

# Philadelphia Inquirer Accuses Its Investigative

The Philadelphia Inquirer has asserted that its top investigative reporter for many years, Harry J. Karafin, was a "shake-down artist" and a "remarkably adept liar."

In a 10-column article on Sunday, the daily paper said that Mr. Karafin was "under a many faceted investigation" on charges that he had "bludgeoned" people into paying "substantial sums of money to avoid publicity which, for one reason or another, they wanted to keep out of The Philadelphia Inquirer."

"How did Harry Karafin do it?" the article said.

"Gall. Cruelty. The Big Lie. Accomplices."

In a telephone interview yesterday, Mr. Karafin, who was dismissed last month after 29 years on The Inquirer, said:

"The story is entirely false and my attorney is preparing a libel suit against The Inquirer as well as against Philadelphia Magazine."

Philadelphia Magazine, a monthly, published a 15-page article on April 2 by two staff reporters, Gaston Fonzi and Gregory Walter, charging that Mr. Karafin had become prosperous by "prostituting the power of the press."

The board of editors of The Inquirer published on Sunday a statement expressing their "profound sadness and bitter regret" for "the article which appears here."

The article, which contained many of the same accusations made in The Philadelphia Magazine, included these charges:

¶That Mr. Karafin and a public relations man received \$61,000 over a five-year period beginning in 1962 from the First Pennsylvania Banking and Trust Company.

¶That Mr. Karafin, assigned

during 1961-63 to investigate the Broadway Maintenance Company, was on the concern's payroll for \$15,000—"about 50 per cent more than his Inquirer salary," according to the paper.

¶That Mr. Karafin was the president of a company involved in bankruptcy frauds.

¶That the reporter was closely associated with Sylvan Scolnick, whom The Inquirer called "the closest thing to a criminal mastermind ever produced in the city of Philadelphia." Scolnick, who weighs 640 pounds, was said by the paper to have given information to the district attorney's office concern-

ing a number of crimes, including bankruptcy frauds, insurance swindles, burglaries, armed robberies and "fantastically intricate business swindles." The paper said that Scolnick first mentioned Harry Karafin's name to the district attorney in January and then "the investigation swung in that direction."

District Attorney Arlen Specter said in a telephone interview yesterday: "Ordinarily I would not comment about a pending investigation. But since there has already been so much comment in the news media, I will confirm that my office is

looking into the charges [about Karafin] that have already been publicized."

John Bunting, executive vice president of the First Pennsylvania Banking and Trust Company, confirmed yesterday that the bank had paid Mr. Karafin since early 1962, though the payments were made to Ball Associates, a Philadelphia public relations firm.

"At the time of the arrangement," Mr. Bunting said, "Karafin had written something that put us in a terrible light. The bank felt that the arrangement would keep The Inquirer from writing slanted copy about us,

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## Reporter of Being 'Shakedown

among other things."

According to The Inquirer's account of the incident, Mr. Karafin had written a slanted account of a State Senate hearing on consumer financing. The account, the paper said, made it appear that the bank had been paying kickbacks to home improvement companies that were discounting credit paper with the bank.

Shortly after the article appeared, The Inquirer said, the bank put Ball Associates on its payroll at \$1,000 a month, at first under a two-year contract.

According to the paper, a

bank official who questioned the deal was told by his superior: "For \$12,000 a year we can keep him [Karafin] out of our hair, since we can't stand this kind of publicity."

Mr. Bunting said yesterday once the "arrangement" was entered into, "no more slanted stories appeared."

The Broadway Maintenance Company, which serves the city's lights and parking meters, placed Mr. Karafin on its payroll, according to the paper, at a time when the company was under attack by the City Controller.

The controller, Alexander

## Artist' and 'Adept Liar'

Hemphill, had accused the company of rigging bids for maintenance contracts on street and traffic lights, and of taking short cuts in its repairs once it got work, the paper said.

"All during this furor," The Inquirer said, "when Broadway Maintenance was being discussed almost daily in The Inquirer—often under Harry Karafin's byline—Karafin was on the company's payroll for \$15,000."

According to The Philadelphia Magazine, Mr. Karafin defended Broadway Maintenance in his articles and is still on the company's payroll.

An official of Broadway Maintenance said he had no comment on the matter.

During the preparation of the Philadelphia Magazine article, Mr. Karafin filed suit to enjoin its publication. The next day he was dismissed by The Inquirer, with full severance pay, after he admitted, according to the paper, that he had been on the payroll of Broadway Maintenance. The suit to enjoin the magazine is still pending. The magazine, however, has been distributed.

Other Philadelphia daily papers are The Evening Bulletin and The Daily News.