

# MAINE STATE LEGISLATURE

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SECOND PARTIAL REPORT OF THE JOINT LEGISLATIVE COMMITTEE  
CREATED BY THE JOINT LEGISLATIVE ORDER PASSED IN  
THE SENATE AND HOUSE OF REPRESENTATIVES OF THE  
88th LEGISLATURE ON OCTOBER 28, 1937.

TO THE HONORABLE SENATE AND HOUSE OF REPRESENTATIVES  
OF THE 88th LEGISLATURE OF MAINE:

One of the duties imposed on this Committee was to examine into the use and usefulness of Federal Loans and Grants.

In pursuance of the duties with which it was charged, your Committee has investigated the facts surrounding the expenditure and the usefulness of F. E. R. A. funds exceeding \$12,000,000 which were paid to Louis J. Brann then Governor of Maine and receipted for by him as Governor of Maine.

All of this sum, except \$206,428, former Governor Louis J. Brann turned over to John A. McDonough, acting administrator of the F. E. R. A.

Without the knowledge of the State Treasurer, or State Controller, former Governor Brann deposited the sum of \$206,428 in a Special Bank account and said sum was expended by him without control or audit.

A separate report will be filed by this Committee fully referring to the said \$206,428.

At the criminal trial of the State of Maine against George W. Martin, an assistant of John A. McDonough, indicted for accepting bribes and for misuse of public funds, former Governor Brann, when questioned about the more than \$12,000,000 received by him, upon oath testified that he turned over the vast sum to John A. McDonough without even knowing whether or not McDonough had authority to receive or expend a single copper thereof.

We quote the following questions and answers from the testimony of Mr. Brann, as found on Page 10 of the transcript of the evidence taken at the trial:

"Q. You turned the money over to him? (McDonough)

A. Yes. I did.

Q. I ask you again do you know whether he had authority or not?

A. I don't know whether he had authority or what.  
\* \* \* \* \*

Q. Have you ever seen his appointment, his Federal commission?

A. No. I have not.

Q. Did he take any Federal oath?

A. I don't know."

Mr. Brann further testified that the State never established any bureau or department for the adequate supervision of the F. E. R. A. money. (Page 1 of the transcript of evidence.)

The jury found George W. Martin guilty of the crime for which he was indicted. On appeal it was held that the State Court had no jurisdiction to try the indictments returned by the Grand Jury against John A. McDonough and seventeen others (including said Martin), and the indictments were quashed on the ground that prosecution would have to be had in the Federal Court.

All of the evidence in the case upon which George W. Martin had been convicted by the jury, together with a special report compiled from affidavits taken by a Federal Investigator, William H. Kinler, giving additional evidence concerning the misuse of F. E. R. A. funds, was turned over to John D. Clifford, United States District Attorney for the District of Maine.

The copy of the above mentioned special report, hereto attached, was submitted to this Committee by the County Attorney of Kennebec County, who was in charge of the prosecution of George W. Martin.

Although nearly two years have since elapsed, no action of any kind has been taken by the Federal authorities to prosecute these men. It is significant that Mr. McMahon, an Assistant Attorney General of the United States, inquired of the Chairman of this Committee whether or not the people of Maine resented the failure of the Federal authorities to prosecute.

Your Committee reports that in its opinion so much of this vast sum as actually reached the poor and needy people of Maine served a useful purpose; but that much of this money was never used for poor relief and that the administration of these funds was rotten with politics and permeated with fraud, dishonesty, graft, scandal and corruption of the basest type, as demonstrated by the evidence presented to the jury and also by the report hereto attached.

The report made to the Federal authorities specifically shows that politicians were given business and paid exorbitant and unreasonable prices therefor, and were given commodities intended for the poor, to reward them for their "good campaign work for Governor Brann" (~~\_\_\_\_\_~~)

~~\_\_\_\_\_~~).

It is further demonstrated by the evidence and by the report that large bribes were accepted and large sums of money extracted by officials of the Maine E. R. A. in the form of splits, commissions and cut-backs on food and clothing purchased with relief funds; that prior to election clothing was dispensed for political reasons and that the disposition thereof was colored with favoritism and preferences.

Many worthless, outmoded and useless garments and commodities were purchased at exorbitant prices consisting, for example, of moth-eaten clothes, laces, thumb-tacks, evening gowns and "bathing suits that looked as if they went back to 1890". ~~(\_\_\_\_\_)~~

It further appears that in the administration of the Maine transient camps, so-called, unjust and exorbitant prices were paid for commodities ~~(\_\_\_\_\_)~~; that the men in the transient camps were supplied with bad, odorous and rotten meat, unfit for human consumption ~~(\_\_\_\_\_)~~.

It also appears that meat was supposed to be purchased for said transient camps on bids, but that preferences were given in the orders irrespective of bids and that a high official was paid for so doing, on many occasions, in currency rolled up and wrapped in a bundle of meat and delivered to him personally. ~~(\_\_\_\_\_)~~

It further appears from said report that old canned goods in rusty cans were purchased for the men at said transient camps which were "unfit for use" and "looked as if they had been in a train wreck" ~~(\_\_\_\_\_)~~, and that prices paid for commodities were at times ten or twelve times their actual value; for example, a second-hand refrigerator worth not more than \$50 purchased for \$675. ~~(\_\_\_\_\_)~~

The padding of payrolls indicated in the report is evidence of extensive graft and corruption. It appears that money was frequently sent to the transient camps to pay a much larger number of men than were actually in camp. For example, it appears that at one camp in Maine two hundred and fifty men were provided for by the payroll when there were only one hundred forty men connected with the camp, and that there was no record kept of what was done with the excess money. ~~(\_\_\_\_\_)~~

The foregoing are but a few instances, set forth merely as illustrations, of the many acts of fraud and corruption evidenced in the report referred to.

We recommend to the members of the Legislature a thorough and complete reading of the entire document in order that the nature and extent of this misuse of relief funds may be fully understood.

The present report of this Committee is not a final report. Other matters, which in the performance of its duty have engaged the Committee's attention, will be dealt with in further and separate reports.

In concluding, your Committee recommends that the Legislature memorialize the President of the United States, requesting him to instruct the Federal Department of Justice to proceed with the long-neglected prosecution of the parties in Maine indicted by our Grand Jury.

And your Committee further recommends that the Legislature memorialize the Congress of the United States, to enact laws which will regulate and safeguard the expenditure of Federal funds in the several States of the Union to the end that the hard-earned money of the tax payers, appropriated for relief of the poor, may reach its proper destination.

Augusta, Maine

August 31, 1938.

Gail Laughlin

John E. Sullivan

George E. Hill

Donald W. Philbrick

George D. Varney

Joint  
Legislative  
Committee

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Dated 1938.

*House of Representatives*  
*September 2 1938*  
*Received*  
*Harry A. Glass*  
*Clerk*