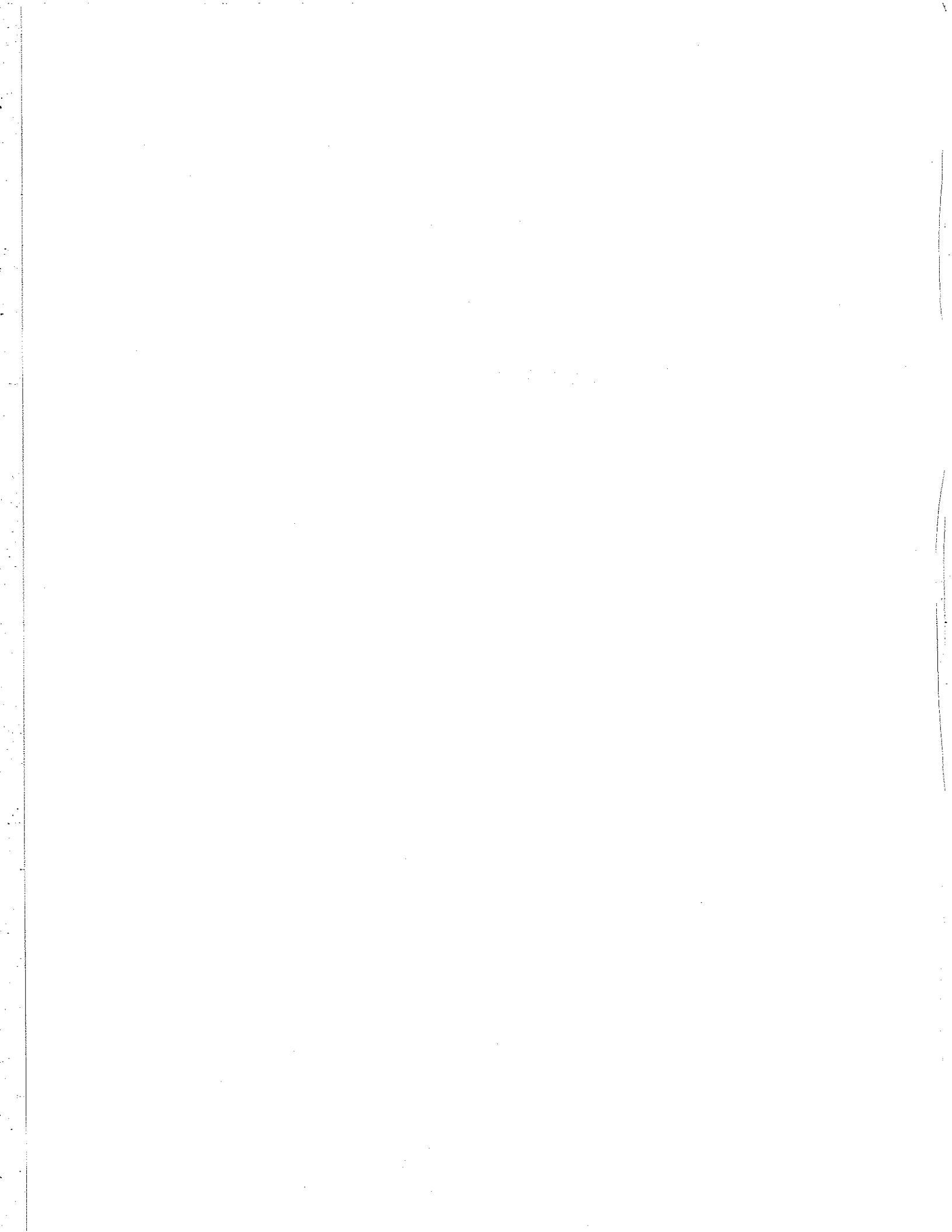
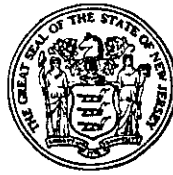


REPORT
on
THE COMPATIBILITY OF THE INTERESTS OF
MR. RALPH CORNELL, CHAIRMAN OF THE
DELAWARE RIVER PORT AUTHORITY

A Report by
The New Jersey State
Commission of Investigation
October, 1974





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October, 1974

TO: The Governor and the Commissioners of the Executive
Commission on Ethical Standards

The New Jersey State Commission of Investigation herewith
submits its report of findings concerning the question of
conflicts of interests with respect to Mr. Ralph Cornell,
Chairman of the Delaware River Port Authority.

Respectfully submitted,

Thomas R. Farley, Acting Chairman*
Charles L. Bertini
David G. Lucas

*Commissioner Farley was chosen to be Acting Chairman at the outset of this investigation by fellow Commissioners, Lucas and Bertini, after the Commission's Chairman, Joseph H. Rodriguez, disqualified himself from any participation in order to scrupulously avoid any appearance of conflict of interest on his part or on the part of the Commission. Although Mr. Rodriguez has never represented Ralph Cornell on any matter, Mr. Rodriguez's law partner, Thomas F. Connery, has represented Mr. Cornell in a legal capacity in private business ventures.

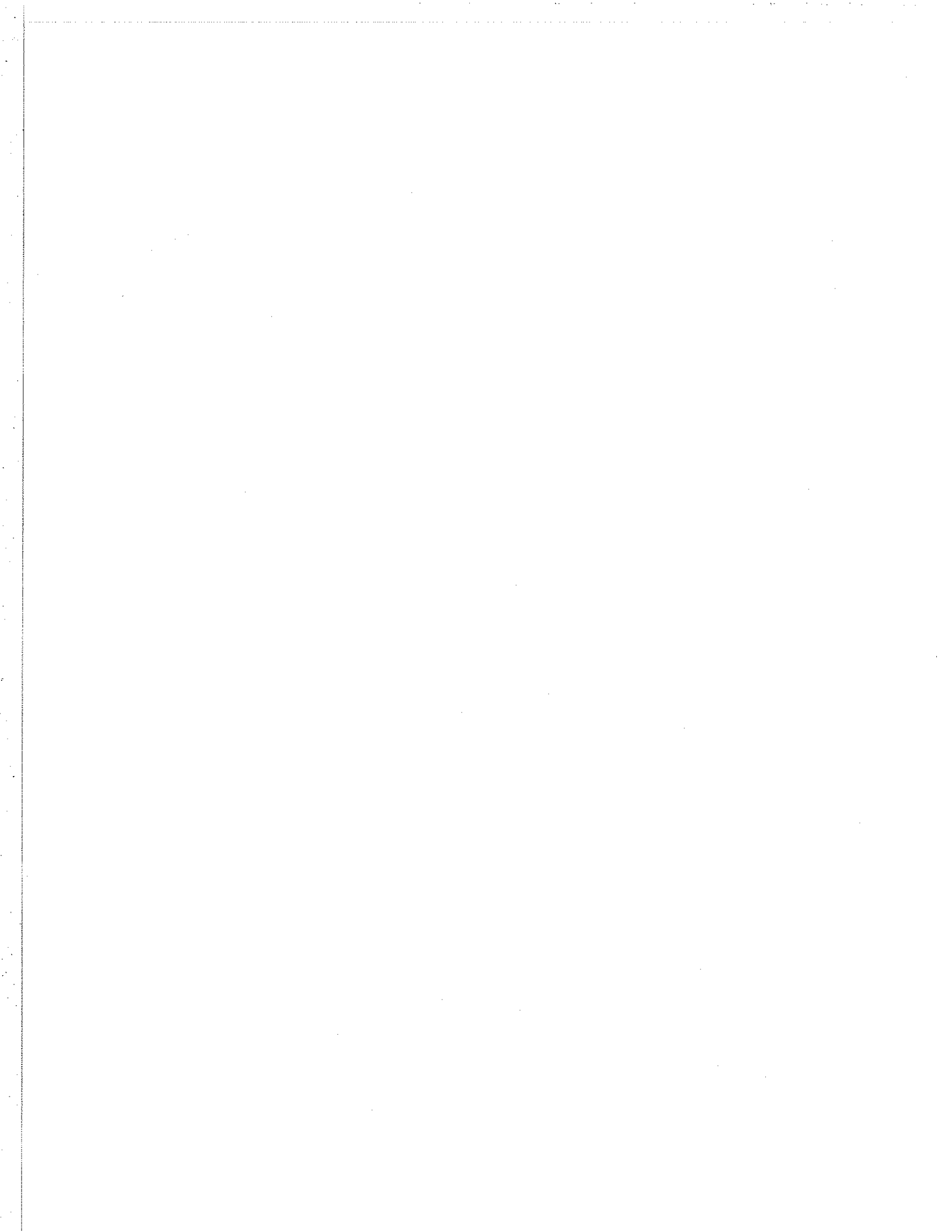


TABLE OF CONTENTS

FOREWORD	1
THE APPROPRIATE ROLE FOR THE S.C.I.	1
SUB-CONTRACTOR BUSINESS ON DELAWARE RIVER PORT AUTHORITY PROJECTS	2
Preface	2
The Hull Erecting Company	3
<i>An In Depth Inquiry Yields Specific Facts</i>	4
<i>Monies Ultimately Flowing to Cornell & Co.</i>	10
<i>Questions Concerning Possible Conflicts</i>	11
<i>Summary</i>	12
<i>Mr. Cornell's Testimony</i>	13
The S. A. Lindstrom Company	15
<i>Sub-Sub-Contracting to Cornell & Co.</i>	16
<i>S. A. Lindstrom-Cornell & Co. Equal One Functional Entity</i> ..	18
<i>S. A. Lindstrom as a Sub-Contractor</i>	23
<i>Mr. Cornell's Testimony</i>	25
<i>Summary</i>	26
The Carroll Steel Company	27
<i>Summary</i>	31
THE SMITH-AUSTERMUHL INSURANCE COMPANY	31
REAL ESTATE HOLDINGS	34
Locust-Grove Properties	34
<i>Summary</i>	36
<i>Mr. Cornell's Testimony</i>	36
The Pitman Country Club and Related Transactions	37
<i>Mr. Cornell's Testimony</i>	38
Admiral Wilson Boulevard	39
<i>Mr. Pierce's Testimony</i>	39
<i>Mr. Cornell's Testimony</i>	40
Woodbury Properties	42
<i>Summary</i>	43
Collingswood-Ferry Avenue Property	44
<i>Mr. Pierce's Testimony</i>	45
<i>Mr. Cornell's Testimony</i>	45
Gloucester County Properties	46
<i>Mr. Cornell's Testimony</i>	47
Gateway Joint Venture	48
<i>Summary</i>	48
Cherry Hill Joint Venture	49
<i>Mr. Cornell's Testimony</i>	49
CONCLUSION	50
1) Sub-Contractor Business on Delaware River Port Authority Projects	50
2) The Smith-Austermuhl Insurance Company	51
3) Real Estate Holdings	52

INDEX TO EXHIBITS

Exhibit 1	1A
Exhibit 2	5A
Exhibit 3	9A
Exhibit 4	13A
Exhibit 5	17A
Exhibit 6	23A
Exhibit 7	27A
Exhibit 8	31A
Exhibit 9	35A
Exhibit 10	39A
Exhibit 11	43A
Exhibit 12	49A
Exhibit 13	53A
Exhibit 14	57A
Exhibit 15	61A
Exhibit 16	65A
Exhibit 17	69A
Exhibit 18	73A
Exhibit 19	77A
Exhibit 20	81A
Exhibit 21	85A
Exhibit 22	89A
Exhibit 23	93A
Exhibit 24	97A
Exhibit 25	101A
Exhibit 26	105A
Exhibit 27	109A
Exhibit 28	113A
Exhibit 29	117A

FOREWORD

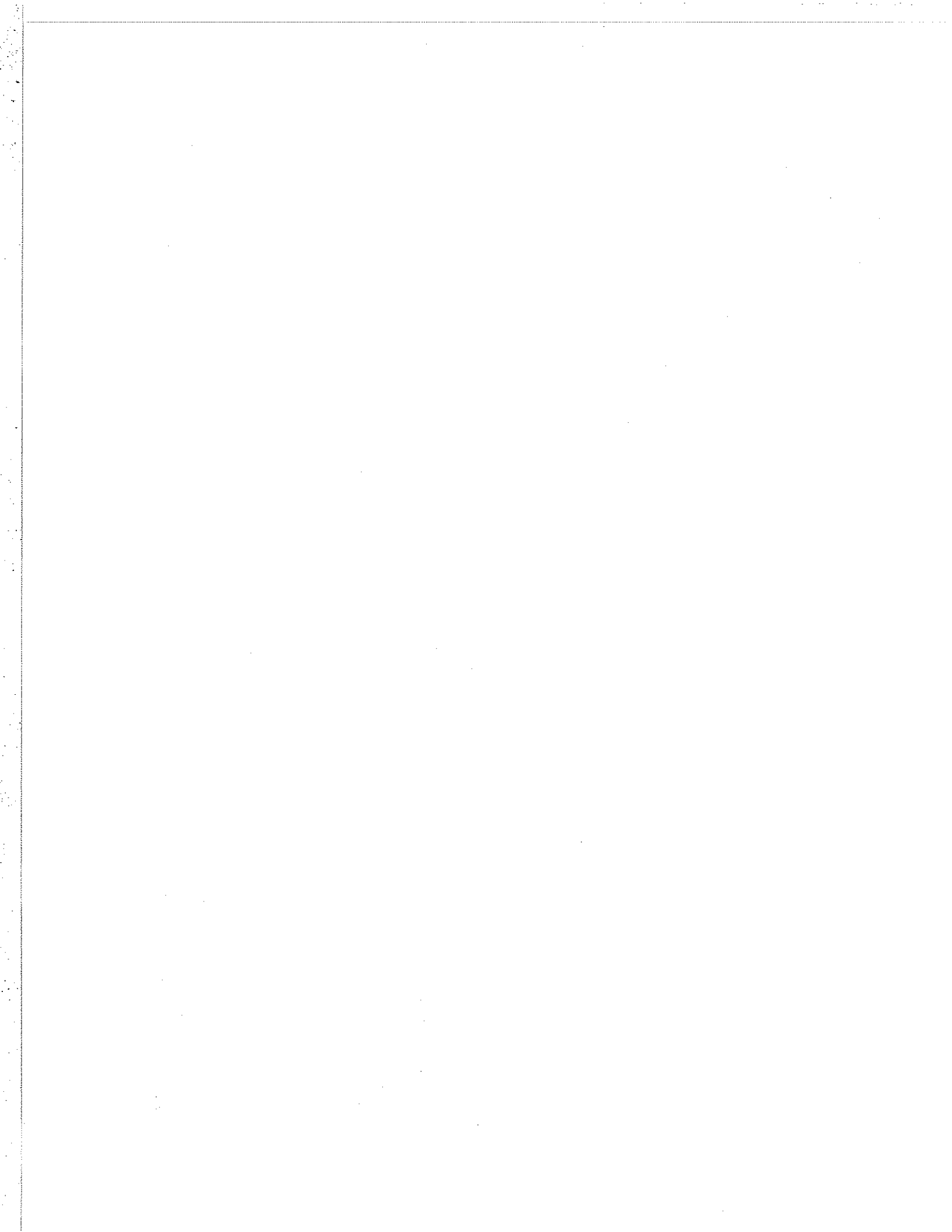
On February 28, 1974, the New Jersey State Commission of Investigation (hereinafter referred to as S.C.I.) received a letter request (*see* Exhibit 1) from the New Jersey Executive Commission on Ethical Standards to conduct an investigation into a possible conflict of interests of Mr. Ralph Cornell, Chairman of the Delaware River Port Authority. The Executive Commission on Ethical Standards had previously received a letter requesting such an investigation from Mr. William W. Watkin, Executive Director of the Delaware River Port Authority. (*See* Exhibit 2). Said letter was written at the behest of Mr. Cornell. The reason for the request for aid by the Executive Commission on Ethical Standards was that "the State Commission on Investigation is better equipped in terms of personnel, resources and operating procedures to conduct this inquiry." (Exhibit 2, *supra*).

The request was considered by the Commissioners of the S.C.I. on February 28, 1974 and it was thereafter unanimously resolved to undertake the investigation. (*See* Exhibit 3). After the preliminary phase of the inquiry was complete, it was apparent that a responsible examination would necessarily include other aspects of Mr. Cornell's business dealings. Therefore, on April 18, 1974, the Commission unanimously resolved to expand the scope of the investigation to encompass any area of possible impropriety on behalf of any employee or contractor, serving on, employed by or doing business with the Delaware River Port Authority. (*See* Exhibit 4).

Since the institution of the investigation, the staff of the S.C.I. has conducted some 75 interviews, taken the executive session testimony of 19 witnesses, marked 78 exhibits, served 34 subpoenas, conducted an in depth examination of records of title in the County Clerk's and Tax Assessor's offices of Camden and Gloucester Counties, copied and examined some 13,000 pages of the minutes of the Delaware River Port Authority from 1956 to the present, and examined books and/or records of 48 corporations and banks in Pennsylvania, Delaware, Virginia and New Jersey, said books and records consisting of thousands of pages of fiscal data and thousands of cancelled checks. As will be seen in a later section of this report, this exhaustive approach required painstaking investigative and accounting effort necessitated in the reconstruction of certain labyrinthine business relationships relative to work done on Delaware River Port Authority projects on a sub-contracting basis. That effort perforce had to be completed before a thorough factual base could be established for examining a number of the witnesses who appeared at the private hearing sessions which were held on fourteen occasions from March 21 to August 14, 1974, when the last witness, Mr. Cornell, was examined.*

Since then, the entire investigative record has been studied and analyzed by the Commission and its staff, and this report has been prepared and published. The Commission believes the extended period of time required to develop fully and codify all discoverable facts has resulted in a document which is comprehensive but, at the same time, succinct in presenting a factual basis on which to make informed judgments.

* A short biography of Mr. Cornell is included as Exhibit 5. A letter of commendation from the Delaware River Port Authority consulting engineers, Gannett Fleming Corrdry and Carpenter, Inc. and Bellante, Clauss, Miller and Nolan, Inc, which Mr. Cornell, through his attorney, sought to include in the record is appended as Exhibit 6.



THE APPROPRIATE ROLE FOR THE S.C.I.

The Commissioners of the S.C.I. wish to emphasize at the outset what they deem the function of the S.C.I. to have been during the course of the instant investigation. This Commission has three primary functions with respect to its mandate concerning public officials: 1) it is a fact finding body, 2) it suggests legislative reforms in areas which are in apparent need, and 3) it assists other branches of government. The Commissioners are of the opinion that the instant investigation falls into the third general category.

The Commission was requested to assist in finding facts in a specific area, and this has been done. No opinion is expressed on the issue of whether Mr. Cornell is or was, in fact, in a conflict of interest with regard to any of the areas which follow, for this is the function of the referring agency. On the other hand, some minimal exercise of judgment has been necessitated as to what should and what should not be included in this report. The Commissioners have reviewed the facts and then, exercising their judgment as practicing attorneys with knowledge of ethical precepts, have compiled a list of situations or relationships which they deem significant to a determination of the present or past existence of a conflict, or the appearance of conflict of interests.*

The final, conclusive judgments in those areas have rightly been left to the body responsible for rendering such judgments, the Executive Commission on Ethical Standards. This is the same, appropriate stance taken by the Commission in its continuing commitment to serve as fact-finder for the Joint Legislative Committee on Ethical Standards, should occasions arise where the Commission would request the S.C.I. to make in-depth investigations of conflicts allegations.

* A copy of the newly enacted D.R.P.A. Conflict of Interests Code is included as Exhibit 28.

SUB-CONTRACTOR BUSINESS ON DELAWARE RIVER PORT AUTHORITY PROJECTS

PREFACE

The portion of the report which follows has to do with Mr. Cornell's interests in certain steel companies which have done business as sub-contractors on Delaware River Port Authority projects. Before detailing the facts involved, however, it would be appropriate to outline the bidding procedures at the Delaware River Port Authority and certain facts concerning the structural steel industry which are crucial to a full and complete understanding of the presentation which follows:

A typical Port Authority contract involves the complete construction of one portion of an overall project, e.g., "Philadelphia Approach to the Walt Whitman Bridge—Green Ave. to Packer Ave." The prime contractor attempting to obtain such a contract submits a confidential line item bid directly to the Port Authority and the bids are unsealed and read in public on a particular date. If the prime contractor who is the lowest bidder is approved by the Port Authority Consulting Engineers and is further approved by a majority of the Commissioners, he becomes the contractor. The overwhelming majority of prime contractors, however, are not equipped to do all of the work involved in the specifications and it is therefore the usual practice to sub-contract most of the work to specialists in the various fields involved.

One such specialty is structural steel which itself includes additional specialties. Steel, in the first place, is usually produced in raw form by one of the large steel companies. Before it is ready to be used on a particular contract, however, it must be made to fit the exact specifications of the contract requirements. This is the task of the steel fabricator. Subsequent to fabrication, the steel is delivered to a steel erector whose sole function it is to erect the steel as required by the contract.

There have been occasions where one entity has sub-contracted to the prime contractor for fabrication and erection but, if such a sub-contractor is an erector, he will normally sub-sub-contract the fabrication portion and vice-versa. The obtaining of sub-contract work from a prime contractor involves a much more informal procedure than the prime bid to the Port Authority. The prime contractor simply lets it be known within the industry that it is seeking bids on a portion of the work and potential sub-contractors quote a figure in writing, at a personal meeting or even over the telephone. The prime contractor need not accept the lowest bid and takes several other factors into consideration, including the trade reputation and reliability of the bidder.

After a prime contractor has chosen a particular sub-contractor to perform a portion of the work, he submits the name of the sub-contractor to the Port Authority for approval. If the name of the sub-contractor is unfamiliar to the consulting engineers, the Port Authority may require additional documentation such as contracts recently performed and certain financial data. Approval of the first sub-contractor, however, is the only contact the Port Authority has with anyone other than the prime. This is probably because the standard Port Authority contract places complete responsibility in the prime. This seems satisfactory from a legalistic point of view but unfavorable for at least two reasons: 1) it gives rise to situations wherein the Port Authority is not absolutely sure

who is performing its work, and 2) it certainly dilutes, albeit completely nullifies, any beneficial effect of approving the sub-contractor in the first place.

The Commission's investigation determined that this Port Authority policy toward sub-contract work could have further ramifications, such as those which will be described hereinafter relative to extensive sub-contract work done on Port Authority projects by Mr. Cornell's Cornell & Co., although the sub-contractors of record for that work were other companies.

THE HULL ERECTING COMPANY

Due to Mr. Cornell's involvement in the steel erection business, all contractors employed in the same or similar fields who have done business with the Port Authority were canvassed. As a result of this phase of the investigation, the Commission located Mr. Lawrence Hubbert of 1507 Beach Avenue, Longport, New Jersey. Mr. Hubbert confirmed that he was a former principal in the Hull Erecting Co, a former Pennsylvania corporation with its main offices at Albert and Sepviva Streets in Philadelphia. The records of the Delaware River Port Authority list the Hull Erecting Company as the steel company which did the majority of the steel erection work on the Walt Whitman Bridge which was constructed between 1956 and 1959.

According to the records of the Delaware River Port Authority, there were thirty prime contracts performed on the Walt Whitman Bridge. Of these thirty, ten contracts included line items for the erection of structural steel or aluminum. The Hull Erecting Company was the sub-contractor for erection on contracts 8, P-2, P-5, P-6, P-12, P-13 and G-4 or seven out of the potential ten. See Exhibits 7 through 13.

When questioned as to any involvement of Mr. Cornell with the Company, Mr. Hubbert confirmed that, although it would not be evidenced by the stock certificate or stock record book of the corporation, Mr. Cornell was, in fact, a 50% owner, with Mr. Hubbert holding an equal 50% ownership. Mr. Hubbert was further questioned with regard to the large amount of work ostensibly performed by Hull Erecting for the Port Authority. He testified as follows:

Q. Now, Mr. Hubbert, with respect again to the Hull Erecting Company, were you responsible for the everyday running of the Hull Erecting Company?

A. Yes, I was.

Q. Would you give us a capsulization of what your duties would be at Hull Erecting?

A. Well, I estimated work; I saw that their time schedules were kept; I hired the supervision, and they in turn hired the foremen; I inspected anything that would go on in the company in my own office.

Q. Did you also act as a salesman; that is to say, would you attempt to get sub-contracting work for Hull Erecting?

A. I did seventy-five percent of our sales and estimating.

Q. Would it be fair to say, Mr. Hubbert, that if Hull Erecting had any large job to do, that you would most certainly know about it?

A. I would certainly know about it.

Q. *Would you say, as a matter of fact, that you would know the source of any income which was not minuscule at Hull Erecting?*

A. Yes, I would know any income or any money coming in or any money going out of Hull.

Q. *I think you said before, Mr. Hubbert, that during this time you didn't do any work for the Delaware River Port Authority as a sub-contractor or otherwise that you knew about?*

A. I did no job as the president of Hull Erecting Company for the Port Authority except that one tower on the G-4 that I did in this lone deal with Cornell. The tower by Publicker Industries. I don't know what the name of that street is. There is no street there.

Mr. Siavage: Mr. Prout, would you mark these consecutively, please.

(Copies of records of Delaware River Port Authority received and marked exhibits C-18 through and including C-24.)*

Q. *Mr. Hubbert, referring to Exhibit C-18 for identification, which purports to be a copy of one page of the records of the Delaware River Port Authority pertaining to a list of approved sub-contractors and material men on Contract #8 for the Walt Whitman Bridge relating to the traffic lane marker structures for the bridge and numbered Page 1, would you tell me the name of the general contractor on that job?*

A. Washington Aluminum Company.

Q. *Looking down the list of approved sub-contractors, Mr. Hubbert, do you see any name that you recognize?*

A. Well, I see Dietrich Brothers, Baltimore, and Hull Erecting Company, Philadelphia.

Q. *Now, is that the Hull Erecting Company that we have just been talking about?*

A. That's not the Hull Erecting Company that I ran.

Q. *Do you know that there was another Hull Erecting Company?*

A. There was—to my knowledge, there was no other Hull Erecting Company.

Q. *Mr. Hubbert, do you know that Hull Erecting Company did a job for Washington Aluminum on that contract?*

A. I know that Hull Erecting Company that I was president of did not do the job for Washington Aluminum Company.

Q. *Would you have known if Hull Erecting had done that job?*

A. I would have had to set the job up, set the manpower up, have received money or collected money. I saw no money off that job.

An In Depth Inquiry Yields Specific Facts

Mr. Hubbert testified in a like manner with respect to the six other contracts ostensibly performed by the Hull Erecting Company on the Walt Whitman Bridge, that is, that he has no knowledge whatsoever of Hull Erecting having any contractual relationship with any prime contractor doing work for the Port Authority. This lack of knowledge on the part of Mr. Hubbert created several serious questions, and the Commission decided

*(Exhibits 7 through 13 in this report.)

to conduct an in-depth inquiry of the Hull Erecting Company and Mr. Cornell's involvement with it. The results of this inquiry are as follows:

In February of 1954, Mr. Cornell instructed his attorneys, the law firm of Cahill and Wilinski, to purchase the assets of the P. C. Hull Company from the estate of the recently deceased P. C. Hull. These assets included a large crane and certain other miscellaneous tools and equipment. Thereafter, Mr. Cornell invested this equipment in addition to \$18,500 in cash in the new Hull Erecting Company. Mr. Hubbert invested the assets of his company, Standard Erection. Each investment was valued at approximately \$40,000 and the new company was therefore capitalized at \$80,000.

Hull Erecting was initially incorporated on April 9, 1954 and after various initial transfers, the shares of stock in the company were legally vested as follows:

Lawrence Hubbert	400
William T. Cahill	399
Robert Wilinski	1

As far as the Commission could determine, there were no further transfers of stock through the first quarter of 1970 when the corporation became defunct. The investigation, however, did disclose three undated, unsigned assignments from Messrs. Cahill & Wilinski to Mr. Cornell. (See Exhibit 14 through 16). The Commission was unable to determine whether these assignments were ever executed.

Messrs. Cahill and Wilinski gave testimony relating to whether they had acted as nominees for Mr. Cornell or had a personal interest in the corporation. Mr. Wilinski testified that he could not specifically recall acting as a nominee but that the many references to Mr. Cornell in the records relating to the company suggested this. Mr. Cahill testified on this issue as follows:

Q. And to summarize your testimony, Governor, in 1954 you assisted Mr. Cornell in purchasing the assets of P. C. Hull; would that be right?

A. Yes, sir.

Q. And that a short time thereafter Mr. Cornell and Mr. Hubbert set up the Hull Erecting Company with you acting as the nominee for Mr. Cornell's interest?

A. Yes, sir.

Q. And the stock certificates which evidenced the ownership in that corporation were transferred several times and then all held by Mr. Lawrence Hubbert?

A. To the best of my knowledge, yes. But I think that I should add that it was, at least, as I remember and recall it, it was the intention that those certificates at one time should be taken out of my name and out of Bob Wilinski's name and transferred to Mr. Cornell.

Q. And there are assignments which are now marked for identification which would evidence that transfer?

A. Would evidence the intention.

Q. The intention to transfer?

A. To transfer. But I think I can say, based upon my research, that as a matter of fact the stock certificates were never issued to Mr. Cornell.

Mr. Cornell himself was examined on this issue and testified that he was, in fact, a fifty per cent owner of the Hull Erecting Company.

The previously mentioned contracts on the Walt Whitman Bridge were analyzed and the books and records of the prime contractors were subpoenaed. Most of these records were unavailable due to the great period of time which has elapsed. Additionally, the books and records of the Hull Erecting Company were allegedly destroyed when the office was vandalized sometime in 1969. However, the Kaufman Construction Company the prime contractor on contracts P-6 and P-12 was able to locate its canceled checks paid to Hull for the time period in question. It was noted that the checks were deposited in a Hull Erecting account in the First National Bank and Trust Company in Woodbury, N. J., and the Pitman National Bank in Pitman, N. J. Mr. Hubbert had testified that the only checking account that he knew of which was used by Hull Erecting was located at the Industrial Valley Bank in Philadelphia. It, therefore, appeared that whoever received the monies in question also deposited them in accounts of which Hubbert and Hull Erecting had no knowledge. Furthermore, the accounts would have had to have been set up in the name of Hull. Since Mr. Cornell was one of the few people who could have accomplished this, he was examined in this area and he testified as follows:

Q. *Was there a particular individual at the Hull Erecting Company who would endorse checks from the prime contractors when they were deposited in the bank account of the Hull Erecting Company?*

A. I would imagine that they would be endorsed, being a corporation, that they would just be endorsed with a seal. I have no knowledge of how they were endorsed.

Q. *Did you ever endorse checks from the prime to Hull on behalf of Hull?*

A. Did I ever endorse checks?

Q. *Yes, yourself, in other words.*

A. Made out to Hull Erecting Company?

Q. *Yes, for the company as, you know, with your position as an officer or whatever.*

A. I never knew of any position that I held in Hull Erecting Company as a director or an officer,* so I cannot imagine that I would ever endorse any check.

Q. *Mr. Cornell, I'm showing you now what's been marked C-55 for the purposes of identification, which purports to be a copy of a check from Kaufman Construction Company to the Hull Erecting Company—*

A. Yes.

Q. *—in the amount of \$21,600,—*

A. Yes.

Q. *—dated May 18th, 1958, and on the back of that check there is some writing which says, "Deposit only Hull Erecting Company. Is that your writing, Mr. Cornell?*

A. No, sir, it is not.

* Mr. Cornell later withdrew and corrected this statement. In a letter from Mr. Cornell's attorney to Commission Counsel dated September 4, 1974, it was confirmed that Mr. Cornell was once the treasurer of the Hull Erecting Company. (See Exhibit 17.) Additionally subsequent to Mr. Cornell's testimony the Commission obtained the signature card which was originally submitted to the Pitman National Bank when the Hull Erecting account was opened. That signature card carries Mr. Cornell's signature as the vice-president of the company. (See Exhibit 18.)

Commissioner Bertini: Do you recognize whose it may be?

The Witness: No, I do not. I was just trying to see where it was deposited. This just says the Federal Reserve.

Mr. Siavage: Would you mark this 55A, John.

(Photocopies of checks of Kaufman Construction Company to Hull Erecting Company received and marked Exhibits C-55A, C-55B and C-55C.)

Q. Mr. Cornell, now I'm showing you what's been marked for the purpose of identification Exhibit C-55A, which is another check from Kaufman Construction to the Hull Erecting Company in the amount of \$8923.19, dated September 2nd, 1958.

A. Yes.

Q. If you turn that check over, it was deposited according to the stamp, in the Pitman National Bank, and I think we'll agree, Mr. Cornell, that the writing "For Deposit Only," on 55A is actually printed, "For Deposit Only Hull Erecting Company," as 55 is written. Is that printing familiar to you?

A. This is mine, yes.

Q. And so on 55A, then, that is your printing "For Deposit Only Hull Erecting Company"?

A. Yes.

Q. Mr. Cornell, I'm now showing you what's been marked Exhibit C-55B for the purpose of identification, which is a check from the Kaufman Construction Company to the Hull Erecting Company in the amount of \$2506.32, which was dated November 23, 1958, which was deposited in the First National Bank and Trust Company in Woodbury. Again there is printing on that, "Deposit Only Account of Hull Erecting Company, Inc." Is that your printing?

A. No, sir.

Q. And then I'll agree, also, Mr. Cornell, that that printing, and I think you will, too, is different from the printing on C-55A.

A. Yes, sir.

Q. Mr. Cornell, do you recognize the printing on C-55B, which was—

A. I don't recognize the printing. I think I know whose it is. I think it was the bookkeeper that we had in our office.

Q. And his name would have been?

A. Hughes, Joseph Hughes.

(Photocopies of checks from Kaufman Construction Company to Hull Erecting Company received and marked Exhibits C-55D, C-55E, C-55F and C-55G).

Q. Now, Mr. Cornell, I'm showing you what's been marked for the purpose of identification four more checks, which have been marked 55D, E, F and G. 55D is a check from Kaufman Construction Company to Hull Erecting Company in the amount of \$11,556, dated June 22, 1956; 55E is a check from the Kaufman Construction Company to the Hull Erecting Company in the amount of \$14,688, with a date of July 24th, 1956; 55F purports to be a copy of a check from Kaufman Construction Company to the Hull Erecting Company in the amount of \$18,756 with an illegible date and the year 1956, and 55G purports to be a copy of a check from the Kaufman Construction Company to the Hull Erecting Company, dated November 26, 1956, in the amount of \$373.16.

Now, turning to the back of those checks, Mr. Cornell, again we have printing which says, "Deposit Only Account of Hull Erecting Company," which bears a strong resemblance, I think we would agree, to the printing on 55C?

A. Yes, I would say they are the same.

Q. Which you previously have identified as the printing of Jack Hughes, a book—

A. Joseph Hughes.

Q. Joseph Hughes, a bookkeeper in the office of Cornell & Company?

A. Correct.

Q. Now, my question is this, Mr. Cornell: If you deposited one of the checks, that being 55A, and Mr. Hughes deposited five of the checks, which would be 55—

Commissioner Bertini: C, D, E and F.

Mr. Siavage: C, D, E and F. Thank you, sir.

Commissioner Bertini: And G.

Q. (Continuing) Would that not suggest that the money came directly to Cornell rather than going through Hull?

A. No, I—you're talking about the money or the checks?

Q. The checks. Let's talk about the checks first.

A. Now I still believe that the checks went to Hull and then they were forwarded to Cornell & Company.

Q. All right. Who would have forwarded them to Cornell & Company?

A. Either Mr. Hubbert or someone in Hull Erecting Company's office.

Q. And they would have first been put on the books of the Hull Erecting Company as a receipt of monies?

A. I would have believed so. I think that would be normal bookkeeping procedure.

Q. But rather than depositing them in the Hull account and writing a Hull check to Cornell, the checks themselves were simply given to Cornell & Company?

A. It appears as such, yes.

This and other testimony given by Mr. Cornell verified that the reason why Mr. Hubbert did not know of the contracts in question was that Cornell and Company, Mr. Cornell's firm, did the work as a sub-contractor to Hull and deposited the receipts in a Hull account set up in New Jersey, of which Mr. Hubbert had no knowledge.*

Subsequent to Mr. Cornell's testimony, the Commission noted that the only Kaufman Construction Company check which was endorsed by Mr. Cornell on behalf of Hull (in the amount of \$8,923.19) was the only check deposited in the Pitman National Bank. The records of that now defunct institution were obtained and it was noted that the account reached approximately \$17,000 at one point. Then in one three month period in 1959, \$15,000 was withdrawn. On August 6, 1959, \$7,500.00 was withdrawn in the form of a check made payable to Ralph Cornell as an individual and the check was deposited in

* Mr. Hubbert also had testified that Mr. Cornell requested that Hull Erecting stationery be delivered to Cornell and Company offices in Woodbury. Thus, entire contracts could be performed with no knowledge on the part of Hull.

Mr. Cornell's personal account in the Pitman Bank. On October 26, 1959, \$5,000 was withdrawn and disposed of in a like manner. On August 13, 1959 and August 26, 1959, \$1,000 and \$1,500, respectively, was withdrawn in the form of a check signed by Ralph Cornell and made payable to the Beach Haven Yacht Club. Thus although it was the original assumption of the Commission and Mr. Cornell's testimony that the monies in question went directly from the prime through a Hull Erecting account into Cornell and Company, it is established that at least \$15,000 went directly to Ralph Cornell as an individual.

Subsequent to the work on the Walt Whitman Bridge, Hull Erecting performed only one other contract for the Port Authority. This contract was completed in 1967 and was performed by Hull in its own name. Mr. Hubbert left the corporation in 1968 and it became defunct in early 1970.

In 1973, however, Mr. Hubbert was notified by the Wage Tax Bureau of Philadelphia that the Hull Erecting Company was indebted to the City of Philadelphia for unpaid back wage taxes in the amount of \$17,266.19.* Mr. Cornell and Mr. Hubbert, through their attorneys, entered into negotiations in order to decide how they would apportion the payment of this debt. The result of those negotiations was that Mr. Cornell would pay \$10,226.40, Mr. Hubbert would pay the balance, and that both would sign an agreement (see Exhibit 19) which stated:

- 1) That Cornell had made a \$40,000 loan to the corporation in 1954.
- 2) That the 400 shares of stock issued to Cornell or his nominee were held as collateral for that loan.
- 3) That Cornell would pay the \$10,226.40
- 4) That Cornell transferred all of his interest to Hubbert; and
- 5) That each released the other from all claims.

With respect to this agreement, Mr. Hubbert testified as follows:

Q. And were you privy to Mr. Cornell's intention in having you sign this agreement, in essence, which was the return for the \$10,000, is that correct?

A. That's about what it amounts to.

Q. What was Mr. Cornell's intention in having you sign this agreement, if you know?

A. Well, of course, he didn't want any other surprises coming his way and didn't want to be responsible for anything else Hull may owe.

Q. Does the agreement, in fact, say that the 400 shares which Cornell retained at the time of incorporation were in fact merely collateral for a loan? Does it say that?

A. In this agreement?

* The S.C.I. sought information from the City of Philadelphia, Bureau of Wage Tax office as to the specific amount in question, negotiations leading up to settlement, and the final amount owed, but was informed by representatives of that office that said information would not be supplied.

Q. Yes.

A. Yes.

Q. Did Mr. Cornell ever explain to you why those clauses were in there?

A. This clause is the one that they hassled over.

Q. What was the essence of the hassling?

A. Well, on my part, I did not believe it was ever being held as a stock collateral.

Q. Why didn't you believe that, Mr. Hubbert?

A. We go back to our beginning. The corporation was set up and I was to be fifty percent owner. The monies were to come from me fifty percent and from Cornell fifty percent.

* * * * *

Q. Did you have any knowledge of why Cornell wanted the agreement in exactly those words?

A. Well, like I said, his reasoning to me was that he didn't want any other surprises jumping up and hitting him in the face.

Q. In other words, he didn't want anybody to know that he had an actual interest in Hull Erecting Company; is that right?

A. Well, that was in the beginning of the thing. That was to my knowledge that he didn't want to it publicly known.

Monies Ultimately Flowing to Cornell & Co.

The Commission found significant to this investigation the dollar amounts ultimately received by Cornell & Co. for sub-contract work done in the name of Hull Erecting on the seven previously mentioned steel erection contracts for the Walt Whitman Bridge, constructed during 1956-59. The reconstruction of these figures, however, was a somewhat difficult undertaking. Only three (Conduit and Foundation Co., Laub Construction Co. and Kaufman Construction Co.) of the prime contractors who made the sub-contract awards to Hull had retained pertinent records dating that far back in time. Additionally, there were no Hull Erecting or Cornell & Co. records for that same period of time.

The reconstruction was eventually accomplished by the laborious and time-consuming method of researching the files of the Delaware River Port Authority and, in particular, examining that agency's records of each contract involving Hull Erecting, including bids, specifications and correspondence. From the records amassed, the S.C.I.'s accountants were able to make analyses and computations which approximated the amounts in question in accord with the available data. As Chart I indicates, Hull Erecting received some \$623,689 on the sub-contracts. From the previously established facts, it is known these monies flowed to Cornell & Co. and not to Hull.

CHART I

Contract Number	Prime Contractor	Bid Price	Structural Metal Portion	Erection Portion	Hull Erection Co. Receipts
8	Washington Aluminum Co.	182,920.00	182,920.00	43%*	70,655.60
P-2	Conduit and Foundation Co.	1,964,678.00	79,207.93	\$31/ton	7,220.00
P-5	Laub Construction Co.	534,854.00	101,160.00	\$12/ton	7,196.81
P-6	Kaufman Construction Co.	3,494,424.00	908,179.20	\$40/ton	90,629.51
G-4	N. Y. Shipbuilding	3,758,513.70	2,648,735.96	\$56.64/ton	409,892.02
P-12	Kaufman Construction Co.	627,402.25	320,655.65	\$40/ton**	27,882.80
P-13	Herbert T. Elkins	202,894.00	28,200.00	\$40/ton***	10,212.40
Total					\$623,689.14

Questions Concerning Possible Conflicts

The minutes of the Delaware River Port Authority disclose that Mr. Cornell, by virtue of the fact of his office as a Commissioner, passed judgment upon change orders, extra work orders and cost overruns on the same contracts upon which his firm, Cornell & Company, was performing work as a sub-contractor, see, *e.g.*, Exhibit 20, which is an invoice from Hull Erecting and which, of course, actually came from Cornell and Company for extra work; Exhibit 21 which is a letter from Kaufman Construction Co., Inc. the prime contractor, to the consulting engineers seeking approval of the extra work; Exhibit 22 which is a letter from the consulting engineers to the Port Authority recommending approval; and Exhibit 23 which is a copy of page 52 of the Delaware River Port Authority meeting of February 19, 1958 wherein Mr. Cornell was present and voting on the issue. The foregoing exhibits are documentary examples of one extra work order submitted by Cornell and Company in the name of Hull and its approval. There were several other identical situations.

Beyond the above type of situation, the Commission was of the opinion that Mr. Cornell's vote as a Commissioner on any matter relating to any contract where his company was a sub-contractor was significant. There was a great number of these situations and the minutes disclose no instance where Mr. Cornell either advised his fellow Commissioners of his status as a sub-contractor or abstained from the voting. On this issue, Mr. Cornell testified as follows:

Q. In your function as a commissioner of the Delaware River Port Authority, it is one of your functions to make decisions on change orders or cost overruns on contracts that are being performed for the Delaware River Port Authority; is that right?

A. Only in the respect if this is approved and suggested by either the outside engineering firm or our own engineers. As to the amount, that amount would be determined, and there is a small amount that the executive director would be allowed to pass on without the commissioners' vote. But in change orders, as a general rule, yes, it would be the vote of the commissioners that would decide as to whether or not they were proper.

Q. They have the final decision?

A. Yes, I would say the commissioners have the final decision in any matters that pertain to contracts in the Port Authority.

* Figure taken from Port Authority correspondence.

** Average rate for steel erection at time.

*** Id.

Q. They certainly have the authority to override the suggestion of the consulting engineer if they wish?

A. Yes, and sometimes they have.

* * * * *

Q. Do you see any problem from a conflict-of-interest standpoint with you sitting as a commissioner and approving a change order on a contract even though the change order is caused by something other than the erection costs? In other words, if a material man has a problem on that contract, would you consider yourself to have a conflict of interest in approving that change order?

A. I would not, because these decisions are made by the engineers, and must be made by the engineers.

You must realize that the port commission is made up of just the average citizen—it could be a lawyer, could be a doctor, could be anyone—so that they primarily have to rely on advice of the consulting engineer as to whether the change order is proper or whether it is not proper.

Commissioner Bertini: Are you saying that the people that are appointed to these posts really are just figure heads—

The Witness: No.

Commissioner Bertini: —who exercise no intelligent discussion?

The Witness: No, I'm not saying that, sir. I'm saying, in a particular case the engineer, and the question that the attorney is asking, the engineering firm would give the particular facts in connection with the change order. They would give the reason for it; they would give the cost, and they would give their appraisal as to whether or not the change order was justified and whether the pricing of the change order was proper and normal. Now, what I am saying is that there is no way that a commissioner, unless he went back and went through all the procedure, would be able to tell whether or not this is, was normal.

Summary

In conclusion, the Commission is of the opinion that the following factors respecting Hull Erecting are of significance:

- 1) The Company was set up by Mr. Cornell and was in the same business as Mr. Cornell's own corporation though much smaller.
- 2) The company was awarded 70% of the sub-contracts for steel work on the Walt Whitman Bridge.
- 3) Mr. Cornell's interest was never disclosed to anyone but those closely involved.
- 4) Cornell and Company employees estimated, bid and constructed all seven of the contracts in the name of Hull Erecting while Hull had no knowledge of the contracts whatsoever.
- 5) The payment of monies on the various sub-contracts, at least \$15,000, went directly to Mr. Cornell as an individual. The balance, approximately \$608,689.14, went through a secret Hull Erecting account into Cornell and Company.
- 6) Mr. Cornell sat as a member of the Port Authority and made decisions on award, change orders, extra work orders and cost overruns on contracts where his company was a sub-contractor.

7) His employment as a sub-contractor was, according to the minutes of the Delaware River Port Authority, never disclosed.

Mr. Cornell's Testimony

Mr. Cornell was questioned as to whether any or all of the foregoing factors either alone or in conjunction amounted to a conflict or the appearance of a conflict of interest; he testified as follows:

The Witness: Gentlemen, I will take Hull Erecting Company first because that was the first corporation that became involved.

As you know by the testimony, I had bought the estate of P. C. Hull, and I had bought this estate for its personnel, not for the equipment.

After I acquired this company and set up this corporation, the people that I wanted to acquire, the personnel, were a little upset that the widow did not operate the company and let them operate it, so that I lost these people. They quit.

Now, I was approached by Mr. Hubbert. I did not approach Mr. Hubbert. I had already set up the Hull Erecting Company. I was approached by Mr. Hubbert, who at that time was operating an erection company and was going broke. We had worked out an agreement, and I know that the agreement here is confusing, but in the construction business you do things that way. They're not as firm and they're not as much in detail as you do as a businessman where you have your attorney alongside of you continually.

In the initial stages Hull Company was operated only by Lawrence Hubbert, who would do some of the estimating, who would go out and supervise the work. Cornell, for all intents and purposes, owned fifty per cent of this company even though it turned out later that I don't know actually what I did own. There is no question.

Now, why? You would ask, why do I need Hull & Company? The important thing in a business such as a service business that we're in, Cornell & Company and Hull & Company in, is the furnishing of labor at a time when it is needed, and that type of business is very hard to regulate. You cannot regulate it like you can a manufacturing business where you manufacture shoes or make books where you have a production schedule. You're pretty much at the whim of the general contractor that you're working for, and it's rather hard to work out any level work schedule. You've got peaks and valleys.

Now, the second thing. The healthiest thing for any company that's in a specialized business like this is competition. Good, clean competition is the best thing that you can have, because if our people got complacent about our position in the area I'd have laxity in our estimating department; I'd have it in our superintendents; I'd have it in our workmen.

Now, second. The most important thing is the continuity of employment for men, which through an interchange you can use and have this continuity. I don't want to go deeply into union problems, but when you get into certain areas you must use men from that particular local that covers that area of the ironworkers' local, also the hoisting engineers, which are the two principal trades.

All right. When it became evident that there was to be work on the Walt Whitman Bridge, and we'll talk about the Walt Whitman Bridge in the first instance, it was my idea that Hull & Company would do this work. Now, I don't recall the dates between the time that Hull Erecting Company first started business and the work that came out on the Walt Whitman Bridge, but I know that it covered a period of several years, maybe five years.

Now, during that time Hull & Company, I was continually lending them money; I was arranging bank loans for them, and they were not—they were just a marginal case, and I suggested that we bid, and I will say “we,” because I think that the records will show that our company made up the bids on these particular jobs that was performed for the Port Authority.

Now, I fully believed in my own mind that the best way to handle this thing because of the shortage of cash from Hull & Company and the lack of real trained personnel they had was to be under Cornell & Company as a subcontractor. Did nothing to hide it. Cornell & Company’s equipment was on the job. Cornell & Company’s trucks were on the job with Cornell & Company’s names on it. I don’t think that anyone, the engineers or anyone, did not have the knowledge that Cornell & Company was performing the work, and I think that you will find in some of the records that your people had here that some of the companies that furnished the fabricated steel acknowledged to Hull & Company that the work had been sublet to them, by them to Cornell.*

Now, if I had an idea that this was not in the interest of the public, and if I had tried to set this up as a sham corporation to use for this purpose, I certainly would have let Hull’s—put my men on Hull’s payroll and let the whole thing be performed by Hull even though I had an interest in the company. Certainly I wouldn’t be subject to this now. Or I could have taken and bid the job to the contractor as Cornell & Company and did the job as Cornell & Company, which I saw in my mind no conflict of interest whatsoever, competitive bid job working for a contractor at a price that I had given him and doing the job for that price. I saw no conflict there.

I took the reverse, and now it’s working the other way, because it looked to me at the time if I had given a contractor a price and said I was going to work as Cornell & Company I would have myself sort of obligated as a commissioner to this contractor. He could come to me and ask could I do this on an extra work item or could you vote this way or could you put some pressure on. This was my decision in staying away from that facet of it. But I made no effort to hide anything.

Now, there is reference here, and it came to my mind during lunch, there is reference here to the banking account set up by Hull. Yes, I recalled during lunch that I had a separate bank account set up in the Woodbury Bank and these checks went into that bank. And I think I have to correct one statement. I think that I was one of the signatures that was allowed on these checks. In other words, the Hull Erecting Company’s bank account was set up in Woodbury and I did that because I wanted control of the money. I did not want Hull to have this amount of money in his bank account and me not being able to know what was being done with the money.

Now, the second part that I would have to correct is that someone asked me if Hull received anything out of this. Yes, they did.

At the time Standard Erection Company was in business they owed Ralph Cornell, who operated as a single proprietor to that time, I think some \$18,000, which was reported on Ralph Cornell’s income tax at the time because it was on an accrual basis. I think I could find the records. It is part of these monies that was collected for G-4 that I got from the Hull Company, this \$18,000, which meant that Hull & Company got \$18,000 less for that work. And I think there

* There is no mention whatsoever of Cornell & Company in any DRPA record which the Commission examined.

was some other monies in there that I advanced, but, as I say, now, this was the theory behind Hull & Company where I could have been wrong. But I absolutely did not try to use this for a sham, and I have to admit that it looks like it.

THE S. A. LINDSTROM COMPANY

Several of the early interviews conducted by the Commission suggested a strong tie between Mr. Cornell's steel erection firm, Cornell and Company, and the steel erection firm of Charles Cornell, the S. A. Lindstrom Company. Charles Cornell is Ralph Cornell's son. It was the decision of the Commission to delve into the S. A. Lindstrom Company for two primary reasons: 1) It was apparent that S. A. Lindstrom could obtain work and then sub-sub-contract to Cornell and Company in the same manner as Hull Erecting had done, and 2) S. A. Lindstrom is controlled by a member of Mr. Cornell's immediate family creating a situation where both companies could work hand in hand. The investigation disclosed that both situations were and are the fact.

In approximately the latter half of 1959 Mr. Cornell purchased the assets of the S. A. Lindstrom Company from Samuel Lindstrom Jr. Samuel Lindstrom Sr., the founder and guiding force of S. A. Lindstrom, had recently died and Samuel Lindstrom Jr., the only son at the time, did not wish to continue in the steel erection business. Mr. Cornell testified that Mr. Lindstrom approached him and requested that Cornell and Company purchase the business.*

Mr. Cornell owned and operated the S. A. Lindstrom Company until approximately late 1961 or early 1962, when, he testified, he decided to allow his son, Charles, to manage the business. Mr. Cornell further testified that he thereafter sold S. A. Lindstrom to his son for \$100,000, the original purchase price. The S. A. Lindstrom stock of Ralph Cornell was transferred to Charles Cornell on December 1, 1963. Specifically the arrangement between Mr. Cornell and his son was that Charles would run the business and, if he was able to pay the original \$100,000 back to the father, S. A. Lindstrom would be his. Mr. Cornell confirmed that this arrangement resulted in the aforementioned return of monies a few years after Charles Cornell took over the management of Lindstrom. Ralph Cornell testified that the reason his son was able to repay the \$100,000 was that he transformed S. A. Lindstrom from a losing concern into a profitable business almost overnight.

According to Mr. Cornell, S. A. Lindstrom continued to prosper through the early 1960's and then obtained its first large scale sub-contracting employment for the Delaware River Port Authority on the construction of the Lindenwold High Speed Line which began in 1964. The building of the high speed line was the first large scale construction project undertaken by the Port Authority since the Walt Whitman Bridge. It involved the building of elevated roadbeds through cities, the laying of track, the erection of substations along the line and electrification. There were a total of 54 prime contracts put out for bid. Eleven of these prime contracts included line items for erection of structural metal. Again, the Commission obtained a list of prime contractors and approved sub-contractors on the Lindenwold Line project. Of the eleven contracts which contained items for the erection of structural metal, S. A. Lindstrom is listed as the approved sub-contractor for

* Mr. Hubbert of Hull Erecting and Mr. Cornell's partner at the time, testified that it was he, Hubbert, who initially negotiated the purchase of S. A. Lindstrom on behalf of Hull Erecting. He subsequently notified Mr. Cornell of the deal, however, and according to Hubbert, Hull Erecting thereafter lost out to Cornell and Company on the purchase.

erection in nine instances. Of the remaining two contracts, Hull Erecting is listed in one instance and the Atlas Machine and Iron Works, Inc. of Arlington, Virginia, in the other. Atlas Machine was, however, the sub-contractor for the fabrication and erection of structural steel. Further investigation disclosed that it has sub-sub-contracted the erection portion of their sub-contract to S. A. Lindstrom. S. A. Lindstrom was, therefore, the sub-contractor in ten out of eleven possible cases and the one remaining erection sub-contract was performed by the Hull Erecting Company.

Sub-Sub-Contracting to Cornell and Co.

In the Commission's endeavor to ascertain the dollar value to S. A. Lindstrom of the aforementioned contracts, it examined the books and records of that company for the period in question. During this examination, the Commission accounting staff noted that there were entries in the Lindstrom cash disbursement ledger which corresponded in amount and time frame to entries in the cash receipts ledger. The source of the monies in the receipts ledger was the several prime contractors who were under contract to the Port Authority at the time. The destination of the funds listed in the disbursements ledger was Cornell and Company. These disbursements were earmarked "exchange-Cornell." In layman's language, money was received by Lindstrom from a prime contractor and, a short time later, transferred to Cornell and Company. This gave rise to the obvious suspicion that Cornell and Company was a sub-sub-contractor to S. A. Lindstrom. Charles Cornell confirmed that as the fact in his testimony before the Commission:

Q. *Then you did do work, you did work on the high-speed line, did you not?*

A. Yes.

Q. *You subcontracted from F. A. Canuso on the high-speed line, for one, didn't you?*

A. Yes.

Q. *That was Contract 1A?*

A. I don't—

Q. *I don't expect you to remember the numbers. F. A. Canuso, C-a-n-u-s-o, & Sons.*

You were also a subcontractor to the Kaufman Construction Company on the high-speed line; is that right?

A. Yes.

Q. *You were also a subcontractor from Porier-McLane on the high-speed line?*

A. Yes.

Q. *You were also a subcontractor from Rockland Construction Company on the high-speed line?*

A. Yes.

Q. *You'll have to state that your answer is yes.*

You were also a subcontractor from Franklin Construction Company on the high-speed line?

A. Yes.

Q. *And you were also a subcontractor from Conduit & Foundation on the high-speed line?*

A. Yes.

Q. *You were also a subcontractor from Carl E. Widell, W-i-d-e-l-l, & Son on the high-speed line?*

A. Yes.

* * * * *

Q. *Did anyone else on the high-speed line—do you recall any other steel erector working on the high-speed line other than S. A. Lindstrom?*

A. No.

Q. *On Contract 4A, Porier-McLane is a prime contractor and the DRPA records list Atlas Machine and Iron Works was to furnish, deliver and erect structural steel. On that contract you were a sub sub to them for erection; is that right?*

A. That's right.

Q. *Now, did S. A. Lindstrom subcontract any work to Cornell & Company on the high-speed line?*

A. Yes.

Q. *And do you recall what contracts were involved, if I gave you the name of the prime?*

A. I could, yeah. I think I could.

Q. *Would they have sub subbed work that Widell was the prime on?*

A. Widell, I believe so. I believe we did sub that out.

Q. *Conduit & Foundation; did you sub that to Cornell?*

A. I'm not sure.

Q. *All right. Did you sub any of the Porier-McLane contracts to Cornell?*

A. Yes.

Q. *All of the Porier-McLane work?*

A. Yeah.

Q. *Did you sub the Rockland work to Cornell?*

A. Yes.

Q. *Did you sub the Franklin work to Cornell?*

A. Yes.

Q. *Did you sub the Kaufman work to Cornell?*

A. Yes.

Q. *Now, was there any cooperation between Lindstrom and Cornell on the job after you had subbed to them?*

A. Well, what exactly do you mean by—

Q. *In other words, would there be a situation where S. A. Lindstrom men would unload the trucks and Cornell would erect the steel?*

A. It's possible. I don't remember the details.

Q. *But on the job, most of the time Lindstrom had their employees and Cornell had his?*

A. No. If you sub a job out to somebody, he takes care of the whole job usually.

Q. *Completely?*

A. Right.

Q. *You're not concerned with it at all after that?*

A. Well, not—only—

Q. *Just that he performs?*

A. Just that he performs the work, that's all. I'd have to look at the books to be absolutely sure. I don't—it's a long time ago.

Q. *In other words, you subbed much more of the work to Cornell on the high-speed line than you kept for Lindstrom?*

A. We might have even subbed it all.

Now armed with the knowledge that substantially all of the structural steel erection work on the high-speed line was sub-sub-contracted, and in one case sub-sub-sub-contracted, to Cornell and Company, the Commission returned to the books and records of S. A. Lindstrom and Cornell and Company in an attempt to reconstruct the dollar amounts which traveled from the prime contractor through S. A. Lindstrom and into Cornell and Company. From an examination of the books, records and job folders of the prime contracts, S. A. Lindstrom and Cornell and Company, the following Chart II was prepared:

CHART II

<u>Contract</u>	<u>Prime Contractor</u>	<u>Monies Paid to S. A. Lindstrom by Prime Contractor</u>	<u>Monies Paid by S. A. Lindstrom to Cornell & Co.</u>
1A & 1B	F. A. Canuso & Sons	\$ 52,373.41	\$ 52,373.41
2	Kaufman Construction	118,748.97	118,748.97
4A & 6	Poirier & McLane	15,056.97	15,056.97
4B	Rockland Construction	18,348.00	18,348.00
7A	Conduit & Foundation	22,294.77	22,294.77
12B	John D. Lawrence, Inc.	6,062.30	6,062.30
7B	Carl E. Widell & Sons	125,175.52	125,175.52
5	Franklin Construction	19,685.10	19,685.10
Misc. Jobs	1,388.22	1,388.22
	TOTAL	<u>\$379,133.26</u>	<u>\$379,133.26</u>

With relation to Mr. Cornell's position on the Port Authority, the situation respecting the High Speed Line was essentially the same as that regarding the Walt Whitman Bridge. Although Mr. Cornell's company was employed as a sub-sub-contractor for the erection of structural steel in the overwhelming majority of instances where such work was required, he nevertheless voted on the award of contracts, change orders and extra work orders. There is no record of Mr. Cornell ever abstaining on such a vote or making a statement to his fellow commissioners that his company was, in fact, employed as a sub-sub-contractor.

S. A. Lindstrom—Cornell and Co. Equal One Functional Entity

It also became apparent during the investigation that the ties between S. A. Lindstrom and Cornell and Company have become so numerous that the two concerns are, for all

practical purposes, one functional entity. One of the first occurrences which suggested such a connection took place when an S.C.I. agent served a subpoena duces tecum on S. A. Lindstrom. When the agent arrived at the Suburban Station Building, one of the listed addresses for S. A. Lindstrom, he found no listing in the lobby directory. He did, however, notice a listing for "R. Cornell Company" and proceeded to that office. The sign on the office door listed "R. Cornell Company" but the agent nevertheless entered and inquired as to the whereabouts of S. A. Lindstrom. The receptionist informed him that a portion of the S. A. Lindstrom Company, the estimating department, was located therein. The Commission took the executive session testimony of Thomas Lindstrom, the grandson of S. A. Lindstrom Sr., and the nephew of the individual from whom Mr. Cornell purchased the company. Mr. Lindstrom was employed at S. A. Lindstrom from 1960 through 1967 and he was questioned as to his knowledge of the status of the estimators for the two companies; he testified as follows:

Q. Thank you. Now, after you left the firm in 1967 was there any change in the relationship between S. A. Lindstrom and Cornell & Company in Woodbury?

A. Not right away. I'm sure it continued to operate the same, and I would have to say about '70 or '71 the change started where the two companies then became very much associated with each other. The estimators were moved out of 61st Street and put down in the Suburban Building working under Ralph Cornell's head estimator.

Q. S. A. Lindstrom's estimators were moved over to Woodbury?

A. No, no, they were moved to the Suburban Station Building in Philadelphia.

Q. Is that a Cornell & Company building?

A. That's a Cornell & Company floor, yes, of the Suburban Building.

Q. They worked under Cornell & Company's head estimator?

A. That's right. Right now today all bids come out of Suburban Station. Half the bids come out are S. A. Lindstrom bids, and half the bids come out are Cornell, but they come out of the same room with the same boss. They have one boss over all estimators now. He is a Cornell estimator.

Q. Do you know his name?

A. Yes, Jack O'Connell.

Commissioner Farley: How do you know this in view of the fact that you have left the company in '67?

The Witness: How do I know it? Well, I know the estimators. They're all the same estimators when I worked there, and they all work out of Suburban Station, which is a Ralph Cornell floor. You know, there's only one floor there that Ralph has, and that's where all the estimators work, and Jack O'Connell's their boss and I see him all the time. We run into each other at functions; run into each other in offices. I'll go in one office to take off a job and the estimator is there with me. He is working. When he calls up, he calls Suburban Station to get his messages and talks to Jack O'Connell and Jack O'Connell prices the jobs.

By Mr. Siavage:

Q. But you know by these meetings that the estimator is an employee of S. A. Lindstrom? He does take a paycheck from S. A. Lindstrom, of course?

A. Of course, the system is the same. Doesn't make any difference. The pricing system would be the same. It's just that Jack O'Connell is a great estimator, and all the bids are over—are looked over by Jack and before they go out on the street they have to have Jack's approval.

Q. Do you have any idea as to what determines in O'Connell's mind whether S. A. Lindstrom or Cornell & Company will take the job?

A. The customer. In other words, there's certain customers that S.A. Lindstrom has over a period of years. The estimator will take of the job for the particular customer and the bid goes to the particular customer, and if it's an S. A. Lindstrom customer, they'll get an S. A. Lindstrom price. If it's a Ralph Cornell customer, it will get a Ralph Cornell price, because the two companies basically don't do the same kind of work. Ralph Cornell does the big enormous jobs, the high skyscrapers, the demolition of shipyards, the jobs where there's very little competition but very tough jobs, and they've got themselves in a category where very few other erectors in the company can compete with them as far as that particular type of work because it's very, very tough, number one, and there's very few people know how to price it, number two, and there's very few people have that special equipment to do it, number three, and Ralph has all these, whereas S. A. Lindstrom, of course, isn't as sophisticated yet. They don't have the particular equipment to do the gigantic job, and they came through the line with gas stations, and supermarkets, and churches and schools, and Ralph hardly ever touches anything of that little nature. He sort of stays in the gigantic magnitude jobs where he does maybe five or six enormous jobs a year compared to S. A. Lindstrom doing four hundred jobs a year of smaller natures.

Several other indices of an interlocking relationship between the two companies surfaced during the investigation. Mr. Lindstrom further testified, for instance, with respect to the reason for his departure from the S. A. Lindstrom Company in 1967 as follows:

Q. I see. Did there come a time during your association with S. A. Lindstrom that you desired to take a higher position with the company?

A. Oh, sure. That happens all the time. You're always having discussions for wage increases.

Q. Was there a particular discussion just prior to your leaving the firm in 1967?

A. Yes, there was. We took over S. A. Lindstrom, it was a small company at the time and Chuck ran one half of it and I ran the other half of it, and it grew. And as it grew, of course, I wanted to be reimbursed for its efforts, my efforts. And we got along pretty good, Chuck and I, and as Chuck became more involved in business management, his end, his half sort of became too much for him, so he had to hire other people to run his half. But we still had no one running my half, and, so, I wanted more money and he agreed that I could get more money. But then he went back to his father and his father said no, and that's when we had a parting of the way.

Q. Did he tell you when you had a conversation with him in relation to that raise that he would have to check with his father?

A. Yes, yeah, he told me he'd have to go back and talk to his dad.

Q. And he returned a few days after and told you that his dad would not approve your raise?

A. That's correct.

Furthermore, Edwin Fogel, the in-house accountant and comptroller of Cornell and Company testified that he is also listed as a vice-president of S. A. Lindstrom Company. Additionally, as part of his duties as the comptroller of Cornell and Company, Mr. Fogel testified that he was required to post the monthly disbursements and receipts of S. A. Lindstrom Company. In order to accomplish this task, Mr. Fogel would either travel from Woodbury to Philadelphia or the books and records of S. A. Lindstrom would be transported to Cornell and Company offices.

There were also extensive ties between the two companies with respect to the use of men and equipment. When questioned as to whether S. A. Lindstrom and Cornell and Company had any unusual arrangement respecting the use of employees, Charles Cornell testified as follows:

Q. Does Lindstrom and Cornell presently use the same employees either on the same job or on different jobs? Would you like me to rephrase that?

A. Yes, I would.

Q. All right. Can you foresee a situation where a particular ironworker would on Monday and Tuesday work for Lindstrom and on Wednesday, Thursday and Friday—

A. Yes.

Q. —work for Cornell?

A. Yes.

Q. Could that happen? Could he work for Lindstrom on Monday and Tuesday and work for Conduit & Foundation on Wednesday, Thursday and Friday?

A. He could, but not—

Q. It wouldn't be usual?

A. Well, we don't have anything to do with Conduit & Foundation.

Q. There are employees who are considered Lindstrom-Cornell employees; would that be a fair statement?

A. Yes.

Additionally, the books and records of both companies evidence that there is also a high incidence of equipment rental from Cornell to Lindstrom. Thomas Lindstrom, when questioned on this area, testified that while he was with the company there were several occasions where Lindstrom was in need of specialized machinery and it was always delivered by Cornell and Company.

Probably the strongest indicator of the intertwining of the two entities, however, is the growing involvement of Charles Cornell himself in the managerial operations of both companies. Charles Cornell, as has been stated, is presently the sole owner of the S. A. Lindstrom Company. He is also the present owner of 48% of the outstanding stock in Cornell and Company. His ownership of the Cornell and Company shares was accomplished via various sales throughout the 1960's and culminating in 1969. As of December 31, 1968,

Charles Cornell owned $435\frac{3}{4}$ out of 2,750 Cornell and Company shares outstanding or 16% of the corporation. His holdings, therefore, trebled in 1969.

With his increased ownership of Cornell and Company, Charles Cornell has taken on greater responsibility for the functioning of that concern. When questioned on his employment with both entities he testified as follows:

Q. *And do you personally have an office in Cornell & Company in Woodbury?*

A. Yes.

Q. *And in what capacity do you have that office?*

A. Well, I don't—what do you mean "in what capacity"?

Q. *Are you an officer of Cornell & Company or is that Lindstrom's New Jersey office or what?*

A. No, I'm not. It's not Lindstrom's New Jersey office, and as far as—I don't think I'm an officer in Cornell, but I'm not sure.

Q. *Well, what do you do when you're, at the office in Cornell?*

A. Make phone calls.

Q. *And in whose interest do you make telephone calls? Is it Cornell jobs or Lindstrom jobs?*

A. Could be. Could be either one. Could be any of three.

Q. *All right. What's the other one, Keystone?*

A. Yes.

Q. *In other words, you can conduct approximately the same business in New Jersey as you do in Pennsylvania? Do you do anything different than you do in Philadelphia?*

A. I'm not sure I understand the question.

Q. *I'll rephrase the question.*

When you conduct business from your Philadelphia office, do you do anything different than you do when you conduct business from your Woodbury office?

A. No.

Q. *You consider yourself a representative of the three corporations whenever you're conducting business; would that be a fair statement?*

A. Yes.

* * * * *

Q. *Presently, are you more involved in the business of both companies than your father Ralph?*

A. Well, I take care of more of the outside.

Q. *What do you mean by "the outside"?*

A. Well, my interest is basically the, say, estimating and getting the jobs done. What I do, I just do everything I can do, that's all.

Q. *And your father is more responsible for the internal workings of the corporations?*

A. Well, now, I'm the president of S. A. Lindstrom Company, so I make the decisions there.

Q. *But you do estimating for Cornell & Company?*

A. I have.

Q. *How long have you been doing estimating for Cornell & Company?*

A. Since—since I was eighteen years old, I guess, since I started working.

Q. *And you were estimating for Cornell & Company while you were work-
for Lindstrom?*

A. Well, if they—you try to help one another out. If he had a problem or one of the fellows had a problem that I could help him with, I would help him. If I had a problem, why, they would help me, vice versa.

Q. *What determines, in your mind, or perhaps in your father's mind, if you know, whether Lindstrom or Cornell & Company is going to perform a particular job?*

A. I would do a little—the class of work is a little bit different, so that's one determination. The other determination would be the availability of manpower, equipment or how busy somebody is. A lot of decisions are made at the last minute.

Q. *At no time would you compete with each other for a job, would you?*

A. We have.

Q. *You have?*

A. (Nodding affirmatively.)

Commissioner Bertini: On public bidding?

The Witness: No, no. It's like—let me—so you don't get the wrong impression, when we first, when we first started out, things were a little more competitive than they are now. We don't try to kid anybody that they're getting to—everybody knows it's a fact. They know who I am, they know who my dad is, they know the whole setup. A lot of times we'll only bid one price because we don't want to get involved in what you call collusion, I guess.

S. A. Lindstrom as a Sub-Contractor

Because of the aforementioned propinquity between Cornell and Company and S. A. Lindstrom, especially since 1969, the Commission was of the opinion that it would be relevant and significant to examine the books and records of S. A. Lindstrom and other contractors in an attempt to compile the magnitude of sub-contracting work performed by S. A. Lindstrom for prime contractors employed by the Port Authority.

After the construction of the Lindenwold High Speed Line, the Port Authority entered into its third major undertaking since 1955 (the Walt Whitman Bridge being the first). It was decided in 1966 that two new bridges would be built spanning the Delaware River, one from Chester, Pennsylvania to Bridgeport, New Jersey (the Commodore Barry Bridge) and one from Philadelphia to Pennsauken, New Jersey (the Betsy Ross).

S. A. Lindstrom was a sub-contractor or a sub-sub-contractor to seven prime contractors or sub-contractors on nine different contracts on both bridges. During the years of construction, S. A. Lindstrom received a total of \$1,913,447.27 on these contracts as set out by Chart III.

CHART III

<u>Contract</u>	<u>Prime or Sub-Contractor</u>	<u>Sub or Sub- Contractor</u>	<u>Amount*</u>
CBB**-10A	Delco Steel Fabricators	S.A. Lindstrom	\$ 47,353.54
CBB-7B	Bristol Steel Co.	S.A. Lindstrom	694,171.00
CBB-8	National Engineering Co.	S.A. Lindstrom	70,585.95
CBB-11	J. E. Brenneman Co.	S.A. Lindstrom	71,244.63
PPB***-13	Statewide Hiway Safety	S.A. Lindstrom	2,500.00
PPB-3	Atlas Machine & Iron Works	S.A. Lindstrom	445,284.01
PPB-5	Atlas Machine & Iron Works	S.A. Lindstrom	358,535.80
PPB-7	Carroll Manufacturing Co.	S.A. Lindstrom	7,512.78
PPB-9	Atlas Machine & Iron Works	S.A. Lindstrom	216,259.56
TOTAL			\$1,913,447.27

* Amounts taken from S.A. Lindstrom invoices.
 ** CBB represents Chester-Bridgeport (Commodore Barry) Bridge.
 *** PPB represents Philadelphia-Pennsauken (Betsy Ross) Bridge.

In view of the statement by Mr. Cornell that S. A. Lindstrom quickly became a profitable venture after Charles Cornell assumed the managerial helm and in view of the fact that it would be relevant to examine the degree of correlation between Lindstrom profits and Port Authority sub-contracting work, Commission accountants prepared Chart IV depicting S. A. Lindstrom's profits and losses from 1961 to the present:

CHART IV

<u>Year</u>	<u>Lindstrom Profit/Loss</u>	<u>C. Cornell Salary*</u>
1961	-\$ 88,424.79	Not available
1962	-\$ 39,838.59	Not available
1963	-\$ 36,758.24	Not available
1964	-\$ 1,621.08	Not available
1965	+\$152,539.25	Not available
1966	+\$ 30,085.12	-0-
1967	+\$ 7,307.15	\$ 7,224.00
1968	+\$ 19,681.42	\$28,790.00
1969	+\$ 44,323.28	\$20,555.00
1970	+\$ 46,196.88	\$24,175.00
1971	+\$ 88,954.26	\$38,630.00
1972	+\$ 97,541.51	\$45,110.00
1973	+\$ 75,669.27	\$51,411.80

* Charles Cornell's salary is included in this chart because the corporation is wholly owned by Charles Cornell and it is at least arguable that his salary can be considered profit. This is especially true when one considers that the corporation in 1973 was transformed to a "Sub-Chapter S" entity for tax purposes. Such corporations are used in sole proprietorship situations to avoid any tax on corporate income. Thus, salary can be considered profit.

The chart illustrates a high correlation between a marked increase in S. A. Lindstrom income derived from the Delaware River Port Authority and S. A. Lindstrom profits.

Lindstrom was involved in the construction of the bridges between 1971 and 1974. Profits for 1971 rose \$42,757.38 over 1970 or 92.6% and remained at approximately the same level (a 9.6% increase in 1972 and a 22.9% decrease in 1973) throughout the period of the bridge construction.

Mr. Cornell's Testimony

Mr. Ralph Cornell was questioned as to the close working relationship between S. A. Lindstrom Company and Cornell and Company; he testified as follows:

Q. Were any of these jobs bid by Cornell to the prime or were they all bid by Lindstrom to the prime?

A. It could be possible, as I stated in the case of Hull Erecting Company, it could be possible that they are bid to the prime by Cornell & Company.

Q. Would it be because Lindstrom and Cornell worked in conjunction as did Cornell and Hull?

A. Yes.

Q. Did this working in conjunction begin on the Lindenwold line jobs or did it exist before that?

A. That existed before that both, in both cases, in the case of Hull Erecting Company and in the case of Lindstrom Company. It existed from the initial stages. It was not pertaining only to work that was performed for the contractors that were working for the Port Authority.

Q. In other words, it existed on all jobs—

A. Yes.

Q. —that either Cornell or Lindstrom had or either Cornell or Hull had?

A. Yes, and both ways.

* * * * *

Q. Now, Charles Cornell, Mr. Cornell, your son, works for both companies; is that a fair statement?

A. He is only employed by Lindstrom & Company. He has an office in Cornell & Company's office and supervises and does some of the work that normally would fall under the category of Cornell & Company, yes.

Q. When you say he supervises, he's supervising people who are working for Cornell at the time; would that be right?

A. Yes, and our people will supervise people that are working for Lindstrom, depending upon the location.

Q. Are there any plans for a merger of Lindstrom and Cornell, either now—or in the near future?

A. That's a moot question. It would depend on the circumstances and the need for it.

* * * * *

With respect to the initial formation of S. A. Lindstrom and Charles Cornell's employment, Ralph Cornell testified in the following general manner:

Now, this wasn't an easy decision to make when I have a young boy that I had brought up, that I trained and I tried to qualify to take my place and run a business, to take this boy away from the business and take him over and give him another business. It was not an easy decision. I made the decision, and in

making it I explained to the boy, I said, "Son, you're going to live under a cloud all your life because if you stay here with your father the conversation will always be that you just walked into your father's business and you really never did anything." I says, "I am going to give you a chance to defeat that. I'm going to give you a business that's failing. I want you to go over. You work hard, you can make a success out of it. It has a good name. It's been in business for some forty years. Now, if you make a success out of this business, you can look everybody straight in the eye and say, 'My father didn't give me anything. He gave me a business that's failing and I pulled it together.'"

I says, "If you accomplish this, you can buy the business from me for the exact amount of money that I put in the business."

The boy went over. He worked the business. He brought it out of the red, he got the business into the black. Did a good job, had a close relationship with all his men.

Here again, the work that Cornell & Company did that Lindstrom took for the Port Authority was again only the leveling off of men, using Cornell & Company's men, and there were other jobs. The Port Authority was not the only job. So that it was to create the purpose, I say, of a continuity of employment and a continuity of the use of equipment. It was not to try to control any market because during this period of time that Cornell & Company did work for Lindstrom & Company, and during the period of time that Cornell & Company did work for Hull Erecting Company, you can go and I can get you records after records where Lindstrom Company bid competitively against Cornell & Company; where Hull & Company bid against Cornell & Company. You bid on the same jobs against each other. That's what we created. We didn't create any monopoly. I created a group here that was fighting for survival, a group here fighting for survival and a group here fighting for survival. Hull bid against Lindstrom, the three would bid against each other. One of the greatest football teams you could have; everybody fighting to try to be number one, to try to show they could do better.

There is no reason that Lindstrom could not have done this work under their own name. There is no reason Cornell could not have done this work under Cornell & Company.

Summary

In conclusion, the Commission is of the opinion that the following areas are of significance with respect to Mr. Cornell's relationship to the S. A. Lindstrom Company:

1) From 1966 to 1968 S. A. Lindstrom ostensibly performed 10 out of 11 sub-contracts involving the erection of structural steel on the Lindenwold High Speed Line. The total receipts as a result of these sub-contracts was \$379,133.26. All of this work was sub-sub-contracted back to Cornell and Company which actually performed the work.

2) Ralph Cornell, as a Commissioner of the Delaware River Port Authority, passed judgment upon award, change orders and extra work orders on these contracts while his company was doing a portion of the work as a sub-subcontractor or sub-sub-contractor.

3) Since 1968, the ties between S. A. Lindstrom Company and Cornell and Company have become so strong and numerous that the two companies are, for all practical purposes, one functional entity. Thus, even though there was no

funneling of monies through S. A. Lindstrom Company and into Cornell and Company with respect to the construction of the Betsy Ross and Commodore Barry Bridges, the situation was essentially the same and equally as significant for the purposes of deciding the question of conflicts of interests. The total amount of work performed by S. A. Lindstrom was \$1,913,447.27. Mr. Cornell's voting record with respect to these contracts, again, is the same.

THE CARROLL STEEL COMPANY

The third steel company in which Mr. Cornell has an interest and which has done business with the Delaware River Port Authority is the Carroll Steel Company. The magnitude of the transactions does not compare with either Hull Erecting or S. A. Lindstrom, but the Commissioners have decided to include this section because they are of the view that business performed for the Port Authority by any company in which Mr. Cornell has an interest is significant for the purposes of this report.

The Carroll Steel Company was initially founded as a wholly owned corporation by Mr. John C. Gove of Medford Lakes, New Jersey. The company was incorporated in November of 1958 and its original business was that of a steel distribution warehouse, wherein Carroll purchased steel from one of the large manufacturers and resold it in the same form at a profit.

A short time after the original incorporation Mr. Gove attempted to attract additional capital. One of the interested parties was Ralph Cornell. On April 1, 1959, Mr. Cornell purchased stock which amounted to a controlling interest in the company, but Gove and Cornell then combined their stock (which represented all of the outstanding shares) under a ten year irrevocable trust.

The ownership of the company remained in the aforementioned form until June 28, 1966 when Cornell and Gove agreed that Gove would attempt to buy out Cornell's interest, but if he could not obtain the necessary capital, Cornell would buy out his, Gove's, interest. The second alternative took place and Mr. Cornell became the owner of the Carroll Steel Company. There were various other transfers between 1966 and 1968 and as of December 20, 1968, the following shares were owned by the following individuals:

Ralph Cornell	1,394	50.36%
Charles Cornell	100	3.61%
Cynthia Cornell Walsh	100	3.61%
Jack Sheppard	959	34.65%

Mr. Jack Sheppard is a close associate and employee of Mr. Cornell's, currently employed at the Woodbury offices of Cornell and Company.

On December 20, 1968, although it continued to operate as a separate entity, the Carroll Steel Company was merged into Predco, Incorporated, formerly the Precision Drawn Steel Company, a large conglomerate consisting of 26 different entities engaged in various enterprises. Mr. Cornell already had a substantial interest in Predco at this point (approximately 66,153 shares) and the stock trade, Carroll for Predco, gave Mr. Cornell a greater interest. Several transfers took place after this date and the Commission was not able to determine Mr. Cornell's exact interest at this writing, but as of

July 26, 1973, Ralph Cornell, Ethel Cornell (wife), Cynthia Cornell Walsh (daughter) and Cornell and Company owned 128,472 shares out of 594,456 outstanding or 21.61%. Mr. Cornell served as the chairman of the board of Predco from early 1968 until May 22, 1974, when he was replaced in that position and became one of the directors of the corporation.

The Commission noted in its examination of Delaware River Port Authority minutes that business was done on a monthly basis with Carroll Steel for specialty items. Between the 29-month period September 1964 to January 1967, the Port Authority paid monthly bills to Carroll on 21 occasions. Although the total amount of receipts was small (\$2,571.23), the Commission was interested in why Carroll seemed to be the exclusive supplier. Upon this issue, John Gove, original incorporator and employee of the company until 1967, testified as follows:

Q. Thank you. Mr. Gove, again when you and Ralph Cornell were involved in Carroll Steel, did Carroll Steel sell what we would call maintenance steel to the Delaware River Port Authority?

A. Yes, sir.

Q. And that would be small amounts of steel on, say, almost a monthly basis; is that correct?

A. That's correct.

Q. And how would these orders be put in? Would they be put in through a salesman?

A. No, usually the normal procedure would be at that time I think, because of the—I was particularly interested in sales, and the purchasing agent, which, to the best of my recollection, at that time was Jimmy Johnson, would call our sales office, and we had a couple of guys in on the song and he'd call in an order and order it. It was unusual that the salesman physically picked up an order at any time. It was usually phoned in.

Q. I see. Now, the purchasing agent that you mentioned, Mr. Johnson, that was the purchasing agent for the Delaware River Port Authority; is that right?

A. I believe that's what his position was at that time.

Q. Do you know why he would call Carroll Steel for this steel?

A. Well, I was present at a conversation that Ralph asked him to call and, so, the salesman called on him, I guess. I couldn't say for sure. I mean, it's the same way—I know the salesman called on him. Whether he took him out to lunch or whether he gave him a Christmas gift or so forth, I don't know. It's normal procedure, but I don't know what—I couldn't remember what exactly happened.

Q. Do you remember what Mr. Cornell said to Mr. Johnson about this steel?

A. Well, that he had an interest in Carroll Steel Company and that anything that Jimmy Johnson could do to help him we would appreciate.

Q. And by anything he could do to help him, did you take it to mean that Jimmy Johnson would call Carroll Steel when the DRPA needed steel?

A. Yes, sir.

Commissioner Farley: Excuse me. While we're on that point, may I just ask,—

Mr. Siavage: Certainly.

Commissioner Farley: —when did this meeting take place?

The Witness: What meeting? I'm sorry.

Commissioner Farley: Between Johnson, Cornell and apparently yourself.

The Witness: Oh, I don't know. I had been with in his company, Jimmy Johnson's, because he and Cornell were pretty friendly, several times. I can't remember exactly the day. Whenever we first started to sell him. And then the salesman would go call on Jimmy Johnson. You know, that's the last. I didn't call on him.

Commissioner Farley: You were personally present at a meeting with Jimmy Johnson who is the purchasing agent for the authority was present, Cornell was present and you were there, correct?

The Witness: Right.

Commissioner Farley: And at that meeting am I to understand that Cornell told Johnson to help Carroll Steel out by giving it some orders?

A. Well, this was not an unusual thing. He said, "You know, I got an interest in Carroll Steel. If you can do anything to help him, help him." So, I mean, this would not only happen with Jimmy Johnson, it would happen with R.C.A. you know, with anybody.

Mr. Cornell was questioned in executive session as to this monthly business between Carroll Steel and the Port Authority and said that he had no knowledge of this.

The Carroll Steel Company also provided a shipment of \$32,974 worth of structural steel (see Exhibit 24), for the Lindenwold High Speed Line on June 21, 1966. As to this sale, John Gove testified as follows:

Q. I see. Did Carroll Steel do business with the Delaware River Port Authority during 1959 and thereafter through 1966?

A. Yes, sir.

Q. I show you what has been marked Exhibit C-10 for identification purposes, and that purports to be an invoice from Carroll Steel Company with the purchaser of the steel being the Delaware River Port Authority, and ask you if you recognize that.

A. Yes, sir.

Q. And what is the date on that invoice, Mr. Gove?

A. The invoice is dated 6/21/1966.

Q. And what is the purchase price for the steel on that invoice?

A. 32,000, looks like it's 9—it's hard to see the copy. 974.03.

Q. And do you remember on what job that steel was sold?

A. That was to a contractor working on the high-speed line in Haddonfield.

Q. And who was the general contractor on that job?

A. Poirier & McLane.

Now the way they're spelled in here is P-o-i-r-i-e-r & McLane Corporation, Yonkers, New York.

Q. Can you tell the Commissioners, Mr. Gove, how that order came into Carroll Steel?

A. We had a salesman, that actively solicited business in the area, who solicited Poirier-McLane's business and brought in an order. This was an unusual size order that we would be involved with.

We bought the steel directly from Bethlehem and shipped it directly to the job site. We knew it was going into the high-speed line.

Q. When you say "we," would that include Mr. Cornell?

A. I'm sure in the course of some conversation the job was mentioned to him, yes.

Q. In other words, Mr. Cornell had knowledge that Carroll Steel sold this steel to Poirier-McLane?

A. Yes.

Q. And was that steel delivered directly to the job site at the high-speed line?

A. Yes, sir, it was.

Q. Now,—

A. This was not a normal function of ours. We would normally bring him into the warehouse and resell steel, lay it down. This came directly from the mill right to the job site.

Q. I see. Now, Carroll Steel at that time did not perform any function on the steel that they sold to other people, did they? In other words, they merely—

A. We did nothing with the steel.

Q. I see.

A. Except handle the paperwork.

Q. And you bought this steel directly from Bethlehem Steel?

A. Yes, sir.

Q. And delivered it to the job site?

A. That's correct.

Q. Now, could Poirier-McLane have done the same thing, that is bought the steel from Bethlehem Steel?

A. Yes, sir.

Q. Did they, in fact, pay a greater price for it because they bought from the middleman?

A. Oh, absolutely. We had a profit in the job.

Q. I realize that it would be difficult without your books and records to set a profit on that amount of steel, but can you give the Commissioners a ball-park figure as to what Carroll Steel made out of that job?

A. Well, I can only guess because I don't remember what the mill price at the time. But I would guess that there would be approximately \$3,000 profit in the job, because, to the best of my recollection, we had promised the salesman \$1,000 commission.

Q. Thank you, Mr. Gove.

Additionally, the Carroll Steel Company is listed as a sub-contractor to the F. A. Canuso Company on contract number 1A on the Lindenwold High Speed Line for the furnishing, fabrication and erection of structural steel. The Commission examined the estimates on this contract and noted that bid items 107 and 207 are entitled "Structural Steel, In Place." This is the portion of the contract upon which the Carroll Steel Company is listed as the sub-contractor. The price of item 107 is \$144,121.60 and the price of item 207 is \$15,820.20 for a total of \$159,401.80. It should be noted that this sub-contract was performed during 1965 while Messrs. Cornell and Gove were still the sole owners of the corporation.

Shortly after the Carroll Steel Company became a subsidiary of Predco, Incorporated in 1968, it (Carroll) became the Carroll Manufacturing Company. In addition to being a steel warehousing concern, the business had evolved since the early 1960's into a fabricator, thus the contract for fabrication on the Lindenwold Line and the new name. Carroll Manufacturing also supplied extensive specialty items (railings, ladders, walkways, sign supports, electrical supports and the like) for the Commodore Barry and Betsy Ross Bridges to Whitmyer Brothers of Folsom, New Jersey and the W. V. Pangborne Company, Incorporated, of Bala Cynwyd, Pennsylvania. It was not possible, however, to reconstruct dollar amounts in these instances. Additionally, the Commission is of the opinion that these contracts are of less significance than those on the Lindenwold Line because of the marked reduction in Mr. Cornell's interest and attention to Carroll Manufacturing after it became a subsidiary of Predco.

Summary

In conclusion, the Commission is of the opinion that the following factors relating to the Carroll Steel Company are of significance for the purposes of this report:

- 1) Mr. Cornell was a majority stockholder in the Carroll Steel Company during the period of time in which Carroll Steel Company
 - a) did business on a monthly basis with the Delaware River Port Authority, and
 - b) supplied the Port Authority with \$192,375.83 worth of structural steel for the Lindenwold Line.
- 2) It was alleged by John Gove, founder and former employee of the Carroll Steel Company that Mr. Cornell instructed the purchasing agent of the Delaware River Port Authority to do business with the Carroll Steel Company.
- 3) Mr. Cornell was a 21% owner and director of the board of Predco, Incorporated, the parent company of the Carroll Manufacturing Company when Carroll Manufacturing was supplying miscellaneous steel items to the Port Authority in the construction of the Commodore Barry and Betsy Ross Bridges.

THE SMITH-AUSTERMUHL INSURANCE COMPANY

Early in the instant investigation, the Commission learned that Mr. Cornell was reputed to have a financial interest in the Smith-Austermuhl Insurance Company whose main office is located at 5th and Market Streets in Camden, New Jersey. The Commissioners deemed this holding to be significant for the purpose of conflict or appearance of conflict of interest and decided to investigate it because the Smith-Austermuhl Insurance Company is the New Jersey broker* for the insurance coverage needs of the Delaware River Port Authority.

The minutes of the Port Authority disclose that Smith-Austermuhl became the New Jersey broker for that Agency in 1968, by unanimous vote with one abstention—Mr. Cornell. The minutes disclose only that Mr. Cornell abstained from the voting. (See Exhibit 25.) Mr. Cornell in his testimony before the S.C.I. however, stated that, in addition to abstaining from the voting, he made a statement in the public meeting that the reason for his abstention was his financial interest in Smith-Austermuhl. Mr. Cornell further testified that the substance of the aforesaid statement was that he believed that it was a possible statutory violation for a Commissioner of the DRPA to have a financial interest in a corporation which was the insurance broker of the authority. The S.C.I. was unable to locate any record of this statement.

The books and records of the Smith-Austermuhl Company disclose that Mr. Cornell purchased his shares of the corporation in six different blocks in 1953 and 1954. By October of 1954 Mr. Cornell was the owner of 5,020 shares of the company and remained in possession of those shares at least through August 15, 1974. Mr. Cornell's personal financial statement dated December 31, 1973 lists the market value per share of the stock in question at $11\frac{3}{4}$ giving Mr. Cornell a total investment of \$58,985. The total shares outstanding, according to the corporation's stock transfer book are 97,685, giving Mr. Cornell an approximate 5% interest in the concern. The stock record book also evidences that he is the fifth largest stockholder. The corporate minutes book lists Mr. Cornell as a member of the Board of Directors until April 15, 1972. In addition to any appreciation (or depreciation) in the dollar value of the shares owned, which figure was not computed or approximated by the Commission, Mr. Cornell received a cash dividend on his interest for the following years in the following amounts** as shown in Chart V:

CHART V

	Dividend per share	Total dividend
1969	\$.80	\$4,016.00
1970	1.00	5,020.00
1971	1.00	5,020.00
1972	1.00	5,020.00
197380	4,016.00
TOTAL		\$23,092.00

* It should be noted that the Pennsylvania broker for the DRPA is the Boardman-Hamilton Co. of Philadelphia, Pennsylvania. Insurance Policies are purchased from both firms probably because of the bistate nature of the Authority. The books and records of Smith-Austermuhl suggest that commissions on premiums are split on a fifty-fifty basis.

** Figures are taken from cancelled checks of the Smith-Austermuhl Insurance Co. for quarterly amounts and transformed to an annual figure.

As has been previously stated, Smith-Austermuhl began doing business with the Delaware River Port Authority in June of 1968. In addition to the exact extent of Mr. Cornell's interest in the corporation, the S. C. I. is of the opinion that the amount of commissions derived from the Port Authority by Smith-Austermuhl is also of relevance. The Commission conducted an examination, therefore, of the cancelled checks, vouchers, correspondence and other records of the corporation for the five year period January 1, 1969 through December 31, 1973. Smith-Austermuhl earned \$228,567 in commissions through insurance placed directly through it during the aforesaid five year period. Additionally, Smith-Austermuhl received \$189,723 as its participating share from the Boardman-Hamilton Co. for insurance placed through that firm. Total commissions received the Smith-Austermuhl for Delaware River Port Authority insurance for the period January 1, 1969 through December 31, 1973, therefore, are \$418,290 or an average of \$83,658 per year.

Gross receipts for Smith-Austermuhl for the same five-year period total \$4,567,750.62 or an average of \$913,550.12. Expressing the average Delaware River Port Authority income as a percentage of the gross receipts of the company over the examined period evidences that Smith-Austermuhl derives approximately 9.2% of its gross income from premiums paid by the Delaware River Port Authority.

When the Commission asked Mr. Cornell for his views on his ownership of Smith-Austermuhl shares and the fact that he derives direct financial benefit from Port Authority business, Mr. Cornell testified as follows:

A. I just don't believe in ducking issues, sir, and I don't, even though I voted against, not against, I refrained from voting on the insurance matter that was brought up before the authority, but only because of the reason in reading the state code of ethics, there's a particular mention in there which I remembered as to the awarding of insurance, so I thought it my duty at that time to explain that I was a stockholder of this company and, also, a director and did not vote. But as a general practice I do not feel that some piece of paper that is written just serves the purpose by someone refusing to vote when they know there's enough votes to carry the motion, anyway, and they've been a party to the discussion all through the line.

Q. What's your thought on the idea of a commissioner placing insurance with an agency in which he has a substantial interest? Don't you think that constitutes, to some degree, a conflict of interest?

A. I had nothing to do with that and I really would not think it would be a conflict of interest. I would say that the company that the insurance was placed with is a very capable company. I do not feel that the premiums would be any more with this company than they would be with another company. I think they have serviced the Port Authority well, and I think they have provided proper coverage for them.

Q. In the selection of the agency to which you would write this insurance, don't you feel that for a commissioner to agree to write insurance through an agency which he is a member is an advantage that perhaps would be better off not taken as a fringe benefit?

A. What could I do about it, sir? They had enough votes to assure that the company was going to be. That's why I say I don't subscribe to this theory. They had enough votes there to appoint this company as the insurance broker of record.*

* A letter from Mr. Cornell's attorney to Commission Counsel further explaining Mr. Cornell's views on this issue is included as Exhibit 26.

REAL ESTATE HOLDINGS

The initial thrust of the investigation was concerned with the real estate holdings of Mr. Cornell and whether the ownership of said lands presented indices of any conflict or appearance of conflict of interest with respect to his position as the Chairman of the Delaware River Port Authority. Because the Commission considers this phase of the investigation to be that which was directly requested by the Executive Commission on Ethical Standards, all of the land holdings of Mr. Cornell, owned either through trust agreements, joint ventures, or individually have been reported. The Commission found no evidence of purchase by Mr. Cornell based on "insider information". In each instance, the purchases were made after possible DRPA plans and projects which might enhance the value of the lands had been openly discussed and placed on public record. The ultimate overall conclusion of the Commissioners is that, although the value of many of the lands was, is, or possibly will be enhanced by DRPA projects, Mr. Cornell's transactions could have been made by any well informed citizen. The question of the appearance of conflict is left to the body which will ultimately decide that fact.

A list of properties owned by Mr. Cornell has been labelled Exhibit 27 and the number of the properties correspond to numbers on a map of Gloucester and Camden counties which has been labelled Exhibit 29. This map also depicts the location of the bridges operated under the auspices of the DRPA, the Lindenwold High-speed Line and the proposed extensions of the Lindenwold High-speed Line. A short history of the transactions surrounding each property now follows with the Commission's aim being to present all facts of possible relevance with respect to each property.

"LOCUST GROVE" PROPERTIES

See Exhibit 27; Map Reference 6.

The so-called "Locust Grove Properties" involve a series of purchases and sales from January 1957 to January 1974 under a trust agreement which included the following participants with the following respective interests in the total of 9,000 shares of stock:

	<u>No. of Shares</u>
Ralph Cornell	2,000
Harry Halloran	2,000
Thomas A. Bruder	2,000
Lee J. Robinson	900
Samuel Epstein	945
Irving Leopold	450
Michael Lubin	705

It should be noted that Ralph Cornell was himself acting as trustee for Cornell and Company until April 13, 1967 at which time the 2/9 interest was sold to Ralph Cornell. Harry Halloran is the president and principal stockholder of the Conduit and Foundation Corporation, a firm which has done large scale prime contracting work for the Delaware

River Port Authority. Additionally, as has been mentioned, large portions of these prime contracts were sub-contracted back to Cornell and Company through either Hull Erecting or S. A. Lindstrom. Mr. Cornell and Mr. Halloran are also partners in the Atlantic City Raceway. Mr. Bruder, now deceased, was a member of a large family which owned a large retail paint business in Philadelphia which has done business with the Delaware River Port Authority.

With regard to the Locust Grove properties, the Commission took the executive session testimony of Jean Wisniewski, the first trustee under the trust agreement, Charles Kurth, the second trustee who later replaced Ms. Wisniewski, and Bruce Wallace, attorney for the beneficiaries. The records of the County Clerk were also perused and copies and all records of the trustee were subpoenaed and copied.

The initial purchase of land was made by Ms. Wisniewski on behalf of the beneficiaries on January 11, 1957 for \$1,610,000 and involved 874.6 acres. (See map reference 6.) On May 26, 1958, certain riparian rights were purchased from the State of New Jersey for \$1,920.

On January 16, 1959 the group, through Ms. Wisniewski made the first sale of a portion of the acreage. The purchase price was \$144,000. On April 9, 1959, another parcel of 136.3 acres was sold to the Gulf Oil Corporation for \$404,000. Based on the accounting records with regard to property, these parcels cost the group \$478,576.29 in the aggregate. The aggregate unadjusted gross profit, therefore on the two sales was \$69,423.71.

On March 15, 1960 Charles Kurth on behalf of the group purchased through a nominee, one Elizabeth Patterson, 39.07 acres adjoining the other lands for \$58,000. The Patterson to Kurth deed, for a consideration of \$1, although dated March 15, 1960, was not recorded until July 1966. On January 23, 1963, the group, again through Kurth, purchased a 117.98 acre parcel for \$129,500. On January 18, 1966 the group purchased an additional 69.95 acres for \$65,000.

Two sales followed on July 14, 1966. 42.02 acres were sold to the King Church Realty Corporation for \$294,480 and 104.88 acres were conveyed to the Sears Roebuck Company for the purchase price of \$1,468,320. Accounting records relating to the property compute the original cost of both parcels to the group as \$282,397.93 so that the aggregate unadjusted gross profit on these two sales was \$1,480,402.07.

On July 9, 1966, the final parcel of 39 acres was purchased by Charles Kurth on behalf of the group for \$79,000. Other than a purchase riparian rights from the State of New Jersey on January 4, 1968 for \$337.50, no further activity took place with regard to these properties until December 7, 1973. On that date, Charles Kurth, on behalf of the group sold 448.82 acres of the property to a group called Locust Grove Associates for the purchase price of \$5,607,600. Again based on accounting records relating to this parcel the original cost to the group was \$796,421.47, so that the unadjusted gross profit realized on this sale was \$4,811,178.53.

Summary

Between 1957 and December of 1973, the group invested through purchase of real estate some \$1,943,758.50, has made sales of certain portions of the real estate in the aggregate amount of \$7,918,400, has realized a profit of \$6,349,904.31 and remains in possession of approximately 391 acres. With respect to Mr. Cornell, if his investments and profits consistently reflect his 2/9 share of this venture, he has invested some \$431,946 and received a profit of \$1,411,090.00 while remaining in possession of a 2/9 share of the remaining 391 acres.*

Mr. Cornell's Testimony

Mr. Cornell, in testifying as to the December, 1973 sale to Locust Grove Associates of the 448.82 acres for \$5.6 million, stated that the land was the site of a Planned Urban Development (PUD), a mixture of business, commercial and high and low-rise residential projects, but contended that the possible southerly extension of the Lindenwold High Speed Line was not a matter of consideration in that sale:

Q. *Did you have anything to do with the negotiations which resulted in the sale of Locust Grove?*

A. Did I have anything to do with it personally?

Q. *Yes.*

A. I wouldn't say that, you know, I actually did any of the negotiating for the price or anything, no.

Q. *Did you speak to any members of the group who purchased Locust Grove?*

A. Oh, certainly.

Q. *With regard to the sale of Locust Grove?*

A. Oh, yes. You're talking about the people that purchased it?

Q. *Yes.*

A. Yes.

Q. *They are known as Locust Grove Associates, that group of individuals, I believe?*

A. Well, the Locust Grove Associates is the combination of the partnership that owns Locust Grove and the people that bought the portion of Locust Grove which was a portion of—a great portion of Locust Grove is now under a PUD.

Q. *Okay. Was any consideration given to the southerly extension of the high-speed line with regard to the sale of that property—*

A. No, sir.

Q. *—in 1973, to your knowledge?*

A. No, sir.

*As this report goes to print, the S.C.I. has learned that the Commissioners of the DRPA may again alter the course of the proposed extension of the Lindenwold Line. This most recent proposal would bring the Line *adjacent* to the portion of Locust Grove still owned by the group.

THE PITMAN COUNTRY CLUB AND RELATED TRANSACTIONS

See Exhibit 27 Map References 7-13.

Charles Kurth also acted as trustee for another group of purchases in which Mr. Cornell possessed a 28% interest and was involved with the following individuals in the following respective amounts:

Harry Halloran	28%
Thomas Bruder	28%
William Raynor	16%

This group was involved in the purchase of lands in Washington Township and in Mantua Township, both located in Gloucester County. Mr. Halloran and Thomas Bruder have been previously identified (*see page 35 supra*). William Raynor is a local real estate salesman.

The first purchase by Charles Kurth on behalf of this group involved a 172 acre parcel of land known as the Pitman Country Club. The group purchased this land on May 1, 1958 for the purchase price of \$275,000. Approximately one year later, on April 16, 1959, a 64 acre tract was added via the purchase of an adjacent farm by the group for \$55,450. This purchase was again made by Charles Kurth acting as trustee.

Between May 9, 1960 and June 29, 1962, the group added considerable acreage to the original purchase, mainly through the purchase of several farms. The transactions in question are set out in Chart VI.

CHART VI

<u>Date of Purchase</u>	<u>Parcel Size in Acres</u>	<u>Purchase Price</u>
May 9, 1960	32.9	\$ 32,500
June 22, 1960*	72.1	\$ 75,760
June 9, 1961*	133.6	\$120,321
February 14, 1962*	91.8	\$ 68,849
June 29, 1962*	126.5	\$ 94,913

The four properties marked with an asterisk are adjoining farms located in Washington Township. The final purchase on behalf of the group was made on April 29, 1969 and involved 39.78 acres at a price of \$25,000. This concluded the series of purchases.

The first sale of property was that of a small lot (75' x 200') on November 14, 1961 for \$5,000. That transaction was followed on September 18, 1964 by the sale of a 10 acre parcel for \$30,500. Beginning in 1968, the sales activity increased; it is depicted by Chart VII.

CHART VII

<u>Date</u>	<u>Parcel Size in Acres</u>	<u>Purchase Price</u>
April 14, 196873	\$ 5,000
June 21, 1968	32.80	\$ 60,000
November 27, 196821	\$ 1,500
April 29, 1969	39.70	\$ 25,000
April 9, 1973	413.35	\$1,942,768

With regard to the sale on April 9, 1973 of over 413 acres, the parcel of land involved is made up of the four previously mentioned adjacent farms in Washington Township. The property was originally purchased for an aggregate cost of \$359,843 and was sold for \$1,942,768 amounting to a total unadjusted profit of \$1,582,925 to the group. Mr. Cornell's total unadjusted profit for his 28% interest would amount to \$443,219.00. The purchaser of this parcel is an entity called FPA Corporation of which the New Jersey Secretary of State had no record as of August 9, 1974.

With regard to future plans for the aforementioned properties, the Commission observes that published accounts indicate that John B. Canuso, a developer from Berlin, New Jersey has an option to purchase the Pitman Country Club and reportedly intends to construct high density development on a 700-acre tract with the Country Club at its center. There is no present information on the selling price if and when the option is exercised. The Commission notes that a proposed station site on the proposed southerly extension of the Lindenwold High Speed Line will be located approximately $\frac{1}{2}$ a mile from the Pitman Country Club properties and that another station will be located approximately $1\frac{3}{4}$ miles from the aforementioned four-farm parcel. See Map References 11, 12, 13 and 7, 8, 9, 10.

Mr. Cornell's Testimony

Mr. Cornell was asked to testify about Mr. Canuso's plans for development of the Pitman Country Club property and the proximity of that land to proposed extension of the Lindenwold Line:

Q. *Do you know what Mr. Canuso plans to do with that parcel of land?*

A. I understand from the people that are involved in this with me that he intends to apply for a PUD development there and has taken option or has bought additional land within the area to give him enough acreage to apply for a PUD.

Now, did you ask me had he bought it?

Q. *I said, was it under an agreement of sale or had he purchased it.*

A. It's just an option. It's under a three-year option.

Q. *Do you know when the option was executed, when it began?*

A. I would say that sometime possibly in October of 1973.

Q. *Now, that site, Mr. Cornell, is about half a mile from a proposed station site on the proposed extension, southerly extension of the Lindenwold line; is that correct?*

A. If that's—I wouldn't know the distance. I will say that if you say a half a mile, yes, that it's—

Q. *Do you know that of your own knowledge?*

A. No, I do not.

Q. *If Mr. Canuso planned to put high-density houses such as townhouses on that, or something like that, that would have some bearing on his decision to purchase, would it not?*

A. I couldn't answer that question. I couldn't tell you what Mr. Canuso was thinking of when he took an option to buy the lands.

Q. Did you have anything to do with the negotiations on purchasing that land or giving Mr. Canuso the option on that land?

A. No, no.

Q. Is Mr. Canuso—

A. When you say—you know, I'm trying to be as truthful as I can. When you asked me if I had anything to do with negotiations, certainly I knew about the negotiations going on. I was not in favor of the agreement that he has. He has an agreement that he pays so much a year and he has three years to purchase the land, and I was not in favor of giving someone the advantage of a three-year option on some land that we owned; that, in my mind, it was just speculating on what would happen in the three-year period. But I did not enter into the negotiations. I did not negotiate personally with Mr. Canuso or anyone else.

Q. You weren't personally involved in those negotiations?

A. No, no.

ADMIRAL WILSON BOULEVARD PROPERTY

See Exhibit 27; Map Reference 1

The so-called Admiral Wilson Boulevard property is a parcel of approximately 22.43 acres located on Admiral Wilson Boulevard and Baird Boulevard in the city of Camden. Alfred Pierce, former mayor of Camden and former Commissioner of the Delaware River Port Authority from May, 1965 to April, 1970, originally entered into a contract of sale regarding this property on August 29, 1969. At this point, he was the partner of one Harold Gottfried, a former executive vice-president at Atlantic Thrift, a discount store, who wished to acquire the parcel as a possible site for one of their stores.

Gottfried, however, prior to the settlement, decided not to go through with the purchase. Thereafter, Alfred Pierce approached Ralph Cornell and interested him in the property. On May 29, 1970, the closing took place and the purchase price was \$300,000. Mr. Cornell had obtained a note from the Bank of New Jersey by making his business, Cornell and Co., the principal guarantor.

Mr. Pierce's Testimony

The further dealings with respect to this piece of land are described by Mr. Pierce in his executive session testimony before this Commission as follows:

A. (Continuing.) Following our acquisition of the land, I talked with John Crisconi and Dave Walker, whom I had met at the Port Authority, and asked them if they would become associated with Cornell and I in the development of this 24-acre tract of land, and, also, R. A. Houser. R. A. Houser was the president of a firm called Houser Demolition. And the three of them agreed to become associated with Cornell and I and we executed a partnership agreement, which is in this file, between Ralph Cornell and Crisconi operating under Jonnez Corporation, called J-o-n-n-e-z. Crisconi, C-r-i-s-c-o-n-i, Dave Walker and Alfred R. Pierce. There are five people, and that partnership agreement was made in October, 1970, and each one took up their share of the expenses of the acquisition and of the payment of the interest, and thereafter as each interest bill came due and as each payment of principal became due I would bill each one of the

partners for his share. And I have records in the file which shows the billing and the partners paying the money back.

Walker dropped out because he was unable to keep his commitment and pay the money, and eventually Cornell and Crisconi and I paid Walker, I think it was, maybe \$5,000 which was probably about maybe half or thirty per cent of what he actually had in it. And, so, the present owners of the tract in the partnership are Cornell, Crisconi, the estate of Houser, because Houser died in 19, I think it was, '71. I think around May of 1971.

Did I say Cornell, Pierce, Crisconi and the estate of Houser are now the owners of the tract?

I spent a lot of time trying to develop the tract for different purposes, for shopping, but it's very difficult to get a discounter to come into Camden. People don't want to come into Camden. But the—oh, the mortgage was paid off to Camden Trust as a result of our negotiating, I think, at that time a lower interest rate than Camden Trust with the Continental Bank, and at the present time the Continental Bank in Philadelphia has a mortgage, which is, I think, \$255,000.

John P. Crisconi is a Philadelphia automobile dealer and was a Commissioner of the Delaware River Port Authority from February 1960 to September 2, 1971. David M. Walker is an urban renewal consultant from Jenkintown, Pennsylvania and was a Commissioner of the Delaware River Port Authority from November 7, 1963 to September 2, 1971. At the time of the purchase, Cornell, Pierce, Crisconi and Walker were all Commissioners of the Delaware River Port Authority. R. A. Houser was the President of the Houser demolition company which was the prime contractor on Delaware River Port Authority contract PPB-4, demolition work necessary for the building of the Betsy Ross Bridge.

The Admiral Wilson Boulevard property is approximately 1/10 of a mile from the proposed Moorestown Extension of the Lindenwold High Speed Line and approximately 1/2 mile from the first proposed station site. The present plans of the group for this property, according to Mr. Pierce, have not been solidified.

Mr. Cornell's Testimony

Mr. Cornell could shed no further light on any plans for development of the Admiral Wilson Boulevard property:

Q. And Messrs. Walker, Crisconi and Pierce were all commissioners of the Delaware River Port Authority at the time of the purchase of that property; is that right?

A. Yes. To the best of my knowledge, they were, yes.

Q. What were the plans, if any, of the group at the time of the purchase of that property for that property?

A. To the best of my knowledge, there were no plans.

Q. Was it purchased simply as an investment?

A. Well, I can only tell you my connection with it. Mr. Al Pierce, who I had become acquainted with through my acquaintance on the Delaware River Port Authority, approached me and asked me if I would take an interest in a

piece of property, that he wanted to do something for the city of Camden, and I thought at the time that the price was too high and I thought that the ground was not suitable for any sort of purposes, because in my background in the construction business and my years in that vicinity I recall that portion of the land being a city dump. But he assured me that he had had test borings taken by some firm in Princeton; that he didn't think that it would be necessary—I thought it would be necessary to drive pilings for anything that they wanted to build there, and he felt certain that it would not be necessary. But I went in on it strictly on the approach of Mr. Pierce to me that he wanted to do something that would be helpful to the city of Camden.

Q. The purchase price, if you recall, was \$297,500. Is that—

A. I don't recall the purchase price, and, as I say, I never had anything to do with the negotiations and went along pretty much, and I believe that the land had been purchased by Mr. Pierce, or an agreement of sale entered into by Mr. Pierce, before he ever approached me.

Q. Do you recall, Mr. Cornell, negotiating that three-hundred-thousand-dollar note with Cornell & Company as a guarantor in connection with the purchase of that land?

A. I didn't negotiate the note. I agreed that Cornell & Company would guarantee the note. I don't—I even forget which bank it was with. I believe it was with the Camden Bank.

Q. Was that note secured?

A. The best of my knowledge, it was only secured by the signatures of the individuals that were in the partnership plus the guarantee of Cornell & Company.

Mr. Cornell, with questions being posed by his attorney, Charles H. Nugent, at the private hearings, testified about his general relationship with Mr. Pierce in land investments:

Mr. Nugent: Now, with regard to this land that you own, you, of course, knew Mayor Pierce. He had been the mayor of Camden, is that correct, for how many years? Eight or so years?

The Witness: I knew Mayor Pierce before he went on the commission, but became very friendly with him after he became a commissioner.

Mr. Nugent: You were not friendly with him at first; is that correct?

The Witness: No, sir.

Mr. Nugent: Then the time came when he got off both the commission and he resigned as mayor of Camden; is that right?

The Witness: Yes, sir.

Mr. Nugent: And he's a lawyer practicing in Camden. I don't want to lead you. I want to cut this short. Is that correct?

The Witness: Yes, sir.

Mr. Nugent: Doesn't he concentrate mainly in buying and selling real estate?

The Witness: Yes, sir.

Mr. Nugent: He went to you, like so many other people, to get you because of your financial wherewithall and to go in on these land deals; isn't that right?

The Witness: Yes, and, incidentally, I have never—the only piece of land that I put together as a principal was the piece that we talked about on Green Avenue, the piece referred to as the Green Avenue property. Every other piece of land that was assembled there, Ralph Cornell had nothing to do with the assembling of. It was assembled by someone else, negotiated by someone else. I was asked to participate in it.

WOODBURY PROPERTIES

See Exhibit 27; Map Reference 4

Mr. Cornell is in partnership with a group similar to the Admiral Wilson Boulevard group with regard to land located at 140 Green Avenue in Woodbury consisting of 4.87 acres. This property is adjacent to a planned station site on the proposed southerly extension of the Lindenwold Line. Mr. Pierce described the dealings concerning this property in his executive session testimony as follow:

Mr. Pierce—

A. Following our association into this property on Admiral Wilson Boulevard which occurred, started in May of 1970, sometime in the latter part of 1970 Cornell called me and told me that there was a property in—the property in Woodbury that had been formally belonging to what they called the Belbour Trunk property. It was some kind of a factory. It was available, and I mean as much as we were trying to do something in Camden, he thought we ought to try to get this property and develop this property and that maybe I could talk to Walker, Crisconi and Houser and see if the same group could go into the property in Woodbury.

Crisconi and Houser said that they would be interested in going in. I expressed the view that I thought by Woodbury—the price of the property was \$100,000 and the property was roughly five acres, maybe five-and-quarter, and I expressed my opinion that Woodbury property, the price of \$20,000 an acre would be a good investment.

I expressed my opinion that Woodbury, in my opinion, was almost comparable to Haddonfield in Camden County because Haddonfield was all a prestige community and I felt Woodbury is a prestige community in Gloucester County.

And as I said, Crisconi and Houser agreed to participate. Walker couldn't participate. He was having some kind of financial problems and he couldn't take on any more commitment. Cornell contacted Conley and Conley came in to take Walker's place, so that there were five to share the burden. I think, recollection, I think that Cornell said that there was a possibility that the bank might be interested in the property.

Com. Farley: Could you identify for the record who Conley is?

The Witness: Richard Conley. I've never met Conley. At least, I don't recall meeting Conley. Conley was a friend of Cornell's.

A. (Continuing.) And we entered—now, in the Admiral Wilson Boulevard property, we entered into a partnership agreement where each one of the partners agreed to pay the expenses. But, actually, on the note that we had signed Cornell had become primarily responsible, and I was on the note. But Houser wasn't on that note, and we had an obligation of \$300,000. So, Houser agreed to be the one primarily responsible on the Woodbury property and Houser, accordingly, furnished his financial statement and he borrowed the money from the National

Bank and Trust Company. Now, Cornell is a director and, I think, an officer of that bank.

A. (Continuing.) And now, we entered into an agreement of sale for that property, I think it was in October of 1970, and we made a settlement on the property December 15th, 1970, and the agreement of sale was between the Maurlee, M-a-u-r-l-e-e, Company, Incorporated, and the purchaser was R. A. Houser, Inc., and the deed, dated December 15th, 1970, was between Maurlee Company, Inc., and R. A. Houser, Inc. That as of December 15th, 1970. That deed became changed.

After Houser died—as I said earlier, I think Houser died around May, April-May of 1971, I think it was '71—the estate of Houser requested that the Houser not be, R. A. Houser & Son, Inc., which was a corporate straw party, not be in title and that, also, for their statement purposes that Houser be removed other than to be, the estate be responsible for his one-fifth share, and, so, there was a deed made the 19th of August, 1971, from R. A. Houser & Son, Inc., to Cornell & Company, Inc., and filed with that deed at that time, in accordance with the recording law, there was an affidavit of consideration which had to disclose what the consideration was for the transfer from Houser to Cornell & Company, Inc.

The affidavit stated, "R. A. Houser, Inc., received title as a straw party. R. A. Houser, president of R. A. Houser, Inc., is deceased and this is to transfer title to another corporate party without consideration, which corporation is also a straw party for a partnership consisting of Ralph Cornell, Alfred R. Pierce, Donald Houser and John Crisconi," and my secretary left Conley's name off, but Conley was also a partner.

The "Conley" to whom Mr. Pierce refers is actually Richard T. Conly, who is the president of W. V. Pangborne Co. which has done millions of dollars worth of prime contracting business on electrification with the Delaware River Port Authority in the last ten years. Mr. Pierce continued his explanation of the transactions relating to the property and described the group's unsuccessful attempts to develop it; his testimony as to the development of this property concluded:

Q. *Is the property still vacant?*

A. The property is still vacant, but the property is now under an agreement of sale. The property is under an agreement of sale to Charles Gardner.

Q. *For what purpose?*

A. For office building. It's conditioned upon his getting approval for an office building requirement.

Q. *What's the consideration?*

A. The consideration is \$200,000, 5½ acres.

Q. *When is the closing set on that?*

A. It's scheduled for April the 15th.

Summary

Subsequent to Mr. Pierce's testimony, the S.C.I. verified that the property was conveyed to Alfred Pierce for \$1 (probably as a nominee) on May 12, 1974 and on the same date sold to Charles W. Gardner Enterprises, Inc. for the sum of \$200,000. The group's unadjusted gross profit, therefore was \$100,000 and Mr. Cornell's unadjusted gross profit, assuming a 20% interest as Mr. Pierce testified, was \$20,000.

COLLINGSWOOD-FERRY AVENUE PROPERTY

See Exhibit 27; Map Reference Z

Mr. Cornell is involved in another partnership solely with Mr. Pierce regarding property located on Ferry Avenue in Collingswood. This property is adjacent to the Ferry Avenue station of the Lindenwold High Speed Line.

Before Mr. Cornell became a partner in the ownership of the property, several transactions were consummated by Mr. Pierce. He originally purchased a vacant gas station which was situated on a .287 acre parcel from the Gulf Oil Corporation for \$25,000—\$2,500 plus a \$22,500 mortgage. Mr. Pierce had one partner in this venture. The settlement on the gas station property took place in March of 1970.

Thereafter, for development purposes, Mr. Pierce became interested in contiguous property belonging to the Fox Fertilizer Company and instituted negotiations culminating in the purchase of a 2.3 acre parcel. Before the settlement date on the Fox property, however, Mr. Pierce and his original partner took on a third member and began a joint venture to develop the property. Settlement on the property was completed on November 16, 1970. The purchase price was \$175,000. \$50,000 was given as a down payment and the seller accepted a \$125,000 mortgage for the term of five years payable yearly at an annual interest rate of 8%.

In late 1971, due to a possible negligence suit against one of Mr. Pierce's partners for an accident which had taken place on the property, the three men formed the A.B.J. Corporation and conveyed the two properties out of the individual's name and into the corporation. In early 1972, one of Mr. Pierce's partners died and Mr. Pierce purchased his interest in the corporation for \$60,000—a downpayment of \$5,000 and an annual payment of \$9,000 per year for five years and \$10,000 in the sixth year, plus 7% interest.

Thereafter, Mr. Pierce acquired three more pieces of property which are contiguous to the original parcels. The Borough of Collingswood sold a .7 acre portion of property on the condition that ratables would be built thereon for \$100. Another 1.1 acre parcel was purchased from its individual owner on September 10, 1973 for \$63,000—\$10,000 down and a purchase money mortgage of \$53,000. Finally Pierce purchased a ½ acre parcel from Transport of New Jersey for \$10,000. Prior to Cornell's association with Pierce on the Ferry Avenue property, then, five acquisitions took place and the total area involved was approximately 4.97 acres. The total gross purchase prices amounted to \$273,100 and the total down payments were \$62,500.

In September of 1973, Mr. Pierce approached Mr. Cornell to become an equal partner in the ownership of the Ferry Avenue properties. Mr. Pierce at that time assessed his interest in the properties at \$234,746 and in a letter dated September 11, 1973 offered Cornell a 50% interest at that amount. The two finally agreed on a figure of \$200,000 and a partnership was initiated. Mr. Pierce also testified as to several unsuccessful attempts to develop the land as a shopping mall. Although he has not been able to develop the land as yet, Mr. Pierce testified that it is his belief that the parcel is worth approximately \$100,000 an acre or \$497,000.

Mr. Pierce's Testimony

Mr. Pierce was also questioned as to whether the proximity of the Ferry Avenue Station had anything to do with his negotiations with Mr. Cornell. He testified as follows:

A. Certainly. You know, the fact that I had told him that I could have had his deal, and it was true, showed the definite interest in the ground for this, for commercial, for commercial use.

Q. *Are you closing your eyes to the fact that it's near the Lindenwold—*

A. No, I'm not.

Q. *—High-Speed Line?*

A. No.

Q. *Do you think Cornell is closing his eyes to that fact?*

A. I don't think so.

Q. *I mean, when you approached him, you didn't say, "Let's not discuss it, it's near the high-speed line"?*

A. Of course not.

Q. *Did you, in fact, discuss the fact that it is near the high-speed line?*

A. Yes, I did.

Q. *What did you say?*

A. I said I think that this proximity to the high-speed line is a definite asset for the ground. I think in the future with the cut-back of the use of the automobiles, the energy crisis that's now upon us, I think that this land is excellent location.

Mr. Cornell's Testimony

Since the Ferry Avenue Station of the High Speed Line was established and in operation, Mr. Cornell in his testimony said that the station was obviously a factor in this land investment:

Q. *Did Mr. Pierce discuss with you the fact that Ferry Avenue was across the street from a station of the high-speed line?*

A. That was common knowledge. I had ridden the speed line many a times and knew the location of this land, so he wouldn't have had to discuss it with me. I knew of my own knowledge that it was adjacent to the Ferry Avenue station of the speed line.

Q. *Did you discuss with him the fact that the investment was enhanced by that location with respect to the high-speed line?*

A. I wouldn't recall that. I would say my investment was made on the appraisal of what the property could be utilized for.

Q. *What could it be utilized in your—*

A. Well, in my opinion, the property seemed like an ideal location for an office building.

Q. *Because it was near the high-speed line?*

A. Yes.

Q. *Do you know how Mr. Pierce arrived at a value for that property when he negotiated with you to buy in?*

A. No, I have no idea how he arrived at the—he—when I say, my memory just doesn't serve me that well. As I recall, he had two partners and one of them

had died, and I think that my interest then became whatever the amount was to satisfy the interest of the other partners he had, and I think it was two, but I'm not certain of that. I know that he had other partners and one of them had died and the estate wanted to settle the property and get out of it.

Now, of course, you know that the speed line had been in operation for a few years before the property—before I entered into the negotiations for the buying an interest in the property.

Q. In other words, anyone that looked at the property could see that it was across the street from the high-speed line?

A. Yes.

GLOUCESTER COUNTY PROPERTIES

See Exhibit 27; Map Reference 14, 15, 16, X.

Mr. Cornell is and has been the partner of Mr. Pierce on properties located in Gloucester County. The Foelker Farm (*see* map reference 14), is located in Logan Township at the intersection of the North-South Freeway (Interstate 295) and U. S. Route 322 (New Jersey Route 51). The property is also approximately 1 and $\frac{1}{4}$ miles from the approach way to the newly completed Commodore Barry Bridge. It consists of approximately 52.48 acres and on October 14, 1971 Mr. Cornell signed an agreement of purchase for \$5,000 per acre. The grantor was the Estate of Lewis M. Foelker who had recently died. After executing the agreement of purchase, Mr. Pierce approached Mr. Cornell and inquired whether he would like to become a 50% partner; Mr. Cornell agreed. Again subsequent to the agreement of purchase, but before final settlement, Mr. Cornell entered into a contract of sale whereby he agreed on behalf of himself and Mr. Pierce, to sell the land to an entity called C & B Associates for \$6,800 per acre.

The settlement on both agreements was on April 14, 1972. Mr. Pierce and Mr. Cornell bought the property from the estate of Lewis M. Foelker for \$262,500 and then sold it to C & B Associates for \$357,000. The unadjusted gross profit on the transaction was, therefore, \$94,500. Mr. Cornell's 50% share of that profit amounts to \$47,250.

A similar transaction was consummated by Mr. Pierce and Mr. Cornell with respect to property in Woolwich Township near Swedesboro commonly known as the Hunter Farm. (*See* map reference 15). Mr. Cornell and Mr. Pierce agreed to act as 50% partners with respect to this property prior to the purchase. An agreement of purchase was signed on March 7, 1972 which obligated the two partners to buy the property. On April 2, 1972 however, prior to the date set for the purchase, Mr. Pierce negotiated the sale of the property and set the date for the sale as the same date upon which he and Mr. Cornell had agreed to purchase.

On August 11, 1972 Mr. Cornell and Mr. Pierce purchased the 53.58 acre Hunter Farm for \$2,000 per acre or \$106,960. The sale of the property, although originally set for the same day was delayed for one month until September 11, 1972. On that day Mr. Pierce and Mr. Cornell sold the property to three individuals for \$3,000 per acre or \$160,740. The gross unadjusted profit, therefore was \$53,780 and Mr. Cornell's share of the profit was \$26,890.

Mr. Cornell has an agreement to purchase a 50% ownership in another 87 acre parcel presently owned by Mr. Pierce in the vicinity of the previously discussed Foelker Farm. This property again fronts on U. S. Route 322 (N. J. Route 51) and is bounded by Bridgeport Road in Logan Township. (See map reference 16). This property is on the opposite side of the highway from the Foelker Farm approximately ½ mile from the approach way to the Commodore Barry Bridge. At this writing, the settlement date has not been scheduled.

Mr. Cornell's Testimony

Mr. Cornell was asked about the frequency with which Mr. Pierce approached him on land investments and whether the Commodore Barry Bridge's availability was a factor in the previously mentioned Gloucester Counter properties. The "airport" referred to in these testimonial excerpts is the Bridgeport Airport. Mr. Cornell was involved in an unsuccessful bid for the sale of that airport at public auction. Mr. Cornell testified:

Q. Has Mr. Pierce approached you on a great number of land ventures aside from those in that area?

A. I wouldn't say a great number. He's approached me on many. I don't know what you refer to as a great number.

Q. Has he approached you on more than ten aside from those since 1970?

A. I would say that that would be a reasonable figure, and there was one piece of land down in that area that he approached me on and I thought that the price was too high and didn't enter into it, and it was purchased and sold by a group that Pierce put together, and sold at a considerable profit, but in my mind what they were paying for it was too much money at the time they purchased it, and I think that was one of the first pieces of real estate that was purchased in that area by Mr. Pierce and some group that he put together.

Q. Why did you feel that the price was too high? Had you examined the position of the land or—

A. No, just general knowledge of real estate in South Jersey, and, in my opinion, the availability of the new Chester Bridge would not add the kind of value to the acreage in that area that they were asking, the price that they were asking. I didn't—in comparison to other land that was closer to Philadelphia and closer to other facilities, I didn't feel that the price that the land was going for in that area was worth that type of money.

Q. With respect to the others, the airport and the three farms of which we have spoken, the fact that the Chester-Bridgeport Bridge was close to those went into your decision to purchase. Would that be a fair statement?

A. No, sir, I wouldn't say so. I would say the fact that what has developed in that area. Whether it has developed because of the availability of the Chester-Bridgeport Bridge or not would not be known to me. But, of course, I imagine in your investigation you have found out that what I think is referred to as the Pure Land Company and the Shell Oil Company have bought considerable acreage in that area and it looks to me like that area will build up into quite an industrial section because of the purchase by these various companies, and, of course, you know of what they, I think, referred to as a new town project in that area where I believe that W. R. Grace Company is involved and that they had plans for building an entire new town there. I forgot the name, whether they called it Newtown or something like that. It sort of changed my opinion

of the real estate values in that area after I found out of, it's either Pure Land or something similar to that that have made considerable purchases in that area.

Q. *So your interest in the area is because the land value is generally going up?*

A. Yes.

Q. *And the fact that it's generally going up may be caused by the fact that the oil company and Pure Land is buying land down there and they may be buying land because the bridge is there, but you don't know?*

A. Well, I wouldn't think so. I mean, in my own opinion and I think you're asking my opinion, the proximity of the new bridge crossing will not have as much bearing on the development of that area as the development of a complete residential and industrial community, which would then have a bearing on additional facilities, both commercial, and mostly commercial, being both to service such an area.

GATEWAY JOINT VENTURE

See Exhibit 27; Map Reference X.

Mr. Cornell was also the owner, in conjunction with two partners, William Raynor and Edward H. Ellis, of a property which Mr. Cornell's records refer to as the Gateway Joint Venture. This property consists of a 12 acre parcel located in West Deptford Township at the intersection of Gateway Boulevard and Interstate Route 295. It is also adjacent to the proposed southerly extension of the Lindenwold High Speed Line.

The property was originally purchased on February 4, 1952 by William Raynor and P. Mason Fox who represented a group consisting of themselves, Albert Kreig and Edward H. Ellis. The purchase price was \$33,500. Thereafter, Fox died and on May 4, 1956 Mr. Cornell purchased his $\frac{1}{4}$ share of the venture for \$5,222.50. In the late 1950's, Mr. Kreig decided to leave the group and the remaining three partners bought out his share at cost.

The group now consisted of Mr. Cornell, Mr. Raynor and Mr. Ellis. Mr. Raynor is a realtor in South Jersey. Mr. Ellis was the president of Edward H. Ellis & Sons, a contractor which has done sub-contracting work on projects of the Delaware River Port Authority.

The first sale on behalf of this group took place on May 11, 1970 and the grantee was the State of New Jersey. The portion of the property sold amounted to 3.02 acres and the selling price was \$32,000. The remaining portion of the property was thereafter split into three parcels which were sold from 1969 to 1971. The first of these sales took place on July 7, 1969 and involved a 2.7 acre portion of the remaining property. The purchase price was \$26,400. On March 25, 1970, the group, through William and Edna Raynor acting as nominees, sold another 1.38 acre portion of the property for \$60,000. The final sale of the remaining portion of the property, 4.9 acres, took place on March 1, 1971 and was consummated for the purchase price of \$24,540.

Summary

There was an initial investment of \$33,500 and a total selling price of \$142,940 for an unadjusted gross profit of \$109,444. With regard to Mr. Cornell's profit, his initial

outlay of capital was \$5,222.50. He invested additional capital when the three final partners purchased Kreig's share, which could be safely approximated at \$7,000 for an additional investment by Mr. Cornell of \$2,333. This would amount to a total investment by Mr. Cornell of approximately \$7,555. Subtracting Mr. Cornell's investment from his one third share of the final aggregate selling price, \$47,646. ($\frac{1}{3} \times 142,940$) results in an unadjusted gross profit of \$40,091 to Mr. Cornell.

CHERRY HILL JOINT VENTURE

See Exhibit 27.

The sole real estate venture in which Mr. Cornell was involved since 1955 which he did not include in his disclosure of real estate transactions, Exhibit 27, is an investment termed the Cherry Hill Joint Venture in the records of Cornell. This property is located at Church Road and Haddonfield Road in the northwestern section of Cherry Hill and was part of the Merchantville Acres Farm in Cherry Hill. Mr. Cornell was associated in this venture with Mr. Bruce Wallace and Mr. Douglas Wallace. Mr. Cornell was the owner of a 50% portion of this association and the Messrs. Wallace owned 25% each.

The property was initially purchased on September 24, 1962 by Mr. Cornell on behalf of the joint venture for \$28,000. The property was held intact and the entire parcel was sold on May 27, 1971 by Mr. Cornell, again acting for the group, for a selling price of \$60,000. The total unadjusted gross profit, then, was \$32,000 and Mr. Cornell's 50% share would give him a total unadjusted gross profit of \$16,000.

Mr. Cornell's Testimony

Mr. Cornell was asked to testify as to why the Cherry Hill land investment has not been included on the list of his land dealings submitted to the S.C.I.:

Q. *Why wasn't that included on the list, by the way, Mr. Cornell?*

A. Because it had been sold.

Q. *Well, you did include several on the list that had been sold, too?*

A. Well, I included the ones on this list when I mailed it in as having a bearing between the Port Authority and the land purchases, both in the construction or the future construction of the high-speed line or any facilities that the Delaware River Port Authority may have built. This land in Cherry Hill Township, as you know, the Benjamin Franklin Bridge was opened for traffic sometime in 1925, so that any development that took place in the Cherry Hill area certainly took place far after the construction of any facilities by the Delaware River Port Authority. So, I had tried to list only the properties that I thought could have or should have some investigation by whatever agency was going to investigate it in relationship to the activities of the Port Authority either in the building or construction of bridges or the extension or the building of the high speed line. I did not feel that this property had any bearing on it whatsoever.

Q. *Don't you think that it was against your interest to not, at least, note on this list that you had several other landholdings?*

A. I don't know of several other landholdings that I have that's not on this list. I may have some. If you would refresh my memory, maybe I'll find something that I didn't know I had.

As I stated, I tried to direct the list to the pieces of property that would be directly connected with my involvement as a commissioner of the Delaware River Port Authority and the activities of the Port Authority in relationship to buying real estate, so there may be some pieces. I even listed my house here because of the fact that it's not too far from the proposed station in Woodbury, although I have lived in the house for approximately thirty-some years.

Q. *You might be able to put apartments on top of it?*

A. Maybe some day.

I don't know of any other property other than the piece in Camden, sir. If there is some other that you want me to remark on, if you would tell me of them, why, I'd—

Q. *No, there aren't?*

A. —try and explain them.

CONCLUSION

The Commission believes this report, as a result of extensive investigation and analysis, has reconstructed and brought forth all pertinent facts on which conclusionary judgments can be soundly based as to whether Ralph Cornell has been and/or is in conflicts or apparent conflicts of interest in his roles as a Commissioner of the Delaware River Port Authority and as an owner and entrepreneur in the steel erection industry and as an investor in insurance agency stock and lands subject to development. The appropriate agency, as previously noted in this report, to make those conclusionary judgments is the State Commission on Ethical Standards, which requested the S.C.I. to investigate the facts relative to Mr. Cornell and to which this report is now forwarded. In concluding this report, it may be stated that the principal facts in the three principal areas of the investigation are as follows:

1) SUB-CONTRACTOR BUSINESS ON DELAWARE RIVER PORT AUTHORITY PROJECTS

During the periods 1956-59 and 1964-68, Mr. Cornell's company, Cornell & Co., received \$1,002,822 as a result of work sub-contracted, sub-sub-contracted or sub-sub-sub-contracted to that company by two companies officially recorded as sub-contractors on Delaware River Port Authority projects. One of the officially listed sub-contracting companies was Hull Erecting Co., now defunct, of which Mr. Cornell was a 50 per cent owner and which during 1956-1959 was a vehicle for payment for 70 percent of the steel erection work on the Walt Whitman Bridge in the amounts of at least \$15,000 going directly to Mr. Cornell via one secret bank account and \$608,689 going to Cornell & Co., via another secret bank account both opened in the name of Hull Erecting. The other sub-contracting company was S. A. Lindstrom Co. which during 1964-68 sub-sub-contracted to Cornell & Co. 10 sub-contracts for structural steel erection on the Lindenwold High Speed Line in the amount of \$379,133.

In both the Hull and Lindstrom instances, those companies were recorded as the sub-contractors in the documents of the Delaware River Port Authority, said documents containing no listing or reference to Cornell & Co. performing work on those projects.

During both periods of time, Ralph Cornell, as a Commissioner of the Delaware River Port Authority, passed judgment upon award, change orders and extra work orders on the contracts while his company was performing a portion of the work as sub-subcontractor or a sub-sub-sub-contractor via Hull and Lindstrom.

Since 1968, the ties between S. A. Lindstrom Co., whose principal owner is Ralph Cornell's son, Charles Cornell, and Cornell & Co., have become so strong and numerous that the two companies are, for all practical purposes, one functional entity. During 1968-73, the total amount of work performed by S. A. Lindstrom on projects involving the Delaware River Port Authority's construction of the Betsy Ross and Commodore Barry Bridges was \$1,913,447. Mr. Cornell, as a Commissioner, again passed judgment by his votes with respect to these contracts, too.

Mr. Cornell, in testimony presented at length in this report, states essentially that various business factors and considerations, including competitive forces, fiscal controls and personnel capabilities, were the reasons for the sub-contracting and sub-sub-contracting arrangements with the Hull and Lindstrom companies and that no actual sham existed in those arrangements, since Cornell & Co. equipment and personnel were openly present at the construction sites and that presence was known to Port Authority engineers and others.

A third business relationship instance germane to determining whether Mr. Cornell has been or is in conflicts of interest involves his roles as a majority stockholder of the Carroll Steel Co. and, subsequently, as 21 per cent owner and a director of Predco Inc., now the parent company of what is called Carroll Manufacturing. During 1964-67, Carroll Steel did business on a monthly basis with the Delaware River Port Authority and supplied \$192,275 worth of structural steel for the Port Authority's Lindenwold High Speed Line project, and Carroll Manufacturing has supplied miscellaneous steel items to the Port Authority in connection with the Commodore Barry and Betsy Ross Bridges.

2) THE SMITH-AUSTERMUHL INSURANCE COMPANY

Mr. Cornell in the five-year period 1969-73, while serving as a Commissioner of the Delaware River Port Authority, received \$23,092 in dividends as the owner of 5,020 shares (fifth largest stockholder) or a 5 per cent interest in the Smith-Austermuhl Insurance Co., the New Jersey broker for the insurance coverage needs of the Delaware River Port Authority. During the same five years, Smith-Austermuhl received a total of \$418,290 in commissions for Port Authority insurance, a figure equal to 9.2 per cent of the company's gross income for that period.

Minutes of the Delaware River Port Authority disclose that Mr. Cornell in 1968 abstained from voting in the vote by which the Port Authority Commissioners selected Smith-Austermuhl as the Authority's insurance broker. The S.C.I., however, was unable to locate any record of a statement which Mr. Cornell said he made at that meeting to the effect that he had abstained because of his financial interest in Smith-Austermuhl and that he believed it might be a statutory violation to have such an interest. Mr. Cornell testified additionally that he saw no conflict on his part for having such an interest.

3) REAL ESTATE HOLDINGS

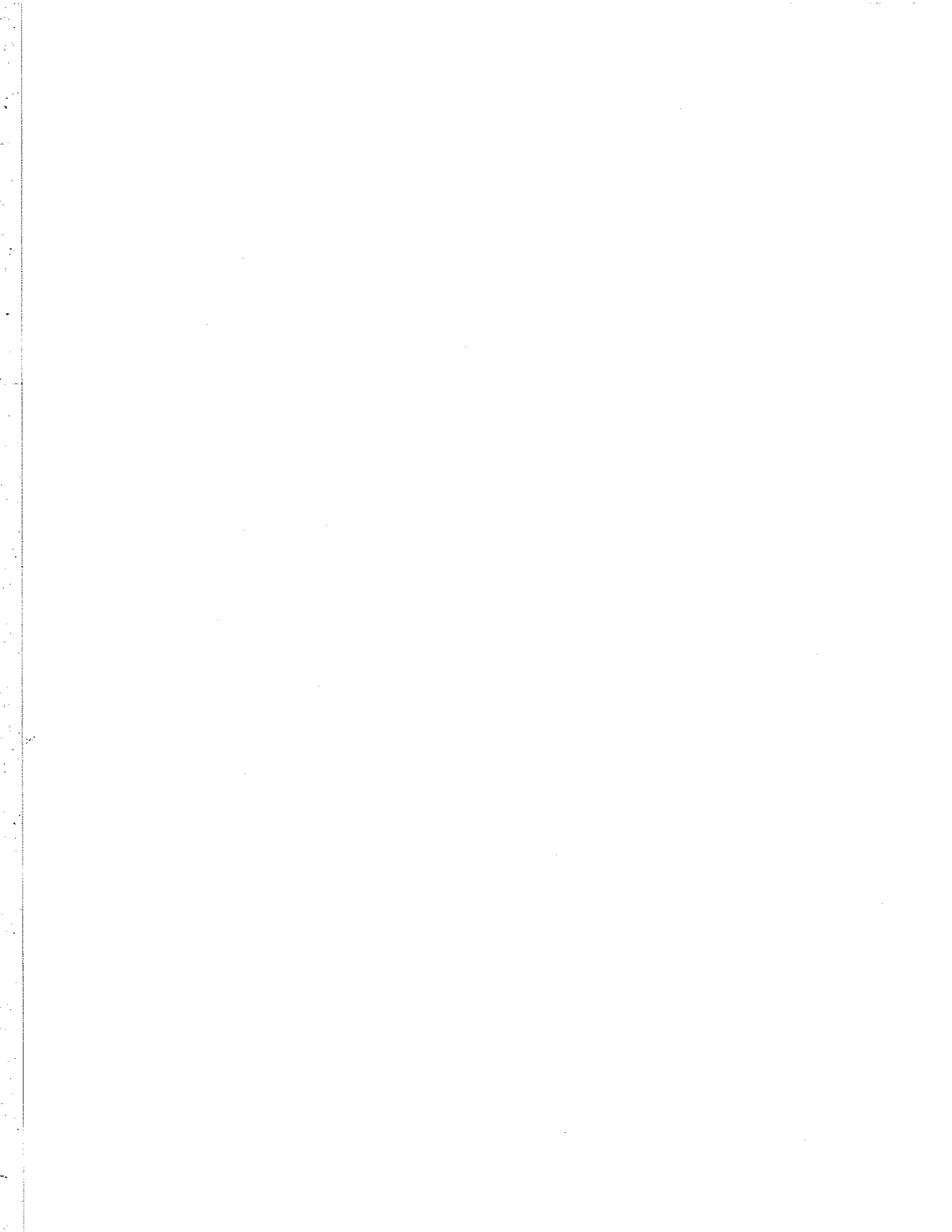
Ralph Cornell through agreements, joint ventures or individually has been and is involved in the ownership of substantial land holdings in Camden and Gloucester Counties, holdings which have, are or will be enhanced by Delaware River Port Authority projects. The Commission, however, found no evidence of land purchases by Mr. Cornell based on "insider information". In each instance, the purchases were made after possible Port Authority plans and projects which might enhance the lands' value had been openly discussed on the public record. Mr. Cornell's transactions could have been made by any well informed citizen with substantial monetary resources.

The record established by this report shows that Mr. Cornell during 1957-73 was involved in the ownership of lands which were sold for a total of \$10,720,680, with the total profits to all investors being \$8,289,729 and Mr. Cornell's share of those profits being \$1,993,450. Since the lands involved in those sales are near proposed extensions of the Lindenwold Highspeed Line or, in one instance, near the approach to a Delaware River Port Authority bridge, the S.C.I. leaves to the State Executive Commission on Ethical Standards the question of deciding whether there has in fact been an appearance of conflict of interest.

Mr. Cornell, in testimony presented at length in this report, states that in instances of land investment by him, his decisions have not been influenced by Port Authority plans and projects and that, with one exception, the land investments have been initiated by others who have subsequently approached him as a possible investor.

Finally, the Commission did not deem this investigation to be one which would be productive of legislative recommendations. As has been stated, the S.C.I. considered itself to be solely a fact-finder. There are, however, certain practices and procedures relating to the Delaware River Port Authority which are in obvious need of scrutiny and legislative reform. These include choice of Commissioners, status of Commissioners, employment of contractors and sub-contractors, hiring practices, public and non-public meeting procedures, investment practices, insurance practices and planning procedures. Due to the bi-state nature of the Authority, however, the S.C.I. is of the opinion that the aforesaid scrutiny can only be effectively undertaken and completed by a bi-state study commission equipped with the appropriate staff.

EXHIBIT 1





State of New Jersey

EXECUTIVE COMMISSION ON ETHICAL STANDARDS
DEPARTMENT OF LAW AND PUBLIC SAFETY
STATE HOUSE ANNEX, TRENTON 08625

William F. Hyland

~~XXXXXXXXXXXXXX~~
ATTORNEY GENERAL

February 28, 1974

MAJOR GENERAL W. SHARP
CHAIRMAN

Joseph R. Rodriguez, Chairman
State Commission of Investigation
28 West State Street
Trenton, New Jersey

Re: Ralph Cornell

Dear Mr. Rodriguez:

Pursuant to N.J.S.A. 52:9M-1, et seq., I am referring to the State Commission of Investigation the attached communication from W. W. Watkin, Jr., Executive Director of the Delaware River Port Authority, referring to Ralph Cornell, Chairman of the Board of Commissioners. While this request by Mr. Watkin for a review of his real estate holdings and his relationship to his position and conduct as a member of the Delaware River Port Authority was referred at the outset to the Executive Commission on Ethical Standards by Governor-Elect Byrne, it is my judgment that the State Commission of Investigation is better equipped in terms of personnel, resources and operating procedures to conduct this inquiry. I understand Governor Byrne concurs in this viewpoint.

I will not attempt to suggest how the State Commission of Investigation should act upon this referral. However, because of the statutory interest of the Executive Commission on Ethical Standards in all matters involving alleged conflicts of interest on the part of all State agencies or public instrumentalities of the State of New Jersey, I am requesting that the State Commission of Investigation advise the Executive Commission of its ultimate findings.

Very truly yours,

William R. Sharp
Major General, NJARNG
Chairman

WRS:MAS:ims

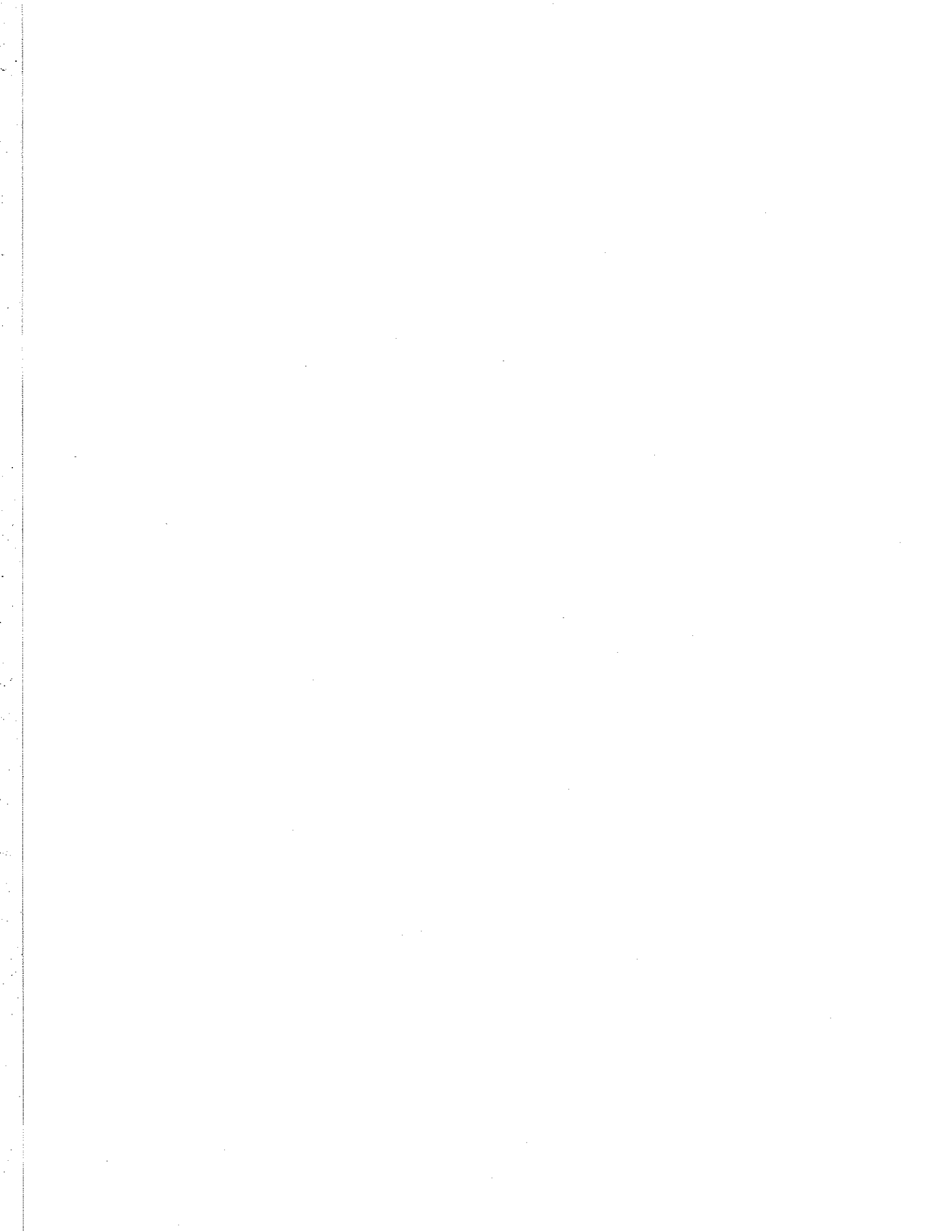
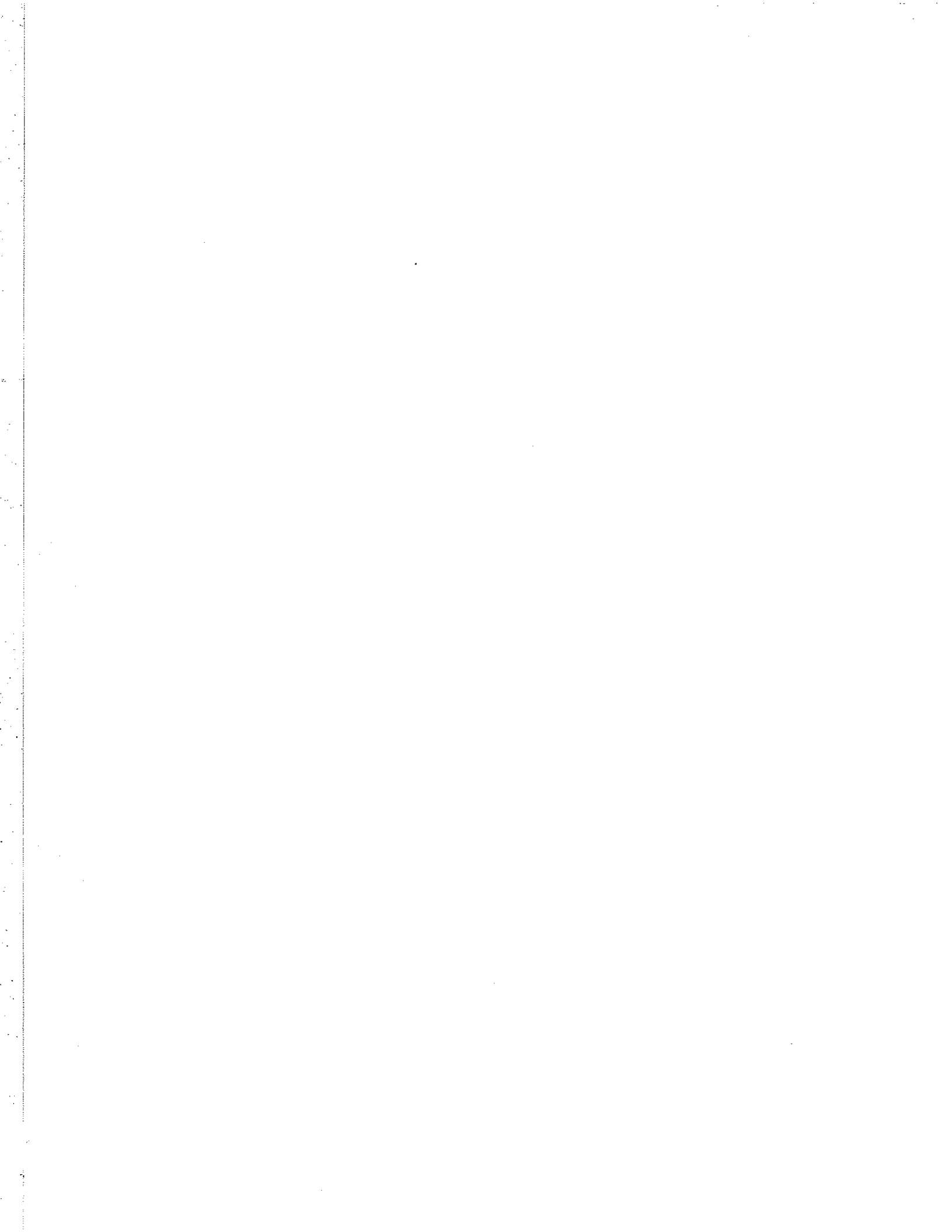


EXHIBIT 2



DELAWARE RIVER PORT AUTHORITY

OF

PENNSYLVANIA AND NEW JERSEY

ADMINISTRATION BUILDING

BRIDGE PLAZA

P.O. BOX 1949

CAMDEN, NEW JERSEY 08101

WILLIAM W. WATKIN, JR.

EXECUTIVE DIRECTOR

January 2, 1974

Honorable Brendan T. Byrne
Governor-Elect State of New Jersey
Transition Office
State House
Trenton, New Jersey . 08625

Dear Governor Byrne:

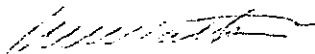
Recently, there has arisen some question as to possible conflicts of interest between the real property holdings of individual Commissioners of the Delaware River Port Authority and their decisions concerning the study of extensions of the Southern New Jersey Rapid Transit System into Gloucester County. Each of the Commissioners was requested by Mr. Ralph Cornell, Chairman of the Board of Commissioners, to disclose his real property interests which might be affected by the Rapid Transit System, and each Commissioner has so done.

Mr. Cornell has requested that his submission of real property holdings, which is enclosed, be forwarded to you for your review and consideration.

Mr. Cornell has also requested that I convey to you his statement made at the Board Meeting of December 19, 1973, that if, in your opinion, Mr. Cornell cannot serve in the best interest of the Delaware River Port Authority because of a possible conflict of interest, he will resign immediately at your suggestion.

An early resolution of this matter is of primary importance to the Authority and its performance of its public purposes.

Very truly yours,


W. W. WATKIN, Jr.
Executive Director

WWW:cel
Enc.

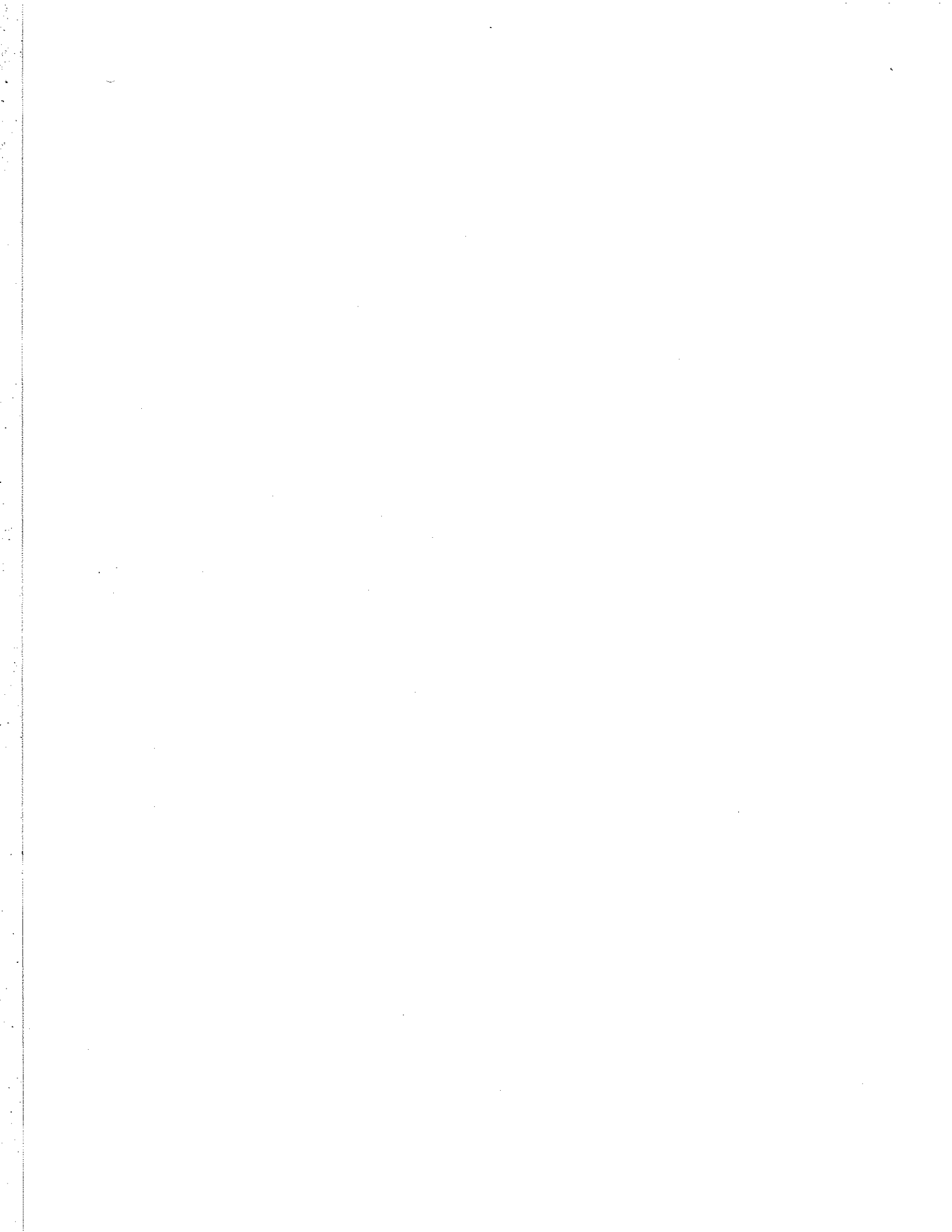
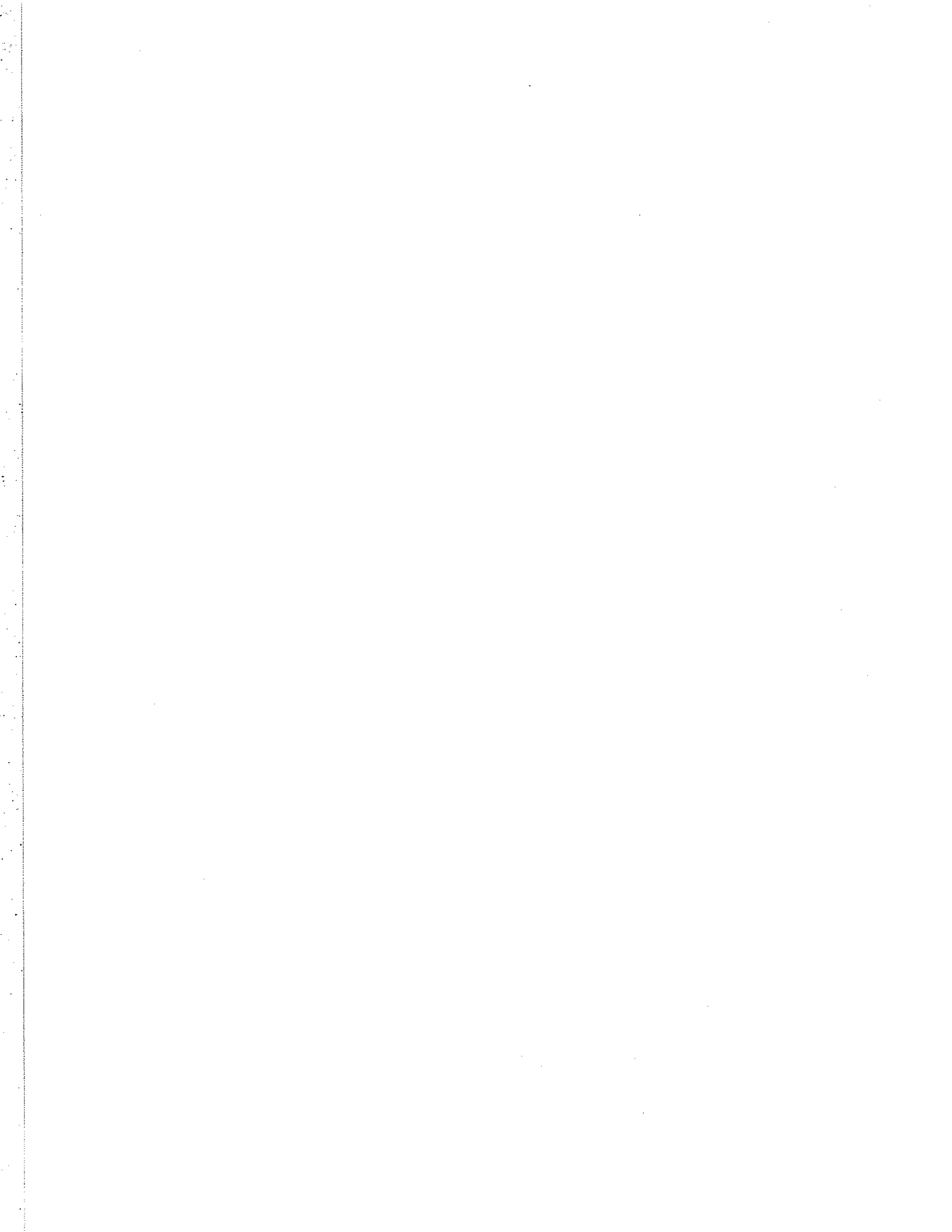


EXHIBIT 3



RESOLUTION

WHEREAS, the New Jersey State Commission of Investigation on February 28, 1974 received a request from Major General Ralph Sharp, Chairman of the Executive Commission on Ethical Standards to review the real estate holdings of Ralph Cornell and the relationship of same to his position as a member of the Delaware River Port Authority and his conduct as a member thereof; and

WHEREAS, the said referral was made with the concurrence of the Honorable Brendan T. Byrne, Governor of the State of New Jersey; and

WHEREAS, it is within the mandate of this Commission to investigate the conduct of public officers and public employees and of officers and employees of public corporations and authorities; and

WHEREAS, this Commission has reviewed that request of the Executive Commission on Ethical Standards and finds same to come within the above set forth mandate;

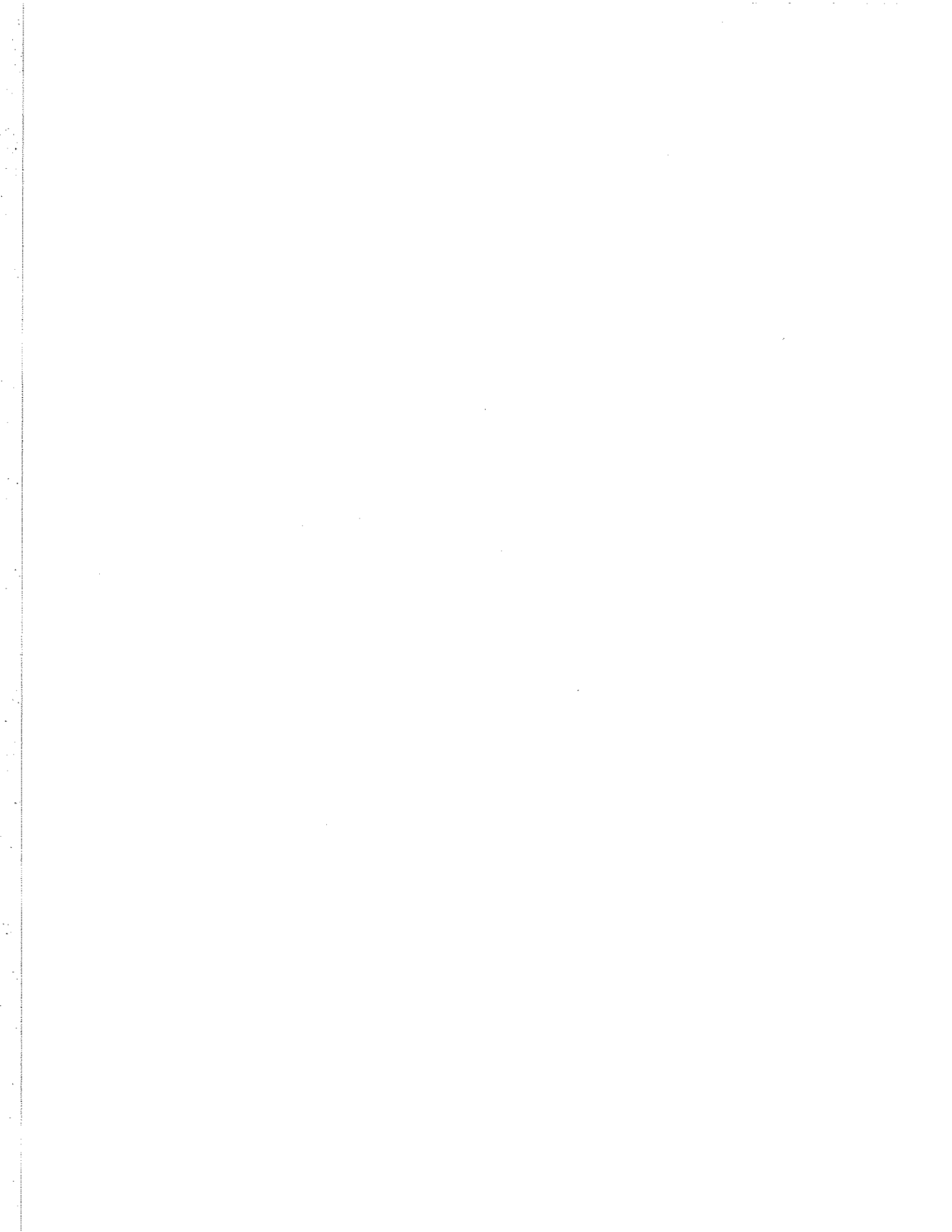
NOW THEREFORE BE IT RESOLVED that pursuant to our statutory mandate (N.J.S.A. 52:9M-2) and in the interest of public justice the New Jersey State Commission of Investigation does hereby accede to the request of the Executive Commission on Ethical Standards and agrees to undertake an investigation of the real estate holdings of Ralph Cornell and their relationship to his position as Commissioner of the Delaware River Port Authority and his conduct as a member thereof.

CERTIFICATION

The undersigned Executive Director of the New Jersey State Commission of Investigation does hereby certify that the above Resolution was adopted by a majority of the Commission at a duly constituted meeting of the Commission held on March 12, 1974 in fulfillment of the requirements of the act establishing the Commission.


MARTIN G. HOLLERAN

EXHIBIT 4



RESOLUTION OF THE
STATE COMMISSION OF INVESTIGATION
TO EXPAND THE INVESTIGATION OF THE
DELAWARE RIVER PORT AUTHORITY

WHEREAS, the State Commission of Investigation on February 28, 1974 received a letter from the Executive Commission on Ethical Standards requesting an investigation of the Chairman of the Delaware River Port Authority, Ralph Cornell; and

WHEREAS, pursuant to said request, this Commission has, by letter dated March 1, 1974 agreed to conduct an investigation into possible conflicts of interest relating to Chairman Ralph Cornell; and

WHEREAS, the preliminary investigation of said conflicts of interest has disclosed numerous areas of possible improprieties and possible criminality; and

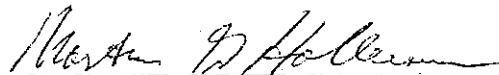
WHEREAS, the areas of possible improprieties and possible criminality may also relate to other individuals connected with the Delaware River Port Authority; and

WHEREAS, this Commission would be remiss in its statutory duty if these areas were not investigated;

NOW, THEREFORE BE IT RESOLVED by the State Commission of Investigation that the inquiry into the Delaware River Port Authority shall include all areas of possible improprieties and possible criminality relating to Commissioners, agents, employees or contractors sitting on, employed by, doing business with, or contractually obligated to the Delaware River Port Authority.

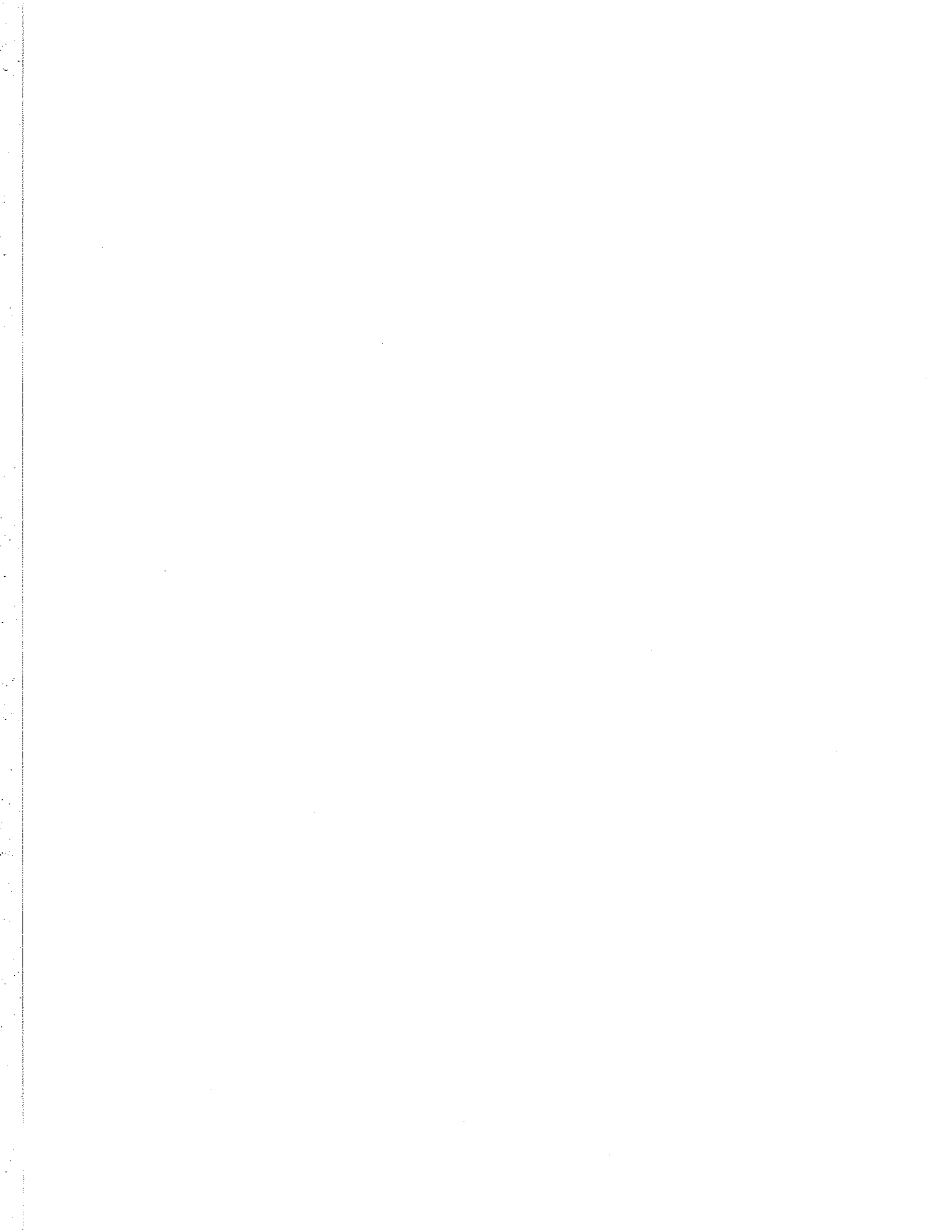
CERTIFICATION

The undersigned Executive Director of the New Jersey State Commission of Investigation does hereby certify that the above Resolution was adopted by a majority of the Commission at a duly constituted meeting of the Commission held on April 18, 1974, in fulfillment of the requirements of the act establishing the Commission.



MARTIN G. HOLLERAN

EXHIBIT 5



BIOGRAPHICAL SKETCH

The Commission is of the view that a short personal history of Mr. Cornell should preface the body of the report. Ralph Cornell was born in Woodbury, New Jersey on August 13, 1913. He attended Woodbury public schools, and Georgia Military Academy and has taken additional business administration courses at the Peirce School of Business Administration and Spring Garden Institute. He is married to the former Ethel Bentz of National Park, New Jersey, the daughter of Yock Bentz, former mayor of National Park. Mr. & Mrs. Cornell had three children, Charles F., R. Bruce and Cynthia Ann. Charles F. Cornell and Cynthia Ann Cornell Walsh are presently living. Mr. & Mrs. Cornell presently reside at 532 Cooper Street in Woodbury.

The firm of Cornell and Company was established in 1904 by Mr. Cornell's father, Charles. Ralph Cornell assumed control of the company in 1932 and incorporated on December 22, 1955. Mr. Cornell's personal-financial statement for the year ending December 31, 1973 lists, in addition to real estate investments, stocks in approximately sixty different corporations.

Mr. Cornell has held a great many business and civic offices throughout his adult life including Director of the Pitman National Bank, Director of the National Band and Trust Company of Woodbury, the President of the Steel Association of Philadelphia, Director of the Delaware Valley Council and Arbitrator for the

American Arbitration Association.

Mr. Cornell is presently the Chairman of the Delaware River Port Authority and has been a Commissioner of that Authority since its inception in 1951. He has been the Chairman of the Authority on three different occasions and is the only Commissioner on the Authority who has served since 1951. He has been either the Chairman or a member of substantially all of the several committees of the Authority. The Commission is of the opinion that it is relevant here to add Mr. Cornell's present sentiments with regard to his position as Chairman of the Delaware River Port Authority. Upon this issue he testified as follows:

THE WITNESS: Well, I was appointed by Governor Driscoll and I was asked to serve at that time for a short period of time until they could find someone. I was not interested in any public office. I think that that time went through maybe three years. Then Governor Meyner became governor, and it was a Republican Senate, and although Governor Meyner kept appointing new appointees they could not get confirmation by the Senate, so that I served during Governor Meyner's terms. And I forget, what did he serve?

COMMISSIONER BERTINI: Eight years.

THE WITNESS: Two terms.

MR. NUGENT: Two terms.

THE WITNESS: Now, Governor Hughes was elected, and Governor Hughes, I asked to be relieved of my position and Governor Hughes said, "I don't want to replace all the members at the same time, and you would do me a favor if you would stay on there." And

I believe that the only two members left at that time, and he wanted a few members that had formerly been there, and he left Mr. Hitzel and myself on.

When Governor Cahill was appointed, I asked him if he would please let me resign from the Port Authority. He gave me a talking to like a Dutch uncle and he talked to me about the responsibilities of businessmen in this country and they talk people into getting into politics and as soon as they get into politics, then the businessmen want to duck their responsibility and run out and play golf or something. I could not resign at that time.

I thought, in fairness to the state, that I should resign upon the election of a new governor in 1973 and in--the primary was in 1970--no, '73 the primary was.

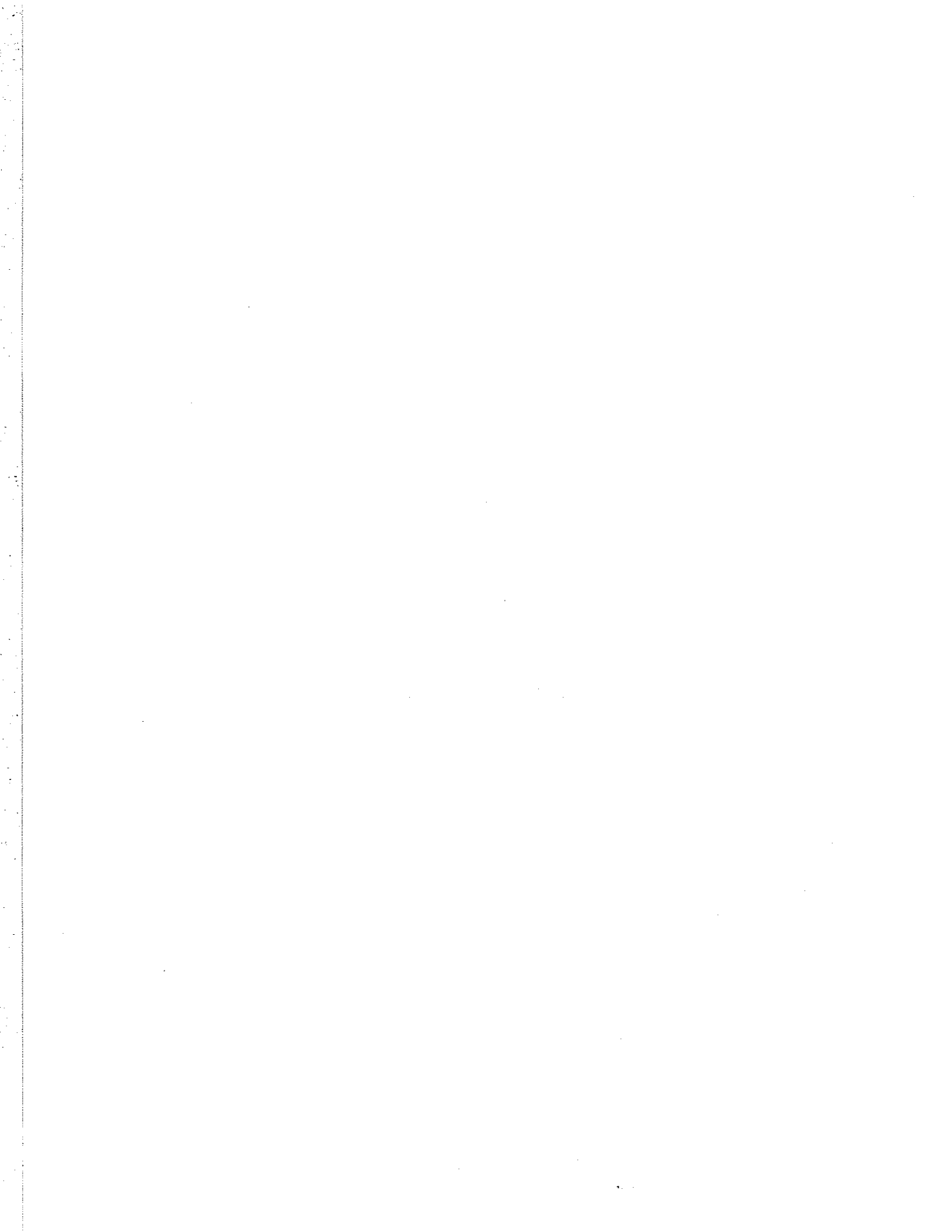
Prior to the primary I wrote a letter, which I have a copy of, dictated to my secretary to Governor Cahill telling him that I thought I should resign,

the best interests of the state, that we were going to have a new governor--this was after the primary-- that we were going to have a new governor and it would be in the best interests of the state that, as a chairman was appointed for two years and that my term expired in June of 1974 and yet the term of the term of the chairmanship did not expire until January of 1975, that it would be in the best interests of the state if I would resign and that whoever was elected the new governor could talk to Governor Cahill and have him appoint someone in my place who could become fully familiar with the operations of the Port Authority.

Again I was denied this privilege and given the same flag-waving that I'm trying to duck my responsibility as a businessman and running out on government.

I have never wanted this job. It's a very time-consuming job. There is no way you can win. No matter what decision you make, the public's against you.

EXHIBIT 6



Gannett, Fleming Corrdry and Carpenter, Inc.
Bellante, Clauss, Miller and Nolan, Inc.
 A Joint Venture of Consulting Engineers

FX C-66
 8-15-74
 JJ

Suite 206
 1060 Kings Highway North
 Cherry Hill, N.J. 08034

Mailing Address:
 P.O. Box 231
 Cherry Hill, N.J. 08002

Private & Confidential

December 29, 1973

Mr. Ralph Cornell
 Chairman
 Delaware River Port Authority
 P.O. Box 571
 Woodbury, New Jersey 08096

Dear Mr. Cornell:

I have enjoyed or endured three weeks of influenza which turned to pneumonia followed by twenty-three days hospitalization with a ruptured appendix and the resultant peritonitis from which I am now convalescing. The surgeon believes that I will be ready to return to full time work in about two more weeks.

I have been nauseated at the grossly unfair newspaper items and editorials which relate to your service on the DRPA's Board.

It is so easy to forget the hundreds of benefits to the public and to the staff in which you have participated over the span of your long service.

But, specifically, as Project Manager for the Consulting Engineers in the Mass Transit Study I know that every selection of possible Glassboro Line station sites was made within our own group. I am ready and willing to tell any person, group or media that there was absolutely no prior consultation with you (nor any other possible land owner) at any time during the selection process. Actually we have been engaged in transit studies, only suggesting possible sites. As a matter of fact you evidenced your displeasure when you first saw a suggested passenger station at Green Street in Woodbury between Green Avenue, East Barber Avenue and Cooper Street.

I trust that this ordeal may soon pass and that you will be completely vindicated. With kind regards and New Year greetings.

Cordially,

George H. Smith

George H. Smith
 Project Manager

GHS:jal

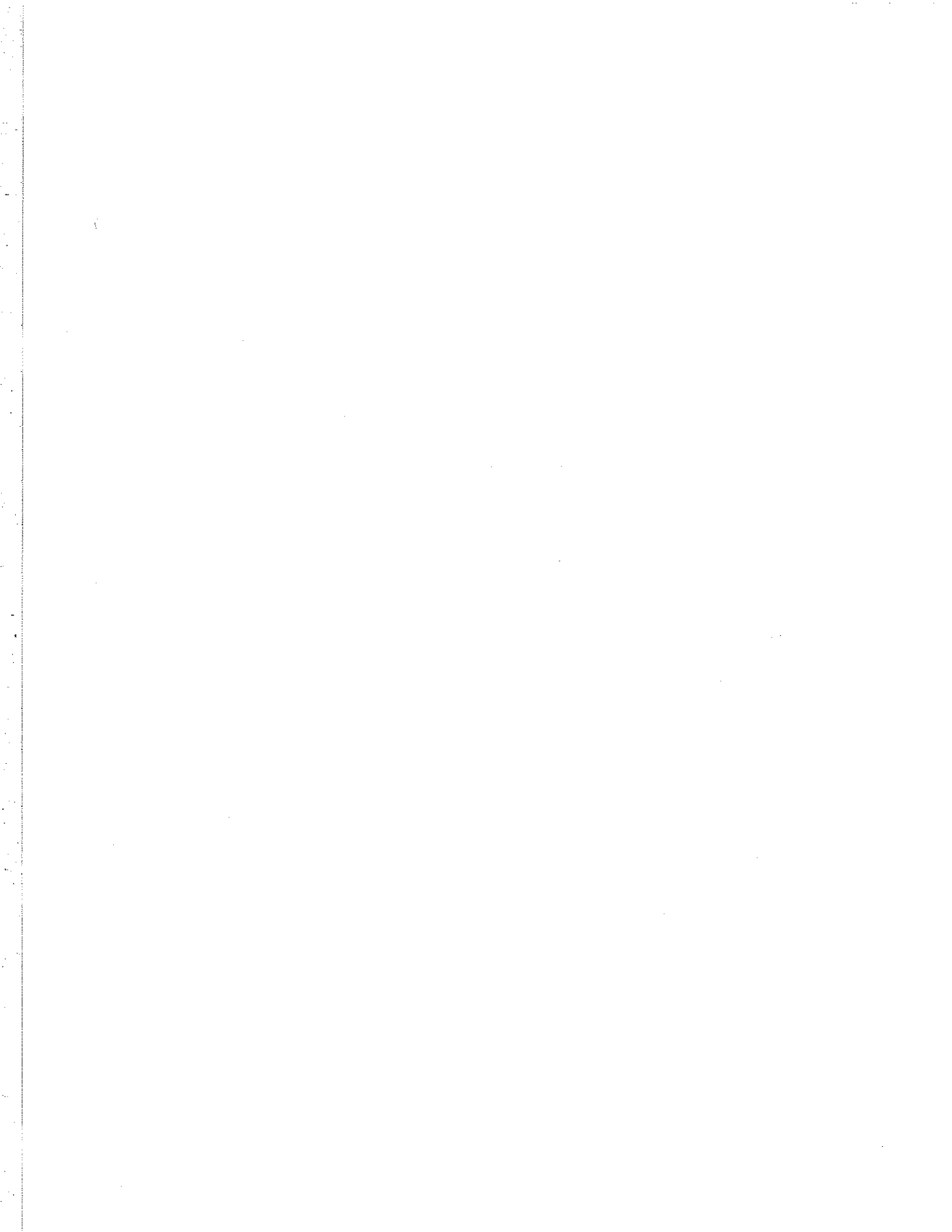
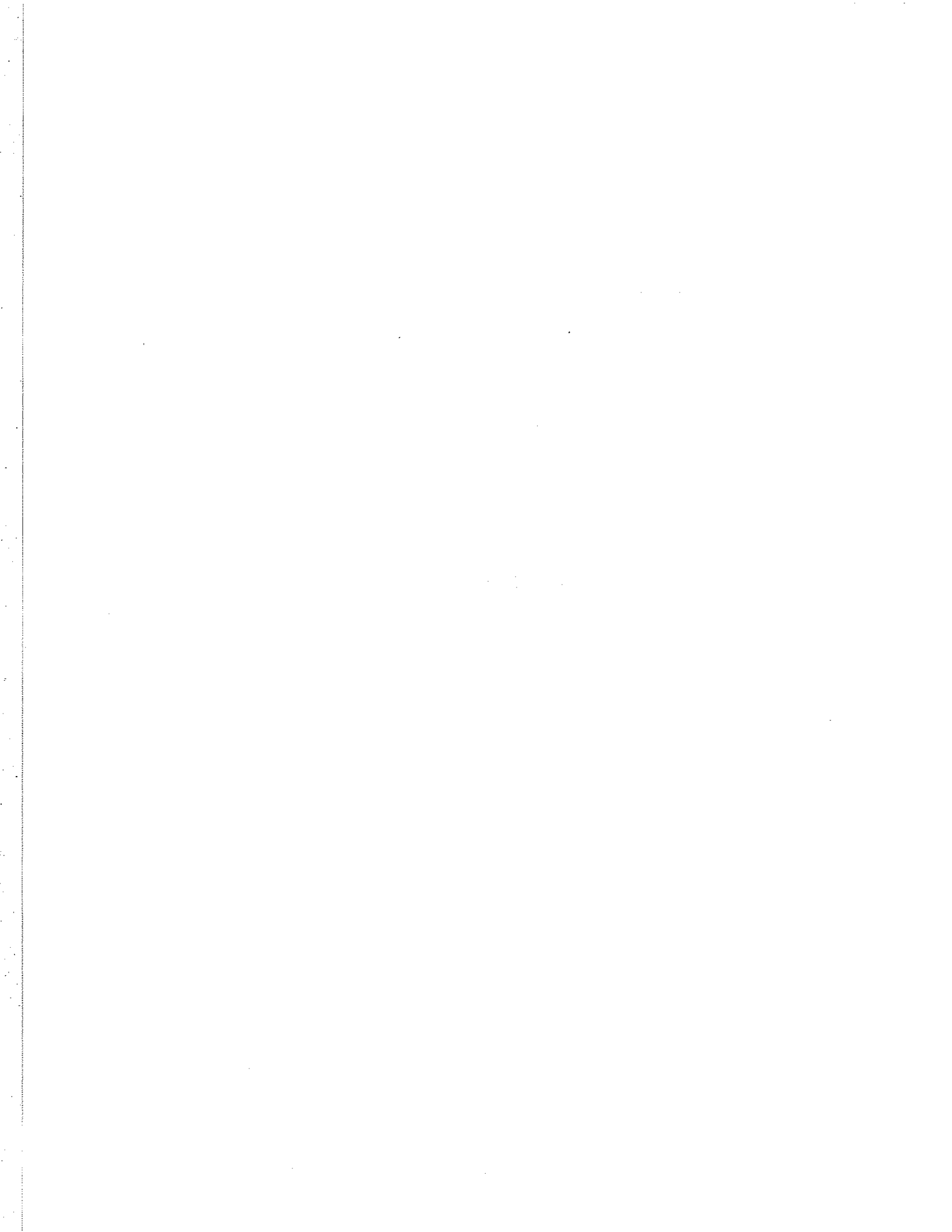


EXHIBIT 7



WALT WHITMAN BRIDGE

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. 8

TRAFFIC LANE MARKER STRUCTURES FOR BRIDGE

EX. C-18
5-2-74
J.P.

Contract Awarded to Approved Gen'l Contr.	Approved Subcontrs.	Subcontractor's Work	Approved Materialmen	Material
<p>WASHINGTON ALUMINUM CO. Knecht Ave. & P.R.R. Baltimore, 29, Md.</p>	<p>Pittsburgh-Des Moines Steel Co. Pittsburgh, Pa.</p> <p>Dietrich Brothers, Inc. Baltimore, Md.</p> <p>Hull Erecting Company Philadelphia, Pa.</p>	<p>Fabricate all arches</p> <p>Fabricate all columns</p> <p>Erect and field paint arches and columns.</p>	<p>Aluminum Co. of America Pittsburgh, Pa.</p> <p>Bethlehem Steel Co. Bethlehem, Pa.</p> <p>Eastern States Paint & Varnish Co., Phila., Pa.</p>	<p>Supply all aluminum (Mill-finished mat' for arches.</p> <p>Supply all steel for columns</p> <p>Paint</p>

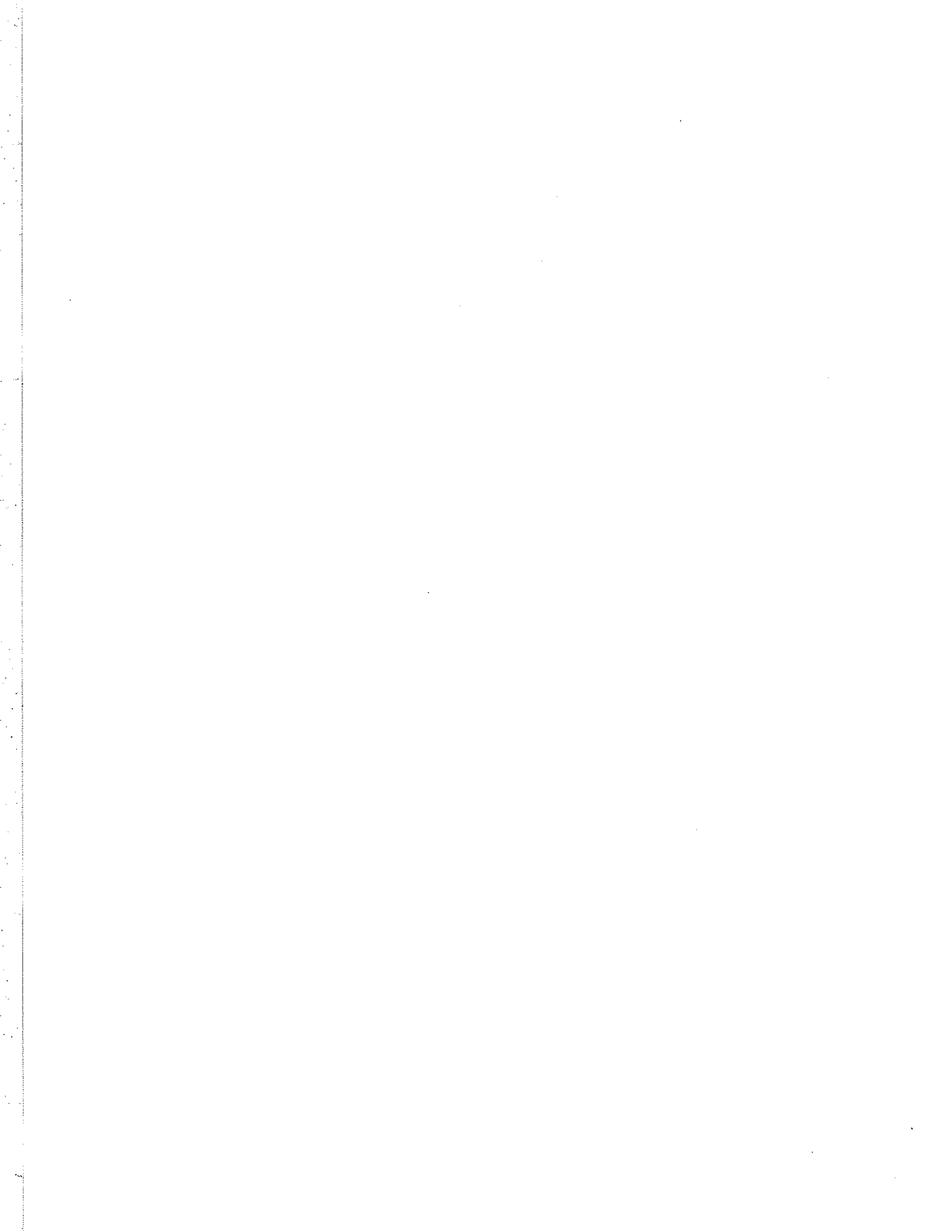
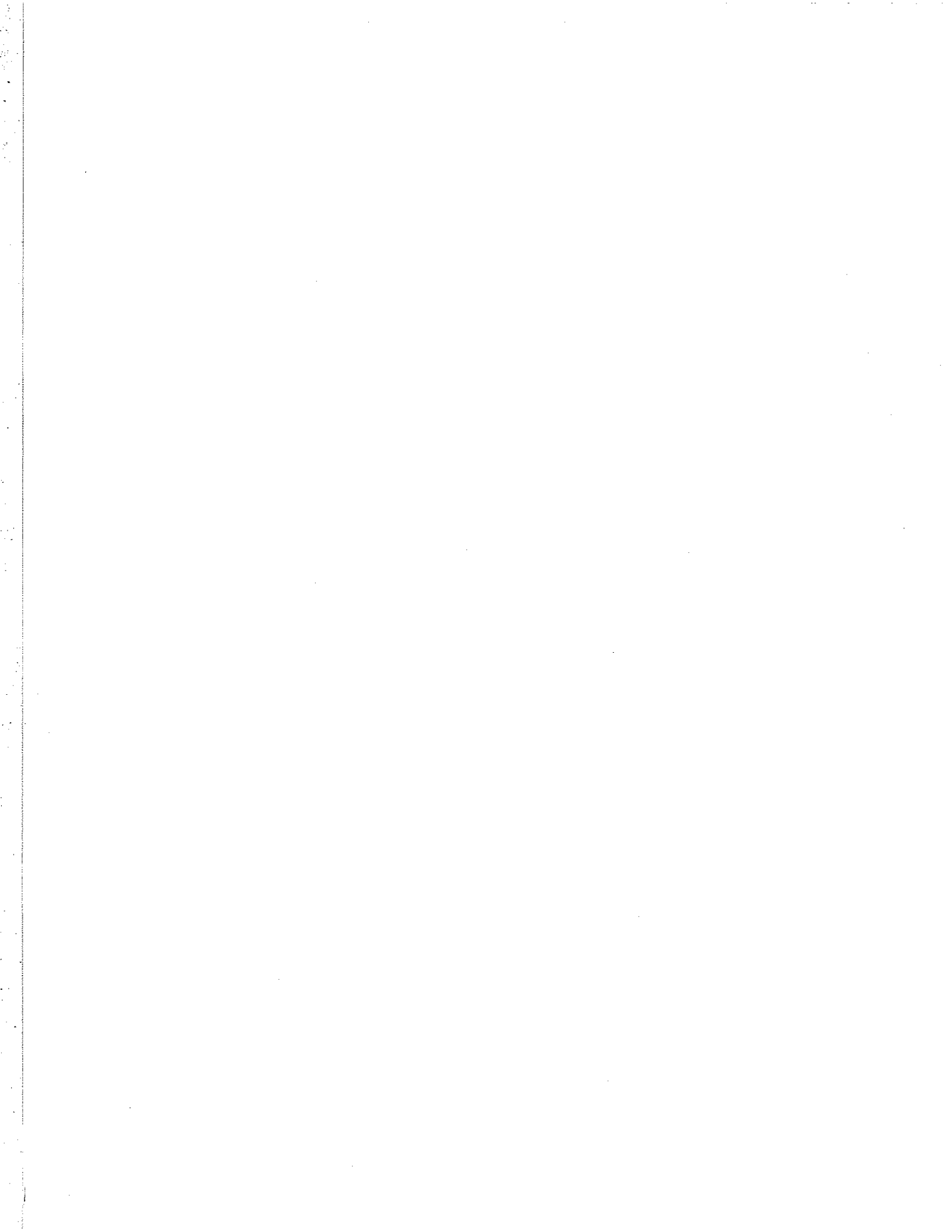


EXHIBIT 8



DELAWARE RIVER PORT AUTHORITY
PACKER AVE. - GLOUCESTER CITY BRIDGE

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. P-2

VIADUCT SUBSTRUCTURE FROM PHILADELPHIA ANCHORAGE TO SECOND STREET, PHILADELPHIA

Contract Awarded to Approved Gen'l Contractor	Approved Subcontractors	Subcontractor's Work	Approved Materialmen	Material
CONDUIT & FOUNDATION CORPORATION 158 North 20th Street Philadelphia 3, Penna.	Raymond Concrete Pile Co. New York	Supplying materials and installing poured-in-place concrete piles	United States Steel Supply Co. P.O. Box 288 Bala-Cynwyd, Penna.	Supplying Reinforcing Steel
	Steel Constr. Corp. Bala-Cynwyd, Penna.	Placing Reinforcing Steel	Warner Company 219 North Broad Street Philadelphia 7, Pa.	Ready-Mixed Concrete
	Frommeyer Company 3901 Ridge Avenue Philadelphia 32, Penna.	Setting Stonework	North Carolina Granite Corporation Mt. Airy, N. C.	Granite-faced masonry for piers.
	Hull Erecting Company Philadelphia, Penna.	Erecting Structural Steelwork	United States Pipe & Foundry Co. Burlington, N. J.	Cast iron drainage pipe
			American Bridge Co. Phila., Pa.	Structural Steel
			Norrictown Brick Co. Norrictown, Penna.	Manhole Brick
			McArdle & Cooney Philadelphia, Pa.	Cast iron soil pipe mfd by Harry C. Weiskittel Co., Inc. Baltimore, Md.
			Woodward Iron Works Greensburg, Pa.	Cast Iron Manhole Frames and Covers and Cast Iron Manhole

Outlets.

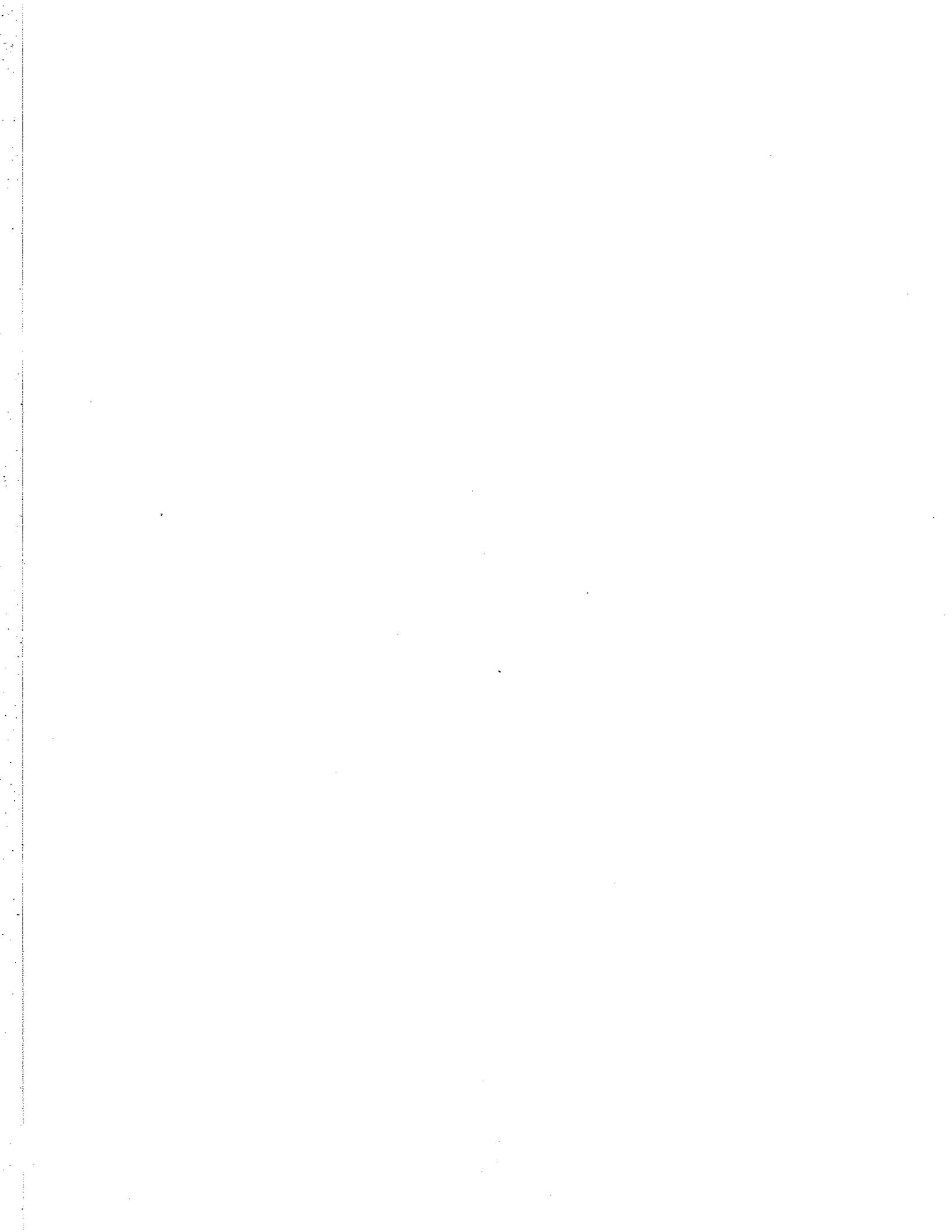
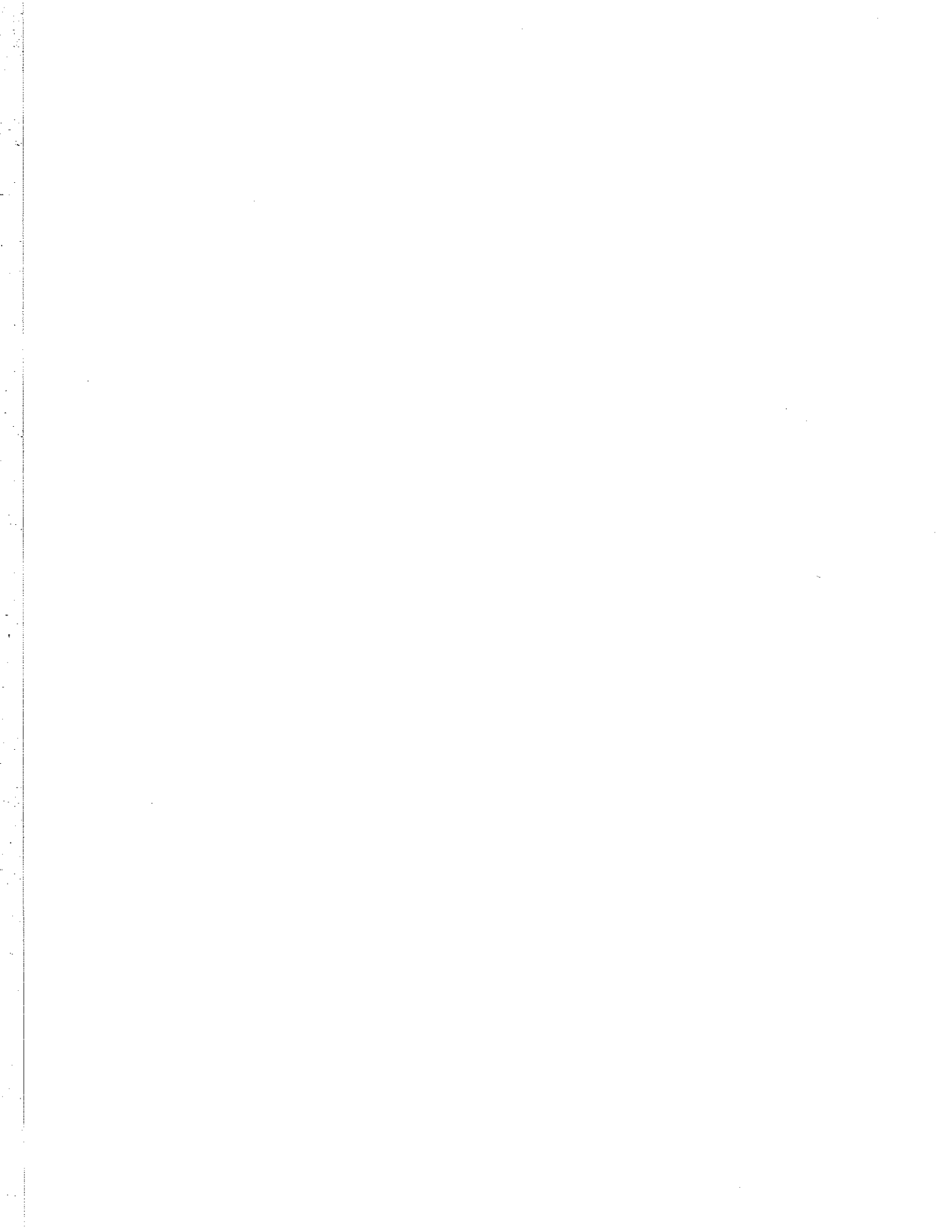


EXHIBIT 9



DELAWARE RIVER PORT AUTHORITY
PACKER AVE. - GLOUCESTER CITY BRIDGE

Page # 1

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. P-5

P. R. R. 25TH STREET OVERPASS AND ROADWAY GRADING, PASSYUNK AVENUE TO 24TH STREET, PHILA.

Contract Awarded to Approved Gen'l Contractor	Approved Subcontractors	Subcontractor's Work	Approved Materialmen	Material
LAUB CONSTRUCTION CO., 1518 Walnut Street Philadelphia 2, Penna.	Robert D. Hendricks & Co. 1205 Drexel Avenue Drexel Hill, Pa.	Preparation of site, clearing and grubbing; trestle removal; excavation and backfill; steel sheeting; tile drainage; stone back- fill and impervious fill	Warner Co. Philadelphia, Pa. United States Steel Supply, Division United States Steel Corp.	Ready-Mixed Concrete, cement, sand and stone Reinforcing Bars and Accessories, including Reinforcing Steel requirements for concrete piles.
	Raymond Concrete Pile Co. 140 Cedar Street New York 6, New York	Cast-in-place concrete piles, Items 3 and 4	American Bridge Div. U. S. Steel Corp.	Structural steel, Item #10
		L & R Construction Co. Inc. 300 Broadway Camden, New Jersey	Placing and handling of all reinforcing steel	
		Hull Erecting Co. Philadelphia, Penna.	Unloading and erect- ing structural steel	
	Ace Electric Co. 129 North 3rd Street Philadelphia, Pa.		Electrical Work, Item 16	
	Nelson Company Holmes, Pa.		Installation of all metallic pipe and fittings for overpass drainage system ITEM 11	

(Cont. on Pg. #2)

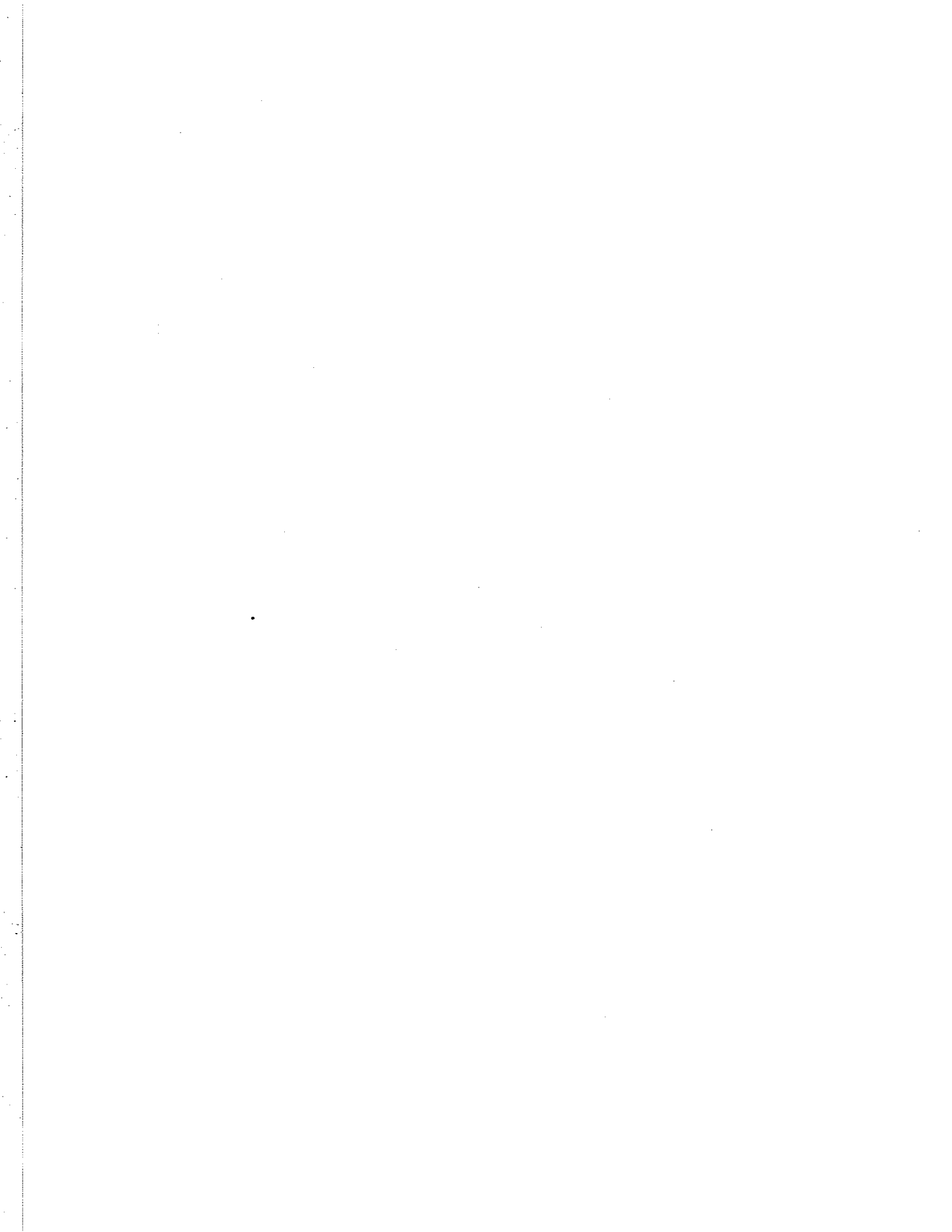
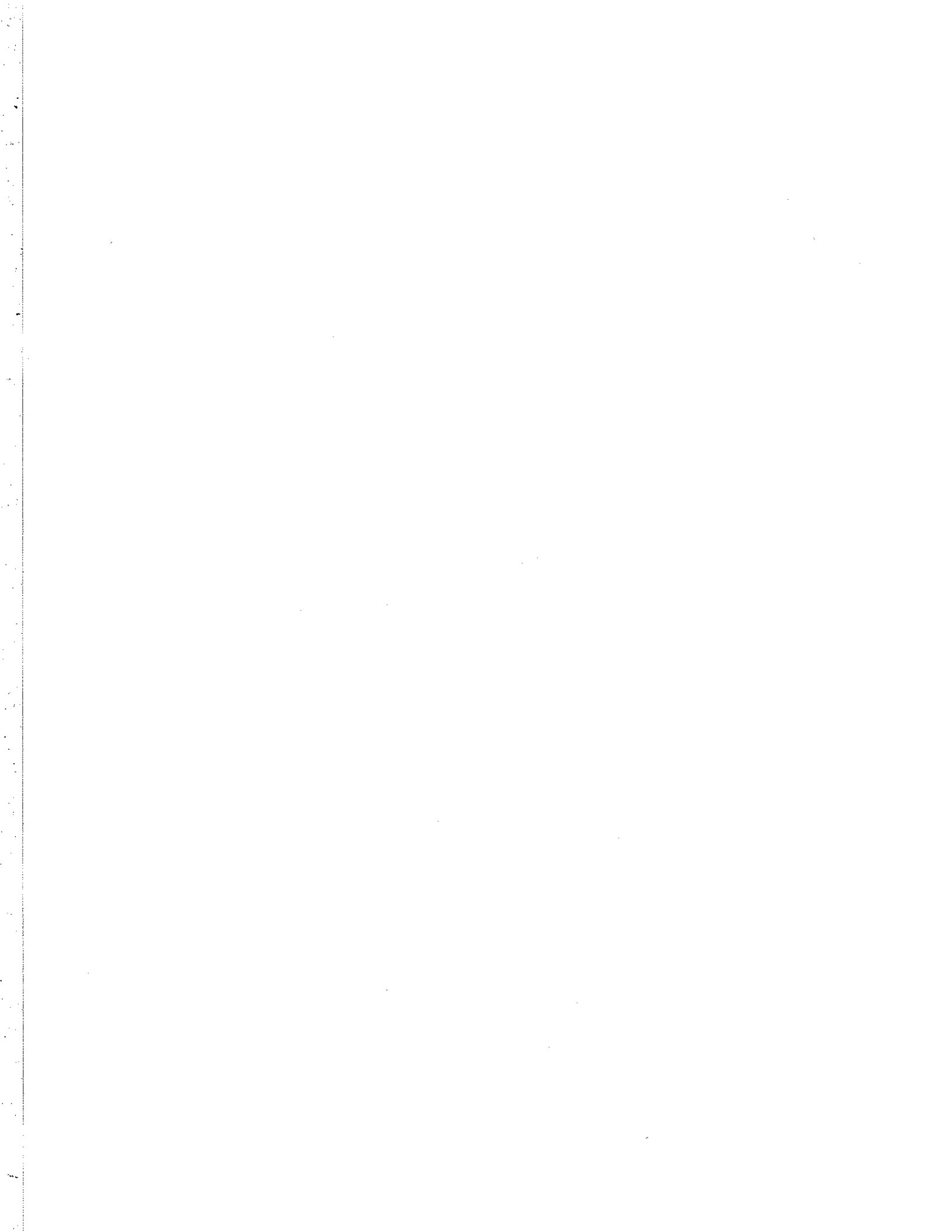


EXHIBIT 10



FX C-2C
5-2-74

DELAWARE RIVER PORT AUTHORITY

Page # 1

PACKER AVE.-GLOUCESTER CITY BRIDGE

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. P-6
ROADWAY GRADING and DRAINAGE, SEPARATION STRUCTURES, and CITY STREET CHANGES, MOYAMENSING AVENUE to SEVENTH STREET,
and RANDOLPH STREET STRUCTURE

Contract Awarded to Approved Gen'l Contractor	Approved Subcontractors	Subcontractor's Work	Approved Materialmen	Material
KAUFMAN CONSTRUCTION CO., INC. 4000 Pulaski Avenue Philadelphia 40, Penna.	John P. Leaming Jenkintown, Pa. Tony Kennedy	All embankment and grading Setting stone masonry	Union Metal Mfg. Co. Canton, Ohio American Steel Eng. Co. Philadelphia	Shells for cast-in- place concrete piles Furnishing reinforc- ing steel
	John B. Kelly, Inc. Philadelphia Keller Aluminum Company Philadelphia W. V. Pangborne & Co. Philadelphia Hull Erecting Co., Inc. Philadelphia, Pa. Union Paving Company Philadelphia Martin & Breen, Phila. L & R. Construction Co. Camden, New Jersey	Furnishing and setting glazed brick in pedestrian Underpasses Furnishing and erect- ing railings Furnishing and instal- ling electrical system Erecting structural steelwork Concrete and asphalt paving Dampproofing and waterproofing mat'ls Setting reinforcing steel	Bethlehem Steel Co.; U. S. Steel Corp'n; and Youngstown Sheet and Tube Company TO FURNISH ROLLED STEEL TO: American Steel Eng. Co. Warner Company Philadelphia J. J. Fitzgerald & Co., Inc. Harris Granite Quarries McAvoy Brick Company.	For fabrication into reinforcing steel Central-mix Concrete Concrete pipe as mf'd by American Concrete Pipe Company Dressed granite and stone masonry Building brick for sewer manholes

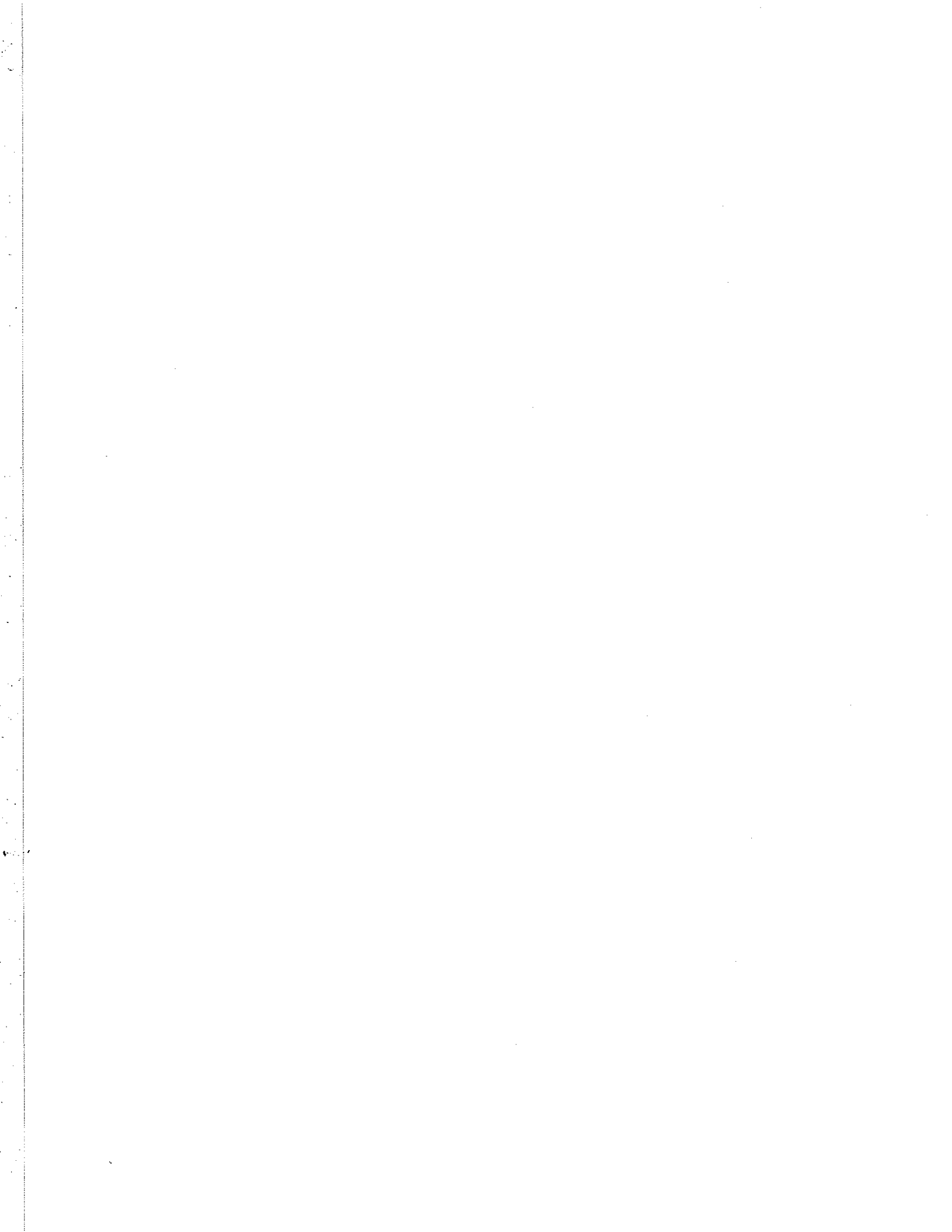
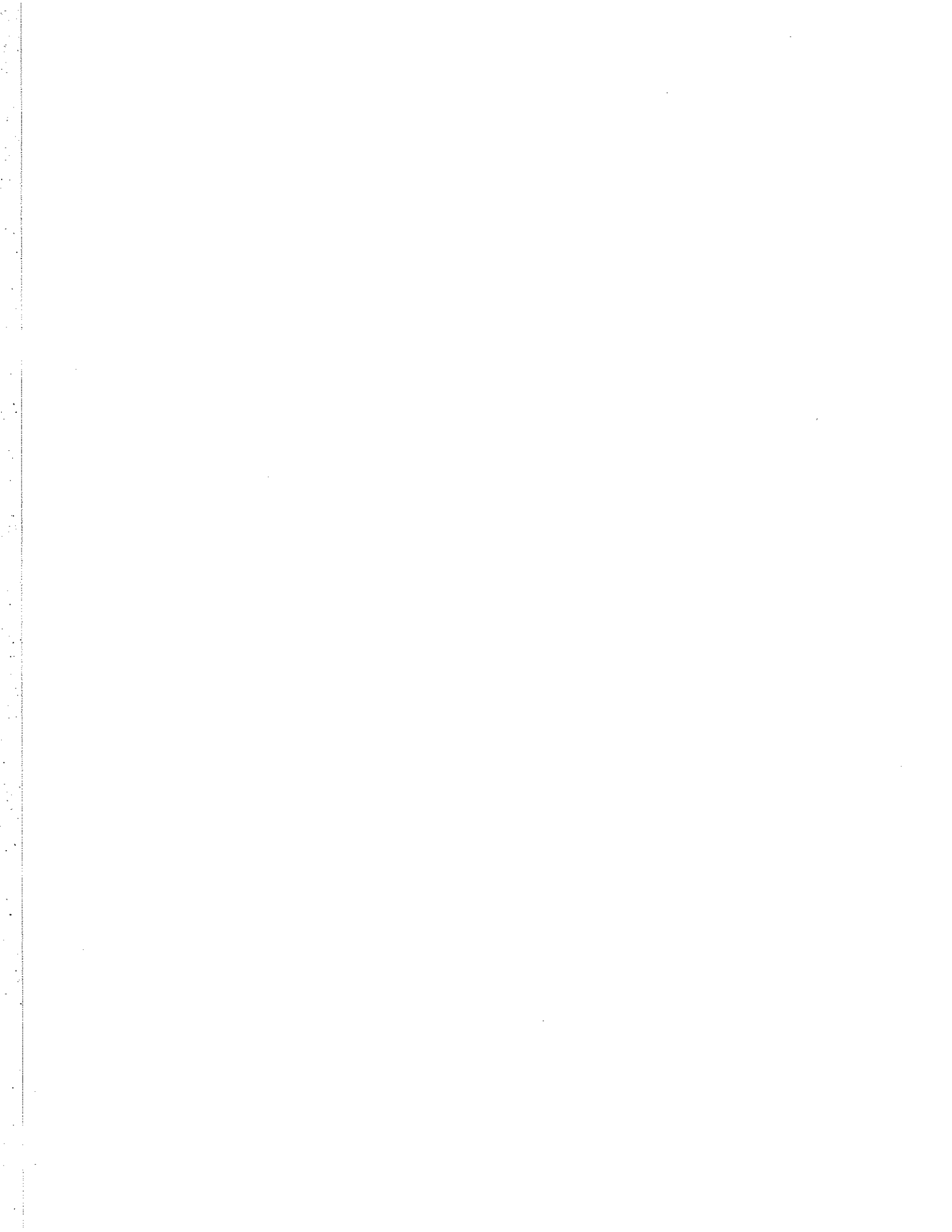


EXHIBIT 11



WALT WHITMAN BRIDGE

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. P-12

RAMP "M" STRUCTURE OVER PACKER AVENUE & 20TH STREET

F. X. C. 71
5. 7. 74 88

Contract Awarded to Approved Gen'l Contr.	Approved Subcontrs.	Subcontractor's Work	Approved Materialmen	Material
Kaufman Construction Co. 4000 Pulaski Avenue Philadelphia 40, Penna.	Mt. Vernon Steel Company Mt. Vernon, Ohio	Furnishing and erection of structural steel	American Steel Engineering Company Union Metal Mfg. Co. Canton, Ohio Warner Company 1721 Arch Street Philadelphia, Penna. Tony Kennedy and Son 344 Ardmore Avenue Ardmore, Penna. Woodward Iron Works 225 North 6th Street Connellsville, Penna.	Supplier of re- inforcing steel Monotube piles Furnishing centra mix concrete For setting stone masonry facing an furnishing and setting dressed granite masonry. For furnishing ca iron or cast steel inlets, manhole frames and covers

WALT WHITMAN BRIDGE

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. P-12

RAMP "M" STRUCTURE OVER PACKER AVENUE & 20TH STREET

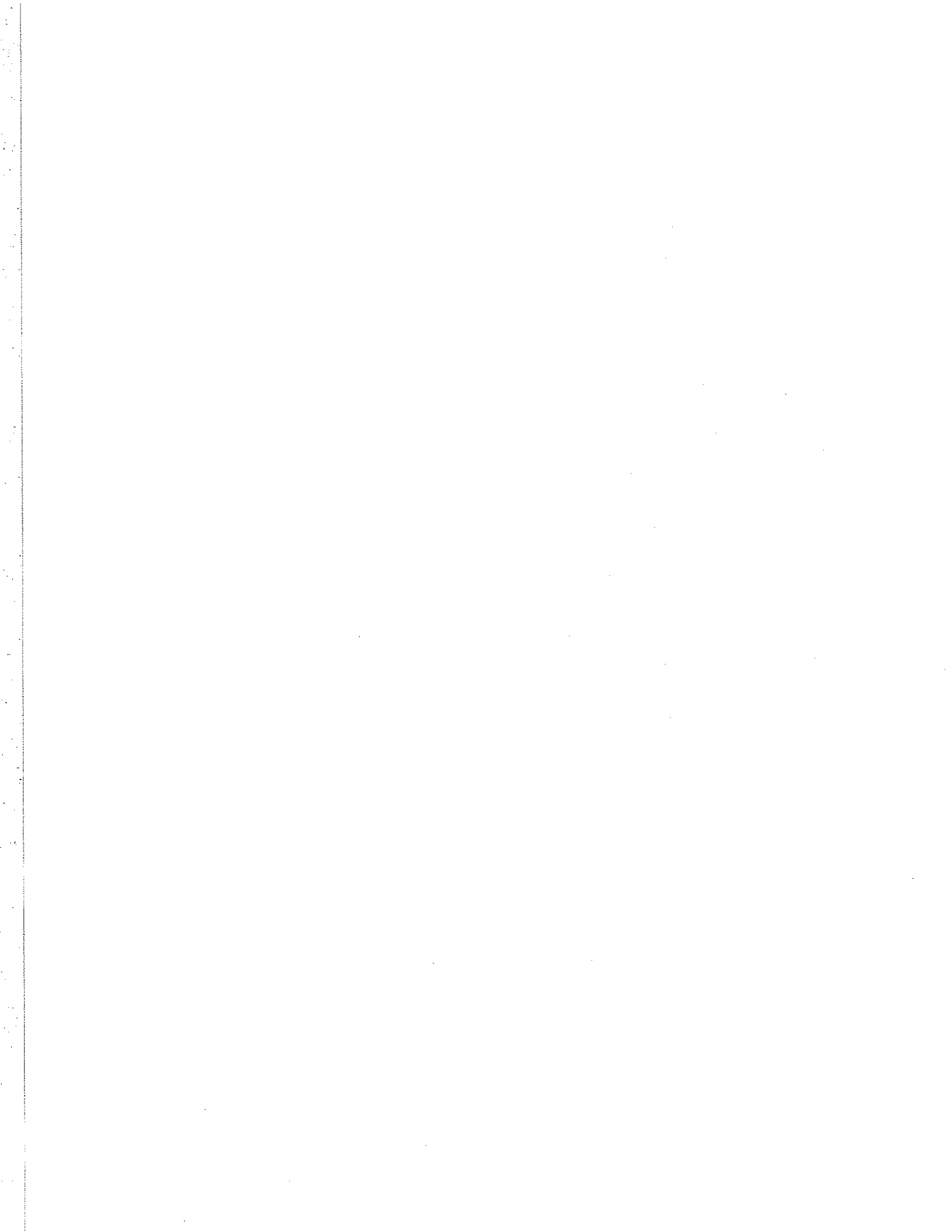
Contract Awarded to Approved Gen'l Contr.	Approved Subcontrs.	Subcontractor's Work	Approved Materialmen	Material
<p>KAUFMAN CONSTRUCTION COMPANY, INC. 4000 Pulaski Avenue Phila. 40, Penna.</p>	<p>Keller Aluminum Corp. Phila., Penna. L. & R. Construction Co. Camden, New Jersey</p>	<p>Erecting aluminum railing (which they also supply) Placing reinforcing steel</p>	<p>Union Paving Company Wynnewood, Penna. Keller Aluminum Corp. Phila., Penna.</p>	<p>Paving Material Aluminum Railing</p>

DELAWARE RIVER PORT AUTHORITY

WALT WHITMAN BRIDGE

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. P-12

Contract Awarded to Approved Gen'l Contr.	Approved Subcontrs.	Subcontractor's Work	Approved Materialmen	Material
Kaufman Construction Company, Inc. 4000 Pulaski Avenue Phila. 40, Pa.	Hull Erecting Co., Inc. Philadelphia, Penna.	Erecting the Structural Steel on this Contract		



(Article XI - By-Laws)

Any Commissioner having such an interest shall in no event participate in any way in the negotiation of, consideration of or voting upon any matter relating directly or indirectly thereto, nor communicate directly or indirectly in respect to the matter with any other person connected with the Authority; and further, may, in the discretion of a majority of the Commissioners from each state (other than the Commissioner having such interest), deliberating in open, record meeting, be required to immediately eliminate such interest or be recommended for removal from office by the process provided for removal or termination by the respective states.

*adopted
July 19, 1972*

PROPOSED ADDITION TO THE BY-LAWS

ARTICLE ~~11~~
12

1. No Commissioner, officer or employee shall accept from any person, whether directly or indirectly and whether by himself or through his spouse or any member of his family or through any partner or associate, any gift, favor, service, employment or offer of employment or any other thing of value which he knows or has reason to believe is offered to him with intent to influence him in the performance of his duties and responsibilities.
2. No Commissioner, officer or employee shall represent, appear for, or negotiate on behalf of, or agree to represent, appear for, or negotiate on behalf of, whether by himself or by or through any partnership, firm or corporation in which he owns or controls, or by any partner, officer or employee of any such partnership, firm or corporation any person or party other than the Authority in any negotiations for the acquisition or sale by the Authority of any interest in real or tangible or intangible personal property; provided, however, nothing contained in this section shall be deemed to prohibit any person from representing himself in negotiations or proceedings concerning his own interest in real property.
3. A Commissioner who is a lawyer or other such professional will be deemed "to have an interest" requiring open disclosure and refraining from voting if he or his partners or his firm represent any person or entity which deals with the Authority, even though neither he nor his partners or firm (in compliance with the preceding paragraph) refrain from representing that client in its dealings with the Authority.
4. No Commissioner, officer or employee of the Authority or any consultant to the Authority may profit or seek to profit by the use of any information which he acquires by reason of his connection with the Authority. This By-Law shall be attached to all contracts with consultants and delivered to all officers, employees and Commissioners, and an acceptance of employment, status as a consultant or a seat as a Commissioner shall be deemed a waiver of any objection to the introduction of this By-Law in evidence in any civil suit by the Authority to recover such profits.
5. No Commissioner, officer or employee of the Authority shall have, or acquire, any interest, direct or indirect, in any contract or subcontract or proposed contract or subcontract for construction, materials, or services, or any lease, mortgage, agreement of sale or other contract of any nature relating thereto without forthwith making written disclosure to the Authority, in form available to the public, of the nature and extent of his interest and such disclosure shall be entered in writing in the minute book of the Authority; provided, however, that the word "interest" as used in this Article shall not be deemed to include membership by a Commissioner in any other public authority, nor shall it be deemed an "interest" to hold securities in companies listed on a major exchange or obligations of any public authority.

Any officer or employee having such an interest shall either immediately eliminate such interest or such conflict in a manner satisfactory to the Commissioners or, in the discretion of the Commissioners deliberating in open, record meeting, be terminated as an officer or employee of the Authority.

EXHIBIT 28

- 10. WASHINGTON TWP. ✓
Approx. 92 acres, formerly Michaels Farm, located near County House Rd. East of Mt. Pleasant Rd. For principals see Note "A". Acquired February 1962.
- 11. MANTUA TWP. }
Approx. 40 acres, formerly J. Nelson Farm adjacent to Pitman Country Club. For principals see Note "A". Acquired during 1969.
- 12. MANTUA TWP. ✓
Approx. 172 acres known as Pitman Country Club and Golf Course at Pitman and Lambs Roads. For principals see Note "A". Property acquired March 1958.
- 13. MANTUA TWP. ✓
Approx. 70 acres, formerly W. Zee Farm, adjacent to the Pitman Country Club. This parcel acquired during April, 1959. For principals see Note "A".
- 14. LOGAN TWP. ✓
Approx. 55 acres, near Bridgeport, formerly part of Folker Farm. Property obtained April 14, 1972 jointly with Mr. Alfred Pierce and has since been sold.
- 15. WOOLWICH TWP. ✓
Approx. 55 acres near Swedesboro, former Hunter property. Purchased August 11, 1972 jointly with Mr. Alfred Pierce and has since been sold.
- 16. LOGAN TWP. ✓
Approx. 87 acres near Bridgeport. Mr. Cornell and Mr. Pierce jointly share agreement to purchase, but the land has not yet been acquired.
- X WEST DEPTFORD TWP. ✓
Approx. 11 acres at Gateway Boulevard and Route 295, former Stanley Farm. Property acquired June, 1956, separated into three parcels and sold between 1967 and 1971. Principals in transaction were Mr. Cornell and two other parties, none of whom hold political offices or have been connected with the Delaware River Port Authority.

NOTE "A" - Principals in the purchase of these properties were Ralph Cornell and three other parties, none of whom are or were political office holders or connected with the Delaware River Port Authority.

NOTE "B" - Properties listed under Items 6, 7, 8, 9, 10, 11 and 12 were sold outright, or placed under options of sale, early in 1973.

REAL ESTATE TRANSACTIONS AND HOLDINGS OF RALPH CORNELL

CAMDEN COUNTY

- 1. CAMDEN CITY Approx. 24 acres generally bounded by Admiral Wilson Blvd., Bank St., Carmine St. and 17th St. Property acquired during February, 1970. Owned jointly with Mr. Alfred Pierce, former political office holder and Delaware River Port Authority member.
- 2. COLLINGSWOOD Approx. 5 acres at Ferry Ave. and the White Horse Pike. Property acquired September 11, 1973 jointly with Mr. Alfred Pierce.

GLOUCESTER COUNTY

- 3. DEPTFORD TWP. Approx. 7 acres located at 1540 Old Broadway between Westville and Woodbury. The bulk of the property was acquired during the 1930-1940 period and has been used continuously since then as the main office and yard facility for Cornell & Company, Steel Erectors. The land is presently owned by Cornell & Company, the Corporation.
- 4. WOODBURY CITY Approx. 5 $\frac{1}{4}$ acres located at 140 Green Avenue. Property acquired December 15, 1970 jointly with Mr. Alfred Pierce.
- ~~HOME~~
5. WOODBURY CITY Residential property located at 532 Cooper Street. Residence of Mr. & Mrs. Ralph Cornell. Property acquired during 1940 and used continuously as residence to present time.
- 6. DEPTFORD TWP. Approx. 840 acres, formerly known as Locust Grove Farm. Generally bounded by Clements Bridge Rd., Almonesson Rd., Turkey Hill Rd. and Caulfield Ave. Bulk of property acquired during 1956-1962 period. Principals in the purchase were Ralph Cornell and three other parties, none of whom hold political office or were connected with the Delaware River Port Authority.
- 7. WASHINGTON TWP. ✓ Approx. 75 acres, formerly Harlan Farm, located at Delsea Drive and County House Rd. For principals in purchase see Note "A", acquired June, 1960.
- 8. WASHINGTON TWP. ✓ Approx. 134 acres, formerly Atkinson Farm, located adjacent Delsea Drive, County House Rd. and Egg Harbor Rd. For principals see Note "A". Acquired January, 1961.
- 9. WASHINGTON TWP. ✓ Approx. 126 acres, formerly Powell Farm, located near County House Rd. and Blackwoodtown Rd. For principals see Note "A". Acquired 1962.

EX. C-64
8-15-74
JP

EXHIBIT 27

RECEIVED
1974 AUG 16 10 10 AM
11/24

CHARLES H. NUGENT

COUNSELLOR AT LAW

519 MARKET STREET

CAMDEN, N. J. 08102

964-3262

AREA CODE 609

August 16, 1974

State of New Jersey
Commission of Investigation
28 West State Street
Trenton, N. J. 08608

Att: Michael R. Siavage, Counsel Re: Ralph Cornell

Dear Mr. Siavage:

In talking to Mr. Cornell after the hearing yesterday I was advised as follows:

The only business entity in which Mr. Cornell owns any interest that has purchased insurance from the Smith-Austermuhl Co. is Cornell & Co. The last year Cornell & Co. insured through Smith-Austermuhl was the year 1971. All other Cornell companies and corporations in which he owned any interest obtained insurance through companies other than Smith-Austermuhl.

I feel that this fact should be made a part of the record because of the inquiry concerning the ownership of stock in Smith-Austermuhl by Mr. Cornell at the time that the Port Authority insurance was transferred to it. I am taking the liberty of sending copies of this letter to both Mr. Bertini and Mr. Lucas. If you desire any further information or documentation in this regard please advise and I shall be happy to oblige.

Very truly yours,


CHARLES H. NUGENT

CHN/rsv

cc: Hon. Charles L. Bertini
Hon. David G. Lucas
Hon. Ralph Cornell

EXHIBIT 26

WHEREAS, copies of the transcript of the said hearing and Finding of Fact and Recommendations have been distributed to each Commissioner; now, therefore,

BE IT RESOLVED, that the Sub-Committee's Finding of Fact and Recommendations in the matter of dismissal proceedings against William R. Doughty, a Patrolman, be hereby adopted as the action of this Authority.

BE IT FURTHER RESOLVED: That, William R. Doughty be hereby discharged as a Patrolman and his employment by this Authority terminated effective December 19, 1967, said date being the effective date of his suspension from duty.

ADOPTED: NO VOTE IN THE NEGATIVE

Mr. Kervick offered the following resolution and moved its adoption:

RESOLVED: That, E. Stevenson Fluharty, Esquire, 745 Market Street, Camden, New Jersey, be appointed New Jersey Counsel, at an annual salary of \$26,250.00, effective June 19, 1968, for the remainder of this biennium 1967/69, replacing Bruce A. Wallace, Esquire, retired.

A roll-call vote showed all members present voted affirmatively.

Mr. Kervick offered the following resolution and moved its adoption:

RESOLVED: That, the Smith-Austermuhl Company of 5th and Market Streets, Camden, New Jersey be appointed New Jersey broker of record, effective June 19, 1968, to act with Boardman-Hamilton Company of Philadelphia, Pennsylvania, broker of record, as co-brokers for the Authority's insurance matters.

ADOPTED: NO VOTE IN THE NEGATIVE

Mr. Cornell was recorded as not voting.

The following report of the Public Relations and Affairs Committee of June 13, 1968 was presented:

EXHIBIT 25



CARROLL STEEL COMPANY

OFFICE & WAREHOUSE

Jefferson Avenue & Railroad • P. O. Box 229 • Paulsboro, N. J. 08066

HA 3-4200 (Code 609)
WA 2-7761 (Code 215, Phila.)

Sold To

X

Hairier & Malone Corporation
289 Neppanau Avenue
Yonkers, N. Y.

Shipped To

Samuel Jobsite
Southern Linden Avenue
Haddonfield, N. J.

9

Cust. Order No.	Order Date	How Shipped	Invoice No.	Terms: 1/2 of 1% 10 Days Net 30 Days	Date
100-1-100	1/25/74	Carroll Steel	11-50		1/25/74
QUANTITY	DESCRIPTION OF MATERIAL		WEIGHT	PRICE	AMOUNT
	<u>STRUCTURAL BEAMS, A-36:</u>				
23 pcs	14" WF 142#	x 50'	163,300#	7.40	\$12,084.20
11 "	do.	x 35'	64,670#	7.40	4,785.58
11 "	"	x 30'	46,860#	7.40	3,467.64
1 "	14" HP 117#	x 45'	5,260#	7.40	389.61
20 "	do.	x 40'	28,600#	7.40	6,926.40
20 "	"	x 35'	81,900#	IX. 7.40	5,360.60
					<u>\$32,974.03</u>

EX. C-10
H-25-74
JP

EXHIBIT 24

Mr. Steinberg moved and it was seconded:

That, the communications be received and incorporated in the minutes.

CARRIED

Mr. Howe offered to following resolution and moved its adoption:

RESOLVED: That, in accordance with the recommendations of the Authority's Consulting Engineers, Modjeski & Masters Ammann & Whitney, Extra Work Order No. 4 to Contract No. P-12, in the total amount of \$220.00, submitted by Kaufman Construction Company, Inc., for additional work on the Philadelphia Approaches of the Walt Whitman Bridge over the Delaware River connecting Packer Avenue, Philadelphia, Pa. and Gloucester City, New Jersey be accepted and approved.

ADOPTED: NO VOTE IN THE NEGATIVE

The following communications from Modjeski and Masters - Ammann and Whitney were presented:

Administration Building
Benjamin Franklin Bridge Plaza
Camden,
New Jersey

February 19, 1958

The regular monthly meeting of the Delaware River Port Authority was held in this office at 1:00 o'clock P.M. today.

Mr. Markeim, Chairman, presided.

Present were: Messrs. Baney, Cornell, Hitzel, Howe, Johnson, Kent, Markeim, McAuliffe, Schlanger and Steinberg. Also in attendance were: Messrs. Costello, Executive Director; Duane, Felton and Wallace, Counsel; Masters, W. Ammann, Holt and Klauder, Engineers; Kramer, Chief Engineer; Suplee, Superintendent, Department of Bridges; Gaffney, Public Relations Director, and McCullough, Secretary.

Mr. Baney moved and it was seconded:

That, the Authority resolve itself into a Committee of the Whole.

CARRIED

The Executive Director stated that, subject to the approval of the members, he would recommend for the open meeting the appointment of Mr. C. H. McWilliams, of Pitman, New Jersey, as Treasurer of the Delaware River Port Authority, succeeding Horace J. Stradley, resigned to go on pension. Mr. McWilliams accepted a salary of \$19,000 a year, Mr. Costello said and fixed the effective date of his appointment as March 17, 1958.

The following experience record of C. H. McWilliams, Pitman, New Jersey was presented:

EXHIBIT 23

MODJESKI & MASTERS—AMMANN & WHITNEY

ENGINEERS

FOR THE

WALT WHITMAN BRIDGE

OF THE

DELAWARE RIVER PORT AUTHORITY

OF

PENNSYLVANIA AND NEW JERSEY

Gloucester, N. J.
January 15, 1958

MODJESKI & MASTERS
FORSTER STREET AT SIXTH
P. O. BOX 167
HARRISBURG, PA.

AMMANN & WHITNEY
111 EIGHTH AVENUE
NEW YORK 11, N. Y.

RECEIVED MASTERS

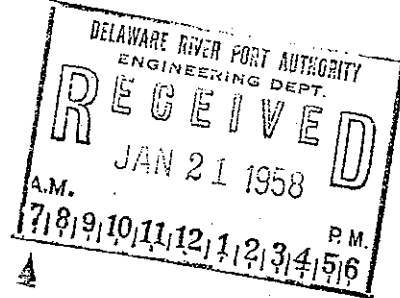
JAN 17 1958

RALPH C. HOLT
PROJECT ENGINEER
P. O. DRAWER 191
GLOUCESTER, N. J.

Modjeski & Masters-Ammann & Whitney
Post Office Box 167
Harrisburg, Pennsylvania

Dear Sirs:

RE: CONTRACT P-12
EXTRA WORK ORDER #4



Enclosed is an invoice from Kaufman Construction Company in the amount of \$220.00 covering the cost of adjusting the expansion shoes on the overpass structure at Packer Avenue and 15th Street.

The structure was erected under Contract P-6, and the expansion shoes were in their proper position after the completion of this structure. When the high embankment was placed back of the two abutments of the structure, we noticed the expansion shoes were leaning considerably out of position. Measurements checked by reference points revealed that the top of the wall and the bridge seat of both abutments had been displaced approximately 1/2" by the weight of the embankment placed behind the abutment walls. Checks during the past year show that no further displacement at the top of the wall has occurred during the past year. Therefore, we adjusted the expansion shoes to their proper position while Kaufman Construction Company had equipment available under Contract P-12.

We have checked the invoice and find it to be correct. I recommend that the invoice, in the amount of \$220.00, be submitted to the Authority with a request for permission to issue Extra Work Order #4 to cover it.

Very truly yours,

R. C. Holt
R. C. HOLT
Project Engineer

RCH:mce
Enc. 2

cc: Ammann & Whitney (enc.)

Handwritten notes:
Mamm...
1/31/58

MODJESKI & MASTERS—AMMANN & WHITNEY

ENGINEERS

FOR THE

WALT WHITMAN BRIDGE

OF THE

DELAWARE RIVER PORT AUTHORITY

OF

PENNSYLVANIA AND NEW JERSEY

Harrisburg, Pennsylvania

January 20, 1958

MODJESKI & MASTERS
FORSTER STREET AT SIXTH
P. O. BOX 167
HARRISBURG, PA.

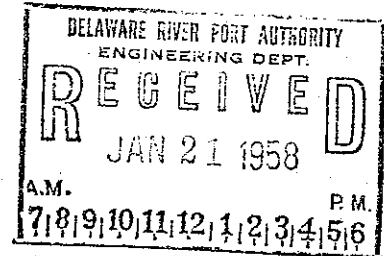
AMMANN & WHITNEY
111 EIGHTH AVENUE
NEW YORK 11, N. Y.

D.M.K.
 H.W.P. ✓
 J.R.W.
FILE 10.2

RALPH C. HOLT
PROJECT ENGINEER
P. O. DRAWER 191
GLOUCESTER, N. J.

Scott

Mr. D. M. Kramer, Chief Engineer
Delaware River Port Authority
Administration Building
Camden 2, New Jersey



RE: WALT WHITMAN BRIDGE - CONTRACT NO. P-12 -
EXTRA WORK ORDER #4

Dear Mr. Kramer:

Herewith report of our Project Engineer, Mr. Ralph Holt, relative to extra cost incurred on behalf of the Kaufman Construction Company, made necessary due to the requirement that they correct the position of the expansion shoes which had been displaced after the steel work was erected in a correct position by the placement of the fill behind the abutments.

It was necessary that these shoes be in proper position on the completion of the fills and we request that you secure authority to issue an extra work order in the amount stated in Mr. Holt's report which we find correct.

Very truly yours

MODJESKI & MASTERS - AMMANN & WHITNEY
Engineers

encl.

FMM:ns

By *F. M. Masters*

cc: Mr. Ralph C. Holt
Ammann & Whitney

*unlogged
1/31/58*

EXHIBIT 22

KAUFMAN CONSTRUCTION COMPANY, Inc.
ENGINEERS—CONTRACTORS

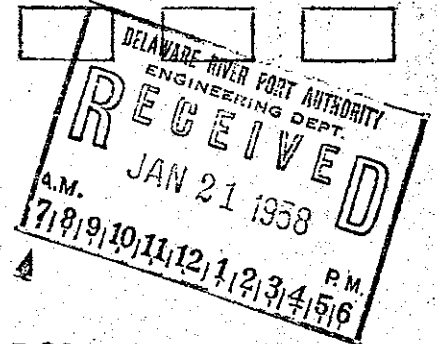
4000 PULASKI AVENUE
PHILADELPHIA 40, PA.

January 13, 1958

RECEIVED
MODJESKI & MASTERS
AKMANN & WHITNEY

JAN 14 1958

R.C.H. J.H.G. J.C.B.



Modjeski and Masters
P. O. Drawer 191
Gloucester, New Jersey

Attention: Mr. R. C. Hält
Project Engineer

Contract No. P-12
Walt Whitman Bridge

Gentlemen:

We are enclosing herewith five (5) copies of bill received from the Hull Erecting Company, Inc. dated January 10th, 1958 in the amount of \$200.00. This is for adjusting expansion shoes at the Packer Avenue and 15th Street overpass as directed.

Adding our overhead of 10% to this bill we wish to submit for your approval and authorization the sum of \$220.00 to cover the cost of this work.

Very truly yours,

KAUFMAN CONSTRUCTION COMPANY, INC.

WFK:l

Enc. 5

EXHIBIT 21

PHONE, REGENT 9-8263
9-9537
NIGHT PHONE, FIDELITY 2-2749



Hull ERECTING CO., INC.

Crane Rental Service
Rigging
Heavy Material Handling
Portable Welding Service

ALBERT & SEPVIVA STS.
PHILADELPHIA 25, PA.
January 10, 1958

Nº 2490

Kaufman Construction Co.
4000 Pulaski Avenue
Philadelphia 40, Pa.

Adjust expansion shoes at the Packer Avenue and 15th Street
Overpass, Phila., Pa., as directed.

12/20/57 - 1 Foreman	8 hrs. @ \$4.75	\$ 38.00
5 Ironworkers	40 hrs. @ \$4.05	<u>162.00</u>
		\$200.00

EXHIBIT 20

1. Cornell will pay to the City of Philadelphia the sum of \$10,226.40 in full and complete satisfaction of the City's claim against the corporation and/or its officers or stockholders.

2. Cornell, having determined that the aforementioned loan is not collectible, hereby releases and transfers to Hubbert all of his right, title and interest in the shares of corporate stock that were to be issued to him as aforesaid and by this Agreement affirms that he has no legal or equitable interest in the corporation.

3. Cornell further agrees to hold Hubbert and Hull Erecting Co., harmless from any and all claims, governmental or otherwise, which may arise from any contract or work done by Cornell or any company controlled by Cornell as a subcontractor for Hull, ~~XX~~ * RC INT. HERE ✓

4. Hubbert and Cornell upon signing this Agreement hereby release and discharge each other from any and all sums, claims, demands and accountings of any nature whatever each might have or may have had against the other by reason of their association in Hull Erecting Co., Inc.

This Agreement shall be binding upon the parties herein and their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals dated the day and year first above written.

Signed, Sealed, and Delivered
in the presence of

Edwin Hull

Ralph Cornell (L.S.)
RALPH CORNELL

9
C. 74
E. 77

THIS AGREEMENT made this 6th day of September 1973, by and between RALPH CORNELL, party of the first part, hereinafter called "Cornell" and LAWRENCE L. HUBBERT, party of the second part, hereinafter called "Hubbert".

WITNESSETH:

WHEREAS, on or about October, 1954 Cornell made a loan to HULL ERECTING CO., INC., a Pennsylvania Corporation, in the amount of FORTY THOUSAND (\$40,000.00) DOLLARS, and

WHEREAS, it was contemplated that a total of FOUR HUNDRED (400) shares of Common Stock of said Corporation would be issued to Cornell or his nominee, which stock would be held as collateral for the repayment of said loan; and

WHEREAS, said 400 shares were to be equivalent to Fifty (50) per cent of the issued and outstanding shares of stock of the corporation, since Hubbert would remain the sole owner of the other 50 shares of issued and outstanding stock of the corporation; and

WHEREAS, because of the financial condition of the corporation, the aforesaid loan is uncollectible; and

WHEREAS, many of the corporation books and records are lost or stolen from the premises of the corporation and it is therefore not possible to determine the status or location of the aforementioned 400 shares of corporate stock; and

WHEREAS, the parties desire to conclude and resolve the status of Cornell and Hubbert with reference to the above mentioned corporation.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES hereinafter set forth, the parties agree as follows:

EXHIBIT 19

PITMAN NATIONAL BANK AND TRUST COMPANY
106 South Broadway, Pitman, N. J.

RECEIVED
SEP-9 1957
PITMAN, N. J.

VICTOR SAFE & EQUIPMENT CO., INC. CORPORATION ACCOUNT V.P. 14427

is hereby authorized to recognize the Signature executed below in payment of funds of said party. In receiving items for deposit or collection, this bank acts only as depositor's collecting agent and assumes no responsibility beyond the exercise of due care. All items are credited subject to final payment in cash or solvent credits. This bank will not be liable for default or negligence of its duly selected correspondents nor for losses in transit, and each correspondent so selected shall not be liable except for its own negligence. This bank or its correspondents may send items, directly or indirectly, to any bank including the payor, and accept its draft or credit as conditional payment in lieu of cash; it may charge back any item at any time before final payment, whether returned or not, also any item drawn on this bank not good at close of business on day deposited.

NAME OF CORPORATION **Hull Erecting Company, Inc.**

BY
1 *Lawrence L. Hubbert* . PRESIDENT
AND OR
2 *Joseph Conell* . VICE-PRESIDENT
AND OR
3 . SECRETARY
AND OR
4 *J. C. Sheppard* . TREASURER
AND OR
5 **ACCOUNT OPENED 10-30-1957**

HULL ERECTING CO., INC.

RESOLUTION ON FILE

THIS CERTIFIES THAT ON _____ 19____ A MEETING OF THE DIRECTORS OF _____

ADOPTED A RESOLUTION AUTHORIZING THOSE OFFICERS, WHOSE NAMES APPEAR ON THE REVERSE SIDE OF THIS CARD, TO SIGN CHECKS AGAINST FUNDS OF THE CORPORATION IN _____

SEAL _____ PRESIDENT _____

ADDRESS _____ SECRETARY _____

BUSINESS _____ STATEMENT TO
1 2 3 4 5
MAIL HOLD

OTHER BANK ACCOUNTS _____ DATE OPENED _____

INITIAL DEPOSIT _____

INTRODUCED BY _____ ACCOUNT ACCEPTED BY _____

TITLE _____ FOR BANK _____

FILED: _____

Account opened 10/30/1957
Account closed 1/22/1963

EXHIBIT 18

RESOLUTION: -


At a special meeting of the Board of Directors of Hull Erecting Co., Inc., held on the 28th day of October, 1957, the following Resolution was adopted:

BE IT RESOLVED that the Treasurer be, and he hereby is, authorized to open a bank account in behalf of the Company with the Pitman National Bank and Trust Company, Pitman, New Jersey.

BE IT FURTHER RESOLVED that until otherwise ordered, said Bank be, and hereby is, authorized to make payments from the funds of this Company, on deposit with it, upon and according to the check of this Company, signed in its name by any one of the following officers:

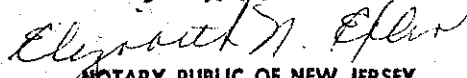
Lawrence Hubbert, President
Ralph Cornell, Treasurer
Jack Sheppard, Ass't. Treasurer


There being no further business, the meeting adjourned.


Secretary

This will certify that by Resolution, the Board of Directors of Hull Erecting Co., Inc., authorized the opening of a bank account in the Pitman National Bank and Trust Company, and the above is a true copy of the minutes of said meeting.

Sworn to and subscribed
before me this 28th day of
October, 1957.


NOTARY PUBLIC OF NEW JERSEY
My Commission Expires January 16, 1962


Secretary

NSA

RECEIVED
1974 SEP -5 09:10:40
U.S. COMMISSION OF INVESTIGATION
TRENTON, N.J.

CHARLES H. NUGENT
COUNSELLOR AT LAW
519 MARKET STREET
CAMDEN, N. J. 08102
964-3262
AREA CODE 609

September 4, 1974

Michael R. Siavage, Esq.
Commission of Investigation
28 West State Street
Trenton, N. J. 08608

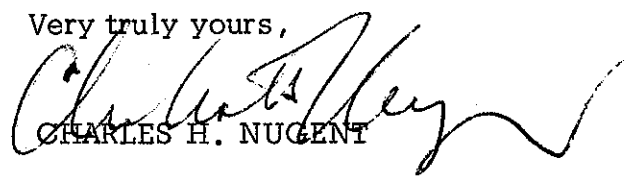
Re: Ralph Cornell

Dear Mr. Siavage:

I enclose copy of Resolution of the Hull Erecting Co., Inc. dated October 28, 1957 authorizing the opening of a bank account. This Resolution indicates that Mr. Cornell was the treasurer of the company at this time. Mr. Cornell believes that he testified that he was never an officer of the Hull Erecting Co., Inc. and when he came across the enclosure he requested me to advise you forthwith. I telephonically advised Mr. Sapienza last week upon discovery of the Resolution. Mr. Cornell still believes that he did not in fact act as an officer notwithstanding this Resolution. Mr. Cornell suggests that there might be another Resolution of the same nature for the opening of an account with the First County National Bank & Trust Co. (Woodbury) at about the same time.

I should also appreciate receiving a copy of the transcript of Mr. Cornell's testimony as he desires the opportunity to examine the same for the purpose of correcting and clarifying the same in the event it is needed.

Thank you in advance for your courtesy and cooperation.

Very truly yours,

CHARLES H. NUGENT

CHN/rsv
Enc.

EXHIBIT 17

FOR VALUE RECEIVED I hereby sell, assign and transfer unto Ralph Cornell 1 share of the capital stock of Hull Erecting Co., Inc., represented by certificate #5, and do hereby irrevocably constitute and appoint _____ Attorney to transfer the said stock on the books of the above named Corporation with full power of substitution in the premises.

Dated:

In the presence of

Catherine Horvath

Robert Wilinski
Robert Wilinski

EXHIBIT 16

FOR VALUE RECEIVED I hereby sell, assign and transfer unto Ralph Cornell 200 shares of the capital stock of Hull Erecting Co., Inc., represented by certificate #10, and do hereby irrevocably constitute and appoint _____

Attorney to transfer the said stock on the books of the above named Corporation with full power of substitution in the premises.

Dated:

In the presence of

E. Leeson

William Z. [Signature]

EXHIBIT 15

FOR VALUE RECEIVED I hereby sell, assign and transfer unto Ralph Cornell 199 shares of the capital stock of Hull Erecting Co., Inc., represented by certificates #7 and #8, and do hereby irrevocably constitute and appoint _____ Attorney to transfer the said stock on the books of the above named Corporation with full power of substitution in the premises.

Dated:

In the presence of

E. Keenan

William T. Cahill
William T. Cahill

EXHIBIT 14

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. G-4

Contract Awarded to Approved Gen'l Contr.	Approved Subcontrs.	Subcontractor's Work	Approved Materialmen	Material
NEW YORK SHIPBUILDING CORPORATION CAMDEN, NEW JERSEY	Hull Erecting Company Philadelphia, Penna. Steel Construction Co. Havertown, Pennsylvania George S. Truskey, Inc. Philadelphia, Penna.	Structural Steel Erecting and Painting Placing Reinforcing Steel Deck Drainage System	Washington Aluminum Co. Baltimore, Maryland U. S. Steel Supply Bala-Cynwyd, Penna. Crescent Iron Works Philadelphia, Penna. Crescent Iron Works Philadelphia, Penna. Camden Lime Company Camden, New Jersey	Aluminum Railing Reinforcing Steel Galvanized Wrought Iron - Troughs - Type A & B Roadway Scuppers Concrete, H. S.

PACKER AVE. - GLOUCESTER CITY BRIDGE

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. G-4

STRINGER SPANS SUPERSTRUCTURE FROM NEWTON CREEK TO NORTH-SOUTH FREEWAY - GLOUCESTER APPROACH

Contract Awarded to Approved Gen'l Contractor	Approved Subcontractors	Subcontractor's Work	Approved Materialmen	Material
NEW YORK SHIPBUILDING CORPORATION Camden, New Jersey	Conduit & Foundation Corporation 158 North 20th Street Philadelphia, Pa.	Erection of Structural Metalwork Items 1-2-3- 4a-4b-5 and 6, complete	Sanders, and Thomas, Inc. Pottstown, Penna.	Preparation of detailed plans

EXHIBIT 13

WALT WHITMAN BRIDGE

APPROVED SUB-CONTRACTORS AND MATERIALMEN - CONTRACT NO. P-13

Extension of Stacks on Publicker Industries, Inc., Power Plant

Contract Awarded to Approved Gen'l Contr.	Approved Subcontrs.	Subcontractor's Work	Approved Materialmen	Material
<p>HERBERT J. ELKINS, INC. 69th & Kingsessing Ave. Philadelphia 42, Pa.</p>	<p>Phila. Iron Works, Inc. Phila., Pa. Henkels and McCoy Phila., Pa. Eastern Gunite Co. Bala-Cynwyd, Pa. Hull Erecting Co. Philadelphia, Pa. S. W. Kooperman, Inc. Phila., Pa. Wm. C. Kulzer Co. Phila., Pa.</p>	<p>Demolish old stacks; fabricate and erect new stacks All Electrical Work All Gunite Work Struc. Steel Erection Painting Roofing</p>	<p>American Bridge Div. Trenton, N.J.</p>	<p>Structural Steel</p>

EXHIBIT 12