

STATE OF NEW JERSEY
COMMISSION OF INVESTIGATION

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IN THE MATTER OF THE INVESTIGATION
RELATING TO THE INFLUENCE OF
ORGANIZED CRIME AND CORRUPTION IN
THE STATE OF NEW JERSEY.

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: Public Hearings
: TRANSCRIPT OF
: PROCEEDINGS
:
:

Tuesday, September 19, 1972
Wednesday, September 20, 1972

Senate Chamber
State House
Trenton, New Jersey

B E F O R E:

JOHN F. MC CARTHY, JR., Chairman
CHARLES L. BERTINI, Commissioner
WILFRED P. DIANA, Commissioner

A P P E A R A N C E:

B. DENNIS O'CONNOR, ESQ.,
Counsel to Commission.

Reported by:

JOHN J. PROUT, JR., C.S.R.

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I N D E X

WITNESS

EXAMINATION

THOMAS J. MC DONALD

Mr. O'Connor

6, 62

DEAN H. BOORMAN

Mr. O'Connor

41

PETER B. DORRAM

Mr. O'Connor

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STEVEN D. SICA

Mr. O'Connor

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KENNETH M. KRAUS

Mr. O'Connor

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EXHIBIT

DESCRIPTION

PAGE

C-1 Photocopy of minutes of June 3,
1971 Hillsborough Township
Planning Board meeting

19

C-2 Photocopy of recommendation of
Robert Strong & Associates,
dated June 22, 1971

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I N D E X (CONTINUED)

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1 THE CHAIRMAN: Ladies and gentlemen, we will
2 begin now the public hearings in the field of zoning
3 and planning abuses. I apologize for being a bit
4 tardy in starting, but sometimes you just can't
5 plan everything the way you lay it out in the be-
6 ginning. I would like to put into the record an
7 opening statement, and I'll go very slowly with it
8 so that the court reporter will be able to take it
9 down intact.

10 The State Commission of Investigation has
11 long been concerned with reports that it may be a
12 fairly widespread practice for land developers to
13 be asked to pay sums of money - either as a direct
14 bribe or in the guise of a campaign contribution -
15 as the price for receiving approvals from various
16 boards which regular construction at the municipal
17 level.

18 This Commission could not fail to take note
19 of the vigorous actions that have exposed in the
20 courts on the Federal, state and county levels
21 many instances of corruption or attempted corrup-
22 tion at the municipal level. Those exposures cer-
23 tainly have given credence to what had been until
24 recent times mostly rumor and suspicion.

25 The Commission came to the conclusion that

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it might play a useful role in maintaining a high tempo of exposure of corrupt practices, especially since the Commission has considerable freedom of action as a fact-finding, public exposure body. That freedom of action, the Commission believed, could provide a particularly suitable framework for the SCI staff to find and bring to light any pattern of pressure that might foster pay-up-or-perish or pay-now-or-lose-later situations.

Most importantly, the Commission believed the results of such a probe could be the basis of recommendations to the Governor and the Legislature for possible corrective steps. Accordingly, a full field investigation was undertaken followed by private hearings.

These public hearings will document instances of money being paid or money being requested as the quid pro quo for favorable action, or at least, a promise of such action at the municipal level. The instances to be aired at these hearings cover a sizable segment of the state. They are in predominantly suburban areas where in recent years residential and commercial land development has proceeded at a rapid pace.

Whether the payment or requested payment is

1 large or small, or whether it is in the guise of
2 a campaign contribution or not, does not affect
3 the basic cancer that apparently afflicts a number
4 of local bodies politics in New Jersey.

5 This Commission in no way intends these
6 hearings to absolve the developers who are willing
7 to make payments. For every corrupted person,
8 there must be someone willing to corrupt.

9 But the fact remains that it is in large
10 part the procedures and personalities in the govern-
11 mental structure that create the fundamental pres-
12 sures conducive to corruption. Of course, the proper
13 procedure for a developer when he receives a cor-
14 rupt proposition is to report the matter to Federal,
15 state or county authorities.

16 We hope that these hearings will encourage
17 both developers and public officials to do just
18 that. This Commission considers the matter of
19 municipal corruption to be a continuing investiga-
20 tion and calls on developers, public officials
21 and citizens to come forward and give this Commission
22 additional data.

23 Certainly, there are many scrupulously
24 honest municipal boards and board members in this
25 state. In fact, one of the tragedies of so many

1 documented instances of corruption in recent years
2 is that the public unfortunately and inaccurately
3 tends to think less of all governmental officials
4 without regard to their personal integrity and
5 honesty.

6 It is the Commission's hope that these
7 hearings, in conjunction with all the other efforts
8 aimed at stamping out corrupt practices, can help
9 to deter further instances and, most importantly,
10 point to ways of strengthening the laws of the
11 State of New Jersey.

12 Mr. O'Connor, are you ready to proceed with
13 calling your first witness?

14 MR. O'CONNOR: I am, Mr. Chairman.

15 THE CHAIRMAN: I might add that this morning,
16 before Mr. O'Connor calls his first witness, we have
17 two commissioners sitting; Mr. Charles Bertini of
18 Wood-Ridge, New Jersey, on my right; my name is
19 John McCarthy. The third commissioner, Mr. Wilfred
20 Diana, will be here momentarily. But as the reporters
21 present probably know and understand, there is a
22 state requirement in our statute that two commis-
23 sioners are all that will be required to sit at
24 public hearings, so we do have a quorum here to pro-
25 ceed.

1 Mr. O'Connor.

2 MR. O'CONNOR: Mr. Thomas J. McDonald, please.

3 THE CHAIRMAN: We'll just take a thirty-
4 second break. We'll return right away.

5 (Whereupon, a brief recess is taken.)

6 (After recess.)

7 THE CHAIRMAN: Mr. McDonald, would you stand
8 up, sir, to be sworn, please.

9
10 T H O M A S J. M C D O N A L D, having been
11 duly sworn according to law by the Officer, testi-
12 fied as follows:

13
14 THE CHAIRMAN: Mr. McDonald, I would caution
15 you that when you respond to the questions posed
16 by Mr. O'Connor you will have lean forward and speak
17 into the mike or move the mike nearer to you. Okay?

18 THE WITNESS: Yes, sir.

19
20 EXAMINATION BY MR. O'CONNOR:

21 Q Mr. McDonald, I notice, sir, that you are
22 appearing here this morning without counsel. Do you
23 realize, sir, that you have a right to have counsel here
24 present with you during this hearing?

25 A I believe so, yes.

1 Q Do you wish to proceed without counsel?

2 A I believe so.

3 Q If at any time, Mr. McDonald, during the pro-
4 ceeding you feel that you would like to be excused to con-
5 sult with counsel, please indicate that to the chairman
6 and you will be excused for that purpose.

7 A Yes.

8 Q Let me also advise you, Mr. McDonald, that
9 if at any time you feel that to answer a question I might
10 pose to you, you might tend to incriminate yourself, you
11 may, sir, refuse to answer the question on that basis.

12 Do you understand that, sir? A Yes, sir.

13 Q Mr. McDonald, would you state your full
14 name and address for the record.

15 A My name's Thomas J. McDonald. I live at 2 Ski
16 Drive in Hillsborough, Neshanic Station Post Office
17 address.

18 Q What is your occupation, Mr. McDonald?

19 A I'm a commercial-industrial real estate broker and
20 appraiser.

21 Q Would you speak up, please, sir.

22 A A commercial-industrial real estate broker and
23 appraiser.

24 Q Commercial and industrial real estate
25 broker? A Yes, sir.

1 Q And appraiser? A Yes, sir.

2 Q And where are you offices located, sir?

3 A 23 Starview Drive, ^{000 400 1300000} Neshanic Station.

4 Q And under what trade name or corporation

5 name do you function? A Thomas J.

6 McDonald Real Estate.

7 Q And how long have you been in commercial

8 real estate business, Mr. McDonald?

9 A Oh, approximately thirteen years.

10 Q During your thirteen years as a real estate

11 broker have you ever had any transactions in a township

12 known as Hillsborough, New Jersey?

13 A Yes, sir.

14 Q Would you tell us how many transactions?

15 A Well, the one primary one is the shopping center.

16 Q You say one primary one?

17 A Yes, sir. Probably four other ones beside that.

18 Q All right. Directing your attention, sir,

19 to what you characterize as a shopping center, would you

20 explain to the Commission just what this transaction in-

21 volved? A Yes, sir, a piece of property

22 on the corners of Amwell and South Branch Road in the

23 Neshanic Station of Hillsborough Township, approximately

24 seven and a half acres of ground adjoining the municipal

25 building.

1 Q Did you purchase this real estate, sir?

2 A I took it under option, yes, sir.

3 Q And do you recall a point in time when
4 you took an option on that real estate?

5 A If I can refer to my note, I could tell you exactly.

6 Q Please do. A February, 1971.

7 Q Is that, sir, when you first acquired the
8 option on the real estate in question?

9 A Yes, sir.

10 Q You say it was an option. What were the
11 terms and conditions of the option?

12 A Well, the terms and conditions were that I would
13 buy the property subject to zone change.

14 Q Well, let me ask you, Mr. McDonald: At the
15 time you signed this option was the zoning such that
16 would permit you to use it as a shopping center?

17 A It was zoned agricultural.

18 Q Now, in order for you to use this real
19 estate, then, for a shopping center you would have to
20 acquire some sort of change in the zoning plan in the
21 town, wouldn't you, sir?

A Yes, sir.

22 Q What was the contract price for the real
23 estate? A I believe it was \$65,000.

24 Q And you intended to develop the real estate
25 into a shopping center? A Yes, sir, shopping

1 center and gas station.

2 Q After you executed the option, sir, did you
3 take any steps to see whether or not the town would look
4 favorably upon any application you might make--

5 A Yes, sir.

6 Q --to change the zoning?

7 A Yes, sir, I did.

8 Q Would you relate to the Commission, sir,
9 exactly what steps you did take?

10 A Well, the first thing I did was, I went to John
11 Guerrero's office before I took it under option.

12 THE CHAIRMAN: You're going to have to lean
13 into that mike a little bit more, Mr. McDonald.
14 Thank you.

15 A (Continuing) I went to Mr. Guerrero's office.

16 Q Who is Mr. Guerrero, sir?

17 A Mr. Guerrero was then the mayor.

18 Q The mayor of what town, sir?

19 A Hillsborough Township.

20 Q Do you recall approximately when you went to
21 his office? A Oh, I believe it was

22 about the beginning of February.

23 Q Of 1971? A 1971, yes, sir.

24 Q Why did you go to Mr. Guerrero's office, sir?

25 A Well, there was no sense taking the property under

1 option in the event that it couldn't be used, and at the
2 same time I'm a real estate broker, and when I buy a
3 piece of property myself I never act as a broker in my
4 own behalf.

5 Q Is there any reason for that?

6 A Yes. At a later date I wouldn't want anybody to
7 say there was a conflict of interest.

8 Q So you went to the office of Mayor Guerrero
9 to discuss your use of the land on which you had acquired
10 the option? A Yes, sir. I told him

11 what I had planned and I asked him if he wanted to act
12 as the broker.

13 Q Well, sir, let me ask you this: Did you go
14 to his office as mayor or did you go to his office in his
15 private capacity? A Well, I went to

16 his office as a real estate broker.

17 Q Do you know where that office is, sir?

18 A It's on North Bridge Street in Somerville.

19 Q Now, does Mr. Guerrero maintain a real
20 estate at that address? A Yes, sir, an

21 insurance office and a real estate office.

22 Q Do you know the name of the company through
23 which he functions? A The real estate end,

24 I believe, is Hardgrove Realty?

25 Q Hardgrove? A Hardgrove.

1 Q All right. Now, what was the conversation
2 you had with Mr. Guerrero at that time?

3 A Well, I told him what I had planned to do. I asked
4 him if he wanted to act as the real estate broker, repre-
5 sent me; explained to him why. He said that--we talked
6 about what I wanted to do and how it was to be done. Then
7 he explained to me that if he voted--if he acted as the
8 broker, he would have to disqualify himself when it came
9 time to vote on the project. So he recommended that I
10 go down and see Bruce Ammerman, Hillsborough Realty.

11 Q Did you have any further conversation with
12 Mr. Guerrero prior to going to see Mr. Ammerman?

13 A Not that I can recollect.

14 Q So Mr. Guerrero explained to you that as
15 mayor he would be voting on the application and, therefore,
16 could not act as broker; is that correct, sir?

17 A That's correct, yes.

18 Q And he then referred you to Mr. Bruce
19 Ammerman? A Yes, sir.

20 Q Of Hillsborough Realty?

21 A Yes, sir.

22 Q Did you ultimately go and see Mr. Ammerman?

23 A Yes, sir, I did. I went right from Guerrero's
24 office to Ammerman's office.

25 Q What was your conversation, sir, with Mr.

1 Ammerman? A I told Mr. Ammerman what I
2 wanted to do and explained to him that the property was
3 for sale; it was for sale by Eisenhower & Vogel in 3
4 Bound Brook; and that I would like him to represent me,
5 and he contacted Eisenhower & Vogel. He had also, I
6 believe, been contacted by Mr. Guerrera and expected me
7 down there. And we had some problems getting a contract
8 executed, but we finally did.

9 Q Now, what contract are you referring to,
10 sir?

11 A The contract on the Hansen
12 tract of ground in Hillsborough.

13 Q Your contract to purchase it?

14 A Yes, sir.

15 Q Or Mr. Ammerman's contract to represent you?

16 A No, no, my contract to purchase it.

17 Q What were the problems you were having
18 on that contract? A Well, we had a little
19 problem with their attorney on the terms. This was over-
20 come.

21 Q Now, under what terms did Mr. Ammerman
22 undertake to represent you as broker?

23 A All right. Mr. Ammerman was to co-broke the com-
24 mission with Eisenhower & Vogel. Then I found out later
25 that he told me that Mr. Guerrera suggested that I make
up the difference in the ten per cent commission arrangement

1 between Ammerman and Guerrera.

2 Q Are you saying, sir, that there was an agree-
3 ment between Mr. Ammerman^{0 4 9 0 1 3 0 0 1 4} and Mr. Guerrera on this parcel
4 wherein Mr. Guerrera would share in Ammerman's commission?

5 A This is the way I understood it, yes, sir.

6 Q And who was to pay the commission to Mr.
7 Ammerman? A I was to. The commission was

8 to be divided between Eisenhower & Vogel and Ammerman.

9 Then when Ammerman received his commission check on

10 Eisenhower & Vogel, they wanted me to make up the differ-

11 ence to make up ten per cent of the commission, which would
12 be the normal commission.

13 Q Well, what percentage had you agreed to pay,
14 sir? A Well, I don't know how it

15 would work out. You work^{it}/out mathematically. But I
16 agreed, yes, I'd make up the difference of ten per cent
17 because I asked him to represent me.

18 Q Mr. Ammerman? A Yes, sir.

19 Q Well, what isn't clear at this point, sir,
20 is: Exactly what participation did Mr. Guerrera have in
21 the commission that you paid to Mr. Ammerman?

22 A Well, I understand from Mr. Ammerman that he was
23 to receive a portion of the ten per cent that I was making
24 up.

25 Q That who was to receive it?

1 A Mr. Guerrero.

2 Q And to the best of your knowledge this was
3 an agreement between Mr. Guerrero and Mr. Ammerman? 0 0 4 9 0 1 3 0 0 1 5

4 A Yes, sir.

5 Q Did you ever have any conversation with Mr.
6 Guerrero about that agreement? A Not that
7 I recollect, sir.

8 Q So ultimately through the representation of
9 Mr. Ammerman you did acquire an option on the real estate
10 in question? A Yes, sir.

11 Q And you did pay a commission to Mr. Ammerman?

12 A No, sir, I didn't. The commissions are never due
13 and payable until the closing on the property. We still
14 haven't closed the property.

15 Q Well, to date have you paid any monies what-
16 soever to Mr. Ammerman? A No, sir.

17 Q How about to Eisenhower & Vogel?

18 A No, sir.

19 Q How about to Mr. Guerrero?

20 A No, sir.

21 Q On that transaction?

22 A No, sir.

23 Q So this, then, was the agreement which to
24 date has not come to fruition? A Yes, sir.

25 Q Now, once you made the arrangement with Mr.

1 Ammerman wherein he would represent you as broker, did
2 you take any further steps, Mr. McDonald, to apply for
3 either a variance or a change in the zoning which covered
4 the real estate in question? A Yes, sir.

5 We met several times with the Hillsborough Township
6 Planning Board. We had two courses we could have pursued;
7 we could have gone for a variance or we could have gone
8 for a zone change. The master plan carried the property
9 since 1965 for the use that we wanted to use it, so it
10 was decided by myself and my attorney and the other people
11 involved that the best course to pursue was to go for a
12 zone change and try to live with the ordinance.

13 Q And you say you had conversations with a
14 municipal body? A Yes, sir, the planning
15 board.

16 Q The planning board? A Yes, sir.

17 Q And just generally speaking, Mr. McDonald,
18 what was the gist of the meeting?

19 A Well, there were several work meetings at which time
20 I outlined what I wanted to do. Then it became the fact
21 of how are we going to do it. Then I explained to them that
22 I would give them any--they asked me if I had working plans
23 and I explained to them, no, that I was open because I
24 wanted to set the thing up as a trust fund for my two
25 children. So I told them I would give them anything that

1 was within reason in the form of architecture and layout.
2 What finally came out of it was kind of a Colonial Virginia
3 architecture with the white columns. And they asked me
4 if I had working plans, and I had a model built of it
5 which seemed to satisfy everybody.

6 Q As you had the various meetings with the
7 members of the planning board, sir, what was their reaction
8 to your proposal?

9 A Well, by the time we
10 finished with it it seemed to be unanimous decision that
11 the community could use the project.

12 Q And this, sir, is what was indicated to you
13 by the various members of the planning board?

14 A Yes, sir, on, I believe it was, the meeting of
15 March the 30th, 1971, they decided that it was--that they
16 had approved it and it should be sent to the mayor and
17 council.

18 Q So, to your knowledge, the planning board
19 did approve your plan and they did recommend the change in
20 the ordinance?

21 A Oh, yes. I have the,
22 I believe, the copy of the written minute where they had
23 recommended it to the mayor and council.

24 Q You have a copy of those minutes with you,
25 sir?

A I believe so.

THE CHAIRMAN: Do you want to have them
marked, Mr. O'Connor?

1 Q Do you have any other documents at this time,
2 Mr. McDonald, that you might think would be of interest
3 to the Commission, ~~S.I.E.~~ 4 9 0 1 3 0 0 1 3 A Well, I have the
4 Robert Strong & Associates report. Robert Strong was the
5 planner for Hillsborough Township. There is a three-page
6 recommendation in favor of the project.

7 Then 1971 I have a list of members of the planning
8 board in which John Guerrera, William Musa and Cinelli
9 were.

10 THE CHAIRMAN: Will you lean into the micro-
11 phone, Mr. McDonald?

12 THE WITNESS: Yes, sir.

13 A (Continuing) I have a copy of the members of the
14 planning board for 1971, which included John Guerrera,
15 William Musa, Michael Cinelli, among others, including
16 Robert Hardgrove, Guerrera's partner, was secretary at
17 that time.

18 Q Would you read off the list, the entire list
19 of members of the planning board at that time?

20 A Well, you had Mark Singley was chairman; Dr. Allen,
21 Jr., was vice-president; Robert Hardgrove, secretary;
22 John F. Guerrera, William Musa, Clyde Pressey, P-r-e-s-s-e-y,
23 Gerald McCray, Michael Cinelli, Gail Quabeck. Robert Strong
24 & Associates were the engineers, and Robert Jamieson was
25 the township engineer. I'm sorry, Robert Strong was the

1 associate planner.

2 THE CHAIRMAN: Mr. O'Connor, do you want all
3 those marked now? 0 0 4 9 0 1 3 0 0 1 9

4 Mr. Prout, would you mark those in, please.

5 (Photocopy of minutes of June 3, 1971
6 Hillsborough Township Planning Board meeting re-
7 ceived and marked Exhibit C-1.)

8 (Photocopy of recommendation of Robert
9 Strong & Associates, dated June 22, 1971, received
10 and marked Exhibit C-2.)

11 (List of Hillsborough Township Planning
12 Board Members received and marked Exhibit C-3.)

13 MR. O'CONNOR: All right. For the record,
14 Exhibit C-1 purports to be a copy of a resolution
15 passed by the Hillsborough Planning Board under
16 date June 3, 1971, recommending a change in the
17 zoning of the Township of Hillsborough.

18 Exhibit C-2 is a copy of the report prepared
19 by Robert Strong & Associates under date of June 22,
20 recommending a change in the Hillsborough ordinances
21 to permit the use of the real estate as proposed by
22 Mr. McDonald.

23 Exhibit 3 purports to be a list of the members
24 of the planning board of the Township of Hillsborough
25 for the year of 1971.

1 BY MR. O'CONNOR:

2 Q Now, Mr. McDonald, you testified, sir, that
3 in approximately June of 1971, to your knowledge, the
4 planning board of the Township of Hillsborough had accepted
5 your project and decided to recommend it to the township
6 committee; is that correct, sir?

7 A The date, I think, was March the 30th, 1971.

8 Q March 30th? A To the best of
9 my knowledge that was the actual date.

10 Q Now, during your meetings with the members
11 of the planning board did you have any conversations with
12 Mr. Guerrero out of the presence of the other members of
13 the planning board with regard to your project?

14 A Yes, sir. Since I went to Mr. Guerrero, I wanted
15 his guidance as the best way to proceed. We had several
16 conversations in his office between--well, we had several
17 conversations in his office. When I'd go into town, I'd
18 stop into his office.

19 Q Well, generally speaking, what were the
20 conversations in reference to?

21 A Well, one day I walked in. It was in reference to
22 the shopping center which I proposed to use.

23 One day I stopped into Guerrero's office. This
24 was between the planning board meeting of May the 30th
25 and the actual meeting of the mayor and council on May the

1 25th, which Guerrero was on both with Musa and Singley.

2 I asked him, I said, "John, we've gone this far.
3 Now, what's it going to take to get this project completed?"
4 He told me it was--first of all, he said he'd have to talk
5 to the boys.

6 Q Talk to the boys? A Yes, sir.

7 Q Did he identify "the boys"?

8 A No, sir, he did not.

9 Q Did he say what he had to talk to the boys
10 about? A No, sir, he didn't.

11 Q Did he say why he had to talk to the boys?

12 A No, sir.

13 Q Well, what was your purpose in going to his
14 office, sir? A Well, I'd stop just to find
15 out how things were progressing and if we had any problems.
16 If I had a problem I would tell him about it. Like I
17 found out that if we got twenty per cent of the neighbors
18 would object, then we would need two-thirds' majority of
19 the council vote. I would tell him this stuff, which
20 turned out to be a mistake, but--

21 Q Well, at any time, Mr. McDonald, during your
22 meetings with Mr. Guerrero between the point in time when
23 the planning board resolved to recommend your project and
24 the actual vote was taken by the township committee did
25 Mr. Guerrero offer to do anything for you to expedite your

1 proposal? A No, I can't say that he--
2 when I come back to him again after he talked to the boys,
3 he told me that the project was probably going to take
4 five big ones.

5 Q Five big ones? A Yes, sir.

6 Q Do you know what he meant by that?

7 A Yes, sir, it was very clear. \$5,000.

8 Q Well, what was your reply to Mr. Guerrero
9 at this time? A I was a little bit
10 befuddled at this point. I don't think I replied to him
11 at all immediately, and then I told him, I says, "Are we
12 talking about \$5,000?" He said, "Yes." And that's when
13 the cat was out of the bag, so to speak.

14 Q Well, did Mr. Guerrero indicate to you how
15 he wanted this money paid? A Well, as we
16 discussed it, the money was to be turned over to him in
17 fifty-dollar bills.

18 Q In cash? A Cash, yes.

19 Q Did he tell you when he wanted the money?

20 A Well, no, sir, he didn't.

21 Q Well, what did you say to Mr. Guerrero in
22 response to his request for \$5,000?

23 A Well, I asked him, I says, "You mean this is what
24 it's going to take?"

25 He says, "Well, that's what the boys seem to think."

1 And that's where we left it drop and I walked out of the
2 office, kind of a little befuddled.

3 Q Well, you left his office after he made
4 this demand? A Yes.

5 Q What did you do? Tell me what steps did
6 you take after he made the request.

7 A Well, I didn't, first of all, know what to do. Then
8 I finally--well, number one, at the point I didn't have
9 \$5,000 in cash. So I met him later in his brother's parking
10 lot and I told him. I says, "John, the only way I can get
11 you \$5,000 is if I get it out of an escrow account from
12 Judge Rizzolo's office."

13 Well, he didn't want to hear any parts of that. He
14 warned me not to say anything to Judge Rizzolo, who repre-
15 sented me as my attorney.

16 Q Judge Rizzolo was then representing you?

17 A Yes, sir. He had come off the bench. The "Judge"
18 is an honorary title. I guess it still carries.

19 Q Did he have \$5,000 in his possession in an
20 escrow account? A No, I didn't. Let's

21 just say I could probably have gotten \$5,000 from him.

22 Q Did you go to Judge Rizzolo and ask him for
23 the \$5,000 to give Guerrera? A No, sir,

24 but I did at that time tell him what had been proposed to
25 me. His jaws got a little tight, as mine were, and we

1 decided, you know, this was not the thing to do.

2 As we discussed it, I figured on bringing what should
3 be a two-million-dollar ^{0 0 4 9 0 1 3 0 0 2 4} project into a community that sore-
4 ly needs both the service and the ratables. There was no
5 reason in the world why I should have to pay for it.

6 Q Well, in listing to his request for \$5,000
7 did Mr. Guerrero ask you for anything else in regard to the
8 application? T2

9 A Well, it was suggested,
10 brought out in conversation as far as I was concerned,
11 he would carry the insurance, yes, sir.

12 Q He would carry the insurance for what?

13 A On the entire project.

14 Q So he not only asked you for \$5,000, he
15 asked you to let him write all the insurance for the pro-
16 ject? A It would be that he would

17 carry the insurance. He would also apparently share in
18 the commission with Bruce Ammerman. This is the way I
19 understood it to be between Guerrero and Ammerman.

20 Q Well, did there come a point in time when
21 you advised Mr. Guerrero as to what your intentions were?

22 A Yes, sir.

23 Q With regard to the 5,000?

24 A Yes, sir. I met him at his brother's parking lot,
25 which was coincidental because at the time I was on the
way into his office to tell him. And that was when I told

1 him, "John, there's only one way I can ever get you the
2 money that you want, and that's if I go to Judge Rizzolo
3 and take it out of the escrow account."

4 And he said he wouldn't have any part of that,
5 which I knew before I told him, and that's where it was
6 dropped.

7 Q Did you have any other conversations with
8 Mr. Guerrera prior to the vote at the township committee?

9 A Yes, sir, I had, a couple of times I saw him. I
10 would say to him, "John, what's going to happen?"

11 He would say to me, "Well, we got problems."

12 By this time I knew we had problems and the whole
13 thing was now turning into a nightmare. By now, the day
14 of the first meeting, which was on May the 25th before the
15 mayor and council, Judge Rizzolo and myself ran into and
16 made our presentation to the mayor and council. I would
17 say there were probably twenty to thirty people in the
18 room. Some of the neighbors were there to object. We
19 presented our case. Guerrera suggested that it be held
20 over to a later meeting. Drag us through till June the
21 22nd. By that time the room was probably holding a
22 hundred people. But by now I had come in with court
23 stenographers and expert witnesses and the thing became
24 a nightmare. The crowd was unruly. My attorneys weren't
25 permitted to speak. Every time they'd go to speak, they'd

1 get heckled from the crowd or they'd get stomping of
2 feet. I think it's all a matter of record from the
3 transcript of the court reporter. 0 0 4 2 0 1 3 0 0 2 6

4 Well, very frankly, at this point I was ashamed to
5 have lived in Hillsborough Township, and not only because
6 it was happening to me, but I would not want to see this
7 happen to anybody. They had turned this thing from some-
8 thing that the community needed and something which we
9 were willing to give them the best of into a damned night-
10 mare.

11 Q Who was presiding over this meeting, sir?

12 A Guerrera was then chairman of the hearings.

13 Q John Guerrera? A Yes, sir.

14 Q Did he take any steps to try and bring order
15 to the meeting? A Well, it was ridiculous.
16 People would call out from the back of the room. I don't
17 know the exact wording. Things like, "John, you want to
18 be re-elected again," and "Right on." And it was, as I
19 say--then when the attorneys would go to say something,
20 they'd get all heckled.

21 We had some of the finest witnesses in the state
22 appear at these hearings, including Gerald Carr and Cyrs,
23 people who are on the President's Council, who had made
24 the studies of the area. They were challenged by people
25 who had absolutely no qualifications. Nobody bothered to

1 try to get any expert witnesses on the side of the township
2 or the people who were at this point complaining.

3 They pamphleteered the town with all kind of crazy
4 pamphlets. By the time we got to the third meeting, which
5 they drug us through to, we had a 4th of July weekend in
6 there. The meeting was scheduled for July the 6th. They
7 actually had people in the local shopping centers with
8 petitions telling people I was buying the municipal build-
9 ing and was going to tear it down and build the shopping
10 center in its place. And as I say, everything was so far
11 out of proportion, it was just a nightmare. It was ridicu-
12 lous.

13 Q Was a vote taken the night of that meeting,
14 then?

A Yes, sir, it was. The vote was
15 five to nothing. I might also mention--

16 Q Against your proposal?

17 A Yes, sir, against, unanimous.

18 On the first meeting, which was May the 25th, five
19 minutes before the mayor and council brought the meeting
20 into session Stanley Purzycki, who was then the local
21 magistrate, resigned as magistrate to represent the people
22 who were opposing this. Now Mr. Purzycki is township
23 attorney.

24 Q Have you had any conversations with Mr.
25 Guerrero subsequent to the vote wherein your application

1 was denied? A Yes, sir. I believe it
2 was the morning the vote was to be taken. He called me,
3 and he says, "You got 0 0 4 9 0 1 3 0 0 2 8
problems."

4 I said, "I realize I've got problems."

5 He says, "When it comes up to a vote, tonight,"
6 he says, "I guarantee if you only have one vote, it will
7 be mine." And as it turned out, I didn't even have his
8 vote.

9 Q Was there any conversation at this time with
10 Mr. Guerrero with regard to the \$5,000?

11 A No, sir, there wasn't.

12 Q Had you at this point in time made it clear
13 to Mr. Guerrero that you would not pay him \$5,000?

14 A Yes, sir. At one point, I don't remember exactly
15 when the conversation took place, I finally asked him,
16 "Well, John," I said, "all right. The way things are
17 going around here," I said, "what about this \$5,000 you
18 asked me for?"

19 And then he said to me, "What \$5,000?"

20 I reminded him of the \$5,000 he had asked me for
21 and he denied any knowledge of the fact at that point that
22 he had even discussed it. He said, "Well, you go into
23 these things, you're going to win or you're going to lose."
24 He said, "In this case I guess you're going to lose."

25 MR. O'CONNOR: Mr. Chairman.

1 THE CHAIRMAN: Does that finish your ques-
2 tions?

3 Mr. Bertini? 4 9 0 1 3 0 6 2 9

4 COMMISSIONER BERTINI: No questions.

5 THE CHAIRMAN: I think we'll take a five-
6 minute break to give the court reporter a chance to
7 stretch his hands.

8 (Whereupon, a brief recess is taken.)

9 (After recess.)

10 THE CHAIRMAN: We'll resume the hearing.

11 Mr. McDonald, I remind you that you are still
12 under oath to testify and answer any questions.

13 THE WITNESS: Yes, sir.

14 THE CHAIRMAN: Mr. Bertini, do you have any
15 questions?

16 MR. BERTINI: No.

17
18 EXAMINATION BY THE CHAIRMAN:

19 Q Mr. McDonald, I wonder if you could fill me
20 in as to the splitting of the commission. As I understand,
21 the agreement was that the owners of the property that you
22 were purchasing would pay a six per cent commission?

23 A Well,--

24 Q Now, can you fill in what you understood
25 the additional monies would be, the percentage and who would

1 get it? A All right. Number one is, the
2 commission could have been either six or ten per cent.
3 I have never seen the original written agreement. It was
4 listed with Eisenhower & Vogel, and I don't know whether
5 they listed it as residential, which is six per cent, or
6 whether they listed it as commercial at ten per cent.

7 In either event, Eisenhower & Vogel would receive
8 the commission as the selling broker from the Hansens.
9 At this time they would co-broke with Hillsborough Realty,
10 who is Mr. Ammerman. At that point in time was the only
11 time I would really know how much money I had to make up
12 for the ten per cent.

13 Q So you could have, presumably, had to pay
14 as high as seven per cent? A Yes, sir.

15 Q I see. All right. Now, another question.
16 Would you be able to pay ten per cent, to the best of
17 your recollection, when Mr. Guerrero indicated to you
18 it would cost, in your words, five big ones?

19 A It was between--at one of the meetings in his office
20 between the meeting of March 30th of the planning board
21 and May 25th. Now, I would say I have to get, because when
22 I'd be in town I'd drop into his office to tell him either
23 what I knew or what may have changed in what I wanted to
24 do. So it was not uncommon that I wouldn't see him for a
25 week and then maybe I'd see him two days in a row.

1 But, now, if you will rephrase the question maybe
2 I can give you a direct answer to it.

3 Q Well, I would like you, if you could, to
4 pinpoint to the best of your ability the time Mr. John
5 Guerrero said this will cost you five big ones.

6 A All right. It was after the meeting May the 30th,
7 one of the mornings that I was in his office and asked
8 him just that way: "All right, John. Now we're to the
9 planning board. Now, just what's it going to take to
10 get this thing passed?"

11 That's when he said to me, "I'll have to talk to
12 the boys."

13 Now, this, I would say, was about midway between--
14 an exact day I can't give you.

15 Q No, I don't want an exact day. But what
16 you indicated to me was sometime subsequent to the approval
17 from the planning board, or recommendation?

18 A It was after the approval from the planning board
19 and before we went to the mayor and council.

20 Q Now, was there ever a demand made on you
21 prior to the planning board meeting?

22 A No, sir.

23 Q You had no discussions with anyone?

24 A No discussions. The only discussion that really
25 came up at the planning board meeting was when it came to--

1 the master plan carried the entire tract between Amwell
2 Road and South Branch Road and the railroad on the maps
3 as neighborhood business. The zoning, as I remember, re-
4 quired a minimum of six acres or a maximum of ten acres for
5 the zone we wanted. Then it became a matter of when the
6 planning board recommended it which sections of this
7 triangle that all this land formed should they propose, and
8 Guerrero finally made the recommendation that they include
9 the municipal building because, in his opinion, it was al-
10 ready a quasi-commercial use.

11 Q What were you going to have in this shopping
12 center; what type of use? A It's limited.
13 You could put in a grocery store, neighborhood business
14 such as dry cleaning stores, shoe store. Anything that
15 would service the immediate community and not draw in like
16 a major shopping center on the highway.

17 Q Did you contemplate a gasoline station?
18 A Yes, sir, on the corner, which is an ideal location
19 for it.

20 Q And was this all documented by your planner?
21 A Yes, sir, it was. It's shown on the model, too.

22 Q How do you explain to the Commission this
23 real opposition whereby, I think you indicated, the persons
24 in the surrounding area signed a petition?

25 A Well, we expect this. Any time you go for a zone

1 change, if you want to put a telephone booth on a residen-
2 tial property, you're going to get objectors to it. This
3 is just part of the business. ^{0 0 4 2 0 1 3 0 0 3 3} But this thing became wild.
4 It became out of hand. It was not just a matter of the--
5 I believe it's ten people who were immediately involved.
6 But this became a matter of trying to hold mass meetings,
7 circularize the entire township, which is fifty-four square
8 miles. It got so bad that on Sunday morning they were
9 actually standing outside of all the churches in town
10 handing out pamphlets opposed to it.

11 Q Do you know at what stage--I think you
12 testified the magistrate resigned?

13 A Yes, sir.

14 Q And then represented the objectors. Do you
15 know perhaps when he was engaged by these objectors?

16 A Well, he had represented the fellows in the corner
17 store directly across the street. I had sold their property
18 previous to this, and then when it came time to close it,
19 they refused to pay a commission. Then the buyer offered
20 to pay the commission and then they raised the price of
21 like another 50 or \$75,000 and it killed the deal. Stanley
22 Purzycki at that point represented them. But he was also
23 the magistrate. And the meeting of, I believe it was May
24 the 25th of '71, which was our first meeting before the
25 mayor and council, they come in with no representation, as

1 I remember; that is, no legal representation. Then on
2 June the 22nd, I believe that was the date of the meeting,
3 five minutes before the meeting he resigned as township
4 magistrate in order to take their case, and five minutes
5 before the meeting somebody walked in out of the hall and
6 told me what was happening.

7 Q What did he say at the meeting when he repre-
8 sented the objectors, to the best of your knowledge?

9 A Well, they read his letter of resignation and accepted
10 it. He immediately took on the case for the opposition.

11 Q Do you recall what date the letter of resigna-
12 tion bore? A No, sir, I don't. I think
13 he dated it a couple of days prior to that.

14 Q In other words, there is a letter of resigna-
15 tion in and then that was read by the mayor and council?

16 A I believe so, as I remember it, yes, sir. I believe
17 you may find that in the transcript from our hearings.

18 Q And what position does Mr.--Purzycki is it?

19 A Yes, sir.

20 Q What position does he hold in the township
21 now? A He's now the township attorney.

22 Q He's now the municipal attorney for Hills-
23 borough Township? A Yes, sir.

24 Q Tell us a little bit more about the conver-
25 sation you had with Mr. Guerrera as to placing insurance

1 I remember; that is, no legal representation. Then on
2 June the 22nd, I believe that was the date of the meeting,
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4 magistrate in order to take their case, and five minutes
5 before the meeting somebody walked in out of the hall and
6 told me what was happening.

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8 sented the objectors, to the best of your knowledge?

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10 it. He immediately took on the case for the opposition.

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19 A Yes, sir.

20 Q What position does he hold in the township
21 now? A He's now the township attorney.

22 Q He's now the municipal attorney for Hills-
23 borough Township? A Yes, sir.

24 Q Tell us a little bit more about the conver-
25 sation you had with Mr. Guerrero as to placing insurance

1 with his agency? When did that conversation take place?

2 A Well, that was--I'm a little hazy in my mind as to
3 how the insurance bit came about, but it was about the same
4 time that we discussed the \$5,000 and I told him at that
5 point that I had to carry insurance and I really--you know,
6 I didn't care who I carried it with. It was fine with me
7 if I gave his agency the insurance.

8 Q So other than the demand for the five big
9 ones and the insurance business, were there any other
10 demands made upon you? Any other suggestions as to who
11 you should engage to do certain work or so forth?

12 A Just Ammerman on the real estate.

13 Q As to who to go to and have this property co-
14 brokered? A Yes.

15 Q In all, Mr. McDonald, how many meetings do
16 you believe you had in the whole matter with Mr. Guerrero?

17 A Oh, in his office I probably--over that period of
18 time I'd say I dropped in maybe five or six times.

19 Q Five or six different visits?

20 A Yes, right.

21 THE CHAIRMAN: Mr. Bertini.

22

23 EXAMINATION BY COMMISSIONER BERTINI:

24 Q Mr. McDonald. A Yes, sir.

25 Q When Mr. Guerrero asked for \$5,000, what did

1 he say he would do for that \$5,000?

2 A Well, he didn't stipulate anything. When I asked
3 him what it was going to take to get it through, if you
4 go back over my testimony, he said that he'd have to talk
5 to the boys. And when I come back later he said that he
6 had a discussion with the boys and that they figured that
7 it would probably take five big ones. Beyond that point
8 anything I can tell you would be sheer speculation.

9 Q What would you understand him to mean he
10 would do for the 5,000? A Well, there was
11 only one thing he could mean; that was that we would have
12 the required number of votes to get this thing passed.

13 Q Did he tell you whether he had any votes
14 that he could influence? A No, sir, but
15 it's common knowledge that he controlled the votes.

16 Q Did he mention any members of the committee
17 who he said he could have go with him?

18 A No, sir, he didn't. He didn't volunteer any informa-
19 tion and I didn't ask.

20 Q Now, what is your present status? Do you
21 still have an option on this property?

22 A Yes, sir. We're going to fight it out toe-to-toe
23 with them in court.

24 EXAMINATION BY THE CHAIRMAN:
25

1 Q One further question, Mr. McDonald. Was any
2 statement made by Mr. Ammerman as to how he would divide
3 the commission? 0 0 4 A 9 0 1 3 0 0 7
4 that was made by Mr. Ammerman--I'm still not sure of
5 his position in this thing. I think that he may have
6 been conned a little bit.

7 Q By whom? A I think by
8 Guerrera.

9 Q What do you mean by that?

10 A Well, I don't think--as I rationalize it and look
11 back, as in the course of the time of these meetings I
12 got to know Mr. Ammerman and I saw how agitated and upset
13 he got. I don't think the man actually figures that he
14 was doing anything wrong or realizes there could have
15 been any wrong implication. He stipulated to me as a
16 direct quote that John suggested that what they should re-
17 ceive is a ten per cent commission. Now, this is a direct
18 quote. And I agreed since I asked Mr. Ammerman to repre-
19 sent me that, yes, if that was the case, that I figured
20 he was entitled to the ten per cent because I had engaged
21 him.

22 Q So that you don't know specifically from Mr.
23 Ammerman what he was going to do with this commission?

24 A Other than the fact he said he and John, John had
25 decided that it should be a ten per cent commission. That

1 was exactly the way he presented it to me.

2 Q How long after Mr. Guerrero suggested that
3 you see Mr. Ammerman as to co-brokering this property did
4 you visit Mr. Ammerman? A I went right

5 from John's office to Ammerman's.

6 Q And how many miles apart are the offices?

7 A Might be six, seven.

8 Q About a ten-minute drive?

9 A I would say ten or fifteen minutes.

10 Q Did you get the impression when you visited
11 Mr. Ammerman that he knew anything about why you were

12 there? A I don't--I'm not sure whether
13 Guerrero had contacted him at that point or whether it was
14 on my second visit back that he said he had talked to John.

15 Q But he did indicate that he would talk to Mr.

16 Guerrero? A Oh, yes, he had definitely
17 talked to Mr. Guerrero. No question about it.

18 Q And you testified earlier that the reason
19 you originally went to see Mr. Guerrero was that, I believe
20 you indicated, he was the one to see to get something done
21 in the township? A Yes, sir. And who's

22 better qualified to tell me whether I'm wasting my time
23 than the mayor?

24 THE CHAIRMAN: Okay. Mr. O'Connor, do you
25 have any other questions?

1 MR. O'CONNOR: Mr. Chairman, I have no fur-
2 ther questions.

3 THE CHAIRMAN: 4 9 0 1 3 0 0 6 9
Mr. McDonald, you are excused.
4 Thank you very much for coming to testify.

5 (Witness excused.)

6 - - -
7 THE CHAIRMAN: Mr. O'Connor, will you call
8 your next witness, please.

9
10 D E A N H. B O O R M A N, and P E T E R B.
11 D O R R A M, having been duly sworn according to law
12 by the Officer, testified as follows:

13
14 MR. O'CONNOR: Gentlemen, would you please
15 state your names and addresses for the record?

16 MR. BOORMAN: Dean H. Boorman, 35 Tuxedo
17 Road, Montclair, New Jersey.

18 MR. DORRAM: Peter B. Dorram.

19 MR. O'CONNOR: Would you speak into the micro-
20 phone, please, sir?

21 MR. DORRAM: Peter B. Dorram, 81 Highland
22 Avenue, Riverdale, New Jersey.

23 THE CHAIRMAN: I would ask the witnesses, for
24 anyone to properly hear you've got to really get
25 like I am, about an inch or so from the microphone,

1 and the louder, really, the better. Okay.

2 MR. O'CONNOR: Gentlemen, before we proceed,
3 I notice that you⁰ are⁴ appearing⁹ here⁰ this¹ morning⁷
4 at this hearing without counsel. You have a right
5 to have counsel present with you. Do you understand
6 that, gentlemen?

7 MR. BOORMAN: Yes.

8 MR. O'CONNOR: Do you wish to proceed without
9 counsel?

10 MR. BOORMAN: Yes.

11 MR. O'CONNOR: If at any time during the
12 hearing, Mr. Boorman or Mr. Dorram, you feel you
13 would like to consult with counsel, simply indicate
14 that to the Chairman and you will be excused for
15 that purpose.

16 MR. BOORMAN: All right.

17 MR. O'CONNOR: Do you understand that?

18 MR. BOORMAN: Yes.

19 MR. O'CONNOR: Now, Mr. Boorman, you and Mr.
20 Dorram are both under oath and you will be testifying
21 together. Now, if you have no objection, sir, I
22 will direct most of my questions to you. However,
23 if you feel, or if Mr. Dorram feels, that Mr. Dorram
24 can answer the question better, please defer to him
25 with the microphone. Do you understand that, sir?

1 MR. BOORMAN: Yes.

2
3 EXAMINATION OF MR. BOORMAN BY MR. O'CONNOR: 0 4 1

4 Q Mr. Boorman, what is your occupation, sir?

5 A I'm a professional city planner practicing in the
6 State of New Jersey.

7 Q And with whom are you associated in that
8 profession? A I'm a principal in the firm
9 of Boorman and Dorram, Incorporated, of Upper Montclair.

10 Q And what is your address, sir, in Upper
11 Montclair? A 248 Lorraine Avenue, Upper
12 Montclair, New Jersey.

13 Q And I take it, then, that Mr. Peter Dorram
14 is your partner? A Yes, that's correct.

15 Q Now, could you describe briefly, sir, what
16 your profession entails? A Yes. It entails
17 the practice of professional community planning such as
18 is defined under the State of New Jersey Professional
19 Planners Licensing Act. It involves the preparation of
20 master plans; it involves advising local planning boards;
21 it involves land planning; it involves the preparation of
22 zoning ordinance, the review of development applications
23 and other matters of that sort.

24 Q Well, do you, sir, in the practice of your
25 profession at times act as a consultant to some of the

1 various municipalities in the State of New Jersey?

2 A Yes, we do.

3 Q I ask you, Mr. Boorman, at any time was
4 the Township of Hillsborough, New Jersey, a client of
5 your firm? A Yes, it was.

6 Q And could you tell the Commission, sir,
7 as best you can recall, the dates during which you repre-
8 sented the municipality of Hillsborough?

9 A Yes. From approximately 1963 up to 1970.

10 Q Now, during your tenure as--can we describe
11 it as tenure or were you on a retainer, a contract with
12 the town? A When we started work for the

13 township it was for the purpose of doing specific studies,
14 which toward the beginning of the period included the
15 preparation of a comprehensive or master plan for the town-
16 ship with aid from Federal funds. When that work was
17 completed, we were retained under an annual contract for
18 continuing planning, which was under a state-aided pro-
19 gram known as the 50/40 Continuing Planning Program.

20 Q So you did reach a point in time, then, when
21 you entered into an annual contract with the municipality?

22 A Yes, that's correct.

23 Q Now, generally speaking, Mr. Boorman, up until
24 the time of 1968 what was the relationship of your firm with
25 the town officials? A It was very

1 friendly and pleasant and we were able to work very closely
2 and in full accord with the planning board and the township
3 officials by and large, especially with the planning board.

4 Q Well, was there any particular project that
5 you were working on during that period of time?

6 A Yes, the preparation of the master plan for the
7 township, which we completed and then subsequently was
8 officially adopted by the planning board under--as pro-
9 vided by state law after a public hearing.

10 Q Do you recall when the master plan as pre-
11 pared by your firm was adopted, approximately?

12 A Yes. That was in 1967.

13 Q Now, I direct your attention, Mr. Boorman,
14 to the year of 1968 and ask, you, sir, whether anything
15 happened which changed the relationship between your firm
16 and the Township of Hillsborough.

17 A Yes, it did.

18 Q And what was that, sir?

19 A At that time Mr. Guerrero had just become the mayor
20 of Hillsborough. He called my partner and myself in for
21 a private conference which took the form of a dinner meet-
22 ing at the Town House Restaurant in Somerville, and during
23 that meeting he informed us that as employees and consultants
24 of the township he was expecting us to contribute the amount
25 of ten per cent of our fees to the Democratic Party.

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Q Was Mr. Dorram also present at this meeting?

A Yes, he was.

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EXAMINATION OF MR. DORRAM BY MR. O'CONNOR:

Q Mr. Dorram, I address this question to you, sir. Now, have you just heard the testimony of your partner, Mr. Boorman?

A Yes, I have.

Q And is there anything you would like to add or delete as to what Mr. Guerrero said to the two of you at that time?

A No. Mr. Boorman's representation is absolutely correct.

EXAMINATION OF MR. BOORMAN BY MR. O'CONNOR:

Q Mr. Boorman, what was your reply to Mr. Guerrero when he made this demand?

A Our reply was that we would not comply; that this was expressly against the policy of our firm and that we were unwilling to do this.

Q Now, at that time, sir, were you also a consultant to other municipalities?

A Yes, we were.

Q In the State of New Jersey?

A Yes.

Q Had such a demand ever been made upon your organization by any other town at that point in time?

1 A Not by any town by which we were employed.

2 Q Well, how about towns that did not employ
3 you at the time? 0 0 4 A⁹ 0 1 3 0 0 4 5 I would not say so.

4 We were--we had been told about an opportunity to obtain
5 a job in a particular township, which could be obtained,
6 we were told, by paying a fee of ten per cent of the--
7 or by contributing the amount of ten per cent of the fee,
8 but we refused to follow up on that invitation.

9 Q What was the name of that town?

10 A That was the Township of Matawan.

11 Q Matawan? A Yes.

12 Q Do you recall who told you about this oppor-
13 tunity? A It was not an official of the
14 township. It was somebody who was involved in real estate,
15 who apparently knew some of the local officials.

16 Q And was this in the year of 1968?

17 A No, I believe that was prior to that time.

18 Q All right. Getting back to your meeting,
19 then, with Mr. Guerrero at the Town House Restaurant, do
20 you recall the date of that meeting, sir?

21 A No, I don't.

22 Q What was your reply then, again, to Mr.
23 Guerrero? A Our reply was that this was

24 against the policy of our firm; that we did not believe
25 it was the right procedure for us to follow; that we had

1 never done so in other communities; and that although Mr.
2 Guerrero indicated that it was common practice in Hills-
3 borough and other consultants for the township were doing
4 so, we indicated that we would not follow this practice
5 ourselves.

6 Q What was Mr. Guerrero's reaction to your
7 refusal to comply with his request?

8 A I would say that he was disturbed by our refusal.

9 Q Did he say anything specific as to what he
10 intended to do if you did not comply?

11 A He either stated or strongly implied that we would
12 not have a lasting relationship with the township; that he
13 would take steps to terminate our employment if we would
14 not agree to what he proposed.

15 Q All right. Subsequent to this meeting, then,
16 do you recall any instances where Mr. Guerrero did express
17 his displeasure with your refusal to comply?

18 A From that time on Mr. Guerrero increasingly made it
19 difficult for us at meetings of the planning board in
20 opposing our recommendations and such, and there were
21 repeated approaches by members of the party, also, to
22 contribute to specific political events such as dinners and
23 such. Our only reply was to purchase, say, two tickets for
24 a dinner but not to purchase a much larger number which was
25 requested of us.

1 Q In other words, just one for yourself and
2 one for Mr. Dorram? A Yes.

3 Q Well, do you recall, sir, any specific in-
4 stances where Mr. Guerrero did vent his wrath upon yourself
5 or Mr. Dorram? A I'll refer thus to my
6 partner, because he attended a majority of the meetings
7 from that time on. My partner, in effect, handled the
8 continuing planning program in Hillsborough.

9
10 EXAMINATION OF MR. DORRAM BY MR. O'CONNOR:

11 Q Mr. Dorram, would you take the microphone,
12 please, sir? A Yes, sir.

13 Q Now, you have heard Mr. Boorman's testimony
14 up to this point; is that correct, sir?

15 A Yes, it's substantially correct, yes.

16 Q No. I mean is it correct that you have heard
17 it? A It is correct, yes.

18 Q Is there anything you would like at this
19 point to add to it or to change from your own standpoint?

20 A Regarding the meeting at the Town House Restaurant
21 in Somerville, I believe Mr. Guerrero used the words
22 "engineers and other consultants" when he was persuading
23 us to reconsider and agree to contribute ten per cent to
24 the party.

25 Q Was he, then, sir, indicating to you that

1 other people that did business with Hillsborough had
2 acceded in such a request? A Yes, sir,
3 that's what he said. 0 0 4 9 0 1 3 0 0 4 8

4 Q All right. Subsequent to that meeting at the
5 Town House Restaurant, Mr. Dorram, did you have any addi-
6 tional meetings with Mr. Guerrero?

7 A I had, two years subsequent to that, approximately
8 two years subsequent, in 1970, a meeting with him.

9 Q All right. Do you recall the purpose of
10 that meeting and where it took place?

11 A Yes. The purpose of the meeting was to demand the
12 ten per cent contribution which we did not make in the
13 intervening years. The place of the meeting was at an
14 inn along Route 206 in Hillsborough, north of Amwell Road
15 and south of Somerville.

16 Q Now, what was the conversation at this meet-
17 ing, to the best of your recollection, sir?

18 A Well, there were four persons present at this meet-
19 ing. We were sitting at the bar of the inn. On my left
20 was sitting the then mayor, Bill Musa. On my right was
21 sitting John Guerrero, a committeeman and chairman of
22 the sewer authority. And on his right, two seats from me,
23 sat Bob Hardgrove, planning board member.

24 The gist of the conversation was that John Guerrero
25 told me that the time has come for us, meaning Boorman and

1 Dorram, Incorporated, to do as everyone else did, namely
2 make our ten per cent contribution. He told me roughly
3 that he felt that now he had the majority on the council,
4 on the zoning board of adjustment and on the planning board
5 and things were going to be conducted his way. And Bill
6 Musa added his own comments to the same respect. He told
7 me quite simply that it took a lot of money to finance the
8 family and the administration, and for that purpose such
9 contributions were necessary.

10 He also said that he anticipated that in the subse-
11 quent following year the Planned Unit Development Ordinance
12 would be enacted into ordinance form and that as of then
13 the planning consultants' fees would be considerably more
14 substantial than at the time we held the discussion.

15 Q Well, sir, you say he indicated to you that
16 it was imminent that a planned unit development would be
17 put in Hillsborough; is that correct?

18 A That's what he said. And he also said that unless
19 we would make a contribution, we would lose our current job
20 with the Township of Hillsborough and that all he had to
21 do was pick up the telephone on the next morning and call
22 anyone of half a dozen good planners who would be glad to
23 accept our position.

24 He also added that the demands were not personal
25 directed against me in person or Dean, but that this was

1 the system and this had--requirement had to be met; that
2 our services were satisfactory, but they had to continue on
3 these terms. 3 0 4 9 0 1 3 0 0 5 0

4 Q Mr. Dorram, up to this point in time had
5 your firm done any work for Hillsborough on a planned unit
6 development? A Yes, sir, we had been working
7 on it for several years at that point.

8 Well, to clarify my comment, we made the original
9 recommendations for planned unit development and part of
10 the master plan, and then as part of our subsequent services
11 we drafted and presented a draft of the ordinance to the
12 planning board with numerous amendments.

13 Q Well, what did Mr. Guerrero mean when he said
14 that the planned unit development would be enacted and
15 there would be additional fees?

16 A Well, sir, the draft of the ordinance stipulated that
17 applicants for planned unit development projects were
18 to pay considerable filing fees. The purpose of those
19 filing fees was to defray the cost to the planning board,
20 hence to the taxpayers, so that these applications wouldn't
21 be ultimately processed at the cost to the taxpayer but at
22 that of the applicant, and the consultant's fees, considerable
23 professional services were anticipated and are customary in
24 such cases in the reviewing and practicing of such applica-
25 tions, and, of course, the filing fees were designed to defray

1 such expenses.

2 Q Mr. Dorram, did you have any further conver-
3 sation with Mr. Guerrero with regard to your status as
4 planning consultant to the town?

5 A Well, there was a brief conversation, still at the
6 bar after the conversation which I just told you about,
7 which indicated that there was no--no room for compromise;
8 it was an either/or situation, and that was the end.
9 Thereafter there were no further discussions.

10 Q Yes, sir. A I might not have
11 mentioned it, but I have categorically refused making such
12 payments as demanded, any payments.

13

14 EXAMINATION OF MR. BOORMAN BY MR. O'CONNOR:

15 Q Mr. Boorman, if I might return to you briefly,
16 did you have any other conversations with Mr. Guerrero or
17 any other individual in Hillsborough with regard to a
18 ten per cent payment? A Not that I recall.

19 Q Would you briefly explain to us, sir, what
20 the planned unit development proposal was, what it con-
21 sisted of? A Yes. This was to be an
22 ordinance under the provisions of the State Planned Unit
23 Development Act under which the locality, in effect, sets
24 up a new kind of zone under which there can be a combination
25 or a range of different kinds of developments, such as one-

1 family homes, and town houses, and apartments and shopping
2 centers arranged as a planned community instead of arranged
3 according to separate zoning districts. 2 0 4 2 0 1 3 0 0 5 2

4 The state law also sets up a procedure for the sub-
5 mission of applications for such developments and their
6 review by the planning board and the conducting of public
7 hearings.

8 The normal zoning requirements of fixed yards, and
9 setbacks, and densities and street widths and such are
10 allowed to be suspended so that the community can be flexibly
11 planned as a unit.

12 In the ordinance which was proposed for the township,
13 this was to be applied in the central section of the town-
14 ship, which followed the recommendations of the master plan
15 and would have encouraged such a combination of apartments
16 and other kinds of housing and neighborhood shopping and
17 so forth.

18 Q Well, would it be a fair statement, Mr.
19 Boorman, that such a master plan as your firm contemplated
20 for Hillsborough could, in many instances, have a substantial
21 effect on the value of certain parcels of land which might
22 be included or excluded from your plan?

23 A Yes, that's certainly true. At the time when we
24 prepared the master plan and later at the time when we pro-
25 posed the Planned Unit Development Ordinance, the bulk of

1 the land in question was zoned for one-family homes and
2 one-acre lots, and under our proposal many more housing
3 units per acre would have been allowed, which, of course,
4 would have a great effect on increasing the value of the
5 land.

6 Q During the period of time within which you
7 were preparing the master plan, sir, did anybody ask you
8 to either include or exclude any parcels of land?

9 A Not while we were preparing the master plan, no.

10 Q Well, at any time did anybody ask you to do
11 it?

A No.

12 Q Let me rephrase that.

13 A No.

14 Q Strike that, please.

15 Mr. Boorman, did anybody attempt in any way
16 to influence you with regard to the preparation of the master
17 plan?

18 A No, not in regard to the preparation
19 of the master plan. The only instance where there was
20 direct pressure, I would say,--now, of course I can't speak
21 for how the decisions of the planning board were arrived
22 at. For example, the planning board did determine to change
23 the--to make a change in the boundaries of the PUB area
24 from what we originally recommended, and we went along
25 with their idea for changing the boundary because it seemed
to make sense. Now, I don't know why the members in particular

1 were interested in that change, so I can't say that that's
2 pressure.

3 But there was a separate instance in which there
4 was pressure brought to approve a proposed garden apart-
5 ment project.

6 Q And what was that influence, sir, and by
7 whom was it exerted? A This was in November of
8 either 1968 or 1969. It took place at the League of
9 Municipalities Convention in Atlantic City, and at that
10 time a variance application had been submitted for a garden
11 apartment development on the south side of Amwell Road and
12 had been referred to the planning board for review and
13 a recommendation. We had prepared a review, or were in
14 the process of preparing a review in which we pointed out
15 the differences between the proposed project and the zoning
16 standards for garden apartments, which we had previously
17 prepared for the board, and at the Atlantic City meeting
18 my partner and myself were called into a private meeting
19 at a hotel room, which, I believe, had been engaged by
20 Mr. Harvey, the engineer for the planning board. And Mr.
21 Harvey was present and Mr. Guerrero and Mr. Jesionka, the
22 developer of the apartments, and a couple of other people.
23 And we were strongly urged to make a favorable report to
24 the planning board, and it was indicated that this would
25 affect our continued employment with the board.

1 Q Well, you say it was urged. By whom was it
2 urged, sir? A By Mr. Guerrero and others
3 present also. J O 4 9 0 1 3 0 0 5 5

4 Q Do you recall the identity of any of the
5 other individuals that might have urged your favorable
6 look upon the application? A Well, Mr. Harvey
7 and Mr. Jesionka.

8 Q Jessie who, sir? A Jesionka.
9 That's spelled J-e-s-i-o-n-k-a.

10 Q And he, sir, was the builder who was apply-
11 ing for a variance to build the garden apartments?

12 A Yes, that's correct.

13 Q Well, at that point in time, then, would it
14 be a fair statement that your preliminary opinion was to
15 recommend against the granting of that variance?

16 A Yes, that's correct. And after the meeting our
17 opinion was still unchanged. We submitted an unfavorable
18 report to the planning board, which subsequently disapproved
19 the application, or recommended against it. And that, in
20 turn, resulted in, or was followed by, the rejection of
21 the application by the zoning board of adjustment.

22 Q I see. Prior to your attendance at that meet-
23 ing with Mr. Dorram, had you indicated your opinions to
24 either Mr. Guerrero or Mr. Harvey with regard to the applica-
25 tion? A I don't recall. I will refer

1 that to Mr. Dorram.

2 MR. DORRAM: Will you be kind enough, ask the
3 question again, please? 1 0 4 9 0 1 3 0 0 5 6
4

5 EXAMINATION OF MR. DORRAM BY MR. O'CONNOR:

6 Q All right. Mr. Dorram, I'm now again direct-
7 ing your attention to the meeting that took place in
8 Atlantic City during the League of Municipalities Convention.
9 Do you recall that meeting, sir?

10 A Yes, sir; yes, sir.

11 Q And Mr. Boorman has just testified that to
12 his recollection Mr. Jesionka, Mr. Guerrera and Mr. Harvey
13 were in attendance at that meeting?

14 A That's correct.

15 Q Do you recall anybody else being there?

16 A No, sir. I think there might have been one or two
17 other persons in the room at the time, but I do not remember
18 who they were.

19 Q My question to you, Mr. Dorram, is this:
20 Prior to your going to that meeting, did you indicate your
21 unfavorable opinion with regard to the variance to any of
22 the people that were in that room? In other words, did
23 they know what your opinion was?

24 A Yes, they did.

25 Q And who was that, sir?

1 A That was--that included the members of the planning
2 board, the applicant, and the township engineer, of course.

3 Q Well, then, ⁰⁰⁴⁹⁰¹³⁰⁰⁸⁷ within the municipality of
4 Hillsborough at that time, can I say it was common know-
5 ledge that your firm was going to recommend against
6 granting the variance? A We had no choice.
7 Yes, that was common knowledge.

T3

8 Q And it's your opinion that the people that
9 were present at that meeting knew that you were not in-
10 clined to recommend the variance?

11 A That is correct again, and they tried to persuade
12 us for a variety of reasons to expedite the matter. Time
13 was of the essence. I recall much discussion about that.
14 And an approval was requested.

15
16 EXAMINATION OF MR. BOORMAN BY MR. O'CONNOR:

17 Q If I might return, Mr. Boorman, you also
18 testified that at that meeting it was indicated to you
19 that your decision on that variance would ultimately
20 affect your employment by the Town of Hillsborough; is
21 that correct? A Yes, I believe that is so.

22 I don't recall the language that was used, but that was
23 the impression that I had.

24 Q Well, do you recall who intimated this to
25 you or stated it directly? A Well, that

1 would have been Mr. Guerrero, who was, of course, on the
2 planning board.

3 Q And again you refused to acquiesce in their
4 request? A Yes.

5 Q And to the best of your knowledge, sir, this
6 meeting took place in 1969? A I don't recall if
7 it was 1968 or 1969. I know it was in November because
8 that's when the League of Municipalities Conference is
9 held and--

10 Q However,-- A --I know that it
11 was after the meeting at the Town House that I had with
12 Mr. Guerrero along with Mr. Dorram.

13 Q If you were given an opportunity, sir, to
14 examine your records, you could pinpoint the date, though,
15 I would take it? A Probably. I'm not sure.
16 Yes, yes, I'm sure we could, because we would have the
17 records as well as the books on this apartment development.

18 Q All right. So, directing your attention, now,
19 sir, to the period of time between the meeting in Atlantic
20 City and the ultimate termination of your employment or
21 your representation of the town, did anything else of
22 substance happen with regard to yourself and any other
23 officials of the Township of Hillsborough?

24 A No, not myself. My partner kept coming back from
25 meetings of the planning board with reports of harassment

1 and opposition by Mr. Guerrero and other members of his
2 party.

0 0 4 9 0 1 3 0 0 5 9

3
4 EXAMINATION OF MR. DORRAM BY MR. O'CONNOR:

5 Q Mr. Dorram, if I might address a question
6 to you, sir. A Yes, sir.

7 Q Can you relate any specific instances--now,
8 I'm directing your attention to the time period between
9 the meeting in Atlantic City and the termination of your
10 representation of the town. Can you relate any specific
11 instances where you had additional problems with the town
12 officials? A No, I do not recall any single
13 particular incident as such. But over an extended period
14 of time there developed a situation whereby John Guerrero
15 with his comments in either belittling me, ridiculing
16 me or outright disagreeing with recommendations which I
17 would submit to the planning board has made it increasing-
18 ly more difficult for me to be of service to that board,
19 and I used to have increasingly more doubts about the value
20 of my services because gradually I felt my effectiveness
21 was thus eroded and undermined. But there was no single
22 incident other than what I have talked about before.

23 Q Mr. Dorram, would you please, sir, relate
24 to the Commission the circumstances under which your
25 representation of Hillsborough was terminated, sir?

1 and opposition by Mr. Guerrero and other members of his
2 party.

0 0 4 9 0 1 3 0 0 5 9

3
4 EXAMINATION OF MR. DORRAM BY MR. O'CONNOR:

5 Q Mr. Dorram, if I might address a question
6 to you, sir. A Yes, sir.

7 Q Can you relate any specific instances--now,
8 I'm directing your attention to the time period between
9 the meeting in Atlantic City and the termination of your
10 representation of the town. Can you relate any specific
11 instances where you had additional problems with the town
12 officials? A No, I do not recall any single
13 particular incident as such. But over an extended period
14 of time there developed a situation whereby John Guerrero
15 with his comments in either belittling me, ridiculing
16 me or outright disagreeing with recommendations which I
17 would submit to the planning board has made it increasing-
18 ly more difficult for me to be of service to that board,
19 and I used to have increasingly more doubts about the value
20 of my services because gradually I felt my effectiveness
21 was thus eroded and undermined. But there was no single
22 incident other than what I have talked about before.

23 Q Mr. Dorram, would you please, sir, relate
24 to the Commission the circumstances under which your
25 representation of Hillsborough was terminated, sir?

1 A Well, that was approximately two or three months
2 after the meeting at the tavern on Route 206, which I
3 mentioned. At the end of a monthly planning board meet-
4 ing, which is a public hearing, at the time after the pub-
5 lic had left and, I believe, the planning board secretary
6 had been dismissed by the board, John Guerrero had made
7 an announcement, asked the planning board members to stay
8 for just one more minute, he had an announcement to make,
9 and the announcement was that the boys have decided on the
10 township committee one or two nights before that the ser-
11 vices of Boorman and Dorram were unsatisfactory and, hence,
12 terminated within thirty days, and that the township
13 committee thereafter was going to interview consultants
14 to take our place.

15 Q Were you given any specific reason for the
16 termination of your contract?

17 A There were no other reasons given than those I
18 mentioned.

19 Q Did you attempt to find out from any members
20 of the municipal government exactly what was wrong with
21 the services you were providing?

22 A No, sir, there was no such attempt made.

23

24 EXAMINATION OF MR. BOORMAN BY MR. O'CONNOR:

25 Q Did you, Mr. Boorman, make any such inquiry?

1 MR. DORRAM: No, I have not made that.
2 Neither, to my knowledge, has my partner made any.

3 MR. O'CONNOR: ^{0 0 4 9 0 1 3 0 0 0 1} Excuse me.

4 (Whereupon, there is a brief pause.)

5 THE CHAIRMAN: Gentlemen, I wonder if we could
6 excuse you for about five minutes.

7 Mr. McDonald--is he still out in the hall?
8 I believe, sir, he would like to make a statement
9 prior to leaving.

10 Will you come forward, then, and take the
11 microphone?

12 I might add that under our procedure set
13 up in the State of New Jersey, whenever a person
14 is called as a witness before the State Commission
15 of Investigation, that particular witness, under
16 our procedure, is given an opportunity to make a
17 closing statement, and we have asked Mr. McDonald
18 if he would wish to do so and he has replied in
19 the affirmative.

20 So, Mr. McDonald, would you go ahead and
21 make your statement, sir.

22 MR. McDONALD: Yes, sir.

23 THE CHAIRMAN: Try to lean into the mike,
24 please.

25 MR. McDONALD: Better?

1 THE CHAIRMAN: Yes.

2
3 T H O M A S J. M O C 4 B O N A L D , Having been
4 previously sworn according to law by the Officer,
5 resumed the stand and testified further as follows:
6

7 THE WITNESS: There's two things I want to
8 say. Number one is, the shopping center as proposed
9 it was never brought out that this also had gone
10 through the county planning board and had tentative
11 county planning board, subject to dedication of
12 the land for the roads.

13 But getting back to the planning and zoning,
14 we're hitting something that's near and dear to my
15 heart and something I have to work with every day.
16 And I think I would like to get it into the record
17 that under the way our planning boards and our
18 planning and zoning is set up today, all it does
19 is leave open doors for exactly the reason we're
20 here today.

21 As long as you have a municipal official who
22 can hold more than one position in a municipality,
23 you're leaving the doors wide open. As long as
24 every county judge has the right to say, 'Well, we
25 believe that this is a good thing, but we believe in

1 home rule. Therefore, we're going to go back to
2 the municipality and rule in their favor," then
3 you get back to the municipality and you have a
4 planning board or a board of adjustment and a mayor
5 and council, which is fine, theoretically, with one
6 exception; the people that have to make the decisions,
7 unfortunately, are not qualified to make the
8 decisions.

9 Going back to my testimony earlier this morn-
10 ing, a perfect example is the fact that the two
11 gentlemen who just left here wrote the original
12 master plan and carried the use we wanted to use.
13 I turned over a copy of the city planner's recom-
14 mendation of three pages in favor of what we wanted
15 to do. The planning board approved it one hundred
16 per cent, which I documented this morning, and then
17 the mayor and council, of which none of them are
18 qualified engineers, planners, zoners or anything
19 else, had the authority to turn it down. And un-
20 fortunately, when I take it to the courts, they say
21 to you, "Well, we believe in home rule. Therefore,
22 even though it ought to be, we have to rule in favor
23 of the municipality."

24 Gentlemen, as long as we have this system,
25 we're going to have hearing after hearing after

1 hearing, and I see no other way except to change
2 the system. Put some people on these boards that
3 are qualified. 0 0 4 9 0 1 7 0 0 0 4
4 of jamming up our courts with all these cases for
5 planning and zoning, have a county appeal board or
6 some place that we can go outside of the courts
7 with people who know what they're doing.

8 Now, I'm not throwing stones at people who
9 legitimately serve on a planning board or zoning
10 board. I think with what knowledge they have they
11 try to do on the basic part a good job. But it
12 just doesn't work. I'm talking from fifteen years
13 of knocking my head against the wall. All you got
14 to do is get one element of politics involved in
15 anything and you're dead. What's good for the
16 municipality has absolutely no bearing on what
17 you're trying to do. Now, we have a self-defeating
18 system. It's got to be changed.

19 That's my statement, gentlemen.

20 THE CHAIRMAN: Thank you very much, Mr.
21 McDonald.

22 (Witness excused.)

23 - - -

24 THE CHAIRMAN: Thank you, gentlemen.

25 Mr. Bertini.

EXAMINATION BY COMMISSIONER BERTINI:

1
2 Q I'll ask either of you gentlemen, was any
3 other public official in the Town of Hillsborough involved
4 in any way with these conversations in this situation
5 that you have just described other than Mayor Guerrera?

6 A (By Mr. Boorman) Well, as Mr. Dorram indicated,
7 there were two other members of the township committee
8 present in his meeting in 1970 at which the request for
9 the contribution was made.

10 Q Can you identify those two people?

11 A (By Mr. Dorram) Well, Mayor Musa was present at
12 the meeting in 1970 and so was Bob Hardgrove, who there-
13 after, several weeks afterwards, apologized to me and
14 said he wouldn't have been present would he have known
15 that the other two would put the pressure on me and work
16 me over the way they have.

17 Q And what was the position of the second man
18 that you have mentioned in the community?

19 A (By Mr. Dorram) Bill Musa took the very same po-
20 sition as John Guerrera had and had said the same state-
21 ments, or words to that effect.

22 Q But the name that you mentioned other than
23 Bill Musa, Hardgrove is it? A (By Mr.
24 Dorram) Bob Hardgrove. He didn't contribute to the con-
25 versation at all.

1 Q What was his position in the community?

2 A (By Mr. Dorram) Oh, he was a member of the planning
3 board. He was a board member.

4 Q Now, can you describe with some degree of
5 precision the words that Mayor Guerrero used when he asked
6 for ten per cent of the fees? Can you tell us his words
7 with some degree of accuracy?

8 A (By Mr. Dorram) Well, that's difficult. I thought
9 I have done my best. But it was a dialogue in which he
10 made it very clear that it was for us to make our contribu-
11 tion to the municipal family and that they, in turn, would
12 take care of us.

13

14 EXAMINATION BY THE CHAIRMAN:

15 Q While Mr. Bertini's looking through his
16 notes, what kind of fees were you talking about being paid
17 as consultants to Hillsborough Township? What kind of
18 money did you earn for a year, on the average?

19 A (By Mr. Boorman) Prior to 1968 when we prepared
20 the master plan, this was done for--under a lump-sum con-
21 tract, which was between 20 and \$25,000, I believe around
22 23,000, which included a period of about a year and a half.
23 After that time, after the completion of the master plan
24 when we went onto the continuing planning program, our
25 regular annual retainer was in the amount of \$5,000 and

1 we received extra amounts from time to time for extra work,
2 and I would say the total probably amounted to 6 or \$7,000
3 a year. It was anticipated that once the Planned Unit
4 Development Ordinance was adopted, that the annual amount
5 would probably increase to perhaps 15 or \$20,000.

6 Q How big an area did this PUD encompass in
7 square miles or acres, however you can measure it?

8 A I don't recall specifically. Probably between one
9 and two square miles. Probably between 600 and a thousand
10 or 1200 acres.

11 Q What type of population as far as people
12 living in the dwellings did it encompass?

13 A Well, our proposal was for a smaller number of
14 people than the--than under the terms of the ordinance
15 as it was later adopted. Our ordinance, I think, called
16 for something like fifteen or twenty persons per acre,
17 while the ordinance as adopted was something like thirty
18 persons per acre.

19 Perhaps the best indication of the potential
20 population is that at the present time there are about
21 6,000 units of apartments which have been applied for in
22 this PUD area, which would result in a population of per-
23 haps 15,000, and this doesn't include the entire area of
24 the PUD. So, we're talking about a substantial population,
25 perhaps 15 to 20,000.

1 Q Is the FUD that you drafted the one that's
2 in effect now in Hillsborough now?

3 A No. There was substantial changes made when it
4 was actually adopted. The most important change was in
5 the direction of increasing the density, the units per
6 acre, and of changing the controls so that the development
7 of exclusively apartments was encouraged, whereas under
8 our proposal that would have been more of an application
9 of one-family homes and town houses as well as apartments.

10 Q Well, who succeeded you as the municipal
11 planner? A Robert Strong of Princeton,

12 Q And did he, as far as you know and to the
13 best of your knowledge, finish up the plan that was enacted?

14 A I don't know the part that he played in it, but I
15 know that these revisions were made after we left and
16 incorporated in the ordinance which was subsequently
17 adopted.

18 Q Do you know when the ordinance was adopted?

19 A Yes. It was under Ordinance 70-5, and I believe
20 the date shows in the zoning ordinance. Yes, it was
21 adopted on May 26th, 1970.

22 Q And when were your services terminated by
23 the township? A It was before that,

24 that time. Earlier in 1970.

25 Q Sometime in the spring?

1 A Yes, the spring or late winter, perhaps February
2 or March.

3 Q I wonder if you could give the Commissioners
4 a little bit more detail as to the conversation at the
5 League of Municipalities meeting in Atlantic City, you
6 know, really fill us in as to who said what and so forth
7 and where it took place, a little more detail?

8 A Well, it was at the hotel room of the Chalfonte Haddon
9 Hall, which had been reserved, I believe, by Mr. Harvey,
10 the township engineer, and my partner and I always attend
11 these conferences in the fall where we headed round tables
12 at the planning and zoning session and so forth. And we
13 were told to come to this meeting in the late afternoon
14 after the planning and zoning session was over.

15 Q Who told you to come to the meeting?

16 A I believe it was Mr. Guerrero.

17 Q Okay. A And we arrived
18 at the room and found several others present, and we
19 were told that the reason that they had called us in was
20 to discuss the proposed Claremont Apartments and to see
21 what we could do to expedite and approve the project.
22 And it was explained that this was important to the town-
23 ship because it was the first garden apartment project
24 and, also, because a municipal utilities authority had
25 recently been formed for the purpose of providing a

1 municipal sewer system and that this would be the first,
2 or one of the first, substantial customers for the utilities
3 authority and that it was highly desirable for the township
4 to have this project expedited and approved. And Mr.
5 Guerrero and Mr. Jesionka spoke about the project and they
6 questioned us about the grounds for our objections, and
7 they tried to persuade us that our objections were not
8 very serious, and they strongly suggested and asked that
9 we submit a favorable report to the planning board.

10 Q Well, specifically, what was your objections
11 to the proposal as planners? A (By Mr.
12 Dorram) Mr. Chairman, prior to this discussion in Atlantic
13 City we had prepared for the Hillsborough Planning Board
14 a garden apartment ordinance, and this ordinance stipu-
15 lated the conditions under which garden apartments would
16 be approved within the township. In other words, a land-
17 owner couldn't come to the building inspector and just get
18 a permit to build apartments. And, of course, these con-
19 ditions are a matter of record and part of the zoning
20 ordinance then. But the conditions spelled out the re-
21 quired setbacks from the public roads; side yards; rear
22 yards; usable open space was defined, a percentage of
23 which was required; the height; the distance between
24 buildings; the density per acre and so forth.

25 Now, what appeared at that time was that the

1 application by Adam Jesionka had difficulty meeting with
2 these requirements which I'm referring to, which were al-
3 ready adopted in ordinance form. That was the law of
4 the land at that time. And, therefore, at that meeting
5 at Mr. Harvey's suite at the hotel in Atlantic City we
6 were told that it would benefit the common good and the
7 town if this application would be processed expeditiously,
8 and the argument--it was a fairly friendly discussion, but
9 the argument put forth to us for consideration was that
10 the owner of the land owns substantial additional land
11 across the street, which he had to come back before the
12 planning board at some other future date to get approval
13 for on and so forth, and surely he would then make up for
14 deficiencies which we were supposed to perhaps overlook.
15 And to complete on said portion of the discussion, since
16 no such favorable report came forth at that time, there-
17 after this garden apartment application was then submitted
18 to the zoning board of adjustment for a variance and all
19 the requests for a variance were granted, indeed, by the
20 zoning board of adjustment to the applicant, and then the
21 application sent back again to the planning board. And
22 even with all the variances received, it failed to pass
23 the planning board because it still didn't meet the original
24 requirements I referred to earlier, which were in ordinance
25 form.

1 Q Thank you. In other words, what you're
2 really saying is that it didn't meet the standards that
3 you had designed for the garden apartment ordinance; is
4 that correct? A (By Mr. Dorram) That's
5 correct, yes, sir.

6 THE CHAIRMAN: Mr. Bertini.

7
8 EXAMINATION BY COMMISSIONER BERTINI:

9 Q Do you serve in any other political sub-
10 divisions of government? A (By Mr. Dorram)
11 Whether I have personally? Yes, sir. I have served on
12 the planning board in my own town of Riverdale for almost
13 ten years, and I served on the Mayor's Zoning Advisory
14 Committee and I was chairman of the Riverdale Industrial
15 Development Commission, maybe one or two other similar
16 positions.

17 Q Now, I take it that you have been associated
18 with this municipality since approximately 1964 to 1970?

19 A (By Mr. Dorram) 1963, I believe, Commissioner, yes.

20 Q This municipality?

21 A (By Mr. Dorram) Yes.

22 Q And has there ever been any attempt to get
23 a kickback from you from any other public official other
24 than the one you mentioned? A (By Mr. Dorram)

25 None other than I mentioned here today.

1 Q And can you fix approximately when the
2 first approach was made, the year?

3 A (By Mr. Dorram) No, I have difficulty recollecting
4 the year, but I believe 1968 seems to be the right time.

5 Q So that until 1968 there was nothing really
6 wrong, that you know of or that you were aware of,
7 in the Township of Hillsborough?

8 A (By Mr. Dorram) No problems until then.

9 Q And then the trouble started?

10 A (By Mr. Dorram) With the meeting at Town House,
11 yes.

12 Q You have heard the previous witness talk
13 about the problem and his solution to the problem. Don't
14 you think that is kind of too simple a solution to the
15 problem, what he said? A (By Mr. Dorram)
16 Commissioner, candidly, I'm not prepared to submit sug-
17 gestions.

18 Q Doesn't the problem boil itself down to
19 honesty and integrity in government, no matter whether
20 it's a local office or whatever office you hold?

21 A (By Mr. Dorram) Exactly.

22 Q So that unless we have people to come forward
23 who will serve with honesty and integrity, we're not going
24 to have good government, are we, no matter what form of
25 government you have? A (By Mr. Dorram)

1 That is true, no matter what ordinances we draft and so
2 forth.

3 Q Part of the discussions you had in the
4 hotel, did any part revolve itself around an opinion
5 situation? And when you talk about density of population,
6 that's an opinion situation, isn't it?

7 A (By Mr. Dorram) We were not asked for an opinion.
8 We were told. As a matter of fact, there existed a
9 substantial difference of opinion, which ordinarily would
10 not be of significance, between me and John Guerrero on
11 the PUD issue and these persisted for several years prior
12 to the Atlantic City incident, and the issue I'm referring
13 to is this: In the ordinance draft originally prepared
14 by my partner, Mr. Boorman, we made a recommendation for
15 the PUD that for each one single-family detached home to
16 be permitted in the future PUD there be a balancing ratable
17 of either one and a half apartment units or office or
18 similar other ratable to balance the municipal costs.
19 Mr. Guerrero's opinion was that, instead of one and a half,
20 that number should be twenty or thirty. This is not a
21 small difference of opinion I'm referring to. It is
22 substantial.

23 Q In other words, you're saying the difference
24 of opinion was so great that it cannot be classed as a
25 difference of opinion; is that what you're saying?

1 A (By Mr. Dorram) Well, this, in effect, was reflected
2 in the Claremont application and so forth, and ultimately
3 twenty was the figure that was drafted in the ordinance
4 after our services had been terminated.

5 Q But the idea of a planned unit development
6 is-- A (By Mr. Dorram) I didn't hear.

7 Q Is a planned unit development per se good
8 or bad, in your judgment? A (By Mr. Dorram)
9 In my judgment the concept of planned unit development is
10 very good. But turning it merely into an apartment
11 development on a large scale, then, is not so good.

12 Q If it's done by people whose motivation is
13 the good of the community, it's a good thing; but if it's
14 done by people whose motivation is to make an extra rich
15 dollar it's a bad thing. Is that what you're saying?

16 A (By Mr. Dorram) That's true.

17

18 EXAMINATION BY THE CHAIRMAN:

19 Q Did you have something you wanted to respond?

20 A (By Mr. Boorman) Yes. I just wanted to make one
21 observation. I think perhaps the Commissioner was asking
22 my partner about his position with other municipalities,
23 not only in terms of his personal position outside of our
24 firm but also in terms of our firm being engaged, and I
25 just wanted to set the record straight that we have been,

1 and are, engaged by many other municipalities in the state,
2 and to add that this is the only instance where we have
3 been engaged by a municipality where we have been faced
4 with a request like this for a direct contribution.

5

6 EXAMINATION BY COMMISSIONER BERTINI:

7 Q The point I want to make is exactly what you
8 said. This is the only situation where you were faced
9 with this demand? All other situations where you're
10 involved, I assume that everything went along smoothly
11 and with honesty and integrity?

12 A (By Mr. Boorman) That's true.

13 THE CHAIRMAN: I think at this stage I want
14 to ask the gentlemen to be available to resume
15 further questioning at 2:30. We might have some
16 questions.

17 We will break now till 2:30 this afternoon.

18 (Whereupon, a luncheon recess was taken.)

19 (After recess.)

20 THE CHAIRMAN: We'll resume the hearings now.

21 Mr. O'Connor, are you ready to proceed?

22 MR. O'CONNOR: I am, Mr. Chairman.

23 THE CHAIRMAN: Thank you..

24 I want to remind the witnesses that you are
25 still testifying under oath that you originally took

1 this morning.

2
3 EXAMINATION BY MR. O'CONNOR: 3 0 4 9 0 1 3 0 0 7 7

4 Q Mr. Boorman and Mr. Dorram, let me address
5 this question to the both of you and either of you can
6 answer it. Would you like to state, sir, for the record,
7 as to actually how your appearance before this Commission
8 this morning came about? A (By Mr. Boorman)

9 Yes. It came about as a result of a visit to our office,
10 at a time when I was in and my partner was away on vaca-
11 tion, by Mr. Richard Evans of your staff in which he asked
12 about what had happened in Hillsborough, what our exper-
13 ience had been. This visit was unsolicited on our part.

14 Q So at no time did you ever, or your partner,
15 ever, communicate with the Commission with a view to giving
16 us information voluntarily? A (By Mr.
17 Boorman) That's correct.

18 Q However, is it a fair statement, sir, that
19 you responded honestly to the questions posed to you by
20 Special Agent Evans? A (By Mr. Boorman)
21 Yes.

22 Q Did Mr. Evans in any way threaten or coerce
23 you to give him answers? A (By Mr. Boorman)
24 No, he did not.

25 Q And you are appearing here this morning, sir,

1 as a result of a subpoena having been served upon you; is
2 that correct, sir? A (By Mr. Boorman) Yes.

0 0 4 9 0 1 3 0 0 7 8

3

4 EXAMINATION BY THE CHAIRMAN:

5 Q I wonder if either one of you gentlemen might
6 enlarge on the statement--I forget which one made it--
7 earlier today that Mr. Guerrero had indicated that all those
8 who were doing business with the municipality were paying
9 a ten per cent, or making a contribution of ten per cent
10 to the party. Could you enlarge on that to some extent;
11 who you believed he was referring to?

12 A (By Mr. Boorman) He referred to the engineers work-
13 ing for the township. Of course, there might have been
14 several of those, not just, say, the engineer for the
15 planning board, but he might have been referring, as an
16 alternative, or both, to an engineer for the utilities
17 authority or such. He did not, to my recollection, speak
18 of any other consultants by occupation except to refer to
19 engineers and to all other consultants working for the
20 township.

21 Q Did he indicate that this contribution arrange-
22 ment applied to any purveyors or any others that might be
23 rendering services, giving materials and supplies to the
24 township? A (By Mr. Boorman) No, I believe
25 he was referring to people like ourselves who were providing

1 professional services or that type of service to the town-
2 ship. I don't recall that he indicated or implied that
3 this related to people who were supplying goods to the
4 township.

5 Q Did either one of you remember the name of
6 the inn on 206 that one of the meetings took place at?

7 A (By Mr. Dorram) No, Mr. Chairman, I'm sorry, I can-
8 not recall the name of the inn. But it's in the south-
9 bound lane of the highway about, I would estimate, maybe
10 two or three miles north of Amwell Road intersection with
11 206.

12 Q Was it in the vicinity of that Palmer's
13 Market? A (By Mr. Dorram) I'm not sure,

14 Mr. Chairman.

15 Q Would you describe what the inn looked like
16 from your recollection? I'm trying to be able to later on
17 conclude that you were referring to a particular meeting
18 place. A (By Mr. Dorram) No, the

19 establishment in question is not a particularly elegant
20 one, as I can recall. It was rather seedy and dark and
21 had no distinguishable features other than the bar and a
22 couple of tables, something like that.

23 Q Located close to the road?

24 A (By Mr. Dorram) Yes, sir, indeed, close to the road,
25 yes.

1 Q Did you park in front of it or alongside of
2 it? A (By Mr. Dorram) I'm not cer-
3 tain. I think in front of it, but I'm not sure about that.

4 Q If I gave you a name Duke Farm Inn, would
5 that refresh your memory? A (By Mr. Dorram)
6 It sounds familiar, but again in all sincerity I'm not
7 sure.

8 Q You're not sure? A (By Mr.
9 Dorram) No.

10 Q I might ask, if you return along that road
11 206 in any of your travels you might communicate with some-
12 one on our staff, once you identify where you were, the
13 name of the place. A (By Mr. Dorram) That
14 should be no problem, yes.

15 THE CHAIRMAN: All right. Mr. Bertini?
16 Well, Mr. Sapienza and Mr. O'Connor and myself,
17 we have concluded the questions. I wanted to now,
18 as we indicated earlier to Mr. McDonald, would either
19 of you gentlemen like to make a closing statement?
20 Feel free to do so.

21 MR. BOORMAN: I'd like to refer to one point
22 that has to do with the practice of planning in the
23 state. This is in relation to the New Jersey
24 Professional Planners License Act, which I referred
25 to earlier, under which my partner and I both hold

1 licenses as professional planners.

2 It's my opinion that the way this particular
3 act is set up tends to have an inhibiting effect on
4 the practice of professional planning in the sense
5 that the name of the act is really a misnomer.
6 What it does is to establish an examination and
7 licensing procedure for planners, which is fine.
8 But at the same time it provides that any architect,
9 engineer or land surveyor can automatically obtain
10 a license simply by sending in a fee and not by
11 taking an examination or otherwise qualifying. And,
12 in fact, a large majority of the holders of licenses
13 have no education and in most instances very
14 limited experience in the field of planning.

15 The New Jersey Chapter of the American
16 Institute of Planners, of which I'm a member, has
17 advocated the repeal of this act, and this was also
18 recommended by the New Jersey Professional and
19 Occupational Licensing Study Commission, which was
20 established either by the Governor or the Legislature
21 a year or two ago. And the repealer of the act has
22 been introduced in the Legislature under S-167 and
23 A-73.

24 Again, it's my opinion that the passage of
25 this act would be a substantial benefit to the

1 practice of planning in the state and it would
2 eliminate the confusion between the expertise of
3 people who have^{3 0 4 9 0 1 3 0 0 0 2} actually studied and practiced
4 planning and those who have not but are in related
5 fields.

6 We frequently meet a situation in which per-
7 sons who are architects, engineers or land surveyors
8 will add the word "planner" after their name and
9 will present testimony or will present recommenda-
10 tions, which they would not do if this label were
11 not allowed to be applied officially by the law.
12 At the same time there is a legitimate concern on
13 the part of architects, engineers, land surveyors
14 that if only what I would call planners are licensed,
15 that this might interfere with some of their prac-
16 tice, and for this reason I feel the best solution
17 would be the outright repeal of the law.

18 THE CHAIRMAN: Thank you very much, Mr.
19 Boorman.

20 Mr. Dorram, do you have a statement to make?

21 MR. DORRAM: No, sir, I have no separate
22 statement. I subscribe to the preceding statement
23 made by Mr. Boorman.

24 Thank you.

25 THE CHAIRMAN: Thank you, gentlemen, very much

1 for testifying.

2 (Witnesses excused.)

3 0 0 4 9 - 0 1 3 0 0 3 3

4 THE CHAIRMAN: At this stage of the proceed-
5 ing I would like to advise everyone that we had
6 intended to proceed with three more witnesses in
7 connection with the Hillsborough Township portion
8 of this investigation into zoning and planning
9 abuses. However, I was advised just a short time
10 ago by one of our counsel, Mr. Charles Sapienza,
11 that this morning, and I stress that, the Appellate
12 Division of the Superior Court issued a restraining
13 order and sealed all the various testimony and docu-
14 ments and so forth as pertains to these three wit-
15 nesses, so that we cannot proceed with the Hills-
16 borough witnesses at this time.

17 I have been advised that Mr. Sapienza is
18 endeavoring to take this, hopefully this afternoon,
19 to the New Jersey Supreme Court. He may or may not
20 have enough time.

21 With that in mind, we will resume the hearings
22 tomorrow morning at 10:30 A.M. with witnesses involv-
23 ing other municipalities and communities other than
24 Hillsborough Township.

25 I was remiss earlier today in my failure, and

1 it was called to my attention, not to introduce
2 formally the counsel who was handling the question-
3 ing today, Mr. Dennis O'Connor, and at this time
4 I will make up for that remiss.

5 Mr. O'Connor, we thank you for handling the
6 testimony, and, as I said a moment, we will resume
7 tomorrow morning from this chamber at 10:30 A.M.

8 Thank you.

9 (Whereupon, the hearing is adjourned to
10 10:30 A.M., Wednesday, September 20, 1972.)

11 (Whereupon, the hearing resumes on Wednesday,
12 September 20, 1972.)

13 THE CHAIRMAN: We will resume the public
14 hearings which were initiated yesterday pertaining
15 to zoning and planning abuses in the State of New
16 Jersey. Counsel Dennis O'Connor, who handled the
17 questioning yesterday, will also handle the ques-
18 tioning of witnesses this morning.

19 I would ask, Mr. O'Connor, are you ready to
20 proceed with your first witness?

21 MR. O'CONNOR: I am, Mr. Chairman.

22 THE CHAIRMAN: Okay, sir.

23 MR. O'CONNOR: Mr. Chairman, the first witness
24 this morning is Mr. Steven D. Sica.

25 Mr. Sica, would you please stand, sir, and

1 be sworn.

2
3 S T E V E N D. O S O I A, O L I T O O O O 5 having been duly sworn
4 according to law by the Officer, testified as
5 follows:
6

7 THE CHAIRMAN: Mr. Sica, I would advise you
8 that in order to be properly heard in this chamber
9 you're going to have to speak well into the micro-
10 phone and maybe just an inch or so or else you
11 might not be heard. Okay? Move your chair for-
12 ward, please.

13 THE WITNESS: Can you hear me?

14 THE CHAIRMAN: Yes, sir.

15 THE WITNESS: Thank you.

16 THE CHAIRMAN: Mr. Sica, you may recall that
17 the State Commission of Investigation granted, on
18 July the 12th, 1972, immunity to you.

19 THE WITNESS: Yes.

20 THE CHAIRMAN: And your testimony has prev-
21 iously been taken in executive session. The resolu-
22 tion indicated that you would be ordered to answer
23 questions propounded by our counsel and immunity
24 would be conferred upon you pursuant to Section 17
25 of the act creating the State Commission of

1 Investigation, Chapter 266, the Laws of New Jersey,
2 1968.

3 I'm going to read to you, in fact, an order
4 to answer all questions. I'll read it once very
5 slowly, and I will ask you after that if you under-
6 stand what the order says. If you do, state in the
7 affirmative. Then I will indicate to you that all
8 future answers which you give will bear the same
9 immunity grant. Is that understood?

10 THE WITNESS: Yes.

11 THE CHAIRMAN: Mr. Sica, you are ordered and
12 directed by the State Commission of Investigation,
13 pursuant to the authority granted by Chapter 266,
14 Laws of New Jersey, Section 17, 1968, and by resolu-
15 tion of the majority of all the members of the
16 Commission, as I stated, passed on July the 12th,
17 1972, to answer all questions. Upon compliance
18 with this order you shall be immune from having
19 such responsive answer given by you or evidence
20 derived therefrom used to expose you to criminal
21 prosecution, or penalty or to a forfeiture of your
22 estate, except you may nevertheless be prosecuted
23 for any perjury committed in such answer or for
24 contempt for failure to give responsive answers in
25 accordance with the order of the Commission; and

1 any such answer given shall be admissible against
2 you upon any Federal investigation, proceeding or
3 trial against you for such perjury, or upon any
4 investigation, proceeding or trial against you for
5 such contempt.

6 Now, I ask you, Mr. Sica, do you understand
7 the order of this Commission?

8 THE WITNESS: Yes, I do.

9 THE CHAIRMAN: Are you ready to proceed with
10 the questions and answers?

11 THE WITNESS: Yes, I am.

12 THE CHAIRMAN: All right. I will direct that
13 you are now granted this immunity and this order
14 which I have just read in fact to you will apply
15 to all future answers which you give. All right,
16 sir?

17 THE WITNESS: Yes.

18 THE CHAIRMAN: Mr. O'Connor.

19
20 EXAMINATION BY MR. O'CONNOR:

21 Q Mr. Sica, normally we ask a witness to state
22 his present address for the record. However, I am advised
23 that you have, for your own reasons, removed yourself and
24 your family from the State of New Jersey. Is that correct,
25 sir? A Yes, I have.

1 Q And would you prefer not to state your present
2 address for the record? A I would not, no.

3 Q Mr. Sica, I direct your attention, sir, to
4 the year of 1970 and ask you, sir, would you tell the
5 Commission what your address was at that time?

6 A My home address?

7 Q Yes, sir. A 139 Fairfield
8 Avenue, West Caldwell, New Jersey.

9 Q And in 1970, Mr. Sica, what, sir, was your
10 occupation? A I was in the real estate bus-
11 iness.

12 Q And where were your offices located at that
13 time, sir? A At 515 Route 46 in Fairfield,
14 New Jersey.

15 Q Now, at that time when you were located at
16 515 was there a vacant lot next to your office building,
17 sir? A Part of our lot was vacant, yes.

18 Q Did you, sir, during that point in time
19 agree with certain individuals to perhaps engage in a
20 venture utilizing that lot? A Yes, we did.

21 Q Would you explain to the Commission, sir,
22 just what that venture was? A We con-
23 templated setting up two modular houses, which would try
24 to sell through the office that I was selling real estate
25 from, which was in a building on the land. The houses were

1 contemplated to be set up just as models. We were not
2 going to connect them up to any facilities. We were just
3 going to be able to tell the people that if they wanted
4 to see the house that they could buy, all they had to do
5 was come with me downstairs and I would show them around,
6 or any one of my salesmen.

7 Q So, in other words, you were going into the
8 modular homes sales business? A Yes.

9 Q And, sir, did you have partners in that
10 venture? A I had two contemplated partners.
11 One was John Steffanik. He was going to finance half of
12 the project with me. The landlord's name was Arthur
13 Beckwith. He was contributing the use of the land in re-
14 turn for a ten per cent of our net profit as rent, besides
15 the fact that he was also a real estate salesman with my
16 office, although he was in the plumbing business, and he
17 was going to actually makes sales of these homes if we
18 ever displayed them.

19 Q Well, during, sir, the planning of this
20 business venture did you inquire or investigate into
21 whether or not the real estate that you had earmarked
22 was properly zoned for your purposes?

23 A Yes, we did.

24 Q And was it, sir? A Yes, it
25 was.

1 Q Is it your statement, then, that you felt
2 that according to the master plan or the zoning in
3 Fairfield, New Jersey, you could put model homes on that
4 piece of real estate? A Yes, I believe so.

5 Q Well, did you, Mr. Sica, at any time receive
6 advice from anyone that you would have to get a variance
7 to do this? A Yes, because there was

8 one factor involved, and the town in their ordinance
9 stipulated that any outside display of any material that
10 you would have for sale would require a variance.

11 Q So, in order to bring your thoughts and
12 your plans to fruition you would then have to apply to
13 the Township of Fairfield for a variance; is that correct?

14 A Yes.

15 Q Did you at any time, Mr. Sica, discuss the
16 possibility of your getting a variance with any officials
17 of the Town of Fairfield? A Yes, I discussed
18 it.

19 Q And would you tell us, sir, who was the first
20 town official that you discussed this possibility with?

21 A John Francavilla, the mayor.

22 Q Mr. Francavilla was then the mayor?

23 A Yes.

24 Q And this is the year of 1970; is that correct?

25 A Yes.

1 Q Well, do you recall, sir, approximately when
2 and where you first spoke to Mr. Francavilla?

3 A I don't recall exactly, but--
0 0 4 9 6 1 3 0 0 9 1

4 Q Approximately. A It could be at
5 his home, it could be at my office, because we had several
6 meetings in the office and I did go to his home a few
7 times, and I met him at the town hall. It could be
8 either one of the three places.

9 Q Well, as best you can recall, Mr. Sica,
10 what was your first conversation with Mr. Francavilla
11 with regard to this variance?

12 A I told him what we intended to do and I asked him
13 if he would ascertain taking a trip with us to check into
14 one of the plants. We were going to make a trip with an
15 attorney friend of ours that was also interested in setting
16 up some of these houses on a big tract of land that he was
17 a partner in in Jefferson Township, and he happened to
18 own a plane and he was a pilot. We were going up to
19 Pennsylvania to look into the plant itself so we could
20 see how the homes were being manufactured. Well, I asked
21 the mayor to go along with us so that he could see for
22 himself before we made any application, before we did what
23 we did, and sort of give us his sanction or tell us what
24 he thought about it.

25 I also had discussed with the mayor the fact that I

1 had been made aware that we could save a lot of money
2 with pre-manufactured schools, and the Town of Fairfield
3 was talking about putting ⁰ in ⁴ schools and ⁰ the amount ⁰ of
4 money that was going to have to be spent was considerably
5 more than what they could do with a pre-manufactured home.
6 And he showed an interest in it and he agreed to come with
7 us on the trip and we flew to Pennsylvania.

8 Q So the mayor, then, flew to Pennsylvania
9 with you to look over the plant that was manufacturing
10 the modular homes? A Yes.

11 Q Mr. Sica, did you invite any other officials
12 of the Town of Fairfield to accompany you on that trip?

13 A I invited other officials as I talked to them about
14 the venture and I told them that they would be welcome to
15 go to any one of the plants and, if they were willing to
16 go, we would pay the expense, not necessarily to this one
17 but to any one, because there was an article in the paper
18 about that Governor Cahill had said that the people of
19 New Jersey, because of the housing crisis, should look into
20 pre-manufactured homes and he mentioned that to overlook
21 or to sort of evade the problems that we have with codes
22 and building codes that required that inspections are made
23 on site before walls are closed and all that, that building
24 inspectors and town officials should go to these factories
25 and see how the house is being manufactured and, if it's

1 acceptable, they can accept it into the town from the same
2 basis that you accept a car. It's understood the car was
3 going to be made a certain way? The same goes with the
4 house.

5 Q Mr. Sica, did any of the other town officials
6 accept the offer to go out to the plant, or any of the
7 plants? A No, they did not. They were

8 too busy.

9 Q Now, during your conversations with Mayor
10 Francavilla did he at any time, or did you at any time,
11 suggest the possibility that a political contribution
12 might expedite the various applications that you were
13 contemplating? A Well, I asked him. I had
14 been having a lot of trouble with Fairfield. I could
15 never use a piece of property without having problems and
16 never got to use a piece without having problems, and I
17 asked him point blank just what could I do, in these words,
18 to get on a better--to get a better relations between my-
19 self and the governing body. That's the way I put it.

20 Q Now, what was Mayor Francavilla's reply to
21 your question? A Well, he told me that
22 if I would make a campaign contribution, that should ease
23 things, or to that effect.

24 Q Do you recall where this conversation took
25 place? A Yes, it took place at the

1 airport, I believe. I'm not positive. But sometime after
2 we came back from Pennsylvania.

3 Q To the best of your recollection, was anyone
4 else present during this conversation?

5 A No, I was the only one present.

6 Q However, it is your testimony that Mayor
7 Francavilla suggested a political contribution, in effect,
8 might expedite your application?

9 A Yes.

10 Q Mr. Sica, was a figure set?

11 A Well, I asked him what was respectable. That's
12 the way I put it. I didn't know who he'd have to take care
13 of or how much he'd have to give to anyone else that was
14 involved, and I had to report to Mr. Steffanik and Art
15 Beckwith because I couldn't do it all alone, and I had to
16 get an idea. And to my best recollection, I believe he
17 mentioned a couple of thousand dollars.

18 Q At this point in time, Mr. Sica, had you
19 actually made your final application for a variance, as
20 best you can--

A Yes.

21 Q --before, sir? A Yes.

22 Q And so, the application was then pending?

23 A Yes.

24 Q To the best of your knowledge, Mr. Sica,
25 at this time did you know whether or not as mayor Mr.

1 Francavilla would have a vote on the ultimate disposition
2 of your application? A It was my opinion
3 that nothing moves in Fairfield unless Mr. Francavilla
4 gives the word, whether it was on any one of the planning
5 boards or the board of adjustment. It was my opinion that
6 this is the way it moved.

7 Q This, sir, was your opinion at this time?

8 A Yes.

9 Q Now, did there come a point in time, Mr.
10 Sica, when you actually gave a sum of money either to a
11 political party or to Mayor Francavilla?

12 A Yes, there were two times. One time to Mayor
13 Francavilla. I gave him a two-thousand-dollar check.
14 This was after I had discussed it with the two other
15 partners. And then another time when I was trying to get
16 the use of another piece of land that I was paying taxes
17 on and couldn't do nothing with, so I gave a two-hundred-
18 dollar cash contribution to a--the so-called chairman of
19 the Republican Party, Mr. Intile.

20 Q Well, as a result of that political contribu-
21 tion did you clear up whatever problems you had with the
22 real estate in question? A No, we didn't

23 because, first of all, in the interim while we were apply-
24 ing for what we were applying for there was a change in the
25 administration. One of the members of the Republican Party

1 resigned and left Mr. Francavilla with himself and another
2 Republican and two Democrats. So when we came up, we got
3 our variance okayed by the board of adjustment, but for
4 some reason or other the okay said that it had to be
5 okayed by the mayor and council. I didn't understand that,
6 but that's the way it was given to us. We always thought
7 that a board of adjustment was the legal body and their
8 decision was binding, but they referred it down to the
9 mayor and council.

10 Q Mr. Sica, if I might interrupt you, please,
11 sir, the Chairman has advised me, sir, that you are testify-
12 ing now under a grant of immunity. You are appearing with-
13 out counsel, but I must advise you at this time, Mr. Sica,
14 that the immunity only covers responsive answers, in other
15 words, if you're responding to a particular question that
16 I might ask you, your answer then is cloaked with immunity.
17 However, if you gratuitously make statements for the record
18 not in response to a question I might ask, your immunity
19 does not cover you. A I see.

20 Q So I ask you, sir, please, to keep that in
21 mind. A Okay.

22 Q Now, I direct your attention back to your
23 testimony a few moments ago. You said that you gave \$2,000
24 to Mayor Francavilla. Was that your testimony, sir?

25 A Yes.

1 Q Do you recall under what circumstances you
2 gave him this money and whether it was money or cash?

3 A It was a check, 0 4 9 0 1 3 0 0 9 7

4 Q All right. Would you relate the circum-
5 stances under which you gave this check to the mayor?

6 A I just gave him the check for \$2,000, and it was
7 shortly before the mayor and council were going to give
8 a decision on what the board of adjustment had already
9 passed.

10 Q So did there come a point in time, Mr. Sica,
11 wherein your application for a variance was approved by
12 the board of adjustment? Is that correct, sir?

13 A Yes.

14 Q All right. Now, the two-thousand-dollar
15 check that you gave to the mayor, was that prior to the
16 approval of the board of adjustment or after?

17 A I believe it was prior to the approval of the board
18 of adjustment.

19 Q By way of procedure, what steps did your
20 variance application have to take?

21 A Well, we had to submit a site plan and renderings
22 of what we were going to do, which we did, and we had to
23 notify all the people in the neighborhood that we wanted
24 a variance for the use that was being restricted, which
25 was outside storage. This is what we did.

1 Q Well, procedurally, though, isn't it a fact
2 that your application first had to be cleared through the
3 board of adjustment and then submitted to the town council
4 for a vote? A To my knowledge, that didn't

5 have to be necessary, but that's the way it ended up where
6 the board of adjustment okayed it subject to the mayor and
7 council okaying it.

8 Q Now, to the best of your recollection you
9 did give this check to the mayor prior to the approval
10 granted by the board of adjustment?

11 A Yes, I did.

12 Q Now, did you have any conversation with the
13 mayor when you gave him this check?

14 A I don't recall the words or anything, but we did
15 have a meeting when I gave him the check and I handed him
16 the check. That's all.

17 Q Well, did you tell the mayor what you expected
18 in return for this check? A At that moment

19 when I gave it to him I don't believe we went into that.

20 Q Well, when you handed him the check, at that
21 point in time, as a result of prior conversations, was
22 there an understanding? A Sure, there was.

23 Q All right. Would you relate, please, sir,
24 for the Commission the prior conversations?

25 A Well, the prior conversation was that I had asked

1 him what I had to do to, the way I put it, establish a
2 better relationship between me and the town itself.

3 Q And what was his reply to that?

4 A Well, he said that if I made a campaign donation
5 things would be all right, something to that effect.

6 Q So, then, the point in time that you did give
7 him the check for \$2,000, it was your opinion that he
8 understood that this was given to him as a result of your
9 prior conversation? A Yes.

10 Q Did he say anything to you by way of acknow-
11 ledging receipt of this check?

12 A Oh, we talked about a lot of things, but it wasn't
13 anything like saying thank you for the check or anything
14 like that. We talked about the trip he had taken and what
15 he was going to do with the schools and possibility of what
16 we were doing in bringing the houses in, things like that.
17 But it was no issue made over the check, I don't believe.

18 Q Mr. Sica, do you presently have the cancelled
19 check that you gave, you said you gave, to Mr. Francavilla?

20 A No, I don't.

21 Q Do you have any explanation, sir, as to why
22 not? A Because he never cashed the

23 check, because I had to call him after I gave him that
24 check and after it became a political football, our whole
25 issue, because the Democrats threatened or accused us of

1 trying to bring low-cost housing to the area and a big
2 fight ensued over the whole thing and the mayor at the
3 meeting when it was finally brought up did not vote on
4 it, and neither did the other Republican member vote on
5 it, and the two Democrats, which there were two Democrats
6 then, they made a political football out of it. That's
7 the only way I can put it. And there were a lot of arti-
8 cles in the paper and all that. Mayor Francavilla--the
9 two Democrats had accused me of influencing the board of
10 adjustment because they said that I wrote a letter, which
11 I did write a letter to them, telling them that I had
12 taken Mayor Francavilla on this trip and that he had seen
13 the plant and, in the words I put it, that he was favorably
14 impressed. But they didn't mention the fact that I also
15 had mentioned Governor Cahill in the letter, and they
16 claimed that the board of adjustment was influenced.

17 Q Mr. Sica, excuse me. Let's get back to the
18 questions and answers, sir.

19 Did your zoning, your variance application,
20 ultimately come up before the township committee for a vote?

21 A You're talking about the mayor and council now?

22 Q Yes, sir, A Yes.

23 Q And what was the vote with regard to your
24 variance application, as best you can recall?

25 A It was turned down.

1 Q Do you know what the vote was?

2 A Unanimously.

3 Q So everybody, including the mayor, voted
4 against your application? A No, the mayor

5 abstained. I believe that the other Republican councilman
6 abstained and the two Democrats voted against it.

7 Q Were you present, Mr. Sica, at the meeting
8 wherein the vote was taken? A Yes, I
9 was.

10 Q Was it a public meeting?

11 A Yes, it was.

12 Q Now, you say that the mayor abstained. To
13 your knowledge was there any particular reason for this
14 abstension at that time? A Because he had

15 been accused by Mr. Cupo, the Democrat councilman, of in-
16 fluencing the board of adjustment by personally appearing
17 at the board of adjustment meeting, and, secondly, by
18 attending this trip with us to Pennsylvania.

19 Q And on that basis the mayor abstained from
20 voting? A Yes.

21 Q Do you recall the date, Mr. Sica, that you
22 gave this check for \$2,000 to the mayor?

23 A I don't, no.

24 Q To refresh your recollection, sir, when you
25 testified before the Commission on a previous occasion you

1 did, according to your checkbook, ascertain the fact
2 that the check was dated September 10th, 1970.

3 A Yes. 0 0 4 9 0 1 3 0 1 0 2

4 Q Is that correct, sir?

5 A Yes.

6 Q Do you recall at point in time when the vote
7 was taken on your application by the mayor and the committee?

8 A Sometime later in September.

9 Q Approximately September the 23rd, 1970?

10 A Could be, yes.

11 Q Now, to recapitulate, you have testified
12 that approximately September the 10th you did give a
13 check in the amount of \$2,000 to Mayor Francavilla?

14 A Yes.

15 Q The purpose of your giving him that check was
16 to expedite your application for a variance; is that
17 correct? A Yes.

18 Q And you felt that in making a political
19 contribution you could accomplish this?

20 A Yes.

21 Q Ultimately, within a matter of weeks when
22 the actual vote was taken, your application was denied
23 and the mayor abstained from even voting on it; is that
24 correct, sir? A Yes.

25 Q Now, after your application was denied, sir,

1 did you have any conversation whatsoever with Mayor
 2 Francavilla with regard to your contribution and his vote?

3 A No.

0 0 4 9 0 1 3 0 1 0 3

4
 5 EXAMINATION BY THE CHAIRMAN:

6 Q Excuse me a minute. Who's the payee on the
 7 two-thousand-dollar check? A Pardon me?

8 Who was the payee?

9 Q Yes.

A Myself, Steven D. Sica.

10
 11 EXAMINATION BY MR. O'CONNOR:

12 Q No. Who was it made out to?

13 A I'm not positive, but in my note in my book it was
 14 made out to John Francavilla. I'm not positive whether I
 15 gave him a blank check, because I didn't know who the
 16 Republican chairman was or who the Republican Party that
 17 was supposed to take campaign contributions was, and it's
 18 very possible that I gave it to him blank where the name was.

19
 20 EXAMINATION BY THE CHAIRMAN:

21 Q In other words, the amount was filled in,
 22 but the payee was not? A The amount is

23 filled in and I signed the check, and in my book I put
 24 "John Francavilla" and on my stub it indicated "campaign
 25 donation," because we felt I could deduct it from taxes.

1 Q Did you discuss this amount with your two
2 partners? A Yes, I did.

3 Q And what was their reaction?

4 A Well, they conceded. They had to. They agreed to,
5 and one of them did contribute his share. The other
6 partner, Arthur Beckwith, didn't have the money, so I had
7 to advance it for him.

8 Q Okay. A He would owe it
9 to me.

10 THE CHAIRMAN: Mr. O'Connor.

11

12 EXAMINATION BY MR. O'CONNOR:

13 Q Mr. Sica, again, after your application was
14 denied by vote did you have a conversation with Mayor
15 Francavilla with regard to your application?

16 A No, not afterwards.

17 Q Didn't you, sir, testify in a previous occa-
18 sion that the following day you made a telephone call to
19 Mayor Francavilla? A Oh, that was
20 prior to the actual date that it was denied. There was a
21 period between there before it came up in front of the mayor
22 and council, because at the night that it was supposed to
23 happen there was a delayed action and we had a chance
24 whereby I was made aware that the two Democrats were going
25 to be against it, and at that point, and this was before the

1 final decision was made, and I called John Francavilla
2 and told him that we had been given the word by the two
3 Democrats that they wanted to get paid also, and I called
4 him and asked him if he would hold up on the check because
5 it seemed to me that we would have to raise more money or
6 we would have to give \$1,000 to each party for now, be-
7 cause we were spending a lot of money to get these two
8 homes--we had to pay cash for them--and he agreed. I
9 phoned him and told him to hold up on the check because of
10 this factor and he agreed to hold the check or wait to see
11 what happened.

12 Q Well, now, you say he agreed. Now, let's
13 be specific. Now, you did make the telephone call to the
14 mayor prior to the September 23rd vote; is that correct?

15 A I believe so, yes.

16 Q And as best you can recall, exactly what
17 did you say to the mayor? A I told him that
18 after he had left the town hall the night before, that we
19 had gone to a restaurant for a cup of coffee and at that
20 time we were made aware by a builder in town that seemed
21 to know quite a bit of what was happening, that came to
22 sit with us, and he told us that we weren't going to get
23 it; that the two Democrats knew or suspected that we had
24 taken care of John Francavilla and that we'd have to take
25 care of them, too.

1 Q Did the mayor at any time during this tele-
2 phone conversation in any way deny having received a check
3 from you? A O No, he did not. I O O

4 Q Did he at any time indicate to you, sir, that
5 the check you gave him he had destroyed?

6 A No, he did not.

7 Q Did you, Mr. Sica, electronically record this
8 telephone conversation? A Yes, I did.

9 Q And did you, Mr. Sica, make an original
10 tape of this conversation available to the State Commission
11 of Investigation? A Yes, I did.

12 Q And to the best of your knowledge, is that
13 tape still in the custody of the State Commission of
14 Investigation? A Yes, it is.

15 MR. O'CONNOR: Thank you, sir.

16 Mr. Chairman, I have nothing further of
17 this witness.

18 THE CHAIRMAN: Commissioner Diana?

19 I might have some questions, but I just
20 received a phone call, so we'll just take a five-
21 minute break and then I'll have a few questions to
22 ask.

23 (Whereupon, a brief recess is taken.)

24 (After recess.)

25 THE CHAIRMAN: We'll resume the hearings now.

EXAMINATION BY THE CHAIRMAN:

1
2 Q Mr. Sica, prior when you testified in execu-
3 tive session did you bring down a photostat or a record
4 of your check stub? A Yes, I did.

5 Q Would you identify that for Mr. O'Connor?
6 Would you read off the entry pertaining to the two-thousand-
7 dollar check. A It's entry Number 273
8 in my check stub, September the 10th, 1970. "John Franca-
9 villa, campaign donation, \$2,000."

EXAMINATION BY MR. O'CONNOR:

10
11
12 Q Mr. Sica, is this photocopy an exact copy
13 of the original check stub from your checkbook, sir?

14 A Yes, it is.

15 MR. O'CONNOR: Mr. Prout, could you mark that,
16 please, as Exhibit C-4, please.

17 (Photocopy of check stub received and marked
18 Exhibit C-4.)

19 Q Mr. Sica, now, normally when you issue a
20 check do you always write on the stub the purpose for which
21 the check is issued? A Yes, I do.

22 Q And do you always do that when you issue a
23 check? A Yes, I do.

24 Q And did you do it in the case when you issued
25 a check in the amount of \$2,000 to Mr. Francavilla?

1 A Yes, I did.

2 Q So this entry was made in the normal course
3 of business with regard to your checkbook?
0 0 4 9 0 1 3 0 1 0 8

4 A Yes, I did.

5 MR. O'CONNOR: I have nothing further, Mr.
6 Chairman.

7

8 EXAMINATION BY THE CHAIRMAN:

9 Q Just one question. If that check wasn't
10 returned through the bank clearing house system, did you
11 carry that for a long time as an outstanding check? Or
12 what did you do with it as far as your balance was con-
13 cerned? A I don't recall offhand as far
14 as the balance was concerned, but I assumed that the check
15 was not going to be cashed and when we didn't get the
16 variance, and when it all backed up on the mayor, and I
17 don't recall exactly what my check standing was at the time,
18 but it should have been that there was always more than
19 that \$2,000 for a while, anyhow.

20 Q So you had enough there for what, a few
21 months, to cover that? A I believe so.

22 THE CHAIRMAN: Commissioner Diana?

23 Mr. O'Connor, do you have any questions of
24 the witness?

25 MR. O'CONNOR: Mr. Chairman, I have nothing

1 A Yes, I did.

2 Q So this entry was made in the normal course
3 of business with regard to your checkbook?
0 0 4 9 0 1 3 0 1 0 8

4 A Yes, I did.

5 MR. O'CONNOR: I have nothing further, Mr.
6 Chairman.

7

8 EXAMINATION BY THE CHAIRMAN:

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10 returned through the bank clearing house system, did you
11 carry that for a long time as an outstanding check? Or
12 what did you do with it as far as your balance was con-
13 cerned?

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15 as the balance was concerned, but I assumed that the check
16 was not going to be cashed and when we didn't get the
17 variance, and when it all backed up on the mayor, and I
18 don't recall exactly what my check standing was at the time,
19 but it should have been that there was always more than
that \$2,000 for a while, anyhow.

20 Q So you had enough there for what, a few
21 months, to cover that?

A I believe so.

22 THE CHAIRMAN: Commissioner Diana?

23 Mr. O'Connor, do you have any questions of
24 the witness?

25 MR. O'CONNOR: Mr. Chairman, I have nothing

1 further, but I think we should state for the record
2 that Mayor Francavilla will have an opportunity to
3 make a sworn statement either orally or in writing
4 with regard to the testimony we heard.

5 THE CHAIRMAN: It's very true. Earlier this
6 morning I might have mentioned, as I did yesterday
7 morning, it's the policy of this Commission under
8 our Fair Procedure Act that any persons whose
9 names are mentioned by any of the witnesses or
10 by a counsel will be given an opportunity, prior
11 to the closing of these hearings to make a statement.
12 So, I'll just remind anyone here who is interested,
13 or anybody that does pick up through the press
14 that their name has been mentioned, will be given
15 an opportunity to come in and make a statement.

16 Mr. Sica, you are excused at this time.

17 Thank you.

18 (Witness excused.)

19 - - -

20 THE CHAIRMAN: Your next witness, Mr. O'Connor.

21 MR. O'CONNOR: Mr. Chairman, I call Mr.

22 Kenneth M. Kraus.

23
24 K E N N E T H M. K R A U S, having been duly sworn
25 according to law by the Officer, testified as follows:

1 THE CHAIRMAN: Mr. Kraus, as I explained to
2 Mr. Sica, and I'll go through it, also, for you,
3 you're going to have to, number one, speak into the
4 microphone in order to be heard properly. In addi-
5 tion, you will recall that on September the 8th,
6 1972, the Commission adopted a resolution by a
7 majority of the members granting you immunity as far
8 as the answers that you gave in any of the first
9 part of your testimony. I'm going to read intact
10 an order for you to answer questions based upon that
11 direction of the Commission. You will, under our
12 proceedings, be granted immunity from any of the
13 answers and what's derived from those answers, called
14 the fruits, against ever being used as far as
15 subsequent criminal action against you. Is that
16 understood?

17 THE WITNESS: Yes, it is.

18 THE CHAIRMAN: Now, as far as any of the ques-
19 tions posed by Mr. O'Connor, you are ordered and
20 directed by the State Commission of Investigation,
21 pursuant to the authority granted by Chapter 266,
22 Laws of New Jersey, 1968, Section 17, and by resolu-
23 tion of majority of all of the members of the
24 Commission to answer the question. Upon compliance
25 with this order you shall be immune from having such

1 responsive answer given by you, or evidence derived
 2 therefrom, used to expose you to criminal prosecution,
 3 or penalty or to a forfeiture of your estate, except
 4 that you may nevertheless be prosecuted for any
 5 perjury committed in such answer or for contempt
 6 for failure to give responsive answers in accordance
 7 with the order of the Commission and any such answer
 8 given shall be admissible against you upon any crim-
 9 inal investigation, proceeding or trial against you
 10 for such perjury, or upon any investigation, proceed-
 11 ing or trial against you for such contempt.

12 Now, I ask you, Mr. Kraus, do you understand
 13 the order of the Commission?

14 THE WITNESS: Yes, I do.

15 THE CHAIRMAN: And are you ready to proceed
 16 with the questions of Mr. O'Connor?

17 THE WITNESS: Yes, I am.

18 THE CHAIRMAN: All right.

19
 20 EXAMINATION BY MR. O'CONNOR:

21 Q Mr. Kraus, would you state your present
 22 address, please, for the record, sir?

23 A 9 Voorhis Avenue, Rockville Centre, New York.

24 Q Mr. Kraus, I direct your attention, sir,
 25 to the year of 1970, approximately the month of June, sir,

1 and I ask you: What was your employment at that time?

2 A I was a vice-president and regional manager of
3 Pepsico Truck Rental, Inc.

4 Q Briefly, sir, would you describe for the
5 Commission the operation of Pepsico Truck Rental, Inc.?

6 A We were in the truck leasing and rental business
7 to rent out vehicles on long-term lease and on short-term
8 lease and on short-term daily rental for moving or any
9 other purposes people needed trucks.

10 Q Is Pepsico Truck Rental, Inc., in any way
11 related to the Pepsi-Cola Corporation, do you know?

12 A Yes, it is.

13 Q Do you know in what way?

14 A It's a sub of North American Van Lines, which is
15 owned by Pepsico, Inc.

16 Q And you were a vice-president of Pepsico
17 Truck Rental, Inc.?

A Correct.

18 Q In 1970?

A Correct.

19 Q In approximately June of 1970, Mr. Kraus,
20 were you endeavoring to find a location for a truck terminal
21 in New Jersey?

A Yes, I was.

22 Q Would you relate to the Commission, sir,
23 what steps you took to locate a site?

24 A Well, we drove around in a car. I knew the approx-
25 imate area I wanted to be in was in Secaucus, Carlstadt or

1 East Rutherford and--

2 Q Did you examine various sites?

3 A Yes, I did. 0 0 4 9 0 1 3 0 1 1 3

4 Q Did you have a real estate broker on retainer
5 showing you around? A Eventually, yes.

6 Q Would you identify the broker that you had,
7 sir? A A Mrs. Sachs.

8 Q Mrs. Sachs? A Mr. Sachs.

9 Q S-a-c-h-s? A Correct.

10 Q And did you ultimately, sir, decide upon
11 a particular piece of real estate?

12 A Yes, we did.

13 Q And can you locate that piece of real estate
14 for us? A Well, it was in the Town of
15 East Rutherford on Paterson Plank Road across the street
16 from Carolina Freight Terminal.

17 Q Now, are we, sir, still in the month of June,
18 1970, to the best of your recollection?

19 A June or early July, if I remember correct.

20 Q Who owned the real estate on Paterson Plank
21 Road in East Rutherford? A It was owned by

22 the Plank Realty Corporation or Company. I'm not sure.

23 Q Do you recall the name? I'm sorry.

24 A It may have been "Company," not "Corporation."

25 Q Do you recall the name of the individual

1 from Plank Realty Company with whom you dealt?

2 A Mr. H. Dick Cohen.

3 Q Do you know whether ^{0 0 4 3 0} or not he was one of
4 the stockholders in the realty company?

5 A I would assume he was one of the partners.

6 Q Well, did you, sir, negotiate ultimately
7 with Mr. H. Dick Cohen a lease?

8 A Yes, we did.

9 Q For that party? A Yes, we did.

10 Q I place before you, sir, a document which
11 purports to be a lease between Plank Realty and Pepsico
12 Truck Rental, Inc., dated August 24th, 1970, and ask you,
13 sir, whether you have ever seen that.

14 A Yes.

15 Q Do you know what the sum total of the rent
16 was, according to that lease?

17 A Well, for the first ten years it was \$15,000 a year
18 and then we had options for another ten years and another
19 ten years.

20 Q Who executed that lease on behalf of Pepsico,
21 Mr. Kraus? A It was executed by the presi-
22 dent of Pepsico Truck Rental, Mr. Robert Fox.

23 Q And is it witnessed by anyone?

24 A Mr. Richard Battles.

25 Q Is he also an officer in the Pepsico Corporation?

1 A As far as I know, yes.

2 Q Was he at the time? A Yes.

3 Q Do you know what his position was? 5

4 A I think he was chief counsel of Pepsico Transporta-
5 tion, but I'm not sure.

6 MR. O'CONNOR: May I have this marked as
7 an exhibit, please.

8 (Photocopy of lease between Pepsico Truck
9 Rental, Inc., and Plank Realty Company received
10 and marked Exhibit C-5.)

11 Q Mr. Kraus, did you have sole authority to
12 negotiate with Mr. Cohen with regard to this lease, or
13 did you have to answer to any of your superiors?

14 A No, any leases had to be forwarded down to Tulsa,
15 Oklahoma, to the home office to be finalized and signed
16 down there.

17 Q And by whom would it be finalized in Tulsa?

18 A By Mr. Fox and the attorneys in Tulsa.

19 Q To the best of your knowledge, sir, during
20 the course of your negotiations for the particular lease
21 which is now an exhibit did Mr. Fox participate with you
22 in your conversations or negotiations with H. Dick Cohen?

23 A Not in the conversations with Mr. Cohen, but he
24 participated by constant conversations with me and how to
25 proceed with the lease.

1 Q So ultimately, then, the lease was negotiated?

2 A Yes.

3 Q And that's dated August 24th, 1970? ⁰⁰⁴⁹⁰¹³⁰¹¹⁶

4 A Correct.

5 Q All right. Did there come a point in time,
6 sir, when you attempted to commence construction?

7 A Yes.

8 Q Do you recall when that was, approximately?

9 A Either September or October. I'm not sure exactly
10 when.

11 Q Now, at that point in time did you have any
12 reason whatsoever to believe that the building that you
13 had contemplated erecting was not a proper use of the
14 property? A No, I didn't.

15 Q Did you have any problem, sir, when you
16 attempted to construct the building?

17 A Yes, I did.

18 Q And what was that problem?

19 A Well, a subcontractor of my builder went down to
20 file the plans with the East Rutherford Building Inspector
21 and was turned down.

22 Q Do you know what the reason for the turning
23 down was? A Not permitted use.

24 Q What steps did you take once you found that
25 you couldn't build this building? A I called

1 the owner of the property; told him about it and told him
2 that I was going to look into cancelling the lease.

3 Q 0 0 4 9 0 1 3 0 1 1 7
Specifically, sir, to whom did you speak?

4 A To Mr. Cohen.

5 Q And what did Mr. Cohen say?

6 A Not to worry about it; that he would take care of it
7 and get back to me.

8 Q Did Mr. Cohen get back to you?

9 A Yes, he did.

10 Q Do you recall under what circumstances he
11 got back to you? Was it a telephone call or a personal
12 meeting? A It was a telephone call.

13 Q What did he say to you?

14 A He said it would cost some money to get the permit
15 and told me an amount, and I told him I would have to check
16 on it.

17 Q Did he tell you how much money?

18 A Yes.

19 Q How much money did he say?

20 A Initially, \$2,000.

21 Q Did he tell you at that time specifically
22 what he was going to do with the \$2,000?

23 A Just that it would be used for the building inspector
24 and the mayor.

25 Q Do you know who the mayor was in East

1 Rutherford at that time? A No, I don't.

2 Q Do you know who the building inspector was
0 0 4 9 0 1 3 0 1 1 8
3 at that time? A No, I don't.

4 Q Now, after Mr. Cohen told you he needed
5 \$2,000 for the mayor and the building inspector what, if
6 anything, did you do within your own corporation?

7 A I called Mr. Fox in Tulsa and told him about the
8 situation and told him that we needed it if we wanted to
9 go ahead.

10 Q Well, was Mr. Fox shocked or dismayed by
11 this information? A No, he wasn't.

12 Q Well, what did he say?

13 A He says it's happened before around the country
14 and that he would look into it and get back to me within
15 an hour.

16 Q Did he get back to you within an hour?

17 A Yes, he did.

18 Q And what, sir, did he say to you?

19 A That a check was being cut in the amount of \$2,000
20 and being forwarded to me to be cashed.

21 Q Mr. Kraus, I show you a photocopy of a check
22 drawn on the account of Pepsico Truck Rental, Incorporated,
23 dated October 20, 1970, made payable to the order of
24 Ken Kraus, Pepsico Truck Rental, Inc., 25 South Denton
25 Avenue, New Hyde Park, New York, signed by--perhaps you

1 can make out the signatures.

2 First of all, Mr. Kraus, have you ever seen
3 the original of that? Q 0 4 9 0 A 3 0 Yes, I did.

4 Q And is that, sir, in fact, the two-thousand-
5 dollar check that you got from Pepsico to pay Cohen?

6 A Correct.

7 Q Now, that check, sir, is dated October 20,
8 1970. When you received that check, what did you do?

9 A I called Mr. Cohen and told him I had the check,
10 and he said, no, he wanted cash. So, I said that was no
11 problem; that it was made out to me.

12 Q Well, did you enter into some sort of an
13 agreement with Mr. Cohen as to how you would turn these
14 funds over to him? A Yes. I told him that
15 I would cash the check and he said we would meet at a
16 chinese restaurant on Route 46.

17 Q Did you, in fact, cash the check?

18 A Yes, I did.

19 Q And did you, in fact, sir, go to the Chinese
20 restaurant on Route 46? A Yes, I did.

21 Q Did you meet Mr. Cohen there?

22 A Yes.

23 Q Did you have any conversation with him, sir?

24 A Just basic conversation regarding business and re-
25 garding the check and the cash that I had with me.

1 Q Did he again go into any detail as to what
2 he was going to do with the money?

3 A Just the same thing as before; that it would be used
4 for the building inspector and the mayor.

5 Q Did he in any way identify the building in-
6 spector or the mayor? A Just that the
7 mayor was a painter and that was all.

8 Q Did you ever hear him refer to the mayor as
9 Mr. Plosia? A No, I didn't.

10 Q Did you ever hear him refer to the building
11 inspector as Mr. Zanka? A No.

12 Q Did he indicate to you, Mr. Kraus, that
13 he knew the mayor and the building inspector in any way?

14 A Yes, he did.

15 Q So at this luncheon meeting did you, in fact,
16 then turn over the \$2,000 to him?

17 A Yes, I did.

18 Q Now, up to this point in time as far as
19 Pepsico Truck Rental, Inc., was concerned it could not get
20 a building permit to build this building; is that correct?

21 A Correct.

22 Q Did there come a point in time when you did
23 ultimately get that permit? A Yes, there did.

24 Q How long, sir, after you gave Mr. Cohen the
25 \$2,000 did you get the permit? A I think it

1 was about two weeks.

2 Q Did you have to file any legal action what-
3 soever? A ^{0 0 4 9 0 1 3 0 1 2} No, not that I know of.

4 Q Well, had any legal steps been taken,
5 wouldn't you, in fact, been aware of them?

6 A I think I would have, and I don't know of any.

7 Q Mr. Kraus, I also place before you a document
8 which has previously been entered, and ask you if you can
9 identify that, sir. A Well, the bottom

10 is the stub of the check that we related to before, and
11 the top was a bill that we got because of the check, the
12 issuance of the check.

13 Q So, in other words, Pepsico had to somehow
14 or other enter that \$2,000 on its books?

15 A Of course.

16 Q Now, specifically referring to that document,
17 how does Pepsico Truck Rental carry the \$2,000 on its
18 books? A From this document it would be

19 charged as architectural services for the East Rutherford
20 job.

21 MR. O'CONNOR: Will you mark that, John?

22 (Photocopy of check, dated October 2, 1970,
23 received and marked Exhibit C-6.)

24 (Photocopy of voucher received and marked
25 Exhibit C-7.)

1 Q Mr. Kraus, referring to the bottom of Exhibit
2 C-7, which you have just identified, I see Voucher Number
3 517 and the following legend: "Funds to be used for
4 local promotion in the opening of the East Rutherford,
5 New Jersey station." Do you have any idea, sir, what that
6 language means? A Well, it means, prob-
7 ably, that it's what they could think of at the time for
8 writing the check.

9 Q Thank you. Mr. Kraus, I have before me an
10 additional document, which I'll read to you. It's rather
11 brief. "For and in consideration of the services rendered
12 to me by F. Philip DeVasto Agency, 405 Paterson Avenue,
13 East Rutherford, New Jersey, in obtaining a lease for
14 premises known and designated as Lot 14 and Block 107 on
15 the tax map of East Rutherford, New Jersey, between the
16 undersigned as tenant and Plank Realty, a partnership, as
17 landlord, a copy of which lease is attached hereto and
18 made a part hereof, we, the undersigned, hereinagree to
19 pay to the said F. Philip DeVasto Agency a 'finder's fee'
20 at the rate of six per cent per annum for the duration of
21 said lease, this payment to be made" blank "from the execu-
22 tion of said lease. In witness hereof we have hereunto
23 caused presence to be signed by our duly authorized officer
24 the 7th day of September, 1970." There is a space, sir,
25 for someone from Truck Rental, Pepsico Truck Rental, to sign

1 it. I ask you, sir, have you ever seen that document?

2 A Yes.

3 Q Could you explain to the Commission^{0 0 4 9 0 1 3 0 1 2 3} exactly
4 what that document represents?

5 A Well, it was in addition to the \$2,000. A finder's
6 fee was to be paid for getting the permit to build in
7 East Rutherford.

8 Q Well, who asked Pepsico to sign an agreement
9 to pay a six per cent finder's fee?

10 A Mr. Cohen.

11 Q Did, to your knowledge, in any way the DeVasto
12 Agency participate in either the lease negotiations or
13 locating the Paterson Plank Road site?

14 A No.

15 Q When Mr. Cohen made his request to have
16 this agreement to pay a finder's fee executed, what did
17 you do with it, sir? A I sent it down
18 to Tulsa, Oklahoma, to be executed.

19 Q Did you talk to Mr. Fox about it?

20 A Yes, I did.

21 Q And what did Mr. Fox say about that?

22 A Well, I think it was a day later than the \$2,000
23 came up and we did an additional budgeting on the location
24 and the profitability of it, and it was no hardship for us
25 to pay it and we felt as long as this would get the job

1 through, we'd do it.

2 Q Well, according to my calculations that six
3 per cent finder's fee over the terms ^{0 0 4 2 0 1 3 0 1 2 4} of the lease amounts
4 to \$15,000 on the nose. Now, you mean to say that Mr. Fox
5 had no objection to paying \$15,000 in addition to the
6 \$2,000 cash? A Not that I know of.

7 Q Now, under the terms of that agreement the
8 \$15,000 would, however, be paid in installments?

9 A Correct.

10 Q During the terms of the lease; is that
11 correct? A Correct.

12 Q Did Mr. Fox say that this was also not
13 unusual? A I don't remember on that.

14 I know on the \$2,00 it was, but I don't remember on this.

15 Q Well, to your knowledge, Mr. Kraus, did Mr.
16 Fox have any direct conversations or contact with H.
17 Vick Cohen? A Not to my knowledge.

18 MR. O'CONNOR: Mark that, John.

19 (Photocopy of agreement with the F. Philip
20 DeVasto Agency received and marked Exhibit C-8.)

21 Q Mr. Kraus, you are no longer employed by
22 Pepsico; is that correct, sir? A Correct.

23 Q Do you know whether or not ultimately the
24 building under consideration was actually constructed?

25 A It was constructed but never finished.

1 Q Is there any particular reason, to your
2 knowledge, why it was never finished?

3 A Yes. It seems that it was in the ^{0 0 4 9 0 1 3 0 1 2 5} Meadowlands area
4 and it was stopped by the Meadowlands.

5 Q The Hackensack Meadowlands Commission?

6 A Right.

7 Q Didn't they, in fact, rule that this was
8 not a conforming use of that real estate?

9 A I don't know what the ruling was. I don't know if
10 that was it or they condemned the property.

11 Q Now, directing your attention again, Mr.
12 Kraus, to what we have marked as Exhibit C-8, the agreement
13 to pay this six per cent finder's fee, did that actually
14 go into effect? A I don't know for sure if

15 it was ever signed or not signed. I assume it was.

16 Q Well, did you ever have any subsequent
17 conversations with H. Rick Cohen about it?

18 A Yes, sometime in November or December. I'm not
19 sure when.

20 Q And what was that conversation, sir?

21 A I think it was right before or after the Meadowlands
22 Commission came into the picture he called and said that
23 they were forgetting about the finder's-fee arrangement
24 and to forget about it.

25 Q Did you know at the time, Mr. Kraus, that

1 Mayor Plosia from East Rutherford was actually a salesman
2 in the DeVasto Agency? A No, I did not.

3 MR. O'CONNOR: 0 0 4 9 0 1 3 0 1 2 6
Mr. Chairman, I have nothing
4 further at this time.

5 THE CHAIRMAN: Commissioner Diana?

6 COMMISSIONER DIANA: No questions.

7

8 EXAMINATION BY THE CHAIRMAN:

9 Q I wonder if you could explain to us the land
10 that you were going to lease, what were you going to build
11 there, and what did you eventually build there and explain
12 what happened to the building and so forth.

13 A Well, we were building--I think the site was sixty-
14 something-thousand square feet and we were going to build
15 about a 10,000-square-foot drive-through, light-maintenance
16 facility to do minor repairs on trucks, and washing, and
17 to do all the minor maintenance on all our vehicles, and
18 as a leasing and rental location for the area.

19 What happened was that the Meadowlands came in, the
20 building was up in its shell, and condemned it, and from
21 what I understand the building has been demolished and
22 taken away.

23 Q Did you ever utilize the vacant land prior to
24 putting up the building? A Oh, yes. We were
25 on the vacant land from sometime in September of '70.

1 Q In other words, was that one of the reasons
2 you believe Oklahoma didn't fight signing this finder's
3 agreement; this looked like a good moneymaker?

4 A Well, it was making money from the day we opened it.
5 It was an excellent location for a truck rental and leasing.

6 Q And did you have the trucks just parked out
7 there in the open? A Yes, we did.

8 THE CHAIRMAN: No other questions, Mr. O'Connor?

9 MR. O'CONNOR: Not of Mr. Kraus at this time.

10 THE CHAIRMAN: All right. I have no questions.
11 Commissioner Diana?

12 You are excused, Mr. Kraus.

13 MR. O'CONNOR: Thank you, Mr. Kraus.

14 (Witness excused.)

15 - - -

16 MR. O'CONNOR: Mr. Chairman, at this time,
17 with your permission, I would like to enter an exhibit
18 into the record.

19 Would you mark that, please, John.

20 (Photocopy of letter, dated September 13,
21 1972, received and marked Exhibit C-9.)

22 MR. O'CONNOR: For the record, Exhibit C-9.
23 It's a letter under date of September 13th, 1972,
24 in the matter of H. Dick Cohen. It's addressed,
25 "To Whom It May Concern: The above patient was

1 hospitalized from August 11 to August 25, 1972,
 2 for myocardial insufficiency and auricular fibrilla-
 3 tion and he still is under my active care. Although
 4 he is now home working part time, I feel that it
 5 would be dangerous for him to undergo the stress
 6 of questioning before the investigative committee
 7 for at least four weeks. He needs that interval
 8 to allow his medical situation to stabilize more
 9 fully.

10 "Thank you."

11 Signed "Robert L. Moskowitz, M.D."

12 THE CHAIRMAN: I understand, from Mr. O'Connor
 13 that he has no further witnesses to put on the stand
 14 this morning. I would like to read into the record
 15 a statement.

16 As previously noted, the Commission is under
 17 a court order restraining it from publicly taking
 18 testimony from several witnesses. Therefore, the
 19 Commission is not closing this hearing, but, rather,
 20 it is continuing the hearing pending the outcome of
 21 that litigation, and we refer to that restraining
 22 order yesterday.

23 The Commission at this time renews its plea
 24 to the people of the State of New Jersey to come
 25 forward with additional information that might be

1 brought to the attention of the public in the area
2 of zoning and planning land uses and land development.

3 The Commission also would like to point out
4 that it has not called witnesses who would be class-
5 ified as public officials in this particular hearing
6 because to do so would invoke for them the immunity
7 provisions of the State Public Immunity Law. However,
8 under our policy and the State Fair Procedure Code,
9 any person mentioned in this hearing has an opportun-
10 ity to appear before us voluntarily and make a state-
11 ment under oath. We, of course, would continue the
12 hearings to a date when we know the litigation has
13 been completed, and at that time we will entertain
14 any of the persons whose names have been mentioned
15 to appear here and give us their statement.

16 The Commission under the provisions of its
17 statute and established policy will be referring the
18 records of this investigation to the United States
19 Attorney's Office in Newark and the State Attorney
20 General's Office in Trenton. Considerable additional
21 and corroborative testimony and other data is in
22 these records but was not presented at these hearings,
23 so as to not interfere with the considerations of
24 the above-named offices.

25 This, then, for the time being concludes our

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taking of testimony on the abuses, the municipal
planning, zoning and land development until the
aforementioned litigation is finally adjudicated.

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We will have absolutely no comment to make on that
litigation, since, as I explained yesterday, the
Court has impounded all the papers and we are not
at liberty to disclose anything further than that
we will have to wait and adjourn these hearings
until that litigation is completed.

Thank you.

(Whereupon, the hearing adjourns.)

* * *

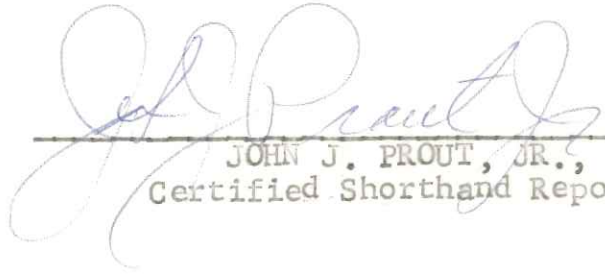
STATE OF NEW JERSEY
COMMISSION OF INVESTIGATION

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IN THE MATTER OF THE INVESTIGATION
RELATING TO THE INFLUENCE OF
ORGANIZED CRIME AND CORRUPTION IN
THE STATE OF NEW JERSEY.

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:
CERTIFICATE
:
OF
:
REPORTER
:

I, JOHN J. PROUT, JR., a Certified Shorthand
Reporter and Notary Public of the State of New Jersey, do
hereby certify that the foregoing is a true and accurate
transcript of the stenographic notes as taken by me in the
above-mentioned matter, at the place and on the date
hereinbefore set forth.



JOHN J. PROUT, JR.,
Certified Shorthand Reporter

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