

MINUTES OF ONE HUNDRED TWELFTH MEETING  
October 2, 1956

Pursuant to bylaws, the Ohio Turnpike Commission met in regular session at its headquarters at 8080 Prospect Road in Berea, Ohio at 10:00 A. M. Eastern Standard Time on October 2, 1956 with the key members of its staff, representatives of the Consulting Engineers, of the Trustee, members of the press, and others in attendance.

The meeting was called to order by the Chairman, the roll was called, and the attendance was reported to be as follows:

Present: Allen, Beightler, Teagarden, Linzell, Shocknessy.

Absent: None.

The Chairman announced that a quorum was present.

The Chairman said that the day was one of great interest and importance to the Commission. He said that the Commission then not only had completed the construction of the Ohio Turnpike but had the great satisfaction of having operated it for one full year. He said that October 2nd was also a day of some considerable interest to him because 23 years before on that date he had begun the practice of law in Columbus.

The Chairman said that present with the Commission on that occasion of great satisfaction to it were representatives of the Trustee and its counsel. He said that Mr. L. A. Stoner, the President of the Ohio National Bank, the Trustee, was not able to be present but that he had designated Mr. Sam Keller to represent him. He said that Mr. John Caren of Bricker, Marburger, Evatt, and Barton, the law firm in Columbus which was counsel for the Trustee, was present also. He said that Mr. Dennis E. Murphy, Vice President of the Ohio Company at Columbus which he said might be called a sister institution of the Ohio National Bank and a principal underwriter of Ohio Turnpike Project No. 1 was present. He said that Mr. Caren, prior to becoming associated with the firm of Bricker, Marburger, Evatt & Barton, had been associated with another firm which firm was counsel for the Ohio Company. He said he was not intending to make any allusion that there was anything inappropriate in Mr. Caren's having served the one firm and then the other.

The Chairman said that the Cleveland Press of September 29, 1956 had editorialized about the successful conclusion of the first year of operation of the Ohio Turnpike. He read the editorial, which was titled "Turnpike Has a Robust Answer to the Forecasters-of-Doom"

"The tally on the Turnpike, after a full year of operation, is a satisfying answer to all the mournful forecasts during the traffic-light months last winter.

"The toll road is ending its first year comfortably in the black, easily able to meet all costs including the whopping interest payments on its bonds.

"Summer automobile traffic has been reassuringly heavy, and driver reaction has been enthusiastic.

"Furthermore, truck traffic, which was alarmingly light during the early months, is picking up rapidly since toll schedules were made more attractive.

"But perhaps the most pleasant year-end statistic of all is the remarkable safety record. Turnpike travel has been three times as safe as driving on regular highways, and Ohio's toll road is the safest of them all.

"This confirms the belief that the soundest approach to traffic safety is to provide good highways. And the Turnpike experience is a challenge to engineers to make the new highways now in the making under the giant Federal road-building just as safe."

The Chairman took note of the presence of Mr. E. J. Donnelly, a partner of the J. E. Greiner Company, which had been the consulting engineers to the Ohio Turnpike Commission throughout the period of construction and operation. He said that a compliment to the safety features which were built into the Ohio Turnpike redounded to Mr. Donnelly and his firm and that the Commission was happy that everyone working together had made such a fine record; a record of safety, a record of solvency, a record of economic sufficiency. He said that the final audit would show the Ohio Turnpike for the month of September 1956 would have a total revenue of about \$1,635,000. He said also that the Ohio Turnpike for the 12 months of operation ending September 30, 1956 would have a total revenue of approximately \$14,661,000. He said also that operating expenses for the first 12 months had been approximately \$3,561,000 and that the full year's interest would be \$10,595,000. He said that the estimated net for the year would be in

excess of a half million dollars. He said that that was a good record and that the Commission was proud of it.

The Chairman addressed Lt. John L. Bishop, Commander of the 10th District of the Ohio State Highway Patrol, which had the responsibility for policing the Ohio Turnpike, and said that the Labor Day week end had proved as nothing else ever did what good construction, good design and good policing could do for highway safety. He said that he had written a letter to Colonel George Mingle, Commander of the Ohio State Highway Patrol, right after the holiday week end and had congratulated him. He said that the Ohio State Highway Patrol shared the record of safety on the Ohio Turnpike during its first year of operation. The Chairman said further that the Ohio State Highway Patrol was one of the institutions, a word which he said he used advisedly, in Ohio which was beloved and respected and efficient and that the record of safety which the Commission was proud of that day was in a measure attributable to the Patrol.

The Chairman noted the presence of Mr. James Preston, a partner of the law firm of Squire, Sanders & Dempsey. He said that Mr. Preston and Mr. Henry J. Crawford, also a partner of Squire, Sanders & Dempsey, had had much to do with the financing of the Ohio Turnpike. He asked Mr. Preston when his firm had been designated by the Attorney General of Ohio as special counsel to act as bond counsel for the Ohio Turnpike Commission. Mr. Preston replied that it had been in May 1951. The Chairman then said that since May of 1951 when the firm had been designated by the Attorney General as special counsel to act as bond counsel, the Commission had had a happy association with it.

The Chairman said further that the members of the Commission and the staff not only had given much to complete the construction of the highway of which the Commission was so proud but they had given much to assure the success of the first year of operation which had been a critical year. He said that the Commission had suffered great anguish during those months which the Cleveland Press had referred to as traffic-light the previous winter but that the Commission had exulted in the summer traffic which had brought about the year-end result he had mentioned. He said it had been a year wherein all expenses including interest charges had been paid and then the Commission had a profit. He said also that as the years went forward the revenue would increase, the profit would increase. He said that in the months immediately ahead the Commission would experience a seasonal drop-off in passenger car use but during those same months the safety features of the turnpike, which were more attractive to the commercial vehicle than during the

months when the weather was good, would bring about an increase in commercial use which would not likely balance the loss that the Commission would suffer in passenger revenue but would be a healthy increase in use which would augur

The Chairman addressed the Executive Director, Mr. Herman F. Tornau, and said that although Mr. Tornau only recently had come with the Commission he had become part of the organization in a very wholesome way and that he thought the Commission could look forward to good and fine service from him to the Commission and to the Ohio Turnpike. He said that the Chief Engineer, Mr. R. J. Lehman, and the Project Manager, Mr. Russell S. Deetz, had been with the Commission long and had always given a fine account of themselves.

A motion was made by General Beightler, seconded by Mr. Teagarden, that the minutes for the meeting of August 21, 1956 which had been examined by the members of the Commission and on which the corrections suggested by the members had been made be approved without reading.

A vote by ayes and nays was taken and all members responded to roll call. The vote was as follows:

Ayes: Beightler, Teagarden, Linzell, Allen, Shocknessy.

Nays: None.

The Chairman declared the motion carried.

The Chairman reported that the Consulting Engineers had submitted their first annual report as required to be submitted prior to the first of October. He said also that the Commission certainly had learned that speed alone was not the greatest traffic hazard. He said that he thought that the sleepy driver was the greatest hazard on the turnpike and that the speedy, sleepy driver just could not be equaled and, that regrettably, the turnpike had had speedy, sleepy drivers.

The Chairman reported further that during the previous month he had had an exchange of correspondence with The Ohio Hotels Association which had been meaningful and which had been the subject of a great deal of editorial comment, most of it approving. He said that the Akron Beacon Journal had taken a little exception to the vigor of his approach to the problem and so also had the Times-Star of Cincinnati. He said that he had replied to both newspapers (copies of which letters are hereafter set forth and incorporated). He said that the Beacon Journal had said that it rather questioned the Commission's right to enforce laws

against racial discrimination and, of course, he would question the Commission's right to do so too and would agree that the enforcement of laws against racial discrimination was the job of someone else. He said that the Commission's province in that area was to assure that the driver on the Ohio Turnpike would have a place of shelter for the night off the turnpike because a sleepy driver, regardless of the color of his skin, was a menace to himself and to everybody else. The Chairman said also that he wanted to take note of the cooperation of Mr. Allen Lowe in the hotel controversy matter. He said that Mr. Lowe, a Cleveland man, was the operating president of the Carter Hotel and an officer of the Ohio Hotels Association. He said that Mr. Lowe had come to see him in his office in Columbus and had assured him not only by his words but by the deeds which had followed his words that The Ohio Hotels Association had no intent to uphold any form of discrimination and that The Ohio Hotels Association wanted to cooperate with the Commission. He said also that whereas prior to hearing from Mr. Lowe the Commission had had some difficulty in arranging mutually convenient appointments with The Ohio Hotels Association with respect to placing Hotel Red Books and lighted wall desks along the turnpike after Mr. Lowe's visit the Commission was able to enter promptly into discussion with The Ohio Hotels Association. He said that the Association was going to arrange that there would be Hotel Red Books and lighted wall desks in the plazas along the turnpike. He said The Ohio Hotels Association was another agency that the Commission wanted to live with and work with. He said that it represented Ohio business and Ohio people the Commission respected. He said that he thought it could be said that the Ohio Hotels controversy, if the Commission wanted to call it that, was closed quite satisfactorily.

The reply to the editorial in the Akron Beacon Journal referred to by the Chairman was as follows:

#### OHIO TURNPIKE COMMISSION

September 6, 1956

Office of the Chairman  
17 South High Street  
Columbus 15, Ohio

Mr. Ben Maidenberg, Editor  
Akron Beacon Journal  
Akron, Ohio

Dear Mr. Maidenberg:

Your editorial of Monday, September 3, entitled "Hotel

Men Deserve Consideration" stated that the real question in issue between The Ohio Hotels Association and the Ohio Turnpike Commission is "how the hotel people can get an adequate opportunity to tell their whereabouts and their attractions to prospective customers on the Turnpike."

It is to be noted that in my letter of August 29 to H. Mowrey, Executive Secretary of The Ohio Hotels Association, Mr. Mowrey was reminded that the pamphlets about which he complained had been prepared after consultation with his Association. Mr. Mowrey was advised in my letter of August 29 that the Department of Information and Research of the Commission and the Chairman of the Commission are available for conference with The Ohio Hotels Association at any mutually convenient time and Mr. Mowrey was advised also that suggestions of his Association will receive consideration by the Commission. It is repeated here to you that The Ohio Hotels Association and any other Association's or person's view will receive merited consideration by the Ohio Turnpike Commission. The Commission is not opposed to considering whether accommodations beyond an arbitrary boundary limit might be announced in its pamphlets nor is it unwilling to announce the location of hotels. Arrangements are presently being completed to have Hotel Red Books and lighted wall desks placed in strategic locations along the Turnpike.

It is my belief that, just as Mr. Mowrey does, you misunderstand the Commission's problem with respect to shelter for travelers. The Commission is not undertaking to police laws against race discrimination per se. The Commission is merely seeking "to have available to weary travelers on the Ohio Turnpike proper places of rest where they may retire rather than be compelled to continue their journey, fatigued from its exactions, to the jeopardy of other travelers, because unduly fatigued operators of vehicles are not safe operators of vehicles."

It would seem from your editorial that you have derived a mistaken belief from my letter that the Commission's purpose in interesting itself in places of shelter is just to assure that laws against race discrimination are enforced. I shall not permit myself to be so misled by the tone of your editorial as to seem to hear it say that the Akron Beacon Journal's purpose is to have laws against race discrimination not enforced because I credit the Akron Beacon Journal with both sincerity and integrity of purpose.

Up to this time we have not received from The Ohio Hotels Association pursuant to the invitation of my letter of August 29 any indication that Mr. Mowrey would like to confer again with the Commission's Department of Information and Research or with the Chairman of the Commission. "Hotel Men Deserve Consideration" and indeed they shall receive it and so also shall hotel women and all other men and women as far as the Ohio Turnpike Commission is concerned.

Very truly yours,

/s/ James W. Shocknessy

James W. Shocknessy  
Chairman

Enc. Copy of letter dated September 5 addressed to H. Mowrey by James D. Hartshorne, Executive Assistant to the Chairman.

The enclosure referred to in the letter written by the Chairman to Mr. Mowrey was the following:

OHIO TURNPIKE COMMISSION  
8080 Prospect Road  
Berea, Ohio

September 5, 1956

Capt. H. Mowrey  
Executive Secretary  
The Ohio Hotels Association  
611 Beggs Building  
Columbus 15, Ohio

Dear Mr. Mowrey:

Your letter of July 31, 1956 addressed to the Director of Information and Research of the Ohio Turnpike Commission contained an offer on behalf of the Ohio Hotels Association to place in each of the restaurants along the Ohio Turnpike a copy of the Hotel Red Book and a lighted wall desk, without cost to the Commission. In our reply to you under date of August 8, 1956 you were informed that your letter would be brought to the attention of the Executive Director of the Commission, Herman F. Tornau, and that you would be informed of his reaction.

The Executive Director has authorized me to advise you that it is entirely acceptable that the Hotel Red Books and lighted wall desks be placed at mutually satisfactory locations at the 17 toll plazas and, with the agreement of the operators of the 16 service plaza restaurants, in the restaurants. These are the same locations where the Commission's folder "Shelter for the Night Along the Ohio Turnpike" is available to Ohio Turnpike travelers. We would be glad to discuss details of the installation with you at your convenience.

Very truly yours,

/s/ James D. Hartshorne

James D. Hartshorne  
Executive Assistant to the Chairman

The reply to the editorial in the Cincinnati Times-Star referred to by the Chairman was as follows:

OHIO TURNPIKE COMMISSION  
8080 Prospect Road  
Berea, Ohio

September 24, 1956

The Editor  
Cincinnati Times-Star  
Cincinnati, Ohio

Dear Sir:

Your editorial of September 18 criticizing the aggressiveness of the literary style of my letter to the Executive Secretary of The Ohio Hotels Association rather dismayed me. Suffice my reply to be that I shall continue to be vigilant and belligerent in the protection and defense of human rights, God-given and constitutionally guaranteed, and in upholding my responsibilities as a public official.

Very truly yours,

/s/ James W. Shocknessy

James W. Shocknessy  
Chairman

cc Editor, Cincinnati Enquirer  
Editor, Cincinnati Post



The Chairman reported further that the Commission had had a lot of discussion about restaurants. He said that at the opening of the Indiana Toll Road Governor Lausche had mentioned the Commission's successes and then had said: "Oh, we are having a little bit of trouble with restaurants, but that is just an incident that will clear up." The Chairman said that he believed that. He said also that the restaurant operators had indicated in the preceding few months a disposition to perform satisfactorily. He said that each of the members had received a report made by Horwath & Horwath, a nationally recognized firm in the restaurant field, which was a critical analysis of the restaurants on the turnpike, and that the Commission had a report also from another firm, Harris, Kerr, Forster & Company on the business aspects of the restaurants.

The Chairman then reported further that there was a matter of calumny and vilification and of an arch calumniator upon which he must report to the Commission that morning. He said that on September 11, 1956 some statements had been made by a man known as Paul M. Herbert whom he would refer to always as Paul M. Herbert because a man who bore the same surname who formerly had been governor of Ohio had requested through a mutual friend that he so do so that, insofar as possible, he might be dissociated from what the Chairman had chosen to call calumny and vilification. The Chairman said that he would then read from a press release entitled "Excerpts from a Speech of Paul Herbert" which he loathed reading but which he could not ignore. He then read as follows: "I have time for just one example of the inside working within the Commission itself. The Commission paid a firm for its services something like \$350,000 to \$400,000. Strange enough, or is it strange, this same firm then engaged the services of a member of the Turnpike Commission, a man close to the Governor, and paid him \$35,000. What services were performed, I do not know. There was a striking mathematical calculation - 10%." The Chairman said that he had not been present when those remarks had been made. He said that his only information about them came from the press release and from the newspaper accounts which had been written about it. He said that he had known Paul M. Herbert for many years as a professional colleague and not unpleasantly. He said that he had had great sympathy for Paul M. Herbert a few years before when Mr. Herbert had been writhing in the so-called Herbert-Dombey situation, to speak euphemistically. He said that if Mr. Herbert had been describing others similarly involved, he might have used a less euphemistic term than "situation". The Chairman said that anyhow he had had sympathy with Paul M. Herbert at that time when he had been going around Columbus seeking to persuade editors, colleagues and others that any professional misconduct attributable to his associate should not be chargeable to him. He said that he had

had sympathy for him then and he would not be unsympathetic with him at any time. He said that his purpose, God knew, was not to embarrass Paul Herbert nor to make a liar out of Paul Herbert. The Chairman said also that he could only believe that if Paul Herbert had made those remarks which were attributed to him, he had been misinformed. He said that certainly a man who had advanced to the age of about 68, in his long life should have learned that such serious statements should be substantiated and that they would not and should not be offered without substantiation unless he had great belief in the person or persons who had given him the information.

The Chairman said also that he had written Paul Herbert under the date of September 20, 1956 (copy of which letter is hereafter set forth and incorporated) and had called to his attention those remarks which he had just read and had asked him to advise the Commission what day prior to October 2, 1956 he might be able to appear before the Commission to consult with it and let it know upon what he had based his assertions. He said that he had told Paul Herbert that the Commission would be glad to set the meeting at a time which would be convenient to him either at Berea or elsewhere. The letter written by the Chairman to Mr. Herbert under date of September 20, 1956 was as follows:

OHIO TURNPIKE COMMISSION  
8080 Prospect Road  
Berea, Ohio

September 20, 1956

Mr. Paul M. Herbert  
Attorney at Law  
17 South High Street  
Columbus 15, Ohio

My dear Mr. Herbert:

I have the text of an address of yours delivered on Tuesday, September 11, at an event incident to the Republican State Convention in Ohio for 1956, which event I understand was attended by Republican County Chairmen, office holders, aspirants to public office, newspaper writers, personnel of television, radio and others. In your address as set forth in the text which I have before me you made certain statements which have been given wide circulation throughout our state which impugn the integrity of the Ohio Turnpike Commission and its staff in the construction of the Ohio Turnpike and impugn also the personal integrity of the several members of the Commission.

The Governor of Ohio has said that he would not "dignify" your statements with his comment. Indeed, both because of their source and the partisan auspices under which they were uttered, I, too, should like to evaluate the statements accordingly, and ignore them. But ignore them I cannot; ignore them the Ohio Turnpike Commission must not; challenge them it shall. Ohio, which has ever supported the Ohio Turnpike Commission, must be reassured that her confidence is not misplaced, that Ohio's Turnpike was honorably constructed by the Commission under the immediate supervision of its respective Executive Directors, first, the one who is now a member of the Commission who served as Executive Director in charge of actual construction for more than two years, Ohio's beloved great hero, Major General Robert S. Beightler, U. S. A. Ret., and then Frank C. Dunbar, Jr., another esteemed Ohioan, who as General Beightler's successor served in the office of Executive Director for more than six months during which period the Ohio Turnpike was opened in its entirety to traffic.

It had been my fervent hope that quick retraction of the odious statements would have followed their shocking utterance and that whatever motivation originated them would have been made known promptly.

Not having learned from the newspapers, or otherwise, however, that either a retraction of the statements or any attempt to substantiate them has been made you are advised that I shall convene the Ohio Turnpike Commission in meeting at a time and place mutually convenient to you and to the Commission, but not later than October 2, when the Commission would have you offer what you consider as proof of your statements that political considerations dominated the construction of the Ohio Turnpike, that dissatisfaction with its construction depressed the securities market and precluded the financing of any further revenue bond road projects in Ohio and that a member of the Commission derived personal financial enrichment in the amount of \$35,000.00 or 10% of \$350,000 paid to a firm by the Ohio Turnpike Commission during the construction of the Ohio Turnpike.

It is requested that you advise at your earliest convenience on what date prior to October 3 you may be able to appear before the Commission and whether it will be to your convenience for the meeting to be held at the Commission's headquarters in Berea, Cuyahoga County, where the Commission's meetings are customarily held. If Berea is not convenient then a meeting can be arranged in Columbus or elsewhere in Ohio mutually convenient.

It is regrettable that the Ohio Turnpike, a project which is one of Ohio's greatest glories in its conception, construction and completion should suffer partisan political attack which would require an effort such as

that herein proposed to avoid its besmirchment. Not retreat beaten under cover of bogus undisclosed affidavits will suffice for Ohio's purpose but only retraction and honest portrayal of the facts which underlie the Ohio Turnpike will expiate the malevolence directed against a noble project and against men who have been gloriously free of partisanship in their every manifestation known to me.

Very truly yours,

/s/ James W. Shocknessy

James W. Shocknessy  
Chairman

cc: Frank J. Lausche, Governor  
C. William O'Neill, Attorney General  
O. L. Teagarden  
A. J. Allen  
Robt. S. Beightler  
Samuel O. Linzell  
Frank C. Dunbar, Jr.  
Ohio National Bank, Trustee

The Chairman said also that under date of September 24, 1956 Paul Herbert had released a letter to the newspapers which the Chairman did not receive that day but which he had heard about very promptly after it had been released and was being published so he had called Paul Herbert on the telephone and had asked him to send him a copy which he quite graciously had done in about half an hour. The Chairman said that in the letter Paul Herbert had not adverted at all, not even once, to the \$35,000, nor to the firm which he had said had been paid \$350,000 by the Commission and then had hired a member of the Commission and in turn had paid him \$35,000. He said also that therefore he had written Mr. Herbert another letter under date of September 26, 1956 (a copy of which letter is hereafter set forth and incorporated) because in that letter of September 24 Mr. Herbert had not said that he would meet with the Commission and the Chairman had read the newspapers and Paul Herbert had said he would not meet with the Commission. He said that the letter of the 26th of September had been delivered to Mr. Herbert's office in Columbus, the Chairman's first letter to Mr. Herbert having been sent by mail and his letter to the Chairman having been sent by mail. The Chairman said also that in the letter of the 26th of September he had told Paul Herbert that the Commission was meeting October 2, 1956 at 10:00 o'clock in Berea and that it would expect him to be present and at that time offer proof of the statement that a member of the Commission

had received \$35,000 from a firm paid \$350,000 by the Commission. The letter written by the Chairman to Mr. Herbert under date of September 26, 1956 was as follows:

Delivered to Mr. Herbert's office at 10:05 A. M. on  
September 26, 1956

Ohio Turnpike Commission

Office of the Chairman  
17 South High Street  
Columbus 15, Ohio

September 26, 1956

Mr. Paul M. Herbert  
Attorney at Law  
17 South High Street  
Columbus 15, Ohio

My dear Mr. Herbert:

The copy, which on my request you provided me, of your letter of September 24 addressed to me, which I have not yet received, has been read by me. It is noted that at no place in the letter do you advert to your despicable and now notorious accusations that a member of the Ohio Turnpike Commission received \$35,000.00 from a firm which was paid \$350,000.00 by the Ohio Turnpike Commission and that political considerations dominated the construction of the Ohio Turnpike. Until you answer the \$35,000.00 question in two parts - "Who paid the \$35,000.00 and who got the \$35,000.00?" - not any of your bombast will receive attention from me, from the Commission, or from the people of Ohio.

The Ohio Turnpike Commission will be convened in meeting on Tuesday, October 2, at 10:00 A. M. EST in its headquarters in Berea on the Ohio Turnpike and it is expected that you will be present there at that time to offer proof of your statement that a member of the Commission received \$35,000.00 from a firm paid \$350,000.00 by the Commission.

Accusations of such great consequence should not be made the subject of mere political speechmaking but should be examined

in the orderly processes of good government.

Very truly yours,  
/s/ James W. Shocknessy  
James W. Shocknessy  
Chairman

cc: Frank J. Lausche, Governor  
C. William O'Neill, Attorney General  
O. L. Teagarden  
A. J. Allen  
Robert S. Beightler  
Samuel O. Linzell  
Frank C. Dunbar, Jr.  
Ohio National Bank, Trustee

The Chairman said that he had gotten no answer to the letter of September 26, 1956 until October 1, 1956 when he had received a telegram in which Paul Herbert had said: "I see in the papers that you have written me another letter. I will be present at Commission meeting 2:00 P. M. Eastern Standard Time October 2. Must have one-half hour without interruption to present facts and records. Ask that you instruct official in charge of records at Berea to permit me to see records of turnpike I asked for at 11:00 A. M. tomorrow October 2. I will have an official court stenographer to keep accurate account of my presentation. "

The Chairman said that, of course, the Commission was a body which met in accordance with provisions of law and it had published its notice that the meeting would be at 10:00 o'clock so it had convened at 10:00 o'clock. He said to the Executive Director that he hoped that he had arranged that there would be somebody downstairs to meet Mr. Paul Herbert in the event that he came and to escort him to the meeting. He said that there were a lot of people present who would keep an accurate account of Mr. Herbert's presentation so that the accuracy of the account was pretty well assured.

The Chairman reverted to the letter written by Paul Herbert under date of September 24 and read from it as follows:

"Dear Sir:

"Your letter of September 20 is acknowledged. The return address on your envelope is 'Ohio Turnpike Commission, 17 South High Street, Columbus 15, Ohio.' This is the address of your private law office. You are Chairman of the Turnpike Commission. With Governor Lausche's backing, you personally took charge of the affairs of the turnpike." The Chairman at that point asked and received confirmation from the members that he had been elected Chairman by the members. He

then continued to read from the letter as follows:

"To halt mounting criticism of your conduct General Robert S. Beightler was made Executive Director. It was a little late. The horse was already out of the barn. Shortly after he assumed his office, General Beightler penciled and underscored in his own handwriting, referring to a right-of-way acquisition deal, the following:

'R/W truly highway robbery.

R. S. B. '"

The Chairman said that that was old hat. He said that General Beightler two years before with respect to that had said in a statement (a copy of which statement is hereafter set forth and incorporated) under date of September 26, 1954: "Much also is made of a certain memorandum of mine wherein I characterized the price to be paid for a single parcel as 'Truly highway robbery'. That memorandum was an intra-office communication to one of the members of my own staff, and while it bespoke views that I had about the amount of money we were being required to pay in order to acquire the parcel, it was also written as an admonition to my staff to be careful and keep prices in line. Anyone who has ever had any experience with running an organization well knows that the 'top-kick' many a time has to speak in superlative tones to make his views emphatic. All public bodies, not only public bodies buying land for turnpikes and superhighways, but public bodies such as the City of Columbus, have been required to pay more money than was anticipated or than they wanted to pay in order to buy the property needed on time. The State Auditor, who was Mayor of Columbus for many years, should well remember experiences he has had which were not dissimilar to mine." The Chairman asked General Beightler whether he had changed his mind. General Beightler said he had not changed it at all. The Chairman directed that copies of the statement which General Beightler had made two years before and from which he had read and which General Beightler had reasserted and which were on the press table be distributed to the members of the Commission. The statement by General Beightler under date of September 26, 1954 follows:

OHIO TURNPIKE COMMISSION  
139 East Gay Street  
Columbus, Ohio

For Release in Sunday Newspapers,  
September 26, 1954

STATEMENT BY MAJOR GENERAL ROBERT S. BEIGHTLER, USA (RET.),  
EXECUTIVE DIRECTOR OF THE OHIO TURNPIKE COMMISSION

As the Executive Director of the Ohio Turnpike Commission, I am the official charged with responsibility for the acquisition of right-of-way as well as for many other things done in behalf of the Commission, and accordingly I must consider as a reflection upon me the criticisms of the State Auditor's report about the negotiation and purchase of right-of-way, particularly during the past 13 months since I have been serving with the Commission.

The purchase of right-of-way by the Commission under my supervision has been a deadly serious matter, both with me and with the Commission. Many times it has been my unhappy duty to weigh the relative merits of paying a few dollars extra for right-of-way and acquiring it immediately against haggling for months over the same few dollars and losing them ten times over in interest upon the \$326,000,000 of Turnpike revenue bonds, plus revenue from the Pike, not to mention possible large claims from contractors delayed in their operations. A construction season lasts just a few precious months each year and once lost cannot be recovered.

Much has been made also, since the distribution of the partial report, of my demand that one group of negotiators, who represented the Commission, make restitution for a transaction which I have characterized in correspondence as "having a taint of self-interest." That demand was not made subsequent to or because of the Auditor's report. It was made prior to it and pursuant to a course of examination made by me and my staff over a period of many weeks before the report.

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Much also is made of a certain memorandum of mine wherein I characterized the price to be paid for a single parcel as "Truly highway robbery." That memorandum was an intra-office communication to one of the members of my own staff, and while it bespoke views that I had about the amount of money we were being required to pay in order to acquire the parcel, it was also written as an admonition to my staff to be careful and keep prices in line. Anyone who has ever had any experience with running an organization well knows that the "top-kick" many a time has to speak in superlative tones to make his views emphatic. All public bodies, not only public bodies buying land for Turnpikes and super highways, but public bodies such as the City of Columbus, have been required to pay more money than was anticipated, or than they wanted to pay in order to acquire the property needed on time. The State Auditor, who was Mayor of Columbus for many years, should well remember experiences he has had which were not dissimilar to mine.

Insurance is another subject in the report. In my position as Executive Director I give supervision to the acquisition of insurance by the Commission and to the receipt by the Commission of the surety bonds guaranteeing performance by contractors. No one is better able than I to say that neither the Chairman of the Commission, nor any member or employee of the Commission, has ever attempted to interfere with me or brought any pressure, direct or indirect, to bear upon the contractors under my supervision aimed at direction of either insurance or performance bonds to any favorite agencies or companies.

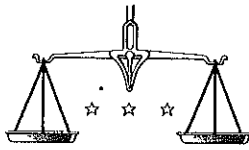
In conclusion, I want to add that there is no one more deserving of the plaudits of the citizens of Ohio and the bondholders of the Ohio Turnpike than that somewhat controversial figure, Chairman Shocknessy. Although as a Commission member he would normally be required to attend meetings once or twice a month, he,

instead, has given practically his entire time to the conduct of Commission affairs to the serious detriment of his health, and the surrender of a large part of a lucrative law practice. He has steadfastly stood for the highest ethics in Turnpike Commission operations, and in addition has kept it entirely aloof from politics. In fact, the surest way of not getting a position, or of not receiving favorable consideration of some matter, is to have the backing of a politician -- any politician. Attestation of the sound conduct of Commission affairs is the fact that Ohio Turnpike Project No. 1 will be built for less than the amount of money provided in the Trust Indenture, thereby permitting investment of capital funds providing additional facilities, the operation of which will increase Turnpike revenues and permit the earlier retirement of bonds. I make this statement, not at the behest of Chairman Shocknessy, but only because I feel this man is deserving of the approbation of his fellow Ohioans.

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The Chairman resumed reading from Mr. Herbert's letter as follows: "Your law firm (you are senior member) was 'special counsel' for the Standard Accident Insurance Company and the U. S. Fidelity and Guaranty Company, two substantial organizations. Chairman Shocknessy approved over Forty-seven Million Dollars of insurance coverage on turn-pike matters for these two clients of Lawyer Shocknessy." The Chairman said that he had said he didn't want to make a liar out of Paul Herbert but the only thing he could do was just pass out again as he had done two years before letters (copies of which letters are hereafter set forth and incorporated) from the Standard Accident Insurance Company and the United States Fidelity and Guaranty Company in which two years before both the Standard Accident Insurance Company and the United States Fidelity and Guaranty Company had said that that statement was not true. He said that copies of those letters were on hand and available for members of the press. The letters from the Standard Accident Insurance Company and the United States Fidelity and Guaranty Company follow:

D. M. FERRY, JR. Chairman of the Board  
R. H. PLATTS, President  
F. S. BROWN, Vice Pres. & Secretary  
L. K. KIRK, Vice Pres. & Treasurer



J. P. HACKER, Vice President  
PAUL WILSON, Vice President  
E. A. WARNICA, Vice President  
P. E. LAYMON, Vice Pres. & General Counsel

# Standard Accident Insurance Company

INCORPORATED 1884

CASUALTY INSURANCE • FIDELITY AND SURETY BONDS

W. L. ALEXANDER  
EXECUTIVE SECRETARY

Detroit 32

September 20, 1954

Ohio Turnpike Commission  
139 East Gay Street  
Columbus 15, Ohio

Gentlemen:

In response to your inquiry, this Company does not now employ and never has employed James W. Shocknessy as its attorney or in any other capacity. Commencing many years ago this Company occasionally employed the services of Mr. John H. Summers, an attorney in Columbus. That employment of Mr. Summers was of an individual lawyer. In 1946 one matter was referred to Mr. Summers in the name of the firm of Shocknessy, Summers and Denton. The matter referred in 1946 was the last employment of Mr. Summers either in the firm name or otherwise, and was concluded in 1950. Neither Mr. Summers in his individual capacity, nor through the aforesaid firm has been employed in any way by this Company since 1950.

Yours very truly,

*W. L. Alexander*  
Executive Secretary

WLA:EK

*Standard of Detroit Group*

Planet Insurance Company, Detroit

Standard Accident Insurance Company, Detroit

Pilot Insurance Company, Toronto

3047.



TELEPHONE: LEXINGTON 0380

UNITED STATES FIDELITY AND GUARANTY COMPANY  
BALTIMORE 3, MARYLAND  
LAW DEPARTMENT

J. HARRY CROSS  
COUNSEL  
STEWART BROWN  
ASSOCIATE COUNSEL  
AND TAX COUNSEL  
W. PAGE DAME, JR.  
SAMUEL H. MCCOY II  
ATTORNEYS

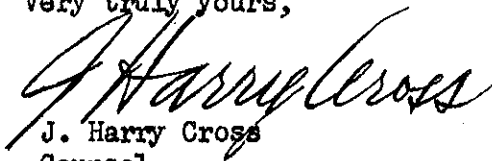
September 20, 1954

The Ohio Turnpike Commission  
139 East Gay Street  
Columbus, Ohio

Gentlemen:

In response to your inquiry we wish to state that neither Mr. James W. Shocknessy or the firm of Shocknessy, Summers and Denton is now representing or has ever represented the United States Fidelity and Guaranty Company.

Very truly yours,

  
J. Harry Cross  
Counsel

JHC:EDS

The Chairman said that there was available at the meeting a letter with respect to these matters which he had addressed to General Beightler as Executive Director of the Commission under date of September 20, 1954. That letter follows:

Ohio Turnpike Commission

September 20, 1954

Major General Robt. S. Beightler, USA (Ret.)  
Executive Director  
Ohio Turnpike Commission  
139 East Gay Street  
Columbus, Ohio

Dear General Beightler:

It is being said that the Auditor of State is spreading abroad in a whispering campaign of slur and slander and may allege in his formal report of the audit of the Turnpike Commission affairs pursuant to law which is expected to be made public this week, among other things, that a large portion of surety bonds furnished the Commission by contractors to the Commission guaranteeing the performance of their contracts are written by companies, namely United States Fidelity & Guaranty Company and Standard Accident Insurance Company, for which the Chairman of the Commission or a law firm of which he is a member is counsel.

The statement wherever made is utterly false. The Chairman is not now, and never has been counsel, special or general, or an agent or an employee on any basis whatsoever of those firms or of any other firm furnishing bonds for contractors or furnishing sureties or guaranties of indemnity to the turnpike. Neither is the Chairman of the Ohio Turnpike Commission a member of a law firm partnership so doing, in fact the Chairman of the Ohio Turnpike Commission is not a member of any partnership for the practice of law nor has he ever been a member of a partnership representing those companies. The only partners he has ever had are Florence G. Denton and George H. Chamblin, with neither of whom is he a partner at this time. The Chairman of the Ohio Turnpike Commission practices law in association with Florence G. Denton and John H. Summers and Howard M. Metzbaum under a common name Shocknessy, Summers & Denton, which association does not practice law as a partnership or jointly. The records of both the U. S. F. & G. and

Standard Accident will confirm the statement that neither James W. Shocknessy personally nor Shocknessy, Summers & Denton represent either company and the records of the Department of Internal Revenue will confirm that Shocknessy, Summers & Denton is not a partnership. A decent man before making such an assertion would verify through original sources, namely the two companies and the persons subject of the statement.

After all the anxieties and burdens I have borne as Chairman of the Ohio Turnpike Commission it is quite genuinely exasperating to be confronted with the mendaciousness of a political candidate to the extent that I should feel constrained to write such a letter as this to a few persons who will likely receive the so-called audit of the Ohio Turnpike Commission by the Auditor of State.

I am told that the Martindale-Hubbell Law Directory which emanates from New Jersey is the authority for the auditor's prospective mendacious statement because of a listing therein of Shocknessy, Summers & Denton as counsel for both U. S. F. & G. and Standard Accident. It also shows Shocknessy, Summers & Denton as counsel for the Diocese of Southern Ohio (Episcopal) for which John H. Summers personally is counsel, as he is also approved as counsel by the two surety firms, U. S. F. & G. and Standard Accident, both of whose regular local counsel in Columbus, however, I am given to understand, is the firm of Wiles & Doucher. I understand further that Mr. Bruce Lynn of Porter, Stanley, Treffinger & Platt, a Columbus law firm, also is special counsel for U. S. F. & G.

Neither Shocknessy, Summers & Denton nor James W. Shocknessy personally is counsel for either surety firm any more than for the Episcopal Diocese of Southern Ohio. Indeed it is some long time since even Mr. Summers has had any assignment of any kind from either surety firm.

We have striven valiantly these five years to keep the affairs of the Ohio Turnpike Commission aloof from, and exclusive of, partisan politics and we have been aided honorably by every one of the three gubernatorial candidates during the whole five-year period of our struggle to construct Ohio's first great Turnpike. Indeed so assiduous have we been in avoiding political implication that we have deprived Governor Lausche of some credit to which he is justly due for his co-operation. He has never complained of the omission and I consider it to his and to Don Ebright's and Charles P. Taft's everlasting credit that they recognized the validity of the purposes of the Turnpike Act and the imperative urgency of keeping it out of partisan political campaigns lest

the vast financial implication of the Commission's credit be impaired by any impugning of its political impartiality.

Very truly yours,

/s/ James W. Shocknessy

Chairman

Encls. -3

Letter to Charles E. McKee-9/15/54

Letter from Standard Accident-9/20/54

Letter from U. S. F. & G. -9/20/54

The Chairman said also that there were available at the meeting copies of a transcript of a statement which he had made at a press conference on September 22, 1954, with respect to the so-called report of the Auditor of State in which the statement that the Chairman had been special counsel for the two surety companies had originally been made. The statement by the Chairman follows:

TRANSCRIPT OF STATEMENT BY JAMES W. SHOCKNESSY,  
CHAIRMAN, OHIO TURNPIKE COMMISSION, AT PRESS  
CONFERENCE HELD ON SEPTEMBER 22, 1954

First, I want to thank you for coming. This is the first press conference that has ever been called by the chairman of the Ohio Turnpike Commission. The only other conference I called was one by long-distance telephone long ago when I called from New York and had a network around the state of newspaper offices hearing the report on the progress of financing. I have not considered that I, personally, was of sufficient importance to justify calling a conference of the press.

The matter which I want to discuss this morning, however, is of sufficient consequence to justify calling the press for a conference. Regrettably, in this world of ours over the past generation a technique has developed which uses the big lie and the big smear as two of its principal elements. The big lie and the big smear have only recently infected our public affairs in Ohio, and so I consider that I would be derelict in my duty, not merely as a public official as chairman of the Ohio Turnpike Commission, but as a citizen, did I not today challenge a calculated big smear and big lie, and did I not confront both with irrefutable evidence demonstrating that they are the big smear and the big lie.

I have before me a so-called report which was only delivered officially to us here this morning but which I was well aware of for the last several days and to an unofficial copy of which I was able to give a cursory



examination yesterday. I asked for a copy of this so-called report last night, that I might have an official copy from the auditor of state, but I was told I would be delivered a copy this morning. This report, the unofficial copy of which I examined last night, is written not in English but in gibberish. It is designed as a character assassination, a character assassination of human beings and a character assassination of an activity, an activity that has been clean since its inception and that is clean in its manifestation. This so-called report of a so-called audit by a so-called auditor gives mouthings to expressions which represent the ultimate in cynicism, the expressions of a public official who, devoid of integrity himself, as the cynic he is, would deny integrity to others.

I've said that this so-called report is designed as a smear, as character assassination, and I shall read a statement from the index, which follows: "Purchase of insurance by turnpike contractors in companies represented by the private law firm of the chairman." The chairman of this commission does not represent any insurance company or surety company which furnishes any bonds guaranteeing performance by the contractors of the Ohio Turnpike Commission.

Now, we haven't been going around here with our eyes and ears closed these recent weeks. We have seen and heard this report developing. Before you leave this room today, we will give you irrefutable evidence of the statement that I have made that neither the chairman nor any law association of his represents any insurance or surety firm furnishing bonds to this commission. I have heard the footfalls of the gumshoes treading and sneaking about this building these recent weeks whispering malicious gossip in the building and in the byways of this city and state. I listened and I waited to see if the auditor of state would file a report in which he would make the utterly mendacious statement which could readily be refuted. While they whispered and sneaked around, we procured letters, copies of which will be provided you before you leave the room, from the two companies mentioned in the report as being represented by the chairman, wherein those companies state that they have never been represented by the chairman and they have never been represented by Shocknessy, Summers & Denton. You might wonder why when I knew the statement was going to be made that I didn't do something to stop it. Indeed, if it had been true, I might have been impelled to seek to head it off, but being untrue and not knowing absolutely that before the report was issued it might not be withdrawn, I just waited -- I waited to see whether or not an official report prepared in the sacred precincts of our old State House would utter an outright lie. I waited because I thought if the report would utter such a statement, I would then demonstrate as a liar the one who uttered it.

We have endured a pattern of annoyances in this building, but we have tried to cooperate with the perpetrators of the annoyances these last months. We thought by cooperating during the period of gestation that maybe a good being might be developed, but instead, after the nine months of gestation, which began last January and ends now, a monstrosity has been delivered. You may question why, since I take such exception to the utterly mendacious statement designed to discredit my moral and professional character, I did not foresee it 18 months ago when I said in a letter that I thought an audit by the auditor of state would be a good thing. I still say that. An audit by the auditor of state is a good thing for public business. When this auditor of state sought my assistance by letter and otherwise in getting the legislation passed to give him authority to make such an audit, I stated publicly that I thought the audit of the affairs of the public body by the auditor of state would be good. I had hoped that such an audit would not be political, and I told the auditor when I wrote my letter to him -- or wrote the letter, I don't remember now to whom it was addressed -- upholding such a legislation that I would not fear its handling by him. I was appealing to what I now laughingly call his honor, because the report of which he has been delivered after nine months of gestation is not the kind of report that would have been expected from an honorable public official. I said a moment ago that we had endured petty persecutions in this building. We have. Our personnel have been incited to racism, but we've endured it all, hoping that by so doing a faithful and honest report might emanate.

I have said that I was aware this report was in preparation, I was aware this big lie was likely to be told, and I said it came from a so-called auditor and I say that advisedly, because an auditor worthy of the name would not have relied on a secondary source such as Martindale-Hubbell to get his information. He'd have gone to a primary source, as we went to a primary source. He'd have gone to the two companies. He'd have come to me. He'd have gone to John Summers who is an eminent and distinguished citizen of this community. He could have found out who represented whom. No, he would not. The report was calculated for political advantage, and like anything so conceived in iniquity, it would boomerang, and it has boomeranged. At the moment it was issued, I circulated through this state copies of letters from the companies mentioned, stating, as I have stated to you, that neither Shocknessy personally nor Shocknessy, Summers & Denton represent them or had represented them. John Summers, whose association with my office is not that of a partner, in years gone by did represent those firms, but Mr. Dunbar, the commission's general counsel, has been told by Mr. Summers that he has had no assignments from them for years. Now, I may seem to be making too much out of all this, but I'm making out of it what I am because I am recognizing it for what it was intended to be, a big smear.

Now, let us go on. There are other things in the report that the auditor of state mentions besides his would-be assassination of my character and of the integrity of the commission. And, incidentally, such an attack on our integrity is also an attack on the integrity of the two surety companies. He has mentioned something or other about some dealing by so-called land agents. General Beightler, the commission's executive director, has been in communication over a period of many weeks with the group whom he mentions. It could be that the auditor got his lead from the fact that the correspondence was being handled here. You'll get copies of that correspondence, because General Beightler is releasing copies of it. When you leave here, you'll be given copies of General Beightler's correspondence with those people.

Now, there's a lot of mention in the report, so-called, about our accounting practices and our method of submitting invoices for expenses. Now all of those invoices were examined first by the J. E. Greiner Company on behalf of the bondholders before they were paid by the trustee, The Ohio National Bank. And they were passed by Peat, Marwick & Mitchell, certified public accountants and the auditors under the indenture who examine our affairs. I'm going to give you copies before you leave here of the cover letter of every report that we've received from Peat, Marwick & Mitchell, wherein Peat, Marwick & Mitchell say the affairs of this commission are in good order. Now, of course, Peat, Marwick & Mitchell aren't running for governor in Ohio, so Peat, Marwick & Mitchell might not be expected to be looking for the same kind of thing around here that a candidate for the political office of governor might be.

Now, there are many exceptions taken to the acquisition of specific parcels of right of way. General Beightler is going to direct his attention to every one of those exceptions, and, as our attitude would be toward a proper audit, we will give attention and reverence to the statements made and the exceptions taken to the acquisition of those parcels, because we want our files to be clean. We don't want these exceptions to stand. We want to eliminate these exceptions. We eliminate the exceptions by bringing the truth about them to the record.

Now, there's a fabulous statement made in the report about judges and lawyers, which cannot be overlooked. I quote an excerpt from the state auditor's so-called report, section II, page 6: "Local attorneys were hired by general counsel in each county to assist the negotiation and trial of condemnation suits. In most of the counties, this attorney was chosen on the recommendation of the common pleas judge. In many instances, we find a close blood or professional relationship between the local attorney and the common pleas judge." Now, I'd like to know whether that is a criticism of us or of the common pleas judges and lawyers. But

I'll tell you one thing: I'm going to write to every one of them and advise him of the auditor's belief. We're going to write to everybody mentioned in this co-called report and ask him or her to affirm or deny statements made about him or her.

Now, most of the rest of the report I consider to be merely picking fly excrement out of sugar, but such of it as is entitled to respect and attention will be given respect and attention. All questions about right of way will be handled by General Beightler. All the inferences about any judges and lawyers who the auditor of state thinks are under a cloud will be handled by the general counsel. Anything about the Greiner Company in the report, we shall ask the Greiner Company to answer.

In this room this morning, there are three representatives of the Greiner Company and counsel for the Greiner Company. There is present Mr. Murphy of the Ohio Company, one of the principal underwriters of the financing. There is present Mr. Blanpied of The Ohio National Bank, trustee under the trust indenture. I've asked all to be present so that all might know what I say publicly about this report.

Now, I'm not going to say anything more about the detail of the report at this time, or perhaps ever. If there's anything else to be said about it, it will be said by General Beightler and Mr. Dunbar and the Greiner Company and those on the staff who are principally concerned.

In closing, when I say that I do not expect to get into any further arguments about the report, I am reminded of the old Chinese proverb: "Never engage in unprintable contest with small black animal with light stripe down back."

The Chairman resumed reading from Mr. Herbert's letter as follows: "Chairman Shocknessy approved, to put it mildly, substantial insurance and bond coverage of turnpike matters in the Buckeye Union Casualty Company. Lawyer Shocknessy was attorney for Fred Jones who controlled this company." The Chairman said that the Commission had at hand a letter from Frederick E. Jones, President of The Buckeye Union Casualty Company and The Buckeye Union Fire Insurance Company which it had never had before. He said that the letter was addressed to members of the Commission under date of October 1, 1956 and he read it as follows: "Gentlemen: This is to inform you, contrary to certain allegations made in the press, that at no time has Mr. James W. Shocknessy, your Chairman, nor his law firm, ever received a fee of any kind from me or from any of the companies with which I am associated. I hope that this will set the record straight as far as our relationships are concerned." The Chairman said that copies of Mr. Jones' letter were available at the press table and that everybody present was entitled to one.

The Chairman resumed reading from Mr. Herbert's letter as follows: "Chairman Shocknessy was instrumental in securing lawyers for the Turnpike Commission. Up to December 31, 1955 the Turnpike Commission paid out Six Hundred Seventy-two Thousand, Three Hundred Eighty-three and 91/100 Dollars to lawyers for their services. Of this amount, Three Hundred Seventy-two, Nine Hundred Seventy-eight and 53/100 was paid to one law firm. Shortly after or about the time Chairman Shocknessy contacted this law firm relative to employment by the Commission it represented the Reconstruction Finance Corporation in the Lustron liquidation proceedings. Through the good offices of this law firm Lawyer Shocknessy was joined in a minor capacity. Lawyer Shocknessy was paid Thirty-one Thousand, Two Hundred Eighty-five Dollars in the Lustron matter." The Chairman said that he had not checked up to see how much he had been paid by the Reconstruction Finance Corporation but that he thought he had been paid that much or maybe more. He asked Mr. Preston how much the firm of Squire, Sanders & Dempsey had been paid by the Turnpike Commission as bond counsel under its designation by the Attorney General. Mr. Preston said that from May of 1951 to August of 1952 the firm had been paid \$126,000, which had been the exact amount that had been included in the designation of the firm as General Counsel by the Attorney General's office. The Chairman asked Mr. Preston if he would tell for the purpose of the record who had negotiated the terms of the employment of the firm. Mr. Preston said that Mr. Henry J. Crawford, a partner of the firm, had negotiated with the office of the Attorney General in connection with establishing the fees to be paid as bond counsel and in connection with determining whether Squire, Sanders & Dempsey should act as bond counsel for the Commission.

The Chairman asked Mr. Preston whether he had any knowledge that the fee had been negotiated by or with the Commission or any member of it. Mr. Preston said that he had never heard such.

The Chairman resumed reading from Mr. Herbert's letter as follows: "On July 1, 1953, Chairman Shocknessy presented a statement in the amount of Twelve Thousand, Three Hundred Sixty-two Dollars to the Treasurer of the Turnpike for alleged use of Lawyer Shocknessy's offices and services during the period from July 8, 1949 to August 9, 1952. He waited almost a year before presenting this bill. In his letter to the Treasurer Shocknessy said 'It is impossible to make any exact apportionment of expenses. Accordingly, therefore, it has become necessary to make an arbitrary schedule of charges.' Eight days later, July 9, 1953, there was drawn from the Ohio Turnpike Construction fund the sum of Twelve Thousand, Three Hundred Sixty-Two Dollars and paid to 'Shocknessy and Denton'. In the discussion of this transaction an official report to the General Assembly makes this statement: 'A search of the minute book of the Turnpike Commission failed to indicate any official action authorizing payment of this statement.'

"The Chairman said that those payments had been paid as expenses reimbursable to a member incurred in the transaction of Commission business and that the Secretary-Treasurer of the Commission and all members had approved the payment and that the Secretary-Treasurer had written him a letter (a copy of which letter is hereafter set forth and incorporated) in comment upon it, in long hand, which he had. The Chairman thereupon passed around copies of the Secretary-Treasurer's letter. The letter from the Secretary-Treasurer, Mr. A. J. Allen, follows:

ARCHIBALD J. ALLEN  
222 EAST FOURTH STREET  
CINCINNATI

June 29, 1953

Dear Jim;

The Sect. Treas. of the Commission will have no hesitation in placing his \$1k on the summary of the request for reimbursement for expense on behalf of the Com. during the period from Sept 1949 through Aug 9, 1952 as outlined in the letter you sent me in connection with your note of June 26. The breakdown of the charges would seem to me sufficiently in detail and the individual items are certainly modest. The Com was fortunate in your being willing to carry on the work. as ever yours  
Arch

The Chairman resumed reading from Mr. Herbert's letter as follows: "Strict regulations governing the Commission required bills to be submitted monthly and supported by accurate data." The Chairman said that during the three years involved the Turnpike Commission had been penniless. He asked Mr. Donnelly and Mr. Preston whether their firms had submitted any charges during that period. Both Mr. Donnelly and Mr. Preston replied in the negative.

The Chairman resumed reading from Mr. Herbert's letter as follows: "Chairman Shocknessy resided in a suite of rooms in a downtown club in Columbus. Whether for his personal convenience or other reasons, on January 1, 1954 the Commission paid One Hundred Sixty-five Thousand Dollars for office premises immediately to the rear of this club. An additional sum, One Hundred Eighty Thousand, Eight Hundred Twenty-five Dollars was or had been expended by the Commission to remodel the premises. Scarcely two years later an on-the-job office was procured in Berea." The Chairman said that it had been during all that time that the building at Berea was being constructed at the same time that the turnpike was being constructed. He said that one reason the Commission had not occupied the Administration Building at Berea was that it did not exist then and the reason the Commission had bought the building in Columbus was that the building would serve as the headquarters not only for the Ohio Turnpike but for another toll road that was prospective then. He said that it was only after the second turnpike had been no longer prospective as a toll road under the supervision of the Commission, to be constructed by the Commission, that the building in Columbus had been declared by the Commission to be unnecessary and had been put on the market for sale. The Chairman asked Mr. Caren if he thought the Trustee had paid the money out for that building in Columbus just so that there would be a building convenient to the Chairman. Mr. Caren answered in the negative. The Chairman asked Mr. Keller the same question. Mr. Keller answered in the negative. The Chairman asked Mr. Keller whether he thought that Mr. Stoner thought so. Mr. Keller replied in the negative. The Chairman asked Mr. Donnelly whether he would have approved the expenditure for that reason. Mr. Donnelly replied in the negative.

The Chairman resumed reading from Mr. Herbert's letter as follows: "You endeavor to hide behind the reputation of other members of the Commission, particularly General Beightler. No other member of the Commission, past or present, has had any interest directly or indirectly in any contract of any person or concern with the Commission. General Beightler is outstanding, of course, as able civil engineer, great soldier in World War II and as a fine Christian gentleman." The Chairman, addressing General Beightler, said that he thought the General was a fine Christian gentleman but that he thought the world was full of Jewish gentlemen and other non-Christian gentlemen too and he did not think it had much



to do with membership on the Commission whether or not one was a good Christian or a good Jew or a good Moslem.

The Chairman resumed reading from Mr. Herbert's letter as follows: "If Governor Lausche would lay aside partisan politics the Commission could do no better than to choose Bob Beightler as its Chairman-" The Chairman said he agreed, nobody could do better than General Beightler as Chairman. He said that since he was so fond of him he would resign right then and let him have it. General Beightler declined with thanks.

The Chairman resumed reading from Mr. Herbert's letter as follows: "-even though he has been on the Commission a comparatively short time. If that were done the turnpike bonds would start back up." The Chairman passed out among the members a transcript of prices of bonds: Ohio, West Virginia, Pennsylvania, Indiana and Illinois turnpike bonds, and two issues of U. S. Government bonds. He said that the transcript (copies of which transcripts are hereafter set forth and incorporated) would be available to the press also. The transcript referred to by the Chairman follows:

PRICE TRENDS (BID) OF VARIOUS BOND ISSUES  
(Furnished by MLPF&B, New York)

DATE	OHIO	WEST VIRGINIA	PENNA. TURNPIKE	INDIANA TOLL ROAD	ILLINOIS TOLL ROAD	U.S. GOVT.	U.S. GOVT.
	TURNPIKE 3 1/4%	3 3/4%	3.10%	3 1/2%	3 3/4%	12-15-72/67 2 1/2%	6-15-83/78 3 1/4%
July 29, 1952	Issued at Par	98 3/4	Not Issued	Not Issued	Not Issued		
Oct. 18, 1952	101 1/2	94 1/2	"	"	"		
Dec. 1, 1954	105 1/4	99 3/4	102 3/4	105 1/4	"		
Sept. 30, 1955	104 1/2	80	102 1/2	104 1/2	"		
Nov. 1, 1955	104 1/4	70	102 1/4	104 3/4	101 1/4		
Dec. 1, 1955	102 1/4	67	103 1/4	104 1/4	100 1/2		
Dec. 30, 1955	102 1/2	70	104 1/2	103	100 1/2		
Feb. 1, 1956	99 1/2	70 1/2	103 1/4	99 3/4	99 1/4		
Mar. 1, 1956	98	73 1/2	104 1/4	99 1/2	98 3/4		
Apr. 2, 1956	95 1/4	70 1/2	101 1/4	96	93 1/4		
May 1, 1956	98	70	99 1/2	97 3/4	94 1/2		
June 1, 1956	94	71 1/2	100	98	95 1/4		
July 2, 1956	93	69 1/2	97	93	92 1/4		
Aug. 1, 1956	93 1/2	64	96	92 1/2	91 1/2		
Aug. 31, 1956	90 3/4	63	93	92	87 1/2		
Oct. 1, 1956	91 3/4	58 3/4	92 1/2	93 3/4	90 1/2		

He then resumed reading from Mr. Herbert's letter as follows: "Both you and Mr. Teagarden, Democrat members of the Commission, have been and are members of the Democrat State Executive Committee. This is an intensely partizan office. It carries a partizan obligation to one of the political parties. Membership on the Turnpike Commission carries an obligation of sacred trust. It is vain to expect that Governor Lausche will explain why he wanted a tie-up between the Democrat State Executive Committee and the Turnpike. No inference is intended but it is generally recognized that road contractors and material men are pressured for campaign contributions. The Turnpike contractors and material men certainly reaped a rich harvest. The Governor is experienced in politics." The Chairman said that since "no inference" was "intended" the Commission assumed it was not allowed to draw an inference that the Governor or anybody pressured any of the turnpike contractors to pay money.

The Chairman resumed reading from Mr. Herbert's letter as follows: "I challenge you to appear with me on a state-wide television broadcast." The Chairman said that he had said publicly and would say for the record that he would not appear on a state-wide television broadcast with Mr. Herbert. He said that he was not running for the office of Lieutenant Governor. He said that Mr. Herbert would just have to run against his opposition. The Chairman said that if Mr. Herbert wanted to run against him and was still living if and when he decided to run for public office that he would then have his chance.

The Chairman then distributed reports (copies of which reports are hereafter set forth and incorporated) of the Commission's accountants, Peat, Marwick, Mitchell & Co., for every quarter since the Commission had been in business.

The reports referred to by the Chairman follow:

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

HANNA BUILDING

CLEVELAND 15, OHIO

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Berea, Ohio

We have examined the statement of financial condition of the Ohio Turnpike Commission as of June 30, 1956, the related statement of operations for the period from January 1, 1956 to June 30, 1956, and the statement of construction costs of Ohio Turnpike Project No. 1 to June 30, 1956. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial condition of the Ohio Turnpike Commission as of June 30, 1956, the results of its operations for the period stated, and the construction costs of the Ohio Turnpike Project No. 1 to June 30, 1956, in conformity with generally accepted accounting principles and the provisions of the Trust Agreement which, except for the change (of which we approve) in recording inter-fund transfers explained in note 3, have been applied on a basis consistent with that of the preceding period.

*Peat, Marwick, Mitchell & Co.*

Cleveland, Ohio  
August 3, 1956

# PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

COLUMBUS 15, OHIO

NEW YORK  
ATLANTA  
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SOUTH AMERICA

## ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the statement of financial condition of the Ohio Turnpike Commission as of March 31, 1956, the related statement of operations for the period from January 1, 1956 to March 31, 1956, and the statement of construction costs of Ohio Turnpike Project No. 1 to March 31, 1956. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial condition of the Ohio Turnpike Commission as of March 31, 1956, the results of its operations for the period stated, and the construction costs of the Ohio Turnpike Project No. 1 to March 31, 1956, in conformity with generally accepted accounting principles and the provisions of the Trust Agreement applied on a consistent basis.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
May 5, 1956

PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

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CHICAGO		OKLAHOMA CITY
CINCINNATI		OMAHA
CLEVELAND		PHILADELPHIA
COLUMBUS		PITTSBURGH
DALLAS		PORTLAND
DENVER		RICHMOND
DETROIT		ST LOUIS
GREENSBORO		SAN FRANCISCO
HONOLULU		SAN JOSE
INDIANAPOLIS		SEATTLE
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LINCOLN		TULSA
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 MEXICO  
 SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the statement of financial condition of the Ohio Turnpike Commission as of December 31, 1955; the related statements of operations for the six months and year then ended, and the statement of construction costs of Ohio Turnpike Project No. 1 to December 31, 1955. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial condition of the Ohio Turnpike Commission as of December 31, 1955, the results of its operations for the periods stated, and the construction costs of the Ohio Turnpike Project No. 1 to December 31, 1955, in conformity with generally accepted accounting principles and the provisions of the Trust Agreement applied on a consistent basis.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
January 18, 1956

PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS

LE VEQUE LINCOLN TOWER

50 WEST BROAD STREET

COLUMBUS 15, OHIO

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JAPAN  
MEXICO  
SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the statement of financial condition of the Ohio Turnpike Commission as of September 30, 1955, the related statement of operations (Eastgate Section) for the period from January 1, 1955 to September 30, 1955, and the statement of construction costs of Ohio Turnpike Project No. 1 to September 30, 1955. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial condition of the Ohio Turnpike Commission as of September 30, 1955, the results of its operations for the period stated, and the construction costs of the Ohio Turnpike Project No. 1 to September 30, 1955, in conformity with generally accepted accounting principles and the provisions of the Trust Agreement applied on a consistent basis.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
October 28, 1955

PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

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MEXICO  
SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the statement of financial condition of the Ohio Turnpike Commission as of June 30, 1955, the related statement of operations (Eastgate Section) for the period from January 1, 1955 to June 30, 1955, and the statement of construction costs of Ohio Turnpike Project No. 1 to June 30, 1955. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial condition of the Ohio Turnpike Commission as of June 30, 1955, the results of its operations for the period stated, and the construction costs of the Ohio Turnpike Project No. 1 to June 30, 1955, in conformity with generally accepted accounting principles and the provisions of the Trust Agreement applied on a consistent basis.

*Peat, Marwick, Mitchell*

Columbus, Ohio  
July 22, 1955



# PEAT, MARWICK, MITCHELL & CO.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

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SOUTH AMERICA

## ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the statement of financial condition of the Ohio Turnpike Commission as of March 31, 1955, the related statement of operations (Eastgate Section) for the period from January 1, 1955 to March 31, 1955, and the statement of construction costs of Ohio Turnpike Project No. 1 to March 31, 1955. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial condition of the Ohio Turnpike Commission as of March 31, 1955, the results of its operations for the period stated, and the construction costs of the Ohio Turnpike Project No. 1 to March 31, 1955, in conformity with generally accepted accounting principles and the provisions of the Trust Agreement applied on a consistent basis.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
April 26, 1955

PEAT, MARWICK, MITCHELL & Co.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

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SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the statement of financial condition of the Ohio Turnpike Commission as of December 31, 1954, the related statement of operations for the period from December 1, 1954 (date Eastgate Section was opened) to December 31, 1954, and the statement of construction costs of Ohio Turnpike Project No. 1 to December 31, 1954. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial condition of the Ohio Turnpike Commission as of December 31, 1954, the results of its operations for the period from December 1, 1954 to December 31, 1954, and the construction costs of the Ohio Turnpike Project No. 1 to December 31, 1954, in conformity with generally accepted accounting principles and the provisions of the Trust Agreement applied on a consistent basis.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
January 18, 1955

PEAT, MARWICK, MITCHELL & CO.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

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ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the balance sheet of the Ohio Turnpike Commission as of September 30, 1954 and the related statement of construction costs of Ohio Turnpike Project No. 1 to September 30, 1954. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of construction costs present fairly the financial position of the Ohio Turnpike Commission at September 30, 1954, and the construction costs of Ohio Turnpike Project No. 1 to September 30, 1954, in conformity with generally accepted accounting principles applicable in the circumstances.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
October 22, 1954

# PEAT, MARWICK, MITCHELL & Co.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

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JAPAN  
MEXICO  
SOUTH AMERICA

## ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the balance sheet of the Ohio Turnpike Commission as of June 30, 1954 and the related statement of construction costs of Ohio Turnpike Project No. 1 to June 30, 1954. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of construction costs present fairly the financial position of the Ohio Turnpike Commission at June 30, 1954, and the construction costs of Ohio Turnpike Project No. 1 to June 30, 1954, in conformity with generally accepted accounting principles applicable in the circumstances.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
July 16, 1954

PEAT, MARWICK, MITCHELL & Co.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

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MEXICO  
SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the balance sheet of the Ohio Turnpike Commission as of March 31, 1954 and the related statement of construction costs of Ohio Turnpike Project No. 1 to March 31, 1954. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of construction costs present fairly the financial position of the Ohio Turnpike Commission at March 31, 1954, and the construction costs of Ohio Turnpike Project No. 1 to March 31, 1954, in conformity with generally accepted accounting principles applicable in the circumstances.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
April 20, 1954

PEAT, MARWICK, MITCHELL & Co.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

COLUMBUS 15, OHIO

NEW YORK  
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MEXICO  
SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the balance sheet of the Ohio Turnpike Commission as of December 31, 1953 and the related statement of construction costs of Ohio Turnpike Project No. 1 to December 31, 1953. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of construction costs present fairly the financial position of the Ohio Turnpike Commission at December 31, 1953, and the construction costs of Ohio Turnpike Project No. 1 to December 31, 1953, in conformity with generally accepted accounting principles applicable in the circumstances.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
January 14, 1954

PEAT, MARWICK, MITCHELL & CO.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

COLUMBUS 15, OHIO

NEW YORK  
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SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the balance sheet of the Ohio Turnpike Commission as of September 30, 1953 and the related statement of construction costs of Ohio Turnpike Project No. 1 to September 30, 1953. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of construction costs present fairly the financial position of the Ohio Turnpike Commission at September 30, 1953, and the construction costs of Ohio Turnpike Project No. 1 to September 30, 1953, in conformity with generally accepted accounting principles applicable in the circumstances.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
October 20, 1953

PEAT, MARWICK, MITCHELL & Co.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

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NEW YORK  
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MEXICO  
SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the balance sheet of the Ohio Turnpike Commission as of June 30, 1953 and the related statement of construction costs of Ohio Turnpike Project No. 1 to June 30, 1953. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of construction costs present fairly the financial position of the Ohio Turnpike Commission at June 30, 1953, and the construction costs of Ohio Turnpike Project No. 1 to June 30, 1953, in conformity with generally accepted accounting principles applicable in the circumstances.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
July 31, 1953



PEAT, MARWICK, MITCHELL & Co.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

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SAN FRANCISCO  
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SEATTLE  
SHREVEPORT  
TERRE HAUTE  
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WASHINGTON  
WATERBURY

AFRICA  
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CUBA  
GREAT BRITAIN  
HONG KONG  
INDIA  
JAPAN  
MEXICO  
SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the balance sheet of the Ohio Turnpike Commission as of March 31, 1953 and the related statement of construction costs of Ohio Turnpike Project No. 1 to March 31, 1953. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of construction costs present fairly the financial position of the Ohio Turnpike Commission at March 31, 1953, and the construction costs of Ohio Turnpike Project No. 1 to March 31, 1953, in conformity with generally accepted accounting principles applicable in the circumstances.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
April 29, 1953

PEAT, MARWICK, MITCHELL & Co.

ACCOUNTANTS AND AUDITORS

LEVEQUE LINCOLN TOWER

50 WEST BROAD STREET

COLUMBUS 15, OHIO

NEW YORK  
ATLANTA  
BALTIMORE  
BILLINGS  
BOSTON  
BUFFALO  
CHARLOTTE  
CHICAGO  
CINCINNATI  
CLEVELAND  
DALLAS  
DENVER  
DETROIT  
GREENSBORO  
HOUSTON  
INDIANAPOLIS  
KANSAS CITY  
LINCOLN  
LOS ANGELES  
WATERBURY  
MEMPHIS  
MILWAUKEE  
MINNEAPOLIS  
NEWARK  
NEW ORLEANS  
OKLAHOMA CITY  
OMAHA  
PHILADELPHIA  
PITTSBURGH  
PORTLAND  
ST. LOUIS  
SAN FRANCISCO  
SAN JOSE  
SEATTLE  
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WASHINGTON

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CONTINENTAL EUROPE  
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GREAT BRITAIN  
HONG KONG  
INDIA  
JAPAN  
MEXICO  
SOUTH AMERICA

ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the balance sheet of the Ohio Turnpike Commission as of December 31, 1952 and the related statement of construction costs of Ohio Turnpike Project No. 1 to December 31, 1952. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of construction costs present fairly the financial position of the Ohio Turnpike Commission at December 31, 1952, and the construction costs of Ohio Turnpike Project No. 1 to December 31, 1952, in conformity with generally accepted accounting principles applicable in the circumstances.

*Peat, Marwick, Mitchell & Co.*

Columbus, Ohio  
January 12, 1953

# PEAT, MARWICK, MITCHELL & CO.

ACCOUNTANTS AND AUDITORS

(INCORPORATING BARROW, WADE, GUTHRIE & CO.)

HANNA BUILDING

CLEVELAND 15, OHIO

## NEW YORK

ATLANTA  
BALTIMORE  
BILLINGS  
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GREENSBORO  
HOUSTON  
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KANSAS CITY  
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LOS ANGELES  
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MILWAUKEE  
MINNEAPOLIS  
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OKLAHOMA CITY  
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SEATTLE  
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GREAT BRITAIN  
HONG KONG  
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JAPAN  
MEXICO  
SOUTH AMERICA

## ACCOUNTANTS' REPORT

Ohio Turnpike Commission  
Columbus, Ohio

We have examined the balance sheet of the Ohio Turnpike Commission as of September 30, 1952 and the related statement of construction costs of Ohio Turnpike Project No. 1 to September 30, 1952. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of construction costs present fairly the financial position of the Ohio Turnpike Commission at September 30, 1952, and the construction costs of Ohio Turnpike Project No. 1 to September 30, 1952, in conformity with generally accepted accounting principles applicable in the circumstances.



Cincinnati, Ohio  
October 20, 1952

The Chairman said that he had asked the Executive Secretary of the Ohio Contractors Association, Colonel Charles E. McKee, in a letter (a copy of which letter is hereafter set forth and incorporated) two years before if there had ever been any pressure on his association to get political contributions and that Colonel McKee had told him no that there had never been any pressure on any member that he was aware of. The letter to Colonel Charles E. McKee follows:

OHIO TURNPIKE COMMISSION  
139 East Gay Street  
Columbus, Ohio

September 15, 1954

Mr. Charles E. McKee  
Executive Secretary  
Ohio Contractors Association  
40 West Gay Street  
Columbus, Ohio

Dear Mr. McKee:

A whispering campaign of vilification is being sponsored by some unscrupulous persons concerning the relations of the Ohio Turnpike Commission and its contractors particularly with respect to the purchase of surety bonds required of the contractors.

It would seem to us therefore to be important in maintaining the reputation for integrity of both the Ohio contracting industry and the Commission that it be determined whether or not anything has been done either by or on behalf of the Commission or by any of its employees or agents to influence purchases of surety bonds. Accordingly the Commission would like to have an expression from you as to whether or not there has been known to you any solicitation of, or pressure brought to bear upon, contractors holding contracts with the Commission to induce or compel them to place their purchases of surety bonds with any favored agents or companies.

Very truly yours,

/s/ James W. Shocknessy

James W. Shocknessy  
Chairman

The Chairman said, addressing the Executive Director, that the Commission had always advised the employees of the Commission that their employment was in no respect related to partisan politics and he suggested to the Executive Director that he make a formal address to the employees of the Commission telling them that their employment was in no respect related to partisan politics. He said that went for purveyors of goods and services too, that their relations with the Commission had nothing to do with partisan politics, that by their contributing money or services to political parties they would not improve their position with the Commission. He said that he had said in a guest column (a copy of which column is hereafter set forth and incorporated) appearing in the Cleveland Press in 1951 that there would be no political favoritism tolerated and there would be no political endorsements recognized by the Ohio Turnpike Commission. The Chairman said that the Commission had observed that promise. He said that copies of that guest column were at hand and available on the press table. The column written by the Chairman which appeared in the Cleveland Press of September 1, 1951 follows:

JAMES W. SHOCKNESSY—

*Cleveland Press 9/1/51*

## No Politics in Building of Ohio Turnpike

In the absence of Richard L. Maher this week the chairman of the Ohio Turnpike Commission is guest columnist. He is also well known among lawyers as chairman of the Bar Examining Committee of the Ohio Supreme Court.

The Ohio Turnpike will be built, all the skeptics, obstructionists and pressure artists to the contrary notwithstanding.

Ohio wants the turnpike and the nation needs it for peacetime transportation and wartime protection.

The travelling public, the transportation and defense experts all recognize the necessity for a great broad modern highway to receive the traffic from the terminus of the Pennsylvania Turnpike at the Ohio border and distribute it throughout the great industrial empire which is northern Ohio, northern Indiana, northern Illinois and Michigan in the Detroit area.

That the toll turnpike must be built by the revenue bond method is just as readily apparent as is its need. Financing certain vast public improvements by user payment is recognized as the only practicable method of providing them.

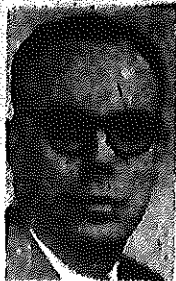
When the Ohio Turnpike Act became effective in 1949 the appointments to the Commission (including able Cleveland J. Gordon McKay) were critically received rather than with the enthusiasm which would have encouraged those who were shouldering the burden.

I was reminded then and often since I have been reminded of the filial resemblance the turnpike appointment criticism bore to that which was made back in 1933 when President Roosevelt appointed as state manager of the Home Owners' Loan Corporation, Henry Brunner with whom I later served as State Counsel.

### Cynics Confounded

"Helnie" then had been chairman of the Democratic State Executive Committee for six years during which his administration of that difficult office reached an all-time high in success. But the cynics of 1933 said that a man who had succeeded in politics could not be a fair and just administrator in making the home loans which it was then estimated would exceed \$300,000,000, the approximate amount the turnpike is to cost.

Let me tell the cynics of 1949 right now that



when the record of the Ohio Turnpike Commission is examined in the future as the record of "Helnie" Brunner's outstanding administration of the HOLC can be examined today, it will be found that the Ohio Turnpike will have been built without the intrusion of partisan politics and without bowing to any pressures other than those of economic and social exigency.

There will be no political favoritism tolerated and there will be no political endorsements recognized by the Ohio Turnpike Commission so long as I am its chairman or its membership remains as presently constituted.

No qualified person, however, who seeks to be employed, or seeks to do business as purveyor or contractor will be penalized because he has a record of regularity in either political party.

The business of the Turnpike Commission will be done in the pitiless glare of public opinion. There will be no off-the-record agreements or behind-the-door understanding by members of the Commission among themselves or with others as to personnel, contracts or any other of its business.

Every person having legitimate concern with the Turnpike Commission will find the front door of the office of the chairman and of the members of the commission wide open. He will not need fixers, or five percenters or other peddlers of spurious wares, or political influence. A Cleveland banker has already had some experience with this policy herein now publicly enunciated.

### Clevelanders Helped

The turnpike concept in Ohio was unveiled to the public and enacted into law in the 1949 General Assembly, largely through the efforts of the then senator from Medina County, Ralph Winter, who was well assisted by two Clevelanders, the then senators, Margaret A. Mahoney and Howard M. Metzbaum.

It is my hope and devout prayer that hereafter the Turnpike Act will be forever free from political tampering and that only such amendments will be suggested as experience dictates are necessary to comply with prevailing economic and social conditions.

Famous Clevelander, Robert J. Bulkley, can take pride and satisfaction in the completed turnpike. He will see in it a partial fulfillment of the broad visioned proposal he made as a United States senator back in the '30's for a great system of national highways.

The Chairman said further that the only other thing that was in the letter that he had not adverted to was to the effect that non-interest affidavits were required under the law. The Chairman said that that was not true. He said that non-interest affidavits were not required under the law. He said that non-interest affidavits were required by the Commission of its employees and they were a development of the Commission.

The Chairman said further that it was said some place else that the reason the second turnpike project could not be financed was that the underwriters had had no confidence in the Commission. He said that he had a letter (a copy of which letter is hereafter set forth and incorporated) from Blyth & Co., Inc. explaining why the second turnpike could not be financed. He asked Mr. Murphy of the Ohio Company whether or not the failure to finance the second turnpike project had had anything to do with any misconduct or politics on the Ohio Turnpike Commission. Mr. Murphy answered in the negative. The letter from Blyth & Co., Inc. follows:

# **Barth & Co. Inc.**

NEW YORK  
CHICAGO  
BOSTON  
PHILADELPHIA  
SAN FRANCISCO  
LOS ANGELES  
SEATTLE  
PORTLAND

14 WALL STREET

NEW YORK 5, N. Y.

CABLE ADDRESS  
BLYTHCO

June 4, 1956

Hon. James W. Shocknessy, Chairman  
Ohio Turnpike Commission  
139 East Gay Street  
Columbus 15, Ohio

Dear Mr. Shocknessy:

This letter is a further reply to your letter of May 15, 1956.

As the principal Underwriters of the Group which purchased and distributed the Revenue Bonds which financed the construction of Ohio Turnpike Project No. 1, we have closely followed for two years the various steps taken to develop the proposed Ohio Turnpike Project No. 2, which will require new construction under "Concept A" of approximately 301 miles, or approximately 250 miles under "Concept B", such Project to extend from the neighborhood of Cincinnati northeasterly across the State to Conneaut. In this connection we have previously indicated to you that we have formed a nationwide Account of dealers of which we would act as principal Managers, to consider underwriting and distributing such amount of Turnpike Revenue Bonds as would be necessary to pay the cost of construction of such Project No. 2.

You have furnished to us copies of the Civil Engineering Report of the J. E. Greiner Company and the Traffic and Revenue Report of Coverdale & Colpitts. In acknowledging receipt of these reports we stated that we would study them and at the appropriate time communicate to you our findings. To that end, representatives of our organizations met on May 23, 24, 28 and 29, and had preliminary conferences with representatives of J. E. Greiner Company and Coverdale & Colpitts. During these deliberations we had in mind the opinion expressed by Governor Lausche that "the Turnpike Commission should proceed with the construction of Turnpike Project No. 2, provided that it can be financed on reasonable terms." We also forcefully had in mind the considerations which you expressed in your letter of May 15, 1956 as being essential to the proper evaluation of financing of this proposed magnitude.

Our conclusion is that the time is not now propitious to undertake the issuance of the amount of Turnpike Revenue Bonds which would be required to pay the cost of constructing Project No. 2, either "Concept A" or "Concept B", and we suggest that the financing of this Project be postponed until:



Hon. James W. Shocknessy, Chairman

June 4, 1956

- A. There has been a sufficiently satisfactory operating experience on Ohio Turnpike Project No. 1 to offset the disappointing operating results for the first seven months of its operation.
- B. The current study of truck toll rates has been completed and the recommendations of the engineers have been acted upon by the Commission and the effect of such recommendations, assuming that they result in different tolls, on the revenues of Project No. 1 is known.
- C. Market conditions are more favorable for the marketing of Turnpike Revenue Bonds, (Ohio Turnpike 3 1/4% Bonds are now selling at approximately 95. The most recent offering of Turnpike Revenue Bonds was that of Illinois which sold 3 3/4% Bonds in October 1955, and these are now selling at approximately 97). It is our considered belief that even if the conditions set forth in A. and B. above were properly satisfied in the foreseeable future, the interest rate that would be required to market Ohio Turnpike Project No. 2 Revenue Bonds would not meet the condition of "reasonable terms" as set forth by Governor Lausche in his letter of May 14, 1956.
- D. The Federal Road Program has been enacted and its effect on the financing of projects of this character can be evaluated, particularly as it is applicable to Ohio.
- E. It can be determined whether construction economies as a result of changes in design or otherwise can be made which would reduce the amount of financing required.

Despite our conclusion and our suggestion that the financing of Project No. 2 be postponed at this time, we believe that under circumstances more favorable than those presently existing that the financing might be undertaken with the conviction that it could be successfully concluded. To that end we will follow developments closely and when conditions make it apparent to us that the time is propitious for the financing to be undertaken, we will so inform you.

Hon. James W. Shocknessy, Chairman

June 4, 1956

On the other hand, we trust that you will keep us advised of any discussions and developments that take place in Ohio, particularly as to the attitude of the State towards building a part of Project No. 2 from prospective Federal funds.

Respectfully submitted

BLYTH & CO., INC.  
D. J. VAN INCEN & CO. INC.  
THE OHIO COMPANY

By: BLYTH & CO., INC.

By: J. Henry Boyd  
Vice President

TMB-am

The Chairman said that so far as he was concerned what he had said settled the letter of September 24, 1956 but that, because that portion of the meeting had been both in the nature of a report to the Commission and a press conference as well, he was perfectly willing to submit to questioning by the press at that time.

Mr. Wilson Hirschfeld, a reporter for the Cleveland Plain Dealer, rose and said that Mr. Preston had referred to a certain amount of money that had been paid to the firm of Squire, Sanders & Dempsey as bond counsel for the Commission. He asked whether that meant that the Commission had approved the other \$200,000. The Chairman said that the firm had been paid as special counsel acting as bond counsel \$126,000. He said also that the remainder had been paid to the firm as special counsel acting for the Commission in litigation. The Chairman asked Mr. Preston whether that was correct. Mr. Preston answered in the affirmative. Mr. Preston said also that there had been in fact 11 cases of litigation. The Chairman said that there had never been any alteration in the status of the firm with the Commission after its having been designated by the Attorney General. Mr. Hirschfeld said that certainly he would hire Squire, Sanders & Dempsey himself.

Mr. Jack Cowie, a reporter for the Columbus Dispatch, said that there had been some kind of reference that Mr. Caren, counsel for the Trustee, had done something he shouldn't. The Chairman said that he had said specifically otherwise. The Chairman asked Mr. Caren whether he thought that the Chairman had questioned his integrity. Mr. Caren replied that he did not.

The Assistant Secretary-Treasurer, reporting for the Secretary-Treasurer, said that since the last meeting the following had been sent to all members:

1. Detail of Investment Transactions during August 1956.
2. Traffic and Revenue Report for August 1956.
3. Copy of an audit report of restaurant concessionaires for period October 1, 1955 through July 31, 1956.
4. Proposed preliminary budget of Income & Current Expenses for year 1957.
5. Draft of the minutes of the meeting of August 21, 1956.
6. Unaudited financial statement for the period ending August 31, 1956.

The Assistant Secretary-Treasurer reported further that an audit of the restaurant concessionaires had been completed for the period of October 1, 1955 through July 31, 1956 and that the Commission had a copy of that report. He said that an audit of the service station operators was in progress and had been completed on only one company. He said that those audits so far indicated that the payments to the Commission had been substantially correct.

The Assistant Secretary-Treasurer reported further that there had been six new charge accounts established since the previous meeting, bringing the total of open accounts to 58.

The Assistant Secretary-Treasurer reported further that there was before the Commission for consideration a proposed preliminary budget for 1957. He said also that Section 505 of its Trust Agreement required the adoption of a preliminary budget on or before October 20 in each year. He said that that matter would be discussed further in the Executive Director's report.

The Assistant Secretary-Treasurer reported further that it appeared that September 1956 would be the high month since opening of the entire turnpike on commercial toll revenue. He said that August 1956 had been the high month to date. He said also that in spite of there having been one less day in September compared to August and in spite of September also having had the Labor Day weekend which was low on truck traffic, he thought that September would beat August a little bit. He said also that the third week in September 1956 had been the highest week on truck revenue since the entire turnpike had been open. He said that a new high day had become so commonplace during September that frequently it had not even been commented upon. He said that during one week the Sunday had been the best Sunday since opening, the Monday had been the best Monday, the Tuesday had been the best Tuesday, and so on. He said that two things that had kept commercial revenue from being even better than it had been was that after the Labor Day weekend the business of Greyhound Bus Lines on vacation charter trips had gone down and, second that automobile transports were down a very substantial percent during the model change-over. He said that as soon as all the automobile companies should complete their model changes a tremendous upsurge in that particular type of business would be seen.

General Beightler asked how near truck revenue was approaching the revenue estimates for commercial usage made by the engineering firm of Coverdale and Colpitts in its report to the Commission. The Assistant Secretary-Treasurer replied that he did not recall that the report had projected any increase in traffic by months but that there was

a statement in the report that the increase in commercial revenue should be substantially in excess of \$1, 500, 000 a year.

He said also that until there should be available a seasonal pattern by months it would be difficult to try to apportion that million and a half dollars among months. He said also that the income forecast for 1957 did include that million and a half dollars. He said that that forecast was based on the Commission's actual experience during its first year of operation plus a normal growth factor plus the million and a half dollars. The Executive Director said that there were some indications as mentioned by the Assistant Secretary-Treasurer that justified the Commission in expecting it would have continued increase in truck traffic. Mr. Allen said that he thought the Commission was in real danger if it pressed to the point where it put too much emphasis on months that it would get right back into the same trouble on publicity it had experienced earlier in 1956 because of breaking down the preliminary estimates into months. He said he thought the Commission ought not to press for proof of those things month by month until it got further along.

The Chairman, addressing Mr. Linzell, said he assumed that the Director of Highways still hoped to be able to buy the Commission's Building in Columbus. He said also that the Director of Public Works had just told him before the meeting on the telephone that he still hoped to procure the building for the Director of Highways. He said by the same token that the Commission had planned to use the building as a headquarters for the Ohio Turnpike and for a second turnpike so also did the Director of Highways think that it would be a great help to him as a central headquarters for his new road program which would include that second turnpike as a free road. Mr. Linzell said that he would still like to get the building. The Chairman said that the Director of Public Works was trying to work out a program whereby he could procure the building at 139 East Gay Street for the Director of Highways. He said that in the absence of that being done promptly, however, he believed the Executive Director would report on what should be done.

The General Counsel reported that the services of Mr. Robert Smith of Bellevue, Ohio had been secured for the law department. He said that Mr. Smith came to the Commission with the strong recommendation of the Dean of Western Reserve Law School. He said also that the legal department comprised the Assistant General Counsel and Mr. Smith and himself but that he was expecting, and that the budget provided for, one additional member of the legal staff for the coming year. He said that he had moved slowly because he wanted to be certain in his choice. He said that at the moment the department was pretty snowed under because three people were trying to do or to keep up with the work that six people had been doing prior to June 30, 1956.

The General Counsel reported further that he had provided the members of the Commission a report that had been made the day before to the Executive Director with reference to restaurants.

Mr. E. J. Donnelly of the J. E. Greiner Company said that he would like to take the opportunity, since the Commission had received the annual report of his company, the Commission's Consulting Engineers, of extending the firm's congratulations to the Executive Director and the Project Manager and their staffs for the manner in which Ohio Turnpike Project No. 1 had been maintained and operated during the first year of its operation. He said that in the opinion of the firm, it had been an outstanding job. The Executive Director said that on behalf of the staff Mr. Donnelly's remarks were sincerely appreciated.

The Executive Director reported that the Sinclair Oil Company recently had notified the Commission by a letter dated September 10, 1956 of a price increase. He said that that was normal procedure which the company followed under its contract. He said that in such cases if the Commission should determine that a price increase was occurring in the general area of the service plazas involved, it would go into effect. He said also that in the instant case the price increase had been one cent a gallon on premium gasoline and there had been no increases in the general area by other petroleum companies. He said that, therefore, the company had been questioned about it and asked to explain and had sent representatives to a conference with turnpike staff members. He said that the company had advised that it had increased the price at all its stations throughout an area of several states, and had explained that a new chemical had been added to the gasoline to prevent the formation of carbon so that, in effect, the company was offering a new brand of gasoline. The Executive Director said that under the contract between the Sinclair Oil Company and the Commission there was a provision for price increases and a provision also for changes in brand. He said that the question now before the Commission was whether the action of the Sinclair Oil Company involved a price increase or a change in brand. He said that a letter had been sent to the company asking clarification and that the action indicated by the nature of the reply would be taken.

The Executive Director reported further that by a memorandum dated September 24, 1956 General Counsel had been requested to advertise the former headquarters building of the Commission at 139 East Gay Street in Columbus for sale. He said that sealed bids would be requested. He said also that members of the Commission had not received a copy of that memorandum. He said that the General Counsel was preparing the necessary legal advertising. General Beightler inquired whether it was planned to take sealed bids and at the same time continue negotiations

with the State of Ohio. The Chairman said that the answer was yes, because the Commission had taken such a long time trying to negotiate with the state that it had better be advertising at the same time in an effort to complete the matter. He said that if the Commission should complete the matter with the state, all right, and if it did not, it had gotten the advertising outstanding. Mr. Linzell said that he hoped that the state would submit a sealed bid but that, as Director of Highways, he could not speak finally for the Director of Public Works. The Chairman asked whether it was agreeable with the members for the Executive Director to proceed with the advertising. He said that it was a matter whether or not the Commission ought to be doing two things: negotiating and advertising together. Mr. Allen suggested that the matter be left to General Counsel. General Beightler said that he had no objection if it was legal that way. General Counsel said that his department had given an opinion on the general question as to whether or not the Commission should seek bids and had done so on the assumption that the negotiations with the state might not go through. He said that his department would have ready within a few days the specifications and requirements for a deed, etc. since bidders would want to know just what kind of title, etc. they would be getting. He said that his department would be prepared to make its recommendations regarding bids by the first of the following week if the Commission should decide it wished to take bids. The General Counsel said further that certainly up to the time the Commission should advertise it could continue to negotiate with the state. He said also that ordinarily the provision with reference to taking bids provided that an offer might be rejected and that he expected that such a provision would be included in the advertising for the sale of the building. He said also that should the state come along and offer an attractive price, he was sure that the Commission would want it because it was interested in getting the most money possible. The Executive Director said that if there should be any indication that the negotiations with the state seemed to be moving toward a conclusion, the advertising would be cancelled. General Beightler said that he would not be adverse to several of the members having a conference with the Director of Public Works to find out just where he stood. The Chairman said that he had asked the Director of Public Works that morning what he was going to do and had been told that the Director of Public Works wanted to have another conference with the Governor before he obtained the appraisal which the Commission had been waiting for for three months.

The Executive Director reported further that for the record it should be stated that in accordance with the provisions of the Trust Agreement, the J. E. Greiner Company, Consulting Engineers to the Commission, were required to make an annual inspection and report on whether

or not the turnpike had been kept in good repair and condition, make recommendations as to maintenance and operations for the ensuing year, and give an estimate of the amount of money necessary for such purposes. He said also that accordingly, under the date of September 28, 1956, the first such annual report had been submitted. The Executive Director quoted from the J. E. Greiner Company's letter of transmittal as follows: "We find that the turnpike . . . is being operated so as to afford the traveling public a safe, all-weather facility of the highest type." He said that the report had been sent by the J. E. Greiner Company to the Trustee and to the co-Trustee and that copies had been received by the Commission and had been distributed to all members and to staff heads of the departments. He said that the report would be broken down into the relevant parts applying to the various maintenance sections to be given to the maintenance foremen so that they could see from the report the status of the sections for which they were responsible.

The Executive Director reported further that following conferences held with the several restaurant concessionaires on August 1 and 7, 1956 at which they had been advised that the Commission was dissatisfied with their performance under the contracts and that effective September 15, 1956 their performances would be reevaluated, the Commission had employed the firm of Harris, Kerr, Forster & Company to make a financial audit of each concessionaire's records so as to determine whether correct sales reports had been rendered to the Commission, and also to furnish certain operating data to the Commission so as to indicate profit and loss and operating ratios which were an indication of efficiency, etc. He said that that report had been rendered for the ten-month period ending July 31, 1956 and had been transmitted to all members. He said also that in addition to the regular inspections of the restaurants made by the staff of the Commission, it had been considered advisable to employ the firm of Horwath & Horwath, a firm with an excellent national reputation in the restaurant and hotel field, to inspect each restaurant and render a report on the performance of each restaurant concessionaire. The Executive Director said that accordingly the firm had made such inspections during the week of September 10, 1956 and had rendered its report. He said that he and appropriate members of the staff had reviewed the Horwath & Horwath reports as well as daily and weekly reports made by the Supervisor of Patron Services and that it was their considered opinion that an improvement had been made, especially in cleanliness and housekeeping. He said also that in the fields of service and on-the-spot management, there was a need for improvement. He said that it was his opinion that each restaurant concessionaire should seek and follow competent advice from restaurant consultants and in the period immediately ahead should effect the improvements and changes required.



General Beightler asked whether the indicated willingness of the restaurant concessionaires to employ supposed experts indicated also that they did not consider themselves experts in the operation of restaurants. The Executive Director replied that all the concessionaires had indicated that they had considered they needed some advice. He said that Olympic Commissary Company had addressed a letter to the Executive Director in which it had advised that it was considering the employment of Harris, Kerr, Forster & Company in making a survey of their restaurants and in making recommendations as to their operations. He said that unfortunately that company was under contract to the Commission and it had been felt that it was advisable to tell the Olympic Company that inasmuch as Harris, Kerr, Forster & Company was serving the Commission it would not be advisable for the Olympic Company to use that company. He said that Harris, Kerr, Forster & Company agreed with the Commission's stand and that the firm itself had raised the question as to whether or not it should work for Olympic Commissary Company.

General Beightler said he had found when he was Executive Director that there were not too many consultant services available for advice regarding restaurants. He said that the two that had been mentioned were perhaps the outstanding ones and he asked whether they were then free to advise the restaurant concessionaires. The Executive Director replied that in employing Horwath & Horwath to make a survey he had talked to the firm's main office in New York with the result that its top man in restaurant consultant experience had been sent to make the inspection. He said also that evidently at that same time the Olympic Commissary Company had been talking to the Chicago office of Horwath & Horwath and subsequently had employed the firm to make a survey of their restaurants. He said he had a letter from Horwath & Horwath that morning giving the fields in which the survey was to be made. The Executive Director said that Horwath & Horwath had told him that if it had known at the time in the Chicago office that the New York office had been employed by the Commission, the firm would not at the same time have undertaken the Olympic Commissary employment. He said that he had informed the firm's Cleveland representative that it was his opinion that there would be no conflict in the two reports because they were based on different premises. The Executive Director said that his request to Horwath & Horwath had been for the purpose of seeing whether or not the restaurant concessionaires were performing in accordance with the terms of their contracts. He said that Olympic Commissary Company had asked the firm for advice. The Executive Director said that the firm's inspection for the Commission had been completed first. He said that Olympic Commissary Company had employed Horwath & Horwath to check the following:

1. Service standards and quality of food.
2. All aspects of cleanliness that were the concessionaire's responsibility.
3. Refrigeration and water temperatures.
4. Menu offerings and pricings.
5. Gift shop appearance.
6. Attitudes and capabilities of the employees.

He said that the man assigned by Horwath & Horwath to make the inspection for the Commission had been instructed to do so incognito and not to reveal to the restaurant operators that he was making the inspections.

General Beightler said that he did not believe that the fact that Horwath & Horwath had been employed also by Olympic had anything to do with the report that the firm had submitted to the Commission. He said that he thought the firm had submitted an accurate report. He said he thought that the employment of the firm by Olympic Commissary Company was a splendid idea and that perhaps the company would make some improvement if they did get the advice of a technical firm like that of Horwath & Horwath.

The Chairman then advised the Commission that he had just been told that Mr. Paul Herbert was in the building. He said that Mr. Herbert had advised that he did not want to come to the meeting that he wanted to see the person in charge of the Commission records. The Chairman said that the Commission was present and that when the Commission was in session the Commission was itself in charge of affairs of the Commission so that he was asking the Director of Information and Research, with the agreement of the Commission, to ask Mr. Herbert to come into the meeting at that time and that he could then advise the Commission what he would like to see. The Chairman said that if Mr. Herbert wanted to see records the members of the Commission were present and the members were the persons to ask, He directed the Director of Information and Research to ask Mr. Herbert to be so kind as to come to the meeting room and consult with the Commission in accordance with the terms of the invitation the Commission had extended him.

The Executive Director then inquired whether or not the members were in accord with his report on the restaurants. The Chairman said that he was. General Beightler said that he definitely was in accord with that part in which the Executive Director recommended that the restaurant concessionaires seek advice. He said that apparently the one concessionaire had done so and that all should do so. The Executive Director said that the other two concessionaires had indicated their willingness to cooperate fully.

The Executive Director reported further that by memorandum dated September 27, 1956, addressed to the Chairman, copies of which had been sent to the other members and certain staff members, he had recommended the acceptance of the proposal of the J. E. Greiner Company to continue that firm's consultant services in connection with the construction phase of Project No. 1 on a month to month basis. He said that the proposal provided for the payment of compensation which, after having consulted with the staff and having thoroughly considered, he thought was fair.

Resolution No. 53-1956 accepting proposal for engineering services was moved for adoption by General Beightler, seconded by Mr. Linzell, as follows:

Resolution No. 53-1956

"WHEREAS the commission has heretofore on April 12, 1956, entered into a supplemental agreement, supplementing its earlier contract with the J. E. Greiner Company dated September 27, 1951;

"WHEREAS said supplemental agreement provides for the furnishing of engineering services relating to the construction of the Ohio Turnpike until August 1, 1956;

"WHEREAS said The J. E. Greiner Company has since that date been furnishing such services to the commission pursuant to an agreement that it would be compensated therefor, and the commission now desires to enter into a further supplemental agreement providing for the method of compensation for the services rendered since August 1, 1956, for the continuation of such services and the compensation of The J. E. Greiner Company therefor;

"WHEREAS said The J. E. Greiner Company, a partnership, has submitted to the commission, under date of September 7, 1956, a proposal for its compensation and the continuation of its services

relating to completion of construction of Ohio Turnpike Project No. 1, and the commission's chief engineer, executive director, and general counsel have recommended that said proposal be accepted; and

"WHEREAS the commission now desires to accept the same;

"NOW, THEREFORE, BE IT

"RESOLVED that the proposal of The J. E. Greiner Company, a partnership, dated September 7, 1956 with respect to services hereinabove referred to, executed on behalf of said partnership by E. J. Donnelly, known to the commission to be a member thereof, be, and the same hereby is, accepted; and

"FURTHER RESOLVED that the chairman and executive director or either of them be, and hereby each of them is, authorized and empowered to execute one or more counter-parts of said proposal on behalf of the commission and cause it to be delivered to said The J. E. Greiner Company on behalf of the commission. "

A vote by ayes and nays was taken and all members responded to roll call. The vote was as follows:

Ayes: Beightler, Linzell, Teagarden, Allen, Shocknessy.

Nays: None.

The Chairman declared the resolution adopted.

The Executive Director reported further that adoption of a preliminary budget on or before October 20, 1956 was required by the Trust Agreement. He said that the annual report rendered by the Consulting Engineers gave an estimate of the amount of money necessary to take care of the maintenance and operation of the turnpike in the ensuing fiscal year. He said also that the Commission's staff had prepared preliminary budget figures in August and that, since the staff had not been entirely aware of some of the things that the Consulting Engineers would recommend be done in its annual report, it had been agreed that a conference would be held between representatives of the Consulting Engineers and the Commission's staff on September 12, 1956. He said that accordingly the conference had been held and the budget thoroughly discussed. He said that some changes had been made by both parties. He said that there had been some areas in which entire agreement had not been reached, among them the painting of the guard rail, which he

said was a major job, and the resealing of the shoulders on both sides of the paved roadways.

The Chairman advised that he had received word that Mr. Herbert persevered in his refusal to come into the meeting room of the Commission. He asked the permission of the members to go down to the lobby to see Mr. Herbert. Permission was granted.

The meeting was in recess from 11:40 A. M. until the Chairman returned at 12:15 P. M. The Chairman said then that Mr. Herbert had announced that he would be back at 2:00 P. M. and would come to the meeting room.

The Executive Director reported further that all members had received the preliminary budget with a certain amount of explanation. He said that it had been sent to them over the signatures of himself and the Comptroller. He said that the estimate of income was primarily the work of the Comptroller who had used the actual revenue figures of the last two months in 1955 and the first eight months in 1956, the estimated revenue for September 1956 and the revenue for October of 1955 with adjustments to eliminate the non-recurring curiosity travel during that month. He said also that the Comptroller had used the Coverdale & Colpitts report in estimating truck revenue. He said that the Comptroller had arrived at a figure for estimated income of \$17,181,000 for 1957. He said that in reading portions of the preliminary budget concerned with estimated expenses for the year 1957 he would read first the figure that was recommended by the Commission's staff and then the figure which was recommended by the Consulting Engineers in their annual report. He said that he thought the figures were of interest for comparative purposes. He said that under administration and insurance the Commission's staff and the Executive Director recommended \$891,690 and that the Consulting Engineers recommended \$885,200. He said that under operations the comparable figures were \$3,627,187 and \$3,567,352. He said that trust indenture expense was the same in both estimates, \$127,000, and that estimates for inventory increases and accruals were the same - \$10,000. He said that the total of the budget prepared by the Commission's staff was \$4,655,877 and the total of that prepared by the Consulting Engineers was \$4,589,552, resulting in a net difference of approximately \$66,000. He said that approximately \$50,000 of that difference could be accounted for by the fact that in the Commission budget there was a recommendation for setting aside a sum of \$100,000 for shoulder resealing. He said that the Consulting Engineers had recommended \$50,000 for resealing. He said that in submitting the budget he and the staff had considered the necessity of keeping it as low as was consistent with the condition of the turnpike and its operation.

Resolution No. 54-1956 adopting preliminary budget for the fiscal year 1957 was moved for adoption by Mr. Allen, seconded by Mr. Teagarden, as follows:

Resolution No. 54-1956

"WHEREAS it is provided by §505 of the trust agreement dated June 1, 1952, between the Commission and The Ohio National Bank of Columbus, as trustee, and The National City Bank of New York (now The First National City Bank of New York), as co-trustee, that, on or before the 20th day of October in each fiscal year, the Commission will adopt a preliminary budget of income and current expenses for the ensuing fiscal year;

"WHEREAS the Commission's executive director and comptroller have submitted a preliminary budget and current expenses for the fiscal year 1957 to the Commission, and have recommended the adoption thereof, and said budget is now before the Commission; and

"WHEREAS all reasonable requests of the consulting engineer as to the classifications in which such budget shall be prepared have been complied with, and the consulting engineer has advised the Commission that said budget classifications meet with its approval and that it has no further requests with respect to said classifications;

"NOW, THEREFORE, BE IT

"RESOLVED that the Commission, having duly and fully considered the same, hereby adopts the following:

"Preliminary Budget of Income and Current Expenses  
1957

Income	\$ 17, 181, 000
Current Expenses	
Administration & Insurance	891, 690
Operations	3, 627, 187
Trust Indenture Expense	127, 000
Inventory Increases and Accruals	<u>10, 000</u>
Total Current Expenses	\$ 4, 655, 877

"FURTHER RESOLVED that the assistant secretary-treasurer is hereby instructed to file a copy of said budget with the trustee and to mail copies thereof to the consulting engineer and to the principal underwriters forthwith."

The Executive Director said that very serious consideration had been given by the staff of the Commission to the completion of the service plaza pavements. He said that the cost of doing so was estimated at approximately \$1,378,000 and that there did not appear to be any apparent way in which it could have been included in the preliminary budget. He said that, however, the Chief Engineer's staff had received approval from the Consulting Engineers to prepare plans so that at such times as funds should be available the Commission could proceed with the pavement of the service plazas. The Executive Director referred to the Consulting Engineer's letter transmitting its annual report and said that the letter stated that the consulting engineers had given careful consideration to the amount that should be deposited during the ensuing fiscal year to the credit of the reserve maintenance fund for the purposes set forth in Section 509 of the Trust Agreement and had recommended that in order to substantially complete the paving of the service plaza areas the sum of \$1,378,000 be credited to that fund at the earliest opportunity. He said also that in making that recommendation the consulting engineers had known and the Commission knew that deposits could not be made in the reserve maintenance fund until there had been accumulated 12 months interest in advance and that since the Commission currently was just earning the interest requirement and expenses and a little over there would be a considerable period elapse before any deposits would be made to the reserve maintenance fund. He said that until such time as it should be possible to complete service plaza pavements as had been originally planned the maintenance forces would attempt to keep them in as satisfactory condition as possible considering the type of pavement that had been installed. He said that the pavement had been installed as a temporary measure primarily with the hope that funds would be available to pave in due course with a more permanent type paving.

General Beightler said that the joint letter from the Executive Director and the Comptroller showed an increase of \$517,000 in expense over the previous year. He asked whether it was meant that the Commission would have such or similar increases in later years. The Executive Director said that there were some items that he believed would not recur in succeeding years.

General Beightler asked whether the full estimated truck revenue increase estimated in the Coverdale & Colpitts report had been included in the estimate of seventeen million - plus of income during 1957.

The Comptroller said that the Coverdale & Colpitts report had said that the increase in truck revenue should be substantially more than a million and a half but that in making the forecast he did not choose to go beyond a million and a half.

General Beightler asked the Consulting Engineers how it came about that they had made better than a 100% error in estimating the cost of maintenance and operations when they had prepared their engineering report on Ohio Turnpike Project No. 1 some years before. He said that that report had estimated \$2,200,000 for those items for the first year of operation. Mr. Donnelly replied that major items which would make up most of the difference included the rental of toll collection equipment in the amount of \$860,000 which had not been contemplated, the maintenance of the service plazas in the amount of \$296,000, retirement in the amount of \$132,000 which was more than had been contemplated, and policing. He said that the Consulting Engineers had been in error on the policing cost and that certainly they were not going to argue that the turnpike was over-staffed so that he would admit to underestimating the policing by 50%. Mr. Donnelly said that if one should analyze the staff with which the Commission was operating the turnpike, the number of people did not vary materially from what had been estimated but that wage rates had gone up materially from the time, 1951, at which that report had been prepared. Mr. Donnelly said also that the Consulting Engineers had considered nominal increases but that one could not figure the economics of operating such a project and the value of using it on one basis and then project and figure the cost of maintaining and operating it on another basis. General Beightler said that the estimates in the 1951 report did project the probable increases in wages and in the cost of materials. Mr. Donnelly said that such was true and that the estimates of maintenance and operation expense ran through the tenth year of operation and that there had been increases in the estimate for each year but nothing which was contemplated would compare to what was being experienced under actual operating conditions.

A vote by ayes and nays was taken and all members responded to roll call. The vote was as follows:

Ayes: Allen, Teagarden, Linzell, Beightler, Shocknessy.

Nays: None.

The Chairman declared the resolution adopted.

The meeting was recessed until 2:00 P. M. When the meeting came to order after the recess the Chairman directed that the record



show that all the members were present and that at the Commission table were the same persons who were at the table in the morning with the Commission, namely: the Comptroller, Mr. Sam Keller of the Ohio National Bank, Mr. John Caren of Bricker, Marburger, Evatt & Barton, Mr. Dennis E. Murphy of the Ohio Company, the General Counsel, Mr. James Preston of Squire, Sanders & Dempsey, Mr. E. J. Donnelly of the J. E. Greiner Company, the Project Manager, the Chief Engineer, the Executive Director, the Deputy Executive Director and the Director of Information and Research.

The Chairman read again the telegram addressed to the Chairman under date of October 1, 1956 received from Paul M. Herbert and said that in recognition of that telegram and Mr. Herbert's presence at the meeting the Commission would postpone hearing the reports of the Chief Engineer and of the Project Manager and would recognize Mr. Herbert at once. He asked Mr. Paul M. Herbert to come forward to the table and said that the Commission would hear him. He said that Mr. Herbert was appearing at the meeting pursuant to an invitation addressed to him and extended to him by the Chairman of the Commission on September 20, 1956 and renewed on September 26, 1956. The Chairman said that his purpose was not to be unpleasant to a colleague of half a lifetime. He said that Mr. Herbert had asked for one-half hour and that, with the agreement of the Commission, the one-half hour was then made available to him. He said that Mr. Herbert had asked that the time be uninterrupted and the time would be uninterrupted and Mr. Herbert might handle the subjects that he intended to handle so far as the Commission was concerned as he chose.

Mr. Paul M. Herbert addressed the Commission and said:

"Mr. Chairman, members of the Commission and gentlemen. I might, for the record, in view of the remarks that I have prepared, read from the invitation from the Chairman addressed to me on September 20, 1956, in which he spoke as follows: 'I shall convene the Ohio Turnpike Commission in meeting at a time and place mutually convenient to you and to the Commission, but not later than October 2, when the Commission would have you offer what you consider as proof of your statements that political considerations dominated the construction of the Ohio Turnpike, that dissatisfaction with its construction depressed the securities market and precluded the financing of any further revenue bond road projects in Ohio and that a member of the Commission derived personal financial enrichment in the amount of \$35,000.00 or 10% of \$350,000.00 paid to a firm by the Ohio Turnpike Commission during the construction of the Ohio Turnpike.' I have prepared my feeble presentation along the lines that Mr. Shocknessy

suggested. Now, I think probably we should approach this matter with this basic premise that in a project of this kind there is the highest degree of a trust relationship. A trust relationship on behalf of the bond holders and on behalf of the State of Ohio, the bond holders provided the money and the officials of the State of Ohio expend it. I want to say this in perfect candor that from the little experience that I have had with bond issues, and it is very feeble, I don't believe that there is any question than what the investment bankers have done an excellent job. The depositaries have done a splendid job. The complaint that I have largely is beyond the control of any of those folks. Now, I have before me the prospectus. I hope I'm not in error in trying to understand what a prospectus is but I am of the opinion that a prospectus is a document prepared with the utmost accuracy of human ability. I'm presuming that the great investment houses that backed this bond issue of \$326,000,000 relied considerably on this prospectus. I might observe this, that the bonds I think now are selling in the neighborhood of 91 or 92 or along there. Some of them were purchased at 104 or 105. Without any question, the State of Ohio's integrity at least requires that these bonds be built back up to par at least or maybe above par. Now in this prospectus, I turn to page nine, there was the cost of the Ohio Turnpike. Of course, that is projected and here is the comment in the prospectus and I will quote from it: 'The following summary of the total cost of the Ohio Turnpike, excluding interest during construction and financing costs, has been taken from the engineering report of J. E. Greiner Company, dated August 15, 1951. The J. E. Greiner Company reviewed all of such costs as of May, 1952 and advised the Commission that their current estimates of cost were no greater than those of August 15, 1951.' So far as I know, J. E. Greiner Company is a thoroughly competent engineering concern and it appears from the prospectus that they had checked these costs at least twice and over a period of almost a year, and found that their estimates were quite satisfactory from both checkings. Now then I have also the 1955 report of the balance sheet of the Turnpike Commission. Now this prospectus that went to the investment bankers and probably eventually to those who were interested in purchasing the bonds, checked and double checked, the cost of the right of way was given by the Greiner Company as \$11,223,000. I have before me the 1955 Annual Report that the Turnpike Commission's accountants -- they list here right-of-way total \$19,112,038.99. That is, Greiner's estimate was too low by something like \$7,889,000. I understand that in right-of-way estimates a 10% error, either way, is recognized and sometimes a 15% error. This time, however, the estimate went wrong by about 63%. I don't think that the Greiner folks are in any way responsible for that error -- that seven million some hundred thousand dollars over the estimate, but it is a matter

that comes under the acquisition of right-of-way. Now, General Beightler whom I have known for many years and whom I highly respect as a great civil engineer and certainly an outstanding soldier and a fine gentleman was asked to be Executive Director, which I think was a very fine choice but a little bit too late, and I have before me the Chronicle Telegram of Elyria, Ohio that General Beightler in looking into the matter of right-of-way probably referring maybe to one instance perhaps from his desk memorandum, he noted this which I understand is his own handwriting. It looks a great deal like it. 'RW, (which is right-of-way), truly highway robbery. RSB'. Whether that was a correct characterization or not, I am not saying, but if it was or if it was extended, it might have some tendency to explain why the right-of-way acquisition went seven million plus over the sound estimates of Mr. Greiner and his company.

"Now then we go into the construction costs and from what I understand engineers can make an extremely accurate estimate of the costs of construction. That is they take a unit and ascertain its costs and then multiply the unit by the number of units that it can use and they can come almost to the penny. That is further supported by this fact, that civil engineers or road contractors in bidding on a certain section to build, whether it's a mile or two hundred or whatnot, their bids must be based upon their estimates as to cost. If they go very far wrong, they may not get the bid on one way, on the other they may lose a lot of money. Now, Mr. Greiner, or his company, and again I think without question they're competent, after going over construction costs thoroughly, thoroughly, thoroughly, and, I think, repeatedly, in the prospectus upon which bond purchasers could rely, the construction cost was estimated by Mr. Greiner and his company at \$222,213,638.

"Now, going again to the financial report of 1955, we find the actual cost, and I read from that report, page 40: 'Construction costs of Ohio Turnpike Project No. 1 to December 31, 1955 -- \$316,591,201.81.' There is a difference, an underestimate by Greiner or overexpenditure on the other side of \$94,377,563. Now, that would add materially to the calculations that a purchaser might make in deciding whether or not to buy bonds. Now, there were some small instances -- Mr. Shocknessy, this comes into the trust relationship -- I have before me a photostatic copy of the letterhead of your law office -- you are the senior member -- and among the clients that you mention are two which are designated as special counsel. Among those are Standard Accident Insurance Company and the U. S. Fidelity and Guaranty. I looked through some of the records on file with the General Assembly of Ohio pursuant to law and I find that those two clients received something like \$47,000,000 worth of business -- insurance coverage -- from the Turnpike of Ohio and I understand without bidding, is that correct?

"All right. Now then, another incident that's small in comparison with the large sums of money involved, that is a bill, Mr. Shocknessy, from your law office to the treasurer, Mr. Allen I believe it is. And that was for the services or use of your law office claimed to be from August, 1949 to August of 1952, a three year period. The bill was not presented until almost a year later after the expiration of the claimed services -- July 1, 1953 -- in the amount of \$12,362. I wanted the records this morning, among other things, to check certain matters if they'd come before the Commission but was denied the privilege of looking at the records. I'm advised, however, that this claim of \$12,362 was not presented at any meeting of the Commission or discussed at any meeting of the Commission. At any rate, the bill was presented on July 1, 1953 and I have a photostatic copy of the draft payable to your law firm on July 9, 1953 in the amount of \$12,362. From what I can find out, the claim was for rent of your law office, stenographic service, office equipment, and so forth. This draft or order was drawn on the construction fund of the turnpike.

"Now, at the same time and for the same period and for largely the same services, that is, office, stenographic service, equipment, and so forth, for the same period of time, the Highway Department presented a bill of \$8,329.39. It would seem that it wasn't necessary to have two offices. If they're going to be in the Highway Department, they should be there and not in two offices and, furthermore, I believe someplace in the requirements, whether the prospectus or otherwise, that expense bills are supposed to be presented each month and supported by accurate data, which was not done. And, I think, Mr. Shocknessy, in your letter to Mr. Allen you stated that you were fixing just an arbitrary charge.

"There is another item, Mr. Shocknessy, maybe you have more of them where folks that you represented in a legal capacity also received considerable business from the Turnpike Commission and on a non-competitive basis."

The Chairman asked Mr. Herbert if he were going to name them. Mr. Herbert replied that the Buckeye Union Casualty Company was one. Mr. Herbert said that Mr. Shocknessy had become personal attorney or had been personal attorney for Fred Jones, who, he said, was the Buckeye Union Casualty Company. Mr. Herbert said that at least Mr. Shocknessy's picture had been all over the front page of the paper with him and it had been indicated that Mr. Shocknessy was representing him. Mr. Shocknessy asked how much they got. Mr. Herbert did not reply but instead continued with his presentation to the Commission as follows:

"Now, here is another phase with which I am not in agreement

at all. And, that is, on the Commission is Mr. Teagarden and Mr. Shocknessy. All during their service on the Commission they have been members of the Democrat Party State Committee. That is the controlling committee according to law. I don't suppose any members of the committee go out and solicit, personally, campaign funds but I am quite certain that campaign funds are solicited and largely received by both parties. Now, it thus would appear, at least to my mind, that it is proper where there is a sacred trust relationship, where four men largely control the expenditures of \$326,000,000 of investors all over the country, that they should not at the same time be members of a strictly partisan committee. I think probably that it would be much better that Ohio has both Republicans and Democrats, men of very able experience, like General Beightler for instance, that are not associated directly with or are under no party obligation by reason of membership in a controlling party. I don't think that's good business and I can't understand why Governor Lausche should make those appointments.

"Now, another point that arouses some interest. I have the Governor's budget here for the years 1955 to 1957. As you all know, the Governor in preparing his budget sets out item after item of what he feels the General Assembly should appropriate to this or that or the other function of government and that goes to the Assembly and the Assembly largely builds their appropriation bill around the Governor's budget. Now then, I see here on page 14 of the Governor's budget, turnpike audits, and he recommended for the two years that there be approximately pretty close to \$200,000 to make a turnpike audit, which I applauded greatly. Now, the reason for that, I suppose, was this. The turnpike in its private capacity did have accountants. However, they did not make an audit. That is, they didn't get down to nickels and dimes and show where all the money went and how. It merely kept the balances of funds to see that they were accurately kept. On the other hand, the state of Ohio has an obligation to account to all of the investors as to what was done with the money. I am just assuming that that was the reasoning that the Governor had when he felt that there should be an audit -- a detailed audit-- of the expenditures in connection with the Turnpike. And the General Assembly agreed with him and the General Assembly in the appropriation bill did include an appropriation for a detailed audit of the Turnpike expenditures and income. This budget message probably went down along the middle of February of '55 and the appropriation bill was passed along probably the following June. There was no change, whatever, in the circumstances or conditions of the Turnpike, none whatever, but the Governor then vetoed the very item that he recommended. That is, he took his position there would be no audit in detail whatsoever. I do not know, but I am just assuming that perhaps Mr. Shocknessy talked to him about that audit and what it was and probably recommended that it be vetoed.

"Now, we come then to the bonds that Mr. Shocknessy mentioned -- their present market value. Now when, of course, there would be large endowment funds that would purchase very heavily of such an issue, they have wise investment counselors and they no doubt found the burden that was being placed upon future revenues of the Turnpike and perhaps the bonds were sold in rather substantial quantities which would tend to depress them. Now in order to restore the market value or bring them up, I think in the first place there should be complete confidence in the management and in the operation of the Turnpike. I make no reflections whatever but I do believe that there should be no members on the Commission belonging actively in partisan political organizations. I know that many of us in politics at least try to be half-way fair about it, maybe more, but it isn't healthy to have men in with an obligation to their political party and also an obligation to the trust. Then again these estimates that were exceeded so much has a tendency to depress the market. I don't have anything much to do with it but I would say this, I've said it privately, if it could come about that General Beightler with his great experience as a civil engineer and his great record and the great trust that everybody has in him, if he were Chairman I think the market value would perhaps go up. Let the record show that Mr. Shocknessy is laughing at that."

The Chairman directed that the record show that General Beightler in a sotto voce made a remark that had caused him to laugh. Mr. Herbert said that General Beightler had a wit all his own, a wit quite sly and subtle. The Chairman said that General Beightler and he had been enjoying their little private joke.

Mr. Herbert continued addressing the Commission as follows:

"Now then, I have much in detail relative to right-of-way acquisition with which I'll not burden you. That is, the folks that were interested in appraising, representing the Commission in buying, were also interested perhaps in selling, which is an unhealthy condition.

"Now, I'll come, Mr. Shocknessy, to what you label your \$35,000 question and I will label it the thirty thousand or thirty-five thousand dollar question. That brings it largely upon the rigid ethics which govern our profession. One of the rigid requirements is that no lawyer should represent a client and then make another association that would directly or indirectly or even in the slightest degree affect the interests of his client. Now I noted that both in the estimate and in the actual cost, that a large sum of money, eight, nine hundred thousand dollars, seven hundred thousand, something like that, had been spent for legal services. Now then, somebody, of course, had the right and the duty to check on those services regardless of the standing of the firm

or their reputation or whatnot. It just becomes a duty for a lawyer representing one client or a trust to scrutinize very carefully every penny that is spent out of the trust. I know that some of the fees that I have charged have been scrutinized very severely by other counsel, and properly so. Now then, you as a lawyer and handling, as I looked through various records, that you were very busy in New York and Cleveland and other places handling the affairs of the Turnpike, at least in the early days and on through until quite recently. Now then, one of the great law firms of Ohio and one of the great law firms of our country, is that of Squire, Sanders & Dempsey. In fact, I've had some correspondence on some matters just recently with them -- a great law firm. Now then, they were selected, among other lawyers and other law firms, to represent the Commission in various ways. Now, regardless of whether it is that law firm or some other law firm, as a lawyer it seems to me that it was your duty, you had an obligation, to check; that is, you could not form any relationship that might directly or indirectly or even remotely interfere with your trust, obligation to the bondholders of the turnpike. Regardless of any personal matters. Now I have before me here a photostat copy of the proceedings, the initial proceedings, relative to the liquidation of the Lustron Corporation, a venture in Columbus, Ohio. That started, as I recall as a receivership action in the District Court in Columbus and then --"

The Chairman asked Mr. Herbert what year he referred to.

Mr. Herbert replied to the question and resumed his presentation to the Commission as follows:

"I think it started in '50, if I'm not mistaken, something like that, but ran on for quite some time. In fact, there are some notations here in 1952. Now then, it then went, after quite some time, into a district court in Chicago that apparently took jurisdiction by reason of a bankruptcy proceeding there. Squire, Sanders & Dempsey represented the Reconstruction Finance Corporation that brought the action and I have on this photostat copy that your name appears down below."

The Chairman asked whether his name appeared very far down. Mr. Herbert replied that the Chairman was the last one. The Chairman asked how many names there were. Mr. Herbert replied that the only names were those of Squire, Sanders & Dempsey and James W. Shocknessy. The Chairman laughingly said that was what he had thought.

Mr. Herbert said that he had not been present at any of the proceedings in Columbus but that he had understood that Mr. Shocknessy had given his moral support at least to several days of the proceeding.

that Mr. Shocknessy's only participation had been to introduce one of the members of the firm of Squire, Sanders & Dempsey to Judge Underwood.

Mr. Herbert resumed his presentation to the Commission as follows:

"Now, here we have this situation and this is the basis of my claim that you shouldn't, you couldn't in good grace and under the canons of legal ethics, represent the Turnpike bondholders and at the same time be associated in a -- same side of the fence with a concern that was receiving large sums of money from the Turnpike. With no reflections on anybody, it just, to my mind, doesn't comport with legal ethics. It might well be that you would feel that perhaps you disagree with some of the charges of this law firm. But at the same time, you're over here -- and you're associated with them, they probably recommended your appointment, and you were paid by Reconstruction Finance Corporation something like thirty to thirty-five thousand dollars, so I understand from the records--"

The Chairman said that the firm of Squire, Sanders & Dempsey did not pay him. He asked Mr. Herbert whether that was correct. Mr. Herbert replied that he did not know what the arrangements had been, that the lawyers had gotten their fees. Mr. Herbert said also that Mr. Shocknessy was there. Mr. Herbert said also that he was saying that Mr. Shocknessy had been paid between Thirty and Thirty-Five Thousand Dollars for his participation. The Chairman said that he had been paid by Reconstruction Finance Corporation. Mr. Herbert said that that payment had been made to Shocknessy as associate counsel with Squire, Sanders & Dempsey, both Mr. Shocknessy, and Squire, Sanders & Dempsey representing the Reconstruction Finance Corporation at the same time and on into the future.

Mr. Herbert resumed his presentation to the Commission as follows:

"--that considerable sums of money were paid by the Turnpike Commission to Squire, Sanders & Dempsey. It would seem to me that when that employment was suggested to you by Squire, Sanders & Dempsey -- you would say, well I'll accept but I will resign my position on the Turnpike Commission as it might be incompatible with my position there. Or, refuse to be associated in the Lustron proceedings on the ground that I would prefer to remain with the Turnpike Commission. I don't know whether laymen understand that but our profession is held to the very highest degree in relationship with our various interests and we cannot under any circumstances accept employment with one concern and then



employment with another that might in any way, shape or form, imaginary or otherwise, create an adversary position. Now then, I want to say this further, that I have talked with some of the folks who helped, who had the conception of this great Turnpike and they believed in it. It was a great conception. It is a road that we needed. The state could not build a toll road -- that's forbidden by the constitution -- there isn't any question there at all. The road was needed, the road has been built. My complaint is that here were small items, perhaps. Here was business that went to clients of the lawyer member of the Turnpike Commission. Here is association between a lawyer on the Turnpike Commission and other legal matters where there might be a conflict. I have not been able to find and I don't know why the construction costs actually exceeded by something like \$94,000,000 the estimates that Mr. Greiner and his company made, and those other matters.

"Gentlemen, I thank you for your consideration this afternoon which was quite in contrast with that of this morning."

The Chairman said to Mr. Herbert that he was very glad that he had been there. He said also that the Commission was glad to have had him. Mr. Herbert said he took that with a grain of salt. The Chairman said to Mr. Herbert that his presentation had been very interesting and that he did not have anything else to say about it at that time. He said also that, however, the pressures which had preceded the presentation seemed to be very noticeably relieved. Mr. Herbert said that he would agree with the philosophy that perhaps people could achieve more by being calm. The Chairman said that, well, he and Mr. Herbert had had them a good row that morning.

Mr. Herbert addressed Mr. Teagarden and said that he did not think Mr. Teagarden had ever gone out and solicited any money directly but he did know something about the cost of campaigns. Mr. Teagarden said to Mr. Herbert that in other words then Mr. Herbert did not believe that it was a crime to be a member of the Democratic Party State Executive Committee. Mr. Herbert said that he did not think so. He said that the Republicans had such a committee in their party. Mr. Herbert said also that he would oppose having a Republican member of the Republican Party State Executive Committee in a position of trust like the Commission. Mr. Herbert said also that he was not intimating in the slightest that there was anything morally wrong about it but that the effect was that folks were saying there was a tie up. He said that Mr. Teagarden as well as he knew that there were fund collectors. He said further that he assumed that probably the Democratic State Committee as well as the Republican State Committee still discussed finances and how to raise them and how much it was going to cost. Mr. Teagarden replied that of course

Mr. Herbert was presuming. Mr. Herbert said that if Mr. Teagarden could run a campaign without money, he should let him in on the secret.

General Beightler addressed Mr. Herbert and said that to correct any erroneous impression he may have had when Mr. Shocknessy had laughed during Mr. Herbert's presentation that he wished to have it known that in the light of the complimentary remarks Mr. Herbert had been making about him, it sounded a little like perhaps he had helped Mr. Herbert write his speech.

Mr. Herbert asked if he might be excused. He said that he had to get clear down to the southern part of the State. The Chairman said that he might be excused to go right on campaigning.

Mr. Herbert left the meeting at that point.

The Chairman said: "Well, that was lots of ho hum." He said also that he thought in the morning meeting everything had been covered that had been mentioned during the afternoon session. He asked Mr. Murphy, Mr. Caren, and Mr. Preston whether they could think of anything affecting the financing or the bonds that had not been covered. Mr. Preston said that nobody had asked him whether Squire, Sanders & Dempsey had hired Mr. Shocknessy or not. The Chairman said that nobody had asked whether or not Squire, Sanders & Dempsey had paid the \$35,000. He said also that nobody had asked whether or not Squire, Sanders & Dempsey had hired him and that nobody had said Squire, Sanders & Dempsey had hired him, and nobody had said he had gotten thirty or thirty-five thousand dollars from Squire, Sanders & Dempsey.

Mr. Allen said that the \$94,000,000 mentioned by Mr. Herbert had been entirely a case of reading one figure in one place and the wrong figure in the other. He said also that the figure read by Mr. Herbert as the cost of construction was not the cost of construction. Mr. Donnelly said that Mr. Herbert had been using the total project cost out of one report and construction cost out of another. Mr. Allen said laughingly that it was "all a very innocent mistake."

The Chief Engineer reported that he would place in the hands of the members a report not only on the status of construction contracts but on any other incidents which had occurred that he felt might be of interest to them.

The Project Manager reported that he would follow the same course outlined by the Chief Engineer.

The Chairman said that both Governor Lausche and Attorney

General O'Neill had been advised about the meeting and that both of them had had other commitments and so could not attend. He said that he was very happy that he had not stood on the condition that Mr. Herbert explain the \$35,000 first because he really thought that it had come as a great anticlimax; that is, as it had been presented, it had been a great anticlimatic conclusion.

Resolution No. 55-1956 ratifying actions of administrative officers was moved for adoption by Mr. Teagarden, seconded by Mr. Allen, as follows:

Resolution No. 55-1956

"WHEREAS the executive director, deputy executive director, assistant to the executive director, chief engineer, assistant chief engineer, general counsel, assistant general counsel, assistant secretary-treasurer, comptroller, chief, right-of-way department, the director of information and research of the Commission have, by various written and oral communications, fully advised the members of the Commission with respect to their official actions taken on behalf of the Commission since the Commission's last meeting, and the Commission has duly reviewed and considered the same;

"NOW, THEREFORE, BE IT

"RESOLVED that all official actions taken by the aforesaid administrative officers of the Commission on its behalf since the Commission's meeting on August 21, 1956, are hereby ratified, approved, and confirmed."

A vote by ayes and nays was taken and all members responded to roll call. The vote was as follows:

Ayes: Teagarden, Allen, Beightler, Linzell, Shocknessy.

Nays: None.

The Chairman declared the resolution adopted.

The Chairman said that General Beightler had a statement which he had prepared to make and that he personally would be most grateful if General Beightler would make it.

General Beightler said that he was grateful to Paul Herbert for the generous remarks he had made about him but that he felt any criticism

of the Turnpike Commission reflected upon the entire membership and as a member of the Commission he just could not ignore that fact. General Beightler then read a statement as follows:

"It is regrettable that the Ohio Turnpike Commission has to be made a 'whipping boy' during election years.

"I have been associated with the Ohio Turnpike Commission for over three years, two of them as Executive Director, and for the past 14 months as a member of the Commission. I want to say this based on my intimate employment as Executive Director: if all public bodies conducted their affairs in the same upright and forthright manner and on the same high moral and ethical plane that has characterized the actions of the Ohio Turnpike Commission, the taxpayers would have no worries about the administration of public matters. The Commission has eschewed politics entirely in conducting its affairs (in fact, the top position in the Commission employ, that of Executive Director, has been filled by three successive Republicans even though the Commission majority is Democratic politically. The politics of one Acting Director I do not know); contracts were awarded as a result of competitive bidding and no favoritism was shown either in making awards or in supervising the execution of same; no contractors were told nor were suggestions made as to where they should buy materials or bonds or insurance; awards for insurance purchased directly by the Commission were made as the result of the taking of sealed proposals from insurance brokers who had indicated an interest. I initiated that policy myself and made the insurance awards when I was Executive Director, and never once did any member of the Commission attempt to influence any such award.

"In fact during my association with the Commission for over 3 years I never observed any action of the Commission that would cause me to question the integrity of any of the several members, including, of course, Chairman Shocknessy, who has been the subject of critical comments recently. I truly believe I am associated on the Commission with honorable gentlemen of high character and unquestioned honesty and integrity. If I did not think that, I would disassociate myself immediately with this activity."

The Chairman thanked General Beightler. He said that he had been happy to associate with every member of the Commission and that he knew the anxieties that all the members had suffered and the anguish that all of them had been through but that even the unhappy moments like they had had that day were compensated for in the accomplishment that they had had in the Ohio Turnpike and in the association they had with one

another and with the staff, with those people who were sitting around the table or in the room, people who might well be called God's noblemen.

There being no further business to come before the meeting a motion was made by Mr. Linzell, seconded by General Beightler, that the meeting adjourn subject to call of the Chairman. A vote by ayes and nays was called and all members responded to roll call. The vote was as follows:

Ayes: Linzell, Beightler, Allen, Teagarden, Shocknessy.

Nays: None.

The Chairman declared the meeting adjourned. The time of adjournment was 2:48 P. M.

Approved as a correct transcript of the  
proceedings of the Ohio Turnpike Commission

*Approved*  
*John Saller*  
*Asst. Secy-Treas.*

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A. J. Allen, Secretary-Treasurer