

TRENDS IN LONG-TERM CARE

HEARING
BEFORE THE
SUBCOMMITTEE ON LONG-TERM CARE
OF THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE
NINETY-FOURTH CONGRESS
FIRST SESSION

PART 23—NEW YORK, N.Y.

JANUARY 21, 1975



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- Part 4. Washington, D.C., February 9, 1970 (Marietta Fire)
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TRENDS IN LONG-TERM CARE

TUESDAY, JANUARY 21, 1975

U.S. SENATE,
SUBCOMMITTEE ON LONG-TERM CARE OF THE
SPECIAL COMMITTEE ON AGING,
New York, N.Y.

The subcommittee met, pursuant to notice, at 10 a.m., at 14 Vesey Street, New York County Lawyers Association, New York, N.Y., Hon. Frank E. Moss, chairman, presiding.

Present: Senator Moss and Congressman Edward I. Koch, a Representative from the State of New York.

Also present: William E. Oriol, staff director; Val J. Halamandaris, associate counsel; John Edie, professional staff member; John Guy Miller, minority staff director; Patricia G. Oriol, chief clerk; and Kay Dann and Dona Hopper, clerks.

OPENING STATEMENT BY SENATOR FRANK E. MOSS, CHAIRMAN

Senator Moss. This hearing will come to order. Those who are standing, please take your seats.

This is a hearing of the Special Committee on Aging of the U.S. Senate, being conducted by the Subcommittee on Long-Term Care.

My name is Frank E. Moss, U.S. Senator, and I am chairman of the Subcommittee on Long-Term Care of the U.S. Senate.

I welcome all of you here this morning. We hope that we can run this hearing in an expeditious but thorough manner, and we would appreciate as much attention and decorum as we can have here so we can get on with the work that is before us.

Many of you may know that I have been investigating nursing home problems, as chairman of this subcommittee, since 1963. Looking back, I can see some progress in both the availability and the quality of nursing home care. In 1965 our committee was instrumental in the enactment of medicare and medicaid. In 1967, I introduced, and the Congress enacted, important reforms requiring nursing homes funded under Federal programs to meet certain uniform minimum standards.

Starting in 1969, we began the present series of hearings, entitling the series "Trends in Long-Term Care." This is the 23d hearing in that series.

The major questions for discussion today are, What's wrong with nursing homes? Why won't the system work?

In the years we have been studying the question we keep finding five root causes of our problems:

First. Our Nation and our Federal and State governments have no consistent, coherent policy with respect to treatment of the infirm elderly.

Second. Physicians avoid nursing homes; their visits are few and far between.

Third. Nurses in nursing homes are few—only 56,000 for all 23,000 homes—which means that 80 to 90 percent of the care is given by untrained aides and orderlies.

Fourth. The present reimbursement formulas employed by the States in their medicaid programs contain built-in financial incentives in favor of poor care; and finally,

Fifth. The inspection and enforcement system is a national farce.

These last two points provide the major focus of today's hearing.

I am interested to learn more about New York's unusual cost-plus reimbursement formula for nursing homes; frankly, it is enough to make defense contractors drool with envy. It appears to me that almost everything is covered; even legal fees to fight the health department are reimbursable.

I can't imagine a formula which is better tailored to the industry's self-interest. The message your legislature has given the operators is clear: Spend, spend, and spend. For whatever you spend, you will be reimbursed with a profit.

This leads to the unwholesome situation of nursing home after nursing home running in the red and even showing what is called negative equity computation, while paying vast sums in salaries or rent very often to friends and relatives.

Also of interest is the process which sees nursing home after nursing home continually sold and repurchased among interconnected corporations. The purpose of such "boomerang purchases" apparently is solely to increase the selling price and hence the value of the property. Since cost-plus in New York means 10 percent profit computed on the operators' value or equity, the operators are tempted to inflate that equity.

I have also been told that the State of New York has only 16 auditors for 16,000 health care facilities. Furthermore, if a nursing home's books are so jumbled that they are unintelligible, the penalty is only that it is paid the average reimbursement paid by the States to nursing homes in its size and geographical area. Some penalty.

The questions I have raised highlight the importance of today's hearings. By act of Congress, all States must have cost-related reimbursement for their medicaid nursing homes in effect not later than January 1977. What we have already learned is that New York may demonstrate that we are moving 180 degrees in the wrong direction.

There are of course other issues which should merit our attention: The fragmentation of responsibility for inspections so that everyone and no one is responsible; the fact that inspectors are too few or untrained or that their recommendations are too often ignored.

To what extent does political influence serve to keep substandard homes open?

Who owns New York's homes, and what are the consequences?

Is organized crime involved?

To date the subcommittee has issued some 45 subpoenas for this hearing in an effort to answer some of these questions. Witnesses will

be called to testify under oath. These are serious proceedings which have profound effects on many lives.

I want to make very clear that as chairman of this subcommittee I will do everything in my power to preserve the constitutional rights of witnesses. Several witnesses have written and asserted that a sort of lynch-mob atmosphere prevails here in New York, and they ask to be excused from testifying publicly. I have insisted that all hearings be open. I have great faith in the American public. I believe that the public has the right to know the truth.

I also have great faith in the media to treat everyone fairly. However, I feel operators have a legitimate complaint in at least one respect.

As the allegations of abuse have arisen, there has been a tendency to generalize that all nursing home operators are corrupt profiteers who offer poor care. This is not true. Just as the generalization during Watergate that because some politicians were corrupt, was untrue.

I would like to conclude on what might be considered a personal note. I, perhaps more than anyone else, am tired of the slow progress or no progress in this field.

For that reason, in 1974, I directed the subcommittee to devise a report which would sum up where the Nation stands on nursing home care today. I would not settle for a one-shot volume which would stir up attention for a few weeks and then be forgotten. I insisted upon an introductory summation of failures in Government policy.

Now, at scheduled intervals, the subcommittee is issuing reports dealing with specific, but complicated and important, subjects, such as drug use and staffing patterns in nursing homes.

And before our final report, I will invite the U.S. Department of Health Education, and Welfare and the nursing home industry to submit rebuttal or commentary, which the subcommittee will then print.

We are interested in communication, not denunciation. We want a process to take place, and we want it to change the way things are done in the Nation's nursing homes.

Already, I think, I have detected a similar determination at HEW, and among certain leaders in the nursing home industry. They realize, I hope, that the people of the United States will no longer tolerate damaging, disgusting, and degrading scandals and profiteering in institutions which, largely at public expense, supposedly give care and kindness to those people who are so completely in their hands.

I sense the same determination among newspaper and television reporters and editors who have had such a large role in bringing to light many of the matters to be discussed here today.

I sense the same determination among city officials, State legislators, and the new Governor of this State. I sense, too, that the people of New York—and of other States—are saying: Enough; no more apathy to costly abuses and ripoffs in nursing homes.

In short, the showdown so long delayed is now here. New York has the opportunity to lead, as it has so often in the past, in establishing genuine reform, and then insisting that the reforms stick. The Congress, with help from leaders here and in other States, can insist that the tide now rising will sweep away scandal and shortcomings in all of the 50 States.

Senator Domenici, of New Mexico, a member of this subcommittee, had planned to be here this morning, but at the last minute was unable to be here. He sends his regrets and I will have to excuse him from the panel today.

Senator James Buckley, of New York, has sent a statement, and I will read it.

PREPARED STATEMENT OF SENATOR JAMES BUCKLEY

Senator Moss [reading]:

"The reports regarding nursing home abuses in New York State—and for that matter, nationwide—have been disturbing to all of us concerned with the care of our aged. It is particularly distressing as the medicaid payments for the care of these helpless citizens are 50 percent composed of Federal funds.

"I welcome Senator Moss and the Special Committee on Aging to New York City today. I am hopeful that the hearings you will undertake can help sort out the charges and countercharges appearing in the press so that the true situation will be known and the necessary reforms undertaken.

"I voice my appreciation for this committee's efforts on behalf of the people of New York State, and shall follow with interest the course of your hearings and the final report to the Senate."

Congressman Edward I. Koch was to be with us this morning, and he made the request to our subcommittee that these hearings be conducted in New York City. Because he was unable to be here this morning, but will join us later in the day, I would like to read his rather brief statement.

PREPARED STATEMENT OF CONGRESSMAN EDWARD I. KOCH

Senator Moss [reading]:

"Mr. Chairman, I am most appreciative of your invitation to join with your subcommittee today in its investigation of the nursing home situation in New York City—and I am grateful that you were able to respond to my request to extend your examination to the scandal that has erupted here.

"Over the past few months there has been much discussion with charges and countercharges, and I am hopeful that these hearings can establish the facts and the truth.

"The State welfare inspector general's office has uncovered financial abuses by nursing home operators in billing medicaid, as well as deficiencies in nursing home care. Also important have been the disclosures of the press and by the Temporary State Commission on Living Costs and the Economy, chaired by Assemblyman Andrew Stein who has shown the courage to pursue this matter in a most professional and thorough manner.

"While illegal behavior must be prosecuted and immoral behavior condemned, I am also concerned that we have to come to grips with a medicaid system which has created an incentive in New York for questionable financial and real estate manipulations and which has not been sufficiently monitored by State officials.

"The alleged relationship between certain public officeholders, law enforcement officials, and nursing home operators is distressing. There

is more to public service than simply not violating the law. Public officeholders must pursue the highest morality and seek to carry out the spirit as well as the letter of the law.

"As important as it is to deal with all of the elements which comprise the so-called nursing home scandal, we must also develop measures to encourage alternatives to nursing home care.

"Home health care for the elderly and the handicapped must be broadened so as to permit those capable of remaining in their homes if provided with the necessary supportive medical, social, and housekeeping services the opportunity to do so.

"I am offering legislation that will provide this option and hopefully alleviate the plight of many of our neglected senior citizens at a cost savings to the taxpayer."

We look forward to having Congressman Koch join us later.

I also had presented to me a letter that was written by William Hutton, directed to the Honorable Caspar W. Weinberger, Secretary of Health, Education, and Welfare, signed by Nelson H. Cruikshank, president of the National Council of Senior Citizens, Inc.

It says:

DEAR MR. SECRETARY: On behalf of the National Council of Senior Citizens, I urge that you immediately begin a thorough national investigation of the ownership patterns and finances of proprietary nursing homes that receive funds under the Medicaid program.

The *New York Times*, over the last 3 months, has reported gross fraud and financial abuses involving millions of dollars among proprietary nursing homes in New York that are certified by the Medicaid program. As a result of the *Times* exposé, various city, State, and Federal groups have begun investigations of the New York interests implicated in the scandal. I am concerned, however, that the Department of Health, Education, and Welfare—which is responsible for the Medicaid program and pays 50 percent of Medicaid costs—has not seen fit to expand the investigation of financial improprieties beyond New York State.

The disclosures in the *New York Times* series make clear that there are no effective State or Federal auditing programs and that nursing home proprietors have had no reason to fear exposure. Certainly no one would believe that this attitude is confined to New York—especially in light of Mary Adelaide Mendelson's book, "Tender Loving Greed," which describes similar Medicaid fraud among nursing homes in many other States. As a recent *New York Times* editorial stated: "Instead of serving the most helpless citizens as it was designed to do, the Medicaid-nursing home system has been twisted so that the elderly have become merely necessary incidentals in a private scheme to tap the public purse."

The recent revelations have shown that the Medicaid authorities within HEW charged with regulating nursing homes lack basic information about the nursing home industry—who owns nursing homes, and how much money is being made legally and illegally. Since quality of care is intertwined with the financial structure of the industry, a Federal investigation and audit are needed to enable HEW to exercise its regulatory authority over the Medicaid nursing home program. And a strong Federal role is needed because nursing homes have become a national industry since the enactment of Medicaid and they have a powerful, national trade association that includes large nursing home chains that operate in interstate commerce.

Certain areas have been shown in the *New York Times* and other investigations to be the source of financial abuses and should be emphasized in the national investigation.

They are:

- (1) Padded payrolls.
- (2) Overly generous remuneration of nursing home owners and administrators, including extensive and hidden fringe benefits.
- (3) Purchase of supplies and services by nursing homes from related suppliers at inflated prices.
- (4) Kickbacks to nursing homes from their dealings with unrelated suppliers.

(5) Dealings by nursing homes with related real estate, construction and financing companies.

The investigation should also include a full scale study and audit of the chain nursing home operations, particularly those that have been created since the advent of the Medicaid program. Every effort should be made to uncover how nursing homes in States with low, flat-rate Medicaid reimbursement manage to make a profit. Do they reduce the patient care budget, or do they make money through dealings with affiliated real estate and construction companies or suppliers as is often alleged?

The financial side of the nursing home industry has been ignored by the State and Federal Medicaid programs. We are sure that a study such as we have suggested will not only result in a saving of Medicaid money that is now being diverted into illicit profits, but will also enable HEW to devise mechanisms to assure better patient care.

The National Council of Senior Citizens stands ready to help you with such a study.

Sincerely,

NELSON H. CRUIKSHANK, *President.*

Senator Moss. One other preliminary matter before we get on with the hearing as such, I am pleased to have Assemblyman Andrew Stein sitting this morning with the panel.

This is an official action of the Senate committee, but we do often invite people who are interested in the work that we are doing, to sit here and listen to the witnesses, and Mr. Stein has done a great job in the State of New York, exposing many of these deficiencies that we are going to be talking about, and I am pleased to have him with us this morning.

We are pleased to have you, Mr. Stein.

In preparation for this hearing, because we have had such a great difficulty in ever getting the records of nursing homes, we issued some 45 subpoenas to nursing homes in New York for their records, the subpoenas have been served on various ones of the nursing homes, and response has been made to the subpoenas.

Mr. Val Halamandaris, who is Counsel to the Special Committee on Aging, and who works with this subcommittee, will now call the roll, and indicate what records have been submitted and are here.

We have here representatives of the General Accounting Office.

I am advised, before we call the roll on the subpoenas, that Assemblyman Stein does have a brief statement he would like to make, and I will recognize him.

STATEMENT OF ASSEMBLYMAN ANDREW STEIN, CHAIRMAN, TEMPORARY COMMISSION ON LIVING COSTS AND THE ECONOMY

Assemblyman STEIN. On behalf of the Temporary State Commission on Living Costs and the Economy, I would like to thank the U.S. Senate Subcommittee on Long-Term Care of the Special Committee on Aging and Senator Moss for holding this hearing to investigate the nursing home industry in New York.

The magnitude of the nursing home industry in New York is staggering. Last year Medicaid reimbursements ran over \$1½ billion to proprietary nursing homes.

Over 92 percent of the 70,000 elderly citizens of this State now residing in nursing homes are supported by Medicaid, a combination of Federal, State, and local funds.

New York City as well as the other municipalities are facing severe budget crises. New York State also faces a budget crisis next year. Wasted money cannot be permitted in these days of ever-rising costs.

The proprietary nursing homes and health-related facilities are run on a profitmaking cost-plus basis. The State now relies upon statements submitted by the nursing homes as proof of the costs of running the facility almost without verification.

One small department of the State department of health has the monumental task of auditing the books of all these facilities and has recovered an average of \$77,000 for each facility audited in New York City.

Information is necessary on three fronts—the economic basis for reimbursements, the quality of care delivered, and the independence of the regulatory agencies.

They cannot be separated, but must be examined together. A reasonable allowance for food is only reasonable if that food is actually delivered to the patients. A reasonable allowance for medicine is only reasonable if it is given to the patients. A regulation on the books is only effective if it is enforced.

We must never forget that we are dealing with human lives, not with a commodity. Anyone who cheats in a medical reimbursement is not merely stealing from the Government, but is stealing from the elderly who have been delivered into their care.

Today's hearing is a Federal hearing. The commission has held and will hold State hearings on this subject. The responsibility for monitoring the system which delivers care to our elderly is jointly shared by Federal, State, and local governments. Cooperation between the various levels of government is essential if the delivery of decent care is to be assured.

We will lend every assistance possible to the Federal Government in their investigation. We will maintain open communication with the subcommittee and will make accessible all information we have thus far uncovered.

I welcome this opportunity to participate in the subcommittee's hearing and hope that today is merely the first step in the partnership of State and Federal governments in pursuing the investigation of this industry.

Senator Moss. Thank you very much, Mr. Stein. We are glad to have your statement in the record, and we do look forward to continuing cooperation with your commission.

We will now proceed on the return of the subpoenas for the documents which were called for.

Mr. Val Halamandaris.

Mr. HALAMANDARIS. We will proceed by calling the counsel representing the various principals.

Jack Hoffinger, please.

You are attorney for the Willoughby Nursing Home, Hayden Manor Nursing Home, Oxford Nursing Home, New Glen Oaks Nursing Home, Mayflower Nursing Home, White Plains Nursing Home, New Vanderbilt Nursing Home, Burnside Nursing Home, Fairview Nursing Home, Hyde Park Nursing Home, Meadow Park Nursing Home, Morris Park Nursing Home, Verrazano Nursing Home, and the Pelham Parkway Nursing Home.

Did we leave any out?

Mr. HOFFINGER. I am not sure. I have them alphabetically running. I will submit to you the list of the nursing homes that we represent, the nursing homes we represent that are supplying the subpoenaed documents.

Most of them have been checked in already. Some of them are in the process of being checked in.

Mr. HALAMANDARIS. You are complying in full with the committee's subpoena?

Mr. HOFFINGER. Yes.

[The list referred to above follows:]

<i>Attorney and principal</i>	<i>Nursing home</i>
Jack Hoffinger and Bob Goldsthlag:	
Benjamin Farber.....	Willoughby.
Shalom Foegel.....	Hayden Manor.
Max Goldberg.....	Oxford.
Abraham Greenbaum.....	New Glen Oaks.
Max Lewko.....	Mayflower.
Mark Loren.....	White Plains.
Solomon Heisler.....	New Vanderbilt.
Bernard Izbiki.....	Burnside.
Frank Klein.....	Fairview.
Do.....	Hyde Park.
Abraham Schlafrig.....	Meadow Park.
Morris Berkowitz.....	Morris Park.
Israel Weingarten.....	Verrazano.
Otto Weingarten.....	Pelham Parkway.
Regina Schwartz.....	Riverside.
Benzion Frankel.....	Belt Parkway.
Do.....	Ocean Parkway.
Mattis Yellin.....	Carlton.
Michael Tennenbaum.....	Resort.

Mr. HALAMANDARIS. Thank you.

May we call Mr. Mortimer Todell, representative of the Riverside Nursing Home, the American Nursing Home, and the Caton Park Nursing Home?

Mr. TODEL. Also the Rofay Nursing Home.

We have complied partially with the subpoena, and we will attach a letter* explaining why we have not complied fully with the subpoena.

I will discuss with the staff the fact that at one of the nursing homes, we are going under a State audit, which will last approximately 4 to 6 weeks.

All of the books and records are at the home, and being audited at the present time by the State auditors.

The Riverside Nursing Home in Haverstraw, N.Y., is a home that just opened up the early part of last year, and the accountant at the present time is going over the current records. They have no records prior to the 1974 operation.

The records of the Rofay Nursing Home, there was a State audit for last week, and we will be able to do some of the records, or additional records of the Rofay Nursing Home.

With reference to the Caton Park Nursing Home, a subpoena was just served Wednesday evening on the operator, so we have not reproduced

* Not received at time of publication.

some of the records, but we will give most of the records requested by the committee.

May I just make a short statement, as I was complying with the subpoena in submitting the records, I heard part of Senator Moss' statement, and I think it would be most important for this committee to really review the work of all of the nursing homes in the city of New York, and I was very glad to hear in the Senator's statement, that many nursing home operators operate excellent institutions, and since I was retained by these nursing homes, I visited three already, and all of them have excellent reputations, and I think it is important for the community and the city of New York to know how many of the institutions are being operated.

For example, in the *New York Times*, last week there was printed a list of 92 nursing homes which were alleged to have had deficiencies.

Now, these deficiencies cover a multitude of things, whether or not a chef attended a special course given by the department for renewed service training course.

This is considered a deficiency, and the two homes I represent, namely the American Nursing Home and the Caton Park Nursing Home, which is mentioned on this deficiency list, however, they happened to be removed over the weekend by the State department of health, and I think it is important for this committee, in any publicity given out, to recognize that there are many institutions which are operating here in the city of New York, and the metropolitan area, which are excellent institutions, which can provide a service to the community, and I also point out, and this is of interest to the committee, that even State institutions in the State of New York are sending some of their patients to these nursing homes, because the State institutions are unable to keep the patients there.

Mr. HALAMANDARIS. Thank you.

May I interrupt you, counsel. Do you represent the Riverside Nursing Home?

Mr. TODEL. No. Apparently there was an error by the committee.

Mr. HALAMANDARIS. You represent the nursing home in Haverstraw?

Mr. TODEL. Yes.

Mr. HALAMANDARIS. You do not represent the Riverside Nursing Home?

Mr. TODEL. No.

Mr. HALAMANDARIS. Is there an attorney representing the Riverside Nursing Home?

Mr. HOFFINGER. We do.

Mr. HALAMANDARIS. I would like to call Mr. Spiro, Mr. Jacob Spiro.

Mr. SPIRO. The records have been produced, as much as we can make available.

Mr. HALAMANDARIS. Mr. Spiro, have you complied with the subpoena?

Mr. SPIRO. In accordance with our conversation, we have produced all of the records which are available. All other records will be made available to the committee as fast as we can, but certainly by no later than February 4.

Mr. HALAMANDARIS. Mr. Kalick of the Laconia Nursing Home, the Riviera Furniture Co., and the Towers Nursing Home.

Mr. KALICK. With respect to the three homes we represent, we believe we have complied with the subpoenas.

Mr. HALAMANDARIS. May we have Mr. Nisonoff, representing the Genesee Nursing Home?

Mr. BIRNBAUM. Mr. Nisonoff is not here, but the Genesee Nursing Home has complied.

Mr. HALAMANDARIS. Will you state your name?

Mr. BIRNBAUM. Birnbaum, B-i-r-n-b-a-u-m.

Mr. HALAMANDARIS. You are Mr. Emanuel Birnbaum?

Mr. BIRNBAUM. Yes, sir.

Mr. HALAMANDARIS. Mr. Fred Adams, is he here, representative of Grand Brokerage, Inc.?

Mr. SACKS. Mr. Sacks is my name. I represent Grand Brokerage. All documents have been delivered pursuant to the subpoena.

Mr. HALAMANDARIS. Thank you, Mr. Sacks.

We have Mr. Bernard Fishman, representing Gramercy Park Nursing Home—

Mr. SACKS. Excuse me.

Does that excuse me?

Mr. HALAMANDARIS. Yes, sir. We are instructed that Mr. Fishman will be here late. He has a court appearance.

Is there a representative of the Economy Restaurant & Supply Co.?

Mr. GROSS. My name is Sidney M. Gross, I am the attorney for Economy Restaurant & Supply Co.

Our client has been served with the subpoena, and garnered substantially all of the records the committee has requested.

The subpoena requested records of sales by my client, who is a wholesale grocer, to nursing homes. This requires allocation and segregation of all of his records.

The mass of records brought today, and any further records required, will be submitted.

Mr. HALAMANDARIS. Thank you.

Do we have any representative of Bernard Moskowitz?

Mr. MOSKOWITZ. My name is Bernard Moskowitz, with the Rofay Nursing Home.

Mr. HALAMANDARIS. Do we have a representative of the Amsterdam Meat Co.?

Michael Tennenbaum, of the Resort Nursing Home?

Mr. HOFFINGER. That is ours.

Mr. HALAMANDARIS. Let's see. We have a couple more.

I don't know how we pronounce this one. ARCIU Caribbean Merc. Corp.

Mr. HOLLANDER. That is ours.

Mr. HALAMANDARIS. All right.

Mr. Howard Kristol, representing Charles Sigety, for the Florence Nightingale Nursing Home.

Mr. MCKINNEY. My name is William McKinney, attorney, and as you know, we have not produced any records this morning.

We have submitted a letter requesting extension of time until Friday of this week in order to assess the issues presented by this subpoena in light of yesterday's State court decision, which quashed the State commission's subpoenas, for the record.*

* See appendix 1, Item 1, p. 2959.

Senator Moss. I have not read in full detail this opinion from the State court; however, I understood it only went to the State commission's right to subpoena on criminal matters.

Mr. MCKINNEY. Of course, that is true, Senator Moss, but it involves some of the same material which has been subpoenaed here today, and we do request a few days to analyze the issues raised by the State's opinion yesterday, as they may apply to this subpoena.

Senator Moss. Well, I would think we could allow maybe a week's extension.

Mr. MCKINNEY. Thank you, sir.

Senator Moss. So we expect you to comply within a week from today.

Mr. MCKINNEY. Thank you very much.

Mr. HALAMANDARIS. The remaining counsel, Mr. John Joseph Cassidy, representing Bernard Bergman, for the Park Crescent Nursing Home, Riviera Furniture Co., and the Towers Nursing Home.

Mr. LEWIN. May I approach the microphone?

Mr. HALAMANDARIS. Please do.

Mr. LEWIN. Mr. Chairman, my name is Nathan Lewin, I am attorney for Bernard Bergman, and the Bergman family, and the Towers and Park Crescent Nursing Homes.

Dr. Bergman was served with the subpoena to be here today, and he will be here this afternoon.

The Park Crescent and Towers Nursing Homes have pursuant to discussions with the members of your staff, compiled their records, and have them available for transmission to the committee.

However, as I entered the committee room this morning, and as I view the bench that sits before me, I must raise serious questions about the legality and the constitutionality of this committee.

Mr. HALAMANDARIS. Our agreement stands, the only questioning of Dr. Bergman will be by myself and John Edie, also a member of our committee staff, representative members of this committee, and Senator Moss.

That is our agreement, and we are duly constituted here as the Senate Subcommittee on Long-Term Care.

Mr. LEWIN. Mr. Chairman, I think in correspondence with you, our law firm called attention to the fact that here in New York, there has been conducted what in our view is a very substantial malevolent vendetta against our client.

We requested in that regard, therefore, that it be a correction of proposed plans for this committee hearing, so that the chief participant in that activity, Assemblyman Stein, I think for the record, should be noted is sitting on your right, where I suppose a Senator would sit, if there was another Senator on the subcommittee.

Assemblyman Andrew Stein should not be a member of the committee that is sitting here this morning. I believe the fact that Assemblyman Stein has been introduced by you, he has been given an opportunity to make an opening statement, not as a witness, but from all appearances as a member of the committee, that he sits, I think where a Senator would sit, or a member of the committee staff would sit, presents certainly from our client's vantage point a substantial possibility that the very individual who a State court judge found yesterday was engaged in what he called a roving commission, simply

designed to secure publicity, would be having access to the documents that we would present to this committee.

Now, we stand in good faith, behind the assertion that we have made to Mr. Halamandaris, and that we made in correspondence, that the records would be submitted to the committee, and to the committee only, and on the understanding that it is the committee, and the committee only, that is to have access to those records.

Now, if that submission is to be made, and we would be prepared to make it, we think it should be made at a time when Mr. Stein is not sitting as a member of the committee, and when his representatives do not sit in that capacity at the table which is reserved for the committee members, so at present, as the committee is presently constituted, I would most respectfully have to advise my client not to produce those records.

Senator Moss. Well, based on our correspondence, I made it clear that this is an official hearing of the Senate subcommittee, and that our committee exclusively has jurisdiction here.

Now, it is customary, in fact, rather frequently done when the committee sits in another city out of Washington, or another State, we oftentimes invite people who are interested in the subject matter to sit with us, but they do not function as a member of the committee, and in this instance, Mr. Stein is going to be a witness, he is going to sit down there in front of those microphones, and I do accord him the opportunity of sitting up here, since he has been conducting an investigation for a long time that we have been hearing about.

Now, maybe the appearance is that, but Mr. Stein is not to become a member of this committee, and he will not function in any way in the records we prepare, and the examination to be made.

Incidentally, those records will be examined by the General Accounting Office. I do not have staff available to me, and I have the General Accounting Office to examine the records for me.

I am sorry if his appearance offends you, but actually he is just sitting here by courtesy at the invitation of the Chair.

Mr. LEWIN. Mr. Chairman, again, with all respect, I must ask of Mr. Stein, if we are going to submit those records, leave the podium, and not be permitted to sit there, and I would ask in addition, that the Chairman give us the assurance that the General Accounting Office will have access to these records, which we are perfectly prepared to accept, and which we think is proper, and indeed Dr. Bergman's view throughout is that he will cooperate with every lawful governmental body that is seeking to conduct any good-faith investigation of the nursing home industry.

That has been his view in the past, that continues to be his view today, that will be his view in the future, and it is for that reason, when we received the Senate subpoenas, we made it clear that that full cooperation would be made available.

Now, I must say, simply as an attorney, who has been practicing for some time, there are I think substantial legal objections that would be inserted in various ways to the subpoenas.

They encompass the entire operating records of the business. We have not made any such legal assertions, because we think it is important that false allegations be laid to rest, but we think false allegations will not be laid to rest if those documents are made available to

someone who, in the past, has demonstrated an intention, a purpose, and in fact a practice of leaking them selectively with false statements to the press, and, therefore, we need assurance that they will not be made available to Mr. Stein, or to the members of his staff.

I notice two gentlemen sitting behind him, I submit again, in terms, Mr. Chairman, you say it is a matter of appearances.

I think it is a matter of very fundamental constitutional rights involved here.

The Senate is sitting, and the witness is prepared to offer every cooperation, but is not prepared to have someone against whom he has brought a suit in Federal district court, making a very serious allegation, who has been found to be acting improperly by a State judge, definitively, conclusively, in litigation that has been fully litigated before that State judge, to have that person sit up there in judgment.

I think in the cases where you referred to, where the committee has in the past invited interested persons, I daresay probably it has never occurred that those interested persons have been involved in those kinds of litigations, have been found guilty of mispractices that this gentleman has been found of, and are being entitled to sit there, I think, to create false impressions.

Senator Moss. Well, I of course know nothing about a lawsuit. I am not aware of any of that. I don't know whether your allegations are correct or incorrect, but I can assure you, Mr. Stein is not sitting as a member of this committee, that the records will not be turned over to him, or anybody of his commission; they will remain in the jurisdiction of this committee and the General Accounting Office until they are returned to the owners of the records, and if that is not assurance enough, why, I do not know how much more assurance I can give you.

Mr. Stein is not going to ask any questions. He has not spoken to me other than greeting me. I greeted him, said I was glad to meet him for the first time today, that is it.

Mr. LEWIN. Mr. Chairman, I submit no other witness on that witness list has been given the opportunity to sit up there on that bench.

My client has not been given the opportunity, and I think no one has suggested to him that he might sit up on the bench and make an introductory statement.

I think as the Chairman indicated, the appearance of it is wrong, and I am not simply, as a matter of obligation to my client, say to him, well, now, you can just go ahead with precisely the very central objection we have had with this hearing since the time it was called.

I think it is a matter of history, I think we have called to your attention that Mr. Stein made public statements, he would run this committee, he would preside over it, he would run it, he would operate it, he would decide when it would be held.

We will not cooperate with any effort run by Mr. Stein in that regard. It is really quite that simple.

Senator Moss. I think we are probably having quite a tempest over something that is not important. If Dr. Bergman would like to come and sit up here, I would be glad to have him.

[Applause.]

Assemblyman STEIN. If my presence on the podium so intimidates the good doctor, when he is ready to testify, sir, I will be glad to come

down at that point, and sit in the audience, even in the back of the audience, so he will not see me at all, and let him testify, if that would be helpful, I would be glad at that time, when Dr. Bergman is ready to testify, I would be glad to step down.

Mr. HALAMANDARIS. You have your choice.

[Applause.]

Senator MOSS. We had better not have any demonstrations. I am afraid we are getting deflected from the purpose of this committee here which is to get information, and I do not want to be sidetracked at all, and I do deny that there is any real impropriety in inviting the Assemblyman to sit up here, when I come to hold a hearing in the city of New York, but I can assure you again that it is simply a courtesy in recognizing that he has been involved in this whole matter, and that is the reason the courtesy was extended to him, and he will not participate in the hearing in the sense of asking any questions.

Mr. LEWIN. Our concern is not that Mr. Stein intimidates Dr. Bergman. That is not what I suggested.

As a matter of fact, Mr. Stein is persisting in Federal court, testifying exactly what there is, that is the basis of his allegations.

I brought a suit on Dr. Bergman's behalf. I served subpoenas on him. His attorneys are trying to prevent him from testifying as to what he bases his allegations on, so it seems to me if anyone is intimidated, it is Mr. Stein, and not Dr. Bergman.

He is prepared to come here, if Mr. Stein is in the proper role, as I understood, to be that of witness.

Now, there are many witnesses, I think, and they are sitting out there. As an attorney, I am sitting out here.

I think it is proper, if Mr. Stein is going to be a witness before this committee, if the staff members who are sitting behind him are going to be witnesses, they should not be sitting where the judge sits. They should be sitting where the witnesses sit.

I am an attorney. I represent defendants in courtrooms. It would be amazing to me if a party, another party in a lawsuit that I am involved in, would be sitting up in a seat next to the judge, and his counsel would be sitting behind him—

Senator MOSS. You are couching this in some kind of adversary proceeding with Mr. Stein. I don't understand that. It does not concern me.

I am really trying to get the facts out that we asked for in the subpoena.

Mr. Stein will be the very next witness, so I assure you he will be changing seats very soon.

Mr. LEWIN. I think he should be changing seats, and I would like the chairman's assurance, when he leaves that seat to be a witness, he will leave that seat for the rest of the committee, and that he has nothing to do with the rest of the session.

My concern, Mr. Chairman, is with those documents, and with the pattern of disclosures, and not really disclosures, but inflammatory statements, which I think we can demonstrate, and the reason we are cooperating, Mr. Chairman, is, quite candidly, that we think this is a fair forum.

We think this is a forum where Dr. Bergman testifies, and he shows you documents, and he shows you what Mr. Stein is alleging, that those

things are false, as you inquire into those, and you and the public will know that they are false.

There is no opportunity for that happening with that gentleman sitting next to you on the right.

There is just no opportunity for that happening, and it is for that reason that I have to ask, Mr. Chairman, that Mr. Stein be excused, and he only come down here as a witness, if he is going to be the next witness, and we will supply the records to the committee on the assurance that they are only for the committee, and that none of them will be disclosed to Mr. Stein or his commission, nor for that matter, to other defendants in the lawsuit, and we are giving them to the committee, and to the General Accounting Office, because we want a thorough accounting to be made of those records.

We want the lie to be put once and for all to the claim that Mr. Stein has made about fraud. We think you can do it.

You are the judge, Mr. Chairman. You are the judge. We think you are the judge, Mr. Chairman.

Senator Moss. I have assured you that Mr. Stein is not sitting as a member of the committee, will not be given access to the records that are subpoenaed, and other than that, I do not think you ought to tell me how to run my hearing.

So you have that assurance.

[Applause.]

Now, if you have any objections, you will have to enter it in the record.

Mr. LEWIN. Let me just make one other point with regard to these records.

As I said, they are operating records. I would just like to make it clear that we will be having, I think it is an understanding that my office has with Mr. Halamandaris, that we would have access to the records for operating purposes.

They include 1974 records, that we will always have access to them, that we can copy them, that we can read them, that we can use them in terms of our civil litigation against Mr. Stein, that they will be available to us, but other than that, they are being provided only to the committee, and only to the committee staff.

Senator Moss. You will get their full security here in the city of New York, and you will have access to them when you need them.

Mr. HALAMANDARIS. Correct.

Mr. LEWIN. And with the chairman's clarification in that regard, that Mr. Stein is not to have access to them, there will be compliance to those subpoenas.

Senator Moss. Thank you. I think there is one more subpoena.

Mr. HALAMANDARIS. Right. There is one more subpoena.

Senator Moss. Rocco Scarfone of Hallandale, Fla., who was served with the subpoena.*

I have here now a letter addressed to me from Mrs. Scarfone, in which she says: "My husband, Rocco Scarfone, has been admitted to the Miami International Hospital in north Miami, Fla.;" and I will have this made a part of the record.

*See "Trends In Long-Term Care," part 24, Feb. 4, 1975, for appearance by Mr. Scarfone.

[The letter referred to above follows:]

JANUARY 19, 1975.

TO MR. TED MOSS, CHAIRMAN: My husband, Rocco A. Scarfone, has been admitted to the Miami International Hospital in North Miami, Fla., by Dr. Faffealle Cilento.

Any information regarding my husband's illness and complications contact Dr. Cilento at the hospital.

Sincerely,

MRS. ANNE M. SCARFONE.

Senator Moss. We will now proceed with the witnesses that we have called for this morning.

We will begin with Assemblyman Andrew Stein, chairman of the Temporary Commission on Living Costs and the Economy, accompanied by Terrence Moan, executive director, and Hal Lee, research consultant.

If you will remain standing, I will swear you in.

[Whereupon, the witnesses were duly sworn.]

Senator Moss. We will begin with Mr. Stein, and proceed with Mr. Moan and Mr. Lee.

STATEMENT OF ASSEMBLYMAN ANDREW STEIN—RESUMED

Assemblyman STEIN. Thank you, Mr. Chairman.

As chairman of the Temporary Commission on Living Costs and the Economy, I welcome the opportunity to testify before this subcommittee.

The commission has been investigating nursing homes since its creation nearly 18 months ago. Last year we presented a report to the Governor and the legislature which detailed the failings of the nursing home industry to provide adequate care to the elderly, and suggested remedial legislation.

During the past 5 months we have expanded the legislation to include the economic as well as the quality of care aspects of the nursing home industry.

I was shocked and offended as all decent people in this State that proprietors of many nursing homes have used the reimbursement formula to play enormous monopoly games where mortgages and deeds are transferred back and forth between the same and related parties.

The inhumanity becomes evident when you realize time and time again that a property manipulation is more important than human life.

There can be no greater duty than the care of the old and the sick. There can be no greater crime than abusing this trust by using these people as pawns in this multi-million-dollar real estate game.

I will now introduce Terrence Moan, executive director of our commission, who will explain the New York State reimbursement formula, and elaborate on the real estate manipulations.

Senator Moss. Mr. Moan, we will be glad to hear from you. I would like to know about the manipulations I have heard about.

STATEMENT OF TERENCE MOAN, EXECUTIVE DIRECTOR, TEMPORARY COMMISSION ON LIVING COSTS AND THE ECONOMY

Mr. MOAN. Thank you, Mr. Chairman.

If I might, I think it would probably be a lot easier for everyone concerned if I were allowed to use some visual aids.

I have some charts with me, and some of them are a little complicated due to the complexities of the transactions that are involved, but I think that in the end, it will make things a lot easier for everyone.

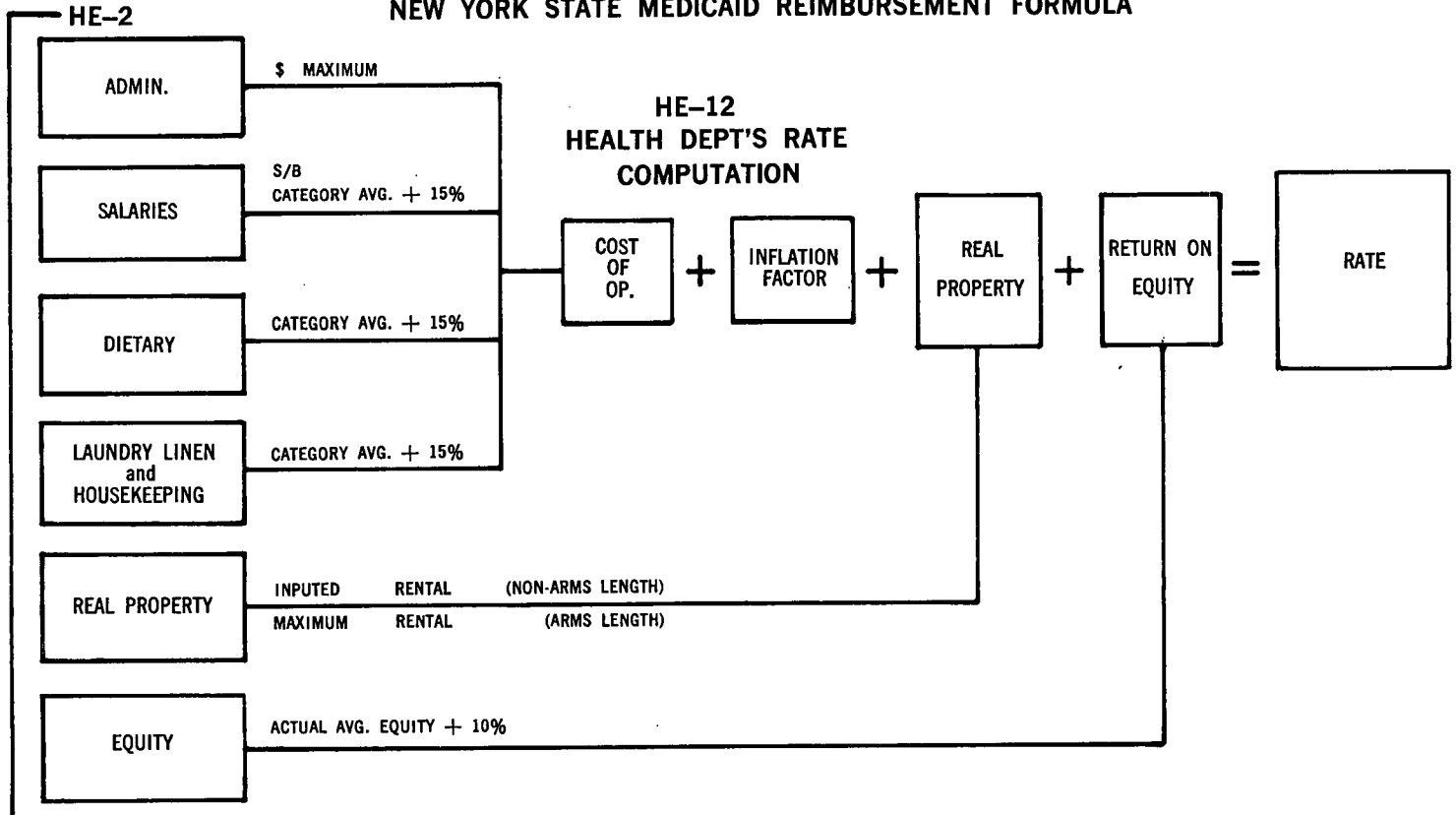
Senator Moss. I will be happy to have you use visual aids, they will help me, and I do want to comprehend them.

Mr. MOAN. Thank you.

What we have here is a schematic of the New York State reimbursement formula.

It shows a number of components, cost components which are reported by the nursing home operators, to the State department of health, on a form which is known as the HE-2.

NEW YORK STATE MEDICAID REIMBURSEMENT FORMULA



HE-2 OPERATOR'S STATEMENT OF COST

The HE-2 is a form which is certified by a CPA, and it is verified by the operators as being true and accurate, and a false statement on these applications would be the same thing as perjury under oath.

The various costs here are limited according to certain formulas. That will be better, if we put it on an easel.

The first cost that we have to consider, are the administration costs.

Here, in what I term as the administration costs box, we are really talking about salaries, the operator's income, what the nursing home operator—the owner—gets as his salary.

This is something that is, he says he is paying to himself.

Now, these are subject to dollar maximums, the dollar maximums are calculated by the State department of health, and they vary according to the size of the nursing home.

For instance, a 100-bed nursing home will have a maximum salary of \$25,000, and a 250-bed nursing home will have a maximum salary of \$45,000, so that this is a dollar maximum, and it limits the actual dollar amounts that can be charged by the administrator and pay to himself, and will be reimbursed for.

The next category is salaries. Now, in here, are administrative costs other than the administrator's salary, are salaries to all personnel, with the exception of the nurses, and all other people that would work with the nursing home in an advisory capacity, for example, lawyers, and so on, would be included in this category.

Dietary and food, this includes the food that is purchased, any outside consultants that are on that, that have been brought into health, dietitians would be here, all food suppliers of any sort are in here.

Laundry, linen, and housekeeping costs, the same thing.

It includes purchasing of the soap, buying of the linens, cleaning of the linens, if they were cleaned, buying of the hospital clothes smocks, and everything for the patients, and there is usually included in here also a clothing allowance for the employees of the nursing home.

Down here is real property costs. Now, real property costs were based upon one of two things, if it is a rent situation, it is based upon a rent.

If it is an ownership situation, where the owner of the nursing home actually owns the building that he is occupying as a business, then this will be included as a depreciation cost, and the last category is an equity category; that is, how much equity is left in the business at the end of the year.

Now, this is a very unusual portion of the New York State cost reimbursement formula. It is a cost-plus system.

Most of the cost-plus systems that the Federal Government uses are cost-plus systems where if the cost increases, then the profit increases.

Here the profit is only based upon the amount of the equity in the business, so that in the event you double your costs in any year, you would not necessarily double your profit, unless you would increase your equity.

If your equity is zero, as it is in most nursing homes, then this component would be totally out, and you would have no profit built in, regardless of how much your costs are.

Senator Moss. Now, equity, is that the total business, or just the real property?

Mr. MOAN. It is—that equity is for the business of running the nursing home itself.

If it is owner occupied, this would be—the equity of the building would be included in that portion of the formula. However, most that you would be talking about are not owner occupied, they are rented, and, therefore, the equity is merely the capital that remains in the business.

There are limitations. These are all included in the HE-2. Once it goes to Albany, we start working with the HE-12's, which is a derivative, calculation basis that the State uses.

The HE-12 is where the maximum costs are set out, and this is where disallowances begin, and the administration costs, as I explained earlier, there is an actual dollar amount set on the administrator's salary.

For these other three components—salaries, dietary, and linen and housekeeping costs—there is no dollar amount. There is merely a category average, plus 15 percent.

Now, that would say, if you have a per group of nursing homes, if, for example, nursing homes in New York City are the size of 50 to 150 beds, are one category, then your average salaries would be compared to all of the other per group nursing home salaries, so that if you were paying your employees \$100,000, and the average of the category was \$100,000, it would be totally allowed, and that would be reimbursed.

If your food was running \$100,000, and the average for the system was \$100,000, that would be reimbursed.

The same thing for linen and laundry. Where the limitation comes into play, is if the average for the category is \$100,000, you say that you spent \$150,000, then they will allow only up to the ceiling, which would be \$115,000, so they would disallow the \$35,000, and the extra salaries paid out.

The same thing in dietary, the same thing in linen and laundry.

These all come into the cost of the operation, all of these costs are then added up, and are divided by the number of patient days, and you come out with your average cost of operating the facility.

That is then multiplied by an inflation factor. The problem here is that all of these costs were certified to in 1 year. These costs, for example, now are being submitted for 1973.

Clearly, inflation has affected those costs, fuel has gone up, food has gone up, all of the other costs of running the institution has gone up, so, therefore, you have to inflate all of those costs, that they have certified to by some factors in order to update them to 1975 figures, so this year, the inflation factor is running at 23 percent for nursing homes in New York.

The ones I have looked at have all had that percentage increase, so that whatever costs you have here, subject to these limitations, are increased by 23 percent.

Those two costs are then added up, and they are added up to the real property, and the return on equity will give you your final rate.

The real property costs are a complicated part of the formula. They are complicated for the simple reason that they are illogical, and be-

cause they are illogical, it is very difficult to explain them and have anybody make any sense out of them. It is simply the way the system is operated.

There are two rentals that we found. There is the imputed rent, and there is the maximum rent.

The imputed rent is used in a non-arm's-length agreement. That is where you owned the nursing home, and you rented it to yourself. Let us say you have a corporation, and you rent the nursing home to yourself, and you run it as a business.

That would be the non-arm's-length agreement, and that would be the imputed rental.

The maximum rental is what is known as the arm's-length agreement, which is an agreement supposedly between strangers; however, according to the State department of health definition of a non-arm's-length agreement, it says if you own up to 10 percent interest in the landlord, you have a non-arm's-length agreement.

That would mean, in simple terms, if your wife owned the nursing home, and rented it to you, that would be an arm's-length agreement.

If your brother owned the nursing home, and rented it to you, that would be an arm's-length agreement, but what is not an arm's-length agreement is when your wife and you jointly own it—you have 50 percent and she has 50 percent—and you rent it to yourself, that is not an arm's-length agreement.

So clearly the terms "arm's-length" and "non-arm's-length" are not used in a business sense, but are specialized terms, and they clearly do not necessarily mean two strangers doing business together.

The basis for the rentals, as I will show later in the real estate portion of my delivery, is the rental formula based on an historic rent that was charged in either 1966, 1968, or based upon the cost of the construction.

In New York City, where you have a lot of nursing homes that were old, and were run as nursing homes for a long time, most of the rents are the maximum rental, the arm's-length agreement, and most of those rents that were charged in 1966 and 1968, so those rents, if they were non-arm's-length, they were not actual economic rents, in that period of time, they will remain that way.

Now, for new institutions which are built, the existing rents in 1966 are used as the basis for calculating what is a fair rent.

For example, if you have an institution which would contain 100 beds, and the rents, the average rents for that category of housing in New York City, or in any county of New York was \$100,000, then a new institution was built, and was on an arm's-length basis, that would also have the \$100,000 maximum rental, so not merely do the 1966 rents affect those institutions which were rented in that period of time, but they affect all of the other institutions in New York, because they are used as a basis of fair comparison, so that we have to look very closely at what happened to those institutions, and how those rentals were calculated, and what the cost basis of those institutions were, before the medicaid reimbursement formula started to work.

Now, equity, as Mr. Lee will describe, is a cost component, which is not increased by inflation.

It is increased only by an actual determination of how much money is left in the business, of what is done.

It is technically at the actual average equity during the year period. Now, that means if you take the equity every month, you add it up, and you divide by 12. In this way you prevent someone from putting in a lot of equity at the end of this period, and taking out from the beginning and saying my equity for the year was that equity on December 31. This is why we have the actual equity over the year.

The next portion is that you add the cost of your operation, plus that 23-percent inflation factor, plus your real property cost, whether imputed rent, maximum rent, or depreciation, plus your return on equity, and you get your rate.

Now, that rate is the rate that is calculated to provide for all of these costs, subject to these limitations, and to provide for return on equity, if there is some, and to pay what is determined to be the fair real property cost, so all of the institutions that we are looking at should be able to pay for themselves, should be able to meet all of their current debts, because the system is designed to allow for pass-through of all costs of running the nursing home.

If there is any place where a cost is disallowed, for example, if the real property costs are doubled or tripled what is allowed, the nursing home operator has a choice.

He either pays the rent, or he cuts down on some other service, or he cuts down on his profit.

Now, if the person cuts down on the service and reports that cut, that will be reflected in here, which will be heard the next time he comes up for inflation, for a cost certification, so that is not a very popular way to do it.

If he cuts down on his profit, he is running a profit-losing business, a money-losing business, and he is paying all of this profit to his landlord.

That is not usually very popular. What we have found, too often in New York, is that there are cuts, there are methods of inflating certain of these costs, for example, there are no-show jobs that have been put into administrators' salaries.

If you put your wife on, if you put your son on, if you put your cousin on, and that person collects the money, and pays it back to you, or that person never collects the money, and it is merely used to get a little bit of extra out of the nursing home, to go all the way up to your dollar maximum, then you can keep this portion a little bit inflated.

The same thing for salaries. As has been found in New York, if your mother was put on as a maid, whether she does work or not, her salary is reported, and if it is within the category average, it will be allowed, and there will even be an inflation factor added to it, so if your mother is on as a maid, not only do you collect her salary, you also collect her salary plus a profit at 23-percent increase, when it comes up for reimbursement, and the same thing all the way through.

If in addition to buying food for the nursing home, you buy food for your own home, and that is included in the dietary, not only do you get the benefit of the food, but you get the benefit of increasing your costs.

The same is true with all of these costs down to real property. That is the system.

One control in New York, is that you have a department called the bureau, and they go out, they are the policemen of the system, they go out and inspect the books.

Everything we have talked about here, are merely the owner's own statement of what he spent, certified by a CPA, that it is true, but still they are basically the owner's own statement.

Many times we have seen, in going through the State department of health figures, where the CPA writes off on the form, and says I cannot verify some of these figures, because the data was not available, so in essence, we are talking about a self-serving statement by the operator, subject only to broad category limitations, which are only reviewed in the event the bureau provider auditor actually physically goes out and inspects the books to insure the costs were paid for salaries, that your mother was not on the payroll, that the food was delivered to the patients, that the laundry and linen services were actually provided, so this is the only way you have an opportunity to inspect the books of the nursing homes, to make certain that these costs are actually accurate.

If they are not accurate, then the system will be skewed, and the system will allow for additional profit, which were unintended by the medicaid reimbursement law.

Now, do you have any questions on this?

Senator Moss. If a false report is set in motion, such as on administrative salaries, and if the CPA does not detect it, and his certification goes in, there is no protection against overcharging?

Mr. MOAN. That is correct. The only protection you have is a tough auditing program that will go out and make certain that the costs, as reported were actually incurred.

The CPA's clearly are not efficient. They have not worked to date.

In New York City alone, the average, when the State health department, when their bureau provider auditor goes out in New York City, they have averaged on every institution they have audited a return of \$77,000, so a \$77,000 inflation factor included in here is a lot of money on each of those institutions, and when we have 400 of these profitmaking institutions in New York, you have some idea of the magnitude of the moneys that are being lost by the State of New York.

Senator Moss. And you are saying that there is no incentive of any kind for economy?

Mr. MOAN. There is an incentive. I did not include it on this chart, because it is difficult to describe, and it would clutter this up.

What would happen here, is if you are below the category average by a certain percentage, then you get what is known as an efficiency bonus, which will be added into your rate, as an additional bonus, and that is one way to make an economy step, and, in other words, if you would say, it is calculated, that you save the State a dollar, we will give you back 40 cents of that dollar, and if the average of your category is running, let's say, \$100,000 for your size institution, and you come in with \$80,000, you save the State \$20,000, we will give you back 40 percent of that, or \$8,000, so that is the way the category averages, and the efficiency bonus is working.

However, there are very few, from my examination of the records, there are very few efficiency bonuses entered, and they simply do not exist that often, to really actively act as a control on the system.

However, they certainly do exist, and they are a bonus, for the honest operator, who wants to make a good decent living out of running his nursing home in a proper way, and they certainly are working for those individuals.

Senator Moss. You talked about the real property, about the difference between non-arm's-length and arm's-length, and so forth.

Rather than use the formula for that, is there any incentive there to have the value of that real estate, to give you greater return?

Mr. MOAN. Yes. Clearly, it will. It will in two circumstances, if you have a sale of the property, if you finally get out of the business, and you sell it to someone else, that person can go into the State department of health and say the cost of the building is greater than you are allowing, I need an increase, and I will show some figures on that, but what is most important, is the fact that many of these, the inflation that has occurred, occurred before the formula took effect, and before these rents, before these rentals were calculated, or first entered into, so that the State started from an unusual base, a skewed base, perhaps an unfair base for some of the operators, and allowed some of them certainly a greater profit than should have been allowed.

I brought a chart with me, which I apologize for the complexity, but it is essential to have that complexity to describe what is happening in the system, and I would like to bring that one out, when we go for the reimbursement, for the real estate portion.

Senator Moss. All right. Let's proceed to that.

Mr. MOAN. This is a flow chart of one nursing home sales, leases, and mortgages, from the years 1957, I believe, to the present.

In 1957, the institution, by the way, opened as a nursing home in 1960, but in 1957, we had the first sale that we recorded.

Now, we have a color code here, which I will explain.

The color codes, the reds, are one individual owner, Ann Weiss.

The greens are companies which are owned by her husband, Bernard Bergman, or are owned by herself, so these are all the greens, this shade of green are Bergman companies.

These blues are owned by two individuals, Mr. Goldberg and Mr. Farber, and these yellows are commercial lending institutions, with the exception of those two over there.

Those were the previous owners of the building before it got into the nursing home industry.

The first sale that we have, we know the value of the building, when it was sold, was less than \$300,000.

We know its assessed value now is \$212,000, and it could not have been more than \$300,000 during that period of time.

In 1958, Ann Weiss sold the property to Ledge Realty Corp. Ledge Realty Corp. is a Bergman corporation, and we have, we do not know how much the sale was.

As far as our records indicate, it was a \$10 transfer, so we do not know what actual consideration passed.

The following month, I believe it was the following month—no, it was the following day, Ledge Realty Corp. sold it back to Ann Weiss.

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A year later, she sold it back to Kingsby Realty Corp., that is another wholly owned, or at least Bergman company.

We know he is at least an officer of the company. I don't know that he owns all of the stock.

In 1965, Kingsby Realty Corp. sold to Kingsby Realty Co.

Kingsby Realty Co. is usually Ann Weiss doing business as Kingsby Realty Co., although there has been reports in the title searches, that sometimes it is a partnership between her and her husband, Dr. Bernard Bergman, so here we have another sale, and again the value of that sale is not known, because it is noted as a \$10 transfer.

The following year, in 1966, and this is where it becomes important, because we are talking now about that preparatory period for the medicaid reimbursement law.

Kingsby Realty Co. transferred back to Kingsby Realty Corp., the same Kingsby Realty Corp. with the same qualifications, another \$10 transfer.

The same day the property was mortgaged to ODC, Inc., a Bergman-owned entity, so the following day, Kingsby Realty Corp. transferred the property back to Kingsby Realty Co., which was again Ann Weiss doing business as Kingsby Realty Co., so during all of these transfers, from here over to the one in 1957, the property has changed hands a total of seven times, but it has never left the physical possession, the equitable ownership of the Bergman family.

In 1970, we had a transfer again from Kingsby Realty Co. to Kingsby Realty Corp.

The same corporation that we have here, here and there.

Kingsby Realty Corp., the same year, 2 months later, sold back to Ann Weiss doing business as Kingsby Realty Co.

Kingsby Realty Co. the following year sold it to the Kingsby Realty Corp., who the following day sold it back to the company, so all of these transfers, this entire line all the way across, back to 1957, the transfers between Ann Weiss, and companies which are either owned or controlled by Dr. Bergman, or members of his family, so here, although we have all of these transfers, the property really has never left the possession of these people.

Now, back here in 1959, 1962, we have our first mortgage being entered into.

The nursing home was opened in 1960, first opened, and renovation totaling \$250,000 was put in.

Simultaneously with that, in 1962, they took out \$337,000 from the New York and Suburban Federal Savings & Loan Association, this is a mortgage on the building.

The renovations were \$250,000, and they took in an additional \$127,000 out of the mortgage that was not covered by this.

This possibly went to pay off the cost of the purchase. Again, that is speculation, I really don't know.

However, we do know the mortgage entered into was approximately 50 percent greater than the renovations that were performed on the institution.

Following 2 years later in 1964, again before the medicaid period, there was a mortgage entered into between Kingsby Realty Corp. and ODC, Inc.

Now, ODC, Inc., we know is another Bergman company. The mortgage is \$817,000, and 4 months later, an additional mortgage was granted from Kingsby Realty Corp. to ODC, Inc., another Bergman company, for an additional \$100,000.

The total for all of the mortgages outstanding for 1964, was \$1.2 million. This is all in a building worth \$300,000 in 1957, with \$250,000 worth of renovation.

In 1966, just before the medicaid reimbursements began to affect these, we have an additional mortgage, again to ODC, Inc., for \$75,000, which increased the total indebtedness on the building to \$1.3 million, and it has remained relatively constant since then.

There has been an additional \$15,000 mortgage along the way, right over here in 1970, but that is minor compared to everything else.

Now, down here, when the mortgage was at its greatest peak, \$1.3 million, the mortgages that were outstanding, almost a million dollars of them, everything but this one portion to that one savings and loan association were loans from Bergman to himself, so we don't know, there clearly was no lending institution involved here, so we don't know that the building actually could have supported the debt, if it had been taken to a commercial lending institution.

We don't know what sort of money was exchanged between the companies to this, or indeed if any was exchanged. We merely know that an encumbrance was placed upon the land.

In 1966, we have the mortgage value of \$1.3 million. Two years later after the beginning of the medicaid program, we have a lease entered into between Kingsby Realty Co., the owner at that time, to Kingsby Realty, I am sorry, to Willoughby Corp.

Willoughby Corp. is owned by a Mr. Goldberg, a Max Goldberg, and a Benjamin Farber.

They, in the same year, 2 months after they leased the property for \$105,000, they subleased it to themselves for \$141,000.

No, I am sorry. They subleased it to a company that they had for the same rent, for \$105,000.

Later that year, they subleased to themselves as individuals, for \$141,000, an increase between this lease and this lease, for \$40,000, and both leases being entered into by the same individuals.

They then further amended their lease the following year to increase the rent from \$141,000 to \$184,000 an increase from here to here, of \$43,000.

The last application that comes here is the application of Jerome Mann, who wishes to become a one-third partner in this nursing home for a total cost of \$80,000, so he was willing to put \$80,000 to come into here.

This application I believe was denied by the State department of health, which I will get into in a second.

The other sale that we have going on here is this lease position here, which is where you have a guaranteed income. You have a lease that required somebody to pay you, Goldfarb Realty Co., to pay this person \$148,000, and this person has an obligation to pay this company \$105,000.

This lease position was sold, it was sold to this person as a business investment.

The cost of the sale was \$246,000, so that this lease position here is now in the hands of a third party who has no relation as far as anyone can tell, with any of the other people involved in this transfer.

Now, what happened, the bottom result of all of this, is that this lease amount, this rent that was agreed upon here, at the time when this mortgage was \$1.3 million, and over, or nearly \$1 million of it was from Bergman companies to Bergman companies, this lease was entered into with these people.

This is the cost which is now being reimbursed by the State. This cost has then been broken down as a per-bed figure.

Now, the interesting part of this is that the per-bed figure was based on the occupancy at that time, which is 250 beds.

However, the State department of health has recently, I believe it has gone through with the proceedings, they were moving to disallow 57 of the beds, to decertify 57 of the beds in the institution, and thereby reducing the cost of the rental, so what they are saying, according to the averages for the area, even though that this lease amount was corrected, because the institution had 210 beds, the institution never should have had that many beds, and that the rent has to be reduced.

These people went to the State department of health, and said that because of this sale, you would drive the business out of existence, and you would bankrupt the institution.

To the best of my knowledge, no final decision has come as to whether the rent should be reduced or not, but it shows the entire flow, it shows the fallacy of these rents, at least the rents in this instance, because the institution never should have had 210 beds in it.

Of the 210 beds, 205 are in rooms with three or four or more patients. There are only five patients that are in either semiprivate or in private rooms, so here we have an overcrowded institution, that physically should not have had 210 beds in it, the State department recognized they should not have had that many beds in it, but they were reimbursed based on having that number of beds, and sure enough the rent that was approved was sufficient to meet that ceiling so, therefore, we have transactions, a clear problem of transactions prior to the institution of medicaid, which clearly affect the medicaid reimbursement formula, and distort it at least to this one institution.

I would like to point out one fact, that all of these documents, all of these things we have here, are things that are information that we have collected from title searches, which were filed in the county clerk's office.

These are all public documents, but the State department of health does not have the time nor the facilities to go out and do a long title search like this, nor do they, according to their rules and regulations, care of what happened back here.

We care, because the commission believes that these are the costs that have really inflated part of this medicaid program, the costs in the system, and have skewed the real estate costs, and have allowed certain real estate ventures to dominate the industry.

It is clear all of these transactions occurred before medicaid, and afterward they rode along with the way the system was working.

Senator Moss. How long did it take you to do that search?

Mr. MOAN. Well, we had professional people doing it. It took about 3 weeks for them to go through and trace it all the way back, and they

came to us, and they reported they had never seen such a tremendous number of transfers in any one parcel of real property.

I might also add that we could have chosen any one of a dozen nursing homes that we have, that have similar or even more complicated flow; however, this one was chosen for the simple reason that it clearly shows, the State department of health's action clearly shows that this rent is wrong.

Senator Moss. Now, in 1966, you have the green ownership that goes right on, and then that blue branches off above.

Does that mean the renter is operating it as a nursing home, and the green is simply the ownership?

Mr. MOAN. That is right. They own the physical property, but because they have entered into this lease, and they dominate the nursing home, because their costs, is a fixed cost, and it is a major fixed cost, and the \$100,000 here is a lot of money to put on this one small building.

I have pictures of the building, which I would like to admit into evidence, and they show a building, a three-story building.*

Senator Moss. This building there?

Mr. MOAN. That is right. That is the building, and the other picture shows the back of it, and this is the institution that we are talking about, that underwent all of those transfers, and was mortgaged at one time for \$1.3 million.

Senator Moss. Did you check its assessed valuation?

Mr. MOAN. The assessed value is less than \$212,000.

Senator Moss. These will be admitted into the files.

Did you find violation of law in all of this transfer, anything that you thought was violation of law?

Mr. MOAN. No, we did not find actual violations of law. This is legal, all of these transfers are legal. It is a perfectly legal operation. There is nothing unlawful or criminal about it.

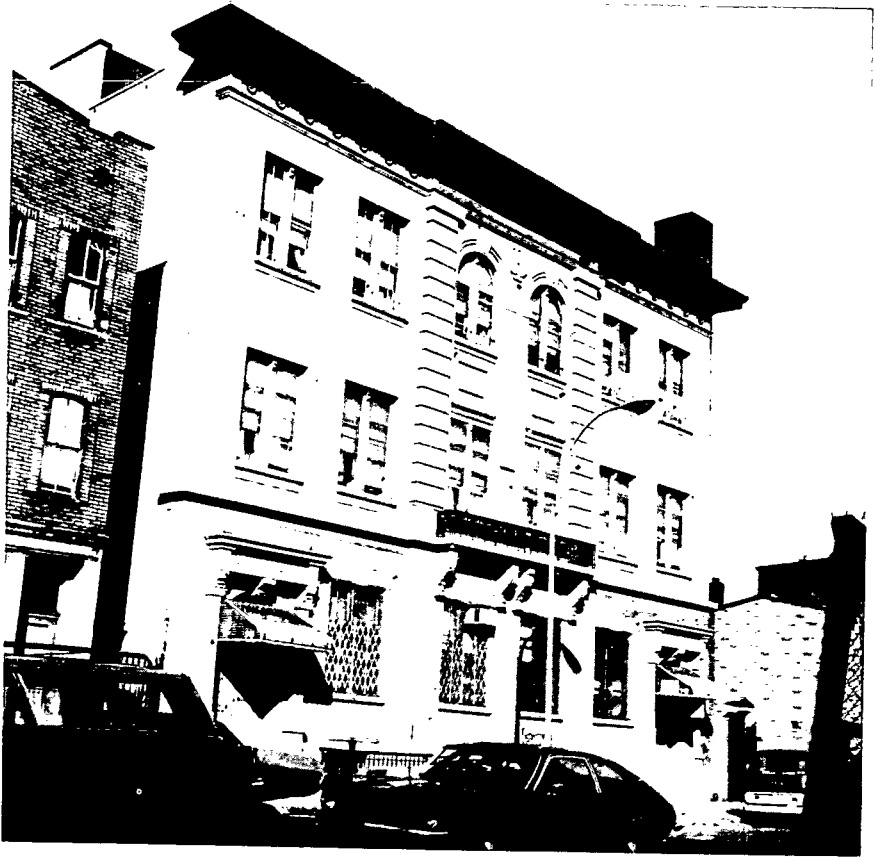
The problem comes in that the existing medicaid reimbursement formula permits the reimbursement based upon a history of all of those transfers, and if the cost of that building, and the value of that building was—bore no relationship to its real value, its assessed value of \$212,000, after the \$250,000 worth of renovations, so that here we have a building that we know is worth no more than \$300,000 in 1957, and a building that underwent \$250,000 worth of renovations, that figure is recorded on the State department of health records, the HE-2, and the total of those is much less, it is even less than half of the amount of mortgages that were entered into on that building.

Senator Moss. What was the end effect, if you have it, what was the end effect of the cost figures that comes out at the end of that formula, by reason of the real estate?

Mr. MOAN. Well, again, we don't know exactly how much the State department of health will eventually reduce the rent in the future.

We have been told, or I was told that the owners said they would no longer be able to operate the institution, would have to go out of business, because the planned reduction of business would be too great, and would force them into bankruptcy, so what is probably a fairer rent for the building was allowed, the institution would be no longer under the medicaid system, and would no longer bear any relevance to how

* See next page.



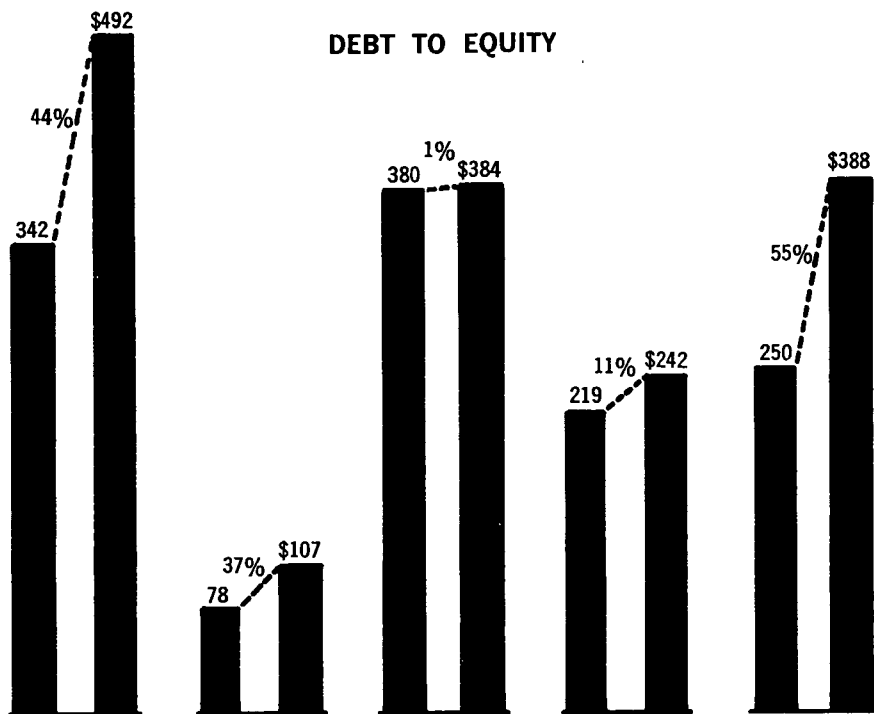
much the reimbursement formula would or would not allow, so we do not know what the savings would be.

Senator Moss. You say that in 1973, they are using 1973?

Mr. MOAN. They are using 1973 records to present 1975 reimbursement formula.

Now, I have one other chart. I apologize for the number of charts I have used, showing the increases that were permitted on other institutions when transfers were made.

DEBT TO EQUITY



Now, these are the numbers, these represent numbers, which are actual dollars, medicaid dollars which were changed, which were increased due to transfers of ownership of the property, the transfer of ownership of the nursing home itself.

For example, Ann Weiss, when the green leads to the blue, that transfer, this is the same situation, where that would happen, and this is what we have.

Here we have one institution where the reimbursement rate is increased from \$342,000 to \$492,000, an increase of nearly 46 percent.

Here we have an increase from \$78,000 to \$107,000, an increase of 37 percent.

Here we have a minimum, which is \$380,000 to \$384,000, less than 1-percent increase.

Here \$219,000 to \$242,000, an 11-percent increase, and last, \$250,000 to \$388,000, an increase of 55 percent.

Now, these are costs which were increased in the past 3 years.

There are others that we have, there are not a lot of big costs, but they do have them, these were entered in the past 3 years, from 1971 to the present, and the costs were allowed as increases, that will hold forevermore as far as costs are concerned, so that real estate manipulations, and real estate transfers can be very profitable.

Here is an additional \$150,000 a year, for as long as the building continues to operate, and this is the building that is the same building that was when it was down here.

There is no change in the quality of service. There is no change in the accommodation provided to the elderly patrons in that nursing home, and what we merely had was a change in ownership, new faces running the institution, and receiving a profit, and so these are transfers which we believe greatly affected medicaid.

Senator Moss. These are the five different nursing homes which you checked?

Mr. MOAN. That is correct. We have had as many as 36 transfers of recorded actions, let's put it that way, 36 recorded actions, in I believe it was a 10- or 15-year period, so the average comes out to be a little bit greater than 23 transfers, or 2 transactions a year, the transaction is actually a sale, a mortgage, or a lease, so the property is continually being exchanged, or being manipulated in some way, somehow for reasons which the public documents so far do not disclose.

Mr. HALAMANDARIS. The question that occurs to me, is what degree do disclosures being made indicate a common practice here in New York City, and if you could give me some idea of the scope of your investigation, have you limited your investigation particularly to Dr. Bergman and his family, or have you done this throughout the State of New York?

My question again restated; is this a common practice, or did you focus in on one home?

Mr. MOAN. Most of our title searches were done in New York City.

We have some from the outer boroughs, and from, I believe, Westchester, and other areas in New Jersey, as a matter of fact.

We have not focused in on any one family. It appears to be an industrywide practice, because whenever we asked for a title search, it inevitably takes 3 weeks to come back, and it inevitably comes in with 10 pages worth of transfers such as we had here today, and it certainly is not isolated to any one component of the industry.

The age of the institution does have an effect. A nursing home that was just built, certainly it will not have all of those transfers, but an institution, which is an old building, particularly a renovated building, will have undergone any number of transfers in the past few years.

We have also found, I believe, in the Mayflower Nursing Home, and I would have to check our files, but we have a great number of transfers.

Senator Moss. Does the State department of health now have any option, or must it accept those sales prices when applying for transfers, going on, with prices going up?

Mr. MOAN. The ones I showed in the last chart, one of the reasons that they said they were, they granted increases, was because they were mortgages, those rents were necessary to cover outstanding mortgages.

Now, I do not know for a fact whether those mortgages were entered into the way these mortgages were, the earlier mortgages were, or between companies and related institutions, or the commercial lending institutions, but I do know that what we have found is that these buildings, and these properties have always been well overfinanced and that is that they have always had debts, much greater than we could justify according to their assessed value, or according to the renovations that allegedly have been included in the building themselves, so that if you have a building that is worth less than half a million dollars, granting it the total amount of purchase price, and the total

amount of its renovations, it should not be able to, in any sense of the word, support a debt of \$1.3 million.

Senator Moss. Is there any noticeable difference in the quality of the care that is rendered to the patients, as you can see, by reason of this increase in the reimbursement?

Mr. MOAN. Well, my understanding, we first of all have not found direct correlation. We have not, taking every nursing home that we have, found problems with, transfers with, and checked them for problems in deficiency reports of the city and the State, but what I do know, for example, that one nursing home, the Willoughby Nursing Home had the reputation of delivering very bad care, and we had testimony of such effect before the commission at some of our hearings.

I also know that some of the other institutions that we have looked at, Towers is one, also had atrocious care, so that I know at least in isolated instances, that we have found situations where transfers, a history of transfers has occurred in a building where there is definitely bad care being delivered.

We do not know if one is causing the effect, however.

Senator Moss. Is there any appreciable difference in the reimbursement rate between, say, 100-bed nursing homes and 300-bed nursing homes?

Mr. MOAN. Yes. The ceiling for all of these things was calculated on an average bed basis, so that if you had a 100-bed, and your reimbursement rate is \$110 per bed, the maximum ceiling, you can get on this institution is \$110,000.

If you have a 300-bed institution, it would be \$330,000, so that the ceilings are calculated according to the number of beds; however, the individual rents sometimes bear no relation to the number of beds in the institution.

Senator Moss. The unit reimbursables, the calculation is agreed on the bed—

Mr. MOAN. That is correct.

Senator Moss. Not putting nurses' homes into various categories?

Mr. MOAN. That is right. There was a proposal, that was with the State department of health, to limit future reimbursement to historic costs, that is to say that an institution, which was built in 1973, for \$500,000, for \$1 million, would only be reimbursed on that historic cost, and not on any of the land transfers that have taken place, and it would not vary if it had been leased to a third person, or leased to the owner himself, so all of these things have been taken a look at by the State department of health, as far as I know.

However, they have yet to come down with a formal ruling on that proposal, so that right now the reimbursement formula is generally based on the number of beds, rather than a physical examination of the building, so we may have institutions receiving rents that have no relationship to the real value of the building itself.

Senator Moss. The department of health could make a decision as to whether there are too many beds in a home, I take it, from your testimony, about disallowing 53, or some number like that?

Mr. MOAN. Fifty-seven, I believe it was. Yes, they can decertify beds. My understanding is that the nursing home that I described, the Willoughby Nursing Home, was certified for 210 beds, when there was a severe bed shortage, and so that they felt it was justifiable at the time

to perhaps crowd more patients into a room; however, now that there is no longer a bed shortage, the conditions are no longer to be tolerated.

Senator Moss. I think we had better turn to Mr. Hal Lee now, and if you would be available, we might turn back to you.

Mr. Lee, would you like to proceed?

STATEMENT OF HAL LEE, RESEARCH CONSULTANT, TEMPORARY COMMISSION ON LIVING COSTS AND THE ECONOMY

Mr. LEE. I was asked to dig into the research, to see what I could come up with in terms of vigilance, or in terms of variations on the standard, where costs were involved, and I, too, will present some charts.

Senator Moss. All right.

Mr. LEE. Senator, this is a graphic presentation of the 25 nursing homes, selected at random from within the universe of study, as opposed from the entire nursing home industry, which indicates that they are broke.

It is that simple. As I said a moment ago, there are 25 nursing homes here. Of the 25, 22 show total current assets of about one-tenth of the current total liabilities.

In a word, they are broke. It is as simple as that, at that point in time, but Terry made a point a moment ago which interests me even more.

Apparently some lady paid \$260,000 last year to buy into a nursing home. I wonder what they showed her to get her to buy it.

I am sure it was not these figures. In any event, technically speaking, 22 out of 25 of these homes are insolvent, they are not able to meet their bills as of December 31, 1973.

Two of them actually have negative net assets, they have no money in the bank, is what this says, they have no money in the bank, they have no assets at all, and as a matter of fact, if their credit is questioned, as you know I am sure, they would be bankrupt.

Senator Moss. This is taken from their own books?

Mr. LEE. This is taken from their statements to the New York State Department of Health, made as of December 31, 1973. It was made in May or June of 1974. These are impossible situations.

Senator Moss. Is there any way to reconcile that?

Mr. LEE. Undoubtedly they do it by volume.

Senator Moss. Well, did the health department comment on these situations?

Mr. LEE. I am not sure if the health department would become involved in it, for the reason that their balance sheet is not important.

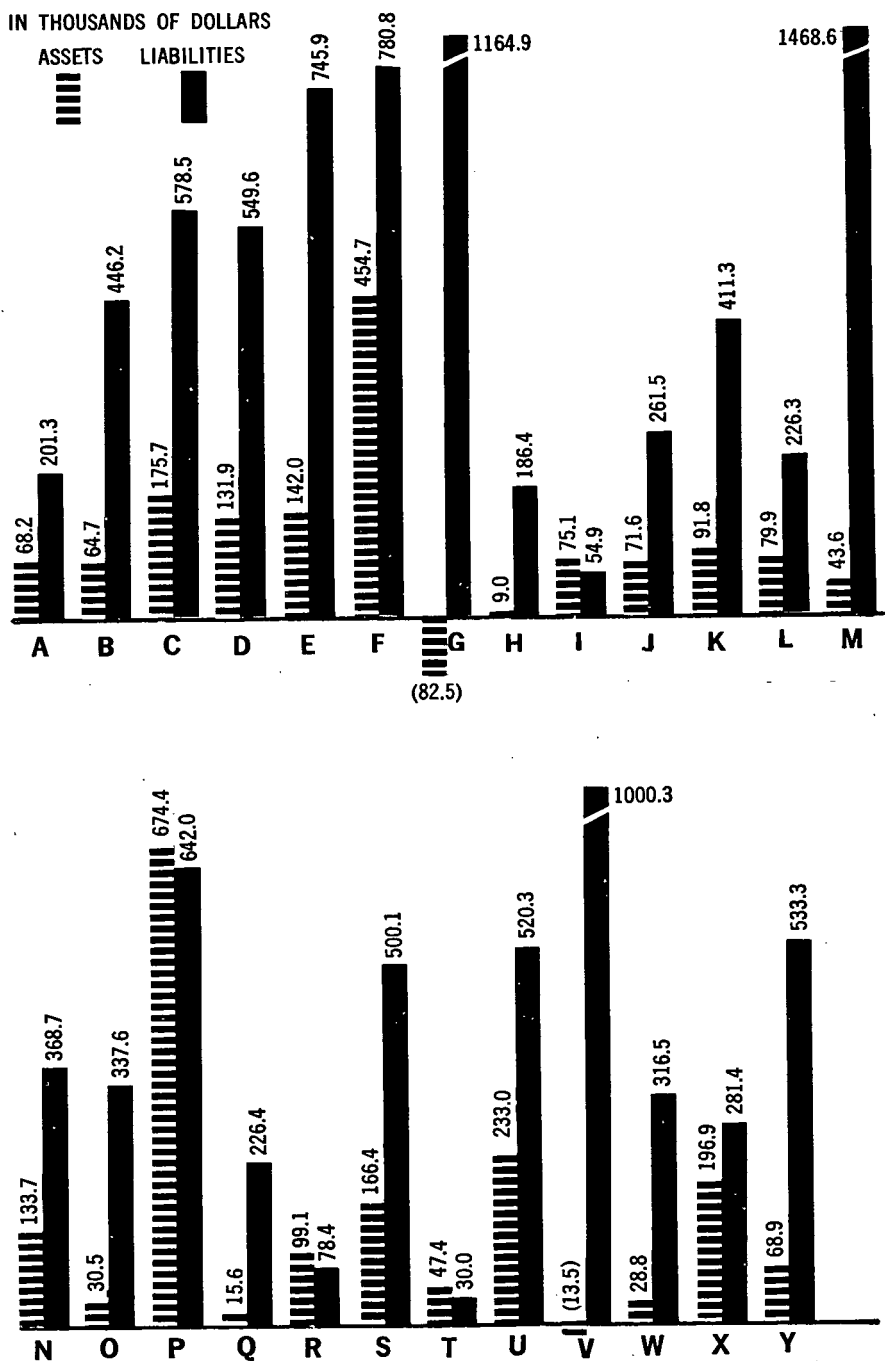
This is my own judgment. I do not think the balance sheet is important to the New York State Health Department, as are the operating statements.

I think if the operating statements are the key, quite frankly, to the possible manipulation, possible kickback, possible fraud, possible anything.

What I would like to show you is a second chart which sort of indicates what I am trying to say in that regard; I think the operating statements are equally as important.

CURRENT ASSETS VS. CURRENT LIABILITIES 12-31-73 25 NURSING HOME OPERATIONS

IN THOUSANDS OF DOLLARS



Senator Moss. I wonder if, since the reimbursement formula is based on costs, why would these people show negative balances?

Mr. LEE. These are total current operating assets. These are assets versus liabilities, not total assets versus liabilities.

Senator Moss. Operating?

Mr. LEE. Yes. Just current liabilities as opposed to current assets. This is not the operating statement per se. This is the end product of the operating statement.

Senator Moss. Would not this go up in any way in that reimbursement formula?

Mr. LEE. I am not as familiar with that as Terrence is, but I don't know if that affects it.

Mr. MOAN. No; this does not affect the reimbursement formula, except that the institution that is heavily in debt, probably does not have any equity, so, therefore, the equity portion of your reimbursement would be zero, would be negative equity, and would be zero.

Mr. HALAMANDARIS. Does this indicate to you that they are milking the corporations, and in effect pulling everything they can out of them?

Mr. LEE. I would say if somebody pays \$260,000 into a business that has this kind of a balance sheet, I would still like to know what they show them to get them to buy into it.

Mr. HALAMANDARIS. What are you telling us?

Mr. LEE. My point is simply that they are buying into a broke business. If you buy into a business with a negative net equity, and if you buy into a business losing money continuously every year, and the formula for payment is not the normal formula for payment of a private industry business, but rather a government formula.

Mr. HALAMANDARIS. You are suggesting that they are buying on the basis of the reimbursement formula here now in the State of New York, come hell or high water?

Mr. LEE. I am suggesting that, and I am also suggesting, I am suggesting that something other than this has convinced them that the nursing home business is a good business.

Mr. HALAMANDARIS. What perhaps?

Mr. LEE. I have not the vaguest notion.

Mr. HALAMANDARIS. Could you speculate?

Mr. LEE. Sure, if there is money to be made, that is why you buy a business.

Mr. HALAMANDARIS. If there is money to be made, why does not it show up on this chart?

Mr. LEE. I have not the vaguest notion. These are their reports.

Mr. HALAMANDARIS. How could they maneuver, and convert profit into liabilities?

Mr. LEE. Well, let me give you one or two of the items that show up on this, from the basic formula, let me give those to you rather quickly, if I may.

In the case of home No. 8, we have loans to owners and related parties of \$202,620 that year.

Senator Moss. Loans?

Mr. LEE. Yes, sir; loans. In the case of nursing home H down here, we have, strangely enough, loans of \$207,141, from a business that is insolvent to related parties.

I have here under liabilities, one of the homes, this is C, has accrued taxes and other expenses relating to payroll of \$227,631.

Unless that money is in a bank somewhere, the U.S. Government which had paid this nursing home, will not get the payroll taxes. This is a clear indication.

We have one home which has \$250,000 of accrued taxes and other expenses. That incidentally is a catchall.

Mr. HALAMANDARIS. What you are suggesting is that you have a large amount of rent that is given away, that is a large amount of salaries, taxes, or loans to related parties, so much so, that you wind up with a negative equity?

Mr. LEE. Yes, sir.

Mr. HALAMANDARIS. And are there no controls in the State of New York?

Mr. LEE. I believe there is some control, but I believe they are inadequately monitored or policed. I don't believe that is the fault of the auditors. I think it is the fault of the system, which does not provide sufficient auditing.

Senator MOSS. Would not the State department of health be concerned about homes that are going to be broke and suddenly they have no place for their patients?

Mr. LEE. Senator MOSS, they have not gone broke.

Senator MOSS. They are not going broke?

Mr. LEE. They are always broke, but they are not going out of business.

Mr. HALAMANDARIS. Do you have another chart?

Mr. LEE. Yes, sir; I do. You asked me if there are problems here inherent in this type of thing, and you asked me, why would somebody buy a business of this sort.

This chart represents the housekeeping costs per bed per week for a variety of nursing homes.

There are 15 homes in this particular sample, and we have grouped them into 3 homes in the 50- to 100-bed category, 3 homes in the 100- to 150-bed category, three in the 150 to 200, and so forth.

You would think in terms of housekeeping costs per bed per week, there would be some economy of scale between a 40-bed home and a 250- or 350-bed home.

By economy of scale, I simply mean it should cost less per bed per week, on a per-bed, per-week basis, to do the housekeeping and maintenance around a home that has 300 beds, instead of around a home that has 50 beds.

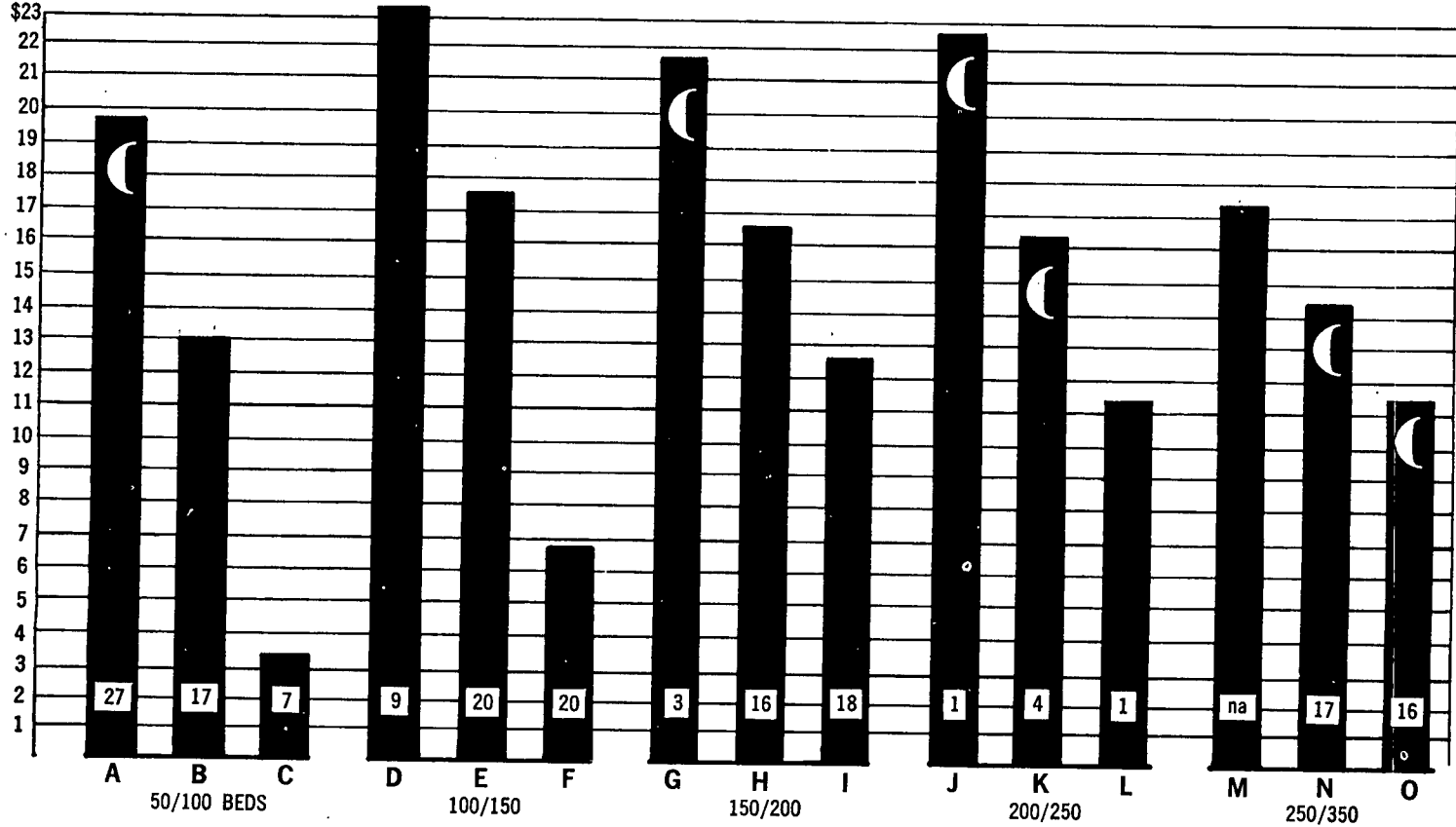
However, in this case we found in the 50- to 100-bed group, one home has a cost of per bed per week of \$19.50, and another one has a cost of per bed per week of \$3.50, a variation of roughly 400 percent.

We find in the 100- to 150-bed home, one home has a cost of \$23 per bed per week, a second home, at the bottom end of the spectrum, has a cost of approximately \$6.75 per week, again, a 300- to 400-percent variation, all within the same grouping.

We find in a group of 150 to 200 beds, a cost of \$21.50 per bed per week, versus a cost of \$12 and change, roughly only a 90-percent difference.

That is not too serious, of course.

HOUSEKEEPING COSTS PER BED/PER WK



The 200 to 250 bed, we find the same situation, \$22 per bed versus \$11, and the 250 to 350 bed, we find \$17.50 versus approximately \$11.50. Again, not too serious, possibly only a 50-percent variance.

Now, we have been told by various people that it costs more to take care of an old home than it does a newer home, so we said fine.

The age of the homes are down here. Over here we have a 27-year-old facility. It costs \$19.50 a week per bed to take care of that facility, and it is 27 years old.

Obviously, it costs more to take care of that than it does one that is younger.

Over here we have a 1-year-old home, which costs \$22.50 per week per bed, which is more than a 27-year-old home.

The costs on these run anywhere from \$800 a week for housekeeping to \$5,000 a week for housekeeping per home.

You asked me earlier, Mr. Halamandaris, why might it be profitable to buy into a nursing home operation.

We have found one consistency in this whole pattern.

If you will notice, there are C's at the top of some of those bars.

That means those services are contracted out to vendors. We are currently trying to find out who the vendors are, and if the cost to the vendors is increasing the cost to the nursing home, and, if so, why.

Mr. HALAMANDARIS. Have you done a study showing identity of interests between the vendors and the nursing home, in other words, the same people own both?

Mr. LEE. We have several instances of that, but we have more, to the point, I think you may have seen earlier, we have found a strange set of patterns, where certain vendors are dealing with certain nursing homes.

If you have four vendors showing at one nursing home, you have the same vendors showing up at a second, and the same showing up at a third, fourth, and so forth.

Now, it would be fine if these vendors were dealing across the industry, we would have no question about it, but why are they selective?

We do not know. It is a fairly simple question. I am not answering it. I am just asking it.

We have one here dealing with every home. No questions asked. Obviously they are nursing homes across the board.

What makes them preferable to the others, or the others preferable to them?

I have no answers. I have only questions. It is up to you gentlemen to get the answers.

Senator Moss. Does the department of health do any inspection of, or regulating of vendors?

Mr. LEE. It is not in their mandate, sir.

Senator Moss. It is not?

Mr. LEE. No, sir.

Mr. HALAMANDARIS. Does anybody regulate them?

Mr. LEE. Does anybody regulate them?

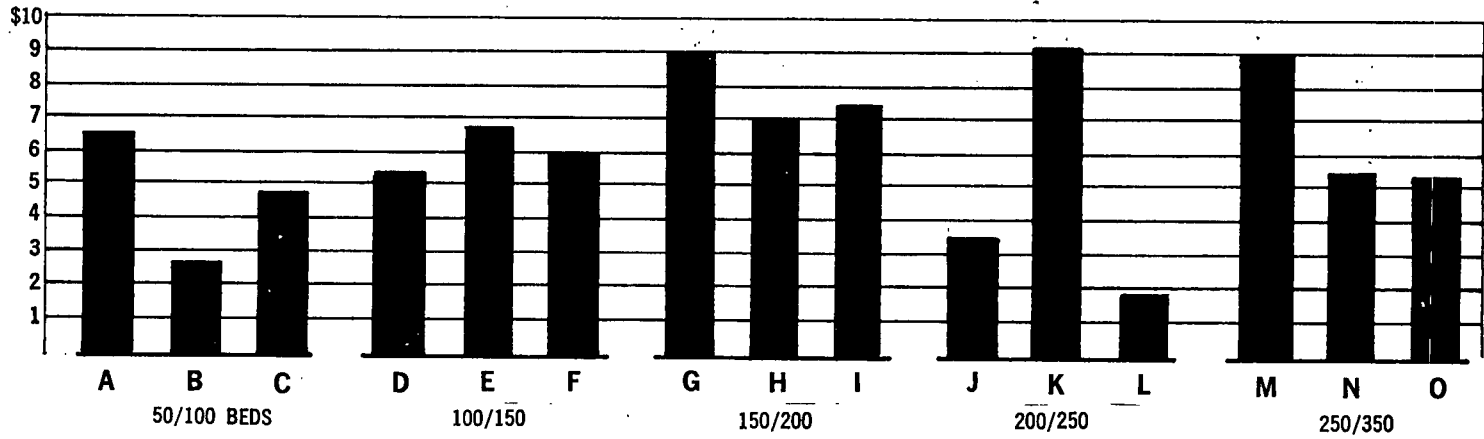
Mr. HALAMANDARIS. Yes.

Mr. LEE. I understand the operators try to.

Mr. HALAMANDARIS. The operators try to?

Mr. LEE. Yes, sir. Let me give you one other example of this type of potential, and that is, these are the laundry and linen costs per bed per week, for the same variety of nursing homes, from 50 up to 350 beds, in groupings of 50.

LINEN/LAUNDRY COSTS
PER BED PER WK



If you notice, there is a wide variation of costs again, and if you also notice, contracts are consistently higher than noncontracts.

I don't know why. Probably they sell them on better service or something; however, I can say that we do have deficiency reports on the various homes, which show that the beds are not changed. That is a lot of linen for beds that are not changed.

We are also told, as the reason for higher cost of linen, that we have more people, a greater percentage of our people are in beds than are in other homes, stay in beds, not ambulatory patients.

If you take a look at the first three bars, the one on the left is the highest cost. They have 18 percent of their patients not ambulatory, and the one on the right of those first three bars, has 63 percent of their patients nonambulatory.

Yet their costs for linens are far less than the one only for 18 percent.

More people are in bed all the time, but it costs them less money to maintain than it does at the other home.

Here is, I would say, a pretty phenomenal example of it, the same thing, 34 percent of the people in this home are nonambulatory, 28 percent of these people are nonambulatory, this would be more like it, except this is a 128-percent difference in the cost, where a 6-percent difference in the number of people exists.

Again, I have no answer, only questions.

Senator Moss. Well, thank you, Mr. Lee.

That poses some questions there that will take some pondering, as to why those differences exist, and it indicates that there is not any standard that is fairly well accepted throughout the nursing home industry on costs like linens, and maintaining a bed, and things of that sort.

Mr. LEE. That is correct, Senator. There is no real valid explanation for the variation of costs within a 50-bed home and a 150-bed home.

There is no explanation of it at all, for a 400- or 500-percent variation.

Senator Moss. To what extent are people, are patients in nursing homes able to remove themselves, if they want to go to another nursing home?

I realize we are talking of old, sick people, but suppose there is one that is bad, and they know of one down the street that is better, to what extent can they change their place?

Mr. MOAN. I think I could answer that a little better.

A few years ago, there was a study performed, which I do not think was ever released publicly, which was done, as to the rights, or the perceived rights of the people in a nursing home, and the people in the county jail.

The results of that test, or that survey, was that prisoners in jail felt they had more rights of freedom than do patients in nursing homes.

We have received letters from people saying, please help me get out of this nursing home, indicating that the people in nursing homes, the patients believe they cannot leave, and believe they have no freedom of choice.

That fact, their right to leave, their right to choose a nursing home, are never brought to the awareness of the patient, and as a practical

matter, they do act, and they are treated as prisoners in many of these homes.

Assemblyman STEIN. Mr. Chairman, if I may, first of all, I would like to thank Mr. Moan and Mr. Lee for the excellent work they are doing, and as chairman of the commission, and if I could, I would like to make a brief statement that would take just about a minute.

Mr. Chairman, the crimes and abuses that we have outlined here are not, and I repeat, not dictum. Every dollar which is stolen from the medicaid program, is stolen from the old, and the sick, who are too weak, or too afraid to complain.

Mr. Chairman, can it be the lack of a 50-cent washer separating hot and cold water leads to people being placed in scalding water, until they nearly burn to death?

Mr. Chairman, that has happened. Can it be that people have to sneak out of nursing homes half dressed, and knock on doors begging for food?

Yes, Mr. Chairman, that has occurred in this very State.

We can go through filth, rats, bed sores, people lying in their own excrement, deaths due to incompetence, or even worse, due to indifference, and supposedly we in an advanced civilization, we cannot allow these horrors to exist.

The elderly should be continuing contributors to our society, not outcasts, who are discarded in houses of public disgrace.

Our elderly have given years of valuable effort into creating the communities in which we live, and have fought battles for rights which we, their children, now take for granted.

And early and often unnecessary internment, in a sterile hospital institution, is an undeserved punishment for the crime of growing old.

We who have been entrusted with the duty of remedying these disgraces, and I am sure you will agree, Senator, can never and should never rest until this job is done, and until we really see a change in the nursing home industry, not only in New York State, but throughout the country, and, again, thank you very much for coming to New York today.

Senator Moss. Thank you, Mr. Stein. I do appreciate your presentation. It is puzzling in some of its aspects. I cannot fully assess it all, except there are some serious problems, and we had better find out what is going on, but obviously you have done a lot of examination into the problems that exist here in New York, and we appreciate what you are presenting for our record, and for us to study.

I believe because it is 12:20, we will recess at this point, however, we will try to come back—

Mr. STEIN. Mr. Chairman, we would like to put into the record some of these documents we have just talked about.

I would like to have marked in evidence the transcripts of the hearings, in the matter of public hearings of nursing home practices by the State of New York's Temporary Commission on Living Costs and the Economy.

Senator Moss. All right. They will be admitted into our files, and we are pleased to have them.

I think we can reconvene at say 10 minutes past 1, in order to try to get over all of the work we have before us.

Thank you. We stand in recess.

[Whereupon, the committee was recessed at 12:20 p.m.]

AFTER RECESS

Senator Moss. The subcommittee will come to order. We will now resume our hearings.

Congressman Koch was not able to be with us this morning. He was being assigned to the Appropriations Subcommittee this morning. He tells me it came out very well, and he is here with us this afternoon.

I am very pleased to have him join us here at the hearing, from the House of Representatives. I would like to give him an opportunity to say a few words. Since Assemblyman Stein is from the same district, we will let him introduce the Congressman.

Assemblyman STEIN. Congressman Koch is our Congressman, and I am very proud of it. I know that there are many fine Congressmen from the State of New York, and I know I am bedded with Mr. Koch on almost every issue, but particularly this nursing home investigation, and on the Congressional level, he has been tremendous, of tremendous help to my commission, and of tremendous credit to the State, and he could not have done anymore in terms of his facts, the statements on the floor of the House, he has been tremendously helpful to this State, and it is my honor to introduce Congressman Koch.

Congressman KOCH. Thank you very much, Senator, and Mr. Stein.

I will be very brief. First I want to thank the Senator for bringing the subcommittee to New York. It is important that that which has taken place in New York, I am convinced that it is a nationwide problem, and that every State in the Union has in some degree the problems that we are experiencing here in the State of New York.

We have an alleged corruption, alleged incompetence, and also we must find ways to make it possible for the elderly in need of care, where they do not need nursing homes, to be able to have health care at home itself.

Senator Moss. Thank you. We will now proceed with our witnesses. We are going to have three witnesses appear on the panel arrangement, Ms. Irene Jarvis, institutional inspector, city of New York, department of social services; Ms. Anastasia Hopper, formerly chief, institutional review service, city of New York; and Dr. Jay Dobkin, chief resident, internal medicine, Morrisania City Hospital.

If you could be seated up there, I would appreciate it very much. Make sure you have the microphone before you so we all can hear you. This room is not very deep, but it is quite wide, and some of the people may have trouble hearing you if you do not use the microphone.

I will ask Ms. Irene Jarvis, the institutional inspector of the department of social services, city of New York, if she will lead off, please.

**STATEMENT OF IRENE JARVIS, INSTITUTIONAL INSPECTOR,
CITY OF NEW YORK, DEPARTMENT OF SOCIAL SERVICES**

Ms. JARVIS. I want to say that during the time I was with the nursing homes, I was not with the department of social services, but I was an institutional inspector in the department of health, and that was about 7 years.

Senator Moss. When did you leave that appointment?

Ms. JARVIS. When the job folded up, and that was September 1973. I worked there from December 1966 through September 1973.

Senator Moss. Is that when it passed from the city?

Ms. JARVIS. To the State.

Senator Moss. I see. All right. Will you proceed?

Ms. JARVIS. Yes. Now, I am a registered nurse, as are all of the inspectors, and I just want to point out some of the many, many deficiencies and violations, that you know of in homes, over a period of time, that we were going to evaluate them.

Now, one, is a failure to notify the department of health of an outbreak of diarrhea, and which involved 37 patients.

During this period, the facility had an abnormally large number of deaths. The health department sanitarians were called in to evaluate the situation, they immediately quarantined the facility, and strict isolation was instituted.

Also in this same facility, there were flies—flies, flies, all year round. I had the sanitarian come in in regard to this situation, and he pointed out to the administrator, that these flies were not coming from the outside, but that they were breeding in the patients' rooms, which he refused to accept, but he did get an exterminator—so he said—I have never seen an exterminator in there, and I never saw any improvement in the fly condition.

Another thing that was kind of common is to go in and see patients with their beds made up nice and neat, their hair combed, and when you removed the covers, they were lying in urine, or they were lying in urine-stained sheets, or they were lying in their own excrement.

Now, this is not an isolated incident. This happened in many homes.

Also the facility, many of the facilities had coarse, rough, raw sheets, almost a consistency of denim underneath the patients, that rubbed their backs, rubbed their buttocks, and rubbed their elbows, and just aided and abetted the formation of decubitus.

Another common thing that we saw was patients taken from their room, pushed into a lobby, or pushed into a sitting room, and there to sit all day long.

I have seen an employee of the home come around and rapidly toss some kind of unfinished therapy material in their laps, and make it appear that they had been sitting there doing something, when you know they had been doing nothing, when you see a peculiar look on a patient's face, wondering what is this that she just gave me now.

The next one I have outlined here is kind of complicated, but try to follow me.

I went to an institution, the patient was swallowing out of his plate and eating from it. I asked him if he was hungry. He said, yes, he was always hungry. I checked his chart to see what kind of a diet he received. He could eat anything he wanted to, so I asked him if he wanted another plate. He said yes. I asked him if I got it for you, would you eat it. He said yes, but I bet you this dime that you will never get it.

I got it. It took a while, it took some fighting, it took some arguing, and some threatening, but I got the second meal for this man.

Senator Moss. Did he eat it?

Ms. JARVIS. Yes, every bit of it. He asked me when I was coming back again, so he could have another meal.

Now, this is another thing, we found nursing personnel listed on the nursing home schedule as being on duty, and also found them in other facilities that had been on duty at the same hour, the same tour, which would mean that one or the other job was suffering, and if they were working in the hospital and the nursing home, most likely it was the nursing home that was suffering, because the hospital would not tolerate this.

Then the administrative personnel—in most of the homes there are no administrative personnel from 4 p.m., on Friday, until 9 or 10 p.m., on Sunday.

Most of them refuse to hire a Saturday administrator—a qualified Saturday administrator. They will bring in anybody just to sit there and say I am an administrator, but not qualified by the regulations set up by the New York State Department of Education.

Now, this is an actual letter that I myself and another inspector wrote to a nursing home about a Saturday morning visit, and it was an unannounced visit.

It was during this same outbreak of shigella that I spoke of when I first started talking.

I would like to read just a few of the actual violations that we found, and it is just a few, because this is a report that goes back to the administrator that I just spoke to you about.

Although the home has an administrator and five assistant administrators, none were on duty on the day of this survey. A check of the sign-in book revealed that on Saturdays the assistant director of nurses acts as administrator. He does not have the background for this position nor does he meet code requirements.

Because of the many problems in this home and, presently, because of the positive cases of shigella in this home, there should be a capable administrator supervising this home every day.

We went to the kitchen, examined the meals being used.

The meals being used on the day of the survey, March 7, 1971, was dated February 27, 1971.

Now, patients' closets were taken over by employees for their own use, and their own personal lockers. Locks had been put on the patients' closets, so that the few meager belongings the patient has, he has no place to keep them.

Now, this is about a patient's clothes. Many patients would not wear any undergarments. They would wear the pants or shirt over the bare skin.

Patients were dressed in soiled and unironed clothing, in many cases clothing with pins on the clothes.

Some patients wore mismatched stockings and/or were without socks or shoes.

Many patients wore urine-soaked or urine-stained garments.

Male patients were in need of shaves.

Several patients occupied beds which were labeled with other patients' names.

Can you imagine what happens when the medication nurse came around?

The medication closet was unlocked and unattended, the key to this closet and the key to the sedative box were in a desk drawer. Anybody could come in, and they had access to this medication.

Food was not covered or inadequately covered, with trays that were being set up for lunch.

The interior of the refrigerator was splattered with an accumulation of food.

I am just going down and picking out these things. I am not going one after the other. It would take forever.

Food from the kitchen was cold when it reached the patient.

Patients having orders for low-salt diets, salt-free diets and regular diets are being served the same food.

There was old hardened feces on a toilet stall wall, around the base of the commode and under the commode seat. Feces was smeared on walls in several other areas of the home.

Lumps of feces were on the baseboard ledge in a patient's room.

Dried, hard, crusty, dirt lined two bathtubs.

A strong odor of urine and feces was present in several areas of the home.

Several chairs and wheelchairs were food stained and encrusted with dirt, and God knows what else.

Unbagged soiled linen filled the soiled linen room and spilled over into the corridor. The room was foul smelling, and flies were swarming.

Barrels filled with powder, which appeared to be soap, was dirt speckled, clumped together from dampness, and was unlabeled.

Patients' personal clothing is sent to the floor unironed.

There are two more pages of violations, but they do not deal directly with patient care. They deal with maintenance of the facility and several other things, and these are the things we found.

These are not uncommon things.

Senator Moss. I want to ask you this, this is a particularly bad one, but were there others like this?

Ms. JARVIS. Yes. Perhaps they would not have received a letter of this magnitude. This is just one letter. Perhaps they would not have received a letter that long, but we have found these things in other homes.

It is on a smaller scale, but the same thing.

Senator Moss. This was done during the time you were making your inspections for the New York City Department of Health?

Ms. JARVIS. The New York City Department of Health.

I went over to the Federal programs evaluating nursing homes for participation in the Federal medicare program, but this was done while I was doing inspections for the New York City Department of Health.

Senator Moss. When you made a report like that, what became of it, what happened?

Ms. JARVIS. What becomes of the report, or what becomes of the whole survey?

Senator Moss. Well, what becomes of the report, and then if anything follows from it going in.

Ms. JARVIS. Well, we would get back to the office, and we would write up the report in detail.

We will go back into the facility in about 3 weeks to see just how much of this has been cleared up.

If nothing has been cleared up, they get another letter, and this letter is moved up in line to our direction.

We sometimes recommend that the owners and operators be brought into the office to have a conference with them to answer for these things.

There were other things we could do. When we were with the department of hospitals, we could issue summonses, but when we transferred over to the department of health, that power did not transfer over with us, so we did not have that leverage anymore, but we did bring them in, we did lower the amounts of their licenses, that is, they did not get the 12-month license, they got a 90-day license, or a 60-day license, or a 30-day license.

We tried, it was a battle though.

Senator Moss. Do you know of any licenses that were completely withdrawn as a result of reports like this?

Ms. JARVIS. I don't know of any.

Senator Moss. All right.

Ms. HOPPER. Not recently.

Senator Moss. Do you have any reason to believe that this has changed greatly since it passed over to the State for inspection?

Ms. JARVIS. I doubt it. In this particular facility, and many others that I visited, I doubt that it has.

I want to say that the homes were not always on a low grade. Sometimes when you went in, you would see that they had violations, and then they would do something, and when you went back, they were right back down there where they started from, an up and down thing, up and down, but they never got very high. They got very low, but they never went very high.

Senator Moss. Were your visits unannounced? Did they know you were coming?

Ms. JARVIS. Well, most of our visits were unannounced. With the changeover of administration, we were instructed to announce our visits, to cut out night visits, to cut out this and that, so all of our visits were during the days, during the weekdays, during nonholidays, and they were announced.

Senator Moss. They were announced. When did that occur, during the period you were working?

Ms. JARVIS. I would say they started somewhere in 1971.

Senator Moss. After that they were announced, and they were limited to certain hours during certain days?

Ms. JARVIS. Yes; absolutely.

Senator Moss. Now, how many of these inspections did you make—say in a week or a month?

Ms. JARVIS. You mean one facility?

Senator Moss. No; how many different ones?

Ms. JARVIS. We did try to get in at least one facility a week; however, when we ran into a facility like this, and it took us more than 1 or 2 days, it was an impossibility to get into more than 1 or 2 a week.

We may have spent 2 weeks, 1 week in this facility, and the other week accumulating the material to submit a written report.

Senator Moss. It took some time to prepare the report itself?

Ms. JARVIS. Definitely, yes.

Senator Moss. You are a registered nurse?

Ms. JARVIS. Yes; I am.

Senator Moss. To what extent did you find registered nurses on duty in the homes you inspected? Was it usual or unusual?

Ms. JARVIS. You always found at least one registered nurse, depending on the size of the home.

I cannot say I went in and never found a registered nurse during the week, but they were not always the number of registered nurses that were required by the New York City Nursing Home Code.

Senator Moss. What do they require?

Ms. JARVIS. The New York City Nursing Home Code requires that there be 2 registered nurses for the first 60 patients, 1 registered nurse for every 60 patients thereafter; it requires that there be 2 licensed practical nurses for 20 patients, and 1 for every 20 thereafter, and 1 aide for every 5 patients.

Senator Moss. Did you find a considerable variation from that staffing requirement?

Ms. JARVIS. Not really, because we felt that there was something going on, but it is hard to put a finger on.

You insist that they send you a schedule of their nursing staff for the previous month. It is always just what the code requires, but it seems almost impossible that every single day you just meet the code requirements.

Senator Moss. When you were instructed no longer to visit nights, you suspect that maybe they were not there at night is one of the reasons?

Ms. JARVIS. Yes, I don't know if that was the reason for the nights, but I would suspect there were a lot of the things happening at night that did not happen when we made our visits.

Senator Moss. We may want to come back to you, but I would like to hear from Ms. Hopper now, and then we may have some more questions.

You may proceed, if you will, Ms. Hopper.

STATEMENT OF ANASTASIA HOPPER, FORMER CHIEF, CITY OF NEW YORK INSTITUTIONAL REVIEW SERVICE

Ms. HOPPER. I am a registered nurse also, over 40 years, and I have had considerable experience both as a sanitarian, and I spent time with the State department of social welfare.

I was with the institutional review service for approximately 7 years. I went there as a supervisor, and became assistant chief, and then chief of the division.

I stayed in that position until approximately 1971, when it was taken over by the department of health, from the department of hospitals.

The department of health gave me another position, so that the special assistant was not very much of anything, partly because I think they wanted to put someone else in, because the policymakers did not approve of what I wanted.

We had to have approximately 35 inspectors under us to do the institutions that was covered by at least a third or more, the vacancies were not filled, and people were taking special assignments and not replaced, and the night inspections were detailed, and we went in, and we tried.

I did not personally do very much, but the inspectors tried to go in at anytime, because whether they may come in was quite helpful, and if you never knew when the inspectors might show up, some of them were very good, going in at all hours of the night, some going in at 6 o'clock in the morning, and any other time.

I did not go out ordinarily on inspections. I only went out when there were problems involved.

I might go out to see a nursing home, to see what it looked like.

One of the nursing homes I was at very frequently, I knew it by heart, because it was a problem, it was one that did not function properly, and the place had been without heat for over a week.

I just went up to see what was going on in there. I was very unhappy. It was probably the one with the worst conditions I was at.

For one thing, they were washing dishes with cold water, and when I spoke to them about it, they said they were using paper plates.

They told us when we went out, to keep our coats on, because it was too cold, but that consideration was not carried over to the patients.

The outstanding feature of this problem was the complete indifference of the administration and staff to the discomfort and actual danger to the patients.

The administrator did not provide extra blankets until told. Neither of the licensees appeared. Rabbi Bergman, husband of one of the licensees, came in about 3 p.m. He said he was sending 100 more blankets from those on order for Park Crescent. This after the heat had been off, or low for 5 days. The staff were bundled up, but put no extra wraps on the patients. No hot drinks were served. The patients were not checked for reactions. Temperatures were not taken until suggested by us. There were signs of smoking in many areas.

One patient said they had taken the patients from the rear building and put them in a hall, but nevertheless, it was a wide hall, and you could not even walk between beds.

All of the equipment was all over, the dishes, and the dirt was indescribable.

I do not want to go through the whole thing, but that is just some of the things we found.

At another nursing home, my inspector went in there in the morning at 6 o'clock, and he came back, and he said this is it.

He had a small plastic bowl, and a plastic spoon, and he said patients were given breakfast in this, they were served cereal and a cup of coffee.

That was in a cup, in a plastic dish, and a spoon. They had an egg, and when they finished the cereal, they could break the egg with the spoon, and put it in the plastic dish.

They could spread the butter on their bread with the same little plastic spoon, and then presumably brought the coffee.

We had the licensee in on that. He said he did not realize that he was in violation, and he would see that it was cleared up.

He did get there himself and see it, and the next time we went there, it had been cleared up.

That was one of the problems, they would clear up the things when we went there, but they did not see them themselves, and this would go on indefinitely until we came through.

Another time, I had gone up there with Dr. Bower. At that time he was the deputy commissioner, and my immediate supervisor.

We went through the rooms, and they seemed to be walking around somewhat confused, even though we did not get there until about 9:30.

This patient was seen there slumbering in her chair, shivering, she was cold and clammy, and Dr. Bower said, "I think she is having a coronary."

I called the nurse, she was walking around the room.

I said, "Have you seen this patient? What is the temperature?"

She said 98. I said, "When was that taken?" "6 o'clock in the morning."

Nobody had any idea. She was supposed to put the patient to bed, take her temperature, and call the doctor.

She did, and came back, and the temperature was 102, and she said, "I sent for the doctor."

I said, "OK. I will be back in the office at 2 o'clock. Call me then and let me know what happens."

The doctor came. At this time when she called me, as yet nobody saw her.

We had continued shortages of linen. In one place we were at, there was no linen.

Of course, when Dr. Bower was walking around with me, he kept saying, it is a flophouse, and this was a new, structurally good nursing home—but the linen, we got downstairs in the linen room, there was no linen.

He said, we found the linen, it was all wrapped up in the administrator's office, which was not going to do the night nurse any use, because that was one of the problems, even the nurses who would try to do, they had to have linen to change for the patients, and they seemed to expect the aides to take care of the patients.

They said they are not dedicated. They were not being given the things to work with.

We could revoke the license. We often called them in for a conference, and very often we did, and sometimes I thought the inspectors were being the victims, because the lawyers would cross-examine the inspectors so much.

Senator Moss. How many inspectors did they have during this time that you are talking about?

Ms. HOPPER. We had approximately 35 inspectors. I had 5 supervisors, 5 seniors, and 25 inspectors, so we divided them into boroughs, leaving a supervisor, a senior, and 5 inspectors per borough.

We did not need that many they felt, and they consolidated the supervisors, one supervisor for every two boroughs, and it is difficult for one supervisor to cover two boroughs.

If you do a proper inspection, especially in some of these like 300 beds, and we had 400- and 500-bed homes, it takes a while, because you have to look at charts, you have to look at patients.

You cannot possibly do it quickly. Even in a small home, if you get problems, it may take longer.

Senator Moss. How often did you inspect each home; did you get around once a month, or once every 3 months?

Ms. HOPPER. We tried to get around once a month, and we usually did. With the small homes, we did not. It was usually every 2 or every 3 months.

That was one of the problems, when a 30-day license was handed out, they would have to be reinspected before the next license.

We never gave a license without a reinspection. They were not given out automatically.

Senator Moss. Were some of the licenses withdrawn then, not reissued?

Ms. HOPPER. We did have occasion to refuse to reissue a license, which was a decision made by the commissioner, and given a formal hearing, and after 10 days' notice, but it was not done routinely.

We did do it occasionally. Sometimes they refused to close them, and then they would bring it to court. Usually that was the end of it, because once they got to court, they would close the whole thing and not go through the case.

Senator Moss. What was the final outcome of the place where the heat was off?

Ms. HOPPER. In fact, they were working on it, the plumber promised me that they would have heat within the hour, they called me at home, and in this place, I suggested the patients be removed, but my superior said I will not remove them.

I don't know why, because it was the best thing to do.

They were giving the patients bottled water, four times a day, supposedly in a plastic cup, but they never got enough anyhow.

Assemblyman STEIN. Mr. Chairman, could I ask a few questions?

Senator Moss. All right.

Assemblyman STEIN. Ms. Hopper, did you propose stricter regulations, or remedial actions to your superiors?

Ms. HOPPER. Many times.

Assemblyman STEIN. And what happened?

Ms. HOPPER. In a nutshell, nothing.

Assemblyman STEIN. Why were you removed from being in charge of the particular unit that you were in charge of?

Ms. HOPPER. That is what I said, when I came over from the State, from the department of health, and I assumed, my immediate superior gave me a good recommendation, he was the commissioner at the time of the transfer, but they wanted to put their own in.

Of course, they had a policy that we could work better by education, that we should write guidelines, give them the guidelines to follow, and they would follow it.

I had not found that these people did not know how to do it. It was a lack of willingness, and if you worked with them for 17 years, you cannot keep on educating them, they have to know at some time what to do.

Assemblyman STEIN. Thank you.

Senator Moss. Let us go to Dr. Dobkin.

Dr. Dobkin, we will hear from you, sir.

Dr. DOBKIN. I have a statement. Do you want me to proceed with it?
Senator Moss. Yes.

STATEMENT OF DR. JAY DOBKIN, CHIEF RESIDENT, INTERNAL MEDICINE, MORRISANIA CITY HOSPITAL

Dr. DOBKIN. I am Dr. Jay Dobkin, chief resident, internal medicine, Morrisania City Hospital, which is located in the Bronx.

I am here to describe my experience with patients at the hospital for nursing homes.

I would like to start with a summary statement. I think, even counting the advanced age, the chronic disease many of them have suffered from, in a state of disrepair of many of these patients, indicates an inadequate care from those who care for them.

There is a high frequency of severe problems that is directly related to nursing care. Some of the patients from nursing homes were so severely dehydrated, as to be in a state of shock.

Some of these patients were so dehydrated, they could not salivate or sweat.

Occasionally we would find dry food, and unswallowed pills in their mouths. I could go on.

Many of these patients have severe decubitus ulcers, and other forms of bedsores which are infected, which may lead to infection of the underlying bone, which may lead to generalized bloodstream infection and death.

In fact, the experience is so common in the hospitals in New York, in the jargon of hospitals if you mention to a colleague that a new arrival is a nursing home patient, it means he is a comatose patient who has bedsores, is dehydrated, and has pneumonia or urinary tract infection. Patients in this condition are by no means rare in our hospitals.

I have seen them steadily in my 21½ years when I served as a house officer in New York. Interns in hospitals all over the city have had the same experiences which I have had.

I picked three cases—recently admitted to the hospital—to illustrate the conditions I am describing.

We will start with Mrs. X. She is an 83-year-old lady who suffered a stroke in 1972, was hospitalized for a period of time, and discharged at home.

In 1973, she fell at home, she fractured her hip, was hospitalized for surgery, subsequently was transferred to a nursing home, apparently she had bedsores.

This past month she was sent back to the hospital. On admission, she was unresponsive, she had fever, she was found to have warm and extremely dry skin, and in general massively dehydrated.

She had two areas of bedsores, one on the left, extended down through the skin to the underlying bone.

The patient's blood count chemistry on admission showed evidence of dehydration and concentration of the blood in a dangerous state.

The values for the blood nitrogen, which is a key index for a state of hydration and kidney function, was a threefold to sixfold increase above normal. This was due only to dehydration and not at all from kidney disease.

Because of 4 days of fluid and intravenous fluid treatment in the hospital, this problem returned to normal.

This problem was fairly rapidly resolved, however, the bedsores healed very slowly, and she was in the hospital for almost a month to treat this condition.

Mrs. Y, an 89-year-old lady sent from a nursing home with poor oral intake for several months, the note said the patient appeared to be dehydrated.

Indeed, she was severely dehydrated. In this case the blood value I just described in the other patient was 21 times normal, massively

elevated, and this again was found to be the fault of dehydration, as shown by her response to rehydration.

The patient also had significant elevations of blood sugar and blood sodium levels, also reflecting severe dehydration.

In addition, she had an infected decubitus ulcer on her buttocks, and she also had ulcers on the ankles and hips.

I have one more illustration I would like to give you.

Mrs. Z, a 69-year-old lady with a history of high blood pressure, coronary heart disease, and a history of a stroke. This lady was in a nursing home prior to December. We have no records from that home. She was apparently transferred from the home and was subsequently sent to the hospital.

On the 23d of December, I diagnosed diabetes, but she had no medication for diabetes.

According to the scant information from the nursing home that was sent in, no urine or blood tests were done to check on the status of diabetes.

The only indication of illness noted on the transfer sheet, was on the day of transfer, the patient felt faint, and she was put back to bed.

In the hospital again, we found the same kind of severe dehydration, decreased skin tone, no sweat.

The patient was found to be about 30 percent dehydrated, a very, very dangerous condition, and there did not appear to be any way in which this condition could have developed suddenly.

It reflects the diabetes for a long period of time relating to progressive dehydration, and the comatose state, and the patient was finally sent to the hospital.

Again, the treatment was fairly simple and fairly successful, in terms of dehydration, she was given intravenous fluid, and that part of her problem was resolved.

In many cases, we have some successful results. Frequently the patients will die, sometimes on the way to the hospital, and in the emergency room.

There are some other problems frequently seen I would like to state.

The severe problems that on transfer to the hospital, many of these patients were sent with little or no information about their past medical history, what has been bothering them, what kind of treatment they are getting in the nursing home.

We have to start from scratch. The experience with these patients being hospitalized, rehabilitated, fixed up, sent out to the nursing home, and come back a week or 2 later with the same problem, sometimes the patient would cause it, sometimes it was plain obvious.

The patients who were on low-salt diet, complained they were given food with high salt, and they were given things such as cornbeef, which they were not supposed to eat, but they got it anyway.

Families complained that patients who need help with feeding don't get it, and the next step is malnutrition and dehydration, the effects of which I just described.

I can only speculate on the basis for the poor condition, on the neglected appearance of these nursing home patients, and obviously, the problems of the care of the chronically ill for the aged are great.

I do feel that bed rest and the quality of care at health institutions in general, in the nursing homes in particular, I think a number of questions remain to be answered.

Who works in these facilities, or their qualifications, who evaluates these facilities, is of vital concern. They should be given greater efficiency and fiscal responsibility, and in the administration of these institutions, this should be a primary goal.

Senator Moss. Is your report fairly contemporary, or are you still seeing cases like these coming into your hospital?

Dr. DOBKIN. These examples I collected essentially on a day's notice, with very little effort at all.

Senator Moss. They are very contemporary?

Dr. DOBKIN. Yes.

Senator Moss. Is dehydration something that a patient would have, if he were having full nursing care?

Dr. DOBKIN. Dehydration is essentially a very simple situation.

Senator Moss. There is not enough fluid.

Dr. DOBKIN. There is not enough fluid, yes, a state of being dried out. It does not occur suddenly. The water does not suddenly fall out of the body. It reflects long-term imbalance of more going out than coming in.

Many of these patients could help to hydrate themselves ordinarily, but when it gets to a severe state, they need intravenous fluid.

It is something that I think is amenable to nursing homes.

Senator Moss. It would occur mostly by not assisting that person to take fluids into his body?

Dr. DOBKIN. Not assisting them, and not helping them take in adequate fluid.

Senator Moss. I know what the cause of bedsores are, but how do you prevent bedsores from people who are kept in bed?

Dr. DOBKIN. There are a number of things that cause bedsores. Elderly people's skin is not as strong as young people's, and it will be prone to break down.

The more important aspect, is the fact that people are immobilized, they stay in one position for a period of time, the entire width of the body is in one position, on one portion of the skin, this will cause it to break down.

If they are not assured of lying on different parts of their body, moving around as much as possible, this will occur.

Rough sheets, as you heard described, is the other problem.

An important problem is wet sheets, where the patient will sit in his urine, and feces, this will cause great risk for rapid breakdown of the skin.

Senator Moss. And bedsores usually become infected if they hurt, is that right?

Dr. DOBKIN. They frequently do, to the point of death.

Senator Moss. All right.

Mr. HALAMANDARIS. I have a couple of questions. I would like to direct these to Ms. Jarvis and to Ms. Hopper.

You alluded to some inspection reports, I would appreciate if you enter those fully in the record.

One of those reports, which you related, went to the Towers Nursing Home, which, I understand, went for 5 days without heat for one

time, and you testified you knew the condition of the Towers by heart, is that substantially correct?

Ms. HOPPER. What I meant to say, it is a very complicated home to go to. It had been the older Memorial Hospital, and put it together, I could walk around, I could visualize just where each part was.

Mr. HALAMANDARIS. Were you there often?

Ms. HOPPER. That is what I meant. I was there often, long enough to get to know where the places were.

Mr. HALAMANDARIS. Were you there at the interim in which the home was without heat?

Ms. HOPPER. I was—at the interim. I was a little upset about it. I did not have too much authority at that time, but I did go down to see it, and made this report, with Dr. Bower, who is my superior.

Mr. HALAMANDARIS. It is then a matter of record there was not hot water for purposes of washing linen or for washing dishes?

Ms. HOPPER. There was no hot water and no heat. Actually there was some. What had happened was, we had been informed that they were supposed to transfer, and they built a boiler in another building, and they were supposed to put the new building up, and get it functioning before they cut the heat off from the oil boilers, but instead of doing that, they used parts of the old boiler to fix the new one.

They got the new one in, and it would not work properly, it did not heat the rear portion of the building. The front portion had some heat in the beginning, that is where they transferred the patients, from the back portion to the front, but when they did, then they kept losing more and more heat in the front, and even then the front was cold.

It was 50 to 60 degrees on some floors, one floor it was below 50, and one went to 40.

Mr. HALAMANDARIS. All right. Let me follow up with this question.

What could be the significance of not washing either the linens, clothes, or dishes in the water which was of a certain temperature?

Ms. HOPPER. If you had soiled linen, there was not too much of that, but if you had soiled linen, and you did not wash it in warm water, it would not be properly sterilized, and any bacteria would be transmitted to another patient, the same with cups and saucers, a dishwasher that was not functioning, it was like using another person's dirty dishes.

It would have the food off of it, but it would not be clean.

Mr. HALAMANDARIS. All right. My last question is this.

During the interim in which the Towers Nursing Home went 5 days without heat, was Dr. Bernard Bergman personally on the scene?

Ms. HOPPER. He came there while I was there.

Mr. HALAMANDARIS. Did he take personal responsibility for the conditions, did he suggest that things would be changed?

Ms. HOPPER. He told me that things would be changed, he would bring 100 blankets over—I doubted that would be enough—from the new nursing home, Park Crescent, which had not been opened.

Rabbi Bergman is the husband of the licensee, but any time I went to the Towers, he appeared soon after I did.

Mr. HALAMANDARIS. Did he act as a reasonable man under those circumstances owning a nursing home, or having an interest in a nursing home?

Did he do everything he could under the circumstances to bring heat back to the facility?

Ms. HOPPER. Well, we were working on it. He would always do it when you asked him, or suggested it, and he never said, I won't do it, but he had to wait until I came up and told him to do it.

I should not have to tell him to put an extra blanket on a cold person.

Mr. HALAMANDARIS. I would like to have Dr. Bergman's response to that question when he testifies.

Thank you.

Mr. LEWIN. I hate to interrupt at this point, but might I remind the chairman that these witnesses were never sworn.

Senator MOSS. I am glad you thought of that.

If you would like, I will put them under oath right now.

Mr. LEWIN. I believe that since the counsel to the committee has asked questions that specifically directed themselves to a particular person at a particular time, I believe that these witnesses should be no different than any other witnesses appearing before this committee, and who would testify under pains of perjury.

Senator MOSS. Would each of you stand and raise your right hand?

Do you swear that the testimony that you have given to this committee is and will be the truth, the whole truth, and nothing but the truth, so help you God?

[Whereupon, Ms. Irene Jarvis, Ms. Anastasia Hopper, and Dr. Jay Dobkin answered in the affirmative.]

Senator MOSS. All right. You do recognize that your oath indicates that your past testimony, too, is included, so if there is anything you want to change, you are given an opportunity to do so at this time.

Now, I think Congressman Koch has a question.

Congressman KOCH. Thank you, Senator.

Ms. Hopper, I would like to ask several questions, along the lines of inquiry, which you opened with respect to the Towers Nursing Home.

Again, I would like to ask you this. At the time you made your inspection of the Towers Nursing Home, which I believe took place in February of 1971—

Ms. HOPPER. Yes.

Congressman KOCH. By whom were you employed?

Ms. HOPPER. The department of health.

Congressman KOCH. And you testified that at some point you were directed not to visit these homes except on announced visits, and then only during the day, if I understood you correctly, is that correct?

Ms. HOPPER. No; because I had moved from the position before that.

Congressman KOCH. So that you were never directed to do that?

Ms. HOPPER. No.

Congressman KOCH. How did that come to your attention?

Ms. HOPPER. Well, I was special assistant, which would seem to be a rather ludicrous job, and I was asked to write the guidelines and write the checklists, and I was free to do what I wanted, and I used to go up and talk to them.

Congressman KOCH. When did you leave the unit?

Ms. HOPPER. About the beginning of 1971, I actually left the office I had up there, and went down to Worth Street, so I did come back now and then.

Congressman KOCH. So after that date, you did not make physical inspections?

Ms. HOPPER. I did occasionally when I was asked, but I was not in charge of the unit, and did not operate it.

Congressman KOCH. I understand.

Now, can you tell us how many inspectors there were, when you were actually operating as an inspector, how many inspectors were employed by the department of health, and how many homes did they have to inspect?

Ms. HOPPER. You mean while I visited the department of health?

Congressman KOCH. In 1971, when you made your inspection of the Towers Nursing Home, how many homes were subject to inspection in the city of New York, and how many inspectors were there who were authorized to make these inspections?

Ms. HOPPER. Approximately 110.

Congressman KOCH. 110 what?

Ms. HOPPER. Nursing homes. The figures fluctuated, because some would close, and new ones would open.

Congressman KOCH. How many inspectors were available for this?

Ms. HOPPER. Approximately 24. Again, the number I am not sure of.

Congressman KOCH. In the regular course of your duties, were you required to make written reports of your inspections?

Ms. HOPPER. The inspectors were required to make written reports.

Sometimes I did, sometimes I did not. It would depend on the persons. If I went out, the inspector might write the report. This business, I made myself, because I was a little upset.

Congressman KOCH. I understand.

Did you actually prepare a written report, which I believe you have a copy of, which is dated February 9, 1971, concerning the Towers Nursing Home, and if you do, if you did that, do you have a copy of that before you?

Ms. HOPPER. Yes; I have.

Congressman KOCH. And will you turn to page 2 of that report, and would you read the first 4 paragraphs.

Mr. LEWIN. Might I ask the chairman. does this matter. since it refers to a particular home of my client. if the witness will be referring to a document, and the Congressman is going to be referring to a document, I think it is only minimum fairness that we have a copy of that document.

Senator MOSS. You are correct, although we are not conducting a trial.

You are entitled to a copy of that document. I think you have been reading from that earlier.

Congressman KOCH. Would you read exactly, as you prepared it on that date, in 1971.

Ms. HOPPER. I did not prepare it on that date. I prepared it probably the day after I got back. I left the place at 6 o'clock in the afternoon.

On the third floor, beds were lined three deep in the hall allowing only a 2- to 3-foot passage. Fire exits, doors to rooms, et cetera, were blocked by beds.

Rooms that could be used—such as, the reading room—were empty. There were no provisions for caring for these patients; they had no bedside tables or equipment, medicines, et cetera.

Ten bedpans were available for 40-odd patients. It was said the nurses went to the unheated floor to pour medicines and returned to administer them. It is improbable.

The bathrooms and toilet rooms were dirty and disorganized. Commode pails were soaking in a bathtub; toilet paper was strewn all over the floor. Dirty equipment was scattered about, et cetera.

The dishwashing machine room was a mess. Milk containers, napkins, et cetera, were scattered about the floor. The floor was too wet to walk across. "Clean" knives, spoons, et cetera, were scattered on the table.

Although the gages on the dishwashing machine registered 140 degrees and 170 degrees, the water was cold. Dishes and trays were coming out of the machine wet and cold.

The employees said they had no hot water. Mr. Loren stated paper service would be used for supper. It was not. Revisiting the kitchen at 4:30, I found the trays set up with the same dishes.

In spite of the cold, a cold supper was served. The menu called for macaroni salad and egg salad. No one thought to change it to a hot meal. A small portion of cream soup was included. The patients received a glass of milk—3 to 4 ounces each.

The directress of nurses had left the home before we arrived. "She had worked late the day before."

The contractor assured me heat would be on within the hour. At 9 p.m., Mr. Loren phoned me at home stating the building was warm. Revisit by Miss Coe at 9 a.m., February 5, 1971, the building was warm.

The outstanding feature of this problem was the complete indifference of the administration and staff to the discomfort and actual danger to the patients.

The administrator did not provide extra blankets until told. Neither of the licensees appeared.

Rabbi Bergman, husband of one of the licensees, came in about 3 p.m. He said he was sending 100 more blankets from those on order for Park Crescent. This after the heat had been off, or low for 5 days.

The staff were bundled up, but put no extra wraps on the patients. No hot drinks were served. The patients were not checked for reactions. Temperatures were not taken until suggested by us. There were signs of smoking in many areas. One patient was using a paper bag for an ashtray, et cetera.

Congressman KOCH. One more question.

Do any of the witnesses have any information as to who directed, on the part of the city of New York, that there be only announced visits, and that those visits only take place during the afternoon? Does anyone have any personal knowledge of the witnesses sitting at the table with respect to that?

Ms. JARVIS. I don't know where it came from originally, but it came to the inspectors at a staff meeting from our deputy commissioner.

Congressman KOCH. When?

Ms. JARVIS. That is a hard question.

Congressman KOCH. What year?

Ms. JARVIS. The year, about 1971.

Congressman KOCH. And do I understand that after you were so advised, that from that point on, advanced notice had to be given to a nursing home before you would go and make your inspection?

Ms. JARVIS. Yes.

Congressman KOCH. Let me ask you this. Did you find any difference between the inspections that came as a result of the announced visit, or those that came as a result of an unannounced visit prior to the change in the directive?

Ms. JARVIS. Let me put it this way, although we were supposed to announce our visits, very few of them were announced.

Senator MOSS. Thank you very much.

We appreciate your appearance here, and you have been very helpful with the record.

The next witness will be Dr. Bernard Bergman. Is Dr. Bergman here?

Will you step forward, please.

Mr. STEIN. Mr. Chairman, although as you said, there is nothing at all wrong and improper about my presence up here, since this is a duly-authorized Senate hearing, and I have been kindly invited by you, as a participant of the State of New York, and I am a member of the commission, even though there is nothing wrong, if it would make Dr. Bergman more comfortable and more willing to talk about these problems, I would be happy to get off the stand.

Dr. BERGMAN. I personally have no objection, Mr. Chairman.

Senator MOSS. Your counsel thought you would object.

Dr. BERGMAN. I have no objection.

Mr. SEIDMAN. Might I note for the record that my name is Irving P. Seidman, and together with Mr. Lewin, counsel for Dr. Bergman, before this august Senate committee.

Senator MOSS. We are glad to have you here, Dr. Bergman, Counsel, and Mr. Lewin appeared earlier, and we are glad he is here, Dr. Bergman, we are glad to have you here before the committee.

As you know, Dr. Bergman, we are inquiring into the nursing home situation generally, in the State of New York, and your name has come up a number of times, and we would like to have any statement that you want to give us, and then we may want to ask you some questions.

I think you had better be sworn.

[Whereupon, Dr. Bernard Bergman was duly sworn. A subpoena issued to Dr. Bergman follows:]

The Fogel, Admin

UNITED STATES OF AMERICA
Congress of the United States

To Bernard Bergman, Operator, Park Crescent Nursing Home,

150 Riverside Drive, New York, New York

....., Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., at ~~Rockwood Office Bldg~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and seventy-four

I ed Moss

Chairman, ~~Rockwood Office Bldg~~ Subcommittee on Long-Term Care
U.S. Senate Special Committee on Aging

Mr. LEWIN. Mr. Chairman, just two preliminary matters—one is that Dr. Bergman would like to have a cup of water.

Another preliminary matter, Mr. Chairman, relates to the testimony that this committee has heard before Dr. Bergman has taken the stand.

Let me say first, that pursuant to the discussion we had this morning, and on that understanding, the documents subpoenaed by the committee, have been submitted to the committee in the other room, and they are now in the committee's custody, and they are taken on the understanding so that they are limited to the committee's purposes, notwithstanding what Dr. Bergman said about any waiving by Mr. Stein sitting at the table; we do not waive any claim that I have made this morning regarding the limited use of those documents, and to be used solely for the committee purposes.

Second of all, Mr. Chairman, I would also like to make clear at this juncture, that we reserve the right, which I discussed in your recess, to present evidence, and indeed to seek to cross-examine the very witnesses who testified here before this committee this morning, and heretofore.

They have made a variety of statements regarding the nursing industry in general in New York, which appear to us simply being various ways to pull the wool over the committee's eyes.

Questions of alleged large charts of real estate transactions, which can be demonstrated conclusively, did not affect medicaid rates by one penny, and I think it can be demonstrated as well by any sophisticated real estate lawyer, that the very transaction which Mr. Stein's commission drew on a chart, with many colors, and many diagrams, and many lines, are transactions that the real estate counsel in refinancing, and in financing mortgages go through every day, with regard to a single piece of property, and that is what happened with regard to the Willoughby property. It was not effective on medicare rates.

That is just illustrative of a whole series of allegations made before this committee, which I think can be demonstrated to be conclusively erroneous, which of course we cannot demonstrate to you right on the spot.

There are some things which we can demonstrate on the spot, and when we heard the allegations made regarding the Towers Nursing Home, we called down today various employees, former employees of the Towers Nursing Home who have no relation whatever to Dr. Bergman in any way, family or any other way, but who are simply employees, and who could attest firsthand to what happened in the Towers Nursing Home, that there was good care of the patients, substantial consideration shown to them, that the various horror stories you have heard in terms of general allegations of these witnesses, are simply not true.

Indeed, I submit that since we have some witnesses here today in that regard, we should have an opportunity to present their testimony, when the committee has heard from Dr. Bergman.

Senator Moss. Thank you, Mr. Lewin.

If you wish to have any expert witness examine the transcript, and present the viewpoint on the material that has come before us, and

submit it, and we will see that it is printed in the record at that point, so that the record will speak for itself.

Now, I doubt that we would have time to hear additional witnesses today, but I will be glad either to accept their written testimony, which could be notarized, or we will have a further hearing in which they will be entitled to speak.

We just want the record to say what the facts are.

Mr. LEWIN. I think I would like to point out again that this committee sits in the maybe unenviable position of being judge at the present, a judge to form public opinion, because Dr. Bergman has been unjustly criticized in the press. For that reason, I think it is appropriate if these various allegations that were made here today, with the various media present, the television cameras present, the rebuttal witnesses we have on the very subject, indeed on the subject of this alleged breakdown of a boiler, in February of 1971, where I think the witness said Dr. Bergman was doing something, whatever a reasonable owner could be expected to do in those circumstances, and notwithstanding that—that is, Congressman Koch's list of horrors—I think those witnesses should be heard from today, so that we are not put in a position again where one side of the story is told.

That is the way it has been since the inception of this entire program by Mr. Stein and his commission.

Mr. SEIDMAN. If I may add, Mr. Chairman, that a State supreme court justice of the State of New York, in an opinion in a decision handed down yesterday, attacked the very type of raw, misleading, and one-sided information, as may have occurred here today by way of analyzing Mr. Stein's conduct, and even suggested that a further look at that behavior might indicate that Mr. Stein has committed a crime in violation of certain civil rights laws that exist under our State law here in New York.

Senator Moss. Well, it seems to me you gentlemen want to protest very loudly, as to what the facts are, and what they mean, and to impugn rather improper motives, rather than getting down to the truth.

I am not prejudiced one way or the other, and I am trying to get a record together, that I can look at, and my colleagues can look at, to decide what is the truth, and I would like to have Dr. Bergman tell me what the truth is.

Mr. SEIDMAN. However, the staging of this procedure was not arranged by Dr. Bergman, and there was no invitation with legal and proper procedures, whereby there was a proper request of the information that was being sought in this arena, with all sorts of klieg lights, television, and other scenery.

Senator Moss. Well, you—

Mr. SEIDMAN. However, we are prepared to proceed, Mr. Chairman.

Senator Moss. This is a hearing of a Senate committee. This is not a court trial. You can go ahead, Dr. Bergman.

STATEMENT OF DR. BERNARD BERGMAN

Dr. BERGMAN. Distinguished Chairman, Congressman Koch, Assemblyman Stein, and members of the committee.

You will excuse me, I hope, if I say to you at the outset that it is rather hard for me to believe that my appearance before you today is not a result of an incredible nightmare that must soon come to an end.

Over the past few months I have been the target of a program of litigation and abuse from public officials and especially by the media, which I think has no parallel in modern American history since the days of Senator Joseph McCarthy.

On totally unfounded, baseless, and false allegations, I have been charged with abusing or ignoring the health of patients in nursing homes, of associating with organized crime and with being a chief or a czar in a nationwide syndicate of nursing homes.

All of these allegations—and the many that follow in their wake—are false, are incorrect, are untrue.

Mr. Senator, I find it incredible that in the United States one can so easily be accused without anyone even stopping to consider the facts. And, therefore, I sincerely welcome the opportunity to be here today.

I welcome it because I have full confidence in this distinguished committee, in its fairness and impartiality. I trust to the process of the U.S. Senate, just as I trust to the processes of the judiciary where I have already taken the first step in trying to establish the true motives of certain ambitious and unprincipled public officers and journalists.

Indeed, a ruling yesterday by a judge in the New York courts has, I hope, begun to bring to public attention the true nature of what is going on.

The entire history of this barrage of accusations distresses me for many reasons, beyond the great personal discomfort and anguish it has caused me and my family.

It has proved to me and to those who know me that the average citizen of the United States is powerless in the face of a big lie repeated often enough from sources that seem at least superficially respectable.

That is, I think, a great danger to freedom in this country.

Second, I move to stress that these charges have smeared, not just me and my family, but many individuals whom I have known, businesses I have dealt with, and even attorneys I have retained.

That is another sign of dangerous times and attitudes. Third, I am horrified to see and to hear that public servants to whom I may have turned—as any citizen has a right to do—to request assistance in dealing with stifling bureaucracy, had their motives questioned and their characters impugned because they did what any elected representative has an obligation to do—making queries on behalf of constituents and seek to get some form of action, whether favorable or not, for someone who is entitled to a response from bureaucracy.

It is true that when applications on behalf of a nursing home facility in which I held some kind of interest were being delayed and choked off in the State department of health, I made some requests to elected representatives on the basis of nothing more nor less than justice of a request that pending application be considered on their merits only.

I exercised a right that your constituents also exercise in the hundreds and thousands each day—I ask that public officials judge the bureaucracy to get decisions out of it.

No impropriety of any kind was involved. I sought no special favors. I paid no consideration of any kind. These public officials correspond so long as we have an elected representative form of a government and so long as it is a part of our constitutional right to petition to government, for redress of grievances.

And for responding in this manner and seeking to secure decisions based on merit of our applications, these public servants have been maligned and their effort characterized as an attempt to exert influence, which is not correct.

Recently when a department of health file was publicly disclosed, I discovered the basis for this bureaucratic paralysis. This department of health file was based on such misinformation, vicious rumor, false charge that it staggers the imagination.

I hope that I will have the opportunity in the course of this hearing to demonstrate to you the incredible depth of this bureaucratic bungling because then you, like I, will finally begin to understand what lies behind this extraordinary torrent of accusations.

The long-term concern of this committee is, of course, the nature and quality of long-term care.

What is happening to Bergman—whether he was treated factually, fairly, whether wild charges against him will receive the kind of balanced evaluation that decency requires—is not really part of your mandate.

But to keep the record straight, to maintain my dignity and self-respect and to correct any misconceptions the public may have, I must tell you today under oath that I am proud of what I have accomplished in the nursing home industry during the 30 years that I have been in it.

The accusations of neglect, the horror stories painted sensationally in the press regarding the mistreatment of elderly residents of nursing homes which I have been affiliated with, are false, utterly false, totally and unequivocally false.

I invite you to talk to people who worked in the nursing homes, speak to the former employees of the Towers, which closed because we were unable to secure permission to transfer its residents to new facilities we were preparing.

You will now learn that it was an old facility, yes, and that it suffered, as every building in upper Manhattan suffered, structurally.

But if you will speak to the employees or consider impartially the service provided by its staff, you will find that it was, in the New York nursing-home field, among the most considerate to its patients, and among those which provide a wide range of therapy and service.

You are free to interview any former employee from Towers, gentlemen, whether they are here today or not.

We will submit a list, and they are no longer in our employ. In fact, speak with former Towers residents who have been transferred to more modern facilities, I have been told that many have volunteered the information that they wish they were back in the Towers Nursing Home.

Organized society owes a duty to those who have been consigned to health facilities to offer them the best of care and the most comfortable surroundings possible, just as it owes an obligation to the physically

or mentally ill to provide them with the best and most effective medical treatment.

Coincidentally enough, the same press that has recently highlighted the so-called abuses of nursing homes simultaneously ran a series of articles on scandals in the New York City municipal hospitals, which are publicly controlled and which allegedly frittered away public funds and provide very poor medical treatment.

I venture to predict that there never will be a time when the institutions which deal with society's unfortunates—the hospitals, the mental institutions, the nursing homes—will be free of criticism, ever.

Maybe consistent criticism is useful—and it is. We could never be satisfied with the level of care provided to the disadvantaged. But it is hardly fair to destroy those who have made some sincere effort to provide good facilities in these areas just because we can hope and strive for a more perfect operation.

Just to prove to you that the stories you have heard about Bergman nursing homes are false, I insist that anyone talking about a Bergman nursing home identify it by name, because an HEW official was recently quoted on the front pages of the press criticizing the conditions of one of our homes.

When he was asked which home had he visited, he could not even identify the name of the home and the place of the home.

As you will, sir, hear during my testimony, the overwhelming majority of homes assigned to me are not mine.

I also insist that you visit a real Bergman nursing home, and there are only two left in the city, and I advise the entire subcommittee and its staff to come with me immediately after this hearing is concluded to the Park Crescent Nursing Home in Manhattan, which we have operated since 1971.

Just consider in this regard what great injury Bergman has done to the public interest by operating this nursing home. When Park Crescent was opened the city had a waiting list of 1,330 nursing home patients who were monthly being maintained in hospitals, because no nursing home space was available, at a rate of more than \$100 per day.

For every patient admitted to the Park Crescent the city was saving at least \$40 to \$50, or more than \$1,200 a month. For 520 patients, this comes to more than \$20,000 per day or \$600,000 a month.

Furthermore, you will, I trust, learn from the testimony that in the decade—the last decade—my major activity has not been in operation of nursing homes at all, but rather in the real estate—in the brick and mortar of nursing homes.

I do not pretend to you, sir, to be in this business as a charitable enterprise. I am neither less nor more interested in the profits of the business than the *New York Times* or the *Village Voice* are interested in theirs.

And I believe I run my business as lawfully as they run theirs, and, I think, and I am sure, with a little more consideration for the rights of the individual.

Thank you. [Applause.]

Senator Moss. Thank you, Dr. Bergman. I appreciate your statement, and some parts of it are surprising, and I would like to ask a few questions about it.

Did I understand you to say the Towers Nursing Home had been closed?

Dr. BERGMAN. Correct.

Senator Moss. What was your relationship to it while it was operating?

Dr. BERGMAN. My wife was one of the licensees.

Senator Moss. Was one of the licensees?

Dr. BERGMAN. Correct.

Senator Moss. And she no longer holds that position?

Dr. BERGMAN. No; it was closed.

Senator Moss. Were you not listed as the business manager in the license renewal in 1972 for the Towers?

Dr. BERGMAN. No, sir. Not to my knowledge.

Senator Moss. There is an application from the city health department that would indicate that you were so listed.

Dr. BERGMAN. Is that right?

Senator Moss. That is what I am informed.

Dr. BERGMAN. I am not aware, Mr. Senator. If I would be shown, I would like to see it.

Mr. LEWIN. Mr. Chairman, if there will be reference to any documents, I think it should be clear that Dr. Bergman has a chance to see those documents.

He has been out of the country, he has returned within the last 2 weeks. Certainly in terms of preparation for this hearing, he has not had an opportunity to review documents.

He has come here today, he has provided his truthful testimony. I think as every testimony provides, it is subject to matters of recollection, and to the extent that there were documents which would refresh his recollection, I think the Chair should show him or give him the opportunity to see them.

Senator Moss. We only expect to get from Dr. Bergman the truth as he remembers it. He is not on trial.

We are not going to go through all of the procedures of a court trial. We are just going to try to get what information we can, and we appreciate his coming here to testify before us.

Mr. LEWIN. I think Dr. Bergman did indicate the Towers was a Bergman family nursing home.

Whether it was in his name, whether it was in his wife's name, or he was or was not listed as a businessman does not contradict him.

Mr. SEIDMAN. Mr. Chairman, if you have records that reflect that, you can ask Dr. Bergman whether he is—

Senator Moss. I am going to have to say that you lawyers will have to leave if you want to conduct a trial here. I am not conducting a trial. [Applause.]

I sat on the bench for 10 years, and I can run a trial if I have to.

For 15 years I have been trying to dig into nursing homes to find out what goes on, and that is all I am trying to do here.

Mr. SEIDMAN. I respect that, Mr. Chairman.

Senator Moss. Your sons, Meyer and Stanley, were involved with you when you were in the nursing home, and a man named Mark Loren?

Dr. BERGMAN. Yes; correct.

Senator Moss. Is he a relative of yours?

Dr. BERGMAN. No; but Stanley and Meyer are. They are my sons.

Senator MOSS. Now, there was a preliminary audit of the Towers Nursing Home which was released by the New York State Welfare Inspector General's Office late last year. There were disbursements, each in the amount of \$10,000 or more, totaling \$1,895,535.46, shown in the cash disbursements book for the 4-year period, but which are still outstanding.

Do you know anything about that?

Dr. BERGMAN. Sir, I don't know accurately, but what I heard, those amounts, they were exchanges. It was not an expense charged to medicaid. It was simply loans and exchanges, because the Towers always ran in the red, so occasionally we had to put in moneys for salaries, and stuff like that, so there were only loans and exchanges, but it was not listed as an expense at all.

Senator MOSS. It is just that they were exchanges made by supervisory personnel?

Dr. BERGMAN. That is right. Either by us, or by some associates. This can be proven, Senator, by the accountant.

Senator MOSS. And there were over \$2 million worth of checks, each for the amount of \$10,000 or more, which have cleared the bank for the 4-year period, but which are not entered at all in the home's cash disbursements book.

Dr. BERGMAN. Because again they were loans and exchanges, I was told after I returned.

Senator MOSS. Well, there does not appear to be any canceled checks. Do you know what has become of them?

Dr. BERGMAN. I don't know. You would have to ask the accountant.

Senator MOSS. Well, you have brought in your books, and I appreciate that, and we will look at them rather carefully.

Dr. BERGMAN. Yes.

Mr. LEWIN. Mr. Chairman, I understand the chairman's cautionary instructions. I do not want to be in a position of interjecting myself.

I think with regard to this matter though, I think it only fair to point out that there was no suggestion whatsoever, even the State welfare inspector general's report, that that had anything at all to do with medicare payments.

The loan exchange account in a nursing home which is essentially a family business, is something the family may do or use as it wishes.

It does not affect medicaid reimbursements in any way. It is like going to the candy store, like saying I lend and borrow to the family candy store, and I take it out.

Only to the extent it affects medicaid reimbursements are concerned, that is what is within this committee's concern, and that is what is within the concern of any law enforcement authority.

Senator MOSS. You are correct.

Our concern has to do with medicaid reimbursements, and that is the reason we are trying to trace out some of these things, to see if it does affect the rate of reimbursement under medicaid.

Mr. LEWIN. Let me say additionally, that that report I think was as a result of an unauthorized preliminary disclosure by the welfare inspector general.

It was subject obviously to all of the risks of leaks and preliminary disclosure, precisely the reason when we submitted our records, we

made clear we were submitting them, subject to the committee's good-faith assurance that we will not be engaging in the kind of thing that the welfare inspector general was doing in New York.

He was simply issuing preliminary reports, making things look bad, which do not affect medicaid, and which are not in fact bad.

Senator Moss. Dr. Bergman, do you know a Mr. Samuel Dachowitz?

Dr. BERGMAN. Yes, sir.

Senator Moss. And was he the accountant for your nursing home?

Dr. BERGMAN. Correct.

Senator Moss. By the way, how many nursing homes were you involved in at the time you had the Towers?

Dr. BERGMAN. Exactly, the Park Crescent, the Towers, and I had a partial interest in Utica Nursing Home, which was sold last October, and a partnership in the Oxford Nursing Home.

Senator Moss. Well, now, did Mr. Dachowitz do the accounting work for all of your nursing homes?

Dr. BERGMAN. No, sir.

Mr. LEWIN. I think unless there be any misunderstanding, what Dr. Bergman was referring to in answer to the chairman's question was the operation of nursing homes in New York State, and I think it is a matter of public record, that there are other nursing homes outside of New York State that he does have an interest in.

Senator Moss. The bank's microfilm says that there is about \$664,000 worth of checks that were made out to Mr. Samuel Dachowitz.

Dr. BERGMAN. No. That was again the loans and exchanges. He simply advanced. He saw the Towers was short, so he simply advanced a loan, in which he got the same amount back also.

The bookkeeper would give him a postdated check for later, when the check would come in. He just temporarily advanced the loan, and got back the same amount.

Senator Moss. This loans and exchange account was really quite sizable, was it not?

Dr. BERGMAN. Because we were always short in that nursing home, and since you have the books, I think the bookkeepers and the accountants will sufficiently explain that to you.

Mr. LEWIN. Mr. Chairman, again, I do not wish to interject myself, but I think it is unfair to tax his recollection about details of books and records submitted to the committee.

The committee can examine them and draw its conclusion, and I say again, if there is any attempt by this line of questioning to suggest to the public, to suggest to anyone that this involves a penny's worth of increased medicaid expense, that simply is not true.

A loan and exchange account any accountant will tell you does not at all affect what the costs are of operating the business, and, therefore, did not affect medicaid in the slightest way, and I really do think I have to object to any suggestion—

Mr. HALAMANDARIS. For what it is worth, counsel, I do not share your interpretation.

Senator Moss. Of course, I am not an accountant, and I do not understand the loans and exchange account, and that is perhaps what prompts me to keep asking about it, because it is a rather large amount of money in there of the loans and exchange thing.

Mr. LEWIN. Let me explain, if I might, a loans and exchange is not a current expense of any kind.

It is not adding anything that is considered an expense on the part of a business to operate.

If we operate, as I said, a candy store, for example, and in order to have the candy store have cash that can be generated and used in the business, I personally loan money to the candy store, which is my family business, at the beginning of the month, and I would probably return it at the end of the month, but it is not an expense in any way.

It does not appear in any way on any expense sheet, that could affect the medicaid rate in any way.

It is a family business, and that is true of nursing homes generally. A nursing home is a family business. It is not a corporation. It is a partnership.

Mr. HALAMANDARIS. Forgive me, counsel. May I interject at this point.

I ask you if these were indeed loans and exchanges, why were they not reported in the books of these homes' loan and exchange account.

Mr. LEWIN. As I understand, they were.

Mr. HALAMANDARIS. All right. We will examine the books and records.

Mr. LEWIN. That is the problem of working on a leak out of the welfare inspector general's office, where somebody has decided that he is going to defame a particular individual.

If you accept his assertion as true, without examining the books, without questioning what the basis for it is, then you reach a certain conclusion, but we submit there is no way that can be tied to a medicaid expense.

Senator Moss. Dr. Bergman, there have been press reports that you were involved in a large number of nursing homes, either you, or through your family connections, and I do not know how far out that would reach.

I wonder if you could submit your family relationships, and the involvement with nursing homes.

Dr. BERGMAN. I would be very glad to do that.

Senator Moss. Through your sons, your wife, your parents, any of your collateral relatives.

Dr. BERGMAN. Yes.

Senator Moss. How long have you been in the nursing home business?

Dr. BERGMAN. Thirty years.

Senator Moss. Thirty years?

Dr. BERGMAN. Approximately 30 years.

Senator Moss. Has it been a profitable venture for you, have you realized a reasonable income from it?

Dr. BERGMAN. Well, it depends on what you mean by profitable.

I say it is very little profitable, when you consider a certain system that we have been working under.

I am sure that the time, effort, and investment that a person would make in any other business, they could do much better, and with less responsibility, and I want to, Mr. Senator, at your request, to give you exactly the names of the nursing homes that we are involved in, and our operations.

Senator Moss. Thank you. I would be very pleased to have them, and we will make them a part of the record.

Mr. LEWIN. Mr. Chairman, in the interest of fairness, might I offer up to the committee the document which Dr. Bergman spoke of in his opening statement, the disclosure of a New York Health Department file, which was publicly disclosed according to the report in the *New York Times*, by the assistant director of the New York Health Department, who had compiled, the health department had compiled a family tree of Dr. Bergman, with all of the nursing homes that he had an interest in.

It is our conclusion on the basis of adding up all of these nursing homes, that this is the basis of the allegations, he directly owns 55 nursing homes in New York State, and I think in the interest of fairness, that document, which has now been disclosed, and is the basis of the New York Health Department's allegation that Dr. Bergman is a czar of nursing homes, should be made a part of this committee's record, and Dr. Bergman should be permitted to review it, to go through those nursing homes, and tell you whether he owns them or not, and indeed to go through that family tree, which gives him a variety of brother-in-law, sister-in-law, and cousins, and other relatives, who he does not know, and is not related to, and has no association with.

Senator Moss. All right. We will hear from Dr. Bergman on that.

Dr. BERGMAN. In our operations in New York City, we have a partnership in the Oxford Nursing Home, and in the Park Crescent Nursing Home.

As I mentioned before, we did have a share in the Utica Genesee Nursing Home, which was sold last October.

It is on contract, I should say, and we have recently closed the Towers Nursing Home.

Now, we do have an interest in property ownership, including the Laconia Nursing Home, the Towers, Golden Gate, the Carlton, 10 percent in the Carlton Realty, a 10-percent interest, and a building to be called the Danube Nursing Home, which never opened because of certain bureaucratic problems.

I also wanted to mention that my daughter, Miriam Kass, has a third interest in a realty property of a small nursing home called the Riverside. This is in New York State.

Senator Moss. Those are all you have in New York State?

Dr. BERGMAN. Yes. Now, I should like, if I may, Senator, to talk about this exhibit, whatever you call it, this list that was submitted by my attorney.*

I want to say the following, that when I first looked at this list when I returned a few days ago, I was rather shocked, shocked more than anything else that I heard, of any other accusations I heard, because this list, or this blacklist is the heart of the terrible injustice which is being reflected upon me, or inflicted upon me.

Behind my back, in secret, the bureaucracy compiled a fictitious charge, a so-called Bergman family tree, and lists 55 nursing homes and operations as mine, 55 nursing homes, and here I must give Mr.

* See appendix 2, item 1, p. 2961.

Hess a compliment, because he reported only 110, doubling the number for a newspaperman is a compliment. Others would perhaps write 300.

Now, this family tree lists names of relatives, who are not related to me, associates which are not associated with me, nursing homes which I never heard the names before, and do not know their locations, and I should like to start right on page No. 1, the front page, Senator.

On the left side, Jeannette Leifer, a half sister of Bernard, Sam Leifer, her husband.

Her husband's name is Bernard Gutman, not Sam Leifer.

On the second line on the left, Michael Tannenbaum, brother-in-law; Michael Tannenbaum is not my brother-in-law, not my relative.

I have seen the man perhaps a number of times at public functions, but I hardly know the man.

On the right side, Jacob Weiss, a brother of Ann. Unfortunately, my wife has no brother, no brother.

On the second line on the left, a daughter, Miriam, Morris Bickey, son-in-law. Morris Bickey is not my son-in-law.

Further, Miriam, a daughter, correct. Amram Kass, son-in-law, correct.

Children, Meyer; a son, correct. Stanley, a son, correct.

Theodore, a son, does not exist. I never had a son by the name of Theodore. I don't know who he is. I don't know where he lives.

Further down, cousins. Rabbi Ben Zion Frankel, Clara Frankel, they are not cousins. He is my brother-in-law.

Jack and Yetta Braunstein. Ethel Gabel. Ethel Gabel is no relation of mine at all.

Senator Moss. Mr. and Mrs. Braunstein?

Dr. BERGMAN. Mrs. Braunstein is a cousin of Mrs. Bergman.

Senator Moss. Thank you.

Dr. BERGMAN. Now, on page 2, Bernard Bergman, New York State nursing home operation, Park Crescent is correct.

Towers, my wife was the licensee, that is correct.

Oxford Nursing Home, in which we are participants, correct.

Danube Nursing Home, which has not operated, which has not opened, but we own the real estate, still closed, correct.

But all with the exception of the Oxford and the Towers mentioned further in this whole list, from A to 10, only the Genesee was ours, the Towers was ours, and that is it. I think they repeated it on the following page, so we will come to that on page 2.

Mr. LEWIN. That should be made clear, Mr. Chairman, for the record, that means there are 10 in that list, 7 of which are not Dr. Bergman's, or at least from the information he has, some were his or his wife's as much as 20 or 15 years ago.

Dr. BERGMAN. Now, Meyer Bergman, that is B on the same page, relative on the same page, Belt Parkway Nursing Home. No relation to Belt Parkway Nursing Home.

Theodore Bergman, again listed as a son, a gentleman. He may be a very good son of a very good parent, but he is not my son, and I don't know him.

Amram Kass and Miriam Kass, my son-in-law and my daughter. He was interested in Rego Park, that was over a year, but no longer.

Page 2, Jeannette Leifer, half sister, Towers Nursing Home. Well, of course, she was some years ago, maybe 10 years ago. Of course she

was married, I think to an assistant over there, and of course now the Towers is closed.

Carlton Nursing Home, we have a 10-percent interest in the realty, and that is it.

Mayflower Nursing Home, we were out of there maybe 6, 7 years ago.

Samuel Leifer, brother-in-law, Samuel Leifer is not my brother-in-law.

Verrazano Associates, owner of Verrazano Nursing Home. If he is a member of Verrazano Associates, I don't know. I should qualify that when I mention Verrazano, that we do own the realty, part of the realty, and our lessee was Mr. Hartmann, who has subsequently subleased to some other people, who I really don't know the names.

Senator Moss. Mr. Leifer, is he related to you in any way?

Dr. BERGMAN. Mr. Leifer is a half cousin, my mother's stepmother's son, but, Mr. Senator, I never had any business dealings with this man. I perhaps have seen him once or twice in 2 or 3 years, but I had no business dealings with him whatsoever.

Now, further, Pelham Parkway Nursing Home, I don't know what nursing home that is.

East River Nursing Home, I don't know what it is.

River Manor Nursing Home, I have no relation, I don't know what it is.

Resort Nursing Home, no.

Ben Zion Frankel is related, as I said, and he is interested perhaps, as I see listed, Belt Parkway, Ocean Parkway, Surfside, but not in Oxford.

Michael Tannenbaum, totally strange to me. He is reported as a brother-in-law, son-in-law, and so on, and so forth. I hardly saw the man a number of times in my life, and his nursing homes that I see, nine of them, New Vanderbilt, no; Resort Nursing Home, no; Williamsbridge Manor, no; Marathon Care Center, no; Caton Park Nursing Home, no; Glen Oaks Nursing Home, no; Fairview Nursing Home, no; Woodcrest Nursing Home, no; and Meadow Park Nursing Home, no.

I have no relation to them, I don't even know where these nursing homes are located.

J. Mr. Izbicki, he is my half sister's father-in-law. However, he has three nursing homes, does he, Burnside Nursing Home, White Plains Nursing Home, Carlton Nursing Home. I have absolutely no relation to those operations, except I could qualify that by saying that we did have a realty interest.

Again, Yetta Braunstein is not a sister. It says she is a sister. She is a cousin of my wife's.

Nursing home operations, Olinville Nursing Home, we have no interest in that nursing home.

The next one, Hannah Halberstam, reportedly related. She is not related, and I don't even know who she is.

Two nursing homes, Park Terrace Nursing Home, no; no relation to us.

Rest Haven Nursing Home, no. I don't know where it is. I don't know to whom it belongs.

Mark Loren, White Plains, was part owner of Towers, and removed.

Mr. Loren was not part owner of Towers. He was one of the supervisors, I should correct that.

And Moses Unger, reportedly related. He is not related to us. He has an interest in the American Nursing Home. I don't know what it is.

I am sorry. I heard that it is somewhere in Manhattan. I have no relationship with it.

Caton Park Nursing Home. I don't know the nursing home, and I don't know the people.

Bertha Teller, relationship rumored. Now, this is very strange for a public official, to say relationship rumored.

Whatever the rumor is, she is not related to me.

Relationship unknown, but close associates.

Senator Moss. You skipped Mattis Yellin.

Dr. BERGMAN. I am sorry, Senator. I did not mean to do that. Mattis Yellin is not related to me. He is not related to me.

Bertha Teller, not related to me, and I know that she is a partner in the Carlton Nursing Home, that I mentioned we had a 10-percent interest in realty.

I know she is a partner of that operation, but it has nothing to do with us, and she is not related.

Now, the names, relationship unknown, but close associates.

New kind of relationships we find on this list.

Solomon Heisler, a gentleman that I know, met him a number of times at functions, but I have no business dealings with him.

As a matter of fact, in examining the records, the same Mr. Hartmann that I mentioned before, has subleased the Verrazano Nursing Home, I found out that Mr. Hartmann is one of those subleasees, who we never met, we never even negotiated with him.

We have no dealings with him at all. Our rent is the same rent that we received from Mr. Hartmann right at the beginning of the lease.

It did not change at all, as far as we are concerned.

Now, Mr. Heisler, the New Vanderbilt. I don't know what it is. No relation.

Sands Point Nursing Home, I don't know where the nursing home is.

I mentioned the Verrazano Nursing Home before.

Sands Point Nursing Home, I don't know where it is.

Silver Lake Nursing Home. I don't know what it is.

New Brighton Manor, I don't know what it is.

Bronx River, I don't know what it is.

Nursing Home Realty, East River Nursing Home, I don't know where it is.

Resort Nursing Home, no.

Woodcrest Nursing Home, no.

Now a gentleman by the name of Harry Ostreicher, Mr. Senator, if I met Mr. Ostreicher three or four times on certain communal functions, it is the most.

If he walked in today, right now, I perhaps would say hello to him, because of the face, it looks familiar, but that is to the extent I know this gentleman, Mr. Senator.

Now, Mr. Ostreicher, Oceanview Manor, no.

Breezeview, no.

Rochdale Park, not known to me.

Sands Point Nursing Home, no.

Ross Nursing Home, no.

University Nursing Home, no.

C. Helen Ostreicher, a lady whom I don't know. I assume perhaps she is the wife of Harry Ostreicher. I assume that. I don't know. That is again a rumor.

Park View Nursing Home, I don't know.

Alexander Hartman, Mosholu Parkway Nursing Home, no.

Wayne Health Related Facility, no.

St. Austin Health Related Facility, no.

Danube Nursing Home is wrong. He does not have any interest in that. That building belongs to us, and that building is still not opened, although it has been approved 4 or 5 years ago, but this is a mistake that people made.

East Haven Health Related Facility, no. No connection with us. I don't know where it is, and we have no interest whatsoever.

Senator MOSS. Do you know Mr. Hartmann at all?

Dr. BERGMAN. Yes, sir.

Senator MOSS. You know him?

Dr. BERGMAN. Him—we did business because he is the original lessee of the Verrazano, and he evidently subleased to these other people, whom we have no dealings with whatsoever, and as far as we are concerned, it is the same rent as the original lease.

Now, E., Frank Klein, a gentleman, again, that I have met at communal affairs, that is to the extent that I know him.

His nursing homes, Cliffside Nursing Home, no.

Hyde Park Nursing Home, no.

Glen Oaks Nursing Home, no.

Fairview Nursing Home, no.

Woodcrest, no.

Meadow Park Nursing Home, no.

I don't even know where they are.

Now, Nursing Home Realty Interests, American Nursing Home, no.

Cliffside Nursing Home, no.

Lyden Nursing Home, no.

Meadow Park, no.

Rofay Nursing Home, no.

Williamsbridge Manor, no.

I am sorry, but there are no more pages.

Mr. SEIDMAN. Mr. Chairman, I might add that material was obtained from the New York State Health Department file, and was obviously the predicate for misinformation on both the part of the reporting in the press, and in our opinion, other agencies.

Senator MOSS. We are glad to have your sworn testimony on it.

Dr. BERGMAN. Mr. Senator, in conclusion, I must say this is very painful, a typical example of why tragic, tragic, and false reports, on how the public was fed within the past 3 or 4 months.

Here is 55 nursing homes, 55 nursing homes on this list. I did not count it, Counselor told me, of which only two operations we are involved in, the Park Crescent and the Oxford.

We do have interest, as I mentioned before, those that I mentioned, in some of the realty, but absolutely no connection whatsoever, no interest in any of these 55, except those that I mentioned before.

Thank you, Mr. Chairman.

Senator Moss. Thank you. I appreciate your giving us that rundown. I did want to ask two or three other names, to see if you had any relationships or dealings with them.

Do you know Rabbi Bernard Twersky?

Dr. BERGMAN. Yes.

Senator Moss. And did you have business dealings with him?

Dr. BERGMAN. We had business dealings with him, that is correct.

Senator Moss. And what were they having to do with, nursing homes?

Dr. BERGMAN. No; he is not an operator of nursing homes.

Very frankly, about business negotiations, and finances, I would really have to consult my office, but for the past 5 or 6 years, I have not been active.

My children, and sons-in-law have negotiated these financial things. I would be glad to give the committee whatever financial dealings we had with this person or anybody.

Senator Moss. I was just trying to find out what kind of dealings you had with him.

Do you know Phillip Klutznick of Urban Investment and Development in Chicago?

Dr. BERGMAN. No, sir.

Senator Moss. You do not know him?

Dr. BERGMAN. No, sir.

If that is the gentleman with B'nai B'rith who was the former president of B'nai B'rith, I do know him from public meetings, but I have never had any business dealings with him.

Senator Moss. No business with him?

Dr. BERGMAN. If that is the Phillip Klutznick.

Senator Moss. Well, this man is from Chicago.

Dr. BERGMAN. If that is the gentleman who was formerly president of B'nai B'rith, then I know him from public functions, but no business dealings with him whatsoever.

Mr. HALAMANDARIS. Let me intervene here, if I may. Essentially what the Senator is asking is a list of names that appeared in the public press, with which you were connected, or supposedly connected, and we are giving you an opportunity to answer those.

Dr. BERGMAN. No business dealings whatsoever.

Senator Moss. Do you know the owner or officer or employee of Emprise Sports Concessions?

Dr. BERGMAN. I never heard the name before.

Senator Moss. Did you have any business dealings with the First Connecticut Small Business Investment Corp.?

Dr. BERGMAN. Yes, sir, some years ago, we made a loan from them on a nursing home.

Senator Moss. I wonder if you could supply for us the date and—

Dr. BERGMAN. I will submit a correct report of that particular transaction,* but if I recall correctly, I think there was one mortgage, or something that we got some years ago, but I will check the record, and submit correctly what dealings we had with them.

Senator Moss. Are you an active rabbi?

* See appendix 2, item 3, p. 2964.

Dr. BERGMAN. No, not presently.

Senator MOSS. Not presently?

Dr. BERGMAN. But I am active in communal affairs, religious affairs, what is known as communal affairs.

Senator MOSS. Are you familiar with a Swiss bank in Geneva, the Swiss Bank UTO?

Dr. BERGMAN. Swiss Israel Bank?

Senator MOSS. Yes.

Dr. BERGMAN. I don't know a thing about it.

Senator MOSS. Do you own land in Canada?

Mr. LEWIN. Could we have that name straight?

Senator MOSS. Swiss Israel Bank.

Dr. BERGMAN. I think I have seen the name in newspapers, but, frankly, I don't know.

Senator MOSS. Do you have a Swiss bank account?

Dr. BERGMAN. No. I should say, Mr. Senator, some years ago, a few years ago, there was a gentleman who belongs to the same organization with us, with me, they had an office here, it was a number of years ago, I don't recall when, 3 or 4 years ago, one of my companies received a loan of a couple of hundred thousand dollars, which was after this was discontinued, because their interest was much higher than we paid here, but absolutely no interest in this bank or any other bank.

Senator MOSS. But a loan from Swiss?

Dr. BERGMAN. From them at that time, to one of our corporations.

Senator MOSS. Do you know Mr. Joseph Pullman of Toronto?

Dr. BERGMAN. I never heard the name, Mr. Senator.

Senator MOSS. And no business dealings with him?

Dr. BERGMAN. No business dealings at all.

Senator MOSS. How about the CNA Investment Corp.?

Dr. BERGMAN. I never heard the name of this corporation before.

Senator MOSS. Do you know Meyer Lansky?

Dr. BERGMAN. Mr. Senator, the only source, the first time I heard that name, when I was in Israel, and there was a legal struggle to give citizenship or not.

That is the first time I heard the name Lansky. I say this under oath.

Senator MOSS. You just know him by reputation?

Dr. BERGMAN. That is correct, and the first time I heard about it was when I was visiting Israel, and I read about it in the paper.

Senator MOSS. How about Mr. Joseph Kosow?

Dr. BERGMAN. I never heard the name, Mr. Senator. I never heard the name before, except I should say my attorney asked if I heard that name. I never heard that name before.

Mr. LEWIN. Mr. Chairman, again, for the record, I just would like to hand in for the committee's record, a few exhibits. One is a letter from Mr. Kosow's attorney written for the *New York Times*, flatly stating that Mr. Kosow had never heard of Mr. Bergman, never met Mr. Bergman, had never anything to do with Mr. Bergman, and the *New York Times* ignored that letter.*

I contacted his attorney in Boston, and he gratuitously sent me this letter that he had sent to the *New York Times*.

* Not received at time of publication.

Senator Moss. Do you know Mr. Charles Brennick?

Dr. BERGMAN. No, sir, I never heard the name before.

Senator Moss. No dealings with him?

Dr. BERGMAN. No dealings with him. This is the first time I heard this name.

Senator Moss. How about Mr. Sam Defalco?

Dr. BERGMAN. No, sir, I never heard before the name.

Senator Moss. No dealings with him?

Dr. BERGMAN. No dealings with him. This is the first I heard the name.

Senator Moss. How about Mr. Sam Defalco?

Dr. BERGMAN. You mean the surrogate judge?

Senator Moss. I guess it is. I am not acquainted.

Dr. BERGMAN. Oh, I see. If it is the surrogate judge, yes, I used to live in Manhattan, lower Manhattan, and the judge, he was promoted, yes, I know him, of course.

Senator Moss. Did you have business dealings with him?

Dr. BERGMAN. No. Just on communal affairs, communal functions.

Senator Moss. How about Mr. Art Klein?

Dr. BERGMAN. What is his name?

Senator Moss. Art. Arthur.

Dr. BERGMAN. Arthur Klein. You mean the one who passed away?

Mr. HALAMANDARIS. We are not sure.

Senator Moss. He passed away?

Congressman KOCH. Yes.

Dr. BERGMAN. I knew him as a public official, but no business dealing whatsoever.

Senator Moss. Were you not on the board of Home of Sons and Daughters of Israel with Klein and Defalco?

Dr. BERGMAN. On the board?

Senator Moss. Yes. The board of Home of Sons and Daughters of Israel.

Dr. BERGMAN. Mr. Defalco was never on the board of Home of Sons and Daughters of Israel.

You are going back 25 years ago, that was, and I don't remember him being on the board.

Senator Moss. Isn't this the same site where you planned the Fifth Avenue Nursing Home?

Dr. BERGMAN. No, sir.

Senator Moss. That is not?

Dr. BERGMAN. No, sir.

Senator Moss. Does the Youzucker Dou Bergman Foundation exist?

Dr. BERGMAN. Yes, that does exist. It is a charitable foundation. It is Dob Bergman.

Senator Moss. Dob?

Dr. BERGMAN. Yes. But no outside funds. Just I myself. It is not a public fund of any kind.

Senator Moss. Does it carry on charitable functions?

Dr. BERGMAN. That is correct. Just personal contributions that I make, and then disburse to various charitable groups. It does not receive any funds from the outside.

Senator Moss. I see.

Dr. BERGMAN. Very rarely, maybe a couple of instances, many years ago.

Senator MOSS. Are you still quite active in the Israeli charities?

Dr. BERGMAN. Yes, very active, Mr. Senator. As a matter of fact, I spend most of my day for communal affairs, here and in Israel.

Senator MOSS. During the time you have been operating these nursing homes, did you have any fire difficulties in them, fires?

Dr. BERGMAN. Senator, I don't recall. To the best of my recollection, I don't recall any fire in any nursing home, except little accidents, like a table burning, or something like that, but I would like to check the record.

I don't really remember any fire in any of these nursing homes.

Senator MOSS. None that you recall of any consequences?

Dr. BERGMAN. That is correct.

Senator MOSS. Did you hear Dr. Dobkin testify about dehydrated patients that he observed in the hospitals that came from the nursing homes?

Do you know if any of them came from yours?

Dr. BERGMAN. Mr. Senator, I came toward the end, and what I heard from here, frankly, he talked in terms of medical problems, which I must admit are not known to me, but as a general statement, I want to say, Mr. Senator, with all due respect, with all due respect to the doctor, that I heard before, and I want to again invite you, Senator, and the committee to come to our nursing home, and you will learn differently, and it is not my prerogative to rebut a doctor, but I do want to mention one fact, that I am so surprised that the lady that testified, and involved the Towers, why she did not mention this incident.

I did not want to talk about this 5-day period of steam or no steam, because I do not remember exactly what took place.

I do remember that they were transferring one boiler into a different building, and there was temporary steam during this time, but I do remember an incident when I was with Ms. Hopper in the Towers, when they brought in a patient from a city hospital, and she was there right in the lobby, and our supervising nurse called me over, and said, "Look, Dr. Bergman, this is how they deliver a patient in the center, without a blanket, without underwear, and on a freezing day," and Ms. Hopper was there at the time and I said to her, "I am going to call the commissioner to come down and see how the city hospitals deliver patients to the nursing homes."

I say, in my opinion, when I hear from doctors, medical authorities, like the HIP that come into the Park Crescent, and that served the Towers Nursing Home, that they find patient care much superior in these nursing homes than even in some of the hospitals.

We have a patient which I mentioned to Mr. Lewin, a woman that came in from a very prominent, very outstanding hospital, and she was half paralyzed, and she said, the son told me, they were paying \$230 a day.

She rang the bell for a nurse for over an hour almost. No nurse showed up. She came to Park Crescent Nursing Home, and I will be glad to give you the name of the patient, she came into the Park Crescent Nursing Home for around \$40 a day, and she said all of a sudden, in 1 week, she finds herself already in a wheelchair.

When she wants a nurse, she get a nurse in 3 or 4 minutes. They wheel her into a dining room so that she can eat, and she does not feel she is paralyzed.

Physiotherapy is given, she is taken into a recreation room, so that she can enjoy the kind of recreation programs that we offer.

Occupational therapy, all of a sudden, she is with a group knitting away, and the son said he would never forget this, the difference of service in some hospitals, and the excellent service that some of these nursing homes render, and I don't say our nursing home.

I imagine that is the case with almost every nursing home.

Senator Moss. Do you have a medical doctor attached to the nursing home that attends to all of the patients in the nursing home?

Dr. BERGMAN. Mr. Senator, every patient has a doctor assigned to him.

Senator Moss. Of his own?

Dr. BERGMAN. Either their own, or through the department of health, or we have a contract with him, that has a group of doctors in the neighborhood, that are called 24 hours a day.

In addition to the regular visitations, and examination of patients, and, Mr. Senator, I think it would be very helpful to the committee, that once these doctors of HIP, who have no relations with us, most of them do not even know us, that they would come and testify as to what kind of service, medical service, and nursing service, a nursing home renders.

Mr. LEWIN. I might note, Mr. Chairman, I think it says something for the confidence of nursing homes, that they are prepared to have totally outside doctors to treat the patients.

The HIP doctors on the outside are not on the payroll, and yet they are the ones that treat the patients.

Might I suggest, since we are on that subject, that we do have witnesses outside the hall, that are former employees of the Towers that can discuss and testify regarding the conditions of the Towers, and I think given the fact there were general inflammatory statements made here, that the committee should hear from those employees of the Towers, as to what the conditions were there.

Mr. HALAMANDARIS. May I interject at that point? Would you be kind enough to furnish the committee with a list of employees, past and present, who worked with the Towers, and other nursing homes, and allow us to contact the people individually?*

Mr. LEWIN. Dr. Bergman has made that offer to the committee. We have not discussed it, but he made it, and we are perfectly prepared to carry it out.

Let me say again that I made a tour through the Park Crescent the other day, I have recently been retained and represent the Bergman family, and I spoke to the employees and discovered their reaction.

Mr. HALAMANDARIS. May we speak with the employees privately, if you don't mind, and then we can discuss about letting them testify at some later date.

* The materials referred to were received by the committee and were turned over to Federal and State authorities.

A couple of housekeeping things. You gentlemen agreed that you would provide this committee with a list of any business dealings that Dr. Bergman had with Rabbi Twersky.

Would you be kind enough to supply that to us within a reasonable time?*

Second and third, the accountant that you have used is Samuel Dachowitz. Would you be kind enough to have him contact the committee and help us interpolate some data?

I am informed, I do not know if this is accurate or not, but that Mr. Dachowitz could not be reached. Repeated efforts by the committee were not successful to reach him, and we would like to have your help in contacting him, and in giving us whatever assistance we might need in interpolating data.

Mr. LEWIN. The best we can do is try to speak to him to get him to cooperate. We certainly do not control Mr. Dachowitz, and we cannot control his actions.

We will make that effort. Let me also since we are talking about housekeeping details, not to go through it, but I think the committee should also have exhibits of other documents that were taken from the health department file, which specifically they are again in the same nature of the family tree, because the health department is part of its profile, as appears from the file, they went through to find out what the problems were with Dr. Bergman, and why this was, this was the reason for opposition to his application, and if the committee goes through those exhibits, I think you will see that they made various allegations against Dr. Bergman in regard to homes.

Senator MOSS. We will accept those documents.**

Mr. HALAMANDARIS. Let me ask counsel, what your explanation is for the apparent inaccuracies in the list of homes, et cetera, supplied by the New York Department of Health.

I have never known the department of health to be incompetent or inaccurate, and I think it is fair that we should hear a representative from the department of health to see what they have to say about this matter.

Are you agreeable to that?

Mr. LEWIN. I would love to hear from them as to what their basis is for this.

As I said the file is now public. What the file would show is that various people at the bureaucratic civil service level determined at an early stage they did not like Dr. Bergman. They thought he had various associations with all kinds of nursing homes, and they then went out to manufacture allegations based on their preconceptions.

Let me say in this regard, and I think it is important, and I think it is a fact that the committee may not be totally appreciative of.

There are in the industry, the nursing home industry in New York, a variety of people like Dr. Bergman, who are of the Orthodox Jewish faith. That is a small community. There may be an association of those within the department of health, that everybody of the Orthodox Jewish faith are associated with each other.

* See appendix 2, item 3, p. 2964.

** Subsequently received pursuant to committee subpoena. See appendix of "Trends in Long-Term Care," part 24, Feb. 4, 1975.

I am saying it is a small community, and people in Albany dealing with this problem.

I am not suggesting it is in any way based on anything to do with religious faith, but I am talking about the associations that are assumed, that simply because these people are members of the same religious group, and I submit that if I try to view it generously, as I said, if I try to view it generously, that is to me the basis for the department of health's misconception regarding this network of ownership.

Mr. HALAMANDARIS. Counsel, may I interrupt.

Speaking of generosity, the Senator has certainly extended his to you in allowing you to make these speeches continually, hour after hour. But the time is growing late, and I would like to make one last request, and let the Senator recess the hearing, because I know he has a plane to catch.

Would you be kind enough to supply us with a statement of your net worth, whatever it is, the financial statement, indicating the holdings which you have?

We have various lists supplied to us by the department of health, and they may also be inaccurate.

Mr. LEWIN. Well, there is a question in this regard. I don't think Dr. Bergman is at all concerned about concealing anything.

There is a matter of privacy involved. Simply to say to a witness, what I want to do is I want to get a statement of your net worth, at least strikes me as an issue that is questionable.

Mr. HALAMANDARIS. We will do it on a confidential basis, and not print it in the record.

Mr. LEWIN. I will submit, if it is submitted on a confidential basis, and I have not discussed this with Dr. Bergman, it will have to be on a confidential basis, that limits that disclosure not to people that might be generously involved with the committee, but maybe directly to the chairman, and maybe directly to counsel, and no one else, because this is a matter of individual privacy.

He has been subject to a substantial amount of abuse in the press, and I think he is entitled to obtain that privacy.

Senator Moss. Well, Dr. Bergman, you have responded today, and answered a great many questions here that we have prepared, and I know you have not had much preparation, and you of course have submitted your books now, and we want to look at them as carefully as we can, and to get them interpreted.

Would it be satisfactory for you to return on the 4th of February for a hearing?

Dr. BERGMAN. Mr. Senator, anytime you call me, I am ready.

Senator Moss. Well, the 4th of February is about 2 weeks away.

It is on a Tuesday. I was just looking at my book to see when I could get up here again, and I think I could do it on the 4th of February. Would that be satisfactory?

Mr. LEWIN. Senator, I have to check my schedule, and I know I have a conference in Washington at that time, and let me say that Dr. Bergman, as I think it is clear, has come here with the purpose of cooperating.

I don't think he should be harassed by repeated trips to the committee.

I think we can discuss a date, and he is prepared to come back and cooperate continuously, but I think that each one of these appearances before the television lights, with this publicity, is a very substantial strain on his health, and I think the committee should take that into account.

It is really not fair to say now you come, now you testify, you have gone through a list of nursing homes, you have denied it, and now we want you to keep coming back until we can dig up something that may provide some basis for the rumormongering.

Mr. HALAMANDARIS. That is not true, counsel.

Senator MOSS. You are making a speech again, and, of course, besides the time factor, we have not had the opportunity really to look at the books yet, which is something we would like to do, and I am willing to try to accommodate Dr. Bergman to what is a convenient date for him, and we would try not to detain him too long. A half a day maybe would be plenty.

Mr. LEWIN. I think that could be worked out between us.

Senator MOSS. Mr. Naftalis.

Mr. NAFTALIS. Mr. Chairman, I should point out on the record that there are vast areas of questions of Dr. Bergman's activities, both in connection with alleged political influence of Dr. Bergman, ownership of nursing homes, questions of records, and books which have not been supported in any detail today.

Indeed, I would suggest that we have heard a great deal of self-serving statements from Dr. Bergman's lawyers.

The chairman has been terribly courteous in allowing him to speak on behalf of his client, as well as statements of a self-serving nature, and very little questioning from any of the other members of the panel, Representative Koch, Mr. Halamandaris, Mr. Edie, or any other members of the staff, and I would respectfully ask the chairman to give some consideration by the further questioning today, in addition to other questions at some future time.

We are setting a firm date, and directing the witness to appear, and to be interrogated on these matters, directly and pointedly required to answer yes or no.

Senator MOSS. Well, we will set it for the 4th of February, and Dr. Bergman has indicated he would be willing to come.

We will attempt to be accommodating. My colleague, Mr. Koch, might have a question or two here, since he has come up this afternoon, and he may not be able to be back on the 4th of February.

Congressman KOCH. I very much appreciate that, Senator. It is possible by virtue of my new assignment to the Appropriations Subcommittee I will not be here, so bear with me.

The first one relates to this, Dr. Bergman, there are different degrees of interest.

By that, I mean one can own real estate, one can be a licensee, one can be a vendor, and one can operate a nursing home, and I wonder whether you would agree to provide the committee with a list which covers all of these aspects of ownership, vendor, supplying nursing homes with various services, licensee aspect, and operation of the home in your name, and in the names of any of your blood relatives.

Dr. BERGMAN. I shall be glad to provide all that on my nursing homes. If you tell me in others—

Congressman KOCH. Listen to my question.

I would like to know whether your wife, or your sons, or your in-laws, those in direct concentricity of any of these interests, are you in accord on that?

Dr. BERGMAN. Right.

Congressman KOCH. Let me just add this question with respect to that.

If you cannot tell us now, are there homes that are not mentioned in these lists, in which you have such an interest, or homes in this list, in which you have one of these interests, which you did not describe when you first testified?

Dr. BERGMAN. Congressman, no.

Congressman KOCH. If you will give us that list, I would appreciate it.*

Dr. BERGMAN. I would be glad to.

Congressman KOCH. Now, the second question I have, you have made a statement concerning what you think to have been adverse publicity, and what you characterized as unfair, prejudicial attacks upon you in advance of this hearing by the media, et cetera, and among the allegations that have been made, are that you attempted to obtain political influence with respect to your nursing homes, in terms of preventing an examination into the ownership and the conditions. You are aware of that allegation, are you not?

Dr. BERGMAN. Of the allegations, yes.

Congressman KOCH. That is what I am asking. You are aware that the allegations concern you, and the speaker of the assembly, Mr. Stanley Steingut, and the majority leader, Assemblyman Blumenthal. You are aware of those allegations?

Dr. BERGMAN. Right.

Congressman KOCH. In fairness to them, and to yourself, would you now tell us what conversations you had with either or both of those gentlemen with respect to your nursing homes, and requests on your part for any support by them in terms of your nursing home operations, and give us the dates, as best you can recall them, and the sum and substance of your conversations.

Dr. BERGMAN. Mr. Congressman, Senator, I am really grateful to you for asking me this question.

Congressman KOCH. I would be grateful for the answer.

Dr. BERGMAN. I was very, very disturbed over such allegations, and before I give you an answer specifically, I want to tell this committee, Mr. Senator, to show how far-reaching my political influence is or was, is that I have a nursing home which was approved. I should say a building for a nursing home, which was approved on April 28, 1966, and with the approval of counsel, I would like to submit this in evidence, April 28, 1966. Mr. Congressman, this nursing home was built, almost 3 years ago, completed, furnished, equipped, approved by all city councils, approved by the department of hospitals, by the commissioner, built, equipped, decorated, and the doors are still closed.

This in brief, I want to tell you to the extent, that is the Danube.

* See appendix 2, item 3, p. 2964.

Congressman KOCH. But give us any conversations you had with either of the two gentlemen which bear on your nursing homes, as best you can.

Dr. BERGMAN. I shall be glad to. In one case, Mr. Blumenthal, the assemblyman of our district, we complained to him that this bureaucratic system in Albany is somehow discriminating against us, that was in the case of Park Crescent Nursing Home.

The inspectors did not come down when we asked them to come down, weeks and months, in the meantime the expenses are running, and the place is not open.

Congressman KOCH. Will you place this conversation in time?

Dr. BERGMAN. I am sorry. On dates, this was before its opening, 4 or 5 months maybe, to the best of my recollection.

Don't keep me to the date. So we made a complaint to him, and he did arrange a conference with the department of one of the agencies. I forget what date it was held, we met with him, we asked them what the problems are, they told us what they were, we tried to correct them, we tried to reach agreement with them. This is the extent of it.

Congressman KOCH. That is the only conversation that you had with Assemblyman Blumenthal, the one you just described?

Dr. BERGMAN. That is correct. Excuse me. There might have been one or two conversations, but it was only in relation to that problem that we had.

That is as far as Mr. Blumenthal is concerned, and then we had a few other problems, some of the neighbors complained about the nursing home, you know, residents and so forth.

Congressman KOCH. Now, I take us to any conversations you had with then Assemblyman Steingut, the speaker of the assembly, or anyone on his staff, one of the names they mentioned in the press, Mr. Chill. Are you familiar with Mr. Chill?

Dr. BERGMAN. Yes.

Congressman KOCH. Will you tell us what conversations you had with respect to Mr. Steingut or anyone on his staff?

Dr. BERGMAN. Yes.

Congressman KOCH. Concerning your nursing home operations.

Dr. BERGMAN. With Mr. Steingut, similarly, when the facility was almost finished, and we did not get the cooperation of the department, I made the same complaint to him, and what I got from him was, "Well, we will inquire about it, and find out what is holding it back."

Very frankly, I don't remember whether he came back to me or not, but this was to the extent that I asked Mr. Steingut, the same thing I asked Mr. Blumenthal.

Congressman KOCH. How about Mr. Chill, and do you know Mr. Chill's relationship to Mr. Steingut?

Dr. BERGMAN. Yes; he is an assistant.

Congressman KOCH. He is on the staff?

Dr. BERGMAN. He is on the staff.

Congressman KOCH. What was the conversation?

Dr. BERGMAN. As far as Mr. Chill was concerned, I recall correctly, that at one time some of our lessees engaged his firm to put a transfer of a license, that is his firm, and, of course, we are interested as well that the place is licensed, and we had a realty interest in there.

And then, of course, on some other occasions, we complained to him as well, about this Danube, which I said before, is still closed, after it was approved 5 years ago, and he told us, that he would talk to the health department, to see what he could do.

I really don't remember, but I do remember talking our hearts to them, saying, look, why don't you people do something about it.

Congressman KOCH. Now, is Mr. Steingut at that time—was he your assemblyman? Did you live in his district?

Dr. BERGMAN. No.

Congressman KOCH. What relationship did you have with him?

Dr. BERGMAN. Again, he is a public official, and his interest in communal affairs, and I used to meet him very often at the functions, and as a matter of fact, I have known him maybe 25 years, and I similarly complained to him, that we are being harassed, and we are being discriminated, whatever the case may be.

Congressman KOCH. Did you ever make any of your requests to either of those two officials, or anyone else in public office, in writing, have you ever made a written request with anyone in writing, concerning problems you might be having with nursing homes, with public officials in elected office?

Dr. BERGMAN. Mr. Congressman, I do not recall such, but I can check it in my office. If they have, I would be glad to supply you with it.

Congressman KOCH. Thank you.

Senator MOSS. Thank you. We do have to leave. Mr. Naftalis, did you have a question?

Mr. NAFTALIS. Senator, whenever you have to leave, let me know, and I will quit.

You mentioned some conversations with Mr. Stanley Steingut regarding problems that you were having regarding your nursing homes, is that right?

Dr. BERGMAN. Correct.

Mr. NAFTALIS. And is it not a fact, sir, that you had a conversation with Mr. Steingut at your daughter's wedding at which you asked him to set up a meeting with you, or attend a meeting with you with Governor Rockefeller?

Dr. BERGMAN. Would you repeat the question again?

Mr. NAFTALIS. Would you read it back, Mr. Reporter?

[Whereupon, the pending question was read back.]

Dr. BERGMAN. Very frankly, gentlemen, I know he was at my daughter's wedding—as I said before we have known him for over 25 years.

But I do not recall—I was too excited and too busy to remember whether I had such a conversation.

As I said before to the Congressman that I did complain to him about the problems we are having with the department. Now, I don't recall asking him to set up or go to Governor Rockefeller, set up such a meeting. I do not recall this.

Mr. NAFTALIS. Mr. Bergman, is it your testimony that you deny that such a conversation took place? Or is it simply that you do not recall whether it took place or not?

Dr. BERGMAN. I do not recall.

Mr. NAFTALIS. Mr. Bergman, and is it not a fact that subsequently a meeting was held at Governor Rockefeller's New York City office at which you were present, Mr. Steingut was present, Mr. Chill was present, and Mr. Samuel Hausman was present?

Dr. BERGMAN. There was such a meeting subsequently, yes.

Mr. NAFTALIS. And that was in relation to—

Mr. LEWIN. Let the witness answer the question.

Mr. NAFTALIS. I am sorry. I would be delighted to hear his response.

Dr. BERGMAN. I am not a professional lawyer, but you are, so just give me a chance. Don't put me at a disadvantage.

Was Mr. Steingut at a meeting that was arranged at the Governor's office?

Now, just a moment. As a matter of fact, if you are referring to a meeting that was finally arranged in New York with the members of the department of health, yes, Mr. Chill was there.

They arranged this meeting. They said, "Finally let's find out what goes on here, why are these people stymied, why are these people discriminated against."

But I do not recall Mr. Steingut being at that meeting.

Mr. NAFTALIS. Do you have any recollection of ever going to Governor Rockefeller's office in New York City, which I believe is on 55th Street—I have never been there?

Dr. BERGMAN. Yes, sir.

Mr. NAFTALIS. And Mr. Steingut, Mr. Chill, yourself, and Mr. Hausman were among the people who were present there. Yes or no, sir?

Mr. LEWIN. Is that with Governor Rockefeller, is that what you are asking?

Mr. NAFTALIS. No, no, in the office, in the office, sir.

Mr. LEWIN. It is not with Governor Rockefeller? A meeting in Governor Rockefeller's office?

Mr. NAFTALIS. Yes, sir.

Mr. BERGMAN. I said before that such a meeting was arranged with the health people in one of the conference rooms of the Governor's office. I do remember Mr. Chill was there, I remember Mr. Hausman was there, but I do not recall if Mr. Steingut was there.

Mr. NAFTALIS. Have you ever told any inspector of either the city or State departments of health that you had influence with powerful politicians, and you just had to make one phone call?

Dr. BERGMAN. Just a moment, let me please answer this, please, please, Mr. Counsel.

I don't need any assistance for this, for such an open lie. You as a politician, sir, would know that if I felt that way I wouldn't say it.

Mr. NAFTALIS. You deny you ever said any such thing?

Dr. BERGMAN. I deny ever making such a statement—ever, ever, ever. Senator Moss. I think we are going to have to recess.

Mr. LEWIN. This is precisely the objection I have to having Mr. Stein and his righthand man, who has been put on this committee by Mr. Stein, and was originally hired by Mr. Stein, to sit on this committee.

What he is trying to do—and I have been a prosecutor myself, and Mr. Seidman has been a prosecutor, Mr. Bergman has been here under oath to testify to the best of his recollection.

I know prosecutor's perjury tricks and what their questions are like. Have you ever? Did you ever?

And what Mr. Naftalis is trying to do, with a gentleman who has come back, who is under great strain because of the public pressure, is to try to ask him a question which in some way he has some witness in the back of his mind who will someday possibly say that Dr. Bergman did say that.

I think that is unfair, it is unfitting to a Senate committee, and I submit to you I think it is totally objectionable, and it is a reason why these gentlemen should be excluded from any further sessions, and I would so move.

Senator Moss. Adjourned until the 4th of February.

[Whereupon, the committee was recessed at 4 p.m.]

APPENDIXES

Appendix 1

LETTERS RELATED TO SUBENA ISSUED TO CHARLES SIGETY, NURSING HOME PROPRIETOR

ITEM 1. LETTER FROM HOWARD G. KRISTOL, COUNSEL, ROGERS & WELLS; TO SPECIAL COMMITTEE ON AGING, DATED JANUARY 21, 1975

DEAR SIRs: We have been retained to represent Charles E. Sigety, who is the sole proprietor of Florence Nightingale Nursing Home ("Florence Nightingale"), in connection with proceedings before the committee.

On or about December 19, 1974, a subpoena addressed to the Operator of Florence Nightingale was left by a process server with an employee of Florence Nightingale directing that such employee appear, testify, and produce documents at a meeting of the committee on January 21, 1975. Since the date of service of that subpoena, I have had several telephone conversations with Mr. Halamandaris, associate counsel for the committee, concerning compliance therewith. Among other things, I have been advised by Mr. Halamandaris that it will not be necessary for Mr. Sigety or any employee of Florence Nightingale to appear or testify on January 21.

With respect to the production of documents requested by the committee, we learned through an article appearing in yesterday evening's *New York Post* that Justice Hyman Korn of the New York Supreme Court has issued an order quashing certain subpoenas served by the New York State Temporary Commission on Living Costs and the Economy that requested the production by nursing home operators of documents similar to those requested in the committee's subpoena. It appears from that article that a subpoena served by the commission on Mr. Sigety, returnable this morning, was among those quashed by Justice Korn. We believe that Justice Korn's opinion may have a significant bearing on the propriety of the committee's subpoena insofar as it may affect the interests of Mr. Sigety, but we have not yet had an opportunity to obtain a copy of that opinion or to review it. We therefore respectfully request that the committee grant an adjournment to Friday, January 24, 1975, of the time within which the documents requested in its subpoena may be produced.

Very truly yours,

HOWARD G. KRISTOL

ITEM 2. LETTER FROM HOWARD G. KRISTOL; TO SPECIAL COMMITTEE ON AGING, DATED JANUARY 27, 1975

DEAR MR. HALAMANDARIS: As you know, we are the attorneys for Charles E. Sigety, sole proprietor of Florence Nightingale Nursing Home, an extended care facility located in New York City.

By letter dated January 21, 1975, we requested on behalf of our client an extension of time within which to comply with the committee's subpoena duces tecum dated December 19, 1974. On January 21, 1975, at a meeting of the Subcommittee on Long-Term Care in New York City, Chairman Moss granted our client a 1-week extension.

Last Friday and this morning I attempted to contact both you and Mr. Edie by telephone for the purpose of discussing compliance with the subpoena. As you are undoubtedly aware, a number of State agencies, including prosecutorial agencies,

have been investigating nursing homes in the State of New York, and we have reason to believe that our client may be included among the subjects of investigation. Accordingly, while our client desires to cooperate with the subcommittee in connection with its hearings, he is reluctant to take steps that would jeopardize his constitutional rights should he later be a respondent in a proceeding initiated by one or more of the State agencies.

We believe it to be both necessary and appropriate that Mr. Sigety be given satisfactory assurances (a) that any documents produced to the subcommittee will be held in complete confidence and (b) that any such production of documents will not be deemed to be a waiver of his constitutional rights. I would appreciate it if you would telephone me at your earliest convenience so that we may discuss the possibility of fashioning appropriate safeguards.

Very truly yours,

HOWARD G. KRISTOL.

Appendix 2

BERGMAN FAMILY NURSING HOME OPERATIONS AND A BERGMAN "FAMILY TREE"*

(Working Documents prepared by and for the use of the New
York State Health Department)

ITEM 1. BERGMAN FAMILY INTERESTS IN NURSING HOMES

NURSING HOMES OWNED AND/OR OPERATED BY BERNARD BERGMAN FAMILY AND/OR ASSOCIATES

JUNE 21, 1973

BERNARD BERGMAN :

New York State :

- A. Nursing Home Operations.
 - 1. Park Crescent Nursing Home.
 - 2. Towers Nursing Home.
- B. Nursing Home Realty Interests.
 - 1. Oxford Nursing Home.
 - 2. Park Crescent Nursing Home.
 - 3. Danube Nursing Home.

ANN WEISS BERGMAN :

Nursing Home Operations—Realty Interests.

- 1. Genesee Nursing Home (Utica).
- 2. Oxford Nursing Home.
- 3. Olinville (original licensee with Clara Frankel, Yetta Braunstein (both related to Ann), Pearl Horowitz).
- 4. Towers Nursing Home (with Sisel Klurman).
- 5. Mayflower Nursing Home (original licensee with Jeannette Leifer, half-sister of Bernard Bergman) now sold.
- 6. Stuyvesant Care Center (now closed).
- 7. White Plains Nursing Home (Bronx) formerly part owner of operations and real estate. Now sold to Mark Loren (relative).
- 8. Rego Park Scharf (with Amram Kass).
- 9. Burnside Nursing Home (original licensee—now sold to Gobel, Izbicki, Zimmerman).
- 10. Real Estate—Belt Parkway (former).

RELATIVES OF BERNARD BERGMAN AND ANN WEISS :

- A. Stanley Bergman (son).
- B. Meyer Bergman (son) : Belt Parkway Nursing Home.
- C. Theodore Bergman (son) : Claremont Nursing Home and Health Related Facility (pending).
- D. Amram Kass (son-in-law) : Rego Park Scharf Nursing Home.
- E. Miriam Kass (daughter) : Riverside Nursing Home (realty), 46 W. 74th Street, New York City.
- F. Jeannette Leifer (half-sister, Bernard) :
 - 1. Towers Nursing Home—removed from partnership in 1967.
 - 2. Carlton Nursing Home—250 W. 57th St.
 - 3. Mayflower Nursing Home (original licensee).
- G. Samuel Leifer (brother-in-law) :
 - 1. Verrazano Associates—owner of Verrazano Nursing Home buildings (3/1/71).
 - 2. Pelham Parkway Nursing Home (real estate).

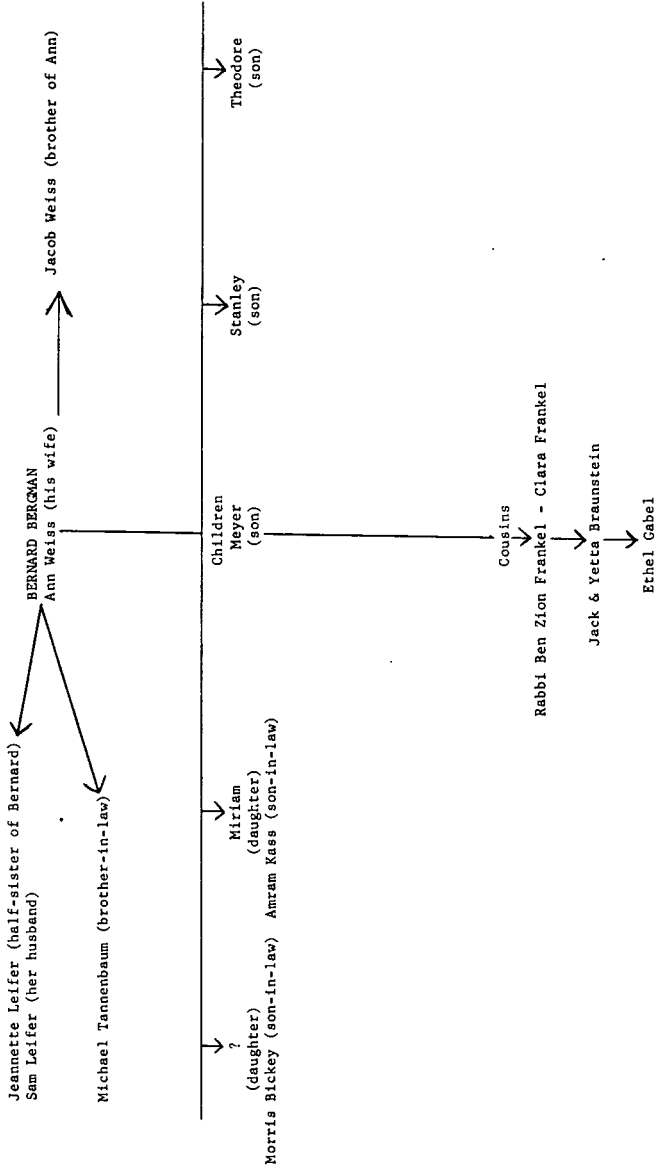
*See p. 2933 for statement of Dr. Bergman.

3. East River Nursing Home (with Harry Ostreicher). Plant owned by S. Heisler and M. Friedman.
 4. River Manor HRF (pending).
 5. Resort Nursing Home.
 - H. Ben Zion Frankel (reportedly related). Nursing home operations:
 1. Belt Parkway Nursing Home and Belt Parkway HRF (pending).
 2. Ocean Parkway Nursing Home.
 3. Surfside Nursing Home.
 4. Oxford Nursing Home (real estate, Soxford Realty).
 - I. Michael Tannenbaum (reportedly related). Nursing home operations:
 1. New Vanderbilt (with Heisler and Goodstein).
 2. Resort Nursing Home.
 Nursing home realty interests:
 1. Williamsbridge Manor.
 2. Marathon Care Center (pending).
 3. Caton Park Nursing Home (now sold).
 4. Glen Oaks Nursing Home (now sold to Frank Klein).
 5. Fairview Nursing Home (now sold).
 6. Woodcrest Nursing Home.
 7. Meadow Park (new Kimberley Enterprises).
 - J. Bernard Izbicki (reportedly related). Nursing home operations:
 1. Burnside Nursing Home—New Burnside HRF (pending).
 2. White Plains Nursing Home (with Mark Loren).
 3. Carlton Nursing Home.
 - K. Yetta Braunstein (sister). Nursing home operations: Olinville Nursing Home.
 - L. Hannah Halberstam (reportedly related):
 1. Park Terrace Nursing Home.
 2. Rest Haven Nursing Home.
 - M. Mark Loren (cousin, Bernard Bergman):
 1. White Plains Nursing Home.
 2. Was part-owner of Towers, now removed.
 - N. Moses Unger (reportedly related):
 1. American Nursing Home.
 2. Caton Park Nursing Home.
 - O. Mattis Yellin (relationship rumored but not known): Carlton Nursing Home.
 - P. Bertha Teller (relationship rumored but not known): Carlton Nursing Home.
- RELATIONSHIP UNKNOWN, BUT CLOSE ASSOCIATES:
- A. Solomon Heisler. Nursing Home Operations:
 1. New Vanderbilt.
 2. Verrazano Nursing Home.
 3. Sands Point Nursing Home.
 4. Silver Lake Nursing Home.
 5. New Brighton Manor.
 6. Bronx River HRF (pending).
 Nursing Home Realty:
 1. East River Nursing Home.
 2. Resort Nursing Home (Resort Realty).
 3. Woodrest Nursing Home (Queens).
 - B. Harry Ostreicher:
 1. Oceanview Manor (pending).
 2. Breezeview HRF (pending).
 3. Rochdale Park (pending).
 4. Sands Point Nursing Home.
 5. Ross Nursing Home.
 6. University Nursing Home.
 - C. Helen Ostreicher: Park View Nursing Home.
 - D. Alexander Hartman:
 1. Mosholu Parkway.
 2. Wayne HRF.
 3. St. Austin HRF.
 4. Danube Nursing Home.
 5. East Haven HRF.

- E. Frank Klein. Nursing home operations :
1. Cliffside Nursing Home.
 2. Hyde Park Nursing Home.
 3. Glen Oaks Nursing Home.
 4. Fairview Nursing Home.
 5. Woodcrest.
 6. Meadow Park Nursing Home (new Kimberley Enterprises).
- Nursing Home Realty Interests :
1. American Nursing Home.
 2. Cliffside Nursing Home.
 3. Lyden Nursing Home.
 4. Meadow Park (sold 1970).
 5. Rofay Nursing Home.
 6. Williamsbridge Manor.

ITEM 2. CHART OF THE BERGMAN FAMILY STRUCTURE

BERGMAN FAMILY TREE



ITEM 3. LETTER AND ENCLOSURES FROM NATHAN LEWIN, COUNSEL TO DR. BERNARD BERGMAN; TO SENATOR FRANK E. MOSS, DATED FEBRUARY 3, 1975

DEAR SENATOR MOSS: On January 21, 1975, our client, Dr. Bernard Bergman, appeared and testified in New York City before a session of the Subcommittee on Long-Term Care of the Senate Special Committee on the Aging. During his appearance, he was subjected to questioning over a wide range of subjects by you, by your counsel, by Congressman Edward Koch (who was sitting in the hearing by invitation), and by Gary Naftalis, Esq., an attorney who was represented to us as a member of the subcommittee staff but who, we later learned, was concurrently employed by Mr. Andrew Stein personally (or by a New York State joint commission of which Mr. Stein is chairman). Dr. Bergman answered many totally unanticipated questions to the best of his recollection, although some involved individuals or associations going back more than two decades and details of bookkeeping entries or official forms made by others and completed some time ago.

A transcript of Dr. Bergman's testimony first became available to him about a week ago. The official reporter located in Virginia delivered a copy to our office in Washington on Friday, January 24, and it was forwarded to Dr. Bergman in New York. It has now been reviewed by him, and in the interest of total accuracy we are submitting, on his behalf, the enclosed supplementary material, with the request that it, along with this letter, be made a part of the subcommittee record.

Sincerely yours.

MILLER, CASSIDY, LARROCA & LEWIN.

By: NATHAN LEWIN.

[Enclosures.]

SUPPLEMENT TO TESTIMONY OF DR. BERNARD BERGMAN

A. Family Relationships and Involvement With Nursing Homes

On page [2940], Senator Moss asked Dr. Bergman to submit "your family relationships and the involvement with nursing homes." Dr. Bergman's "family relationships" were fully described in his oral analysis of the New York State Department of Health's "family tree." That same review covered the nursing homes listed on the department of health exhibit. But in order to provide a complete and coherent response to Senator Moss' question and to the later question by Congressman Koch [see p. 2953], the following list covers all interests in New York State held by Dr. Bergman, his wife, his children, and his children's spouses.

Bergman Family Ownership of Operation and Realty:

1. Park Crescent Nursing Home.
2. Genesee Nursing Home (subject to contract of sale since October 1974).

Bergman Family Ownership of Operation and Mortgage: Oxford Nursing Home (Mrs. Bergman one of two partners in operation and holder of mortgage on realty).

Bergman Family Ownership of Operation Only: Towers Nursing Home (now closed) (Mrs. Bergman one of two partners).

Bergman Family Ownership of or Interest in Realty Only:

1. Laconia Nursing Home.
2. Willoughby Nursing Home.
3. Verranzano Nursing Home.
4. Golden Gate Care Center.
5. Carlton Nursing Home (10 percent interest in realty held by Mrs. Bergman).
6. Danube Nursing Home (never opened).
7. Riverside Nursing Home (Miriam Kass— $\frac{1}{3}$ interest).

Bergman Family Interest in Mortgage or Receivable:

1. Mayflower Nursing Home.
2. White Plains Nursing Home.
3. Rego Park Nursing Home.

Bergman Family Interest in Vendors to Nursing Homes: None.

Bergman Family Interest in Suppliers of Services to Nursing Homes: None (except that Amram Kass has performed legal services for various homes).

B. Business Dealings With the First Connecticut Small Business Investment Corp.

Senator Moss asked about "business dealings" between Dr. Bergman and the First Connecticut Small Business Investment Corp., and Dr. Bergman replied that a loan had been made on a nursing home and that he would supply full details. Records indicate that the loan was made on November 5, 1963, in the amount of \$60,000 to Utica Nursing Home, Inc., in which Dr. Bergman had an interest. The loan was secured by a mortgage on Genesee Nursing Home. It was repaid on October 23, 1972.

Dr. Bergman also had business dealings with the First Connecticut Small Business Investment Corp. in relation to Medic-Home Developers, Inc., a publicly held corporation of which Dr. Bergman has been an officer and major stockholder. The nature of these transactions was fully described in the Medic-Homes prospectus issued in June 1968, relevant pages of which are attached hereto.

C. Personal Relationships and Charitable Activities

At page [2948] Senator Moss inquired about Dr. Bergman's associations with individuals who may have been on the board of the Home of the Sons and Daughters of Israel, about a charitable foundation in Dr. Bergman's name and about fires in nursing homes operated by Dr. Bergman. On reviewing records and refreshing his recollection, Dr. Bergman is able to make the following statements:

1. The Yesuscher Dov Foundation was incorporated on or about 1955. For some of the years it has been in existence it received no outside funds, but it did receive contributions from outside sources in 1972 and 1973.

2. I do not have access to any records which would show whether Arthur Klein and Sam Defalco were members of the board of the Home of Sons and Daughters of Israel. To the best of my recollection, Arthur Klein was on the board, but I have no recollections as to Defalco.

3. In the early 1960's there was a fire, resulting in one fatality, in the Waldorf Senior Citizen Home, which, it was believed, resulted from a resident's smoking a cigarette. I have no present interest in this facility, although I did have an interest in it at the time of the fire.

D. Problems With State Officials

In responding to Congressman Koch's questions relating to alleged political influence, Dr. Bergman described from memory the problems he had had with officials of the New York Department of Health. In stating the approvals received for the Danube Nursing Home he said it had been "approved by all city councils." [See p. 2954]. In the interest of total accuracy, this statement should be amended to read that it had been "recommended for approval by the regional planning council and the State planning council."

Similarly, in describing the problems caused to the lawful and proper operation of his business by the New York Department of Health, Dr. Bergman said that "the inspectors did not come down when we asked them to come down" [see p. 2955]. In the interest of total accuracy, verified by examination of records since the hearing, that statement should be amended to read that "the department of health in Albany raised unjustified and harrassing issues concerning the establishment of the nursing home."

E. Miscellaneous Matters

1. Senator Moss inquired at the outset of Dr. Bergman's cross-examination whether he was listed as a "business manager" in the Towers license renewal for 1972. [See p. 2937.] Dr. Bergman did not recall any such listing and still has not found a copy of the renewal application to determine whether he was listed in that capacity. Of course, as Ms. Hopper's testimony indicated [see pp. 2920, 2926, and 2927], Dr. Bergman spent substantial time and effort working for the Towers, and the records show that while his wife received compensation as a licensee-operator, he was not paid for his services.

2. At line [27, p. 2944], the name "Mr. Hartmann" appears when, from the context, it is clear that Dr. Bergman intended to say "Mr. Heisler."

3. Senator Moss asked Dr. Bergman to describe the "kind of dealings" he had with Rabbi Bernard Twersky [see p. 2946], and this question was the subject of and additional inquiry by the Subcommittee counsel [see p. 2951]. From Dr.

Bergman's review of his records, he is able to advise the subcommittee that the "kind of dealings" have consisted of the following:

- (a) Payment of public relations fees
- (b) Loans of funds for business purposes
- (c) Sales and purchases of stock in closely-held corporations.

Neither the public relations fees, the interest on loans, nor the sales or purchases of stock were charged to or reimbursed by medicaid.

4. Subcommittee counsel asked for the names of employees of the Towers Nursing Home for purpose of interviews relating to conditions in the home [see p. 2950]. The full list appears on the Towers payroll register which has been supplied to the subcommittee.

PROSPECTUS

300,000 SHARES—MEDIC-HOME DEVELOPERS INC.

Common stock (par value \$.10)

Prior to the date of this Prospectus, there has been no public market for the Common Stock of Medic-Home Developers Inc. ("Medic-Home") and, accordingly, the offering price has been determined arbitrarily by negotiation between Medic-Home and the Representative of the Underwriters.

These securities have not been approved or disapproved by the Securities and Exchange Commission nor has the Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Price to public	Underwriting discounts and commissions ¹	Proceeds to Medic-Home ²
Per share.....	\$10	\$.85	\$9.15
Total.....	\$3,000,000	\$255,000	\$2,745,000

¹ Medic-Home has agreed to use its best efforts to cause 2 designees of Blair & Co., Inc. (the "representative"), to be elected to Medic-Home's Board of Directors (see "Management"). On Jan. 9, 1968, Medic-Home sold to Blair & Co., Inc., and 2 of its officers common stock which, after a subsequent stock split, aggregated 20,000 shares at a price of \$1.50 per share (see "Interest of management and others in certain transactions"). Medic-Home has granted to the First Connecticut Small Business Investment Co. a 1-year option to buy 5,000 shares of Medic-Home's common stock at a price equal to the initial public offering price in consideration of its assistance in negotiating the underwriting arrangements with the representative. None of such 20,000 shares or 5,000 shares will be reoffered for at least 1 year following the effective date of this registration statement and until a posteffective amendment shall have been filed and declared effective; any profit realized on a resale of such 20,000 shares may be considered to be additional underwriting compensation.

² Before deducting expenses payable by Medic-Home, estimated at \$97,000.

Neither the Attorney General of the State of New York nor the Attorney General of the State of New Jersey nor the Bureau of Securities of the State of New Jersey has passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.

The above shares of Common Stock are offered by the Underwriters when, as and if received and accepted by them, subject to prior sale, subject to the approval of certain legal matters by counsel and subject to certain further conditions.

At the request of Medic-Home, the Underwriters have agreed to make available at the public offering price 30,000 shares of the Common Stock offered hereby for sale to officers and employees of Medic-Home and to other persons designated by it. The number of shares available to the public will be reduced to the extent that such persons purchase such reserved shares. Upon resale of such shares, certain of such persons may be deemed to be underwriters as that term is defined in the Securities Act of 1933.

BLAIR & Co., INC.

The date of this Prospectus is June 20, 1968

COMPETITION

Each of the Company's nursing homes competes on a local and regional basis with all types of health care institutions, whether publicly or privately operated,

including nursing homes, convalescent centers, extended care facilities and other similar institutions. Depending on the demand for hospital beds, there may be direct competition with general hospitals, although the Company's nursing homes are intended to supplement hospital care rather than to compete directly with hospitals.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The directors and executive officers of the Company are as follows:

<i>Name</i>	<i>Officers</i>
James M. Breiner.....	Chairman of the board and director.
Samuel A. Klurman.....	President, treasurer, and director.
Homer W. Cunningham.....	Vice president and director.
Jerome Goldman.....	Secretary.
Bernard Bergman.....	Director.
Charles Bick.....	Director.
David Engelson.....	Director.
Professor Bernard Lander.....	Director.
William J. Lemon.....	Director.
Peter Stassa, Jr.....	Director.

For more than the past five years James M. Breiner has been the Chairman of the Board of The First Connecticut Small Business Investment Company, Bridgeport, Connecticut.

Samuel A. Klurman's principal occupation since the organization of the Company in October 1964 has been to act as its President and principal executive officer. From April 1, 1963 to October 1964, he was a private investor.

Since May 1966 Homer W. Cunningham has been the President of Liberty House Nursing Home of Virginia Beach, Inc. and the Manager of Liberty House of Virginia Beach. Prior to that time he was the President and principal stockholder of H. W. Cunningham & Associates, Inc., a corporation engaged in the real estate business in Virginia Beach, Virginia, where he was also the President of the Virginia Beach Board of Realtors in 1962. He is now the Treasurer of the Virginia Nursing Home Association.

Since August 1963 Jerome Goldman has been a member of the law firm of Burstein & Goldman, Bridgeport, Connecticut, who are counsel for The First Connecticut Small Business Investment Company and have also acted as counsel for Medic-Home Developers Inc. Prior to that date Mr. Goldman was an associate attorney with the predecessor law firm.

For the past twenty-five years Bernard Bergman has been principally engaged in the nursing home field, has developed and owned numerous nursing homes and presently owns interests in nursing homes in New York, New Jersey and Florida and in various real estate ventures.

For more than the past five years Charles Bick has been a Senior Partner in the accounting firm of Zemlock, Levy & Bick, 160 Broadway, New York, N.Y.

For more than the past five years, David Engelson has been the President of The First Connecticut Small Business Investment Company, Bridgeport, Connecticut.

For more than the past five years Professor Lander has been Professor of Sociology at Hunter College and the director of the Bernard Revel Graduate School of Yeshiva University. He has also been a member of the Advisory Council on Public Assistance under President Eisenhower and a member of advisory committees on poverty and aging under President Kennedy and President Johnson.

William J. Lemon's principal occupation for more than the past five years has been that of a member of the law firm of Martin, Hopkins and Lemon, Roanoke, Virginia. In addition, he is the President of Liberty Nursing Homes, Incorporated which operates Liberty House of Roanoke, Virginia and Liberty House of Lynchburg, Virginia.

For more than the past five years Peter Stassa, Jr. has been Vice President of The Fairfield County Trust Company, Stamford, Connecticut, in its office in Danbury, Connecticut. He is a member of the Danbury Economic Development Commission and the Danbury Redevelopment Commission.

It is expected that Stuart M. Beringer and John W. Hurley, designees of Blair & Co., Inc., the Representative of the several Underwriters, will be elected to the Board of Directors of the Company upon completion of the offering. Messrs.

Beringer and Hurley have been Vice Presidents of Blair & Co., Inc., since September 1966. Prior to that time they had for over three and one-half years been officers of P. W. Brooks & Co. Incorporated, an investment banking firm which was acquired by Blair & Co., Inc.

REMUNERATION OF OFFICERS AND DIRECTORS

During the fiscal year ended September 30, 1967, Samuel A. Klurman, the Company's President, received payments of aggregate direct remuneration in the sum of \$28,000 in cash and accrued bonuses of \$20,000, which were subsequently paid to him in Common Stock, \$.10 par value, of the Company, on the basis of \$9.15 per share (see "Interest of Management and Others in Certain Transactions"). The total aggregate annual remuneration of all officers and directors was \$94,500, including the accrued bonuses referred to above.

On January 30, 1968 Mr. Klurman entered into a 5-year employment contract with the Company at an annual salary of \$40,000 for the first year and \$50,000 for the succeeding four years.

QUALIFIED STOCK OPTION PLAN

The Company has adopted a stock option plan (the "Plan") intended to qualify as a qualified stock option plan under Section 422 of the Internal Revenue Code of 1954, as amended. Under the Plan, officers and key employees of the Company may be given options at the discretion of the Board of Directors to purchase Common Stock at prices not less than 100% of its fair market value at the time the option is granted. Each option granted may be exercised commencing two years, but not later than five years, after the grant and, except in the event of death or retirement, may be exercised only while the grantee of the option is in the employ of the Company.

Of the Company's Common Stock, 30,000 shares have been reserved for issuance under the Plan. To date no options have been granted under the Plan.

The Company has also reserved 20,000 shares for incentive, deferred compensation and other employee benefit plans which may be formulated by the Board of Directors.

PRINCIPAL STOCKHOLDERS

The following table sets forth the number of shares of Common Stock owned of record and beneficially as of March 31, 1968 and the percentage of the total number of outstanding shares of such stock so owned (a) by each person who owned of record, or, to the knowledge of the Company beneficially, 10% or more of such shares and (b) by all directors and officers as a group as of that date and as adjusted as of that date to give effect to the issuance of the 300,000 shares being offered by this Prospectus:

	Number of shares	Percentage of Outstanding Shares—	
		As of Mar. 31, 1968	As adjusted
Bernard Bergman ¹	2 188,306	31.5	21.0
Samuel A. Klurman ¹	2 165,374	27.7	18.4
The First Connecticut Small Business Investment Co.....	3 189,376	31.7	21.1
All directors and officers as a group.....	3 350,930	63.8	42.5

¹ Pursuant to an agreement with the First Connecticut Small Business Investment Co. ("First Connecticut"), Messrs. Bergman and Klurman have each granted Messrs. Breiner and Engelson, subject to certain conditions, a proxy to vote 41,078 of his shares for the election of directors, for a period of 5 years, as directed by that company. The power to vote these 82,152 shares for directors will give First Connecticut an aggregate voting power for such purpose of 30.2 percent of the shares outstanding on completion of the offering, as compared with 21 percent based on the shares which it holds.

² Includes shares owned of record and beneficially by the children of Messrs. Bergman and Klurman.

³ The company is informed that 122,400 of such shares are owned beneficially by four other small business investment companies licensed under the Small Business Investment Act of 1958. In addition, as set forth on the cover page of the prospectus, the company has granted First Connecticut a 1-year option to buy 5,000 shares of the company's common stock at a price equal to the initial public offering price, in consideration of its assistance in negotiating the underwriting arrangements with the representative of the underwriters.

The above-named stockholders as a group may be said to possess the power to direct or cause the direction of the management and policies of the Company

and may be deemed, individually, to be promoters and, collectively, to be the "parent" of the Company, as those terms are defined in the rules and regulations under the Securities Act of 1933, as amended.

DESCRIPTION OF COMMON STOCK

The capital stock of the Company consists of one class, Common Stock, with a par value of \$.10 per share. Each share of Common Stock has one vote and, on liquidation, is entitled to receive a pro rata share of the assets of the Company available for distribution to stockholders. Holders of Common Stock are entitled to receive such dividends as the Board of Directors may from time to time declare out of funds legally available therefor. Holders of Common Stock have no pre-emptive, subscription or conversion rights. The outstanding shares of Common Stock are, and the shares offered hereby, when issued and sold as set forth herein, will be fully paid and non-assessable. However, liability may be imposed on the Company's ten largest stockholders, under certain circumstances, by reason of Section 630 of the New York Business Corporation Law which provides that such stockholders, under certain circumstances "shall jointly and severally be personally liable for all debts, wages or salaries, due and owing" to any of the Company's "laborers, servants or employees other than contractors, for services performed by them" for the Company.

NON-CUMULATIVE VOTING

Stockholders do not have the right of cumulative voting. This means that the holders of more than 50% of the shares voted for the election of directors have the power to elect all of the directors and that, if they do so, the holders of the remaining minority of the shares will not be able to elect any person to the Board of Directors.

REPORTS TO STOCKHOLDERS

The Company will mail annual reports to its stockholders containing financial statements, including a balance sheet and profit and loss statement, certified by an independent public accountant, and, in addition, it is the present intention of the Company to publish unaudited quarterly reports for the first three quarters of each fiscal year.

TRANSFER AGENT

The Transfer Agent for the Common Stock is Chemical Bank New York Trust Company.

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

On February 5, 1965 the Company accepted a proposal by Bernard Bergman to convey to the Company parcels of land in Roanoke and Virginia Beach, Virginia, upon which nursing homes were then under construction, and undeveloped parcels of land in Columbus, Ohio, Jersey City, New Jersey and Binghamton, New York suitable for the construction and operation of nursing homes, for the aggregate price of \$875,000, payable by the Company as follows: \$112,500 in cash, \$200,000 by the issuance to Mr. Bergman of its 5-year 6% note in that face amount, \$200,000 by the issuance to Mr. Bergman of 100 shares of the Corporation's common stock, without par value, later changed into 320,000 shares of the Company's Common Stock, \$.10 per value (see Note G of Notes to Financial Statements) and the balance by the Company's taking the property subject to existing first mortgages of \$300,000 on the Roanoke, Virginia property, approximately \$45,000 on the Virginia Beach, Virginia property and approximately \$17,500 on the Jersey City, New Jersey property. Thereafter, in accordance with this contract the above-described properties were transferred to the Company, which made payments of the purchase price as above set forth and assumed the obligations of the mortgages. The purchase price was determined by negotiation. In the opinion of management the price and terms of purchase are as favorable to the Company as they would have been if the seller had been a non-affiliated person. The Company is informed by Mr. Bergman that the aggregate purchase price of the properties to him was \$723,000, of which \$348,000 was paid in cash and the balance by the incurring of mortgage indebtedness (of which \$12,500 was repaid by him), without attributing any cost to the work done by Mr. Bergman and his office staff in connection with such properties.

The dates when he acquired these properties are as follows: Roanoke, Virginia—1963; Virginia Beach, Virginia—1963; Columbus, Ohio—1963; Jersey City, New Jersey—1962; and Binghamton, New York—1961.

As contemplated in connection with the foregoing transaction, Mr. Bergman sold 50 of the shares which he acquired (the equivalent of 160,000 shares of Common Stock, \$.10 par value) to Samuel A. Klurman for \$100,000 and Mr. Klurman arranged for The First Connecticut Small Business Investment Company ("First Connecticut") to lend Medic-Home \$300,000 evidenced by a 6% promissory note in the principal amount of \$200,000 and a convertible debenture in the principal amount of \$100,000, convertible into 50 shares of common stock, without par value (equivalent to 160,000 shares of Common Stock, \$.10 par value). In September, 1965, First Connecticut converted this convertible debenture into 50 shares of common stock, without par value, (the equivalent of 160,000 shares of Common Stock, \$.10 par value). As part of the foregoing transaction the Company, on April 15, 1965, entered into Consultation and Advisory Contracts with Mr. Bergman and First Connecticut providing that for a period of seven years the Company would pay each of them compensation for management and consulting services rendered by them to the Company at the rate of \$24,000 a year.

On March 11, 1965 Liberty Nursing Homes, Incorporated was organized in the Commonwealth of Virginia and thereafter 51% of the stock of that corporation was issued to William J. Lemon and another individual, both of whom were residents of Roanoke, Virginia, and 49% of the stock was purchased by Mr. Bergman and Mr. Klurman, as nominees for Medic-Home, to which they subsequently transferred such stock. Thereafter, on June 20, 1968, pursuant to agreement dated as of January 1, 1968, the Company obtained from Mr. Lemon an additional 31% of the outstanding stock of Liberty Nursing Homes, Incorporated (giving it 80% of the outstanding stock of that corporation) and an outstanding promissory note of that corporation in the face amount of \$12,500 in exchange for 27,250 shares of Common Stock, \$.10 par value, of the Company. In connection with this transaction, Medic-Home on June 20, 1968 guaranteed a \$135,000 promissory note of Mr. Lemon's and Mr. Lemon deposited the above-mentioned 27,250 shares in escrow pursuant to an agreement that if Medic-Home shall be required to make any payment on its guarantee, such shares will be transferred and delivered to Medic-Home by the escrow agent. The Company is informed by Mr. Lemon that the cost to him of the above-described securities of Liberty Nursing Homes, Incorporated was approximately \$126,000 in cash. The Company and Mr. Lemon are now the only stockholders of Liberty Nursing Homes, Incorporated.

On September 20, 1965 Liberty House Nursing Home of Virginia Beach, Inc. ("Virginia Beach") was organized in the Commonwealth of Virginia and Medic-Home thereafter leased Liberty House of Virginia Beach to that corporation for a basic rental plus 50% of its net profits before taxes. At that time all of the stock of Virginia Beach was owned by diverse individuals, for the most part residents of that area. In 1967, in consideration of deleting from the lease the profit-sharing provision, Virginia Beach issued to Medic-Home 750 shares of its Common Stock, par value \$100 a share, constituting 50% of its outstanding stock. Thereafter, in 1967, Medic-Home purchased an additional 20% of the outstanding stock of Virginia Beach for \$39,000 and on June 20, 1968, pursuant to agreements dated January 24 and January 31, 1968, it obtained an additional 10%, giving the Company a total of 80%, of the outstanding stock of Virginia Beach in exchange for 6,750 shares of the Common Stock, \$.10 par value, of Medic-Home.

Pursuant to an arrangement concluded on September 28, 1967 and later confirmed in writing, the Company on January 9, 1968 issued and sold 5% shares of its common stock, without par value, to Blair & Co., Inc., and $\frac{5}{16}$ of a share, each, to Stuart M. Beringer and John W. Hurley, Vice Presidents of that Company, making a total of $6\frac{1}{4}$ of such shares at a price of \$4,800 per share (the equivalent of 20,000 shares of Common Stock, \$.10 par value, at a price of \$1.50 per share), in connection with financial services and advice which they had rendered to the Company with respect to the development of a program of long-term financing. The Company has agreed that, at the request of the holders, all such shares (which are being registered at this time but are not being offered by this Prospectus) will be included in any registration statements which the Company may hereafter, from time to time, file under the Securities Act of 1933. If any securities are to be sold pursuant to any such registration statement by the Company, the cost of registering such shares will be borne entirely by the Company. Otherwise, the holders of such shares will pay their pro rata share of such cost.

On January 31, 1968 First Connecticut and Bernard Bergman each surrendered the 6% promissory notes of the Company in the principal amount of \$200,000 which they held, in consideration of the issuance of 21,858 shares of Common Stock, \$.10 par value, of the Company to each of them, on the basis of \$9.15 per share.

On the same date the Company issued 7,518 shares of its Common Stock, \$.10 par value, to First Connecticut, on the basis of \$9.15 per share, in full payment of all sums due to it for management and consulting services as of September 30, 1967 under its Consultation and Advisory Contract dated April 15, 1965, which was cancelled, and for other services which it had rendered. On the same day the Company issued 6,448 of such shares to Mr. Bergman on the same basis with respect to sums due to him under the Consultation and Advisory Contract with him, which was also cancelled.

The Company also issued 5,374 shares on the same basis on the same day to Samuel A. Klurman in full payment of all sums due to him as accrued bonuses as of September 30, 1957 under his employment agreement dated April 15, 1965, which was cancelled. That agreement had provided for the employment of Mr. Klurman as the Company's chief executive officer for a period of four years at a salary of \$25,000 a year, payable in weekly installments, and a bonus which would accrue at the rate of \$20,000 a year. A new employment agreement was then entered into with Mr. Klurman for a period of 5 years commencing February 1, 1968 (see "Management").

Under date of January 26, 1968, the Company entered into a contract with Riverside-87th Street Corp. ("Riverside") to purchase for an aggregate purchase price of \$1,500,000 a parcel of land in Newport News, Virginia, together with the nursing home and self-care facilities being constructed on such land by that corporation. The facilities will include two completely renovated wings of a building formerly operated as a nursing home by Mr. Bergman and an entirely new center portion. The Company is informed by Messrs. Bergman and Klurman, the stockholders of Riverside, that the land and original building was acquired by Riverside from Mr. Bergman on December 1, 1966 and that the total estimated cost thereof to Riverside (comprising estimated construction costs and the purchase price it paid in cash and by incurring indebtedness) is approximately the same as the Company's purchase price. Under the terms of the contract, Riverside is obligated to deliver to the Company a completed facility, with all approvals necessary to enable the Company to commence operations immediately. The contract is conditioned upon the successful consummation of the offering made by this Prospectus and the Company's obligation under the contract is conditioned upon Riverside's obtaining the financing described below. The Company has agreed to advance to the seller \$300,000 of the funds realized from the offering, secured by a third mortgage, for the purpose of assisting it in financing the completion of the facilities. At the closing of title, the Company

* * * * *

part payment of the purchase price. The balance of the purchase price is to be paid by the Company's assuming an institutional first mortgage of \$200,000, to be provided by Riverside, and a second mortgage of \$300,000, which Riverside is to provide, either with an outside lender or, if that is not feasible, with Riverside itself. The interest on both mortgages is not to exceed 7% per annum, the first mortgage is to run for at least 15 years and the second mortgage for at least ten years. The Company is advised by Riverside that its present intention is to obtain such second mortgage from an outside lender (see "Use of Proceeds"). Bernard Bergman, a director of the Company, owns 75% of Riverside and Samuel A. Klurman, the Company's President, owns 25% of the outstanding stock of that corporation.

Riverside also owns the Park Crescent Hotel at 87th Street and Riverside Drive in New York City and contemplates rebuilding it so that it will become a nursing home facility. Mr. Klurman has granted the Company a 3-year option to purchase from him, so long as he is employed by the Company, all of his interest in the Park Crescent Hotel at a price based upon the average of appraisals to be made by two established and recognized real estate appraisers in the City of New York selected by the Board of Directors of the Company. The Company is advised by Mr. Klurman that he purchased his 25% stock interest in Riverside in 1956 at a price of \$50,000 and that Riverside purchased the Park Crescent Hotel in that year at a purchase price of approximately \$2,400,000, of which \$300,000 was paid in cash and the balance by the assumption of various mortgages aggregating approximately \$2,100,000.

Note: Asterisks indicate illegible copy in material supplied to subcommittee.

In July, 1965 the Company's wholly owned subsidiary, Liberty House of New York, Inc. ("Liberty") purchased from Anne Weiss the lease of the Towers Nursing Home at 2 West 106th Street, New York, New York and sundry receivables for \$1,025,000. Anne Weiss, who at that time did business as an individual under the name of Towers Nursing Home, is the wife of Bernard Bergman. The lease expires in 1979, but the Company holds an option to extend the lease to 1989. The rental payable under the lease is \$10,833 per month, plus real estate and water taxes. Liberty made payment of the purchase price by paying \$133,000 in cash, assuming various liabilities of Towers Nursing Home in the aggregate amount of \$163,000 and by delivering its 4% promissory note in the principal amount of \$730,000. The principal and interest of this note was made payable in equal monthly installments of \$5,000 from January 1, 1966 until January 1, 1967, thereafter, of \$3,333 per month until July 1, 1972 and, thereafter, of \$5,000 per month until paid in full.

Liberty subleased the property back to Anne Weiss, who undertook to maintain the license required to operate the nursing home and to comply with all municipal and governmental regulations required to conduct such home and agreed to pay Liberty rental of \$25,000 per month, subject to certain conditions. Effective July 1, 1967 this rental was increased to \$30,000 a month in consideration of the addition of 50 beds to the nursing home. The cost of this addition was approximately \$122,000, of which approximately \$91,000 was paid by Liberty and \$31,000 was paid by Anne Weiss.

Effective January 1, 1968, the above-described sublease was superseded by a new sublease to a new partnership consisting of Alex Forro (the manager of the nursing home), Sissel P. Klurman (the wife of Samuel A. Klurman) and Anne Weiss, doing business under the name of Towers Nursing Home, at a rental of \$30,000 per month, subject to certain conditions. As additional consideration for Liberty's granting this sublease, the sublessee paid Liberty \$100,000. This sublease will expire in 21 years.

The lease price and the sublease rental were determined by negotiation. In the opinion of management such price and the sublease arrangements are as favorable to the Company as they would have been if the lease had been with a non-affiliated person.

Appendix 3

SUBPENAS ISSUED DURING NURSING HOME INVESTIGATION

UNITED STATES OF AMERICA

Congress of the United States

To All Officers and Directors of ARCIV Caribbean Merc. Corp., 237 East 17th St., New York, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10:00 o'clock a.m., at 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to your business with any nursing homes from 1969 to present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and seventy-four

Ed Moss

Chairman, Subcommittee on Long-Term Care U.S. Senate Special Committee on Aging.

UNITED STATES OF AMERICA
Congress of the United States

To Officer, American Bank & Trust Company, 70 Wall Street,
New York, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging
of the Senate of the United States, on January 21 or February 4, 1975,
at 10:00 o'clock a.m., at ~~1000 Broadway~~ New York County Lawyers
Association, 14 Vesey St., New York, New York, then and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

Committee requests that you provide all books, records, papers, checks and
documents in Bank's possession or control dealing with or in regard to:
Medic-Home Enterprises Inc.; Bernard Bergman; Samuel Klurman; Sissel Klurman;
Amram Kass; Anne Weiss Bergman.

Heretof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Val J. Halamandaris
to serve and return.

Given under my hand, by order of the committee, this
16th day of January, in the year of our
Lord one thousand nine hundred and seventy-five

Ted Moss

Chairman, ~~Subcommittee on Long-Term Care,~~
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Bernard Bergman, Owner-Operator, Park Crescent Nursing Home,
150 Riverside Drive, New York, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on February 19, 1975, at 9:30 o'clock a.m., at their committee room 1318 Dirksen Senate Office Building, 1st & "C" Streets, N.E., Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee.

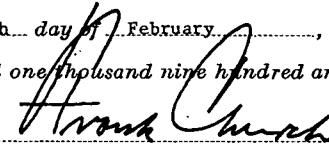
The Committee requests your appearance along with all of the following records from the Park Crescent and Towers nursing homes: PARK CRESCENT NURSING HOME: 1. Bank Statements; 2. Cancelled Checks; 3. Deposit Slips; and 4. Patient Account Records and Cards. TOWERS NURSING HOME: 1. Loans Payable; 2. Patient Account Records and Cards.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshall

to serve and return.

Given under my hand, by order of the committee, this 6th day of February, in the year of our Lord one thousand nine hundred and seventy-five



Special Chairman, Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Bernard Bergman, a principal or officer, Riviera Furniture Company,
250 West 57th Street, New York, New York 19219

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975., at 10 o'clock a.m., at ~~the committee room~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our

Lord one thousand nine hundred and ~~seventy~~ four

Ted Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term
Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA

Congress of the United States

Dec 2 1974

To Emanuel Birnbaum, Operator, Genesee Nursing Home,
 1634 Genesee Street, Utica, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a. m., at ~~1000 Broadway~~ 270 Broadway, New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
 to serve and return.

Given under my hand, by order of the committee, this
 19th day of December, in the year of our

Lord one thousand nine hundred and seventy-four

Ed Moss

Chairman, ~~Subcommittee on Long-Term Care~~
 U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Moses Braunstein, Operator, Laconia Nursing Home,

1050 East 230th Street, Bronx, New York 10466

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., ~~at their committee room~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshall

to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our

Lord one thousand nine hundred and seventy-four

Ted Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care, U. S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Yetta Braunstein, Operator, Olinville Nursing Home,

3006 Williams Bridge Road, Bronx, New York 10467

Greeting:

Pursuant to lawful authority, **YOU ARE HEREBY COMMANDED** to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a. m., at ~~XXXXXXXXXXXX~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal

to serve and return.

Given under my hand, by order of the committee, this

19th day of December, in the year of our

Lord one thousand nine hundred and seventy-four

Ed Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Daniel Chill, 66 Court Street, Brooklyn, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10:00 o'clock a.m., at ~~the committee room~~ 270 Broadway, New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all records relating to any income you, or any partnership, firm, or corporation in which you have, or had, an interest, received from any nursing home, or from the owner or operator of any nursing home, for any services rendered to such nursing home during the years 1969 to the present.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and seventy-four

Ted Moss

Chairman, ~~Subcommittee~~ Subcommittee on Long-Term Care
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To General Counsel, or other officer, City Bank of Hallandale
Hallandale, Florida 33009

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on February 4, 1975, at 10:00 o'clock a.m., at their committee room New York County Lawyer's Association, 14 Vesey St., New York, New York, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests that you provide copies of all monthly statements and copies of all cancelled checks in the Bank's possession or control with respect to any account (or accounts) of Mr. Rocco Scarfone or Mrs. Anna M. Scarfone, either separate or joint, (especially account #201-435-3) covering the period January 1, 1970, to the present.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Donald D. Forsht, United States Marshall
to serve and return.

Given under my hand, by order of the committee, this 1st day of February, in the year of our Lord one thousand nine hundred and seventy-five.

Ted Moss

Chairman, ~~XXXXXXXXXX~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Mr. Samuel A. Dachowitz, 5054 231st Street,
Bayside, New York 11364

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Aging Committee on February 4, 19 75, at 10:00 o'clock a. m., at their committee room New York County Lawyers Association, 14 Vesey Street., New York, New York, then and there to testify what you may know relative to the subject matters under consideration by said committee.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Patricia G. Oriol
to serve and return.

Given under my hand, by order of the committee, this 16th day of January, in the year of our Lord one thousand nine hundred and seventy-five

Ted Moss

*Chairman, Committee on Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging*

UNITED STATES OF AMERICA

Congress of the United States

To All Partners or Owners of Economy Restaurant & Supply Co.
 148 Franklin Street, New York, New York 108-40 DUNKIRK ST. 454-9600
108-40 DUNKIRK ST. Bklyn, N.Y. Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10:00 o'clock a.m., at ~~THE COMMERCE CENTER~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters ^{under con-} sideration by said committee.

The Committee requests your appearance along with all business records relating to your business with any nursing homes from 1969 to present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and seventy-four

Ted Moss

Chairman, ~~COMMERCE CENTER~~ Subcommittee on Long-Term Care
 U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Benjamin Farber, Operator, Willoughby Nursing Home,
949 Willoughby Avenue, Brooklyn, New York 11221

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging
of the Senate of the United States, on January 21st 1975
at 10 o'clock a.m., at ~~the committee room~~ 270 Broadway
New York, New York, Room 1601, then and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests your appearance along with all business records relating
to the operation of the above named facility from 1969 to the present including
but not limited to general ledgers for all corporations, partnerships and
sole proprietorships including any subsidiary companies; all subsidiary ledgers;
general journals; all supporting vouchers and invoices; all leases, contracts
and mortgages; all records maintained by your Certified Public Accounting
firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and seventy-four

Ed Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term
Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA

Congress of the United States

To General Counsel, or other officer, First National Bank of Bay Harbor
Islands, Bay Harbor Islands, Florida 33154

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging
of the Senate of the United States, on February 4, 1975,
at 10:00 o'clock a.m., at ~~The Rocco Scarfone Law~~ New York County
Lawyer's Association, 14 Vesey Street, New York, New York, then and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests that you provide copies of all monthly statements
and copies of all cancelled checks in the Bank's possession or control with
respect to any account (or accounts) of Mr. Rocco Scarfone or Mrs. Anna M.
Scarfone, either separate or joint, covering the period January 1, 1970,
to the present.

Heretofore fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Donald D. Forsht, United States Marshall
to serve and return.

Given under my hand, by order of the committee, this
1st day of February, in the year of our

Lord one thousand nine hundred and seventy-five

Jed Moss

Chairman, ~~Rocco Scarfone~~ Subcommittee on Long-Term
Care, U.S. Senate Special Committee on Aging.

UNITED STATES OF AMERICA
Congress of the United States

To General Counsel, or other officer
First National Bank of Hallandale
Hallandale, Florida 33009, Greeting:

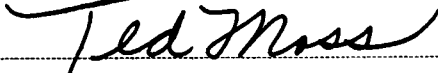
Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on February 4, 1975, at 10:00 o'clock a. m., at ~~their committee rooms~~ New York County Lawyer's Association, 14 Vesey Street, New York, New York, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests that you provide copies of all monthly statements and copies of all cancelled checks in the Bank's possession or control with respect to any account (or accounts) of Mr. Rocco Scarfone or Mrs. Anna M. Scarfone, either separate or joint, covering the period January 1, 1970, to the present.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Donald D. Forsht, United States Marshall
to serve and return.

Given under my hand, by order of the committee, this 1st day of February, in the year of our Lord one thousand ~~and~~ nine hundred and seventy-five



Chairman, ~~FAREWELL~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To General Counsel, or other officer, First National City Bank of
New York, 399 Park Avenue, New York, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging
of the Senate of the United States, on February 4, 1975.,
at 10:00 o'clock a.m., at ~~the~~ Lawyer's Association, 14 Vesey St., New York, New York, then and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests that you provide copies of all monthly statements and
copies of all cancelled checks in the Bank's possession or control with respect
to any account (or accounts) of Josephine Marraro, Mr. Rocco Scarfone, or
Mrs. Anna M. Scarfone (especially account number 7605854), either separate
or joint, covering the period January 1, 1970, to the present.

Heretofail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To John E. Hemington, Jr. KH
to serve and return.

Given under my hand, by order of the committee, this
28th day of January, in the year of our
Lord one thousand nine hundred and seventy-five.

Ted Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Shalom Foegel, also known as Shalom Vogel, Operator, Hayden Manor
Nursing Home, 34 West 74th Street, New York, New York

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging
of the Senate of the United States, on January 21st, 1975,
at 10 o'clock a.m., ~~at their committee room~~ 270 Broadway
New York, New York, Room 1601, then and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests your appearance along with all business records relating
to the operation of the above named facility from 1969 to the present including
but not limited to general ledgers for all corporations, partnerships and
sole proprietorships including any subsidiary companies; all subsidiary ledgers;
general journals; all supporting vouchers and invoices; all leases, contracts
and mortgages; all records maintained by your Certified Public Accounting
firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshall
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and seventy-four

Ed Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term
Care, U. S. Senate Special Committee on Aging

UNITED STATES OF AMERICA

Congress of the United States

To Benzion Frankel, Operator, Belt Parkway Nursing Home

1832 83rd Street, Brooklyn, New York 11214

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., at ~~the committee room~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal

to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
 Lord one thousand nine hundred and 74

1 ed Moss

Chairman, ~~CONSUMER~~ Subcommittee on Long-Term Care,
 U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Benzion Frankel, Operator, Ocean Parkway Nursing Home,

1326 Ocean Parkway, Brooklyn, New York 11230

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., at ~~THE COMMISSIONERS OFFICE~~ 270 Broadway, New York, New York, Room 1601, ~~there~~ and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal

to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and seventy-four.

Ed Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA

Congress of the United States

To Max Goldberg, Operator, Oxford Nursing Home,

144 S. Oxford Street, Brooklyn, New York 11217

Greeting:

Pursuant to lawful authority, **YOU ARE HEREBY COMMANDED** to appear before the Special Committee on Aging of the Senate of the United States, on January 21, 1975, at 10:00 o'clock a.m., at ~~150 P.O. BOX 270~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Heretof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal

to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and seventy-four.

Ed Moss

Chairman, ~~SENATE~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To All Officers and Directors, Grand Brokerage Inc.,
170 Broadway, New York, New York

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10:00 o'clock a.m., at ~~the committee room~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to your business with any nursing homes from 1969 to present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices, all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Heretof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
.....19th day ofDecember....., in the year of our
Lord one thousand nine hundred and ..seventy-four...

Ted Moss

Chairman, ~~Subcommittee~~ Subcommittee on Long-Term Care
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Abraham Greenbaum, Operator, New Glen Oaks Nursing Home,
260-901 79th Avenue, Glen Oaks, New York 11004

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging

of the Senate of the United States, on January 21st 1975

at 10 o'clock a. m., ~~at the location of the~~ 270 Broadway

New York, New York, Room 1601, then and there

to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests your appearance along with all business records relating
to the operation of the above named facility from 1969 to the present including
but not limited to general ledgers for all corporations, partnerships and
sole proprietorships including any subsidiary companies; all subsidiary ledgers;
general journals; all supporting vouchers and invoices; all leases, contracts
and mortgages; all records maintained by your Certified Public Accounting
firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal

to serve and return.

Given under my hand, by order of the committee, this

19th day of December, in the year of our

Lord one thousand nine hundred and 74

Ted Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Abraham Crossman, Operator, Williamsbridge Manor Nursing Home,
1540 Tomlinson Avenue, Bronx, New York 10461

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21, 1975, at 10:00 o'clock a. m., at ~~the six o'clock~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our

Lord one thousand nine hundred and seventy-four

Ted Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Solomon Heisler, Operator, New Vanderbilt Nursing Home, 135
Vanderbilt Avenue, Staten Island, New York 10304

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging

of the Senate of the United States, on January 21 1975

at 10:00 o'clock a. m., at ~~the committee room~~ 270 Broadway,
New York, New York, Room 1601, then and there

to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests your appearance along with all business records relating
to the operation of the above named facility from 1969 to the present including
but not limited to general ledgers for all corporations, partnerships and
sole proprietorships including any subsidiary companies; all subsidiary ledgers;
general journals; all supporting vouchers and invoices; all leases, contracts
and mortgages; all records maintained by your Certified Public Accounting
firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal

to serve and return.

Given under my hand, by order of the committee, this

19th day of December, in the year of our

Lord one thousand nine hundred and seventy-four

Ted Moss

Chairman, ~~Subcommittee~~ Subcommittee on Long-Term Care,
United States Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Eugene Hollander, Operator, Congress Nursing Home, 380 Henry Street,
Brooklyn, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging
of the Senate of the United States, on January 21st
at 10 o'clock a.m., at ~~1000 Broadway~~ 270 Broadway
New York, New York, Room 1601, ~~there~~ and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

1975
DEC 23 11:50 AM '75
E.D.
Y

The Committee requests your appearance along with all business records relating
to the operation of the above named facility from 1969 to the present including
but not limited to general ledgers for all corporations, partnerships and
sole proprietorships including any subsidiary companies; all subsidiary ledgers;
general journals; all supporting vouchers and invoices, all leases, contracts
and mortgages; all records maintained by your Certified Public Accounting
firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and 74

1 ed Moss

Chairman, ~~XXXXXX~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Eugene Hollander, Partner or Officer, Geriatrics Services Company
380 Henry Street, Brooklyn, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st 1975 at 10 o'clock a.m., at ~~the above named facility~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Heret fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and seventy-four.

Ted Moss

Chairman, ~~Subcommittee~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging.

UNITED STATES OF AMERICA
Congress of the United States

To Eugene Hollander, Operator, Gramarcy Park Nursing Home,
237 East 17th Street, New York, New York

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., at ~~237 East 17th Street~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and seventy-four



Chairman, ~~Subcommittee~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Eugene Hollander, Operator, Park Lane Nursing Home, 1455 Coney Island Ave., Brooklyn, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21 at 10:00 o'clock a.m., at ~~this committee room~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

RECEIVED
JAN 21 1975
U.S. SENATE

~~The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.~~

Heretof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and seventy-four

Ted Moss

Chairman, ~~Subcommittee~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Eugene Hollander, Operator, Riverview Nursing Home, 117 Beekman Street,
New York, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging
of the Senate of the United States, on January 21, 1975.,
at 10:00 o'clock a. m., at ~~the New York State Office Building~~ 270 Broadway
New York, New York, Room 1601, then and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests your appearance along with all business records relating
to the operation of the above named facility from 1969 to the present including
but not limited to general ledgers for all corporations, partnerships and
sole proprietorships including any subsidiary companies; all subsidiary ledgers;
general journals; all supporting vouchers and invoices; all leases, contracts
and mortgages; all records maintained by your Certified Public Accounting
firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and 74

Ired Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To General Counsel, or other officer, Home Federal Savings and Loan Association, 70-01 Forest Avenue, Ridgewood, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on February 4, 1975, at 10:00 o'clock a.m., at ~~the committee room~~ the New York County Lawyer's Association, 14 Vesey St., New York, New York, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests that you provide copies of all monthly statements and copies of all cancelled checks in the Bank's possession or control with respect to any account (or accounts) of Mr. Rocco Scarfone or Mrs. Anna M. Scarfone, either separate or joint, covering the period January 1, 1970, to the present.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To John A. Edie

to serve and return.

Given under my hand, by order of the committee, this 30th day of January, in the year of our Lord one thousand nine hundred and seventy-five

Ed Mass

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Bernard Izbiki, Operator, Burnside Nursing Home

1850 Harrison Avenue, Bronx, New York, 10453

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., at ~~1250 Broadway~~ 270 Broadway, New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal

to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and 74

Ted Moss

Chairman, ~~Subcommittee~~ Subcommittee on Long-Term Care
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Frank Klein, Operator, Fairview Nursing Home, 69-70 Grand Central
Parkway, Forest Hills, New York 11735

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging
of the Senate of the United States, on January 21, 1975,
at 10:00 o'clock a.m., ~~at this committee room~~ 270 Broadway
New York, New York, Room 1601, then and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

RECEIVED
JAN 23 11
E.O.N.

The Committee requests your appearance along with all business records relating
to the operation of the above named facility from 1969 to the present including
but not limited to general ledgers for all corporations, partnerships and
sole proprietorships including any subsidiary companies; all subsidiary ledgers;
general journals; all supporting vouchers and invoices; all leases, contracts
and mortgages; all records maintained by your Certified Public Accounting
firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshall

to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and seventy-four

Ted Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term
Care, U. S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Frank Klein, Operator, Hyde Park Nursing Home,
Route 9, Anderson School Road, Staatsburg, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a. m., at ~~the Courthouse~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and seventy-four

Ed Moss

Chairman, ~~Subcommittee~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To John Leeds, Associate General Counsel, or other officer, Banker's
Trust Company, 1775 Broadway, New York, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on February 4, 1975, at 10:00 o'clock a.m., at ~~1115 Broadway, New York~~ New York County Lawyers Association, 14 Vesey St., New York, New York, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests that you provide copies of all monthly statements and copies of all cancelled checks in the Bank's possession or control with respect to any account (or accounts), especially account No. 17-31625927, of Mr. Racco Scarfone or Mrs. Anna M. Scarfone, either separate or joint, covering the period January 1, 1970, to the present.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To John E. Hemington, Jr.
to serve and return.

Given under my hand, by order of the committee, this
28th day of January, in the year of our

Lord one thousand nine hundred and seventy-five

I ed Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Mark Loren, Operator, White Plains Nursing Home,
3845 Carpenter Avenue, Bronx, New York 10467

, **Greeting:**

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
 appear before the Special Committee on Aging
 of the Senate of the United States, on January 21st, 1975,
 at 10 o'clock a.m., at ~~1000 Committee Room~~ 270 Broadway
New York, New York, Room 1601, then and there
 to testify what you may know relative to the subject matters under con-
 sideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
 to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
 Lord one thousand nine hundred and seventy-four

Ed Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term
 Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Mark Loren, Operator, White Plains Nursing Home, 3845 Carpenter
Avenue, Bronx, New York 10467

Greeting:

Pursuant to lawful authority, **YOU ARE HEREBY COMMANDED** to
 appear before the Special Committee on Aging
 of the Senate of the United States, on February 19, 1975,
 at 9:30 o'clock a.m., at their committee room 1318 Dirksen
1st & C Streets, N.E.,
Senate Office Building, Washington, D.C. 20510, then and there
 to testify what you may know relative to the subject matters under con-
 sideration by said committee.

Hereof fail not, as you will answer your default under the pains and pen-
 alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshall
 to serve and return.

Given under my hand, by order of the committee, this
6th day of February, in the year of our
 Lord one thousand nine hundred and seventy-five


 Special
 Chairman, Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

875-8430

To ~~Resident Operator~~, Mayflower Nursing Home, 601 West End Avenue,
New York, New York 10024.....

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special..... Committee on Aging.....
of the Senate of the United States, on January 21st....., 1975,
at 10..... o'clock a.m., ~~at the above committee room~~ 270 Broadway,
New York, New York, Room 1601....., then and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests your appearance along with all business records relating
to the operation of the above named facility from 1969 to the present including
but not limited to general ledgers for all corporations, partnerships and
sole proprietorships including any subsidiary companies; all subsidiary ledgers;
general journals; all supporting vouchers and invoices; all leases, contracts
and mortgages; all records maintained by your Certified Public Accounting
firm and all other fiscal and accounting records.....

Hereof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal.....
to serve and return.

Given under my hand, by order of the committee, this
19th day of December....., in the year of our
Lord one thousand nine hundred and 74.....

Ted Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term Care,
United States Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Harold Michaels, Counsel or other Officer.....

American Bank and Trust Company, 70.....

Wall Street, New York, New York....., **Greeting:**

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on February 4, 1975, at 10:00 o'clock a.m., at their committee room New York County Lawyers Association, 14 Vesey Street, New York, New York, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests you provide copies of any loan agreements or secured instruments between your bank and Dr. Bernard Bergman, Anne Weiss Bergman, Amram Kass, and Miriam Kass; along with balance sheets or certified statements of net worth supplied for purposes of establishing a line of credit with your bank.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Patricia G. Oriol.....

to serve and return.

Given under my hand, by order of the committee, this
.....16th day of January, in the year of our
Lord one thousand nine hundred and seventy-five

Ted Moss

Chairman, ~~Executive~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging.

UNITED STATES OF AMERICA
Congress of the United States

To Harold Michaels, Counsel or other Officer
American Bank and Trust Company, 70 Wall Street
New York, New York, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on February 4, 1975, at 10:00 o'clock a.m., at their committee room New York County Lawyers Association, 14 Vesey Street, New York City, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests you to provide copies of any personal or corporate loan agreements or secured instruments between

your bank and Dr. Bernard Bergman, Anne Weiss Bergman, Amram Kass, and Miriam Kass along with all personal or corporate balance sheets, financial statements or statements of net worth supplied to your bank by these persons from 1969 through the present.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To John A. Edie
to serve and return.

Given under my hand, by order of the committee, this
30th day of January, in the year of our

Lord one thousand nine hundred and seventy-five

Ted Moss

Subcommittee on Long-Term Care,
Chairman, ~~CONGRESS~~ Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Bernard Moskowitz, Operator, Rofay Nursing Home, 946 East 211 Street,
New York, New York 10469

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., at ~~THE ROOMS OF THE SENATE~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and 74

Ed Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term
Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Margaret Klein Moskowitz, a principal or officer, Amsterdam Meat
Company, 100th Street and Amsterdam Avenue, New York, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the Special Committee on Aging
of the Senate of the United States, on January 21st, 1975,
at 10 o'clock a.m., at ~~their own offices~~ 270 Broadway
New York, New York, Room 1601, then and there
to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests your appearance along with all business records relating
to the operation of the above named facility from 1969 to the present including
but not limited to general ledgers for all corporations, partnerships and
sole proprietorships including any subsidiary companies; all subsidiary ledgers;
general journals; all supporting vouchers and invoices; all leases, contracts
and mortgages; all records maintained by your Certified Public Accounting
firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and seventy-four

I. Ed. Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term
Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA

Congress of the United States

To..... Officer, National Bank of North America, 44 Wall Street, New York,
New York.....

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21 or February 4, 1975, at 10:00 o'clock a. m., at their committee room New York County Lawyers Association, 14 Vesey Street, New York, New York, then and there to testify what you may know relative to the subject matters under consideration by said committee.

Committee requests that you provide copies of the checks drawn on the Towers Nursing Home Account (001-1-3892-5) from January 1, 1971 through November 1, 1974 as indicated in the attached memorandum.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To John A. Edie, Professional Staff Member to serve and return.

Given under my hand, by order of the committee, this
16th day of January, in the year of our
Lord one thousand nine hundred and seventy-five

Ted Moss

Chairman, Committee on Subcommittee on Long-Term Care
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Mr. Portella, Administrator or other officer or trustee, Miami
 International Hospital, 17300 N.W. 7th Avenue, North Miami, Florida

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on February 4, 1975, at 10:00 o'clock a.m., at ~~the New York City~~ New York Lawyers Association, 14 Vesey Street, New York, New York, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with the following records and documents with respect to Mr. Rocco Scarfone, a patient at the hospital named above:

- 1) Copy of the Admission Form and other necessary documents showing:
 - a. Date of admission
 - b. Date arrangements for admission was made.
 - c. Name of person, or persons, making such arrangements. (SEE REVERSE SIDE)

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Mr. Ron Frekup, Deputy United States Marshall
 to serve and return.

Given under my hand, by order of the committee, this
 1st day of February, in the year of our

Lord one thousand nine hundred and seventy-five.

Ed Mass

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care, U. S. Senate Special Committee on Aging

- d. Reason for patient's admission (diagnosis)
 - e. Number assigned to patient for hospital stay.
 - f. Number of room (or rooms) to which patient was assigned.
- 2) Copy of the patient's medical chart indicating any operations or other medical procedures performed, medications given, and projected prognosis.
 - 3) A complete list of all doctors, nurses, and other medical personnel participating in such operations or procedures.
 - 4) A complete list of all nurses, aides and orderlies assigned to the floor (or floors for each shift) where Mr. Scarfone had his room (or rooms).
 - 5) A copy of the form or other document indicating the official time and date of the release of Mr. Scarfone from the hospital.
 - 6) A copy of the statement or bill indicating all charges incurred at the hospital (including any documents submitted, or to be submitted to Medicare) relating to the medical care, room and board charged to the patient, to his family, or to any third party.

Norothy STRAUGH - Dir Nsg → on Mr Mandellbaum - Chairman's Order

UNITED STATES OF AMERICA
Congress of the United States

Admin. Rpt. on
To ~~Thomas E. Ferrandina~~ Operator, Riverside Nursing Home, 87 South Route 9W,
Haverstraw, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21, 1975, at 10:00 o'clock a. m., ~~at this committee room~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return:

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and seventy-four

Ed Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care, U. S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Mr. John Ruehle, 655 Madison Avenue, New York, New York.....

....., **Greeting:**

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special..... Committee on Aging..... of the Senate of the United States, on February 4....., 1975, at 10:00..... o'clock a.m., at ~~10:00 a.m.~~ New York County..... Lawyer's Association, 14 Vesey St., New York, New York....., then and there to testify what you may know relative to the subject matters under consideration by said committee.

~~The Committee requests your appearance along with all books, records, bank statements, cancelled checks received and all memoranda, reports or workpapers developed in the course of your employment in the Office of the New York Welfare Inspector General and his investigation of the Towers Nursing Home.~~

.....
Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To John E. Hemington, Jr......

to serve and return.

Given under my hand, by order of the committee, this
..... 28th day of January....., in the year of our
Lord one thousand nine hundred and seventy-five.....

I ed Moss

.....
Chairman, ~~Committee~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Mr. Louis Russo, Counsel or other Officer,
Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York, New York.

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21 or February 4, 1975, at 10:00 o'clock a.m., at their committee room New York County Lawyers Association, 14 Vesey St., New York, New York, then and there to testify what you may know relative to the subject matters under consideration by said committee.

Committee requests that you provide all books, records, papers checks and documents in Bank's possession or control dealing with or in regard to: Samuel Dachowitz covering the period January 1, 1969 to the present.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Val J. Halamandaris
to serve and return.

Given under my hand, by order of the committee, this
16th day of January, in the year of our
Lord one thousand nine hundred and seventy-five.


U. S. Senate Special Committee on Long-Term Care,
Chairman, Committee on Aging

Mrs. Fishman - Admin -

UNITED STATES OF AMERICA
Congress of the United States

To Carl Schindler, Operator, College View Nursing Home
425 West 144th Street, New York, New York 10031

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., at ~~270 Broadway~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and seventy-four

I ed Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Abraham Schlafrig, Operator, Meadow Park Nursing Home,
78-10 164th Street, Flushing, New York 11366

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a. m., at ~~U.S. Capitol Building~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
... 19th ... day of December ..., in the year of our
Lord one thousand nine hundred and 74

Ted Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Regina Schwartz, Operator, Riverside Nursing Home, 46 West 74th Street,
New York, New York 10023

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975., at 10 o'clock a.m., at ~~1000 Broadway~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal

to serve and return.

Given under my hand, by order of the committee, this
...19th... day of ...December....., in the year of our
Lord one thousand nine hundred and ...74.....

Ed Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Albert Schwartzberg, Operator, Morris Park Nursing Home,
1235 Pellham Parkway North, Bronx, New York 10469

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., at ~~the committee room~~ 270 Broadway, New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and 74

Ted Moss

Chairman, ~~Executive~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Charles Sigety, Operator, Florence Nightengale Nursing Home,
175 East 96th Street, New York, New York

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21, 1975., at 10:00 o'clock a.m., at ~~1110 Commonwealth Avenue~~ 270 Broadway, New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

GIVEN under my hand, by order of the committee, this
12th day of December, in the year of our
Lord one thousand nine hundred and seventy-four

Ted Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Michael Tennenbaum, Operator, Resort Nursing Home,
425 Beach 67th Street, Arverne (Queens), New York 11692

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a. m., at ~~the committee room~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our

Lord one thousand nine hundred and seventy-four

Ird Moss

Chairman, ~~XXXXXX~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Mr. Moses Unger, Operator, American Nursing Home
62 Avenue B., New York, New York 10009

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a.m., at ~~FEDERAL BUREAU OF INVESTIGATION~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Heretofail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our

Lord one thousand nine hundred and 74

Ed Moss

Chairman, ~~Committee on~~ Subcommittee on Long-Term Care
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Moses Unger, Operator, Caton Park Nursing Home
1312 Caton Avenue, Brooklyn, New York 11226

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21 at 10:00 o'clock a.m., at ~~the committee room~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

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The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and seventy-four.

Ired Moss

Chairman, ~~Executive~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA

Congress of the United States

To Israel Weingarten, Operator, Verrazano Nursing Home,

100 Castleton Avenue, Staten Island, New York 10301

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging

of the Senate of the United States, on January 21, 1975,

at 10:00 o'clock a. m., at ~~the Executive Conference~~ 270 Broadway
New York, New York, Room 1601, then and there

to testify what you may know relative to the subject matters under con-
sideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal

to serve and return.

Given under my hand, by order of the committee, this

19th day of December, in the year of our

Lord one thousand nine hundred and 74

Ed Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging

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UNITED STATES OF AMERICA
Congress of the United States

To Otto Weingarten, Operator, Pelham Parkway Nursing Home
2401 Laconia Avenue, Bronx, New York 10469

, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a. m., at ~~1000 Broadway~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices, all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and seventy-four

Ed Moss

Chairman, ~~OSR~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Anne Weiss, Operator, Towers Nursing Homes, 2 West 106th Street,
New York, New York 10025

Greeting:

Pursuant to lawful authority, **YOU ARE HEREBY COMMANDED** to appear before the Special Committee on Aging of the Senate of the United States, on January 21st, 1975, at 10 o'clock a. m., at ~~161 West Broadway~~ 270 Broadway New York, New York, Room 1601, then and there to testify what you may know relative to the subject matters under consideration by said committee.

The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including ~~but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.~~

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal to serve and return.

Given under my hand, by order of the committee, this 19th day of December, in the year of our Lord one thousand nine hundred and 74

Ed Moss

Chairman, ~~Subcommittee~~ Subcommittee on Long-Term Care, U.S. Senate Special Committee on Aging

UNITED STATES OF AMERICA
Congress of the United States

To Mattia Yellin, Operator, Carlton Nursing Home
405 Carlton Avenue, Brooklyn, New York 11238

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee on Aging of the Senate of the United States, on January 21st at 10 o'clock a.m., at ~~the~~ 270 Broadway New York, New York, Room 1601, ~~there~~ there to testify what you may know relative to the subject matters under consideration by said committee.

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The Committee requests your appearance along with all business records relating to the operation of the above named facility from 1969 to the present including but not limited to general ledgers for all corporations, partnerships and sole proprietorships including any subsidiary companies; all subsidiary ledgers; general journals; all supporting vouchers and invoices; all leases, contracts and mortgages; all records maintained by your Certified Public Accounting firm and all other fiscal and accounting records.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Thomas E. Ferrandina, United States Marshal
to serve and return.

Given under my hand, by order of the committee, this
19th day of December, in the year of our
Lord one thousand nine hundred and 74

Ed Moss

Chairman, ~~Committee~~ Subcommittee on Long-Term Care,
U.S. Senate Special Committee on Aging

STATE OF NEW YORK
OFFICE OF THE SPECIAL STATE PROSECUTOR

SUBPOENA FOR A WITNESS TO ATTEND BEFORE THE DEPUTY ATTORNEY GENERAL

TO UNITED STATES SENATE SPECIAL COMMITTEE ON AGING
of C/O MR. VAL HALAMANDARIS, ESQ., ASSOCIATE COUNSEL

YOU ARE HEREBY COMMANDED TO APPEAR BEFORE CHARLES J. HYNES, Deputy Attorney General of the State of New York (Special Prosecutor) on the 26th day of February, 1975, at 10 o'clock in the fore noon, at the office of the Deputy Attorney General, 270 Broadway, New York, New York, third floor, as a witness in an inquiry into the management, control, operation, and funding of nursing homes, care centers, health facilities and related entities located in the State of New York, and the principals, agents, suppliers, and other persons involved therewith being conducted by the Deputy Attorney General pursuant to Section 63(8) of the Executive Law of the State of New York, and the Executive Order of Governor Hugh Carey dated 7 February 1975.

YOU ARE FURTHER COMMANDED to bring with you at the above time and place all books, records, memoranda, business ledgers, papers, and any and all other material which you presently have in your possession pursuant to Committee subpoena, relating to the nursing homes and businesses on the attached schedule.

now in your custody.

A FAILURE TO ATTEND SHALL BE DEEMED A CRIMINAL CONTEMPT, PUNISHABLE UNDER THE LAWS OF THE STATE OF NEW YORK.

Dated: 24 February 1975

CHARLES J. HYNES
Deputy Attorney General

by: *Hal Meyerson*
Special Assistant Attorney General
Tel.: 488-2990

THIS SUBPOENA REQUIRES YOUR ATTENDANCE AT THE DATE AND TIME INDICATED. YOU DO NOT HAVE TO ANSWER ANY QUESTIONS OR SURRENDER POSSESSION OF ANY DOCUMENTS IF YOU BELIEVE THAT TO DO SO WOULD VIOLATE YOUR RIGHTS UNDER THE CONSTITUTIONS OF THE UNITED STATES OR NEW YORK STATE.

IF YOU ARE IN DOUBT AS TO THE EXTENT OF YOUR RIGHTS YOU SHOULD CONSULT WITH AN ATTORNEY WHO MAY BE WITH YOU ON THE RETURN DATE OF THIS SUBPOENA.

ATTENTION IS CALLED TO SECTION 73 OF THE CIVIL RIGHTS LAW, A COPY OF WHICH IS PRINTED ON THE REVERSE SIDE OF THIS SUBPOENA.

STATE OF NEW YORK)
COUNTY OF) SS:

, being duly sworn, deposes and says that I am an agent and employee of Charles J. Hynes, Deputy Attorney General of the State of New York. On the day of , 197 , I served the annexed subpoena upon , by delivering to and leaving with said person a true copy of this subpoena at premises

Sworn to before me this
day of 197 .

NURSING HOME OR COMPANY

AMERICAN
AMSTERDAM MEAT
BELT PARKWAY
BURNSIDE
CARLTON
CATON PARK
COLLEGE VIEW
ECONOMY RESTAURANT SUPPLY
FAIRVIEW
GENESEE
GRAND BROKERAGE
HAYDEN
HYDE PARK
LACONIA
MAYFLOWER
MEADOW PARK
MORRIS PARK

NEW GLENN OAKS
NEW VANDERBUILT
OCEAN PARKWAY
OLINVILLE
OXFORD
PARK CRESCENT
PELHAM PARKWAY
RESORT
RIVERSIDE
RIVERSIDE HAVESTRAW
RIVIERA FURNITURE
ROFAY
TOWERS
VERRAZANO
WHITE PLAINS
WILLIAMSBRIDGE
WILLOUGHBY

Appendix 4

**LETTER FROM EUGENE HOLLANDER, TO
VAL J. HALAMANDARIS, DATED JANUARY 17, 1975**

DEAR MR. HALAMANDARIS: I am writing to confirm that the records covered by the subpoenas issued by your subcommittee dated December 19, 1974, will, in lieu of being produced at the hearing to be held on January 21, 1975, be made available at your convenience for inspection by your representative at the offices of Congress Nursing Home, 380 Henry Street, Brooklyn, N.Y., where pursuant to subpoena returnable December 10, 1974, the district attorney of Kings County has certain of said records in a separate room under his control.

I will also furnish you with a copy of the transcript of my testimony at a private hearing on January 10, 1975, before the New York State Temporary State Commission on Living Costs and the Economy, when I receive the same.

Very truly yours,

EUGENE HOLLANDER.

(3033)

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