

**ON HELD  
IR ROADS**

in Page One.

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2,500,000 people at year manufacturing instruments of nation, namely, and in selling those people and serv-

**FIRMS' RFC AID**

ernment to Do More ong-Term Loans. in 28.—(AP)—Sen. D-III) proposed to rnement do more to small businessmen nital loans. mocratic leader said e on Monday a bu government's Re- nance Corporation to 90 per cent of such them directly when 't get them through enders. w has authority to loans, but the

to be can and may be united and strong. The Democrats have with consummate hypocrisy attempted to use this great problem in human relations for partisan advantage.

**CALISE RETRACTS  
NOT GUILTY PLEA**

**Unable to Furnish Bail  
Set by Court Decides to  
Admit Speeding**

One of the men arrested earlier this month by the Secret Service for taking part in an alleged black market gold ring was arraigned in Sixth District Court yesterday on two speeding charges.

At first, Frank Calise, 22, of 208 Sherburne Street, told Judge Luigi DePasquale that he was "unemployed and broke" when he pleaded not guilty to the two charges.

Calise was taken downstairs to the cell room when he was unable to raise the \$100 bail set by the court. Later, at his own request, he was returned to the court room where he retracted his earlier pleas and pleaded guilty to both charges. He was fined \$5 and costs on one and assessed costs only on the other.

William E. Kilduff, 21, of 111 Burnside Street, pleaded guilty to a charge of throwing glass on Eddy Street early yesterday morning. He told the court he was carrying four bottles of beer when the bag broke and one was smashed. He then said he lost his temper and threw the others on the sidewalk. Judge DePasquale fined him \$5 and costs.

Four men pleaded guilty to charges of driving without licenses and were fined \$2 and costs each. They are: Norman Walker Jr., 23, of 24 Wickenham Street; John A. Kelly, 27, of 26 North Davis Street; Leo J. Desrochers, 27, of 86 Mellana Street, and George O. Vecchio, 24, of 203 Regent Avenue. Edward F. Sadler, 20, of 923 Smithfield Road, North Providence, pleaded guilty to a similar charge and was fined \$5 and costs.

The following men pleaded guilty of speeding charges: Lester P. Ellis, 26, of 43 Burton Street, fined \$15 and costs; Edward Clavin, 23, of 1 Bullfinch Court, \$10; Francis A. Ferreira, 21, of 28 First Street, East Providence, \$5 and costs, and Lloyd G. Beckius, 10, of 141 Rhodes Street, assessed costs only.

**SAMOA WANTS NAVAL MAN**

Tutuila, American Samoa, Jan. 28.—(AP)—The Samoan legislature urged today that a navy man be named as first civilian governor of this American possession. Samoa has been administered by the Navy for 60 years, but President Truman has favored setting up a civilian administration under the interior department in a year or two.

**RUN ON FERTILIZER**

Indianapolis, Jan. 28.—(AP)—Hoped farmers are making a run on fertilizer warehouses for fear of getting caught without a supply next spring. Suppliers today blamed the scramble onto a strike in a Caribbean

azolic dyes for the textile industry.

**Coventry Dye Plant Feels Effect  
Of Devaluation of English Pound**

**Metro Dyestuff Corp. Is Only Small Firm in Country  
Manufacturing Product; Keeping Head  
Above Water With U.S. Sales**

By JOHN B. LAKE JR.

Metro Dyestuff Corp. of Coventry, believed to be the only plant in New England manufacturing its type of fast dyes, is keeping its head above water despite loss of foreign business owing to devaluation of the English pound.

Directed by Dr. Harry W. Grimmel, nationally known chemist, the plant was established about a year ago in the lower Millburn Mill, Quindnick, for the manufacture of vat and azolic dyes for cotton goods.

Since the devaluation of the pound, the firm has been dependent entirely on the domestic market, Dr. Grimmel said. Shipments to Switzerland, England and Germany have been discontinued because, under the devaluation, the firm would be forced to sell in those countries at below cost.

The Coventry plant is the only small one in the country manufacturing the fast dyes, as far as Dr. Grimmel knows. It is in direct competition with big firms such as Dupont, Calico, National Aniline and General Aniline.

To improve gradually the firm was established in this state because of the availability of mill buildings suitable to its purpose, Dr. Grimmel said. The present old stone mill leaves much to be desired, but it will be improved gradually, he added.

With only 40 employes, the company has expanded its production in the past year from two products to 12 products today.

Research in fast dyes is carried

on continually in a well-equipped laboratory, where Dr. Grimmel is assisted by Dr. Alfred Guenther, a Moscow-born graduate of Massachusetts Institute of Technology.

As a result of extensive laboratory work since 1925, Dr. Grimmel has obtained 26 patents in his field. Born in Hanover, Germany, 31-year-old Dr. Grimmel studied chemistry at the University of Goettingen under Professor Awinhaus, Nobel prize winner for his work on hormones and vitamins. That also was Dr. Grimmel's field at first, but he switched to the chemistry of dyestuffs after teaching at Tharand Forest Academy.

Chemist in Germany Before coming to this country in 1926, Dr. Grimmel was a chemist at Farbenfabriken vorm. F. Bayer & Co. at Leverkusen, Germany, a firm which later became part of the huge I. G. Farben Industries.

He was manager of the Grasselli Dyestuffs Corp., Rensselaer, N.Y., until 1942, after which he did special research work in New Jersey. A member of the American Chemical Society and the American Association of Textile Colorers and Chemists, he has written numerous articles for the Journal of Chemistry.

About a year ago he decided to start his own business, and he believes the Coventry plant represents the first attempt in the U.S. to make the fast dyes on a small scale.

Dr. Grimmel lives with his wife and daughter, Ursula, at 140 Aldrich Avenue, Warwick Neck.

**THOMPSON TO SEEK  
GA. GOVERNORSHIP**

**Ex-State Executive Flays  
Administration of  
Talmadge**

Atlanta, Jan. 28.—(AP)—Former Gov. M. E. Thompson announced as a candidate for governor of Georgia today with a blistering attack on the "floundering" administration of Gov. Herman Talmadge.

Thompson, first to enter the 1950 battle officially, pledged complete tax revision with funds to pay for a long-sought \$25,000,000 program for improved schools and colleges.

He jumped the gun on a half-dozen hopefuls who have been maneuvering for the anti-Talmadge banner.

**FRANCE APPROVES  
VIET NAM ACCORD**

**Assembly Okays Treaty  
Giving Much Domestic  
Freedom to State**

Paris, Jan. 28.—(AP)—The French National Assembly approved tonight a treaty giving a large measure of domestic sovereignty to the State of Viet Nam in Indo-China.

Assembly approval was the last formally needed to put into force a treaty signed last April by French President Vincent Auriol and Bao Dai, chief of the new state and former emperor of Annam.

The vote was 401 to 193. The opposition came from Communists who have been giving support to Moscow-trained Ho Chi-minh who has been



# THE BUSINESS FRONT

CLYDE H. HARRINGTON

has been named vice president, sales manager of Lithographers-Printers, manufacturing-Lithograph Company. A graduate of Amherst College, employed by Esso, lived in Bartons of Rehoboth. He's been with the company for a half year. Ernest Evident, has been promoted to sales specialist by A & P Food & P since 1929, became a store manager an area supervisor in '39. Joseph Cohen of General Scrap Inc., of East Providence, is one of the men reappointed as co-chairmen of the East Coast for the Foreign Committee of the Institute of Iron & Steel. Emil E. Usinger, a native of Providence, now in Milford, Conn., has joined the company as a division of The Er Brothers Company, of Bridgeport. He's a graduate of Colgate University, was awarded the Summerfield Scholarship in his senior year, served Acme Markets in Philadelphia, and the Fuller Brush Company prior to joining Warner Packaging.

**SLAND.** Bernard V. Buonanno, treasurer of the National Barrel America. He's president of the company and general manager of the Centredale. Mr. Buonanno, a native of Providence, is a member of the Providence Advertising Club of Commerce will hold its 25th anniversary at the Kirkbrake Country Club, in Providence. His activities will begin at 11 a.m. starting at 6 p.m. This Vacation Planning Week by the Industries Committee. Among the speakers: Governor Chafee; Chris-IPIC; Putnam Scott of Humble; Ellsworth S. Harding, chairman of the Users Conference; Arthur E. Fanning Company and John J. Gill Owners Association.

**LANE.** Herbert Q. Horna, Jr. is manager of The Equitable Life Assn. He's with the Worcester agency in Attleboro resident, is a graduate of the Institute, was associated with the Providence agency of the company is among five such agents' Plaque for net production of \$100,000. J. Mark Foley is new zone manager of Puritan Life Insurance Company. Kiley succeeds Mr. Foley as zone manager in eastern Massachusetts, a post held for 10 years. Kiley is a graduate of Methuen, his business career includes experience as a life insurance agent, district manager and a graduate of Holy Aetna Life Affiliated Companies \$10,000 in benefits to or for Rhode Island as a 15 per cent increase over the previous year, general agent for Aetna Life, and manager for Aetna Casualty and

## Chemical Firm To Build Plant

Metro-Atlantic, Inc. Plans New Operation At Greenville, N.C.

Plans of Metro-Atlantic, Inc., of Centredale, to build a new \$400,000 plant at Donaldson Center in Greenville, N.C., were announced last night by Joseph E. Buonanno, president.

He said the facility will produce a complete line of textile and paper chemicals and, in addition, branch into the manufacture of basic pigments for producing textile and paper printing inks, a new operation. Mr. Buonanno said the new plant will be capable of supplying the needs of the company's Southern customers and will enable the Centredale facility to utilize much of its present and new equipment for a steadily increasing production of intermediates and pharmaceutical chemicals.

The new Southern plant, scheduled for completion in the fall, initially will employ 100 persons, it was announced. It will be one of 26 industrial operations located on the 2,400-acre tract of Donaldson Center.

According to Mr. Buonanno the proposed building will contain 40,000 square feet of floor space, including 3,000 square feet of laboratory facilities and 3,000 square feet of offices.

The plant will have a manufacturing area for chemicals and pigments as well as a pigment mixing and blending facility and a warehouse area. Planned are laboratories for product development and customer service work for the textile industry, and separate laboratories and equipment for work on pigments for other industries.

Metro-Atlantic began operations in 1940 as Atlantic Chemical Co., Inc. The operation today does a multi-million-dollar business annually, the president reported.

The company maintains headquarters at Centredale, a warehouse and laboratory at Hawthorne, N.J., a sales office at Greensboro, N.C. and foreign branches in Granby, Quebec; Brussels, Belgium, and Manchester, England.

### Franco Reviews 26th Victory Parade

Madrid — (UPI) — Gen. Francisco Franco reviewed 12,000 of his troops yesterday in the 26th annual parade marking his victory in the Spanish Civil War. Disturbances threatened by anti-monarchist elements failed to materialize. Generalissimo Franco received a brief round of applause when he entered his box on Castellana Avenue where the

Sylvia Porter: Tour Money's Worth

## Define 'Insider'? It C

Q: WHO IS an "insider" in Wall Street?

A: IT COULD be you, an amateur investor, who is given by a friend or relative in a company information which the public doesn't know and which spurs you to buy or sell the company's shares.

Q: WHAT COULD happen if you profit from this information?

A: YOU COULD be forced to make restitution to the stockholders who sold shares to you or bought shares from you because they didn't have the information about the company you had.

THIS IS ONE explosive implication of the suit the SEC has just brought against Texas Gulf Sulphur and 13 of its directors, officers and employees who bought shares of TG between Nov. 12, 1963, when the company made an historic ore strike in Ontario, and April 16, 1964, when it finally disclosed the news. In this period, the stock rose from around \$17 to \$30—and thereafter, it soared to \$71.

THE SUIT probably will go to trial within 30 to 60 days in a federal court in New York City. No matter what the first decisions, the suit eventually will reach the Supreme Court. Thus, this case will be news for years.

Until now, the definition of an insider and the limits of his responsibility have seemed fairly clear.

Under one section of the 1934 securities law, an insider is defined as an officer, or a director of a company or any holder of 10 per cent or more of its stock. Any time insiders trade in the company's shares, they must file a report with the SEC—so that the policing agency will know whether they are taking advantage of inside information. Also, if they sell shares of the company's stock within six months of purchase, they must give back any profits they make to the company.

But the SEC's suit against Texas Gulf Sulphur under another section of the 1934 law

seeks a vast extension of the definition of an insider and his financial liability if he profits by inside knowledge.

The SEC is not just asking that insiders reimburse the company because they acted for personal gain. It is asking that they reimburse original owners of the stock who unwittingly sold out because they did not know what the insiders did—different indeed!

The SEC is not just censuring Texas Gulf for allegedly issuing a misleading press release on April 12, 1964, downplaying its ore strike. It is asking that the company it-



Sylvia Porter

self reimburse who sold bet and April 16, company files had made a cry.

The SEC is asking as it has an insider about or act. It is a precise inside informs to become put and insiders or act.

If this case dents the SEC insider could get and act from a company buy; you could be successful reimburse didn't know

Or an insider securities and company officials confides secret and who then act before the come public. the stock's price financial liability could be broadly.

Or an insider newspaperman, banker, lawyer who gets information before the public.

The ramifications some. A who ground-rules and sales of insiders—under the making. A the financial insider to an come out of the

One immediate result will be a clarification of information but parents is pre this unfortunate while.

## Cost in 1975 Of 1960 Goals Is Projected

© N.Y. Times News Service

Washington — Goals and escalation are wrapped together in one loose package delivered over the weekend by the National Planning Association.

The association, a non-profit economic and public policy study group, has prepared a report estimating the cost in 1975 of achieving the "goals for Americans" first proposed in 1960 by a commission appointed by President Dwight D. Eisenhower.

The commission identified and discussed goals in 15 areas affecting most aspects of American life.

The report does not offer policy recommendations, but stresses

goal of an average family income of \$10,000 a year is to be met. Expenditures for private plant and equipment, which were 48.9 billion in 1962 under the goal, would soar to 151.6 billion and urban development expenditures would rise from a 1962 level of 64.2 billion to 129.7 billion.

### CANADA WATER-RICH

Hallfax, N.S. — (AP) — Water may turn out to be Canada's best weapon in winning economic concessions from the United States, says John Turner, parliamentary secretary to Northern Affairs Minister Arthur Laing. Mr. Turner recently told the Canadian section of the American Water Works Association that Canada has a fourth of the world's fresh water supply and 70 per cent of North America's.

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# N. Providence Firm Buys Mass. Company

Metro-Atlantic, Inc., of 2072 Smith St., North Providence, has purchased the Bryant Chemical Corp. of Quincy, Mass., which it will operate as a wholly owned subsidiary out of its Centredale plant.

Joseph E. Buonanno, president of the North Providence firm, said the purchase of the Bryant company will result in slight expansion of the Centredale work force and an increase in the plant's equipment and manufacturing space.

Mr. Buonanno said Metro-Atlantic will add seven or eight

new jobs in Centredale. He reported that Metro-Atlantic will increase its manufacturing space by about 5,000 square feet and will construct a warehouse of between 5,000 and 10,000 square feet.

He said the purchase was completed to increase the sales volume of Metro-Atlantic and for general diversification. Bryant Chemical is an established firm which has served the textile and paper trades in Canada and the Eastern United States.

The Quincy plant was closed upon consummation of the purchase in February. There will be no change in Bryant sales personnel, he said, and Joseph A. Bryant Jr., John Bryant and Le Roy W. Baines, officers of the Bryant firm, will continue to serve with the new division.

## Warwick Youth Fined \$100 for Speeding

An 18-year-old Warwick youth was fined \$100 in district court, Cranston, yesterday when he pleaded guilty of speeding.

State police said they clocked him at 95 miles an hour in a 60-mile zone on Route 95 early yesterday morning.

Acting Judge John K. Najarian who imposed the fine recommended the license of the defendant, James T. Smith of 83 Wilbur Ave., be suspended for 90 days.

The Johnston School Committee is soliciting bids for 3-72 Passenger School Buses. Specifications may be obtained at the office of the Superintendent of Schools, 80 Greenville Ave., Johnston, R. I. All bids must be in the above office by 3 p.m. April 15, 1968.

## TOWN OF JOHNSTON SPRING CLEAN-UP CAMPAIGN

The Department of Public Works announces the following schedule for a Spring Clean-Up Campaign to be held on April 10, 1968 thru April 23, 1968. Collection scheduled according to voting districts on the following dates:

- District 1 (Thornton Section) April 10 & 11
- District 2 (Winsor Hill) April 12 & 15
- District 3 (Manton Section) April 16 & 17
- District 4 (Granlterville) April 18 & 19
- District 5 (West End Section) April 22 & 23

All articles must be placed on the sidewalks the day before scheduled pick-up. Large articles must be dismantled for easy handling by two men. This pick-up does not include cans and rubbish normally collected by the regular Rubbish Collector.

Mario R. aRussillo



Providence Journal 11/20/66 p. 20

### Another Referendum Urged On Industrial Park Bonds

A new approach was started last night in Cranston in a normal effort to gain taxpayer approval of the Bellefont Industrial Park, defeated for the second time Nov. 5 in the city.

### N. Providence Will Revise Housing Plan

North Providence could begin work on a housing project for the city by next June if it revises its workable program to meet federal regulations, the housing authority was told last night by its chairman.

### Alphonse Barbato

The funeral of Alphonse Barbato, 71, of 15 Florence St., North Providence, will be held tomorrow.

### Michael U. McLellan

Michael U. McLellan, 61, of 15 Hazard Court, Warwick, former self-employed auto body painter in Providence for 35 years, died yesterday at the Avon Nursing Home, Warwick, after seven months' illness.

**CONVENIENT**  
2 Beds from \$8.00  
3 Beds from \$8.50  
**DREYFUS HOTEL**  
115 MATHESON ST.

Mr. Soltraiva also commended the East-Providence system of placing a regular member of the police force in the capacity of dog officer. He also recom-

### Girl Hurt Slightly In Collision Of 3 Vehicles

A 14-year-old Smith-Hill girl was slightly injured yesterday in a three-vehicle collision on Smith Street, North Providence.

### Anthony D. Palombo

The funeral of Anthony D. Palombo, 58, of 75 Lyman Ave., North Providence, will be held tomorrow.

### Unidentified Body Found In Seakonk

An unidentified body was found yesterday in woods to the rear of 221 Walker St., Seakonk.

### Action on Chemical Delayed by State

Action on an application from the Geigy Chemical Co. of Cranston to construct a chemical storage facility over the Pawtuxet River has been withheld by the state division of harbors and rivers.

### Smith Hill Drop-In Reopening Set With

The Smith Hill Drop-In Center, which has been closed since Oct. 21, is expected to be reopened within a month.

### 8 Nations Named For U.N. Group

United Nations (U.N.) General Assembly elected eight members to the U.N. Economic and Social Council yesterday.

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### Police Invites 50 to Movies

The Garden City Cinema had invited 50 special guests yesterday, children and adults from Cranston's community program and the Cranston Children's Center.

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# Authority Discloses Approximate Sites for N. Providence Housing

By MARTIN J. FUNK

The North Providence Housing Authority announced last night the approximate locations and sizes of seven sites it has chosen, subject to town council approval, for construction of public housing containing 150 units.

The disclosures came after a closed-door session meant to be held in a joint session with the council in the town clerk's vault in town hall.

The council, anxious to speed the problems that have plagued the 2.85-million-dollar federal project for nearly two

years, plans to view the sites before giving its endorsement.

The sites, among several others, were submitted to the housing authority by the contractor, U.S. Investment & Development Corp. of Cranston. Several were rejected "almost immediately," according to Joseph R. DiStefano, the housing authority's attorney, and the board selected seven sites "out of 10 it was seriously considering."

Anthony Macari, housing board chairman, said federal appraisers have already examined the sites and that their report is expected soon.

Mr. DiStefano said the two

appraisers hired by the local board, Rudolph Caranci and Ralph Part, area realtors, have almost completed their separate appraisals, which are required by the federal government. Each is being paid \$200 per site, Mr. DiStefano said.

The Cranston firm was awarded the construction pact in mid-1969. Despite major changes in specifications allowed by the financing agency, the Department of Housing and Urban Development, new bids will not be sought and the Cranston firm will still be the contractor.

Originally, plans called for building 100 units for the elder-

ly on three sites, and 50 units for low-income families on two sites.

However, public opposition—especially to low-income family dwellings—was spurred by resentment of the board's secrecy about locations and prompted the town council to call a halt to the project early last year and initiate a long series of talks with HUD in an attempt to lower the number of family dwellings required and to spread them over more sites.

Last month, after a previous concession that the town council deemed unacceptable, HUD agreed to modify the plan to

still on three sites, and 20 units for low-income families, which the board plans to build on four sites.

Mr. DiStefano said that the housing authority has not yet forwarded its choice of sites to HUD, pending the council review, although the authority is technically not responsible to the local government.

He said the council must draft a resolution, probably to be acted on at next Monday's meeting, reaffirming the need for low-income housing in North Providence and endorsing the 130-20 division of units. This will not be an automatic endorsement of the housing

board's site choices, the attorney stressed.

He said HUD is urging speedy action on the program, which has been on the books since 1964, when the council passed its first housing resolution.

Mr. DiStefano said that U.S. Investment & Development was able to keep the contract only by giving assurances that it will stay within the federal grant of 2.85 million dollars.

With two exceptions, at least as presently planned, all construction for both the elderly and for families will be duplexes, Mr. DiStefano said, rather than multi-unit structures, as originally planned.

Before last night's session began, a reporter who learned about it from an anonymous source was refused entry, and was told that the locations would not be made public until their selection was final.

John C. Ricci, town council president, and Mr. Macari, the housing board chairman, pointed at each other when asked who called the meeting, until Mr. Macari—in Mr. Ricci's presence—silently admitted he had arranged the party.

However, Mr. DiStefano said the council and housing authority agreed that it was best to make public the sites. Mr. DiStefano said the three

sites which were seriously considered and rejected were Woodward Road, across from the Louisiquisset Golf Course; Lexington Avenue, near Douglas Avenue, and Wentworth Avenue, in the same vicinity as the site chosen on that street.

Asked why the meeting was held in the large walk-in vault in the town clerk's office, Mr. Ricci, the council president, said it was the only room in the town hall, besides the large accessible council chamber, that could accommodate the meeting.

Although the vault doors remained open, the "cigar smoke" became overpowering, Mr. Ricci said.

## In Cranston

### Council Urged To Join Probe Of Police-Floor

A former Democratic Cranston councilman has written Republican mayor James L. Taft Jr. asking him to invite the council to join the investigation into the sinking basement floor of the city police station.

Richard M. Casparian, a lawyer, also asked that the investigation be conducted in public.

The basement concrete slab, according to a consultant's report issued last October, has been settling since the police station was completed in 1966.

gling, the walls in the basement are cracking badly, floor tiles are listing and panels of the suspended ceiling are tilting in several directions.

In his letter, Mr. Casparian asked the mayor to "immediately contact Frederick L. Lepore, council president, with a view toward making arrangements for joint participation by both the executive and legislative branches of government in any investigation."

He noted that the city charter grants the mayor and the council investigatory powers and called for the in-

# Greater Providence

Cranston — East Providence — Johnston — North Providence

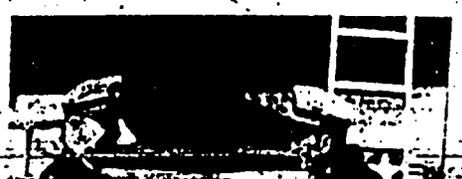


## Cranston Asks Role In TOPICS

Mayor James L. Taft Jr. of Cranston yesterday notified Francis J. Fazzano, state director of transportation, that Cranston wants to be included as a participating community in TOPICS, a state and federal program for improving the capacity and safety of certain streets within local communities.

## Housing Sites

- |   |  |
|---|--|
| Housing for the elderly; three sites:   | Housing for low-income families; four sites:   |
| Sunset Avenue, behind Al-rans shopping center—7.8 acres, 60 units tentatively planned as duplexes.                    | Lyman Avenue, about 250 feet from Woonasquaket Avenue—one duplex with 100-foot frontage.                                     |
| Charlie Street, near Town Diner and Carroll Street—2.5 acres, 10 units tentatively planned because of small lot size. | Oakhurst Avenue, at end of Sawin Avenue—one duplex with 100-foot frontage.   |
|   | Wentworth Avenue, behind Oates Tavern at end of Frederick Street—about 2.5 acres, five duplexes.                             |
|   | Anderson Street, about midway between Smithfield Spring Avenue and Smithfield Road—about 18,000 square feet, three duplexes. |



# Big incomes find shelter under housing program

for a \$10,000 investment in the 100-unit project, a doctor would expect to get about \$18,000 in tax losses. Assuming the doctor is in the 60 percent tax bracket, that translates into an actual tax saving of \$10,800.

After the fifth year, the doctor stops putting money into the project. But the project continues to show paper losses in which the doctor gets to share, and those losses continue to reduce the doctor's taxes.

Almost all of the money that developers make building Section 8 subsidized housing projects comes from selling tax shelters to doctors, lawyers and businessmen who use their shelters to save thousands of dollars in taxes every year.

For example, in Rumford Towers, a \$9.5-million, 294-apartment project for the elderly in East Providence, a partnership headed by Roland O. Ferland of Ferland Corp. will make a profit of \$751,000 over five years by selling tax shelters.

The Section 8 project also benefits professionals earning more than \$75,000 a year who have to cut their tax payments. Over 15 years, in most cases, a doctor or lawyer can double his money in tax savings alone.

In fact, Section 8 apartment complexes are considered the best tax shelters in the United States today because they are government-subsidized and involve little risk, according to top investment brokers who make their living by advising the affluent on how to avoid heavy taxation.

Robert R. Gaudreau, whose investment firm, Gaudreau & Co., has handled tax-shelter sales for 40 percent of the Section 8 projects in Rhode Island, said a tax shelter in the subsidized housing program is worth 30 to 40 percent more than a comparable shelter in a conventional real estate deal.

"What it amounts to," said another Providence investment banker, "is government-subsidized tax avoidance."

FOR EXAMPLE, a doctor in the 60 percent tax bracket who invested \$52,000 in a project could be expected to save as much as \$100,000 in taxes over 15 years. That figure doesn't count the additional money he could make over the years by re-investing the money that otherwise would have been paid to the government in taxes. In some cases, that additional money amounts to four or five times the original investment.

When a high-income person puts money into a Section 8 project as a tax shelter, he's not like making a normal investment. He doesn't expect a dividend. He doesn't even expect to get his investment back. It's as if he were making a gift to the project developer.

The developer doesn't have to use the money for project expenses or to repay loans. He just puts it in his pocket.

## The reporting team

BRUCE DeSILVA, 33, has worked for the *Journal-Bulletin* since 1968, when he graduated from the University of Massachusetts. He has worked as a reporter in the Warren and Pawtucket bureaus and on the night city staff. He also worked in the Washington bureau before becoming medical writer in 1977. He has done many newspaper investigations, including one that exposed poor care and needless deaths at the Ladd Center for the retarded. That investigation won the 1978 Sevelion Brown Award, the top Associated Press award in New England. He also won the 1979 Claude Bernard Science Journalism Award for the top medical story of the year.

ROBERT W. STEWART, 26, has been a reporter at the *Journal-Bulletin* since 1977. Before joining the newspaper, he received a master's degree in communications from Syracuse University and worked as a reporter for two years at the Pawtucket Valley Daily Times in West Warwick. In 1974 Stewart graduated from Brown University where he was executive editor of the *Brown Daily Herald*. Since coming to the *Journal-Bulletin* he has worked as a general assignment reporter in the West Warwick bureau and on the *Journal* night city staff. Stewart covered the Eugene Roberts bankruptcy fraud case for these newspapers.

The investor isn't interested in earning a profit on his investment. He wants a loss.

Look at it this way: If a person in the 50 percent tax bracket is earning \$200,000 a year, he's paying \$100,000 a year in taxes. But if he can show a loss of \$150,000, that cuts his taxable income to \$50,000 and reduces his taxes from \$100,000 to \$25,000.

If he can do that without having to actually lose the \$150,000, he's ahead of the game.

That, basically, is the theory behind a tax shelter.

WHEN AN INVESTOR puts money into a Section 8 project, he is buying a share of the paper losses that the project shows during the first 15 years or so it's in business. For the most part, those losses aren't real. The project isn't actually eating up more money than it's taking in. But the government allows such large tax deductions for interest payments and depreciation on the building that on the tax forms, it appears the building is losing a lot of money.

If an investor is able to buy a share of a project for less money than he will save in taxes, he'll make money on the deal.

Eventually, after the project starts showing a profit, he'll have to pay some of the money to the government in taxes. But in the end, he'll still come out ahead.

Ironically, some of the Section 8 developers are buying tax shelters in their own or other subsidized projects to protect their profits.

Ronald R.S. Picerne, for example, has invested in Taunton Plaza Apartments, a 103-unit subsidized apartment complex for the elderly in East Providence being developed by Kelly & Picerne Inc. Picerne has also purchased a tax shelter in Woodlawn Gardens, a 75-unit Kelly & Picerne Section 8 project in Pawtucket, according to records in the secretary of state's office.

Others who have bought into Section 8 projects in Rhode Island as tax shelters are Joseph S. Sinclair, chairman of the board of the Outlet Co. state Rep. Edward Magglicomo, Howard W. Armbrust, president of Armbrust Chain Co.; John J. Cummings, president of Industrial National Bank, and Henry E. Kates of Kates Properties Inc.

But their investments pale in comparison to those of Dr. Felix M. Balasco, a Cranston physician, and Vincent T. Sardelli, vice president of T. Sardelli and Sons Inc., a Providence jewelry manufacturing firm.

ACCORDING TO RECORDS filed with the secretary of state, Balasco will invest at least \$209,980 in five Section 8 housing projects over a five-year period.

The records also show that Sardelli will spend at least \$322,848 to buy tax shelters in four projects.

Sardelli said that as far as tax shelters go, Section 8 is about the best. "I think Sam has done a good job of chopping down some of these tax shelters."

He said Section 8 projects are attractive because the government "protects" them through rent subsidies. "But it's not a one-sided deal," he said. The people living in the projects "are getting the biggest break." But Sardelli said he is concerned that poor people living in the projects might not "appreciate what they have and keep it up. Sometimes something that comes too easy isn't taken care of. I've asked my accountant that more than once."

"Basically what's going to do is shelter your income for the next 15 years or so," explained Gaudreau, the investment specialist.

INVESTORS PUT their money into projects over a five-year period. In each of those years, the losses they buy save them in taxes about the same amount that they

Eventually, after about 15 years, the investor would have saved twice as much money in taxes as he had invested in the project during the first five years.

When the projects start to show a paper profit and become a tax liability, the investors have to begin paying taxes, brokers explain.

But if the developers sell the projects at the right time the investors can make enough money to pay off any taxes they may owe and still keep all the tax money they have saved, the experts said.

Even if the projects are not sold, investors still come out ahead because they will have had years to reinvest the money they would otherwise have paid to the government.

"If you look at the bond tables now, you can see that you gave me a dollar today and I gave that dollar back to you in 20 years. I could make \$6.72 on that dollar. I will have given you your dollar back and still made \$5.72," said Gaudreau.

Multiplied by tens of thousands, that's a lot of money.

# The Spot

Feel rich and wardrobe boost



PROVIDENCE JOURNAL 7/12/77 page 175



**RICHMOND, Va.** — A mechanical failure, apparently compounded by human error, caused Virginia Electric and Power Co.'s North Anna nuclear plant to "burp" radioactive xenon gas into the atmosphere yesterday. Local authorities say the company did not alert them to the accident.

Nuclear Regulatory Commission (NRC) and Virginia Electric (Veeco) officials said the release from the NO. 1 reactor, the nation's first known incident since the March accident at Pennsylvania's Three Mile Island plant, posed no public health danger.

The Louisa County, Va., reactor, the sole nuclear power generator in Virginia, immediately shut down. Cold shutdown was set for today.

Two inspectors and two health physicists were reported at the scene. The only

# Local authorities complain company did not alert them

residents within a mile radius are plant employees, Veeco said.

The exact amount of xenon gas released was unknown even early today, but NRC officials said it was a very small amount.

VEECO VICE PRESIDENT C.M. Stallings said about "one-200th of the maximum permissible amount" allowed by NRC specifications in a three-month period was released.

"There was nothing unusual about the release. It occurs all the time," he said. "If it went on for three months continuously,

we would only reach 12 percent of our quarterly maximum."

A spokesman for Virginia Electric and Power said today the mechanical failure that led to the shutdown of the North Anna nuclear plant bears no similarity to the Three Mile Island accident in Pennsylvania.

"The equipment worked as it was supposed to do," Doug Cochran said. "What caused the occurrence is totally non-nuclear. The release itself was handled total-

See NUCLEAR, Page A-10



KENNEDY — "I'll let you know when I want to draw whatever bonds you want."

# Did the Chairman Issue

NEW YORK — President Jimmy Carter last night that he has never had a crisis, and that Sen. Edward Kennedy has failed to deliver on his campaign goal during 16 years in office.

Mr. Carter said that he was looking for leadership by tackling tough issues that he would report to the week on one of them — the Soviet combat brigade in Cuba.

Mr. Carter, in a town meeting, was heckling and applying pressure forward to the challenge by Kennedy, his possible Democratic nomination. "Senator Kennedy has been in office 16 years," Mr. Carter said for premise, or goal, has been a comprehensive national economic policy for our country. "He is chairman of the Senate Committee on Labor and Human Resources."

# Good Evening!

## Inside House votes raise

House members approve a spending bill that includes a 5.5 percent pay raise for Congress. Page A-3.

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# Oil firms got millions, but returned no services

WASHINGTON — The Energy Department has paid \$27.5 million to three oil-storage firms for services it has never received, according to an internal audit released yesterday.

The report covered contracts for marine terminal services provided by Sunoco Terminal Services Inc., Seaway Pipeline Inc., and Koch Shipping Inc.

Under the Strategic Petroleum Reserve program, the Energy Department has been purchasing crude oil abroad for storage in underground caverns in the United States as a reserve to be tapped during emergencies which disrupt normal oil supplies.

It contracted with the three companies to receive the oil from tankers at their docks and transport it through company-

owned storage pipelines to the department's own pipelines and its storage caverns in Louisiana and Texas.

The contracts required the department to make minimum payments even if the services are not entirely used.

But the world oil shortage caused by the revolution in Iran last winter forced a slowdown in Energy Department oil imports for the strategic reserve. By the end of June, the report said, the department had paid the three companies a total of \$41 million for the marine terminal services, but \$27.5 million "represented payments for services the department was not able to use."

The government has options to utilize these pre-paid services later, but the re-

See OIL, Page A-10

# Abuses abound in Section 8

## Tenants find cheating easy

By BRUCE DeSILVA and ROBERT W. STEWART

**PROVIDENCE** — If you want the government to pay most of your rent but you make too much money to qualify for a federal rent subsidy, it's easy to cheat. The most a single person can make and still qualify to live in a Section 8 project in Rhode Island is \$9,800 a year, according to guidelines set by the U.S. Department of Housing and Urban Development (HUD). Tenants who live in these projects pay no more than 25 percent of their incomes for rent. The rest, which can amount to several hundred dollars a month, is paid to the landlords by HUD.

One way to cheat is to make yourself poor. You can do this by giving all your money to your children. That's legal. And it's got a retired law officer in South County hopping mad. The former officer and his wife are liv-

ing on \$12,000 a year from his disability insurance and Social Security. That's about \$800 too much for them to get into Beechwood Apartments the new, attractive Section 8 housing project down the street in Narragansett.

But the ex-officer's former next-door neighbors, in-laws of a state official, just moved into the project even though they are better off than he.

THEY QUALIFIED, the former HUD officer said, by turning over most of their assets, including the proceeds from the sale of their Florida condominium, to their children.

They even came over and bragged about it, the former lawman said. "You can do that," said Casimir Kolasik, director of the Providence Service Office of HUD. "There is nothing legally wrong with

START

SELL

LAND

BUY

The Housing Game

Part 4 of 4 parts

## Officials v one developer

By BRUCE DeSILVA and ROBERT W. STEWART

**PROVIDENCE** — A developer's payoff of more than \$100,000 in the approval process for local government-subsidized housing projects is poor, a Journal-Bulletin investigation

it was also learned that deals were offered bribes by one of a developer who was zoning decision on one project under the federal Section 8 housing program. They reported the offers to the FBI's investigation.

Two other developers were asked by middlemen

See TENANTS, Page A-10

Free-Mile Island accident in Pean...

equipment worked as it was sup-  
to do. DOUG COCHRAN said. What  
the occurrence is totally non-nu-  
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See NUCLEAR, Page A-10

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government has options to utilize  
e-paid services later, but the re-

See OIL, Page A-10

want. think I panicked in a crisis.

# Did Carter open the Chappaquiddick issue in Queens?

United Press International  
NEW YORK — President Carter said  
last night that he has never "panicked in  
a crisis" and that Sen. Edward M. Kenne-  
dy has failed to deliver on his chief legis-  
lative goal during 16 years in Congress.  
Mr. Carter said that he has displayed  
leadership by tackling tough issues and  
that he would report to the nation next  
week on one of them — the presence of a  
Soviet combat brigade in Cuba.

Mr. Carter, in a town meeting punctu-  
ated by heckling and applause, said he  
was looking forward to the political chal-  
lenge by Kennedy, his possible rival for  
the Democratic nomination next year.  
"Senator Kennedy has been in Con-  
gress 16 years," Mr. Carter said. "His ma-  
jor premise, or goal, has been to establish  
a comprehensive national health insur-  
ance policy for our country."

"He is chairman of the health subcom-  
mittee in the Senate. He's never gotten a

comprehensive health bill out of his sub-  
committee.

"I'm determined to get national health  
insurance," Mr. Carter said.

On leadership, Mr. Carter said, "I've  
never been afraid since I've been in office  
to tackle a difficult issue. I don't think I  
panicked in a crisis."

Mr. Carter's remark referred directly to  
the Panama Canal treaties. He did not  
mention Kennedy's accident in 1969 in  
which a woman drowned when his car  
ran off the bridge at Chappaquiddick.

Mr. Carter, speaking at Queens College,  
said a presidential straw vote in Florida  
on Oct. 13 may provide a "preliminary  
political skirmish" with Kennedy.

"We look forward to that encounter,"  
he said.

IN WASHINGTON, Kennedy brushed  
off Mr. Carter's criticisms. He said the

See CARTER, Page A-12

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# n Section 8 program

SELL	?
<b>The Housing Game</b>	
Part 4 of 4 parts	GOVT
?	BUY

## Officials were offered bribes; one developer paid \$100,000

By BRUCE DeSILVA  
and ROBERT W. STEWART  
Journal-Bulletin Staff Writers

PROVIDENCE — A developer made a  
payoff of more than \$100,000 to influence  
the approval process for lucrative govern-  
ment-subsidized housing projects for the  
poor, a Journal-Bulletin investigation has  
found.

It was also learned that two local offi-  
cials were offered bribes by a representa-  
tive of a developer who was seeking a  
zoning decision on one project to be built  
under the federal Section 8 subsidized  
housing program. They refused and re-  
ported the offers to the Federal Bureau of  
Investigation.

Two other developers, it was learned,  
were asked by middlemen for money

with which to bribe officials who could  
help push their projects through the in-  
volved approval process.

OFFICIALS, DEVELOPERS and others  
close to the Section 8 industry who talked  
about bribes insisted on anonymity. They  
said their business would be ruined if  
it were known that they talked.

One source expressed fear for his life.

"There is too much money at stake," he  
said. "I could be put out of business, and  
by that I don't just mean my business. I  
could end up in a box."

Developers stand to make huge profits,  
on little or no investment by building pro-  
jects under the federal Section 8 rent sub-  
sidy program. The developer of a project

See BRIBERY, Page A-10

g-assets and then applying for  
need to a subsidized housing pro-  
said. "I know there is some of it  
it may be legal, it's an abuse, Ko-  
id. The program was meant to help

See TENANTS, Page A-10

# Section 8



## Tenants

Continued from Page One

the poor, not those who arrange their finances so that they look poor.

A manager of several Section 8 projects, who asked not to be named, said a handful of tenants in his projects qualified by divesting themselves of their assets.

Some of the Section 8 apartments "are very nice," he said. "Some people feel just because they saved all their lives, why should they be penalized?"

THE MANAGER OF another Section 8 project said one prospective tenant even

showed up at the project rental office with an attorney to help figure out what the tenant needed to do to qualify under the program's income guidelines.

HUD, which provides the rent subsidies, doesn't check on the income eligibility of tenants.

The Rhode Island Housing Mortgage and Finance Corporation (RIHMFC), the state housing agency that makes the mortgage loans used to build the subsidized apartment buildings, doesn't do any direct checking either.

The checking is left up to the private management companies that run the private apartment buildings constructed with the government loans.

Kolaski said the management compan-

ies are required by HUD verification of a tenant's income tax form will do anything to provide it, but required to do so, the HUD letter from an employer, he said.

Furthermore, Kolaski said, a tenant is asked to do such as savings, property

THE MANAGEMENT company supposed to check up on Kolaski said, but they won't assets if the tenants don't

"If they don't tell you, bar under the bed, how much," he said.

## Bribery

Continued from Page One

can make hundreds of thousands of dollars just by selling small shares in his building as tax shelters to people with substantial incomes, usually in excess of \$100,000 annually.

Ralph A. Pari, executive director of the Rhode Island Housing Mortgage Finance Corporation (RIHMFC), which plays a major role in the Section 8 program, expressed doubt that any payoffs have been made.

He said that because so many agencies play a role in the Section 8 approval process, it would be "almost impossible" for any one unscrupulous person to promise approval in return for payment.

ONE DEVELOPER ACKNOWLEDGED in an interview that he made a payoff of

more than \$100,000 in response to a solicitation by an official.

He said the payoff succeeded in moving a previously stalled project through the complicated approval process that involves local heads of government, zoning boards, several state agencies, the RIHMFC, and the federal Department of Housing and Urban Development (HUD).

Three developers and another source close to the Section 8 program independently confirmed parts of the first developer's account.

The first developer said his payoff was arranged to make it difficult to prove who ultimately received the payoff money.

To make the bribe, the developer said, he took in a new partner chosen by the official who first approached him about the payoff. The new partner's only role, the developer said, was to share in the hundreds of thousands of dollars earned by selling tax shelters.

The new partner, therefore, was able to take money out of the project and then

quietly transfer some of it to others, he added.

The developer excused his decision to make the payoff by calling it "a cost of doing business."

"It was my decision. It had to be made," he said. "It was no different than a guy in New York City who wants to open his doors. As a businessman, you have to make a decision."

TWO OTHER DEVELOPERS said they were approached for bribes for officials through middlemen involved in the housing development industry.

Both said they refused, and one of them said he allowed a project to die rather than pay.

The two local officials, both from the same community, were approached individually by a developer's representative on several occasions.

One was offered subcontract work in the construction of the proposed project, according to a law enforcement source.

The other local official said in an interview that he was offered another financial deal that would be available with the construction of the apartment building.

This second official said he met with the developer's representative and talked with him on the telephone on several occasions, taping some of the conversations. Once, when the official met personally with the developer's representative, an FBI agent who was investigating the two

officials' complaints went away.

The second official's conversations with the developer's representative said: "We need you for anything. Name it and I'll do it."

"Several times he said, 'It's yours,' the local official would have said, 'Give me \$100,000 and I'll do it.'"

However, the local official's representative offered money.

"He just kept asking me for money," the official added.

The FBI, the official said, investigated but at one point requested permission from the U.S. attorney to wire me for sound recordings could listen in on one of the meetings with the developer's representative, the meeting was cancelled and there apparently was no time for the request to be made, the local official added.

The local official said his investigation because the offers were too vague and because no money changed hands.

Portions of the developer's conversations with the local official were summarized by a law enforcement source.

This is the last part of the developer's conversations.

## Oil

Continued from Page One

port said, "Oil shipments to (the strategic petroleum reserve) have dried up to such an extent that the contracts will almost surely expire before the Department of Energy can take advantage of these catch-up provisions."

The Sunoco contract is being extended for 18 months at a greatly reduced service price which, if fully used, would bring the costs down substantially, the report noted.

But so far, it said, Sunoco has been paid \$22.5 million, Koch \$2 million and Seaway \$2.8 million for services that have not been used.

The report said about \$1.8 million could be saved by ending the Koch contract immediately and diverting incoming shipments to use the "catch-up" provisions still available in the other contracts.

The report was critical of the procure-

ment office for waiving usual procedures and agreeing to pay Sunoco the full \$23 million cost of expanding its facilities to serve the strategic reserve during the two-year term of the service contract, instead of paying only the pro-rated share of the cost of facilities which will be owned by the company and available for its use over many years.

The procurement office commented that it made this arrangement because "the company was firm in its position that it had no interest in expansion for future-commercial purposes."

But the inspector general's office said that apparently the department negotiators simply caved in to Sunoco's demands in "a well-intentioned effort. The report recommended actions to reduce unnecessary payments and added, "Whatever is done should be done promptly as DOE is being charged more than \$100,000 per day under the existing arrangements, and immediate action could yield substantial savings."

(Of that total, 124 milligrams come from background sources in nature; radioactivity found in soil, rocks, food, water, the

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## Nuclear

Rhode Island School of Design

les are required by HUD to get written verification of a tenant's income. An income tax form will do if the applicant is willing to provide it, but he can't be required to do so, the HUD official said. A letter from an employer will also suffice, he said.

Furthermore, Kolaski said, the prospective tenant is asked to disclose his assets, such as savings, property or stocks.

THE MANAGEMENT companies are supposed to check up on these assets, Kolaski said, but they won't find out about assets if the tenants don't disclose them. "If they don't tell you they have a gold bar under the bed, how will you know?" he said.

officials' complaints waited a few blocks away.

The second official said that in their conversations the developer's representative said: "We need your help. We'll do anything. Name it and it's yours."

Several times he said, "You name it, it's yours," the local official said. "If I would have said, 'Give me \$10,000,' I would have had \$10,000."

However, the local official said, the developer's representative never specifically offered money.

"He just kept asking me what I wanted," the official added.

The FBI, the official said, not only investigated but at one point tried to get permission from the U.S. Attorney General "to wire me for sound" so that agents could listen in on one of the meetings with the developer's representative. However, the meeting was a last-minute one and there apparently was not enough time for the request to be processed, the local official added.

The local official said the FBI dropped its investigation because it was felt that the offers were too vague to prove guilt and because no money had actually changed hands.

Portions of the developer's account were confirmed by a law enforcement source.

This is the last part of the Section 8 series.

ANOTHER WAY to cheat is to lie about how much money you make. That's illegal.

But that's what several prostitutes did to get into a Section 8 federal rent subsidy project in West Warwick.

They were living — and working — in the project last spring until the local police were alerted to the unusual comings and goings there.

The police called RIHMFC, which plays a key role in administering the Section 8 rent subsidy program, and told its officials to get the hookers out of town.

The management firm that operates the project wound up evicting the women.

HEADS of several management companies said the income verification system makes it easy to cheat.

"Defraud me? You could do it. No question," said Robert Branchaud, the boss at Ventures Management Inc. of Woonsocket,

et, which manages a total of about 300 Section 8 apartments.

"In many cases," he continued, "we're depending on the honesty" of the prospective tenants.

"We don't like to become policemen," he added. "That's really not our business. It's not what we're paid for."

The head of another management company, who asked not to be named, agreed that cheating is easy.

"We aren't an investigative agency," he said of his firm. "If they sign a statement" indicating how much they are worth, "that's good enough for me."

A few months ago, however, Branchaud's management company stumbled onto a cheater.

One of the firm's employees walked into a local business and happened to see a tenant working at a job that he hadn't told the management company about.

"We reported it to HUD," Branchaud said. The agency, he said, is investigating.

**"JUST ONE LOOK  
... and I was  
HOOKED!"**



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# Journal

providencia journal  
2/3/86

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Three Sections/38 Pages 35 Cents; \$1.70 per week by carrier

## Challenger RIHMFC misled HUD on flooding problems at site

### HOUSING PROJECT

Federal officials to probe Centredale Manor, 2nd project built on flood plain

Story by Steve Winter with reports from Elliot G. Jasplis, Journal-Bulletin Staff Writers.

Federal officials, acting on false statements filed by RIHMFC, allowed construction of a subsidized housing complex in a North Providence flood plain, the Journal-Bulletin has learned.

The project called Centredale, which was built in the early 1980s, has been handicapped residents, many of whom refer to the site as "the lake," because of the waters that frequently overflow the banks of the Woonasquatucket River. Casimir Kolaski, manager of the

Providence office of HUD, promised an investigation into Centredale Manor, after viewing the site last week following Journal-Bulletin inquiries.

"We made a mistake," said Kolaski. "We should have looked at the flood maps and I don't think we did."

The Centredale Manor site has had other problems, according to residents. These include mosquitoes, land erosion and a bad odor from a stagnant pool of water behind the apartment complex.

John Gordon, director of housing management at RIHMFC, said he wasn't aware of any of these problems — including the frequent floods.

The manager of Centredale Manor, Eow Gordon, has been blind since early 1980.

THE PROBLEMS with Centredale Manor came to light via anonymous phone calls to the Journal. Turn to RIHMFC, Page A-6.

## Reagan's new budget boosts arms spending, cuts social programs

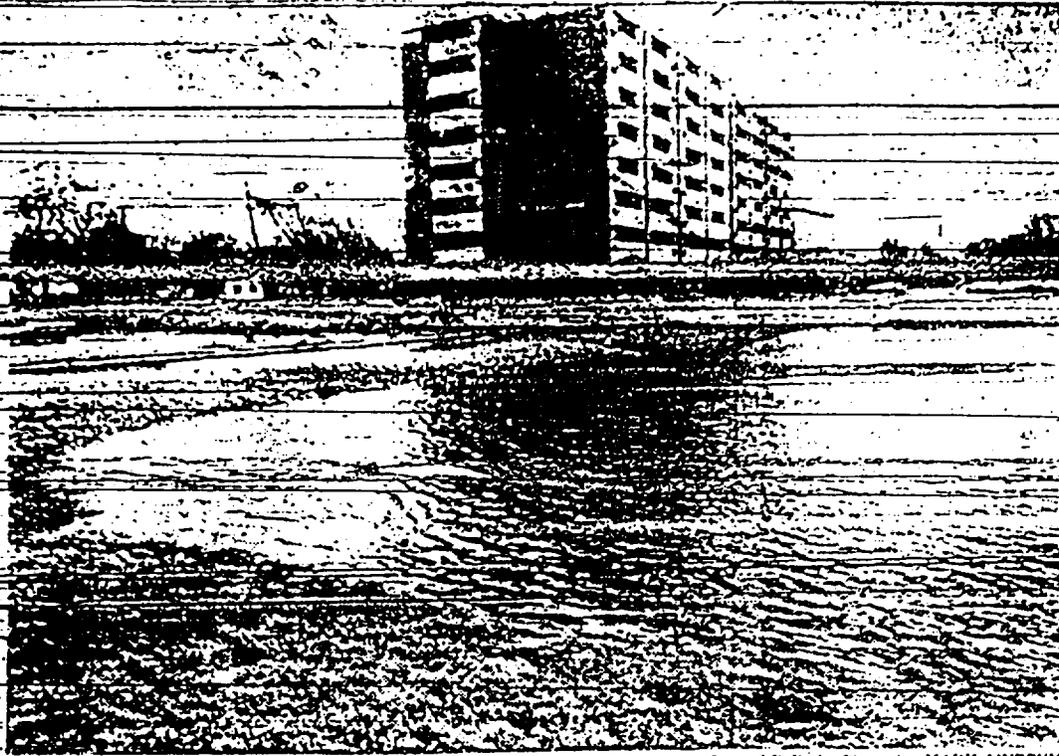
The Washington Post  
WASHINGTON — President Reagan's fiscal 1987 budget is expected to propose Defense Department spending increases of nearly 40 percent over five years, plus a hefty boost for the space program. But most civilian agencies would be cut substantially or frozen in place, according to the budget documents.

went to the printers. Sources said the documents accurately reflect the printed budget, although minor changes might have been made.

THE DOCUMENTS did not spell out which programs within a department would be cut, reports have circulated that the president would seek major reductions in

FFEB

# THE RIHMFC SCANDAL



—Journal-Bulletin Photo by MARY MURPHY

**IN FLOOD PLAIN** The Centredale Manor in North Providence is plagued with flooding problems whenever the banks of the Woonasquaticket River overflow because the complex was built on the river's flood plain.

percent of the project. Broussard and Paul W. Goodrich, a Boston lawyer, each own 44 percent of Centredale Associates.

Paul Goodrich is the brother of Donald Goodrich, principal of the Cranston-based insurance firm, Goodrich & Blessing, which insures several Section 8 developments in Rhode Island.

Broussard and Paul Goodrich could not be reached for comment.

**THE CENTREDALE MANOR** building sits off State Street in a business district of the Centredale section of North Providence. The rear of the building is a few yards away from a backwater marsh that leads to the Woonasquaticket River. The main river runs within a few hundred feet of the front of the Centredale Manor building — and just a few yards from the edges of the parking lot.

Now HUD is trying to determine what to do about Centredale Manor.

It's possible that HUD might withdraw its Section 8 support for the project. The owners of Centredale Manor receive \$960,000 per year in rent subsidies from HUD.

And Kolaski said HUD is considering penalties against RIHMFC officials.

Ralph Paris, executive director of RIHMFC at the time, and John L.

## RIHMFC

Continued from Page One

Bulletin, following the newspaper's Jan. 19 account of construction of another Section 8 apartment complex, Greenwich Village, on a flood plain in Warwick.

In its investigation of Centredale Manor, the Journal-Bulletin has discovered that Thomas R. Broussard, a part-owner of Greenwich Village, also has a share of Centredale Manor.

Broussard is a Los Angeles attorney who is a long-time friend of Lance Wilson, a special assistant to HUD Secretary Samuel Pierce Jr. at the time Greenwich Village received funding directly from Washington. Funds for Centredale Manor

in addition to a \$45,000 fee — to help get Section 8 funds from Washington for the stalled project. Eventually, the developer of Greenwich Village, Picerne Properties Inc. of Warwick, was given the only known waiver of an eight-step process involving construction of a Section 8 development in a flood plain.

**IN THE CASE** of Centredale Manor, the issue of the flood plain never came up at HUD. That's because HUD officials were unaware that Centredale Manor would be built in a flood plain, said Kolaski. HUD did its own environmental report on the site, but Kolaski couldn't explain why it failed to note that the site was in a flood plain.

"Even though we relied on others," said Kolaski, "we should still decide independently, because ultimately, responsibility for this must be ours."

Kolaski said he was unable to

contact the man who prepared the environmental report, since the man has left the agency.

According to HUD documents, RIHMFC and North Providence officials certified that Centredale Manor was not in a flood plain. Last week, Leo Perrotta, director of planning and development in North Providence, confirmed that the Centredale Manor site is located in a flood plain.

If HUD had known about the flood plain, Kolaski said, it would have imposed the eight-step clearance process. This probably would have delayed construction at Centredale Manor for several months, he said.

**CENTREDALE MANOR** was completed in March 1983 by Marshall Contractors, the construction company affiliated with Marshall Properties of East Providence, which manages Centredale Manor. RIHMFC lent Marshall Contractors about \$5.1 million to build the apartment complex.

General partners of Centredale Manor include two East Providence-based construction company executives — John L. Marshall III, president of Marshall Contractors, and Bernard Hodess, president of HOMAR, Inc. Executives from Marshall Properties declined to comment.

A third general partner is Centredale Associates, which is also a limited partnership that owns 45

percent of the project. Broussard and Paul W. Goodrich, a Boston lawyer, each own 44 percent of Centredale Associates.

Paul Goodrich is the brother of Donald Goodrich, principal of the Cranston-based insurance firm, Goodrich & Blessing, which insures several Section 8 developments in Rhode Island.

Broussard and Paul Goodrich could not be reached for comment.

**GERHARD GRAF**, a senior vice president of RGB, visited the site in the midst of a heavy rainstorm in 1984 with William Benford, senior construction specialist at RIHMFC.

As the two men watched water rolled over the banks of the Woonasquaticket River onto the parking lot at Centredale Manor, Benford said trees and land at the southern tip of the site were washed into the river. The force of the waters was so strong that ducks had stopped trying to swim upstream and were walking along the banks.

"He (Graf) reiterated to me that the site was not located in a flood plain. I determined that it (the overflowing waters) had to be a fluke," said Benford. He said he told Gordon about the flooding problem, but did nothing to determine if Graf was right.

Eventually, the water rose to the bottom step of the front porch of Centredale Manor, residents said. Fire department officials had to be called in to help residents escape.

**WANTED**  
10 HOMES FOR  
**VINYL SIDING**

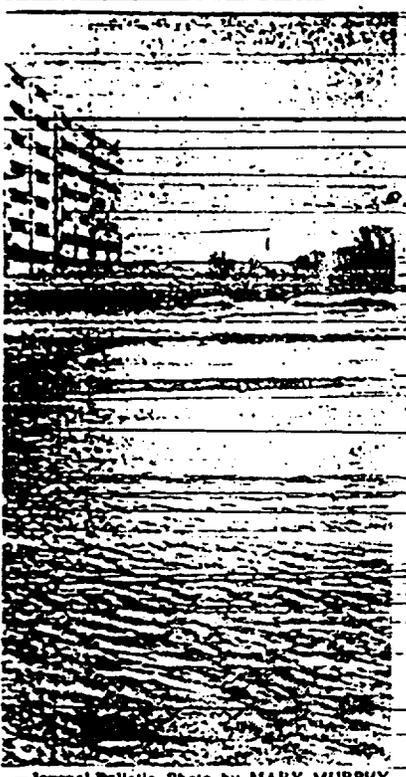
SCHEDULE NOW AND SAVE HUNDREDS DURING THE SLOW WINTER MONTHS. WE WANT TO KEEP OUR MEN WORKING, SO WE WILL SACRIFICE PRICE IF YOU WILL SCHEDULE NOW. OUR VINYL SIDING IS GUARANTEED FOR 50 YEARS TO BEAUTIFY AND PROTECT YOUR HOME.

**BARRY WEPMAN, M.D., INC.**  
**EYE PHYSICIAN AND SURGEON**  
Takes Pleasure In Announcing The Association Of

**DR. ELLIOT D. WATERMAN**  
Optometrist  
Office Hours By

**DIVORCE**

# THE RIHMFC SCANDAL



Journal-Bulletin Photo by MARY MURPHY

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Broussard and Paul Goodrich could not be reached for comment.

**THE CENTREDALE MANOR** bulking site off Smith Street is a business district of the Centredale section of North Providence. The rear of the building is a few yards away from a backwater marsh that leads to the Woonasquattuck River. The main river runs within a few hundred feet of the front of the Centredale Manor building — and just a few yards from the edges of the parking lot.

Now HUD is trying to determine what to do about Centredale Manor.

It's possible that HUD might withdraw its Section 8 support for the project. The owners of Centredale Manor receive \$960,000 per year in rent subsidies from HUD.

And Kolaski said HUD is considering penalties against RIHMFC officials.

Ralph Pari, executive director of RIHMFC at the time, and John L.

with HUD saying that assistance was not necessary for Centredale Manor, since the site was not located in a flood plain.

RIHMFC officials said they relied on certifications by the engineering firm of the Robinson, Green Beretta Corp. of Providence (RGB), that the site is free from adverse environmental conditions such as flooding.

Officials from RGB say they can't comment, because its client, Marshall Properties, won't allow them to.

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Eventually, the water rose to the bottom step of the front porch of Centredale Manor, residents said. Fire department officials had to be called in to help residents move

Said Owens: "I stepped off the curb (of the sidewalk onto the parking lot) and... the force of the water almost knocked me over."

But in the months that followed, RIHMFC took no further action, even though a second flood hit the parking lot about two months later, in April, 1984, according to records at the North Providence fire department.

In the backwater area behind the building, a small stream that funnels drainage and sewer water from Smith Street. The water mainly comes from a large drain pipe beneath a parking lot that services a Bess Eaton donut shop and variety store on Smith Street.

When there's a heavy rain, the flow of water from the drain pipe helps flush out the slimy water that settles in the stream, residents said.

But when it's hot and dry, the pool of water turns green and stinks.

"It gets unsightly," said Owens.

**MEANWHILE**, Kolaski is looking into a possible conflict of interest regarding John and Lucy Gordon.

As director of housing management, John Gordon is responsible for making sure that Section 8

properties are properly maintained. Gordon said he's never had any

problems with Marshall Properties. And he said he's never been told that he should contact HUD about his wife's role at Centredale Manor. Gordon said both Pari and William Wilkinson, former chief development officer at RIHMFC, were aware that his wife was managing Centredale Manor.

"I would not tell my department to give her (Lois Gordon) an easier grade because she's my wife," said Gordon.

"I assume RIHMFC knows, in a general sense, that people shouldn't be overseeing the work of their own family," said Kolaski.

**TODAY**, RIHMFC officials still insist that the site is not located in a flood plain. "Nobody has come back and told us there is a problem," said Benford. "There's nothing in the documents to indicate it's in a flood plain... Reading the maps can be very confusing."

The document signed by Pari and Marshall clearly states that misrepresentation carries a possible penalty of \$10,000 or five years in jail.

Said Dana Bishop, senior development specialist at RIHMFC: "You're dropping the paper and if somebody comes back and says 'You (RIHMFC) dropped the ball,' we'll do what we

## Couple sues bank, RIHMFC over denial of low-interest loan

By PETER PHIPPS  
Journal-Bulletin Staff Writer

At first, Bruce and Donna Villella, a young couple looking to buy their first home, accepted their bank's explanation that they were too late for a 8.5 percent mortgage from RIHMFC.

They laid their plans for having children. With their mortgage bill \$150 to \$200 more than they had hoped, Donna Villella said she had to continue working.

The Villellas didn't get angry until three years later, when the Journal-Bulletin reported that the Rhode Island Housing and Mortgage Finance Corporation had given 8.5 percent mortgages to the sons and daughters of state VIPs long after the Villellas were told the money was all gone.

So late last year, Donna, 27, a legal secretary, and Bruce, 28, a computer technician, sued RIHMFC and Citizens Savings Bank. They say the bank "knew or in the exercise of reasonable diligence should have known" that 8.5 per-

Then last spring the Journal-Bulletin reported that RIHMFC insiders and the children of some of the state's most powerful political figures, including former Governor Garrahy's daughter, had received 8.5 percent mortgages in 1982, 1983 and 1984.

"I was angry. I thought it was just terrible," Donna Villella said this week. "Very unfair."

"It made us angry," she said, to think that when RIHMFC and the bank told them that the 8.5 percent loans were gone, the money was being held "for celebrities and their children."

RIHMFC's computer records show that 25 8.5 percent mortgages were purchased by the agency after the Villellas received approval for their 13.75 percent mortgage on Dec. 31, 1981.

**NONE** OF those mortgages was written by Citizens Savings Bank. The last 8.5 percent Citizens loan, the records show, was purchased by RIHMFC in March, 1980 — 19

quattuck River overflow be-  
ltd.

prepared the environmental report,  
since the man has left the agency.

According to HUD documents,  
RIHMFC and North Providence officials certified that Centredale Manor was not in a flood plain.

Last week, Leo Perrotta, director of planning and development in North Providence, confirmed that the Centredale Manor site is located in a flood plain.

If HUD had known about the flood plain, Kolaski said, it would have imposed the eight-step clearance process. This probably would have delayed construction at Centredale Manor for several months, he said.

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# 10 INJURED AS VAT BLOWS UP, ROCKS SHOP AT QUIDNICK

3 on Danger List as Tank Full of Chemicals Explodes at Metro-Dyestuffs Corp.

Explosion of a huge chemical vat at the Metro Dyestuffs Corp. injured 10 men, three critically, blasted an adjoining machine shop into wreckage and rocked the Quidnick section of Coventry shortly before 3:30 p.m. yesterday.

The blast set a fire which damaged the first floor of the 700-foot long, three-story brick building and scorched several score sacks of chemicals before it was extinguished by the Anthony Fire Department. Firemen were aided by the plant's sprinkler system.

Three of four men standing within 15 feet of the exploding vat full of chemicals used in the manufacture of dyestuffs were on the danger list at Rhode Island Hospital last night. Witnesses said they ran out of the building, their clothing aflame.

### Three on Danger List

- They are:
- Alme Hebert, 46, of 247 Main Street, Pawtucket, an employe of the R.I. Covering Co., 351 South Main Street, Providence.
  - Edwin Hackett, 28, of 83 Pleasant Avenue, Johnston, also an employe of the covering company.
  - Walls, Dorothy, 19, of Victory Highway, Coventry, a worker at the plant.

The men suffered second and third degree burns of the face, head and neck, both arms, and in spots on the legs and back.

The vat is about eight feet in diameter and 10 feet deep.

Dr. Harry W. Grinnell, 51, of 140 Aldrich Avenue, Warwick Neck, nationally known dyestuff chemist and plant general manager, was closest to the vat, he said. His clothing caught fire, but he pulled off his long, white laboratory coat and avoided body burns. He was treated by Dr. Joseph E. Witing of 331 Washington Street, West Warwick, for second and third degree burns of the face, hands and legs and taken home.

### Gives Theory on Blast

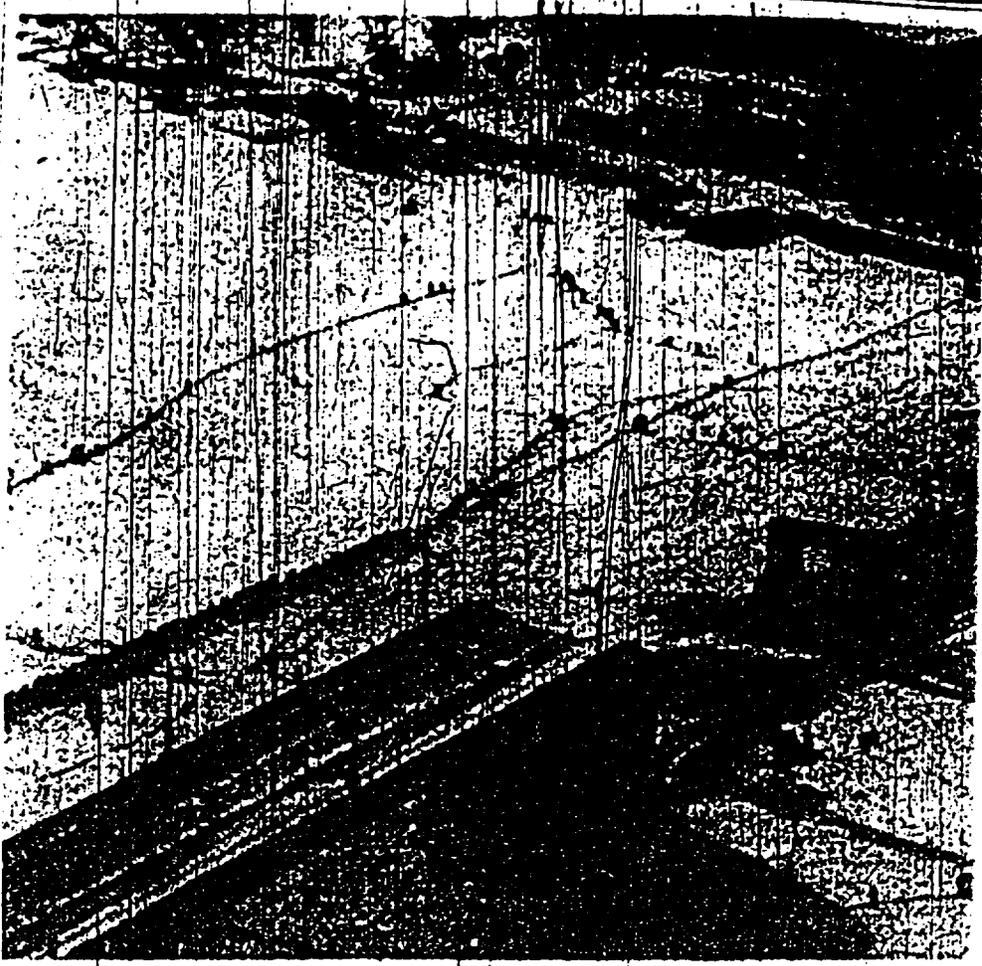
While he was being treated at Dr. Witing's office, Dr. Grinnell was asked what caused the explosion.

He said "For some reason the vat did not behave normally and on turning it out, the acetone used evaporated quickly. A lightning fixture directly over it gave the spark which ignited it."

"We're never going to use acetone again," he declared.

When the blast came, there were 35 employes in the plant. An office worker in a small building adjoining the scene pulled immediately called Dr. Leroy E. Garlock of 112 Washington Street, Quidnick, and expectedly asked him to send all available doctors and ambulances to the scene.

He summoned the Coventry



## REDS OPEN ATTACK IN CENTRAL KOREA

U.N. Combat Team Under Assault; Allied Drive in West Is Checked

Tokyo, Thursday, Feb. 1 (UP)—Strong Communist forces opened a heavy assault on the central Korean front early today and threatened encirclement of an American-French regimental combat team. The enemy forces, believed to include both North Korean and Chinese troops, attacked north of Yaju, 34 miles east of Suwon, with the bugle-blasting that usually precedes a Communist assault.

A regimental combat team normally consists of 3,000 to 5,000 men. The enemy infantrymen began their charges at 4:30 a.m. Then in rapid succession more troops hit the Allied perimeter from the northwest, the west, the southwest and the south.

The last attack was launched against a company protecting the main north-south route below the Allied forces. The battle was raging in hot force at last, reports a front despatch from United Press correspondent Glenn Stackhouse.

The Communists struck after the United Nations limited offensive below Seoul backed out two miles yesterday in bitter fighting that cost the enemy 240 dead, a total

**Four Spans Down:** Four of the six spans of the D Maurice River at Three Rivers, after collapsing yesterday, carrying four persons to their death bridge when it gave way with a roar can be seen at the bottom residents of the city line the river to view the tragic spectacle.

## Snow Changes Into Sleet, Glazes Highways in State

Warwick Woman's Death Blamed Indirectly on Storm; 60 Persons Hurt in Falls Here; Road Conditions Poor as Freezing Rain Covers Sand

Snow which had been expected to reach six to eight inches in Providence turned to freezing rain last night after two to three inches had fallen, coating highways with fresh ice.

The freezing rain was expected to continue today, changing to rain along the coast, the Boston Weather Bureau said, as it warned of hazardous driving conditions. It forecast clearing and continued cold weather tonight, fair and colder tomorrow.

An inflow of warm air at high levels coming up the coast late in the afternoon melted the snow into rain at high levels and then it changed to freezing rain as it fell through colder air nearer the ground, the Boston bureau said.

The Hillsgrove Weather Station reported a total fall of 3.1 inches of snow, ending at 10 (9) p.m.

Warwick Woman Collapses

to make the hill passable once more.

While trucks re-sanded the hill where the freezing rain had covered the earlier sanding, Coventry and West Warwick police re-routed traffic around the tieup. Coventry police sent traffic through Washington and Arctic and Natuck, back onto Route 3, while West Warwick police sent southbound traffic from Quidnick Avenue to Cowesett Road, along Main Street to Arctic, around onto Washington Street and back onto Route 3. The tieup started about 12:30 a.m.

Southbound traffic on the Nose-neck Hill Road was halted for a time last night by ice on Hope Valley Hill in Hopkinton. State police said the tieup was minor and cleared in about 30 minutes after state sand trucks arrived.

Sleet was covering much of the sand as fast as it was spread, but despite the bad conditions few accidents were reported, probably because there were few cars on the

1 found in file morning newspaper

Edwin Hackett, 33, of 83 Pucasset Avenue, Johnston, also an employee of the covering company. Willis, Dorothy, 19, of Victory Highway, Coventry, a worker at the plant.

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When the blast came, there were 35 employees in the plant. An office worker in a small building adjoining the stone mill, immediately called Dr. Leroy F. Garland of 412 Washington Street, Quodnick, and excitedly asked him to send all available doctors and ambulances to the scene.

He summoned the Coventry, Hope & Jackson and West Warwick ambulances, but was still trying to reach other doctors when the three men most seriously injured were driven up to his office in private autos. He gave the men first aid for shock and ordered them taken to the hospital in the West Warwick ambulance.

Clothing of one of the men was entirely torn or burned off and that of the others was in smoldering shreds.

Also treated by Dr. Garland, but not hospitalized, were the following other plant employees: Fulgence Patenaude, 39, of Colorado Road, Togue, superficial burns on the face; John Sota, 32, of Kulas Street, Crompton, burns on the back of the neck and face; and Ar-

Continued on Page 2, Column 3

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The Communists struck after the United Nations limited offensive, below Seoul, harked out two miles yesterday in bitter fighting that cost the enemy 2500 dead—a total of more than 6200 in two days of fighting.

The battleship Missouri and a powerful supporting fleet shelled the Kosong area of the Korean east coast from dawn to dark and noncommittant vessels took advantage of a lack of enemy opposition to move in close and help blast the beaches.

A Navy spokesman said the U.S. fleet included the Missouri, a cruiser, destroyers, cargo vessels, transports, minesweepers, and some small amphibious ships. These vessels usually are equipped with deck guns.

Stackhouse said the Communist attack came 10 miles north of Yaju in an area known only as the "un-

Continued on Page 7, Column 3

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#### Warwick Woman Collapses

The snow was blamed indirectly for one death. Emily C. Fairbrother, 72, of 149 Palmer Avenue, Warwick, who apparently had been sweeping her walk, collapsed on her way back to the house and died. She was found about 7 p.m. by Joseph F. Ford of 129 Maryland Avenue, Lincoln Park, a friend who had come to visit her. Dr. Rocco Abbate, Kent County medical examiner, said death was due to natural causes.

Treacherous walking conditions caused by the snow covering icy patches sent 60 persons to Rhode Island St. Joseph's and Roger Williams General Hospitals yesterday for treatment for fractures. Six of them were admitted for leg and hip injuries, but physicians said none was serious.

It was reportedly the largest number of persons injured in falls in a single day in this city for several years.

More than 35 persons were treated at Pawlucket Memorial Hospital for falls on the ice.

#### Highways Slippery

State police reported last night that road conditions were poor, despite the best efforts of state crews. The state had 120 trucks and 350 men working through the night, plowing the two to three inches of snow and sleet from the highways, and sanding hills and intersections.

About 40 to 50 big trailer trucks were stuck on Togue Lake Hill on Route 3 in Crompton early today, criss-crossed every which way on the highway as state sanding trucks

worked to make the hill passable once more.

While trucks re-sanded the hill where the freezing rain had covered the earlier sanding, Coventry and West Warwick police re-routed traffic around the ticup. Coventry police sent traffic through Washington and Arctic and Natick, back onto Route 3, while West Warwick police sent southbound traffic from Quidness Avenue to Cowesett Road, along Main Street to Arctic, around onto Washington Street and back onto Route 3. The cleanup started about 12:30 a.m.

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#### Worst Cold of Winter

The snow and sleet came on the heels of the worst cold of the winter, which dropped the mercury in this city to an official low of 3.8 degrees at 6 a.m. yesterday, one-tenth of a degree colder than the previous low for the winter, on Dec. 27. It was much colder in some other parts of the state, with Ide's Farm, Bridgeton, perennial ice box, reporting 14 below. Block Island was the warmest spot—(C) low for the day was 14.

The temperature began rising last night and at 1 a.m. had reached 30 degrees, and was still climbing slowly.

The snow canceled all flights out.

Continued on Page 2, Column 1

## House Approves Stop-Gap Measure As State Anti-Eviction Law Dies

### Emergency Bill Would Extend Statute to Mar. 1, Goes to Senate for Possible Action Today or Tomorrow; Opposition Blocks Re-enactment of '50 Code

Rhode Island's anti-eviction law, a measure which is an exact duplicate of the 1950 statute. It since was every indication the General Assembly will complete action on a new bill today or tomorrow.

The House of Representatives yesterday started on its way an emergency bill which would extend the anti-eviction statute until Mar. 1, but the Senate had gone home for the day before the House acted.

As a result, the one-month extension of the present law will not reach the Senate until today and it is not yet sure whether the Senate will insist upon committee study.

Yesterday, Duphney introduced the emergency bill after talking with House leaders. Only 28 of the 100 members were in their seats when the bill was introduced and passed without opposition.

Last night, Herman D. Ferrara of Providence, acting Democratic majority leader, said action was put off on re-enactment of the 1950 anti-eviction law because many Repub-

licans are opposed to it. Ferrara said the bill would be introduced today.

## Group Formed to Fight 3 Hours After G

### Spruille Braden Heads 60 Must Succeed or Move From Annual Cost to Be Raised

New York, Jan. 31.—(AP)—A New York City crime commission was organized today, three hours after a Brooklyn racket grand jury had called for a public watchdog committee on law enforcement. Spruille Braden, former ambassador to Argentina and former assistant secretary of state, was named acting chairman of the group, to be built around a nucleus of 60 top business and civic leaders. The grand jury recommended the crime fighters in a presentment handed up to Kings County Judge

## Sports Headlines

BARRY SULLIVAN, new winged



# Dump Fires Again Posing Problem

By JOHN B. VALLE

Dump fires, a chronic problem in North Providence and Smithfield, reappeared this week. According to several telephone reports received by the Journal yesterday morning, large sections of North Providence, near a series of dumps on Smithfield Road (also called Ridge Road) in North Providence and Smithfield were clouded with heavy smoke on Monday night.

A study of existing ordinances in the two towns suggests that, at the present time, not much can be done about it. One mother, speaking of Monday's fire, said the smoke was so thick that she and other mothers in the block called their children in from play.

A clerk at the North Providence town hall said the smoke was "so thick you couldn't see the houses."

According to a number of reports, the smoke entered the North Providence dump, rented land a little over a quarter of an acre in size, the several-acre Smithfield dump, located nearby, and land in the general area owned by Raymond P. and Helen Patriarca, comprising several acres also used for dumping purposes.

Although the fire was unusually large, it was not unusual.

"As one person put it, 'The day you didn't have a fire out there, you'd have a pretty good story.'"

A survey of the dump sites yesterday morning showed burning in wide areas about the North Providence dump. There was only a small amount of smoke coming from the Smithfield dump. A Smithfield police officer said he believed the burning had been restrained to the North Providence side of the dumping area, but Michael Costello, North Providence councilman, said the Smithfield dump had been the chief location of the fire.

North Providence families were bothered by the smoke because of a change in the prevailing winds from southwest to northwest during the past two days. Michael A. Abatuno, North Providence town solicitor, reported: Mr. Abatuno is also an amateur sailor.

Apparently burning at none of the dumps is prohibited by law. Mrs. Margaret A. Crepeau, Smithfield town clerk, said the town's dumping ordinance does not specifically prohibit burning, but does prohibit the dumping of combustible materials or chemicals.

Miss Blanche M. Barnard, North Providence town clerk, said she is not aware of any anti-burning ordinance. An inspection of the town's three ordinances involved with the dumps showed that no reference is made to burning. Two-thirds of the property by the town, signed in 1963 and 1953, contain no conditions on burning.

It was Mr. Abatuno's opinion that all burning except of paper should be prohibited. "My feeling is that it should all be taken care of by sanitary land fill," he said.

The Smithfield dump has its gates locked on weekdays. It is open weekends for the convenience of householders who want to drop off rubbish and there is an attendant present during the week, a person wishing to enter the dump may get the key either from the police department or from the director of public works.

The North Providence dump is open on all business days. There was evidence of dumping, some of it in truck-load lots, along the sides of Smithfield (Ridge) Road.

An attendant at the North Providence dump, who would not identify himself, said yesterday of the burning situation, "It can't be helped. Some of the kids come in and set fires. It can't be helped, you know?"



The gate to the Smithfield dump is locked so dumpers leave their rubbish outside.

**DiPrete Loses Tax Move**  
**Council's Silence Kills Resolution; Mayor Touches Off Debate**

Nineteen Cranston councilmen remained silent last night when asked to move adoption of the \$8,265,488 tax levy resolution sought by Mayor James DiPrete Jr., and the measure was declared lost by G. Edward Silva, council president, five minutes after the special session had been called to order.

An involved debate touched off by remarks by Mayor DiPrete after the resolution had been defeated prolonged the meeting another 40 minutes.

The mayor renewed his charge that the council had made a mistake in setting a \$8,000,000 maximum to raise \$7,805,000 and told the councilmen, "You are not men enough to stand up and admit you made a mistake."

An identical tax levy ordinance introduced July 25 by Mayor DiPrete has been scheduled for hearing Aug. 21 by the ordinance committee.

The mayor was understood to have placed greater emphasis on the resolution since the language of the restraining order prohibiting preparation of the mayor's tax roll specifically uses "resolution" to describe how the council may order the mayor's levy.

Both the shortness of the meeting and the defeat of the mayor's resolution had been predicted by the council.

There was no move last night to introduce the \$8,000,000 minimum compromise tax levy, reportedly favored by some councilmen.

Robert V. Joslin, R-Ward 4, one of the reported backers of the compromise, was absent and council leaders had expressed reluctance to introduce the compromise measure without 11 favorable votes needed for passage confirmed before hand.

Mr. Silva called the council to order at 8:38 p.m. and ordered Mrs. Astrid Ledman, city clerk, to read the mayor's resolution. When she had completed the reading, Mr. Silva asked for a motion to adopt the resolution.

After waiting a few moments and hearing no motion, Mr. Silva declared the resolution lost at 8:43 p.m.

Mayor DiPrete, who sat silently through the inaction on his proposal, asked whether its defeat meant that the council's \$7,805,000 to \$8,000,000 tax levy was still in effect. Mr. Silva said it was.

Displaying a cardboard chart with the figures written on it, the mayor asked the council if it expected next year to raise \$7,818,000 from an \$8,000,000 maximum when it expected this year to raise only \$7,377,000 from the same maximum.

Anthony Antonicci, D-Ward 3, answered that the mayor was comparing the figures from 1967 with the figures from the 11-month 1968-69 budget. Mr. Antonicci said if the council didn't pass a resolution for 12 months, it would be a "productive" \$8,612,000.

## DiStefano Returns \$5,514 In Court Fees

Police Chief Jack DiStefano of North Providence mortgaged his house and paid back \$5,514 in court officers' fees to the town treasurer yesterday morning.

Benoit P. Fisetle, council president, said last night he is "glad to see the situation straightened out." Mr. Fisetle said he does not anticipate any further discussion of the issue at council meetings.

The chief's action came after a Journal-Bulletin investigation last month which showed that the court fees have been reduced since Chief DiStefano took office in December, 1969. A town ordinance states that all such fees shall be turned over to the town.

Chief DiStefano took out a \$6,000 mortgage on his home at 33 Intervale Ave. from the Cranston Loan Co., 1665 Smith St., Cranston. He handed over the check to Ralph D. Cienda,

## To Hear Cranston Case? 3 High Court Judges Will Decide Today

A three-man panel of Rhode Island Supreme Court justices will meet today to decide whether to hear at a special session an appeal from the Superior Court panel that bars the preparation of a tax roll sought by Mayor James DiPrete Jr. of Cranston.

Mayor DiPrete said the special session was held last night that the meeting would take place today before Justices Thomas H. Roberts, Thomas J. Paolino and Alfred H. Joslin.

The mayor has said he is confident that the court will decide to hear the appeal before the start of the regular fall session Oct. 1.

Veteran court observers say that special summer sessions of the court are rare, once the justices have left for vacations. The court adjourned for the summer July 8.

Today's meeting is expected to take place in the court chambers, Christopher P. Del Sesto Jr., assistant city solicitor for Cranston, and attorneys for Charles W. O'Rourke of Park Ave., Cranston, who brought the suit, are expected to be present.

## Boy, 9, Struck by Car, Suffers Broken Leg

A nine-year-old Pawtucket boy suffered a broken leg yesterday morning when he was struck by a car on Newport Ave. near the Narragansett railroad.

A five-year-old Pawtucket boy suffered a broken leg yesterday morning when he was struck by a car on Newport Ave. near the Narragansett railroad.

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**\$2.00 Per Week**

- Fresh, running water rinses!
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Smoke hampers volunteers at North Providence storehouse fire.

### N. Providence Factory Fire Delays Traffic

Flames last night destroyed the Atlantic Company building at 2072 Smith St. in North Providence. No one was injured. The fire caused a traffic jam on Smith Street.

The fire started just before 6 p.m. and ruined the wooden roof of a brick and masonry building which housed drying equipment and chemicals which were not explosive.

Chief John Murphy of the Centredale volunteer fire company said the cause of the fire is under investigation and that damage will be estimated today.

Volunteers of the Fruit Hill, Lymanville and Geneva fire companies assisted the Centredale unit in extinguishing the fire in the building within an hour.

Bernard Buonanno, general manager of the firm, said the fire may have started near a machine used to dry a metal stripping product. The firm produces dyes and chemicals used in making dyes.

Firemen confined the blaze to the brick and masonry structure, although flames were leaping high above its roof when they arrived.

### Gaming Tax Case Going to Jury in U.S. Court Today

A jury trial of Mario DiDonato, 35, of 25 Deborah St., on charges of violating the federal gambling tax law was concluded in three hours in U.S. District Court yesterday and Judge Edward W. Day will give the case to the jury this morning.

Alton W. Wiley, assistant U.S. district attorney, rested the government's case at noon and Joseph Palmieri, defense counsel, put in his testimony but stood on legal argument of insufficient



Working on roof timbers from the inside.

### Decision by N. Providence Supt. Class in Basement Moved After Fire in Boiler Room

Use of a basement room as a eighth-grade class of 22 pupils at a North Providence elementary school has been discontinued after a minor fire Nov. 16 in the nearby boiler room, it was learned yesterday. The school is the James I. McGuire School on Central Avenue in the Fruit Hill section. In recent weeks it has had oil burner problems, which this week forced cancellation of classes for two days.

Prior to the Nov. 16 incident, a basement room at the school had been used for a number of classrooms at McGuire School.

Mr. Maguire said that at the start of the school year he decided to use the basement even-

# Cranston Council Takes Up

The Cranston City Council last night moved to consider a plan requesting the General Assembly to redraw city ward lines and add a sixth ward to the existing five.

It received a proposal, prepared by the Republican executive committee and backed by the GOP city administration, that would create a new ward by combining the South Elm-

\$2,950,000 for Projects

## Council Okays Ordinances For Cranston Bond Issue

Three ordinances authorizing the City of Cranston to issue \$2,950,000 in bonds for school, sewer plant expansion, fire station improvements and a new police station were approved unanimously last night by the city council.

school and numerous school repair projects.  
A combined school committee-school building committee meeting to discuss plans for the new school is set for tomorrow night.

Approval marks a major achievement for the administration of Mayor James DiPrete Jr. and clears the way for issuance of the bonds and the beginning of construction.

Progress toward a new police station now is in the hands of a site committee appointed two weeks ago by Mayor DiPrete.

The issues had been approved at a Sept. 17 special election. They received bipartisan support last night.

In straight party line voting the council approved, 11 to 8, a zone change from industrial to residential use for an area bounded by East View Avenue and Urban, Surz, and Macklin Streets.

The council met in a 90-minute adjourned session originally scheduled for Nov. 25 which was postponed until last night on the death of President Kennedy.

Breaking custom, a proposal in resolution referred to the ordinance committee which met on Dec. 18.

Passage of the bond ordinances spurs plans for the proposed Glen Woods-Garden Hills

East Providence Area

### Russillo Asks Ruling on Hiring Clerk

Mario R. Russillo, Johnston town clerk and an insurgent Democrat, yesterday asked the town solicitor to rule on whether the town council was acting in the best interest of the town in not hiring additional clerical assistance.

### Suspension To Close Cafe On Dec. 22

The police committee of the Cranston City Council last night set dates on which a five-day suspension will be imposed on the Riviera Cafe, 1618 Elmwood Ave.

Stating that an emergency existed in his office, Mr. Russillo said that as a result of the discharge of his only office clerk "we have been running behind on extremely important work."

The committee Nov. 15 found the establishment guilty of allowing minors to drink there and voted to impose a suspension and set the effective dates later.

He said that despite repeated calls for help, no effort is being made to meet the emergency.

The suspension will be in effect Dec. 22, 23, 24, 25 and 26. The committee voted 4-1 on the dates. Councilman William

Blaming the council and Alan R. Macari, town treasurer, who controls the work assignments of general clerks at the town hall, Mr. Russillo said he was seeking the legal opinion from Angelo G. Rossi, town solicitor, "in order to determine what recourse I have."

### Cranston Council Votes Funds for Probe of Police

Councilmen in Cranston last night voted an additional \$2,000 to the \$4,000 already appropriated for the police department investigation by the Public Administration Service of Chicago.

The salary of Miss Marylyn Kaye, former clerk in Mr. Russillo's office, was deleted from the budget in April, although she has been employed periodically since then. Mr. Russillo and his helper would not permit her continued employment.

### Blank Pistols Sale To Boy Is Denied

An adult was arraigned and two juveniles were picked up by Providence detectives yesterday after the firing of a blank pistol by a 16-year-old boy. The boy was charged with carrying a concealed and unlicensed firearm.

Employed in the office, besides Mr. Russillo, are Mrs. Emilie Suravo, his deputy. One of several girls enrolled in a high school clerical training program also reports to the office for part of each day to perform clerical tasks.

**AU**  
WOMEN'S AC  
RED BAK  
Newman Aven.  
WE  
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**Lindsey**  
609 Smithfield  
Lincoln, R.I.  
At Part. City  
NOW  
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by  
BILL O'CONNOR

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PA 2-4447

3 MAJOR  
YOUR BE  
GREATER  
DEPENDABILITY!



... urged voters to... Sandquist by name. The... ddates backed by simply reminded voters, he said. Ident. Mr. Connors did not ob-



ing the colors from the gradu- escorted by candidate Alan B. Holmes  
 cers' candidate class to the of Philadelphia, commanding officer of  
 ss after reviewing them at the color company of the graduating  
 l at the Newport Navy Base class.  
 is Nina Dofferer of Newport.

**Providence Officials  
 m Renewal Is Needed,  
 ress Spokesman Says**

nder, president of the Businessmen's  
 esterday took the  
 ence Democratic  
 to task for fall-  
 ppropriate funds" for  
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 for dragging its  
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 ct is in danger of  
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 en to seek funds



**Mrs. Alfred DeMaio**  
 Mrs. Mary The-  
 resa (Covellone)  
 DeMaio of 44  
 Oak St., Cran-  
 ton, died yester-  
 day at St. Jo-  
 seph's Hospital  
 after an illness  
 of about six  
 months. She was the wife of  
 Alfred DeMaio.  
 Born in Providence, April 5,  
 1914, the daughter of the late

**Blaze in Dump  
 At Chemical Co.  
 Is Extinguished**

North Providence firemen  
 knocked down a stubborn dump  
 fire at the rear of the Metro-  
 Atlantic Chemical Co. at 2072  
 Smith St. yesterday at 5 p.m.

The blaze, more than 100  
 yards away from the plant, was  
 confined along a horseshoe-  
 shaped area close to the Woon-  
 asquackett River. It took  
 Centredale and Fruit Hill fire-  
 men about an hour to exting-  
 uish the fire.

Fires at the dump, where  
 large quantities of empty bar-  
 rels are deposited, have been  
 a source of complaint from  
 nearby residents. Company of-  
 ficials have been asked to ap-  
 pear at a town council meeting  
 later this month to discuss  
 means of preventing the fires.

Bernard Bunnano, general  
 manager of the firm, who sum-  
 moned firemen yesterday, said  
 the firm plans to eliminate the  
 dump by August or September.  
 He said that rubbish would be  
 carried away by a private col-  
 lector.

The cause of yesterday's fire  
 was not known immediately.

**Mrs. Anthony Gargano**  
 Mrs. Angelina (LaFazia)  
 Gargano, 70, of 19 Zaafaga St.,  
 Johnston, died Wednesday at

election.  
 The Citizens League head also  
 said that Raymond H. Hawks-  
 ley, Democratic city chairman,  
 put out a newsletter last Nov.  
 Democratic party did not think  
 the city manager was doing a  
 good job. Mr. Cranmer called  
 the reasons listed "fallacious."  
 If Mr. Connors' political party  
 is dissatisfied with the city  
 manager, the league statement  
 said, "we should ask where Mr.  
 Connors stands?"  
 Mr. Cranmer said it appears

**J. Roy Kingsbury**

J. Roy Kingsbury, 81, of 60  
 Orlo Ave., East Providence, died  
 yesterday at his home. He was  
 the husband of the late Idella  
 (Marsh) Kingsbury.  
 Born in Warren, Vt., on Oct.  
 18, 1882, he was the son of the  
 late Edward C. and Ella  
 (Sleeper) Kingsbury. He had  
 lived in East Providence for  
 the last 43 years.

Mr. Kingsbury retired in 1947  
 after working for many years  
 as a buyer in the furniture de-  
 partment at Gladings Inc.

He is survived by one son,  
 Marshall R. Kingsbury, of East  
 Providence, and a granddaugh-

ter.  
 Funeral services will be held  
 tomorrow at 2 p.m. at the J. H.  
 Williams and Co. Funeral Home,  
 210 Taunton Ave., East Provi-  
 dence. Burial will be in Swan  
 Point Cemetery in Providence.

there is only one issue at this  
 critical election and it is, said  
 Mr. Cranmer: "shall this form  
 of government be retained with  
 a professional city manager as  
 the Citizens League statement said:  
 "We feel that Mr. Hawksley  
 and state Sen. Gilbert T. Rocha,  
 by their recorded acts in the  
 past five years, have well dem-  
 onstrated that the Democratic  
 party is determined to get rid  
 of the council-manager form of  
 government and our city man-  
 ager."  
 "It is hardly a coincidence  
 that just before the elections  
 for councilman that Mr. Con-  
 nors suddenly becomes a loud  
 supporter of Mr. Sandquist."

The statement said it appears  
 to the citizens league that Mr.  
 Connors is "Part of a Demo-  
 cratic scheme to displace Mr.  
 Sandquist."

Mr. Cranmer concluded by  
 asserting that this is the reason  
 the Citizens League advocates  
 that Councilman Connors be re-  
 placed by William J. McClarran  
 as councilman from Ward Four.

Reached for comment last  
 night, Mr. Connors denied that  
 he was part of a "scheme to  
 displace Mr. Sandquist," he  
 said, he did not feel that any

He said he would stand on  
 his record as a councilman  
 which he said would show that  
 he has supported the city man-  
 ager in far more instances than  
 candidates with citizens league  
 backing.  
 "I think Earl Sandquist has

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**PENN TV & FUR**  
 1085 PARK  
 FRONT OF C  
 FREE PARKING • OPEN

**The Ideal Gift for**

**RELIEF FROM THE HEAT**

**...TONIGHT!**

take home a new, 1964

**FRIGIDAIRE ROOM AIR C**

today for regular double-hung windows

...install it yourself in minutes!

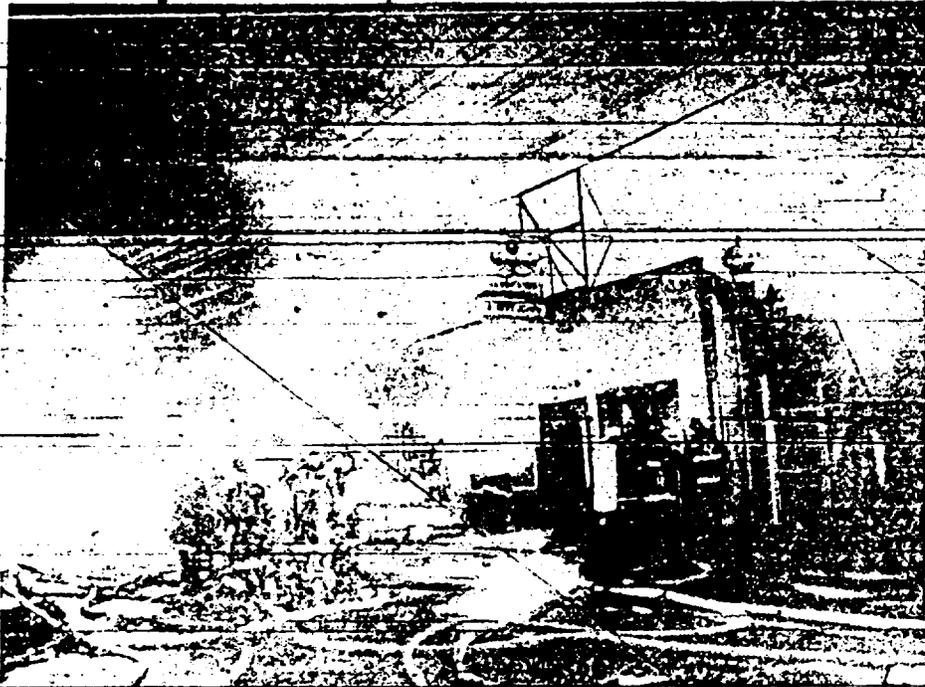
Listen to the still, small voice of QUI



# Canadian Urges Bombing Cease

OTTAWA, Oct. 24 (AP) — Canadian Prime Minister Lester B. Pearson yesterday urged a bombing cease-fire in Vietnam which would allow international negotiators to take over the peace talks.

Pearson said in a speech before the House of Commons that the Canadian government would support any effort to bring about a cease-fire in Vietnam. He said the Canadian government would support any effort to bring about a cease-fire in Vietnam.



Fire scope last night on Smith Street; North Providence

## All M-16s in Vietnam Revamped

## Fire Damages Buildings in N. Providence

WASHINGTON, Oct. 24 (AP) — The United States military today announced that all M-16 rifles in Vietnam have been revamped to improve their accuracy and reliability.

The revamping process, which began in August, involved the replacement of the rifle's magazine and the addition of a new firing pin. The military said that the revamped rifles would be ready for use by the end of the year.

Providence, Oct. 24 (AP) — A major fire broke out last night in North Providence, destroying several buildings and causing significant damage to the area.

The fire, which started in a small structure, quickly spread to a larger building, eventually consuming several blocks. Firefighters worked through the night to contain the blaze, but the damage was extensive.

CHICAGO, Oct. 24 (AP) — The United States Board of Public Utilities today approved a power rate cut for several utilities, a move that is expected to save consumers billions of dollars.

The board's decision, which was announced today, is the result of a long and contentious process. The utilities had requested rate increases, but the board determined that the proposed rates were excessive.

## Senator Suggests U.S. Accept Neutral Area

Continued From Page 10

WASHINGTON, Oct. 24 (AP) — A Senate Foreign Relations Committee member today suggested that the United States accept a neutral area in Vietnam, a proposal that drew sharp criticism from other senators.

The senator, who is a member of the committee, said that the United States should accept a neutral area in Vietnam as a way to bring about a peaceful resolution of the conflict. He said that the United States should accept a neutral area in Vietnam as a way to bring about a peaceful resolution of the conflict.

## Ruck Picketed as He Reaffirms Viet Policy

WASHINGTON, Oct. 24 (AP) — A group of anti-war protesters today picketed outside the office of a House member as he reaffirmed the United States policy in Vietnam.

The protesters, who were led by a group of students, held signs and chanted slogans as they gathered outside the office. The House member, who is a member of the House of Representatives, said that the United States policy in Vietnam is to bring about a peaceful resolution of the conflict.

## Power Rate Cut Approved By U.S. Board

CHICAGO, Oct. 24 (AP) — The United States Board of Public Utilities today approved a power rate cut for several utilities, a move that is expected to save consumers billions of dollars.

The board's decision, which was announced today, is the result of a long and contentious process. The utilities had requested rate increases, but the board determined that the proposed rates were excessive.

5 from  
men to

"thumbers" have been arrested.  
As the campaign continues here, Colonel McQueeney is preparing a letter to the governors of all states through which Route 95 passes describing the enforcement drive here and urging that all of the states mount similar campaigns to save lives.

The Providence police chief said that he has received word that some other police departments in Rhode Island are bearing down on hitchhiking. These include the state police, who have been ordered by Col. Walter E. Stone, superintendent, to discourage ride-begging.

Colonel Stone has no statistics on hitchhiker arrests, since this is left to the discretion of individual troopers.

are not aware that hitchhiking in Rhode Island is illegal, he said.

Colonel McQueeney ordered the campaign July 13, the day after Mary Ann Carroll, 19, of Brookline, Mass., was killed by a hit-and-run driver as she crossed northbound Route 95 near Route 145.

She was the second expressway hitchhiker fatality in Providence in 14 months. Stephen Randall, 15, of 72 Larchmere Drive, East Providence, was killed May 23, 1971, on southbound Route 95 north of the Pine Street overpass.

Colonel McQueeney in releasing the figures on the Providence arrests said he had obtained statistics from

Turn to Page 10, Col. 1

### Hitchhikers

Street this morning and apparently grazed a little girl before smashing a large hole in a two-story tenement.

The girl, Tracy Luther, 5, of 18 Carver Court, was found lying underneath the truck after the driver and a passerby had searched the house for possible victims.

She was rushed to the Miriam Hospital with head and knee injuries, but police said she was conscious and did not seem seriously hurt. They doubted that the truck had run over her.

She was released after treatment of multiple bruises and scratches.

Three elderly occupants of the house were shaken up, but declined emergency treatment. One resident later went to Miriam where he was examined and released.

The truck driver, John Carraro, 55, of 70 Phebe St., told police the truck started to roll backward after he put the gears in neutral and tried to start it.

As he fought to stop it with the hand brake, the big 10-wheeler rolled down the hill about 150 feet, swerved onto the sidewalk and smashed into the living room of the house at 98 Pleasant St.

"I was lying in bed when all of a sudden the plaster just fell on top of me," said

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### Truck

## INSIDE

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## Blasts and Fire Rip Old Plant

An explosion-punctuated fire destroyed two storage buildings and heavily damaged a third early today at the closed Metro-Atlantic Chemical Dye Works plant in the Centredale section of North Providence.

First reported at 12:49 a.m., the fire wrecked two of the structures within five minutes.

A general alarm was signaled, bringing 20 fire trucks and 200 firefighters from North Providence and surrounding communities.

Local officials said the state

fire marshal would be asked to investigate.

The plant has been closed for about a year. Plans were being made to tear it down and erect twin tower apartments for the elderly, but the proposal was tabled until the town's newly created Redevelopment Agency decides what direction urban renewal will take in the business district.

On July 9, fire damaged two floors of a wooden annex to the plant's main building. At that time, Fire Chief Joseph T. Morrissey said the site was apparently a hangout for

youths. Two weeks ago, he told the town council that the buildings were a fire hazard and ought to be razed.

The blaze today was knocked down within half an hour, but firemen stayed for three hours. Area residents left their homes to watch a wall of flame 100 feet high.

The initial alarm was given by Patrolman Angelo Rotondo, who was cruising in the

Turn to Page 10, Col. 6

### Fire

Providence Journal 8/29/72

20

# Explosion and Fire Light Up Centredale

## Fire

Continued from Page One

downtown area. Seeing a glow, he went to check.

"When I got there, I saw a wall of flames," the policeman said. "Just as I was calling headquarters, the whole place went up. There were three explosions. The heat was terrific."

Early watchers said they saw 50-gallon drums blown 150 feet by the first explosion. Some off-duty firemen heard the blasts and left their homes without waiting for the general alarm.

John Murphy, town superintendent of fire alarms, said he was watching a late movie on television, heard the explosions and thought at first it was thunder.

"I looked out the front door and all Centredale was lit up," Mr. Murphy said.

The fire apparently started in a 50-by-50-foot cinder block building once used for cleaning used steel barrels. It spread to a wood frame storage building. Both were destroyed and an adjacent cinder block warehouse was badly damaged.

A large number of empty

barrels were lying around the 10-acre site. Residue in them apparently helped feed the fire. Firemen said there was a tar-like coating on the walls and floor of the storage shed, left by a chemical that was sprayed on renovated barrels.

The firm's barrel reconditioning activity was moved to a new plant on Washington Highway in Smithfield more than a year ago.

While the fire was raging, a gas odor was detected. A crew from the Providence Gas Co. was called and shut off a main valve on Smith Street at the front of the site.

Engine 1 from the Centredale station arrived first. Its driver called for a general alarm. Units of the Woonasquicket Valley Firemen's League responded under a mutual aid pact. Johnston, Smithfield and Harmony sent equipment.

Police Chief John T. Leyden brought in all available men to patrol downtown, where more than 1,000 spectators crowded streets and sidewalks.

The closed plant is owned by Metro Associates. Its principals are Joseph E. Buonanno and Edward W. Ricci of

Providence, and Centredale Properties Corp., whose partners are John Rao Jr. of Providence and Peter Arden of Franklin, Mass.

Mr. Buonanno is president of Metro-Atlantic, which was created after the Atlantic Chemical Co. purchased the Centredale Mill, one of the largest textile plants. Atlantic then bought the Metro Chemical Co. of Coventry, and all operations were consolidated in Centredale.

The bright flames and the explosions early today led to a flood of telephone calls from alarmed residents of North Providence and Johnston.

## McGovern Outlines Tax Reform

### McGovern

Continued from Page One

said his program would not increase the taxes of any person whose income comes entirely from wages and salaries.

In addition to the welfare plan, which McGovern said would cost \$5 billion a year, he proposed creation of public service jobs, such as teacher aides, park workers and similar tasks to provide employment for one million people at an annual cost of about \$8 billion. He said this would remove 3.5 million people—the workers and their families—from welfare.

day.  
WEB H. MARSHALL

# Takes Gamble

He said he agreed McGovern on "a n" for withdrawal ar, is awaiting Mr. clarification of proposals, and has ions on foreignat necessarily in line icGovern's. future?

McGovern may yet wind up carrying Rhode Island and that there is no groundswell of public affection here for Mr. Nixon.

"When we talk about linking together, we're talking not only about the war and Chafee's role in perpetuating that war

"Choose Pell First" strategy surfacing in 1972, the Pell aide said he saw no possibility of that.

## Ford, GM Price Hike

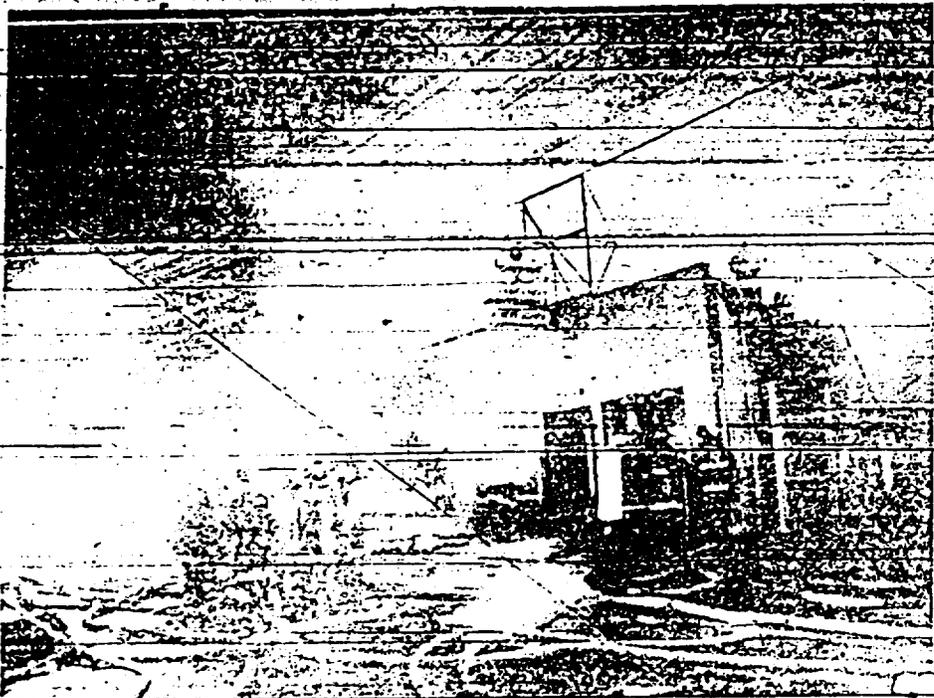


### Canadian Urges Ending Cease

AP Wire Service  
 The Canadian government has urged the United States to end its unilateral cease-fire in Vietnam, saying it would be a "disaster" for the South Vietnamese.

The Canadian government said it would support the South Vietnamese government if the United States ended its unilateral cease-fire in Vietnam.

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Fire scene last night on Smith Street, North Providence.

## All M-16s in Vietnam Revamped

## Fire Damages Buildings in N. Providence

CHROBIK (UPI) - The U.S. military has announced that all M-16 rifles in Vietnam have been completely overhauled and are now ready for use.

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CHROBIK (UPI) - A major fire broke out last night in North Providence, destroying several buildings and causing significant damage to the area.

The fire started in a building on Smith Street and quickly spread to neighboring structures. Firefighters arrived on the scene shortly after the fire broke out, but it was difficult to contain.

The fire caused significant damage to the area, including the destruction of several buildings and the loss of many possessions.

CHROBIK (UPI) - The U.S. Board of Public Utilities has approved a power rate cut for several utilities in the region.

The board said the rate cut was necessary to help stabilize the economy and reduce the cost of living for consumers.

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## Senator Suggests U.S. Accept Neutral Area

CHROBIK (UPI) - A senator has suggested that the United States accept a neutral area in Vietnam, saying it would be a "wise" move.

The senator said that accepting a neutral area would allow the United States to focus its resources on other areas of the country.

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## Bus Picketed as He Reaffirms Viet Policy

CHROBIK (UPI) - A bus was picketed today as a senator reaffirmed his support for U.S. policy in Vietnam.

The picketers said they were protesting the senator's support for the war in Vietnam.

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