

PENNSYLVANIA CRIME COMMISSION
DEPARTMENT OF JUSTICE
COMMONWEALTH OF PENNSYLVANIA

MACING AND EXTORTION IN THE
PENNSYLVANIA DEPARTMENT OF TRANSPORTATION

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TABLE OF CONTENTS

Prologue	
I.	Origin of the Investigation 1
II.	Problems of the Investigation 4
III.	Scope of the Investigation 5
IV.	Scope of the Problem 7
	A. Leasing of Equipment 7
	B. Personnel 8
V.	Findings 10
	A. Cambria County 10
	1. Leasing of Equipment 10
	a. Allegations 10
	b. Percentage Contributions 12
	c. Method of Collection 14
	d. Percentage Checks Cashd by the Democratic Committee 18
	e. Change in Structure: Cash Only 20
	f. Change in Substance: Percentage Increase 22
	g. Non-Percentage Contributions 25
	2. Personnel 25
	a. Patronage-Getting a Job With PennDOT 25
	b. Voter Registration 30
	c. Percentage Contributions 32
	3. Election Code Reporting 36
	a. Requirements 36
	b. Reconciliation of Bank Records and Election Records 37

c.	Misreporting and Nonreporting	39
B.	Montour County	40
1.	Patronage	40
2.	Political Contributions	44
3.	The Century Club	46
C.	Allegheny County	49
1.	Leasing of Equipment	49
a.	Power and Discretion	49
b.	Allegations	50
c.	Political Solicitations Hierarchy	50
d.	Political Contributions	53
e.	Personal Gain	58
2.	Personnel	61
a.	Patronage	61
b.	Political Contributions	62
VI.	Observations and Recommendations	65
	Epilogue	

PROLOGUE

The legislative mandate of the Pennsylvania Crime Commission is to investigate patterns of criminal behavior and to make recommendations to control or correct such behavior. During the course of such investigations, the Commission often develops information establishing criminal conduct on the part of particular individuals. In such cases, the Commission refers the available information to the appropriate prosecutive agency for consideration of criminal action against the subject individuals. This referral is often made well before the time the Commission staff has had the opportunity to commit its final findings and recommendations to writing.

Such was the case in the drafting of this report. By the time the Commission's final report was prepared for publication at the end of 1977, the information we had referred to the federal government had led to the criminal indictment of several individuals mentioned in our report. In order to ensure the conduct of fair trials, it is Commission policy not to release a public report during the pendency of criminal proceedings where such release would reflect on those persons named in indictments. Accordingly, the Commission was required to delay the publication of this report until this time, pending the conclusion of all criminal trials.

I. Origin of the Investigation

During the summer of 1974, the Select Committee on State Contract Practices, Pennsylvania House of Representatives, headed by Representative Patrick Gleason, held public hearings regarding political fund raising practices and alleged kickbacks to contractors leasing heavy equipment to the Commonwealth. The Select Committee, known as the Gleason Committee, went out of existence when the session of the General Assembly ended in November, 1974. However, the Gleason Committee issued a final report indicating evidence of widespread and systematic abuses in the Pennsylvania Department of Transportation (PennDOT). This report covered complaints of corrupt and unlawful practices including allegations that lessors of equipment to PennDOT were forced to make payments to various political and governmental officials; that PennDOT employees in certain enumerated counties were subjected to macing; and that in regard to these issues, there were violations of the State Election Code, including the failure of political parties to file accurate financial disclosures.

The Committee submitted its findings to three United States Attorneys' Offices in Pennsylvania and to numerous District Attorneys in the Commonwealth with the recommendation

that the investigation be continued by various law enforcement agencies.¹ In March, 1975, the Attorney General of the Commonwealth requested the Crime Commission to consolidate one

1. Included among the investigations conducted were the following:

a) In April, 1975, the United States Attorney's Office for the Western District of Pennsylvania, opened a federal investigation focusing on allegations that private contractors doing snow removal work for PennDOT were pressed to make political contributions to the Democratic Party by PennDOT supervisory personnel. A federal investigating grand jury was convened for this purpose. One probe particularly focused on Westmoreland County. Individuals were indicted. Other probes are continuing. [See Epilogue]

The United States Attorney's Office for the Middle District of Pennsylvania conducted full investigations of PennDOT irregularities in three counties. These ended with convictions in Monroe and Lackawanna Counties, and a decision not to prosecute in Tioga County. Preliminary investigations were made in the other 29 counties in the Middle District.

b) Mercer County District Attorney started an investigation in January, 1975. He petitioned for a special grand jury in June, 1975. He was assisted by the Pennsylvania State Police.

c) Cambria County District Attorney initiated an investigation in early 1975. No evidence of criminal activity was found.

d) Montour County District Attorney did not conduct a probe, claiming lack of adequate resources. Since the Gleason Report indicates possible problems in the County, PennDOT conducted its own investigation. Following this six month study, the Secretary of Transportation stated that there was no evidence of any criminal activity.

e) Delaware County District Attorney launched a probe in August, 1975. No official statement has been made concerning the progress of the investigation.

f) Butler County District Attorney empanelled an investigating grand jury in 1975, which led to indictments.

of its own pending investigations with materials already gathered by the Gleason Committee and by the Pennsylvania Department of Justice. Pursuant to a March 27, 1975 resolution, materials from the Gleason Committee were turned over to the Crime Commission. Thereafter, the Crime Commission embarked upon the task of following up the information received and pursuing its own investigation in an effort to provide a fair perspective of PennDOT activities within the Commonwealth.

g) Westmoreland County District Attorney conducted an investigation and declared that he found no evidence of prosecutable offenses. Federal investigation led to federal indictments.

h) Monroe County had been investigated by the Justice Department prior to the release of the Gleason Report. Subsequent federal indictments were obtained.

II. Problems of the Investigation

By the time the factual information was turned over to the Crime Commission, many of the allegations which had been publicly aired by the Gleason Committee had become a sort of "cause celebre". As might be expected, Commission investigators encountered many problems in their attempts to conduct a thorough non-partisan investigation. Many of the witnesses who appeared to have knowledge of certain events and whose cooperation was critical to a thorough investigation were uncooperative. Frequently, key witnesses informed Commission investigators that they had already been interviewed by numerous other investigative and law enforcement authorities and they could no longer afford the time or money to cooperate with another investigation.

Adding to the difficulty of the investigation was the fact that a number of the alleged offenses occurred several years ago. In several instances, Commission agents discovered that vital records had been lost or destroyed since the date of the alleged event. Moreover, the ability of the witnesses to recall particular details had been eroded by the passage of time. Ultimately, Commission agents were confronted with the problem that, in many of the matters, the statute of limitations had already run by the time the matters were referred to the Commission. Thus, the possibility of bringing criminal charges against the responsible individuals had been lost.

III. Scope of the Investigation

Because of the problems encountered in attempting to conduct a thorough investigation, the Commission determined to concentrate on a limited area, focusing on an examination of the practices of PennDOT in three Counties, Cambria, Montour and Allegheny. In Cambria County, Cambria local law enforcement authorities had not prosecuted any individuals and no federal indictments had been obtained for alleged violations of the criminal laws. In Montour County, neither the County nor federal authorities had conducted a probe. A PennDOT investigation of PennDOT practices had found no evidence of criminal offenses. The third County chosen, Allegheny, was a County in which the Commission had independently initiated an inquiry into the practices of PennDOT.

The basis of the Gleason Report regarding PennDOT focused on the conclusion that, in far too many cases, individuals and organizations doing business with the State must pay a political and/or financial price for that privilege. The Gleason Committee found what it considered a systematic and widespread pattern of political kickbacks and payoffs which were extracted from individuals and organizations doing business with the Commonwealth. Thus, the Crime Commission focused its attention on allegations of extortion and macing in PennDOT.

While criminal prosecutions may emanate from this investigation or the various other probes into PennDOT's activities, such is not the primary purpose of this report. Rather, the Commission's object is to focus on the problems learned from the operations of PennDOT and to make recommendations to the administrative and legislative bodies interested in the proper functioning of governmental agencies in Pennsylvania. The Commission believes that the focus should not only be on the individuals involved in the alleged instances of wrongdoing (for the individuals change and the party designations change, but illegal practices continue), but should include an examination of the system itself. Without changes in the system, the problems that the Commission discovered in this investigation will continue.

IV. Scope of the Problem

Allegations of illegal fund raising activities in enumerated PennDOT districts may be summarized as follows:

A. Leasing of Equipment

In most cases, PennDOT does not own snow removal or special heavy equipment. Rather, PennDOT leases this equipment from private individuals or companies who most often provide both the equipment and the personnel to operate it. These are non-bid contracts.

Historically, in order to obtain a contract to lease heavy equipment to the State, the lessor must obtain political sponsorship. In return for the State contract, the lessor must make substantial monetary contributions to the Party or risk non-renewal of the contract by the State. In some cases, the lessors are required to pay to the Party a percentage of the rental payments they receive from PennDOT.²

2. Such conduct may be in violation of the Anti-Macing Statute, April 6, 1939, P.L. 16 §1, 25 P.S. 2374:

It shall be unlawful for any political committee or any member, employe or agent thereof, or for any public officer or employe, or any other person whatsoever, directly or indirectly, to demand from any public officer, subordinate or employe, holding any office or position of honor, trust or profit under this Commonwealth, or otherwise engaged or employed in the service of the Commonwealth, or employed by, or in any way engaged in the service of, any political subdivision, or from any person receiving any public assistance whatsoever from the Commonwealth or the United States, directly or through employment on public works, or any person, association, or corporation desiring or having a contract with, or a certificate, license or

B. Personnel

In the past, when an individual sought employment with PennDOT, he or she was required to first seek the sponsorship of the County Chairperson corresponding to the political Party of the incumbent administration in Harrisburg. Without Party approval, PennDOT employment generally was impossible. In most cases, the applicant was required to be a registered member of said Party, might be asked to make a political donation, and might be required to secure a stated number of new Party registrants. Once these prerequisites were filled, in return for the appointment, the new employee would be required to pledge to the Party a certain percentage of his or her weekly paycheck. If an employee failed to make this percentage payment, the worker might be terminated, transferred to an undesirable work situs, or be severely restricted in the amount of overtime hours granted.

permit from, the Commonwealth or any political subdivision, any assessment or percentage of any money or profit, or their equivalent in anything of value, with the understanding, express or implied, that the same may be used or shall be used for political purposes: Provided, however, that nothing in this act contained shall be construed to prohibit voluntary contributions to any political committee or organization for legitimate political and campaign purposes to the extent such contributions are not prohibited by law.

Other criminal charges would include bribery and extortion.

When there is a change in administration in Harrisburg following an election, the de facto management and control of the PennDOT districts fall to the County Chairperson of the corresponding political Party. All PennDOT employees who were registered in the Party of the former administration were required to change their registrations to the Party of the new administration if they wished to keep their jobs. The percentage payments continued, only now they were remitted to a different Party coffer.

V. Findings

A. Cambria County

1. Leasing of Equipment

a. Allegations

The Gleason Report alleged widespread extortion of PennDOT lessors of equipment in Cambria County. The Report stated that under the present State administration, certain lessors have been required to contribute 10% of their earnings from PennDOT to the Democratic Party in order to continue leasing equipment to PennDOT.³ Accordingly, the Crime Commission focused on the years 1971 and 1972, when the new administration was allegedly establishing its "political collections" network within the

3. None of the information received by the Gleason Committee pertaining to Cambria County was received under oath.

PennDOT structure. If the allegations proved true, the more contractual services let by PennDOT, the more income received by the county political party in power.⁴

4. On August 2, 1972, the PennDOT District Engineer for the district covering Cambria County was interviewed by the Justice Department. The District Engineer furnished the following figures from his records to compare the volume of contractual services within the various counties in his district:

<u>District</u>	<u>Road Miles</u>	<u>1969/70</u>	<u>1970/71</u>	<u>1971/72</u>
9-1--Bedford County	828	\$	\$113,658.10	\$103,710.77
9-2--Blair County	454		153,156.64	100,648.27
9-3--Cambria County	654	590,435.74	577,496.99	469,965.14
9-4--Fulton County	368		18,527.70	26,947.05
9-5--Huntingdon County	686		69,713.39	80,009.61
9-7--Somerset County	949	370,243.88	327,038.89	327,224.83
City of Johnstown-- Cambria County			32,008.86	17,065.30

It was pointed out that in the years 1969/70, 1970/71, and 1971/72, Cambria County, with 654 road miles, spent \$220,191.86, \$250,458.10, and \$142,740.31 more for contractual services than the next highest County, Somerset, a County which has substantially more road miles. The District Engineer stated he had no ready explanation why Cambria County had to depend more on contractual services than other counties. He added that it would be advisable to investigate and determine whether contractual services were being abused in Cambria County.

b. Percentage Contributors

The Crime Commission obtained cancelled checks and micro-films of cancelled checks payable to the Cambria County Democratic Committee from various lessors and the Committee's bank.⁵ These checks from the lessors to the Committee were compared with the PennDOT payments received by those lessors during the first few months of 1971. This reconciliation demonstrated the existence of a correlation between the amount the lessors contributed to the Democratic Party and the amount the lessors received from PennDOT in payment for leased equipment. In many cases, the political contributions equaled exactly 5% of the State remittance. The following chart illustrates this relationship.

PennDOT Pay Period 1/31/71.

<u>Lessor</u>	<u>PennDOT Payment to Lessor</u>	<u>5% of Payment</u>	<u>Lessor Contribution to Cambria County Democratic Comm.</u>	<u>Date of Contribution Check</u>
Lessor A	\$3,711.50	\$185.58	\$185.00	2/05/71
Lessor B	816.00	40.80	41.00	2/04/71
Lessor C	1,056.00	52.80	52.80	2/03/71

5. The Crime Commission's investigation was based on its analysis of official PennDOT records, financial information received from the County Democratic Committee and financial records subpoenaed from various banks and lessors of equipment. In addition, the Crime Commission conducted interviews and private hearings to receive the statements of lessors, PennDOT employees and staff members of the Democratic Committee.

PennDOT Pay Period 1/31/71

<u>Lessor</u>	<u>PennDOT Payment to Lessor</u>	<u>5% of Payment</u>	<u>Lessor Contribution to Cambria County Democratic Comm.</u>	<u>Date of Contribution Check</u>
Lessor D*	\$1,310.00	\$ 65.50	\$ 65.50	2/03/71
Lessor E	768.00	38.40	38.40	2/03/71
Lessor F	800.00	40.00	40.00	2/16/71

*Lessor D received a total payment of \$4,730.00. This amount represented work done during four pay periods at the end of 1970 and the beginning of 1971. The figure \$1,310.00, represents work done in 1971.

PennDOT Pay Period 1/27/71

Lessor A	\$7,175.00	\$358.75	\$358.75	2/19/71
Lessor G	8,237.00	411.85	411.85	2/18/71
Lessor B	1,516.00	75.80	75.00	3/03/71
Lessor C	2,550.00	127.50	127.50	2/19/71
Lessor H	1,343.00	67.15	67.00	2/18/71
Lessor D	2,420.00	121.00	121.00	2/19/71
Lessor I	4,120.00	206.00	206.00	2/18/71
Lessor J	1,840.50	92.03	90.00	2/20/71
Lessor J	1,040.00	52.00	52.00	2/18/71
Lessor K	2,768.00*	138.00	138.00	2/25/71

*This total represents payment for work done during the pay periods of 1/13/71 and 1/27/71.

PennDOT Pay Period 2/10/71

Lessor K	\$3,925.00	\$196.25	\$196.25	3/10/71
Lessor C	2,740.00	137.00	137.00	3/10/71
Lessor H	2,591.00	129.25	129.00	3/10/71
Lessor F	1,100.00	55.00	52.00	3/12/71

PennDOT Pay Period 2/24/71

Lessor B	\$1,344.00	\$ 67.20	\$ 67.00	3/23/71
Lessor H	1,482.00	74.10	70.00	3/17/71
Lessor L	3,395.00	169.75	169.75	3/18/71
Lessor F	1,280.00	64.00	64.00	3/15/71

The extent of the payments may be illustrated by focusing upon a particular pay period. The Commission, at random, chose the January 27, 1971, period. Based upon available records, at least 40% of the lessors in Cambria County made a percentage contribution to the Cambria County Democratic Committee for that pay period. These lessors received 35% of the monies paid to lessors by PennDOT during this period.⁶

The Crime Commission has found that not all lessors made percentage contributions, thus indicating that making kickbacks was not the only way to do business with PennDOT. However, a large number of lessors had been drawn into the system of political collections and had been led to fear that they would not be able to continue to do business with PennDOT without making such payments.

c. Method of Collection

Prior to 1971, PennDOT payment checks were distributed directly to the lessors of equipment by mail. However, the Crime Commission discovered that in 1971, there was some deviation from this method of payment.

Lessor K stated that early in 1971, he was visited by John George, an Assistant Superintendent of the PennDOT maintenance shed in Cambria County. Lessor K stated that George arrived at K's place of business with K's PennDOT checks in an

6. More contribution checks may exist for this pay period and the other pay periods exhibited in the chart. The Commission's search of the bank's microfilm records was not a complete day-by-day search from January 1, 1971 to the end of the snow removal season of that winter. Selected dates were singled out to maximize success of the search. There still exist other bank dates for which records were not reviewed. In addition, cash contributions could have been made by other lessors.

envelope. On the envelope a figure was written which amounted to 5% of the PennDOT checks inside the envelope. This was the amount Lessor K subsequently contributed to the Cambria County Democratic Committee.⁷

Another instance of hand delivered payment checks involved Lessor F-1 and his business partner F-2. Lessor F-2 handled most of the partnership's financial transactions with the State. However, Lessor F-1 recalled in his testimony before the Crime Commission that in the beginning of 1971, six weeks' worth of PennDOT checks had not been received by the partnership. Lessor F-2 had been advised by PennDOT to go to the maintenance shed to pick up the withheld checks. However, since he had always received the checks by mail under the previous administration, F-2 refused to go to the shed. Eventually, John George came to the lessors' place of business with the checks and a request for a donation to the Democratic Party in the

7. Lessor K recalled paying George in cash. However, after confronting Lessor K with two checks payable to the Committee uncovered by the Crime Commission, Lessor K verified the checks as his own.

Interviews with Lessor K, November 6, 1975 and February 2, 1976, [hereinafter cited as Interviews with Lessor K].

amount of 5% of the total of the PennDOT checks. On this and other occasions, when John George arrived with the PennDOT checks, these lessors paid 5% of the checks' value to the Democratic Party.⁸

Lessor M stated that when the Democratic Party took over, John George came to his house with a check for work done by Lessor M while the Republicans were still in office. George told Lessor M that a 5% kickback was required. Lessor M refused to pay the 5% to the Democrats for work done under the Republicans. Lessor M admits that he did pay 5% to John George for all work he received under the Democrats. Lessor M said that whenever he got a call to come to the PennDOT shed to pick up his check, he always made sure to take enough cash with him to cover the 5%. John George always had Lessor M's check

8. The Crime Commission has interviewed numerous lessors of equipment. Many of these lessors vehemently denied making percentage payments to the Democratic Committee. When some of these lessors were confronted with their own donation checks obtained by the Crime Commission from the Committee's bank, some lessors then admitted that they did indeed make percentage payments. A few lessors stated that these percentage payments were only a "one-time thing." However, several lessors continued to deny that they or anyone else calculated their donations to the Democratic Party based on a percentage.

in an envelope with a notation on the envelope showing the amount of the required kickback. Lessor M gave George the cash, and George turned over the check, while at the same time destroying the envelope.⁹

In other cases, PennDOT checks were still mailed by PennDOT to the lessor. However, percentage payments were still collected by John George. Lessor A-1 received his payments by mail. In his testimony, Lessor A-1 could not recall who it was who made the initial request to him for the 5% payments, but he clearly remembered that it was John George who collected the money for the Party.¹⁰

9. Lessor M statement to Justice Department, June 7, 1972.

10. Q: So it was a fact that during the year 1971, you were expected or it was demanded of you that you contribute 5% of the income you received from PennDOT.

A: That's right

* * * * *

Q: You don't recall the person who first informed you of that in 1971, but you do remember that it was Mr. George who collected most of the payments, is that correct?

A: That's correct.

Testimony of Lessor A-1 before the Pennsylvania Crime Commission, January 9, 1976, N.T. 108 [hereinafter cited as Lessor A-1].

d. Percentage Checks Cashed
by the Democratic Committee

Generally, the lessor contribution checks were treated differently than the non-lessor contribution checks. The lessor checks were cashed by the Cambria County Democratic Committee; the non-lessor checks were deposited into the Committee's bank account.

All of the lessor percentage checks listed in the preceding chart were handled in that manner. The checks were co-endorsed with the handwritten signature of John Torquato, Chairman of the Cambria County Democratic Committee. On a number of occasions in early 1971, lessor checks made payable to the Democratic Committee were cashed by the Committee on the same day that non-lessor checks were deposited by the Committee.¹¹ It appears that some of the proceeds of the lessor checks that were cashed may have

11. Checks Cashed and Checks
and Cash Deposited the Same Day

2/3/71

Deposit Slip Entries:

Cash	\$406.00
Checks	191.15
Total Deposit	<u>\$597.15</u>

Committee Checks Cashed the Same Day:

Payor:

Lessor F	\$ 52.00
Lessor J	90.00
Total Cashed	<u>\$142.00</u>

gone into the Committee's bank account. Even if the proceeds were handled as cash and then deposited as cash, there were still more checks converted to cash than there were cash deposits. For example, during the period February 22-March 11, 1971, \$1,970.85 worth of checks payable to the Democratic Committee were cashed. Cash deposits into the account during this period totaled only \$1,380.00.

3/11/71

Deposit Slip Entries:		
Cash		\$276.00
Change		5.55
Checks		205.59
Total Deposit		<u>\$487.14</u>
Committee Checks Cashed:		
Payor:		
Lessor K		\$196.25
Lessor C		137.00
Lessor B		75.00
Lessor H		129.00
Total Cashed		<u>\$537.25</u>

3/18/71

Deposit Slip Entries:		
Cash		\$287.00
Change		2.50
Checks		128.67
Total Deposits		<u>\$418.17</u>
Committee Checks Cashed:		
Payor:		
Lessor J		\$ 64.00

e. Change in Structure: Cash Only

The Crime Commission's inquiry revealed a significant change in the structure of percentage contributions during the 1971-1972 snow removal season: the Democratic County Committee no longer would accept checks for percentage payments and insisted on cash only.

During the 1971-1972 winter season, Lessor K attempted to pay John George with a percentage check. George refused to accept the check, stating that "John doesn't want any checks."¹² Lessor K assumed that George was referring to John Torquato, Chairman of the Cambria County Democratic Committee.¹³

Lessor K recalled one incident when he did not have enough cash on hand for the percentage payment:

John (George) waited while I went to the Portage bank and cashed a PennDOT check. It was for less than the amount owed so I added some other cash I had and gave the payment to George. George told me that he once made a mistake on the amount he collected from another foreman and that John made him pay the difference.¹⁴

12. Lessor K's bookkeeper was a witness to this conversation between Lessor K and the Assistant Superintendent.

A cancelled check in the possession of the Crime Commission shows that Lessor K had written the word "kickback" on the memo notation of a check payable to the Cambria County Democratic Committee.

13. Interviews with Lessor K.

14. Ibid.

Lessor F-1 had been advised by his partner, Lessor F-2, that John George would not accept checks for the contributions, only cash. On one occasion, George made a telephone call from the garage of the lessors to ask if it would be permissible to accept a check from the lessors for the Party.¹⁵

Lessor A-1 began his percentage contributions to the Democratic Committee by issuing two checks. Then, like the others, the system changed to a cash basis.

Q: Who informed you that the payments were to be made in cash. The first two payments were by check. Who informed you that they were to be made in cash?

A: I believe Johnny.

Q: Johnny George?

A: Yes. Maybe the first time we gave him a check because we didn't have the cash and I am not mistaken, [my partner] gave it to him. He stopped in and--I believe it was \$100 and I told [my partner] to give it to him.

After that, I believe he said all right, he wanted cash. He said they would rather have it in cash then.

Q: Mr. George said that?

A: Yes.

15. Lessor F-2 did not know to whom John George placed the call, but, at the time, he assumed that George telephoned John Torquato.

Sworn statement of Lessor F-1 to the Pennsylvania Crime Commission, January 28, 1976.

Q: You offered to give him a check equal to the 5% of the income received from PennDOT, and he told you no, that he would rather have cash?

A: Yes.¹⁶

Lessor M recalls receiving his PennDOT payment check from John George in April, 1972. When Lessor M went to make out a check for the amount of the 5% kickback, George said, "No dice, John wants cash."¹⁷

f. Change in Substance: Percentage Increase

The year 1972, witnessed a further alteration in percentage payments: the percentage to be contributed jumped from 5% to 10%. Lessors have testified before the Crime Commission that

16. Lessor A-1, N.T. 113-114.

17. Lessor M. written statement to Justice Department, 1972.

John George notified them of the increase in percentage in January, 1972, and that George continued to collect the contributions.¹⁸

While Lessor A-1 continued to make his percentage payments to the Democratic Party, Lessor K balked at paying the increased percentage during the 1972-1973 winter season. At that time, Lessor K received PennDOT payment checks totalling approximately \$1,300. Lessor K deposited these checks without paying a percentage contribution. Lessor K recalls receiving a telephone call from an unidentified person asking about K's contributions. The caller advised K that "somebody would be by." A PennDOT employee, Roy Kehn, did come to Lessor K's office but K did not make a contribution. Lessor K continued,

-
18. Q: But in 1972, the system changed. You were expected to give 10%.
A: Yes, then Johnny George came down.
Q: He was the one that came down and told you it was now expected of you to contribute 10%, is that right?
A: Yes.
Q: Did he tell you in December or when did he tell you the payments were going to increase, in January of 1972?
A: He never told me until I first got the check or something like that.
Q: When he came to collect from you, he told you then?
A: That's right. Mr. George continued to collect the payments.
Q: It was Mr. George who informed you about the increase to 10% from 1972 and he continued to collect most of the payments, is that correct?
A: That's correct.

Lessor A-1, N.T. 105-106.

Later, Kehn and a PennDOT Foreman named Leginaie, returned, but they could not find me. Then, Assistant Superintendent Maruca came. That's when I decided not to make any more payments. I put my PennDOT agreements in an envelope and told Maruca that I no longer wanted to do business with the State and that there would be no payments. Maruca asked if I had made any arrangements with John. I understood him to mean John Torquato. I answered that I had none. I have not leased equipment to the State since that time.¹⁹

Lessors who began to lease equipment to the State in 1972, were promptly advised of a 10% contribution. Lessor N-1 stated that he received his first PennDOT check in 1972. The check was personally delivered to Lessor N-1 by John George, who advised N-1 that a 10% cash payment was required. When Lessor N-1 asked where the money was going, John George replied that it was "John's" money. Lessor N-1 assumed that George was referring to John Torquato. George continued to personally deliver N-1's PennDOT checks and collect N-1's percentage contributions during 1972.²⁰

19. Interviews with Lessor K.

20. Interview with Lessor N-1, February 4, 1976.

g. Non-Percentage Contributions

In addition to the percentage contributions, lessors of equipment to the State were also requested to purchase advertisements and tickets to various political functions. Lessor A-1 recalled paying approximately \$100 a year for advertisements in the Democratic dinner book. He remembered paying almost \$200 more in 1973 for Democratic dinner tickets. Lessor K and other lessors whom the Crime Commission identified as having made percentage donations have indicated to the Commission that they made additional donations to the County Democratic Party for raffle and dinner tickets.

2. Personnel

a. Patronage-Getting a Job With PennDOT

In Cambria County, more often than not, the criterion for getting a job with PennDOT has been one's political sponsorship rather than one's work-related qualifications. When an individual sought work with PennDOT, that individual would not necessarily go to PennDOT offices. Rather, the individual sought out the local County Chairperson of the party in power. This Chairperson had no official position with PennDOT, but yet had job application forms at party headquarters. John George, who has

worked for PennDOT under the administration of Governors Scranton, Shafer and Shapp, explained to the Crime Commission that getting a job with PennDOT is in fact, getting a political job:

Q: What was the procedure for receiving the job in the Department of Transportation from the beginning of the Scranton administration? Who did you see and what thereafter transpired?

A: Then you had to see Gleason [the Republican Chairman]. You had to see the County Chairman. It was all political. If you are familiar with political jobs, you know how it is done.

* * * * *

Q: And you went to Mr. Gleason?

A: Yes.

Q: And you indicated to him you wanted the job?

A: Yes, certainly.

Q: And what did he say to you?

A: . . . He said to me, "I think we are going to get a governor, and I would like you to work the polls with us and help us out politically, work the polls. We don't have any Republicans in your area."

* * * * *

Q: Were you registered with any political party at that time before you saw Mr. Gleason?

A: I was a Democrat, yes.

Q: You were a registered Democrat?

A: Yes.

Q: Did he indicate to you that you would have to change your registration?

A: He said to me, "I wish you would." They needed some Republican support in the area of town I live in.

* * * * *

Q: Did you have an interview with anyone with the Department of Transportation prior to being hired?

A: No.

Q: How were you informed that you received the position?

A: I filled an application and I had a call from the Department of Transportation.

Q: You filled out the application and gave it to whom?

A: To Mr. Gleason. . . 21

Apparently, the system of political sponsorship is engrained in the traditional structure of State government; it is not endemic to any one party. John Torquato, Chairman of the Cambria County Democratic Committee, admitted that these government jobs are used by the Democrats as political appointments. Torquato testified:

Q: [D]o you know who hires the employees for PennDOT in Cambria County?

21. Testimony of John George before the Pennsylvania Crime Commission, February 12, 1976, N.T. 32-37 [hereinafter cited as George].

A: Yes.

Q: Who would that have been?

A: I can make recommendations and the recommendation has to go to Harrisburg and, of course, the Secretary of Highways hires them.

* * * * *

Q: Do you know where an applicant would get an application for a job at PennDOT?

A: In our County, they do one thing. We have a committeeman and woman in each precinct. We have a District Chairman who may have 10 precincts under him and if somebody wants a job and they are qualified, they go back to the District Chairman and they sign the application and the District Chairman presents it to us and we in turn, send it to the Governor's personnel.

Q: Do you have applications in your office?

* * * * *

A: So does (sic) all the committeemen and women have applications.

Q: Do you have applications?

A: Yes.

* * * * *

Q: In general, an applicant would go to a political worker, fill out an application?

A: - Yes.

Q: Would he return it to you?

A: Yes.

Q: Someone in the Democratic Party would make a recommendation to Harrisburg and that person would be hired, and oftentimes without any interview at PennDOT itself, is that correct?

A: That's right.

Q: In other words, these would be political jobs?

A: They are political jobs.²²

John George explained that at the change to a Democratic administration in 1971, the workers at PennDOT feared the loss of their jobs:

Q: You indicated that when Governor Shapp was elected, you believed that you were going to lose your job, is that correct?

A: Yes, sir.

* * * * *

Q: Now, you had fear for loss of your job at what point?

A: Well, when the administration changed. You see, I don't know if you know this or not, Cambria County is a small County. And when the administration was changed, everybody was let go. This included the laborers, truck drivers, foremen. The superintendents was the first, and the assistants were next, and all the foremen, everybody was fired. Everybody, the whole County was fired. . . .²³

22. Testimony of John Torquato before the Pennsylvania Crime Commission, March 9, 1976, N.T. 54-59 [hereinafter cited as Torquato].

23. George, N.T. 37-38.

b. Voter Registration

In the first weeks of 1971, when the Democrats were preparing to assume the reins of government in Harrisburg, John Torquato, the Democratic Chairman in Cambria County, was preparing to assume control of government jobs in the County. Although Mr. Torquato had absolutely no official connection with PennDOT, in January, 1971, he sent out letters to all PennDOT employees on the letterhead of the Cambria County Democratic Committee.²⁴ This letter, signed by Torquato, instructed each employee to report to Torquato's office at Democratic headquarters in Ebensburg on a particular date. The reason for the arranged meeting was stated in the letter as follows. "We would like to talk to you about continuing you in your present position with the Commonwealth of Pennsylvania."²⁵

At that meeting, Torquato explained that he wanted the employees to give the same loyalty to the Democratic Party that they had given to the GOP. Torquato suggested that the employees change their party registration to Democratic. In addition, the employees were instructed to obtain the endorsement of their District Democratic Chairperson and their Precinct Committeeperson. If they did so, Torquato assured them they would be retained in their jobs.

24. George, N.T. 89.

25. George, Exhibit I.

In fact, from February, 1971, to August, 1971, 57 PennDOT employees in Cambria County were terminated because of what PennDOT records describe as "dismissed due to reorganization."²⁶ It appears that most employees followed Torquato's instructions; the voter registration records indicate that from 1971 to early 1973, out of 164 persons listed on the rolls of Cambria County PennDOT, 113 changed their Party registration from Republican to Democrat. Upon completion of Torquato's stated requirements, the employees were retained by PennDOT. A letter from Torquato (on Democratic Committee stationery) was sent to the employees acknowledging their retention.²⁷ Thus, John Torquato, a person

26. In testifying before the Crime Commission, Torquato expressed astonishment that 57 employees had been fired. However, he admitted that four or five employees had been fired because they did not acknowledge Torquato's letter to report to the meeting. . .
Torquato, N.T. 62-65.

27. Torquato's letter read as follows:

My dear _____:

I wish to thank you for sending your application to me that you had duly endorsed by your District Chairman, Committeeman and Committeewoman. I have this day notified Governor Shapp that you have received my endorsement for continual employment at the institution you are now working in.

In the meantime, I would appreciate it if you would get as many people in your family to register as Democrats as it will enable us to have a stronger Democratic Party.

George, Exhibit II.

who had no official position with the State Department of Transportation and who owed no official duty to the citizens of Pennsylvania, by virtue of being Chairman of a political party, played a major role in the process of deciding who would be on the State payroll.

c. Percentage Contributions

At the January, 1971, meeting called by Torquato, he reminded the employees that it takes a lot of money to run a political party and that he wanted them to make monetary contributions to his Democratic Party. Few PennDOT employees were surprised by the statement.

Several PennDOT employees of long standing have explained that political contributions were part of the PennDOT employment scene.²⁸ Under the Republican administration which controlled PennDOT in Cambria County until 1971, employees were required to make a kickback of 2% of gross pay out of every biweekly paycheck to Robert Gleason, Chairman of the County GOP. These 2% kickbacks were collected by a fellow PennDOT employee, Ernie Gibson, who kept a "black book" detailing an account of

28. Statements and Findings of Fact--Gleason Report and 1972 Justice Department Investigation--Statements of employees A, B, C, D, E, F, G, H, I, J and K.

each employee's payments to the Party. The employees agreed that the 2% kickback requirement was continued under the Torquato Democratic regime in 1971, with Ernie Gibson continuing to collect until his death²⁹ and John George then taking over as collection agent. Under the Republicans, the 2% payment was a condition to continued employment. But under Torquato, because of a law suit brought following unionization efforts in 1971, there was a variation in the consequences of not contributing. Failure to pay under the Democrats meant being transferred to less desirable assignments, receiving a decrease in overtime, and/or being passed over for promotion.

29. In 1968, Ernie Gibson worked in the PennDOT paint shop and acted as the Republican Party's collection agent. In 1972, Gibson worked from a desk in the Garage Foreman's office and was collection agent for the Democratic Party.

A Justice Department investigator who interviewed Gibson in 1972, described Gibson's "black book."

[The book was] of the ledger type with numbered pages. Across the top margin, dates were entered which appeared to be broken down by the week. Gibson explained the dates indicated biweekly pay and overtime pay periods. In the left margin were the names of employees and continuing across the page were entries ranging from three to seven, indicating dollar amounts contributed by each individual during that period.

Gibson explained to the investigator that "this entry indicated the percentage of the employee's gross pay - \$1 for every \$50 earned."

Gibson was advised that the book might be required as evidence and that it should be kept and safeguarded by Gibson. One day later, the book was "missing" and to date, has not been located.

The Crime Commission has received statements from many employees to the effect that they were warned by PennDOT management and in some cases by Torquato himself, that they would be sorry if they did not contribute.³⁰ Pressure and harassment by management and/or Torquato were common complaints in these employee statements.³¹

In February, 1972, a meeting was held to discuss the problem of macing of Cambria County PennDOT employees. In attendance were the president of the union local, the union shop steward, a union representative, John George, and PennDOT Assistant Superintendent Anthony Maruca.³² John George was

30. Employee A has stated that he was harassed by John George to pay. Employee G was told by Torquato, "You will be better off to pay." Employee E was told by Torquato to pay 2%. Employee J was continually reminded of his contribution delinquency. Employee L was told that transfer is possible if he did not honor his obligation to the Party. Employee I had been told by Torquato to pay 2% and had been approached by John George to get "caught up" or be terminated. Employee K was advised by a Foreman to pay 2%. Employee H said that John George made the following comments: 1) he did not care that macing was illegal; 2) Torquato does not want donations at election time, he wants 2% every payday.

31. The situation appeared to be quite compelling. On April 3, 1972, counsel for the union which organized Cambria County PennDOT, wrote a letter to the State Attorney General, protesting the macing of employees and requesting an investigation.

32. John Torquato was expected to attend this meeting but failed to show up. The participants did talk to him by telephone during the meeting.

told that if he would not pressure the men, they would probably make voluntary donations at election time. Those in attendance report that George replied,

This is not the way he wants it, he wants 2% every pay period.³³

* * * * *

What the heck, they go to lunch at eleven, go home at 2:30 p.m., get five gallons of gas a day, why can't they give 2%.

While the Crime Commission has only found a small number of employees who actually suffered the consequences for not contributing, a substantially large number of employees appeared to believe that their jobs and security depended on their faithfully contributing 2%. Even after the unionization effort, one employee estimated that fully 80% of all Cambria County PennDOT employees were contributing 2% biweekly to the Democrats. Most employees knew how the system had worked for many years and had no reason to believe that it had changed in any way. Thus, while some employees stated that no one ever "demanded" that they kickback 2%, these employees sincerely believed that if they did not, they would suffer for it.

33. Those attending the meeting say that John George was referring to John Torquato when George said, "He. . ."

3. Election Code Reporting

a. Requirements

Every political committee must, within 30 days after every primary and general election, file a statement if aggregate receipts or disbursements and liabilities exceed the sum of \$150. This statement is supposed to be a full, true and detailed account of each and all of the receipts, expenditures, disbursements and unpaid debts and obligations of the committee.³⁴

Accordingly, all receipts of a political committee, including lessor and employee percentage contributions, and all disbursements by the committee should be reported under the Election Code.

34. July 17, 1973, P.L. 266, §1 as amended, 25 F.S. §3227.

Every such account should be accompanied by vouchers for all sums expended, amounting to more than ten dollars. The accounts concerning primary or election expenses incurred in regard to candidates for public offices to be voted for by the electors of the State at large are filed in the office of the Secretary of the Commonwealth. The accounts relating to other public offices are filed in the office of the County Board of Elections of the county wherein the candidate resides.

b. Reconciliation of Bank
Records and Election Records

In Cambria County in 1970, the reconciliation between the income of the Democratic Committee as reported in bank statements and the election reporting statement reveals an excess of \$1,000 on the election statement. However, in 1971, when the Democrats took over the State administration, Cambria County Democratic Committee records disclose an excess of \$25,000 of bank deposits over the income reported on the Committee's election statement. In 1972, the income figures are almost evenly matched. In 1973, there is an excess of \$5,000 in bank deposits over receipts reported on the election statement.

In terms of disbursements, again the bank records are not in agreement with the election statements filed by the Committee. In 1971 and 1972, disbursements according to bank records exceed by approximately \$5,000 the expenditures reported on the election statement. The year 1973, however, reveals a startling amount of almost \$13,000 excess of bank disbursements over reported Election Code expenditures.

John Torquato and the bank records differ as to when the Party received funds. Torquato testified that the Democratic Committee in the County did not receive significant amounts of money during the first half of any given year. Torquato said that only "Dollars for Democrats" tickets are sold throughout

the year. However, bank records of the Committee show a different story. In the monthly periods January through June of 1970 through 1973, the Democratic Committee deposited the following amounts respectively: \$10,531.01, \$12,245.72, \$10,276.70 and \$7,564.22.

The election statement for the Cambria County Democratic Committee for the general election in 1971, (primary election account was filed with no receipts or expenditures),³⁵ showed the earliest contribution received on August 2, 1971. This excludes the "Dollars for Democrats" which is a lump sum figure and does not list individual contributions or dates. The total 1971 amount received from the "Dollars for Democrats" is less than just the January through June deposits mentioned above.

The earliest reported contribution in the general election report in 1972, was July 17, 1972. (No primary account was filed.) The deposits made prior to this date far exceed the "Dollars for Democrats" total -- \$10,276.70 to \$7,882.50. Again, in 1973, the "Dollars for Democrats" was exceeded by the half year bank deposits. The earliest listed contribution was July 23, 1973. Therefore, it is inconceivable that the "Dollars for Democrats" income would account for all the deposited funds prior to the earliest reported contribution date.

35. While primary election reports 1971 through 1973, indicate no receipts or expenses, Committee bank records indicate that money was received and expended in the periods prior to the primaries in each of those years.

c. Misreporting and Nonreporting

While some of the non-percentage contributions were properly recorded on the Election Code statement, many were not.³⁶ However, none of the percentage contributions made to the Party by lessors of equipment and PennDOT employees appears on the Party's Election Code statements despite the law's mandate to report in detail all political contributions.

36. For example:

a) A lessor's \$100 check in 1971, was not reported on the 1971 campaign report although the check had been cashed by the Party. The contribution later appears on a 1972 campaign report.

b) A lessor's \$100 check in 1971, was cashed by the Party. On the 1971 campaign report, it is listed as a \$50 contribution.

c) A lessor contributed a \$200 check and a \$100 check during the same week in 1972. While both checks were cashed by the Party, only the \$200 contribution appears on the campaign report.

B. Montour County

The investigation in Montour County did not indicate any solicitation of lessors. Montour County PennDOT utilizes virtually no leased equipment.

1. Patronage

After the 1970 gubernatorial election, Paul Becker, then Chairman of the Montour County Democratic Committee, although holding no official PennDOT position, completely took control of employment for the PennDOT district.³⁷ Numerous interviews with PennDOT employees revealed that job applicants generally were required to see Paul Becker as the first step in the employment process. Becker often informed the applicant that an immediate monetary contribution and an "assessment to be determined at a later date" would secure a job at PennDOT. In some cases, Becker also instructed the applicant to secure new registrants for the Democratic Party.³⁸ During this hiring process, the applicant's worth to the party was more important

37. As of 1977, Paul Becker retained control of patronage appointments in Montour County even though he was ousted from the Office of Chairman of the Montour County Democratic Committee.

38. The Commission examined many statements by PennDOT employees in the County. The statements were obtained by the Division of Investigations of PennDOT, and by the Gleason Committee. Most of the statements confirmed the procedure described.

than the applicant's worth to PennDOT. As one employee described his application interview with Becker: ". . . [He] never questioned me about my qualifications for the job but gave it to me on the basis of the number of people I got to register Democratic."

A former PennDOT Supervisor, Employee Z, has described to the Crime Commission the strength of Becker's role in hiring PennDOT employees. The former Supervisor stated that there were times when he was told by PennDOT Personnel Managers in Harrisburg that the Supervisor could not hire additional workers for Montour County. The basis of this order was lack of money and lack of job openings. On occasion, during the hiring freeze, Becker would tell the Supervisor to place someone of Becker's choice on the payroll, assuring Z that he, Becker, would take care of PennDOT personnel in Harrisburg. Invariably, the hiring of Becker's choice would be subsequently approved by Harrisburg. Thus, what Z, a Montour County PennDOT Supervisor, could not do, Paul Becker, not employed by Montour County PennDOT in any way, could, by virtue of the political system.³⁹

In his testimony before the Crime Commission, Becker denied having control over patronage jobs at PennDOT. He described his role in the hiring process as merely making

39. Interview with Employee Z, September 23, 1975.

recommendations to Harrisburg. However, Becker did admit that he had PennDOT application forms in his office, that he did provide these forms to job aspirants, and that he did forward the applications to Harrisburg along with his written recommendations.⁴⁰ The Crime Commission discovered that from the end of 1970, (when the Democratic Party assumed the reins of State government), until the middle of 1972, approximately two-thirds of the Montour County PennDOT employees were fired because of "dismissal due to reorganization." Becker was asked:

Q: Would you say that the 41 employees who were terminated because of reorganization were registered Republicans?

A: I think that is a fair assumption.⁴¹

From November, 1970, to May, 1973, there were 13 Montour County PennDOT employees promoted. All 13 were registered Democrats. There were 67 appointments to PennDOT in that period. Virtually all were registered Democrats. Paul Becker was asked about this:

Q: In other words, the PennDOT hiring, firing, personnel actions as of this period are largely based on political considerations, would that be a fair statement?

40. Testimony of Paul Becker before the Pennsylvania Crime Commission, December 10, 1975, N.T. 15 [hereinafter cited as Becker].

41. Ibid., N.T. 28.

A: That is right.⁴²

And while Becker firmly denied having control of the patronage, his responses to questions about Party finances indicate that control of County patronage played a large role in the prosperity of his Party.

The Crime Commission determined that deposits made in the Montour County Democratic Committee bank account were approximately as follows:

1966 - \$ 1,600	Party not in power
1967 - \$ 3,400	Party not in power
1968 - \$ 1,800	Party not in power
1969 - \$ 3,150	Party not in power
1970 - \$ 2,900	Party not in power
1971 - \$11,000	Party in power
1972 - \$ 9,000	Party in power
1973 - \$14,600	Party in power

Becker explained that this sharp increase in deposits was due to "incentive."

Q: Is a large part of that incentive the fact that the Democratic Party in 1971, had patronage jobs available?

A: Precisely, you know. That is the incentive I am talking about.

* * * * *

42. Ibid., N.T. 91.

Q: [T]he Party finances, Republican or Democrat, are tied largely to whether there are patronage jobs available; whichever Party has the patronage jobs prospers and the other Party does not prosper?

A: You know, it is just as simple as that.⁴³

2. Political Contributions

Political contributions to the Montour County Democratic Committee by PennDOT employees seemed to be accepted by the workers as a condition to employment and promotion.

Paul Becker counted on this acceptance when in 1971 and 1972, he mailed out letters to all State employees working in Montour County. These letters, typed on County Democratic Committee stationery, stated that the Party's suggested "Donation for all State Employees is 1% of their salary under \$5,000 and 1 1/2% over \$5,000." Although Becker held no position with PennDOT, it appears that he knew the salary of each PennDOT employee, for on each of these letters, the amount of the donation was filled in the blank following the words, "Your Donation for 1971 would be \$_____." At the end of each letter, Becker added, "[P]lease note that this is your total responsibility for the year." It appears that the employees did not question what relationship their State salaries had to their contributions to a political party. They knew that their

43. Ibid., N.T. 52-53.

State jobs were controlled by the Party and that contributions were part of the system of control.

PennDOT employees were often reminded of the power of the Party in relation to job security. Employee A tells of the time in 1973, he was approached by PennDOT Assistant Superintendent Garner Mapston. Mapston inferred to A that layoffs were imminent at PennDOT but a donation to the Montour County Democratic Party would enhance A's chances of remaining on the payroll. Mapston gave A a slip of paper on which the numerals "27" were written. Mapston said that this was A's "assessment." A was reminded by Mapston on many occasions of that assessment until A finally gave Mapston \$27 in cash.⁴⁴

Employee B has stated that Paul Becker advised B that the "assessment" for a PennDOT skilled laborer is \$260. B stated that he received phone calls every other day and an occasional visit on his job site from Becker with reminders of this assessment.⁴⁵

Employee C was told by Becker that C's PennDOT position called for an "assessment" of \$200. During this conversation, Becker cited instances to C where failure to make assessment payments had resulted in PennDOT dismissals.⁴⁶

44. Statement of Employee A to PennDOT, July 10, 1974.

45. Statement of Employee B to PennDOT, July 10, 1974.

46. Statement of Employee C to PennDOT, July 10, 1974.

Employee E was approached by Garner Mapston, who relayed a message from Becker, indicating E's total assessment would include (1) \$150 for a promotion, (2) \$150 to Becker for the Montour County Democratic Committee, and (3) an additional \$100 for the State Democratic Committee. After several reminders from Becker, E paid the "assessments." One month later, E was promoted.⁴⁷

Crime Commission files contain evidence of numerous other instances where pressure for contributions was applied to PennDOT employees by Becker and Mapston in return for promotions and supposed job security.

3. The Century Club

In 1972, the Union began to organize the PennDOT workers in Montour County. Numerous PennDOT employees have testified that the workers gradually developed a sense of job security apart from their political and financial connections with Paul Becker and the local Democratic Party. Becker himself admits that unionization had a definite negative effect on the receipt of political contributions.⁴⁸

Thus, in 1973, Becker and his political associates searched for a new way to fund the local Democratic Committee. Instead

47. Statement of Employee E to PennDOT, July 11, 1974.

48. Becker, N.T. 59.

of soliciting contributions on a salary/assessment basis, Becker formed the Century Club. For the sum of \$100 payable as Club dues, the Century Club member was entitled to attend various Club functions throughout the year. Thus, there were no longer any contributions made to the Party, only Century Club membership dues. As Becker explained it:

[W]hat the Century Club does is enable you to have an input of funds into the Party for whatever you are going to use it for, without putting demands on anybody, you know, without asking for contributions . . .

. . . [W]ith that we have a program book which we sell advertising . . . so between the two, you can realize enough revenue to run a county system.⁴⁹

While this Century Club may have billed itself as a social-political club, in fact, it was the County Democratic Committee using another name. In 1973, the Century Club was sharing the checkbook of the Committee.⁵⁰

By describing itself as a club, the Century Club managed to avoid reporting under the Election Code the names of persons paying money to the County Democratic Committee. While

49. Id., N.T. 55.

50. In 1975, the Century Club and the Montour County Democratic Committee were divided because of a split in the Party. Becker was ousted as the Party Chairman. However, he still controlled patronage in the County due to support from the Democratic State Committee. Becker, thus, maintained his own Century Club as his financial power base in the County. The new Chairman, along with the Democratic Committee, organized a second Century Club.

the Election Code would require the Committee to list all contributors individually, all political revenue for the Committee went to the Century Club in the form of dues. "Then a single contribution was made from the Century Club to the . . . [County] Democratic Committee."⁵¹ The County Committee would then file an election report showing receipts solely from the Century Club rather than from the individuals actually donating the money.

The Crime Commission has determined that in 1974, 75% of the members of Becker's Century Club held government jobs, with 65% holding State jobs. When confronted with these figures, Becker responded, "[W]e are not running an Elk's Club. We are not running a Moose Club. We are running a political club."⁵²

Many allegations have been received concerning financial benefits to PennDOT employees in return for their membership in the Century Club. Prior to unionization and subsequent formation of the Century Club, employees complained that they risked being fired, transferred, or passed over for promotion if they failed to make their percentage contributions to the Party. Following unionization, the allegations changed. The employees complained that members of the Century Club were

51. Becker, N.T. 69.

52. Ibid., N.T. 89.

receiving far more PennDOT overtime work than non-members. It was said that PennDOT was, in fact, subsidizing the Century Club by making sure that each Century Club member received at least \$100 in overtime pay to cover the cost of Century Club dues.

The Crime Commission compared a list of Century Club members with official overtime records for Montour County PennDOT employees. It was found that Century Club members averaged \$58.34 per year more in overtime pay than the average for all Montour County PennDOT employees working in the same job categories. While this may indicate a slight financial advantage to Century Club members, it certainly does not constitute a substantial benefit and clearly does not constitute reimbursement for Century Club dues.

Thus, while Century Club membership did not necessarily bring with it riches or special treatment, and while the Union has been successful in attaining a degree of employee job security, many employees joined the Century Club, apparently continuing to labor under the fears of prior days when political contributions were the only employment security guarantees.

C. Allegheny County

1. Leasing of Equipment

a. Power and Discretion

PennDOT in Allegheny County uses leased equipment for substantial amounts of road maintenance work. This is particularly the case during snow removal seasons.

The PennDOT Superintendent has virtually uncontrolled authority to determine which owners of equipment will receive contracts from the State for road maintenance. Assistant Superintendents and Foremen have considerable authority in determining when equipment under contract will be called to work. Although an owner of equipment has a contract with the State, he is not guaranteed any minimum number of hours of work and is dependent on good relations with the Assistant Superintendent and the Foreman to receive work. In addition, the Assistant Superintendent and the Foreman have considerable discretion in the record keeping which determines the amount of money which lessors of equipment receive from the State.

b. Allegations

Road maintenance contracts are renewed biannually. Contract renewal dates are May 15, and November 15, for six month periods. These dates roughly coincide with the primary and general election periods. It was alleged that officials in Allegheny County in the Department of Transportation used this fact to considerably benefit the Democratic Party in solicitations of campaign contributions. It was also suggested that since managerial personnel had political responsibilities for collecting contributions, they were in the position to extort money for their own personal benefit.

c. Political Solicitations Hierarchy

The responsibility of soliciting political contributions from PennDOT employees and lessors of equipment appeared to rest with the County PennDOT Superintendents. In 1971, the

Superintendents were called to a meeting at which the topic under discussion was the need of the Democratic Party for money. The Superintendents were assigned the role of collectors of campaign funds for the Democratic Party. This meeting was organized and chaired by Samuel Begler, Personnel Secretary of the Commonwealth.⁵³

The former PennDOT Superintendent of Allegheny County, Rocco Burello, was appointed to his position in 1971,⁵⁴ and attended this meeting. He said that it was at this meeting that he learned that as a Superintendent he would have Party fund raising responsibilities. In carrying out his function as fund raiser, Burello gave dinner tickets and pledge cards to the Assistant Superintendents in Allegheny County who were then to distribute them among the PennDOT Foremen.⁵⁵

53. Testimony of Rocco Burello before the Pennsylvania Crime Commission, October 24, 1975, N.T. 69, 73-76 [hereinafter cited as Burello].

54. Burello received his appointment through the recommendation of Sam Begler. According to Burello, he approached Begler and asked him for a position with PennDOT. Begler recommended him for the job of Superintendent even though Burello's only experience with PennDOT was a two year long PennDOT job, 35 years prior to this appointment. Preceding the appointment, Burello had no interview with officials of the Department of Transportation. Begler's recommendation apparently was sufficient to secure the job for Burello. Burello, N.T. 25-31.

55. Testimony of Anthony Reola before the Pennsylvania Crime Commission, October 1, 1975, N.T. 8-10 [hereinafter cited as Reola].

In turn, the Foremen would approach their respective employees. While some Assistant Superintendents would approach lessors, generally the Foremen were responsible for soliciting the lessors. In addition, Burello himself, having the authority to grant contracts to lessors on behalf of the Commonwealth, made it a point to see every lessor of equipment regarding the purchase of Democratic Party tickets.⁵⁶

Political contributions from PennDOT employees and lessors would be funneled from the subordinates to Burello. Burello submitted the money to Harrisburg via Sam Begler.⁵⁷

56. Burello, N.T. 116.

57. Beginning in 1972, Begler took an active role in supervising the collection of campaign contributions for the Democratic Party for its annual dinner. Begler appointed his personal secretary, Margaret McCann, to act as the distributor and collector of campaign funds and materials. His personal secretary in 1970, McCann, became the Supervisor of the Cigarette, Malt, Beverage Tax Department. She described herself as being the "middleman" between the State and the agency supervisors. She kept a record of all pledge cards handed out to the supervisors of each State agency. She would collect money during the week and turn it over to Begler at the end of each week. Begler took the money to Harrisburg every Sunday. McCann indicated that the number of pledge cards a supervisor would get would be related to the number of State employees working under that supervisor.

d. Political Contributions

The Commission found evidence that making an appropriate political contribution was a quid pro quo for obtaining a State leasing contract with PennDOT in Allegheny County.

In August, 1971, Lessor B approached Superintendent Burello and asked about the possibility of obtaining a State contract for the rental of road maintenance equipment. The lessor wanted a commitment from Burello prior to purchasing such costly equipment. After receiving Burello's assurance that such a contract would be forthcoming, Lessor B purchased a \$17,000 backhoe. However, there were numerous delays in the securing of the promised contract. The lessor made frequent inquiries but was continually told to wait. Finally, Burello called the lessor to the PennDOT office and advised, "We have got the thing all ready to go, and it's just a matter of a couple hundred dollars to get it through." Burello referred to this money as a "donation" and claimed that the Democratic Party needed the money.⁵⁸ Lessor B offered to immediately give Burello a check made out to "cash" for the \$200, but Burello demanded cash.⁵⁹ Shortly after making this cash payment to Burello, Lessor B received his signed contract and

58. Testimony of Lessor B before the Pennsylvania Crime Commission, March 11, 1975, N.T. 25 [hereinafter cited as Lessor B].

59. "[E]verything was always in cash, even tickets which I got a record of, and the number of tickets. I couldn't give them a check for the tickets. They wanted cash." Ibid., N.T. 45.

began to work for the State.

In addition to initially getting a State contract, political contributions appear to have played a decisive role in renewing those contracts. The following testimony indicates the interrelationship of party politics and State contract renewals:

Q: What would be the process for renewing a contract?

A: You had to inquire and see if you could get your piece of equipment back on.

Q: With whom would (you) inquire and when?

A: I would first go to my Democratic Chairman and tell him that my agreement is coming up (for renewal). And he would say, "We will see if we can't get it renewed." And I would call the Superintendent and the same thing would go with him.⁶⁰

This lessor made substantial political contributions in the form of Democratic ticket purchases throughout his lease years and always managed to have his contracts renewed. This lessor stated that the contributions were expected and that it was only right that as he did more business and received more income from the State that his contribution to the Party would correspondingly increase. He admitted that had he not been leading equipment to the State, he would not have made the

60. Testimony of Lessor C before the Pennsylvania Crime Commission, April 8, 1974, N.T. 32.

sizable political contributions that had been remitted.⁶¹

Lessor B related his experiences with getting a contract renewed. Burello called Lessor B on the telephone and stated, "I have some tickets down here for you, and I want to talk to you about your contract renewal."⁶² The lessor understood the implications of this phone call.

[When it was contract renewal time] they would throw a little heat on He (Burello) wanted a couple hundred dollars for the contract It was a \$200 donation to him and three \$100 tickets. This like--well, April 3, was the date that I gave him the money and bought the tickets, and my contract was up April 15.⁶³

When asked if Burello ever indicated that it was necessary to make the payments in order to get the contract renewed, Lessor B replied, "Well, they always phrased things so nice, but you get the message that you are not going to get the contract unless you make the donation."⁶⁴

Lessor B contributed over \$2,000 to the Democratic Party during his leasing tenure with the State. He was questioned

61. Ibid., N.T. 68-69.

62. Burello stated to the Crime Commission that he never linked the purchase of tickets or political contributions with the renewal of contracts. Lessor C, when asked whether he considered these contributions as a cost of doing business with the State, responded, "When you go to Church on Sunday you contribute to the good Lord." Ibid., N.T. 45.

63. Lessor B, N.T. 73-75.

64. Ibid., N.T. 75.

about the voluntariness of these contributions:

Q: Did you consider any of this money to be voluntary contributions to the Democratic Party?

A: Well, I would say the tickets were. I wouldn't have bought that many, but, you know.

Q: You would have considered the tickets you bought to be voluntary contributions?

A: Not that many. Like those \$100 tickets. I would never have bought four of them.⁶⁵

* * * * *

Q:q [W]ere it not for your contract with the State, would you have made those contributions?

A: No way.⁶⁶

* * * * *

Q: Did you consider these expenses (tickets and contributions) to be necessary in order to do business with the State?

A: Oh, yes. I had to make the contributions or I wouldn't have been working.⁶⁷

Lessor A succeeded to the ownership of a leasing company in 1971, when approximately 80% of the company's business related to PennDOT contracts. Shortly after assuming ownership, Lessor A was called to Superintendent Burello's office. Burello informed the lessor that the Democratic Party wanted

65. Ibid., N.T. 118.

66. Ibid., N.T. 121.

67. Ibid., N.T. 125.

10% of the gross amount which the lessor was receiving from the State contracts. Burello informed him of the receipt of a letter from Democratic headquarters which required Burello to solicit this 10% and that this contribution was to be retroactive to the beginning of 1971. Lessor A agreed to pay 10% up to the date of the conversation but felt that any additional amount would be excessive. This resulted in contributions of \$500 to \$600 in the form of two cash payments to the Superintendent shortly after their conversation.⁶⁸ Later that same year, Lessor A purchased tickets for Democratic affairs in the amount of \$400 to \$500.⁶⁹

Lessor A's testimony was consistent with that of other lessors in that his dealings with Mr. Burello were generally confined to the topic of contributions to the Democratic Party. Moreover, he expected a call from Burello at election time every year and knew that when Burello did call him to the PennDOT office, the subject matter would always be political contributions. Lessor A testified that on frequent oc-

68. Testimony of Lessor A before the Pennsylvania Crime Commission, February 25, 1975, N.T. 28-32 [hereinafter cited as Lessor A].

69. In 1972, Lessor A contributed about \$500 in the form of ticket purchases but paid no percentage payments. In 1971, the company had four pieces of equipment leased to PennDOT. In 1972, 1973 and 1974, this was respectively reduced to three, two and one. Lessor A feels that the loss of these contracts is a result of his failure to pay the requested percentage payments.

casions when he was called to Burello's office, nine or ten other lessors were also in the waiting room. Burello would see them individually.⁷⁰

e. Personal Gain

Lessors have testified about approaches from PennDOT Assistant Superintendent Caprino (now deceased) regarding payments to be made directly to Caprino.

Lessor B testified that Caprino periodically demanded cash from him. Caprino's general procedure was to visit Lessor B at non-PennDOT job sites to make his demands and

70. Lessor B stated that Burello's main concern was money for the Democratic Party:

Q: [H]e (Burello) did call you at various times leaving messages for you to call him?

A: Yes . . . * * * * *

Q: What would he discuss with you when you returned his call?

A: It would always be about a donation or tickets--

Q: Did he ever discuss with you any other matters, any work related matters, or how you were performing your job?

A: No, no.

Q: You never had any discussion of that type with him. The only discussions he ever had with you were relating to money?

A: Yes.

Lessor B, N.T. 56-57.

collect his money.⁷¹ When Lessor B called Burello to complain about the shakedowns of the Assistant Superintendent, he received no relief. On a second occasion, Burello told him, "It's Caprino's territory. I don't want to know anything about it."⁷² A short time later, one of Lessor B's operators advised him that a PennDOT Foreman had advised that a dollar payment per hour worked would be expected from Lessor B. In frustration, shortly after making substantial contributions for the renewal of his contracts, Lessor B terminated his lease association with the State, feeling that it was no longer possible to continue working under such demands.

Lessor A related a conversation he had with Assistant Superintendent Caprino. Caprino said that Lessor A would not have to do any work but would be guaranteed State payments if Lessor A would kick back \$1.00 an hour per piece of equipment.⁷³ The proposed formula for payment of State funds was explained to Lessor A as follows: 15% of the amount which Lessor A received for these hours not worked would be paid off the top to the Assistant Superintendent. The rationale

71. When Lessor B protested that he had already paid a lot of money, Caprino replied that that money had gone to Burello and the Party and that Caprino did not get anything out of that money. Ibid., N.T. 63.

72. Ibid., N.T. 81-83.

73. Lessor A, N.T. 61-68.

for this was that the money would have been contributed by Lessor A to the Democratic Party anyhow. The remaining 85% would be split equally between Lessor A and Assistant Superintendent Caprino.

Lessor A testified that he had spoken to two other lessors who had been offered the same proposition.⁷⁴ Lessor A claims that he declined this offer. Since the PennDOT record procedure would easily have allowed falsifications and related payments, other PennDOT employees may also have engaged in similar schemes.

It should be noted that the PennDOT Foremen had been known to keep "black books" which in essence, were daily diaries of actual work performed by lessors and employees. When the Crime Commission subpoenaed these black books to check against PennDOT records, three Foremen responded as follows:

1) Foreman Harry Daher testified that his black books for the years 1971 and 1972, were stolen from him during a burglary.

74. Q: Were you ever paid any monies by the State for hours in which your equipment was not used for State work?

A: I never was, but I was offered it.

Q: And what were you offered?

A: Well, when Caprino came out he would say something about if I needed my backhoe for something else that I could take it, but to just call him, you know, and then we would split that day's wages. But I never took him up on it.

Lessor B, N.T. 107-108.

2) Foreman Jack Plannick testified that his black books for the years 1971-1974, were "lost" in a truck accident. He said that after the accident he was able to drive the truck home but that the black books were inexplicably "lost."

3) Foreman Louis Joseph testified that his black books for 1971 and 1972, were lost in Hurricane Agnes. When asked to produce his black books for 1973 and 1974, he said that his wife had been house cleaning and threw them out in the trash.⁷⁵

2. Personnel

a. Patronage

The pattern of patronage in Allegheny County closely followed that described in Cambria and Montour Counties. The manner of securing employment with PennDOT was: "You have to get an application and go through the Democratic Party or Republican, whoever is in power."⁷⁶ In describing his role as political Ward Chairman, Rocco Burello explained that the criterion for State employment was a person's worth to the

75. The Crime Commission was limited in this audit to the examination of lessors' books, PennDOT payroll records, and an incomplete set of Forms 2162. PennDOT did not have a complete set of these forms because they stated that they are not required to keep copies following their yearly audit.

76. Testimony of Employee A before the Pennsylvania Crime Commission, October 17, 1974, N.T. 22. Of the eight PennDOT employees testifying before the Crime Commission, all had received their positions through the political process.

political party. Burello said that if a man were a good political worker, "I would take care of him."

Q: How would you take care of him?

A: Give him a job. ...

Q: Give him a job with the Department of Transportation?

A: If he could pull the votes and was a good worker, yes. No question about it.

Q: Would you be able to exert any influence to have him hired in any other position other than with the Department of Transportation?

A: Oh, yes. I had county, city.⁷⁷

The tradition of wholesale firings⁷⁸ and voter registration crossovers⁷⁹ in Allegheny County at the change of the State administration was also evident in the testimony received.

b. Political Contributions

Given the method by which PennDOT employees were hired, their response to the solicitation of political contributions

77. Burello, N.T. 50-51.

78. Reola, N.T. 19; Burello, N.T. 37-47.

79. Reola, N.T. 27.

was understandable. Superiors always solicited their subordinates⁸⁰ and the employees were considered excellent sources of funds for a political party.⁸¹ While this may not necessarily violate ransacking or extortion laws, the manner in which it was done exerted a very real pressure on the donors. The superiors seem to have made a conscious effort not to run afoul of the letter of the law, and their fund raising efforts most often were quite successful.⁸² When questioned about the voluntariness of the contributions, the employees accepted the solicitations as in accord with the expectations of their superiors: "I figured it was something we were doing in the past when I was under the Republicans, just one of those things required, that is all."⁸³

Perhaps the most revealing testimony received by the Crime Commission involved a PennDOT Foreman's explanation of why he contributed to the political party in power:

-
80. Q: Everytime you made a (political) contribution, as long as you have been employed by a governmental office, you have made it to your Supervisor at that office?
A: Yes. . . .

Testimony of Employee D before the Pennsylvania Crime Commission, November 6, 1974, N.T. 32.

81. Burello, N.T. 69.

82. One Foreman testified about the solicitation methods of his superior: "Well, he comes up and he says, 'We have these tickets here. Now you can take one if you want to. If you don't want to, you don't have to take one. Nothing will happen.' So I always take one."

83. Testimony of Employee B before the Pennsylvania Crime Commission, November 13, 1974, N.T. 85.

Q: What reason should you (contribute to the Party)?

A: Well, because those are the people that I am working for, the Party, you know.

* * * * *

[N]ow, I am working for the Democratic Party. I wouldn't feel right to contribute to the Republican Party, you know. Because after all, I want to keep my job and I want to work long enough to someday retire, you know. So it would be my belief that the Party I am working for is the one that should be helped. [Emphasis added.]⁸⁴

Thus, while the citizens of the Commonwealth paid the wages of PennDOT employees, at least some of those employees felt obligated to the political Party in power as if the Party, rather than the Commonwealth were their employer.

84. Testimony of Employee C before the Pennsylvania Crime Commission, October 17, 1974, N.T. 21-22.

VI. Observations and Recommendations

A detailed report of the Crime Commission's findings have been offered to appropriate law enforcement agencies for prosecutorial consideration. But the Crime Commission is ultimately concerned with the patterns of conduct described in this report and the reasons why such conduct occurs despite the statutory proscriptions against such behavior.

The Crime Commission has determined that the question of whether a political solicitation in and of itself violates a particular statute, presents a much too restricted inquiry into the real problem. A department or agency head may have sent out mailings to State employees requesting political contributions and may aver that there is no relationship between the solicitation and the retention of a State job. The letter may have been phrased in terms so that, on its face, it did not constitute a demand for a contribution. However, the employee was in a different position. Even though the letter may not have demanded a contribution, the employee may not have been able to risk not responding to the letter. His job may have been on the line. If he did not contribute, he had to worry about being laid-off.

This fear was the mainstay of the political fund raising process from State employees and lessors. The fear was very real and appeared to be well founded. A former State official testified that it was "routine" for State highway workers to pay a percentage of their salaries to the incumbent political Party. This former official compared the payments with union

dues. He explained, "What is the difference if they pay a union for protection or if they pay a political party for protection." This official went on to say that the system by which "voluntary contributions" were collected from road workers and private contractors leasing equipment to PennDOT, was well established. Dating back 40 to 50 years, the collections system had become "a matter of routine business within the department." During his tenure as a PennDOT Superintendent, when private contractors asked him about making political payments, he told them it was the policy of the County Party and the Highway Department to request them to contribute a percentage of their gross earnings from the State. In explaining the system, he said that as a highway Superintendent, he had no choice about ordering the collection of money. The county's political organization wanted the money and "it didn't matter what I thought of it ... that's the way it was ... it was common knowledge that every Party did it across the State." This former official himself owed his own post to a political sponsor and if he had ever refused to collect the money, "my sponsorship could have been withdrawn." If this had happened, he said he would have lost his job.⁸⁵

85. Testimony of William Quinn, State Highway Superintendent for Monroe County under the Shafer administration, before the Gleason Committee.

This fear factor is based on the continuance of the patronage and favor system. This system may be viewed in several ways. It may be viewed as a response to the desire of the Party in power to advance its own policies. It may be phrased in such terms as "other things being equal, a Party worker should be appointed to public office". But the more common expression of this policy usually omits from the doctrine "other things being equal"

The system may be viewed as a method of financing Party activity. The operation of a Party requires the services of many men and women throughout the year. Much of this work is performed by unpaid volunteers, but their efforts are not adequate. Thus, patronage serves to indirectly meet this need by channeling funds from the public treasury to Party support through the appointment of Party workers to public jobs.⁸⁶

In addition, the system may be viewed as a tool to maintain discipline within the Party. The adroit allocation of rewards aids a Party leader in holding the organization together.

Thus, the ability to dispense favors has been described as being at the core of political power: without patronage and favors, there is no incentive for people to join and

86. Key, V.O., Politics, Parties and Pressure Groups, (5th ed.). Thomas Y. Crowell Company, New York, 1964.

remain loyal to political organizations; and without strong Parties, representative democracy is threatened.⁸⁷

But the concept that political parties gain support from their ability to reward the faithful, ignores the broader point that merit systems have not destroyed political parties. And more to the point, the concept of "to the victors belong the spoils" ignores the fact that the money paid to public employees and lessors is the money collected from all citizens and not just those faithful to a particular party.

On the whole, the supply of public jobs to support party workers has declined in the face of the rise of the merit system and the professionalization of public service. But the spoils system has not been eradicated.⁸⁸ PennDOT continues to be the number one patronage spot in State government. And the utilization of discretion in the management of public expenditures still allows for a system whereby contracts for public works from PennDOT flow to contractors at inflated rates, with the contractor in turn using part of the profits to aid the Party which originally exercised the discretion.

87. Patronage Dismissals: Constitutional Limits and Political Justifications, 41 U. Chi. L. Rev. 297 (1974).

88. In 1955, the Governor Controlled 53,000 jobs ranging from highway worker to Cabinet member. As of 1977, unionization and Civil Service cut that number to 25,000, with some 73,000 State employees then covered by Civil Service.

The Crime Commission believes that patronage and the favors system were among the basic root causes of the PennDOT problem. People who owe their jobs and their leases to politicians will logically submit to the requests of those politicians. What happened in the PennDOT case is that PennDOT developed the public image of being a repository for political cronies and bagmen.⁸⁹ The 1977 composition of the PennDOT supervisory staff indicates the reason for the image: the backgrounds of the PennDOT county Superintendents ranged from experts in engineering and transportation to shoe salesmen, school teachers, football coaches, dairy farmers, drillers and truck drivers. More significantly, at least seven of them were Democratic County Chairmen or Vice Chairmen and 15 others were either active or former Democratic county and local officeholders or Committeemen.

State Representative John P. Milliron (D-Blair) himself held a job at PennDOT which he obtained through political sponsorship. Milliron stated, "PennDOT has always been

89. The image belongs to no particular party or administration. Rather, it is only because Democrats now happen to be in power that they are mentioned in this report.

the dumper for political hacks. The question isn't who would make the best District Engineer, the question is who will make the best political engineer."⁹⁰

The unionization of PennDOT has had an effect on the collection system. Many employees have refused to make political payments and say that if it were not for the unions, they would have been fired for such refusal. However, the workers repeatedly indicate that their unions are as yet not strong enough to prevent harassment and assignments to particularly harsh jobs. And while the unions may protect the workers to some limited extent, there has been no corresponding protection for private contractors seeking to do business with the State.

In 1975, the then Secretary of Transportation, Jacob G. Kassab, admitted, "Anyone would be a hypocrite to say there is a way to close [illegal fund raising in PennDOT] off altogether. It is something that has existed under all administrations."⁹¹ The evidence presented in this report supports Mr. Kassab's statement. The problem to be confronted

90. The political composition of the work force leads to the kind of environment that is ripe for questionable fund raising activities. There have been at least 34 instances involving the conviction, indictment, or plea bargaining of PennDOT officials charged with macing, extortion, theft and kickbacks.

91. Jacob G. Kassab, appearing before the Senate Republican Caucus in October, 1975.

is not only the people who have been involved, but more importantly, the system itself: the system that operated on the premise that State jobs, contracts and leases are awarded to persons willing to make financial contributions to the political party controlling the government agency responsible for dispensing the contracts or jobs.

In an effort to reform the system, Kassab offered a detailed program for legislative consideration. The proposals included:

- 1) A ban on making, solicitation or acceptance of political contributions and sale of tickets to political affairs on PennDOT property;
- 2) A prohibition against political activity of any sort on PennDOT property and against the use of State facilities, equipment and supplies for political purposes;
- 3) A prohibition against employees and members of their families accepting gifts from subordinates or anyone who has an interest in decisions made by PennDOT;
- 4) A requirement that payment checks for leased equipment are to be mailed directly to the lessor and are to be computed in the comptroller's office.

The Crime Commission concurs in these proposals and considers their passage by the Legislature to be essential to safeguard against improprieties in the Department of Transportation. But as previously noted, the root of the problem is patronage itself. Accordingly, the Crime Commission most strongly supports Kassab's proposal to extend Civil Service protection to highway maintenance officials and workers. As Kassab said in urging the Legislature to extend such coverage to PennDOT, "[This would] be a major aid to us in achieving the nonpolitical merit system

the taxpayers have a right to expect of our State highway operation." Attempts to have such legislation passed have been defeated in the House of Representatives.

Proposals affecting the leasing of equipment to PennDOT have also been offered. Representative Harry A. Englehart, Jr., (D-Cambria) has sponsored legislation requiring competitive bidding on leased equipment. Representative Englehart noted that it is less expensive for the State to lease snow removal equipment than to buy additional equipment, because such equipment is only used for short periods. However, he noted that if a lessor can pay back 5% or 10% of his lease to a political party and still make a substantial profit, the prices for the lease are too high. By switching to competitive bidding, the State could save money and at the same time help to dispel any suspicion of wrongdoing and corruption in the leasing program. Both majority and minority members of the Gleason Committee had introduced a package of such bills, addressing themselves to contract abuses. These bills have languished in various committees of the House of Representatives. The Crime Commission supports the concept of competitive bidding and recommends reconsideration and passage of such legislation.

The Crime Commission is particularly concerned with the end product of the spoils system--the financing of political campaigns. The legislation that does exist is ill suited to achieve reporting and public disclosure on a level which serves to inform the public of the true costs of electing

public officials and the equally crucial question of who is paying these costs. The previous discussion of the functioning of the Century Club concept serves as an example of a relatively simple idea frustrating the statutory reporting requirements for political fund raising. Indeed, the Crime Commission believes that to deal with the problem of campaign reporting, we must deal with the fact that for a myriad of reasons, parties and contributors desire not to report or to mis-report the source of political financing.

There are several bills presently under consideration for the reform of election code campaign disclosure provisions. The Crime Commission generally supports such efforts. However, the Commission suggests an alternative reform to respond to the public's right to know who is financing a political campaign. The Commission proposes that the private financing of local and State elections yield to a new system of public financing, on the order of the federal system of check-off. Each Party would then be assured of an appropriate share of funding without having to rely on particular interest groups and without feeling the need to extract contributions from individuals by improper means. Government would then owe its financial debt to each and every citizen and not just those who under the present system, owe their jobs and contribute to a particular political party.

The findings in this report present serious concerns for public confidence in government. The Crime Commission regards its proposals as warranting serious thought by those who believe in a government's moral and ethical responsibility to the citizenry.

EPILOGUE

At this time, we may report on the results of the criminal trials relating to the material presented in this report:

Cambria County--On November 1, 1977, Democratic County Chairman John Torquato, and PennDOT employees John George and Harold Stevens, were indicted by a federal grand jury in Pittsburgh, for their roles in the extortion of over \$80,000 from PennDOT lessors. On June 29, 1978, all three were convicted.

Allegheny County--In September, 1977, PennDOT Superintendent Rocco Burello was indicted by a federal grand jury in Pittsburgh, for shaking down PennDOT lessors during the years 1971 through 1973. On May 16, 1978, Burello was convicted of extortion after pleading no contest.

In order to appreciate the pervasive nature of the corruption found in PennDOT, these convictions should be placed in the context of other criminal trials relating to counties not investigated by the Crime Commission:

Crawford County--On March 17, 1978, six PennDOT employees were charged by the District Attorney and the state Justice Department, with forcing PennDOT employees to buy tickets to Democratic Party fund raisers. One of the defendants has already been convicted by a jury on charges of making. The others are awaiting trial.

Indiana County--In September, 1977, PennDOT official and County Democratic Chairman William Tate, and PennDOT Superintendent Louis Sacco, were convicted of extorting money from PennDOT contractors.

Monroe County--In 1975, PennDOT Superintendent William Heller, pleaded guilty to extorting money from PennDOT contractors.

Philadelphia County--In the Spring of 1976, PennDOT Superintendent Joseph Brocco was convicted, and nine others pleaded guilty or were convicted in a scheme to file false overtime forms with PennDOT. The money gained from the scheme went to Brocco. Brocco was also convicted of stealing guard rails for sale to junk dealers.

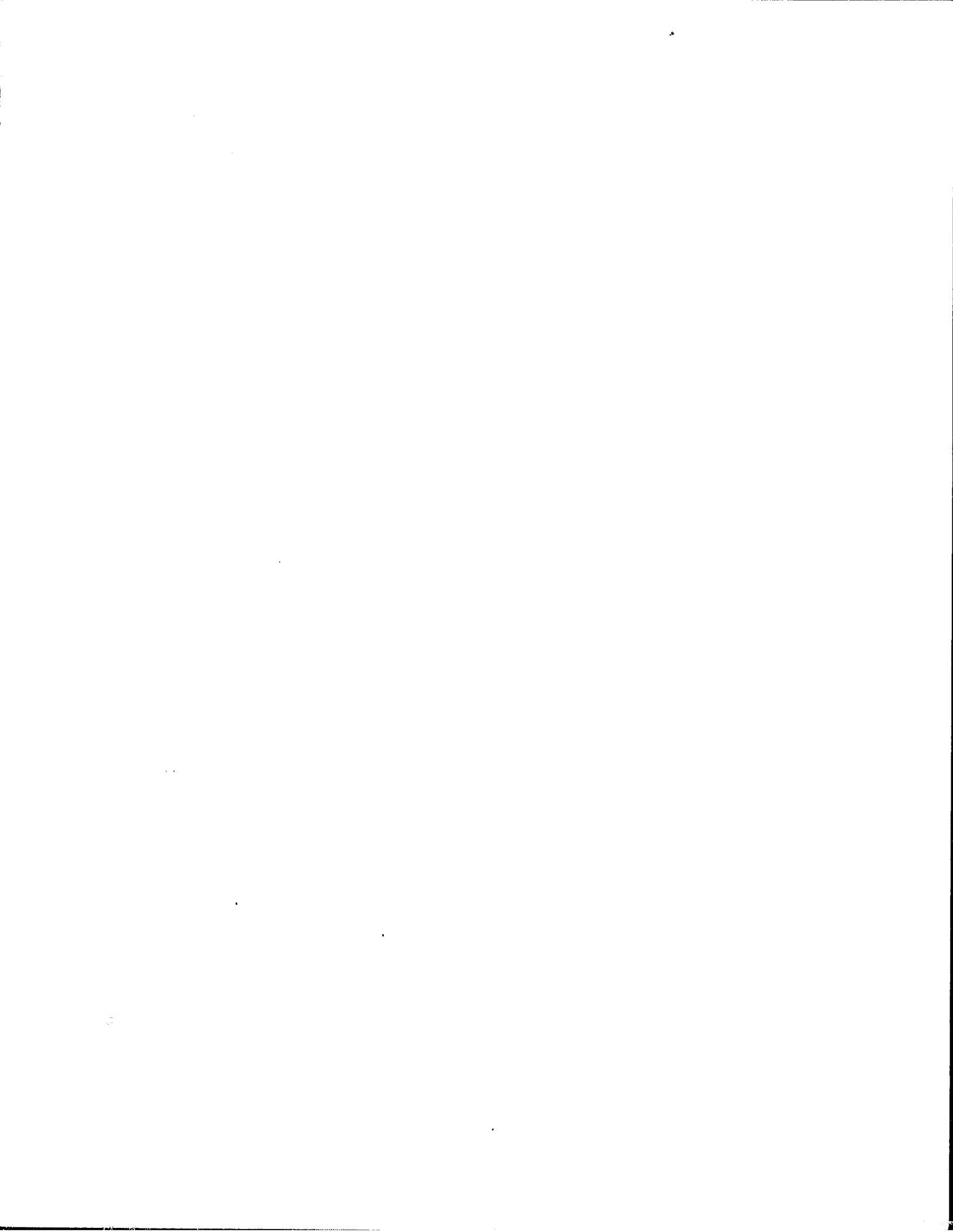
Westmoreland County--In March, 1978, Egidio Cerilli, then Pennsylvania Turnpike Commissioner, was convicted by a federal jury in Pittsburgh, for the extortion of PennDOT lessors at the time Cerilli was a PennDOT superintendent. Two Assistants, Maylan Yackovich, and John Shurina, were also convicted for extortion. A third Assistant awaits separate trial in August of this year.

These criminal proceedings serve to establish that while the conviction of individuals helps to root out the perpetrators of criminal activity, the most important issue is the systemic nature of corruption that existed in PennDOT during the years under examination. The most important function of this report is to raise the issue and to suggest ways to deal with the potential for corruption.

We are now witnessing a situation where PennDOT is unable to adequately maintain the roads in the Commonwealth, when major PennDOT building projects have been delayed or cancelled and when thousands of PennDOT employees are being furloughed. PennDOT officials have stated that they do not have sufficient resources to support these programs, and have requested that the Legislature enact a 3 1/2 cent increase in the gasoline tax to resolve their funding crisis.

While the Crime Commission does not question the fact that PennDOT is suffering for lack of resources, we must remember that during the period under investigation, the money that was being extorted and maced from lessors and employees indicated that contract prices and salary levels were sufficiently high to allow for kickbacks. If these contracts and salaries had not had a kickback-inflation-factor, the money saved by PennDOT would have served to fill many road potholes.

Accordingly, the Crime Commission urges the Legislature to consider the recommendations contained in this report, to ensure that any money granted to PennDOT will be used to serve the public interest rather than the political party in power.



END