

notes taken 7-28 from conversation with federal source re CTA

Patricia Boyle, who works in Revenue, is Scanlon's sister. She tried to sell Revenue on CTA, according to letters contained in the nine boxes of documents seized by the FBI on a raid on John Torquato's home and office in Newport Beach, Calif. Boyle will likely be interviewed by the FBI.

Scanlon's secretary, Gail, will be interviewed again by the FBI. She gave agent Jim Haldeman several interesting documents during her interview last week.

The FBI brought back 9 boxes of papers from CTA in Calif. Agents also seized all the floppy disks for Torquato's computer.

The boxes of papers have yet to be analyzed by the FBI. That process is beginning. Included are lots of correspondence with high-level government officials, both federal and state-level, across the country. The source estimates that the FBI will open at least 100 inquiries in a host of states. This correspondence belonging to CTA is described by the FBI as leads at this point.

The floppy disks were made by Torquato, Kincaide, Rees, Boggs, and others, and appear to contain lots of information. Rees is here helping the FBI determine what information is on the disks. The FBI has brought two computer experts up from Washington, who are analyzing the information obtained from the disks.

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~~Bill~~ Jordan, one of the FBI case agents here is a CPA, and has about 12 years FBI experience.

John Torquato, Jr. is a confirmed alcoholic. During the 1½ hours the FBI were conducting their search in California, he had six large glasses of Vodka. He began by putting a small amount of orange juice in the first one, then went to straight Vodka for the rest.

Torquato is represented locally by Barton Gephart, who played a role in lining up lawyers for others. Those who have retained lawyers to date appear to be: Bill Smith, Bud Dwyer, Mark Poeneci, Wellington, Judy Ellis, David Herbert, Ron Chernock, John Pierce, Gene Scanlon, and John Torquato Sr.

The case developed because Torquato founded a firm called Financial Recovery Associates. That firm handled the SS recovery for the University of Pittsburgh. It did a lousy job "really screwed up."

Bill Johnson, a Pittsburgh black man who once worked for Arthur Young, worked for SRI, a firm which did some of the actual work on one of the Pittsburgh contracts with CTA. He became acquainted with Janice Kincaide, who was sorking "shoulder-to-shoulder" with Johnson. Kincaide told Johnson about her work with Torquato, and about how she thought Torquato was a crook.

Johnson is well acquainted with Shatzman, also a black man, who is a deputy comptroller with the Pittsburgh schools. Johnson reported some of the information to his former boss at Arthur Young, Charles Collins. He also told Shatzman ~~about~~ some of the information he received from Kincaide.

Kincaide is not known to have a criminal record. She is considered to be a professional woman, and worked in a California bank for 18 years. She obviously knows about computers.

Johnson and Shatzman knew that on the Pittsburgh contract, Arthur Young could have performed the work just as well as CTA for about \$45,000. Torquato charged \$150,000 for the same work.

On the county contract for \$275,000, they knew that Arthur Young could have performed the work that CTA did for \$50,000.

After Shatzman learned this from Johnson, he wrote a memo to his boss, the school comptroller (name unknown) who appeared to take no action. He also wrote to the state Treasurer, alerting the department that CTA was overcharging. No action was taken. He also wrote a letter to Auditor General Al Benedict, who sent investigators out to interview him, and then later, to interview Janice Kincaide. Shortly after the Kincaide interview, Benedict called the local FBI office and asked to be interviewed. That was done and that is how the federal probe began. As one source put it, with the information Benedict had, "we couldn't just ignore it."

Kincaide told Johnson, whom she may have been sleeping with, that she was going to quit CTA as soon as the money came through so that she could get paid by Torquato.

At the time that Benedict called the FBI, he refused to refer the case to Zimmerman because at the time John Kerr's trial was in progress. Soon after the FBI interview with Benedict, the agents went to California and interviewed Kincaide, Rees and others. They then prepared their search warrant and seized Torquato's books and records.

The FBI expects Gephard to file a motion to suppress the evidence gained in the seizure on the basis that the search warrant was defective. Gephard has also accused the FBI of leaking information to the press, which acts to make the case very sensitive.

John Torquato Jr. has been in Harrisburg since shortly after the FBI raid in California.

From briefly looking at the books and records, it would appear that Torquato formed lots of companies, at least on paper. They also show that he was corresponding with high-level political figures across the country.

Torquato Jr. has no serious criminal history, nor does any of the others associated with the firm. His father, agents suspect, had a great deal to do with the Allegheny County and Pittsburgh contracts, and may have been instrumental in securing contracts with other government divisions.