

the Capitol to begin her day of ordeal. Well, a little investigation shows that this was no mystery man. It was Vincent D. Garrity, Sanitary trustee and longtime Chicago political hack." Within an hour of President Kennedy's death, Garrity was on the telephone to newspapers with the story that he and the trustees had held a minute of silent prayer. "I was President Kennedy's favorite announcer in Chicago," he added. "I would appreciate anything you can do for me."

But to federal agents, Garrity is more than a ludicrous clown, as noted in one secret report: "Advised in December, 1961, that Chicago hoodlum Sam Giancana, Vince Garrity . . . and Peter C. Granata were considering Giancana's choice of candidates for the office of sheriff of Cook County. . . . These men place considerable importance on Giancana's desires."

The newspapers' favorite trustee was Marshall Korshak, brother of Sidney Korshak, the Syndicate's topflight advance man on the West Coast and a Chicago celebrity in his own right. (During the movie extortion trial, Willie Bioff testified that he had been introduced to Sidney Korshak by Charles "Cherry Nose" Gioe, a top lieutenant of Nitti, as "our man." "Pay attention to him [Korshak]," Gioe had warned. "Remember, any message he may deliver to you is a message from us.")

As Democratic committeeman of the Fifth Ward (Hyde Park—which includes the University of Chicago), Marshall Korshak wields hefty clout in machine circles. He served as a state senator from 1950 to 1962, when he became a Sanitary District trustee. He resigned in April 1965 to become State Director of Revenue, succeeding Theodore J. Isaacs, Governor Kerner's political manager, who was indicted for conspiracy and collusion in rigging bids for contracts on purchases of \$1.2 million of envelopes by the state. The charges were later dropped.

Scandals in the Sanitary District come in bunches like bananas, the big ones shielding the little ones. It is not unusual to have a half-dozen scandals going full blast at the same time. No one has the slightest inkling of how many there have been in the past fifty years. The number is infinite. But not all scandals are of major proportion—by Chicago standards. Like the St. Valentine's Day massacre, scandals have to keep topping one another to gain attention.

One acceptable scandal in recent years was uncovered by Ameri-

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can reporter Ted Smart. "The first time I became interested in the Sanitary District was in early December, 1961," Smart told this writer. "It was strictly a fishing expedition. There were all those rumors of graft and corruption and I decided to go over and see if I could find something on my own. At the time there was an \$18 million project nearing completion called the Zimmerman process at the main works in Stickney. First, I went over and talked to William Dundas, who had been the district's superintendent for several years. I had heard that his son or son-in-law was a vice-president of Sterling Drug, the parent company for the Zimmerman firm, which was constructing this plant. I confronted Dundas with this information and he explained that it was simply coincidental. I took him at his word but I still asked to look at the contract. There were a number of contracts, of course, and I picked the electrical portion of it. I just pulled it out of the air for no reason. Dundas then introduced me to Byron Carter, the engineer in charge of electrical design and the man responsible for drafting electrical contracts. Carter told me there were actually two electrical contracts, an inside and an outside contract, titled YYD and YYE. The two totaled approximately \$4 million. I noticed that the YYD contract had been awarded to Garden City Engineering Company. The president of the company was Maurice T. 'Mossie' Cullerton [a cousin of County Assessor P. J. Cullerton]. As you know, this is a rather prominent political name here in Chicago. They have been in local politics for seventy-five or eighty years. So, I thought, well this is where we should start then. This is the contractor, let's look at it."

Byron Carter then explained how the district protected itself against collusive bids and padded charges by preparing a secret estimate to be compared with the bids. "Okay, I said. Let me see your estimate and let's compare it with this contract." Carter hastily explained that the estimate had been prepared by Ralph R. Pinkerton, his former boss who had retired a few months after the two contracts were awarded in December 1960, a year before Smart began his investigation. The Pinkerton estimate was a hand-written document of some fifty pages. The first thing Smart noticed was the cost for stenciling numbers on 141 electrical motors. The labor estimate was two hours at \$7 an hour per motor, and the stencils were listed at \$2 each.

"Knowing that it takes a dab of paint and a piece of paper with the numbers stamped into it, I thought the cost a little high. So then I really dug into the contract. I took 422 items, just as they came, and

compared them with the catalogue prices. I found that Pinkerton's estimates were 25 to 30 percent higher than the catalogue. Then I noticed there were asterisks beside the catalogue prices. I asked Carter what they meant, and he said, 'Oh, it's probably nothing important.' Well, I thumbed through the catalogue and saw where it said 'subject to discount.' So I went back and did it all over again. It was fantastic. Some of the discount prices were 50 percent lower than the listed prices. The labor cost estimates were just as out of whack.

"After going through all the entries, I projected the findings and discovered that the two contracts totaling \$4 million should actually have run in the neighborhood of \$2 million. Carter, I must say, was painfully defensive about Pinkerton's estimates. The next thing was to have an auditor go over my findings, but Chesrow called in Burton A. Scheidt, the chief engineer, a very shrewd gentleman who went from \$7,200 a year to \$27,000 a year in a relatively short span of time. In the presence of Chesrow, even before I announced my findings, Scheidt rejected my request to photostat the book of estimates, and Chesrow agreed with him. So I made candid copies of the pages and took the whole thing over to State's Attorney Dan Ward and laid it on his desk."

Pinkerton, who had contemplated an extended cruise of the South Pacific, was located in a San Francisco hotel by state's attorney investigators, and brought back to his \$60,000 home in Chicago to appear before the county grand jury. He took the Fifth Amendment and subsequently disappeared, this time to tour the southwest. FBI agents found him six months later in a Phoenix motel.

The investigation was assigned to Assistant State's Attorney Robert Cronin, who hired Franklin D. Troxel, an electrical engineer, to verify Smart's figures. His findings were that \$2.2 million went as profit on the contracts over and above a normal profit of approximately 10 percent.

In continuing his own investigation, Smart discovered that since 1946 only five companies had been favored with electrical contracts by the district. Upon analysis, a definite pattern emerged. The companies had virtually allocated the work among themselves. That is, contracts for certain installations were always awarded to the same companies. After checking through contracts totaling some \$25 million, Smart concluded that an illegal profit of at least \$12.5 million had been siphoned off by the five companies. His findings were again reported to State's Attorney Ward, whose grand jury

probe was slowly coming unglued. A federal grand jury, investigating the antitrust angle, was not faring much better.

"Cronin was a real tiger on this investigation. He really wanted to go all the way on it. But suddenly he was gone. Fired. His replacement was Louis B. Garippo, who was very cooperative for several weeks. I would come to him with further information, and he would act enthused and say things like 'Boy, we've got a real winner here, these dirty thieves' and so forth. Gradually our relationship changed. Mr. Garippo became a little tight-mouthed. He no longer uttered little cries of joy at the sight of new clues. The federal grand jury began its investigation around February 1962, and I would go to Garippo and say, 'Lou, how is it going?' He'd say, 'Well, all the books and records have been subpoenaed by the federal grand jury and our investigation is continuing but kinda at a standstill.' Well, it just fizzled out. Nothing further developed. The grand jury term expired and the people went home. So here we are years later and the statute of limitations, which is only eighteen months for conspiracy in this state, has run out. The thieves are home, free and clear of any local prosecution.

"Now the federal side of it was equally enlightening. The investigation was assigned to federal prosecutors Harry Farris and Dorothy Hunt, and they too were very enthused by what I had dug up. I testified before the grand jury and they were off and running. Further investigation revealed that Byron Carter was on Northern States Company's payroll—they had the YYE contract—as a consultant and was paid through an affiliate called M. C. Clark Company. Clarence Crager, the district's senior electrical plant engineer, was also on Northern States' payroll at \$160 a week. Pinkerton, Carter and Crager had each more than thirty years' service with the district and were retired with full pensions.

"Well, the leaves of the calendar flew like they do in the movies, and first thing I knew winter had turned into fall. Farris and Hunt would hint that I could expect indictments in two months. The two months would turn into four, and the four into eight, and still nothing. Then a third party, a federal official who shall remain nameless, came to me and said, 'You've got to do something. They're trying to kill the case.' I said 'Who is they and what do I do?' He said, 'Well, they, specifically, is Earl A. Jinkinson [Midwest chief of the Justice Department's antitrust division]. He's been opposed to the case all along. In fact, he went before the grand jury and said you

were a convicted thief. That you were fired from the *Daily News* and convicted and jailed for stealing money from your employer. He is trying to impeach you.' And I said, 'Yes, and with lies because none of it is true.' Actually, I spent a week in the House of Correction once for a series of articles on an assignment for the *Daily News*. And I might add, a highly successful series, but it earned me the enmity of certain people. Frankly, I couldn't imagine a federal prosecutor, and in this case the boss of the division, deliberately impeaching his own witness even if the charges had been true.

"There's another element to this story I should bring in at this point. Back in January 1962, Mayor Daley sent a press agent by the name of Charles C. Smith to the district as Chesrow's administrative assistant with orders to tone down the growing scandal. Smith, a former press agent for Bishop Sheil, now works for Paul Powell, our new Secretary of State. Anyway, Smith was a busy little man for a while. He was all over the federal building, talking to Jinkinson and to Chief Judge William Campbell, who was in charge of the federal grand jury. Of course, I don't know what they talked about. It could have been personal business. I might add, though, that Judge Campbell has a reputation in this town for being a very political guy. I know that Smith wrote to Campbell, charging that I was tampering with the jury. And it came back to me from many sources that Smith was spreading that story about my fictitious criminal record. Here we had a case involving millions of dollars and an obvious violation of the antitrust act as far as the collusive bidding was concerned, and all of a sudden everybody was terribly worried about my week in the House of Correction.

"The intrigue was not only in Chicago. It was buzzing in Washington, too. I heard from my third party a few months later that 'it's all fixed now. There are not to be any indictments. Two men from Washington will appear before the grand jury. They will say there have been apparent violations of federal laws, but not antitrust violations, and that the jury should return no bills.' This third party, who knew how good a case we had, said 'For God's sake, go to the foreman of the grand jury and tell him this.' So I went to the foreman and gave him the particulars. He asked me to repeat my story before the jury and I did. Two months later, the two men from Washington arrived and that was the end of that investigation. Meanwhile, Dundas and Scheidt have retired with pensions, and Jinkinson has left the government for a job with Winston, Strawn, Smith and Patterson, a law firm with plenty of City Hall clout."

It is basic arithmetic in Chicago that whenever big money is involved, it inevitably follows that a hoodlum is in the woodpile. In this instance, it was John F. Scanlan, former owner of Mid-West News, a wire service supplying racetrack information to Syndicate bookmakers. According to the Kefauver report, Scanlan had once "participated in the Guzik-Accardo-[Harry] Russell maneuver to take over" a wire service in Florida. With the demise of Mid-West News, Scanlan became a "front" for Syndicate bosses, particularly Ralph Pierce, overlord of Marshall Korshak's Fifth Ward. For several years, Pierce reported substantial income from E&J Construction, a company operated by Edward Joyce and John Scanlan. Known as the "mystery man of influence" in district affairs and a frequent visitor at its headquarters, Scanlan had long been an object of curiosity to federal agents. Following his visits with district trustees and officials, Scanlan invariably met with Murray Humphreys.

In June 1960, Scanlan borrowed \$20,000 from a bank and formed Structural Maintenance Service, Inc. A short time later, he invested \$10,000 in a joint venture with the Garden City Engineering Company, which held the \$1.4 million YYD electrical contract. While Garden City put up all its assets in the contract and performed all the work, Structural Maintenance did nothing more tangible than put up the \$10,000. Its reward was a 50 percent split of the \$641,000 illegal profit reaped through the padded contract.

Trustee Garrity received a smidgen of publicity when he was identified during the federal grand jury probe as a friend of Scanlan. Otherwise, the revelation that hoodlums were involved did not stir too much curiosity.

Meanwhile, *Tribune* reporter George Bliss was busily digging into the district, writing a series of eighty stories (it earned him a Pulitzer Prize) about timesheet faking, loaded and padded payrolls, inflated wage scales, insurance kickbacks, rigged contracts and real estate lease payoffs that were costing the taxpayers at least \$5 million a year. Of the 2,300 employees, nearly half were patronage workers, sponsored by politicians and labor leaders. Bliss wrote of the gambling, drinking and sleeping clubs—employees brought their own blankets and pillows to be more comfortable. He told of a district engineer who admitted having padded a payroll with \$50-a-day "ghost" workers because he was promised reimbursement for doing so. He uncovered a large Syndicate bookmaking ring at the Stickney