

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

Ninety-Sixth Legislature

OF THE

STATE OF MAINE

1953

DAILY KENNEBEC JOURNAL
AUGUSTA, MAINE

HOUSE

Wednesday, January 14, 1953

The House met according to adjournment and was called to order by the Speaker.

Prayer by the Rev. Mr. Merle E. Golding of Augusta.

The journal of the previous session was read and approved.

Papers from the Senate

From the Senate: The following Communication:

STATE OF MAINE
DEPARTMENT OF THE
ATTORNEY GENERAL
AUGUSTA

January 13, 1953

To the Honorable Senate and House of Representatives of the Ninety-sixth Legislature

Pursuant to Article V, Part 4, Section 2 of the Constitution I am transmitting herewith two bonds of the Honorable Frank S. Carpenter, Treasurer of State, each in the amount of \$75,000, one written by The Travelers Indemnity Company of Hartford, Connecticut, bearing date of January 7, 1953, and the other written by Maine Bonding and Casualty Company of Portland, Maine, bearing date of January 7, 1953, each being payable to the State of Maine.

These bonds bear the Deputy's approval as to form and I recommend them for approval by the Legislature. (S. P. 19)

Respectfully yours,

(Signed) Alexander A. LaFleur
Attorney General

Came from the Senate read and ordered placed on file.

In the House, the communication was read and, with accompanying bonds, ordered placed on file in concurrence.

From the Senate: The following Orders:

ORDERED, the House concurring, that the two bonds of the Honorable Frank S. Carpenter, Treasurer of State, each in the amount of \$75,000, one written by the Travelers Indemnity Company of Hartford, Connecticut, bearing date of Jan-

uary 7, 1953, and the other written by Maine Bonding and Casualty Company of Portland, Maine, bearing date of January 7, 1953, each being payable to the State of Maine, and each bearing the certificate of approval of the Attorney General, be and hereby are approved. (S. P. 20)

ORDERED, the House concurring, that there be paid to the members of the Senate and House as advances on account of compensation established by statute, the amount of eighty-five dollars (\$85.00) fortnightly, according to lists certified to the State Controller by the Secretary of the Senate and Clerk of the House respectively; and that the final payrolls bear the approval of the Joint Standing Committee on Appropriations and Financial Affairs. (S. P. 21)

Came from the Senate read and passed.

In the House, read and passed in concurrence.

Bills and Resolves Requiring Reference

The following Bills and Resolves were received and, upon recommendation of the Committee on Reference of Bills, were referred to the following Committees:

Appropriations and Financial Affairs

Bill "An Act Relating to Bookmobile Service" (H. P. 2) (Presented by Mrs. Lord of Portland)

(Ordered Printed)

Sent up for concurrence.

Highways

Resolve in favor of the Town of Patten (H. P. 3) (Presented by Mr. Potter of Medway)

Resolve in favor of Mt. Chase Plantation (H. P. 4) (Presented by same gentleman)

Resolve in favor of Stacyville Plantation (H. P. 5) (Presented by same gentleman)

Resolve in favor of Mount Chase Plantation (H. P. 6) (Presented by same gentleman)

Resolve in favor of the Town of Medway (H. P. 7) (Presented by same gentleman)

Resolve in favor of Mt. Chase Plantation (H. P. 8) (Presented by same gentleman)

Sent up for concurrence.

Inland Fisheries and Game

Bill "An Act Relating to Guides for Non-Resident Hunters" (H. P. 9) (Presented by Mr. Potter of Medway)

(Ordered Printed)

Bill "An Act Relating to Hunting and Trapping of Bears in Unorganized Townships" (H. P. 10) (Presented by same gentleman)

(Ordered Printed)

Bill "An Act relating to Possession of Deer in Closed Season" (H. P. 11) (Presented by same gentleman)

(Ordered Printed)

Bill "An Act Relating to Hunting Licenses for Minors" (H. P. 12) (Presented by Mr. Travis of Westbrook)

(Ordered Printed)

Bill "An Act relating to Taking of Smelts in Cumberland County" (H. P. 13) (Presented by same gentleman)

(Ordered Printed)

Bill "An Act relating to Closed Season on Bass in Inland Waters of Cumberland County" (H. P. 14) (Presented by same gentleman)

(Ordered Printed)

Sent up for concurrence.

Judiciary

Bill "An Act relating to Penalty for Failure to Stop on Signal of Inland Fish and Game Warden" (H. P. 15) (Presented by Mr. Travis of Westbrook)

(Ordered Printed)

Resolve in favor of a Retirement Allowance for Edith V. Jack of Hollis Center (H. P. 16) (Presented by Mr. Kimball of Dayton)

(Ordered Printed)

Sent up for concurrence.

Taxation

Bill "An Act Exempting Ships' Stores from Maine Sales Tax" (H. P. 17) (Presented by Mr. Travis of Westbrook)

(Ordered Printed)

Sent up for concurrence.

Welfare

Bill "An Act relating to Hospital Aid and Aid to the Disabled" (H. P. 18) (Presented by Mr. Clements of Belfast)

(Ordered Printed)

Resolve providing for State Pension for Fred B. Lee of Medway (H.

P. 19) (Presented by Mr. Potter of Medway)

Sent up for concurrence.

Mr. Fuller of South Portland, presented the following Order and moved its passage:

ORDERED, the Senate concurring, that a Joint Convention be held in the hall of the House, this afternoon at 3:00 p. m., for the purpose of inviting His Excellency, Governor Burton M. Cross, and his guest, James O. Granum, Supervising Engineer, Automotive Safety Foundation, Washington, D. C., to attend and address to the Convention such remarks as they may be pleased to make. (H. P. 20)

The Order was read and passed, and on motion of Mr. Fuller of South Portland, was ordered sent forthwith to the Senate.

House Report of Committee

Mr. Fuller from the House Committee on Elections on the Returns of the Votes cast for Representatives to the Legislature in the several cities, towns and plantations in the State of Maine at the general election held on September 8, A. D. 1952 reported the following Resolution:

RESOLVED, that the several persons named in the certified list dated January 7, 1953, of representatives-elect to the 96th Legislature by Harold I. Goss, Secretary of State, are hereby declared legally elected representatives to the 96th Legislature.

Report was read and accepted and the Resolution was read and adopted.

A message came from the Senate, borne by Secretary Winslow of that body, proposing a Joint Convention, to be held forthwith in the Hall of the House of Representatives, for the purpose of inviting His Excellency, Governor Burton M. Cross, to attend and address to the Convention such remarks as he may be pleased to make.

On motion of Mr. Fuller of South Portland, the Clerk was charged with and conveyed a message to the Senate, announcing that the

House concurred in the above proposition for a Joint Convention.

The Clerk subsequently reported that he had delivered the message with which he was charged.

On motion of Miss Steeves of Lincoln, House Rule 25 was suspended for the remainder of today's session, in order to permit smoking.

Orders of the Day

A message came from the Senate, borne by Secretary Winslow of that body, announcing that the Order, House Paper 20, which was passed earlier in the day, proposing a Joint Convention to be held at 3:00 P.M. today, was passed in concurrence in the Senate and that the Senate concurred in the proposition for a Joint Convention.

The following paper from the Senate was taken up out of order and under suspension of the rules:

From the Senate: The following Order:

ORDERED, the House concurring, that no bill for private or special legislation be received by this Legislature after 1 o'clock on the afternoon of Thursday, February 5, 1953, and that no other bill or resolve be received by this Legislature after 1 o'clock on the afternoon of Thursday, February 12, 1953, except by unanimous consent in the body in which it is introduced; and it is further

ORDERED, that for the purpose of this Order, all bills and resolves which have been filed with the Director of Legislative Research within the time limits herein provided shall be considered as received, provided such bills and resolves shall be properly titled and accompanied by the information required to prepare the bill. Such bills and resolves in process of preparation shall be reported by the Director of Legislative Research to the Legislature on the first legislative day of each week, commencing February 24 and continuing so long as any bills or resolves remain in process of preparation in the office of the Director of Legislative Research; and it is further

ORDERED, that any bill or resolve which shall be received by

either body of this Legislature by unanimous consent after the times above set shall stand referred to the Ninety-seventh Legislature if unanimous consent for its reception is not given in the other body in concurrence. This Order shall not apply to bills reported by any joint standing or joint select committee in the regular course of business, nor to such bills and resolves as are intended only to facilitate the business of the Ninety-sixth Legislature; and it is further

ORDERED, that the Secretary of the Senate shall cause a copy of this Order to be published in all the daily and weekly papers of the State, commencing Tuesday, January 20, 1953, and continuing up to and including Thursday, February 12, 1953. (S. P. 29)

Came from the Senate read and passed.

In the House, read and passed in concurrence.

Mr. DICKEY of Brooks: Mr. Speaker —

The SPEAKER: For what purpose does the gentleman rise?

Mr. DICKEY: I move to take from the table, Mr. Speaker, the tabled and today assigned matter.

The SPEAKER: The gentleman may proceed.

Mr. DICKEY: Mr. Speaker and Members of the House: My order of yesterday, relative to special resolve roads, was simply a means of speeding up legislative procedure. It was in no way intended to do away with special resolves. By way of information for the new members I will say that you have to file a resolve in the office of the Director of Research, have the mechanics corrected, deposit it in the hopper, go through the various channels, recorded in the journal, numbered, referred to a committee, entered on our calendar every day, and I do believe that if you would go along with my order that perhaps we could save two days in our legislative session. It has been reported that we might save as high as \$5,000 if you will go along with my order. As I stated, it does not intend to do away with special resolves.

You probably noted yesterday that I had a consolidated resolve which was referred to the Commit-

tee on Highways, which was the amount which has been allocated the past years to the different counties. I therefore feel that you members would like to go along with me on this order, and I move its passage.

The SPEAKER: The gentleman from Brooks, Mr. Dickey, moves that the House Joint Order relative to Consolidated Resolve for the Maintenance and Repair of Roads and Bridges receive passage. Is this the pleasure of the House?

The vote for the passage of the order being doubted.

A division of the House was had.

One hundred and ten having voted in the affirmative and one in the negative, the order received passage and was sent up for concurrence.

The SPEAKER: The Chair recognizes the gentleman from Brooks, Mr. Dickey.

Mr. DICKEY: Mr. Speaker, I rise for a point of information.

The SPEAKER: The gentleman may state his point.

Mr. DICKEY: Mr. Speaker, in the reference of petitions and bills earlier this morning, Items 2 to Items 7, I notice the gentleman from Medway, Mr. Potter, is not in the Hall. I have no way of knowing whether these are special resolves in relation to this \$150,000 appropriation or whether it may be some other resolves. I would like to ask the Chair the proper procedure in order to table these items until the gentleman from Medway, Mr. Potter, is present.

The SPEAKER: The Chair grants the gentleman from Brooks, Mr. Dickey, permission to approach the rostrum and examine the bills.

The gentleman from Portland, Mr. Stewart, was granted unanimous consent to address the House.

Mr. STEWART: Mr. Speaker, after the passage of the order yesterday, concerning the Legislative Research Committee and the Bird Report, a member of this House came to me and said "I am new here; I don't understand just what was done. Just what is the status of that report anyway? What was done? Was a vote taken or just what was it all about?" I feel that perhaps some of the new members

may feel the same way in regard to the report as this new member with whom I spoke. It is my feeling that for those new members who were confronted with this piece of legislation yesterday another opportunity should be given to consider the report and to consider its nature somewhat more fully than was done by the order presented to us yesterday, on the first day of convening for this week. Especially so, it seems to me, when a committee, chosen by this Legislature or by the past Legislature to report to us, a committee consisting of members of the Senate and consisting of members of the House, would be, by the wording of the order, it seems to me, overruled by an employee of that committee, especially so when every member of the committee who has seen the report asks us to use caution because they do not want to injure innocent persons, because they do not want to cause a miscarriage of justice, because they do not want to compromise the State's case in regard to any of the persons who may be involved in the report.

I have a great deal of confidence in the men who sat on that committee, men such as Ed Chase and Dave Fuller and Fred Allen. It is my feeling that if they have examined the report and have considered it, and have examined the contents of the so-called Bird Report, and feel that there is something in that report which deserves the further attention of that committee, that we should wait until that committee has made its findings to us. The Legislature has asked that committee to make their findings and to report them to the 96th Legislature. Before they have had an opportunity to make those findings and to make that report we are asking them to disclose the confidential report of the attorney for that committee.

It seems also that we have not given the other body, the Senate, due courtesy in regard to that report. They likewise have representation on the Research Committee; they likewise have responsibility with us in regard to legislation. It seems if I made a mistake in this matter I would rather wish to make it in favor of avoiding injuring the innocent, in favor of preventing a

harm which once done cannot be remedied.

We have not seen the report. Those who have urge us that to release it would do irreparable harm and prevent the accomplishment of justice. Although we have paid for the report, as some have indicated, it is a confidential report. In the process of government there are a great many confidential reports, matters which are considered by the FBI, matters which are considered by the Grand Jury, and the results are never disclosed to anyone until an opportunity has been had by the department charged with the duty of justice to determine whether or not guilt or innocence or indictment should be predicated upon confidential reports.

It is my feeling that we ought to reconsider. We face in this the temptation to wash our hands in the matter, to say "My name is not in the report. No friend of mine is in the report. No one is named. It won't hurt me. I have nothing to hide. Let it be published." We face the temptation of letting the innocent be condemned and adjudged by a report that we don't know the contents of. We face the temptation of forsaking doing it the hard way and allowing, by default, the easy wrong, the wrong to the innocent. Let us vote to do right, and not take the easy way.

Mr. Speaker, I move to reconsider the passage of the order of yesterday, concerning the Bird Report and the Research Committee, and when the vote is taken, I ask that it be taken by a division of the House.

The SPEAKER: The gentleman from Portland, Mr. Stewart, moves that the House reconsider its action of yesterday, whereby it passed the order concerning the Bird Report.

The Chair recognizes the gentleman from Millinocket, Mr. Gates.

Mr. GATES: Mr. Speaker, I believe that last evening I missed my opportunity to oppose this order and it is rarely given any man a second chance to remedy a mistake. I hope that this motion will carry.

The SPEAKER: If I may interrupt the next gentleman who wishes to speak before he even starts, it is wise to call to the attention of

the House, especially the new members, that the reason we are being meticulous concerning the microphones is a matter of House records. The amplification of the voice is necessary to have the record suitable.

The Chair recognizes the gentleman from Portland, Mr. Roundy.

Mr. ROUNDY: Mr. Speaker and Members of the House: I rise to support the motion for reconsideration. I think we have selected with great care the members of the House and of the Senate for this special piece of work and that we would not be giving to them the confidence which their good judgment and their character deserves by so summarily putting it aside as we would be doing by our action of yesterday.

I am seconding this motion for reconsideration with the expectation that the matter will be tabled and that we shall be in a position to act in a better and more reasonable and a more carefully considered way at a later time.

The SPEAKER: Does the Chair understand that the gentleman from Portland, Mr. Roundy, moves to table the reconsideration?

Mr. ROUNDY: Mr. Speaker, I am sorry but I did not understand the question.

The SPEAKER: Does the Chair understand that the gentleman from Portland, Mr. Roundy, moves to table the reconsideration?

Mr. ROUNDY: No, no, Mr. Speaker. I suggested that after we have voted reconsideration the matter might be tabled.

The SPEAKER: The Chair recognizes the gentleman from Bangor, Mr. Totman.

Mr. TOTMAN: Mr. Speaker, I would like to state that inasmuch as I was not able to be here until later on yesterday afternoon, I must apologize somewhat for rising now to take a late stand on this issue.

Nevertheless, I am now here and I would like to point out just one or two things. Members of the House, particularly the new members, who probably like myself at the beginning of the last session, were somewhat confused as to

which way to turn, particularly when a so-called "hot potato" is dumped in their laps right at the beginning of the session.

The gentleman from Portland, Mr. Stewart, I think, has covered the point very well except that he very carefully evidently did not use two words which I understand from members of the Legislative Research Committee should be pointed out: two words that are key to the whole report and they are "hearsay" and "gossip." I don't believe a member of this House would subscribe to walking out on the street and asking any citizen on the street: "What do you think of so and so?" and then publishing it in a report as an official report. It just isn't the way we do things in the United States. Furthermore, if any member has any doubts that this report is not filled with hearsay and gossip, think very carefully why have the newspapers most carefully not printed a word of this report when it is a known fact that many newspapers have this report in their hands. Why, because they know that if they initiate printing hearsay and gossip they are liable to charges of slander and libel. However, once you members pick up the "hot potato" and say that you accept it and make it public, then the newspapers are relieved of reporting or facing the charge of libel and slander. But if the outstanding newspapers in this State are reluctant to print what they already have in their hands, I think this House should be very, very careful before they provide the excuse for doing something that may, as Mr. Stewart has pointed out, do a great deal of harm to many people who are simply charged with hearsay and gossip.

The SPEAKER: The Chair recognizes the gentlewoman from Rumford, Miss Cormier.

Miss CORMIER: Mr. Speaker and Members of the House: I do not think that our action of yesterday was any slight on the part of the committee which was appointed by the last Legislature to make this report. I feel very strongly that this report belongs to the people and that it should be made public at this time.

Mr. Bird is not a newcomer on the State scene. We are acquainted with his report for Health and Welfare; we know of his work; we know him by reputation and the very fact that Mr. Bird is willing that his report be published in any newspaper in the State would indicate to me that he is not afraid of any libel. I think the fact that he offered the report and is willing that it should be published substantiates the fact that he is not afraid to stand on the report. When you and I are elected to public office, it becomes a fact that our public life and to a certain extent our private life is an open book to the public which we serve. I believe that in so far as this Legislature insists by the publishing of this report the public has a right not only to request but to demand that honesty and integrity, that high moral character, be expected of its public servants, and I feel that if anyone in this report has broken that trust either by being dishonest or by having loose morals, then the public is entitled to know about it. I do not fear to stand in this Legislature and to say that I firmly believe that that Bird report should be published.

This is one of our first acts in the Legislature. Are we going to start this session by a hush-up policy or are we going to be courageous and say to the public: "We agree with you that your public servants should be men and women of integrity, men and women whose private lives and whose public lives can be looked upon", and for that reason and because it is the report of the public, if the newspapers have that report then it is not a confidential report. If this report has been given to the newspapers, then I don't see why it cannot be given to the people of the State of Maine and I hope that when a vote is taken on this motion that we will not reconsider but that we will stand pat on the courageous stand which we took yesterday.

The SPEAKER: The Chair recognizes the gentleman from Boothbay Harbor, Mr. Tupper.

Mr. TUPPER: Mr. Speaker, as a new member and an attorney, I believe that the stand of the House

yesterday should not be reversed. To do so would show wishy-washy thinking on the part of this Body. I do not think that any one of us considered this matter in haste and I think the report should definitely be published.

The **SPEAKER**: The Chair recognizes the gentleman from South Portland, Mr. Fuller.

Mr. **FULLER**: Mr. Speaker and Members of the House: It certainly is not my intention and I think nobody's intention to rush through this thing or rush into this thing but I think that there are some phases of it that are very important and one of them is that we owe this report to the people of the State of Maine. It is going to come out sooner or later. I believe the die is cast and let's get this thing over and get some work done. We have not seen the report, it is true, but I believe that we want to see it and I think that we should see it and, therefore, I hope that the motion of the gentleman from Portland (Mr. Stewart) does not prevail.

The **SPEAKER**: The Chair recognizes the gentleman from Madison, Mr. Fogg.

Mr. **FOGG**: Mr. Speaker, I want to say now that I hope that we do not reverse our stand on this thing and have this report referred to a few people. As far as I am concerned, in this liquor business there has been too much referred to too few already and I think that we should go ahead and consider this thing ourselves and decide for ourselves which is hearsay and which is facts.

The **SPEAKER**: Is the House ready for the question?

The gentleman from Portland, Mr. Stewart, moves that the House reconsider its action of yesterday whereby it passed the House Order relating to the Legislative Research Committee and the report of Stanley L. Bird, Esquire. Is it the pleasure of the House to reconsider passage of the order? The gentleman from Portland, Mr. Stewart, asks for a division. All those in favor of reconsidering the passage of the order will rise and remain standing

in their places until the monitors have made and returned the count.

A division of the House was had, Fourteen having voted in the affirmative and one hundred thirteen having voted in the negative, the motion to reconsider did not prevail.

The **SPEAKER**: The Chair recognizes the gentleman from Limestone, Mr. Burgess.

Mr. **BURGESS**: Mr. Speaker, I rise to make an inquiry of the Chair.

The **SPEAKER**: The gentleman may proceed.

Mr. **BURGESS**: Mr. Speaker, would I be out of order to ask the Clerk to read the order and perhaps either the Clerk or yourself would clarify the question as to what the procedure is from this on. Namely this: Is the Bird report and Research Committee report to be made available to each House member, incorporated in the record, or just what is proposed? It seems to me that the order, itself, is not specific enough in order for anyone to do anything to justify the cause for which we have just now voted. Perhaps the Chair will clear it up for us.

The **SPEAKER**: If the gentleman will defer his request, the Chair at this time will recognize the gentleman from Bangor, Mr. Fuller.

Mr. **FULLER**: Mr. Speaker and Members of the House: I have an order which is designed to clarify that matter, in part at least, and I present it and move its passage.

The **SPEAKER**: The gentleman from Bangor, Mr. Fuller, moves out of order and under suspension of the rules that this order receive passage. The Clerk will read the order.

ORDERED, that the Director of Legislative Research be directed to deliver to the Clerk of the House to be inserted in the Legislative Record, the Report made to the Legislative Research Committee by Stanley L. Bird, Esquire, Attorney for the Committee.

Thereupon, the order received passage.

The SPEAKER: The Chair would request of the gentleman from Limestone, Mr. Burgess, as to whether he is satisfied that his question has been answered.

Mr. BURGESS: Mr. Speaker, I have had my questions answered but, at this time, I would ask unanimous consent to address the House.

The SPEAKER: The gentleman from Limestone, Mr. Burgess, requests unanimous consent to address the House. Is there any objection? The Chair hears none and the gentleman may proceed.

Mr. BURGESS: Mr. Speaker and Members of the House: It has been demonstrated beyond any question of doubt what the intention of at least the large majority of the House members is with respect to this report.

In the interest of harmony, not only of the Republican Party but for the citizens of Maine, I urgently suggest that we stop kicking this thing around. We have voted to bring it out; let's bring it out and forget it. Thank you.

REPORT TO LEGISLATIVE
RESEARCH COMMITTEE

By

STANLEY L. BIRD, ITS COUNSEL

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Augusta, Maine
December 16, 1952

REPORT TO LEGISLATIVE
RESEARCH COMMITTEE

By

STANLEY L. BIRD, ITS COUNSEL

On April 16, 1952, the writer was engaged as Counsel for the Committee. He was instructed by the Committee to make a study of the Liquor Business of the State to determine whether or not there existed any basis for the criticisms which were being made of it and to report his findings to the Committee.

Criticisms Which Were Being Made

From the comments of Committee members themselves, from the brief study of the business which the writer had made for Mr. Walter Reid in 1948, and from hearing the matter discussed generally, the writer concluded that the following rumors prevailed:

1. That favoritism was shown by the Liquor Commission in the purchasing of wines and liquors resulting in lush profits to some companies and losses to others,

2. That such advantages were received as political rewards for prior and continued political support,

3. That such losses were punishment for political nonsupport,

4. That purchases were made upon the basis of friendship rather than on the salability of a product,

5. That purchases were made under fear of reprisals,

6. That purchases were made as a result of the payment of graft,

7. That there was discrimination in the enforcement of the Liquor Laws and in the issuance of licenses,

8. That the above alleged acts of misconduct have not been confined to any one administration. One aged citizen observed, "When we change administrations they don't clean up the rubbish, they just sweep it over to the other side of the street."

Criticisms of the Criticisms

It was also noted that there were rumored answers to and criticism of the above listed rumors. Among such answers and criticisms the following were observed:

1. That the State had the warehouse and merchandising facilities to handle only about 500 items, whereas about 3000 items were offered for sale to the State. This situation resulted in many disappointed sellers, some of whom spread false stories out of spite.

2. That political and personal enemies to office holders spread false rumors.

3. That persons envious of successful sellers spread stories implying that graft occasioned the success.

Extent and Duration of the Rumors

The general opinion seems to be that these claims and counter claims have existed all during the period in which the State has been engaged in the Liquor Business.

Purpose of the Committee Hearings

The ultimate goal of the Committee was to determine whether or not favoritism or wrong doing existed in the Liquor Business of the State. The Committee sought to sift the rumors in an attempt to find specific allegations of favoritism or wrong doing. Because many of the

rumors were alleged to have originated by the salesmen of wine and liquor companies, and because of their close association with the Liquor Business of the State, the Committee considered that the salesmen were logical sources of information. Consequently, the representative of each wine and liquor company was invited to appear before the Committee.

COMMITTEE HEARINGS

The Committee Hearings of May 14th and 15th, 1952

SYNOPSIS OF TESTIMONY

Forty-nine representatives of vendor companies appeared before the Research Committee and gave testimony under oath. Among other questions each representative was asked the following four questions:

"Do you know of any illegal acts having been committed by any member of the Liquor Commission or any employee thereof, past or present?"

"Do you know of any acts or failures to act by members or employees of the Liquor Commission, past or present, which lead you to believe that any favoritism is being or has been exercised in the selection or elimination of brands of liquor to be sold?"

"Do you care to make any statements of facts or suggestions of method regarding the conduct of the affairs of the Liquor Commission which might help the Committee in its study of these affairs with a view to improvement in efficiency?"

"In your personal contacts with the Commission, can you tell the Committee what are your functions?"

Thirty-nine of the witnesses made negative answers to the first three questions. In answer to the fourth question, the universal answer was that calls were made on the Commission for the sale and promotion of their products.

The testimony of the ten witnesses who had other than negative answers is summarized as follows:

One representative advised that his company had six rum items listed with the Commission prior to March of 1950 and that during that

month five items were delisted. The company was advised that the delistings had occurred because sales had not been up to expectations. The representative felt that his company had a just cause for complaint inasmuch as it had extended itself to supply the State of Maine during the war years when rum was scarce.

Another representative complained of lack of orders, stating that his company sold 7500 cases to the State in 1950 and only 500 cases in 1951.

One witness suggested to the Committee that if it wished to find out whether there had been any favoritism practiced to compare the sales performance of a brand with the amounts purchased. He advised that if the brand had been overbought there was a reason for it.

A company representative stated that one of its items had been selling in Maine at the rate of 2500 cases per year, but had been delisted without any advance notice in March of 1950 while a number of competitive brands selling much slower had been kept on the list and that the company never could obtain an explanation from the Commission. He cited this as an act of favoritism.

One liquor broker who has been so engaged since the repeal testified in part as follows:

“BY MR. BIRD:

Q. Now concerning your thoughts towards favoritism which you stated you believed to have always existed through various commissioners, would you think that favoritism, if it has existed, has been due to personal relationships between the commission and company representatives or do you think it has been due to favoritism because of political influence, or do you think it is a combination of both of those?

A. I think it is a combination of both.

Q. Do you care to elaborate on that?

A. Well, I would only say this: that as I observed the incoming and outgoing of various governors and members of the State Liquor Commission and observe what takes place on the liquor list down

through these years, to me it is quite evident that favoritism is existing because of the changes that have taken place. As I said before, it is a human frailty for us all to favor our friends, and I don't know of anything that can be done about it, but I wouldn't swear that I didn't believe it existed.

Q. Do you think that entertainment on the part of company representatives or gifts or both may have, in some instances, influenced the purchasing of a particular line?

A. Well, I think that sort of thing always influences every individual.

Q. Whether it be the Liquor Commission or anyone else?

A. That is right. Whether it be a monopoly state or a wholesale liquor buyer, if you take him out and entertain him and become quite friendly with him he is quite apt to buy some of your merchandise and quite apt to buy a little more of yours than that of someone he doesn't know or that does nothing for him.

Q. And is it also your opinion that a company representative who has been active politically for the particular group that happens to be in power has a better opportunity to sell his product?

A. Yes, of course.”

One witness, an elderly man of apparent broad business experience as a business executive made this observation:

“My thinking always has been to make the comparison, particularly where experience in the many years has been so broad, in each of the factors which make the business a success. I would just like to touch on two things, two fundamental things, leaving them mostly for your thoughts.

First of all, the matter of a dollar inventory limit which, to a great extent, regulates your turnover. Outside of the cents profit on an item, probably the greatest other item which shows profit is turnover. Secondly, I leave with you this thought, which probably requires an amendment or a broadening of your law. To attract the best minds for this liquor business, particularly as large as it is in the whole State of Maine, I believe your incentive or you might call it compensation should be greatly adjusted.”

The representative of one company stated that it had received a listing shortly after it had employed Harold F. Packard as a salesman.

The spokesman for Berke Bros. suggested that a study might well be made of other monopoly states to determine how weak spots had been corrected. He complained about the delisting of the Old Mr. Boston line of this company and pointed out that while the Commission gave as its reason there were too many listings, the Commission did, nevertheless, add listings of a competitive company. He stated that Peter Karagian had been the Maine representative until the delisting and that now "Pete" Papolos was doing work in Maine for the company.

One representative suggested a revision of the sale price on goods sold by the State to licensees in the State to enable the licensees to make more profit.

**The Committee Hearings of May
28th and May 29th, 1952**

**SYNOPSIS OF TESTIMONY
Herman D. Sahagian
Fairview Wine Corporation
Gardiner, Maine**

Mr. Sahagian testified that the sale of his wines to the State of Maine had dropped from 84,000 cases in 1949 to 60,000 cases in 1950. He said that in March of 1950, 17 code numbers were delisted leaving to him 19 code numbers. He stated that his wines in the State stores were constantly out of stock and that he had repeatedly complained to Commissioner Zahn to no avail. He told how that in the Spring of 1951 the situation became acute with sales dropping sharply.

He testified that in the Spring of 1951 he met with Frederick Papolos of Boston by the arrangements of Frederick Papolos. He said he was told by Papolos that he, Sahagian, was in trouble in Maine and that the administration and the "boys in Boston" were going to gang up on him and put him out of the wine business. He stated that Papolos told him that a move was going to be made to revoke his license because of a false answer on a license application. He said that Papolos advised him that he could help him out.

He stated that Papolos told him that he controlled Governor Payne and could make him do anything he wished. He told how Papolos related that he had supported Payne for Governor and had laid the ground work for his campaign and that he had made a deal with Mr. Laven of Granada Wine Company and with Mr. Linsey of Boston to finance Payne's campaign. He stated that Papolos told him that he himself had put in \$15,000 and that Linsey had put in \$45,000 and that he, Papolos, still had some money coming to him from this deal. He testified that Papolos told him he had been double-crossed but that he had enough on the parties here in Maine so that they had to do what he told them. He said that Papolos asked him what he was willing to do.

Mr. Sahagian advised the Committee that he had no alternative in order to exist, that he had an investment in Gardiner of over \$300,000 and that if he didn't continue to do business in the State of Maine he would have to shut down, and that if it were a question of paying money to exist he figured he might as well go in with them and get enough evidence to convict the guilty. He said he was convinced that Papolos was able to produce.

He testified he agreed to pay 15 cents per case commission to Papolos starting on the first of September 1951. He advised that soon after he made this agreement his orders increased.

In October of 1951 he said that Papolos asked him for more money per case. At that time Sahagian stated he argued that he could not afford to pay more commission at the price wine was then selling. He advised that Papolos suggested that he raise the price of wine so that he could pay Papolos more money. Sahagian said he told Papolos that if he raised his prices and his competitors did not raise their prices, his wine wouldn't sell. He testified that Papolos said he would get Commissioner Zahn to raise all the wine prices and to put on a "floor ceiling" under which no one could sell. He said that on October 24, 1951, he and Papolos signed a written contract for the payment of 40 cents per case for the balance of

1951 and for 50 cents per case for the year 1952. This contract, he said, was left in escrow with a Portland attorney to become effective only if the prices of wine were raised on November 1, 1951. He stated the prices were raised as promised by Papolos on November 1, 1951, and the contract became effective.

Sahagian testified that his business immediately increased, "turned right about face." Under the terms of this contract, he said he paid Papolos by check around \$12,000.00. This amount, he stated, represented commission on sales for the months of September, October, November, December of 1951 and for January of 1952.

On the evening of March 4th, 1952, Sahagian said he went to see Governor Payne at the Blaine Mansion and there told him that he had been paying graft to Fred Papolos. He stated that the Governor replied that he didn't know anything about it, whereupon he said to the Governor, "Fred, I will buy that; if you say you don't know anything about it, that is it; but you do know about it now." He testified that the Governor replied, "Don't say anything to anybody. Let me have two or three days to investigate and I will get in touch with you."

Sahagian testified that the next day, around noontime, Fred Papolos came to Gardiner and accused him of having done some talking. He said he explained to Papolos that he had only talked to the Governor and that Papolos had always told him that the Governor knew everything. He said that during this conversation with Papolos he told him that he was not going to pay him any more money.

Sahagian said that in the summer of 1951 he had had a recording machine installed in his automobile and that he had been able to make recordings of various conversations between himself and Papolos.

He also testified that in the summer of 1950 he had entered into an arrangement with Edward Talberth whereby he had paid Talberth sums of money with the understanding that it was going to Governor Payne for the purpose of helping his business. He said he had a recording of Talberth confirming this arrangement.

**Byron Nichols
Supervisor of State Inventories
Liquor Commission**

Mr. Nichols testified that in July of 1950 Commissioner Zahn had ordered him to keep purchases from Sahagian down to 4000 cases per month and that in the latter part of September 1950, his supervisor, Mr. Sampson, told him to use the same stocking formula for all wine companies. Nichols related one incident where he had obtained information from the commission files and had discussed this information with Herman Sahagian.

**Rodney Johnson
Winthrop Street
Hallowell, Maine**

Mr. Johnson the janitor at the Liquor Commission said that Nick Papolos came to the Commission a couple of times a week after five o'clock, presumably to see Commissioner Zahn and would stay about an hour each time, and that he hadn't seen "hide nor hair of him" since Zahn left office.

**Arthur Sampson
50 South Chestnut Street
Augusta, Maine**

Mr. Sampson testified that he had been the purchasing agent at the Liquor Commission since March of 1945. He explained the formula used in making purchases. When asked if any Commissioner had ever asked him to vary the formula for any company he stated he had been instructed by Zahn to hold down Fairview for a couple of months. He said that former Commissioner Stover had told him that Fairview Wine being a Maine concern should have a higher inventory maintained. Mr. Sampson also said that under the Stover administration orders to Fairview would be increased whenever Sahagian advised he was going to run full-page ads in newspapers. The reason given to Mr. Sampson for the increased orders was in anticipation of the created sales. He testified that he had heard rumors that Mr. Sahagian had tried to get him fired. He said that former Governor Hildreth's office, as a result of a complaint from Sahagian that the stores were not properly stocked with Fairview, had reviewed the store inventory list. Following this

review, Governor Hildreth's secretary had called and stated that Sahagian seemed to have been used fairly and instructed him to proceed as before and that he didn't have to take abuse from anyone.

Frederick Papolos
10 Sprague Road
Wellesley, Mass.

**Business Address: 910 Beacon Street,
Boston, Mass.**

Mr. Papolos informed that he was in the appliance business and also did public relations work. He said he knew Mr. Sahagian for many years. He testified that in the late Spring of 1951 Mr. Sahagian came to Boston to see him, told him that he was on the verge of being ruined and begged help of him. Papolos said he finally agreed to work for Sahagian as sales manager with an initial temporary arrangement of 15 cents per case as compensation. He stated he tried to do everything he could to promote the sales of Fairview wines and to make better relations between Sahagian and the Liquor Commission. He said he told Sahagian many false stories about Governor Payne and other public figures in Maine. He stated that he had told Sahagian of his power over Payne and that he had a recording of Payne's voice in a conversation relating to a deal with Joe Linsey and other men in Boston. He explained that he told Sahagian these stories to keep him happy and to make himself a "bigger fellow" in Sahagian's eyes. He told how that Sahagian was constantly boasting of his own power and control over the Commission under Governor Hildreth and that he would have it again under Cross when Cross became Governor, and that he was paying Senator Foster Tabb money to work for his interest. Papolos denied ever having given Payne or Zahn a single penny. He expressed sorrow for the embarrassment he was causing them. He admitted that Sahagian was led to believe that he, Papolos, had obtained the rise in the price of wine on November 1, 1951. He stated that in January of 1952 Sahagian told him that Senator Brewster would be willing to pay \$25,000 for the material which Papolos had. He said that Sahagian had terminated their arrangement around the 18th of Feb-

ruary, giving as the reason that Papolos was not obtaining enough business. He said that he had not seen Sahagian since that time.

Senator Foster Tabb
Gardiner, Maine

Senator Tabb took the witness stand to deny under oath that he had ever received a cent of money from anyone to finance any campaign.

Edward Laven, President
Granada Wine, Inc.
Cambridge, Mass.

From information in the possession of the Committee, it appeared that Mr. Laven had information which he had not disclosed when he was before the Committee. He was therefor summoned to appear again. In his first appearance he had answered "No" to the question concerning his knowledge of acts of favoritism. He now wished to answer "Yes," in the past.

Mr. Laven stated that under the Hildreth or Stover Administration in 1945 his company had bottled wines for the Fairview Wine Company at which time there wasn't any Fairview Wine Company. He said that the Liquor Commission, under Mr. Stover, issued orders for wine to the Fairview Wine Company, Roosevelt Avenue, Waterville, Maine which was the residence of Mr. Sahagian. Mr. Laven advised that he believes this was favoritism because Sahagian was not in business and had no winery. He said that this arrangement which continued from December 14, 1945 to April 12, 1946 included the sale of 21,600 cases for which the Granada Wine Company paid Sahagian a profit of \$18,426.

Mr. Laven advised that during the Hildreth-Stover administration Granada Wine Company lost all its listings except four and that nine of the lost listings were replaced by the Fairview brand. He said that Mr. Stover advised him that the listings would be returned sometime and, in the Fall of 1948, Stover suggested to him that he talk with Mr. Sahagian.

He testified that he saw Mr. Sahagian and made arrangements with him to have Fairview Wine do his bottling. He explained that in this manner he was considered a State

of Maine bottler and so received back his Granada and Old Imperial Brand listings.

Mr. Laven stated that this arrangement seemed unusual to him. He explained that he had a large bottling plant in Massachusetts and did not think it necessary to have his wine bottled in Gardiner, Maine. He said this condition prevailed from January 6, 1949 to July 14, 1949 when he stated Mr. Stover told him he could go back to bottling in Massachusetts.

Mr. Laven testified that he had a summer home in Bremen, Maine, near the one of Governor Payne, and that he had social contacts with the Governor all during the time that he, Laven, was down there. He said that Commissioner Zahn was a neighbor of his in Bremen and that he treated him as such. He stated that he knew of no irregularities under the Zahn administration and pointed out that his Peerless Wine Corporation had lost seventeen code numbers, the same as Fairview.

When questioned relative to contacts other than business contacts with anyone connected with the State Government, he mentioned no contacts other than social contacts with Governor Payne and Commissioner Zahn. He stated that he had never made a contribution to Governor Payne's campaign, nor had he ever joined with Mr. Linsey or Frederick Papolos in doing so.

**Bernard T. Zahn
Bremen, Maine**

Mr. Zahn advised that he was chairman of the Liquor Commission from January 1950 to March of 1952.

With reference to the delistings of March 1950, he explained that the State had at that time an inventory of from seventy to ninety thousand dollars worth of merchandise that would not move. He advised that he discontinued the purchases on some items and thereby brought the slow moving inventory down to nine thousand dollars and as this slow moving inventory decreased, he increased the listings of other numbers.

With reference to the delisting of Lloyd's Gin, a product of New England Distilleries, he stated that the State had previously purchased Lloyd's Rum Punch which proved

to be difficult to sell and that the company had refused to take it back. He said that as a result of this he did not give them back their gin listing.

With relation to Berke Bros. Company he said he considered they had been unduly favored under the previous administration. He advised that they had had twenty-nine numbers listed and that their representative had been a brother-in-law of Herman Sahagian. He stated that when he became Commissioner he found that about one-fifth of the total inventory on hand had been purchased through Herman Sahagian or some member of his family.

In explaining the wine delistings of March 1950, he said that there wasn't physical room in the stores to put them all on the shelves. He advised that two of the Maine wine companies, Fairview and Peerless, had three brands listed in five categories and in two sizes. He stated that he delisted one brand of each company.

He explained the delisting of Supreme Wines as being the result of a quarrel with the owner but that these listings were restored at a later date.

He testified that he knew Nick Papolos as a public relation man for Glenmore Distilleries and Berke Bros., and that he knew Fred Papolos as a representative of Fairview Wines. He stated that both had told him that they were friends of Governor Payne.

He said that he gave orders restricting the purchases of Fairview Wines because he felt that its products had been grossly overstocked in the stores.

He said he sought to determine public demand by giving other brands equal opportunity to be sold. He expressed the opinion that Fairview had been favored by the prior commission. He testified that he had never received any order from Governor Payne relative to Fairview Wine.

He explained the decrease in Fairview orders in the summer of 1950 as being during the period when he was seeking to determine public demand. He explained the decrease in Fairview orders in the Spring and Summer of 1951 as being during the period when Fairview Wine Com-

pany and Peerless Wine Company were under investigation for falsifying answers on their license applications. He stated that orders to these companies were held up for three months pending the disposition of the cases. He explained the increase of orders to Fairview Wines in the Fall of 1951 as a natural increase in preparation for the holidays.

Governor Frederick G. Payne

From a prepared statement Governor Payne testified that he never knew anything about the Talberth-Sahagian affair and that he never had, at any time, received any money from Talberth or Sahagian.

With reference to the Papolos Brothers, the Governor explained that Fred Papolos had made a small contribution to his campaign when he ran for Governor in 1940. He said that in the Fall of 1947, Fred and Nick Papolos and several World War II veterans came to him submitting the signatures of several thousand veterans requesting him to become a candidate for Governor. He stated that since becoming Governor he had seen Frederick Papolos four or five times and that neither Frederick Papolos nor Nick Papolos had ever sought or received any favors from him.

He testified that up to the time of these proceedings he never knew of any interest which Frederick Papolos had with the State Liquor Commission concerning any wine company. He stated he had never received, directly or indirectly, any money from Mr. Papolos by reason of transactions with Mr. Sahagian or any other person. He said at no time did he receive a contribution from Mr. Laven or Mr. Linsey.

He explained that Mrs. Payne and he had known Mr. and Mrs. Laven for some years but at no time did he interest himself on behalf of Mr. Laven in connection with his business. He cited as proof of this that Peerless Wine Company had participated heavily in the delisting of wines in March of 1950 and further that purchases from this company were shut off during the investigation of 1951.

He testified that during his term as Governor he had never, directly or indirectly, interfered with the conduct of the State Liquor Com-

mission with one exception. He said he did listen to the complaint of Mr. DeSabatto of the Supreme Wine Company and felt that he had a case to present and therefore asked Commissioner Zahn to review the case and to see that fairness was exercised.

He stated that he has never known or heard of any improper influence existing in or being exerted on the Maine State Liquor Commission with the exception of the case of Herman Sahagian. He said he knew through the medium of the Bird report to Walter Reid in 1948 that Sahagian occupied a position of unusual prominence in the State Liquor Business. He advised that this situation was changed by Commissioner Zahn in 1950 to reflect a greater degree of fairness.

He testified that he has had very few occasions to talk with Sahagian. On one occasion, he said, Sahagian came to his office with Mr. Talberth. He advised that Sahagian stated he came for the purpose of making a contribution to his campaign for re-election and offered to make a contribution to him. The Governor said he refused the offer suggesting that it be given directly to the County or State Committee. He said that Sahagian then produced a check for \$100.00 from Webber's Dairy in Waterville and wanted to endorse it to him which he refused to accept and that he made the same suggestion to Sahagian as he had with reference to his own contribution. He advised that he recalls no discussion of Fairview Wines at this conference.

He informed the Committee that at one time Sahagian called and stated that he did not feel he was being fairly treated. He said he told Sahagian that his sole desire was to see that all were treated fairly but that no favoritism would be countenanced.

He testified that early in the Spring of 1952 he did receive a call at home one evening that Mr. Sahagian desired to see him and that he asked him to come to the Blaine Mansion. He said that on that occasion Sahagian again stated that he did not feel he was being fairly treated and that he should have additional listings to make him even with others. He said he told Sa-

hagian that he desired fairness to all and that he would check into it and ask that his situation be reviewed.

He testified that Sahagian most definitely did not at any time refer to Mr. Papolos or any dealings with him. He said if Sahagian had done so the matter would have been turned over to the Attorney General. He advised that he had learned of this story only a short time before it was related to the Committee.

He informed the Committee that he personally knew of no other case where corruption has been thrust into the laps of others more than by the past and present efforts of Sahagian to secure power and influence regardless of cost.

He testified that he has never received any money as a contribution or otherwise, directly or indirectly, from Herman D. Sahagian.

He advised the Committee that in his opinion the Liquor Commission should adopt a procedure whereby decisions be made jointly by all three Commissioners and that their decisions and discussions be made a matter of record. He urged the Committee to see if certain functions could not be assigned to various Commissioners and suggested a review of the Statutes relating to the powers and duties of the Commission be made.

He told how he deplored corruption and unethical manipulations at the Federal level and the great desire to bury the facts and to delay proceedings or to keep witnesses from testifying so the truth cannot be known. End of synopsis of prepared statement.

SYNOPSIS OF TESTIMONY OF GOVERNOR PAYNE IN ANSWER TO QUESTIONS BEFORE THE COMMITTEE:

He testified that in 1940 he served as Commissioner of Finance and Director of the Budget. He said that in 1936 he was appointed by Governor Brann to conduct a study of the methods of merchandising of the Liquor Commission and that during that time he became acquainted with practically everyone doing business with the State. It was at this time, he stated, that he became acquainted with Joseph Linsey. He advised that he never had any business dealings with Linsey

and only visited with him once or twice several years ago. He said he met David Yaffe once and thinks he is a brother-in-law of Mr. Linsey. He said he met Mr. Yaffe at Mr. Linsey's home quite some time ago. He stated he thought it was while he has been Governor but he is not positive. He advised that he has had no business dealings with Mr. Yaffe.

He testified that he also met Mr. Edward Laven back in 1936 or 1937. He said that they corresponded during the war and that after the war their wives became very good friends and once in a great while they all had occasions to be together. He stated that to his knowledge Mr. Laven never took part in any of his campaigns nor did he ever have any business dealings with him. He advised that he had never discussed the wine or liquor business with Mr. Laven nor had Mr. Laven enjoyed any privileges in connection with his office that have not been enjoyed by the average citizen of the State.

The Governor testified that he had known Nick Papolos for a long, long time. He said that Nick had always been a busy little fellow in politics and had worked hard for his candidacy. He advised that Nick had never discussed his liquor work with him nor had Nick ever asked any favors. He stated that Nick had never asked any favors of him nor had he ever had any business dealings with him. He testified that Nick had not enjoyed any privileges in connection with his office which had not been enjoyed by the average citizen of the State.

He informed the Committee that he had known Fred Papolos way back when he, Payne, was Mayor of Augusta during which period Papolos used to drop into his office every so often. He explained that it was a friendly relationship with contacts not too often. He said that Fred Papolos did do a lot of work, along with many others, in his successful campaign in 1948. He stated that Papolos was not in touch with him concerning the Supreme Wine Company. He advised that he had not discussed the Dearborn Case with either of the Papolos brothers. He testified that Fred Papolos has not enjoyed any privileges in con-

nection with his office not enjoyed by the average citizen.

The Governor testified that he could not honestly state the date on which Mr. Sahagian came to the Blaine Mansion and that he could not honestly state the time of day except that he knows that it was in the evening after dinner. He stated that Mr. Sahagian made no statement to him relative to Frederick Papolos or any statement relative to the payment of graft. He advised that Robert Faulkner had arranged this conference by calling on the telephone and saying that Herman was disturbed and would he be willing to see him. The Governor said he told Faulkner that he would prefer to have Sahagian come to the office the next day. He said Faulkner told him that Sahagian preferred not to go to the office but would like to see the Governor at his home. The Governor said he told Faulkner that under the circumstances he would see Sahagian if he came over. He testified that he did not discuss Sahagian's visit afterwards with Faulkner.

He told the Committee that Bernard Goldfine, a woolen manufacturer, is a very fine friend of his and that he and Mrs. Payne had visited with Mr. Goldfine at his home and so forth many times. He stated that Mr. Goldfine had never enjoyed any special privileges in connection with his office.

The Governor testified that Edward Talberth has been a friend of his since way back in the campaign of 1948. He stated that Talberth had assisted him in connection with drafting messages, speeches and releases and that this assistance was given as a friend. He said that Talberth never collected any campaign funds for him nor did he enjoy any privileges in connection with his office any different from the average newspaper man.

The Governor stated that he has an unlisted private telephone in his office. When asked to whom he had given this number he advised that he had given it to a considerable number of people. He thought Fred Papolos had the number. He said that Edward Laven had the number and that Bernard Goldfine had it. He stated that John Miller and Edward Talberth had it. He could not

recall whether the Attorney General or the members of the Governor's Council had it. He could not tell the occasions on which it had been given to various people.

He testified that to his knowledge no one in any way connected with the liquor business had made any contribution to his Senatorial campaign.

Nick Papolos
28 Belmede Road
Portland, Maine

In a prepared statement Nick Papolos testified that in return for whatever political support he had offered to anyone, he had never at any time asked for or received any reward or favor from any person holding public office and that he had never represented himself to anyone as having political influence. He said that he had never paid any money whatsoever or any other thing of value in any form, whether directly or indirectly, to any holder of public office in the State of Maine or anywhere else for any purpose whatsoever, nor had he ever even so much as made a campaign contribution in the form of money or anything of value other than to offer his work on behalf of any candidate for public office.

In answer to questions by the Committee, he described his occupation as being a public relations man for Glenmore Distilleries, Berke Brothers Distilleries and Supreme Wine Company, having secured his position with Glenmore in October of 1950, with Berke Brothers in November of 1951 and with Supreme Wines in October of 1951.

He stated that he received \$350.00 per month plus expenses from Glenmore, that his compensation from Berke Brothers was on a commission basis of from 25 cents per case to 50 cents per case and that his compensation from Supreme Wine Company was on the basis of 25 cents per case on all cases sold in Maine and 25 cents per case on all cases which he himself sold anywhere else. He could not tell the Committee the number of items Supreme Wine Company was selling in the State when he went to work for the company, nor could he tell the number the company was selling the State at the time of the hearing. He did not know the sell-

ing price of Supreme Wines to the State of Maine.

He said that all of his contracts with the State Liquor Commission had been with Chairman Zahn whom he saw frequently to discuss the sales of his products and the question of national politics.

He testified that his brother, Fred Papolos, had no connection with his liquor business and was in no sense his employer and that he had never kept his brother posted on events in Maine nor had he been requested to do so. He stated that he did not learn that his brother was working for Herman Sahagian until late in the Fall, around Christmas time of 1951.

He explained how he had circulated "Draft Payne" petitions throughout the State and had worked in Payne's behalf from the time the campaign started until it ended and that no one had financed his efforts.

He advised that his net income for the year 1950 was approximately \$6000. For 1951 he said it was \$16,000, \$3500 coming from the stock market, \$4800 from Glenmore, \$1200 from Supreme Wines and \$6500 from Berke Brothers.

John E. Buddington
95 Sewall Woods Road
Melrose, Mass

Assistant claims attorney, New England Telephone & Telegraph Co., appearing under subpoena read from the telephone company records a list of the following telephone calls:

From Granada Wines, Inc., Cambridge, Mass., Trobridge 6-8300 to the State House, Augusta, Maine, 1200; 98 calls from March 26, 1951 to April 29, 1952.

From Granada Wines, Inc., to Lewiston 4-7557, Helena Rogers. 2 calls from August 27, 1951 to April 29, 1952.

From Granada Wines, Inc., to Damariscotta B-142, Zahn. 4 calls from May 18, 1951 to April 29, 1952.

From Granada Wines, Inc., to Portland 3-1362, Nick Papolos. 2 calls from July 11, 1951 to April 29, 1952.

From Granada Wines, Inc. to Augusta 3447, an unlisted private telephone in Governor Payne's office. 12 calls from May 18, 1951 to April 29, 1952.

From Portland 3-1362 Nick Papolos to Augusta 45, Roy Hussey. 10 calls from December 9, 1951 to April 29, 1952.

From Portland 3-1362, Papolos to Boston, Liberty 2-2800, David Yaffe, Whitehall Ltd. on January 7, 1952.

From Portland 3-1362 to Damariscotta, Maine, B-142, Zahn. 5 calls from December 5, 1951 to April 29, 1952.

From Portland 3-1362 to Augusta 1200. 2 calls from December 19, 1951 to April 29, 1952.

From Portland 3-1362 to Augusta 1083-M. Arthur Sampson on March 16, 1952.

From Portland 3-1362 to Lewiston 4-7577, Helena Rogers. Calls on March 21, and 24, 1952.

From Portland 3-1362 to Wellesley, Mass. 5-1042-J, Frederick Papolos. 4 calls from January 3, 1952 to May 1, 1952.

From Wellesley 5-1042-J, Frederick Papolos from Boston, Copley 7-5130 and Boston Commonwealth 6-4406, business telephones of Frederick Papolos, to Portland 3-1362, Nick Papolos. 28 calls from October 17, 1951 to May 29, 1952.

From Commonwealth 6-4406, Papolos to Augusta 1200, Governor Payne, on May 19, 1951 and on June 12, 1951 to Damariscotta, Maine B-366, Governor Payne.

From Copley 7-5130 to Augusta 3447, Governor Payne, on August 16, 1951 and on September 10, 1951.

From Copley 7-5130 to Gardiner 1213, Fairview Wine Corporation on October 8, 1951, December 19, 1951, December 31, 1951 and February 5, 1952 and on February 3, 1952 Wellesley 5-1042-J to Belgrade Lakes, Maine, 39, Herman Sahagian.

From Augusta 840, Blaine Mansion to Strathmore Woolen Company, Boston, Hancock 6-5632, Bernard Goldfine on December 4, 1951 and December 6, 1951.

From Augusta 3447 to Boston, Hancock on November 13, 1951, January 17, 1952, January 18, 1952, January 18, 1952 and February 13, 1952.

From Augusta 3476, the changed number on Governor Payne's private unlisted telephone, to Portland 3-1362 on March 20 and March 26, 1952.

From Augusta 840 to Portland 3-8141, Falmouth Hotel—residence

of Edward Talberth, 9 calls from February 25, 1952 to May 4, 1952.

From Augusta 840 to Boston, Longwood 6-3798, residence of Edward Laven, 125 Arlington Road, Brookline.

From Augusta 3049-R, residence of Lillian M. Daigle, 96 State Street, Augusta, Maine, to Boston, Trobridge 6-8300, Granada Wine Co. on December 12, 1951, January 10, 1952, February 28, 1952, March 6, 1952, April 9, 1952.

From Augusta 3049-R to Longwood 6-3798—Edward Laven—March 4, 1952, April 8, 1952 and May 2, 1952.

From Augusta 3049-R to Portland 3-1362, Nick Papolos on March 15, 1952.

From Augusta 3049-R to Lewiston 4-7557, Helena Rogers on April 17, 1952, April 30, 1952 and May 1, 1952.

A stipulation was entered on the record of the hearings that previous Governors had had private unlisted telephones in their office.

A further stipulation was entered on the record of the hearings that Bernard T. Zahn occupied an apartment at 96 State Street, Augusta, during the entire year 1951 and for the first four months of 1952 and that also in the same building which contains about twenty apartments, Mrs. Lillian Daigle and children occupied a different apartment for the same period.

**Roland J. Poulin
Waterville, Maine**

Mr. Poulin testified that he has been a Commissioner since December 9, 1948 and has attended the meetings of the Commission approximately two days a week. He stated that there were no particular functions assigned to each member.

He said that he had not talked with Mr. Sahagian for over a year. He informed the Committee that during the summer of 1950 Mr. Sahagian complained to him several times about his merchandise running out in the stores. He stated that one day during that period he checked the store in Waterville and found that several numbers of Fairview wines were out of stock. He said that a few days later he checked the records in Augusta and found that some of the other stores had run out of certain items. He stated that he took the matter up

with Commissioner Zahn and that the situation was corrected.

He informed the Committee that since holding office he had tried to perform the duties incumbent upon his office conscientiously, with sincerity and with honesty, without discrimination or favoritism and that he had no knowledge that would lead him to believe that the other members of the Commission did not do likewise.

**Helena Rogers
Lewiston, Maine**

Mrs. Rogers testified that she had been on the Commission since January 4, 1950 and prior to that was a Claims Deputy in the Maine Unemployment Commission for seven years. Before that she said she had been employed as a secretary for the Unemployment Commission for two years. Prior to that, she stated, she had been employed as secretary to the Liquor Commission. She said that at the time she worked in the Liquor Commission as secretary, David Walton, John Couture and Mr. Fleming were the Commissioners.

She advised that in 1935 while working at the Commission she became acquainted with Mr. Edward Laven. She testified that she was not acquainted with Joseph Linsey and had never met him or David Yaffee. She said that she had known Mr. Leo Allen, the owner of M. S. Walker since 1950 and that Mr. Allen and Mr. Laven came to the Commission together. She advised that Mr. Laven had visited her home from 1937 until her husband died in 1941.

She denied ever being present when any money was passed from Ed Laven or Joe Linsey to former Liquor Commissioner David Walton.

She stated that her brother, Neil Conley, had been employed by Granada Wine Company as a salesman for several years until she took the job as Commissioner, then, because of the statute, he had to leave his job.

She testified that she knows Nick and Fred Papolos. She said she met Nick through politics when he came to her home in 1947 to enlist her to support Mr. Payne, but that she hadn't seen Nick a dozen times in her life. She stated that he is not in touch with her and has never

been in touch with her. She explained that she had met Fred Papolos at the same time she met Nick and never saw him until March of 1952 when the Papolos brothers came to her home to inquire why Glenmore had not been ordered. She said she told them to see Mr. Sampson at the Commission. She stated that had been the only time she had met Fred Papolos.

She advised that she had known Harold Packard, a liquor salesman, all her life but she had nothing to do about securing his job nor anything to do with obtaining his listings.

Herman Sahagian (second appearance by request)

Mr. Sahagian advised that in turning his recordings over to the Committee he was fully aware of the consequences he might suffer due to his criminal record concerning an event which happened over 20 years ago and for which he has been pardoned by the Governor of Massachusetts. He stated that his children and friends did not know about the matter, but that some of those who had testified did know about it and had held it over his head to make him pay more.

He further pointed out that when he turned the recordings over to Committee Counsel and the Attorney General he had made it clear that the recordings were not to be used for political purposes.

He wished to again deny that he had contacted Papolos. He said it was Papolos who contacted him.

He explained his 1945-1946 transaction with Mr. Laven by saying that after he decided to enter the wine business he found that there was no provision in the State laws for the licensing of a winery and that he would have to wait six months or so for a legislative enactment. He stated that because he wished to get started without delay he had made arrangements for Mr. Laven to bottle for him in Massachusetts.

With reference to bottling wine for Mr. Laven for a time in Gardiner, Maine, he said he was merely returning the favor which Laven had done him in 1945. He said he only charged Laven 50 cents a case for bottling and could prove by his

records that he did not make a single penny on the deal.

In speaking about the allegations that his company had been selling 45 per cent of the wine in Maine, he submitted a consumers survey analysis completed by a private company in Maine which indicated that 56.2% of wine consumers in Maine preferred Fairview Wines.

Sahagian testified that before he entered the arrangement with Papolos he had discussed the situation generally with Chief McCabe of the State Police and had secured his permission to conduct the investigation in his own way. He stated that he later made a recording of a telephone conversation with Mr. McCabe in which this arrangement was confirmed.

He told of the events leading up to going to see Governor Payne at the Blaine Mansion. He said that on or about February 27, 1952, Robert Faulkner of Augusta had called him at the winery and asked him to stop in on the way home that evening which he did. Upon arrival at the Faulkner home, he said Faulkner advised him that the Governor wanted to see him. He stated that Faulkner telephoned the Governor and arrangements were made that he, Sahagian, was to call the Governor the first of the week for a definite appointment.

Sahagian said that he called the Governor the first of the following week and made arrangements to see the Governor at the Blaine Mansion on Tuesday evening, March 4th, around six o'clock in the evening. He stated that later this incident was reviewed in a telephone conversation with Robert Faulkner which conversation was recorded.

**Robert J. Faulkner
Spring Street
Augusta, Maine**

Mr. Faulkner stated that he has been the industrial representative on the Maine Unemployment Commission for eight years. He testified that he had not called Mr. Sahagian to come to his home but that it was not unusual for Mr. Sahagian to drop in. He said that evening Sahagian told him a long fantastic story and that he told Sahagian he should tell it to the Governor. He said that he, himself, called the Governor and told him

that he should talk with Herman. He stated that the Governor advised him that he could not see Herman that night but would see him at the office anytime. Faulkner said he suggested to Sahagian that he call the Governor the first of the week and arrange to talk with him. He stated that he never knew whether Sahagian and the Governor met or not. He stated that the Governor at no time asked him to tell Sahagian to call him. He said he told Herman to call the Governor because he thought that was the place to take such stories.

Faulkner testified that on the Friday before the Committee hearing (which would be May 23, 1952) a friend of his came to see him saying that on that day Sahagian had come to see him and told him a story mentioning names about pay-offs. He said the friend asked for advice as to what to do. Faulkner said he, himself, would like to know what to do because he would give the Governor his right arm. Faulkner said he told his friend he thought a lot of the Governor but that the thing did not sound good. Faulkner said he told his friend that he would think it over that night and call the Governor in the morning. He stated that he called the Governor the next day but the Governor was leaving town, didn't have time to talk but would call when he returned. He said he told the Governor to call his friend. Faulkner said the Governor called him Monday saying that he had talked with his friend and had heard the story from him, was amazed, and had never heard the story before.

**James Chastas
Waterville, Maine**

He testified that he was in a hospital in Boston during May of 1951, that Fred Papolos visited him there and that during the conversation Papolos remarked, "I heard Herman was in a little trouble—he was in a tight squeeze. I will probably be able to keep him out. Maybe it will cost him a little money. When Herman comes down have him call me up." He said the next time Herman came down he told him what Papolos had said. Herman said he didn't have time to see Papolos. Chastas said he suggested that Her-

man call Papolos from the hospital room, which Herman did, telling Papolos that he was too busy to see him that time but would the next time he came up.

**Col. Edward Quinn
31 Cushman Street
Portland, Maine**

Col. Quinn testified that he was a member of the Liquor Commission from 1941 to 1945.

He stated that in 1950 at the request of the Supreme Wine Company he had made an investigation to determine why the company was not getting orders from Maine. He explained that under the Hildreth administration and when the company had employed a salesman recommended to it by someone connected with the administration, the company had enjoyed good business in Maine. He said that when Zahn came in the orders to the company dropped off and the half gallons were delisted. He said sales of the fifths continued to drop off and upon visiting 28 liquor stores he found many instances of items out of stock when he knew that there was inventory in the warehouses. He says that eventually Supreme was completely delisted by Zahn.

He testified that he began his second term on the Commission in 1944. He stated that Sahagian came into the picture about that time. He advised that he, Quinn, was in the washroom one day and overheard Sahagian telling a couple of wine men that he was going to control 85 percent of the liquor in the State of Maine and was going to get him, Quinn, off the Commission. Quinn says that Sahagian accomplished both these things.

He stated that he had observed the operations of the Commission over a period of years and stated that for the last six years the Commission had become a political football.

**Frank M. Coffin
Lewiston, Maine**

Mr. Coffin advised that he is attorney for Governor Payne. He stated that he had made a study of the sweet wines records at the Commission offices and wished to report and interpret his findings. He stated that he had selected the records of seven wine companies

which represented 90 percent of the business in Maine.

Concerning these seven companies he presented a chart showing sales to the public, a chart showing purchase by the Liquor Commission, a chart showing inventories. Mr. Coffin spent an hour interpreting the charts in detail and explaining the formula system of making purchases. It was Mr. Coffin's position that the records of the Commission as portrayed by the charts demonstrated conclusively that Mr. Sahagian had not been discriminated against by the present administration and that his dealings with Talberth and Fred Papolos had secured no favorable influence and that there had been no influence in behalf of those individuals friendly with the administration.

Conclusion of Public Hearings

SYNOPSIS OF RECORDINGS

FURNISHED BY

HERMAN D. SAHAGIAN

Mr. Sahagian had installed a recording device in his automobile. The machine itself was located in the trunk of the car. The microphone was in the radio loudspeaker in the dash. He also had an arrangement in his office whereby telephone conversations could be recorded. He explained that he had made these installations in order to obtain evidence because he knew it might become a question of his word against the word of someone else.

The Sahagian-Papolos Recordings

Mr. Sahagian made available to the Committee twenty different recordings of conversations between himself and Fred Papolos. They varied in length from five minutes to one-half hour. Three of these recordings were of telephone conversations. The remainder were of conversations in the automobile of Mr. Sahagian. Eleven of the automobile recordings were made in Massachusetts, six were made in Maine.

The first recording was made in June, 1951, and the last one was made on February 16, 1952.

A brief synopsis of all twenty recordings taken together is as follows:

Fred Papolos explains repeatedly and in detail his influence with and

power over certain office holders in Maine.

Sahagian pays Papolos to use his power and influence in his behalf.

The benefits for which Sahagian pays Papolos accrue to Sahagian.

The transcript of one such recording is set forth in the appendix of this report. It contains a partial summary of the arrangement between the two men. Profane and lewd words have been deleted.

The Sahagian-Faulkner Recordings

Mr. Sahagian made recordings of two telephone conversations between himself and Robert Faulkner, one on March 6, 1952, and the other on April 13, 1952. These records make reference to the meeting which Mr. Sahagian had with Governor Payne on March 4, 1952. A transcript of these recordings is set forth in the appendix.

The Sahagian-Talberth Recordings

Mr. Sahagian made two recordings of conversations with Edward Talberth, one of a conversation which took place in the Sahagian car dealing with a past transaction which he had with Talberth in which money changed hands, and the other a telephone conversation in which the principal reference was to the meeting which Mr. Sahagian had with the Governor on March 4, 1952.

The Sahagian-Sam Michaels Recordings

Mr. Sahagian made two recordings of conversations with Sam Michaels of Lewiston, Maine, one in his office at the Fairview Winery, the other was a telephone conversation. In these recordings Sam Michaels suggested to Sahagian that Sahagian advance him money to be used for the purpose of influencing Representative Louis Jalbert in his behalf.

The Sahagian-Louis Jalbert Recording

Mr. Sahagian made one recording of a conversation had with Representative Louis Jalbert, member of the Legislative Research Committee. In this recording Mr. Sahagian complained of the unfair treatment he had been receiving and explained how, under the present set-up, other wine companies had him cornered with their wide range of brands and

mis-labeling. Mr. Jalbert assured Mr. Sahagian that it was his intention that the purchasing formula be followed and that he would look into the mis-labeling of wines so that the buying public would be protected.

The Sahagian-Chief McCabe Recording

Mr. Sahagian made a recording of a telephone conversation with Chief McCabe of the Maine State Police in which he reviewed his prior conversation with the Chief relative to a man approaching him to pay graft.

DECISION OF THE COMMITTEE AFTER THE HEARINGS

The Committee decided that there had come to light sufficient allegations upon which to predicate a criminal investigation and contemplated no further investigation of its own relative to the allegations made. It instructed its counsel to cooperate with the Attorney General in his expressed intention of going before the June 1952 term of the Kennebec County Grand Jury.

THE JUNE 1952 TERM OF THE KENNEBEC COUNTY GRAND JURY

Witnesses were questioned before the Grand Jury by members of the Attorney General's Department for three and one-half days. At the conclusion of this time Counsel for the Committee obtained the definite impression that three indictments against individuals would be forthcoming pertaining to a false answer on a license application and that those three indictments would be the end of the liquor probe. Mr. Sahagian had not been called to testify.

Realizing that neither the Grand Jury nor the prosecutor who was presenting the evidence had heard Mr. Sahagian's story from his own lips, counsel for the Committee concluded that perhaps neither realized the scope of inquiry which Mr. Sahagian's testimony suggested. Counsel for the Committee conferred with its chairman and then arranged through Mr. Sahagian's counsel for Mr. Sahagian to present himself before the Grand Jury and demand to be heard.

Mr. Sahagian was closeted with the Grand Jury and the prosecutors for better than two hours following which the Grand Jury instructed the Attorney General's Department to conduct a further investigation.

Following the Kennebec Grand Jury, counsel for the Committee was instructed to confer with the Attorney General's office once or twice a month in order to keep the Committee advised as to the progress of the investigation.

During the last week in July, Counsel advised the Chairman that from the time of the rising of the Grand Jury until that time, the Attorney General's office had done only two and one-half days of investigation work on the liquor probe. It was decided to discuss the situation with the Attorney General and to request his appearance before the Committee at its next meeting on August 14th.

On August 4th, counsel conferred with the Attorney General and discussed the apparent inactive investigation with him. He expressed surprise at the situation and stated that he assumed his department was actively engaged in the matter. He said he would check counsel's report and confer with him the following day.

The next day he admitted that counsel's appraisal had been correct and offered to place the investigative facility of his department at counsel's disposal and expressed a willingness to give counsel the status of an Assistant Attorney General. The offer of investigative facilities was accepted after conferring with the Chairman and the matter of appointment was deferred pending Committee decision.

The Attorney General met with the Committee on August 14th and the arrangement which had its practical adoption on August 5th was formally decided. The Attorney General's office was to assume the expenses of the investigation as of August 5th. Counsel for the Committee was to head up the investigation. The Attorney General's office was to control the prosecution and make all decisions pertaining to the same. The Committee decided its interest would best be served if counsel remained unattached as to the Attorney General's office.

THE INVESTIGATION

The writer proposes to report the investigation in some detail in the belief that the purpose of the report is more for further legislative and investigative reference than for literary interest.

In order to give an intelligent description of the investigation, the evidence obtained, and the procedure followed, it is necessary to report experiences of the writer which took place prior to his employment as counsel for the Committee.

On July 19, 1951, the writer attended a service club luncheon in Gardiner, Maine. Also in attendance was Herman D. Sahagian. At the conclusion of the meeting he requested the writer to go to his office at the Fairview Winery. There he told of the poor business he was having with the State and of how he had been approached by an individual who had stated that his business would be returned upon the payment of money. Mr Sahagian stated that he wanted to get his business back and to get evidence against those with whom he would deal. The writer advised him to disclose the situation to some Superior Court Justice or law enforcement official. Mr. Sahagian also inquired if recordings of conversations were admissible in Court. He was advised that they were admissible under certain circumstances.

On December 3, 1951, the writer encountered Mr. Sahagian in Waterville and inquired as to how his plan was proceeding. He stated it was proceeding well, that he was paying by check and that he was getting some good recordings. When asked who the individuals were and how the recordings were being obtained he refused to tell.

During the last week in March of 1952 the writer was told by an acquaintance that a friend of the acquaintance was paying graft within the State in order to do business. The situation was unrelated to the liquor business. Inasmuch as this situation is still unresolved and presumably on the agenda of the Attorney General, we will refer to the friend as Mr. Y.

Having become aware of the Sahagian situation and now receiving reasonably direct information concerning the situation of Mr. Y., the

writer proposed to do something about it if he could. Ascribe whatever motives you will to this decision, the writer prescribed but one, civic responsibility.

The initial problem was how to obtain the evidence. The payment of graft or bribery is a secretive crime and can usually only be discovered through disclosures on one of the participants. How then to induce a participant to talk?

While considering this problem, and probably for the first time, the writer read the Bribery Statutes of Maine which are found in Chapter 122 of the Revised Statutes and which read as follows:

"Bribery and Attempt to Corrupt Officials

"Sec. 5. Bribery and acceptance of bribes by public officers; penalty. R. S. c. 133, ss. 5. Whoever gives, offers, or promises to an executive, legislative, or judicial officer, before or after he is qualified or takes his seat, any valuable consideration or gratuity whatever, or does, offers, or promises to do any act beneficial to such officer, with intent to influence his action, vote, opinion, or judgment in any matter pending, or that may come legally before him in his official capacity, shall be punished by a fine of not more than \$3,000, or by imprisonment for not more than 5 years; and whoever accepts such bribe or beneficial thing, in the manner and for the purpose aforesaid, shall forfeit his office, be forever disqualified to hold any public office, trust, or appointment under the state, and shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than 10 years. Sheriffs and deputy sheriffs within the several counties and constables, marshals, deputy marshals, and other officers of police of the several cities and towns are declared to be executive officers within the meaning of this section; but the enumeration of such officers shall not be held to exclude any other executive officer not specially mentioned herein.

"Sec. 6. Corrupt solicitation of influence to procure places of trust; acceptance thereof, penalty. R. S. c. 133, ss. 6. Whoever directly or indirectly gives, offers or promises a valuable consideration or gratuity to any person not included in the

preceding section, with intent to induce such person to procure for him by his interest, influence, or any other means any place of trust in the state; and whoever, not included as aforesaid, accepts the same in the manner and for the purpose aforesaid shall be forever disqualified to hold any place of trust in the state, and be punished by a fine of not more than \$300.00, and by imprisonment for less than 1 year.

"Sec. 7. Bribery of jurors, referees, masters in chancery, appraisers, or auditors, and acceptance thereof by them; penalty. R. S. c. 133, ss. 7. Whoever corruptly gives, offers, or promises a valuable consideration or gratuity to any person summoned, appointed, chosen, or sworn as a juror, arbitrator, umpire, or referee, auditor, master in chancery, or appraiser of real or personal estate, with intent to influence his opinion or decision in any matter pending or that may come legally before him for decision or action; and whoever corruptly or knowingly receives the same, in the manner and for the purpose aforesaid, shall be punished by a fine of not more than \$1,000, or by imprisonment for not more than 5 years.

"Sec. 8. Informer is exempted from punishment. R. S. c. 133, ss 8. **Whoever, offending in the manner described in the 3 preceding sections, gives information under oath against the other party so offending and duly prosecutes him shall be exempt from the disqualifications and punishments therein provided."**

Sec. 8 became intriguing as a possible key to the situation. The writer's personal interpretation was that the section gave absolute immunity to a party who had given or received a bribe provided he informed and appeared as a witness to prosecute. This opinion was confirmed by research in the writer's own library and by the opinion of a more learned attorney who had greater research facilities.

The writer then decided to explain the immunity section to Mr. Sahagian and to Mr. Y. to induce them to give evidence, but before doing so sought to obtain an official interpretation of the section believing that it would carry more weight than his own naked exposition.

On April 12, 1952, the writer conferred with his friend, William Niehoff, who was then an Assistant Attorney General. Mr. Niehoff's attention was directed to the Bribery Statutes and he was asked to interpret the immunity section. His interpretation was the same as that of the writer. Mr. Niehoff was then informed that the writer knew of two individuals who were suspected of having paid bribes. Their names were not disclosed. He was told that the writer planned to interview these two individuals in an effort to have them disclose evidence. The writer told Mr. Niehoff that he was going to explain Section 8 to the two men so that they might talk without fear of punishment. Mr. Niehoff was asked to write out his interpretation so that his interpretation might be used in the interviews. Mr. Niehoff prepared and gave the following letter:

"Niehoff and Niehoff
Attorneys at Law
148 Main Street
Waterville, Maine

William H. Niehoff
William P. Niehoff

April 12, 1952

Stanley L. Bird,
Attorney at Law,
Waterville, Maine.

Dear Stanley:

This is to confirm our conversation today relative to Section 8 of Chapter 122 R. S. (1944).

This section provides as follows: 'Whoever, offending in the manner described in the 3 preceding sections, gives information under oath against the other party so offending and duly prosecutes him shall be exempt from the disqualifications and punishments therein provided.'

This section gives statutory immunity to a party to offering or receiving a bribe, provided he complies with the above section.

Very truly yours,

/s/William H. Niehoff
William H. Niehoff"

During this conversation there was no discussion as to anyone or any official promising immunity nor was there the discussion of any crime except the paying or receiving a bribe. Mr. Niehoff was advised

that he would be informed should anything develop.

On the 14th of April the writer interviewed Mr. Y. and in explaining the immunity statute made use of Mr. Niehoff's letter. Mr. Y related a series of instances in which he spoke of bribery payments as having been made by him.

On April 15th, the writer interviewed Mr. Sahagian alone. The bribery and immunity statutes were read and explained to him. He was shown Mr. Niehoff's interpretation. The writer directed his attention to the conversation which he had had with the writer on July 19th and December 3rd, 1951. It was pointed out to him that those conversations could point only to the conclusion that he believed he was paying graft. He was told that under the immunity section he could disclose such evidence without fear of punishment. His civic duty to assist officials in exposing and punishing corruption was stressed.

He was told that if he came forward he could expect to be the target for abuse from many quarters but that eventually the substantial citizens would appreciate what he had done. He was told of how Whitaker Chambers came forward to expose Alger Hiss and of the indifference and abuse with which Chambers was met. He was told that it was time for men to take a stand for clean government and to forget about the easy dollar.

At the conclusion of the interview, Mr. Sahagian advised that he would talk with his attorney and return within a few days.

On the evening of the 16th of April, the writer was employed as counsel for the Legislative Research Committee.

On the 18th of April Mr. Sahagian came to the writer's office at the writer's request. The writer's capacity with the Research Committee was explained to him and he was again urged to disclose what evidence he had of the payment by him of graft.

Mr. Sahagian said that his lawyer had told him that the immunity section would protect him and that he could trust the writer. He asked what would become of the evidence if he gave it to the writer. He was told that it would be turned over to the Attorney General's office,

that he would have to testify before the Research Committee and probably later in Court. He inquired if Mr. Niehoff would have anything to do with the matter stating that he did not trust him. He explained that they had once been the best of friends but that there was bad blood between them now. He cited one instance of having loaned Mr. Niehoff money to help him over a rough spot and of having difficulty in getting it back. He said he thought Mr. Niehoff would try to "get" him if he had a chance. The writer advised Mr. Sahagian that Mr. Niehoff would probably handle the case and told him that he had never known Mr. Niehoff of being other than fair. It was explained to Mr. Sahagian that the immunity did not come from Mr. Niehoff nor from any person, but that it was a matter of law.

He next inquired if his evidence would be used for political purposes advising if that was the intention he would never disclose it. He was assured that the writer had no intention of using anything for political purposes.

He then said he was going to tell everything. He stated that he realized he would be risking his business because if it turned out to be a "white wash" the State would not buy any more of his wines and he would be out of business. He also said he realized it would be harming his family because it would bring to light a former conviction of a crime. He pointed out that he was now enjoying a good business with the State, his sales being about 4,000 cases ahead to date than for the same period last year. He said he was going to tell the writer everything "to help clean up the State."

He then disclosed the Fred Papolos incident in detail. As physical evidence he produced a written contract between himself and Papolos. He told of the recordings he had made of conversations between Papolos and himself. In describing the recordings he stated that some of his own remarks on the recordings put himself in a bad light and urged the writer to remember, when listening to the recordings, that his purpose in making the recordings was to have the other party make

disclosures and that he, himself, had tried to direct the conversation so that disclosures would be made. He said he had to make himself out as being a crook to get the crooks to confide in him.

When asked why he had not disclosed this information before Mr. Sahagian advised that he had told the whole story to Governor Payne around the first of March of this year, that the Governor had promised an investigation, but nothing had become of it. He said he hadn't known to whom he could turn. He reasoned if the Governor had not done anything about it he would try to block an investigation and try to make him out a liar. He said Chief McCabe was dependent on the Governor for a re-appointment. He didn't know whether the Attorney General was in with the Governor or not and that he didn't trust Mr. Niehoff.

At the writer's request he took the checks and contract to the law office of Benjamin Butler in Farmington where photostatic copies were made. He also made it possible for the writer to make copies of the recordings.

As soon as the writer had obtained copies of the recordings, checks and the contract he called Attorney General LaFleur and Assistant Attorney General William Niehoff to his office where the contract and checks were read, the recordings heard and a review made of the transaction as had been related by Mr. Sahagian. The writer and the two gentlemen concluded:

1. That Mr. Sahagian had paid some \$12,000 to Fred Papolos.
2. That the recordings were authentic to the extent they recorded the voices of Herman Sahagian and Fred Papolos.
3. That Sahagian had reason to believe that he had been paying graft.
4. That the evidence appearing on the recordings implicating certain officials was merely hearsay.

It was decided that the next step was to have the recordings transcribed and the Attorney General made arrangements for a court stenographer to come to the office of the writer for that purpose. It was further decided that the writer should re-interview Mr. Sahagian to

ascertain if he had any more information. Mr. Niehoff requested that Mr. Sahagian be made to realize that if he wanted to "come in under the umbrella that he must disclose everything."

On the re-interview the writer pointed out to Mr. Sahagian that the immunity section applied only to a person making a full and true disclosure. He then told about the Talberth incident and later produced related recordings. He later told about the Faulkner incident and produced supporting recordings.

The Talberth—Sahagian—Payne Affair

After having heard the Sahagian-Talberth recording, the writer, Attorney General LaFleur and Assistant Attorney General Niehoff again concluded:

1. That Mr. Sahagian had paid some \$2,700.00 to Edward Talberth.
2. That the recording was authentic to the extent it recorded the voices of Herman Sahagian and Edward Talberth.
3. That Mr. Sahagian had reason to believe that he had been paying graft.
4. That the evidence appearing on the recordings implicating certain officials was merely hearsay.

Assistant Attorney General William Niehoff interviewed Edward Talberth within a few days following the transcription of the Talberth-Sahagian recording. In verbally reporting the interview, Mr. Niehoff advised that Talberth admitted taking money from Sahagian under the pretext that it was going to Governor Payne but that he never gave any money to Governor Payne and that the Governor knew nothing about the whole transaction.

The writer subsequently had an opportunity to interview Mr. Talberth in Portland. He said that he had had a friendly relationship with Mr. Sahagian for many years. He stated that Sahagian had made several different propositions to him. He recalled that Sahagian had offered him \$40,000 if he would get his wines listed in Pennsylvania and at another time had offered his camp at Belgrade for the same thing. He told how after Payne became Governor, Sahagian became

convinced that there was discrimination against him. Knowing that he, Talberth, was a friend of Payne, Sahagian had asked him many times to intercede in his behalf. He said that in the Summer of 1950, Sahagian stated that he would be willing to pay him and the Governor some money if the Governor would see to it that Fairview Wines did not run out in the stores and were purchased by the State according to the formula. Mr. Talberth stated that at that particular time he was in desperate need of money, his wife being ill and having been ill for a long time. He said he weakened and succumbed to the temptation and told Sahagian that he would fix it up with the Governor. He stated that in the first instance Sahagian gave him a lump sum of money, from one thousand to thirteen hundred dollars, he did not remember exactly, and that additional money was to come at so much per case over so many cases per month. He said he certainly gave Sahagian the impression that the money was going to the Governor. He again emphatically stated that the Governor knew nothing about the transaction. He advised that shortly after the initial money had been paid, Sahagian insisted on a conference with the Governor so that Sahagian would know that everything was allright. Talberth said he was frightened for fear of exposure but that he bluffed through the interview without the Governor being aware of what was happening.

He stated that Sahagian terminated the arrangement after five months because it did not produce results. Talberth explained that it could not produce results because of course he had no influence with Governor Payne. He expressed considerable regret over his part in the affair.

In answer to inquiry Talberth advised that he did have a safety deposit box in a Portland bank. The writer requested permission to view its contents which permission was given. The inquiry concerning the box was made after the banks were closed.

The next morning at the opening of the bank, Attorney General LaFleur, Mr. Niehoff and Mr. Talberth

opened the box. The contents were noted. It contained \$1,600 in cash and war bonds totaling approximately \$4,300. It was noted from the dates on the bonds that Talberth owned approximately \$3,500 in bonds during the summer of 1950. Talberth stated that the \$1,600 represented money which he had obtained from Sahagian.

A Study of the Sahagian-Talberth Recording

To repeat, this is a recording of a conversation between Herman Sahagian and Edward Talberth and was made in Mr. Sahagian's automobile in Portland during the summer of 1951 and concerned an affair which took place in 1950.

Having read the transcript of this recording, the logical questions which arise are:

Are these statements true or false? Are part of the statements true and part of them false? What test can be applied to these statements to determine their truth?

When two men jointly experience the same acts, events and conversations and then later meet and describe these acts, events and conversations, in a conference between themselves in which there is no disagreement, it may be presumed that the acts, events and conversations were originally experienced as later described.

If the reader will give thought to this proposition and test it against his experience in everyday affairs, he will find that that presumption does exist.

The writer proposes to use this presumption as a device to separate the wheat from the chaff in the Sahagian-Talberth recording.

The recording is of a discussion in which Sahagian and Talberth related that the following acts, events and conversations were experienced by them jointly. Page numbers are being given for reference to the transcript appearing in the appendix.

1. Page 14. Herman Sahagian made a proposition to Edward Talberth.

2. Page 16. It was twenty-five cents a case for everything over 4,000 cases.

3. Page 14. All Sahagian asked was for the Liquor Commission not to run out of his stuff and to buy it as it sells.

4. Page 10. Sahagian said he did not think that the thing would go through because he did not trust the Governor.

5. Pages 8, 9 and 10. Talberth said he would make arrangements for them both to see Governor Payne so that they would all understand each other.

6. Pages 8, 9 and 10. Talberth made the arrangements for the conference with the Governor.

7. Pages 8, 9 and 10. Talberth and Sahagian went to see the Governor.

8. Page 9. At this conference there was a discussion of money and the Governor told Herman that he knew about it.

9. Page 9. Sahagian offered a check for a campaign contribution.

10. Page 9. The Governor told him to give it to Rabbit, to fix it up with Rabbit.

11. Page 17. When the arrangement first started Sahagian said to Talberth, "He'll (the Governor) figure it out every month, he gets the reports, let him figure it out; you know how much it is, you tell me how much I owe you." Talberth replied, "Hell, no. You tell me, whatever it is you give me, give me."

12. Page 16. The first month things worked out well, the State made purchases and the stores were all right.

13. Page 16. The second month sales were made to the State but the stores were running out.

14. Page 16. The third month the same thing occurred. Sahagian kept complaining to Talberth and kept giving him lists, this store didn't have it.

15. Page 15. Talberth used to call the Governor from the Fairview Winery and tell him about different stores being out.

16. Page 16. Talberth would tell Sahagian, "Herman, if the thing isn't working you are a goddamned fool to be paying your money."

17. Page 3. The deal took place during August, September, October, November and December of 1950.

18. Page 17. During the five-month period Sahagian paid Talberth \$2,700.

In addition to meeting the test of our presumption, none of these 18 items are of a hearsay nature, and

all could be accepted as evidence in Court.

It is a rule of law that relevant and material extra-judicial admissions of a party are admissible in evidence. This rule of law could have application to many of the above 18 items and to the following eight items:

1. Pages 2 and 3. Sahagian admits giving money to Talberth to give to Payne.

2. Page 3. Talberth admits he gave it to Payne.

3. Page 7. Talberth insists he gave the money to Payne.

4. Page 8. Talberth admits he took the money and gave it to Payne.

5. Page 11. Talberth states, "and every goddamned time that I took anything from you I went right up in his office, and that's where the thing took place, in his office."

6. Page 14. Talberth stated he said to the Governor, "This thing could be accomplished. It would help me. You haven't got to know anything about anything. If you walk in here and find something on your desk, you don't know who the hell it came from as far as you being mixed up and being involved in anything. And the only thing that's asked, the only thing that you have got to do, Fred, Christ you aren't involving yourself—it's just a normal thing. The only thing he's asking you to do is to ask the Liquor Commissioner, to tell him, not to run out of his stuff and to buy the stuff and to buy the stuff as it sells."

7. Pages 18 and 19. Talberth stated that of the \$2,700 which he received from Sahagian, the Governor received \$1,800 and he himself \$900.

8. Pages 18 and 19. Sahagian admits he paid the money to Talberth.

In his appearance before the Committee, Governor Payne could recall only one instance when Edward Talberth mentioned Herman Sahagian to him. He said that he never, directly or indirectly, received from Mr. Talberth from Mr. Sahagian any part of the money alleged to have been involved. He testified that Mr. Sahagian did come to his office with Mr. Tal-

berth. He advised that Sahagian stated he had come for the purpose of making a contribution to his campaign for re-election and offered to make a cash contribution. The Governor said he refused and suggested that he give it direct to the County or State Committee. He said Sahagian there produced a check from Webber's Dairy for \$100 and wanted to endorse it to the Governor who said he refused and made the same suggestion as with the cash.

He stated that he had known Mr. Talberth as a friend. He disclosed that Talberth had his private unlisted telephone number. He said that Talberth did not enjoy any privilege concerning his office not enjoyed by other newspaper men.

The writer submits that the conclusions which may be drawn from the foregoing analysis, and any explanation thereof, should be drawn by a Jury. The writer does not know of any such analysis having been presented to any Grand Jury. When was the truth told? Does the truth appear on the recording and in the testimony of Mr. Sahagian, or does the truth appear in the denials of Mr. Talberth and in the denials of Governor Payne?

The Frederick Papolos Affair

On May 11, 1951, the writer talked with Mr. Frederick Papolos over the telephone, reaching him at his home in Wellesley, Mass. Mr. Papolos was advised as to the writer's capacity with the Research Committee and was asked for an appointment. Mr. Papolos inquired as to how the Research Committee concerned him (In the recordings Mr. Papolos made several references to the Research Committee and warned against involving him with the Committee.) An appointment was arranged for the 13th of May which Mr. Papolos was unable to keep. The writer did interview him at his home on the 15th of May.

One interesting side-light to that interview. The writer had arranged for a surveillance on Mr. Papolos. The appointment was for ten o'clock in the morning. At 9:50 a. m. Mr. Papolos came out of his house and covered up the license plate of his car. As soon as the writer had left, the covering was removed. The writer had obtained his license plate number a few days before.

At this interview the writer told him some of the allegations involving him and asked for an explanation. He stated that inasmuch as he had discussed a civil matter involving Mr. Sahagian with his attorney, he did not wish to answer any questions unless his attorney were present.

A conference was arranged with his attorney in Boston. At this conference Mr. Papolos was permitted to read the transcript of certain of the Sahagian-Papolos recordings. The writer then inquired whether or not he had made the statements attributed to him in the transcript. He replied that he had never said any such things and if there were any such recordings they were phonies. His Boston attorney suggested to him that he engage counsel in Maine and arrangements were made for the writer to meet with Papolos and Attorney Verrill in Portland on the 19th of May.

At the conference in Portland two recordings were played for Mr. Papolos and his attorney. At this time Mr. Papolos was not certain whether it was his voice or not. The writer pressed for an affirmation or denial, but received neither. The writer also requested him to affirm or deny that his relationship with Governor Payne had been as described in the recordings. He made no answer. His and his attorney's attention was directed to the bribery and immunity sections of the statutes. They were told that the Committee's only interest was to learn the truth of the situation, that the story as related in the recordings would undoubtedly be made public at the Committee Hearings of May 28th, that if the story were true, Papolos should say so and seek to take advantage of the immunity section, and if the story were false he should come forward and say so before the Committee in fairness to Governor Payne and others involved. He was non-committal but an answer was promised by Monday, the 22nd of May.

On that date the writer was advised that the position of Papolos was that the story as appearing on the recordings was false and was told only to secure an advantage over Sahagian and that Mr. Papo-

los would appear and so state before the Committee.

When the writer was placed in charge of the investigation on August 5th, 1952, in accordance with the arrangements with the Attorney General (see page 39), the investigative problem with relation to Papolos seemed to be to determine when Papolos had been telling the truth. Had he told the truth on the recordings, or had he told the truth in testifying before the Committee? More specifically stated, did he have such influence with and control over Governor Payne as enabled him to direct the Governor's acts?

With respect to this matter, the principal claims made on the recordings by Papolos and recited in great detail by him were as follows:

1. That he had supported Payne in his unsuccessful campaign for Governor in 1940.
2. That he had laid the ground work for Payne's 1948 campaign.
3. That after the campaign got under way he induced Joe Linsey of Boston to contribute \$15,000.
4. That later on during the campaign Linsey put in \$25,000 more.
5. That Edward Laven was in on the deal with Linsey.
6. That he, himself, put in \$12,000.
7. That a deal had been arranged whereby a profit would be made from sales to the State of Maine and the contributions refunded.
8. That after the contributions were paid off the profits were to be split between Payne, Linsey and Papolos.
9. That the contributions were paid back in this manner.
10. That after that time Papolos became suspicious that he was not obtaining his true share of the profits.
11. That he made an analysis of purchases by the State of Maine and became convinced he was being double-crossed.
12. That he made his plans to get even.
13. That he obtained recordings on Linsey and Payne.
14. That these recordings contained evidence which could send Payne to jail.
15. That he let Payne know he had these recordings.

16. That from that time on Payne would do his bidding.

IDENTIFICATION

Frederick W. Papolos, residing at 10 Sprague Road, Wellesley, Mass. is 47 years old, married and has one child. He is President and Treasurer of Television Sales and Engineering Co., Inc. and of International Sales Co., Inc., both companies being located at 910 Beacon Street in Boston.

The records of the Clerk of Courts for Kennebec County reflect that at the October 1941 Term, Frederick Papolos was named in four indictments for offenses pertaining to gambling devices. One indictment was filed and one dismissed. On one indictment he was sentenced to four months in jail, suspended and placed on probation for one year, and on the other he was sentenced to pay a fine of \$500.

Edward A. Laven of 125 Arlington Road, Brookline, Mass. is 51 years old, married and has one child. He is president and treasurer of Granada Wines, Inc. located at 95 Harvard Street, Cambridge, Mass. The records of the Secretary of the Commonwealth reflect the Directors as Edward A. Laven, Doris Laven and Joseph M. Linsey. Frank L. Kozol is listed as the clerk.

CRIMINAL RECORD

Edward A. Laven

A check of the criminal docket of the U. S. District Court, Federal Building, Boston, Mass., revealed the following docket entries regarding Edward Laven.

Docket No. 7792
Charge: 2/28/28

Illegal sale and possession of liquor. Defendant pleaded guilty, sentenced to pay fine of \$50.00 and placed on probation for one year.

Docket No. 7978
Charge: 2/28/28

Illegal sale of liquor. Defendant pleaded guilty, fined \$50.00 and one year probation.

Docket No. 7974
Charge: 2/28/28

Illegal sale of Liquor. Defendant pleaded guilty, fined \$50.00 and one year probation.

Docket No. 7976
Charge: 2/28/28

Illegal sale of liquor. Defendant pleaded guilty, \$50.00 and one year probation.

Docket No. 7977
Charge: 2/28/28

Illegal possession of liquor. Defendant pleaded guilty, \$50.00 fine and one year probation.

Joseph M. Linsey, also known as Joseph M. Lindsey, residing at 364 Buckminister Road, Brookline, is 53 years of age and is single. A check of the tax records for the Town of Brookline for the year 1951 showed that Joseph M. Linsey, 364 Buckminister Road, had a personal property assessment valuation of \$10,000 and that the assessed valuation of the home was \$61,000. A credit agency reports that he was president and treasurer of Whitehall Company, Ltd., a wholesale liquor firm, president and treasurer of the Huntington Operating Company, and had been associated with various businesses including Taunton Grayhound Racing, Club Mayfair, and Independent Tallow Co.

The files of the Massachusetts Board of Probation reveal that Joseph M. Linsey, also known as Joseph M. Lindsey, was convicted in the Bristol Superior Court on March 18, 1927, for conspiracy to sell liquor and was sentenced to pay a fine of \$500 and to serve one year in the House of Correction.

The records of the Secretary of the Commonwealth reflect the officers of Whitehall Co., Ltd., 90-92 Berkeley Street, Boston, as being Joseph M. Linsey, president, Morris J. Gordon, treasurer and Myer J. Shoolman, clerk. The directors were listed as being the same. The company is described as being engaged in the wholesale and retail distribution of liquor.

The records indicate the Huntington Operating Corp., 90 Berkeley Street, Boston, was authorized to operate a restaurant and that the officers and directors were Joseph M. Linsey, David Yaffee and Frank Kozol. This corporation was dissolved in 1948.

A check of the Directory of Corporations for 1950 shows that the Independent Tallow Co., Inc., 39 Cedar Street, Woburn, Mass. is a Massachusetts corporation with

capital stock of \$89,800 and a surplus of \$385,556.00. The officers are: President and Treasurer, Joseph M. Linsey; Vice President, David Yaffee; Assistant Treasurer, Ernest B. Rovitaille; Clerk, Carmello Grimms; Directors as above and Max Laven.

A check of the criminal docket of the U. S. District Court, Federal Building, Boston, Mass., revealed the following docket entries pertaining to Joseph M. Linsey:

Docket No. 8561

Charge: Conspiracy to violate Tariff Act and the National Prohibition Act.

Defendants: Joseph M. Linsey and 18 others.

12/19/28 Indictment returned

5/5/32 Entry of Nol Pros by U. S. Attorney for J. M. Linsey and others.

Docket No. 8319

Charge: Same as above No. 8561
Defendants: Joseph Linsey, David Yaffee.

9/17/28 Indictment returned

5/3/32 Entry of Nol Pros by U. S. Attorney for Joseph Linsey and David Yaffee and others.

Twenty-four former employees of Fred Papolos who had worked for him in Boston were located and interviewed. They were scattered as far West as Michigan and as far South as Florida.

One employee reported taking several telephone calls from a Mr. Linsey who asked for Mr. Papolos.

Three employees had noted that Joe Linsey's name and telephone number appeared on the telephone index pad on the desk of Papolos.

Two employees identified pictures of Edward Laven as a person who had been in the store.

One employee stated Governor Payne had been in the store to see Papolos three times.

Three employees stated they had seen the Governor there once. With reference to the times of employment of these three employees, it is concluded that their statements might possibly refer to only two separate occasions.

Seven employees stated that there were recording devices on the store premises and that Papolos was familiar with the use of them.

One employee had connected a recording device to the telephone in the home of Papolos.

Twelve employees stated that it was generally believed around the store that Papolos had political interest in Maine and also that he bragged about his connection with Governor Payne.

Seven employees stated that it was generally believed around the store that Papolos had interests in the liquor business in Maine.

One employee stated that Margaret Chase Smith had visited the store on several occasions.

One employee stated that Margaret Chase Smith had been to the store at least twice.

Two employees stated they had seen Margaret Chase Smith in the store on one occasion.

Practically all employees said that Nick Papolos was a frequent visitor to the store.

One secretary said that Papolos frequently mentioned Payne's name and recalled writing letters to Payne. She said that Papolos had told her that he was friendly with Governor Payne, Henry Cabot Lodge and Margaret Chase Smith. He told her, she said, that at one time he had been Senator Smith's campaign manager. The secretary recalled that Papolos had made telephone calls to Mrs. Smith and that Mrs. Smith had made telephone calls to him. The last time she recalled Mrs. Smith having been in the store was May of 1951 when she was accompanied by a man identified as her secretary.

In referring to his interest in the liquor business, she said that Papolos had asked her on several occasions to type up a copy of a printed chart which consisted of the names of brands and companies down the left hand side with columns for months or periods across the sheet. She said she would type certain brands or companies designated by him and would insert figures in the columns headed with the name of a month or period. She said that she believed the figures represented the number of cases.

Another secretary employed for a different period advised that Papolos received monthly reports from a publishing company showing the number of cases of the different wines and liquors sold in Maine each month and that he had been receiving the reports since

early 1949. She said that he would have her make comparative analyses from the sheets. She recalled the names of Fairview Wine, Granada Wine, Supreme Wine appearing, as well as the names of many other companies.

She stated that Papolos had given her the impression that he and another man in Boston had helped Payne to be elected Governor and that they were to reap their reward through the liquor business for helping Payne. She said that in this connection Papolos had commented that it had taken a long time to begin getting a return.

She advised that Governor Payne had been to the store two or three times, once with a "big fellow," during her employment.

She said that Mr. Sahagian had been at the store many times and that she was aware of a business relationship between them. She said that one time Sahagian left a case of Fairview Wine for the employees and that there had also been a similar distribution of Supreme Wine on one occasion.

She recalled that Margaret Chase Smith had been in the store at least twice and had been extremely friendly with Papolos.

She said that a short time after he started having contacts with Sahagian, she heard Papolos talking over the phone to someone in Maine and that person hung up on Papolos. She said that Papolos became angry and put a telephone call through to Governor Payne and "bawled him out." She said that while talking with Payne he referred to the party who had called up as a "G— D— S. O. B." He demanded an apology and was also attempting "to have done what he wanted done." After the conversation ended she said he said to her, "That's telling him off, isn't it?"

She said it was quite usual for Papolos to talk to Governor Payne in this manner both over the telephone and when he was at the store. She said he would brag about bawling out the Governor after the Governor left the store.

It should be noted that on several occasions on the Sahagian-Papolos recordings Papolos describes the telephone call incident

to Sahagian, telling him that when he first called Zahn, Zahn hung up on him, that he got mad and called the Governor to get in touch with Zahn and have the S. O. B. call back and apologize. He also bragged to Sahagian about bawling out the Governor when he was in the store. When referring to these practices Papolos said to Sahagian, "If you don't believe me, ask my office girls." The investigators did just that.

She stated that she had heard Nick and Fred Papolos complain about Payne "not living up to his obligations," and that they could get him out of office the same as they had put him in office.

She recalled that at one time Fred Papolos had had a recording device attached to his telephone at home.

One employee reported that on one occasion after Payne had left the store, Papolos had said that he had made an investment in Payne and was now getting a return.

One secretary said that Papolos maintained a file for his "Maine Business" and always kept it under lock and key. She said she left his employment because of his "strong and obscene language."

Another employee stated that Papolos had had a Telle Magnetic Unit on his home phone in June or early July, 1951.

One employee advised that after the Committee hearings in Maine, Papolos stated he would not have to bribe Payne, that he had paid Payne to get him elected and could get as many favors as he wanted without bribing him.

Another employee stated that on one occasion when Margaret Chase Smith came to the store she was wearing television make-up.

Another employee recalled that Papolos had sent a Webster Wire Recorder to Governor Payne around Christmas of 1949 and had said that he was sending the recorder to Payne so that he could record political speeches on it. This employee stated that Margaret Chase Smith had purchased a television set from Papolos.

Other political figures from Maine were reported in the Papolos store by employees. The writer has only reported those appear-

ances in which identification has been made by more than one employee.

Joseph Linsey on interview stated that he had known Frederick Papolos for several years.

On the recordings, Papolos speaks of being well acquainted with Linsey. At the Hearing his testimony was to the effect that he was not acquainted with Joe Linsey.

It appears on the Sahagian-Papolos recordings that before the Governor and Council held their hearing on the Sheriff Dearborn case, Fred Papolos told Herman Sahagian that he had instructed Governor Payne to whitewash the matter. At the hearing Sheriff Dearborn was cleared.

As recorded on the Sahagian-Papolos recordings, Papolos told Sahagian that when he became suspicious that he was not obtaining his share of the profits in accordance with the campaign deal made with Payne, he obtained the McClellan reports so that he could check on the sales made in Maine.

An inquiry has disclosed that McClellan's Sales Digest on the State Store System is a loose leaf monthly publication reporting the sales by cases of all liquor and wine products in the monopoly states including Maine.

It will be recalled that two former secretaries of Papolos speak of doing work on liquor and wine reports, their description of which fits the sheets appearing in the McClellan reports.

A confidential informant residing in Massachusetts and whose identity is known to the Attorney General advised that he talked with Fred Papolos in October or November of 1951. He stated that at that time Papolos said he had just given Zahn some of Sahagian's money and that Sahagian would have no more trouble in Maine. During this conversation, he said Papolos boasted of his influence with Governor Payne and other Maine politicians.

Another confidential informant whose name is known to the Attorney General stated that Fred Papolos has been a frequent visitor to the Payne home.

Investigation in Boston established the fact that Joseph Linsey is a man of very considerable wealth.

The Sahagian-Papolos Business Relationship

Both men agree that their business relationship started the latter part of May, 1951. Each says that the other made the approach. Both agree the subject matter of the first business discussion evolved about the trouble Sahagian was having with the Liquor Commission.

With reference as to who made the approach, it is helpful to note the testimony of James Chastas who says that he is a friend of both men. Both men claim Chastas as a friend. Sahagian had taken Chastas to a hospital in Boston. Papolos went to visit him there. Chastas stated that during this visit Papolos remarked that Sahagian was in trouble in Maine, that he, Papolos, could help him out, but that it would cost Sahagian something and asked Chastas to have Sahagian get in touch with him the next time he came to Boston. Chastas states that the next time Sahagian came to Boston he asked him to call Papolos. He said Sahagian said that he was too busy, but upon his insistence, did call Papolos from the hospital room. He testified that he heard Sahagian say over the telephone, "I am busy. I can't come up to see you this time, but I will the next time."

On the Sahagian-Papolos recordings Papolos says that it was he, himself, that brought up the subject of Sahagian's trouble with the Liquor Commission.

With reference as to which of the two men first knew that Sahagian's prior criminal conviction was being investigated by the Liquor Commission, each man denies knowledge of it until the other told him. On the recordings Papolos states that he was the one that told Sahagian.

Sahagian testified that Papolos told him he would get the Commission not to press charges concerning the prior criminal conviction. There are statements supporting this promise on the recordings.

In August of 1951, in consideration of the promises of Papolos that he would protect him and see to it that his wines did not run out in the stores, Sahagian agreed to pay Papolos fifteen (15) cents a case commission starting September 1, 1951. These promises appear on the recordings.

On September 27, 1951, Sahagian wrote a letter to Commissioner Zahn. This letter was found on file in the Commission. On October 9, 1951, at the request of Papolos, the two men met in Boston. Papolos criticized Sahagian for writing this letter and spoke of its contents. During this conference Papolos told Sahagian that he wanted a written contract. This conference was recorded.

On October 18, 1951, they met in Portland, again at the request of Papolos. During this conference it was decided that quarts should not be listed, but that fifths should be kept on as the best deal for Papolos, Commissioner Zahn and Sahagian. Papolos said he would see Zahn about leaving the fifths on the list and raising the price from sixty-five (65) cents to seventy-five (75) cents for a thirty-five (35) cent per case commission. Sahagian told Papolos to tell Zahn he would pay thirty-five (35) cents per case at that time and fifty (50) cents per case after January 1, 1952. Papolos said Zahn insisted in receiving his cut in cash instead of by check. This conference was recorded.

Papolos produced a contract which had been prepared by a Boston attorney. He said he had seen Commissioner Zahn and that the price of the half-gallons could be raised. He said Zahn wanted a commission proposal at \$1.70 and \$1.75 on the half gallons. Sahagian refused to sign the contract because it made no provision for cancellation in the event prices were not raised. This conversation is recorded. They went to Attorney William Pinansky's office to further discuss terms of the contract.

On October 22, 1951, they again met in Portland. They again discussed prices and a contract. Papolos said that through Commissioner Zahn he could establish a base price of seventy-five (75) cents on fifths and one dollar seventy-five cents (\$1.75) on half gallons to become effective November 1, 1951. He said Zahn had told him that because of the printing which had to be done, that Wednesday was the deadline for making price changes and that the contract must be signed before

then. This conversation was recorded.

Sahagian states that he returned to Gardiner on October 22, 1951, with the Boston contract to have his attorney look it over. He said on that day he, himself, made a filing with the Liquor Commission of one dollar seventy-five cents (\$.75) for the half gallons. He stated that his attorney, Lew Naiman, rewrote the contract to provide for cancellation if the prices were not raised on November 1, 1951. Sahagian executed this contract and placed the corporate seal upon it. This contract dated October 23, 1951, is contained in the investigative files.

Sahagian states that on the afternoon of October 23, 1951, Sahagian took this contract to Papolos in Portland. He said that Papolos objected to the cancellation clause because it gave the appearance of illegality. He suggested that this clause be omitted and the contract left in escrow with Attorney Pinansky. Sahagian agreed to this and Papolos said that he would have Pinansky rewrite the contract and told Sahagian to come back the next morning and to bring his corporate seal. A part of this conversation was recorded.

On the morning of October 24, 1951, Sahagian went to Portland with his corporate seal, met with Papolos and Attorney Pinansky and executed the final contract. This contract is in the custody of the Clerk of Courts in Portland.

Sahagian states that after leaving the Attorney's office he returned Papolos to his car by the Howard Johnson on Forest Avenue where Papolos made a phone call from a telephone booth there. He stated that after the phone call he told him that he had called Zahn advising Zahn that it was all set and had arranged to meet with Zahn in Brunswick that night. Sahagian returned to his winery in Gardiner.

He stated that on his way home from the winery that evening he stopped in to see Byron Nichols at his home. As he was leaving the Nichols home, Byron asked him if he would take him by the Commission office. Sahagian states that upon arriving there, Sahagian observed Nick Papolos sitting in his

car parked near the entrance and that he commented upon this to Nichols. Nichols states that upon entering the building he saw a man sitting in the waiting room. He said he did not then know who the man was but after seeing Fred Papolos at the Research Committee Hearings he knew that the man he saw in the waiting room was Fred Papolos.

EVIDENCE OTHER THAN SAHAGIAN'S STATEMENT AND THE RECORDINGS.

1. The records of the Commission reflect that with cover letter dated October 17, 1951, and received by the Commission on October 18, 1951, Fairview Wine Corporation filed its quotation to become effective November 1, 1951. There were two separate filings on the California Leader Brand, one for .65 and 1.50, the other for .75 and 1.65. The commission files do not contain any quotation from Fairview at 1.65. The filings other than on the California Leader Brand, bear a Commission date stamp of October 18, 1951 and a Comptroller's date stamp of October 23, 1951. The two filings for California Leader at .75 and 1.75 bear no Commission date stamp but do have the Comptroller's date stamp of October 25, 1951.

2. J. A. Honarius Miville, office manager of Fairview Wine Corporation, states that he prepared the cover letter of October 17, 1951, and the endorsed quotations. He states that either on October 19, 22, or 23, Sahagian hurried into the office and instructed him to make out a quotation of 1.75 for California Leader half gallons, as he wished to substitute it for the 1.65 quotation. Miville made out a 1.75 quotation immediately, gave it to Sahagian who personally took it to the Commission.

3. Under date of October 19, 1951, W. D. Jarvis, Supt. of Public Printing issued purchase order #1869 to Kennebec Journal Co., Augusta, Maine, for 70 pads of form 104 and 52 pads of form 116. Both these forms pertain to the business of the Liquor Commission and the purchase order was issued by Jarvis pursuant to a request from the Commission. The purchase order bore the notation under "Date

wanted"—"not later than October 29, 1951."

4. This order was picked up in the office of Jarvis by Conrad Kennison of the Kennebec Journal. Accompanying the order was a form #104 and a form #116 dated October 1, 1951, on which forms were the corrections for the November 1, 1951 printing. When the order reached the Journal shop a job ticket envelope was made up and given number 1444. Kennison states that the order was picked up by him and that work was commenced on the same on October 22, 1951. The job sheet shows that composition was started by an employee by the name of Blake who worked 1.1 hours on the 22nd and 4 hours on the 24th. Employee Ralph Radcliff did 1.1 hours of hand work on October 25, 1951. After this work was done, a proof was run off bearing date of November 1, 1951, and returned to the Commission. When the proof was returned to the Journal it was observed that 41 changes in the prices were indicated on the corrected proof. According to the Journal work sheet, work started on the corrected proof on October 26, 1951. Blake spent .4 of an hour resetting composition on that date which he states would be about the time required to make the 41 changes. The printing was finished on October 27, 1951. The cutting and binding was completed on October 29th, 1951. A duplicate receipt book of the Journal indicates that the order was delivered to the Commission on October 30, 1951 and was received by George A. Darling.

5. Ester Thibodeau, Clerk at the Commission, working under the direction of Frank Robie, is the employee who has charge of revising price lists. Sometime in October, 1951, she took a price sheet dated October 1, 1951, and on it wrote the price changes to become effective November 1, 1951. This sheet was transmitted to the office of Jarvis with a requisition for printing. A few days later the proof for the November 1, 1951, price sheet came back from the Journal for correction. She identified the written figures opposite the code numbers 738, 798, 939, 204, 378 and 710 as being in her handwriting. After referring to her work sheet,

she found that opposite the above code numbers prices had been written in in green ink by herself.

6. Mrs. Marjorie Walter, Secretary to Frank Robie, inspected the corrected proof and advised that the price changes had been made by her with the exception of those made by Ester Thibodeau. She said that she made the changes on the corrected proof from information furnished by Frank Robie.

7. Frank Robie stated that he obtained the information with which he furnished Mrs. Walter from his quotation book which contains the original current filings of the vendors.

8. Any change in the price lists also necessitates the printing of all new rack tags and bin tags to be used in the liquor stores. Investigation concerning the printing of the wall rack tags and bin tags for the November 1, 1951 prices reveals that the same procedure was followed as in the printing of form 116 heretofore described, that is, the original order to the printer was with wine prices at .65 and \$1.50 and when the proof was returned to the printer the prices on wines had been changed to .75 and \$1.75.

9. The corrected proof reflects the following 35 changes in the price of wines:

690	California Leader, American Port (Fairview)	1.50 to 1.75
691	California Leader W. Am. Port (Fairview)	1.50 to 1.75
698	Banquet American Port (Lawrence & Co.)	1.50 to 1.75
704	Banquet American Port (Lawrence & Co.)	.65 to .75
705	Banquet W. Amer- ican Port (Law- rence & Co.)	.65 to .75
707	Roma American Port (Roma)	.85 to .80
710	Supreme American Port (Supreme)	.95 to .75
717	Banquet W. Am. Port (Lawrence & Co.)	1.50 to 1.75
721	California Leader Am. Port (Fairview)	.65 to .75

725	California Leader W. Am. Port (Fairview)	.65 to .75
955	LaVal Am Port (Peerless)	.65 to .75
956	LaVal W Am. Port (Peerless)	.65 to .75
960	LaVal Am. Port (Peerless)	1.50 to 1.75
961	LaVal W. Am. Port (Peerless)	1.50 to 1.75
727	California Leader Am. Sherry (Fairview)	.65 to .75
734	Banquet Am. Sherry (Lawrence & Co.)	.65 to .75
735	California Leader Am. Sherry (Fairview)	.65 to .75
738	Supreme Am. Sherry (Supreme)	.95 to .75
740	Banquet Am. Sherry (Lawrence & Co.)	1.50 to 1.75
748	California Leader Am. Sherry (Fairview)	1.50 to 1.75
957	LaVal Am. Sherry (Peerless)	.65 to .75
962	LaVal Am. Sherry (Peerless)	1.50 to 1.75
753	Banquet Muscatel (Lawrence & Co.)	.65 to .75
760	California Leader Muscatel (Fairview)	.65 to .75
765	California Leader Muscatel (Fairview)	1.50 to 1.75
770	Banquet Muscatel (Lawrence & Co.)	1.50 to 1.75
958	LaVal Muscatel (Peerless)	.65 to .75
963	LaVal Muscatel (Peerless)	1.50 to 1.75
786	California Leader Am. Tokay (Fairview)	.65 to .75
789	Banquet Tokay (Lawrence & Co.)	.65 to .75
798	Supreme Tokay (Supreme)	.95 to 75
939	Peerless Tokay (Peer- less Wine Corp.)	1.05 to 1.00
959	LaVal Tokay (Peerless)	.65 to .75
811	California Leader Am. (Fairview)	.65 to .75
815	LaVal Angelica (Peerless)	.65 to .75

From a study of the price changes in wine it will be noted that the companies involved are Peerless Wine Corp., Lawrence & Co., and Fairview Wine Corporation, which raised their prices from .65 to .75 on fifths and from 1.50 to 1.75 on half gallons, and Supreme Wine Company which lowered its price to

.75 on fifths and on its new listings on half gallons had a price of 1.75.

Lawrence & Co., 3 Middle Street, Lewiston, Maine.

The files at the Commission reveal that with a cover letter dated October 22, 1951, which letter the Commission received on October 23, 1951, Lawrence & Co., Inc., through its manager, Armand C. Bolduc, submitted price filings among which were price filings at .65 per fifth and at 1.50 per half gallon.

The records of the telephone company indicate that Commissioner Zahn called Lawrence O'Toole, President of Lawrence & Co. at 2:45 p.m. on October 24, 1951. Mr. O'Toole states that Zahn called him to inquire if he, O'Toole, would raise the price of his wines so that fifths would sell at .75 and half gallons for 1.75. This O'Toole agreed to do and Zahn told him to mail his new filings right off. On that same day, October 24, 1951, he mailed the new price filings to the Commission. It is noted that the Commission received these filings on October 25, 1951.

Peerless Wine Corporation, 169 Front Street, South Portland, Me.

The files of the Commission contain a letter from Edward A. Laven, Treasurer of Peerless Wine Corporation, dated October 9, 1951, advising that the Corporation would absorb the Federal Taxes due to become effective November 1, 1951. The letter further stated that new filings would be mailed in a day or two. The purpose of these filings would be to show the break down of the price structure to show the absorption of the tax. The Corporation sells to the State two brands of wine, one the "Peerless Brand," the other the "LaVal Brand." Several types of wine are sold under each brand name. The files at the Commission reflect that under date of October 22, 1951, the Corp. revised its quotation filings as to the Peerless Brand which filings were received by the Commission on October 24, 1951. Frank Robie advises that it is customary for a company to mail all its filings in the same letter. However, the records of the Commission do not disclose any filings for the LaVal Brand under date of October 22, 1951.

Under date of October 24, 1951, and received by the Commission on October 25, 1951 are the price filings for the LaVal Brand showing the increase from .65 to .75 and from 1.50 to 1.75. The State House records of telephone calls indicate that Commissioner Zahn made a toll call to one "Louin" in Cambridge, Mass. on October 24, 1951. A more definite check could not be made with the telephone company because the records had been destroyed. It is suspected that the call to "Louin" was actually a call to Laven.

Supreme Wine Company

The files at the Commission reveal that prior to October 24, the Supreme Wine Company's wine was selling at 95 cents per fifth. Under date of October 23, 1951, the company filed a price reduction to 75 cents. They also filed for a new listing on half-gallons at \$1.75. Their half gallons had been delisted for a long time. It is interesting to note that on a recording made in September, 1951, Fred Papolos told Sahagian he was going to get the Supreme half gallons back on the list in October.

The records of the Supreme Wine Company indicate that both Fred Papolos and Nick Papolos were on the payroll of the company when this price raising transaction took place.

On November 1, 1951, the price of wine formerly selling at 65 cents a fifth was changed to 75 cents and the price of wine formerly selling at \$1.50 per half gallon was changed to \$1.75 per half gallon. The contract between Sahagian and Papolos which had been left with Attorney Pinansky became operative.

Under the terms of this written contract, Sahagian made the following payments to Frederick Papolos by check, all checks being made payable to him:

November 2, 1951	\$2,115.00
December 4, 1951	2,846.00
December 31, 1951	4,876.00
January 9, 1952	420.00
February 5, 1952	847.50
	<hr/>
	\$11,104.50

Under the terms of the previous oral contract to pay 15 cents per case, on October 22, 1951, Sahagian

gave Papolos as commission for the month of September, a check for \$1034.25. There was a total of \$12,138.75 so paid to Papolos.

Examinations of the checks and investigations pertaining thereto were made.

It appears that the check dated October 22, 1951 for \$1034.25 was cashed on October 23, 1951 at the Casco Bank & Trust Co., Portland, with the assistance of his brother, Nick, who maintains an account in that bank.

In this connection it is interesting to note that in testifying before the Committee, Nick Papolos said he knew nothing of his brother's relationships with Sahagian until the late Fall of 1951, around Christmas time.

Check dated November 2, 1951 for \$2115.00 was deposited on November 15, 1951 in the checking account of Frederick W. Papolos in the National Shawmut Bank of Boston.

Check dated December 4, 1951 for \$2846.00 was likewise deposited on December 6, 1951.

Check dated December 31, 1951 for \$4876.00 was deposited as the initial deposit in a new checking account entitled Frederick W. Papolos & Co. on January 4, 1952, in the National Shawmut Bank of Boston.

Check dated January 9, 1952 for \$420.00 was deposited in the Frederick W. Papolos & Co. account on January 30, 1952.

Check dated February 5, 1952 for \$847.50 was likewise deposited in the Frederick W. Papolos & Co. account on February 12, 1952.

With reference to this last listed check for \$847.50, it was noted that on February 27, 1952, Frederick W. Papolos issued a check for \$282.47 to Nick Papolos. It is noted that this amount is very approximate to one-third of the \$847.50 check.

It was ascertained that the first withdrawal from the new account entitled Frederick W. Papolos & Co. was in the amount of \$3334.00 made on January 8, 1952. With this sum a cashier's check was purchased in a like amount by Fred Papolos made payable to Nick Papolos. At the time this withdrawal was made, the only funds which were in the account or had ever been in the account came from

Herman Sahagian. The testimony of Fred Papolos concerning the money which he received from Sahagian was that he shared it with no one.

**The Papolos Brothers
And The Supreme Wine Company**

Investigation relative to the amount of money paid by Supreme Wine Co., Inc. to either of the Papolos Brothers disclosed that the company had issued the following checks:

**Fred Papolos Checks
from Supreme Wine Co., Inc.**

Date; Notation appearing on checks;	Amount
Nov. 5, 1951, Comm. on order #1539 dated 10/25/51	\$300.00
Dec. 5, 1951, Comm. on order #1715 and order #1671	637.50
Jan. 4, 1952, Comm. on order #1818	300.00
Feb. 5, 1952, Comm. on order #1890 dated 1/28/52	200.00
Feb. 26, 1952, Comm. on order #1952 & 1996 dated Feb. 11 & 25	400.00
Mar. 25, 1952, Comm. on Me. order #2036 dated 3/13/52	285.00
Apr. 8, 1952, Comm. on Me. order #2170, dated 3/27/52	625.00

**Nick Papolos Checks
from Supreme Wine Co.**

Date; Notation appearing on checks;	Amount
Aug. 14, 1951, No notation	\$162.50
Oct. 8, 1951, No notation	200.00
Oct. 26, 1951, No notation	300.00
Nov. 30, 1951, No notation	114.50
Dec. 5, 1951, No notation	637.50
Jan. 4, 1952, Commission on order #1818 & sales at Presque Isle Air Base	321.00
Feb. 5, 1952, Comm. on order #1890 & sales at Presque Isle Air Base	201.50
Feb. 26, 1952, Comm. on order #1952 & 1996 and order from Dow Field	405.00
Mar. 25, 1952, Comm. on Me. order #2096 dated 3/13/52	285.00

The records as produced by Mr. Frank Robie at the Liquor Commission reflect the following orders to Supreme Wine Co., Inc. from August 1, 1951 to May 1, 1952.

Date	Order No.	Cases
8/1/51	1131	175
10/25/51	1539	1200
11/19/51	1671	1250
11/28/51	1715	1300
12/28/51	1818	1200
1/28/52	1890	800
2/11/52	1952	400
2/25/52	1996	1200
3/5/52	2056	1
3/13/52	2096	1140
3/27/52	2170	1250

From a comparison of the information appearing upon the Supreme Wine Co. checks with the information concerning the orders appearing in the Liquor Commission files, it is readily apparent that the Supreme Wine Co. had paid to Nick and Fred Papolos fifty cents per case commission on all orders sold the State of Maine. Both Nick and Fred received twenty-five cents per case each on all orders from October 25, 1951, to April 8, 1952. This is self explanatory from the above information as set out with the exception of the payment of commission on the order number 2170 dated 3/27/52 for 1250. On this order it will be noted that the commission of fifty cents per case totaling \$625.00 went directly to Fred Papolos. However, further investigation reveals that on April 21, 1952, Fred gave a check of \$312.50 which is one-half of the total to his brother, Nick. During this period Fred Papolos received as his share \$2435.00. Nick Papolos, for the same period received \$2577.00 for his share of the commission of the sales to the State of Maine and to others.

Nick Papolos testified before the Committee that his brother, Frederick, had not had any connection with his liquor business. His testimony also reveals a considerable lack of knowledge of the products of the Supreme Wine Company or the history of its business with the State. This evidence is also certainly in contradiction of the testimony of Frederick Papolos concerning the Supreme Wine Company. It is also interesting to note that by December of 1950, Supreme Wine Company had been completely delisted and was not sold in Maine, but when Nick and Fred Papolos became interested in the Company in July of 1951, the Company was relisted as to fifths and on Novem-

ber 6, 1951, was relisted as to half gallons, and purchases were made at a rapid rate thereafter.

A Review of the Evidence in Relation to the Claims of Fred Papolos as Appearing on the Recordings.

It might be well at this point to review the evidence thus far disclosed with relation to the principal claims made by Fred Papolos on the recordings. There follows a restatement of his claims with notes as to evidence disclosed.

1. That he had supported Payne in his unsuccessful campaign for Governor in 1940. This admitted by both he and Governor Payne.

2. That he had laid the ground work for Payne's 1948 campaign. It is admitted that he did so along with others.

3. That after the campaign got under way he induced Joe Linsey of Boston to contribute \$15,000. There is no proof of such a transaction.

4. That later on during the campaign Linsey put in \$25,000 more. There is no proof of such a transaction.

5. That Edward Laven was in on the deal with Linsey. There is no proof that there was a deal.

6. That he himself put in \$12,000. There is no proof of this.

7. That a deal had been arranged whereby a profit would be made from sales to the State of Maine and the contributions refunded. There is no proof of this.

8. That after the contributions were paid off the profits were to be split between Payne, Linsey and Papolos. There is no proof of this.

9. That the contributions were paid back in this manner. There is no proof of this.

10. That after that time Papolos became suspicious that he was not obtaining his true share of the profits. There is no proof of this.

11. That he made an analysis of purchases by the State of Maine and became convinced he was being double-crossed. There is no proof of this.

12. That he made plans to get even. There is no proof of this.

13. That he obtained recordings on Linsey and Payne. There is no proof of this.

14. That these recordings contained evidence which could send Payne to jail. There is no proof of this.

15. That he let Payne know he had these recordings. There is no proof of this.

16. From that time on Payne would do his bidding. There is no proof of this.

However, there is evidence to indicate that all these principal claims could have been true; and nothing has been discovered to indicate that these claims could not have been true:

At the time of the 1948 campaign, Fred Papolos, Joe Linsey, Edward Laven and Governor Payne were acquainted. Joe Linsey was a wealthy man. He had then and still has extensive liquor interests. Besides his own companies, he was a director and stock holder in Granada Wines, Inc., Mr. Laven's company. Were the men so disposed a deal could have been made. That such a deal is financially feasible is evidenced by the \$14,000 which Fred Papolos picked up in an operation of but a few months involving only two companies.

For some reason and for some time Papolos did check on the liquor sales in Maine as evidenced by the statements of two former secretaries. This is consistent with his claim of being suspicious that he was not getting his share, and after making an analysis, became convinced that he was being double-crossed.

It is not known that he obtained recordings on Linsey and Payne, but he could have made them. He had and was familiar with recording devices. He had a recording device attached to his telephone at one time. He did have telephone conversations with Payne and Linsey. He did show, but not play, an alleged recording to Sahagian.

There is evidence that he did use abusive language to and about Governor Payne which, if true, indicates a vulgar familiarity with or control over him.

He did know about Zahn's investigation of Sahagian as early as May of 1951. He did approach Sahagian with a proposition. He did know the contents of letters writ-

ten to the Liquor Commission. He did accurately foretell the decision in the Dearborn Case. He did play a part in getting the Supreme Wine Company's fifths back on the list. He did say in September that he was getting Supreme half gallons back in October. That the half gallons did go back on at that time. He said he could get the price of wine raised on November 1, 1951, and the prices were raised on that date. He did have the Governor's private unlisted telephone number.

On September 9, 1952, after Frederick Papolos had been arrested in Massachusetts on a fugitive from justice warrant based on the indictments returned against him at the Cumberland County Superior Court, the Attorney General's Office prepared a Request for Extradition for the purpose of returning Papolos to Maine to answer to the indictments. Request for Extradition papers are required to be signed by the Governor. These papers on the Papolos case were presented to Governor Payne for his signature. He did not sign them.

Not one negative fact has been found to destroy his claims as he made them to Sahagian. For instance, if it had been found that he did not know Joe Linsey, it would have been readily apparent that his claims were false.

Glenmore Distilleries Company.

The writer interviewed Mr. L. P. Courshon⁹ Manager, Monopoly States Division of Glenmore Distilleries Company, producers of Kentucky Tavern, Glenmore and Old Thompson whiskies. He advised that his company had been represented in Maine by Herman Sahagian for several years prior to January 1, 1949, when he resigned because of his wine business. He stated that from Jan. 1, 1949 to March 31, 1950 the firm was represented by Mr. Julius Cook; from March 31, 1950 to October 1, 1950, not represented; from October 1, 1950 to present they were represented by Mr. Nick Papolos.

He stated that Mr. Sahagian had been a satisfactory representative and that when he resigned had suggested the employment of his son-in-law, Mr. Julius Cook. He advised that he interviewed Mr.

Cook and employed him after having investigated his background. He informed the writer that as far as he could determine, Mr. Cook worked conscientiously for the company, but apparently was persona non grata with the administration because orders dropped off sharply. When some of the companies products were delisted in March of 1950, he could see no further reason to keep Mr. Cook on and advised him by mail to terminate his services on March 31, 1950.

He advised that there had been a man in Lewiston whose first name was John and whose last name he could not remember, who sought employment with the company. He said he went to Lewiston to see this John and that the two of them had visited with Mrs. Helena Rogers briefly. He said that he later decided not to employ this man.

He stated he was at the Commission in September or August, 1950, when someone, whom, he does not recall, pointed out Nick Papolos and suggested that he would make him a good representative. He said it was that day or the next that Nick Papolos approached him at the airport in Portland and asked for the job and that he subsequently hired him.

He advised he was not aware until it came out at the Committee Hearings that Nick Papolos represented companies.

This is a decidedly different version of the hiring as described by Mr. Papolos in his testimony before the Committee.

Mr. Julius Cook of Waterville, Maine furnished the writer with the following statement at the writer's request.

"Two years ago last April I was attending the Republican Convention in Portland. Sometime during the last day of the Convention, I received a 'phone call from Mr. Lou Curshon, who was my employer at the time. Mr. Curshon told me at the time that he was in Lewiston, and that he wanted to see me. He informed me that he was taking a bus from Lewiston, and would arrive in Portland around 6:00 p.m. That evening I met Mr. Curshon at the railroad station at the bus stop. After he got into the car, I told him that Mr. Sahagian, my father-in-law was staying at the

Columbia Hotel. Consequently, we went up to Mr. Sahagian's room at that hotel. He, my father-in-law and I started to talk. In the course of conversation, Mr. Curshon related that he had been to Lewiston to see a certain gentleman who claimed he could get "Old Thompson" back on the list. Mr. Curshon told us that this man took him to see Mrs. Rogers. Mr. Curshon also mentioned the fact that this man wanted to work on "so much a case" basis. I do not remember just what the amount per case was, but Mr. Curshon said he told him that there wasn't that much profit in a case.

Mr. Curshon stated at that time that Mr. Sahagian was indirectly responsible for the delisting of "Old Thompson." "By that," Mr. Curshon said, "by getting at your relative, they intend to hurt you,"—also that "these people had nothing against Glenmore, but were out to get you Herman."

Another subject which came up that same evening, as told by Mr. Curshon, was that he had been approached by some person, after I had been employed by Glenmore about six (6) months, who told him if he didn't make a change in Maine that something was going to happen. At that time, Mr. Curshon told me that he wasn't worried, because I was doing fine. That evening Mr. Curshon said, "They told me something was going to happen, and I guess this is it."

The next day, or on another occasion, I don't remember the exact day, I drove my boss, Mr. Curshon, to the Portland Airport, and while we were waiting for the plane to arrive, it was mentioned by Mr. Curshon that this gang of people were not only after the liquor business, but also after the race track business in Scarborough.

Some time in the latter part of May, 1950, I received a communication from Mr. Curshon again, saying that he had an appointment with the Commission, but I was to meet him at the Augusta House. I met Mr. Curshon as he had requested. That same afternoon, or shortly after I met my boss, I was introduced to my successor, whom I understood to be from Lewiston, who was the same individual who claimed he could get "Old Thomp-

son" back on the list. Mr. Curshon introduced him to me as "the man who is taking your place." I don't remember this man's name, but I'm sure Glenmore would know. After the introduction, I turned rudely to sit down,—then Mr. Curshon and Mr. X went to another part of the lobby to converse briefly. Shortly thereafter, Mr. Curshon and I talked briefly concerning the method of termination of my employment. Mr. Curshon wanted me to resign, but I figured that I hadn't done anything wrong,—therefore if he didn't want me, or I should say, if he was forced to "not want me," then he would have to fire me. I might also add that if I had resigned, the Commissioner could say, "Well, he resigned," if he was asked, but if the Commissioner was asked why my numbers were delisted, the Commissioner would have to give a better reason,—that is, why I chose to be fired rather than to resign."

An employee of the Liquor Commission advises that in December of 1950, Commissioner Zahn instructed him to go to the vault in the building and to take several cases of whiskey to the Blaine Mansion. He says that he got another employee to help him and they took six or seven cases of Glenmore Whiskey from the vault. As he remembers it the cases contained twenty-four pint bottles each. He stated that they took the whiskey to the service entrance and rang the bell. He advised that an elderly lady told them to put the cases right in the hall and said that the whiskey would probably go to entertaining Legislators.

Inquiry reveals that it is the custom of Liquor companies, with the consent of the Commission, to send cases of liquor to their salesmen, via the Commission, to be used by the salesmen in making goodwill gifts to licensees.

Helena Rogers Liquor Commissioner

Mrs. Rogers has been a Liquor Commissioner since January 4, 1950, having been appointed to that office by Governor Payne. During part of 1935, all of 1936 and part of 1937 she was secretary to the Liquor Commission when David Walton was Chairman and John Couture

and Mr. Fleming were the other Commissioners.

Early in the investigation the writer became aware of rumors to the effect that an improper financial relationship existed, or had existed between Mrs. Rogers and Joseph Linsey and Edward Laven. The rumors were so vague that no logical starting point for an investigation was indicated.

At the Committee Hearing she was asked if she knew Joseph Linsey and she stated that she was not acquainted with him and had never met him. Neither her testimony nor the testimony of Mr. Laven before the Committee disclosed anything which would suggest that there had ever been any kind of a financial arrangement between them.

In September of this year, a specific allegation was made to the writer to the effect that Helena Rogers was then or had been on the payroll of Granada Wine Company. It is to be recalled that Edward Laven is the President and Treasurer of Granada Wines, Inc. and that Joseph Linsey is listed as a Director and stockholder of the company.

Initial investigation disclosed that all during 1943 weekly checks in the amount of \$22.65 were issued by Granada Wines, Inc., and were received by Helena Rogers. The name of the payee on the checks was not ascertainable during the initial investigation.

On October 8, 1952, the writer interviewed Mrs. Rogers in his office in Waterville. When asked if she had ever received money from the Granada Wine Company she emphatically denied it. When asked if the amount \$22.65 meant anything to her she said, "No." When asked if she had received a series of checks from Granada Wine Company in the amount of \$22.65, she said, "No." When asked if she hadn't deposited a series of such checks in a bank she said, "No, I swear I haven't." "Are you trying to bag me, Mr. Bird." "You can check my bank account if you wish and you will find no such deposits."

She was told that the writer did, in fact, know that she had received such checks and when requested again to explain them she said, "Do I have to tell you?" When advised

she did not have to answer at that time but would have to answer sometime, she said, "Well, I'll tell you. My son, Bill, was going to college and studying advertising. Edward Laven who has been a friend of mine for many years told Bill that he would help him on his college education and would give him a job as his advertising manager when he got through college. This arrangement was made just before Bill went into the service and went on for about a year. The checks came to me in Bill's name. I deposited them in my account. I sent him some of the money while he was in the service and gave the rest to him when he got through college. Does this have to be made public?"

On October 11, 1952, the writer questioned Edward Laven concerning this transaction. He denied ever having paid any money at any time to Helena Rogers. After some delay he stated that William Rogers was on the payroll of Acme Import and Sales Company in 1943 for about a year and a half. He stated that William Rogers performed no services and declined to give the reason for paying him. He said that the money was not sent to Helena Rogers and definitely stated that William Rogers had never been on the payroll of Granada. He invited inspection of this company's books.

On October 17, 1952, Edward A. Laven was interviewed at his office at the Granada Wine Co., Cambridge, Massachusetts, by investigators of the writer. When contacted at 11:30 A. M. Laven advised that he would like to call his lawyer, Frank Kozol, of Friedman, Atherton, King & Turner and arrange for him to be present at 1 P. M. that day.

When again contacted at 1 P. M., Frank Kozol advised that his client had made two "slight" mistakes when talking to Stanley Bird and the other individuals on the previous Saturday and that after refreshing his memory subsequent to the meeting he had come to the conclusion that instead of checks being given to William Rogers for one year by Acme Import and Sales Co., there were checks given to him from Granada Wine Co. from the

latter part of 1943 until three weeks in 1947, inclusive, at the rate of \$25.00 per week.

Kozol said the Cornelius Conley, the brother of Helena Rogers, had been employed by Granada Wine Co. for about seven years and that Mr. Laven had heard that Helena Rogers was in a dire financial condition and consequently decided to help William, who was "a fine young man," to go to college. Kozol said that the amount of money paid did not mean much to the company at the time, but it did enable him to help the young man.

Kozol said that Helena Rogers was not on the Liquor Commission at the time the payments were made to her son and he could not see any reason the State of Maine would want the information.

Kozol agreed to first examine the cancelled checks personally and then make them available to the investigators after his examination. On October 20, 1952, investigators of the writer examined the cleared checks that were paid to William Rogers by Granada Wine Co. These checks were made available by Mr. Kozol at his office at 30 State Street, Boston, Massachusetts. A schedule was prepared of the checks showing the check number, date, amount and endorsement. All of the checks were drawn on Pilgrim Trust Co. and were signed either by Edward Laven or Hyman Kaplan. It was determined that the first check given to William J. Rogers was for the pay period ending October 21, 1943 and the last check given was for the pay period ending January 17, 1947. It was also determined that during 1943, 11 checks in the net amount of \$22.65 were drawn for William Rogers, in 1944 fifty-two checks in the amount of \$22.65 were drawn, in 1945 fifty-two checks in the amount of \$21.85 were drawn, in 1946 fifty-two checks in the amount of \$22.25 were drawn and in 1947 three checks in the amount of \$22.25 were drawn. Total disbursement by Granada of \$3570.00.

These checks were usually endorsed by William J. Rogers and bore the second endorsement of Helena C. Rogers and it was noted that in most instances the handwriting was the same for both endorsements.

The payroll record for William Rogers reflected that his address at that time was 206 Third Street, Auburn, Maine and his full name was William Joseph Rogers. This payroll record also showed that William Rogers' social security number was 007-14-9467 and that he began employment on October 22, 1943, and according to the payroll card was employed in the bottling department.

Mr. Kozol, in his previous interview, had stated that William Rogers had not been employed by Granada Wine Co.

It was noted that twenty-six of the checks on various dates had been signed by Hyman Kaplan, Clerk of Granada Wines, Inc. Upon interview he stated that it was his understanding that these checks were "for" and going "to" Helena Rogers. He explained that he owned twenty per cent of the stock of Granada, that Joe Linsey owned thirty per cent and that Edward Laven owned fifty per cent. When asked if he himself knew Helena Rogers he said that he did. When asked if Joe Linsey knew Helena Rogers he replied, "Of course Linsey knows her. Linsey knew Dave Walton well and anybody that knew Dave knew Lena." When asked if he had ever seen Mrs. Rogers and Linsey together he said that he had. He stated that he had once seen Mrs. Rogers, Dave Walton and Joe Linsey in a suite at the Bradford Hotel. He also told of a dinner party at the home of Mr. and Mrs. Edward Laven at which were present, Mr. and Mrs. Laven, Mr. and Mrs. Kaplan, Dave Walton and Mrs. Rogers, another couple and Joe Linsey. He said that after the dinner at the request of Joe Linsey, he and his wife had to take Dave Walton and Mrs. Rogers to a theater and after the show had taken Dave Walton and Mrs. Rogers to their hotel.

An investigation revealed that in 1937, Mrs. Helena Rogers was one of a party which accompanied Mr. and Mrs. Laven on an eighteen day cruise of the West Indies.

It was noted from the Service Record on file in Auburn that William Rogers entered active service on January 12, 1943, and was separated from the service on December 4, 1945.

The records of the State Personnel office indicate that William Rogers began work with the Maine Unemployment Security Commission on January 1, 1946 and is still employed there.

Thus it can be seen that the checks did not start while William Rogers was in college, but started several months after he was in the Navy. It is also noted that the checks continued to come for over a year after he was out of the Navy and while he was working for the State.

On October 11, 1952, Governor Payne said that he had had no knowledge of any such arrangement until that date.

On November 14, 1952, the writer advised Frank M. Coffin, Attorney for Helena Rogers and William Rogers that the information pertaining to the checks would be presented to the Committee at the November 25th meeting and stated if his clients cared to give any explanation of this transaction they could do so by letter or by personal appearance before the Committee.

Under date of November 20th, 1952, Attorney Coffin submitted a letter to the writer giving their explanation of the affair. Inasmuch as the letter contained the reservation that it was being sent for the confidential files of the Committee, it is not set forth in this report.

The Episode of February 2, 1952, involving Bernard T. Zahn

The investigative files contain transcripts of recorded interviews had with Gerald M. Troiano, Paul Troiano and Nicholas Nappi. A synopsis of these combined interviews as appearing in the transcript is as follows:

Gerald Troiano is manager of a grocery and fruit store on High Street near the Eastland Hotel in Portland, Maine. The store is owned by his father. A brother, Paul Troiano, is also employed there. The store specializes in imported articles and also sells flavorings among which was a product known as Angostura Bitters. This product has an alcohol content.

On the evening of February 2, 1952, at about 7:30 and while the two Troiano Brothers and Nicholas

Nappi, a friend, were there, a man and woman entered the store. As the couple were selecting articles from the shelves the man picked up a bottle of the Angostura Bitters and demanded to see the manager. He talked with Gerald Troiano in the presence of Paul Troiano and Nicholas Nappi. He verbally identified himself as Zahn, Chairman of the Liquor Commission and produced an identification card to that effect. He demanded to see the Malt Beverage license of the store and on a memo pad made notes of the information appearing on the license. He stated that the selling of Angostura Bitters was illegal and that the store could lose its beer license for five years. He wrote on the bottle and stated that he was going to turn it over to the Attorney General. He remarked that they had a good appearing store and observed that they must be getting a good revenue from the sale of beer.

He asked Gerald Troiano if he knew Nick Papolos. He said Nick Papolos was a friend of his and was working for Hussey. He said that Hussey was a friend of his and that if Hussey were elected he would hold his job. He told Gerald Troiano to vote for Hussey and that he would forget the whole thing. He returned the bottle to Gerald Troiano, paid for his purchase and left the store with the woman. Nothing was observed to indicate that the man was other than sober.

Commissioner Zahn denied to the Attorney General that he had been in the store. Investigation disclosed that the woman who was in the store on the evening of February 2, 1952, was Mrs. Lillian Daigle of 96 State Street, Augusta.

On March 7, 1952, while the Attorney General was in the process of preparing an information against Commissioner Zahn for his removal from office, Bernard T. Zahn resigned.

At the May 1952 Term of the Cumberland County Superior Court, six indictments based upon the February second incident were returned against Bernard T. Zahn. To one of the indictments he entered a plea of nolo contendere and was sentenced to pay a fine of

\$500.00. The other five indictments were filed.

**Roland Poulin
Liquor Commissioner**

Mr. Poulin has been a Liquor Commissioner since December 9, 1948. The investigation has disclosed no evidence of any improper act or questionable associations on his part. Neither is the writer aware of any rumors to that effect.

The Episode of March 4, 1952

Some time in March of 1952, Herman Sahagian and Governor Frederick G. Payne had a conference at the Blaine Mansion. That such a conference took place, both men agree. Both men, on two public occasions, being under oath to tell the truth, told opposing stories as to the conversation between them during that conference. The two public occasions were at the Fred Papolos trial in Portland where both appeared as witnesses, Herman Sahagian as a witness for the State and Governor Payne as a witness for Papolos, and at the Research Committee Hearings in Augusta. Since the testimony of one was a direct denial of the testimony of the other, it must necessarily be concluded that the testimony of one was false. Which one?

A Governor of the State, by virtue of his high office, is certainly entitled to have the presumption of truth attach to his testimony. On the other hand, the lowliest citizen of a State is entitled to be believed as against the assertions of a Governor provided the circumstances are such as to overcome the presumption of the truthfulness of a Governor's testimony.

There is next set out verbatim all testimony of the two men pertaining to this conference in the time sequence in which it was given.

The testimony of Herman D. Sahagian as given under oath before the Legislative Research Committee at the State House in Augusta on May 28, 1952.

BY MR. BIRD:

Q. Mr. Sahagian, sometime in March of 1952 did you talk with the Governor, Governor Payne, on the telephone?

A. I believe it was on a Monday, the first Monday in March.

Q. And had someone requested that you call him?

A. Yes, sir.

Q. And what was the telephone conversation you had with Governor Payne?

A. The telephone conversation was for me to call him and make an appointment to see him.

Q. And did you call him and make an appointment to see him?

A. I did.

Q. What conversation did you have with the Governor? Tell us what was said at that time?

A. I told the Governor that I was called, one of our mutual friends, to go up and see you, and I says our mutual friend is a man that I think the world of; he asked me to come up and see you and here I am; I am here to tell you what has transpired in the State for the past at least six months.

Q. Did this talk take place on the telephone?

A. No, sir. I made an appointment with him to go up to the Blaine House.

Q. And did you go to the Blaine House? A. I did.

Q. And when did you arrive at the Blaine House?

A. Exactly quarter past six.

Q. On what date?

A. It was on the first Tuesday in March.

Q. And did you see the Governor there?

A. Yes, sir.

Q. On what part of the premises?

A. As I drove in in my car he came down from the back stairs, I believe, I could see him from the window coming down; then he came down and opened the door and called me in, and I hesitated a while and finally I went into the back room where I believe it is used to hang the coats. He invited me in but I told him I had a lodge meeting to go on that evening, that I couldn't spend much time and what we had to talk about we could talk right there where we were. So he asked me to sit down, which I did.

Q. And what was the conversation?

A. I told him exactly as I have told you here what has transpired. I says, "The only thing I am interested in" I says, "is to help clean the corruption in the State. I have paid so much money. I would like to get my money back that I have paid and the ones who are guilty to be punished." And he told me that he did not know there was anything like that going on in the State. So I says, "Governor"—in fact I called him "Fred" by his first name—I says, "Fred, I will buy that; if you say you don't know anything about it that is it; but you do know now; you can take the ball and carry it from now on." And he said, "Would you tell me the name of the man who you are paying?" I says, "Yes. It is one of your friends, Fred Papolos." Then he told me, "Herman, please don't say anything to anybody. Let me have two or three days and I will investigate and get in touch with you." But I am still waiting.

Q. How long were you on the premises there?

A. I was there, I would say, no more than fifteen minutes.

Q. Do I understand you to say you got there about 6:15?

A. That is right.

The testimony of Governor Frederick G. Payne as given under oath before the Legislative Research Committee on June 5, 1952.

"Early this Spring I did receive a call at home one evening that Mr. Sahagian desired to see me and I asked him to come to the Blaine Mansion. On that occasion he again stated that he did not feel he was being treated fairly and that he should have additional listings to make him even with others. I again advised him that I wanted fairness done to all and would check into it and ask that his situation be reviewed. Nothing was done then because of a possible pending change in the Commission Chairman.

He most definitely did not at any time refer to Mr. Papolos or any dealings with him. If he had done so this would have been turned over to the Attorney General as I would have no motive to do otherwise. I learned of this fantastic part of the story a short time before it was related to this Committee."

A. Not that I can remember, no, sir.

Q. Do you recall when it was that Mr. Sahagian came to the Blaine House, your home?

A. I honestly cannot. No, I cannot tell you the date on it. I kept no record of it. If it had been in my office, normally the girls try to keep a reasonably good log of who does come in, although there are so many people at different times who just drop in without appointment, that come and ask if they can see me, that even that is not too conclusive.

Q. Where did you talk with him on the premises?

A. In the Blaine study—in the old James G. Blaine room, right off of the hallway.

Q. What time of day was it, if you recall?

A. Oh, if I can remember, I would think it was somewhere in the vicinity of eight or nine, half past nine. I cannot tell you honestly what time it was. It was sometime, I know, after we had dinner at the house.

Q. You think that may have been in March of this year, or wouldn't you be sure?

A. I wouldn't be sure of that.

Q. Could you tell us whether it was before the Republican Convention or afterwards?

A. No, sir, I wouldn't dare to honestly say that to you either.

Q. And do I understand your testimony to be that he made no statements relative to Frederick Papolos?

A. That is correct.

Q. No statement relative to payment of graft?

A. Right, sir.

Q. Had Robert Faulkner arranged this conference?

A. Yes, sir; he had called up and he said that Herman was disturbed and would I be willing to see him, and I said that I would prefer if he would come to my office the next day; and he said he preferred not to come over to the office but he would like to see me that evening at the home, he didn't want to be running into the State House. I said under the circumstances if he would come over, but it would have to be reasonably short.

Q. After your visit with Mr. Sahagian did you discuss the visit with Mr. Faulkner? A. No, sir.

Q. Did you take any action at all as a result of Mr. Sahagian's visit to you?

A. No, I didn't, Mr. Bird, exactly as I have stated in my statement here; the matter was in the air at the present moment and there was no sense in asking anybody to check anything at that particular moment."

The testimony of Herman D. Sahagian as given under oath at the trial of Frederick Papolos in Portland in September, 1952.

Q. Did you stop paying?

A. I stopped paying the month of February. I didn't pay the month of February.

Q. Did you have some talk with Papolos about why you were not paying any more?

A. Yes.

Q. Tell us about that.

A. On March—I don't know the date but you can check—it was the first Wednesday in March. I am definite of the date because I have reason to be definite. It was on the first Wednesday of March of this year.

Q. Tell us what happened.

A. About ten minutes of twelve Mr. Papolos walks into my office. My office door was open.

Q. Ten minutes of twelve in the morning?

A. Ten minutes of twelve in the morning. It was almost noontime.

Q. Just a minute. Previous to this time in March did you disclose to anyone what deal you had made with Papolos?

A. Yes, I did.

Q. To whom did you disclose that?

A. To Frederick G. Payne, the Governor of our State of Maine.

Q. Now, can you tell us when it was you disclosed it to Governor Payne?

A. On the first Tuesday in March.

Q. You say after you had disclosed it to Governor Payne, Frederick Papolos came to see you?

A. The very next morning.

Q. The very next morning? And you say it was ten minutes of twelve?

A. Ten minutes of twelve. That is right.

Q. At noon?

A. That is right.

Q. Tell us what the conversation was then.

A. Before Mr. Papolos came to my office that morning I had instructed my office manager—

Q. Don't tell what your instructions were. Just tell us what happened when Papolos got there.

A. All right. Mr. Papolos came into my office and he said, "Hello, Herman," and I said, "Hello, Fred." He said "I have not had anything to eat yet." He said, "Let's go out and get a bite to eat." It is the third time he is in my office all the time. His car was in front of the walk there and he opened the door and I got in his car and we went down and he parked in front of Hubbard's restaurant in Gardiner on the same side as the Johnson Hotel. When we stopped there then he didn't say, "Let's go in and eat"—I guess he didn't want to eat and I —

Q. What was said? Tell the conversation.

A. He said, "You done some talking, haven't you?" I said, "No, I have not done any talking." He said, "Oh, yes, you have. You have done some talking." I said, "I have not done any talking except to the Governor." I said, "You should not be objecting to the Governor. You always told me he was your pal and your partner." I said, "You always told me you had the goods on him and there was nothing he could do about it, and he had to do as you told him, and you and he ran the Liquor Commission or any other department, that was all there was to it." I said, "I haven't revealed any secret. You always told me he was your partner and I have not revealed anything to anyone but the Governor." He said, "You shouldn't have done it." I said, "Well, I have done it." I said, "I will not go on forever and exist in corruption, and I have told the Governor, and if he wants to stop it he can, and if he doesn't want to stop it I am all through, anyway, and I am all done paying. You can sue me if you want to." It is all there was to it. We parted then and there.

Q. Did he ever bring any action or suit against you?

A. No sir."

The testimony of Governor Frederick G. Payne as given under oath at the trial of Frederick Papolos in Portland on September 27, 1952.

Frederick G. Payne, called for the Defendant Papolos, having been duly sworn, testified as follows:

DIRECT EXAMINATION

"BY MR. WERNICK:

Q. Your full name, please?

A. Frederick G. Payne.

Q. Where do you live?

A. Augusta.

Q. Have you been summoned by subpoena to appear in this court today?

A. Yes, sir, I have.

Q. Were you Governor of the State of Maine in the month of March, 1951?

A. Yes, sir.

Q. Do you recall an incident in the first week of March, either the first Tuesday or the first Wednesday of March, in which you had any conversation of any kind with Herman D. Sahagian?

A. I remember a conversation that I had with Mr. Sahagian although I cannot factually tell you exactly what that date was.

Q. Can you place the time, to the best of your recollection?

A. The only thing I can tell you, it was sometime prior to the Republican State Convention in Bangor.

Q. Will you tell us, to the best of your recollection, what conversation you had with Mr. Sahagian at that time?

A. On this particular evening, which I cannot remember the date, I received a phone call from Robert Faulkner in Augusta, who advised me that Mr. Sahagian —

Mr. NIEHOFF: Just a moment, Your Honor. I object to hearsay testimony.

By Mr. WERNICK:

Q. Will you please not tell us what other people said to you, but just try to narrate the circumstances which you discussed this with Mr. Sahagian.

A. Mr. Sahagian came to the Blaine House and came into the

house and went into the Blaine study at my invitation, and I offered him a seat. At the time he did not take off his coat, as I remember it, although I would not swear to that definitely, although I think I offered to have him do that. I asked him what the purpose of his call was and he talked for a few minutes on generalities and we exchanged pleasantries. Then he proceeded to tell me he felt he was being discriminated against, that there were not sufficient of his listings upon the list of the State Liquor Commission, that he had complained about it before and he felt the time had come when something should be done to straighten it out. I told him that generally, that as soon as I could I would have a further check made into it and if it was possible I would see that any deficiency that existed was corrected, and I intended to see that fairness and justice was done to all people, although all matters of decision were matters for the Commission to make, themselves.

Q. During that conversation at any time did Mr. Sahagian mention to you the name of Frederick W. Papolos?

A. No, sir.

Q. Did he ever tell you anything about any relationship of any kind which he had with Frederick W. Papolos?

A. No, sir.

Q. Has there ever been any occasion that you know of when Mr. Sahagian told you anything about any dealings which he had with Frederick W. Papolos?

A. No, sir.

Q. Did you at any time after this conversation to which you have testified with Mr. Sahagian, in any way communicate with Mr. Papolos by telephone or otherwise regarding the conversation which you had with Mr. Sahagian?

A. No, sir.

(Conference at Bench. Five minute recess)

CROSS EXAMINATION

By Mr. NIEHOFF:

Q. Do you know Fred Papolos?

A. Yes, sir.

Q. How long have you known him?

A. Since about 1936, I would say, '37 possibly.

Q. How did you become acquainted with him?

A. He used to come to Augusta while I was serving as Mayor and once in a while used to drop into the office over at City Hall.

Q. Has he ever made a financial contribution to you?

A. Yes, sir; in the campaign when I ran for Governor in 1940 he made a contribution but I cannot tell you just what it was. It wasn't too large but I can't exactly recall the amount.

Q. Has he been a visitor to your home?

A. No, sir.

Q. Have you ever been—

A. I will take that back. In 1947 in the late fall I believe he did pay a visit to my home in Waldoboro, with his wife.

Q. Was that the only occasion he visited your home?

A. Yes, sir.

Q. Have you ever visited his place of business in Boston?

A. Yes, sir; once.

Q. When?

A. I cannot tell you truthfully exactly when it was. It was one time I was in Boston with my wife and decided I would take a trip out and see his place of business and see his television layout.

Q. Can you tell us approximately when that was?

A. I would say it was two years ago or maybe a little better than that.

Q. Around 1950?

A. It might have been possibly around '50.

Q. Has he ever discussed Herman Sahagian or Fairview Wine Company with you?

A. Not to my recollection.

Q. You would remember it, wouldn't you, if he had talked with you about it?

A. I think I would.

Q. Did Fred Papolos have knowledge of your private unlisted telephone number?

A. He must have had it. How he got it I am not sure. But he must have had it because at the hearing in Augusta it was related there were several calls. I do not recall of ever giving him the number.

Q. You do have a private and unlisted telephone?

A. Yes, sir; that has been there through previous Governors."

Since both men agree that Robert Faulkner had arranged this conference, his testimony given under oath before the Committee should be noted. His testimony given on June 6, 1952, is as follows:

"Q. Now as a result of the testimony which occurred here this morning, do you wish to make a statement?

A. Well, I would like to tell the story just as I recall it. I didn't hear much of the testimony this morning, but I would like to tell my story regarding that conversation which evidently—which did occur in my home.

Q. We would like to have you tell us.

A. I did not call Mr. Sahagian at that time from my home. Due to my health, I go to bed very early nights. This particular night I was in bed long before seven o'clock. I recall that I was in bed that night before seven o'clock. It wasn't unusual Mr. Sahagian calling my home; I have always been very friendly with him. This night he called, as I recall it, somewhere in the early evening, but I would say it was after seven o'clock, seven or eight o'clock in the evening, and he told quite a long, fantastic story which was all news to me at that time. And I was, I want to say very friendly, because I knew Mr. Sahagian very well and I was somewhat used to his fantastic stories. But he didn't tell me so much, not mentioning any names, but at that time he mentioned some recordings he wanted me to listen to which I said I wasn't interested in and I told him that the story he told me he should tell the Governor. I left Mr. Sahagian and went to another phone which I have downstairs. I do have a phone beside my bed. I called the Governor that night and told him that he should talk with Herman, rather apologetically because I had occasionally told him that before, but I had not spoken to the Governor about Mr. Sahagian for, oh, a long time. I don't recall just when this was; it was a short time ago, I would say early in March, I don't know the exact date, whatever date you have;

I understand you have a record which will probably give the date. And he told me that he couldn't see him that night but he would be glad to see him in his office any time. I relayed that back to Mr. Sahagian and suggested that due to the fact—I am trying to recall it the best that I can—due to the fact that the Governor was to be away the next day that he call him the first of the following week, as I recall, and make arrangements to talk to him. Now I heard nothing about that afterwards. I didn't know whether he met him or not. I never knew. I had felt that if these fantastic stories that I have heard had been told I would have been called. I knew nothing about it, nothing of these names and nothing of the story. But he did tell me a story about having paid something but he didn't tell me who it was.

Now I don't recall when I talked with the Governor again. I do recall his talk, his call on Easter morning, Easter Sunday morning. He called me fairly early. I say "fairly early"; it was probably eight or nine o'clock; and just asked me how I was getting along and how I was. I don't remember the conversation, quite a lot of small conversation. I did wonder what it was all about. I kidded him, something about being around the office Sunday morning and he told me he had been to services. I congratulated him, thought it was fine. I don't recall, I can't remember the conversation regarding anything about his proposition. He never told me what he had said to the Governor and whether he talked with me about the Governor at that time I frankly cannot recall. I have been trying to figure out since when he called about that. This entire story, I have got to tell this entire story and I will tell my whole story. Now I heard or knew nothing about that and I can't remember whether it was before or after that I did hear that the Governor had heard some of these fantastic stories that had been related about him that came from Herman's lips and bothered him very much. I knew something about the stories; I knew they were untrue. Whether Herman said it or not I don't know. I didn't believe a man could really tell those stories.

I had heard them myself and I told him I was sorry and that I would speak to Herman about that. Now the only thing I can recall the Governor telling me, he never at any time asked me to tell Mr. Sahagian to call him, never at any time. I have told Herman to call him because I thought that was the place to carry these fantastic stories he told me.

Now sometime later—and I will try to fix the date by referring to the time this committee was due to meet, because that is the only way I can recall it, the Friday night prior to the convening of this committee I had a call from a friend of mine who asked if he could come up to see me. So I said yes, I would like to see you. He says, "Have you got company?" I says, "Yes," my brother and sister were there, and some of my relatives, but he could come up. He said "Would you go and have a cup of coffee with me?" I said, yes, I would. He came up. I had my house slippers on and just put on a heavy coat and went out in his car. I suggested we talk in his car. As a matter of fact, we took a ride; we rode out to Winthrop and back. And he said, "The strangest thing happened today. Herman Sahagian called me up, which he has not done" I think he said, "for a year or more, I haven't seen him to talk to for a year or more." Now I may be stretching that time, but I think he told me it was a long period of time anyway. He said, "He came over to see me for an obvious reason I knew wasn't true, but I couldn't think what in the devil he wanted to see me for. Then he told me these fantastic stories, mentioning names about pay-offs," he said, "you could knock me over," he says, "Do you know anything about that?" I says, "No," that I didn't know the names, "but he has told me some of those stories before." He said, "What can we do about it?" knowing how friendly I was with the Governor and he also was friendly with him. "Well," I said, "I don't know what to do. I would like to know what to do because I would give the Governor my right arm. I think a lot of him and this does not sound good." He says, "It doesn't sound good to me. What can we do?" I says, "I don't know, but I will tell

you this: why don't we go home and go to bed and I will think it over and call him in the morning," which was a Saturday. I did call him; the following Saturday I called the Governor and found he was leaving that moment, in fact he was on his way then, just leaving for Sanford, I think, York County anyway. But I says, "There is something I need to tell you." He says, "I will tell you what I will do. As soon as I come back, I don't know just when I will be back, I will call you." I says, "You can call me any time, I am always here, any hour when you come back, Governor, call me." That was on a Saturday morning. I called my friend and told him the story. I says, "I would like to have you there and tell that story. I have told him—I hope you didn't mind—to call you." He says, "That is all right." And I heard nothing more about that until some time Monday morning, sometime before noon at my office, the Governor called me and said, "I have just talked with your friend" and, he said, "I have heard the most fantastic story I ever heard. Bob, I never heard that story before in my life. I am amazed. It is the most unbelievable story I ever heard in my life." "Well," I says, "it is unbelievable and fantastic to me, but I thought you should know about it because this hearing is coming up this following Tuesday," tomorrow or next day, I think it was, I don't know the exact date, but that was on Monday, I am sure of that.

I don't recall anything else pertinent. That is the whole story, everything I know about it. Of course I was amazed to hear that this friendly call I got on Easter morning was being recorded. It was a very friendly call. I didn't hear the record this morning. I didn't hear that. I heard about it afterwards, but there was a radio in the next room, but I was busy on the telephone and other business and I didn't hear it. That is about all I have to tell."

During the last week in April, 1952, there was a telephone conversation between Edward Talberth and Herman Sahagian. This conversation was recorded. That part of the conversation as refers to the

Sahagian-Payne conference is as follows:

"Sahagian: I went to Fred, see, the Governor, about six weeks ago. And I told him what was going on, and I told him — listen you, are you going to put this in the paper? Or are you just

Rabbit: No.

Sahagian: Huh?

Rabbit: No.

Sahagian: This is off the record, you know, you can't print this, Rabbit. I'm taking you on your word.

Rabbit: No, not this, no.

Sahagian: Yeah.

Rabbit: No, no.

Sahagian: I'm giving you this as private, like we had some other business transacted before, privately. Now, this can't get out.

Rabbit: That's right.

Sahagian: Okay. Now I went to Fred and I told him, I says: "Governor there's the story," I says: "I'm paying, and I'm paying plenty," I says: "I'm sick and tired of paying fifty thousand dollars a year," that's the price they got on me."

Sahagian: (continuing) "It's up to you," I says, "from now on," I says, "What are you going to do about it?" I says, "I'm all through paying, and I'm not going to pay any more." And I told him, I says, "Don't call my bluff," I says, "I'm loaded." I says, "I got a Royal Flush in my hand," I says, "don't play poker with me," I says, "don't dare me." I says, "Don't call my bluff, otherwise you'll get hurt," I says. "I'll spill everything," and I says, "it's up to you as a Governor — I've come to you first." He says, "Herman, I didn't know it." He says, "Who is the man that you are paying?" And I told him, and he says, "You give me a few days," he says, "and I want to do some investigating," he says, "and I'll let you know," he says. "Wait a few days." I says, "I'll wait two or three days, I'll wait a week, I'll wait ten days." I says, "Fred, it will keep." Well, I didn't hear from him and then the man that he asked to get in touch with me, see, I went back to this man and I says, "Well, I did as you told me, I went down and see the Governor," and I says, "I told him the

story. I told him the name of the people, and if he wants to tell you who," I says, "the man is, he can," but I says, "I wouldn't tell you," I says. "I promised him that I would keep it secret," I says, "until I heard from him, and er," I says, "weeks have gone by," and I says, "I haven't heard from him." The — I thought, you know, that he might say something to me at the Bangor Convention. Well, I ran into him a few times and he said, "Hello" and went by, and he didn't stop and he didn't say anything, then I went to this man and I told him and I says, "I haven't heard any more," and I says, "I'm not going to wait any longer," I says, "I can't wait too much longer," he says "I'm going to get in touch with him, and I'll call you tomorrow." And, er, that was two weeks ago, four weeks ago. Well, when he didn't call me up I says, "Well, I guess they think that I'm bluffing," then I went down and I spilled what I knew.

Rabbit: *

Sahagian: Yeah.

Rabbit: Yeah, I've heard that — well, I don't know anything about that. Nobody's said anything to me, don't know the first thing about it.

Sahagian: Well Rabbit.

Rabbit: *

Sahagian: Yeah, well, hell, you know the man, I don't have to tell you anything.

Rabbit: I don't.

Sahagian: Well, Christ.

Rabbit: I, I'm being very honest with you.

Sahagian: Well all right, you know the experience you and I had with him.

Rabbit: Yeah.

Sahagian: There, well you see what he did.

Rabbit: Yeah, but I don't know who you, who you're trying to tell me is the other man.

Sahagian: Oh well, the other man of course, you remember I told you when we went et, in Portland once I talked to you.

Rabbit: Yeah.

Sahagian: And you said—I don't know the man, and I'd rather you not tell me. Do you remember that?

Rabbit: That's right.

Sahagian: That's what you told me.

Rabbit: That's right.

Sahagian: And I said this man can't go in, maybe (Bill Whitney).

Rabbit: Yeah.

Sahagian: You says, you can do it. You remember I said to you I said, "Rabbit," I says, "I'm afraid," I says, "he'll maybe deal with you. I give you the money, you gave it to him and he double crossed me. Now," I says, "how do I know he's not going to double cross me again." You said, "Well, if I knew the man I could tell you," but you says, "I'd rather you not tell me." You remember that?

Rabbit: I don't want to get mixed up in it.

Sahagian: That's right.

Rabbit: Why the hell do I want to get mixed up in anything like that?

Sahagian: Well, of course, you know goddamn it, he took 2700 dollars away from me, through you, there, and he double-crossed you right afterwards.

Rabbit: Yeah, but why the hell should I get mixed up in that?

Sahagian: How's that?

Rabbit: Why the hell should I get mixed up in it?

Sahagian: What do you mean?

Rabbit: I say, that's what I told you, I didn't want to get mixed up in the damn thing.

Sahagian: Well, of course, I don't know. I've got, er, this thing here has gone so far now, I can't pull any punches. I've got to come clean. I've got to save myself. I gave him a chance by Jesus Christ. He could have straightened it out. I told him, I says, "All you got to do is fire the goddamned Commission, clean the house." I says, "If you're clean, clean the house." He had his chance, and he didn't do it."

Situation Existing Prior to the Meeting of Sahagian and Payne

As bearing upon what took place at the meeting of the two men, it is necessary and helpful to consider the situation as it existed during the last week in February, 1952.

There can be no dispute but what these two men disliked one another intensely. One need only to examine the evidence before the Committee to draw that conclusion. Neither trusted the other.

It is most unusual for two men who dislike and distrust one another to meet by pre-arrangement and confer alone. The reason for the meeting then must have been an unusual one. Which of the two men had a reason and desire to see the other in spite of the dislike and distrust for the other?

An event worthy of note took place during the last week in February, 1952. On February 26, 1952, Frederick G. Payne announced that he was a candidate for the United States Senate.

Another thing to be noted is the relationship of Robert Faulkner to the two men. His testimony is that he had been very friendly with both men for years.

The statement of Herman Sahagian is that on Friday, February 29, 1952, while at his winery in Gardiner, he received a call from Robert Faulkner requesting him to call at the Faulkner home that evening on the way home.

The testimony of Robert Faulkner was that he did not call Mr. Sahagian at that time from his home.

Investigation disclosed that telephone calls that day were made from the Faulkner residence in Augusta to the winery in Gardiner.

Now the making of any telephone call indicates a purpose on the part of a caller, be it a social call or a business call.

A telephone call is made only after some thought process on the part of the caller. **Repeated** telephone calls in order to converse with a person indicates that the caller has a **fixed purpose** in making the calls. Robert Faulkner had called Herman Sahagian throughout the day before being able to converse with him.

What fixed purpose did Robert Faulkner have in mind? A possible clue appeared on page 3 of the transcript of the recorded telephone conversation between Faulkner and Sahagian which took place on April 13, 1952. Sahagian asked Faulkner whether it was his idea or Payne's idea that he go talk with Payne. Faulkner's answer was, **"Oh, that was his idea, in the conversation, Herman. He said that you were going to start slugging around and I didn't believe so, and it was his idea, definitely."**

In discussing this remark with Mr. Faulkner, he explained that he had talked with the Governor shortly after he had announced for the Senate and that during the conversation the Governor had remarked that he supposed Sahagian would start slugging. He said he told the Governor that he would see Herman and try to get him straightened out.

Mr. Faulkner explained to the writer that he considered both men to be friends of his and that he hated to see them at each other's throats, especially since the Governor was running for the Senate. He said he thought the whole thing was just a misunderstanding between the two men and that if he could get them together it would be ironed out. He said it was with this thought in mind that he had Herman come to his home.

It might be well to note here some of Mr. Sahagian's prior activities within the Republican Party. At one time he had been Chairman of the Republican City Committee in Waterville. Subsequent to that he was a member of the Republican State Committee. One does not usually obtain such offices without political support and some degree of political experience. In political circles he has been known as a substantial contributor and an energetic worker.

Mr. Sahagian arrived at the Faulkner home on the evening of February 29, 1952. He went to an upstairs bedroom where he talked with Mr. Faulkner. Both men agree that at that time Sahagian told Faulkner the story of his paying graft and having evidence in the nature of recordings but without mentioning any names. Both men agree that Faulkner advised Sahagian to tell the "graft" story to the Governor.

On interview Mr. Faulkner was asked by the writer what conversation had preceded Sahagian's disclosure of the "graft" story. Mr. Faulkner said he told Sahagian that there were a lot of stories going around about what he was saying about the Governor and that he told Sahagian the Governor was disturbed about them. He said he suggested that Herman go see the Governor and talk things over. It was then he said, that Sahagian exploded with the "graft" story.

He said he couldn't see anything in Herman's story that involved the Governor and he thought Herman should tell the Governor about it.

Mr. Faulkner states that he then called the Governor on the telephone from his home and told the Governor that Herman had just told him quite a **story** and that he thought the Governor should see Herman and hear the **story** from him. Mr. Faulkner states that the Governor replied he was too busy to see Herman that evening but to let him come to the office the first of the week. When Herman was advised of this he said he would not go to the office. When this was relayed over the telephone to the Governor he said to have Herman call the office the first of the week and an appointment would be arranged.

The next events concerning this pending meeting between Mr. Sahagian and Governor Payne took place on Monday, March 3, 1952. An interesting series of telephone calls occurred.

At 11:00 A. M. Sahagian called the State House to make an appointment with the Governor. He was not able to reach him.

At 3:25 P.M. Faulkner called Sahagian to inquire if he had called the Governor. He was not able to reach Sahagian but left word to have him call.

At 5:51 P. M. Sahagian called Faulkner back. Sahagian explained to Faulkner that he hadn't been able to reach the Governor but would call the Blaine House right off. The Sahagian-Faulkner call terminated at 5:59 P. M.

At 6:02 P. M., just 3 minutes after the Faulkner call, Sahagian called the Blaine House. It was a 3-second call, the Governor not being in.

On Tuesday, March 4, 1952, the following calls were made:

At 12:26 P. M. Sahagian called the State House. He did not reach the Governor.

At 12:27 P. M. Sahagian called the Blaine House and did reach the Governor. It was a 4-minute call.

Summary of Events Leading Up To the Meeting of Governor Payne and Herman Sahagian

1. On February 25, 1952, and for some time prior thereto there had

existed a mutual feeling of dislike and distrust between Governor Payne and Herman Sahagian.

2. On February 26, 1952, Governor Payne announced himself as a candidate for the United States Senate.

3. Between February 26th and February 29th, Robert Faulkner had a discussion with Governor Payne regarding Sahagian's hostility to the Governor.

4. Sahagian had been active in Republican Party politics for some years.

5. Faulkner, a friend of both men, agreed to see Sahagian in this connection.

6. On February 29th, 1952, Faulkner made contact with Sahagian to come to his home that evening.

7. On the evening of February 29, 1952, Sahagian told Faulkner a "graft" **story** and Faulkner calling the Governor told him that Sahagian had just told him quite a **story** which the Governor should hear.

8. On February 29th and on March 3rd, arrangements were made for Sahagian to see the Governor.

Conclusions Drawn From an Examination of the Situation Existing at the Time the Conference Began

1. That the twofold purpose of the meeting was to iron out differences between Mr. Sahagian and Governor Payne and for Sahagian to tell the Governor the **story** he had recently told Faulkner.

2. That both Governor Payne and Herman Sahagian were aware of the purpose of the meeting when the meeting took place.

The Meeting of Governor Payne with Herman Sahagian

Because of subsequent events, it becomes important to fix the time of this meeting. The testimony of Mr. Sahagian is that when he talked with the Governor over the telephone on March 3, 1952, he had told the Governor he could see him the next night about six o'clock or six-fifteen and no later because he had to go to a Lodge Meeting that night in Mount Vernon which would take him over an hour to go to. He testified that he did meet the Governor at the Blaine House the following night at 6:15 and talked

with the Governor about fifteen minutes. Investigation concerning the Lodge Meeting indicates that Mr. Sahagian was in attendance there from 7:45 P. M. until about 10:30 P.M. The Governor testified that he could not honestly remember what time it was but it was sometime after he had had dinner at the house. He spoke of the meeting as having occurred on the evening on which Faulkner had called to arrange the meeting. In his Portland testimony, as the Governor recalled the incident, Mr. Sahagian did not take off his coat.

The writer does not here again set out the contradictory versions of the two men as to what was said inasmuch as their verbatim testimony appears elsewhere in this report.

Events Following the Meeting of Governor Payne and Herman Sahagian

Sahagian testified that on the next morning, Wednesday, March 5, 1952, Fred Papolos arrived at the winery in Gardiner at about ten minutes of twelve. He said that Papolos accused him of having done some talking. He said he told Papolos that he had not talked to anyone except the Governor and that Papolos had always told him the Governor knew what was taking place. He testified that that meeting in Gardiner was the last meeting he had with Papolos and that he had not paid Papolos anything after that.

J. A. Honourous Miville, office manager of Fairview Wine Corporation, testified that Fred Papolos had been at the winery at the time as related by Mr. Sahagian.

At 7:45 P. M. on the evening of March 4, 1952, there was a telephone call made from the residence telephone of Mrs. Lillian Daigle, to which telephone Bernard T. Zahn had access, to the residence telephone of Edward Laven in Brookline, Mass.

In an interview Mr. Zahn said this call was in relation to a boat.

On March 7, 1952, Mr. Faulkner called Mr. Sahagian. He finally succeeded in reaching Mr. Sahagian at the winery after having tried to reach him at several places. This conversation was recorded. Faulkner called Sahagian to tell him that

Zahn had resigned. Sahagian's inquiry was, "How about the rest of them?"

After the meeting with the Governor, Sahagian related the conversation which had taken place, in the same manner in which he now relates it, to Robert Faulkner, Edward Talberth and Louis Kessariss. In talking with these men he omitted only one thing, that is, he did not disclose the name of the man to whom he had paid the money, namely, Fred Papolos. He told each of these men that he had told the whole story to the Governor and that the Governor had promised to investigate the matter, but that he had never heard anything from the Governor and would have to turn his information over to the Research Committee. He knew when he told each of these men that all three were friendly with Governor Payne and could reasonably be expected to discuss the matter with the Governor.

He gave his version of the meeting to Robert Faulkner during the first week in March, to Edward Talberth during the last week in April and to Louis Kessariss on the 23rd day of May.

On interview Mr. Louis Kessariss of Augusta said that Herman Sahagian had come to his beer distributing plant on May 23 1952. He said that Sahagian told the "graft" story in such detail that he surmised that the identity of the man to whom he was paying was Fred Papolos. He said that Sahagian told of his meeting with Governor Payne and that the Governor had done nothing. He stated that Sahagian advised he was going to tell the Research Committee everything and that Robert Faulkner knew the whole story. He said that inasmuch as Sahagian had mentioned Mr. Faulkner that he, himself, went to see Faulkner on Friday evening, the 23rd of May and that it was agreed that he, Kessariss, should go see the Governor. Mr. Kessariss advised that on Sunday, May 25, 1952, he discussed the matter with Governor Payne at the Blaine House. He said the Governor expressed surprise and stated, "I want you to understand that this is the first time I have heard about this thing."

Governor Payne in his testimony before the Committee when stating

that Sahagian had not told him of any dealings with Papolos, added, "If he had done so this would have been turned over to the Attorney General as I would have had no motive to do otherwise." This testimony of the Governor was given on June 5, 1952.

The Attorney General states that at no time did the Governor report the Sahagian-Papolos story to him.

Robert Faulkner's Testimony

With relation to the meeting between Sahagian and Governor Payne, which meeting he himself had arranged, Faulkner testified that he had heard nothing about the meeting afterwards, and that he never knew whether Sahagian met with the Governor or not, and that Sahagian never told him what he had said to the Governor.

On repeated interviews with the writer, Mr. Faulkner has stated that he never discussed the Sahagian-Payne meeting with Governor Payne after the meeting.

In view of the fact that Mr. Faulkner conceived the idea of the meeting and arranged for it, some doubt can be cast upon his statements concerning the meeting itself. This doubt is further increased when one reads the transcripts of the Sahagian-Faulkner recordings of March 7th and April 13th which clearly indicate that Sahagian had previously told him all about the meeting and which further indicates that he, himself, had discussed the matter with the Governor.

The writer again submits that the conclusions which may be drawn from the foregoing analysis, and any explanation thereof, should be drawn by a jury. The writer does not know of any such analysis having been presented to any Grand Jury. Who told the truth? Governor Payne or Herman Sahagian?

Present Status of Inquiry

In November after the close of the October Term of the Kennebec County Superior Court, the Attorney General and the writer conferred and concluded that some phases of the matter were still unresolved and that there remain logically suggested fields for investigation. The writer is to prepare an investigative memorandum for the Attorney General's office relative to

matters contained in this report and matters coming to the writer's attention incidental to the investigation. What further steps, if any, are taken, are within the discretion of the Attorney General and of the Legislature.

The Sahagian Situation

Inasmuch as the Committee has requested the writer to discuss the Sahagian situation with relation to the immunity granted him and the subsequent cessation of orders to him, the writer will depart from his role as an investigative reporter and explain the situation as the Counsel of the Committee sees it.

Herman Sahagian, after having been urged to do so by pleas to his civic responsibility, and after having been given assurances as to the applicability of the immunity section of the bribery statute, offered himself as the guinea pig in the laboratory of this investigation. Inasmuch as the State has already taken his hide, a deeper probing can do him no further harm.

When he appeared before the Committee at the Public Hearing, he stripped himself of the dirty clothing of political chicanery and stood naked before the eyes of the State. The State should not let its natural aversion to such a public exposure prevent an examination of the discarded clothing however distasteful to the State that examination may be. Sahagian's clothing became soiled only by playing with others in the muddy back yard of party politics.

This is not a pretty metaphor, but the situation is not a pretty one.

Sahagian is a comparative newcomer to the political scene in Maine, having been active in the scene for only the past twelve years. He is not a native of Maine and consequently did not receive any early training in the niceties and subtleties of Maine party politics.

He did not operate with subtlety and finesse. His operations were crude and were lacking in diplomacy. He early observed that if a person doing business with the State had some degree of political influence and the financial means to make life more pleasant for officeholders, business transactions became much easier. He was a keen

observer. If he observed that a few drinks given in a small game room to a few people produced results, he gave more drinks to more people in a larger room. If he observed that the entertaining of a single Commissioner produced results, he entertained the whole Commission and office employees. His activities in this connection became so well known that it was not unusual for department heads to call upon him on various and sundry occasions to furnish substantial amounts of liquid refreshments.

If he observed that the furnishing of two or three automobiles on election day gave some kind of political recognition, he furnished twenty cars. If he observed that a contribution of a hundred dollars brought political recognition, he contributed a thousand. When the chips were down and money or liquor was needed, they could count on "Herman."

He openly did those things which better training would have cautioned him to do secretly. He bragged, boasted and embellished. He connived for Herman Sahagian and for the party. He romped in the muddy back yard of party politics. He did not play there alone.

For some reason he disclosed his past activities to the writer. The writer has pondered upon Sahagian's reason for doing so. His expressed reason was, "Maine is getting worse than Chicago. It's got so to do business in the State you have to pay out all your profits. I'm going to tell you these things to help clean up the State." The state of our civilization is such as not to enable us to accept this expressed reason without suspicion. The situation of a man coming forward to sacrifice himself by public disgrace for the good of his fellowmen is certainly so unusual an experience in this day and age as to be beyond the comprehension of many citizens.

What other motives can be suggested? Financial? A review of his business relationships with the State at the time he made the disclosures indicates that he was doing more business at that time than he had done for a similar period in recent years. Political?

If the conclusion is reached that he first made the disclosures to Governor Payne at their meeting

on March 4, 1952, such a conclusion negates any initial intention of harming Governor Payne. Before turning over the evidence he requested the assurance of the writer and the Attorney General that it not be used for political purposes.

Whatever may have been his reason, if it were in fact different from his expressed one, the State obtained the benefits of his disclosures. The activities in the muddy back yard became discernible. **Investigations made by the writer to the date of this report have not disclosed that Sahagian has told other than the truth in reporting the events contained in his disclosures.**

The Attorney General's Department decided that it was a question of law as to whether Sahagian was entitled to the statutory immunity of Section 8. He was named in six indictments involving the Talberth affair and the Papolos affair. After a hearing, the Presiding Justice ruled that Sahagian was entitled to immunity.

Within a few days after the ruling by the Court, the Liquor Commission announced that it would buy no more of Mr. Sahagian's products. This has the effect of putting him out of business. The Commission based its decision on disclosures which Mr. Sahagian had made with reliance on the immunity statute. It now appears that the State has produced a result by indirection, which it had failed to do by direction, in violation of the intent of its own law.

Perhaps we have been taken from Plato's cave too abruptly. Perhaps the bright light of truth so hurts our eyes that we prefer the dimmer light of the cavern where shadows flit about and we are conscious of no harm.

Respectfully submitted,
STANLEY L. BIRD,
Counsel for the Committee

TAB 1
Telephone Conversation
Faulkner to Sahagian

March 7, 1952

Sahagian: I can't hear you very well Bob.

Faulkner: Herman, I've been trying to get you, and I called the farm and I called Virginia, and I

just happened to call back again at the right time evidently.

You may have heard this, but I don't think so.

Sahagian: Oh, yeah.

Faulkner: Zahn resigned this afternoon, and I thought you ought to know.

Sahagian: Oh, he resigned, did he?

Faulkner: Yeah, that definite. I don't know whether it's public yet but it's going to be though.

Sahagian: Yeah.

Faulkner: Whether it's tonight or not, I don't know, but it happened.

Sahagian: How about the rest of them?

Faulkner: I don't know. I know that was, that's definite.

Sahagian: You know what you and I talked about?

Faulkner: Yeah.

Sahagian: I think that's a smart move for them.

Faulkner: Yeah. So do I. I thought you ought to know before it comes out anyway.

Sahagian: Yeah. Well, I'll er, er, drop in and see you on the way home probably. if I can, I don't know whether I can or not. I have not got.

Faulkner: * * * It doesn't make any difference, I might not be here anyway.

Sahagian: Yeah, have you talked to our mutual friend lately?

Faulkner: No, because I haven't been able to, cause I've had this cold, Herman. I told her I was coming down but I couldn't today. I am still—So I went down and went into the office yesterday.

Sahagian: Yeah.

Faulkner: But I feel alright. Nevertheless I still have it.

Sahagian: Will you be talking to him?

Faulkner: Yes, I probably will.

Sahagian: Why don't you do that, and say what after our discussion with him you know about that, of course, it's no secret, so why don't you ask him if he has plans, or you know he told me give him a couple to two days, see —

Faulkner: You haven't heard a thing yet.

Sahagian: Well, I'll tell you tonight when I can. Somebody came in here.

Faulkner: Yeah.

Sahagian: You know the man that's involved in it.

Faulkner: Yeah.

Sahagian: He came in, and of course he's playing a different tune now. See because —

Faulkner: I understand his Nibs is pretty much upset.

Sahagian: How's that?

Faulkner: I understand our friend is very much upset—the boss.

Sahagian: Yeah, you mean up in the State House, right?

Faulkner: That's right.

Sahagian: Yeah. Well, Bob, I won't talk to you on the phone, but if I see you, I'll tell you all of these things—of course it's a game you know.

Faulkner: Yeah.

Sahagian: Because this fellow was in here to see me yesterday, and er, I can put two and two together, and I know just what that means, see?

Faulkner: Yeah.

Sahagian: (continuing) But just as I said, the other day to you, er, but I'll come over anyway, and then I'll talk to you there.

Faulkner: I'll be here anyway, don't feel obliged to, I'll be right here.

Sahagian: Yeah. O.K.

Faulkner: That is definite though.

Sahagian: Yeah.

Faulkner: O.K.

* * * * *

TAB 2

Sahagian: You know, Rabbit, something has come up since the last time I talked to you. I don't want to make the same mistake as I made once before, and it is very important that I should actually know, not that I'm not as trusting but I have to * * * proposition. I got another proposition now, and I don't know whether it is going to be like the one I made with you or it's going to go through this time or not. I don't know what the hell to do. I don't know whether this money is actually going to go in the right place or not.

Talberth: I don't know anything about it. Don't know anything about what you are trying to tell me.

Sahagian: You see what I'm trying to find out, I got so goddamned disgusted now I don't trust this fellow Payne, and I don't know whether there is another mix-up

again or not, I don't know. I don't like the son-of-a-gun to take my dough and give me the works for a couple of months and cut my throat again afterwards. Can I go ahead with this fellow, can I trust this guy, you think this fellow is all through with his monkey-business with me or you think —

Talberth: That I don't know, Herman. I haven't talked to him about this thing for, I told you the other day, I haven't talked to him for months about this thing.

Sahagian: You see, I am afraid he will take the money again, like he took it from you, and then, what the hell, lasted, what, couple months, three months, and afterwards he stopped monkeying again. Now, I got somebody else has made a deal with me, and I would not be harmed I would not be done anything, but, Jesus, it is quite a goddamned proposition, and I don't know whether this fellow is going in the right place or not. You see, if he did what he did to you, how do I know he wouldn't do it with this fellow, the same damned thing? I'm up against it, between the devil and the deep sea.

Talberth: I can't believe he would enter in any deals, maybe he would, but I don't know. I can't believe that he would. A lot would depend, if I know the fellow, and I don't want you to tell me, if I knew who the fellow is you are talking about, it might give me an idea as to what contact this fellow has. I would rather you wouldn't tell me. I say, I don't believe it. I absolutely don't believe it, —

Sahagian: Rabbit — —

Talberth: (continuing) — and I have no way of finding out and I wouldn't go and ask him.

Sahagian: I don't want you to think that I am a heel, but I just want to make sure: did he really take that money at that time from you or, if you haven't given it to him, it's perfectly all right with me, I don't give a damn, see, but I just want to know whether he took it and double-crossed me or he didn't take any at all.

Talberth: Well, what did I tell you before? What did I tell you before?

Sahagian: You told me you gave it to him.

Talberth: I told you what I told you is what I told you. Absolutely

Sahagian: Jesus, out of the \$2700 you told me you kept, gave you only eight hundred or something, he must have taken \$2100 of it and that was for couple of months. For Christ's sake, that wasn't small money.

Talberth: Oh, I don't know — How long was that. I don't know.

Sahagian: Three months.

Talberth: Three or four months

Sahagian: September, yes, August September, October, November, December, five months.

Talberth: I can't imagine, I don't know, I can't imagine anybody going to you with any proposition; now, maybe somebody has, I don't know, but I'm goddamned sure I don't know anything about it, and I don't want to know anything about it. I'm not going to get messed up with that — I'm not going to get messed up with that stuff at all

Sahagian: Here comes the hamburgers. Let's go and eat. To hell with him.

Talberth: * * * then you'll be if you don't go out * * * as long as you're not with him anyhow * * *

Sahagian: Well, I was thinking, if I stay neutral, don't take any sides, that—

Talberth: Yeah, but he already figures—don't take any of these things now—he already figures that you're with a, with a Burt. He already says you are with Burt.

Sahagian: And you know as well as I do what Frank Rand will do and Frank Rand is tied up with Roy Hussey and Nick Papolos is tied up—

Talberth: You and Frank are for Hussey?

Sahagian: Well, we are, for Christ's * * * underneath Frank hates me. There's no question about that. And what do you think Nick Papolos?

Talberth: I understand about Nick. Let me ask you this: would you allow me, without using your name, to talk to Frank?

Sahagian: OK.

Talberth: I can talk to Frank and find out what is his position without using your name.

Sahagian: Well, go ahead and find out and let me know.

Talberth: That I'll do.

Sahagian: Now, how far is Nick Papolos tied up with this guy, how of an influence would he have?

Talberth: With Hussey?

Sahagian: Yeah.

Talberth: To your left, Herman. I don't know. I don't know. You see, I never—now, you take with Burt—right straight—. You say am I friendly with Burt. I can sit down and talk anything with Burt and I have. I mean, inside stuff, but I can't with Roy, I don't want to, with Roy. I'd have to do it, if I did it at all —. You can turn to your right here and then stop. Herman, if you're going home * * * *

Sahagian: Well, isn't Nick Papolos taking charge of Roy Hussey's campaign? He's taking him around here and there.

Talberth: I understand not, that he started in and—this is way I get the story, that Fred Payne told Roy to keep Nick in the background.

Sahagian: Not to come out in the public, you mean?

Talberth: That's right.

Sahagian: Just to do the work.

Talberth: Let him go round to, ah, to the Greek people there that he knows and the slot machine people and that stuff, let him go to those fellows, but not let him get out in circulation with high mucky-mucks, keep him to hell away. Now, Burt came, Roy came down here—I guess I told you this story, I don't know, maybe I didn't—I met Roy at my office one day, took him up to Gannett, he wanted to see Gannett. I had a twelve o'clock appointment at the hotel so I left them. I went over and got a haircut, came down to the hotel, right here, Jesus who the hell is standing out front that but Nick and Roy. Roy was going to go to York County—Nick was down here to meet him and took him around York County. Well, it was after that that Fred told Roy, for Christ's sake, to keep him in the background. Now, you see Fred did the same thing with Nick when he ran. He had to call Nick in and—

Sahagian: How much of the Nick Papolos are in with Fred Payne?

Talberth: That I don't know, I have heard stories that, that Fred, I don't know whether he is tied up or whether he has got a piece of stock or something in Fred's company, Fred Papolos.

Sahagian: Fred Papolos in Boston.

Talberth: I have heard that. I don't know whether it is true or not. Yet, you'll, Nick, Christ, Fred gave him the Glenmore job, no question about that.

Sahagian: No question about that, for Christ's sake. We know that because at that time when you told me, that Fred told you to go ahead, it's all set go get the Boston—

Talberth: That's right.

Sahagian: (continuing)—account and get the Glenmore account and what was it? Fifty cents a case—

Talberth: I don't know that.

Sahagian: (continuing)—I don't remember at that time.

Talberth: I don't remember.

Sahagian: And then, all of a sudden, when I come back from New York, when I made the deal and everything, then you told me, "Let's look out for the Fairview, now, and the others will come in, little by little.

Talberth: Well, just as I told you, Herman, there's something happening down there, I don't know what it is, and I don't fit into the picture. I don't, I don't any more.

Sahagian: You see, Rabbit, the only thing I was thinking, that you know sometimes I know how badly you was off one time with money, you didn't give it to him and he got mad, see.

Talberth: No, no, no, no, no, no, no, sir. Don't you ever believe that. Absolutely not true; absolutely not true.

Sahagian: Christ, how the hell, then the goddamned fool can take twenty-five, twenty-six or twenty-seven hundred dollars at that time and then go up and cut the throat unless somebody put the pressure on him.

Talberth: Now, listen, absolutely, I don't know; I don't know. I'll put it the other way. Jesus, let's say, ah — you know what the matter is with him — let's say I am getting it; let's say I took all of it — he got nothing. With your story, with all the stuff he's getting, that's peanuts isn't it?

Sahagian: Yeah. Definitely.

Talberth: All right. Like you, yourself, said like throwing out a little bone, then why the hell wouldn't he throw out a little bone to me, and say: "Well, Jesus, that

will keep him quiet; that'll take care of him. The reason that that thing didn't go through, in my mind, and I told you this before, is that he was tied up, and he is tied up, with another crowd and the minute you started to come along somebody put the heat on him, said: "Here, for Christ's sake, this fellow is getting, he isn't supposed to be getting that." You know when they was giving you orders and your stuff was going in the stores?

Sahagian: Yeah.

Talberth: And that's when the thing broke. That's my opinion.

Sahagian: Yet, on the other hand, he put himself on the spot to you, that you took the money, you gave it to him, he knows that you know.

Talberth: Absolutely.

Sahagian: And a newspaper man, especially, for Christ's sake, how the hell could he dare to —

Talberth: Well, you, you knew that. You knew that he knew it the day that you were in the office there. Why did I bring you in that office that time? Remember what I told you? Now, you remember this, now. I told you after we cooked this thing up, you and I, —

Sahagian: Yeah.

Talberth: (continuing)—I said I want you to come up with me to the State House, we won't talk about this but you will know that I am bringing you here so that he will know that everything is all set. You remember that?

Sahagian: Yeah.

Talberth: And I brought you up there and we did get around to a discussion —

Sahagian: Yeah.

Talberth: — (continuing) — that day of money.

Sahagian: And he admitted it.

Talberth: Right there in front of you.

Sahagian: And then —

Talberth: So that you can't — I mean I don't want you to think — because he told you right there he knew about.

Sahagian: And then when I wanted to give him that check from Eastman Webber —

Talberth: That's right.

Sahagian: (continuing) — and then he said to me, I says, "Fred," I says, "I got some money over here for your campaign."

Talberth: Yeah.

Sahagian: I don't know, I said: "Fred" or "Governor" — I call him Fred or Governor, I don't know what the hell I call him. And he said to me, he said: "No," he says, "you take care of it with Rabbit."

Talberth: That's right.

Sahagian: He says: "You fix it up with him."

Talberth: That's right.

Sahagian: Well, that indicated right there, for Christ's sake, to me, there, that didn't leave a shadow of a doubt —

Talberth: That was the only reason why —

Sahagian: * * * * * the money.

Talberth: That was the only reason why I brought you in the office that day, I told you before I brought you in. Had I known, I didn't know anything about the Eastman Webber thing. I told you that we'd go in there and we'll talk so that you'll know that he knows that, Jesus, I remember just as plainly, I told you that — you didn't think the thing would go through, remember?

Sahagian: Yeah. I told him — "For Christ's sake, I don't trust him," I says.

Talberth: No, no. You told me—

Sahagian: Yeah.

Talberth: (continuing)—that you didn't think that this thing was all cooked up the way I told you. And I told you, I said: "OK, I'll make arrangements for you to come up there." Now, you hadn't been into his office. I don't know as if you had ever been in his office.

Sahagian: I think you called the Governor from my own phone and you made the appointment, if I'm not mistaken.

Talberth: Well, maybe—

Sahagian: Yeah.

Talberth: (continuing) — maybe. But you hadn't been in his office for one hell of a while.

Sahagian: No, I haven't been in there for years.

Talberth: And he knew you were coming in and he knew why you were coming in, just so that we would all understand each other.

Talberth: (continuing) and every goddamned time that I took anything from you I went right up in his office, and that's where the thing took place, in his office.

Sahagian: Well, what the hell is that a fan?

Talberth: Yes, it's a beer parlor.

Sahagian: Well, by Jesus Christ, I just can't, I just can't believe, for Christ's sake, how the hell can a man take my money, and yet go out and do what he did? That's the thing that — Jesus Christ — it's all right for a guy like you to do it and I to do it, but for a Governor to do it, for Christ's sake—

Talberth: Well, a Governor, a Governor, Herman, is no different than you and I; they're human, they're human.

Sahagian: The only thing I was thinking, that you know, you probably needed the money and you didn't give it to the Governor at all —

Talberth: No.

Sahagian: (continuing)—you kept it and —

Talberth: Christ, need the money! Then I didn't need it like I need it now. Now, I wish, with what I got on my hands, of course, you know about Hilda, and all that, now is that time I, I need the money and he knows that he could have been taking care of this thing for me and, like I told you down there he knows now that he is getting all the stuff and I've been friendly to him — Christ, he even called me today to write a speech for him — and write it in my office tonight — he's down to Waldoboro right now, is where he called me from. But he don't say anything to me, don't say a goddamned word and he hasn't said anything and I don't say anything to him — and I was over there — and I told him when the thing stopped, I told him why the thing was going to stop, told him just what I told you. Remember me telling you down not once, but a half a dozen times; "Herman, —" now, you put this in your mind and you add this up when you ride along — just assuming that I kept all the money — let's assume that I did. If the thing stopped in — when did it stop? — January —

Sahagian: Yeah, first of January.

Talberth: All right, let's assume it stopped in January. And if it started in October?

Sahagian: No, it started sometime in September.

Talberth: All right, September. I told you, if it started in September, I told you in November, and I told you in December and I told you in January that if this thing isn't doing you any good, and when you used to tell me that they were still running out, and so forth, you remember?

Sahagian: Yeah.

Talberth: And I told you, not once, I told you a dozen times; "Herman, if this thing isn't doing you any good, don't you do it." Remember me telling you that?

Sahagian: Yeah.

Talberth: Time and time and time again. Now, for Christ's sake, if I was taking the money, and not giving it to him if I'm a cheap son-of-a-bitch like that, there, to come to you, a friend of mine, and I was taking your money to deliver something and wasn't giving it to him, I'm sure as hell I wasn't going to go in your office and tell you: "Don't you make any more payments because it isn't doing you any good." And I told you that, for Christ's sake a half a dozen times.

Sahagian: When you came after, right after the election, and, did he send you over or you just come on your own? Did Fred send you over? You know you came to me and you said: "Herman, the Governor said that he could use some money, and he don't have to do it, but if he wants to, he'll take it."

Talberth: No, that isn't the way that it happened.

Sahagian: Well, how was it?

Talberth: You talked to me many times about it.

Sahagian: Yeah.

Talberth: And I talked with the Governor many times, not about money.

Sahagian: Yeah.

Talberth: Never, ever got anywhere. You had been — he's got nothing against you personally only that you had been running the show down there and he put Zahn in there to equalize this thing, and he wasn't going to step in and do a goddamned thing. That was Zahn's job. Well, not every time I would be with him, but many

times when I would be with him, I'd get talking about it again. I don't remember where we were, and it doesn't make any difference, and you had talked to me, and I say I don't know where you and I were when we talked, when you made —

Sahagian: It doesn't make any difference.

Talberth: (continuing) — the proposition. So in telling him I said: "This thing could be accomplished." I said: "It would help me. You haven't got to know anything about anything" to him, see. I said: "If you walk in here and find something on your desk, you don't know who the hell it came from as far as you being mixed up and being involved in anything. And the only thing that's asked, the only thing that you have got to do," I says, "Fred, Christ, you aren't involving yourself, you aren't involving the Liquor Commission — it's just a normal thing. The only thing he's asking you to do is to ask the Liquor Commissioner, to tell him, not to run out of his stuff and to buy the stuff and to buy the stuff as it sells." That's all you ever asked me.

Sahagian: That's all I ever asked for. I says: —

Talberth: We didn't talk Gold Banner, we didn't a goddamned thing at that time.

Sahagian: Yeah.

Talberth: "Well," he says, "Hell, do that do that all right. Certainly, he's entitled to it," he says, "if they're going to keep this stuff on there then if it's listed it should be in the stores." Before I even went back to you to tell you it was all right, and I told you this before, I sat in his office when he called Zahn on the telephone, that was the first time, he told Zahn that he had had reports that store upon store was running out of your stuff and he says: "It isn't right, and I don't want it to happen." He says: "Keep that stuff, if you've got it on your list, you should keep that stuff in stock and order the merchandise as you sell it." And I heard him say that and I told you that the first time I came down there that he had already done that. That's how that thing came about. And the thing went along and you remember I used to call him from your place —

Sahagian: Yeah.

Talberth: (continuing): — and tell, "Jesus, Fred, Waterville's out, Bangor's out, this store, I would call him right in your office and tell him that and: "I'd look into it." He's going to call me back, or call, I'd get to stay out, and he'd call me, he was going to call me in Portland, or I'd go down and see him, or I was going to stay at his house that night and he'd find out, or put a check on it or your truck didn't get there, or this or that; I used to tell you all the excuses he'd tell me. —

Sahagian: Yeah.

Talberth: (continuing) — every goddamned one of them. And then, as I say, even the first month, as I remember it, the thing was all right. They —

Sahagian: That worked out well.

Talberth: (continuing) — they bought some, the stores were all right. The second months, there were some places they didn't have, they bought the stuff from you all right, but the stores were running out of it. The third month the same thing, and that's when I told you, because you were complaining to me, you'd give me this goddamned list, this store didn't have it and that store didn't have it, and I'd tell you: "Herman, if this thing isn't working, you're a goddamned fool to be paying your money." You remember me telling you?

Sahagian: Yeah.

Talberth: All right. Half a dozen times. And when the thing finally, when the finally blew up, I even went to you one time and told you he'd asked me what the formula was we were working on, remember that?

Sahagian: Mmm. Yeah. And I told you anything over 4,000 cases, it was twenty-five cents a case.

Talberth: But, but, I didn't know that, see. You told me originally.

Sahagian: Yeah.

Talberth: I didn't know that. And he was asking me what the formula was, which made me think he was checking up on me.

Sahagian: Yeah.

Talberth: See.

Sahagian: I see.

Talberth: I'm giving him "x" number of dollars, he'd get these

reports from the State, made me think, and I think I told you, maybe I didn't, made me think he was checking up, for Christ's sake, am I giving him what you were giving me? Then I went, then I went down and asked you what the formula was you were using so that I could tell him and he could figure it out. Because you had told me way back when we first started, he'll figure it out every month, he gets the reports, let him figure it out, you know how much it is you tell me how much I owe you. Remember that?

Sahagian: That's right.

Talberth: See. And I says: "Hell, no, you tell me whatever it is you give me, give me. Well, then the thing went along, even that last month, I mean the last time I was down there, when I didn't go back, it wasn't that I didn't know what the sales were, well, sometime way later I said to you: "Hell, we've got this thing, oh a month or two ago, and you says that there weren't even sales enough to make anything, but I had told the Governor that this thing was all over, at that time after we took the last one, well, shit a goddamned, the thing wasn't going to be, just as you say, if he wasn't going to live up to his bargain, what the hell was the use of you—"

Sahagian: Giving the money for nothing?

Talberth: Giving, giving the money for nothing.

Sahagian: I was living up to my end of my bargain, but he didn't live up to the end of his bargain.

Talberth: And, you see, during that time, so help me God, Herman, or during that time or right after that, as, his secretary said to me once, or maybe twice: "Jesus, the Governor doesn't like your friend Herman, does he?" And I says: "Why?" "Well," the * * * says, "the way he's been talking about him here in the office." And that was even after —

Sahagian: After he took my money.

Talberth: (continuing)—after the thing was all over, too. I'd like to be able to go to him. Of course, it's up to you. I don't know how the hell you can do it. This thing isn't good for me. I mean, I've known you too damned long, Herman, and

there's a lot of things I'd do and have done—

Sahagian: Well, Fred, I mean, Rabbit, you tell me out of the \$2700 you gave it to the Governor—I think the last time you told me you only kept \$900 of it—

Talberth: That's right.

Sahagian: (continuing)—and give him the rest.

Talberth: that's right.

Sahagian: Well I gave \$2700, take \$900 away from that twenty-seven that leaves what?

Talberth: Eighteen hundred.

Sahagian: Eighteen hundred. That means the Governor kept eighteen hundred and he didn't do a damned thing.

Talberth: He took three for one.

Sahagian: He took three for your one.

Talberth: Yeah. I mean, eighteen hundred and twenty-seven —

Sahagian: Yeah.

Talberth: (continuing) — if that what the figures were.

Sahagian: Well, I just want to satisfy myself, I wanted to ask you again to make sure that he got the money and that's all. Now, it would give me something to guide myself how to play the game from now on.

Talberth: Absolutely, Herman, if God strikes me dead here, he absolutely took the money every time you ever gave it to me and, at least, once, if not twice, he asked me about it, see. "Where is it?"

Not like that there, "Have you seen Herman this month?" Or something like that there, and the one time, I forget where the hell he was going, and it doesn't make any difference, I guess I've told —

Sahagian: Washington. Going to Washington.

Talberth: Well, he was going somewhere. Jesus, I'm wondering if it wasn't just before Christmas.

Sahagian: Yeah, it was just before Christmas. Well —

Talberth: Well, like I say, Herman, I don't —. In the long run I'm better off, see. A year from now, or even today, I'd go to bed tonight, if there was a story came out in the paper this morning, there was going to be an investigation of say, of Scarborough Downs, I'd go to bed tonight with a clear conscience. I don't think he can from the stories I've heard and,

while money is always good, I'll get along, I mean, I'm not, Christ, I don't need money that badly but — for all I've done for that fellow — through me, within two weeks, or three weeks at the most of the election, Gannett wanted to drop him just as he did in 1940, you know how Gannett dropped him in 1940, he wanted to drop him and go with Varney because people around had convinced him that Varney was going to win and Gannett is a funny man, he wants to be with the winner, to him, his word isn't worth a goddamned, politically. He'd tell Burt Cross today I'm with you, and he'd be with him, but if he gets up near the end and he sees Burt isn't going to win he'll jump the fence. He wanted to jump Fred Payne and I put my reputation, practically my job, Fred knew it, on the line and I told him, I said: "Mr. Gannett, Fred is going to win this thing, he absolutely is going to win." I argued for day after day. I even called Fred, and told him what the story was so that he could come down to see Gannett, not knowing, that, not telling Gannett I'd spoken to him, but to go down and give him a good report that things look good and all this and that, see.

Sahagian: Now, tell me, —

Talberth: And with all that stuff, you'd think that Fred Payne

—
Sahagian: Would have lived up to the bargain that he made with you.

Talberth: Not only that one, but if there is anything else that Fred Payne might think, well, Jesus, Christ, here is a fellow that has done something for me, and here's a chance I — now who does he go to?

Sahagian: All right, you'd never believe, when I used to say he's a goddamned crook, he's getting graft—

Talberth: That's right.

Sahagian: —(continuing) — you can't believe it.

Talberth: No, sir.

Sahagian: But you do believe now that, —

Talberth: Yes, yes.

Sahagian: (continuing) — don't you?

Talberth: Yes, yes, sir.

Sahagian: You know he's as big a crook as anybody could have been.

Talberth: That's right.

Sahagian: We never had a Governor that was as crooked as Fred Payne.

Talberth: And I argued with you for weeks and weeks.

Sahagian: That's right.

Talberth: I told you I don't believe it, but I said: "Herman, if you, if it ever comes to me that he is, that's it with he and I." All right.

Sahagian: And you're convinced now that he is, ain't you?

Talberth: Now, you know how I used to go to the Blaine House?

Sahagian: Yeah.

Talberth: How I used to go down to his sum—down to his home? I was in the Blaine House last Sunday to that baseball party, see, that's the first time I've been in the Blaine House since the day Legislature closed last May. Last summer I was the same as I am this summer. I mean, I, Hilda, wasn't here and all that, I spent half my time down at his summer camp with him, almost every weekend. I went down there one day, went down there one afternoon, stayed overnight and came back the next day and Ella said to me over at the Blaine House last Sunday, she said: "What's the matter? What have we done to you?" She says: "We've done something." She says: "We never hear from you, you never call me, you never come over here." She says: "What in hell have we done?" I says: "Nothing", I says, "I've just been busy."

Sahagian: All right. Tell me, Rabbit, how much of a support is Fred Payne going to throw to Roy Hussey? Is he going to come out openly or—

Talberth: No.

Sahagian: (continuing) or under cover?

Talberth: Under cover.

Sahagian: He's going to do it undercover.

Talberth: Yeah.

Sahagian: In other words, he's got all his stooges going to turn over to him undercover and he's going to be neutral on the surface?

Talberth: Yeah, but you got to remember this, ah, there are a lot of people who worked for Fred

Payne who won't go along with Roy, with Burt, with Roy Hussey.

Sahagian: Even if they know that Fred is tied up with Roy Hussey?

Talberth: That's right. I'll tell you right off here, right off the bat. There's Walter Tapley—

Sahagian: Yeah.

Talberth: —with Fred Payne openly, he's with Burt Cross. I mean, I'm talking now about very close friends of Fred's. There's this young Milton Nixon—a young lawyer in town,—Fred thought so much of him he gave him an appointment to a job that pays \$5,000 a year, just a young kid. He's with Burt. Told me, he says: "Yeah, I know that the Governor wants Roy to win but, Jesus," he says, "I can't accept Roy Hussey." So you can't figure that he's going to be able to turn over in full an organization, because he can't do it, anymore—. You been through the same thing in Waterville.

Sahagian: That's right.

Talberth: You could line up certain people to work for Russell Squire but you couldn't line up the same people to work for, we'll say, Jimmy Glover.

Sahagian: That's right.

Talberth: See. Now maybe you might line up a strong organization for Jimmy, that may be. Burt may be able to line up with his friends and what he can get from Fred—

Sahagian: But I think fellows like Nick Papolos and those fellows he can line up all right. Like Frankie Rand and Nick Papolos, Fred Papolos—

Talberth: Frankie Rand wasn't with—Yeah, but Frankie Rand wasn't with Fred Payne.

Sahagian: No was at the last minute.

Talberth: Well, sure, he switched over at the last minute. No, ah, the type of fellow Fred Payne can turn over to him, Rosie Nalley, that Fred just appointed to the Racing Commission, there'd be, there is Frank Prescott over in Lewiston, that Fred Payne appointed to the Personnel Board, people that Fred Payne did favors for; he can go to them and say: "All right, I want you to do me a favor." But, by and large, out around he can't turn over anything.

Sahagian: But he is definitely committed to Roy Hussey that he'd be with him, undercover.

Talberth: As far as I know he is. He's never, he denies it to me but I think it is very true that he is.

TAB 3

Operator 1: Number please.

Sahagian: Operator, I'm calling Augusta—265.

Operator 1: Thank you.

Sahagian: And I want to speak with Mr. Robert Faulkner.

Operator 1: Thank you.

Operator 2: Augusta.

Operator 1: 265.

Residence: Hello.

Operator 1: Robert Faulkner, please, Gardiner is calling.

Faulkner: Right here.

Operator 1: Thank you. Already.

Sahagian: Hi, Bob.

Faulkner: Hello, Herman.

Sahagian: I haven't heard anything from you. Where you been?

Faulkner: Where the hell you been. I haven't laid eyes on you, haven't seen you since the convention.

Sahagian: Well, that's right.

Faulkner: We got the hell out of there and came home.

Sahagian: I was—I got out there and disgusted and came down.

Faulkner: How did you get over your cold, Herman?

Sahagian: Well, I had, I was in bed for two or three days.

Faulkner: Yea, I knew you had a corker there.

Sahagian: And then I had another after effect after that, after I got out a few days, in fact, I'm not too, too well yet.

Faulkner: Now that's probably from that dope stuff, you know.

Sahagian: I think so, yea, because—

Faulkner: Heard of cases like that.

Sahagian: Well, the doctor at that time told me that I should go to bed, anyway.

Faulkner: Should, that's right. Yeah, yeah, gone right to bed that's true.

Sahagian: Bob—

Faulkner: Yes, Herman.

Sahagian: Is there anyone near you there or are you downstairs or upstairs?

Faulkner: I'm upstairs all alone, Herman.

Sahagian: Is it all right to talk?

Faulkner: Oh, yes. It's a private line and I'm all alone, Herman.

Sahagian: You know it must have been what—about eight weeks now that I went down and see Fred?

Faulkner: Damn near it. I — roughly thinking, but I'd say very near it, Herman.

Sahagian: I haven't heard a damn thing from him and he says he was going to let me know in a few days. A few days has gone by eight weeks now.

Faulkner: Of course, what you call it, just went in this week you know.

Sahagian: Who?

Faulkner: Sheriff.

Sahagian: Oh.

Faulkner: Yeah.

Sahagian: Well, I thought he was going in two weeks ago.

Faulkner: No. He went into office Monday.

Sahagian: Bob, there's only one thing that I want to make my mind clear.

Faulkner: Yes, Herman.

Sahagian: That day when you called Fred, and I went down and saw him and wanted me to go down and see him—was it his idea or you made it up yourself?

Faulkner: Oh, that was his idea in the conversation, Herman. He said that you were going to start slugging around and I didn't believe so, and it was his idea definitely.

Sahagian: Bob, you know what I told you, that you was one of my best friends?

Faulkner: I am.

Sahagian: And you know that I didn't want to go through him, in fact I told him that I wouldn't do that so and so when he wanted me to go up to his office and I told you that I wouldn't go and you told him on the phone while we were waiting there.

Faulkner: That's right.

Sahagian: Then I told him I wouldn't even go to his home because I'd be afraid that he might trick me into things.

Faulkner: Umhum.

Sahagian: Then, of course, I took a chance and went, and I spent about a half an hour with him, and I told him about the deal and, of course, I never told you who the man was, but I told him, and when

I was up your house I told you about it. I said if Fred wants to tell you he can but I says I wouldn't tell you. I've told him who the man was but I won't tell you now, see?

Faulkner: Yeah.

Sahagian: And I says if he wants to tell you he can, but I wouldn't tell you and I wouldn't still tell you yet. But that, I don't know. I think he's giving me the, er, run around and you see what he comes out in the paper—Did you see the Lewiston Journal?

Faulkner: No, I didn't, Herman.

Sahagian: Well, you want to read that. You know he comes out and he says, "No Pay Off In The Liquor Department."

Faulkner: When was this, Herman?

Sahagian: Last night.

Faulkner: No, I didn't see it.

Sahagian: Well, that's the thing that it bothers me, see? Christ he knows it. I went over to see him, you made the appointment and you talked with him on the telephone. Now, if a man is like that, comes out in the public and denying it and he's, where I had told him, he know everything—in view that he knows everything and now I, eight weeks is a long time you know, to wait, Bob.

Faulkner: Well, of course this man has just gone in. I know that, Herman. You know it. Course, no man in that position could have done anything like appoint a new Commissioner since he's been in there. No argument about that.

Sahagian: I know.

Faulkner: I don't know what he plans to do, I don't know, Herman.

Sahagian: He hasn't even said "Boo" to me yet. Down even in Portland, I mean in Bangor convention, you know, that I thought he might talk to me, I ran into him a couple of times. I didn't want to stop him—talk to him myself because, you know how I feel towards him * * * *

Faulkner: You know somebody's been carrying a lot of tales to him about you with Brewster and the stories and the meetings and the stories you say and I told him they weren't true, you know, but somebody, I don't know who it is, Herman, I — I haven't the faintest idea who that is, and I've been try-

ing to figure it out. Somebody carries these tales to him. It must be somebody pretty close to you because they tell him these tales all the time. I can't figure what it is. He's known all that, you know. But I do know, I think he was sincere about it. As a matter of fact, if you don't mind I won't say that you called me, but I'm going to, as far as I know if he's here tomorrow. If he is here tomorrow I'm going to talk to him. I won't say that you talked to me, but I'm going to talk to him. Well, I've got to say that I talked with you—

Sahagian: Yeah—

Faulkner: (continued) and that you were upset because you hadn't heard anything and wondered what it was all about, you know.

Sahagian: Because you know—

Faulkner: Herman—

SAHAGIAN: —(continued) we really know—definitely putting me on the spot, see?

FAULKNER: Yeah, well people tell the most miserable stories about you to him, Herman. Oh, they're awful, honest to God. Most miserable stories.

SAHAGIAN: You know he made the statement in the paper in the Lewiston Journal last night—Lemieux wrote it—I've got the paper before me now — I don't — you haven't seen it you said?

FAULKNER: No, I haven't Herman.

SAHAGIAN: Here are the headlines. "No Liquor Payoffs in the State," says Payne. There is no "payoff" in this State by liquor firms doing business with Maine. Governor Frederick G. Payne provides that assurance. It is his answer to persistent underground rumors that firms selling to this State contribute a percentage of their gross sales to a fund for certain people in Maine." See? While the "certain people" never are identified—Well, Christ, is he challenging me to identify them—

FAULKNER: No, Herman, the answer to that is, is then, I know this, this isn't awfully recent either—within a year—reporters come right to him and told him this stuff what can he say? Reporters come and say, "Now what have you got to say to this story?" As a matter of fact, some of those are laid to your door. He says there's only one

place that can come from. As a matter of fact, I don't know as the reporters would say, but Rab can tell you some of it.

SAHAGIAN: Well, all right then—

FAULKNER: * * * * This is it, but what's he going to answer?

SAHAGIAN: O. K., Bob. But you know him. You know the set up. Christ, he claims all over he don't know anything, does he? You know and I know different.

FAULKNER: Yeah, I know you see the point, don't you, Herman? If a, for instance, if a reporter came to you or they had you put before the damn Commission as they do and the reporter was right there *

SAHAGIAN: Yeah—

FAULKNER: (continued) — and said, "Did you ever handle any money for any liquor concern for pay?" What would you say? You'd say, "No." You couldn't say anything else. You'd say, "No." Of course you would.

SAHAGIAN: But you know, you know when you made that date with me and I went up to the house and saw him, I told him and you know I came back and told you what he told me. He says, "Herman, I'm sorry," he says, "I didn't know it." "Well," I says, "O. K., Governor, you know it now, don't you?" He says, "Yes, and I'm going to see it and in a few days," he says, "I'll get in touch with you." So, that's it—I'm still waiting what he's going to say.

FAULKNER: Well, of course nobody knows—

SAHAGIAN: Because I've got to go before the Research Committee sometime, and if I have to tell the truth, if I be put on the floor—er, if I have to be sworn in, under oath, I just got to go and tell 'em just exactly what I know.

FAULKNER: You've avoided the truth before, brother.

SAHAGIAN: How's that?

FAULKNER: You've avoided telling the truth before under oath pretty good.

SAHAGIAN: Well—

FAULKNER: We all do. You do pretty well. But I do know, Herman, that because that thing all exploded and this new Commissioner all happened very sudden, you know. There's no question about that.

That damn mess was the greatest surprise to him, that anybody ever lived. There's no question about it. Just a moment, Herman—

(continued) that was Betty. She came up all dressed to go to Church and showed me how she was dressed.

SAHAGIAN: How does she look?

FAULKNER: She looks very pretty. She came home from Boston all dolled up. Oh yes, she looked very nice.

SAHAGIAN: How is she getting along on her job in Boston?

FAULKNER: She's getting along swell, Herman.

FAULKNER: Surprising. Yes, she's getting along wonderful. And she's happy. That's a whole lot, you know.

SAHAGIAN: Yeah.

FAULKNER: * * * * * She's got a job just what she likes. I never saw anyone so happy on a job. And, of course, that's pretty important. Well, that's the damndest mess I ever heard of, Herman, but that is true you know, that all that thing happened. I'm going to say that that was a surprise to me and I almost knocked his teeth out. But that's all set now. They speak very well of this fellow. As I told you I don't even know him. You probably—

SAHAGIAN: Well, there's all kinds of rumors about him, too.

FAULKNER: According to the reports from what I'd say were the * *

SAHAGIAN: Who is this fellow Egard or Agard is it in Portland? I don't know the man, but I heard that his name has been connected with some rackets. They say that he's a great * * * * * and,

FAULKNER: Well, * * * people of Portland speak, oh, very highly of this fellow. Very highly of him—way back. I don't know him. I wouldn't know him if I, I wouldn't know him if I saw him now, but I have seen him.

SAHAGIAN: Of course you know the Sachnoffs that I buy my glasses from.

FAULKNER: Yeah.

SAHAGIAN: They tell me that he's a hell of a fellow. Swear by him.

FAULKNER: Well, if you inquire, the rest of the people in Port-

land do, Herman. I mean these are people who have nothing to do with the liquor business or anything in the State.

SAHAGIAN: You see he made a statement, too, the other day. He says there wouldn't be any changes in the liquor commission set up.

FAULKNER: Yeah.

SAHAGIAN: In other words, he intends to carry the same policy.

FAULKNER: Yeah, I see.

SAHAGIAN: About two weeks ago. That's what I was disturbed. You assured me that day when I come back and you told me that, er, what I mean, you said it yourself, or what Fred himself told you, that you said that everything would be taken care of.

FAULKNER: Why, I might have said it, Herman. I don't remember that Fred said it, but Fred said this—says, "This all exploded rather suddenly you know," and I did speak to him again after that happened.

SAHAGIAN: Yeah.

FAULKNER: "Well," he said, "this is the damndest mess I ever heard of."

SAHAGIAN: Well, he acknowledged what I told him. Did he tell you the name of the person, or he didn't? Think.

FAULKNER: No, he didn't.

SAHAGIAN: He didn't mention the name of the person? Well, it's still in the dark. Nobody knows it up till today, Bob.

FAULKNER: The last time I talked with Fred he told me about that thing I know I told you, which I tried hard to correct.

SAHAGIAN: Yeah.

FAULKNER: But then he refused to let me turn it over. I don't know what in hell to make of it.

SAHAGIAN: What am I going to do? Have I got to go on and pay this fellow? When am I going to stop? That's the thing that bothers me. I haven't heard from him. Now, am I to go on and pay this guy, or am I not?

FAULKNER: I don't know, Herman, because I haven't said anything more to him. The only time was the last time I spoke to him was about that statement he said you made.

SAHAGIAN: Yeah.

FAULKNER: And I said now I'm going to talk with you. I don't know if he's in town tomorrow. I don't know whether he is or not, but if he is in town tomorrow I'm going to talk with him tomorrow. I'll talk with him tomorrow very definitely.

SAHAGIAN: 'Cause—

FAULKNER: I may see him this afternoon, I don't know, but I know I can tomorrow.

SAHAGIAN: Because I haven't paid this guy last month. See, last month comes to about four thousand four hundred dollars, Bob, and this month will be around 3-4 thousand dollars or 7-8 thousand dollars. By Jesus, I'm not going to pay it. And I told him that I'm not going to pay it. I said, "By Jesus, Fred," I says, "I'm not going to pay no more." And I says, "You didn't know it and you know it now." And I says, he says, "I'll look into it and let you know." But now I don't know—I'm not going to pay anybody and that's all there is to it.

FAULKNER: You let me talk to him—

SAHAGIAN: That's a lot of money, Bob.

FAULKNER: You're going to be here tomorrow, huh?

SAHAGIAN: Yeah.

FAULKNER: I'll talk with you tomorrow. I'll talk with him because I, I haven't got into that at all, see, because I didn't want to. I never said a word about it. And I'm going to tomorrow. I'll sit down and talk with him. *

SAHAGIAN: Yeah, well, all-right. You tell him about it. He knows about the money. He knows about the pay-off. He knows the man I'm paying too. Now it's up to him whether I should stop. Will he back me up if I stop paying him or he has nothing to do with it?

FAULKNER: Oh, well, that's foolish, but I, I'll talk with him. I follow you, you know.

SAHAGIAN: Yeah.

FAULKNER: And of course I've, I kept out of it purposely—kept out of that * *

SAHAGIAN: Of course if I tell you the name of the person and you know what it is, what it is, see, you know this person like I know, you know me. And you know he is also

one of his right hand men. Has been for many years. But I am still being faithful to him because I promised him that I would not reveal that to anybody else in his own home. When I went down and saw him at the Blaine House even against my own will. I didn't want to even go to the Blaine House because I was afraid he might have a dictaphone or something in there, see?

FAULKNER: I see.

SAHAGIAN: But, I looked around and I was a little bit careful to see if there was anything and I was convinced there wasn't and then I told him, I says, "Here's what I've been paying." I says, "I have already paid the guy \$13,000, Fred." And I says, "Next month it will be \$4000-\$4500, next month it will be another \$4500. It will get up to \$45-\$50 thousand dollars a year and by Jesus, I'm not going to pay it."

FAULKNER: Well, that's a lot of dough. Well, I've kept away from that altogether you know, but I'm going to talk with him now pretty frank too tomorrow. * * * *

SAHAGIAN: Well, Bob, it was you got me to go to him, see? I wasn't going to go to him at all. You know that.

FAULKNER: Sure.

SAHAGIAN: I says to hell with him. I says I wouldn't go anywhere near him. Then when you called him while I was there you know you said to let him come up to the office tomorrow and I says I wouldn't go to his goddamned office. And then you told him he wouldn't come up to the office and you said, "Well, I'll go anyplace," you said to me, he said to you. And then I went up there I was going to mention that you meant to go out, see, someplace, but then he invited me in from the back door he came over. But I took a chance and went in and I spilled the whole goddamned thing and he says, "Herman," he says, "I did not know anything about it." Well, I says, "Fred," I says, "You do now." He says, "Yes," he says, "give me a few days," he says, "and I'll think it over." No, he says, "I'll investigate," he says, "and I'll get in touch with you." I says, "O. K., Fred you can take a few days, a week or ten days," see, and just as I came back

and told you about it. But it's eight weeks gone by.

FAULKNER: Well, of course he said two or three days then you said that this damn other thing has exploded and that's, I guess, all straightened out now. I guess that's alright now. I haven't heard anything more about—Zahn. I think that's all straightened out. But I do think you ought to hear something from him and I agree with you. And I'm going to tell him what I do know just through association—ask advice * and see what he has to say and I'll talk with him tomorrow, Herman.

SAHAGIAN: O. K., Bob.

FAULKNER: * * * * * Can't understand why * * I know he's been damn busy and all that, but it seems as though he could drop a line.

SAHAGIAN: Yeah, but I mean regardless of how busy he is, this is important. I mean, this is just as important as anything else, Bob. I mean, it's important to me. * It's United States money to me. I'm not going to go on paying this god-damn graft forever. If he's willing to take ten dollars, twenty dollars, I don't mind, but when a man's got to dish out \$4000 each month, that's a lot of money, Bob.

FAULKNER: You're not kidding.

SAHAGIAN: For Christ's sake, do I have to pay that kind of a money for the privilege of bring in an industry in the State of Maine here.

FAULKNER: Damned if I know, Herman. You know more about that thing. * * When they did, that's all I know. I don't know anything about those damn things. I never understand it anyway. I don't understand it at all.

SAHAGIAN: Well, O. K., Bob. And if you get anything.

FAULKNER: I'll let you know. Are you going to be in tomorrow?

SAHAGIAN: Yeah.

FAULKNER: I can find you anyway.

SAHAGIAN: I'll be in in the afternoon.

FAULKNER: I'm going to talk with you anyway tomorrow.

SAHAGIAN: O. K.

FAULKNER: O. K. Fella.

SAHAGIAN: Yeah, bye.

FAULKNER: Happy Easter, now. SAHAGIAN: Same to you and many of them. Where are they gone to church?

FAULKNER: Yes. They're all gone to Church.

SAHAGIAN: O. K.

FAULKNER: I'm going to Church in bed.

SAHAGIAN: I went to Church this morning—that's why I'm here, see?

FAULKNER: Good for you, Herman.

SAHAGIAN: I—well, I didn't go to Church. The Commandery went to the Temple and had a service up there, see?

FAULKNER: That's the regular Easter service, huh?

SAHAGIAN: And then Stella came with me and went to Tabbs and then went to the Episcopal Church over here. Well, I thought two services was too much for me in one day, so I said I'd go down to Waterville and catch up on some of my work and when they get through with it they'll probably get out at twelve o'clock.

FAULKNER: Well, I think God is with you alright so that's alright.

SAHAGIAN: Yeah. O. K., Bob.

FAULKNER: Bye, Herman.

SAHAGIAN: Yep, bye.

TAB 4

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RECORD #2 SIDE #2

* * * * *

Papolas: Don't ask me. I don't know why, but, That's the law, That's your law, you made it.

Sahagian: I did not.

Papolas: Who made it?

Sahagian: The Commission *** The Commission made it.

* * * * *

Papolas: * * * you're not kidding me. Well, is this a, a ruling then? Somewhere.

Sahagian: They made the ruling themselves.

Papolas: Who made it?

Sahagian: Zahn or whoever makes it.

Papolas: They made it before I came into the picture. They can't just cross the ruling off now, can they?

Sahagian: All right. I will show you.

Papolas: You show me, that's all, just show me. Just let me know, that's, I mean, just tell me what the — — Ahh, did I have a — drag-out battle with him, I says: "You —" I says, "You," I says, "You promised me that would do everything that was right by Herman. I told you—

Sahagian: * * Let's pull over to this side here, because we can't talk * * * and relax and I'll show you on that, I'll show you on your own figures that he's wrong and I'll prove it to you *****

* * * * *

Papolas: Herman, give me that, that paper I just gave you. Here's what I want to say, here's what I want to talk to you about first. Number 1, I want to ask you a question and I want you to answer it honestly.

Sahagian: I will.

Papolas: Are you satisfied in your own mind that I'm with you 100%?

Sahagian: There's no question about that. Now, I'm not questioning that you being with me. I'm questioning Zahn being with you and not trying to help me.

Papolas: What I want — I want to clear certain things first, Herman. There is no question in your mind that I am 100% with you, is that right?

Sahagian: Definitely.

Papolas: You know that, don't you?

Sahagian: That I know just like I know your name is Fred Papolas.

Papolas: All right. The only other thing now that I want Herman, is I want you to do as I ask you to.

Sahagian: All right.

Papolas: You remember I said to you a long time ago, when we first started talking, I said: "Look, Herman," I said, I was very honest with you, right?

Sahagian: Mm, mm.

Papolas: I said, "I can stay with the Jews and I can make so much money, whatever the amount they are going to give me will amount at, to so much, I know they're — me." Remember I told you that?

Sahagian: That's right.

Papolas: I said if I go along with you, it means that what I get from them will be cut off because they'll know it the minute I get into it, and they did, and they stopped paying me, they gave me fifty bucks last month. Well, I know what their game, you understand? They know I'm with you so they say: " — him, as long as he's with Sahagian now we don't have to pay him." So from four and five hundred dollars that I was getting a month they gave me fifty bucks last month. You understand that?

Sahagian: Yeah.

Papolas: So, they know now that I'm with you. I mean, they don't know, they can't prove it. They don't know a — — thing, nobody knows anything but you and me, but —

Sahagian: That's right.

Papolas: But they know that only one man in this — world can put you where you are over there and that is me. They know I had a fight with him and they know what I went and did, I mean, I know that they know. Nobody's told them, they can't prove a thing, see, but they know it. So what they doing? They cut me off completely from my four and five hundred bucks a month I was getting and I'm getting now fifty bucks. It's OK, Herman, see. I just want to know from you this, Herman, and — you if you ever double-cross me, I'll tell you one thing, I'll swear by all that's holy, see, that you'll be in for more — trouble than you ever was in your life, and I don't mean easy trouble, either, because I've lost my, what my equity with those — Jews, I've lost for you, see. For two reasons, one because I knew you and once because they — me and I don't like anybody who — me, so I turned myself over with you, I went in along with you as a partner, I consider myself a partner of yours, and I lost from them, I'm not getting what I should get from you because what I've lost is more than I'm getting from you, see. At the same time, I'm not wholly for money but I want you to know one thing, Herman, and that is this, I never want you to try and pull anything on me, see.

Sahagian: Well, what do you mean by that?

Papolas: Well, I don't want you to involve me in any —, I don't know what you may have in mind, Herman, but I want you to know this, that I could have kept on with the Jews and made my money, five and six hundred dollars a month, see. I didn't have to come in with you. I thought it all over. I gave it a lot of thought, see. I hear a lot of things about you. It's told me every — day. I took the chance that you would be honest if I was honest with you.

Sahagian: That's all that matters, Fred. All I'm interested in is no more cutting my throat and you told me that—

Papolas: I will see—

Sahagian: (continuing): that nobody's going to cut my throat, and by — you'll—

Papolas: You'll protect me.

Sahagian: That's right.

Papolas: Right.

Sahagian: That's all there is to it.

Papolas: I know that there are ways that you can involve me, if you want to, see. I know that. I know that after what you can say: "Well, I didn't know anything about this and it wasn't my fault and I didn't know this." But I know this, Herman, that only you and I and one other person knows our arrangements, see, and if it ever gets out and you want to start trouble **I know that you can start trouble, see, but if you do I'll tell you this, that you may not live a — of a long time, see. And I don't, I'm not kidding, Herman, I'm telling you the God's honest truth, I'm a man who tells the truth, see, and when I go with you and I throw my cards in with you to help you out, I don't expect you to turn around and double-cross me, and do anything to harm me. If you do, it's just going to be too bad. Now, I want you to know it Herman, I'm talking to you with the cards right on the — table.**

Sahagian: Go ahead, Fred, when you get through I'll take over.

Papolas: All right. Now, I've heard a lot of things about you. Before I went in with you, these people, and I'm not going to mention any names because you know who they are, they tried to persuade me and that they'd take care of it that I would get more money just

as long as I'd keep away from you, you understand? They told me everything in the world, they would double the amount of money I was going to get, but keep away from you, see, keep away from that guy, don't go near him, don't tell him anything, don't do this, don't do that, because he's a double crosser. he'll knife you. I've told you this before.

Sahagian: Well, you told me that Fred told you that. You told me that Lavin and all the — that Lindsay told you that.

Papolas: That's right, that's right. And in spite of all of that Herman, I thought it all over and I said to myself, number 1, I said if I will treat Herman Sahagian right, if I'm fair with him, if I'm honest with him, I don't think he is that — of a low bastard to go out and do anything that will involve me or hurt me. Now, I took that chance, Herman, see, I took that chance. I didn't have to—

Sahagian: All right.

Papolas: (continuing): — see —

Sahagian: All right, when you get through, then I'll start.

Papolas: Then I started working for you, I went all out for you, I went up, and let me tell you this, Herman, but don't think that this money has come easy to me, see; it hasn't come easy, it's come — hard. I've had to spend a lot of time and a lot of effort and I've had to do a lot of running around and I've had to do a lot of talking. I knew that I could accomplish the things I wanted for you, see, and I promised you certain things, number 1, was that they would not reveal what happened in Boston, and they haven't, and they were ready to break it. Number 2, I'd see that your wines would not run out of the State stores. I said number 3, I said: "Herman, within a period of time, if you will do what I ask you, I think," remember, I said, "I think I will be able to get your Gold Banner on." Is that correct, Herman?

Sahagian: That's right.

Papolas: Is that right?

Sahagian: That's right.

Papolas: All right. I didn't tell you I'd do it last month, I didn't tell you I'd do it this month, I said: "But work with me, Herman, and play fair with me, do as I tell you

and I think I can, I'm smart enough to work it so that you will get that on, too." Right?

Sahagian: That's right.

Papolas: OK. You may think that I have been asleep on the switch, I haven't. But I've just, I just been biding my time, see, I've been timing myself and I think I'm smart enough to know what the — I'm doing. Now, yesterday, I had the same — thing thrown at me together. They want me, they want me to sever myself completely, they offered me a terrific deal, see, got the — away from Sahagian, see. If I were to tell you, Herman, that the amount of money involved, see, would run into about \$83,000 that I was offered to get the — away from you, you wouldn't believe me, but it's the — honest truth, so I may never live to leave this — road right here after I get through talking with you, see. I was offered a three-year contract with a job with a big firm, see, an outside firm, amounting to about \$83,000 for the three-year term, see, to completely sever my relations with you. They're scared; they're so — scared that they're — you know what I mean, —, between you and me, he doesn't dare to breathe.

Sahagian: Who?

Papolas: You know who I mean.

Sahagian: You mean the Governor or Zahn—

Papolas: Yeah,—no, a deal like Zahn is just a playboy. For Christ's sake, he's just a—Zahn is just an office-boy, don't you know that, Herman, you know that.

Sahagian: Well, the only thing is—

Papolas: Wait a minute—

Sahagian: Well, the only thing I said that is because the last time you said the Governor was out of the picture altogether, you were working with Zahn.

Papolas: Well, look, Herman, I don't go up to see the Governor unless I have something to see him for, understand? My business is with Zahn.

Sahagian: In other words, then, you were still all right then with the Governor?

Papolas: I'm not all right with the Governor, Herman, what are you talking about, for — — sake?

Sahagian: But you just told me that it's Governor; Zahn is just an errand boy.

Papolas: Yeah, but I mean, I'm not—You, you think that he—Do you think for one minute that he likes me?

Sahagian: No. But he likes you to try to—

Papolas: He'd like to shoot me.

Sahagian: That's right.

Papolas: You know he, he, if he could have a gunman, if he had any stomach, any guts, he'd hire a gun-man and have me bumped off.

Sahagian: He would?

Papolas: Understand.

Sahagian: And the reason only he likes you is because what you got on the recording.

Papolas: Because he knows I can drive him out of that — State House in twenty-four hours.

Sahagian: Then, that's all. Not because he loves you.

Papolas: No, no, no, Herman, no, he doesn't love me. That — of-a — loves nothing but himself, you understand. And everything I've done, Herman, I've done it because I, I've threatened to go in and expose the — of-a—. Now, apparently he's, he's getting nervous, you understand? So, he says to himself, with, with that — Papolas and Sahagian working together, for — sake, any time they want to they got me backed. And he knows that you know your way around here and he knows that I'm no — dummy and he knows what I've got, you understand? So he's scared, I don't know why, maybe it's because he wants to run for the Senate now.

Sahagian: Well, I know he wants to run but he don't dare. He, he, he told a fellow the other day he likes to run but he hasn't got enough money—he's waiting for some money. If it comes, and this fellow came over and told me if I would support him.

Papolas: Maybe this is—

Sahagian: See?

Papolas: Maybe this is part of the — game. Maybe, maybe this, this position for three years for \$83,000 is for me to keep my — mouth shut, you understand? He don't know what is in the back of my mind, and he'll never know, the — of-a —, again, see. What's in the back of this mind will always remain there. But, what I'm con-

cerned about is you and I, Herman, see. I, I want you, and I think I have, more, perhaps, more than I should have, overemphasized the point to you. I don't want you to double-cross me in any — way, see. You, you may be able to make some trouble for me if you want to, Herman, but if you do, I'm telling you that you are going to violate your — word to me, because everything I've done I've done for your interest and I could have gotten just as money with the Jews as I could have with you, see? I want you to know that. So, I don't expect you to ever pull anything on me in any way, shape or manner and come up and say: "Well, I didn't know anything about this, or this was something that came up." Those things are all hogwash to me.

Sahagian: All right, now, Fred, let me tell you something. So that you know how well I understand our agreement. When you came to me, you proposed to me that you will get this Commission, the Governor or Zahn, whoever it happens to be, to keep away from me altogether. That's number 1.

Papolas: Well, I told you that they would not—

Sahagian: Bother me no more.

Papolas: (continuing)—that they would not expose that—

Sahagian: That's right.

Papolas: (continuing)—Let that get out and then—

Sahagian: And then you said that you will definitely guarantee that they wouldn't run out of my store, my wine out of the stores deliberately.

Papolas: That's right.

Sahagian: Accidents can happen, Fred.

Papolas: That's right.

Sahagian: I mean we're people.

Papolas: That's right, that's right.

Sahagian: Deliberately to running out for malicious purposes, you will see that Zahn or Governor won't —

Papolas: That's right.

Sahagian: (continuing)—do that.

Papolas: And I told you in that respect you would have to notify me because —

Sahagian: I don't know —

Papolas: (continuing) — that's right.

Sahagian: Then you told me that you will, that you know that Zahn

or the Governor that there was, ah, if there were anybody to try to frame me in so that they were going to run me out, you told me that, you said: "You don't know what they are going to do, they were going to frame you; they were going to run you out, they were going to close your place. You won't have a leg to stand on." And you said you would see to that they wouldn't do that.

Papolas: That's right. I even told you, I went one step further than that, Herman, and I said to you that the minute that that — thing happened I would come in your support and I would go with the — recording anywheres you say and I would play the recording in the presence of any — district attorney, or county attorney, or State attorney or National investigation board.

Sahagian: And then you said — — —

Papolas: That's how far I went.

Sahagian: (continuing) — that if you did that he would be impeached.

Papolas: That's right.

Sahagian: There would be others to go to prison with it.

Papolas: That's right.

Sahagian: OK. Now, with all those things I promised to you that with all those things that you delivered to me I will go along with you and whatever you ask me, you remember? First, you ask me fifteen cents a case, I give it to you. That right?

Papolas: Well, I didn't ask you, Herman, We, we, I asked you what you thought — — —

Sahagian: No, no — — —

Papolas: (continuing) — — — was a fair price — I didn't, I never — — —

Sahagian: I said fifteen cents is the most I could give.

Papolas: I never, I never, I never, I never, I never pressured you, Herman — — —

Sahagian: No, no.

Papolas: (continuing) — — — is that right?

Sahagian: Sure. I says fifteen cents a case is all I can give, and you agreed to that.

Papolas: And I said to you: "Herman, I want you to know this, that I'm not hungry for money — — —

Sahagian: That's right.

Papolas: (continuing) — — — I want you to make money, Herman — — —

Sahagian: That's right.

Papolas: (continuing) — — — I'm not here to hijack you. That's the last thing in the world. I want you to make money but I want you to make — I want — — —

Sahagian: That's right.

Papolas: (continuing) — — — to get my money too, because I'm losing money."

Sahagian: That's right.

Papolas: That right?

Sahagian: OK.

Papolas: So, I was fair, is that right?

Sahagian: Absolutely. Now, let me come to you, and then you can correct me if I'm wrong. Then you come back and you said that you know out of this it is better to nurse along Mr. Zahn and bring him in — — —

Papolas: That's right.

Sahagian: (continuing) — — — and you wanted forty cents a case, so, I agreed on that, willingly, with pleasure, see? But I told you that I could not give you forty cents a case on the present basis because it was a cut-throat business in Maine — — —

Papolas: That's right.

Sahagian: (continuing) — — — price was out, and you said that you could get Zahn to raise the price up to seventy-five, put a floor ceiling on and I said if you could do that, I will gladly give you forty cents a case, if you can do that. Then it was fifty cents and I voluntarily, without any complaint, I said I will and that's the way I am paying now, isn't that right?

Papolas: That's right.

Sahagian: So, I have so far lived up to my statement, to my agreement as you have lived up to your agreement. You delivered the goods, you agreed with me. I said: "Fred, it isn't that I don't trust you," when you wanted me to sign the contract in Pinansky's office, but I says, "supposing I sign this and they don't put the floor ceiling on," see, I says. "Then I I am signing it and you got me and I got nothing." Then you made the suggestion there that we leave it in the escrow, the contract with the lawyer's office, and then if the floor ceiling is established then you can

give the contract. And I've done that. So, I lived up to my end of the bargain. I don't intend to do anything else now. What you hear, what they tell you, naturally is, they are going to tell you every — thing there is under the sun to get you away from me. Now, if you're going to believe them, you believe them — — —

Papolas: No, I — — —

Sahagian: (continuing) — — — If you want to me, believe me.

Papolas: No, Herman, look, look let me say this to you. That anybody once ever gives me a — see, I have no more use for them, and I don't believe them, because, they've, they've just proved themselves to be — liars and — — —

Sahagian: Have I given you any opportunity — — —

Papolas: No — — —

Sahagian (continuing) — — — so far

Papolas: (continuing) you haven't no, sire, you haven't, Herman, but you know, after you go up and sit down for two or three hours conference, and he's a persuasive — you know that, Herman, you know that he's a very smart —

Sahagian: Well, —, you know him better than I do — — —

Papolas: Yes, I do, Oh — — —

Sahagian: You dealt with him for the last ten years.

Papolas: (continuing) — — — oh, I know him so — well, Herman that it isn't even funny, but at the same time, you know, if you were in my position too, you would say: "Well — that — Herman, he could, if he wanted to, raise a stink, he could he could get the Research Committee to say: 'Well, I've got Fred Papolas working as my public relations man up here and I had to have him because I wasn't getting any business'" "and you could involve me, see. And that's the thing that I don't, that I don't — — —

Sahagian: That has never, that has never never even been entertained.

Papolas: Well, you're the only man that knows, Herman, that that contract exists — — —

Sahagian: Have I told anybody? Have you — — —

Papolas: No, no — — —

Sahagian: (continuing) — — — heard that I got a — — —

Papolas: No, no.

Sahagian: (continuing) — — — contract?

Papolas: No, no.

Sahagian: Have I told anyone?

Papolas: No, no.

Sahagian: Have you heard from anyone that you have—I don't even want you to, ah, be seen, even.

Papolas: Well, ah, I, the only reason why I've been making calls in the hotels, Herman, and a few of the stores, — — — I've been going around. Every time I come into Maine I spend a half a day going around to these different stores and asking them how Fairview is and how the public accepts it and all that. It's just to protect myself, see.

Sahagian: We got the public acceptance, Fred, as I've told you — — —

Papolas: No, no, I know, Herman.

Sahagian: That is the * * * * *

Papolas: But I say, I'm doing this, because, after all, there is an element of doubt in my mind. I say to myself: "Well, supposing some day Herman, for — sake, stops to realize what I did for him, how I lost my dough with the Jews to go in with him?" And he says: "Well, that — of a — is getting fifty cents a case from me," which I'm not, see" and because of politics he wants to involve me because he wants to involve the administration, see, which would be a violation of our iron-clad agreement. At least, I've got something to fall back on, I've got names and addresses and dates where I called on these people and talked Fairview and this and that. But that's — — — I want you to know everything, Herman. I don't want you to feel that I'm keeping a — thing because I have nothing to hide, see. If I was out to — you, if I was out to — the screws to you, to give you a — maybe I, maybe you'd have a right to think that way, but every agreement — — —

Sahagian: Fred — — —

Papolas: (continuing) — — — with you — — —

Sahagian: Fred, that is not even in my mind, but I am suspicious of Zahn and I am suspicious of your — Governor, — — —

Papolas: Well, as — — —

Sahagian: See?

Papolas: (continuing) — — — as far as, as far as Fred is concerned, Herman, you know how I feel about him. He's a double-crossing, no-good, — of a — — —

Sahagian: He double-crossed you, didn't he?

Papolas: He double-crossed me, and he's double-crossed a lot of people that I know who helped him and I'm not with him, Herman, I'm with you. That's why I left those — Jews, that's why they gave me fifty bucks last month. It's OK; it's OK. I feel, Herman, maybe I'm wrong, maybe time will prove me wrong, maybe you will turn out to be a —, I don't know, see, but at least, you'll find me to have been your good friend, see, you'll find, you'll find eventually that Fred Papolas was a good friend to Herman Sahagian, and I'm no — dumbbell Herman. I'm not the brightest guy in the world, but I, I'm not a — dumbbell, now remember that, see, I'm no dumbbell. I can help you, I can help you a lot; I can help Cross a lot, in a lot of ways that you don't know. I don't go out bragging what I can do or what I know oh what I — for — sake, I sat down for three hours with a man yesterday, one of the biggest men in the — East, see. I can do a lot of things; I'm with you see, I want you to know that, but I don't want you to, at any time, involve me in anything.

Sahagian: Fred, I've told you that. I've told you that I haven't, I haven't got the slightest doubt and the suspicion of you. But I am still suspicious of Fred Payne and I'm still suspicious — — — of Zahn.

Papolas: Well, he's going — — —

Sahagian: — — — of Zahn

Papolas: (continuing) — — — he's going to — you if he can.

Sahagian: There's no question about it.

Papolas: You know that.

Sahagian: The only key I got is you.

Papolas: That's right.

Sahagian: You got the goods on him.

Papolas: I've got the goods and I can make him dance any — tune I want.

Sahagian: That's so, see.

Papolas: Now, I didn't want to promise you about the Gold Ban-

ner and this and that, but I told you, Herman, just give me a little time, you can't do these — things overnight, you know that, Herman. After all, the Jews were still paying, you know what I mean? Now, I've got, ah, if you will do as I ask you, Herman, see, you'll find that everything I tell you will come so, at least to the best of my ability and knowledge, see. Now, I had a long talk with both of them, see. First I went to the top guy and I had a long talk with him, I'd have him call me, I blew my — top, I said: "you dirty — of-a —," I said, "here I am losing every — nickle I had from those guys," and I says, "you know I'm associated with Fairview," I didn't, I don't tell them that I am on a commission basis with you and he doesn't know that Zahn and I are working together, see.

Sahagian: You mean that Fred doesn't know that Zahn and you are working.

Papolas: No, he thinks — — —

Sahagian: If he knows that, — it, he wants his cut.

Papolas: Yeah, see, so I, I, I'm not, I didn't say anything. I told him that I am associated with you, that I'm your public relations man, see, and I, I blew my — top, I says: "you've been," I says, "That — — Zahn has been running out of that stuff," and I says, "He's not living up to the formula," and I says, "The —," I says, "you want trouble, — it, you'll get it the minute I leave out of here," I says, "I'm going right down, now." "Wait a minute," he says, "Fred" he says, "for — sake what's the matter," he says. "I haven't said anything." "Well," I says, "get on that — telephone and call up that —, the German — of-a —," you know, I'm paying Joe, the dunce, see.

Sahagian: Yeah.

Papolas: I says, "He's playing with those — Jews down there," and I says, "and I know it," I says, "they only have four thousand cases inventory." I says, "For — sake, they should have 40,000." You know. (Laughter) Anyway, I scared the living — out of him, see. "Well," he says, "Wait a minute." He says, "Let's talk it over now." He says, "What do you want?" I says, "You call him up," I says, "and tell him that I'm going to see him tomorrow afternoon," I says.

Sahagian: When was that?

Papolas: That was yesterday.

Sahagian: Yesterday?

Papolas: I just got through with Zahn, see.

Sahagian: You mean, when you were talking to me?

Papolas: Yeah, won't you go out talking?

Sahagian: What the —, for — sake, here, let me show you so you'll know that I'm not giving — — —

Papolas: Wait a minute, wait a minute, let me, let me, — — —

Sahagian: Yeah.

Papolas: So, when I went down to see Zahn, he says: "—," he says, "what the — are you trying to do to me," he says, "for — sake, you trying to get me fired?" I says, "What, what's the matter?" "For — sake," he says, "you know what's the matter," he says. "I'm doing everything you asked me to, what the — — —." I says, "You are like hell." You know so I, he says: "For — sake," he says, "I bought 10,000 cases of his wine," he says, "in December and we had a lot of it left over in January," he says, "I couldn't go ahead and buy any more in January—" he says, "we had over," I don't know how many thousand cases he says left over, see. Well, anyway, I says, "Look, Bernie, I just did it because I wanted to needle the —, I wanted him to call you up and to give you the go-sigh. You know that. "Well," he says, "—," he says, "I know, but it puts me in a bad spot with him." I said: — "him" — — — (Laughter) I said, "—what's he going to do to you?" See. He says: "Well, you're with me, aren't you?" I says: "You're — well right," I says, "you and I are buddies, you and I and Herman," I says, "we're triplets, but," I says, "you —, you got to work and you got to work hard." (Laughter) He says, "Well, I'll do anything you say," he says. "You know that." So, anyway, ah number 1, that — dry wine, you're going to sell it for two and a quarter a half gallon, right?

Sahagian: That's right.

Papolas: Two and a half—he says that you pay fifty cents a gallon for it.

Sahagian: Two and a half yes, but, Jesus, we won't do the business.

Papolas: Well, it — — —
Sahagian: We won't do the business.

Papolas: He says: "What the —," he says, "After all he's kidding you, Fred." And I don't want you to kid me, Herman.

Sahagian: No, I'm not kidding you. Two and a half I can pay you, fellows — — —

Papolas: Two and a quarter — and quarter — — —

Sahagian: No, a half gallon I can't.

* * * * *

Papolas: He says two and a quarter a half gallon. He says: "For — sake," he says, "he is only paying ten cents a gallon more than his, ah, than his regular wines," he says: "He is getting sixty-five cents more for the half-gallon than he's getting for his sweet wine — — —

Sahagian: Yes — — —

Papolas: (continuing) and he's only paying ten cents a gallon more."

Sahagian: Yeah, you know what sixty-five cents a case means? I mean sixty-five cents a case? Wait a minute, now, yeah, sixty-five cents a half gallon. We're getting dollar seventy-five for our half gallon. This going to be two and a — — —

Papolas: Two and a quarter, right.

Sahagian: (continuing) — — — two and a quarter, so it's forty cents, forty cents a gallon.

Papolas: Yeah. You're only paying a dime more, Herman.

Sahagian: No, no. I'll prove it to you.

Papolas: Well.

Sahagian: You go over that, go ahead. What else did he tell you?

Papolas: So, ah — — —

Sahagian: — Fred, I can't pay fifty cents a case, unless I have to, that's all.

Papolas: How much can you pay, Herm? No, no, look, Herm, I don't want you to say to me: "unless I have to," see. That's not what I want. I want you to make some money, but I've got to get some money, too, because I'm in the — hole with these — Jews and — — —

Sahagian: All right.

Papolas: (continuing) — — — and I'm not getting — — —

Sahagian: All right, give me a piece of paper — — —

Papolas: — — — so far in — — —

Sahagian: and I see this — — — to this — thing.

Papolas: I don't want you to lose money — — —

Sahagian: Give me a piece of paper and I'll tell you what I can — — —

Papolas: I want you to be fair with me — — —

Sahagian: All right.

Papolas: (continuing) — — — that's all.

Sahagian: OK.

Papolas: I don't want you to lose money

Sahagian: OK, just give me a piece of paper.

(blank space on record)

Sahagian: Well, ——— that Zahn is leaving me out every — week. He's got connections, he's doing business with these people, he's getting, he's getting them to pay him for every case that comes in here. It must be big one, may be National Distillers.

Papolas: No. He didn't tell me.

Sahagian: May even — — —

Papolas: He didn't tell me, He just told me if I would keep away from you and cut, cut, cut, sever my relations with you that I would get a three year contract for eighty-three thousand bucks.

Sahagian: What the — this ——— Zahn got against me, for Christ's sake?

Papolas: It isn't Zahn.

Sahagian: Oh, Fred?

Papolas: O, yeah.

Sahagian: You want to bet on that?

Papolas: Oh, no, it isn't Zahn — — —

Sahagian: Oh, I'd thought — — —

Papolas: Zahn is all right.

Sahagian: Zahn is all right.

Papolas: Yes.

Sahagian: It's the Governor, then. ——— then, he still hates the guts of me, doesn't he?

Papolas: Don't you see, Herman, don't you understand, for — sake, he, knowing what I have see — — —

Sahagian: Yeah.

Papolas: (continuing) — — — and knowing you, he knows that you've got him right up the ——— tree. Don't you understand that? You

can go up and — in his — nose and he'll have to take it. And he doesn't like it, he's uneasy. He doesn't know what's been going on between you and me, he doesn't know — — —

Sahagian: I tell you, frankly speaking, I think he is — I'm the only guy he fears towards the Senate and he is — all he's gotta do is talk to me, for — sake, how the — does he know how I fit?

Papolas: — him, Herman, I wouldn't, I wouldn't want you to be with him.

Sahagian: OK. Whatever you say is — —

Papolas: I wouldn't want you to be with him. He is no — good, Herman. He is no — good and we don't — — —

Sahagian: I mean if it means anything to you.

Papolas: No, I don't want him.

Sahagian: OK., then, that's all there is to it.

Papolas: Anybody that ever double-crosses me, Herman, I, I, I'm I'll devote all my — life to ruin them, see.

Sahagian: — after you made all the contact, all the contact to get the money for him—you told me you got \$60,000 from outside interests to come in here to give it to him—and now he double-cross you, he'll double-cross you again.

Papolas: Well, I know that, I know that. Well, he can't double-cross me with a contract because it will be iron-clad in that but, at the same time, Herman, I just, — him, I don't want to have nothing to do with him. I just, I'm just going to make him sweat. I told you that one of my, one of the desires in my life is to keep him on the hot seat, right? He's on the hot — — —

Sahagian: Fred, the only reason he's playing with you now because you got the goods on him.

Papolas: That's right.

Sahagian: He should—why didn't he do things before?

Papolas: Because he didn't want to.

Sahagian: Because he didn't want to. He didn't do it until you he

found out and he heard the record. Then he started to play ball with you.

Papolas: That's right.

Sahagian: And before that, you were just another Papolas.

Papolas: That's right. Just a — fool, he thought, see.

Sahagian: That's all. Until you showed him the hand; you showed him you got the goods on him, then he start playing ball with you, he had no other choice.

Papolas: No, and I know it, Herman, don't you thing — — —

Sahagian: And I know — well, Fred, if you play that recording that you got, he'll be impeached, without — — —

Papolas: Impeached!! You don't know what I got on that — — record, brother. You think they'd stop at impeaching him? That's a — — — he'd be in jail.

Sahagian: You told me just a little — — —

Papolas: (continuing) — — — they'd send him to the — penitentiary, not Thomaston, it's a Federal offense.

Sahagian: Well, that's the reason for a Governor to be in that position, that's the reason he's playing with you Fred, and don't let him kid you any other way, don't let him soft-pedal you.

Papolas: Well, no, he just started telling me that you'd — me up somehow and involve me and disgrace me and disgrace everybody in it and he — — —

Sahagian: All right, let's wait till we get to the bridge, then we'll cross the bridge when we get there. But naturally he's going to tell you every — things he can.

Papolas: You see, the, the — — —

Sahagian: I have become the thorn in the rosebush, — — —

Papolas: That's right.

Sahagian: (continuing) — — — that's what I have become.

Papolas: And he doesn't like it. You, you see what you've done, Herman, is you've out-smarted the — — and he doesn't like it. See, see. "He, he, he, he assumes now that you're just back over here laughing your — head off.

Sahagian: I am — — —

The **SPEAKER**: The Chair recognizes the gentleman from Brooks, Mr. Dickey.

Mr. **DICKEY**: Mr. Speaker, I move that we reconsider our action whereby we referred Items 2 through 7 to the Committee on Highways.

The **SPEAKER**: The gentleman from Brooks, Mr. Dickey, moves that we reconsider our action of this morning on Items 2 through 7, Resolves referred to the Committee on Highways. The Clerk will read this into the Record.

The **CLERK**: Item 2 is House Paper 3, Resolve in favor of the Town of Patten.

Item 3 is House Paper 4, Resolve in favor of Mt. Chase Plantation.

Item 4 is House Paper 5, Resolve in favor of Stacyville Plantation.

Item 5 is House Paper 6, Resolve in favor of Mount Chase Plantation.

Item 6 is House Paper 7, Resolve in favor of the Town of Medway, and

Item 7 is House Paper 8, Resolve in favor of Mt. Chase Plantation.

Thereupon, the motion of Mr. Dickey prevailed.

The **SPEAKER**: The Chair recognizes the gentleman from Brooks, Mr. Dickey.

Mr. **DICKEY**: I move, and this is by permission of the gentleman from Medway, Mr. Potter, that we table items 2 through 7, to be specially assigned for tomorrow morning.

The **SPEAKER**: The gentleman from Brooks, Mr. Dickey, moves that at this time the House table Items 2 through 7 and that they be specially assigned for tomorrow morning.

Will Mr. Dickey approach the rostrum, please?

Mr. **DICKEY**: Mr. Speaker, may I be allowed to change my motion?

The **SPEAKER**: The gentleman may proceed.

Mr. **DICKEY**: Mr. Speaker, I now move that we table Items 2 through 7.

The motion prevailed.

The Senate then entered the Hall of the House and a Joint Convention was formed.

In Convention

The President of the Senate, Nathaniel M. Haskell, in the Chair.

On motion of Senator Collins of Aroostook, it was

ORDERED, that a Committee be appointed to wait upon His Excellency, Governor Burton M. Cross, and inform him that the two branches of the Legislature are in Convention assembled, ready to receive such communication as he may be pleased to make.

The Chairman appointed:

Senators: **COLLINS** of Aroostook
HASKELL of Penobscot
SINCLAIR of Somerset

Representatives:

JACOBS of Auburn
COLE of Liberty
CAMPBELL of Guilford
DAVIS of Harrison
BURGESS of Limestone
CATES of Machias
JALBERT of Lewiston

Mr. Collins for the Committee subsequently reported that the Committee had discharged the duties assigned it, and the Governor was pleased to say that he would forthwith attend the Convention.

Whereupon, His Excellency Governor Burton M. Cross, escorted by Honorable Harold I. Goss, Secretary of State, and attended by the Executive Council, entered the Convention Hall amid the applause of the Convention, the Members rising.

The **CHAIRMAN**: Members of the Convention: It is my privilege to present to you our Governor, Burton M. Cross. (Applause)

The Governor addressed the Convention as follows:

GOVERNOR CROSS: Mr. President and Members of the 96th Legislature: Last week I stood before you and we had a pleasant discussion of some of the affairs of State. Today I will try to implement this by discussion of the available dollars and the recommended expenditures.

In presenting to you this budget I shall discuss the over-all financial picture of total state revenues and expenditures.

The ever-increasing tide of inflation has necessitated an increase in dollars in practically every governmental unit. The requests of the

various departments exceeded estimated revenue by over sixteen million dollars for the biennium. Approximately ten million of this was for capital improvement and construction. These requests have been carefully analyzed, weighing the apparent necessity as against available revenue.

This budget, which I am now presenting to you, should take adequate care of all facilities of government based on existing statutes and law, and present services for the coming biennium. It is a balanced budget, one that is factual and based on realistic estimates of income and on sound fiscal planning.

You will find that for your convenience, this budget has been separated into two parts:

- (1) An operating budget
- (2) A capital construction budget.

The regular operating budget is financed from estimated revenue, and the capital budget is financed from existing general fund surplus. Each item of the departments' requests has been carefully weighed, and the items included in the budget recommendations are those which appear to be absolutely essential to the efficient handling of the State's business.

In the general fund the over-all financial picture is as follows:

	53-54	54-55
Estimated total revenues:	\$44,609,072	\$44,647,676
Recommended expenditures:	\$43,186,987	\$43,961,794

which leaves a balance in the first year of the biennium of \$1,422,085, and the second year, a balance of \$685,882. This, with the proper adjustments in carrying balances, leaves a net amount available for appropriation of \$1,269,497 the first year, and \$879,446 the second year.

I recommended to you in my inaugural message, emergency changes in old age assistance and aid to the blind programs to raise maximum payments from \$50 to \$55 per month. This will necessitate, if passed as recommended, an appropriation of approximately \$209,000 in state funds each year.

There is included in the budget, suggested appropriations in the amount of one million dollars per year for state hospital aid. In ac-

cordance with the recommendations made to you last week it is suggested that you consider the discontinuance of the state hospital aid program as such. The one million dollars per year could then be used to provide state money for an aid to disabled program and hospitalization or public assistance cases. Federal funds would be available to match state dollars on the same matching basis as such funds are available for old age assistance at the present time. Direct payments to hospitals could then be made for the hospitalization of recipients of public assistance, and the disabled. If this program is accepted, no additional state money will be necessary beyond that suggested in the budget. There will be available to the hospitals and the disabled persons of the state of Maine additional funds from the federal government to the extent of about three-quarters of a million dollars, making a total program for these purposes of \$1,750,000 each year.

Education

It is well, sometimes, to see just how far we have traveled in this field of government. I believe that we have made great progress in our careful, economical, Maine way, building always with regard to our ability to pay. It is essential that the higher percentage of the educational cost should continue to rest with our towns and cities. This places responsibility where it may best be considered and controlled, at the local level. Public participation by those interested in better educational standards has brought into sharp focus the State's duty of setting basic training and teacher standards. At the State level, let me point out that we are now appropriating approximately seven and one-half million dollars annually to the Department of Education, which is the second largest appropriation of any department in state tax dollars from the General Fund. In determining the amount of money available for educational distribution it must be weighed carefully with the necessity of other activities of our government. In bringing this budget into proper balance with available revenue it has been necessary to cut over sixteen million dol-

lars from requests. While cutting this amount out, practically every department of government, including education, has had more total dollars recommended than they received in the current biennium. Obviously, most departments had less dollars recommended than they requested. In the Department of Education, \$16,327,101 has been recommended for the biennium, which is \$1,373,394 more than was appropriated in the last biennium. It is with regret that I point out to you that these additional dollars still do not represent 100% parity on our state educational subsidy to the cities and towns. Let me urge you strongly to consider, as I did, every activity, and if, in your judgment, sufficient funds can be made available or other activities curtailed to make available these additional dollars for education, it shall have my hearty approval.

In recommending additional funds for the University of Maine, I fully realize the importance of a proper balance for state subsidy to all levels of education. We are all proud of our state university, and much has been done by preceding legislatures to provide adequate improvements to the physical structure of our only land-grant college. I have recommended increases in the state appropriation for the university in the increased amount of \$441,676 for the next biennium. The research and agricultural programs carried on at the university are tremendously worthwhile to the prosperity of the people of Maine, and should be expanded as fast as available funds can be found. It is with regret that I feel the demands for capital improvements by other institutions seem to have priority over the university in this particular biennium. It is hoped that we can continue the building program at a later date.

In regard to the teachers' colleges, the recommendation for the lowering of tuitions at the colleges will cost \$56,000 each year. I have recommended modernization of existing facilities and improvements in the science laboratories of each of the teachers' colleges, as well as the much-needed men's dormitory at Gorham. This involves a total recommended in the field of im-

provements in our teachers' colleges of \$380,700. It seemed advisable to postpone the additional building at Farmington as the greatest pressure of enrollment was at Gorham. It is my hope that Farmington's situation will be next on the agenda.

State Institutions

One of the most difficult and continued demands upon our finances the past years has been that of our state institutions. The greatest pressure of rising population stems from the Augusta State Hospital, where I am recommending the construction of one 154-bed continued-treatment building at a cost of approximately \$900,000 and the construction of a tuberculosis isolation building at a cost of \$900,000. This, together with smaller appropriations to heat and staff these buildings and remodel facilities, involves an appropriation of \$1,125,100 the first year and \$1,025,000 the second year. Improvements and safeguarding of facilities at the Bangor State Hospital involve \$126,050 the first year, and \$36,750 the second year. Badly needed kitchen renovation, installation of new equipment, as well as personnel cottages at Pownal State School, involve a cost of \$230,517 in this institution. Long delayed minor repairs at the three sanitariums are recommended, as well as the School for Girls, Reformatory for Men and Maine State Prison.

I am very much concerned about conditions existing in our Maine School for the Deaf in Portland, and have recommended \$1,115,000 be appropriated for a new building or buildings at a new site outside the city where conditions will be more in line with proper institutional procedure. A substantial sum should be realized from the sale of the present buildings which are in an area completely unsuited for the school but valuable for other purposes.

The necessity for improvement in our facilities in this field are pressing and immediate. It might well be said that they are of an emergency nature. The increasingly heavy demands on our state institutions, and the uncertainty of the cost of living, continue to necessitate that we provide an institutional emergency fund, and I have

recommended that \$469,588 be set aside in a carrying account subject to the same safeguarding provisions as those provided by the last legislature.

State Employees

It was recommended to you last week that a one-step increase to state employees be retroactive to January 1, 1953. This will cost approximately \$431,000 each year. This means in some instances that departments may not be able to absorb this increase under present appropriations for the balance of this fiscal year. This could only be handled by an emergency appropriation bill costing approximately \$215,000.

State Office Building

In your study of the needs of a new building it should be clear to you that if the recommendations of this budget message are substantially adhered to, there should be available at the end of this fiscal year a general fund surplus of approximately \$3,000,000 which could be used for this very essential and necessary activity. I believe that a plan for a modest building program for a simple and efficient building would give a great deal of usable space at a minimum of cost. We have the land available, with ample parking space adjacent to this building, and you should weigh carefully the available dollars as against the essential need.

Fish and Game

This department was separated several years ago from general funds appropriations and placed upon a self-supporting basis of license fee revenue. Past legislatures have felt that this was a proper method of financing, and it is my belief that the policy should be continued. After careful analysis of the request of the department for funds from general fund, it does not seem to be warranted without careful analysis of their ability to handle this situation with license fees. I recommend further study of this problem by the Legislative Inland Fish and Game Committee.

Development Commission

In recommending to you an additional \$100,000 for use each year

in this department I do so feeling that a complete division of responsibility is necessary within the administration of this department. We should consolidate efforts in the industrial expansion and mineral development field and separate these activities completely from the recreational and promotional division. Any overlapping in these activities does not help the proper development of both. It is my belief that this extra amount of dollars, if properly administered, will bring back many times its value in new industry, new products, and better advertising of our state in general. We **must** meet competition in this field, the competition from other states.

Aeronautics

In the field of aeronautics, I have recommended from surplus \$68,000 the first year, and \$25,000 the second year in funds to be matched by the various towns and cities involved for the repairs and maintenance of existing airports. It is my understanding that the towns involved are already prepared to match these dollars on the part of the state and federal government.

State Parks

As pointed out to you in my inaugural message, I am recommending a major expansion of park facilities and picnic areas, which total involves \$280,581 the first year, and \$261,900 the second year. This park program has proved itself to be one of which the public makes continuing use. It is a program which should eventually be self-supporting, and will promote the recreational needs of our own citizens, as well as attract many out-of-state visitors.

Working Capital Account

I also recommend strongly that the Legislature set aside \$1,000,000 of the general fund surplus to be added to the present working capital account set up by previous Legislatures. It must be quite obvious to you as legislators and businessmen that this multimillion dollar business of ours requires an increasing amount of working capital. Should you decide to follow these additional budget recommendations

as suggested, it will leave a balance available in the operating budget for legislative appropriations from general fund revenues of \$578,850 the first year, and \$187,499 the second year of the biennium.

I would like to point out to you, and this is not in the printed budget message as the information was not available at that time, that we have a situation stemming from one other recommendation in my inaugural message, relating to the present method of assessing the sales tax on the gross price of automobiles. You will recall that I recommended that this be changed to collect on the net purchase price after trade-in. Many have asked me how we would finance this particular exemption, and I would point out the following facts to you.

The first five months of our fiscal year, from July to December 1st, the indicated increase in revenue from the sales tax in that five months is \$902,000. Now this is far in excess of our very conservative estimate of the revenue for the coming biennium. We estimated only \$366,000 more than was produced last year by the sales tax, and this would show you very readily that there is a normal increase in the sales tax revenue far beyond the amount that we have estimated in the estimated revenue in this budget, sufficient in my opinion to absorb this major change in our sales tax law and still provide the number of dollars that I have indicated to you. We estimated, I believe, twelve million, seven hundred odd thousand in the estimated revenue. So I do believe that if you should implement that recommendation a sufficient amount of increased revenue is available to balance the deductions that will occur if you pass that recommendation. I merely point that out to you for your information and for the information of the Taxation Committee. More information will be available on December and possibly January before you will be faced with this bill.

Highway Fund

The budget recommendations of the State Highway Department are set up to operate within existing highway revenues, and contemplate the expenditure of \$32,360,743 the

first year, and \$32,400,281 the second year. This is within the estimated revenues and includes the continuance of the accelerated construction program authorized by the last legislature. As placed before you in recommendations in my inaugural message, the present one million dollar betterment program has been merged into the construction program. Also, in line with previous recommendations, and consistent with sound and progressive highway financing, I have eliminated from the budget the item of \$175,000 the first year, and \$150,000 the second year, previously spent for legislative road resolves. To compensate for this in dollars, and to implement a fair, equitable and just distribution of state money for town road improvement, I have recommended \$800,000 in each year of the biennium to be allocated to the town road improvement fund which will greatly accelerate this program of farm-to-market roads, and will do much to get our present town roads passable the year round.

This is an increase of \$300,000 each year over the current biennium. I strongly recommend that all existing highway surplus be held for use as working capital and to cover any unforeseen emergency.

The need for reclassification of our highways on a sound basis cannot be stressed too strongly. The recent report of the automotive foundation shows how we can bring our highway system in conformity to modern day conditions and modern traffic flow, so that each dollar of highway money will produce the most value to the most people who use our roads.

I recommend strongly to you your attendance this afternoon when the report of the Foundation will be presented to you in complete detail. It is a very fine report.

At this time I would like to acknowledge and express my personal thanks and appreciation to Senator Robert Haskell, Representatives Leslie E. Jacobs and Louis Jalbert of the House Budget Committee, and Finance Commissioner Raymond C. Mudge, Assistant Budget Officer Maurice Williams, and their staff. They were most cooperative.

Conclusions

Should you adopt the above recommendations it will mean that we can provide for our needs under a balanced budget with every existing state department cared for on the basis of known needs, and safeguarded by emergency and contingent funds. It is my hope that by presenting these two budgets to you, operating, and capital, that it will be an easier and more understandable method of budgeting the state's requirements. I have tried to face facts realistically, both as to estimated revenues and estimated expenditures. It is my firm belief that these estimates are sound and based on past experience and known factors. However, no one can predict with certainty economic changes two and one-half years in advance.

The small available balances indicated as remaining in general fund revenues, bring into sharp focus the necessity that should you pass any new legislation involving substantial additional dollars, you must see the necessity of providing new revenues to balance such activities. To do otherwise would be poor fiscal planning, and could not meet with my approval as Chief Executive of the State. You must weigh carefully and with caution any assumption of new activity.

The ever-increasing demands upon state government and the seemingly endless rising tide of inflation necessitates the most careful consideration of all bills which come before you. May I again offer you my most complete cooperation in your efforts to legislate in the interests of the people of Maine. I place this budget in your hands, knowing that we both desire our state's financial structure to rest on a firm and solid foundation of fact. Thank you very much. (Applause)

At the close of the Governor's address, the Governor and suite withdrew, amid the applause of the Convention, the members rising.

The purpose for which the Convention was assembled having been accomplished, the Chairman declared the same dissolved, and the Senate retired to its Chamber, amid the applause of the House, the members rising.

In The House

The House was called to order by the Speaker.

The SPEAKER: If there is no further business for the House to consider at this time, the Clerk will read the notices.

On motion of Mr. Gilman of Portland, the House recessed until 3:00 p.m.

After Recess—3:00 P. M.

The House was called to order by the Speaker.

The SPEAKER: The Chair recognizes the gentleman from Augusta, Mr. Albert.

Mr. ALBERT: Mr. Speaker, I note the presence in the Hall of the House of the gentleman from Bowdoinham, Representative-elect Curtis, and I move at this time that he be taken to the Governor's office so that he can take the proper oath.

The SPEAKER: The Chair appreciates the message and instructs the gentleman from Augusta, Mr. Albert, to conduct Representative-elect Curtis of Bowdoinham forthwith to the Governor's office where he may take the oath of office to enable him to enter upon his duties as a member of this House.

Thereupon, the gentleman from Augusta, Mr. Albert, conducted the gentleman from Bowdoinham, Mr. Curtis, to the office of the Governor.

Mr. Albert subsequently reported to the House that he had performed the duty assigned him, and that Representative-elect Curtis had taken and subscribed the oath necessary to qualify him to serve as a member of the 96th Legislature.

The SPEAKER: The House may be at ease pending the arrival of the Senate in Joint Convention.

House at Ease

The House was called to order by the Speaker.

At this point the Senate entered the Hall amid the applause of the House, the members rising.

In Convention

The President of the Senate, Nathaniel M. Haskell, then assumed the Chair.

On motion of Senator Robbins of Aroostook, it was

ORDERED, that a Committee be appointed to wait upon His Excellency, Governor Burton M. Cross, and inform him that the two branches of the Legislature are in Convention assembled and invite him to attend with his guest, James O. Granum, and receive such communications as they may be pleased to make.

The Chairman appointed:

Senators: **ROBBINS** of Aroostook
DUNHAM of Hancock
GREeley of Waldo

Representatives:

LUDWIG of Hope
TURNER of Auburn
PULLEN of Oakland
CARTER of Etna
BOSTON of North
Berwick
DENBOW of Lubec
NADEAU of Biddeford

Senator Robbins for the Committee subsequently reported that the Committee had discharged the duties assigned it, and the Governor was pleased to say that he and his party would forthwith attend the Convention.

Convention at Ease

Called to order by the Chairman.

Governor Burton M. Cross and the Honorable Executive Council, accompanied by James O. Granum, then entered the Hall of the House, amid the applause of the Convention, the members rising.

Governor Cross then assumed the Chair.

GOVERNOR CROSS: Members of the Ninety-sixth Legislature: I just requested informally the pleasure of swinging the gavel once more. It is a real pleasure to exercise it at one more Joint Convention.

I did not expect to have the pleasure of being with you twice in one day, but I can assure you that you are looking forward to and will see one of the finest reports that I have ever had the privilege to look at on highway matters. I had a preview of it with the Highway Commission some weeks ago, and immediately on its ending I asked the permission of the Commission to have them report direct to you, as the Legislature did authorize it on the last biennium,

and I do know that you will enjoy it. It is extremely instructive and it is a beautiful piece of work. I regret very much that I shall be unable to stay to see it again. I would enjoy seeing it twice. It is that good.

So it gives me a great deal of pleasure, and I deem it a privilege, to introduce to this Honorable Body the gentleman who will give you the real lowdown on what makes our highway system tick.

Mr. Granum, of the Safety Foundation. (Applause)

Whereupon, Governor Cross retired from the Convention Hall.

The **CHAIRMAN:** In order to facilitate the presentation, it is felt best that the members be less formal this afternoon, the Convention, I know with the permission of our guests, may be at ease while Mr. Granum presents the facts and the diagrams that he cares to present. The Convention will be at ease.

Mr. **GRANUM:** Governor Cross and Mr. President and Mr. Speaker and Members of the Legislature of the State of Maine: It is a privilege and a real honor to present this report to you in behalf of the State Highway Commission, whom you directed to study highway classification at your last session.

In turn, following your mandate to employ an impartial consulting organization, the Commission asked the Automotive Safety Foundation to direct the work. The Automotive Safety Foundation is a non-profit foundation, supported by industries concerned with automotive transportation to aid in the sound and wise development of safe and efficient highways and motor vehicle use, and to do this work solely in the public interest. It is in that spirit that we undertook this assignment.

The Foundation, in conducting this study, has received the complete cooperation of the State Highway Commission and the Bureau of Public Roads through whose work, over many years, the necessary facts have been accumulated which now make it possible to classify highways on a uniformly factual and engineering basis.

What is highway classification? We define it as the grouping of highway routes of similar predom-

inant importance into manageable systems for administration, financing, development and maintenance. Classification is required to answer three basic questions. Which agency of government shall administer what roads and streets? How should they be paid for and what standards should be used? This study is the first of its kind called for by the Legislature since it originally required the State Highway Commission to classify highways some forty years ago. That action had very far-reaching effects and has been the basis for development of today's highway transportation system in Maine.

Let us look at the results of that action, if I can have the first chart, please. You are now looking at a most unique map. Every road, every public road, in the State of Maine, twenty-two thousand miles. Nothing else on this map, yet the roads themselves help to define the topographic features, the great lakes and the rivers and coastlines and your boundary except in the northwestern area of the State where there are few, if any, public roads. Out of that network, which motor vehicles use widely, the problem is which routes to choose for which systems. As you see them on this map, they are all alike, they are public ways, but as we all know, they are not used all alike, and the question then develops: How can we sort out from this vast network the roads and streets which should be in properly classified systems?

On the basis of the legislation of the past, today three systems exist. First, the State Highway system. The State Highway system now consists of about three thousand miles, a little better than that. It includes not quite two hundred miles of extension through the compact, built-up areas of urban places. The State Highway system, as I am sure you all know, but I want to point out, is administered entirely by the State Highway Commission, and the financing of that system is a matter almost solely the responsibility of the State.

The second system which the Legislature directed to be classified by the Highway Commission some forty years ago is the State Aid system which, today, over the years, has

reached a total of about eight thousand miles. This is a picture in red of the State Aid system and how it supplements the State Highway system.

The remaining roads of the network are the town ways over which the towns themselves have sole jurisdiction. The State Aid system responsibility is somewhat divided between the State and the towns but in the main the State is responsible for the entire State Aid system in very similar fashion to that for the State highways once the initial improvement has been made.

So each system is differently administered and financed. The selection has been based on the laws and policies which reflect the knowledge, experience and judgment of many people throughout the years. Certainly these systems should be changed only when it is found that Maine's interests can be served better by making some revisions. Of major importance in any such consideration is the relationship of the Federal Aid systems to the existing State designations. The Federal Aid Primary system was designated, fundamentally, about 1921, on the basis of laws enacted by Congress. In Maine the yellow dots indicate the extent of that Federal Aid Primary system. It is almost wholly located on the existing State Highway system and is sixteen hundred miles long, slightly more than half the extent of the State Highway system.

As the result of the very forward-looking Federal Aid legislation of 1916, 1921 and later years, Federal funds have been concentrated on this Federal Aid system for construction purposes only, and in Maine, as throughout the country, the benefits to motor vehicle transportation and the people generally have been very great. Within this Federal Aid Primary system there has recently been classified a new system known as the National System of Interstate Highways. Nationally it comprises about one percent of all the nation's highway mileage on which about twenty percent of the traffic is concentrated. Maine's portion of that system runs on several highway routes from Houlton to Bangor, Augusta and to Kittery. It is the main stem of

Maine as selected by your own State Highway Commission, with the concurrence of Federal officials. Special funds for the first time in the last Federal Aid legislation have now been made available to assist in the improvement of that particular system.

The Federal Aid Secondary system is about twenty-two hundred miles long in Maine and about half of it is located on the State Highway system, the remaining half on the eight thousand mile State Aid system. No Federal aid is available for about four hundred and fifty miles of existing State highways, about sixty-eight hundred miles of State Aid highways and none for Town ways. Those mileage limitations are determined in part by rules and regulations of the Bureau, based on acts of Congress, and in part by limitation of funds with which to make the improvements which might result in subsequent extensions. The Federal Aid to Maine, as to other states, has been a very important part of the nation's transportation pattern and is a prime consideration in the reclassification study which has been carried out.

In Maine, we find that unusual stability of basic policy is evident in the history of legislative action on highway affairs. For nearly eighty years from the time Maine became a State towns were mainly responsible for all road and street development. Then, beginning in 1901, State Aid was offered in increasing amounts to encourage the towns to interconnect their systems and gradually improve the thoroughfares as automobile transportation became more and more important. But in the early days improvements came slowly despite the rapidly increasing needs. Your Chief Engineer of the Highway Department called to my attention, early in our studies, that in 1908, before there was a State Highway system, the pattern of State roads which came about as the result of the State Aid, which was then offered to encourage the towns to cooperate, looked like this. He calls it the "angleworm system." This was the result over a period of several years of the towns working together to choose main roads, the one main

road through the town, and improve it with State Aid, with the intent and desire to gradually extend it to a connected system, but after ten or twelve years the angleworm system was the principal result, and consequently, in 1912, the Legislature took action to establish the State Highway system under State jurisdiction, with the State Highway Commission to administer it, at first partially financed by the State and later wholly financed by it, so that these angleworm roads might provide an interlocking system of through ways for travel.

This far-reaching move has been the basic State law for nearly forty years and the amendments to that legislation have served primarily to increase the State's responsibility. At that time, as you have seen, the Legislature directed the Highway Commission to classify the roads and gave them broad guidance in that direction. They said that the highways of the State should be divided into three general classes and that the Commission might, from time to time, amend such classification. The initial plan of classification connected many of these angleworm roads, the main roads of each community of each town, until the principal ones provided the interlocked system.

In 1917 fourteen hundred miles of roads had been so selected, and this was what the system looked like then. That was the system upon which State effort and money were to be concentrated to provide through travel connecting the major communities of the State. Over the years this system has remained stable, like the legislation which began it. You will find that most of that system is still included in the State Highway system today. The growth in that period from fourteen hundred miles in 1917 to a little over three thousand today is illustrated in this chart which reflects various periods of stability and periods of more rapid growth which, in turn, reflect the policies of the various State Highway Commissions and also the State's ability to finance improvements, maintenance and reconstruction, and in the case of State Aid highways, which we will see in a moment, the concurrent ability of the towns to provide

matching funds for the initial improvements. The mileage of State highways has doubled since 1925 and now represents fourteen and a half percent of all of the road and street mileage of the State.

To show you what changes have been effected in that period of time, geographically speaking, this map now adds to the initial or nearly the initial system of 1917 all the roads which have been selected as a part of that system up to the date of March 1st, 1952. In the State Aid category a similar chart also shows that the mileage of State Aid highways has doubled since 1925 from around four thousand miles to eight thousand miles. This too has shown varying degrees of growth and stability.

I think it is of interest to know that as the total improved mileage climbed so that it began to reach the amount designated then additional designations were made so that there always remained a heavy back-log and today the designated State Aid Highways amount to 36 and $\frac{1}{2}$ per cent of the total mileage. Thus, together, the State is almost wholly responsible for actually 45 per cent of the total mileage and has the potential responsibility for 51 per cent, the difference between those two figures being this mileage which, in itself, is the potential which the State has agreed to take over when improvement is made with the cooperation of the towns.

I think by this time that you can all agree with me that highway finance as well as highway administration is geared closely to highway classification. Bonds have been issued for use on a particular system, particularly the State Highway system. Federal aid has been made available for use only on Federal Aid system. Highway-user taxes have been enacted with funds apportioned between systems. Towns raise funds, mostly property tax, for use on their own town ways and in a manner which you have specified on other systems as well. Each classification pertains to a particular system. That is one of the basic reasons why highway classification is all-important to highway transportation, that close relationship between finance and classification.

To summarize some further information about highway finance, I think it is of interest to note that property taxes have continued over a period of years to furnish close to 30 per cent of all highway, road and street funds. The proportion of highway-user taxes of the total expenditures has increased since 1937 from around 39 per cent to 58 per cent. Now, available funds since 1937, particularly in the three study years of 1937, 1947 and 1951, have been divided about equally between state highways and state aid highways, that is your funds available to the State, while the total amount of such funds increased 80 per cent from 1937 through 1951.

This next chart shows, however, that while those funds did increase, inflation has taken its toll here as everywhere and that as a matter of fact the prices of doing highway work have almost doubled since 1937. Consequently, as this chart indicates, work accomplishments in 1951 were actually less than in 1937. Here we see the level of 1937. Here we see, percentage-wise, for the state highway system, for the state aid system and for town ways the increase in dollars between 1937 and 1951, percentage-wise, with the dollars available to the State almost evenly divided between the state highways and the state aid systems. But, inflation having cut the dollar value, our work accomplishments are at this level, slightly below that of 1937 except for town ways where they are slightly above.

In the meantime, however, the State's responsibilities grew. For state highways on a percentage basis, the increase of mileage since 1937 has been about 43 per cent. For state aid highways, representing the responsibility to the state, the increase in mileage has been 52 per cent. Whereas for town ways, because these mileages were taken from the town ways in advance, the actual work load in terms of mileage has declined since 1937.

Thus, we see that with an increase in mileage, a decrease in actual work accomplishments since 1937, the question of classification causes a severe problem. Among other things, the State Highway Commission recommended and you gentlemen and the people of the State

accepted a \$27,000,000 bond issue and other bond issues to assist in trying to keep up with the parade of responsibilities as well as the heavy increase in motor vehicle use since the war. But it is clear that the State's increasing obligations raise important questions as to future policies.

First: Our state funds again being disbursed so widely that major needs are difficult to meet.

Second: Road maintenance and reconstruction of worn-out roads plus repayment of loans for the accelerated highway program permit future improvements as they are needed.

Finally, is the trend toward complete state control of all public ways in keeping with Maine's philosophy of government?

To assist in determining the answers to these questions which we have not answered, but to help you in finding them, a seven point engineering and economic program was adopted. I will try to give you a very brief review of a very difficult engineering assignment.

First, we must know what we mean by a given system. We must have a definition, some standards by which to go. We think that the historically accepted term "State Highways," "State Aid Highways" and "Town Ways" very well express both the function and the implied governmental responsibility in connection with each highway system. Such terms as were used in the original legislation: Main highways, feeder roads and local roads or streets also are descriptive of the three systems. They indicate legislative intent. But lacking more adequate definition they are subject to many different interpretations. But these ordinary names do all have one thing in common, that is, they describe the function of the road in the service of the State's or Nation's economy.

We consider that the local road has some community, state-wide and nation-wide significance. But by reason of its location, its predominant use is for traffic movement directly to or between the land users. On the other hand, the main highways although serving some local users who live directly on it have the principal purpose

of connecting the major centers of population, facilitating through travel and, in general, serving large numbers of people throughout the State. In between those purely local roads, which I am sure you can all visualize, and the main roads which you can equally visualize, there is an in-between group of roads which operate in large measure a state-wide service but also a large measure of community-wide and local service. The in-between roads are called variously by the names: feeder roads, farm to market roads, or what have you. In this State, they are designated as state aid routes and I believe the intent was to place them midway between the predominantly local roads and the predominantly principal roads.

The idea of grouping Maine's highways, of course, into systems grew out of economic necessity, and today the economic factors as well as the engineering facts can be more completely evaluated and related to the uses of the facilities, and those considerations should guide and do guide a modern highway classification plan upon which we are reporting to you today.

But these definitions in themselves are still not enough to guide the selection of specific routes to be included in specific systems. It is no good to generalize about these matters. Somebody must make the decisions and the decisions must be made uniformly and on the basis of fact.

So methods of measuring the degree of state, community and local service must be utilized and further tests applied to each road and street to define their limits of predominant service.

Given all the essential facts, the objective then is to group in each system only those roads and streets which have characteristics similar to each other. Within practical limits, all highways within a system should have the same function. If they differ greatly in this respect, the whole plan will become unstable and unwarranted shifts from one system to another will be the result.

A variety of evidence then as to the qualifications of each road must be analyzed.

I am going to take you through the seven point program as briefly as I can to give you a concept of the factors which need to be considered. First of all, of course, use is certainly an important one, traffic. We have prepared a traffic flow map based on data available from the Highway Planning Division showing 1951 traffic flow on the principal roads of the State, not just the State highways but any road which carried a significant amount of traffic, settled at 200 vehicles a day or more, to be displayed on this map.

Offhand, it might be said: Well, a very simple way of classifying the highway system would be simply to take the roads with the principal amount of traffic and decide on a limit and stop there. It isn't quite as simple as that because obviously if we are to produce an interlocking system, one for continuous flow of traffic, there are locations where whatever minimum traffic value might be set on which to classify a state highway system would not be met and consequently gaps would appear in the system. Logic would dictate that you fill in those gaps and include that section as part of the State Highway System. Once having done that, then your concrete plan for a specific limit breaks down and you have lost one of your specific criteria. Nevertheless, traffic use is certainly an important consideration. To show you how the State Highway System matches that traffic flow, principally the traffic flow of the State, I am just going to replace the existing State Highway System which you saw earlier on this map. I think that will give you a quick picture of the relationship of traffic to the present State Highway System.

As a result of these traffic studies, we have produced some other engineering gobbledegook which we have tried to explain in this way.

If the road mile having the highest traffic volume is put here and the road mile with the least traffic volume is put here and we add them one on top of the other, we get an accumulative curve which indicates, for example, the thing that is quite well understood, that in Maine at least two-thirds of all motor vehicle travel is performed

on thirteen per cent of the mileage, that 13 per cent representing around 2,750 miles. 94 per cent in total is performed on 43 per cent of the mileage, or a difference of 27 per cent of the travel performed on its increment of from here to here on 30 per cent of the mileage, but over here only 6 per cent of the travel left is performed on 57 per cent of largely local road mileage.

This material is developed without regard to highway systems. We want to know everything about the road system, the one road system, regardless of its official designation. It gives us clues as to the extent, the limits here and here of this in-between group of roads. It indicates that perhaps this group is the one of maximum statewide significance because it provides most service to the most people, whereas this group may be considered to be of maximum importance to individuals who live along it.

To further analyze that situation, we then examined the specific systems as they related to this information and we find—let me back up a moment and say at this point that traffic volume at that point is about 600 vehicles a day. It would suggest then that if we were to confine our consideration of classification to traffic alone any highway which carried less than 600 vehicles a day was more of a community highway than it was a State Highway and should perhaps be classified as a part of the State-aid system.

To analyze that in relation to the present system, other data were compiled. We find, for example, that 900 miles of the present State Highway system carries less than 600 vehicles a day, but 540 miles of the present State-aid system carry more than 600 vehicles a day. In other words, by actual designation there seems to be some overlapping in this area that needs to be sorted out. On the other hand 2,500 miles out of the 8,000 State-aid miles carried less than 100 vehicles a day, which is approximately a point there. (Indicating on chart) And 750 miles of town ways carry more than 100 vehicles a day. It suggests that there might be an exchange of mileage between the systems in those ranges of traffic.

But that is only one of seven indications. It is necessary particularly to study the economics of the situation, because we find that today the entire economy of the State and the Nation rests heavily upon motor vehicle operation, and consequently the most searching analysis of the economic factors that might influence road classification is necessary.

To illustrate briefly what has been accomplished in that direction, based on some major research accomplished particularly in the State of Michigan, where some four years' time and the services of several men developed a fundamental research which has been used, applied and extended in this study. We divided the State into what may be termed "retail trade areas," based primarily on the studies of how people drive, where they drive. For instance, between Augusta and Waterville there is a point somewhere on the road between here and there where the average person, if such there be, tends to travel more often to Augusta than he does to Waterville. On the other side of that line he will travel more often to Waterville than he does to Augusta. That traffic information helps then to define the extent of the limit of the retail trade area of influence of every community in the State of Maine.

We were able to identify 121 such areas and to accumulate various types of economic data which would give us an idea of the relative importance of each one of these 121 communities. As might naturally be considered, Portland is No. 1. Its area of economic influence extends for some distance outside of its immediate compact boundary of course and considerably outside of the town limits, and there a large percentage of the State's population, newspaper circulation, assessed valuation, bank assets and other matters of economic importance were found.

Now by gathering that data, not for the small, compact community but for the trade areas, the area of influence of each of these communities, we were able to classify them into four major groups, the first group consisting of seven places containing about half of the State's

population. The remaining places were divided into, second, sixteen areas which contained about a fifth of the State's economy, and the other places were divided proportionately on the basis of their similarity and differences. Having established then a ranking in one of four major groups for these places, we then began to establish the framework of the highway system to serve the economy of the State as distinguished from taking a look at how traffic actually uses the roads. Plotting then the location of these seven major places on the map, it is obvious that we would like to have the shortest line between two points, draw a straight line to be our line of travel.

Here are the seven major places in the State together with several which affect the State just across the border in New Hampshire. Drawing straight lines between each of them gives us the closest approximation to the ideal "travel desire" highway if it could be built. Obviously you cannot build them in straight lines, and therefore we identified on other maps the principal routes which would most closely approximate the straight lines connecting each of these places as economically as possible.

Of interest here, I think, is the fact that Quebec is a factor, and from places like Auburn and Lewiston and from Bangor and Brewer there is a desire to travel to Quebec, as there is from Waterville and points north; but obviously in the interest of economy and practicality, and in view of the amount of such travel, one "desire line" serving the major axis of the State to Quebec provided the maximum service with the minimum mileage. But as we move closer together in these communities there is a greater and greater interchange of travel, and consequently the direct lines need to be served as directly as possible by highways. Now that builds the first and probably top improved group of highways in the State.

Secondly, we reached into the next category of the sixteen areas which contain one-fifth of the State's economy, and utilizing the system or a portion of a system which had already been selected, we plotted in red dots the location

of the sixteen areas of next importance, connected them with each other by red "desire lines," and continued to add to the highway system those routes which most economically served those travel desires, taking into account, of course, the fact that some of them lay between places of more importance and had already been served in part by the initial selection.

That process was continued until all of the places in the State of Maine had been connected piece by piece to a main through network of highways based on economic index.

But there are other economic indices to be considered. One which certainly is of great importance, particularly in the area of defining the middle group of roads, the State Aid system, is the question of milk delivery, of school service and of mail service; and to study those problems, once we had an initial framework of a main State Highway System, maps such as this one, showing all of the school bus routes in the State were prepared. We established certainly as a criteria that a road serving as a school bus route has somewhat greater economic significance than one which does not. Certainly roads which serve not only as school bus routes but as milk routes and as mail routes, for which similar maps have been prepared, would add to the evidence which would support the inclusion of those roads at least as a part of the State Aid system. As a matter of fact, of the present State Aid system about two-thirds of the mileage is covered by school bus routes; about two-thirds of the present mileage is covered by mail routes, and about one-third by milk routes. Similar data was studied for the balance of the factors I mentioned.

Third in importance is the geographic service which must be provided by the State to its people. No matter what scientific principles might be adopted in this analysis, if we find that there are great, wide expanses of the State which are at some distance from the nearest State highway, it is reasonable to suppose that the State has an obligation to all of its people to provide State Highway service within

a reasonable distance. What is a reasonable distance is open to interpretation. It depends a great deal upon the population and upon the economy of the area.

In the same fashion, a study of State Aid service provides for geographic distribution of road service to people such that nobody will be an unreasonable distance from either a State Aid or a State Highway.

Of great importance in that consideration is the study of the type of economic production in an area as well as the population service.

Here is a chart which shows the principal areas of milk production in the State, the heavy black showing intense production and the shaded areas less intensive production. I think it is reasonable to say that the areas of intense milk production should be more adequately served by both State and State Aid highways than areas which are less intensive or which produce little milk, from that one standpoint alone.

Similar analyses of the other major agricultural production, potatoes, orchards, poultry and the like, were carried out, and where we found an overlapping, again that produced great evidence of the need for geographic service roads, well-distributed to provide within a very close distance the necessary travel on an improved basis.

I have referred a number of times to the need for traffic circulation and the need for integration or interlocking of the system so that we do not have dead ends and so that we can have free movement of traffic throughout the State. That is the fourth consideration. All other factors being equal, if we fail through them to provide for adequate circulation that must be added.

The geography of the State creates some very real problems. A large lake requires roads around both sides of it, principal roads. A major river, rather than being bridged at several points to provide for only one road on one side, it may be far more economical to provide two roads, one on each side. That adds to the required mileage of both State Highways and State Aid.

Considerations of national defense are important, because in providing highway service, highway transportation, needs for the national defense are of paramount interest. I might add that the interstate system in Maine provides the principal route of importance to the national defense.

Over and beyond these seven major categories of investigation, there is a need to study intensively the urban areas where a large portion of the travel takes place and a large number of the people of the State live. There are major problems in those areas which require a solution and the solution must rest on a sound street plan which is fundamentally a classification plan. Without going into the details of each one of the thirty urban areas, compact areas containing five thousand or more people were studied intensively on the same principles with a little different technique, but the same basic ideas were used to define the three systems, State highways as the principal extensions of the real state highways, State Aid, and the city, perhaps defined as the principal arterial streets, and town ways, meaning town ways in compact areas as well as in rural areas.

Now what has all this brought us to? First, I want to emphasize that this study has been done on a uniform basis throughout the State. Every factor that I have mentioned was studied in detail. We have analyzed all of the interrelationships that could be defined and we have recommended a specific State Highway System, State Aid system, and the remaining roads to be town ways.

I think that of predominant importance is that highways are designed, built and located to serve people, and to determine as a part of this study where the people live and what relationship they had to the rest of the State this population map was developed, each spot meaning fifty people, to spot as nearly as possible the actual location of the residents of this State. As a result then of this work which I have described this recommended system has been developed. It connects all of the principal trade centers of the State and many smaller neighborhoods as well. It provides service within a reasonable distance

to all populated areas; it serves the major traffic streams with an integrated system for free circulation. There have been changes plus and minus from the existing status. I am going to read some exact figures now rather than the rounded figures which I have given heretofore.

The existing State Highway mileage is 3167 miles. To that system this study has added 614 miles. We have transferred from the present system, mainly to the State Aid system 531 miles, leaving a net total of 3250 miles, some eighty or ninety miles more than the existing system's total extent, making, however, the necessary changes to produce a system which would meet all of the criteria that we established at the outset. Thus we have slightly greater percentage, 14.8 to be exact, of all the road mileage which is now recommended for a State Highway system. You might be interested in how this compares with other New England states especially.

The Massachusetts State Highway system includes 10.6 per cent of the total in that State, New Hampshire 12.1, Vermont 13.3, Connecticut 24, and Rhode Island 32 1-2 per cent. This is 14.8. About 65 per cent of all rural vehicle mileage would be carried by this recommended system compared to about 63 per cent at present.

The next step then was the selection of the State Aid highway system, which I will superimpose upon this recommended system to show you how the two supplement one another and how the distribution of this mileage does serve the entire State's population. I hope you can see that, but let me give you a few figures.

First, I want to say that this provides a complete network of collector and feeder roads and that it totals 5600 miles, approximately, which is about 2300 less than presently designated but about 1000 miles less than currently improved and State-maintained. With reference then to the designated mileage rather than the currently improved and maintained, here are the figures. The existing mileage, 7922. Added to that, not now a part of the designated mileage, were 860 miles. Transferred from the existing State Aid system were

3204 miles, leaving a net total of 5578.

It was found that all areas of this State now contain more designated State Aid highways than are warranted by the criteria of predominant service. Let me give you a picture geographically about these reductions.

Net reductions—net now—some were added, some transferred to the town way system, but the final net result was a 19 to 21 per cent reduction in two counties, 25 to 30 per cent in six counties, 32 to 36 per cent in six more counties, and 40 to 44 per cent in two counties. Many of these routes, especially in those larger figures, had not been improved, even though designated for some time, and very clearly served relatively few land users. Concentration of effort on these two systems, the recommended State Highway and State Aid systems, which by the way includes all of the Federal Aid primary and Federal Aid secondary, would produce greater benefits than the growing dispersion which is now evident particularly on the State Aid system. However, I want to point out that two-thirds of the existing State Aid designations have been retained in this recommended system, showing that past selections were relatively good and generally benefited the State and the community.

Let me tell you what this system does, very briefly. It serves, as I said, the populated areas of the State. Our studies indicate that more than 90 per cent of all the people in the State live within one mile or less of the combined State and State Aid systems. The number by counties range from about 90 to 96 per cent, indicating a high degree of direct service to individuals. In terms of mileage of recommended systems, the two together, it shows a fairly even distribution according to the number of people living in the rural areas. In our report the figures with respect to that will be found, and in addition the use of roads for the three types of services I mentioned, school bus transportation, milk hauling and mail delivery, upon examination are found to be well-served, particularly where there are two or more such services over a particular route, and

practically all of these routes are included as part of the State Aid system. There are some 8500 miles which are included in the rural, State and State Aid systems compared to the maximum of 8900 miles which were suggested or indicated on this traffic analysis I presented earlier. That compares to the present total for the combination of about 11,000 miles. The percentage of the combination would equal less than 39 per cent as compared to 51 per cent at present.

In like manner, we analyzed the urban street system, and, without giving you the statistics, because the material is all available, each urban area has now a recommended classification plan upon which its improvement program could be based.

You might be interested in the relationship of these recommendations to the accelerated highway program. It does not affect, so far as we are able to determine, the accelerated highway program. The projects which were recommended to you by the Highway Commission would not be affected; the roads on which that work was proposed to be done are still maintained as a part of the recommended system, not by design on our part, but that is the way it came out.

I want to tell you that the details beyond these broad statewide maps are available in the files of the State Highway Commission, detailed maps and all of the statistics and data regarding counties and towns, etc., for further inspection and examination.

Now I am using up a lot of your valuable time, but I must go one step further and come to the point of a major problem that this reclassification proposes. You recall that I said that one of the primary purposes of highway classification was to answer the question of what agency of government should maintain and build such roads and streets. This reclassification plan provides the basis of logical reassignment of management responsibilities. What do we mean by management? That includes the budgeting, the planning, the design, construction and maintenance of highways, roads, streets and bridges, and through legislative action as well as policies of the Commission

those management responsibilities have been assigned. As I pointed out, as a result of past policies the State is now responsible for 45 per cent of all roads and streets and 6 per cent more are designated, with the trend steadily upward. Continuation of this present trend, that is gradual road by road change, is inconsistent with sound planning of programs and their long-range financing. I think you can all agree that if you do not know from day to day or year to year what your responsibilities are it is indeed difficult to plan ahead.

Furthermore, the existing designations do not provide uniformly logical classification throughout the State, as revealed by this work. Accordingly, we do recommend to the Highway Commission that consideration be given to revision of these present management responsibilities. The question, I think, can be boiled down to this: Should the State eventually become responsible for 100 per cent of all the roads and streets, or should responsible control of local problems be retained by the towns who have predominantly local interest in them? We do not answer that question, but we point to the pros and cons. If the State should consider it desirable to ultimately work towards 100 per cent of State control of all roads and streets then it seems likely that some such policy should be established so that uncertainties and drifting towards that solution can be eliminated. The uncertainties lead to confusion. Now, what are the arguments for and against that sort of a plan? They are just briefly this, and here are some for the State to take over all roads and streets.

First, the State Highway Department has a good organization which could be increased. Second, planning and construction, development and maintenance should be on a more scientific and state-wide basis. There would be an end to the questions which now continually arise as to whether the State should take over a road or a street and as to the extent of the State's direct responsibility for it. There is some precedent for such a move. Four states, Virginia, North Carolina, West Virginia, and Delaware, already have nearly all of the roads

and some streets under state control. As opposed to that point of view, centralizing control of all the roads and streets in a single agency of government may not be consistent with the traditional American philosophy of government, which favors leaving responsibility for local problems in local hands.

Secondly, transfer of total responsibility to the State is likely to be accompanied by transfer of the financial obligations as well. Experience in other states suggests that it might be found difficult for the State to obtain all, or nearly all, of the \$8,000,000 raised now by the towns primarily for local road and street purposes. There will be then a greater tendency towards dispersion of available state-collected funds on roads of lesser state-wide importance. And in similar manner, a large part of the time, thought and energy of the Commission would have to be dispersed to that mileage, perhaps being detrimental to the principal arteries of the State. Then, from the point of view of the town officials or residents, a specific town way might have high priority in their mind but it could easily have low priority on a state-wide basis. Thus if the State had entire control the town might find that the project would be deferred far beyond the point when it would be completed if the town itself could do it.

State control in forty-three states of the Union is limited to an average of 14.4 per cent of all roads and streets. It ranges from about 6 per cent in North Dakota to 43 per cent in Pennsylvania. Now should this management responsibility be decided against ultimate state control, then we believe that it is necessary to consider what improvements could be made in the present plan of management responsibility for the benefit of highway transportation in general. Without question the State Highway Commission would continue to have sole responsibility for state highway routes. That I want to touch upon just a moment more in connection with the urban routes and I will come back to that.

So, with respect to the town ways, I would like to point out a thing that you all know that with some 500 and some odd organized political

units, each one has an average of only about 20 miles of road to maintain and develop. The maximum in any town is 81 miles exclusive of the built-up, compact urban areas.

It is obvious that neither the present nor the proposed somewhat increased town way mileage represents for any single town a large enough work load to warrant the exclusive ownership of much equipment or the permanent employment of engineers or highly skilled labor, which can most efficiently take care of it. It would appear that, considering the relatively large amount raised by the towns, about \$8,000,000 in 1951, representing about 30 per cent of all road and street funds in the State, that the past transfer of roads to State jurisdiction, through the State Aid or State Highway system, has been due more to the physical inability of the towns to take care of them than it has been through an unwillingness or lack of desire to pay for it or to shift the cost of them to the State. If that is true, if it is a matter of physical inability rather than a desire to get out from under a financial burden, then we have something with which we can deal. I would like to also point out that with the increasing demands of traffic it seems unlikely that individual town management can be relied upon exclusively to care for their own town ways despite the efficiency side. Therefore, it appears to us that either state control of all roads and streets is inevitable or that a more efficient means of handling local responsibility should be devised and thus assure needed local financial support.

In 1948 the State Highway Commission, in making a report to the Legislature, proposed the formation of road unions, or the consolidation of town road management somewhat similar to the school unions. No action was taken then or since but the need is becoming increasingly evident. In Maine, we believe a road union of enough towns to warrant unified direction, equipment, trucks and personnel could accomplish good results and keep responsibility localized. The practical difficulties confronting the formation of such union should

be overcome, and experience in many states with the many and ramified problems could be at your disposal for any study of that that you want to make.

The second suggestion is that although the counties, historically, have not played a prominent part in road affairs in Maine, the counties could be organized to manage all the town ways within their boundaries as an alternative to the matter of road unions. The smallest mileage of recommended town ways is about 300 miles in Sagadahoc, enough certainly to develop a good operating plan and administer the roads efficiently. The county does have the advantage of being an established political entity and its use would avoid some questions of organization while within the county the administration would still be close to the people. But in either case, road unions or counties, a good management plan should foster a spirit of cooperation among the towns acting towards the objective of better roads and streets at less cost. Some local autonomy in this matter would undoubtedly have to be given up or give way to county or union managership, but still a much larger amount of local economy and responsibility would be held locally than in the ultimate transfer of all responsibility to the State. We make some suggestions as to how such an organization, a road union or a county operation, might be developed for efficient operation.

With respect to urban streets, we believe that basically there should be no difference in the management of urban streets than for rural roads. In view of the fact that the towns have no distinct municipal boundary as in many other states, we find ourselves within a town dealing with the same roads, the same streets, but by virtue of the particular compact area boundaries there is a difference in the administration and financing within and without that particular boundary. Without going into the details, I believe that in the State's best interests it is recommended that complete responsibility for the construction and maintenance of State highway routes through these compact areas be delegated to the

State Highway Commission with adequate safeguards, however, to insure participation by the cities in planning and financing.

With respect to the State Aid system, I feel that there needs to be no major change at this time in management responsibility except those which would come about by adoption of the recommended State Aid system.

We believe, of course, that with respect to the urban areas the same provision should apply to both the rural and urban State Aid systems, which would include the arterial street system in the urban areas.

In conclusion, the basic management question which needs to be answered is whether Maine is to have centralized control, State centralized control, of highway affairs or whether strong, efficient units of local road administration cooperating with the State would produce a better balance and greater benefits in the long run. A sound highway classification plan is essential for legislative assignment of management responsibilities and for fiscal plans to maintain, reconstruct and improve the highway transportation system. The recommended reclassification furnishes a solid, factual framework for reconsideration of management and finance to gain greater efficiency and provide better service. Reclassification, however, is needed regardless of ultimate decisions to divide, or not to divide, the administration of the road and street network among units of government, it is still the foundation for tax policy, allocation of funds, planning, standards of design and maintenance and priority of improvement.

Now, acting in behalf of the State Highway Commission, I am to advise you that the completed, printed document, a plan for highway classification in Maine, is in the Legislative postoffice for each of you, together with a letter of transmittal from the State Highway Commission, urging your consideration.

I would like to make clear before I stop that we, the Automotive Safety Foundation, are not here to urge the adoption of this plan. We have made an impartial study as called for in your resolve. Governor Cross and your President and Speaker have requested me to stand and explain this matter to you as best I could. I thank you very much for your attention.

Mr. President, I turn the meeting back to you. (Prolonged applause)

President Haskell then returned to the Chair, and called the Convention to order.

The CHAIRMAN: I am certain that I express the sentiments of the members of the Convention to Mr. Granum, who appeared here this afternoon through the courtesy of the members of the State Highway Commission and as the guest of the Governor, for an intelligent presentation in amazing detail of the basic highway system recommended and considered here in the State of Maine.

I might add a personal touch that never before in this, my sixth term in the Legislature, have I been privileged to see publicly such detailed maps of the State of Maine.

The purposes for which this Convention was formed having been accomplished, I now declare the same dissolved. The Senate will return to the Senate Chamber.

The Senate then retired to their Chamber amid the applause of the House.

In the House

The SPEAKER: If there is no further business to come before the House at this time, the Clerk will read the notices.

On motion of Mr. Evans of Cornish,

Adjourned until 10:00 o'clock tomorrow morning.