

THE TURNPIKE STORY

On the following pages are reprinted articles and editorials which appeared in The St. Petersburg Times March 2 - 17, 1963, reporting on activities of the Florida State Turnpike Authority.

The Times announced its goal in an editorial early in its Turnpike series: "Our objective is the sober one of constructively contributing toward Florida's reputation of fiscal integrity, efficient government and responsible business management of the State's affairs."



BUT COURT GIVES AUTHORITY DEADLINE

Florida Turnpike Board Closes Books To Public

FORT LAUDERDALE — The Florida State Turnpike Authority yesterday refused to allow a St. Petersburg Times reporter and two accountants to inspect its records.

A circuit court judge, at the request of The Times, later ordered the authority to open its books or explain why it won't.

The authority was given until March 21 to comply with the order.

Reporter Martin Waldron of The Times said Lawrence H. Hess Jr., comptroller for the authority, closed his records about 10:30 a.m. Hess said he was acting under orders from Douglas Gardner of Tampa, an attorney for the Turnpike Authority.

Waldron also talked to Gardner by telephone.

"Those records are closed to you as of this time," Gardner told Waldron. "I am advising the authority as a client that they may be closed."

Asked if the records are not public and open to inspection by citizens, Gardner said he did not know. "I will have to be shown," he



JOHN HAMMER

... authority chairman

said.

Later in the day The Times petitioned the Broward Circuit Court to order the records opened.

Circuit Court Judge James H. Walden granted an order requiring the authority to

permit inspection of its books by Waldron or show cause why it would not.

"It is the duty of the respondent (the authority) to permit the inspection requested and those in charge shall not refuse this privilege to any citizens," Judge Walden ordered.

Before closing the books and relaying Gardner's order, Hess told Waldron he talked to Turnpike Chairman John M. Hammer of Tampa about the accountants.

"Mr. Hammer said it would be all right for you to look at records but that he didn't want the auditors looking at them," Hess said.

Hess later said he really got this statement not directly from Hammer but from Frank Bayle, Hammer's assistant.

Gardner's order to close the records followed shortly afterwards. Gardner said he was telephoning from Orlando.

Judge Walden's order was directed against Hammer, other members of the authority, Hess, Gardner, and Mabry Ervin, director of operations for the authority.

Turnpike Board: A Free Hand

By JACK NEASE
Of The Times Staff

The Florida State Turnpike Authority, which Friday blocked public inspection of its records, handles millions of dollars with little control by the state.

Established in 1953 to build toll roads, it isn't subject to the same fiscal controls as other state agencies.

BOARD MEMBERS are responsible only to the governor, and — historically — governors have run the authority as they wanted.

Currently, for example, the authority is in the process of spending \$151 million in bond funds obtained in a controversial refinancing deal.

THE REFINANCING, pushed through by Gov. Farris Bryant, was to extend the Sunshine State Parkway from Fort Pierce to Wildwood, near Bryant's hometown of Ocala.

Bryant's predecessor, former Gov. LeRoy Collins, had favored extending the road only to Orlando. Collins contended this could be done without refinancing, and would save the state millions of dollars in interest and charges.

Critics of the refinancing tried to block it by court suit, but failed.

THE AUTHORITY is unique among state agencies in several ways:

✓ State auditors don't check books of the authority and make public reports on what they find. All auditing is done by private firms selected by the authority.

✓ Authority members aren't subject to general state laws in collecting expense money. They can bill the authority for all expenses they deem "necessary."

✓ Money received and spent by the authority isn't handled by the State Comptroller's office in Tallahassee.

✓ **AUTHORITY RECORDS** are scattered throughout the state, and are often moved from place to place. The authority maintains offices in Orlando, Fort Lauderdale and Tampa and often forwards rec-

ords from one office to another.

The authority is not unique in another characteristic: appointment to the board is often reward for political service.

The authority's present chairman, Tampa insurance man John W. Hammer, was finance chairman of Bryant's successful 1960 campaign for governor.

Other members of the board are Hugh R. Dowling, Jacksonville attorney; James T. McNeill, Port St. Joe timberman and seafood dealer; John H. Monahan, Fort Lauderdale uniform firm owner and laundry executive; and Raymond E. Barnes, Orlando attorney.

HAMMER RECEIVES \$12,000 a year and expenses for his part-time duties; the other members receive only "necessary" expenses.

The authority and the toll road it is building were centers of political controversy even before the authority was established.

Although the heaviest traffic flow from north to south in the state was along the east coast, Central Florida legislators were unwilling to permit a toll road to parallel the coast.

The 1953 session of the Legislature established the turnpike authority, but said the road couldn't extend more than 110 miles north of Miami.

The 1955 Legislature voted to permit an extension of the road, but said it had to go from St. Lucie County (Fort Pierce), northwest to Lake County and then through Marion County before turning back to the coast toward Jacksonville.

The first authority members were appointed by the late Gov. Dan McCarthy in July 1953.

McCarthy died three months later and State Sen. Charley Johns of Starke became acting governor.

Johns asked the McCarthy appointees to resign. They refused and Johns suspended them for alleged "malfeasance" in office.

THE ALLEGED "malfeasance": The authority failed to use "complete and adequate engineering studies and reports" made for the State Road Department and "without justification or excuse employed new, different and additional private engineering firms to duplicate the work that had already been done, at great additional cost."

Johns appointed his own authority members but lost a bid to keep the governor's chair in 1954. His authority members resigned just before Gov. LeRoy Collins took office in January 1955.

Collins appointed a new board but some members of the McCarthy board were to find other positions in the Collins administration.

Earl P. Powers of Gainesville,

turnpike chairman under Collins was appointed a member of the State Road Board by Collins.

Campbell Thornal another McCarthy authority member, was later appointed by Collins to the State Supreme Court.

Collins named as his chairman Thomas B. Manuel of Fort Lauderdale. Manuel — because Collins was able to remain governor for six years — stayed on as chairman of the authority for six years.

The Johns authority had spent \$2.6 million on engineering and other preliminary work on one suggested turnpike route, but the Collins board chose another route.

THE MONEY, advanced by the State Road Department, was later repaid from turnpike bond funds.

The Collins authority sold \$74 million in revenue bonds to be repaid with tolls and then built a 108-mile "bobtail" turnpike between Miami and Fort Pierce.

The road was opened in January 1957, and Collins confidently predicted it would be extended to the Georgia line by 1959. The prediction proved overly optimistic.

In August 1958, the authority announced plans to extend the turnpike would be postponed indefinitely.

A poor bond market and insufficient traffic projections were blamed for the delay.

Late in 1960, after Bryant had won Democratic nomination as governor, Collins began talking again about extending the turnpike.

His plans to sell \$55 million in additional bonds were blocked by a group called the Florida Free Highways Association.

Significantly, the group retained former Gov. Millard Caldwell as its attorney. Later Caldwell was appointed to the State Supreme Court by Bryant.

WITHIN A YEAR after taking office Bryant's authority had completed its extensive refinancing program.

A total of \$157 million in bonds were sold. After discounts and expenses, the authority got \$151,653,277.

About \$63.8 million of this was used to redeem the original turnpike bonds which were drawing interest of 3.25 per cent.

The new bonds bear an interest of 4.75 per cent. They were sold through a group of invest-

ment houses and bankers without bids.

Work has already begun on the 156-mile extension of the turnpike from Fort Pierce to Wildwood.

Contracts have been let in leapfrog fashion as plans and right of way become available. Most of it is in advanced stages of construction.

THE AUTHORITY has announced it hopes to open the extension to traffic early next year.

Meanwhile the authority has engaged in other activities. In conjunction with the State Road Department, it studied the feasibility of a Tampa-to-Miami toll road.

Authority Chairman John Hammer has announced the study showed the road isn't feasible, but the report has never been made public.

Friday authority employees in Fort Lauderdale refused to permit a Times reporter and two accountants to inspect fiscal records of the authority.

A Broward County Circuit Court judge, at the request of The Times, has ordered the authority to permit inspection of its records or explain why it won't.

Hammer Relents, Says Turnpike Records Open

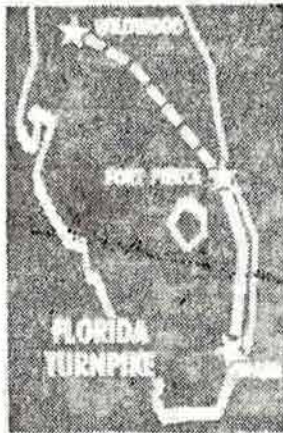
Here's Text Of Hammer Telegram

Editor
St. Petersburg Times

On behalf of the Florida State Turnpike Authority it is my intent to express this protest to you of the conduct and discourteousness of your employe reporter Martin Waldron and to clarify the errors and innuendos in your recent article under the date of March 2, 1963.

As chairman I have been advised that Mr. Waldron and associates visited the Turnpike Authority offices in Ft. Lauderdale, Orlando, and Tampa earlier this week without making previous appointments or requests, thereby consuming and utilizing our personnel and their time. Subsequently, on the morning of March 1, at approximately 9 a.m. without prior request or the courtesy of a phone call Mr. Waldron again visited the Ft. Lauderdale office, accompanied by two individuals, and not only requested but demanded that the Turnpike Authority comptroller release to them our accounting records.

At this time the comptroller questioned the demand and in the course of his employment called the administrative office in Tampa to request permission to release his records to the reporter's companions who were identified as auditors. Since I was not available at the time of the call, my executive assistant Mr. Frank Bayle authorized Mr. Hess to release to Mr. Waldron the records or files for his examination but that any audit or additional inconvenience to the Authority without prior request or appointment or extending to the members of the Authority the courtesy of advance notice would be objectionable. I was advised that the resident attorney who was in Orlando participating in a trial was contacted regarding this matter and he immediately contacted the Ft. Lauderdale office and talked to your Mr. Waldron.



I was informed that Mr. Waldron continued in a discourteous, indignant and abrupt manner and that his unreasonable request was not granted by the resident attorney who further advised the comptroller that these records were not opened to Mr. Waldron at this time but that he had to get permission of the chairman of the Authority. To have granted this demand that our records be turned over to Mr. Waldron and the auditors on the spur of the moment would have disrupted and inconvenienced the operation of the Authority and imposed additional burdens upon our limited accounting personnel. As a public body our records and files are open to the public upon a reasonable request. However, under this circumstance I consider his demand an unreasonable request and further feel that being a public body we should be extended the courtesy of at least a telephone request and that such instance that has occurred here was abusive, discourteous and ungentlemanly. Please be advised that neither you nor your newspaper nor your reporters or any other citizen have to request the court's permission to review our records, but that a mere administrative request to establish a time and date for such examination which would not interfere with the normal operation of the Authority would produce the same results. I wish to reiterate that at no time have I received any request from Mr. Waldron to review our records or files and that if such a request were made, this uncalled for instance would not have occurred. As a businessman and also serving the State of Florida and in attempt-

ing to do something worthwhile for the state I and the Authority personally resent the high-handed, discourteous, abrupt and dogmatic manner in which your employe has conducted himself not only in this instance but in several other past dealings with the Authority. Further, as chairman of the Authority I must and will request that this public body and its employes be accorded the same treatment as is normally accorded to any other private or public agency, as it has always been our policy and history will reveal that we have gone to great length to inform the public of our dealings through the newspapers of our state. I feel that Mr. Waldron's conduct is not in keeping with the high standards of good journalism.

John M. Hammer, Chairman

Chairman Sends Wire To Times

Florida State Turnpike Authority Chairman John M. Hammer yesterday **relented** and agreed to permit inspection of authority records.

Hammer, in a lengthy telegram to The Times, said the authority's records and files "are open to the public upon reasonable request."

Authority employes, who said they were acting on orders from Hammer, refused Friday to permit a Times reporter and two accountants to inspect authority records in Fort Lauderdale.

A BROWARD COUNTY Circuit Court later that day ordered Hammer and other authority members to permit Times reporter Martin Waldron to inspect the records or appear in court to explain why they wouldn't.

The court acted on a petition filed by The Times.

Hammer, in his telegram, contended Waldron had been "high-handed, discourteous, abrupt and dogmatic" in requesting to see the records.

"At no time was I or either of my auditors discourteous, rude, demanding, high-handed, abrupt or dogmatic," Waldron said yesterday. "We made our request in a reasonable and dignified manner and at no time was there any unpleasantness. The employes of the Turnpike Authority refused us the records reluctantly and with apologies."

FRIDAY MORNING Waldron and two accountants retained by The Times inspected books and records of the authority for one hour before being stopped.

Lawrence H. Hess Jr., comptroller for the authority, said Hammer told him not to permit the accountants to continue inspection of the books.

When Waldron challenged the decision Douglas Gardner, attorney for the authority, told Waldron by telephone that the books were closed to him.

Hammer's telegram contended that granting the request for the records would have "disrupted and inconvenienced the operation of the authority and imposed additional burdens upon our limited accounting personnel."

Waldron, in reporting the incident, said: "Mr. Hess brought us the information and files requested, an act which involved five minutes of work on the part of one of his assistants, and at no other time was any other employe of the Florida Turnpike Authority involved."

HAMMER'S TELEGRAM said: "As a public body our records and files are open to the public upon reasonable request."

"However under this circumstance I consider his demand an unreasonable request and further feel that being a public body we should be extended the courtesy of at least a telephone request and that such instance that has occurred here was abusive, discourteous and ungentlemanly."

"Please be advised that neither you nor your newspaper nor your reporters or any other citizen have to request the court's permission to review our records, but that a mere administrative request to establish a time and date for such examination which would not interfere with the normal operation of the authority would produce the same results."

Hammer Agrees To Release Turnpike Investors' Names

By JACK NEASE
Of The Times Staff

Florida State Turnpike Authority Chairman John M. Hammer agreed yesterday to release the names of investors involved in the once-controversial \$157 million refinancing of the Sunshine State Parkway.

He said the information is in the hands of trustees for the original turnpike bonds and investment bankers who issued and sold the new bonds.

For this reason, Hammer said, it will take "several weeks" to obtain the information.

HAMMER'S announcement came in a telegram to The Times in response to the newspaper's request for the names and other information.

The Turnpike Authority chairman blocked access to Authority records in Fort Lauderdale last Friday, but reversed his stand after The Times filed a court suit to open them.

The \$157 million in bonds were sold by the authority in December 1961, to finance extension of the Sunshine State Parkway from Fort Pierce to Wildwood.

The authority actually received \$151,653,277. The other \$5.3 million went for various financing charges.

THE AUTHORITY used \$63.8 million to redeem bonds that were sold to build the original leg of the turnpike from Miami to Fort Pierce.

The redeemed bonds bore an interest of 3.25 per cent.

The new bonds have a stated interest rate of 4.75 per cent but were sold at a negotiated price of 99 (or discount of one per cent) to yield a slightly higher interest rate of 4.8 per cent.

The wisdom of selling the bonds was hotly debated for months.

Former Gov. LeRoy Collins contended the refinancing, which was pushed through by Gov. Farris Bryant, cost an additional \$33 million in interest.

COLLINS FAVORED extending the turnpike only to Orlando through the sale of "junior bonds." He said traffic on the Fort Pierce to Orlando segment would pay interest on these bonds until the original bonds could be retired in 1968.

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Tidy Profit Possible In Turnpike Bonds

By MARTIN WALDRON
Of The Times Staff

TAMPA — A smart business man with friends in a big bank could have made a tidy profit on the sale yesterday of the Florida turnpike bonds.

LAST YEAR, the outstanding bonds on the Bobtail turnpike were selling on the open market for \$87 per \$100 value because of the low interest rate.

To buy \$10 million worth of the bonds would have cost \$8,700,000. A banking group would have loaned 95 per cent of the purchase price.

So a smart business man

with \$435,000 cash could have bought \$10 million worth of the bonds. The other \$8,265,000 needed would be the bank's money.

NEXT APRIL, the Turnpike Authority will call these old bonds, paying \$103.50 plus \$3.25 (for a year's interest).

The \$10 million worth of bonds would bring a return of \$10,675,000.

This would leave a gross profit of \$1,975,000. Subtracting \$138,500 for interest on the \$8 million borrowed from the banks would leave a net profit of \$1,836,500 on the \$435,000 investment.

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THIS APPEARED IN TIMES IN DECEMBER 1961

. . . the day after turnpike refinancing was announced.

Bryant shelved these plans. He wanted to extend the turnpike to Marion County and a traffic and earnings survey showed tolls on a Fort Pierce to Citra leg wouldn't be sufficient to pay interest on the bonds.

The refinancing was then pushed through by Bryant's appointees on the Authority. Attempts to block the sale in court failed.

THE FLORIDA Supreme Court approved legality of the financing, but pointedly said it was not passing on whether it was good business.

"Whether the building of toll roads is a sound policy to be followed is one over which this court has no control," the court said.

Initial efforts to secure names of the old bond holders were unsuccessful.

Lawrence H. Hess Jr., comptroller for the authority, said he had phoned two banks and it would be "almost impossible" to learn the names.

HAMMER, IN HIS telegram to The Times, said he would be "most happy to furnish (the) requested information."

"As to the information pertaining to the old and new bond holders it will take several weeks to obtain this information as it is not in our records but in that of the old trustee and in addition in the records of the investment bankers who handled the issuing and selling of the new bonds."

The Times notified Hammer it would dismiss its suit against the authority in light of Hammer's announced intention to make authority records available for inspection.

Here Are Events Leading Up To The Pledge

Here are the events leading up to yesterday's promise by Florida State Turnpike Authority chairman to reveal certain information about sale of \$157 million in bonds by the authority:

Friday morning, March 1: Times reporter Martin Waldron and two accountants asked to inspect certain Authority records at Fort Lauderdale. They did so for about an hour before Comptroller Lawrence H. Hess

Jr. saying he was acting under orders of Chairman John M. Hammer, announced the books are closed.

Friday afternoon, March 1: The Times petitioned the Broward Circuit Court to order the authority to permit inspection of its records. Circuit Judge James H. Walden orders Hammer and other Authority members to permit inspection of its records or appear in court March 21 to explain

why it won't.

Saturday night, March 2: Hammer, in a telegram received by The Times Sunday morning, contended Waldron was discourteous and says all authority records are available for inspection "upon request." Waldron, a veteran, highly respected reporter, said he at no time was rude and that authority staffers "refused us the records reluctantly and with apologies."

Sunday afternoon, March 3: The Times notified Hammer it will withdraw its suit on the basis of Hammer's statement. The Times also requested Hammer to make available a list of all holders of original bonds that were redeemed.

Monday morning, March 4: Hammer notified The Times he will furnish the information, but that it will take "several weeks" to obtain the names.

ALMOST \$700,000 AT TALLAHASSEE BANK

Many Turnpike Bonds Redeemed In Florida

By MARTIN WALDRON
Of The Times Staff

FORT LAUDERDALE — More than 10 per cent of the \$63 million in refinanced Florida turnpike bonds were redeemed in Florida, including almost \$700,000 at a Tallahassee bank.

Records at the turnpike office here show that the Capital City National Bank of Tallahassee paid out \$648,000 to bond holders for the turnpike bonds.

Another \$6 million worth of the bonds were redeemed through the First National Bank at Miami, and \$35,000 worth at the Miami Beach First National Bank.

FOR MORE than a year The St. Petersburg Times has tried without success to obtain a list of the people who redeemed the \$63 million worth of bonds. Turnpike Chairman John M. Hammer on Monday told The Times he would get a list of the former bond holders. It might take a number of weeks, he said.

Hammer's promise came after The Times had obtained a court order opening the records of the Authority which were closed after The Times began to examine them with two accountants last Friday.

The \$63 million worth of bonds, which were sold at a 3.25 per cent interest rate in 1955, were refinanced in January of last year when the Turnpike Authority borrowed \$157 million to build an extension to the state toll highway.

THE HOLDERS of the \$63 million in old turnpike bonds wasted little time last January in redeeming their bonds.

The Chemical Bank and Trust Co. of New York — the main paying agent for the Turnpike Authority — redeemed \$14.2 million worth on the same day that the new bonds were sold.

The Chemical bank redeemed by far the biggest share of the bonds. Some still have not been brought forward for payment.

But turnpike records here show that in the first six weeks of last year, the Chemical bank paid off \$40.5 million worth of the bonds.

During this same period of



For a better
FLORIDA

(This is one of a series of stories and editorials looking toward the 1963 session of the Florida Legislature. They are being printed in connection with proposed modernization of Florida's government.)

time, a Chicago bank, the National Bank and Trust Co., got \$7 million from the Chemical bank for bond redemptions.

THE REFINANCING of the turnpike bonds excited investors considerably in the middle of 1961 when it became definite that the bonds would be paid off early.

Because of the low interest rates being paid on the debts, the bonds had been selling considerably lower than their face value.

At one time, a \$1,000 bond could be bought for \$830.

The turnpike authority bought the bonds in January, 1962, for \$1,000 plus \$35 as a premium for calling them early.

THUS INVESTORS who had bought the bonds at \$830 made a profit of \$200 per bond.

The bond redemptions in Tallahassee were in two big chunks — one for \$435,000 on Jan. 9, 1962, and one for \$116,000 on Jan. 16.

Smaller redemptions at the Tallahassee bank were \$5,000 on Jan. 10, \$21,000 on Jan. 12, \$7,000 on Jan. 16, \$16,000 on Jan. 18, \$26,000 on Jan. 23, \$17,000 on Feb. 2, and \$2,000 on Feb. 7.



The date of the biggest redemption in Chicago was Jan. 15 when \$4.8 million worth of the bonds were paid off.

The dates listed for the Tallahassee and Chicago banks were the days transfer of money was made from the Chemical Bank and Trust Co. in New York, and probably followed the actual cashing of the bonds by a period of three or four days

TURNPIKE AUTHORITY REQUESTS LIST

Board Asks Names Of Bond Redeemers

By MARTIN WALDRON
Of The Times Staff

FORT LAUDERDALE — The comptroller of the Florida State Turnpike Authority yesterday asked two big banks to furnish a list of people who redeemed \$63 million worth of re-financed turnpike bonds last year.

Comptroller Lawrence H. Hess Jr. wrote to the Chemical Bank and Trust Co. of New York and the Miami First National Bank, the authority's paying banks last year, and requested the list.

HESS ALSO ASKED Dillon, Read and Co. of New York, who managed the one-time controversial refinancing of the Sunshine State Parkway, if it had such a list.

Hess earlier had talked by telephone to banking officials and quoted them as saying such information might be very difficult to obtain.

"THEY REDEEMED these bonds by number," said Hess. "Most of these bonds are bearer bonds, and can be cashed like they were pieces of money."

An inspection of Authority records here at the Turnpike operating headquarters showed that the authority already had the names of 58 individuals who had redeemed \$458,000 worth of the old Turnpike bonds.

This information was furnished to the authority last December by the First National Bank of Miami, which handled redemption of about \$6 million worth of the bonds.

The Miami First National said it had transferred \$692,000 to 15



JOHN HAMMER

... turnpike chairman.

other Florida banks which had redeemed bearer bonds.

ANOTHER \$373,000 was paid to bond brokers, including several which had helped underwrite the refinancing.

Most of the remainder of the \$6 million was transferred by the Miami bank to the Chemical Bank and Trust Co. of New York for bonds that had been redeemed.

The \$458,000 worth of bonds which were redeemed in the name of names of individuals included \$56,000 worth of registered bonds.

REGISTERED BONDS can be replaced if lost because names of the owners are kept on file at the paying bank.

Bearer bonds are not so registered.

Turnpike Refinancing Bill—Extra \$50 Million

FORT LAUDERDALE — Refinancing of the \$63 million owed on the "bobtail turnpike" from Fort Pierce to Miami to build the 166 mile long Wildwood extension is costing an extra \$50 million to \$60 million.

The Florida State Turnpike Authority actually borrowed \$167 million in January, 1962.

But of this, only \$62 million is scheduled for the turnpike extension.

The remaining was allocated on the authority's books:

Bond discount - \$1,570,000.

Management and underwriters fees - \$5,102,000.

Refinancing old bonds - \$67,142,621.

Three years interest - \$22,372,500.

The authority borrowed the latter \$22 million to pay the interest for the first three years on the entire debt.

After the first three years, the toll highway is expected to be able to begin supporting itself.

The \$50 to \$60 million in extra costs comes from adding \$22 million to the \$6.8 million in man-



agement fees and bond discount plus the extra interest now being paid on the old \$63 million debt on the "bobtail turnpike."

The turnpike authority was paying 3.25 per cent on the old debt, now pays about 4.95 per cent on it. Over a period of 40 years, this extra interest could amount to \$25 or \$30 million.

Hammer's Two - Year Expense Tab: \$100,000

By MARTIN WALDRON
Of The Times Staff

FORT LAUDERDALE — Something over \$100,000 has been paid out in Florida State Turnpike Authority funds in the past two years for travel and other expenses of Authority Chairman John M. Hammer.

The \$100,000 includes payment for a number of unusual arrangements:

✓ **AN AIRPLANE** — an Aero-Commander, NC3845, commonly referred to as "two-gun Charlie" because of the serial number — leased on an oral agreement.

✓ **A CHRYSLER** automobile for which Hammer collects 10 cents a mile while the turnpike pays for the car's gas and oil.

✓ **AGREEMENTS WITH** hotels and restaurants whereby bills are submitted directly to the authority for payment.

✓ **CHARGES MADE** by the use of American Express, Diners Club, and Carte Blanche credit cards.

Hammer, a Tampa insurance agent, has headed the Florida turnpike since January 1961, when Gov. Farris Bryant took office.

Members of the turnpike authority are not bound by the state law which limits the amount of money state employees can collect for travel expenses.

Even the governor is limited to the amount he can spend per day for travel.

The ordinary state employee can collect \$11 a day for hotel and meals while traveling in the state, \$12.50 a day out of the state.

The governor can collect up to \$20 a day.

Chairman Hammer (and another member of the turnpike authority) in the past two years often have spent more than \$100 a day in hotel and restaurant expense.

Large expenditures of the authority under Hammer have not been limited to payment for traveling.

The authority — which runs the Sunshine State Parkway, a toll highway running from Fort Myers to Miami — also has entertained quite a bit in the past two years.

Sometimes the authority entertains itself, sometimes others.

On April 1, 1961, for instance, the authority picked up the check for two functions at the University Club at Tampa.

This included \$124.22 for an item listed as "bar sales", 30 cents for a package of cigarettes, and \$154.50 for "food sales."

At the Candlelight Inn at Fort Walton Beach in Northwest Florida, the authority paid \$145 for an item listed on the bill as "boat charter."

L. H. Hess, Jr., said this Candlelight bill — totaling more than \$600 — was for a meeting of the turnpike authority.

He said the University Club bill was for a "bankers' dinner."

Among hundreds of other extraordinary bills paid by the authority in the last two years was \$65 to a Tallahassee florist for 13 cymbidium orchids.

THE BILL said the flowers

October 30 1961

STATEMENT

Holiday Inn

Florida State Turnpike Authority Party RDA

DATE	ITEM	AMOUNT
Oct. 27	Room	16 50
	Tax	50
ROOM FROM	TO	
	Phone Long Distance	72
	Phone Long Distance	88
	Phone Local	60
Oct. 28	Restaurant - Bar	33 76
	Room	16 50
	Tax	50
TELEPHONE		
LOCAL	Restaurant - Bar	5 18
LONG DIST.	Restaurant - Bar	1 24
	Restaurant - Bar	2 10
Oct. 29	Phone Local	40
LAUNDRYING		
DRY CLEANING		
	Total	78 88
P. O. NO.	AUTHORIZED BY	7.68
524-547		
ACCOUNT DISTRIBUTION		
	AMOUNT	AMOUNT
	42-45	22.00
APPROVED FOR PAYMENT		
Holiday Inn of Ocala, Fla.		
FLORIDA STATE TURNPIKE AUTHORITY		

ALL BILLS ARE PAYABLE WHEN STATEMENT IS RENDERED

DELIGHT FORM. 871-1-100 100

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PARTY HELD AT HOLIDAY INN, OCALA

... resulted in charges to the Turnpike Authority of \$78.88. Typewritten notation at top of bill says expenses were charged to "Florida State Turnpike Authority Party."

were for the secretaries of a number of important state officials.

On another occasion, the authority paid \$10 to a florist for "an arrangement" for a state senator.

The exact amount of money spent by the Turnpike Authority for such things was not readily available.

Officials of the turnpike closed the records to The St. Petersburg Times on March 1 when two auditors hired by The Times were attempting to make such a compilation.

The records later were forced open to a reporter of The Times by a court order.

MOST OF THE money spent for Chairman Hammer's travel went for the airplane, its gas and oil, and its pilot.

The airplane pilot was carried on the turnpike payroll as an assistant engineer.

And most of the airplane rental was charged to the turnpike extension construction fund as "maintenance, office equipment,

rental."

The gas and oil bills of the plane were lumped in with gas and oil bills of the turnpike's automobiles.

Since the time the turnpike borrowed an extra \$100 million last year to build a 166-mile extension of the toll highway, almost 100 per cent of the travel costs have been charged to that fund.

THE RESTAURANT and hotel bills — which total more than \$15,000 — also were paid from the extension money.

Although the Turnpike Authority is a state agency, its records are not audited by the state auditor. A private auditing firm, Ernst and Ernest, has been performing this service.

Hess, the authority's comptroller, said a state audit was started some years ago but never completed.

Two of the three auditors on the job quit to go into private business and a third was called off for an emergency audit.

"The state audit never was finished," Hess said.

\$65 WORTH OF ORCHIDS

... were sent to secretaries of state officials and billed to the Florida State Turnpike Authority. This was in April 1961.

HARTMAN'S FLOWER SHOP
PHONE 2-5819 P. O. BOX 702
TALLAHASSEE, FLORIDA

Deliver To: *Secretary to Secretary of State, Tallahassee, Florida*
Address: *Mr. Brewer, Randolph Lodge, High Chappell, Boy. Bryant & Co. Tallahassee*
Charge To: *Fls. State Turnpike Authority*
Address: *Authority P.O. Box 1571 - Tampa*

CLERK ☒ BOW REC'D ☒ CASH ☒ CHANGE ☒ C. O. D. ☒ P. T. D. ☒

13 Cymbidium Orchids	65.00
P.O. #	45.00
Card #	2110 65
STATE TAX	1.95
TELEPHONE	
SERVICE CHARGE	
TOTAL	46.95

4320 Ordered by *Mahe Ervin*

TICKET NO.	DATE	CHARGE	SUB CHARGE	SALES TAX	TOTAL CHARGE	ACCOUNT NO.
BAR SALES	8661	304.61	100.50	20.10	362.22	293
CIGARETTES						
FOOD SALES	36723	304.61	125.00	25.00	450.00	193
FOOD SALES	37633	23.61	125.00	25.00	154.50	193
			350.79	70.10	1263.43	52

STATEMENT
University Club of Tampa
TAMPA TERRACE HOTEL
TELEPHONE 2-1156
TAMPA, FLORIDA

ACCOUNT 293 JOHN HAMMER
P O BOX 3386
TAMPA FLORIDA

Balance Due 11.00
Credits 11.00
DUES & TAX 11.00
FOOD & BEV 433.52

AMOUNT DUE 444.52

040161

40161

444.52

UNIVERSITY CLUB OF TAMPA STATEMENT

... shows that Turnpike Authority expense funds paid for \$433.52 in food, drinks and cigarettes on two dates in April 1961.

John M. Hammer and party
 Florida State Turnpike Authority
 P.O. Box 8008
 Fort Lauderdale, Florida

The **BARCLAY**

111 East 48th Street, New York 17
 Cable address: BARCLOTEL

MEMO.	DATE	EXPLANATION	CHARGES	CREDITS	BAL. DUE
AUDITED BY AUTHORIZATION DATE ACCOUNT DISTRIBUTION ACCOUNT AMOUNT APPROVED FOR PAYMENT	1	Jul-17-61	room--	*65.00	
	2	Jul-17-61	rm. tax	* 3.25	
	3	Jul-17-61	phone	* 1.00	
	4	Jul-17-61	rm. srv.	* 5.58	* 74.83
	5	Jul-18-61	room	*65.00	
	6	Jul-18-61	rm. tax	* 3.25	
	7	Jul-18-61	phone	* 0.20	
	8	Jul-18-61	rm. srv.	* 3.05	
	9	Jul-18-61	rm. srv.	*12.84	
	10	Jul-18-61	rest'r.	* 8.60	
	11	Jul-18-61	rm. srv.	* 3.32	
	12	Jul-18-61	PdOut Br'G	9.52	*180.61
	13	Jul-19-61	room	*65.00	
	14	Jul-19-61	rm. tax	* 3.25	
	15	Jul-19-61	phone	* 1.60	
	16	Jul-19-61	L'dist	* 8.80	
	17	Jul-19-61	PdOut	* 8.50	
	18	Jul-19-61	-rm. srv.	* 6.56	
	19	Jul-19-61	F'ward--	*46.90	*321.22
	20	Jul-20-61	room	*65.00	
	21	Jul-20-61	rm. tax	* 3.25	
	22	Jul-20-61	phone	* 1.20	
	23	Jul-20-61	rm. serv.	5.32	
	24	Jul-20-61	rm. srv.	10.13	*406.12

LAST BALANCE IS AMOUNT DUE UNLESS OTHERWISE INDICATED

Telephone charges include Federal Tax—Room charges include City Tax



BILL FROM NEW YORK CITY HOTEL

... The Barclay, shows that Turnpike Authority Chairman John Hammer stayed in a \$65 a night room and ran up charges of more than \$100 in four days.

STATEMENT
CANDLELIGHT INN

101 WEST MAIN ST.
FORT WALTON BEACH, FLORIDA

Date September 12 19 62

CHARGED TO:

Florida Turnpike Association
Tallahassee, Florida

DATE	ITEMS	AMOUNTS	TOTAL
July 1	Christian	22.32	
	McNeil	190.83	
	Manalan	17.37	
	Prker	9.79	
	Sterling	138.64	
	Boyle	10.39	
	Gardner	28.69	
	Hammond	9.79	
	Oliver	9.79	
	Dowling	33.94	
	Boat Charter	145.00	
	Peterson	51.56	
	Payment 7/31/62	+ 58.06	
	Balance due		610.05

P. O. NO.		AUDITED BY	
REC. NO.	DATE	INITIALS	DATE
ACCOUNT DISTRIBUTION			
AMOUNT	AMOUNT	AMOUNT	AMOUNT
138.64	64.10		
APPROVED FOR DEBIT			
STATE TURNPIKE AUTHORITY			

BOAT CHARTER COSTS OF \$145 WERE INCLUDED

... on this bill of more than \$600 charged at the Candlelight Inn, Fort Walton Beach, and paid for by the Turnpike Authority.

Hammer Collected For Gasoline, Oil For His Privately-Owned Car

By MARTIN WALDRON
Of The Times Staff

FORT LAUDERDALE — Under a special arrangement with other members of the Florida State Turnpike Authority, Chairman John Hammer last year charged gasoline and oil for his privately-owned car to the state.

At the same time, Hammer collected 10 cents a mile in expense allowance for each mile that the car — a 1962 Chrysler Le Baron — was driven.

In the 13-month period from January 1962 to February 1963, Hammer collected \$3,352.50 in mileage for the Le Baron.

Hammer also was furnished — by the Turnpike Authority — a 1962 Buick.

The furnishing of "prestige" cars to chairmen of the Turnpike Authority has been turnpike policy since the authority was formed eight years ago.

The chairman also gets a state highway patrolman to drive him. Hammer has been driven by J. L. W. B. Oliver.

A Chrysler Le Baron matching the description of Hammer's was offered for sale in the want ads of the Tampa Tribune yesterday.

The ad read:
"Private owner—1962 Chrysler Le Baron. Black. Fully factory equipped. Dual air. \$4,800. Excellent Condition. Telephone 833-8084."

The telephone number is that of the residence of James C. Pantling, Hammer's public relations assistant.

Efforts to find out if it were Hammer's car were unsuccessful. A woman who answered the telephone said her husband was selling the car "for a friend."

Hammer collected from \$150 to more than \$300 a month during 1962 for operation of the Le

Baron.
He filed regular expense accounts for the amount, listing on his expense voucher:

"Mileage, beginning of period:
Mileage, end of period."
There was no detail given.

THE DIFFERENCE between the two mileage figures listed was claimed as the number of miles that the car had been driven on turnpike business, and Hammer was reimbursed 10 cents for each mile.

When he filed for the first such payment in January 1962, the Turnpike chairman said the car had 75 miles on it.

At the end of January 1963, it had 33,500 miles on it, according to his expense accounts. Hammer was paid 10 cents for each of the 33,425 miles plus 100 miles additional because of an error in transposing mileage from one month to the next.

L. H. Hess, Jr., comptroller of the Turnpike Authority, said gas and oil for the Le Baron was paid for by the State agency un-

der orders from authority members.

"I had just as soon not be quoted," he said. "But it was explained to me that the turnpike couldn't afford a big car for the chairman, and it was agreed that if he bought one, the turnpike would pay him 10 cents a mile.

"It costs more than 10 cents a mile to operate the Le Baron, and the board members agreed to pay the chairman 10 cents a mile and buy his gas and oil."

HESS HAD NO idea how much the Turnpike Authority paid in gas and oil bills for the Le Baron last year.

Turnpike records were closed to two accountants hired by The St. Petersburg Times when they attempted to inspect the turnpike records.

The books later were opened to a reporter of The Times by a court order.

HAMMER'S mileage, and the amount of money he collected, from January 1962 through January 1963, by month:

January 1962	— 2,550 miles	\$255
February	— 2,400 miles	\$240.
March	— 2,000 miles	\$200.
April	— 1,500 miles	\$150.
May	— 2,000 miles	\$200.
June	— 3,000 miles	\$300.
July	— 3,475 miles	\$347.50.
August	— 2,150 miles	\$215.
September	— 2,850 miles	\$285.
October	— 1,700 miles	\$170.
November	— 2,300 miles	\$230.
December	— 2,150 miles	\$215.
January 1963	— 1,950 miles	\$1950.
February 1963	— 2,500 miles	\$250.

Expense account below was filed for December 1962.

FLORIDA STATE TURNPIKE AUTHORITY No.
REIMBURSEMENT VOUCHER

Name J. M. Hammer

Date December 31, 1962

Address P. O. Box 1571, Tampa, Fla.

District Tampa

[illegible]

Send Warrant to J. M. Hammer, P. O. Box 1571, Tampa, Fla.

Code

Period December 1st , 1962 to December 31st 1962.

Dollars		Cents
1	00	00
2	00	00
3	00	00
4	00	00
5	00	00
6	00	00
7	00	00
8	00	00
9	00	00
10	00	00
11	00	00
12	00	00
13	00	00
14	00	00
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94	00	00
95	00	00
96	00	00
97	00	00
98	00	00
99	00	00
100	00	00

195 00

I do solemnly swear (or affirm) that this account is just and true in all respects; that payment therefor has not been received; that my statement correctly reflects expenses by me on official business and is reimbursable under Section 340.05(2) F. S. 1959.

Payee

Title/ Chairman, F.S.T.A.

Approved:

Chairman

No. _____

Date **JANUARY 19, 1962**

District

Total	250.00
-------	--------

Code

(1201.)

250 00

Payee

Title **Chairman**

Approved

Chairman

Florida State Turnpike Authority

. . . John M. Hammer of Tampa claimed monthly mileage for his Chrysler Le-Baron. Above is a copy of the first expense account, showing that the car had 75 miles on it when Chairman Hammer started collecting mileage.



Turnpike Authority's Twin-Engine Aero Commander N3845C At Tampa Airport

PHILLIPS SAYS HAMMER USES IT FREE WEEKENDS

Pinellas Judge Leases Plane To Turnpike Unit

By JACK NEASE
Of The Times Staff

The Florida State Turnpike Authority has paid Pinellas Circuit Judge Charles M. Phillips Jr. of Clearwater about \$33,000 in the past 22 months to rent a twin-engined plane.

The plane, Phillips told The Times, was purchased with the help of Turnpike Authority Chairman John M. Hammer in what the judge described as a "hurried, slapped together deal."

Phillips said Hammer agreed to have the Turnpike Authority charter the plane if he would purchase it.

IN EXCHANGE, Phillips said, Hammer is given free use of the plane for personal flights on weekends.

The authority pays \$50 an hour for the plane and furnishes its own gas and pilot.

Phillips purchased the plane under a corporate name with the aid of a \$52,500 bank loan in May, 1961 — two months before being appointed a circuit judge by Gov. Farris Bryant.

He has continued the arrangement with Hammer during his 19 months on the circuit court bench.

PHILLIPS PURCHASED the plane under the corporation name of Transportation Rentals Inc., but later changed the name to Policon Associates Inc.

The judge said he owned the corporation "for all practical purposes."

He at first denied Hammer had any connection with purchase of the plane, but later said Hammer was in on all negotiations.

"I feel a little bit used about the whole thing," Phillips said.

"I think he got a better deal than I did. He got an airplane (to use) when he wants it."

"This thing doesn't show any profit and all this bookkeeping is my problem."

TURNPIKE AUTHORITY records in Fort Lauderdale show the authority has paid Policon Associates about \$33,800 since September, 1961.

The bills include payment for flights beginning in April, 1961.

The plane, Phillips said, is an Aero-Commander 500 — "the same brand of airplane as the governor uses."

It's known by some as "Two Gun Charlie" because of its registration number — N3845C.

"A 38 and a 45," Phillips explained. He said he bet Gov. Bryant didn't know about the airplane.

PHILLIPS SAID he couldn't remember all aspects of the plane's purchase.

At one point he said Hammer approached him first. At another

point in the same interview Phillips said he approached Hammer.

"I had talked airplanes for years," Phillips said at one point. "I talk with John about it. I think that I called him. That started the ball rolling. He had apparently been thinking about it too."

Phillips said he thought Hammer entered into the arrangement "because he was scared to buy an airplane for the Turnpike Authority or to lease an airplane and he wanted to have an airplane like the governor's."

GOV. BRYANT flies in an Aero Commander the state purchased from Wendell Jarrard, chairman-director of the Florida Development Commission.

"John (Hammer) had apparently been using the airplane for Turnpike business and when I got into this I inherited the whole ball of wax," Phillips said.

"He stuck his nose into buying an airplane or leasing it and then decided to back out of it and he found somebody to lease it from. He found somebody to buy it and I was a natural."

Phillips was questioned four times about Policon Associates and the airplane. He told a dif-



ferent story each time.

His most recent statements about Hammer came after he permitted a Times reporter to inspect corporate records, correspondence and the bank book of Policon Associates Inc.

At the time he said he thought the public was entitled to know everything about the Turnpike Authority's use of the plane and its use by members of the authority.

THE RECORDS disclosed that Phillips had sent blind copies of two letters concerning purchase of the plane on April 27, 1961.

The file also contained a copy of an envelope dated April 19, 1961, which was addressed to Phillips on stationery of Hammer's insurance company.

The envelope was marked "personal" and the letter was missing.

Shown these items, Phillips changed his previous statement that Hammer had nothing to do with negotiations for the plane.

POLICON ASSOCIATES, INC.

P. O. BOX 2639

PHONE 446-2536

CLEARWATER, FLORIDA

November 1, 1962

Florida State Turnpike Authority
226 South Boulevard
Tampa, Florida

Gentlemen:

The following list of charges have been incurred by the Florida State Turnpike Authority for the rental of Aero-Commander N3845C on the following dates:

<u>Date:</u>	<u>Flying Time:</u>
October 16, 1962	2 hours and 30 minutes
October 17, 1962	3 hours and 55 minutes
October 18, 1962	0 hours and 25 minutes
October 19, 1962	1 hour and 30 minutes
October 22, 1962	1 hour and 15 minutes
October 29, 1962	1 hour and 05 minutes
October 30, 1962	0 hours and 55 minutes
October 31, 1962	1 hour and 05 minutes
TOTAL.....	12 hours and 40 minutes

Your charge at \$50.00 per hour, less pilot, less gas, for these 12 hours and 40 minutes.....\$633.10.

Thank you.

POLICON ASSOCIATES, INC.

C. R. N° 1254

FLORIDA STATE TURNPIKE AUTHORITY

PAY TO THE ORDER OF POLICON ASSOCIATES INC BOX 265 CLEARWATER FLA

AMOUNT \$633.10

DATE 11/21/62

FLORIDA STATE TURNPIKE AUTHORITY
CONSTRUCTION REVOLVING FUND

TO THE FIDELITY NATIONAL BANK
OF WEST FORT LAUDERDALE
FORT LAUDERDALE, FLORIDA

'TWO GUN CHARLIE'S' BILLS

... have been submitted in this form (top photo) to the Florida State Turnpike Authority over the past 22 months. "Two Gun Charlie" is the nickname for N3845C, the Aero-Commander belonging to Policon Associates, Inc., of Clearwater. Turnpike authority checks look like this (bottom photo). The above check is for the bill shown.

"Whatever negotiations there were, John was in them," he said.

Phillips and his secretary Mrs. Pauline Powers, said the Turnpike Authority is now permitted to bill itself for use of the airplane.

MRS. POWERS said Frank Bayle, executive assistant to Turnpike Chairman Hammer, "handles all the billing."

She said she made out the bills for "many months" but then mailed some Policon stationery

to Bayle to use for billing the authority.

Phillips said he considered this "a sloppy way to do business."

Corporation records list Charles F. Barber, Phillips former law partner, as vice president, and Mrs. Powers as secretary of Policon Associates Inc.

Phillips, however, said neither one really own any part of the corporation.

"It was my little deal," he said.

AT ONE POINT, Phillips said: "All I know is I showed an interest in getting an airplane and the first thing you know I had one."

He said he hadn't sold the plane because it was mortgaged for more than he can sell it for.

The \$52,500 mortgage has now been paid down to about \$27,500.

Phillips said he would sell the plane for the mortgage amount plus \$5,000.

"I might even sell it for less," he said.

A TALE OF TWO CITIES

Turnpike Board Plane Records Now Missing

By JACK NEASE

Of The Times Staff

Key records of "Two Gun Charlie" — the twin-engined airplane the Florida State Turnpike Authority rents from a Pinellas Circuit judge — were moved in two cities over the weekend.

In Tampa, where the Aero Commander 500 was hangared, the aircraft and engine log books were missing from the plane Sunday night.

Circuit Court Judge Charles M. Phillips Jr., of Clearwater, who owns the plane, reported yesterday he had learned the records were now in the hands of Tampa attorney Arthur Gibbons.

IN FORT LAUDERDALE, where the Turnpike Authority keeps its fiscal records, files of Policon Associates, Inc., were missing Monday morning.

Policon Associates, Inc., which is owned by Judge Phillips, is the technical owner of the plane.

Turnpike comptroller Lawrence Hess told Times reporter Don Meiklejohn and photographer Johnnie Evans that the records had been removed Saturday by James C. Pantling, a public relations man for the authority.

HESS SAID PANTLING was to take the records to Turnpike Authority Chairman John M. Hammer in Orlando the same day.

Hammer could not be reached for comment.

The aircraft log books, which show dates and hours the plane has been flown, apparently passed through several hands over the weekend.

Glen Stewart, the Turnpike Authority's pilot, told a Times reporter and photographer Sunday night that he gave the log books to Pantling Saturday afternoon.

"He just said he wanted to look the books over," Stewart said.

The pilot made an appointment with a Times reporter and photographer to inspect the log books 8 o'clock Monday morning.

He didn't keep the appointment. Stewart's wife said he was telephoned by an unnamed Turnpike Authority employee 11:30 Sunday night and told to drive to Fort Myers.

Pantling said he received the log books from Stewart Saturday and handed them on the same day to Hammer in Orlando.

JUDGE PHILLIPS, told Sunday night that the log books were missing, promised to locate them.

Monday afternoon he telephoned The Times and reported he had learned they were in the hands of Gibbons "for examination." He said Gibbons was Hammer's attorney.

Phillips said the log books were removed from the plane without his permission.

The judge said he would permit The Times to photograph the log books.

Phillips gave The Times authority to inspect the records on March 1 and a Times reporter copied much of the information in it last week.

The log book was discovered to be missing when The Times attempted to photograph it Sunday night.

The log book details the flights of an Aero Commander 500, with a registration number of N3845C. It got its "Two Gun Charlie" nickname from its registration number.

Turnpike Employees Start Paying Bills

By MARTIN WALDRON
Of The Times Staff

FORT LAUDERDALE — More than \$750 has been repaid to the Florida State Turnpike Authority by employees and corporations since the St. Petersburg Times began an inspection of authority records.

More is on the way.

Late last week, six employees of the turnpike paid \$579.23 for a jaunt at the Ponte Vedra Country Club at Jacksonville last August.

OTHER EMPLOYEES and ex-employees are being billed for \$550.

The Diplomat Hotel at Hollywood, Fla., also has repaid the Turnpike Authority \$184.66 for "double charging."

The Diplomat bill was for a trip made by Turnpike Chairman John M. Hammer last October. Hammer stayed one night, according to the bill submitted by the hotel to the Turnpike Authority later that month.

HAMMER'S BILL totaled \$221.74, including \$37.08 for a room, \$42.39 for "country club," \$110.94 for "shops," \$17.95 for "restaurant" and \$2.53 for "beverage."

Last November, the turnpike authority paid the bill by check.

On March 8 of this year, L. J. Hess Jr., comptroller of the authority, got a letter from the Diplomat saying that in "reply to your telephone call," the hotel had checked its records.

It found, the letter said, that Chairman Hammer had paid his own bill last October and in view of that, the hotel was refunding to the authority the money it paid in November.

Hess said he made no telephone call to the hotel.

The Ponte Vedra bill came in connection with a meeting of the entire turnpike authority.

IN ADDITION to the five authority members, eight top employees of the turnpike, plus a number of wives and children, were invited along.

The turnpike authority picked up the entire bill of \$1,862.19 and paid the bill last August.

On Feb. 28, 1963, turnpike records at the operations office here showed no detail on the bill.

On March 6, the file was crammed with detail.

Hess said it was sent to Fort

Lauderdale from the Tampa office of the turnpike.

ONE OF THE NEW records was a memorandum by Hess to Hammer:

"March 1, 1963.

Reimbursement of expenses.

John M. Hammer, Chairman.

In accordance with your memo of Feb. 28, 1963, attached are invoices for personal expenses of the following individuals incurred while attending FSTA board meeting in Duval County:

Mr. John Monahan \$92.48. Mr. C. H. Peterson \$60.43. Mr. H. E. Lewis \$63.72. Mr. Douglas Baker \$90.88. Mr. Frank Bayle \$81.05. Mr. James C. Pantling \$104.62. Mr. Douglas Gardner \$194.27. Mr. Gilbert Smith \$89.68. Mr. T. M. Ervin \$66.51. Mr. Tom Terpening \$293.49."

Monahan is a member of the turnpike authority. Peterson is one of the consulting engineers. Baker and Terpening are former employees of the turnpike. The others all are still employees.

LAST FRIDAY, Peterson, Lewis, Pantling, Gardner, Smith, and Ervin paid the bills submitted to them under Hess' note to Hammer.

The others are being billed, Hess said.

Hess said Hammer paid over \$60 in personal expenses three months ago.

Hess said he had not approved payment of the Ponte Vedra bill when it came in last August because it had no supporting data with it showing what was charged to the bill.

The bill was approved in the Tampa office by Pantling, who is one of Hammer's assistants, and Hess said he paid it then.

THE TURNPIKE RECORDS are not audited by the state although it is a state agency.

It also is the only state agency which pays its own bills.

All other state bills are paid through the state comptroller in Tallahassee.

DESCRIPTION	DEBIT	CREDIT	DATE	BALANCE
Florida Turnpike Authority meeting in conjunction with Jax Expressway Authority			August 9, 10, 11, 1962	\$1,862.91

P. O. NO.		AUDITED BY	
REC. NO.	406-11	AUTHOR.	EXT. & ADD.
ACCOUNT DISTRIBUTION			
ACCOUNT	AMOUNT	ACCOUNT	AMOUNT
13-33	1,862.91		
APPROVED FOR PAYMENT		OK	
		JBL	
		FLORIDA STATE TURNPIKE AUTHORITY	

PAPER FASTERED BY RICE CO. J 8704

PONTE VEDRA CLUB
PONTE VEDRA BEACH, FLORIDA

THE TURNPIKE AUTHORITY SOMETIMES PAYS THE BILLS

... for members and employees meeting at fancy clubs and resorts. One such bill is this one for a meeting at the Ponte Vedra Country Club near Jacksonville, submitted to the authority for payment last August with no breakdown of expenditures.

March 1, 1963

Reimbursement of Expenses

Mr. John M. Hammer, Chairman

In accordance with your memo of February 28, 1963, attached are invoices for personal expenses of the following individuals incurred while attending FSTA Board Meeting in Duval County.

Mr. John H. Monahan	\$92.48
Mr. C. H. Peterson	\$60.43
Mr. H. E. Lewis	\$63.72
Mr. Doug Baker	\$90.88
Mr. Frank Bayle	\$81.05
Mr. James C. Pantling	\$104.62
Mr. Douglas R. Gardner	\$194.27
Mr. Gilbert A. Smith	\$89.68
Mr. T. M. Ervin	\$66.51
Mr. T. B. Terpening	\$293.49

L. H. Hess, Jr.
Comptroller

LHH:ccc

In late February of this year, after The St. Petersburg Times began an inspection of authority records and asked about the Ponte Vedra bill, this memorandum went out from the Fort Lauderdale office ...



FLORIDA TURNPIKE AUTHORITY

NO. 39371

FROM FOLIO

MASTER ACCOUNT

TO FOLIO

DATE	REFERENCE	CHARGES	CREDITS	BALANCE	PICK-UP
					* .00
AUG 10B MS. DR	P000	* 16.50	LC # 19490		
AUG 10B MS. DR	P000	* 15.45	QC # 2818	* 31.95	* 31.95
AUG 10C REST'R		* 18.54			
AUG 10C REST'R		* 21.24			
AUG 10C REST'R		* 21.24			
AUG 10C REST'R		* 10.62			
AUG 10C REST'R		* 113.30		* 216.89	* 216.89
AUG 10C BEVGE		* 106.09		* 322.98	* 322.98
AUG 10C REST'R		* 2.70		* 325.68	

REFERENCE

LAST BALANCE IS AMOUNT DUE

D CARS
 E SURF CLUB
 F LAUNDRY
 G INN SHOP
 K TENNIS
 H TELEGRAM
 J STORE
 L MEMBERSHIP
 M TRANSFERS
 N GUEST FEE
 P GRATUITIES
 Q TELEPHONE
 S NEWSSTAND
 T VALET
 U BARBER & BEAUTY SHOP
 W CAR RENTALS
 V SPLIT CHECK
 Z OTHER

Ponte Vedra

PONTE VEDRA BEACH
 FLORIDA
 THE SURF CLUB THE GOLF CLUB
 THE INN

And some records showing to some extent how the \$1,862 was spent and who spent it showed up in the turnpike files.

6694
 March 6 1963
 James C. Pantling
 One Hundred Thousand 62 DOLLARS
 Personal Expense
 50-160
 Amount Paid 104.62
 Balance Due 0
 "THE TURNPIKE AUTHORITY"
 March 1, 1963
 Mr. James C. Pantling
 Invoice for personal expenses incurred at Florida State Turnpike
 Authority board meeting in Duval County.

... and those who had charged personal bills to the turnpike authority began to pay them off.

BY TURNPIKE AUTHORITY

Policon Was Paid More Than Its Plane Flew

By MARTIN WALDRON
Of The Times Staff

FORT LAUDERDALE — The Florida State Turnpike Authority paid something more than \$36,000 to Policon Associates, Inc., of Clearwater between April 1961 and February 1963.

The log of Policon's only airplane — Aero-Commander N3845C — and Federal Aviation Agency records indicate the plane was flown only 614 hours during that period.

THIS MUCH TIME, at \$50 an hour — the rent charged the Turnpike Authority — would cost \$30,700.

The 614 hours of flying time listed on the plane records include a number of flights for private corporations and individuals for which the Turnpike Authority was not billed.

The total dollar difference between the two sets of records could exceed \$8,000.

Policon, which was incorporated in the spring of 1961, is owned by Pinellas Circuit Judge Charles M. Phillips. Judge Phillips has been assisting The St. Petersburg Times in establishing information about the corporation.

JUDGE PHILLIPS said earlier he sent blank letterheads to the Tampa office and that the bills were made out there.

The Turnpike Authority's airplane bills are handled through two offices — as are a number



of other bills.

L. J. Hess Jr., comptroller of the authority, writes the checks from the operations office in Fort Lauderdale.

Hess said all Policon — and other airplane bills — are processed through the Tampa office.

Hess said his only connection with the Policon bills was to prepare the checks. Approval of the bills for payment came from Tampa, Hess said.

ALL OF THE Policon bills were removed from the Fort Lauderdale headquarters over last weekend.

Two employees of The St. Petersburg Times — Don Meiklejohn and Johnnie Evans — were told when they tried to inspect

the Policon files on Monday that an employee of the Tampa office had come to Fort Lauderdale last Saturday and removed the bills.

The airplane log turned up yesterday in the possession of a Tampa attorney who said he had it "for analysis."

THE ATTORNEY told Times reporter Jack Nease he had the record "in a confidential relationship" and would not permit inspection of it.

Top employees of the Turnpike Authority last night declined comment on the apparent discrepancies in the records involving Policon.

Judge Phillips also was unavailable.

LEGISLATURE ASKED TO CHECK 'FISCAL INTEGRITY'

Karl Calls For A Probe In Turnpike Refinancing

Mathews Asks Joint Bond Inquiry Group

By MARTIN WALDRON
Of The Times Staff

State Rep. Frederick B. Karl of Daytona Beach yesterday demanded a legislative investigation of the \$157 million refinancing of the Florida turnpike and of all proposed bond-financed projects.

In a letter to 28 legislators — all living on Florida's East Coast — Karl said the Legislature should find out if the state's "fiscal integrity" has been violated.

Later yesterday, Sen. John Mathews Jr., of Jacksonville, said there should be a joint legislative committee of the House and Senate with power to investigate bond financing.

Both Karl and Mathews are potential candidates for governor.

IN ANOTHER development on the legislative front, Rep. Charles R. Holley said he would propose state laws limiting Florida State Turnpike Authority expense accounts and requiring the toll road agency to submit to state audits.

Holley, St. Petersburg attorney said he will seek passage of the two bills when the Legislature opens next month in Tallahassee.

In his letter, Karl did not mention Gov. Farris Bryant or his plans to ask the Legislature for permission to borrow \$200 million next year. But in his letter, the Daytona Beach legislator

made it clear he meant the governor.

"IT APPEARS THAT there are those who are dedicated to putting the state deeper into debt by financing all future major projects by revenue bonds," Karl said. "It would be wrong to permit the state to slip into a deficit spending program with unnecessary expenses, unreasonably high interest rates and virtually no control over or check on expenditures of public funds."

"I want to see in the law some guarantees of protection of the public interest and public funds."

The Daytona Beach legislator said he became interested in how the state borrowed the money for the turnpike extension while checking into the delay of construction of Interstate 95.

Karl said he had found that the State Road Department has bound itself, morally if not legally, not to build sections of IR-95 which would compete with the turnpike.

IN ADDITION, he said, the turnpike authority had to:

- Pay almost 5 per cent interest on \$67 million in revenue bonds to pay off old bonds that bore 3.25 per cent interest.

- Pay almost 5 per cent on \$22 million borrowed to pay interest on the \$157 million while the turnpike extension is being built.

- Retire the old bonds at \$103 per \$100 share while these bonds had been selling for \$85 on the open market.

"These and other similar facts . . . cause me to believe that we have a responsibility to do something," Karl's letter said.

In joining with Karl, Sen. Mathews said he is confident that

the governor will conduct an investigation himself in advance of the Legislature's meeting.

"When accusations are placed against people in high places, the only clear course is a complete and impartial investigation of every facet of the operations of those in question," Mathews said.

HOLLEY'S PROPOSED laws were prompted because the turnpike is exempt from state laws setting expense limits for state employees.

Present law permits daily living expenses of \$11, plus 10 cents a mile for travel by private car.

Cabinet members and judges of the state supreme court, appellate and circuit courts get \$15 daily living expenses while traveling.

Holley's bill would delete from the existing law setting up the turnpike authority this phrase:

"... Provided, that each member of the (turnpike) authority shall be reimbursed for necessary expenses incurred in the performance of his duties and the provision of Chapter 112.061, or any amendment thereof, SHALL BE INAPPLICABLE."

Chapter 112.061 of Florida Statutes sets up the daily expense limit of \$11 for all state employees except cabinet members and certain judges.

Holley said his second bill concerning the turnpike authority would require its books to be audited by the state.

THE PRESENT LAW declares: "The authority shall cause an audit of its books and accounts to be made at least once each year by certified public accountants to be made at least once each year by certified public ac-

countants and the cost thereof may be treated as part of the cost of construction or operation of a project or projects."

This meant the authority is not bound to any state fiscal control.

It also means the authority can hire the accountants it wants to audit its books.

Holley's proposed law amends the existing law like this:

"The State Auditor shall audit the books and accounts of the Florida State Turnpike Authority at least once each year and the cost thereof shall be paid by the authority and may be treated as a part of the cost of construction or operation of a project or projects."

Effective dates of both bills — if passed by the Legislature and not vetoed by Gov. Farris Bryant — would be July 1.



Hammer Says Record

Audit Asked By Him

Florida Turnpike Chairman John M. Hammer said late yesterday that he has asked the governor to audit the records of the authority.

The Associated Press quoted Hammer as saying "such audit is in progress."

"If any discrepancies exist, they will be corrected," the AP report said.

Financial records of the turnpike authority have not been audited by the state auditor since the authority was formed almost a decade ago.

Audits are made by accountants hired by the turnpike authority.

The St. Petersburg Times has been unable to contact the turnpike chairman for almost a week.

Phillips Says He Will Sell Rental Plane

Times Staff Writer

"Two Gun Charlie" will be sold, and public inspection of its log is now in doubt.

Pinellas Circuit Court Judge Charles M. Phillips, Jr., Clearwater, said he will sell the airplane to the highest bidder.

He has to sell, he said, to make up for losses he has suffered as president of Policon Associates, Inc., the owner of "Charlie", a twin-engined Aero Commander.

PHILLIPS ISSUED the statement in response to a St. Petersburg Times story yesterday.

The story said the Florida Turnpike Authority had paid Policon \$36,000 from April 1961 to February 1963.

The log of Policon's only plane — Aero Commander N3845C — and Federal Aviation Agency records indicate the plane was flown only 614 hours.

This much time, at \$50 an hour — the rent charged the Turnpike Authority — would cost \$30,700. The 614 hours of flying time listed on the plane records in-

clude a number of flights for private corporations and individuals for which the Turnpike Authority was not billed.

The total dollar difference between the two sets of records could exceed \$8,000.

Phillips, in response to The Times story issued this statement:

"THIS IS TOO MUCH. Rather than the Turnpike Authority overcharging itself for airplane charter, the truth is that it has been considerably undercharged and at this moment still owes money to Policon Associates, Inc."

"Neither I nor anyone else has drawn one dime of profit out of Policon. On the contrary, I have put several thousands of dollars into Policon to keep it going." I can now try to recover this money through a sale of the airplane which I intend to accomplish immediately."

Phillips, in response to a question, said he would not flatly promise to provide the airplane log book for inspection by reporters. He also said he would not say that he would not let reporters inspect or photograph it. The log book is now in the hands of a Tampa attorney.

Phillips previously said, "It is public record as soon as it hits my hands."

The judge said there was no change, as far as he was concerned, in his present position on making the log book available and his previous statement.

WANTS AUTHORITY REGULATED LIKE OTHER STATE AGENCIES

Bryant Asks Turnpike Finances Be Audited

His Confidence In Hammer 'Not Shaken'

TALLAHASSEE (UPI) — Gov. Farris Bryant, greatly disturbed by allegations of high spending by the State Turnpike Authority, called yesterday for legislation to limit expense accounts of authority members.

Bryant also said he has ordered a complete state audit of turnpike spending.

ON THE OVER-ALL question of turnpike financial practices, Bryant said he will:

— Ask the 1963 Legislature to make the Turnpike Authority subject to regular state audits.

— Recommended that the Legislature "make the Authority adhere to the same expense account limitations as other agencies."

He is "greatly disturbed," he said, by a series of articles in The St. Petersburg Times dealing with turnpike spending but they have not shaken his confidence in Chairman John Hammer, Tampa, and he has no plans to ask his resignation although the subject has been discussed.

"It is too early for me to reach an administrative-type judgment," he said. "Mr. Hammer has assured me of a complete and satisfactory explanation."

(DOUGLAS STARR of the Associated Press quoted Bryant as saying he told Hammer the rule was, "If you're wrong, get right." Then he told Hammer to check back in his files and "any place that's wrong, get it right," Starr reported.)

Bryant devoted three-fourths of his longer-than-usual news conference to the turnpike.

He said at Hammer's request, three auditors are spending full-time making the first state audit in history of turnpike spending and their finds will be made public.

He said he could see no reason why the Turnpike Authority should be the only agency whose members are allowed unlimited expense accounts and did not know why it was exempt from the general requirement for an annual state audit.

He said regular reports of audits made by a privately hired firm turned up no evidence of wrong-doing but this firm does not check personal expenditures of turnpike personnel.

BRYANT SAID Hammer told him personal expenses charged to the Authority were always repaid. This was true, he said, of a New York hotel bill exceeding \$400 and which, Bryant said, included expenses not only of Hammer and Authority member Raymond Barnes, Orlando, but also their wives.

He said he did not understand the reason for a \$65 florist bill paid by the Authority for orchids for secretaries of state officials. But he said Hammer said the Authority was reimbursed.

Bryant said he considered this an improper way to handle the fiscal affairs of a state agency "even if every cent due the state has been reimbursed." Some of the matters pointed up by The Times, he said, may involve "mistakes in judgment" by turnpike officials.

Hammer told him, Bryant added, some of the statements in the Times were misrepresentations. "If this is so, they will be resolved in litigation between Hammer and the newspaper," the governor said. Hammer told the Tampa Tribune Wednesday that he planned to sue The Times.

ASKED WHY some repayments of long-standing bills did not come in until after the Times articles were published, Bryant said it probably was because when such matters are brought to attention, his appointees are under standing orders that "if we're wrong, get right."

Bryant said the Authority is doing a good job, the turnpike extension from Fort Pierce to Wildwood will be completed ahead of schedule within available funds and be a better road

than the bobtail section from Miami to Fort Pierce built by a previous administration.

"If improprieties exist, they must be corrected. If they do not, we should not endanger the public confidence by leaping to conclusions," he said.

THE GOVERNOR reserved comment on some of Hammer's expenditures until the state audit is complete. He said he did not know why Hammer operated a big Chrysler when the state supplied a Buick, nor how Hammer ran up 33,000 miles on the Chrysler in one year. (The chairman was paid 10 cents per mile for the Chrysler while also getting gasoline and oil for it, which is not permitted in other state agencies.)

When asked why Hammer was now selling the Chrysler, Bryant said: "I don't know. I suppose he would rather get rid of it once it became a point of controversy."

Bryant said he has received



annual reports on the turnpike operations from Ernst and Ernst, a private accounting firm, and they gave him no reason for concern. He conceded the private audit was not similar to a detailed state audit.

The Governor said he did not object to a legislative investigation of state bond programs. This was suggested Wednesday by Rep. Fred Karl of Daytona Beach.

"But we ought to keep in mind that Florida has been involved a long time in revenue certificate financing and it is far more extensive than just the Sunshine Skyway or the Turnpike," he said.

Text Of Bryant Press Conference

TALLAHASSEE — Here is a transcript of Gov. Farris Bryant's press conference:

Q. What's your reaction to the series of articles about Mr. Hammer?

A. The articles of course disturbed me greatly. On the day that I was first in the office after the South American trip which I believe was Monday, March 4, Monday a week ago. Having seen some of the preliminaries of The St. Petersburg Times activities, I discussed this matter with Mr. Hammer. He requested that I send in state auditors. And on that day I requested that state auditor to proceed with the complete state audit of the activities, or the records, rather, of the Turnpike Authority. They began as soon as was practicable, sometime last week. They put on one man. Then they put on two men. Now they have three men and I think they're trying to run a fourth one in there, to rush an audit of those records as rapidly as possible to ascertain what are the facts in this situation.

I have talked with the head of the auditing department. Of course they have not yet had an opportunity to develop any definitive data. I do know however that at my request they are pressing ahead full speed.

Q. How long do you think it will be?

A. I don't know. I would hope that there would be information while not in the form of a complete audit, I'm hopeful that there will be information coming to me from time to time relative to specific aspects of it. While I have not — my instruction to them were to do a complete audit and to advise me what are the fiscal facts. And I think you ought to have a little background on what the normal reporting procedures of the Turnpike Authority are. Under a procedure that was set up about, oh, anyway a year ago, perhaps longer than that, although there had been reports before that, each month there is made to me a report of the heads of each of the divisions of the Turnpike Authority. A report is made by Mr. H. E. Lewis of the construction progress and problems, by Mr. T. M. Ervin of the right of way problem and progress, by Mr. Gardner now on the status of the legal entanglements of the Authority, by the head of the Highway Patrol, by the head of the operating division. Each of the divisions of the Author-

ity make a report on their activities and their status at the time of the report. In addition to that, the CPA firm of Ernst and Ernst conducts an annual audit which it has, I presume it was doing it before this administration took over. I know that it has been since we took over. Their last report was Dec. 31, 1962, that is, as of that date, which was delivered to my office sometime in February, and that audit of course is a report of the fiscal activities of the Authority.

Q. Was there anything in that latest report to disturb you?

A. No, there was not. Now the report however for Ernst and Ernst is not the same kind of report really that a state auditor makes. I have reviewed that report before this controversy came up as I do all these reports as they come in. And incidentally I'll be glad for you to see any of those reports. They indicate, they do not indicate in any instances that there is anything wrong with the operation of the turnpike. As a matter of fact, these reports, plus the conferences that I have had with Mr. Lewis, Mr. Peterson, Mr. Hammer, Mr. Gardner, Mr. Bailes, and others in the Turnpike Authority, indicate that the progress of the construction is going ahead at an excellent pace, that it will be completed ahead of time, that the operations of the authority are well within its budget, below its budgeted expenditures, and that the state is getting value for the operation of the Authority.

Q. Does that type of audit explain in detail the personal expenses?

A. It does not.

Q. It's more confined to the actual turnpike construction?

A. No. It is really directed from the standpoint of the bondholders. This type of audit is a requirement of the indenture. And it is an audit which is designed to assure the bondholders that their money is being handled in such a way that they need not fear for its security. That's really the purpose of that audit. And it is because of the nature of the audit that I thought it necessary under these circumstances for the state audit, because as you know, the state audit goes into the detail of the operation of the Authority. I will say I have not of course had a report from the auditors. But when that report is available, it will

of course be a complete public record as are all state audits. And it will be the first comprehensive factual data of its kind we have of the operation of the Authority.

Q. Governor there's a lack there then? All the other state agencies have these details.

A. I do. And I am convinced that the Turnpike Authority ought not to be different in the operation and relative to the activities of its officials than any other state agency. But I think that this was an initial mistake and if I had thought about it in '61, if I had been conscious of it, to tell you the truth, I would have recommended legislation to change it then. I wasn't conscious of it. I didn't. I am going to recommend that it be changed at this time.

Q. Is it correct, governor, that the Turnpike Authority people are not covered by the same limitations on per diem as other agencies?

A. It is.

Q. Do you think this should be corrected so that they're on the same level with all of them?

A. I think they ought to be identically on the same basis with all of the state agencies. I don't see any reason. Now of course there is the real problem that in the initial stages of a turnpike operation and in the crash stages of that operation—and all these programs are crash programs because the more rapidly you can get into operation the sooner you can be deriving the revenues that will meet your obligations and pay off the bonds and free the road. And therefore every day you save is worth literally thousands of dollars. For this reason it does need to be a crash program. On the other hand, I do feel that this is not a sufficient reason for making a basic distinction in the operation of this agency from other agencies.

Q. Were you aware of the extent of Mr. Hammer's expenses?

A. I was not and am not yet. I want to say this about this allegation of Mr. Hammer's expenses. For instance, the first article that I saw relative to a bill in some hotel in New York, I think it was four hundred and some odd dollars. It was reported in the paper that this was Mr. Hammer's expense. Of course when I called him, we discussed this particular matter and what's the story? And this is the story. First of

all this was not Mr. Hammer's expense. This was his expense and that of another member of the authority. They had two bedrooms and a parlor which was their office during a critical period, as I understand it, of the turnpike operations. Furthermore, and although the reporter allegedly knew this and was shown the facts he did not report it, a reimbursement was made at that time of a considerable proportion of those expenses. Mr. and Mrs. Hammer and Mr. and Mrs. Barnes were there. And it's my understanding the bills were divided — the food bill, the tips, various other aspects of the operation, except for the parlor which was used as an office, and these were paid from the personal funds of the individuals into the coffers of the Turnpike Authority to reimburse for the expenses apparently incurred at that time. If the audit establishes these to be the facts, there has been in my opinion a significant misrepresentation of the facts, and I am advised, without knowing personally, that the particular reporter, was told these facts and declined to express them in his articles. This, of course, is something that will be developed at a later date.

Q. Inaudible question about Hammer and auto.

A. I think . . . I don't know the details of that. What did it say particularly?

Q. I got the drift of it that he applied for 10 cents a mile and used state gasoline.

A. I don't know about this, whether this is true or not. If it is true, I think it's improper. I don't think it's illegal in all probability in the turnpike operation, but I think as a matter of practice they ought to stick to the 10 cents a mile all the way down the line.

Q. Should he have had a state-purchased Buick in addition to the mileage for his car?

A. Ought not to. Ought not to. I think that's a mistake in judgment at the least. However, let me say this. That was a real quick answer. Actually, I don't know what utilization was being made of that Buick automobile. If Mr. Hammer wanted to have an automobile of his own and charge for its use as it was used in connection with turnpike business this is perfectly all right. Now what the Buick was being used for, whether there was any

duplication, I don't know those facts. And I think that nothing is going to be able to settle that question but an audit of the operation of the authority. Mr. Hammer has assured me that he will be here within — he's got his own people working on these various allegations now and that he will be here in this office with a complete and satisfactory explanation. I want to say this, that in my judgment, again from reading the newspaper, this matter is going to be resolved, at least in part, in the litigation between Mr. Hammer and the newspaper involved. And I'd be very happy to see it resolved that way.

Q. How did he put 33,000 miles on that vehicle in one year and fly the Aero Commander 614 hours?

A. I don't know.

Q. Seems like he'd have to be in the car hours a day?

A. Well, I think the record . . . I don't know. I assume the speedometer shows the mileage. If it traveled that far, it may be evidence that he's working a lot harder than you thought he was working.

Q. Why is the vehicle suddenly put up for sale? Did you discuss that with him?

A. No, I did not discuss the sale of the vehicle with him. I suspect that when he saw it was a point of controversy, if it is up for sale, and he hasn't told me this. Is it up for sale?

Q. It's sold.

A. It's sold. I suspect that when it became a point of controversy, he'd just rather get rid of it and forget about it. I don't know that, though.

Q. What about this airplane?

A. Well, what about it?

Q. . . . Inaudible . . . the bills were typed up in the Turnpike Authority.

A. I'll have to wait on Mr. Hammer's answer to this. I want to impress that it's too early for me and I think it's too early for you to reach an administrative type judgment on this operation. I know that the turnpike is going ahead at a rapid and effective rate. I know this from my monthly reports. I know it from my visual, frequent inspections. I know that — as well as you can know any of these things — that it's — if the allegations

I have confidence in, not only from Mr. Hammer but from the construction people, Mr. Beanie Lewis and others, that it is going to be built within the funds available, that it's going to be a finer facility in quality than the one that was built from Miami to Fort Pierce and that Florida is going to have a facility of which it'll have every reason to be proud. Now that does not reflect in any way upon these various items that have been pictured in the press. Those must be answered. But what I'm saying to you is that a good job is being done and if there are improprieties in connection with the doing of that job, these must be corrected or remedied in whatever way the evidence indicates. But until we have some factual data to go on, it's simply too early to reach a judgment.

Q. Before we leave the details of this, did Mr. Hammer explain why he spent \$65 for orchids for secretaries to state officials?

A. I understand there was a reimbursement made in connection with the orchids. Now I can't give you the exact figures on that but this is my understanding.

Q. Well, what was the basis for them being purchased out of turnpike funds originally even if there was a reimbursement?

A. I don't know.

Q. This was secretaries of state officials?

A. Yes.

Q. What was the occasion for that?

A. I don't know. I am sure they all enjoyed them, but I have not found it necessary —

Q. I haven't noticed your secretary wearing orchids.

A. I am simply not prepared to answer that.

Q. Governor, do you think this is a matter of policy, this practice of spending turnpike funds and all this reimbursement back and forth for personal bills?

A. It is not a good way to handle, no, ma'am. That is not the way to handle it. Even if every cent has been reimbursed, that is not the way to handle it. However, there is quite a difference between a disagreement over a method

of operation where the state does suffer.

Q. Governor, of course this is a quibble, but since you said the state did not suffer, I noticed that the state sales tax was stricken from the orchid bill and it was not paid.

A. It should have been paid.

Q. There would be no mechanics for making that up on the reimbursement?

A. No, it should have been paid. There is no question about it.

Q. Governor, isn't there also a tendency to apparently lag on this reimbursement since the day after the Times article appeared the Turnpike Authority suddenly had all these back payments?

A. Well, let me say this. These reimbursements about which I have been speaking to you so far and about which I was told on the initial day of this matter were ones that have been made months ago, that were not made pursuant to this investigation. However, we have a little rule of thumb that we follow in the office here in that we try to get all our people in a very wide spread operation to follow. Whenever we discover something is wrong, whether it is pointed out to us by a friend or enemy or whether we find it ourselves, our first rule is if you are wrong, get right. And on that first day without knowing what was coming or any of the details of the reimbursement which Mr. Hammer himself did not have at that time, I said to him and he agreed, "Check back on this thing, and any place you are wrong, if you are, get right." And that I am sure is the instance for the reimbursements or other activities which I have read about as occurring. And I think that should be done in any situation.

Q. Has he offered his resignation.

A. No.

Q. Have you discussed it with him at any time?

A. The matter has come up from time to time. I have not asked for his resignation, he has not offered his resignation.

Q. But it has come up since these articles started appearing?

A. Right. In all the general conversations concerning it, yes.

Q. Do you plan to replace him?

A. I have no plans relative to any administrative action until I know the facts in the situation.

Q. Governor, in a situation such as the one you described a while ago where Mr. Hammer and Mr. Barnes, I believe, were in New York and had their respective wives with them, what would be the proper way to handle this —

A. Well, I will tell you how I think they handled it. Well, they should have divided it in all probability for appearances sake, at least, because in operating a public trust it is not only necessary that you avoid doing wrong, it is important that you avoid the appearance of doing wrong because you can do damage to public confidence with the appearance of doing wrong even if you are not doing wrong. I think the way it would have been handled would have been for this bill to have been divided at that time and they would have paid by their personal check the amount that they personally were liable and have the rest of it billed to the turnpike Authority. I suspect, however, that leaving the hotel, probably in the morning, to get from the bookkeeper the detailed division and so forth, it was a lot simpler to say send us a bill, and we will pay the thing at our office when we have a chance to divide it. I suspect this is what happened.

Q. Is it your understanding that they made that reimbursement back at that time?

A. Yes, that's my understanding. As a matter of fact, I am advised that they have cancelled checks back from that time, establishing that and that these facts were made available to the reporter at the time he found the item itself.

A. Doesn't the information about the double billing at the Hollywood Hotel indicate that this type of an operation is sloppy and that you don't know what the state might be losing or not losing? It looks like the type of thing you couldn't check on.

A. It is the type of thing that ought to be handled with a great deal more care and precision than has been done, at the least.

Q. Governor, not to belabor this point, but what is your reaction to Rep. Fred Karl's and Sen. John Mathews' suggestion of an investigation of all

these bond programs by the Legislature?

A. I think the legislature has a complete right, if not a duty, to make any investigation it deems desirable to inform itself in any way that it needs to for the preparation of legislation to accomplish the purposes which it feels is in the good of the state. Now, I read rather hastily, I admit, the story about Mr. Karl's statement yesterday in this morning's paper — I had guests for breakfast and didn't get to read the paper as carefully as I normally like to do — but I think when we are investigating this whole revenue financing program which is a fine thing and the Legislature can well be informed, we ought to keep in mind that the obligations that the state commits itself to and the Legislature commits itself to are not just those represented by revenue indentures. For instance, the Legislature has adopted and implemented over the years retirement programs and today, as I understand it, under decisions from the Supreme Court we have an obligation to school teachers and to county and state officers and employees in excess of \$500 million for which no provision has been made. We are operating in that pro-

gram on a pay-as-you-use, as it were, basis, and the Legislature year after year has endorsed this tremendous obligation in that fashion. We owe those teachers that money now, but we have said we will wait until the obligation matures until we take from the taxpayers the money to meet the obligation. Now, let's keep in mind when we go through all this controversy about revenue financing that Florida has been involved in revenue financing for a long time and on a very large scale, which is not to say that it is good or it's bad but is to point up that it is more expensive than just the obligations of the Sunshine Skyway or the Florida Turnpike or the Buccaneer Trail or something of that kind.

Q. Governor, what do you think is the effect on the morale of the general state employee of these articles about this type of spending at a time when agencies are taking state cars away from employees?

A. I think — of course, you are assuming facts that I don't yet know — but the effect of the articles, I would think, would be bad. If the data substantiate the articles, then even worse. If the data doesn't substantiate the articles, then of course, to some degree it

will be cleared up.

Q. Do you think a legislative investigation of the bond program may in any way jeopardize your plans for university construction in that by their very nature they are tending to look at it in some kind of negative way or crying way?

A. Well, of course, I am just one man trying as best I know how to provide leadership towards meeting what I feel to be critical needs. I don't have any monopoly of either knowledge or wisdom and certainly I don't have any monopoly of power. I am going to do the best I can. Now if the Legislature doesn't want to follow that leadership, I'll be sorry, but that is their responsibility, not mine. They will have to face it, and I am sure that they are prepared to do so in all good conscience, their own conscience relative to the results to this state. In my judgment, if we don't meet in some fashion the needs for higher education particularly at this time, we'll pay a price that will make the price we'll pay by reason of meeting it, look minuscule in comparison.

Q. Do you have full confidence in Mr. Hammer?

A. Yes.

St. Petersburg Times Editorials

Penetrating The Turnpike Maze

It now appears that the Florida Turnpike Authority's activities will receive the fine-tooth combing which this newspaper's investigation indicates is badly needed.

State Rep. Frederick B. Karl of Daytona Beach has demanded a legislative investigation of the op-

taken notice of the peculiar practices of the Turnpike Authority and agreed that it "should be on identically the same basis as other state agencies," in regard to expense accounts, auditing procedures and accountability. This he will seek in the forthcoming session of the Legislature, the Governor said.

IT IS OUR HOPE that in proposing a legislative investigation of the Turnpike Authority, Representative Karl will ask that the committee be empowered to look into all of the agencies through which the State of Florida borrows money on revenue bonds.

As we previously pointed out, The Times' objective in starting this investigation is to make it possible for the State of Florida, all its subsidiary agencies and subdivisions—counties and cities—to obtain the lowest possible interest rates on their bond issues.

It was not and is not our intention to "get" anyone or to make a scapegoat out of any particular agency or official body.

WHAT IS AN absolute certainty, however, is this:

If the Turnpike Authority operates under procedures and policies which result in its paying excessive interest rates on its borrowing, then the State Development Commission and the State Board of Control won't be able to borrow as cheaply as they should.

Similarly, if any county in Flor-

ida, or any city, has loose operating procedures or borrows recklessly at high interest rates, then every other county and city in Florida will have trouble borrowing at low rates.

In brief, whether the "full faith and credit" of Florida is technically at stake or not, whether a county or city bond issue is backed by ad valorem taxes or by revenue certificates, unbusinesslike or slipshod operation by any one of these borrowers affects the credit rating of every other one in the state.

IT DOES NOT TAKE a spread like that between the 3.25 per cent the old "bobtailed" Turnpike bonds carried and the 4.75 per cent being paid on the present ones, to make an enormous difference to Florida taxpayers.

By the end of another five years the total public debt in Florida is going to be around \$5 billion.

If, by rigidly businesslike and uniform operating and accounting procedures in every State agency and subdivision, the average interest we have to pay can be cut by only $\frac{1}{2}$ of 1 per cent, Florida taxpayers will save \$25 million annually—\$500 million over the average 20-year life of most bond issues.

That's what we're shooting for — at a minimum. Most citizens, we think, will hope that's what the Legislature and the Governor will have as their goal.



erations of the Turnpike Authority. There is little doubt that the Legislature will agree.

The great advantage a legislative investigation can provide is the power of subpoena to obtain Turnpike records and the testimony of witnesses.

In order for The St. Petersburg Times to get a look at Turnpike records—ostensibly open for public inspection—it was necessary to get a writ from a Circuit Court. And even that was of no avail in such matters as the logbook of "Two-Gun Charlie," the airplane rented by the Turnpike Authority, which is being held by the attorney for Turnpike Chairman John Hammer although such logbooks are supposed to be kept by the owner of the plane.

Finally, with understandable restraint, Gov. Farris Bryant has

Turnpike Auditors Might Check These Expenses

By MARTIN WALDRON
Of The Times Staff

FORT LAUDERDALE — State auditors examining Florida State Turnpike Authority records under orders from the governor may find some unusual expenditures if they look closely enough.

For example, there are the clothes for Florida Highway Patrol Lt. W. B. Oliver.

And the bills for the Latin Quarter, a New York City nightclub.

And the temporary charging of plane fares of relatives of Turnpike Authority members and employees.

AND A BILL for automobile rental in Massachusetts by Pilot Douglas Baker who was flying Turnpike Chairman John M. Hammer on a personal trip.

There is a regular monthly bill from a Tampa tea room to the Turnpike Authority for food.

And a bill for rental of a Cadillac when Chairman Hammer and Vice Chairman Raymond Barnes of Orlando took a convention trip to California.

And hotel and restaurant bills from the Bahamas to San Francisco, from Marathon to Albany, N.Y.

THE CLOTHES for Hammer's highway patrolman driver were bought in January, 1961, at two Tampa men's stores.

One bill, Jan. 10, 1961, was for three ties, \$3.81; three shirts, \$8.91; and three pairs of socks, \$2.00. The tax was 45 cents.

On Jan. 11, two suits were bought from Schwobill Clothes for \$74.06, including \$2.16 tax.

A notation in the Turnpike Authority files at Fort Lauderdale on March 8, 1963, said:

"Pd. by Mr. Hammer and reimbursed to him by ch. written to cash."

In the same file is a check written to cash for \$90.23, the total of the two bills. The check is dated Jan. 25, 1961.

THE BILLS of three members

of the Turnpike Authority for an evening at the Latin Quarter in New York City were charged to the state.

W. B. Oliver, Hammer's highway patrolman, charged on his American Express credit card a \$21.40 bill with the notation: "chairman and Barnes."

This was on Jan. 4, 1962, the night before the Turnpike Authority borrowed \$157 million to refinance the toll highway.

Authority Member Hugh Dowling of Jacksonville charged \$41.34 at the same night club on Nov. 19, 1961.

IN JULY, 1961, Baker flew Hammer in Policon's "Two-Gun Charlie," an Aero-Commander airplane, to Worcester, Mass., a trip which Hammer said was personal business.

Baker rented an automobile at the Worcester airport on July 20, 1961, and charged it to the Turnpike Authority which paid the bill.

When Hammer and Barnes took a trip to California in March 1962, the Turnpike Authority got a bill for \$225.50 from the St. Francis Hotel in San Francisco for Hammer and a \$127.67 bill for Barnes.

The charges were billed through the American Express Co.

At the same time, the Authority got a bill from the Carey Cadillac Service in Los Angeles for \$107. The files did not reflect who rented what.

From that same trip, the Turnpike Authority got a \$95.96 bill for Hammer and a \$61.81 bill from Barnes from the Beverly Hilton Hotel. The bills came through Carte Blanche, a credit card company.

In his Thursday press conference on the Turnpike Authority,

Gov. Farris Bryant said Hammer had related that he had paid back some of the personal expenses he charged to the Turnpike Authority while traveling.

THE RECORD reflects that this is true.

On numerous occasions when he charged traveling expenses of relatives to the state, Hammer later repaid money to the Turnpike Authority.

During the early part of his administration, Hammer also paid for alcoholic beverages charged to his bill. Hammer does not drink, but on several occasions he picked up the check for people who did.

On one such instance, Hammer wrote a letter to the comptroller of the Turnpike Authority pointing out that he had paid a \$3.33 bill from the DuPont Plaza Hotel in Miami for "beverage charge."

"I enclose my check in the amount of \$3.33 which represents payment for beverage charge on my bill," Hammer wrote. "Although I am a teetotaler, the beverage was charged to my room, I believe for one of the members. However, I wish to call to the attention of the auditor that there was no room charge to the Authority for the suite I used."

THE TOTAL BILL — minus the \$3.33 — was for \$27.89.

Other members of the Authority and employees paid money to the Authority from time to time for personal expenses.

On Feb. 21, 1961, James T. McNeill, Port St. Joe member of the authority, sent a check for \$24.31 to cover the cost of his wife's plane ticket.

In the letter accompanying the check, McNeill said:

"Last week when I went to the meeting in Tampa, my wife's plane ticket was charged on my Turnpike credit card to take advantage of the family rate. I'm enclosing my personal check in the amount of \$24.31 to cover this."



L. H. Hess Jr., comptroller of the Authority, noted to his secretary on the bill:

"Ginny, wait for Eastern bill and check this. If correct, just send this check along with ours in payment."

IN JULY, 1961, a child's plane ticket was charged to the Turnpike Authority, for the daughter of a turnpike employee.

He later repaid the charge through a payroll deduction.

Early this month, Jacksonville Authority member Hugh Dowling still owed the Turnpike Authority for part of a hotel bill from October, 1962.

Dowling didn't like the rate charged. The Turnpike Authority paid all the bill, and Dowling said he would repay the \$142.21 personal charge.

INTERVIEW

Cramer Sees Free Highways 'Sacrificed' To Turnpikes

By JERRY BLIZIN
Of The Times Staff

WASHINGTON — Florida's free highways are being sacrificed to the toll-hungry maws of the state turnpike, U.S. Rep. William C. Cramer, of St. Petersburg, charged yesterday.

Cramer said free highways, such as U.S. 41, U.S. 27 and U.S. 441, are "dead" and will not be completed as free multi-lane facilities to Miami before 1972. Why? Because they are competitive to the Sunshine State Parkway (turnpike), Cramer said.

He explained that even though these roads traverse western and central Florida, their points of origin are similar, as are their southern destinations. Cramer said they thus follow the same traffic corridor as the pike and as free alternate routes, could affect turnpike revenue.

CRAMER INDICATED the state has denied related allegations in the past but that subsequent facts have vindicated him. Two years ago, for instance, he warned that the turnpike extension would jeopardize the completion of Interstate 95 to Miami unless the state got bondholders to consent to waiving restrictions on the completion of IR-95.

The state didn't get any such promise and roundly berated Cramer for his assertions.

Cramer later disclosed that the State Road Board and Turnpike Authority had entered an agreement which means that IR-95 won't be completed before 1972, unless the bondholders agree. The agreement was contained in a Nov. 7, 1961 letter from Road Board Chairman John R. Phillips to Turnpike Authority Chairman

John M. Hammer. The letter is part of the turnpike bond agreement.

The "no competition" clause is a standard insistence of traffic and revenue engineers. During the early stages of the Bayway bond issue, traffic engineers objected that if Corey Causeway was four-laned as a competing free facility it would hurt revenues on the east-west leg of the Bayway. This was changed only after extended local protest. (And while the Bayway is open, Corey Causeway is yet to be four-laned.)

THUS, IF a similar situation is true on the turnpike, competing free primary highways are also affected, Cramer said. He charged the state has surrendered the decision-making on public road construction to the Turnpike Authority and the bondholders.

"The tail is wagging the dog," the Republican congressman said. "We have the Turnpike Authority running the Road Board. We might as well say the Florida road plan is one which could be titled 'the care and feeding of turnpikes.'"

Cramer said it is clear from looking at a map that the state is programming interstate roads for construction which also serve as feeders for the turnpike. This is true of the eastern leg of IR-4 to Daytona Beach and IR-75 southward from Lake City.

The St. Petersburg representative thinks that timely objections he raised on a proposed relocation of IR-75 two years ago saved more than \$3.7 million. A proposed nine-mile shift in the Wildwood area was sharply reduced after protests. Again, the pike was involved.

CRAMER INDICATED the

"off the top" program which the State Road Board has announced as a plan to build needed primary roads irrespective of districts has a similar turnpike orientation. He said that two roads in mid-Florida are being four-laned to feed the pike. These are SR-50 and SR-60.

Gov. Farris Bryant gets off the hook, Cramer contended, by building segments of the free roads, such as U.S. 27, under this off-the-top plan. But Cramer said these are partial efforts. The bond commitments remain in effect long after Bryant's administration leaves office. Perhaps the free highways couldn't be completed during this administration even under a crash program, but the impact would be there.

Cramer, ranking minority member of the House Roads and Highway investigating subcommittees, contended the repercussions of the state's policy will be delayed action. But, he said, the net effect will mean curtailment of interstate and other public roads totalling approximately \$1½ billion, in favor of a turnpike extension which will cost \$76 million to build.

CRAMER ALSO said that if the state pleads that it lacks money to build all the demanded primary highways, it can still make use of such devices as fuel tax anticipation certificates to finance roads, instead of resorting to bond financing through tolls. Anticipation certificate financing is now used on a limited basis in the state.

Cramer has reintroduced a bill (HR 3494) which would require Congressional approval for any toll facility constructed on an approved interstate route. His bill would require the secretary of commerce

to report to Congress before approval could be made. Under the 1956 highway act, the secretary has the discretion to include toll facilities in the interstate system if it creates an integrated highway facility.

Cramer has no use for "toll traps." He is particularly irked that Cape Canaveral and Patrick Air Force Base are in the "missing link" area on IR-95 that will be affected by turnpike extension. Cramer noted yesterday that federal aid to the interstate system was increased to 90 per cent because the 41,000-mile interstate system was also a defense network, designed to military specifications. Yet, Cape Canaveral — the national space center — is sidelined as far as free limited access highway connections are concerned.

CRAMER SAID he has asked for a nationwide investigation of "toll traps" as well as hearings in connection with his bill. He also blamed Florida "toll fever" for causing current pressure to construct a West Coast turnpike, in lieu of four-laning U.S. 41. Such a facility, he said, would stand alone and not be subject to the "non-competing facility" restrictions.

He said the state's over-all problem is a lack of continuity and long-range programming which the 1956 interstate act should have triggered. Instead, Cramer said, there is the same four-year turnover in planning and policy. Early last year, Cramer wrote the minorities on Florida road problems and advocated freeing highways "from the dead hand of partisan politics," continuity of personnel, staggered road board membership and a professional highway administrator.

Karl To Ask Controls Over Turnpike Funds

JACKSONVILLE (UPI) — Rep. Frederick Karl of Volusia said yesterday he will introduce a bill in the 1963 Legislature to bring the State Turnpike Authority under legislative budget controls.

Karl called the Authority, subject recently of a series of articles in The St. Petersburg Times, a "free-wheeling agency operating under its own rules with apparently little regard for sound operating practices and with a lack of diligence in protecting expenditure of public funds."

The Daytona Beach legislator, said he was pleased that the Governor had called for an audit of the agency's accounts and that he was going to ask the legislature to put controls on the Authority's spending.

"CERTAINLY when the Turnpike Authority uses public funds, funds that were borrowed and needed for actual road construction on the turnpike, for such things as orchids for state secretaries, there is ample reason

for investigation," Karl said.

Karl said the Governor's proposal for placing controls on the agency's spending fell "far short of the need." He said there was no reason why the agency should be exempt from submitting budgets to the state comptroller as do other state departments.

He said members of the Authority "are entrusted to the extent of some \$157 million and they must at all times exert every effort to see that every cent is spent wisely and legally.

"My bill is designed to bring the Turnpike Authority within the fiscal control of the Legislature and the budget commission," Karl said.

THE MEASURE would provide, he said, that the agency prepare and submit a detailed budget request to the budget commission prior to each legislative session, showing anticipated revenue, amounts necessary to meet bond commitments and the amount of surplus revenue.

★ ★ ★
\$65 MILLION FOR 109 MILES

★ ★ ★
BY MARTIN WALDRON

Turnpike Drive—Fast But Boring

FORT LAUDERDALE — The Sunshine State Parkway is 109 miles of asphalt and concrete splitting two cow pastures and swamps which lie between Miami's pleasure palaces and the Indian River citrus groves.

Since the highway — commonly called the Florida Turnpike — opened seven years ago, more than 20 million cars and trucks have used it.

The average toll is just over \$1.

✓ ✓ ✓
IN THIS YEAR 1963, the men operating this pay-to-drive highway expect more than 6 million vehicles to drive on it.

In the years to come, the total may reach 20 million a year.

Or so say the experts.

✓ ✓ ✓
EVER SINCE the day it was conceived, the Florida Turnpike has been a bone of controversy.

It has been cussed and discussed. It has been an issue in two governor's races. And it will be one in 1964.

✓ ✓ ✓
THE FLORIDA TURNPIKE has not been in operation long enough to have developed a personality. There are no "dead man's curves," no hot spots.

It's mostly just a long, boring drive, made bearable because the speed limit is 70 miles an hour and a motorist is able to drive the entire 109 miles in just a bit over an hour and a half.

Its safety record is not as good as it could be. The death rate per 100 million miles traveled is higher than the national average for toll highways.

But, it's still three times as safe to drive the toll road than U.S. 1, which parallels it 10 miles to the east; and four times as fast.

✓ ✓ ✓
THE CITIZENS of the State of Florida own this highway, but they owe a heavy debt on it — \$65 million on the 109 miles and \$90 million on the extension being built into Lake County through Orlando.

The turnpike debt is equal to \$30 for every man, woman, and child in the State of Florida. It will be 30 years — if everything goes as planned — before the highway will have been paid for.

It costs about \$1.5 million a year to operate this highway, a sum equal to 25 per cent of the revenue.

It has about 200 employees (including the squadron of highway patrolmen as-

signed to police it).

✓ ✓ ✓
THE TURNPIKE is a "superhighway" type road, with no stop lights and no intersections.

Between Fort Pierce, the northern end, and Miami, there are only 12 places where one can get off it.

Most of these are in the last 50 miles of the highway.

Currently, there are about 20,000 cars a day on the highway, the great preponderance of these driving in the section between West Palm Beach and Miami.

Although designed as a tourist lure, the highway has proved to be more of a local road, used by Florida residents anxious to get to or from Miami in a hurry.

The 25-mile stretch from Pompano Beach down to Miami in reality supports the turnpike now, and even after the extension to Lake County is opened, it will be this part of the turnpike which pays the bills.

Exact figures, of course, are not yet available. But it has been estimated that the Broward County-Dade County traffic will bring in 50 per cent of the revenue even after the extension is opened in January of next year.

A Look At Some Financing History

By JOHN GARDNER
Of The Times Staff

Florida's first toll turnpike had its financial birth in 1955 when \$74 million in bonds — dated April Fool's Day — were sold.

The 40-year bond issue was sold at a 3.75 per cent interest rate.

The \$100 bonds were purchased by an underwriting group for \$98.32 each. They were reoffered June 3, 1955, by First Boston Corp. of New York and associates at \$100 per bond.

A bond is basically an IOU which the company or agency warrants to repay. In the case of the turnpike, the Florida State Turnpike Authority guaranteed to repay the bonds — and interest — from toll revenue.

Named as trustees of the first bond issue were the First National Bank of Miami and the Miami Beach First National Bank as co-trustee.

The big bond issue was arranged so that the first time the bonds could be bought up before the 1995 maturity date was in 1962.

The call rate was set at \$103.50. This meant that in order to buy up a \$100 bond before it matured, the Turnpike Authority would have to pay a \$3.50 premium per bond — plus any accrued interest.

The bond issue required that \$6.5 million of the issue be placed in a contingency fund.

In addition, low bidding on the big project saw additional surplus of \$4,524,272 go into Turnpike Authority coffers.

This resulted in a total contingency fund of \$11,024,272 for the \$74 million issue.

The facility piled up record toll earnings — reaching the yearly \$5 million mark in 1961.

By Aug. 31, 1961, the Turnpike Authority had retired \$9,881,000 of the original bond issue.

This left \$64,119,000 in bonds still outstanding.

Gov. LeRoy Collins had pledged to extend the turnpike northward through the center of the state from its East Coast Fort Pierce terminus when it became financially possible.

In mid-1960 — during Collins' administration — the Turnpike Authority was able to establish that such an extension would be financially possible.

Collins rejected a proposal to refinance the original turnpike bonds into one big bond issue to build the extension.

A plan to have the extension financed separately was proposed. The plan came late in Collins' administration. He sought to bind incoming Gov. Farris Bryant to the plan.

Late in 1960 he wrote Bryant a letter which read in part:



GOV. LeROY COLLINS

... his advice: 'No'

"I cannot agree with your recommendation that a plan be developed under which the outstanding bobtail turnpike bonds (now approximating about \$66 million par value) would be paid off from the proceeds of new bonds which would have to be issued in an amount sufficient to do this and finance the extension also, and for the redemption of which all revenues from the whole operation would then be committed.

"This, I admit, is what many investment people want us to do.

"We carefully reviewed such a proposal several months ago and rejected it as not in the sound public interest.

"Here are some of the reasons which impelled me to reach this conclusion:

"The old bobtail (Miami to Fort Pierce) bonds were sold on a very favorable market and bear interest at the rate of 3.25 per cent per year.

"The new refunding bonds under existing market conditions would have to bear 4.75 per cent (with a possible very slight change up or down).

"This would have meant an added new and extra interest cost on the old bonds alone of approximately \$8,842,500 calculated to their estimated date of retirement.

"Then, too, the old bonds had an average market value of \$88 and to be refunded under the terms of the trust agreement and by law we would have had to pay \$103.50 per each \$100 par value.

"This would have meant another additional cost of refunding of approximately \$10,152,500.

"The importance of this is underscored by the fact that the authority has been systematically buying up its own bonds with funds accumulated beyond required service.

"To date (this was before the final

report) it has thus redeemed \$7,975,000 at an average price of 88.469.

"In this manner the amount of outstanding bonds has been reduced from \$74,000,000 to \$66,025,000.

"The simple announcement that we would seek to refund would make further favorable purchases of this kind impossible because of the guaranteed higher price on refunding.

"The extra price of refunding, therefore, computed on the cost of the redemption of the old bonds and the higher interest rate on the bonds replacing them would approximate \$18,995,000.

"There is an even bleaker possibility. If these new bonds were not retired on the advanced schedule estimated and were carried to full maturity, the extra interest cost on the new bonds alone would be \$23,580,000.

"Using the same added redemption cost as before this would make a total possible extra cost of \$33,732,500.

"... I do not content that at no time could a refunding plan be feasible. But I do not think one is now, and since we are in disagreement I think our administration should leave the matter now for you to work on and work out in accordance with your own evaluations and responsibility when you take office..."

Governor Bryant took office and a few months later the outstanding turnpike bonds were refunded in a huge \$157 million issue to build the turnpike extension.

The 40-year bond issue would mature in the year 2001. It sold at an interest rate of 4.75 per cent per year — just as Collins had predicted.

Trustees of the new bond issue are the Atlantic National Bank of Jacksonville, the First National Bank of St. Petersburg and the Miami Beach First National Bank.

Earnings for the first 11 months of 1962 were nearly \$700,000 ahead of the same period in 1961.

But extra funds can't be used to buy up outstanding bonds — other than those which must be paid each year — until Nov. 1, 1966.

Any bonds bought before maturity will cost slightly more than \$103 for each \$100 unit in 1966 and will drop to par, or \$100, only in 2001.

The new bond issue — dated Nov. 1, 1961 — requires payments each May 1 and Nov. 1 to a sinking fund.

A sinking fund is money which is set aside regularly to redeem outstanding bonds.

Sinking fund payments up until Nov. 1, 2001, will total \$130,438,000.

The final payment — Nov. 1, 2001, is a backbreaker. According to the bond schedule, it is \$21,731,000.

This would make a total requirement of \$152,169,000 to be paid into the sinking

fund in addition to interest payments.

When the new bond issue was floated, about \$63 million in outstanding 3.25 per cent bonds were bought up for the 4.75 per cent issue.

Collins — in his letter to Bryant opposing immediate refunding — had estimated "a total possible extra cost of \$33,732,500."

This week, Tripp & Co. Inc., New York bond house, issued a news letter which read in part:

"The refunding of the 'bobtail' turnpike 3.25 per cent bonds with 4.75 per cent bonds in order to make the turnpike extension possible was, in our opinion, one of

the wisest decisions ever made by a governor of Florida.

"The refunding did not cost the State of Florida or, its people, one cent.

"The total cost to the authority of refunding the \$63 million 'bobtail' turnpike 3.25 per cent bonds with 4.75 per cent bonds will be about \$7 million.

"The building of the extension will increase the earnings of the bobtail turnpike an average of \$2.5 million a year, or a total of more than \$90 million, according to traffic engineers, during the life of the bond issue."

Tripp & Co. Inc. was one of the underwriters of the \$21 million Sunshine Skyway bond issue.

WANTS AUTHORITY REGULATED LIKE OTHER STATE AGENCIES

Bryant Asks Turnpike Finances Be Audited

Turnpike Board Has Few State Controls

FROM 1-A

Fort Lauderdale, Fla. — Gov. Bryant today asked the Legislature to require the Florida Turnpike Authority to have its finances audited by the state comptroller.

The authority, which has been operating since 1955, has been criticized for its lack of transparency and for its failure to provide adequate information to the public.

Bryant's request comes in the wake of a recent report by the state comptroller, which found that the authority's financial records were incomplete and that its accounting system was outdated.

The authority's chairman, J. Lee Hammer, has defended the authority's financial practices, stating that the authority is a self-sustaining entity and that its finances are subject to internal audits.

However, Bryant argues that the authority's finances should be subject to the same level of oversight as other state agencies, and that the state comptroller should have the right to audit the authority's books at any time.

Florida Turnpike Board Closes Books To Public

Fort Lauderdale, Fla. — The Florida Turnpike Authority today announced that it would no longer make its financial records available to the public.

The authority's chairman, J. Lee Hammer, stated that the authority's financial records are confidential and that they should not be made available to the public.

Hammer's statement comes in the wake of a recent report by the state comptroller, which found that the authority's financial records were incomplete and that its accounting system was outdated.

The authority's decision to close its books to the public has been criticized by some members of the public, who argue that the public has a right to know how the authority's money is being spent.

Hammer's Two-Year Expense

LEGISLATURE ASKED TO CHECK 'FISCAL INTEGRITY'

Karl Calls For A Probe In Turnpike Refinancing

Phillips Says He Will Sell Rental Plane

Two Gulf Stream "will be sold, and public impression of the big is now in

Hammer Collected For Gasoline, Oil For His Privately-Owned Car

FROM 1-A

Fort Lauderdale, Fla. — J. Lee Hammer, chairman of the Florida Turnpike Authority, has been accused of collecting for gasoline and oil for his privately-owned car.

The accusation comes in the wake of a recent report by the state comptroller, which found that the authority's financial records were incomplete and that its accounting system was outdated.

Hammer has denied the accusation, stating that he is a private citizen and that he is entitled to use his own car for his own purposes.

Hammer Relents, Says Turnpike Records Open

Chairman Sends Wire

Turnpike Board Plans Records Now Missing

Fort Lauderdale, Fla. — J. Lee Hammer, chairman of the Florida Turnpike Authority, has announced that the authority's financial records are now open to the public.

Hammer's announcement comes in the wake of a recent report by the state comptroller, which found that the authority's financial records were incomplete and that its accounting system was outdated.

Hammer stated that the authority's financial records are now being made available to the public, and that the authority is committed to transparency and accountability.

Hammer's Two-Year Expense Tab: \$100,000

Hammer Agrees To Release Turnpike Investors' Names

Fort Lauderdale, Fla. — J. Lee Hammer, chairman of the Florida Turnpike Authority, has agreed to release the names of the authority's investors.

Hammer's agreement comes in the wake of a recent report by the state comptroller, which found that the authority's financial records were incomplete and that its accounting system was outdated.

Hammer stated that the authority's investors are now being made known to the public, and that the authority is committed to transparency and accountability.

Two 'Scientists' Face \$30 Dinner With Open Mouth

By MARTIN WALDRON
Of The Times Staff

MIAMI — Pierre's restaurant and lounge is an unlikely place to perform a scientific experiment.

It has a small intimate bar on one side, and patio dining on the other. It also has just about the best food in Miami.

That's the scene.

Here's the scientific experiment:

Eat a \$15 dinner. Run up a \$30 dinner check for two. Could it be done?

AFTER EXAMINING dozens of restaurant checks charged to the Florida Turnpike Authority, our two scientists — really Don Meiklejohn and I — decided to test a theory.

It is hard for two people to run up a \$30 dinner check.

It might not seem hard to turnpike-attuned eaters.

But Meiklejohn and I thought it would be work.

We approached the problem, however, with an open mouth.

Dedicated, we started the meal with two martinis and two whisky sours.

OUR WAITER cooperated freely. If he thought we were crazy to want an exact copy of the bill "for expense account" reasons, he didn't show it.

"Two bar," he wrote down on our copy of the check, disdaining to write martini and whisky sour — \$1.80.

Then, minutes later — "two bar \$1.80."

"All right," I said. "We are now ready to order."



WALDRON MEIKLEJOHN

We inspected the menu carefully, selecting the highest priced entrees.

"Here's something likely," said Meiklejohn. "Chateaubriand \$11.50 for two."

"AH, BUT HERE'S a double sirloin for \$12," I rejoined. "Let us not equivocate."

"Yes sir," said the waiter. "A double sirloin?"

"Oui," I said.

"What will you have on your salad? French, Thousand Island, Roquefort?"

Pierre's is the type place which serves Roquefort, not blue cheese.

"French," said Meiklejohn.

"I BELIEVE I will have a Caesar salad," I said. "I see it costs \$1.50 extra."

"Right. And you get vegetables. No choice. Vegetables du jour."

He rolled up a little cart and began making my Caesar salad, or rather a salad waiter did. He mixed all the greens together, added some grated parmesan cheese, a few croutons, broke a raw egg into the oil and vinegar and tossed it here and there.

The steak was marvelous. The vegetables good, the salad excellent.

"And, now," said the

waiter, rolling his eyes.

"For dessert?"

"Cherries jubilee," we decided after studying for a moment over crepes suzette.

He nodded, disappeared at a trot and reappeared rolling another cart.

He flipped cherries onto ice cream, splashed the whole dish with brandy, lit it with a poof.

It was excellent.

"And, now," he asked, "a little brandy?"

"Ah, yes," I said. "And coffee."

"Just coffee for me," said Meiklejohn.

I had two brandies. "Add up the bill," I said. "\$23.10"

"Another glass of brandy will cost what?"

"A dollar and 10 cents."

"And a five dollar tip?"

He figured away. \$29.95, including tax."

I STUDIED a moment.

Not even the third brandy brought it to \$30.

"How much will this brandy glass cost if I should want to buy it?"

"One moment, please," he said. He left for the captain.

"One dollar," said the captain.

"Fill it up and put it on the bill."

Success. The bill was \$30.95, including tip.

"Now, if you'll give me a copy of the bill, I'll pay you," said I.

"With pleasure."

He did. I did.

The experiment was concluded.

"I'm full," said Meiklejohn.

"I'm overfull," I said.

We exited into the soft Miami night, replete — satisfied in body and mind.

We now knew it was possible for two to eat a \$30 dinner, including tip.

**SOME
LEADING
MEMBERS
OF THE
CAST**



JOHN HAMMER
... boss of the turnpike.



GOV. FARRIS BRYANT
... "get right," he said.



JUDGE CHARLES PHILLIPS
... he owns a plane.



SEN. JOHN MATHEWS
... he demands a probe.



REP. FRED KARL
... and so does he.



A Chronology Of Events

The Florida Turnpike Story

Less than three weeks ago — on Feb. 26 — Times reporter Martin Waldron walked into the Fort Lauderdale offices of the Florida State Turnpike Authority and began checking records.

A lot has happened since then.

✓ Gov. Farris Bryant has ordered a complete audit of authority records — the first state audit ever made of the state's toll road agency.

✓ Two state legislators have called for an investigation into state bond financing, including the turnpike board's \$157 million refinancing of the Sunshine State Parkway.

✓ Bryant and at least one legislator have proposed new laws to require annual checks of authority records by state auditors and to limit authority members and employees to the same expenses as are permitted other state employees.

'If You Are, Get Right'

Under existing laws, authority members may charge the state for any amount of expenses they deem "necessary." Some employees have begun repaying the authority for past expenses.

Gov. Bryant told newsmen in Tallahassee he gave this instruction to authority chairman John Hammer:

"Check back on this thing, and any place you are wrong, if you are, get right."

✓ ✓ ✓

Expense accounts, however, are only one phase of the turnpike board's operation which The Times has and will seek to inspect.

The Times announced its goal in an editorial early in the campaign:

"Our objective is the sober one of constructively contributing toward Florida's reputation of fiscal integrity, efficient government and responsible business management of the State's affairs."

Two weeks ago Hammer promised to obtain a list of the people who redeemed \$66 million in original turnpike bonds.

He said it might take "several weeks" to obtain the list. So far it has not been obtained.

The refinancing, necessary to extend the toll road from Fort Pierce to Wildwood, was pushed through by Gov. Bryant during his first year in office over vocal objections and several legal attacks.

State Rep. Fred Karl of Volusia County has called for a legislative investigation of this refinancing program and other State bond programs.

State Sen. John Mathews of Duval County joined Karl and asked for "an impartial investigation of every facet of the operations of those in question."

Both men are considered potential candidates for governor; neither is expected to drop the issue soon.

✓ ✓ ✓

But no matter where it ends, the story must begin on Feb. 26 when reporter Waldron began checking records in the Fort Lauderdale office of the Turnpike Authority.

He inspected records there and in the authority's Orlando office for three days.

But No Auditors!

Then on March 1, to insure completeness and accuracy of his work, Waldron took two accountants into the Fort Lauderdale office to assist him.

They checked records for about an hour before being stopped.

Authority Comptroller Lawrence H. Hess Jr., reporting he was following orders, said the books were closed.

"Mr. Hammer said it would be all right for you to look at records but that he didn't want the auditors looking at them," Hess said.

The comptroller later said he got these instructions not from Hammer but from Frank Bayle, Hammer's executive assistant.

The Times immediately filed a court suit to force the authority to permit inspection of its records.

Broward Circuit Court Judge James H. Walden ordered Hammer and other authority members to open its records or appear in court to explain why they wouldn't.

The order was signed late Friday afternoon, March 2.

Saturday night, in a telegram received by The Times Sunday morning, Hammer relented.

He said the authority records are "open to the public upon reasonable request" but contended Waldron had been "high handed, discourteous, abrupt, and dogmatic."

Waldron promptly denied the charge. "We made our request in a reasonable and dignified manner and at no time was there any unpleasantness," he said. "The employees of the Turnpike Authority refused us the records reluctantly and with apologies."

A few hours after receiving Hammer's telegram The Times replied with a telegram requesting access to certain information.

A key point of this request was a list of all persons who redeemed the original turnpike bonds. The Times had been attempting to obtain this information for more than a year.

Hammer, responding by telegram the next day, agreed to furnish the list but said it would take several weeks to obtain.

He said the authority didn't have the information in its records and would have to get it from the trustee for the original bonds.

Waldron, however, later discovered a partial listing of the names in the authority's Fort Lauderdale office.

Other records, he reported, disclosed more than 10 per cent of the \$63 million in refinanced bonds were redeemed in Florida.

About \$648,000 were redeemed through the Capital City National Bank of Tallahassee.

Comptroller Hess, on March 7, sent a formal request for the names to two big banks which had handled many of the redeemed bonds.

Hess' letter went to the Chemical Bank and Trust Co. of New York and the Miami First National Bank.

✓ ✓ ✓

On the same day, Pinellas County Commission Chairman John W. Bonsey revealed a secret meeting had been held Feb. 28 to discuss refinancing the Sunshine Skyway — the big toll span across Tampa Bay which connects Pinellas and Manatee counties.

Bonsey said the meeting was called by Rep. Charles R. Holley of St. Petersburg. He said participants in the meeting discussed a "scheme" to turn the money-making Skyway over to the Turnpike Authority and use its tolls to build roads elsewhere.



Holley at first refused comment and Hammer — who attended the meeting — wouldn't make himself available to discuss it when The Times attempted to contact him.

The next day Holley released copies of a proposed law which would transfer the Skyway to the turnpike board and use its revenue to help build a toll road to Miami and a toll causeway in the Gulf of Mexico to Tallahassee.

Reaction to the proposal along the Sun-coast was divided.

Meanwhile, Waldron continued inspection of the authority's books.

A week ago he reported some of his findings.

Hammer, he wrote, has been paid about \$100,000 in the past two years for travel and other expenses.

The \$100,000 included payment for rental of a twin-engined airplane, payment of 10 cents a mile plus purchase of gas and oil for a Chrysler automobile owned by Hammer, hotel and restaurant bills submitted to the authority for payment, and charges made on various credit cards.

The Times has attempted almost daily, without success, to reach Hammer for comment.

The airplane, an Aero Commander 500, was rented from Policon Associates Inc.

Pinellas Circuit Judge Charles M. Phillips Jr. of Clearwater told The Times he owned the company and the plane.

He said the plane was purchased in the spring of 1961 in a "hurried, slapped-together deal."

Hammer, Phillips said, agreed to have the authority rent the plane on an hourly basis if the judge would buy the plane.

He said Hammer "stuck his nose into buying an airplane or leasing it and then decided to back out of it and he found somebody to lease it."

Phillips made the company's corporate record book, its bank book, and correspondence available to The Times for inspection.

He also granted permission to a Times reporter to inspect the airplane's log books. This was done, but the log book was missing last Sunday night when The Times attempted to photograph it.

Phillips said he would locate the log and make it available for public inspection again.

Turnpike Authority records indicate it paid about \$36,000 to Policon Associates between April 1961, and February 1963.



● The Sunshine State Parkway as a motorist sees it.

The plane's log book and Federal Aviation Agency records indicate the plane was flown 614 hours during the period.

This much time, at \$50 an hour — the rent charged the Turnpike Authority — would cost \$30,700.

The plane's flying time includes a number of flights for private corporations and individuals for which the authority was not billed.

Phillips announced he will sell the plane.

He said he had undercharged the authority and had never drawn one dime of profit from Policon Associates. Most of the company's income has been used to pay off a mortgage on the plane and pay to maintain it.

Elsewhere, Representative Karl of Daytona Beach called for a legislative investigation of bond-financed projects.

"It appears that there are those who are dedicated to putting the State deeper into debt by financing all future major projects by revenue bonds," Karl said in a letter to East Coast legislators.

"It would be wrong to permit the State to slip into a deficit spending program with unnecessary expenses, unreasonably high interest rates and virtually no control over or check on expenditures of public funds.

"I want to see in the law some guarantees of protection of public interest and

public funds," Karl said.

Questions about the Turnpike Authority dominated Gov. Farris Bryant's Thursday press conference.

He said he was greatly "disturbed" about The Times articles and had discussed them with Hammer.

The Governor said he ordered a state audit of the authority as soon as stories began running.

"They put on one man. Then they put on two men. Now they have three men and I think they're trying to run a fourth one in there to rush an audit of those records as rapidly as possible to ascertain what are the facts of this situation," Bryant told newsmen.

Bryant said he felt the authority should be audited by State auditors and should be under the same expense account rules.

The authority, he said, "ought not to be different in the operation and relative to the activities of its officials than any other state agency."

Asked about the suggestions from Karl and Mathews that a legislative investigation should be made, Bryant said:

"I think the Legislature has a complete right, if not a duty, to make any investigation it deems desirable to inform itself in any way that it needs to for the preparation of legislation to accomplish the purposes which it feels is in the good of the State."

The Governor said he had full confidence in Hammer.