

FBI AGENTS
BILL MUSSER
TOM HOY

CITY OF PITT K
ALLEGHENY K

✓ ALL K → SCOTT O'DONNELL
✓ CTA → ROBERT STONE
✓ CTA → RON SCHMEISER

11/26/84
11/27/84

FEDERAL BUREAU OF INVESTIGATION

✓ JIM SCANLON & WIFE
SRI CORP.

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11/28/84

Date of transcription

JOHN TORQUATO, JR., 214 Colton Street, Newport Beach, California, was contacted at the Harrisburg Resident Agency of the FBI, and advised that this interview was a continuation of a previous interview begun on November 21, 1984, regarding contracts between the firm of COMPUTER TECHNOLOGY ASSOCIATES, INC. (CTA), Allegheny County, PA, and the City of Pittsburgh, PA. Also present during this interview was THOMAS SCOTT, attorney for TORQUATO.

TORQUATO advised he stopped in to see SCOTT O'DONNELL, ^{COUNTY OF ALLEGHENY & CITY OF PITT} Chief Clerk for County of Allegheny in Pittsburgh, PA, a couple of times when he was in Pittsburgh, and further stated he would try to touch base with all of the people involved in these contracts whenever he was around their area. TORQUATO also advised he sent SCOTT O'DONNELL's secretary a gift at Christmas, which was a miniature doll and also sent O'DONNELL a crystal figurine, which was a Baccarat crystal figurine. TORQUATO advised he also sent similar crystal figurines which cost approximately \$50 a piece to ROBERT STONE, RON SCHMEISER, and JIM SCANLON and his wife. TORQUATO explained by sending these figurines he was not attempting to buy specific contracts but rather to buy his way into a market place.

TORQUATO advised he sent a letter to SCOTT O'DONNELL, ^{ALLEGHENY CO CITY OF PITT} dated November 8, 1983, with an invoice setting forth CTA's bill for the Allegheny County contract, which had now been completed, and planned a visit with O'DONNELL at that time. TORQUATO stated sometime later in November, which was November 16th, according to his date book, he went to Pittsburgh and did meet with SCOTT O'DONNELL. TORQUATO stated he had an appointment with RON SCHMEISER on November 15, 1984, but he does not recall that meeting specifically and stated it would have just been business. TORQUATO stated he does recall asking SCHMEISER if he would hold the city contract in abeyance until TORQUATO worked out any possible problems with his errors and omissions policy with regard to SRI CORPORATION and SCHMEISER agreed to do so.

TORQUATO advised on November 16, he and O'DONNELL went ^{ALLEGHENY CO} out to eat and stated this meeting was just for public relations purposes and he felt he owed O'DONNELL a follow-up on his initial offer to O'DONNELL in June of 1983, regarding campaign contributions. TORQUATO stated, however, O'DONNELL obviously did not feel the same

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SAs WILLIAM A. MUSSER and
THOMAS S. HOY:WAM:grp

11/28/84

ALLEGHENY K
CITY OF PITT K

✓ O'DONNELL
COM-MAX
ALAN STONEMAN
DAVID HERBERT
✓ DOCK FIELDER
BILL JOHNSON
SRI CORP.

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Continuation of interview of JOHN TORQUATO, JR.

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✓ JIM SCANLON

the same way, as he, TORQUATO, offered O'DONNELL a campaign contribution of \$10,000, which O'DONNELL flatly refused, and ALLEGHENY CO (CONT)
then TORQUATO offered O'DONNELL \$10,000 to him personally, which he also flatly refused. TORQUATO stated, however, O'DONNELL was very pleased with the Allegheny County CTA job and he told TORQUATO that TORQUATO did his job and that was all he wanted. TORQUATO stated he then told O'DONNELL, "Well, I guess I saved myself \$10,000," and O'DONNELL responded that yes, he had. TORQUATO stated he also told O'DONNELL that he was planning on putting together a software development business and he wanted persons to be stockholders in the company who would be in a position to get business for it and who could steer TORQUATO to the right persons and make contacts and introductions for him. TORQUATO stated he actually did plan to do this and he then asked O'DONNELL if it would violate O'DONNELL's ethics to be part of this corporation and to be a director of it. TORQUATO said O'DONNELL stated it would not and he would be interested, but there was no further decision made at that time. TORQUATO stated the software company he was talking about, which was formed in January, 1984, at his instructions, was COM-MAX, INC. TORQUATO stated at this time, COM-MAX was just a paper company, which he hoped would develop into something of value. TORQUATO stated in January of 1984, he had his attorney, ALAN STONEMAN, send some shares of COM-MAX to DAVID HERBERT; and for convenience sake, rather than sending a separate letter to O'DONNELL, he had STONEMAN duplicate the letter which was sent to HERBERT, and send shares of COM-MAX to O'DONNELL at the same time. TORQUATO stated COM-MAX promised to buy the shares back from O'DONNELL in three years at an unrecalled amount, but which amount would total \$15,000, to SCOTT O'DONNELL, if COM-MAX succeeded and was able to do so. TORQUATO stated again at this time he was planning on actually using COM-MAX as a legitimate company. TORQUATO stated he did call SCOTT O'DONNELL in January of 1984, and asked O'DONNELL if he received the shares of COM-MAX, and O'DONNELL responded that he did. TORQUATO stated he called O'DONNELL again on May 29, 1984, at which time he was in Pittsburgh, and told O'DONNELL he had some problems which might effect, "our" corporation, meaning COM-MAX, as profits from the state F.I.C.A. recovery contract which TORQUATO was attempting to obtain, were going to be the seed money for COM-MAX. TORQUATO stated O'DONNELL met him at the WILLIAM PENN HOTEL in Pittsburgh; and he asked O'DONNELL about DOCK FIELDER helping with the problem he was having with minority businessman BILL JOHNSON of SPI CORPORATION on the Pittsburgh City contract, which CTA was doing in conjunction with SRI. TORQUATO stated he had been told by JIM SCANLON that FIELDER might be able to help with this problem. TORQUATO stated O'DONNELL wanted to help him so he and O'DONNELL met with DOCK FIELDER at the WILLIAM PENN HOTEL, at which time he explained the problem he was having with BILL JOHNSON to FIELDER, who later talked to JOHNSON about it. TORQUATO stated he had no further dealings himself with SCOTT O'DONNELL and O'DONNELL did not ever mention his shares in COM-MAX. TORQUATO stated he did

WILLIAM PENN
HOTEL

ALLEGHENY K
CITY OF PITT K

✓ O'DONNELL
CTA
FBI
✓ ROBERT STONE
✓ RON SCHMEISER
SRI

JOHN TORQUATO, JR.

Continuation of interview of

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BILL JOHNSON

call O'DONNELL sometime after the investigation began regarding the state CTA contract and told O'DONNELL that the FBI was involved in an investigation of CTA and also told O'DONNELL there would be no paper anywhere to which O'DONNELL responded, "understood."

TORQUATO advised he believes he also met with STONE CITY OF PITT. on the 15th or 16th of November, and stated STONE was president of some City Councils Association and STONE felt he might be able to help TORQUATO with contracts in other cities. TORQUATO stated he asked STONE that if TORQUATO gave him a list of cities that do pay social security, if STONE could then tell him who he, STONE, knew in any of those cities. TORQUATO stated, however, he never did so, as he could never get ahold of such a list. TORQUATO stated he would also have told STONE about the fact that RON SCHMEISER had agreed to hold the city contract in abeyance for the time being. TORQUATO advised he was concerned about having SRI do the sub-contract work regarding computer work for the City of Pittsburgh contract as he did not know enough about SRI and his errors and omission policy might not cover errors of SRI. TORQUATO, however, stated he finally found out that CTA could write SRI in on the errors and omissions policy. TORQUATO advised he eventually had SRI do the work, but kept the duplicate of all SRI's raw data, so that CTA could redo or double check the work if there were any problems later on.

TORQUATO stated he first met BILL JOHNSON of SRI in CITY OF PITT. early January in Pittsburgh, PA, at RON SCHMEISER's office, possibly on the second or third of January. TORQUATO stated he had set up the sub-contract for SRI; and RON SCHMEISER had advised BILL JOHNSON of it previously. TORQUATO stated BILL JOHNSON agreed to it and he, TORQUATO, then called his secretarial service in California, and had the contract between CTA and SRI typed up there and express mailed to JOHNSON with copies of the contract express mailed to RON SCHMEISER, and one in the regular mail sent to ROBERT STONE. TORQUATO stated he sent a copy to STONE because of STONE's involvement in getting the Pittsburgh City contract for him. TORQUATO advised after he and SRI signed the contract agreement, it was his understanding that CTA then had the City of Pittsburgh contract, as this had been the only obstacle. TORQUATO stated he wanted to start work as soon as possible, because CTA did not have any at the time, even though he understood that CTA would not have a formal contract yet and it was work begun at his own risk. TORQUATO stated SCHMEISER gave him the go-ahead, as he also wanted CTA to get going on the work. TORQUATO stated there was a deadline for the work to be done in April of 1984, but this could have easily been extended; and the only reason the deadline was used was for the benefit of getting the contract through the Pittsburgh City Council.

CITY OF PITT K.

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✓ SCHMEISER
 ✓ STONE
 JANICE KINCAID
 ✓ STEVE SCHILLO
 ✓ BEN BENDETTI
 CTA
 BILL JOHNSON

Continuation of interview of JOHN TORQUATO, JR.

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SRI
 BILL SMITH

TORQUATO stated SCHMEISER and STONE both knew this and used the deadline to get quicker action from Council. TORQUATO advised he believes that JANICE KINCAID and he both met with SCHMEISER; STEVE SCHILLO, City Treasurer; and BEN BENDETTI of the City Finance Department, on approximately January 12, 1984. TORQUATO understood at that time that CTA's every day contacts with the Finance Department would be through BENDETTI.

TORQUATO advised CTA actually started work in late January or early February with JANICE KINCAID in Pittsburgh getting the data and microfilming it. TORQUATO stated CTA finished the Pittsburgh contract on April 4, 1984. TORQUATO advised during and before the contract period, he had periodic contacts with SCHMEISER, SCHILLO and BENDETTI from the City of Pittsburgh Finance Department, and at no time did the subject of gifts, favors or payoffs come up with any of them, other than the meeting between TORQUATO, SCHMEISER and STONE in June of 1983, when TORQUATO mentioned campaign contributions, and at a contact with SCHMEISER in May of 1984, which was after the contract was completed and CTA had been paid and which TORQUATO advised was not related to the Pittsburgh contract.

TORQUATO advised two problems arose between BILL JOHNSON of SRI and CTA. The first was that JOHNSON failed to provide necessary contractual back-up data for the Pittsburgh contract and provided only the minimal data necessary for Social Security rules and not all which had been agreed upon. TORQUATO advised JOHNSON also had not provided check tapes so the city could reimburse its employees in completion of the contract. TORQUATO advised the second problem was that he, TORQUATO, had obtained the F.I.C.A. contract with the State of Pennsylvania school districts on May 10, 1984, which he was going to include SRI in, allowing SRI to do some of the smaller school districts, but JOHNSON went ahead and made separate contacts with the Philadelphia and Pittsburgh School Districts to try and get their business himself. TORQUATO stated he did not realize the second problem existed until late May of 1984, and he went to Pittsburgh soon thereafter on May 29, 1984, to resolve these problems. TORQUATO stated he attempted to have a meeting with BILL JOHNSON at the WILLIAM PENN HOTEL, but JOHNSON did not show up. TORQUATO explained his attorney, BILL SMITH from Harrisburg, PA, was there with him and after SMITH left, JOHNSON and his attorney did meet with him, TORQUATO, at the WILLIAM PENN HOTEL. TORQUATO stated JOHNSON told him that he, JOHNSON, went after the Pittsburgh and Philadelphia School Districts himself and said that he had his own connections. TORQUATO stated JOHNSON

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CITY OF PITT K

JANICE KINCAID
JOHNSON
✓SCHMEISER
✓SCHILLO
JIM MANDERINO
EUGENE SCANLON
GEN CERILLI

Continuation of interview of JOHN TORQUATO, JR.

On 11/26-27/84

AL BENEDICT

also alluded to the fact that JANICE KINCAID, with whom TORQUATO advised he had had a dispute and had since fired, might work for him, JOHNSON. TORQUATO stated JOHNSON contended that he had not been paid for his work when actually TORQUATO explained the case was, and TORQUATO told JOHNSON at this time, that JOHNSON had not fulfilled the contract regarding the back-up data and his money was in an escrow account and would be paid to him upon receipt of that data in fulfillment of the contract. TORQUATO stated JOHNSON acknowledged that he had not provided that data, but said it was not necessary, at which point TORQUATO explained why it was necessary. TORQUATO stated JOHNSON then agreed to do so, but TORQUATO was concerned as to whether he actually would, so he then called SCHMEISER and explained the problems to SCHMEISER. TORQUATO advised this call was also on May 29, 1984, and he told SCHMEISER that the lack of back-up data could conceivably cause a reversal of the City of Pittsburgh F.I.C.A. credit, which had already been received by the city. TORQUATO advised SCHMEISER was concerned about it and came over and met with TORQUATO at the bar located in the lobby of the WILLIAM PENN HOTEL in Pittsburgh. TORQUATO stated during this meeting, he advised SCHMEISER that he had formed a corporation which he had previously talked to SCHMEISER about and which was going to do software applications, doing business on the east coast. TORQUATO stated he told SCHMEISER he was going to take this corporation public as soon as possible and would appreciate it if SCHMEISER would become a director of the corporation. TORQUATO stated he was watching SCHMEISER closely and SCHMEISER appeared to be interested, so he went on to say that he would like SCHMEISER to participate in the company as a shareholder and that he would like to give SCHMEISER some stock options. TORQUATO advised he thinks he mentioned 35,000 shares of stock options and stated that he was actually interested in doing this and was impressed by SCHMEISER's capabilities and contacts. TORQUATO advised his genuine interest in the company and SCHMEISER was the primary reason he made the offer to SCHMEISER, but he also wanted SCHMEISER to help him with the BILL JOHNSON problem and this affected the timing of his making this offer. TORQUATO stated SCHMEISER asked for nothing and it was left at that. TORQUATO stated as a result of this meeting, SCHMEISER set up a meeting between SCHILLO, SCHMEISER, TORQUATO and BILL JOHNSON at SCHMEISER's office. TORQUATO stated JOHNSON was late for the meeting and called to say he would be over, but was again late and finally showed up with his attorney. TORQUATO advised JOHNSON agreed to provide the back-up data and he also told JOHNSON in front of everyone there that JOHNSON and he, TORQUATO, were not finished on the school district issue. TORQUATO stated neither SCHMEISER nor SCHILLO said anything about the school district issue. TORQUATO stated he also told JOHNSON in front of everyone that there were a lot of big people involved in the school district thing and he mentioned the names of JIM MANDARINO, EUGENE SCANLON, GENE CERILLI and AL BENEDICT.

JOHNSON
ESCROW
ACCT

PMT (CMT)

✓ ROBERT STONE
 ✓ STONEMAN
 ✓ SCHMEISER
 ✓ GEPHART
 ✓ FLAHERTY
 CTA
 SRI/CTA

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CITY OF PITT R.

Continuation of interview of JOHN TORQUATO, JR.

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TORQUATO advised he had also promised some of the CITY OF PITT. same company stock options to ROBERT STONE, he believes in the amount of 25,000 shares and he had his attorney, STONEMAN, send the stock options out to both STONE and SCHMEISER on the same date that the \$6,374.86 check was sent to STONE, which was approximately June 12, 1984. TORQUATO stated SCHMEISER had not asked him to send the stock options to him, nor did he tell SCHMEISER that he was going to send them. TORQUATO advised SCHMEISER had to sign them in order to exercise them, which could be done at any time, and he did not acknowledge receipt of them except he called ALLAN STONEMAN at 714-771-5960 or 61, from his, SCHMEISER's office after the federal investigation had begun in this case, and left a message to call back. TORQUATO stated STONEMAN then called TORQUATO, who was in Harrisburg at the time; and TORQUATO called SCHMEISER back from Attorney GEPHART's office, where he was at the time. TORQUATO advised SCHMEISER stated that Pittsburgh City Controller FLAHERTY was all over the Finance Department's back and was there any other city where CTA had contracted at a 25% fee. TORQUATO stated he said, yes there was, and mentioned Omaha, Nebraska, and several others. TORQUATO stated SCHMEISER did not mention the stock options but TORQUATO stated, "By the way, no documents that you would be concerned about exist. They are destroyed;" to which SCHMEISER responded, "That's what I expected." TORQUATO stated he asked SCHMEISER to please pass the information along to STONE and SCHMEISER stated, "I will;" although TORQUATO stated SCHMEISER had no previous knowledge about STONE's stock options. TORQUATO advised there was no further discussion and he never offered SCHMEISER anything else nor did SCHMEISER ever ask for anything.

TORQUATO advised after he sent a copy of the SRI/CTA CITY OF contract to STONE in early January, there was no discussion of PITT. it with STONE. TORQUATO stated, however, when there was a problem with the Pittsburgh City Council, regarding the contract passage, he tried to reach STONE and was unable to do so and then talked to SCHMEISER, who told him about the problem. TORQUATO stated SCHMEISER asked him if CTA was a female owned corporation, to which TORQUATO responded that it was; and SCHMEISER then asked TORQUATO to send a letter to that effect to him and he did so.

TORQUATO stated that he had known from the beginning that CITY OF STONE wanted something for STONE. TORQUATO advised it was understood PITT. by him that STONE was going to do what he could to get the contract passed by the City Council; and he felt that STONE had taken care of obstacles at that time as CTA had already been doing the work.

1 STONE
 6,374.86
 CHECK

25%
 FCB

INITIAL
 STONE
 DESIRE

JANICE KINCAID
 ✓ STONE
 CTA
 BILL JOHNSON
 ✓ WM. ROBINSON
 ✓ FLAHERTY

PG 194C-267
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CITY OF PITT K

Continuation of interview of JOHN TORQUATO, JR.

On 11/26-27/84.

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EARLY
WORK
CONCERN

TORQUATO stated he took JANICE KINCAID to meet STONE at STONE's CITY OF office as a courtesy call around the time that the CTA work began PITT. in Pittsburgh, and they just discussed general things. TORQUATO stated when CTA was close to finishing the work, which he believes was the latter part of March, he stopped in Pittsburgh to see how BILL JOHNSON was doing on his end of the work and met with STONE at his office at that time. TORQUATO stated STONE was concerned that it would be apparent that the work was performed before the City Council approval and stated that City Council was upset about this sort of early work being done in the past. TORQUATO advised because of this STONE wanted TORQUATO to hold up on sending the bill until June, to which TORQUATO responded that he needed the cash flow. TORQUATO advised, however, STONE did not seem real insistent on this point and stated they also discussed the problem with the City Council passage of the contract to which STONE stated that he let those guys yell and scream, and explained there was a practice in the mayor's office of letting people work before the city contracts were actually approved. TORQUATO stated STONE again said that you have to let those guys go on long enough and then rap the meeting to order and tell them to shut up and vote. TORQUATO stated STONE was mentioning Councilman WILLIAM ROBINSON specifically and STONE said that he, STONE, had the votes. TORQUATO stated STONE made it clear to him that he, STONE, was responsible for getting the contract pushed through the City Council.

TORQUATO advised CTA finished work April 4, 1984, CITY OF PITT. and the bill for their services was sent to the city by letter dated April 6, 1984. TORQUATO advised as time went by and he was not getting paid for it, and he was in negotiation with the State of Pennsylvania and needing cash flow, he called STONE sometime between May 9 and 16, 1984, and told STONE that he was not getting the money, to which STONE responded, "I got a way to get it. I'll handle it." TORQUATO advised STONE then told him that he, STONE, had somebody in the controller's office that would get the check out without FLAHERTY ever knowing about it. TORQUATO stated he again called STONE, he believes on May 17, 1984, and stated he heard that FLAHERTY was going to hold up the check and STONE responded by saying either I'll handle it or it's handled, and said not to worry about FLAHERTY. TORQUATO stated he did receive payment on the City of Pittsburgh contract thereafter by check, dated May 18, 1984. TORQUATO advised he acknowledged the receipt of this check to STONE by a phone call or phone message and thanked him.

CITY OF PITT K.

✓ STONE
COM-MAX
ALAN STONEMAN
 ✓ SCHMEISER
BILL JOHNSON
CTA LTD.
COM-MAX OPTIONS

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PH 194C-361 JOHN TORQUATO, JR.

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TORQUATO advised he traveled to Pittsburgh on approximately May 29, 1984, and met with STONE. TORQUATO stated prior to the trip, he had told STONE by telephone that he had been paid and he conveyed to STONE that this was going to be pay-off day and that he, TORQUATO, would take STONE out to dinner, to which STONE responded that, no, he would take TORQUATO out to dinner. TORQUATO stated he met STONE at his office and they went in STONE's car to TAMBELLINI's RESTAURANT, south of Pittsburgh. TORQUATO advised he stated that he appreciated what STONE had done and told STONE he wanted to make good on his promise; and although he did not have the net profit figures yet, STONE would get half. TORQUATO advised he had \$10,000 in mind, but he was going to try to get out of it with less. TORQUATO advised he and STONE talked about business and the software company, and he asked STONE if he wanted to have a 25,000 share stock option to him personally in COM-MAX. TORQUATO stated STONE accepted gratefully and TORQUATO said that he would send STONE a check for 50% of the profits when he got the figures in a week or so, to which STONE asked, "Is that for me personally," and TORQUATO advised it was. TORQUATO stated STONE asked him if SCHMEISER was getting anything out of this and TORQUATO advised no; and STONE said, "fine." TORQUATO stated he told STONE that he would be getting a check from a guy named ALLAN STONEMAN, with TORQUATO's business card attached, so that he would know it was from TORQUATO and STONE agreed to that.

TORQUATO advised he went back to California on approximately June 4, 1984, after his meeting with SCHMEISER and BILL JOHNSON. TORQUATO stated he met with ALLAN STONEMAN and gave STONEMAN a CTA limited check, payable to STONEMAN, in the amount of \$6,374.86, which he wanted STONEMAN to pay STONE with. TORQUATO advised he used that specific amount so it would look like a legal fee, and also look like a 50/50 split of net profit. TORQUATO advised he told STONEMAN to send the money to STONE and advised STONEMAN that STONE was the man who got TORQUATO the Pittsburgh contract and TORQUATO was taking care of him. TORQUATO stated he told STONEMAN he did not want it to look like the money came from CTA. TORQUATO advised STONEMAN said he would deposit the CTA check in his business account, along with other deposits and write a check to STONE out of that account so that it would look like a split fee. TORQUATO advised he also had STONEMAN send the stock options in COM-MAX to STONE and SCHMEISER, and gave STONEMAN their addresses. TORQUATO stated he told STONEMAN the exact details of the stock to SCHMEISER, and also told STONEMAN that he had promised STONE the stock options in addition to the money. TORQUATO said STONEMAN had questioned as to why the amount was \$6,374.86; and TORQUATO told STONEMAN that the reason was because it was such a weird amount that they could justify it. TORQUATO advised within a couple of weeks of receiving them, STONE signed his stock options and sent them back to STONEMAN, and they were subsequently destroyed by either TORQUATO or STONEMAN, along with other materials that were not under subpoena after the investigation began.

PRESENT
TENSE
←

LEGAL
FEE
50/50
DEAL

TAMBELLINI
RESTAURANT

50/50
DEAL

PG 194C-267
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CITY OF PITT K
~~REDACTED~~
AFTER FBI

✓ TOM SCOTT

✓ STONE

CTA
FBI

CTA/SRI

BILL JOHNSON

BILL SMITH

✓ JUDY ELLIS
CTA - INC

Continuation of interview of JOHN TORQUATO, JR. On 11/26-27/84

TORQUATO advised on approximately July 9 or 10, 1984, he tried to reach STONE but STONE was out of town. TORQUATO advised STONE then called him back sometime around July 11-13, 1984, in Harrisburg, where TORQUATO was staying at the time. TORQUATO stated he did not want to talk over that telephone, so he just told STONE that CTA was under investigation by the FBI, and to please call him, TORQUATO, at his attorney's office. TORQUATO stated he gave STONE the number for his attorney's office, but STONE never called back. TORQUATO advised he called STONE on the Monday before STONE's federal grand jury testimony, which occurred on a Wednesday, at which time TORQUATO was in California, and left a message for STONE as STONE was not in his office. TORQUATO stated he left a message with STONE's secretary and the message was that TORQUATO wanted to talk to STONE about areas of privilege that he, TORQUATO, wished to waive. TORQUATO stated these areas were 1) work on the CTA/SRI contract regarding the City of Pittsburgh F.I.C.A. contract; 2) work STONE did on reviewing the settlement contract between BILL JOHNSON and CTA regarding the Pittsburgh work; 3) work STONE was going to do for TORQUATO in structuring the contract between BILL SMITH, JUDY ELLIS and TORQUATO for CTA, INC. in Pittsburgh; 4) work circumventing a law suit in Pittsburgh regarding work there; and 5) work he did regarding marketing research for TORQUATO. TORQUATO advised STONE's secretary took all the information and explained that he was doing this so STONE would have an explanation for the \$6,374.86 check.

STONE GRAND
JURY TEST.

STONE
PRIVILEGE
ATTY-ALIGNED

TORQUATO stated he called STONE back again and got STONE, who advised that he had received the message and said he was not going to do it that way. TORQUATO stated he repeated the message and STONE said he was going to tell them that it was a retainer that he did not know what for, but something to do with work that he was going to do with the corporation that was going to do software application work in the private sector and that it had nothing to do with government.

TORQUATO stated he then called his attorneys and said he could not reach STONE and asked for them to call STONE. TORQUATO stated TOM SCOTT then called STONE, but could not reach him and STONE later called SCOTT at home. TORQUATO stated SCOTT told STONE that TORQUATO would take the attorney/client privilege to conversations in the five areas previously mentioned but STONE stated to SCOTT that he did not have conversations with TORQUATO in those areas. TORQUATO stated STONE then told SCOTT that TORQUATO had sent him a check out of the blue and he did not know what it was for, but assumed it was a retainer for a software company for work in the future and stated he would probably send it back.

PG 194C-267
PH 194C-361CITY OF PITT K
AFTER FBI✓STONE
✓SCOTT✓JAMES SCANLON
BILL JOHNSON
SEN. EUGENE SCANLON
JANICE KINCAID

Continuation of interview of JOHN TORQUATO, JR.

On 11/26-27/84

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stated STONE then asked SCOTT if a check could be mailed to PITT (COURT) TORQUATO in care of his attorney's office, and STONE did so. TORQUATO stated the check was received sometime subsequent to STONE's federal grand jury testimony.

TORQUATO advised the money paid to STONE was a bribe CITY OF PITT. in return for help with the contract and specifically for his help in pushing the contract through City Council and for assistance in getting the CTA payment from the City. TORQUATO advised in a 6/22/83 personal and confidential letter which he sent STONE on June 22, LT STONE 1983, in which he told STONE that some assistance was available to him if he chose to take advantage of it, he was referring to political, personal or any other kinds of contributions or pay-offs necessary.

TORQUATO advised in relation to JAMES SCANLON, other ALLEGHENY CO than the New York CARLYLE HOTEL, the trip to California and the crystal figurines to SCANLON's wife for Christmas, there were no pay-offs to JIM SCANLON. TORQUATO stated following the Allegheny County contract, he did hire JIM SCANLON as a consultant for the Pittsburgh contract. TORQUATO stated he did this because SCANLON was good and he needed somebody in Pittsburgh oversee BILL JOHNSON's work. TORQUATO advised SCANLON's job was to monitor the computer work and stated SCANLON had made it clear that he was available for this kind of work when they talked during SCANLON's visit to California. TORQUATO stated just before SCANLON got his promotion to Director of Elections for Allegheny County, SCANLON was asking TORQUATO about a job, but this was after the Allegheny County contract was over and before the Pittsburgh contract was secured. TORQUATO stated after he hired SCANLON, SCANLON had one meeting with BILL JOHNSON, but thereafter received his promotion and then resigned. TORQUATO stated that he did feel that giving SCANLON that job would help TORQUATO in the Pennsylvania State F.I.C.A. contract with the help of SCANLON's brother, Senator EUGENE SCANLON. TORQUATO advised when SCANLON resigned he told SCANLON to let him know how much he owed SCANLON and SCANLON asked for airline tickets to California. TORQUATO advised this turned out to be a tour, including airline tickets, car and hotel accommodations, which SCANLON had planned and made arrangements for through JANICE KINCAID. TORQUATO advised he would have balked at paying for all of this as it would have overpaid the value of SCANLON's services to him; but he, TORQUATO, wanted to keep SCANLON's brother, EUGENE SCANLON, happy. TORQUATO stated the trip never did occur due to the investigation and no payments were ever made to SCANLON.

TORQUATO advised he did visit with JIM SCANLON after SCANLON - the investigation began and they discussed the facts and how PITT they might effect SCANLON. TORQUATO stated SCANLON had forgotten ALLEG SEN SCHOOL DIST

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Continuation of interview of JOHN TORQUATO, JR.

On 11/26-27/84

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about the CARLYLE HOTEL and he, TORQUATO, told SCANLON at that time that he had actually paid for it. TORQUATO stated he now feels that when SCANLON actually mentioned the New York trip to him originally, that he, SCANLON, was fishing for favors on that trip, since SCANLON had mentioned the trip out of context and had "jumped on" TORQUATO's offer so fast.