

INTRODUCTION

We, the members of the Thirty-Seventh Statewide Investigating Grand Jury, having received evidence regarding violations of the Crimes Code occurring in and around Allegheny County, Pennsylvania, pursuant to Notice of Submission of Investigation Number 16, do hereby make the following findings of fact and recommendation of charges.

FINDINGS OF FACT

Ronald "Porky" Melocchi's Illegal Video Gambling Operation

This investigation followed an investigation into an illegal gambling enterprise conducted by Ronald "Porky" Melocchi. The Thirty-Fourth Statewide Investigating Grand Jury issued a Presentment recommending that the Attorney General of the Commonwealth of Pennsylvania charge Melocchi and fifteen other individuals with participating in a Corrupt Organization that carried out illegal gambling, to include the distribution, maintenance and control of illegal gambling machines (often referred to as video poker or video gambling machines), lotteries and bookmaking. That investigation included electronic surveillance as a wiretap done on the telephone used primarily by Melocchi. The wiretap started in October and ran into December 2012. Melocchi used the phone to run and promote his illegal business interests. These interests included video gambling machines and bookmaking and the promotion of these operations.

On December 11, 2012, agents of the Office of Attorney General and troopers of the Pennsylvania State Police seized 335 video gambling machines from locations primarily in the Mon Valley area of Western Pennsylvania. Investigators seized machines from approximately seventy different locations including bars, bowling alleys, coffee shops, restaurants, private clubs and convenience stores. Melocchi and others referred to these locations as "stops". These

machines were all owned and operated by Melocchi through Back Alley Vending, Glassport, Allegheny County, PA.

The machines placed by Melocchi and his business, Back Alley Vending, were identical to the same types of machines in casinos except for the presence of a "knock off" feature. The "knock off" feature resets the number of credits on the machine to zero following a payoff on the machine. The credits are sometimes worth \$.25 each, so a \$20 initial payment would register as 80 credits. The player can play differing numbers of credits per hand or spin, depending on the machine. When the player finishes playing the cashier/employee of the "stop" would pay out based on the credits shown and then utilizes the "knock off" feature to erase the credits paid. The machines also had internal metering systems that kept count of the total credits purchased and the number of credits deleted through use of the "knock off" function. According to the testimony of law enforcement officers the presence of the meters and "knock off" features makes these machines gambling devices per se as their sole purpose is for illegal gambling. Some of the machines placed by Back Alley Vending and Melocchi did not have a manual knock off function because the machine dispensed tickets rather than merely adding credits. The machine automatically deleted credits following the dispensation of tickets. Melocchi, as the vendor, and the owner/operator of the location, split the illegal proceeds. The owner/operator of the location generally received 60% of the proceeds and Melocchi would receive 40% of the proceeds.

Super PAC: Roles of State Rep. Gergely and Attorney Louis Caputo in Melocchi's Illegal Gambling Business

The Grand Jury received testimony that Melocchi "relied upon personality", his connections with local politicians and other officials as well as "perks" that he could provide to

the owners/operators of the "stops" that he controlled. While other vendors could at times offer more lucrative terms in an effort to secure new "stops", Melocchi would rely upon the character and business traits that he possessed as well as his connections to compete with these other vendors.

Commonwealth of Pennsylvania State Representative Marc J. Gergely, 35th Legislative District, Allegheny County, was one of Melocchi's political connections. Gergely's district includes McKeesport, Allegheny County, PA which is a part of the Mon Valley area of Western Pennsylvania. Louis Caputo, a Pittsburgh area liquor lawyer was also an important connection.

Whereas Melocchi might not be able or willing to offer large amounts of money to the owners/operators of prospective "stops", he could introduce them to Gergely and Caputo as a show of strength in terms of the people with whom he had a connection. In fact, Melocchi was intercepted in various telephone calls during the wiretap referring to Gergely and Caputo as his "Super PAC". This was a reference to their role in helping him secure new locations for his illegal video gambling business. As members of Melocchi's "Super PAC", Gergely served as a demonstration of Melocchi's connections to high government officials and thus "protection", Caputo served as a "perk" in the sense that he could consult with and advise prospective owners/operators on any legal issues relative to their liquor license and/or the placement of illegal video gambling devices within their business.

DOT'S FAMILY RESTAURANT

The Grand Jury received testimony that State Representative Gergely agreed to assist Melocchi in his efforts to secure at least two "stops" that Melocchi wanted to add to his illegal video gambling enterprise. One of those locations was DOT's Restaurant located at 2634 Fifth

Ave., McKeesport, Allegheny County PA. The restaurant was within State Rep. Gergely's legislative district and the owner was a constituent of Mr. Gergely.

The Grand Jury heard a series of intercepted telephone calls relative to Melocchi's attempts to secure this location. One intercepted conversation occurred on October 9, 2012 between Melocchi and Gergely. During the course of that conversation, Melocchi explains to Gergely that he is trying to get the "stop" and that he wants Gergely to meet him at DOT's for lunch the next day. He advised Gergely that "Louie Caputo" was also going to meet at DOT's in an effort to convince the owner to allow Melocchi to put his illegal video gambling machines in the restaurant. Melocchi tells Gergely that there are no machines at that location presently. Gergely responds, "Is that one of those from the old, uh, white star?" Melocchi replies: "No. No. It's from Murray, the one that passed away... but they got raided and she's been afraid to put anything in for a long time.... But she wants to put them back." Gergely responds: "Ok. I understand. Well yeah. It makes sense. Ok." Melocchi states: "I'll call you when I um, when um, when I get a hold of Louie and that would be great and I appreciate if you'll come." Gergely responds: "No problem brother... you know that. Good soup down there at Dot's." Melocchi: "Aw... great soup, great soup." Gergely: "Yep. Alright my man. See you there." Following the call with Gergely, Melocchi was intercepted in a conversation with Louis Caputo discussing meeting at DOT's the next day at 11:00 a.m.

Additional intercepted calls were played for the Grand Jury wherein Melocchi expresses his belief that in bringing Gergely and Caputo he should be able to secure the location. In one call, Melocchi is telling a friend who he refers to as "Harry" about his efforts to get the DOT's Restaurant "stop". He proceeds to tell "Harry" that he is taking Gergely and Caputo with him. He states: "I'm taking my lawyer and I'm taking Gergely. That should be strong enough."

Harry: "Yeah." Melocchi: "If that don't do it I don't know what will do it. She ain't got nothing in there yet." Later in the conversation, Melocchi states: "... But yeah I wanted to tell you about DOT's, that's what I wanted to talk to you about." Harry: "I hope that works out." Melocchi: "I hope so too." Harry: "I hope that works out." Melocchi: "I'm working on it." Harry: "She's finally coming, finally coming to her senses." Melocchi: "Uh huh. Well I'm going to tell you what, I got Louie down there. Louie's strong, you know what I mean. And I throw Gergely in there for the protection angle of it all. We should be in good shape."

In a call the morning of the meeting at DOT's Restaurant, Melocchi is intercepted talking to a close friend, Dr. Emilio Navarro. He advises Navarro that he is meeting the owner of DOT's at 11 am. He continues: "... Now I'm bringing Louis and Gergely, now if that can't fucking do it. You know, that's the Super PAC, bringing them two...." Navarro: "You're right." Melocchi: "You know I'm bringing a State Representative that's going to tell her OK to put the fucking games in. And the liquor lawyer that controls 75% of the liquor licenses in Allegheny. And she's still scared, fuck her, I give up."

In another call, Melocchi is intercepted discussing his Super PAC with Mark Holtzman, a former assistant police chief in McKeesport who was arrested for his role in assisting Melocchi in running his illegal enterprise. Melocchi tells Holtzman that he is in his "Super PAC". Melocchi: "Look you're in my Super PAC, you know that?" Holtzman: "What's that?" Melocchi: "You're part of my Super PAC players." Holtzman: "Well I don't know, we're doing a little bit but we could do better yet, we're doing okay." Melocchi: "No, no, no. I'm talking about, you know how them guys have a Super PAC of powerful people?" Holtzman: "Right." Melocchi: "You're on my list. ... Yeah you're in my list, you're in my Super PAC. You, Louie

Caputo, Jim Cerqua, you guys are my Super PAC guys.” Holtzman: “Well I hope it stays as a Super PAC and doesn’t end up as a super chain gang.”

The meeting took place at DOT’s Restaurant on October 10, 2012. Surveillance observed Melocchi at the location. Accompanying Melocchi to the meeting was his son, a friend, Gergely and Caputo. Investigators observed Gergely and Caputo arriving in separate vehicles. The purpose of the meeting was to attempt to convince Teresa Ploskina, the owner, to allow Melocchi to place illegal video gambling machines into the restaurant and to allay her fears; to assure Ploskina that they could handle things on her behalf, and more generally to vouch for Melocchi. Ploskina was concerned about the fact that she had three marks against her liquor license and there was discussion with Caputo and Melocchi about “ways around this issue”.

Dan Carr was the owner of the Viking Lounge, an establishment located in McKeesport. Investigators seized illegal gambling devices from his establishment during the course of the investigation on two separate occasions. Carr was one of the individuals arrested and charged along with Melocchi. The Grand Jury received in evidence telephone calls between Carr and Melocchi about plans for acquiring new stops and other aspects of the illegal video gambling business. One intercepted call from Melocchi to Dan Carr occurred at 10:06 a.m. on October 10th, prior to the meeting at DOT’s. During that call, Melocchi left the following message on Carr’s voicemail: “Hey Dan, it’s Pork. Ahh, can you meet me at Dot’s Family Restaurant at like 11:00 or 11:15? I got Gergely and Louie Caputo meeting me there. I wanna try and get that stop and if you show up, you might help me get it. ‘Cause you’re a councilman and you got the Viking, okay? Thank you.”

Carr subsequently returns the call while Melocchi is at the meeting with the owner of DOT’s. Melocchi: “... I called you earlier. I went down to DOT’s. I’m trying to get this spot.”

Carr: "Oh, who's there now?" Melocchi: "I took Gergely with me; no she ain't got nothing in there cause she's been raided like a couple times." Carr: "Oh." Melocchi: "And I got Gergely with me and I got Louie with me." Carr: "With you right now?" Melocchi: "What? I'm here right now, you wanna come down?" Carr: "No..." Melocchi: "I left you a voicemail this morning; said to meet me here, try to. ... Cause we're all sitting down here talking and if I don't get this with these two heavy weights here I ain't getting the stop." Carr: "Yeah, well these two guys there, there's no reason why they wouldn't put machines in there, you know what I mean? So that's pretty strong though, that's a good deal, alright, oh, you know what, give me a call later on."

The Grand Jury received testimony that Teresa Ploskina, the owner of DOT's Restaurant, was reluctant to put illegal video gambling machines into her restaurant. Someone, on three separate occasions over the previous eighteen-month period, had anonymously turned her in to law enforcement for having illegal video gambling machines. Ploskina testified that she received three citations, was physically arrested, had her business shut down for one full day and was fined. As a result, she was not very inclined to put machines back into her bar and restaurant when Melocchi approached her in October 2012. Ploskina was concerned about the status of her liquor license should she be raided again by law enforcement.

The Grand Jury received testimony and evidence that at the meeting, in addition to discussion about Ploskina's liquor license concerns, there was discussion about making an effort to find the identity of the anonymous person who had previously turned DOT's in to law enforcement. Caputo and Melocchi told Ploskina they had the ability to find out the identity of this person and at one point Caputo excused himself from the table and went over by the door and made a cell phone call. Upon his return, he advised Ploskina that they would have to wait as

the person he called to assist in finding the identity of the person who turned in DOT's was out of the office.

Ploskina testified that during this meeting Gergely personally spoke to her about placing Melocchi's machines in the bar/restaurant. Gergely explained to Ploskina that he understood small business people depended on illegal video gambling machines to make their businesses work; he further explained that he supports small business people and that "Porky" Melocchi was a "good guy" with whom to do business.

Following the meeting, Melocchi called Carr and explained that they obtained the identity of the person who turned in DOT's. Investigators played the intercepted call to the Grand Jury. Melocchi: "Yeah, well we, I don't wanna do nothing to him, I wanna see what we can do to make him not call, you know, if I can give him a machine or something, you know what I mean? I don't want to just beat a guy up, that ain't right to do." Carr: "Oh no, we just, there's other ways of doing that, you don't have to physically hit him, you could mentally hit him, or make life miserable." Melocchi: "Well, Louie said, I was with Louie and Louie said let's think about it for a while and I'll get back to you." The Grand Jury received evidence that Carr secured a photograph of the person they believed to be the complainant. Melocchi obtained the photograph so that he could show it to Ploskina.

A series of intercepted telephone conversations between Melocchi and others in the days following the meeting at DOT's were played for the Grand Jury. These calls established that Caputo was able to utilize a connection that he had in Liquor Control Enforcement (LCE) to obtain the identity of the complainant who turned in Ploskina. It was clear from these conversations that Melocchi and Caputo were concerned about how to go about handling this information and what to do with the complainant.

One such call occurred on October 11, 2012 between Melocchi and Caputo. Melocchi thanks Caputo for going to DOT's and talking to Ploskina. At one point in the conversation, Melocchi states: "But I'm still trying to figure out what to do for this guy. Should I offer money, should I offer him a machine for his house? I don't know what to do ...". Caputo: "Well... I mean, I don't know who it is... we don't know him... we don't know... obviously the guy is a fucking degenerate. I mean, you know, he's a regular, he's in there all the time, he plays the machines, he loses, then when he loses he calls the cops." Melocchi: "Yeah, I don't ... I'm going to approach it. I don't know how yet but I'm working on it, I'm working on it." Caputo: "Yeah, I'm thinking about it too, but she's got to be careful, I mean....". Melocchi: (interrupts) "I don't want to blow how you got it either. Because he'll know, he'll call." Caputo: "Yeah, no, no, no." Melocchi: "You know what I mean? You can't lose your connection." Caputo: "But, I mean, the thing about it is that with her, you know, I don't know how she would react." Melocchi: "Uh hum." Caputo: "I mean I want her to know so she knows that we have that kind of information available to us, you know what I mean?"

The conversation shifts to another stop and complaints about the owners of that location and then returns to the DOT's complainant. Caputo suggests that Melocchi go see Ploskina in person to discuss the situation. Caputo: "You go see her yourself... say: listen, you know what I mean. I know who the guy is, you know, how do you want to handle it? You know, just to let her know, try to work with her on it. Let her know you can take care of it, I mean, that kind of thing and it shows you can move forward. Knowing that we know the guy and we can get him....". Melocchi: "Yeah." Caputo: "This guy is obviously a regular. They may know each other very well." Melocchi: "Uh huh. ... Okay, I think I know how I'm going to do this. I'll handle it with kid gloves. I promise you that. You know that I'm not a violent person." Caputo:

"Pork, do whatever you gotta do, but I mean like keep in your mind too that these reports were over a year ago, so..." Melocchi tells Caputo that he would try to get him Steelers tickets for his family who was coming into town. Caputo offers to pay for the tickets but Melocchi explains he will take care of it because "you take care of me all of the time."

The reports from the LCE detailing the complaints against DOT's were obtained by investigators and corroborated the information that Caputo had given to Melocchi, including the identity of the complainant. Special Agent Ronald Pate testified that it took investigators two weeks to get the reports. Caputo, in one of the intercepted phone calls played to the Grand Jury, instructs Melocchi that he needs to let Ploskina know that he can get this information and that "Nobody else coulda got that information, they don't let that stuff out."

Trooper Jeff Mermon testified that during the course of the investigation a letter was given to Louis Caputo identifying him as a potential "target" of the investigation. The letter extended an offer to Caputo to meet with investigators. An interview was subsequently set up through his attorneys. During that interview, Caputo admitted that he called a friend, Charles Rubino, a law enforcement officer for the Pennsylvania State Police, Bureau of Liquor Control Enforcement (PSP, BCLE) and obtained the identity of the complainant who turned in Ploskina. Phone records obtained by investigators corroborated this information. Caputo further admitted to investigators that he was not acting as Melocchi's attorney when he met with Ploskina and other but rather was hoping to gain their business.

Charles Rubino testified before the Grand Jury. He testified that he has been employed as a citizen officer (not a trooper) of PSP, BCLE for nineteen and one-half (19 ½) years. He admitted that he had both a professional and social relationship with Caputo. Rubino explained that it was the policy of PSP, BCLE that a complainant's identity, whether anonymous or not,

was not to be divulged to a liquor licensee or their attorneys or anyone on their behalf. Rubino did not deny or admit to giving Caputo the name of the complainant relative to DOT's. Rubino claimed that he did not recall talking to Caputo on the day in question and that to the best of his knowledge he did not divulge the identity of the complainant to Caputo. When asked to speculate why he would give that information contrary to the written policy of the agency, Rubino replied that it would have been by "sheer mistake because that is something that we just do not do."

Ultimately, Ploskina decided not to allow Melocchi to put machines into her establishment, despite the efforts of Melocchi, Gergely and Caputo to convince her to do so. Melocchi discovered Ploskina's intentions when he received a call from a friend who had been in DOT's and overheard Ploskina talking to another person. Melocchi responded by saying he hopes Ploskina never "needs a favor from none of my friends. ... Cause trust me she won't get it."

CHICK'S GRILL-MCKEESPORT

Chick's Grill was a bar and restaurant located in McKeesport, Allegheny County that was opened in March 2011 by Brian Cassidy. This was another "stop" that Melocchi wanted to add to his illegal video gambling enterprise. Melocchi introduced himself to Cassidy following Cassidy's purchase of the building, but prior to opening for business. Melocchi approached Cassidy with the prospect of putting gambling machines into Chick's Grill. Cassidy was reluctant and expressed that he was not from McKeesport; that he did not know anyone in the community. He was also aware the machines were illegal and was afraid to have them placed in his establishment. Nonetheless, Cassidy "left the door open".

The Grand Jury received testimony that Melocchi periodically made visits to Chick's in an effort to secure the "stop". Melocchi would bring people into Chick's and introduce them to Cassidy. On one occasion, Melocchi introduced Cassidy to State Representative Gergely. Melocchi and Gergely asked to sit down with Cassidy. Gergely advised Cassidy that it would be wise to put the machines in. Gergely explained that if he wanted to make it in McKeesport, this was the only way to do so. Gergely told Cassidy that he should use Melocchi if he wants to put the machines in. Cassidy advised Gergely that he did not want to do that and that he wanted to run a restaurant more than a bar and he had family with young children.

Gergely, through the conversation, let Cassidy know that he probably would not make it in McKeesport without the machines. Cassidy discussed with Gergely about the possibility of getting into trouble if he put the machines in and Gergely told Cassidy never to worry about it, that it would never happen. Gergely made it clear to Cassidy that he would be covered and made reference to the fact that they (either Gergely or Melocchi) had family members in law enforcement. Cassidy then told Gergely that if he "put it in writing that I would never get in trouble" that he would put them in. Gergely replied that Cassidy knew he could not do that. Cassidy stated that he was therefore unwilling to go along with their proposition.

PARADISE BOWL-NEVILLE ISLAND

Another aspect of Melocchi's business was established with respect to his attempts to secure two or three bowling alleys as "stops" to be added to his illegal business interests. James Cerqua was arrested along with Melocchi for his role in assisting Melocchi. Cerqua actively searched for establishments for Melocchi to place his illegal video gambling machines. Cerqua was one of others who would receive a percentage (generally 25%) of the proceeds for finding

places. During the course of the investigation, it was determined that Cerqua targeted three bowling alleys owned by Brian Saunier.

The Grand Jury received testimony that Saunier owned three bowling centers in Allegheny and Washington Counties, PA. A friend who handled Saunier's commercial insurance approached Saunier about placing video gambling machines in his bowling alleys as a way to create additional revenue. An initial meeting was to take place at Paradise Bowl on Neville Island, Allegheny County in October 2012.

Present at that meeting was the insurance friend, Cerqua and Melocchi along with Saunier. This was an introductory meeting and the parties discussed the gambling machines. The discussion focused on the use of redemption tickets as a vehicle to knock off credits after playing the machines. Melocchi tried to convince Saunier that if the tickets were redeemed with "gift cards", that the process would be legal. Saunier agreed to put two machines into two of his bowling centers, one in Canonsburg, Washington County and one in Paradise Bowl. Saunier and Melocchi agreed to split the proceeds as follows: the first two months, Saunier would receive 100% of the proceeds; then, if he wanted to continue with the machines, the split was to be 60% for Saunier and 40% to Melocchi.

Shortly thereafter, a second meeting was scheduled. Saunier testified that his concern was whether the process was legitimate. He expressed to Melocchi that he needed to think about continuing with the machines. Melocchi made it clear that before Saunier decides anything Melocchi wanted to bring attorney Caputo to meet Saunier and explain everything face to face. Caputo could explain the process involving the machines. This meeting was to take place at Paradise Bowl.

The Grand Jury received testimony about the second meeting. Saunier testified Caputo reassured Saunier that the machines operated like "skee ball" because the machines dispensed redemption tickets and winners were paid off with gift cards rather than cash. Saunier testified that Caputo advised Saunier that he would not be considered a "gambling parlor" with only two machines at each location; three machines would be borderline and five would make him a "target".

Saunier testified that he had mixed emotions regarding the legality of the machines, however, he was reassured that Caputo would handle all "legalities" and he would not be burdened by anything related to the machines. If there were any fines, Saunier was reassured that they would be handled between Melocchi and Caputo.

Caputo advised Saunier that as far as the LCE was concerned, that, "We'll already know before anything would happen"; that Caputo "would already know about it before I would even know about what was going on with our equipment that was in our place". Caputo explained that Melocchi had "taken care of the right people" in the context of the LCE and in a broader context. He explained that Melocchi would "contribute" to people; for example, Melocchi had machines in one community and that he used the proceeds to buy fireworks for the community for the 4th of July celebration.

Despite Caputo's assurances to the contrary, eighteen days later, on December 11, 2012, Saunier was on a flight to Charlotte when he discovered that investigators seized the illegal video gambling machines from his bowling centers. Saunier was angry and did not call either Melocchi or Caputo. He did call his general manager, confirmed what was taking place and then placed a call to his insurance friend who had initially approached Saunier about placement of the machines.

POLITICAL PROTECTION-THE "BARB" LETTER

The Grand Jury received evidence that Gergely used his position as a state representative to protect Melocchi. On November 8, 2012, investigators delivered a letter to Gergely's local legislative office. The letter purported to be from an individual constituent named "Barb", however, law enforcement actually drafted the letter. Gergely was not present at the office when an undercover investigator hand delivered the letter.

The Grand Jury received the letter in evidence that read as follows:

"Dear Representative Marc Gergely, I'm writing to you because I have no other place to go and I need help desperately. I think I can trust you and I don't think I can trust anyone else. My husband has a very bad gambling problem which I never knew until recently. We've been married almost 20 years and we now have nothing. He has wasted all of our savings and we can no longer pay our bills. I have worked all my life and I have lived in the Mon Valley since I was five years old. I have tried to get him help, but nothing has worked. He did finally open up to me and I at least now know the problem. He doesn't even go to casinos. He has been spending our money at poker machines in McKeesport. Between the PNA Club and the Coffee Pot shop, they have all our money. I understand that these places are not even allowed to have those machines, but they do. The machines are all run by a guy named Porky and everyone thinks he is in the mob so they are scared of him. I've tried to go to the local cops, but I have got no help. I am told that the cops run the Coffee Pot shop. Mr. Gergely, I believe you're the only person I can trust. I don't know if I should call the FBI or the State Police. I am sorry to take your time. My husband does not know I am doing this and he would be very angry if he found out. Please call me at ____" and an undercover number was provided.

The Grand Jury received testimony from staff of State Rep. Gergely (Thomas Maglicco, Gergely's Chief of Staff and Christine Cantola, legislative assistant) who testified that the letter was marked "personal and confidential". Staff opened the letter, emailed Gergely, and then read the letter to Gergely over the phone.

An intercepted phone conversation that occurred on November 9, 2012, the day after investigators delivered the letter, reveals Gergely tipping off Melocchi about the contents of the letter and encouraging him to find out the identity of Barb's husband and to handle the situation before it "becomes a problem". Gergely also assures Melocchi that he will not turn the information into law enforcement. The substance of that conversation is as follows:

Melocchi: Hey Marc

Gergely: Hey buddy, what's up?

Melocchi: Did you get your tickets?

Gergely: Yes sir, thank you very much

Melocchi: Good, good, enjoy the game my friend, that's all I wanted to make sure.

Gergely: Hold on one second, what? No, no hold on. Hey?

Melocchi: What?

Gergely: I, I got a letter. Some lady walked in and gave me a letter, her name was Barb.

Melocchi: Uh huh?

Gergely: Her husband is addicted to gambling at the Polish Club and other. I haven't been home, I'm in West Virginia huntin. But ah..

Melocchi: Uh huh.

Gergely: But ah, I want you, I want you to see the letter, okay? Cause she names you in the letter.

Melocchi: Did she?

Gergely: Yeah, and some guy named Porky owns the machines or something is what she put in it. They, they, they read the letter to me, Tommy did. Okay.

Melocchi: Ah huh Are they going to turn it in

Gergely: So I just...

Melocchi: into the LCE.

Gergely: Who me? Not me.

Melocchi: Nah. Are they going to?

Gergely: Who my staff?

Melocchi: No, no, no, no the lady?

Gergely: I don't know. That's why I want you to see it, so that Caputo has it, okay.

Melocchi: Okay, sounds good.

Gergely: I just want to take care of ya. She obviously has no idea that we have a connection. You know what I mean?

Melocchi: Uh huh.

Gergely: Maybe you can identa, maybe you can identify who the guy is and get him stopped, you know what I mean?

Melocchi: Yes.

Gergely: Before something becomes a problem, okay?

Melocchi: Thank you very much Marc.

Gergely: Okay bud, so whoever it is, his wife's name is Barb. You better talk to Rousheo or whoever got the machines down at the club, try to figure that out okay.

Melocchi: Okay, sounds good.

Gergely: All right Pork, take care man.

Melocchi: Thank you, thanks Marc, all right, bye-bye.

Gergely: Bye-bye.

POLITICAL CONTRIBUTIONS FROM MELOCCHI

The Grand Jury received evidence regarding political contributions from Melocchi. Cantola, Gergely's legislative aide, testified that at one point she used to handle checks for the Gergely political campaign. She recalled that Melocchi would make "in-kind contributions", such as donating food and/or other items. Maglicco testified that local politicians in the McKeesport area often had golf outings and/or picnics as a way to raise campaign money.

The Grand Jury received evidence that Melocchi often gave contributions to local politicians including Gergely and his Chief of Staff, Thomas Maglicco, a McKeesport Area School District board member. Melocchi would donate food and drinks from his restaurants and would often buy foursomes to golf outings in support of local political campaigns. Melocchi bought the foursomes as a "perk" for many of the establishment and club owners where he placed illegal video gambling machines. He often purchased three to five foursomes and bought Tee signs for golf outings through which he advertised his pizza restaurants or his vending company. In addition, Melocchi would often donate Steelers signed footballs and/or Steelers game tickets. The footballs and/or tickets served as an additional source of campaign revenue through a raffle and/or auction.

During the course of the investigation, intercepted phone calls revealed that Melocchi donated two-thousand dollars (\$2000) cash to the campaign of Maglicco for school board through State Representative Gergely in violation of the Pa Election Code prohibiting anonymous and/or third party contributions.

During a phone call intercepted on October 17, 2012, Melocchi told Maglicco that he wanted to buy four (4) foursomes for Maglicco's golf outing campaign fundraiser. In addition, he wanted to buy two cart signs with Mama Pepinos (his pizza restaurant), one cart sign with Back Alley Vending and one cart sign for the Viking Lounge. Melocchi also discusses with Maglicco his donation of signed footballs and Steelers tickets. The substance of that conversations follows:

Maglicco: Hello.

Melocchi: Hey, Tommy.

Maglicco: Yes sir.

Melocchi: Hey buddy, when I met with him the other day, I give him, ah, what?

Maglicco: Ok, go ahead.

Melocchi: I give him two thousand.

Maglicco: ok.

Melocchi: Ok, now I had to pay him for four Steeler tickets, whatever that was, and then I wanna put, I give him money. The foursomes, I wanna put in. I would like to have one cart marked as, ah... two carts marked as, ah, Mama Pepinos....

Maglicco: Ok

Melocchi: One cart marked as Back Alley Vending.

Maglicco: Ok

Melocchi: And one cart marked as the Viking.

Maglicco: Ok, that's one....

Melocchi: Or here, do it like that; two Pepinos, one Back Alley, and one Viking, and then that would be for foursome, now if I owed you anything after that, you know, you'd figure it up. You let me know.

Maglicco: No problem, Buddy.

Melocchi: Ok then. I'll have your football for you too. Do you need anything else?

Maglicco: No, we're good Buddy, I appreciate it.

Melocchi: Hey, I got a couple, ah, I got a couple Steeler tickets for the...umm...ah, I got a couple Steeler tickets for the, ah, Kansas City game.

Maglicco: Oh yeah?

Melocchi: Do you want me to bring them so you can put them on the table to auction them off?

Maglicco: Ummmm

Melocchi: They're good seats man, they're Section 129, 92 bucks a piece. They're low level, they are excellent.

Maglicco: I wonder if Marc could use those for, ah, we that picnic the next day. Are you able to come to that?

Melocchi: Yeah, ah, yeah, that's the one, yeah, yeah, I'm gonna be there too. Well then here, I'll get two footballs, and I only got one set of tickets.

Maglicco: Yeah, I'll call and ask Marc if he wants to use them for his, ah, picnic. And, ah, if not we can use them for ours, but I'll see if he can use them for like a door prize for that.

Another intercepted call occurred on October 19, 2012 between Melocchi and Maglicco.

The substance of that call was as follows:

Melocchi: Yeah Tommy.

Maglicco: Porky my man, you picked me up two more Tee signs, thanks. Randy, Randy called me, Kucich, he said I wanna buy some Tee signs.

Melocchi: Fucking right I told him...

Maglicco: Thanks, hey, hey....

Melocchi: He's done business with me, I say, yeah, you gotta take care of Tommy, you going to his outing?

Maglicco: Is that right?

Melocchi: He says no, I got this....I said you, well, you should at least buy some fucking signs.

Maglicco: Yep, make sure...

Melocchi: But I got your football right with me.

Maglicco: Yeah, I thank you brother, hey, make sure you...

Melocchi: Where you at now? I'm heading out to ah, are you at your White Oak place, cuz I'll leave your football at Pepino's this way you can set it up tomorrow morning.

Maglicco: Ah, that would be great. Thanks.

Melocchi: I gotta stop at Dee's cuz they got a problem with something up there, then I'll shoot down to Pepino's and leave it with my brother.

Maglicco: Ok, ah, hey remember...

Melocchi: I'll be down around a half hour. What?

Maglicco: Remember, ah remember, Porky, cuz Brandon mentioned, you mentioned you're buying the foursome for the golf. You, you're doing the picnic with Marc and Marc's buying the foursome's for you.

Melocchi: Oh, ok, ah....

Maglicco: You never know, these son of a gun's, they're liable to...ah... you know people look at my financial report and wonder why you didn't... where's ... you know... where's the money from you... but Marc is buying your foursomes.

Melocchi: Oh ok.

Maglicco: He's giving me a check for... he's going to give me a check from the committee to elect Marc Gergely for \$2000 dollars.

Melocchi: Ok, good, good.

Maglicco: That's how he's doing it... so, if somebody asks...you're... you know.

Melocchi: That Marc paid for my foursomes..

Maglicco: Right, but you, you donated to Marc... but...

Melocchi: Yeah, that's the way I usually do it.

Maglicco: Yeah, that's one..

Melocchi: That way I don't get all hemmed up either.

Maglicco: Right, right, I appreciate it.

Melocchi: Yeah, they're gonna wanna know why I donate so much to so... you know... different people.

Maglicco: Yeah, yeah.

Melocchi: I'd rather not have that mentioned.

Maglicco: I don't want, Mark... our buddy Mark... who I have been getting along with great... I don't want him... ahh.. doing anything.. you know.. or, he.. I don't know how much he likes me, but we have been getting along, Holtz.

Melocchi: Ok, good, good, good, good... but like I mean, ... if I do something with Marc Gergely, ... you know.. I do.. always do it through him, and it works out good for me.

Maglicco: Ah, yeah, that's wonderful. Thanks Porky.

Melocchi: But, hey, I'm... You guys did me a favor, ... yeah.. but I'm glad Kucich took some fucking signs.

Maglicco: He did. He bought two of them.

Melocchi: Good (laughing)... I'll leave your football at the pizza shop, all right?

Maglicco: All right, man, thanks Pork.

Melocchi: All right, thanks my friend, bye-bye.

Maglicco testified that he advised Gergely that he was not comfortable with the donation from Melocchi. Gergely agreed to get the money from Melocchi and have a check written to Maglicco's campaign from his campaign. The Grand Jury received testimony that Melocchi gave two thousand dollars to Gergely in cash from the proceeds of his illegal vending business. The Grand Jury received evidence that Melocchi was in the illegal video gambling business since 1981 as an associate of an individual who owned and operated an illegal video gambling enterprise that placed illegal video gambling machines in establishments throughout Allegheny County. Melocchi subsequently opened his own vending company through which he distributed, maintained and controlled the placement of his own illegal video gambling machines. The Grand Jury received testimony that Melocchi was a friend of Gergely for approximately 25-30

years and that Gergely was aware of how Melocchi earned a living. The Grand Jury concludes based upon the evidence and testimony presented that Gergely was aware of Melocchi's involvement with and control of an illegal video gambling business and that the cash he donated represented, at least in part, proceeds from this business. The Grand Jury further concludes that Gergely structured the two thousand dollar contribution from Melocchi to Maglicco so as to conceal the fact that Melocchi was the source of the contribution.

QUID PRO QUO

The Grand Jury heard testimony that Maglicco, as a school board member for McKeesport Area School District, advocated for and voted for the hiring of Melocchi's nephew as a full time janitor for the school. This occurred during the fall of 2012. Initially, there was only one full time position available. One school board member advocated for the hiring of another individual for that position. This individual was a long time dedicated employee of the school district who had the support of his supervisors as well. The Grand Jury heard testimony from various officials of McKeesport Area School District that there was considerable debate and discussion relative to the filling of the janitorial position. Ultimately, the school board re-opened a full-time position that had not been filled for many years so that Melocchi's relative could be hired into that position.

The Grand Jury heard an intercepted phone conversation between Melocchi and his mother. During that conversation, Melocchi explains to his mother the role that Maglicco played in helping his nephew secure a full time janitorial position at the school. Melocchi explains that there was a tie vote to hire either Melocchi's nephew or this other individual. Melocchi further explained that Maglicco was the "swing vote" in the matter.

Maglicco admitted during his testimony that he voted to hire Melocchi's relative over other candidates. The Grand Jury concludes, based upon the evidence and testimony presented, that the campaign contribution from Melocchi to Maglicco was in part, pay back, for Maglicco's support and vote, as a McKeesport Area School board member, on behalf of Melocchi's nephew for the full-time janitorial position.