



## THE FOURTH DAUPHIN COUNTY INVESTIGATING GRAND JURY

IN RE:

THE FOURTH DAUPHIN COUNTY  
INVESTIGATING GRAND JURY

: IN THE COURT OF COMMON PLEAS OF  
: DAUPHIN COUNTY, PENNSYLVANIA  
:  
: NO. CP-22-MD-000452-2006  
:  
: NOTICE NUMBER: 04-2006-17

TO THE HONORABLE TODD A. HOOVER, SUPERVISING JUDGE:

### REPORT NO. 1

We, the Fourth Dauphin County Investigating Grand Jury, duly charged to inquire into offenses against the criminal laws of the Commonwealth, have obtained knowledge of such matters from witnesses sworn by the Court and testifying before us. We find reasonable grounds to believe that a violation of the criminal laws has occurred. So finding with not fewer than twelve concurring, we do hereby make this presentment to the Court.

A handwritten signature in black ink, appearing to read "Richard C. H. Stoy".

Foreman - Fourth Dauphin  
County Investigating Grand Jury

DATED: JAN. 23, 2008

## INTRODUCTION

We, the members of the Fourth Dauphin County Investigating Grand Jury, having received evidence pertaining to a possible violation of the Pennsylvania Crimes Code, pursuant to Notice of Submission of Investigation 04-2006-17, do hereby make the following findings of fact and recommendations for administrative, legislative, or executive action.

## FINDINGS OF FACT

The Pennsylvania Gaming Control Board issued a gaming license to Mount Airy, No. 1, LLC. Louis DeNaples is the sole owner of Mount Airy No. 1, LLC. Prior to the issuance of the license, DeNaples testified in closed door sessions under oath concerning his application. DeNaples gave testimony on August 16, 2006 and September 28, 2006. The grand jury received credible evidence demonstrating that Louis A. DeNaples falsely denied connections with persons involved with organized crime and other criminal activity.

### **William J. D'Elia**

William J. D'Elia has been publicly identified as member of *La Cosa Nostra* and the head of Bufalino Crime family in Northeastern Pennsylvania. D'Elia is presently under indictment and awaiting trial in the United States District Court for the Middle District of Pennsylvania. On October 17, 2006, prior to the awarding of the gaming licence to Mount Airy #1, the United States Attorney for the Middle District of Pennsylvania, announced the indictment of D'Elia for perjury, money laundering, obstruction of justice, interstate transportation of laundered money, solicitation of

murder, witness tampering and contempt of court. At the time of DeNaples' August 16, 2006, testimony, D'Elia was under indictment for conspiracy to engage in money laundering, conspiracy to obstruct justice and subornation of perjury.

In sworn testimony on August 16, 2006, in connection with his gaming application, in response to questioning by an attorney for the Bureau of Investigations and Enforcement, DeNaples testified as follows:

Q: William D'Elia, D-E-L-I-A. We're handing you what was marked as Exhibit 7. According to this, I believe, it was something off the Internet. It's a William D'Elia. Do you recognize this person?

A: Yes, I do.

Q: How do you know Mr. D'Elia?

A: First of all, he's a local guy that lives in the town not far from us over there and, you know, you hear his name and see him all around. He's a customer at our bank.

Q: And at the bank, you're talking First National?

A: First National Community Bank.

Q: Okay. And have you ever met him?

A: Yes.

Q: Okay. And in what circumstances?

A: Well, he occasionally was in and out of our parts house to come in there for parts.

Q: Parts houses?

A: The auto parts.

Q: Have you spoken to him on the phone as well?

A: Very possibly. He could have called me for something from the bank.

That's where his business is with the bank.

MR. MEIGHAN: What is the nature of his business?

THE WITNESS: Pardon?

MR. MEIGHAN: What is the nature of his business?

THE WITNESS: Well, originally, how he got to our bank is -- and this goes back a long, long time ago -- he used to work for an appliance house, that the appliance company did business with our bank.

That's years ago that he worked for them, and then I believe that he might have bought the business or took over the business. We inherited the account with the bank, the appliance company.

BY MS. DAVENPORT:

Q: You just stated that Mr. D'Elia was at DeNaples Auto Parts. Why would he come to your company?

A: Everybody goes up there. We have a massive automobile dismantling place over there. If you wrecked your car tomorrow and you got a 2006 Mercedes, you could come up and we can get you a door.

We have a big operation. We have people from all over the country; rich, poor, professional people. Really, when their cars are broke, they get desparate.

They can have the refrigerator broke in the house and the roof leaking but when the car don't run anymore, they panic and come for parts. It's a very big and very elaborate parts, dismantling parts company.

There's probably – not to interrupt you. There's probably not a person up in the northeast that didn't once or another visit our auto parts for parts for their cars with their kids or their wife.

Q: What does Mr. D'Elia do for a living?

A: I have no idea.

Q: Does Mr. D'Elia have any contracts with Keystone Landfill?

A: No, ma'am.

Q: Does he have any contracts with any companies that are owned by you?

A: No, ma'am, what ever contract he might have with the mortgage on a bank.

Q: Any grievance, any business relationship with Mr. D'Elia?

A: Other than if he came to our counter and bought some parts, that could be years ago.

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Q: You never met with D'Elia on a regular basis?

A: Absolutely not. I told you if he was in our place a couple of time it was for parts – no. It's street talk.

Sworn Statement of Louis A. DeNaples, August 16, 2006, 221-225, 329. (Emphasis added).

Louis A. DeNaples had a close relationship with D'Elia spanning many years. DeNaples was a guest at wedding of D'Elia's daughter, Carolyn Moscatelli, on May 22, 1999. DeNaples was invited as a friend of William J. D'Elia. D'Elia spoke of DeNaples

to his family as a friend. D'Elia would relate to his children occurrences in DeNaples' life such as the birth of a grandchild. When DeNaples' father was dying, D'Elia would visit him and spend time with the elder DeNaples. When DeNaples' father died, Louis DeNaples personally gave D'Elia his father's rosary beads, indicating that his father wanted him to have them.

Louis DeNaples unlisted home telephone number is 344-3982. In October 2006, law enforcement members searched a Lincoln Town Car owned by D'Elia pursuant to a search warrant. During the search, officers seized a book containing names and telephone numbers. The book contained an entry for "DeNaples, Lou" and the telephone number 344-3982.

Including the period of the five years prior to DeNaples' August 16, 2006, testimony, DeNaples and D'Elia had frequent in-person contact. Such contact was not limited to instances in which D'Elia went to the DeNaples Auto Parts to buy a part, as claimed by DeNaples. D'Elia frequently met with DeNaples in his private offices at DeNaples Auto Parts. On such occasions, D'Elia would park behind DeNaples vehicle and enter the offices through a private entrance. The occurrence of these meetings was established by testimony from Jeanne Stanton, Samuel Marranca, Salvatore DeFrancesco and D'Elia.

In addition to a friendship, DeNaples and D'Elia had a business relationship. D'Elia was involved in a company called BudTel. BudTel owned and operated public telephones in northeastern Pennsylvania. At the request of D'Elia, DeNaples permitted BudTel to place public telephones on land controlled by DeNaples or his companies. One of the telephone boxes was located at DeNaples Auto Parts. Another BudTel

telephone was located on land 1004 Exeter Avenue, West Pittston, at a location owned by Theta Land Corporation. Theta in turn was owned by a company controlled by Louis A. DeNaples.

Barry Shapiro was one of the founders of BudTel. BudTel owned and operated thousands of public telephones. Among other places, BudTel owned and operated public telephones in Northeastern Pennsylvania. D'Elia was an independent contractor for BudTel. In this capacity, D'Elia would seek contracts to place BudTel telephones on land owned or controlled by others. BudTel would then enter into a contract with the land owner and pay a commission to D'Elia. D'Elia arranged for the placement of BudTel telephones on land controlled directly or indirectly by Louis A. DeNaples. D'Elia arranged for meetings between Louis A. DeNaples and Shapiro for this purpose. On approximately three occasions, D'Elia and Shapiro met with DeNaples at DeNaples Auto Parts regarding the placement of BudTel telephones. The grand jury received evidence concerning this business relationship through the testimony of D'Elia and Shapiro.

D'Elia arranged for the free printing of brochures for DeNaples Auto Parts through a printing company owned by Thomas Joseph, an associate of D'Elia. In a search warrant execution of D'Elia's home in 2001, state and federal officers seized a folder marked "DeNaples" which contained several samples of the brochures. In this endeavor, D'Elia dealt with Eugene DeNaples, brother of Louis DeNaples. The grand jury received evidence of this arrangement through the testimony of D'Elia and Joseph.

### **Russell Bufalino**

Russell Bufalino was the reputed head of an organized crime family in Northeastern Pennsylvania. Bufalino served lengthy federal prison sentences in the 1970s and 1980s for extortion, conspiring to violate the civil rights of a United States citizen and endeavoring to obstruct justice. Bufalino had been arrested in 1957 in connection with the meeting of members of *La Cosa Nostra* from throughout the United States in Apalachin, NY.

In sworn testimony on August 16, 2006, in connection with his gaming application, DeNaples testified as follows:

Q: Are you familiar with Russell Bufalino?

A: Only by name.

Q: B-u-f-a-l-i-n-o. And how do you know him by name?

A: Again, he was a local guy, you know, you hear all kinds of newspaper things about him and all.

Q: What kind of things did you hear?

A: Well –

Q: In the newspaper or otherwise?

A: Organized crime or Mafia. I don't know what that is to tell you the truth.

Sworn Statement of Louis A. DeNaples, August 16, 2006, 229.

DeNaples' testimony regarding Bufalino was knowingly false. DeNaples personally knew Bufalino and had repeated contact with him. D'Elia personally witnessed contact between Bufalino and Louis A. DeNaples on a number of occasions.

In the early 1970s, Louis A. DeNaples went to the C&C Club after a prize fight.

DeNaples was in the company of Bufalino and complimented Bufalino on a ring he was wearing. In response, Bufalino gave DeNaples the ring as a gift.

On another occasion, after the flooding that resulted from Hurricane Agnes in 1972, a Pontiac belonging to Russell Bufalino's wife, Carrie, was damaged by flood water. After the car was declared a total loss, it came into the possession of DeNaples.

Louis A. DeNaples gave the car back to Bufalino along with parts so that Bufalino, a mechanic, could repair it. DeNaples also gave Bufalino two Fiats. Bufalino took the good half of each Fiat and combined them for use as a single car. This car was later used for years by D'Elia's baby sitter.

In the mid-1970s, Bufalino went to DeNaples Auto Parts to purchase a vehicle and dealt directly with Louis A. DeNaples. According to Patrick Walsh, during the transaction, DeNaples and Bufalino both acted as though they knew each other. Bufalino purchased the Cadillac, a recovered theft vehicle, from DeNaples.

In the 1970s, DeNaples' home caught on fire. Russell Bufalino went to DeNaples Auto Parts and gave DeNaples three suits. Bufalino indicated that he did so so that DeNaples could wear the suits for meetings.

Louis A. DeNaples regularly attended the annual dinner of the Italian American Civil Rights League. The seating was arranged so that Louis A. DeNaples sat at a table next to the table of Russell Bufalino and James David Osticco. Through D'Elia, DeNaples bought advertisements in the programs of the annual dinner.

Casper Giumento would frequently act a conduit between Bufalino, James David Osticco and Louis A. DeNaples. Dominick DeNaples confirmed that Giumento

frequently spent time at DeNaples Auto Parts.

The falsity of DeNaples testimony regarding Bufalino is established through the testimony of D'Elia and Walsh.

### **Shamsud-din Ali**

Shamsud-din Ali was an imam connected with a mosque located at 4700 Wyalusing Avenue, Philadelphia, Pennsylvania. Ali was previously known as Clarence Fowler, prior to his conversion to Islam. Ali is presently serving a sentence of 87 months of imprisonment as a result of convictions in the United States District Court for the Eastern District of Pennsylvania. Specifically, on June 14, 2005, a jury convicted Ali of racketeering, conspiracy to commit racketeering, conspiracy to commit mail fraud, mail fraud, interstate travel in aid of racketeering, use of the mails in aid of racketeering, bank fraud, extortion and attempted extortion under the Hobbs Act.

In sworn testimony on August 16, 2006, in connection with his gaming application, on questioning by an attorney for the Bureau of Investigations and Enforcement, DeNaples testified as follows:

**Q: How about Clarence Fowler, F-o-w-l-e-r?**

**A: No.**

**Q: And I believe he's also Sham Sud-din Ali?**

**A: Do I know him? No, but based on this due diligence for this application over here, it's a possibility that himself and another black person came with a local consultant to our complex to talk about bringing some sludge**

**from Philadelphia to our facility and very, very short conversation.**

Number one, we don't take sludge. We had no interest in it. That was that kind of the thing. I don't even know. I can't tell you -- there was two black people and a local consultant who brought them there, a local consultant that lives in the area up by us.

Q: Who is the local consultant?

A: Brazil, Jamie Brazil. He's a fund-raising guy, local consultant. His father was a -- Chairman of the council City of Scranton for years and the brothers are lawyers. So it's a prominent family up in the Scranton area.

Q: Mr. Brazil brought Ali and --

A: I don't know if it's Ali. It's two black people. That's all I know.

Q: And it was for the purpose of doing business with sludge and --

A: They wanted -- they were interested in bringing sludge to the landfill.

Q: And that's something you wouldn't do for anybody?

A: We don't take sludge, no. We only take sludge from the local municipality. They got no -- we were very in and out, have no interest.

Q: What year, approximately, did that take place?

A: Four or five years ago, maybe.

Q: But that's the extent of your contact with him?

A: I don't know what they were. Like I said, there were two black people.

(PGCB Exhibit No. 18 was marked for identification)

Q: I'm showing you what is marked as Exhibit 18. It's a photograph. Is that

who we're talking about, Mr. Ali?

A: Yeah. I couldn't -- no, I couldn't --

Q: Maybe it is, maybe it isn't?

A: To me, black people all look alike.

Sworn Statement of Louis A. DeNaples, August 16, 2006, 300-303. (Emphasis added).

The testimony that DeNaples did not know Ali was false. DeNaples testimony that he was not interested in the proposal of Ali and his associate was also false.

Ali testified that he had met DeNaples on three or four occasions. Jamie Brazil and John Johnson were also present for Ali's first meeting with DeNaples at DeNaples Auto Parts. DeNaples gave Ali and the others a tour of the facility and indicated that he was receptive to their proposal to receive waste from Philadelphia. Additionally, DeNaples informed D'Elia that he had met with Ali.

Samuel Staten, Sr. also testified before the grand jury concerning contact between DeNaples and Ali. Staten accompanied Ali to a meeting with DeNaples at DeNaples Auto Parts. Brazil was also present. DeNaples gave his visitors a tour of the facility. As developed more fully below, during this meeting at his office, DeNaples ranted about money he had given Ron White.

The grand jury heard the recording of an intercepted telephone conversation between DeNaples, Ali, Brazil, and Betty Kakareka, DeNaples' personal assistant, that occurred on July 30, 2002. The Federal Bureau of Investigation recorded the call pursuant to an Order of the United States District Court for the Eastern District of Pennsylvania. During that call the following exchange occurred.

Brazil: Uh, Betty, I have Imam Shamsud-din Ali on the other line, Imam,

This is Betty, that's uh Louis' personal assistant.

Ali: Good morning. How are you doing?

Kakareka: Good morning. He is on the phone. I don't know if you can hold for a minute. I will try to get him off.

Brazil: Yeah, we'll hold, cause its good news.

Kakareka: Okay. I did tell him you were going to call. I figured you'd be calling back. Hold on please.

\* \* \*

DeNaples: Hello.

Brazil: Louis.

Ali: Good morning.

DeNaples: Hello.

Brazil: This is imam and Jamie Brazil on the line.

DeNaples: Imam and Jamie, how are you.

Ali: Good morning, how're you doing?

DeNaples: I'm fine. How are you?

Ali: Very good. It's good to talk to you again.

DeNaples: It's good to talk to you. How's the family?

Ali: Everybody's good. How's everyone in your family?

DeNaples: Thank God, they're good.

Ali: That's great.

Brazil: The Imam's got some good news for you, Louis.

DeNaples: Okay

Ali: Anyway, we took care of that thing down at the university.

DeNaples: Okay.

Ali: Parking place will be right across the street from the school.

DeNaples: What, is it a parking garage or ah.

Ali: It's a parking lot right adjacent to the school.

DeNaples: 38<sup>th</sup> and Spruce?

Ali: Yes.

DeNaples: Okay. How do we, how do I go about ah -- it'll be so she can come in and out at any time, right?

Ali: Absolutely.

DeNaples: Okay.

Ali: Absolutely, she'll have a parking spot there. Now what -- she probably knows all of the details already.

DeNaples: Okay. Nobody said -- nobody called us with anything yet.

Ali: Yeah, but I'm saying your daughter knows -- she's down there, right?

DeNaples: Pardon? No, she's up here. She starts, she starts school in, ah, two more weeks.

Ali: I can tell you that she will get a parking spot directly across from the school. She won't have to walk but a few steps to her car.

DeNaples: Okay. How do we -- Who do we make contact with so we, so we can find out what we're doing here?

Ali: Well there person that is down there -- the name is Maureen Rush.

DeNaples: Okay. I talked to her yesterday.

Ali: Okay, well, she set it up. Now if there is any, any – if you ask her, she is going to tell you the number and the lot and everything, if you call, or have someone to call for that.

DeNaples: Okay, I have her number right here, 215-898-7515.

Ali: Right. And they'll give you the number of the lot and everything.

DeNaples: Okay, so we should call Maureen Rush.

Ali: Yeah, you could, you could have your secretary or someone to call for that information -- Maureen Rush. And she'll give you all the information as to where, the location, everything.

DeNaples: Okay. As of yesterday, she knew, she said there was nothing, unless something -- this must have happened after, right?

Ali: Well, as of yesterday, there may have been nothing. But I can tell you it's done.

DeNaples: I appreciate it. We'll call her right now. And I thank you very, very much.

Brazil: Louis, I want to ask you a question.

DeNaples: Yes.

Brazil: The imam and I got a call about -- and I don't know if it's a bogus call, or what's up with it -- getting rid of all the debris from the homes they're tearing down in Philadelphia and nobody's accepting it. And I said, you got to be kidding. Like no landfills -- nobody's accepting this stuff.

DeNaples: We can definitely take it. You know, me and you talked about this

but it never materialized, remember?

Ali: Um-huh, that's right.

Brazil: Yeah, well, I got a call from, and between us, John Minora, saying he's got a buddy by the name of Ray someone, Rinaldi or something that can ship it by rail out to Ohio. And me and the imam were talking, saying jeez, I can't believe no one would take this stuff.

DeNaples: No, we definitely could take it. In fact, we talked about you guys bringing it to us and nothing ever materialized -- nobody ever contacted --

Ali: Right

DeNaples: Nobody, nothing ever happened.

Brazil: Shawn Fordham never called, called you?

DeNaples: We never -- remember we had the meeting here.

Ali: They never called him.

DeNaples: Nobody ever called me. In fact, we never got one ounce of material or business from that city of Philadelphia at all.

Ali: Um-huh.

DeNaples: Nothing at all, but --

Brazil: Well, that's what we got to go on --

DeNaples: We could definitely, definitely take that material.

Ali: Okay, now look, Lou.

DeNaples: Yes.

Ali: Let me, let me give you one other name -- give you the name of the person who is the key person. This is my man who did, did the work for us. His name

is Bill, his name is Bill, or William Bergman, B-E-R-G-M-A-N, William Bergman.

DeNaples: Okay.

Ali: So when you speak to Maureen Rush, if she want to know per who, just say William Bergman, cause he made all the arrangements for me -- it's done.

DeNaples: Very good. Could I tell Maureen that Bergman made the arrangements?

Ali: Yes, he spoke to her. She spoke to Bergman. Just bring Bergman to her attention. She'll, she'll tell you the whole story -- yes. But, uh, Bergman is the head -- he's the vice-president at Temple University, right.

DeNaples: Okay.

Ali: And he knows the people over there, he coordinated it for me. So it's done. I know it's done. He called me this morning and told me it's done.

DeNaples: I'm going to call her right now.

Ali: Okay.

Brazil: So, Louis, you'd be willing to accept this.

DeNaples: Absolutely. Absolutely, in fact, it would be business for us and we'd be very appreciative if we got it.

Ali: Okay.

Brazil: Yeah, because, you know, I mean I got Sam talking to the mayor to find out --

DeNaples: In fact, not only that, I got two landfills that I can take it in. I can take it in -- I can take it into the CES, our other landfill in Schuylkill County.

Brazil: Now let's keep this between ourselves, cause when I got that call I

thought to myself

DeNaples: I'll wait for you to call me.

Brazil: Yeah.

DeNaples: I'll do nothing 'til one of you people get back to me.

Ali: Okay.

Brazil: Yeah, I'll find out if they are, they are having a hard problem getting rid of it. If they are, we know where it's going.

DeNaples: Yeah, but even if they don't have a hard time getting rid of it maybe you can get something coming our way to help us a little and help everybody.

Ali: That's right.

DeNaples: If we get helped, everybody gets helped, you know.

Brazil: The mayor thinks you are being taken care of, because after Sam and the imam came up to visit you, they went right to the mayor's office, and right in front of them Shawn Fordham was supposed to call you.

DeNaples: I can tell you right now that I had absolutely no conversation with anybody about any business at all other than when you people was in my office. And from that day on --

Ali: Nothing.

DeNaples: I had talked to absolutely nobody in Philadelphia about ten cents worth of business. Nobody called me and I didn't call them because --

Brazil: Hear that, Imam?

Ali: Yeah.

DeNaples: I'm the kind of guy that -- I won't push. I'm not a pushy guy -- you

know that there.

Brazil: Right, right.

Ali: I understand. But look, Lou, there is also the [unintelligible] person.

Let me give you my cell phone number as well, because if there is any snag call me back. This thing is done.

DeNaples: Let me have it.

Ali: Area code 215

DeNaples: Okay.

Ali: 416

DeNaples: Okay

Ali: 1882

DeNaples: Thanks very, very much -- appreciate it.

Ali: Okay.

Brazil: No problem.

DeNaples: Bye-bye.

Grand Jury Exhibit No. 4.

Agents John Meighan and Roger Greenbank of the Bureau of Investigation and Enforcement (BIE) of the Gaming Control Board interviewed Louis A. DeNaples prior to the sworn statements on August 16 and September 28, 2006. Meighan and Greenbank had learned that DeNaples had received an inventory from the United States District Court for the Eastern District of Pennsylvania informing him that he had been the subject of a court authorized interception of communications. According to Meighan, DeNaples was "very, very vague" in his response. DeNaples indicated that he "might

have received something from the phone company". Actually, on December 19, 2003, two FBI agents personally served DeNaples at his office with the notice. The agents displayed their credentials and one of the agents gave DeNaples his business card. The inventory notified DeNaples that he had been the subject of a non-consensual interception of his communications. The inventory contained DeNaples' name as addressee. The inventory contained the federal court docket and was captioned "In the Matter of the Application of the United States of America for an Order Authorizing the Interception of Wire Communications Occurring over Telephone Facility 215-782-1521, Subscribed in the Name of Faridah Ali, 36 Latham Parkway, Cheltenham, Pennsylvania, Etc." DeNaples' responses to Meighan and Greenbank in this regard were intentionally vague and deceptive.

The falsity of DeNaples' testimony regarding Shamsud-din Ali was established through the testimony of Jamie Brazil, Shamsud-din Ali, Samuel Staten, Sr., and D'Elia. Their testimony is corroborated by the above intercepted conversation.

**Ron White**

Ron White was an attorney licensed to practice in Pennsylvania with offices in Philadelphia. White was a close political associate of Mayor John F. Street. In 2004, a federal grand jury in the Eastern District of Pennsylvania handed up an indictment, charging White with conspiracy to commit honest services fraud, 22 counts of wire fraud, four counts of mail fraud, two counts of extortion, and five counts of making false statements to the FBI. White died on November 4, 2004, while the federal charges were pending.

In sworn testimony on August 16, 2006, in connection with his gaming application, on questioning by an attorney for the Bureau of Investigations and Enforcement, DeNaples testified as follows:

**Q: Ron White, do you know him and if so how?**

**A: No.**

**Q: Have you even heard of him?**

**A: I heard his name in the last couple of months back and forth with, you know, when getting prepared for this gaming thing I heard his name. That's all.**

**Q: No business with a gentleman by the name of Ron White?**

**A: No.**

Sworn Statement of Louis A. DeNaples, August 16, 2006, 300. (Emphasis added)

In 1999, Street, then a candidate for mayor, traveled to Scranton with Ron White. In the early morning, Street and White met with DeNaples, Jamie Brazil and Attorney John Minora at the Raddison Hotel in Scranton. In sworn testimony, both Brazil and Minora confirmed this contact between White and DeNaples. In his testimony, Mayor Street confirmed that he went to Scranton for a small meeting in the early morning in 1999. Street was not sure who else was present for the meeting but believed that White was there. Street could not confirm or deny the presence of DeNaples. The testimony of Mayor Street tends to corroborate the testimony of Brazil and Minora. On another occasion, Sam Staten, a union official and associate of Mayor Street, met with DeNaples in the office of DeNaples Auto Parts. As described above, during a meeting in his office, in the presence of Samuel Staten, Sr., DeNaples ranted about how he had

given \$50,000 to Ron White and could not get a return telephone call from White or Mayor Street. DeNaples also informed D'Elia that he had met with Mayor Street and Ron White. DeNaples told D'Elia that he had given them \$50,000. The falsity of DeNaples testimony regarding Ron White was established through the testimony of Brazil, Minora, D'Elia, and Staten. Their testimony is further corroborated by the testimony of Mayor Street.

### **Salvatore Avellino**

Salvatore Avellino is a known member of the Lucchese organized crime family based in New York. Avellino served a federal sentence for conspiracy to commit extortion. He was subsequently released from prison and is currently under the supervision of United States Probation.

In sworn testimony on August 16, 2006, in connection with his gaming application, on questioning by an attorney for the Bureau of Investigations and Enforcement, DeNaples testified as follows:

Q: I handed you what we marked as Exhibit 8. I believe the name is Salvatore Avellino, A-V-E-L-L-I-N-O?

A: No.

Q: Do you recognize this photo?

A: No.

Q: Any business dealings with him?

A: No, not to the best of my knowledge. You got to realize though, these people could be walking in and out of our place to buy part or one of our banks and one

of our companies. They're just people that come into the business. I wouldn't know the name or anything.

We had thousands of people in and out of our business all day long. The retail stores, we don't know.

Q: According to a 1991 Pennsylvania Crime Commission report, it alleges that he met with you about dumping fees at the landfill. Has that ever occurred?

A: I heard that before, that remark before, no.

Q: Why would the Crime Commission report mention you in the report?

A: I have no idea. I have no idea. I did hear about that Crime Commission report before. No.

Q: Have you ever heard that name, Avellino --

A: I heard the name.

Q: -- in the waste business?

A: Yes, I did. I heard the name in the waste industry.

Q: And what have you heard with respect to Mr. Avellino?

A: Nothing more than the name of being in the business or whatever. I heard it more from when they had that Crime Commission report there. I don't know who he is.

Sworn Statement of Louis A. DeNaples, August 16, 2006, 239-241.

In addition to the Crime Commission report regarding DeNaples' meeting with this known member of *La Cosa Nostra*, Avellino himself confirmed that he had met with DeNaples. When questioned on December 19, 2006, and December 23, 2007, by Senior United States Probation Officer Richard L. James, Avellino confirmed that he

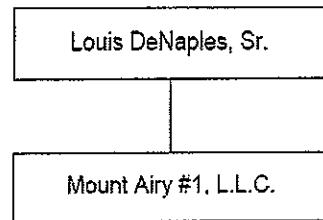
had met with Louis A. DeNaples on one occasion several years earlier to discuss an allotment for his landfill. Avellino further indicated that he used DeNaples' landfill for two days. According to Avellino, although DeNaples was a gentleman, they were unable to reach a long term agreement.

#### **DeNaples' Conviction for Conspiracy to Defraud the United States**

DeNaples' 1977 trial for conspiracy to defraud the United States ended in a mistrial when the jury deadlocked with a lone juror holding out for acquittal. Subsequent investigation revealed that the husband of the holdout juror had been bribed by James David Oستicco, a member of *La Cosa Nostra*, in the Bufalino crime family. The grand jury received credible evidence tending to show that Oستicco acted on behalf of the Bufalino crime family as a favor to Louis A. DeNaples. In short, DeNaples escaped a potentially lengthy prison term by employing his organized crime contacts to fix his criminal trial.

#### **Structure of Mount Airy #1, LLC**

Mount Airy #1, LLC is a limited liability company organized pursuant to 15 Pa. C.S. Ch. 89. Robert Rossi filed a Certificate of Organization with the Corporation Bureau of the Pennsylvania Department of State on July 14, 2004. Rossi was the sole organizer. On December 23, 2004, Rossi transferred all right, title, and interest as an organizer of Mount Airy #1, LLC to Louis DeNaples. As of that date and thereafter, Louis DeNaples was "the exclusive member/owner of Mount Airy #1, L.L.C., the same beinga single member, L.L.C." According to documents filed by Mount Airy # 1, LLC, as of December 15, 2005, the ownership of the organization was as follows:



At the time of his testimony, Louis A. DeNaples was acting on behalf of Mount Airy #1, LLC, as a high managerial agent.

### **DeNaples' Gaming Application Process**

The sworn testimony of Louis A. DeNaples in support of his gaming application occurred in closed door sessions. DeNaples, through counsel, vigorously opposed any scrutiny of that testimony by law enforcement agencies. Much of that closed door testimony related to DeNaples' character and his suitability as an applicant. Under the current law, the board properly allowed the DeNaples testimony to occur in executive session.

The Sunshine Act applies to the board. 4 Pa. C.S. §1201.1(a). That law permits executive sessions where a public meeting would lead to disclosure of information or confidentiality protected by law. 65 Pa. C.S. §708. Information submitted by an applicant is considered confidential. 4 Pa. C.S. §1206(f). There was no valid reason why the law should permit closed door testimony of an applicant regarding his or her character and his or her suitability as an applicant, including any sworn testimony and documents on this subject given to the Bureau of Investigations and Enforcement (BIE).

BIE conducted a thorough investigation of DeNaples. The inability of BIE to

uncover proof of DeNaples' associations with known criminals was due in large part to limitations beyond its control. BIE lacked the ability to access reports of the Federal Bureau of Investigation. Furthermore, because DeNaples' testimony regarding character and integrity was conducted in secret, those with knowledge of its falsity were not put on notice that they possessed pertinent information.

Although BIE unsuccessfully sought documents from federal investigative agencies, DeNaples apparently obtained a large volume of documents from the FBI. An attorney for DeNaples filed a Freedom of Information Act Request to obtain documents from the FBI. Upon learning this, BIE Agent John Meighan, a retired FBI agent, repeatedly requested the documents from DeNaples' attorney but never received them.

In response to a subpoena to testify before the grand jury, Louis A. DeNaples invoked the Constitutional privilege against self incrimination. The Board has the authority to call DeNaples as a witness and question him regarding the above associations with known criminals.

A licensee has "the duty to provide assistance information required by the board or the Pennsylvania State Police and to cooperate in any inquiry, investigation or hearing." 4 Pa. C.S. §1331(1). Mount Airy #1, LLC and DeNaples have refused to cooperate in the instant investigation being conducted by the Pennsylvania State Police and have attempted to thwart the investigation.

The issuance or renewal of a gaming license is a revocable privilege. 4 Pa. C.S. §1311(d). The Pennsylvania Gaming Control Board has the authority to suspend or revoke the gaming license of Mount Airy #1, LLC, if it receives information from any

source that the applicant has "furnished false or misleading information to the board." 4 Pa. C.S. §1207(1); 4 Pa. C.S. §1326(b). Louis A. DeNaples, the sole shareholder of Mount Airy #1, LLC, repeatedly lied during the application process. A September 2, 2007 article in the Philadelphia Inquirer quoted Governor Edward Rendell as follows: "If, in fact, a tie is found between Louis DeNaples and organized crime, I am confident that the gaming commission will strip him of his license." The facts established during grand jury proceedings warrant revocation of DeNaples' gaming license. Upon revocation, the \$50,000,000 fee shall be deemed forfeited. 4 Pa. C.S. §1326(b).

## RECOMMENDATIONS

Based upon the evidence we have obtained and considered, we, the members of the Fourth Dauphin County Investigating Grand Jury, make the following recommendations for administrative, legislative, or executive action:

1) The grand jury recommends that the General Assembly review the Gaming Act as it pertains to what proceedings are open to public scrutiny. The grand jury recommends that the General Assembly consider requiring that all portions of the application process relating to character and integrity of applicants, principals, and key employees be open to public scrutiny.

2) The grand jury recommends that the General Assembly consider legislation to remove the Bureau of Investigation and Enforcement from oversight by the Gaming Control Board and place that bureau within the Office of Attorney General or the Pennsylvania State Police. It is unclear whether such a move would allow greater access of information. However, further study of the issue by the General Assembly is warranted.

3) The grand jury recommends that the BIE again request that DeNaples or his attorney submit the complete record received from the federal government pursuant to his Freedom of Information Act request. The grand jury further recommends that the Board treat any failure to provide the complete file as a failure to cooperate under 4 Pa. C.S. §1331(1). The grand jury recommends that BIE consider requiring all applicants to be a licensee, principal, or key employee to make Freedom of Information Act requests and completely provide the documents obtained to BIE.

4) The grand jury recommends that the Board initiate proceedings against the license of Mount Airy #1 and Louis A. DeNaples. The grand jury recommends that the Board summon Louis A. DeNaples and question him regarding the individuals with criminal ties outlined above. The grand jury recommends that the Board and or Executive Director Anne Lacour Neeb immediately suspend the gaming license of both Mount Airy #1 and Louis DeNaples.

5) Based on the materially false testimony in support of his application, the grand jury recommends that the Board revoke the license of Mount Airy #1 and Louis A. DeNaples and forfeit to the Commonwealth of Pennsylvania the \$50,000,000 license fee and all other fees paid by Mount Airy #1, LLC and Louis A. DeNaples.