

**PRESS STATEMENT FOR ATTORNEY GENERAL
ON PENNSYLVANIA TURNPIKE CASE**

I am here today to announce criminal charges have been filed against one former State Senator, five former Pennsylvania Turnpike Commission officials and employees, and two businessmen who had multi-million dollar contracts with the Turnpike. The former state officials charged wielded extraordinary power which they wrongfully used for self-enrichment and for their own political purposes, rather than for the good of the Commonwealth and its citizens. Their criminal acts resulted in the misdirection, misuse, and theft of millions of dollars of public monies.

Today charges have been filed against former State Senator Robert Mellow, former Turnpike Commissioner Mitchell Rubin, former Turnpike Chief Executive Officer Joseph Brimmeier, former Turnpike Chief Operating Officer George Hatalowich, and former Turnpike employees Melvin Shelton and Raymond Zajicek, and Turnpike vendors Dennis Miller and Jeffrey Suzenski. They are charged with a variety of offenses, including conspiracy, commercial bribery, bid-rigging, theft, conflict of interest and corrupt organization violations.

A lengthy state-wide grand jury investigation has uncovered extensive evidence to support their returning a presentment finding significant evidence that the Pennsylvania Turnpike Commission has been corrupted by improper political influence from its very own officials, and the individuals who do business with the Turnpike.

Evidence of secret gifts of cash, travel, and entertainment, and the payment of substantial political contributions to public officials and political organizations, by

private Turnpike vendors and their consultants, demonstrates that the Turnpike operates under a pay-to-play system that is illegal and corrupt.

According to the charges, those who pay-to-play have sought and been rewarded with multi-million dollar Turnpike contracts and the public has lost untold millions of dollars.

In particular, the 33rd State-wide Investigating Grand Jury found substantial evidence that former State Senator Mellow, during his tenure as Democratic Floor Leader, directed that his Chief of Staff secure Turnpike contracts for key contributors and supporters. Former State Senator Mellow also directed that his Chief of Staff task individuals at the Turnpike with providing political support and fundraising efforts on his behalf.

According to the charges, Mellow's Chief of Staff followed those orders and communicated Mellow's requests directly to former Turnpike Chief Executive Officer Joseph Brimmeier and former Turnpike Chairman Mitchell Rubin. Brimmeier and Rubin most often directed former Chief Operating Officer George Hatalowich to do their bidding, but also used others at the Turnpike to do this as well. The charges detail how Hatalowich, as directed by Rubin and Brimmeier, engaged in political fundraising efforts and wrongfully influenced the Turnpike's procurement process for campaigns of gubernatorial candidates by using Turnpike contract lists and otherwise influencing the process. These contract lists contained detailed vendor information, including contract amounts paid to date. The influence over vendors and potential vendors was wide-ranging and included: use of Turnpike consultants to solicit contributions on

Brimmeier's behalf, ranking the importance of various fundraising events in response to vendor inquiries, and advising vendors that campaign contributions were directly related to their ability to obtain work with the Turnpike.

The charges show that the greatest improper influence was exerted over the Turnpike's procurement process. The actual selection and recommendation of Turnpike vendors followed what witnesses identified as the "60/40 rule" which provided that 60% of the Turnpike contracts or selections went to the majority party, and 40% went to the party in the minority. The Grand Jury found that this influence and pattern permeated all aspects and all categories of procurement at the Turnpike.

Through testimony of Turnpike employees involved in the selection process, the Grand Jury identified firms that received preferential treatment, firms that felt pressured to make significant political campaign contributions, and firms that provided Turnpike and elected officials with gifts and entertainment. Often these gifts and entertainment expenses were not reported by the state officials as required by law.

Some examples from the Grand Jury Presentment of this improper conduct involving engineering firms include:

- Evidence that an engineering company was repeatedly solicited - by Turnpike officials charged here - to contribute to specific political campaigns. This firm also provided entertainment and hospitality to key decision-makers at the Turnpike. That engineering company, between 2002 and 2010, contributed more than \$100,000 to political candidates who could exert the most power and influence over the Turnpike. Between July

2004 and August 2012, this company was paid approximately \$9 million by the Turnpike contracts, and also received a no-bid \$6 million Turnpike contract.

- Another engineering firm was told by a Turnpike Commissioner that it needed to pay attention to particular political fundraising events, and did so by contributing from 2002 to 2010 almost \$20,000 to political candidates who could exert the most power and influence over the Turnpike. This company received approximately \$37.3 million in Turnpike work.
- Between 2002 and 2010, an engineering firm contributed more than \$160,000 to those political candidates who could exert the most power and influence over the Turnpike, and provided former Turnpike COO George Hatalowich with a \$4,000 travel voucher he failed to report. This company received approximately \$59.1 million in Turnpike work.
- One engineering firm did not make political campaign contributions but did give \$6,100 in unreported gift certificates to former Turnpike Commissioner J. William Lincoln and former Turnpike COO George Hatalowich. That firm received approximately \$1.9 million of Turnpike contracts.
- Another engineering firm took direction from former Turnpike COO George Hatalowich regarding what political campaign contributions they needed to make, paid \$26,500 to a State Senator identified by Turnpike staff, provided work benefiting Turnpike CEO Brimmeier's sister, an

architect, and lavishly entertained former Turnpike COO Hatalowich.

Between 2004 and 2012, this firm received approximately \$9.3 million of Turnpike work.

Non-engineering firms, according to the Presentment, also paid-to-play to get lucrative Turnpike contracts.

The Grand Jury found that Dennis Miller, on behalf of a company he worked for, secured \$82 million Turnpike contracts through influence and personal friendship with the Turnpike's Chief Information Officer (CIO). Miller solicited campaign contributions from his employees and sub-consultants in an effort to curry favor with those politicians who have the potential to exert the greatest influence over the Turnpike. The Grand Jury found that Miller's conduct during the project resulted in over-billing and "make work," thereby increasing his commissions and bonuses. Former Turnpike COO Hatalowich and former Turnpike Commissioner Rubin were directly involved in both the Turnpike's selection of Miller's employer and the significant Turnpike contract increases that company received. In particular, the Turnpike increased his employer's \$3.5 million contract twice without competitive bid, first by \$437,000 and then by \$58 million. It was during the payment of that \$58 million in public money that Miller told his consultants to bill the Turnpike for work not performed, paid sub-consultants for "make work," and received his highest commissions.

The Grand Jury found that former Turnpike Commissioner Joseph Brimmeier and former Turnpike COO Hatalowich exerted improper influence over the selection process

concerning Turnpike work for one particular firm by instructing Turnpike staff to alter the evaluations for that firm to justify their selection.

The Grand Jury also found evidence that Jeff Suzenski, employed at a Turnpike vendor as an advocate to maintain a “positive relationship with the Turnpike,” improperly provided to Hatalowich, Rubin, and others Turnpike officials trips to Florida, entertainment at transportation conferences, golfing, and numerous dinners. Turnpike officials and employees failed to report these gifts or travel. Between 2003 and 2011, this Turnpike vendor paid Suzenski \$2.4 million for his work maintaining “a positive relationship with the Turnpike” and reimbursed him over \$93,000 in expenses. During a portion of this time frame, Suzenski became part owner of the vendor’s sub-consultant and failed to disclose that fact either to the vendor or the Grand Jury. Thus, Suzenski began to directly benefit from his “advocacy” and had a greater incentive to improperly influence the decision-makers at the Turnpike.

Finally, the pay-to-play culture also permeated entities seeking to provide professional services to the Turnpike, such as banking and title insurance.

According to the charges filed today, former State Senator Mellow secured Turnpike work for a Pennsylvania based bank by directing his Chief of Staff to contact former Chairman Mitchell Rubin at the Turnpike to get them work, which he did. Following this, the Pennsylvania based bank was paid approximately \$2.4 million for work with the Turnpike. At this same time, the bank entertained Mellow at numerous Yankee games, concerts, and dinners, at a cost of approximately \$3,500. None of this was reported by Mellow as required by law. In support of and during Mellow’s contemplated

run for Governor, this bank hosted an event honoring Mellow, which cost the bank approximately \$7,000. Mellow also failed to report that political campaign contribution as required by law.

Former Turnpike Commissioner Rubin secured work for a title insurance company with the Turnpike. This company was not the lowest bidder and historically the Turnpike used different firms to provide services to the eastern and western portions of the state. The Turnpike paid this particular title insurance company approximately \$107,000 between August 2006 and December 2012. Each parcel requiring title work and the amount to be paid to the Title Company was considered and voted on during numerous public meetings of the Turnpike Commission. During much of that time frame, Rubin acted as a consultant and received commissions from the title insurance totaling approximately \$220,000. Despite his direct and personal financial interests, in all but two public meetings of the Turnpike Commission, Rubin failed to disclose his financial relationship with this title insurance.

I want to thank Senior Deputy Attorney General Laurel Brandstetter, who will prosecute these cases, BCI Special Agent Robert Gift, and Cpl. Leo Hannon of the Pennsylvania State Police for their work on this investigation. I would also like to thank all of the other Agents and members of the State Police who worked tirelessly on this case. I will take your questions now.