months without having taken an examination; persons assigned to perform duties other than those properly pertaining to the position to which they were originally appointed; and the promotion of an employee without taking an examination.

Several employees were found in the City Clerk's office of Jersey City who were paid for every day in the year for keeping ballot boxes in repair. Their names did not appear on the Civil Service records. Their payrolls were not submitted to the Civil Service commission for certification. They were employed and paid in violation of law. The significance of this appears when we understand that Mr. Parsells, Chief Clerk of the Hudson County Zone office, was similarly employed by the city contrary to the Civil Service law, as will be reported presently.

More than forty persons were employed in the Water Department of Jersey City of whose employment there was no record either in the Jersey City office or in the Trenton office.

Mr. Smith testified that no check or comparison of the records of the Trenton office and the various zone offices had been made during the period of his service on the Commission.

He said that after the organization of this Committee a check and comparison had been made of the records of all of the zone offices with the Trenton office, which showed more errors and irregularities existing in the other zone offices than were found in the records of the Jersey City office.

An itemized list of all the irregularities found to exist in the Jersey City lists was submitted to the Civil Service Commission by the Committee. After an examination of it, the Commission submitted to the Committee a statement explaining the discrepancies and irregularities. The gist of the explanation was that a check and comparison of the Trenton records and the Hudson zone records had been made and that the two sets of records had been brought into unity. The fact remains that on May 15, 1928, the condition of the records of the two offices was as above set forth.

On March 21, 1929, the Commission submitted to the Committee a list of discrepancies between the Hudson County payroll and the Trenton office list, disclosed by its own examination. The variances and discrepancies enumerated in this list number 251, some of a minor nature, but substantially of the same kind as those appearing in the City list. In its letter submitting this list the Civil Service Commission made the following statement:

> "As a matter of fact, while the Trenton office records are looked upon as the official records, under the plan of administration of the Commission the local office records must be recognized as the final and controlling records since payrolls are submitted to and checked in the local office, an opportunity is had to continually check the records against the payroll as submitted."

The vice of this plan appears in the operation of the Hudson County Zone office. It is possible for the Commissioner in charge of the Zone office, or his assistant, to violate the Civil Service law without the Trenton office having any notice or knowledge of it. Not only is it possible, but in fact, it was done.

It further appeared that Mr. Smith had been frequently appointed a condemnation commissioner in Hudson County and that he had received from $8,000 to $10,000 in fees.

Mr. Elmer S. Parsells, Chief Clerk of the Jersey City office, was questioned with reference to the functioning of the Jersey City office. Mr. Parsells had charge of the routine work of the office under the supervision of Mr. Smith.

It was shown that Mr. Parsells had been employed by the City of Jersey City and had been paid "on claim" for a period of at least two years, a salary of $150 a month. "On claim" means that he submitted a verified bill for his services each month which was approved for payment by resolution of the Board of Commissioners of Jersey City, and that his name did not appear on the regular Jersey City payroll or on the Civil Service list.

That he was, in fact, being paid as a Jersey City employee, in addition to his compensation as an employee of the State Civil Service Commission, was discovered by the Committee accidentally. Mr. Parsells at first denied that he was employed by the City, but being confronted with the evidence in the possession of the Committee, he admitted the fact.

When asked what service he rendered the city, he said he served as clerk to the police and fire reserves. He testified that the work which he did for the City was outside of his hours as clerk in the Civil Service department. His testimony describing the services rendered to the City was very vague. His memory was faulty and his answers were evasive. Whether in fact he rendered service to the City or not, his employment was a direct violation of the Civil Service law. He had taken no examination and his name did not appear on the City payroll, which it was the duty of the Civil Service Commissioner to certify.

Mr. Smith, being recalled to the stand, testified that he knew that Mr. Parsells occupied this position and admitted that in so doing he was violating the Civil Service law, and that his two positions were incompatible.

Whether there was any connection of cause and effect between the secret and unlawful employment of Mr. Parsells by the City, and the discrepancies and irregularities brought out by the testimony, is a matter of deduction. It is a fact that the Civil Service law was being inefficiently administered in Jersey City and in Hudson County and that Mr. Parsells, responsible for the routine of the Hudson County zone office, was himself violating

the Civil Service law for his own profit with the connivance of Jersey City officials.

The evidence showed a lack of cooperation and coordination between the Trenton office and the various zone offices and that there was no adequate supervision or control of the various zone offices by the Board of Civil Service Commissioners, as a whole.

The Commission has published no report since 1923 containing complete or satisfactory data as to the numbers of employees and the amounts of the payrolls in the municipalities and counties where the law applies. Statistical data of this kind are important and if maintained from year to year they would furnish valuable information to public officials and to the public about the increase in the number of public employees and the growing cost of city and county administration. In rendering its report, such figures as to the growth of the State service are given. No figures of value as to the municipalities and counties are published.

It is stated in subsequent reports that data for the cities and counties are unavailable and this is significant. The place to get this kind of information is from the payrolls or the records in the zone offices. If this information is not available, it should be. Here too the zone system has broken down.

The annual reports of the Commission frequently refer to the classification of positions in the city and county services. The Civil Service law provides that such classification of positions shall be made for each county and city service and that uniform salary schedules shall be prepared and submitted to the various city and county authorities. It cannot be determined from the annual reports of the Commission for what cities and for what counties such a classification of salary schedules has been worked out and presented. The Committee is informed that no such classification and salary schedule scheme has been prepared for either Hudson County or Jersey City. The rules of the Commission show that there is authority for a different and what appears to be a useless plan of grading positions according to the salary which happens to be paid. The law makes it the duty of the Commission to provide a classification and to suggest salary schedules for all the cities and counties in which the law

applies. This duty, imposed upon the Commission by law, has not been performed in Hudson County or in Jersey City.

The Civil Service law was originally adopted in 1908. Since then it has been amended and supplemented scores of times with resulting confusion. The law as it now stands provides one system of administration for the State service and another substantially different for the city and county service. As pointed out under the title, "PAYROLL PADDING," there is nothing in the law that gives authority to the Commission to disapprove the creation of a new position, or a hundred new positions for that matter in any department, or division of the Government even though there is the clearest kind of evidence that the position or positions are not required to carry on necessary public business.

The Civil Service law should be rewritten and codified.

Responsibility for administration should be centered in the chief executive officer of the Commission. His authority and responsibility should be similar to that of the Commissioner of Education, and the activities of the Commission should be limited to matters of policy and appeals from removal and investigations.

The Committee recommends that legislation be enacted prohibiting the practice heretofore existing by which each zone office is virtually an independent unit and requiring that the Board function as an administrative body through the concerted action of all of its members directing, controlling and supervising the operations of the zone offices; providing that the Civil Service Commission be limited to the determination of matters of policy, to the hearing of appeals, and to conducting investigations and rendering decisions thereon; providing that the chief executive officer of the Commission be given the authority and charged with the responsibility of administering the Civil Service law in accordance with policies established by the Commission, and that he be placed in charge of the technical and professional admisistrative work in both the Trenton office and in such zone offices as may be maintained, and that the Civil Service law be rewritten, so that it be one comprehensive document.

Bus Franchise Fees

Testimony was taken with reference to the failure of bus operators to report correctly their gross receipts, as required by Section 3 of the Kates Act, as amended by Chapter 144 of the Laws of 1926, particularly operators on the Bergen Avenue line and the Central Avenue line in Jersey City. The testimony showed that the operators on these lines habitually under-reported their gross receipts.

An audit of the records of these two lines was made for the Committee by J. Emory Mills, of Mills & Company, Public Accountants and Auditors of 42 Broadway, New York City. The records for the four weeks ending September 29, 1928, were available and disclosed that the gross receipts for that period were under-reported. Some prior records had been destroyed, but enough remained to show that the gross receipts of the operators of these two lines were grossly under-reported for the four years beginning January 1, 1925.

The gross receipts of the Bergen Avenue line for the four weeks ending September 29, 1928, amounted to $40,399.91, of which only $25,706.27 was reported.

On the Central Avenue line for the same period the gross receipts amounted to $28,366.41, of which only $20,180.20 was reported.

From available records and information for the first eight months of 1928, it appeared that the gross receipts of the Bergen Avenue line were at least $331,218.29, of which only $155,632.60 was reported, a loss to the City in taxes of $8,789.19. The average gross receipts for the first eight months of 1928 were at least $40,000 a month. Applying this monthly average for the period between January 1, 1925, and ending September 1, 1928, the underpayment of taxes on this line amounted to $46,963.76.

From available records and information it appeared that the gross receipts for the Central Avenue line for the first eight months of 1928, amounted to at least $233,784.14, of which only $123,645.38 was reported. The monthly average of gross receipts for this period on this line was at least $29,000. Assum-

ing this amount as the average monthly receipts for the period beginning January 1, 1925, and ending September 1, 1928, the underpayment of taxes for this period for this line amounts to at least $32,218.40.

The evidence shows that the bus operators on these two lines made no effort to report accurately their gross receipts as required by the statute. Officials of the lines admitted that the gross receipts reports were mere estimates. In many cases the operators of different buses reported identical gross receipts for the same month. For instance, the operators of twelve different buses on the Bergen Avenue line reported gross receipts for the month of April, 1928, of $420.40 for each bus. In each case the affidavits attached to the report were taken by Charles A. Tattem, a clerk in the Jersey City Jitney Bureau. Many instances of this kind were found. It is so incredible that so many buses could give gross receipts of identical amounts that the possibility of coincidence is eliminated. The only inference that can be drawn is that there existed a conspiracy to defraud the City.

Section 3 of the Act provides that any person who shall falsely take oath to the statement of gross receipts required to be filed shall be guilty of perjury.

The City employed a staff of twelve inspectors and starters whose duty it was to inspect the buses for cleanliness and safety. No effort was made by the City to check the number of passengers carried or the receipts, as is done by private corporations. There was a complete lack of effort to safeguard the interests of the City, the officials in charge wilfully shutting their eyes to prima facie evidence of false reporting of gross receipts, sufficient to arouse in the mind of any reasonable and honest man strong suspicion of wrongdoing—certainly sufficient to put any honest public employee upon inquiry. The inspectors could have checked the collections, in addition to their other duties. Had this been done the interests of the City would have been protected without additional cost.

The Committee recommends that legislation be enacted providing that in the larger cities inspectors shall be appointed whose duty it shall be to inspect buses operated on lines wholly within

the city for cleanliness and safety, and also to check and supervise the reports of the number of passengers carried and fares collected, and making violation of this duty a misdemeanor.

The Committee further recommends that legislation be enacted making it the duty of bus operators to file with the City Clerk duplicate copies of their daily reports to bus owners of fares collected and the number of passengers carried, and making violation of this duty a misdemeanor.

Campaign Contributions

The testimony shows that in Hudson County, Jersey City and in Hoboken, a pro rata part of the salaries of public employees, not holding appointive offices, the terms of which are fixed by law, is systematically collected for campaign purposes. The Committee was unable to ascertain the ultimate depository of this fund from which it is finally disbursed. Retired police officers testified they contributed to this fund a portion of salary increases which they received, pursuant to legislative enactment, and also made regular, periodic contributions to campaign funds. Several employees testified to the payment of three per cent. of their annual salary.

Having in mind the amount of the Hudson County and Jersey City payroll, more than $13,000,000 per annum, it is at once apparent how inimical it is to the public interest that so huge a fund should be collected each year and disbursed by officials who render no accounting and are subject to no audit. This system is a violation of Section 406 of the Election Law, which reads as follows:

> "No holder of any public office or position not filled by election by voters shall contribute to the nomination or the election of any person to public office or position; provided that this prohibition shall not apply to any person holding an appointive office or position, the term of which is fixed by law. No person shall invite, demand or accept payment or contributions from such persons for campaign purposes."

The Committee makes no recommendation of further legislation under this title because the statute law above cited applies.

Municipal Finances

Jersey City maintains very large bank balances, usually in excess of $20,000,000, which are deposited in various Jersey City banks. These deposits appear to be made by favor and not by rule, there being no relation between the City deposits and the capital and the surplus of the institution, or between City deposits and the total deposits of the institution. The average interest received by the City on these bank balances is three per cent.

The maintaining of such large bank balances is unnecessary, costly, and is the result of abuse of official discretion reposed in the Board of Commissioners by the law.

The principal reason for these large balances is the City's method of financing its delinquent taxes.

Section 22, of Chapter 192 of the Laws of 1917, as amended by Chapter 295 of the Laws of 1921, provides that tax revenue bonds may be issued for delinquent taxes, which, with their renewals, shall not run for a longer period than four years after the 31st day of December of the year in which the taxes against which such bonds are issued become delinquent. It is further provided that the receipts of all delinquent tax revenue bonds of any fiscal year shall be set aside and applied to the retirement of tax revenue bonds of that year, until the bonds issued against the delinquent tax revenues of that year are paid.

The purpose of these provisions of the law is to require municipalities to collect their delinquent taxes within four years or to reappropriate them in the budget and raise them by tax levy.

Jersey City pursues the policy of issuing tax revenue bonds for three years and six months, within six months of the legal limit, without any provision for earlier retirement or payment, in whole or in part.

The experience of Jersey City is that seventy per cent. of its delinquent taxes are collected during the first year of delinquency, from fifteen to twenty-four per cent. during the second year of delinquency, and that only from six to fifteen per cent. remain delinquent in the third year. In the light of this experience, it would be the part of wisdom for Jersey City, in issuing tax revenue bonds, to make seventy per cent. payable at the end of

one year, fifteen per cent. payable at the end of the second year and fifteen per cent. payable at the end of the third year.

The statute provides for renewals of the bonds, if necessary, provided that the entire term is not more than four years.

The average rate of interest paid by the City upon tax revenue bonds is four per cent.

The funding of 1926 delinquent taxes is an illustration of how this system works. At the end of 1926, delinquent taxes for that year amounted to $5,100,000. On February 1, 1927, the City issued tax revenue bonds for that amount, maturing August 1, 1930. In August, 1928, the City had collected, of the 1926 delinquent taxes, $4,435,000, which it had on deposit in banks, leaving only $665,000 uncollected. The bonds still had two years to run. The City officials construe the act above referred to, providing that the receipts of all delinquent taxes shall be set aside and applied to the retirement of tax revenue bonds, as requiring that the receipts be held in banks, in cash. The City, therefore, had in hand, in August, 1928, $4,435,000, which, under its construction of the statute, it was required to keep until the maturity of the bonds, on August 1, 1930. It receives on its bank balances an average rate of three per cent. It pays on tax revenue bonds an average rate of four per cent. By this method of financing, the city is losing on this one item, $44,350 per year or $88,700 for the two years beginning August 1, 1928.

The City had outstanding, in August, 1928, a grand total of tax revenue bonds, for delinquent taxes, amounting to $16,550,000 against which it had reserves in cash of $13,248,784, held in bank by reason of this wasteful financial policy, the cost to the city being $132,487 per annum.

By adjusting its borrowings so that the maturity dates would correspond with the normal time of the receipt of delinquent taxes, as indicated by previous experience, most of this money would be saved.

Jersey City, like other municipalities, also borrows money in anticipation of the receipt of taxes and issues therefor tax anticipation notes. During the first half of the year it borrows in anticipation of taxes payable June 15, and during the second half of the year it borrows in anticipation of taxes payable De-

cember 15. In August, 1928, Jersey City had issued and outstanding $3,100,000 of tax anticipation notes, borrowed in anticipation of 1928 taxes.

This money was borrowed from banks, notwithstanding that Jersey City had on deposit reserves for tax revenue bonds of $13,248,784. It could have borrowed its own funds, as is done by other cities, under similar circumstances, notably Newark.

The wastefulness of this system of finance is apparent when we consider that Newark paid for interest on current loans in 1927, $346,314.52, while Jersey City paid $948,533.82.

The Committee recommends no additional legislation. It is necessary that the terms of such municipal obligations be discretionary with the governing body, within certain limits, in order to meet changing financial conditions. No hard and fast rule should be laid down. The Jersey City governing body abuses its discretion under the law and pursues an uneconomic and costly policy of municipal borrowing for which they are responsible to their constituents.

School Attendance

At the end of June, 1928, twenty-seven per cent. of Jersey City's total public school enrolment was on part time.

In 1927, according to the figures compiled by the State Department of Public Instruction, the percentage of part time was 24.3 per cent. This compares with 4 per cent. for Bayonne, 1.3 per cent. for Camden, 5.6 per cent. for New Brunswick, 3 per cent. for Newark, 7.6 per cent. for Passaic, 4 per cent. for Paterson and .1 per cent. for Trenton.

This condition is due to the fact that there has been virtually no school construction since 1924. There is no financial excuse for it, because Jersey City's borrowing capacity for school purposes is $20,000,000.

Section 9 of the School Law empowers the Commissioner of Education with the advice and consent of the State Board of Education, to direct the County Collector to withhold funds received by him from the State, from any district that refuses or neglects to obey the law or the rules or directions of the State Board of Education, or the Commissioner of Education. Here

is a practical method of compelling school districts to supply sufficient school construction to keep part time attendance within reasonable limits, to be prescribed by the Commissioner of Education and the State Board of Education. Neither the Commissioner nor the State Board has exercised the power conferred upon them by this section in this instance.

The Committee recommends that it be made mandatory for the Commissioner of Education, with the advice and consent of the State Board of Education, to prescribe rules and regulations defining part time and that, within certain limits, part time be taken in account in the distribution of State school funds.

Moving Picture Theatre Collections

The moving picture theatres in Hoboken and Jersey City pay large amounts in connection with the non-enforcement of Sunday closing laws.

Samuel Tammen testified that he collected $5,400 per year from eight theatres in Hoboken, as the agent of John Delaney, inspector of licenses in Hoboken, and paid the sum collected to him.

In Jersey City, Joseph E. Bernstein was the collector. He collected between $50,000 and $60,000 per year.

Frederick H. Mertens, a theatre owner, testified that he attended a meeting of theatre owners at Joseph E. Bernstein's office in January, 1924. Up to that time the Sunday closing law had been enforced. Bernstein informed the owners present that if they wanted to be open on Sundays it would cost money, and read a list of the amount that each owner would be required to pay. The payments began under this plan and immediately thereafter and ever since Sunday opening has been permitted.

Bernstein's bank accounts were examined from which it was learned that he collected between $50,000 and $60,000 per year, for the period beginning January, 1924, and ending September, 1928.

The bank records however, did not show the disposition of this fund.

The Committee tried diligently to learn how Bernstein distributed these funds. His financial records were subpœnaed. He

produced two suit cases full, in response to the subpœna, omitting, however, the check books of the special accounts in which the movie collections were deposited. He testified that those check books were lost and that he could not find them.

He said that $30,000 was paid each year, in cash, to Max Steuer, a New York lawyer, for legal services, $10,000 per year in cash to Roger Boyle, Chief of the Jersey City Fire Department, as a contribution to the Christmas Fund, which is collected each year by the Jersey City Fire Department, and was unable to account in any way for the remaining amount collected by him, more than $10,000 per year.

There was also evidence that Roger Boyle had collected a large sum, $12,500, from the Academy of Music, a moving picture theatre in Jersey City.

James A. Butler, a Jersey City attorney, testified that he had been informed by the officers of the company operating the theatre that this money had been paid at the rate of $325 a week by checks which were still in existence. The Committee subpœnaed the financial records of the operating company. Jack Finkelstein, secretary of the company, responded to the subpœna and testified that all of the financial records of the company during the period in question had been destroyed.

In several cases it was testified by the operators of moving picture theatres that their records had been lost, destroyed or stolen. This condition very much hampered the work of the committee.

The committee also took testimony with reference to the Christmas Fund collected by the Fire Department of Jersey City each year, to which Bernstein's payments were made. This fund was in charge of Roger Boyle. So far as the Committee has been able to learn, this fund is collected in cash and no record is kept of its disbursement, no audit of it is made and no account is rendered to anyone. Roger Boyle has been out of the State of New Jersey since September, 1928, about the time that the Committee's investigation into these matters began. He left Jersey City on sick leave. The Committee has been unable to learn where he has received medical treatment and, if so, from whom, or whether

he has been treated in any hospital or sanitarium. Mayor Hague testified that he saw him in Miami in February, 1929.

Max Steuer, the New York lawyer to whom Bernstein made his payment, although requested to do so, has failed to appear before the Committee for examination with reference to the sum of $120,000 alleged by Bernstein to have been paid to him. If there is any documentary evidence of these payments in Steuer's possession, it would tend to support Bernstein's story. His failure to appear, therefore, impeaches Bernstein's credibility.

The loss of Bernstein's records—if they are indeed lost, the destruction of the Academy of Music records, if they were in fact destroyed, the disappearance of Roger Boyle coincidentally with the beginning of this inquiry and his continued absence from the state without letting the Committee know where he has been or what he has been doing, the lack of any adequate accounting of the funds ostensibly collected for charity and disbursed by Roger Boyle; the failure of Max Steuer to appear before the Committee to testify as to what he did in return for the $120,000 alleged to have been paid to him, and what disposition he made of the money; and the payments by Bernstein to Boyle and Steuer in cash money, lead irresistibly to the conclusion that there lies back of these incriminating facts an unlawful conspiracy, and that records are "lost" and witnesses stay out of the jurisdiction because the production of the records and the appearance of the witnesses would incriminate someone.

This phase of the investigation is incomplete. The Committee will remain in session throughout the remainder of the year in the hope that the missing records will be found and the absent witnesses will appear.

The Committee recommends at this time, however, that legislation be enacted making it unlawful for public officials, or employees, in their official capacities to collect and distribute funds for charitable purposes. Such a practice helps to build up a partisan political machine under the control of the party in power—in the case under discussion, the Committee believes that it has been used to that end—and therefore is contrary to the public interest. Charitable work of this kind might better be left to non-political organizations, religious, fraternal and social, of which there are many eager and willing to act.

Dover-Boonton Sewer

In 1918 the Board of Commissioners of Jersey City, by ordinance, authorized the construction of a sanitary sewer from Dover to Boonton, serving the towns of Wharton, Dover, Denville, Rockaway and the neighboring territory for the protection of its water supply by preventing the discharge of sanitary waste into the Rockaway River. The work involved the construction of a sewage disposal plant below the Boonton dam and the laying of about fifteen miles of sewer.

On February 5, 1918, Commissioner Fagen submitted to the Board of Commissioners a comprehensive report in writing in which he stated that the total cost of the project would be $910,000.

This figure was based upon estimates of which he said, "I believe to be the outside cost of this work." Among those who assisted in the preparation of the figures was Clyde Potts, a sanitary engineer, who afterwards became Jersey City's engineer in charge of this work and also acted as Dover's engineer.

The work was finally completed upon plans and specifications, less extensive than those contemplated by Commissioner Fagen's report, at a cost of $2,887,607.77.

A contract was made with the town of Dover by which Dover agreed to construct a system of lateral sewers discharging into Jersey City's main trunk sewer. One provision of the contract was, "The said laterals shall be constructed in a manner satisfactory to Jersey City, salt glazed vitrified pipe with joints acceptable to Jersey City."

The work was done in three sections, Section 1 comprising the disposal plant and 3.2 miles of sewer, Section 2 consisting of 8.9 miles of sewer and Section 3 consisting of 2.7 miles of sewer. Work began on Section 1 in July, 1923, on Section 2 in the fall of 1924, and on Section 3 in the summer of 1923. Section 1 was completed and accepted June 1, 1925, at a cost of $1,199,936.06. The sewer and disposal plant were put into operation only within the last few weeks.

The greater part of the sewer was constructed of segment block.

The contract for Section 1 was awarded to Joseph L. Sigretti, who assigned his contract to the Alberta Construction Company. John Milton was attorney and registered agent of this company. He also acted as special counsel for the City in connection with the sewer work for which he was paid in fees, $42,119.81 over a period of about eighteen months.

The contract for Section 2 was awarded to Hammen Construction Company and for Section 3 to Goerringer Construction Company.

It was impossible to put the sewer in operation for a long while because of excessive infiltration of ground water. The city officials attributed this to the defective construction of the Dover laterals. The result was that Section 1 which cost the city approximately $1,200,000 stood idle for three and a half years at an interest cost of approximately $165,000.

It appeared that Jersey City did not inspect the construction of the Dover laterals as it had a right to do under the clause of the contract above quoted. Commissioner Fagen when first examined did not know of this clause of the contract. It also appeared that Engineer Potts, acting as engineer for both Dover and Jersey City, did not apprise Jersey City of the defective construction of the sewer while it was in process of contruction, if he knew of it. The blame for the delay attributable to the defective construction of the Dover sewer rests squarely upon Commissioner Fagen and Engineer Potts.

The Jersey City officials also attribute the delay in part to the delinquency of the Hammen Construction Company, contractor on Section 2, who abandoned the work in the summer of 1925. The pipe was all laid, but the city contended that it was defectively done and that there was excessive infiltration. The city completed the work at a cost of approximately $56,000, which was charged against the withheld funds belonging to the contractor. The Committee was unable to learn why it took the city from the summer of 1925 until May, 1927, to complete satisfactorily Section 2.

Section 1 was accepted in June, 1925. Section 2 was accepted in August, 1927, and Section 3 was accepted in September, 1927. Even then it was impossible to put the plant into operation be-

cause the Dover laterals were still practically unusable. Meanwhile the city was paying heavy interest charges for money borrowed and expended in the construction of a plant which was lying idle.

Only time will tell whether the sewer is well constructed. There is respectable engineering opinion both ways.

The city has already done a great deal of what Commissioner Fagen styles "betterment work." The segment blocks, of which the main part of the sewer was constructed, are hollow tile blocks. The insides of the tile have been filled with concrete by force pumps. This work is called "grouting." No reasonable explanation of why this was done was made to the Committee. There appears no reason why any part of it should have been done at the City's expense, as was done in Section 1. If the sewer was soundly planned and constructed in accordance with the plans and specifications it ought not to have been necessary.

There are four matters in connection with this sewer to which the Committee particularly desires to call attention:

1. The Committee examined the estimate sheets on Section 1, which disclosed the amount of work under each item for which the City had paid. It then subpœnaed Engineer Potts' field notes in an effort to find out whether these notes would show the amount of work paid for by the City as actually having been done.

The Committee particularly inquired as to item 1, which was earth excavation for trunk sewer and pipe trenches. Item 2 which was rock excavation, and item 21 which was earth excavation for structures at the disposal plant.

Sigretti bid $2.40 per cubic yard for Item 1, $2.40 per cubic yard for item 2, and $2.70 per cubic yard for Item 21.

The City paid for these items, on final estimates approved by Engineer Potts, the following amounts:

Item 1—24,089.93 cu. yds. at $2.40....	$57,815.83
Item 2—15,019.80 cu. yds. at 2.40....	36,047.52
Item 21—77,510.63 cu. yds. at 2.70....	209,278.70
Total	$303,142.05

Engineer Potts produced his field notes on Section 1, which were kept by Fred Guerrin, one of his subordinates, the resident engineer on Section 1.

These notes on their face showed work done under these three items as follows:

Items 1 and 2	22,380 cubic yards
Item 21	59,353 cubic yards

Had these items been paid for at the unit prices bid the city would have paid—

Items 1 & 2.....	22,380 cu. yds.	$2.40	$53,712.00
Item 21.....	59,353 cu. yds.	2.70	160,253.10
Total			$213,965.10

On the face of Engineer Potts' notes produced by him in response to subpœna, the contractor, a client of John Milton who was also the attorney for the city, was paid $89,176.95 for work which was never done.

When Engineer Potts was confronted with these records, he said that the notes produced by him might not be complete. He made no other explanation of it. He was again on the stand several weeks later and was then asked if during the interval he had examined his records further and whether he had any further explanation to make of this discrepancy appearing on the face of his own notes. He made no additional explanation.

In the absence of any explanation of any kind by Engineer Potts, or the production of any further records, the Committee concludes that the contractor on Section 1 was overpaid approximately $89,176.95 on these three items of work on a final estimate signed by Engineer Potts.

2. The specifications for Section 3 estimated that 175,000 feet of timber sheathing would be required. There was actually paid for 567,048 feet, enough to sheath three-fourths of the entire length of the sewer, a difference in money of $33,320.09.

The engineer estimated that twenty cubic yards of Class A concrete and one hundred cubic yards of Class B concrete would be used. There were actually paid for three hundred and forty-two cubic yards of Class A, and twenty-six hundred and seventy-

seven yards of Class B, a difference in money of $39,372. Sufficient concrete was used to build a concrete saddle to the spring line of the sewer for ninety per cent. of its length. Such tremendous increases in the amounts of lumber and concrete paid for over the engineer's preliminary estimates, excited suspicion and the Committee endeavored to learn whether the lumber and concrete paid for had been actually used.

Engineer Potts' field notes in this section were subpœnaed and he said that there were none. His subordinate on this section, the resident engineer, named Neff was out of the state, in New York, and the Committee was unable to subpœna him. Although Mr. Potts was in communication with him, he never produced him.

The specifications provided "Concrete cradles * * * shall be placed where directed by the Engineer. In general concrete cradles where the depth of fill above the top of the pipe is greater than twelve feet and where required by the character of the foundation in the judgment of the Engineer. Concrete cradles, where ordered in writing by the engineer, will be paid for under Item 43."

There were no written orders for the concrete cradles as required by the specifications. They were placed on oral order of resident engineer Neff, who remained outside the State during the investigation. The bills for the concrete cradles were paid by the City on the certificate of Engineer Potts without written order.

If the lumber and concrete paid for were in fact used, the record of the contractor, the Goerringer Construction Company of Wilkes-Barre, Pa., would have conclusively demonstrated that fact. The records would have shown where the material was purchased, how much was paid for it and whether it was delivered. The committee requested the Goerringer Construction Company, by telegraph and letter, to appear. The company not only failed to appear but did not deign to answer the Committee's communications. The City is still withholding money due this contractor under the contract. Mayor Hague was asked whether the city would hold up this payment until the Goerringer Construction Company would appear and answer these questions. He refused to do so.

The failure of Engineer Potts to produce his field notes on Section 3, or if none were kept, the failure to keep them, the unwillingness of the resident engineer Neff, Engineer Potts' subordinate, to appear and testify, coupled with the refusal of the contractor, a Pennsylvania corporation, to appear with the records of his Company, force the Committee to conclude that here too, concealment and evasion are a cover behind which lies an illegal appropriation of public funds.

3. Engineer Potts specified a patented segment block manufactured by the American Vitrified Products Company known as "Amco." Not only did the specifications contain features covered by Amco patents, but Engineer Potts specified the exact measurements of the Amco block. For instance, he specified that thirty-nine inch pipe should be built of block thirteen to the circle, five and one-half inches thick and twenty-four inches in length. These are the precise measurements of this block as described in the Amco trade catalog. And so with the other sizes.

In short, the specification was a closed specification and only the Amco block could qualify.

How this feature was used appears under the next number.

4. Paul W. Paulsen, Vice-President and General Manager of the Hammen Construction Company, which built section 2, testified. He said that a similar block was manufactured by the Robinson Clay Products Company and that generally the Robinson and Amco block compete and are practically equal in price.

The Hammen Construction Company is a Detroit concern.

In preparing his bid he used Robinson prices. When his company was awarded the contract, he went to the sales representative of the Amco block in Michigan and obtained a price for delivery at Detroit. To this price he added freight charges to Rockaway, New Jersey, and calculated that as his cost of the pipe on the job. A few days after receiving the quotation of the Michigan representative, it was withdrawn and he was told by the Michigan representative that he would have to deal with R. L. Winslow & Company, the New York representative of the American Vitrified Products Company. He communicated with R. L. Winslow and was given a price about $90,000 in excess of the price given him by the Michigan representative, plus freight. He testified

that Winslow said, "This specification covers my block and I don't believe you can get another block in there. * * * You know how they do things around this part of the country well enough, I am not getting all this."

Paulsen told Edward J. Mahoney of Mahoney & Clark, of 2 Pratt street, New York City, dealers in contractors' supplies with whom he did business, of this excess price, meaning a loss to his company of $90,000. Mahoney suggested that Paulsen endeavor to have the price reduced through Thomas J. Brogan, Corporation Counsel of Jersey City. He testified that he did so through Mahoney, as intermediary, and agreed to pay one-half of any sum that he might be saved through Mr. Brogan's efforts. Paulsen testified that he never saw Brogan personally about this particular matter and that his dealings were through Mahoney. Shortly thereafter the excess price was reduced by Winslow from $90,000 to approximately $60,000 and Paulsen paid Mahoney approximately $9,000 in cash and gave him a note for approximately $6,000 which was never paid.

Mahoney appeared voluntarily before the Committee and denied Paulsen's statement. When asked to produce his check books and financial records, the Committee thinking that these records might shed light on the controversy, he said that they had been destroyed. Mr. Brogan never appeared although he issued a newspaper statement denying Paulsen's allegations.

R. L. Winslow & Company is a New York Company with offices in New York and not subject to the Committee's subpœna. Mr. Winslow was requested by the Committee to appear, which he never did. An opportunity to examine his books by the Committee's accountant was requested and likewise denied. The books of R. L. Winslow & Company ought to disclose the true facts. They would show whether the price paid by Hammen & Company testified to by Paulsen, was in fact in excess of the price customarily charged in the open market. With this information before them, the Committee would have strong evidence tending to show whether in this instance closed specifications were used to increase the cost of the sewer at the expense of the taxpayers of the municipality, to the enrichment of persons unknown. The failure to produce it tends to confirm Paulsen's statement.

The use of closed specifications, the refusal of R. L. Winslow & Company to furnish the Committee with information under their control, the destruction of Mahoney's bank records and Paulsen's testimony, lead the Committee to find that here again records are unavailable and witnesses remain out of the State because the production of records and the testimony of the witnesses would incriminate someone.

The Committee recommends no legislation on this phase of the inquiry.

The first two items relate to the integrity of public officials and offenses which cannot be guarded against by law. Such wrong-doing can be prevented only by the exercise of honest vigilance by those holding public office. There is already sufficient law on the statute books for the punishment of such offenses.

The latter two items relate to the use of patented articles on public contracts and closed specifications. In the public interest, the use of patented devices cannot be summarily prohibited. On the other hand, closed specifications open the door to fraud in public contracts. Here also the public can trust only to the honesty and efficiency of its agents.

Condemnation Matters

In 1915, H. S. Kerbaugh, a resident of the State of New York, owned a one-half interest in a tract of land at Secaucus, New Jersey. In that year he acquired the outstanding one-half interest for $30,000 and conveyed the land to the Secaucus Heights Land Company, which he controlled.

In 1919, Hudson County condemned this tract of land in order to build a county institution upon it and paid for it $386,215, a profit to Mr. Kerbaugh of $326,215. The Secaucus Heights Land Company was immediately dissolved, its records cannot be found and Mr. Kerbaugh refused to appear before the Committee and disclose the ultimate recipients of the profit which accrued on the transaction.

On December 28, 1921, the Montclair Water Company, a New Jersey corporation, owner of a property in Morris County comprising a natural lake and considerable acreage known as Split Rock Pond, entered into a contract to sell the property to Joseph

G. Hoffman for $125,000, payable $15,000 in cash and $110,000 on purchase money mortgage. Hoffman was Kerbaugh's secretary. The property which lay in Jersey City's watershed had been in the market for a long time at $150,000 to the knowledge of various Jersey City officials and had been offered for sale to the city. Immediately after the execution of the contract, Kerbaugh caused to be organized the Montclair Service Corporation, a Delaware corporation, the officers and organizers of which were all residents of New York. Hoffman's contract was assigned to this corporation which acquired title April 4, 1922. On December 19, 1922, Jersey City acquired the property by condemnation proceedings, in which the Montclair Service Corporation was awarded $325,000. Mr. Kerbaugh made a profit of $200,000. Mr. John Milton represented the city. The records of the company were outside of the State and all of its officers and stockholders were non-residents of the State. Mr. Milton testified that the financial records of the law firm of Treacy & Milton of which he was a member while this proceeding was in progress, had been destroyed. Mr. Kerbaugh refused to appear and testify.

The Committee, therefore, was unable to ascertain affirmatively whether the $200,000 profit accruing from this transaction remained with Mr. Kerbaugh or was shared with others.

In 1922, H. S. Kerbaugh acquired from the United Railway & Canal Company, with which the Pennsylvania Railroad Company is affiliated, a tract of land at Journal Square in Jersey City, known as the Bowl, and paid for it $218,500. Frank A. Von Moschzisker, real estate agent of the Pennsylvania Railroad, testified that $218,500 was the fair value of the land. As required by the statute, the railroad company applied to the Board of Public Utility Commissioners for permission to sell the land at this price which, after hearing, was allowed by the Board.

The deed for Split Rock from the Montclair Service Company to Jersey City was delivered on December 19, 1922. On December 20, 1922, Kerbaugh conveyed the Bowl to the New Jersey Bergen Square Realty Company in which he and John J. McMahon, Register of Hudson County, who was a close political associate of Frank Hague, head of the dominating political party in Hudson County and in Jersey City, were the controlling stock-

holders. McMahon held two-thirds of the stock and Kerbaugh one-third.

During the pendency of the Bowl condemnation about to be referred to, Mr. McMahon acted as dummy for Mayor Hague and held for him title to real estate at Deal, New Jersey for which Mayor Hague paid in cash money.

At the time that Kerbaugh transferred the Bowl property to the New Jersey Bergen Square Realty Company, the Board of Freeholders of Hudson County was planning the Journal Square improvement. It was originally contemplated that there should be a two-way bridge, one leg of which terminated on Magnolia avenue. In July, 1922, one Thomas Davis acquired several properties in the path of this leg of the bridge. He was represented by John Milton, who testified that Thomas Davis' principal was Patrick Casey, General Manager of the Keith-Albee Theatrical interests with offices and residence in New York City. Mr. Milton testified that these tranactions were handled in cash. The Committee was unable to locate either Thomas Davis or Patrick Casey to obtain their testimony. No aid was given to the Committee by Mr. Milton in this respect, and neither appeared before the Committee. At the same time a property lying between two properties acquired by Thomas Davis was acquired by The Duncan Corporation, owner of the Duncan apartment, in which both Mayor Hague and John Milton were stockholders.

Subsequently the plan of the bridge was changed and the leg leading to Magnolia avenue was never constructed. These properties are still in the name of Thomas Davis. The revenues are insufficient to pay carrying charges, which are paid by check of John Milton, who testified that he is reimbursed in cash by Mr. Casey.

On July 16, 1924, Hudson County instituted condemnation proceedings for the acquisition of about one-twelfth in area of the property acquired by H. S. Kerbaugh from the United Railway & Canal Company, as hereinbefore mentioned. The condemnation resulted in an award of $320,430 for one-twelfth of the property which Kerbaugh had acquired from the United Railway & Canal Company two years previously for $218,500.

John J. McMahon declared in answer to specific questions, that Frank Hague had no interest in the New Jersey Bergen Square Realty Company or in this transaction. When asked why it was that he held two-thirds of the stock and Kerbaugh one-third, he testified that Kerbaugh had withdrawn more money from the company than he did and that he held the other one-third as security for these withdrawals. No documentary evidence of this statement was produced and McMahon testified that there was no written record of the arrangement between him and Kerbaugh.

The condemnation award was made August 18, 1924, to the New Jersey Bergen Square Realty Company. The Company kept its account at the Steneck Trust Company, Hoboken, New Jersey, and the check was deposited at that bank. A transcript of the company's account with the Steneck Trust Company was produced. It showed that on August 19, 1924, the day after the payment of the award, the company paid to H. S. Kerbaugh $200,000 which he deposited in his individual account at the Steneck Trust Company. On that same day H. S. Kerbaugh drew against this deposit of $200,000 in his individual account five checks, two for $25,000, one for $13,000, one for $10,000 and one for $12,000, in all $85,000.

Mr. McMahon was unable to tell who received the money represented by these checks. H. S. Kerbaugh refused to appear and testify. The only documentary evidence consisted of Kerbaugh's check book and the cancelled vouchers which were in his possession in New York City. The Committee, therefore, does not know who received the $85,000 represented by these five checks, or the names of the recipients of the rest of the money received by the corporation. Those who know, have refused to divulge the information. The financial result of this transaction is, in short, that H. S. Kerbaugh and his associates paid $218,500 for a tract of land, one-twelfth of which was acquired by Hudson County by condemnation for $320,430, a profit of $101,930 plus eleven-twelfths of the original land less expenses, which they incurred.

Between 1919 and 1924 H. S. Kerbaugh happened to find himself the owner of three tracts of land required by Jersey City or

Hudson County for public purposes, the Secaucus tract, the Split Rock and the Bowl. The Secaucus tract yielded a profiit of $326,215, Split Rock $200,000 and the Bowl $101,930, plus eleven-twelfths of the original land, a grand total of $628,145 plus eleven-twelfths of the original Bowl tract, minus carrying charges and expenses.

The extraordinary coincidence that H. S. Kerbaugh three times in five years found himself in a spot about to be struck by the lightning of condemnation, with such fortunate pecuniary results, the disappearance of the records of the Secaucus Heights Land Company, the utilization of a Delaware Corporation manned by dummy non-residents of New Jersey as a means of transferring the Split Rock property, the refusal of the dummy officers of the Montclair Service Corporation to bring its records before the Committee, the failure of Thomas Davis and Patrick Casey to appear as witnesses, the absence of any documentary evidence of the contractural relations between H. S. Kerbaugh and John J. McMahon, the refusal of H. S. Kerbaugh to submit to the Committee the financial records of the New Jersey Bergen Square Realty Company and the record of his own account showing the disbursement of a part of the fund received from the county, the refusal of H. S. Kerbaugh to testify, and the tremendous financial gain accruing to those involved, compel the Committee to find that public moneys were wasted as the result of a conspiracy operating under cover of legal forms.

The Committee recommends no legislation under this title. The profits made by the individuals concerned in these transactions represent the price paid by Jersey City and Hudson County for a lack of diligence on the part of its public officials. The Secaucus institutions could have been located much less expensively elsewhere. Had the public officials been forehanded, the Split Rock property could have been acquired from its original owner, the Montclair Water Company, for less than one-half of the price finally paid, and that part of the Bowl required for public purposes could have been acquired from the railroad for one-tenth of its final cost. Honesty, foresight and business ability cannot be legislated into public officials.

The Hoboken Contract for the Collection of Garbage and Ashes

In 1923 the City of Hoboken advertised for bids for the collection of garbage and ashes for a period of five years. The cost for the preceding five years had been $179,940 for the entire period. The specifications required the successful bidder to give a bond in the amount of $10,000 for the faithful performance of his contract.

Bernard McFeely was a member of the City Commission and later became the political leader of the party in power in Hoboken.

There were three bids submitted, one by James J. McFeely, brother of the Commissioner for $483,840, one by Peter A. Peluso for $415,000 and one by the Hoboken Contracting Company for $374,750. All of the bids were rejected because the Hoboken Contracting Company was represented to be a corporation, which it was not, and the corporation attorney John J. Fallon, advised the Board that for that reason it could not award a contract to the Hoboken Contracting Company.

James G. Cardinale, who traded under the name of Hoboken Contracting Company, and submitted the bid, testified that the Hoboken Contracting Company was not an incorporated Company, that it did not bid as a corporation and that there was nothing in the bid which indicated that it was a corporation.

The specifications were revised so as to require from the successful bidder a $25,000 bond instead of a $10,000 bond and bids were again advertised for. Upon this letting, there were five bidders, Peluso bid $476,580, McFeely $486,260 and Cardinale of the Hoboken Contracting Company $524,500. The other two were higher. Cardinale testified that his bid was an accommodation bid.

The Commission rejected Peluso's bid on the ground that he was not a responsible bidder and awarded the contract to McFeely. Peluso instituted certiorari proceedings in the Supreme Court, with the result that the resolution rejecting his bid and the resolution awarding the contract to McFeely were set aside. Thereupon the Commission rejected all bids and modified the specifications a second time, this time by requiring from the suc-

cessful bidder the deposit of $25,000 in cash as security for the performance of his contract instead of a bond. Upon the third letting McFeely was the only bidder and the contract was awarded to him for the five-year period for $470,000, $95,250 more than the lowest bid on the first letting.

McFeely assigned his bid to a corporation entitled James J. McFeely, Inc., in which he and his two sisters, Mary McFeely and Anna Walsh were stockholders, and deposited $25,000 as security for the performance of his contract.

James J. McFeely held only five shares of the corporation, the other stockholders being his sister Anna with one share and his sister Mary, who lived with Commissioner McFeely and acted as his housekeeper, with three hundred and sixty-nine shares. James J. McFeely knew virtually nothing of the finances of the company and received only $75 a week in salary.

The Committee sought the source of the $25,000 deposit, in an effort to learn whether Commissioner McFeely or any other public official was financially interested in the company. James J. McFeely testified that he borrowed the money in cash from his sister Mary. She testified that her mother gave it to her in cash in 1914 shortly before her mother's death and that she had kept it in a safe in the kitchen of her home in cash until she loaned it to her brother James at the time he made his deposit with the City. Commissioner McFeely had access to the safe.

It subsequently appeared that James J. McFeely had an account at the Second Bank & Trust Company at Hoboken; that he had been doing certain contracting work for the City of Hoboken, for which he received from the city $3,006.81 each month; that at the time of the first letting, on May 29, 1923, he had built up an account in the Second Bank & Trust Company of a little more than $15,000 by depositing five of these city checks amounting to $3,006.81 each. While the relettings above described were in process, he deposited in that same account on July 7, 1923, $4,736.67 and on August 31, 1923, $5,200, this later deposit being made in cash, bringing his account, with interest accumulations, to $25,180.69. The contract was awarded to him on September 4, 1923, when he made his deposit of $25,000 as required

by the second revised specifications, by drawing a check against his account.

The story told by him and his sister Mary of the origination of this $25,000 in cash given by their mother to Mary and the loan of it by Mary to James, was proven, by the bank's records, to be a fabrication.

Here appears a suppression of competitive bidding in the interest of a favored bidder by the arbitrary and harsh requirement of a $25,000 cash deposit at a cost to the taxpayers of Hoboken of $95,250. The posting of a cash deposit instead of a bond is a most unusual practice. The Committee knows of no instance of it in any important contract. Many qualified, responsible bidders, perfectly capable of posting a bond with satisfactory securities, are not so financially situated that they can withdraw their capital for cash deposits. The tendency of such a requirement would always be, as it was in this instance, to suppress competition, to frighten away honest, qualified bidders and to increase the cost of doing public work. It is a cover behind which favored bidders and dishonest public officials may carry out collusive agreements to the public loss.

The Committee, therefore, recommends that legislation be enacted prohibiting public bodies from requiring the deposit of cash as security for the performance of a public contract, in all contracts exceeding some moderate sum which the legislature shall think reasonable, below which the cost and expense of a bond is not worth while.

Boulevard Bridge

The Journal Square improvement in Jersey City was made at a total cost of $3,162,021.42, the construction work cost $1,643,574.87, of which Stillman, Delehanty, Ferris Company, the principal contractor received $1,409,392.76.

The president of the Stillman, Delehanty, Ferris Company was John J. Ferris, President of the Board of Education of Jersey City, he having been appointed a member of the Board by Mayor Frank Hague, and William R. Delehanty was the treasurer. Mr. Ferris died while the work was in progress.

There was submitted in evidence three pocket diaries which had been kept by John J. Ferris, and a memorandum writing in lead pencil, of which the following is a copy:

BOULEVARD BRIDGE.

Hague & Freeholders	200,000.
O'Marra	10,000.
Mitchell	50,000.
Cohen—Changed by H. & Cohen 3/13/24 to 15,000 from 25,000	25,000.
Radigan	5,000.
	290,000.

Elbridge W. Stein, a handwriting expert, testified that the writer of the diaries was the writer of the memorandum, from which the Committee concluded that John J. Ferris was the writer of the memorandum.

Thomas J. Lynch, Assistant Treasurer of the company was subpœnaed to testify before the Committee with reference to this memorandum and other matters hereinafter referred to. The subpœna was served on Sunday and Mr. Lynch took advantage of this to leave the jurisdiction. He had resided for several years in Essex County.

Counsel for the Committee testified that in his official capacity, representing the Committee he interviewed Mr. Lynch on September 13, 1928, and that Mr. Lynch told him that it was the practice of Stillman, Delehanty, Ferris Company to create a cash fund by means of a fictitious payroll; that there appeared on the payroll the names of persons who were not in fact employees; that payroll envelopes containing wages appearing on the books of the company to have been earned by these fictitious employees were made up in regular course; that the money purporting to be the wages of these fictitious employees was not delivered, the persons named on the envelopes not being in existence, and was disposed of in some way of which Mr. Lynch had no knowledge.

The Committee endeavored to learn whether there was any connection between this fictitious payroll and the memorandum above referred to. Lynch issued newspaper statements from his refuge in New York City, denying the statements attributed to him by counsel of the Committee, but notwithstanding a written request to do so, he failed to appear for examination.

Frank Hague was examined as to his connection with the transaction, his name appearing on the Ferris memorandum. He showed that after the introduction into evidence of the Ferris memorandum he sent to Mr. Stein for his expert opinion a letter bearing a forged signature, John J. Ferrigno, and a part of an authentic signature made by John J. Ferris, to wit, "John J. Ferri." Mr. Stein was asked whether, in his opinion, the writer of the forged signature "John J. Ferrigno" also was the writer of the standard "John J. Ferri." Mr. Stein gave it as his opinion that the same person wrote both signatures, in which he was mistaken if Mr. Hague's statement of the fact is correct. Mr. Hague asserted that the memorandum was the fabrication of the former Chairman of this Committee and its counsel, and denounced them as frauds.

Thereupon, counsel for the Committee informed the Committee that the memorandum had been given to him by William R. Delehanty, former treasurer of Stillman, Delehanty, Ferris Company, whose business address is 1819 Broadway, New York City, and whose residence is 451 West End Avenue, New York City, which fact had not been made public pending the efforts of the Committee to procure the attendance of Mr. Lynch.

By the instructions of the Committee Mr. Delehanty was requested by registered mail to appear before the Committee to testify with respect to this transaction. Registered letters containing this request were sent to his business address and to his residence. He has thus far failed to appear and did not reply to either communication.

The Committee is holding this phase of the investigation in abeyance and will continue to do so until it has exhausted all possibility of procuring the testimony of Mr. Lynch and Mr. Delehanty.

Jury Matters

Heretofore jury lists in Hudson County have not been prepared by the joint action of the Sheriff and the Jury Commissioner as contemplated by the statute. The Sheriff testified that it was the practice for him to select one-half of the names and the Jury Commissioner to select the other half, obviously an improper procedure.

As showing the relations between Hudson County Grand Juries and public officials, the Committee reports the incident of an investigation by the Grand Jury of county institutions under the supervision of the Board of Freeholders and County Supervisor John F. O'Neil, after which the Grand Jury presented a presentment to the Hudson County Court praising, in fulsome language, the administration of the county officials concerned, including the County Supervisor. The presentment of the Grand Jury received wide newspaper publicity.

It was proven that the report was written verbatim by County Supervisor O'Neil, handed to the Foreman of the Grand Jury and presented to the Court as the composition of the Grand Jury.

Jersey City Hospital

Jersey City maintains a municipal hospital at an annual expense of approximately $1,000,000, with a total revenue of approximatel $50,000. Jersey City gives free medical and hospital service of approximately $950,000 per year.

The hospital is a well conducted institution.

There is virtually no effort made to ascertain whether patients at the hospital are able to pay for the service which they receive. There is no investigation of their ability to pay. An investigation made by the Committee shows that a considerable proportion of the patients treated at the hospital are able to pay for their care and treatment.

In effect, the expense of treating these patients is paid for by other taxpayers.

The Committee makes no recommendation under this title. The policy of treating patients financially able to pay at the expense of other taxpayers is one which should be left to the governing body of the city.

Gambling

The Committee investigated race track gambling conditions in Jersey City, and found that Jersey City occupies an important place in that business. The evidence disclosed the existence of several pool rooms with elaborate telephonic equipment. One pool room conducted by Samuel A. Mateer, is the center of a system by which information is relayed to various other points in Jersey City and Hoboken. Mateer left New Jersey and has remained outside the jurisdiction during the progress of this investigation. Other places were found to be connected by wire with various cities throughout the country, in the neighborhood of important race tracks.

The Committee was not interested in race track gambling *per se,* which is purely a police problem. The Committee endeavored to ascertain whether this system is politically protected, and if so, to what extent and by what means it is arranged. Beyond the inference that pool rooms with elaborate telephonic connections with nearby points and distant cities cannot carry on extensive business without the acquiescence or connivance of the police authorities, the investigation of the Committee on this point was fruitless.

Mayor Hague

The Committee conducted an exhaustive investigation in an effort to ascertain whether Frank Hague, Mayor of Jersey City and the leader of the political organization which controls Jersey City and Hudson County, profited personally as a result of the extravagance, inefficiency and political and governmental practices hereinbefore referred to.

Mr. Hague has been a member of the City Commission since 1913 and has been Mayor since 1917. His highest salary has been $8,000 per annum. He testified that he has had no other gainful occupation.

The testimony showed that it has been Mr. Hague's custom to carry on his business dealings in cash through dummies, avoiding check books, banks and usual business practices in his larger transactions.

In 1918 or 1919 he acquired for $12,000 a part of the property on which was afterwards built the apartment house, in which he resides in Jersey City. The consideration was paid by John Milton's check. Mr. Hague reimbursed Mr. Milton in cash.

In 1921, Mr. Hague bought the remainder of the land upon which Duncan Hall stands for $51,000. The consideration was paid by John Milton's check and Mr. Hague reimbursed him in cash.

The Duncan company was organized and built the Duncan Hall apartments on this tract. Mr. Hague received $65,000 in stock of the Duncan Company for this land and in further consideration thereof, has since occupied, rent free, an apartment, the rental value of which is $7,000 per year.

On May 3, 1921, Mr. Hague acquired a property at Deal, New Jersey, for which he paid $18,000. The title was taken in John Milton's name, the purchase price was paid by John Milton's check and Mr. Hague reimbursed Mr. Milton in cash.

On July 18, 1921, Mr. Hague bought one hundred and fifty shares of stock in the First National Bank of Jersey City from Edward I. Edwards for $37,500, which he paid in cash money.

On July 21, 1922, Mr. Hague acquired one hundred shares of stock of the Trust Company of New Jersey, by subscribing to rights originally in the name of a deceased stockholder for which he paid $34,500.

On June 16, 1923, he purchased a property at Deal, New Jersey, in the name of John J. McMahon, as a dummy, for $30,000. The purchase price was paid by John Milton's check and Mr. Hague reimbursed him in cash.

In 1924, Mr. Hague was assessed $12,000 as a stockholder in the Duncan Company. The assessment was paid by John Milton's check. Mr. Hague reimbursed him in cash.

In 1926, Mr. Hague acquired property on Gifford Avenue, Jersey City, at a cost of $27,500. The title was taken in the name of Thomas McNulty, as a dummy, and the purchase money was paid by John Milton's check. Mr. Hague afterwards reimbursed him in cash.

On June 9, 1926, Mr. Hague acquired thirty-four shares of Trust Company of New Jersey stock for which he paid $8,464.

On October 11, 1926, Mr. Hague purchased property at Deal, New Jersey, in John Milton's name as a dummy. The purchase price was $65,000. Mr. Milton paid it with his check. Mr. Hague afterwards reimbursed him in cash.

In 1927, Mr. Hague improved the property at Deal, New Jersey, just referred to, and paid to the contractors $59,520.50. These payments were made by John Milton's checks as the work progressed. Mr. Hague reimbursed him in cash. Mr. Hague personally paid one of the contractors $600 in cash for some extra work.

In 1927, Mr. Hague acquired thirty-four shares of Trust Company of New Jersey stock for which he paid $10,150 and later in the same year thirty-four shares of stock of the same bank for which he paid $13,676. In June, 1928, he purchased one hundred and thirty-five shares of the same bank stock for which he paid $13,500.

These transactions total $392,910.50. Omitting the first item, the transactions for the seven years, 1921 to 1928, amount to $380,910.50.

It also appeared that the taxes on the Deal property were paid in part in cash and in part by Mr. Milton's check, for which he was reimbursed in cash.

He rented one of his Deal properties to Michael Scatourchio, holder of the garbage and refuse collection contract in Jersey City, who paid his rent, $2,000 per annum, in cash.

The Committee interrogated Mr. Hague and asked him whether the facts just related, which had been testified to by other witnesses, were true, and if true, where he got the money, why he acquired property through dummies, why he used cash money instead of checks, why he avoided banks, why he failed to keep financial records and similar questions. He refused to answer these questions on the ground that they related to his private affairs and that the Legislature had no constitutional right to interrogate him as to those matters.

It is the Committee's view that, inasmuch as Mr. Hague has been a public office holder through the years covered by this investigation with no other gainful occupation and has been Mayor of Jersey City and leader of the political party in power in Hud-

son County, it is properly a matter of public interest whether Mr. Hague amassed his wealth by means of the practices and conditions set forth in this report.

The Committee recommends that appropriate action be taken by the Legislature to test the validity of these questions and if found to be valid, to compel Mr. Hague to answer them.

General

The work of the Committee has been very much hampered by the alleged loss, destruction and theft of various records, the refusal of various persons to bring certain records into the State, and the absence of certain witnesses from the State.

The following is a list of unavailable records:

1. The check books of the Robin Hood Amusement Company alleged to contain records of payments to Roger Boyle, chief of the Jersey City Fire Department, in connection with the operation of the Academy of Music, a moving picture theatre, said by Jack Finkelstein to have been destroyed.

2. The financial records of the Rivoli Theatre, Hoboken, alleged to contain evidence of payments to John Delaney, Inspector of Licenses of Hoboken, said by Abraham Savage to have been stolen.

3. Check books and financial records of James J. McFeely, Inc., unaccounted for by James J. McFeely and Mary McFeely, who testified that the few that were produced, not covering the period under inquiry, were "all they have."

4. The check books and vouchers of Bernard N. McFeely, Hoboken Commissioner, who testified that it was his practice to destroy his check books as they are "used up."

5. The check books and financial records of the firm of Treacy & Milton, during the time that John Milton was acting as counsel for Jersey City and for Frank Hague, in the transactions above referred to.

6. The check books, cancelled vouchers and financial records of John Milton which he said had been destroyed because, "I am practically out of business; I have gotten rid of records and I have gotten rid of an office force, and I have gotten rid of the law business."

7. The check books and cancelled vouchers of the special account in which Joseph E. Bernstein deposited and from which he disbursed the funds collected by him from moving picture theatre owners.

8. The records of Edward J. Cahill, the real estate agent who negotiated the Split Rock sale to Joseph G. Hoffman, H. S. Kerbaugh's secretary.

9. The check books and stock records of the Secaucus Heights Land Company, the owner of the property condemned by Hudson County.

10. The check books and cancelled vouchers of H. S. Kerbaugh.

11. The check books and cancelled vouchers of the New Jersey Bergen Square Realty Company.

12. The financial records and stock records of the Montclair Service Corporation.

13. The monthly pool sheets disclosing the total receipts of all the bus lines operating in Jersey City.

14. Engineer Potts' field notes of the construction of Section 3 of the Dover sewer.

15. A part of the field notes of Section 1, of the Dover sewer.

16. The check books and financial records of Edward J. Mahoney to whom payments are alleged to have been made by Paul W. Paulsen, in consideration of reducing the excess charge on Amco segment block.

The following material witnesses are outside the State and have refused to appear, or have left the jurisdiction:

1. James J. McFeely.
2. Mary McFeely.

> [Note: These two witnesses are now in New Jersey. They have not been called because the matter concerning which the Committee desires to interrogate them is before the Hudson County Grand Jury.]

3. Patrick Casey.
4. Thomas Davis.
5. H. S. Kerbaugh.

6. Joseph G. Hoffman.
7. William F. Allen.
8. George M. Clark.

[Note: Mr. Clark and Mr. Allen are members of the firm of Everett, Clark & Benedict, counsellors at law of New York City, who organized the Montclair Service Corporation and who, at various times acted as officers of it.]

9. Roger Boyle, Chief of the Jersey City Fire Department.
10. Max Steuer.
11. William R. Delehanty.
12. Thomas J. Lynch.
13. C. F. Goerringer.
14. J. H. Neff.
15. R. L. Winslow.

And the following witnesses in connection with the gambling investigation:

16. Samuel A. Mateer.
17. James Corbett.
18. Erastus Palmer.
19. Patrick Casey.
20. Charles Schmitt.
21. Charles Shields.
22. Patrick O'Toole.

The Committee considers the testimony of several of these witnesses to be extremely important and will continue in session from time to time up until the next meeting of the Legislature in an endeavor to procure the attendance of these witnesses.

Legislation

Bills embodying the suggestions for legislation contained in this report will be drafted and will be presented to the Legislature for its consideration at its next session.

Respectfully submitted,

(Signed) ALBERT R. McALLISTER,
Chairman.

S. RUSLING LEAP,
Secretary.

A. C. REEVES,

ROY T. YATES,

HARRY L. HUELSENBECK,

M. W. NEWCOMB.

RUSSELL E. WATSON,
Of Counsel.

Trenton, N. J., April 23, 1929.

MINORITY REPORT

OF THE

Joint Committee Created and Appointed by Joint Resolution No. 13, Laws of 1928, Approved April 3, 1928, as Amended by Joint Resolution No. 1, Laws of 1929, Approved January 16, 1929

TO THE

SENATE AND GENERAL ASSEMBLY
OF THE STATE OF NEW JERSEY

MacCrellish & Quigley Co
Printers
Trenton, New Jersey
1929

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REPORT

To the Senate and General Assembly of the State of New Jersey:

We cannot subscribe to the report filed and signed by the majority of this Committee appointed originally under and by virtue of Joint Resolution No. 13, Laws of 1928, approved April 3, 1928, amended by Joint Resolution No. 6, Laws of 1929, approved January 16, 1929, for the following reasons:

The report, in our judgment, is a partisan one, even though it is predicated upon the testimony adduced before the Committee. We object to the report and refuse to subscribe thereto, because the testimony was very objectionable, based in great part on hearsay of the remotest kind; in some instances, from the hearsay words alleged to have been uttered by persons now dead, and, in other instances, based on opinion evidence only, which it is impossible to controvert except by categorical denial, which is unsatisfactory. Rules of evidence were not made the standard of the procedure of the Committee. Many of the witnesses were entirely unreliable, whose testimony could be seriously impeached, if not totally destroyed, if those who had been charged on this kind of evidence were permitted to produce witnesses and have their day in court. It is very easy to destroy the reputation of an individual of a community if the reading public is to be regaled with hearsay evidence and the testimony of witnesses whose credibility could not be supported. We further object to the report because the Committee, although it had presented to it directly and forcibly by the Governor of the State unbiased reports of unlawful, vicious and revolting conditions in other counties of New Jersey, which matters and conditions were not investigated by this Committee only because the places referred to were controlled and dominated by the leading actors in the

Republican Party in this State. This leads us to the inevitable conclusion that the activities of the Probe Committee were partisan and designedly so.

We further object to the report of the majority in which it is charged that some twenty-two thousand people normally Democrats became Republicans for a day. There is no evidence of any such conclusion. There is nothing before the Committee which permits the charge that any such number of citizens were involved in any way in anything that could be characterized as a violation of the Election Laws. Any such person who voted in the Republican box had a legal right so to do under the General Election Law. This was plain from the interpretation plac upon the law by the County Board of Elections of Hudson County, which is a bi-partisan board, by the former Attorney-General of the State of New Jersey and by the Special Deputy Attorney-General appointed by him to scrutinize the charges made by a disappointed candidate at the primaries. We do not feel tha any citizen or any group of citizens should be unjustly characterized in this fashion.

For these reasons we feel that this minority report should l made and filed.

Respectfully submitted,

[Signed] HENRY O. CARHART,
MORRIS E. BARISON.