

Report on the Hoboken 916 Garden automated garage: Anatomy of a scandal.

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Introduction to this report

The first automated garage in the US will soon be opening in Hoboken, New Jersey. There has been a great deal of interest in the new technology behind this garage. Some people think all future multicar parking facilities will be built using this technology, which has been compared with the advent of ATMs.

There was a multimillion-dollar scandal in the building of this garage, which resulted in former Hoboken Mayor Anthony Russo's landslide loss in the 2001 mayoral election.

(I should know - I created, wrote, designed and produced the ad campaign for Russo's opponent David Roberts, using the garage as a central theme.) This story has never appeared in the press.

The story involves a company with a new technology (Robotic Parking) which was hired to build a new type of parking facility, then denounced as a fraud and fired by the same officials who hired them - only to be re-hired a year later! It's about a corrupt public official's bizarre scheme to appropriate Robotic's patented technology, a mayor too deeply immersed in graft to distance himself from the affair, corrupt "consultants" looking for a piece of the action (one of the two "automation experts" the HPA hired was famous for not knowing how to use email), and a local press who helped corrupt officials advance their agenda.

These are the conclusions I have drawn from this investigation:

- (1)** There is a great deal of money unaccounted for in the 916 Garden Street project. Some of this money may be recoverable if action is taken to do so. The most glaring irregularity is a contractual fine on Belcor (later transferred to the surety, Lumbermens) for overdue completion which appears to have been forgiven by Donald Pellicano and/or Michele Russo without a legal HPA vote. (At the time of this writing the amount of this ongoing fine would be over \$600,000.) There is also a large amount of money paid by the HPA to Belcor for work done by Robotic Parking. This money was never paid to Robotic, and no effort to recover it has been made by the HPA. I believe a forensic accounting of this money should be undertaken immediately.
- (2)** I believe a background investigation of Pellicano and Belgiovine may reveal they had a personal and/or business relationship that predated the contract to build the 916 Garden garage.
- (3)** Pellicano was involved in an attempt to steal Robotic's technology. This action was consistently contrary to the public's interest in the project. Pellicano had numerous opportunities to bring Robotic back to the project (before the surety did), which he rejected. A satisfactory accounting for these actions has not been forthcoming. I believe a class-action lawsuit on behalf of the City of Hoboken against Pellicano is warranted.
- (4)** The Hoboken Reporter's actions throughout this whole affair have been, at best, irresponsible. At worst, they may be legally actionable. This report contains no evidence directly linking them to the scandal. But the paper's handling of this story, including the suppression of facts I have been handing them for years (such as the numerous lawsuits brought against Belcor) and the publication of unsubstantiated (and untrue) 'facts' given them by Pellicano and Belcor contributed to a public confusion that allowed this scandal to drag on unchecked and unexamined. These delays alone cost citizens hundreds of thousands of dollars.

This report begins with a condensed history of Hoboken, for the benefit of those unfamiliar with the Hudson County area. (Those familiar with Hoboken history can probably skip this section.) It has been distributed to interested parties including the HPA, the New York Times, the U.S. Attorney for New Jersey, Carol Marsh, and the Hoboken City Attorney's office. It was written in hope it will prove to be a useful tool for recovering lost money, determining the root causes of the project's problems, and informing the public.

An abbreviated Hoboken history **footnotes in yellow boxes** *commentary in blue italic.*

• **Overview:** The first fully-automated garage in the United States is about to come online in Hoboken, New Jersey. Many American firsts have been nurtured in Hoboken, including the first ice cream cone, first baseball game, the first railroad train on a track, the first steam engine and the first commercial ferry line.

However, the first automated garage in the US did NOT come about because the Hoboken community was seeking to embrace a new technology. It came about because of (and was nearly strangled to death by) corrupt local politicians. Ironically, those same local officials who viewed the 916 Garden Street Automated Garage as a personal windfall had their political careers ruined by it.

• **Hoboken historical background:** Legend has it that on July 12, 1630, three Lenni Lenape Indians who claimed ownership of Hoboken 'sold' it to Michael Paauw, Director of the Dutch West India Company. In exchange for the land, the Indians accepted '80 fathoms of wampum, 20 fathoms of cloth, 12 kettles, 6 guns, 2 blankets, 1 double kettle and half a barrel of beer'. In 1638 Paauw sold Hoboken to Peter Stuyvesant, the Dutch Governor of Manhattan. (Some accounts have it that Stuyvesant made the purchase from the Indians, not Paauw.)

May 1, 1775 saw the first commute from Jersey to Manhattan, as the Hoboken Ferry was rowed across the Hudson from Hoboken to Manhattan for the first time. On March 11, 1784 Colonel John Stevens bought Hoboken (at public auction) from the State for \$90,000. By 1820 Stevens began to develop Hoboken as a resort, with the people of New York City his market. He began transforming the wild but beautiful waterfront into a recreation area. He constructed a riverfront walk and a park space in today's downtown Hoboken. Weekends, the city-to-be accommodated as many as 20,000 New Yorkers out for their Sunday picnics. A description of Hoboken from 1834 went as follows: 'built chiefly on one street, it contains about one hundred dwellings, three licensed taverns and many unlicensed ones, four or five stores, and between six and seven hundred inhabitants'. By 1842, because of the vision of the late Colonel Stevens and the city's prime waterfront location opposite New York, Hoboken established itself as a rail and water transportation center. Numerous attractions in Hoboken drew celebrities of the period. Charles Dickens wrote about his visit to Hoboken in 1842. John Cox Stevens began America's first yacht club in Hoboken in 1844; America. Lillian Russell, John L. Sullivan, Jay Gould, and William K. Vanderbilt entertained guests in Hoboken's Duke's House restaurant. Horace Greeley and Henry Ward Beecher frequented Nick's Bee Hive, a lively saloon. John Jacob Astor build a summer home at Washington and Second Streets. And ex-Emperor Louis Napoleon is reputed to have lived in exile in Hoboken for more than a year. (He was nearly destitute at that time, living quietly in an attic room in an old frame house.)

Hoboken experienced explosive growth from 1860 to 1910, during which period most of its original buildings were constructed. Fortunately, Col. Stevens had instituted Hoboken's orderly street pattern, and brought a consistency and coherence to its architecture. Stevens' vision for the city saw its fruition during this time. Hoboken's population in 1860 was 9,700. Seven years later it had more than doubled that number, and it continued to grow until it's population hit a zenith of over 70,000 inhabitants in 1909, when subway tunnels to Manhattan were opened to the public.. Hoboken's role as a gateway to America brought many immigrants from Europe to the city. The Germans were the first, and German became a dominant language throughout Hoboken. Many of Hoboken's buildings were built by German workers.

By 1917, Hoboken's facilities and strategic location made it the choice of the Federal government as the prime port of embarkation for troops of the American Expeditionary Forces in World War I. More than three million soldiers passed through the port, and their hope for an early return led to the slogan, "Heaven, Hell or Hoboken...by Christmas."

However, the containerization of ship cargo made the city obsolete as a center for shipping. Hoboken's warehouses and lack of vast open spaces couldn't accommodate the large containers. This sparked a severe economic decline that reached its nadir in the 1970s. **It was during this period of Hoboken's most severe economic depression that Donald Pellicano and Anthony Russo began their respective political careers.** Russo, a schoolteacher living in subsidized housing, used the school system to build a political power base which eventually saw him elected to the City Council. He positioned himself as a 'reform' candidate and began a long struggle that would eventually place him in the mayor's office. Meanwhile, Pellicano took a non-paying position on the Hoboken Parking Authority board.

• **Commentary:** *Both Pellicano and Russo were Hoboken native sons, and both began their careers in a town few people believed in. Hoboken had fallen heavily since its glory days. It had risen largely by virtue of its connection with Manhattan, and Manhattan was struggling with "white flight" to the suburbs. Now, luxurious brownstones went begging on the real estate market. Hoboken had become a popular culture euphemism for "dead end". In "On the Waterfront", Marlon Brando derides the town as "palookaville". Frank Sinatra refused to return to his hometown, fearing it would tarnish his image. Even Bugs Bunny, when his underground trip to Pismo Beach went astray, exclaimed: "Hoboken? I'm dyin'! I'm dyin'!"*

Sinatra's refusal to acknowledge his Hoboken roots must have been particularly galling to fellow Hoboken-born Italians Russo and Pellicano, whose own talents and ambitions never enabled them to venture beyond Hoboken's famously small ("mile-square") borders. Year after year, for decades, Hoboken planned festivities to honor its favorite son, and year after year Sinatra refused, sometimes failing to even acknowledge that an invitation had been offered. (A few years before his death, Sinatra did accept an honorary degree from Hoboken's Stevens College, but even then he managed to slip in and out of town as quietly and anonymously as a man of his reknown could manage.) The implication of this lifelong snub could not have been more plain even if Sinatra had decided to apply his own patented, brusque terminology: 'Hoboken was loserville, baby'.

As someone who was also raised in a town which was once great but had fallen into despair (New Bedford, Massachusetts) I know that it is a unique experience. One grows up surrounded by reminders of what once was, haunted by the knowledge that it has all gone elsewhere - but you and everyone you know are still there. It's a sort of universal mockery that can have a profound psychological impact.

The other important cultural factor is that Hoboken resides in Hudson County, New Jersey, which is famously known as one of the most politically-corrupt areas of the nation. (Steve Strunsky, a stringer for the New York Times, has written extensively about New Jersey and is well-versed in Hudson County's historical corruption. At the time of this writing, Strunsky could be reached at strunsky@nytimes.com.) For those uninitiated in Jersey politics, we again recommend seeing "On the Waterfront", which portrays a town where corruption is the rule. That attitude (in considerably less dramatic form) still pervaded Hoboken's fabric at the time Pellicano and Russo were growing up in Hoboken. Rule, and right, were by strength. This attitude has waned over time by it has certainly not vanished. The local papers' attitude is not to interfere. The FBI does make occasional arrests (in 2001 Hudson County Executive Robert Janiszewski was used in an FBI "sting" operation) but to limited effect (the "sting" became public prematurely and had to be shut down, and the former County Executive is now in the Witness Protection program somewhere). Hudson County's culture is what Bob Dylan was referring to when he wrote, "In Jersey everything's legal, as long as you don't get caught".

I was struck by a remark made in a discussion I had with a Hoboken community activist some time back (Hank Forrest, hforrest@fmsp.com). Hank had made a real effort to assimilate, as one who had moved here from elsewhere, with 'old Hoboken', the born-and-raised individuals who held virtually all political

power in town. He had moved into Russo's ward (an area where most newcomers would not look to buy property) and became a friend and adviser to the mayor. He mentioned these political players' "sense of entitlement". In other words, the Russos and Pellicanos had come up in the hard old days of Hoboken. They firmly believed that they and they alone were responsible for the town's positive changes in the 1980's and 90's (this became the theme of Russo's 2001 mayoral campaign), and that the newcomers flocking to town were enjoying the fruits of their labors. They had suffered, and they had provided, and now they deserved to prosper just as the Wall Streeters coming to Hoboken had prospered. The unspoken understanding was that Hoboken owed Russo a future beyond his humble roots, and that Pellicano had a right to make his unpaid HPA position profitable in any way he could.

When Russo became mayor in the early 1990's, he moved immediately to raise City Hall's 'professionalism' - and Hoboken's taxes. Russo spent beyond the city's means, regularly selling off city assets to balance his budget. He used his position as mayor to seek out every opportunity to consolidate and expand his political power, and made it his mission to know and control every aspect of the city's business to that end. Contractors wishing to do business with the city were forced to buy numerous 'tables' at frequent fundraising dinners (those who did not were swiftly punished, and after a time no one refused). The city's legal bills skyrocketed as Russo used city lawyers as clubs to cow opponents into submission (so heavy did his reliance on these lawyers become that in 2001 The Jersey Journal reported on a Russo scheme to blackmail Stevens Institute into hiring his legal team. In that same year, Alan Cabal at The New York Press was obliged to back off a story during the mayoral election due to the paper's fear of Russo's lawyers.). Key supporters were well compensated via City Hall's largesse, as Russo's growing ability to raise cash soon enabled him to get his own City Council and School Board installed (Russo handpicked his candidates carefully on the basis on their dependence on and loyalty to him, installing his cousin and wife on the Council and School Board, and loading other positions with people whose livelihood depended on the city, including a policeman, an employee of the sewer authority, and a woman indirectly employed by the Parking Authority). Russo stretched his campaign funds even further by using city contracts to compensate individuals who were key in his political ambitions (for example, his publicist, Anthony Amabile, was compensated mainly via no-show city contracts. Amabile's contracts were terminated after Roberts beat Russo in the 2001 election.)

One aspect of the city's business drawing Russo's attention was the Hoboken Parking Authority, where Pellicano had risen to Chairman. The Parking Authority no longer required city money for its support, as it did in the 60's and 70's when most car owners in Hoboken could simply park anywhere on the street they liked. Now, more and more affluent citizens had cars, and as people began returning to Manhattan as a place to work, people from all over Jersey parked their cars near the Hoboken PATH stations. The quasi-politically-independent HPA had not only become financially self-sufficient, it had become a cash cow. And Pellicano had discovered that his volunteer HPA position could in fact be quite lucrative if the 'right' contractors were brought in for the many new garages Hoboken was demanding.

Pellicano, who did not have to curry the public's favor by enduring the election process, ran his agency with a lofty disdain for public sentiment or city politics. But with an intense need for new sources of cash, Russo turned a critical eye on the agency and quickly discovered how Pellicano managed to do so well and survive so long in a position that, at least formally, carried with it no financial compensation. Rather than blow the whistle, Russo struck a deal with Pellicano (as he had previously struck deals with others to advance himself, such as the deal he struck with 4th Ward power broker Andrew Amato to deliver enough votes for his initial mayoral win). Pellicano would be allowed to run his agency with Russo's blessing, but the HPA would be called upon for 'special consideration' from time to time, and Russo would have to get his share of any particularly lucrative deals. To keep his finger on the pulse of the HPA, Russo installed his wife Michele on the HPA board. Pellicano quickly became a loyal Russo booster, and Russo was

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always deferential to the HPA Chairman, even when the garage became Russo's albatross during the 2001 election.

When Colonel John Stevens laid out Hoboken's constitutional and physical foundation, he set aside parts of the city for public service use. One of these areas was 916 Garden Street, which became the location for HOPES (a city welfare agency) and a local girl scouts' chapter. In the mid 1990's, Russo faced another budget gap, and filled it partly by using his leverage at the HPA to sell this city-owned land for a price well above market value. (I believe the price paid was between \$2 and 3 million dollars, for a piece of land whose market value at that time was probably around \$200,000 or so. Russo used his control of the City Council to work around the City Charter, which forbade the sale.)

Having paid well over market value for the 916 Garden property, the HPA was hard-pressed for a way to make the site work as a parking garage. They quickly seized on a new automated parking system developed by Robotic Parking. This system would allow them to park more cars in the space than they could accomplish in any other way. Robotic was also eager to make the deal, as this would be the first fully-automated garage built in the United States. Before then, automated systems had been built in Europe, Korea and Japan, where space was more precious. In America, however, there had always been room to expand parking garages, either horizontally or vertically, and the economic forces that would have justified building the more-expensive automated garages did not yet exist. (Traditional garages built in metropolitan areas average around \$10,000 each, automated parking spaces run around \$14,000 each.)

America loves cars, and it loves technology, and "low-tech" mechanical parking solutions had appeared now and again. The first mechanical garage, built in Cincinnati in 1932, accommodated nearly 400 cars and used a converted elevator system to hoist individual vehicles from a central receiving area to one of its 24 floors. Once at the appropriate floor, dollies and/or a live attendant pushed the vehicle into its parking space. This garage operated every day until it closed in 1979. Most of these early garages were demolished to make room for new buildings; two "classics" remain in service in New York City.

Nothing as sophisticated as Robotic Parking's system existed in the US - or anywhere else. The technology underlying such systems only recently came into existence, and until recently there were few market forces driving their implementation. But the world was rapidly changing. Zoning laws were becoming increasingly restrictive, driving real estate prices continually higher and making it increasingly compelling for urban planners and architects to use space efficiently. Prosperous Americans were buying more cars than ever - and moving back from the suburbs into crowded urban spaces, where they wanted their cars handy. Politicians were held increasingly accountable for quality-of-life issues such as traffic and the resultant pollution. With the wind now coming in at its back, Robotic Parking began attracting notice from people planning urban spaces nationwide, and it believed the interest being expressed by Hoboken would spark a parking revolution - a revolution driven by Robotic's technology. The national press agreed, and began to show an interest in covering Robotic's progress. The future was really looking bright for Robotic Parking - but they had no idea what was in store for them at 916 Garden Street. They had never done business in Hudson County before, and were in for a major case of culture shock.

A timeline of events with documentation in yellow and commentary in blue italics.

- **Autumn, 1996:** First bid request for the garage project comes out; the only responses come from Robotic Parking (as sole contractor, providing the building and the automation) and Belcor (with another automated parking system that didn't actually exist). **Belcor's president is Frank Belgiovine, a lifelong Hoboken resident.** *Copies of these bids can be made available on request.*
- **Summer, 1997:** A second bid request is issued. The first bid is declared "not valid" by the HPA (Robotic did not have a performance bond and Belcor had neither the automation technology nor a partnership with a company that did). **Changes are made in the bidding process so that only a general contractor can submit a bid.** This change is specifically designed to prevent a 'specialty' contractor (such as Robotic) from bidding on the job without having established an association with a partner who is a 'general' contractor (such as Belcor).
- **Autumn, 1997:** Robotic Parking, as one of the very few companies anywhere with automated parking technology, teams up with 3 general contractors (American Bridge, Ahern and Belcor) who submit Robotic's system as part of their bids.
- **December, 1997:** Results come in. Robotic Parking with Ahern is the low bidder, Robotic Parking with Belcor comes in second and Robotic Parking with American Bridge comes in third. This bid is also thrown out, this time due to minor technicalities in the way the general contractors responded ("mistakes in the bid form") and a third bid is requested. **American Bridge drops out of the third round of bidding, questioning whether this re-bidding might be the HPA's way to get their contractor of choice (Belcor) as the winner.** *(Their website: <http://www.americanbridge.net/>)*
- **January, 1998:** Third round of bidding results: Robotic Parking with Belcor is now the low bidder; Robotic Parking with Ahern is second.
- **December, 1998:** The Hoboken Parking Authority awards Belcor the contract. The job is scheduled for completion in 12 months. **But Belcor is a contractor with a terrible reputation:** when I looked into their background (sources: *InfoSpace.com* and *Dunn & Bradstreet*), they had 19 lawsuits pending:

[List of lawsuits & judgements against Belcor at the time of my research, early January 2001]: 1. judgment filing with P GERMINARIO & SONS INC in NJ 2. judgment filing with MORRIS COUNTY SANITATION in NJ 3. lawsuit filing with COOPER ELECTRIC SUPPLY CO. in NJ 4. lawsuit filing with PARK AVENUE LEASING CORPORATION in NJ 5. lawsuit filing with ATLANTIC BRICK CORP in NJ 6. lawsuit filing with NEW JERSEY AUTOMATIC DOOR INC in NJ 7. lawsuit filing with MORRIS COUNTY SANITATION in NJ 8. lawsuit filing with MIDDLESEX BM&P FRINGEBENEFIT F in NJ 9. lawsuit filing with MARCONI ROOFING CO in NJ 10. lawsuit filing with LONGO ASSOCIATES INC in NJ 11. lawsuit filing with MMC DETENTION SPECIALISTS in NJ 12. lawsuit filing with PUBLIC SERVICE ELECTRIC AND GAS COMPANY in NJ 13. lawsuit filing with PEERLESS PRODUCTS, INC. in NJ 14. lawsuit filing with NEWARK LABORERS EMPLOYEE BENEFIT FUNDS in NJ 15. lawsuit filing with FORD MOTOR CREDIT CO. in NJ 16. lawsuit filing with ACME STEEL DOOR CORP in NJ 17. lawsuit filing with NORTHEAST STUCCO SYSTMS INC in NJ 18. lawsuit filing with DOVER ELEVATOR CO in NJ 19. lawsuit filing with BRITE PRINTING & DECORATING CO in NJ
(Last known contact info for Belcor Construction Incorporated, aka Belcor-Megan, Belcor Industries and various other names: 520 S River St • Hackensack, NJ 07601-6617 • Phone: 201-229-1000)

Commentary: *This is the company to which the HPA ceded control of a multimillion dollar project. Further, they were put in charge of the company that had the expertise and technology crucial to the project's success, when logic would have suggested these roles be reversed. Robotic's president, engineer Gerhard Haag, had a sterling reputation in the engineering community. Before founding Robotic Parking, he had built acclaimed projects all over the world, including assembly lines for Mercedes-Benz and BMW.*

- **February, 1999:** Robotic signs the papers as the subcontractor providing automation for 916

Garden. These documents include a master schedule and building specifications. Belcor's task is to deliver a building that Robotic's system fits into. Robotic gives Belcor the specs for such a building.

- **March, 1999:** Shortly after Robotic Parking puts its sign up at the job site, it is taken down by order of (Belcor head) Frank Belgivione and (HPA head) Donald Pellicano. Robotic is also forbidden from bringing visitors onto the site. Only Belgivione and Pellicano are allowed to escort the many visitors interested in using this groundbreaking technology around the job site. The local paper, *The Hoboken Reporter*, takes note of this influx of visitors (but it fails to note that Robotic was not allowed to speak with visitor groups).

- **May/June, 1999:** Robotic becomes increasingly concerned over **Belcor's delays and errors** that are preventing Robotic from beginning their phase of the work. They start taking extra care to document the nature of these problems, particularly Belcor's major mistakes with the steel structure inside the building. Robotic reports their concern to the HPA, which takes no action. Also, Belcor, which was contracted to pay Robotic with money they received from the HPA, begins **delaying and then missing their payments to Robotic.** (See the *January 5, 2001* and *End of April, 2001* items for the significance of these missed payments.)

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- **April, 2000:** The consulting engineer on the project, **Jim Caulfield**, warns the HPA not to give any more money to Belcor. Caulfield is immediately replaced by **Dick Beebe**, a long time Chicago-area **builder of traditional concrete ramp garages** who had shown interest in the project and had contributed to the mayor's campaign as the CEG Consulting Engineers Group. **Beebe is anointed by Pellicano as an "automated parking expert".** *Commentary: Caulfield is not removed from the project, but is demoted: he is placed in charge of Belcor's brick & mortar building and Beebe is placed in charge of Robotic's implementation of their automation technology. Ironically, engineer Caulfield and concrete builder Beebe are placed in the areas directly opposite of their strongest expertise. The hiring of Beebe is part of a pattern of hiring those who had an agenda for this particular project. Belcor was going nowhere as a company. They had a history of failed jobs, bankruptcies and lawsuits brought against them. They had few prospects and could refuse Pellicano no favor. Dick Beebe built concrete ramp garages in the Chicago area. He had NO automation expertise, and in fact was somewhat famous for being unable to operate email. But he had heard of this new technology and was eager to somehow get in on the ground floor of something that many people felt was the future of the parking business. And Beebe's friend, Roy Ferrari, who will come into the story later, had always wanted his former employer, HK Systems, to start an automated-parking division.*

- **June, 2000:** Robotic receives a work directive from Belcor to compensate for their steel misalignment problems with software changes. This process was broken down in three distinct different steps. Robotic commences with the work, expecting to be compensated by Belcor as the work proceeds. (They were never paid for this work.)

Meanwhile, Belcor surreptitiously makes a pitch to build an automated garage project in Newark, portraying Robotic's technology as their own.

- **July, 2000:** Previous to July, the HPA had publicly announced that if the garage was not operational by this time, Belcor would be fined \$1000 for every day it was late. This fine was never enforced. See also *End of April, 2001*.

- **August 2, 2000:** Belcor issues the final work directive to Robotic Parking to complete the 3rd and last step for this problem. This process takes longer than expected due to additional steel misalignments that Robotic discovers while working on the problem. Robotic is unable to collect hundreds of thousands of dollars due for this work from Belcor.

- **September 5, 2000:** Belgiovine visits APS in Germany. Pellicano is also in Europe at that time.

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The items for **October 6th** and **8th** and **End of November 2000** explain the significance of this item.

- **September 16, 2000:** Robotic completes the software changes needed to compensate for Belcor's steel misalignments.

- **September 18, 2000:** Robotic begins the process of final software implementation. HPA consultant Dick Beebe calls a status meeting to see how all the pieces are fitting together and to establish a project completion date. Robotic submits a schedule establishing a final completion date of November 15. This letter shows that the project was making progress and in fact was nearing completion. There is no indication or suggestion that the HPA was unhappy with Robotic's progress, or that a drop-dead completion date was looming. See **next two items**, and **December 3, 2000**.

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- **October 6, 2000:** Robotic is abruptly fired by Belcor before they can complete their work. Belcor immediately produces a letter dated 10/6 stating that APS can finish Robotic's work in a matter of weeks, for about \$200,000. The amount of detail in and timing of this agreement strongly indicates that Pellicano and Belcor were planning to replace Robotic even while they were issuing glowing progress reports to the press and public.

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- **October 8, 2000 (excerpt from the Hoboken Reporter):** [Parking Authority Chairman Donald Pellicano revealed that the final details in the facility are being completed and that testing with actual cars is being performed. He is hopeful that the facility will be ready within 2 months but added that the Authority is pushing for an opening in about four weeks. He indicated that he and the other Commissioners were "pleased that we have been able to fulfill Mayor Russo's pledge in 1993 to provide more parking facilities in Hoboken."]

Commentary: *Pellicano, when later called upon to justify this statement, told the media that he was "deceived" by Robotic when he made it. This is strange since if Robotic was in fact struggling on the job, Pellicano would not have been moved to assert that the project would be completed AHEAD of schedule, and Dick Beebe would not have been directed to assemble a final checklist on September 18. In the light of later developments and evidence it appears that the October 8th statement was a ploy. Pellicano did in fact believe the project was just about finished - he had Belcor workers reporting to him every day on Robotic's status. In fact, Haag had mentioned to me that toward the end Belcor's workers had made several attempts to hire away Robotic's workers. This angered and puzzled Haag at the time, since he could not see what in the world a mortar-layer like Belcor would do with his highly-trained, expensive engineering team. What Pellicano wanted to do was string along Robotic as long as possible without letting them finish, then pull the rug out from under them just before they were done, so Belcor could plunge in with its prearranged agreement with APS to complete the project - thus launching a potentially lucrative company with stolen technology.*

- **A few weeks later:** APS refutes the letter attributed to them by Belcor (see previous item, **October 6**), stating it will *actually* cost \$2 to 6 million (NOT \$200,000) and take at least 6 months to finish the work on 916 Garden. (In the end, APS was never hired for the job, but was held up by the HPA as a possible Robotic replacement as recently as 1/21/2001 according to the *Hoboken Reporter*.) At the time of this writing, 1/18/02, the company known as APS is bankrupt.

- **End of November 2000:** Belcor takes a table at the New Jersey Parking Authority Association Convention at Atlantic City, displaying a large banner featuring Belcor's & APS's logos together.

Commentary: *Trade show booths and company partnerships of this sort are rarely spontaneous decisions. Space reservations and booth planning usually require planning well in advance. This is more evidence of their scheme to get rid of Robotic, replace them with Belcor/APS, become the nation's automated parking kings, and get rich.*

• **November 27, 2000:** Robotic makes its oft-stated offer at a public HPA meeting: they will come back and finish the work as per their original contract. HPA President Pellicano cuts them off sharply, with a cryptic: "I have only one word for you: 'litigation.'" **Commentary:** *This statement never made the papers as far as I know, but was heard by many puzzled witnesses, including Hoboken citizen John Branciforte (email: HobokenNews@aol.com) who reported the incident on his City of Hoboken web site. It is never explained why this stance by Pellicano was a good strategy for finishing the work on the 916 Garden Garage. Of course, in the context of addressing a company one has a vested interest in slandering, the statement makes complete sense.*

• **December 3, 2000: Frank Belgiovine (Belcor's president) publicly justifies his firing of Robotic in the Hoboken Reporter by claiming "anonymous sources" had told him Robotic Parking was a fraud. The Reporter fails to examine the identities of these "anonymous sources" despite their oft-stated policy of refusing letters to the editor that make unsubstantiated allegations (this statement usually appears on their Letters page). The Reporter also declines to publish the publicly-attainable (InfoSpace.com, Dun & Bradstreet) background info on Belcor and most of the well-documented facts published in this Report.**

The tone of the Reporter's story on 12/03/2000 was set by this quote from Belcor president Frank Belgiovine (commenting on why he, with Donald Pellicano's blessing, fired Robotic Parking): "They simply couldn't do the job they said they could do. In August we received **information from anonymous sources** that they were having problems with their software, which is basically the brains behind the garage. We approached them and they denied that fact, but additional research showed that we were right. Even though we had paid for 99 percent of the technology, they could not deliver it. We investigated his background, we investigated his resume more in depth. We wanted to see if we were dealing with the right person. And what we found were more holes than are in Swiss cheese." The Reporter's story angle was swallowed whole by other media outlets, including Forbes.com, which said in part: "'We don't believe his software even exists,' says Frank Belgiovine, president of Belcor Group, the Hackensack, N.J. general contractor. 'We sucked it in the same way as everyone else.' ...the project quickly became mired in delays... Belgiovine grew tired of waiting and sent Haag packing."

Commentary: *As far as the public could tell from the media, Belcor had fired a fraud, a carpetbagger peddling an invention that simply did not exist, and Robotic was responsible for the project's delays and cost overruns, to boot. Belgiovine and Pellicano were portrayed as heroes for rooting out Robotic's conspiracy to defraud Hoboken AND the two were fighting to save the project. The public had no way of knowing that neither The Hoboken Reporter, The Jersey Journal, The St. Petersburg Gazette, nor Forbes.com **had ever investigated Belcor's claims** of "anonymous sources", or asked exactly "what they found", or what the nature of their "additional research" was. **Nor did they ever offer the public insight into Belcor's history & background.** The media took their cues from the Hoboken Reporter and assumed they were doing their job, and refused to look into Robotic's, or my own, evidence to the contrary.*

Later on, I would learn from a source very close to this case (who does not wish to be identified) that Pellicano and Belgiovine had an association predating the contract to build 916 Garden. This person referred to them casually as "asshole buddies", a slang term suggesting a long history of shady deals (think 'Sopranos'). Robotic did some cursory work with a private investigator who came up with evidence suggesting these lifelong Hoboken residents may have gotten into trouble together before.

• **December 5, 2000:** Robotic is awarded a NJ Superior Court injunction protecting their intellectual property inside the 916 Garden Garage. This means that it will be considerably more expensive to have anyone else except Robotic finish this work, since anyone else would have to tear out all the existing work and start all over again from scratch. Nevertheless, Pellicano's battle cry continues to be "Anybody but Robotic".

Commentary: *This intellectual property injunction was a key element in saving Robotic. By properly recognizing Robotic's system patents, the courts thwarted the scheme to steal Robotic's technology.*

The 'wannabe' automatic parking facility builders that Pellicano had brought on board soon discovered that they could not replicate Robotic's results without using the existing framework... and recreating Robotic's software was totally beyond them. Before Robotic was 'escorted' from the project the previous October, their engineers managed to exit the site without leaving any of their software behind. Belcor's people could not get them off the site quite quickly enough to prevent this. Pellicano and Belgiovine's harebrained scheme to steal Robotic's systems was clearly doomed from this point on, but Pellicano and company would soldier on for months, desperately putting the best face they could on the whole affair.

Pellicano's advantage was that he was 'in' solidly at City Hall, and was in no danger of losing his position because of the failure of the project. We addressed the relationship between Mayor Russo and the HPA at the beginning of this report. But the election year 2001 was looming, and despite City Hall's considerable sway over the local paper, the garage issue was beginning to cause a stir among the Hoboken public. Hoboken citizens had been promised this garage in 1994, and people were getting concerned, and tired of the unresponsive, contradictory answers they kept getting.

- **December 10, 2000 (Hoboken Reporter):** Roy Ferarri, former sales manager for HK Systems, is hired by the HPA as an "automated parking specialist" for a contract up to \$25,000. Ferarri was recommended for this assignment by another HPA consultant, his long-time friend Dick Beebe. (Why the HPA's "automated parking specialist" Beebe needed to hire yet another "automated parking specialist" is never addressed.) Neither "specialist" has ever designed nor built an automated garage (actually, Ferarri is not an engineer, and Beebe builds conventional concrete garages and has absolutely no background in automation technology). The HPA is quoted as flatly denying that Ferarri's prior association with HK Systems will have any bearing whatsoever on his recommendations for the project.

- **Three days later:** HK Systems of Milwaukee (which does not build automated parking facilities) enters into an agreement with Belcor to work on 916 Garden. **Commentary:** According to people I spoke to at HK, Ferarri was a top salesman for the company, and had on numerous occasions suggested that HK develop an automated parking systems division. But HK never did do so. HK Systems has a web site where you can see their existing systems: http://www.hksystems.com/v2_0/home/index.cfm. HK's automated systems experts might well have turned their expertise towards the implementation of automated parking facilities, but I suspect HK felt they would be better served by concentrating on their existing businesses until a marketplace for automated parking matured. (Given Robotic's epic struggles with being first in the marketplace, this may have been a wise strategy.) In any event, HK, like APS before it, jumped ship in short order - see the **January 5, 2001** item.

- **December 12, 2000:** The HPA attempts to declare a PARTIAL default against Belcor which would keep the contractor on the job. The bonding company (Universal Bonding) reminds them that there is **no such thing** as a "partial" default: the contractor either defaults (fails to do the job as specified by contract) or doesn't. See also the **January 21, 2001** item for insight into the HPA's motivation here.

- **January 5, 2001:** Date of HK Systems' official letter of resignation from the 916 Garden job, citing as their reason for leaving **Belcor's failure to pay them**. (Document available on request.)

- **January 6, 2001:** Date of *Jersey Journal* article stating that **Robotic** (whose software "does not exist" according to Frank Belgiovine's quote in the 12/03/2000 *Reporter*) **is now approached by Belgiovine to return to 916 Garden and finish the project**. Robotic does NOT return to the job because Belcor places onerous new conditions on this return that would have a third party monitor Robotic's work and report to Belcor. Since Belcor had already made one attempt to steal Robotic's technology, Robotic was not about to give them a second opportunity. **Commentary:** Revealingly, the HPA does not intervene in these discussions to insure Robotic's return to the job, once again mysteriously allowing Belcor to override the public's interest in finishing the garage.

Belcor is in fact no longer needed for the project's completion, since their assignment - the erection of the brick and mortar structure- is long since complete.

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As mentioned previously (see the **June 2000** entry) an amazing document exists which testifies to this whole, ongoing scheme to steal Robotic's technology. It is a proposal, dated June 5, 2000 (when Robotic was just beginning work on the project, compensating for Belcor's poor quality construction standards so their precise system could function), made to the Port Authority of NY/NJ, pitching for the construction of a major automated parking facility in Port Newark, New Jersey. The pitch was made by Belcor, using Robotic diagrams and terminology and making reference to same as if Belcor had developed and patented this technology themselves. The documents take on a darkly comic undertone when one sees that one of the diagrams still bears the legend, in small print: "**Confidential: This print is the property of Robotic Parking...**"

• **January 8, 2001:** Belgiovine tells *Forbes.com* (which picked up the story from the *Reporter* and *Jersey Journal* without authenticating it) that there was a "man behind the curtain" at Robotic's display facility in Ohio, and that "everyone got sucked in". *Forbes.com* ALSO does not check out Belgiovine's background, nor do they visit Haag's Ohio test facility. **Commentary:** *The continuing failure of the press to look critically at this story exacerbated the deals and cost confused Hoboken citizens millions.*

• **January 11, 2001:** The HPA declares default to the bonding company, seeking funds to finish the garage. Along with the letter of default, the HPA sends documents newly prepared by its paid consultants (including one new consultant, Net Tech Solutions, hired for this very reason) denouncing Robotic, which had been fired 3 months before.

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Commentary: *The purpose of these documents was certainly to persuade the bonding company from reinstating Robotic on the job. (Since Robotic was at this time publicly offering to finish the work at no extra charge (as opposed to every other solution offered), bringing back Robotic would be an appealing notion to the bonding company.)*

• **January 16, 2001 (approx): The bonding company hires its own consultant (Gunter Sharp, an associate professor of Industrial and Systems Engineering at Georgia Tech) to assess the situation. This marks the first time in the history of the project that a consultant NOT hired by the HPA will have an opportunity to weigh in on the situation. Sharp is also the first consultant brought in who seems to have the appropriate background for making an evaluation.** Robotic expresses satisfaction with this decision.

• **January 21, 2001: Commentary:** *The true intent of the HPA in claiming default becomes clear in comments noted in the Hoboken Reporter. HPA attorney Bob Murray is quoted as suggesting the bonding company was moving more slowly than he would have liked to see, and that "they could have... stepped in a few weeks ago and continued to pay HK for their work when {Belcor} ran out of funds". This clarifies the earlier attempted "partial default": the HPA was trying to keep Belcor on the job by using default money from the bonding company to keep them afloat.*

• **January 28, 2001 (New York Times):** [...among various correspondence attesting to his professionalism and skill, (Haag showed us) a letter dated January 4, 2001 from Bruce F Winters, an automation specialist at... General Electric (Automation Systems)... indicated that he was satisfied with the results of tests run on simulator software.] **Commentary:** *Simulator software puts software through its paces, in this case as if the software was actually running the garage. Since the HPA will not actually allow Robotic INTO 916 Garden to demonstrate its software, having GE test its software on a simulator is the next-best thing. The HPA and its paid consultants have consistently refused to look at GE's findings regarding Haag's software. The Hoboken Reporter refuses to acknowledge the existence of these GE tests. The GE letter concludes: "All... demonstrations were done successfully.") This letter from GE is available on request.*

• **February 4, 2001:** In a Letter to the Editor of the *Hoboken Reporter*, Hoboken Mayor Anthony Russo claims that the HPA was “held hostage by a public bid law that requires them to hire the lowest bidder on the project”.

Commentary: *In fact, the bidder the HPA was “held hostage” to hire - Belcor - had been steadfastly defended by the HPA at every turn despite the fact that they did not have the key automation technology needed to finish 916 Garden (i.e., they have no further contribution to make to the project). The bidding rules were even changed by the HPA to favor a winning bid by Belcor (see **Summer, 1997**). And of course, there is NO state law would have compelled the HPA to hire a company with Belcor’s history of lawsuits and reputation for incompetence.*

• **February 14, 2001 (approx):** The HPA releases a letter to the public in which it is claimed that “litigation” is now holding up the garage, even though there actually is no litigation currently taking place between Belgiovine and Robotic. It also says that the default is holding up the garage. Of course, it was the HPA itself who declared the default in an admitted attempt to get funds to help Belcor pay its subcontractor (rather than simply take Robotic up on its offer to finish the job at no additional charge). (See **January 21, 2001**)

• **February 26, 2001 (Jersey Journal):** Pellicano is quoted saying that Robotic’s software, previously described as “nonexistent” CAN get cars INTO the garage, after all. It just can’t get them OUT again. **Commentary:** *With the fate of the project now in the surety’s hands, Pellicano’s continues a PR campaign to prevent them from reinstating Robotic on the project. GE’s tests of Robotic’s software certified it to work properly, apparently quite capable of getting cars both into AND out of garages, working just as it did when Pellicano and other HPA officials visited Haag’s demonstration facility in Ohio. See entry for **January 28** re the GE statement. Public statements like this from Pellicano supporting Belcor’s firing of Robotic demonstrate that he was never a neutral public official disinterested in anything except completion of the project (as he has claimed in the press more recently): he was a man with an agenda.*

• **March, 2001:** With public criticism mounting, the Belcor Construction sign is quietly removed from 916 Garden. In two months, there would be a mayoral election, and the garage had become a key issue. **Commentary:** *At this point, I created an advertising campaign for Russo’s challenger, local business owner Dave Roberts (who was also a long-time City Councilman and former firefighter) and the garage became a central issue. The mayor took pains to avoid the 916 Garden issue, and Pellicano was never, ever publicly criticized by Russo’s campaign even though the project had become a major political liability. Most politicians in such a position would have hastily distanced themselves from someone as widely disliked as Pellicano and promised some sort of ‘reform’ of the agency.*

• **Late April 2001:** It briefly looks as if the Roberts campaign was going to get an unexpected boost. I get a call from Alan Cabal of *The New York Press*. Alan was given a Report I wrote on the 916 Garden garage, and was about to put out a story laying out all the facts. We have an animated conversation which goes on for about an hour, and Alan seems to have a solid grasp of the issues involved- including the Russo administration’s culpability in the whole affair. The call is pretty exhilarating, and I immediately call others with the good news. **Commentary:** *In-depth, responsible reporting of Hoboken issues is a rare event, so people got excited.* However, by the end of that same day I am told that Cabal would not be able to run his story. The newspapers’ lawyers, afraid of lawsuits, had killed it.

• **End of April 2001:** After the HPA declared the project in default, Mayor Russo, Pellicano, and City/HPA attorney Bob Murray all made mention of a \$1000/day fine that was being brought against the surety. After the end of April, these references cease. The fines, which would have amounted to nearly \$500,000 at the time of this writing, are never collected. **Commentary:** *What motivation would Pellicano*

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have to relieve the bonding company of this significant financial obligation? My theory on this is **probably the most important 'smoking gun'** of this scandal, one that can likely be verified via a little forensic accounting. Robotic Parking was never paid for its services by the general contractor Belcor, but Belcor WAS paid Robotic's fees by the HPA. The bonding company learned of this through Robotic. When the default was called, and the bonding company was asked to make good on the contractually-mandated fines, the bonding company first insisted on retrieval of the money overpaid to Belcor, to use in finishing the project. I suspect that this money (as much as \$2-3 million dollars) made its way into the bank accounts of Belcor, Pellicano, and the Russos (and possibly Murray as well). In exchange for keeping this money, Pellicano forgave the fines, and they were never mentioned again. Since this time, Roberts new HPA appointee Alan Cohen (email: lakehill@erols.com) has confirmed to me that these fines were never paid. In fact, both he nor Daniel DeCavignac (email: nycityrat@yahoo.com) expressed having no knowledge of this \$1000/day fine until I pointed out its existence.

- **May 6, 2001:** Pellicano writes a letter to the editor of the *Hoboken Reporter* complaining about the "lies, distortions, and simple untruths" that were spread about him by "those with a political agenda or commercial interest" during the campaign. See entry for **November 4, 2001**.
- **May 8, 2001:** Roberts' underdog slate wins in a landslide. In his inauguration speech a month later, **Roberts pointedly reiterates his campaign pledge to 'clean up the HPA'**.
- **Summer, 2001:** Mayor Roberts quickly makes new appointments to the HPA board. **Donald Pellicano is stripped of his chairmanship**, and he and Michele Russo are removed from all HPA committees, which they had run unopposed and without public scrutiny for years.
- **September, 2001: On the recommendation of their consultant, Gunter Sharp, the surety rehires Robotic Parking to finish the project.** It has been nearly a year since Belcor fired Robotic and Pellicano began denouncing them to the press. Since then, the contractor Pellicano immediately offered to replace Robotic with (APS of Germany) has gone bankrupt. It's believed that Belcor is also (again) bankrupt.
- **November 4, 2001:** Pellicano writes a letter to the editor of the *Hoboken Reporter* which begins, "**As a matter of private philosophy, I have never publicly replied to any ad or story.**" He goes on to defend his record on the 916 Garden garage. See entry for **May 6, 2001**.
- **December 2, 2001:** The *Hoboken Reporter* runs a story on the 916 Garden Garage. The paper does not consult Gunter Sharpe, Roberts' new HPA appointees, General Electric, myself, or the sole contractor on the project, Robotic Parking, for comment. Instead, **they base their story entirely on information from the deposed HPA head Pellicano and a consultant of his choosing.**
- **January 2002:** After repairing damage and replacing numerous missing parts that have occurred in their yearlong absence, Robotic nears completion of the garage. *A Robotic press release detailing project progress is available.* Millions of dollars paid by the HPA to Belcor for Robotic's (as well as some for HK Systems') services are missing, yet the HPA under Pellicano neither made an effort to recover this money nor remove Belcor (until the default, when the surety declined to re-hire Belcor). Fines due the HPA from the surety (which at this writing would have totaled nearly a half million dollars) have been quietly forgiven. The mortgage on this empty garage continues to cost Hoboken citizens \$20,000 per month.

Commentary: I believe a forensic accounting of the money paid out to Belcor could define a trail leading back to Pellicano AND the Russos. At the very least, Pellicano's forgiving of the fines was not in the public interest, and was probably achieved without a legal public vote of the HPA board. I further believe an investigation of Pellicano and Belgiovine's backgrounds would reveal evidence of a relationship that existed prior to the contract for the 916 Garden project.

- **February 15, 2002:** Belcor is re-hired by the surety to work on the project.

Commentary: *Belcor was hired for non-essential detail work on the project such as painting walls, planting trees, etc. But why would the surety hire, of all the companies who could have done this job, the company that fired Robotic and publicly accused it of fraud (without being to substantiate the charges)? Obviously, such a move could only (and did) antagonize Robotic, whose technology was critical for finishing the project. The fact that the surety chose to rehire Belcor shows the strong behind-the-scenes connection between the surety and Pellicano/Russo. Pellicano wanted Belcor rehired because Belcor was the means by which money was siphoned from the project. Belcor's history of lawsuits demonstrate a propensity for NOT paying suppliers. Money not paid suppliers on this project (notably Robotic) went elsewhere (I suggest investigators look to Pellicano and the Russos as recipients). Pellicano's motivation in this rehiring suggests that he either (1) intends to continue siphoning whatever money he can from the project, (2) intends to make another attempt to steal Robotic's software (as he failed to with his initial firing of Robotic), (3) intends to sabotage the project somehow in order to justify his handling of the project, or (4) simply wants to reward Belcor for their participation in the scheme, and insure their silence. (I believe that 4 is the most likely motivation here,) As far as the surety's motivation for rehiring Belcor, I think the most likely reason is that Pellicano offered to make an attempt to get the HPA (rather than the surety) to pay for the remaining work.*

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Contact information

Donald Pellicano, Anthony Russo and **Frank Belgiovine** are lifelong Hoboken residents. (I have no further contact information on these individuals, but they are not difficult to find.) **Frank Turso**, the new HPA head who previously served under Pellicano, can be reached at FTurso@aol.com. He has vouched for the veracity of this report to the City Attorney.

Jim Caulfield, the engineer who urged the HPA to let Belcor go, is at J F Caulfield Associates, 1 Henderson Street, Hoboken, NJ, 07030 201-656-6160

American Bridge, which withdrew from the second round of bidding on the project because they suspected the bids were rigged, has a website at: <http://www.americanbridge.net/>

Robotic Parking (Gerhard Haag) has a website at: <http://www.roboticparking.com/> Haag, looking to clear his company, has been very forthcoming with information and has a great deal of documentation.

Recent links to online articles on Robotic include:

From **General Electric**: http://www.gefanuc.com/solution_stories/index.asp?SS_ID=67&SEC_ID=4

From **Financial Times**: <http://news.ft.com/ft/gx.cgi/ftc?pagename=View&c=Article&cid=FT3CQMIM8UC&liv>

Older links to online articles on Robotic Parking include:

(Harvard students tackle their parking problem)

<http://www.news.harvard.edu/gazette/2001/05.17/07-parking.html>

(Context magazine looks at automated parking solutions)

<http://www.contextmag.com/setFrameRedirect.asp?src=/archives/200012/VirtualHorizons.asp>

(Santa Monica discusses building garages to maximize land use and minimize adverse impact on the surrounding area)

<http://greenbuildings.santa-monica.org/transportation/undergroundparking.html>

Ray Boucher, a Portland, OR architect who has been following this story closely and is well-versed in the issues involved where they relate to Robotic Parking: rayboucher@bml-arch.com.

HK Systems phone number: (262) 860-7000. I interviewed their Director of Human Resources, who had been there 20 years and knew Roy Ferarri well. HK walked off the job after a couple of weeks, citing as their reason for leaving non-payment by Belcor. Their web site is: <http://www.hksystems.com/>

Retrotech's web site (Retrotech's sole contractual responsibility on this project is to report on Robotic's progress to Lumbermens Insurance): <http://www.retrotech.com/>

The **Universal Bonding Insurance Company** (aka **Lumbermens**) may be reached at 201-438-7223 (voice), 201-438-1273 (fax), or by email at rnicosia@universalbonding.com. Their chairman is Robert Nicosia. 518 Stuyvesant Avenue • P.O. Box 615 • Lyndhurst, NJ • 07071. Lumbermens is compromised but knows a great deal about this case.

Recently-elected Hoboken Mayor David Roberts' new HPA appointees: **Alan Cohen** (HPA treasurer): lakehill@erols.com
Daniel DeCavignac: NYCRat@yahoo.com. Cohen and DeCavignac were very co-operative until I pointed out evidence of the missing money to them. At that point, they cut off all communication with me and began voting in support of Pellicano. DeCavignac wrote a local activist saying "The Roberts administration does not need an inquisition" and "The public does not know about 916 Garden because no one asked". Cohen, who previously had been calling Pellicano a "slime" in the local paper, helped him get back on the HPA's finance committee.

Back copies of *The Hoboken Reporter* can be obtained through **The Hoboken Reporter**, 1400 Washington Street, Hoboken, New Jersey. The paper's editor during the building of the garage was **Caren Lissner**, who insists her paper's reporting has been competent and unbiased all along and that she is being unfairly criticized by me for her coverage of this story.

Alan Cabal, the reporter whose perception of the 916 Garden garage story contrasted strongly from that of Lissner, can be reached at *The New York Press* (their website: www.nypress.com/). The *Press* never ran Cabal's story due to fear of legal reprisals from the Russo administration.

John Branciforte is a Hoboken citizen who has covered the HPA for his own Hoboken-oriented website. He is one of a number of citizens who has made a practice of reaching out to the public in light of the *Reporter's* inability to properly cover local news. He can be reached at HobokenNews@aol.com.

Liz Markevitch publishes an informative Hoboken email newsletter. Email her at: liz@zenergy1.com.



Corruption does not occur in a vacuum, and corruption on the scale of what occurred at 916 Garden had to be the result of a pattern of corruption, disrespect for the public, incompetence and arrogance that went on for years, and manifest itself in many areas. Corruption on this scale also could only exist in a **culture of corruption**. These footnotes take a cursory look at **other incidents** that call for further investigation, and the **culture of corruption** surrounding the events in this report.

Other incidents: The building at 916 Garden is one other area that should be officially investigated. The facade shown at left was shown to the public as being representative of the look of the finished project. The actual facade is shown at right. Anyone with a basic knowledge of building techniques will note that the building at right is much less expensive to produce than the building at left, with its arched doorways and detailed windows. Yet, the final building cost about \$180,000 MORE to produce than was originally estimated (this is completely beside the cost of the automation inside). Accountants should look at market costs of parts such as the garage doors: these were marked up considerably by the contractor, and approved by Pellicano. (Source: Robotic Parking.)

Other incidents: The replacement of the ticket/gate machines in the downtown municipal garages which took place about a year ago. The old system was replaced by a brand new system costing about \$700,000. Parking rates have been raised to pay for this system. However, an upgrade was available from the vendor of the existing system which would have cost a fraction of that price. Why then was this more expensive system purchased? I suggest that a thorough accounting might find that 'gifts' were given in gratitude for a purchase of this size. Call the maker of the existing system for his take on this affair: CTR of Pittsburgh, PA (Mark Pitchford, 412-772-2400).

Culture of corruption: September 6, 2001 (3PM) Robert Janiszewski resigned abruptly from the County Executive office he had held for 13 years. His resignation letter cited nonspecific "personal reasons" but county sources confirmed that **the FBI had been pursuing an investigation in Hudson County for some time**. Janiszewski had been wearing a wire for months as part of a federal attempt to probe local corruption. January 25, 2002 (New York Times) Patterson mayor Martin G. Barnes was indicted for taking gifts (including cash, 14 vacation trips, home improvements, and payments for "female companionship") from a contractor, United Gunite, in exchange for sewer & paving contracts. **Neither the Janiszewski affair nor the United Gunite case, as far as I know, related to 916 Garden in any way, but speaks to the locally pervasive culture of corruption in the area of government-funded construction projects SUCH AS 916 Garden.** (The FBI sting involving Janiszewski also involved Joseph Barry, the largest real estate owner in Hoboken and a major Russo supporter.)

Culture of corruption: Pellicano sets the standard by which he might be assessed at a September, 2001 HPA meeting. (From the September 30, 2001 *Hoboken Reporter*) When a \$15 accounting regularity was pointed out by Pellicano, he defended himself against a charge of 'nitpicking' with the following statement: "This is more than a \$15 double billing. It goes to procedures, and **if they are making mistakes with small items, it's likely they are making bigger mistakes.**" (From the October 7, 2001 *Hoboken Reporter*) [All of the commissioners at the Hoboken Parking Authority are given one parking permit so that they can park in any city garage for free. Commissioner Donald Pellicano, a 24-year veteran of the board, has used two permits for several years now and has been forced to return one to the HPA's executive director. ... "Yeah, I have two passes," Pellicano admitted at the meeting. "I have two cars."]

Culture of corruption: (Taken from the August 26, 2001 *Hoboken Reporter*) On June 29, Mayor Russo's last day in office, he put through a number of "midnight hour" items as lame-duck politicians often do. Some of these moves were payoffs of his political obligations to cronies and supporters. For example, he appointed police Lt. James Fitzsimmons, who had run unsuccessfully for council on

Russo's ticket, to the position of emergency management coordinator. (Salary: \$13,881) There were last-minute overtime payment filings for Russo and some key supporters (amounting in the low 5-figures). Russo also tried to put his son on the Zoning Board. When Roberts assumed office the next day and voided these appointments and overtime payments, Russo threatened legal action.

Russo also spent his last hours in office finding a way to shelter his wife and Pellicano on the HPA board. If one believes the HPA is run honestly, the urgency of these appointments is hard to understand, since none of the appointments are paid positions. If, however, the HPA has been a golden goose for the Russos and Pellicano, the urgency of these appointments and the fervor with which they were pursued (the Russos hired a lawyer and took the matter to Superior Court when the appointments were challenged by Roberts) make sense. These appointments were the only ones killed by Roberts that the Russos actually pursued in court. Here's an account of these events as told in the *Reporter*:

[...on June 29, Mayor Anthony Russo's last day in office. Russo had become aware that the city code allows the Hoboken Parking Authority's Board of COMmissioners to expand when the city's population tops 35,000. The Parking Authority, an autonomous city agency, has a paid executive director and an unpaid board of commissioners. Until June 29, the board of commissioners had 5 members. In a last minute move, Russo picked City Business Administrator George Crimmins Jr. and resident Alicia Santiago to serve as the sixth and seventh members of the board. Assistant City Clerk John DePalma swore the pair in that day. In that way, Russo could keep some control over the body. The "midnight" appointments infuriated incoming Mayor Roberts, and he immediately voided the appointments, and picked city residents Alan Cohen and Daniel DeCavaignac to fill the slots. ...Because the Parking Authority could not decide who was legitimate, they passed that decision along to Superior Court Judge Arthur D'Italia. ...D'Italia ruled that the 1985 ordinance (allowing for the expansion of the board) was adapted solely because of publisher's error. Thus, he said, there was no valid law in place that would allow for expansion of the board. (The judge then disallowed ALL the new appointments.) Then, the judge... said that for expansion to be legal, the city must introduce a new ordinance. If it is passed, the mayor, not the council, has the authority to appoint each person to a five-year term.]

Other incidents: The HPA recently awarded a \$14,536,690 contract to low bidder La Rocca Inc. of Jersey City to build the already-approved 740-car Midtown Garage at Fourth and Clinton Streets. ...According to Donald Pellicano, Chairman of the Hoboken Parking Authority, LaRocca was the lowest bidder at \$14,392,190, followed by Terminal Construction Corporation at \$15,071,000 and Fitzpatrick and Associates at \$15,995,000. **Commentary: I have no information regarding this builder or this project. However, if I were an investor, given the weight of evidence in this report, I would certainly look into it. This project was yet another 'midnight' job pushed through just as Russo was leaving office.**

Culture of corruption: (May 6, 2001 *Hoboken Reporter*) Pellicano says the Authority lost no money on the (916 Garden) project. (December 16, 2001 *Hoboken Reporter*) The HPA reports increased expenses and diminished revenue. The HPA is operating at a loss. (The mortgage on the garage costs \$21,000/month.) In a letter to the *Reporter*, Hoboken citizen John Branciforte reports the following:

In May 2000, Lisa and Associates, the HPA's accounting firm published for public inspection, a Report of Audit for the year ending December 31, 1999. In its audit the firm found "significant deficiencies" which "could result in financial statements being materially mis-stated" and leaves the authority "unable to make informed financial decisions". Don Pellicano was its treasurer during this period and has since become the HPA Chairman. In 1998 the HPA's salaries and benefits totaled \$939,101, in 1999 they were \$1,158,118, an increase of 23 percent. In the same period revenues increased from \$6,014,324 to \$6,464,293, an increase of 7.5 percent. Yet, in 1998 it showed a profit of \$994,480, but in 1999 it was \$219,173, a decrease of 353 percent.

Culture of corruption: (April 29, 2001 *Reporter*, also in a letter from Branciforte) Last week in what is clearly an election year tactic, the city council passed a resolution to take by eminent domain a parking lot at Washington and Observer, if the parking authority cannot come to terms with its present owner. The problem is that the parking authority commissioners never said that they wanted the property in the first place. **When a commissioner objected Parking Authority chairman Don Pellicano said simply that it was his mistake not to tell the other commissioners first. That he just assumed no one would object.** A mere mistake? He just assumed? The matter of purchasing a piece of property must be put on the Authority's agenda and then discussed and voted upon by the commissioners at an open public meeting. **Commentary: This piece of business is an important window into the mindset of the HPA, where Pellicano and Russo actually made all the decisions, sometimes not even informing the other commissioners. This is how the illegal deal to forgive Lumbermens Insurance of its \$1000/day contractual obligation was made. See page 12, End of April 2001.**

During the same meeting Mr. Pellicano asked me if I was recording the meeting. I felt intimidated and violated by the question and refused to answer. I told Mr. Pellicano that it is well within the rights of every member of the public to record a public meeting but Mr. Pellicano argued it was not so. Mr. Pellicano turned sheepish when the authority's legal council told him that I do indeed have the right to record the meetings.

A. First Change to Master Schedule (See Attachment #1)

June 2nd: Robotic Parking received a unilateral change of the Master Schedule from BMG showing that the steel erection was to be completed by the beginning of September '99, which was one month later than originally established in the master schedule. This could be considered as compensation for delays resulting out of the soil contamination and foundation problems.

June 17 &

July 3: Robotic Parking responded with letters showing our commitment to the job, as well as our proposed strategy to catch up these first signs of delay. We demonstrated this by providing a specific list of instructions / recommended steps to take for each job.

June 25: Response from BMG which acknowledged the change of the schedule and directed us "...to schedule your work and consultants accordingly".

July 8: A job site meeting was held in Hoboken, where BMG advised us again, details of which are reflected in the Robotic Parking letter of July 9.

July 9: Robotic Parking follow up letter to site meeting on July 8. In attempts to cooperate with BMG, Robotic Parking mobilized its engineers, other forces, transports, storage issues and material supply accordingly. In addition, apartment arrangements in Hoboken had already been put in place since May in preparation for the workers, according to the original Master Schedule. (See attached lease contract.)

This change of the Master Schedule was again done unilaterally by BMG and Robotic Parking did not give its concurrence, as it affected its work.

July 19: BMG gave Robotic Parking the directive: "...we direct you to make the proper arrangements to assure that there are trained back-up specialists in case of scheduling conflicts If you start now, they would have at least 3 to 4 months to overcome the learning curve." Robotic Parking followed this directive and did exactly this, which is part of the claim we are requesting be paid.

B. Second Change of Master Schedule (See Attachment #2)

Aug. 6: Robotic Parking received a "time is of the essence" delivery schedule from BMG, which indicates another unilateral change of the Master Schedule. It moved the steel erection to October 7, 1999 as a new milestone. This represents an additional month delay to the project. Again, in an attempt to cooperate with BMG, Robotic Parking had to change its forces and mobilization, storage and transport issues for another month. And again, this second revised milestone was not met by BMG. (See Robotic Parking letter of August 30 in Attachment #2.)

Aug. 30: BMG acknowledged the delay, but references the Subcontract Agreement for the claimed provisions that define the "heart of our business deal". BMG is in breach of that agreement which supersedes the referenced Subcontract Agreement.

Sept. 7: Letter from Robotic Parking attorney, Tom Chema, discussing this subject. Review for comparison.

C. Third Change of Master Schedule (See Attachment #3)

Early Oct.: Another site meeting was held, this time with BMG and Mr. George Rullo from the Megan Group, as the revised milestone of Oct 7, 1999 (see above) was not met again by BMG.

Oct. 8: Letter from BMG verifies under point #5 that the structure is not up. The "new" milestone date given by BMG is now the first week of December of 1999, followed with installation of our machinery to be in place by Christmas 99.

Oct. 9: Yet another Robotic Parking letter outlining detailed steps as to the procedure needed in order to realize this new milestone date. With this letter, Robotic Parking again demonstrates its commitment to cooperate and take all efforts to help this project, even though it is not Robotic Parking's obligation or responsibility to act/support on site specific issues as they are not in the scope of Robotic Parking's work. The third revised start date of our activities is now the first week of Dec. Robotic Parking again, mobilized and remobilized its forces, transport and storage issues and engineers. BMG, again, unilaterally changed the new milestone start to December.

Dec. 8: Another site meeting (accompanied by Mr. George Rullo as well) was held to discuss the timing issues. Further, BMG agreed on October 7 to set up "compensational time delays" with HPA on which Robotic Parking could charge its delay cost to BMG. This has not been done to date by your principal, although promised several times, thus causing Robotic Parking serious cash flow problems. (See our letter dated Oct 9, point B 6.)

After agreeing to abide by a 'Master Schedule', Belcor broke the schedule repeatedly, making it impossible for Robotic to get its work done. What Robotic needed more than anything was for Belcor to do its part of the job, do it correctly, and clear out, so Robotic could gain access to the site. We have highlighted some of these delays on this page and the next two, and commented on a few of them. (Some of these notes by Robotic refer to still other documents which we could not include here, so as to keep the size of this document manageable and readable.) Following these documented Master Schedule changes we show the memos (page 20) in which Belcor acknowledges payments they made to Robotic for repair of these errors.

D. Fourth Change of Master Schedule (see Attachment # 4)

- Dec. 8: As it should have been the revised unrestricted start date for our implementation, Robotic Parking, BMG and George Rullo met again on site. At this meeting new start dates and directives were given to Robotic Parking to install VLC's, EES' and PVL. (See job meeting # 3, shown in attachment #4.) It also states that all steel has been aligned, see point # 5.1 of the same minutes. These minutes further state that the uninterrupted starting date for Robotic Parking's machinery installation will be around mid January of 2000. (Compare items 7, 15 and 16 of these minutes). It is expressly stated that the last item (electrical) should be done around January 10 of 2000. (See item 16.8.) Due to these directives, Robotic Parking brought in full manpower and installed the VLC's, the EES' and the PVL. Gerhard Haag himself committed full time on site since early December of 1999.
- Dec. 23: Robotic Parking letter of Dec 23 stating that these dates given by your principle on Dec 8, again, were not met. This caused Robotic Parking to mobilize and remobilize its forces, equipment transports and storage again. And, after doing what Robotic Parking was directed, found that the structure was not aligned. Robotic Parking found that they needed to do the installation job again due to corrections on the steel construction. All the drive shafts needed to be realigned. And again, this change, as all prior changes did not have the concurrence of Robotic Parking. And, although it is not Robotic Parking's responsibility nor obligation, Robotic Parking committed again to the project and attempted to cooperate by bringing its own engineers to survey the steel construction and supply the findings to BMG to speed the process of aligning the structure. It was through Robotic Parking's efforts that outside surveyors came in. Robotic Parking worked with them for two full weeks to record about 10 % of the measurements needed to check, in order to find the existing location of the steel members. The job could not be done fully, as scaffolding was in the way, which hindered the full access to critical steel members. At this meeting, BMG promised in front of Mr. Rullo, to speed up a claim to be put in to HPA for compensational time delays and promised that Robotic Parking will have its share fully satisfied first before BMG receives any monies. This has not occurred to date.

This paragraph is particularly salient, describing the now-famous "steel misalignments" by Belcor that were particularly costly and time-consuming to fix. The memos from Belcor on **page 20** acknowledge making payments to Robotic for this work. This was an incident that Belcor particularly wanted to bury (along with Robotic). As you can see in subsequent paragraphs, the consequences of these errors by Belcor were manifest for quite some time.

E. Fifth Change of Master Schedule (Attachment # 5)

- Feb. 15: As the project grossly slipped again, we met with BMG in front of HPA and were given, again, another milestone date of February 25 regarding finish of the steel structure and an another Milestone date of end of March for complete finish of all inside works including permanent power supply, all electrical works, doors, oil separator, clean-up etc, as an unrestricted start date of our implementation.
- Feb 16: Robotic Parking verified this date with this letter.
- Feb. 17: Letter from BMG confirming the new milestone of February 25 and directing Robotic Parking to bring the complete machinery in and start with implementation. We were confronted with continuing steel structure misalignment and with survey protocols which stated clearly that the structure was NOT aligned per the contractual agreed upon tolerances. (See Attachment # 5.1 showing the variances protocols and plans from outside surveying companies.)

Here Robotic is being promised yet another date at which time it may be able to begin installation of its automated parking system.

Again, Robotic Parking, in an effort to cooperate, maintained its mobilization and kept its own personnel on site, at its own expense, assisting with the steel alignment issues. During this process, once again, and despite the fact that it is not Robotic Parking's responsibility, discovered further steel problems and helped remedying them.

Here we see that Belcor's misalignment problems are still nowhere near being resolved.

Concerned about the project, Robotic pitches in to address the problems that Belcor seems unable to cope with.

F. Sixth Change of Master Schedule (Attachment # 6)

- March 7: In an effort & attempt to coordinate and help the project, we met again with BMG and Mr. Rullo. Again, now the sixth time, BMG unilaterally changed the finish date of the steel construction to the beginning of April and assured us that he will bring enough manpower for the correction of the steel structure and asked for Robotic Parking's help and assistance with the survey and assistance for the erector. Again, in an attempt to speed up the project and to make its best efforts, Robotic Parking did everything possible to support the project speed relative to the alignment of the steel structure, the electrical installation and issues regarding power supply. Another milestone date was set by your principle for April 1 at the latest as unrestricted start date for Robotic Parking works. See our Robotic Parking letters in this regards.
- Mar 9 With this letter, BMG is "...requesting that all equipment is installed, wired and connected". In the same letter, BMG acknowledges our position as: "...we understand, that you do not want to bring the carriers until the steel is aligned within 2 mm."
- Mar 17 Minutes of Job meeting # 4 states as critical items the "completion of steel alignments". It also states under 13.4 what Robotic Parking needs in order to start implementation of machinery. And under 16, it states what works need to be done before April 1, the milestone date for unrestricted access to site. And further, under 17, BMG is acknowledging, that there are "...several steel design deficiencies and errors that are impacting the erection schedule..."

It's now March, and the problems with the basic construction of the garage continue. **Belcor has no choice but to acknowledge the problem.**

- Mar 30 Despite of all this "knowledge" about the steel problems, BMG demands from us, that all material to be delivered on site on April 1. This means machines to be installed on rails which are not aligned.
- Mar 30 With Robotic Parking letter of the same day, we inform and warn BMG of the consequences of that decision, as we will fill the building with over 100 tons of machines and later alignment works will require removal of all these machines with tremendous cost associated.
- Mar 31 The status of the site as of this day is shown in the digital pictures we provide in this attachment. An unrestricted starting date for our implementation requires, that all trades be out of the building. This point was clearly made in the negotiations with BMG and Mr. Rullo back in December 98 and January of 99 and is also sufficiently represented in the Master Schedule. As you can easily see in these photographs, it does not represent an empty and clean building and is in no way unrestricted.

At this point, one gets a sense of anxiety from Belcor, pushing Robotic to just somehow get the job done, even though Belcor knows they left Robotic a mess that would delay completion.

This photo could not be shown here due to size/space limitations. It shows the site cluttered with machinery and scaffolding, not the "clean" site Belcor knew Robotic needed to accomplish its task. This photo can be made available on request.

Mr. Frank Belgiovine
Mr. George Rullo
Belcor/Megan Group, LLC
520 South River Street
Hackensack, NJ 07601

Re: Robotic Parking, Inc. Subcontract for the Hoboken Parking Garage

Dear Frank and George:

We are pleased to forward the executed Subcontract Agreement between Belcor/Megan Group, LLC ("BMG") and Robotic Parking, Inc. ("RP"), ("Agreement"). As you know, we have had substantial difficulty in negotiating this Agreement primarily because of the particular nature of the new technology to be developed in this project and the design/build nature of RP's responsibilities in the context of the subcontract. Consequently, we believe that it is in our mutual best interest to set forth in this side letter to our Agreement a summary of key provisions which form the heart of our business deal. We ask you to acknowledge your Agreement with the following provisions in order to avoid any misunderstanding in the interpretation of our Agreement.

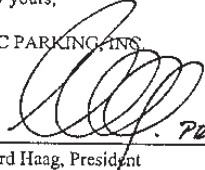
- 3. In order to assure the proper construction, the sequencing of the Project is critical. Therefore, the parties mutually agree that BMG will develop a Master Schedule which shall incorporate the schedule and sequence provided heretofore by RP and that RP shall be provided the opportunity to review, comment on and approve that Master Schedule prior to its becoming final. The Master Schedule shall be appended to the side letter as Attachment 2. The Master Schedule will only be changed in a manner affecting the work of RP in accordance with the terms of the Agreement and with the concurrence of RP.

This is a segment of the original subcontract agreement between Belcor and Robotic. Highlighted is a section stressing the importance of adhering to the Master Schedule.

Items set forth in paragraphs 1 through 5 above are essential to the proper interpretation of the Agreement between the parties. By executing this side letter, the parties acknowledge the Agreement with respect to items 1 through 5 above notwithstanding the provisions of Article XXVIII and particularly Section 28.1 of the Agreement.

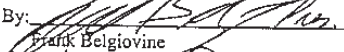
Very truly yours,

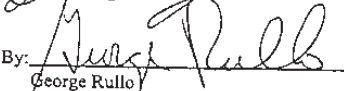
ROBOTIC PARKING, INC.

By:  . PDES. 2-8-99
Gerhard Haag, President

Acknowledged and agreed to this 8th day of ~~January~~, 1999.
FEBRUARY

BELCOR/MEGAN GROUP, LLC

By: 
Frank Belgiovine

By: 
George Rullo

BELCOR/MEGAN GROUP, LLC

ADDITIONAL WORK DIRECTIVE (FACSIMILE)

COMPANY: Robotics Parking Systems DATE: 06/14/00

NOTES/COMMENTS:

Pursuant to our meeting of Monday afternoon, **This is your authorization to proceed with the recording of the positions of the channels** in relations to line C & D. It was agreed that this work will be performed on a Time and material basis, plus burdens and benefits, per the contract documents, plus 15% for overhead and profit.

This work will proceed concurrent with the completion of your work and will be verified with daily field tickets verified by Sal Fasino on-site.

Further, once you have obtained the findings of level one, you will have them reviewed in order to ascertain the time that will be required to make the software modifications. At which time we will revisit this phase for financial consideration.

July 5, 2000

Dear Mr. Haag:

This is your authorization to proceed with additional programming that you state is needed which will be done by General Electric. This programming is required due to steel miss alignments.

Billings should be confirmed in the same manner as priouvous additional work and by your provision of additional documents, i.e.(time and material tickets, original purchase orders), as required to confirm the value of additional work.

ADDITIONAL WORK DIRECTIVE (FACSIMILE)

COMPANY: Robotics Parking Systems DATE: 8/2/00

This is your authorization to proceed with the testing of the hard-coded value positions of the equipment. It is agreed that this work will be performed on a time and material basis, per the contract documents, plus 15% for overhead and profit, with full documented disclosure.

all not clear
T
✓

After extensive discussion during our meeting of this morning, we agreed to issue this work directive, under duress, in order to avoid further delays. However, you must provide detailed daily reports, with each report submitted the following day in which the work is done.

*APPY: TIME SHEETS of
lets has it made from Aug 2 to Sept 18*

520 SOUTH RIVER STREET, HACKENSACK, NEW JERSEY 07601
TEL: (201) 229-1000 FAX (201) 229-0400

Only partially signed by Belcor - they refused to sign any more sheets

*for Mr Brody
for check*

Belcor memos like these (shown here as excerpts to save space) **are our most direct evidence of the errors made by Belcor. They demonstrate not only the fact that Belcor made (and was paying to rectify) serious errors, but that Robotic was in fact the company handling their repairs.**

At first, this relationship seemed fairly businesslike and straightforward. As time went on, however, and Belcor saw how much money these errors were costing them, they grew testy. Puzzled Robotic execs made notes all over the memo from 8/2/00 (bottom). Note the question mark written near the word 'duress' in the memo. Since Robotic had been performing these corrections of Belcor's work all along, why was there now 'duress'? Why was this memo written in such a way so that it would appear as if perhaps Robotic was going over-budget through some fault of its own? This memo leads one to conclude that at this point, the idea of firing Robotic had already occurred to Belcor (it was a solution both for Belcor's embarrassment and **its financial woes - Robotic is STILL owed money by Belcor**), and this memo was worded so as to help prepare the way. Some of Robotic's handwritten notes (at bottom) indicate that **Belcor was either not paying Robotic on time or NOT AT ALL**. Two months after the last memo, Belcor fired Robotic. (Several months after the firing of Robotic, **HK Systems, one of the replacement subcontractors hired by Belcor, walked off the job, citing as their reason not having been paid**. This document is available on request)

BELCOR INDUSTRIES, LLC

PROPOSAL FOR 3,928 SPACE AUTOMATED PARKING FACILITY

Here and on the next 5 pages is Belcor's pitch to a potential Robotic Parking client. Despite the document's claims, of course, Belcor has ABSOLUTELY NO BACKGROUND in building automated garages. Ironically, while Belcor was presenting this pitch, Robotic was in the midst of compensating for Belcor's misaligned garage structure. The diagram included in this pitch was property of Robotic Parking and is clearly marked as such. (The fact that Belcor carelessly failed to remove that marking suggests that they never expected anyone -certainly not the HPA- to ever check up on them.) We have highlighted in yellow some of Belcor's more outrageous claims. The document pretty much speaks for itself and we offer it without further comment.

Pages 27 to 28 contain the non-compete agreement Belcor signed and then blithely violated with this business pitch. Out of consideration for Robotic Parking, who generously provided us with this document, specific names and locations of this potential Robotic client have been omitted from this document. (We may be able to reveal this information to investigative reporters who will use it only to verify information.)



BELCOR INDUSTRIES, LLC

**DESIGN-BUILDER OF THE ONLY AUTOMATED PARKING FACILITY IN
THE UNITED STATES**

June 5, 2000

Mr. [REDACTED], Vice President

[REDACTED] Inc.

[REDACTED] Street

RE: 4000 vehicle - Automated Parking Facility

[REDACTED]

[REDACTED] NJ

Dear [REDACTED]:

Thank you for giving us the opportunity and distinct pleasure of providing [REDACTED], Inc. our Design-Build proposal for your first Automated Parking Facility. We at Belcor have taken into account that [REDACTED], Inc. is held in high regard as a premier automotive port processor, and that a successful application of **our system** at [REDACTED] will have "far reaching benefits". This is why it has taken us a little longer to prepare our proposal, we wanted to provide the best product at the best price.

We at Belcor understand that there are at least 2 other competitors submitting proposals for your facility. However, we are confident that **none can match our systems and services.**

Belcor Industries is a full service organization, which includes a wholly-owned subsidiary Belcor/Megan Group, LLC. After 10 months of extensive research and "RFP" submittals, Belcor/Megan Group, LLC is the firm selected by the Hoboken Parking Authority to design and build the very first totally Automated Parking Facility in the United States. Belcor Industries and its affiliates is comprised of a team of professionals, with over 100 years of expertise in design-build, construction management, building construction, architecture and engineering.

Serious consideration must be given to the fact that we will not be modifying a cargo-handling system to be used for vehicle storage and retrieval. **Belcor's team is focused and dedicated to the auto industry. Our systems are engineered specifically for the storing and retrieving of vehicles and nothing else. Our systems will operate without parking attendants. Only Belcor has the track-record of designing and building the only automated Parking Facility in the country. We take charge of all aspects of the project from design to construction through operating and maintaining the facilities.** In layman's terms, we to do it "soup-to-nuts". There are no consultants, architects, engineers, permit expeditors, etc., for you to hire or coordinate. All you have to do is provide the land.



In regards to the operation of the facility, the driver drives onto a pallet, they lock their vehicle, or not, then they proceed just outside the garage door and insert their PIN number, credit card, access card, take a ticket, etc., whichever system you select. That is the last time they see their vehicle until they are ready to retrieve it. To retrieve their vehicle, they would insert their PIN number, credit card, access card, take a ticket, etc., and within minutes the vehicle is there waiting for its driver already facing in the outbound position. The speed in which a vehicle is retrieved depends on the equipment package you select based on budget limitations. For example, the more vertical lifts and entry exit stations you elect to use, the faster the vehicles can be retrieved. We can tailor the system to your requirements, within reason of course.

Our system is a pallet system, the pallet's function is to keep the vehicle from being touched by anything, such as mechanical arms that take hold of the tires and or the chassis to move the vehicle to and from its bay. The pallets are also used as reservoirs for catching any snow, salt drippings, oils, foreign object, liquids, etc. from falling to the vehicles below. There are always multiple vehicle carriers at every level. If one should break-down, which is highly unlikely, the other unit(s) are programmed to move it to the end of the atrium and it will service that particular level until the other is repaired. If the unit stops with a vehicle on it, we have a standard overhead crane rail system that will lift the pallet with the vehicle onto the other operating unit. This will keep that level in operation. The modular feature of our system allows us to alter the design to best suit your requirements.

Conditions that may impact this proposal, include site specific issues, such as local governmental requirements, additional structural considerations based on the site soil characteristics, utility availability and system equipment requirements.

The following represents our response to your specific questions as outlined in your RFP, dated April 13, 2000:

Electrical power requirements: 3 phase, 1600 amp service at 460 volts

Other Utilities: We will require all water, storm, sanitary and gas services brought to within 10 feet of building service entry.

System expansion possibilities: The facility can be expanded horizontally and vertically. Also. We have designed the initial facility in a linear format, with future expansion possibility in the form of a second identical facility being constructed directly across from it (see copy of alternate plan for layout purposes only). This would create a total of approximately 8,000 spaces on a parcel 800' long and 350' deep, which would include a 150' corridor between the two facilities and still leave an additional roadway approximately 95' wide from the building to [REDACTED] Avenue, for access to the docks from [REDACTED] Street or anywhere on site.

Costs for weekly man-hour maintenance: We could man the facility with at least one man during the opening hours. This technician would serve several purposes: diagnostic, preventive maintenance, scheduled maintenance, security, trouble shooting and monitoring the hotline to



our headquarters, as needed. All together for a one man shift, 6 days a week, would come to approximately \$100.00/space, per year.

Down-time repair estimate: **Due to the design of the our system and its redundancy**, not only within each piece of equipment, but also throughout the entire system itself, any failure of a machine, which cannot be discounted totally, does not affect the retrieval of all cars in the facility. The machine would simply be pushed aside and repaired and all the other machines would continue to operate as required. An actual downtime for the entire garage is not imaginable. For instance, it is highly unlikely that a multiple of carriers can be down all at the same time.

System reliability rate: In addition to response #4, the equipment is tested at the manufacturing plant and for 60 days prior to actual turnover. Simulations, show that other than possible mechanical failure, which can be repaired fairly quickly, it is highly unlikely that the system will fail on a regular basis. This is why preventive and scheduled maintenance programs are highly recommended.

Equipment replacement frequency & costs / Equipment & parts life-cycle & cost of replacement: Our equipment is carefully selected from the top US Manufacturers offering the best components designed to last the longest possible time. **For example, we elected** GE servo motors which have an average life expectancy of 25 years and gearboxes with a historical average life expectancy of 20 years, etc. **We implemented in-depth technological research** and development to ensure the highest level of life expectancy for all the components used in our equipment. If maintained properly, under a maintenance agreement with Belcor for 10+ years, the life expectancy of the system could reach 30 to 40 years.

As for replacement costs, **we typically recommend** the establishment of a reserve fund starting at year 2 of the operation of the facility. It should be equal to 1.5 % of the equipment cost on a yearly basis. This fund will be used for the cost of replacing the equipment, as needed in the future.

Dedicated operational man power required to run the facility: The system is design to operate without human assistance. However, we could man the facility with 2 technical representatives to operate the facility. This would increase the cost about \$120,000 per year.

Back-up Emergency equipment requirements: We have included a generator capable of supporting the facility in operation.

Structural life-expectancy: Although we have not included hot-dipped galvanized steel in our proposal, we recommend that the steel used in this facility, be hot-dipped galvanized. This could increase the life expectancy of the steel to parallel the maintained equipment.

Storage and retrieval time based on initial design and Alternative storage/retrieval times with modified equipment layout, with cost savings differences: Based on the layout as shown



on the enclosed drawings, our average retrieval / storage capacity is approximately 500 cars per hour. This can be modified to your needs in case it is too high or too low. Reducing the equipment could reduce the cost of the facility.

Performance guarantee conditions: We recommend a "break down " insurance policy, specifically referred to as "boiler break down" insurance coverage, which covers down time of the equipment and resulting damages. This insurance however can be signed only by the owner of garage, not by the supplier. We established a relationship with an insurer to provide this coverage.

Financing options: Belcor has established relationships with financial institutions able to meet the project requirements.

Deposit required: Upon acceptance of this proposal: 1%
(This is non-refundable, to cover administrative costs and expenses through contract signing, but will be deducted from the Contract amount, upon Contract execution)

Upon execution of Design-Build Agreement: 4%

Payment terms: To be negotiated.

We would like to thank you for this opportunity and look forward to working with you and the [redacted] on such a prestigious project.

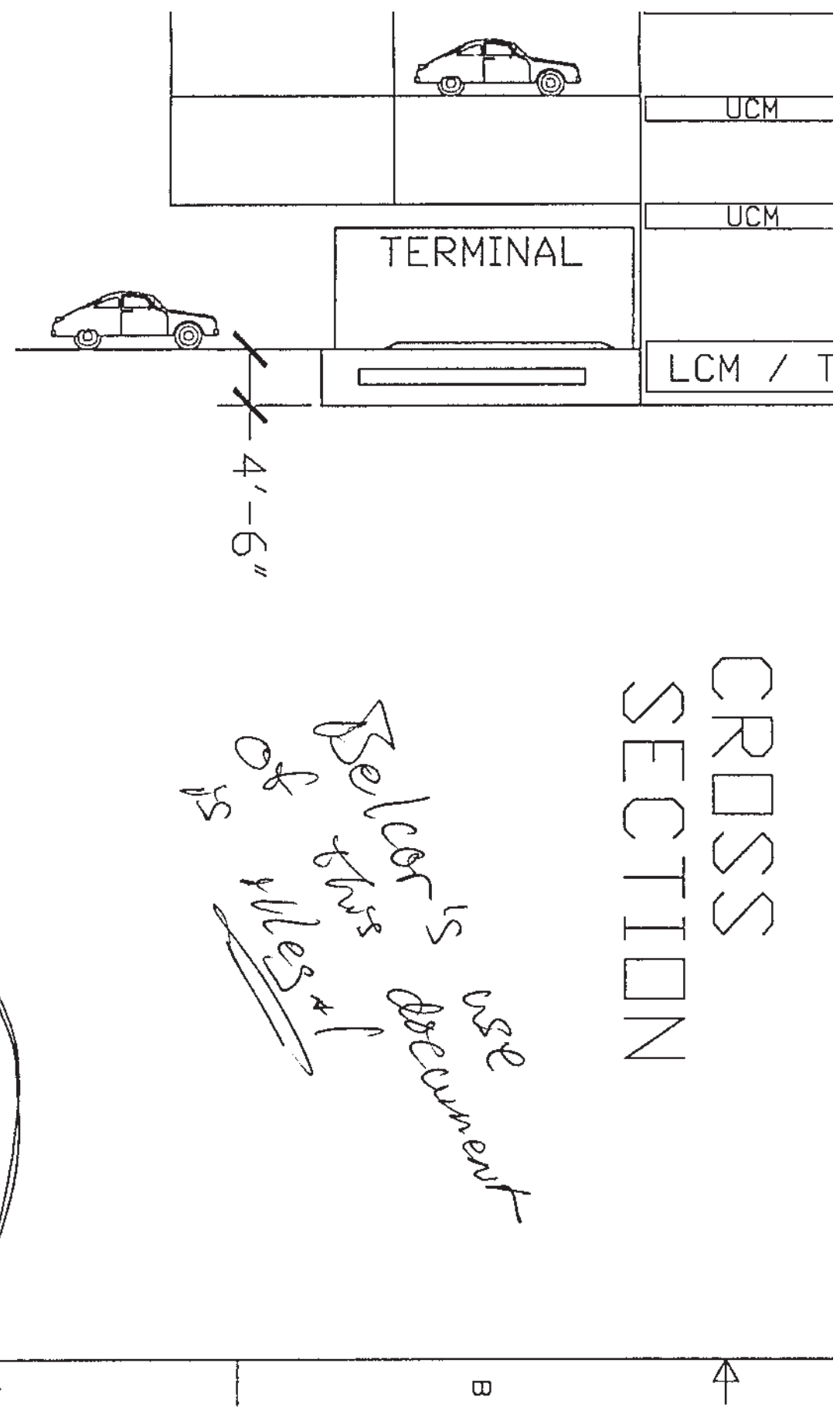
Very truly yours,
Belcor Industries


Frank Belgiovine
President & CEO

ACCEPTED:
THIS DAY OF _____, 2000

On behalf of: [redacted] S, INC.

CROSS SECTION



*Belcor's use
of this document
is*

DATE	BY	APPROVED	SCALE	DWG TITLE	THIRD ANGLE PROJECTION	SHEET	OF
			NONE	PROPOSAL FOR THE AUTO PORT STORAGE	<input checked="" type="checkbox"/>	4	4
REV	CD NUMBER	DESCRIPTION		RAW MATERIAL			
THIS PRINT IS THE PROPERTY OF BELCOR PARKING AND MAY NOT BE REPRODUCED EITHER IN FULL OR IN PART WITHOUT WRITTEN APPROVAL OF BELCOR PARKING				BELCOR INDUSTRIES 320 SOUTH RIVER ST. HACKENSACK, NJ 07601 PH (201) 229-1000 FAX (201) 229-0400			
CONFIDENTIAL DO NOT SCALE DWG XX = ± .010 XXX = ± .005 ANS. = 1"				UNTL PART No DRAWN BY Wayne DATE 5/26/00 BELCOR INDUSTRIES P10003			

Robotic Parking, Inc.
280 Walnut Street
Leetonia, OH 44431

CONFIDENTIAL DISCLOSURE AND NON-COMPETE AGREEMENT

THIS AGREEMENT is made this 20 day of April, 1999, by and between Robotic Parking, Inc. ("Robotic"), a Florida Corporation, and BELCOR (Dba) FRANK BELGI/ROBATIC (F&B)

RECITALS

A. Robotic and its subsidiaries and affiliates have developed and in the future will develop information, designs, processes, procedures, inventions, ideas, technical data, products, products specifications, service, machinery, apparatus, prices, discounts, computer and information systems (including software), plans, drawings and policies, engineering and design data, research projects and other confidential processes, machines, inventions and other business and financial information which have not been published or disseminated, or otherwise become a matter of general public knowledge. Robotics and its subsidiaries and affiliates also have access to, have developed, and will develop and receive information of a confidential nature relating to Modular Automated Parking Systems. All of the matters described in this paragraph A. will be referred to herein as "Confidential Proprietary Information".

B. The Confidential Proprietary Information and its confidentiality are essential for Robotic's business.

C. Robotic and F&B are contemplating entering into a business arrangement under which F&B will be permitted, for limited purposes only, access to the Confidential Proprietary Information.

D. Because of the essential nature of the Confidential Proprietary Information to Robotic, and because F&B will be given access to that Information, the parties agree as follows:

- *1. F&B recognizes and understands that during his/her/its business relationship with Robotic, he/she/it will receive, develop, or otherwise acquire Confidential Proprietary Information of Robotic and/or its subsidiaries and affiliates as well as various kinds of information of a secret or confidential nature. Except as otherwise authorized in writing in advance by Robotic, or as necessary in the ordinary course of the engagement, F&B will not disclose or use, directly or indirectly, either during or subsequent to the termination of the business relationship for any reason, any Confidential Proprietary Information or other confidential information of Robotic, and/or its subsidiaries and affiliates which he/she obtains during the course of the business relationship, and any and all confidential information and knowledge in whatever form used in management, engineering, manufacturing, marketing, purchasing, finance, operations or otherwise, concerning the business of Robotic and/or its subsidiaries and affiliates.
2. F&B acknowledges and understands that Robotic claims trade secret protection over, and by this Agreement intends to prohibit disclosure of, any of its past, present, or future Confidential Proprietary Information.
3. F&B agrees to deliver to Robotic promptly upon request or on the date of termination of the business relationship by Robotic, all documents, copies thereof, and any other materials in his/her possession relating to any Confidential Proprietary Information.
4. F&B agrees to maintain the confidentiality of all of the Confidential Proprietary Information and agrees not to allow others to use or disclose any Confidential Proprietary Information unless authorized in advance in writing by Robotic.

F&B P114.5 b3602

Probably many of you have seen, heard of, or even signed a non-disclosure agreement similar to this one. Such documents simply define who owns the rights to ideas, techniques, etc., when two parties do business.

We have highlighted the more salient points, but really the whole of the document concerns itself with the non-disclosure of techniques and ideas, and is as all-encompassing as the lawyers could make it.

Of course, Belcor shattered this agreement less than a year after signing it, by making a pitch to build an automated garage for a potential Robotic client.

5. During the period of the business relationship, and for a period of ~~2~~ Five (5) years after termination, F&B shall not, without the written consent of Robotic, directly or indirectly, for any reason:

The two passages highlighted here are the ones that most directly relate to the pitch Belcor made to build an automated garage for a potential Robotic client.

~~**~~ a. engage in, assist, or have any interest in, including without limitation as a principal, consultant, employee, owner, shareholder, director, officer, partner, member, advisor, agent, or financier, any entity which is or which is about to become engaged in any activity which is in competition with Robotic anywhere where Robotic does business; provided, that this subsection shall not prohibit an investment by F&B not exceeding Five percent (5%) of the outstanding securities of a publicly traded company;

b. solicit any of Robotic's customers except on Robotic's behalf, or direct any current or prospective customer to anyone other than Robotic for goods or services which Robotic provides;

c. directly or indirectly influence any of Robotic's employees to terminate their employment with Robotic or accept employment with any of Robotic's competitors; or

~~*~~ d. interfere with any of Robotic's business relationships, including without limitation those with customers, suppliers, consultants, attorneys and other agents whether or not evidenced by written or oral agreements.

6. The parties agree that, in the event of a breach of this Agreement, the remedies provided by law would be inadequate and that Robotic and/or its subsidiaries and affiliates would be entitled, in addition to those remedies provided by law, to injunctive relief to enforce the provisions of this Agreement. Robotic shall be entitled to a restraining order, order of specific performance, or other injunctive relief, without showing actual damage and without bond or other security. Robotic's remedies under this Section are not exclusive, and shall not prejudice or prohibit any other rights or remedies under this Agreement or otherwise provided by law.

7. This Agreement is executed and will be governed in accordance with the laws of the State of Ohio. In the event that the scope of any provision of this Agreement is determined to be more extensive than permitted by law, it will be deemed amended to comply with the maximum scope permitted by law.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as specified above.

ROBOTIC PARKING, INC.
By: [Signature]
Title: PRES
Date: 5-4-99

BELCOR/BHG /FRANK BELGIONINIE
By: [Signature]
Title: VP/PRES /SELF
Date: 5-4-99

~~*~~ PURSUANT TO THE TERMS OF SALES & MARKETING REPRESENTATION AGREEMENT BETWEEN ROBOTIC AND FRANK BELGIONINIE --
~~**~~ EXCLUDING BUILDING, DEVELOPING AND OPERATION OF PARKING FACILITIES.

MURRAY, MURRAY & CORRIGAN

COUNSELLORS AT LAW

**25 STYCAMORE AVENUE
LITTLE SILVER, NJ 07739**

(732) 747-2300

FAX NO. (732) 758-8095

REPLY: LITTLE SILVER

mmc@mmc-ops.com

**PARKADE BUILDING
639 FEDERAL STREET
SUITE 207 - ROOM 3
CAMDEN, NJ 08103
(609) 330-1113
FAX (609) 757-2095**

**- MEMBER OF NY BAR
- MEMBER D.C. & NY BARS
- MEMBER OF PA BAR
- MEMBER OF N.J. BAR ONLY
- MEMBER OF CA BAR**

**ROBERT ENOCH MURRAY
KAREN A. MURRAY
DAVID F. CORRIGAN**

**LINDA SABAT
YVONNE D. CATLEY
NORMAN R. JIMERSON
LAWRENCE M. FOX
JOAN M. DAMORA
MARY E. HENNESSY
CHERYL U. BROWN
WILLIAM E. DENVER
JENNIFER LEIGH BARNES
RAPHAEL FELT
ADAM S. HERMAN**

July 21, 2000

(via certified and 1st class mail)

**BELCOR/MEGAN GROUP, L.L.C.
520 South River Street
Hackensack, New Jersey 07601**

**Lumbermens Mutual Casualty Company
2877 Brandywine Road
Atlanta, Georgia 30341**

**Re: Hoboken Parking Authority, Notice of Liquidated Damages
Our File No.: 12,017**

Gentlemen:

Our firm represents the Hoboken Parking Authority in the above matter.

The Hoboken Parking Authority, with whom Belcor Megan Group, L.L.C. entered into a contract dated November 9, 1998, which was formally awarded by the Commissioners of the Authority on December 15, 1993, and for which Lumbermens Mutual Casualty Company became surety, hereby GIVES NOTICE that the Authority will apply liquidated damages pursuant to the contract, §§ 1600-2 and 1600-4 of Article IV, as of July 22, 2000. Liability for liquidated damages will continue to accrue thereunder from that date at the rate of \$1000. per day.

This notice is not intended to affect any other rights the Hoboken Parking Authority may have under the contract or waive a right for liquidated damages which may have occurred prior to that date.

Very truly yours,

MURRAY, MURRAY & CORRIGAN

Joan Damora
JOAN M. DAMORA

**cc: Donald Pellicano, Chairman
Michele Russo, Commissioner
Frank Turso, Commissioner**

The Jersey Journal • Wednesday, March 14, 2001

Hoboken chooses firm to finish robot garage

Continued from Page A1

declared Belcor in default and turned over responsibility for the project to Lumberman's — absolving the local agency of any additional costs.

The insurance company then employed Dr. Gunter Sharp, of Georgia Tech, to research several firms and make a recommendation on who should get the job.

Sharp decided Retrotech, which specializes in taking over troubled projects and getting them back on track, is the most qualified firm to finish 916 Garden St., HPA special attorney Robert Murray told the commissioners last night.

"We feel very good about this. We think there's finally reason to believe a program may be coming to fruition to get this project completed," Murray said before the

meeting.

Murray said four Retrotech engineers were in Hoboken yesterday touring the garage and meeting with HPA officials on the new plans. The consultants will remain in the city for the rest of the week.

Terms of Retrotech's agreement with the insurance company were not available yesterday, and timetables on the project's conclusion have not yet been established, Murray added.

It also has not been determined what roles either Belcor or Robotic will play in the garage's completion. Murray warned that although the project seems to be moving again, the Parking Authority has not waived its claim to any late charges assessed for the project.

Reference in Jersey Journal article attributed to HPA/City attorney Bob Murray, regarding the \$1000/day fines that were never enforced or paid.

(See also page 43.)

PARKING AUTHORITY OF THE CITY OF HOBOKEN

101 FIRST STREET
HOBOKEN, N.J. 07030-4539

April 26, 2001

TELEPHONE (201) 653-1919
FAX (201) 653-0069

Dear Hoboken Resident:

This is a further installment to keep you fully informed as to the status of the Automated Parking Facility at 916 Garden Street. We believe that this report will be shortly followed by the actual resumption of work at the Automated Garage site and the completion of this state-of-the-art facility.

In our last report we informed you of the activities of Dr. Gunther Shape, the Surety technical expert; and, the introduction of Retrotech, Inc., the firm that specializes in overseeing the completion of facilities such as ours.

This week, the Chairman of the Authority met with the President of the Surety, Lumbermen's Mutual Casualty Co. Mr. Pellicano was advised that the Surety had completed negotiations and would sign contracts with the firms they have selected to complete the automated facility.

The Surety has now contracted with Retrotech, Inc. of Victor, New York, who will take total control and be responsible to the Surety for completing this project. Additionally, GE Fanuk has contracted with the Surety to provide the required technology to complete the project according to the bid specifications. Further, the Surety will utilize and have direct control of the former sub-contractor, Robotics, to play an appropriate role in the completion. To the extent that work is required on a general contractor basis for the exterior of the Garage, the Surety will engage a designated company.

As we have made clear in our earlier reports to you, there will be no additional costs or charges to the Hoboken Parking Authority, the City of Hoboken, or those who use our facilities. Lastly, the Authority has not waived the per diem late charges that must be paid by the Surety.

The President of the Surety has made clear to us that the contracts that they have prepared for these companies will be under their total control, and that Retrotech, Inc. will have full and complete authority to make all necessary decisions to finish the job.

We sincerely appreciate your patience and support during this difficult time. We expect work to commence within two weeks at 916 Garden Street, and we will deliver to the citizens of Hoboken the state-of-the-art automated parking facility that was designed to meet our needs for parking for residents in this area of the City on a very small piece of property.

THE HOBOKEN PARKING AUTHORITY

Chairman
Donald Pellicano

Board of Commissioners

Joan D'Agostino
Sharon Riccardi
Michele Russo
Frank Turso



April 9, 2001

Don Pellicano, Chairman
Hoboken Parking Authority
Hoboken, NJ 07030

Re: 916 Garden Street


Dear Chairman Pellicano:

The reports that I have received indicating that the Surety has made arrangements with the firm Retrotech, Inc. of Victor, New York, to commence the finalization of completion arrangements for the automated parking at 916 Garden Street are long overdue but nevertheless good news.

It is my understanding that Retrotech, Inc. specializes in assuming and completing projects that have had a troubled history. I was pleased to learn that a team of four engineers was here in Hoboken today at the construction site, and that this team will be augmented with additional technical personnel for several more days this week.

While all of this is good news, we cannot forget that this project is long overdue. I know that the Authority will not waive the late fee claims that currently have accrued. Additionally, I would respectfully recommend to the Authority that consideration be given to our citizens who have been so patiently waiting on the list for this facility. In this regard, I think a tangible dividend would be appropriate and I would suggest the Authority grant a two-month waiver of parking fees when the project opens.

Very truly yours,


Anthony Russo, Mayor

THE CONSULTING ENGINEERS GROUP INC.

55 E. Euclid Avenue • Mt. Prospect, IL 60056

Telephone 847 255-5200 FAX 847 255-5271

September 5, 2000

Re: 916 Garden Street
Project Completion

Dear Gerhard:

As you know, we are meeting at 916 on September 18th to review the progress and define a firm completion schedule. This schedule needs to account for completion of all tasks for Belcor and for Robotic leading to the issuance of a Certificate of Occupancy for the Garage. This, in turn, will allow HPA to accept Substantial Completion of the project. At that time Jim Caulfield will issue a final punch list for Belcor's part of the overall project.

To indicate similar completion for Robotic we have prepared a list of selected items that need to be in place and fully operable prior to Substantial Completion. This list is not all inclusive but is meant to offer a notice of inspection items. Some of these items may already be complete and other items will likely be added in the next week or two. In any event, the attached list is for reference purposes for HPA.

We will proceed to check as many items as possible on the 18th. We look forward to seeing the project finished and open to the public as soon as possible.

Sincerely,

THE CONSULTING ENGINEERS GROUP, INC.

Richard S. Beebe, Director
Parking and Transportation Planning

Given to HPA Sept 18 - 00
TAA

HPA L2 Implementation Plan

Task	Description	Duration
Review L1/L2 and other interfaces and handshaking	<ul style="list-style-type: none"> Modes of operation – maintenance, manual, auto Real point interface and handshaking between: LCM, UCM, REM, LVC, EES, PS, PVL Interfaces to all input devices, marquees, and RF tags 	1 week
Test L1/L2 interface and other interfaces	For each interface, test and confirm communications, interface, and handshaking.	1 week
Operate machines with complete cycles	Complete cycles for all machines and devices for store, retrieve, and rehandle of cars and pallet bundles.	1 week
Scale up testing with simultaneous operation	Test simultaneous operation with as many cars and machines as practical.	1 week
Tune parameters to optimize performance	Check each sub cycle to ensure optimal operation. Update all parameters with field measured times.	1 week
Configure computer backup, security, and recovery.	Configure computer hardware and software for backup and recovery and security.	1 week
Configure HPA interface for reports	Configure the reports and interface to HPA.	3 days
Acceptance Test	Perform acceptance test as specified.	2 days
Start phased in operation	Identify drivers. Issue tags, pin numbers.	

After endless delays due to Belcor's misalignment of structures within the building, the HPA's consultant begins the process of defining a firm completion date.

Beebe is not at all certain of everything that will need to be accomplished for the project to be considered 'complete', and says that **even compiling a list of items for completion may take a week or two.** He sees the light at the end of the tunnel, however.

As requested, at the September 18, 2000 meeting, Robotic offered a schedule of about 7 weeks for completion of their part of the job. Belcor, whose errors forced Robotics into all kinds of accommodations to keep the project moving, suddenly and arbitrarily terminated Robotic about 3 weeks after this meeting. Pellicano fully supported Belcor in this decision. (In fact, Pellicano supported Belcor right up through the day the surety finally rendered its decision not to bring Belcor back to the project.)



LETTER AGREEMENT

Re: Automated Parking Facility
916 Garden Street
Hoboken, NJ

October 6, 2000

Whereas, The Belcor Group, LLC is the authorized general contractor for the construction of 324 vehicle automated parking garage pursuant to contract with the Hoboken Parking Authority;

Whereas, Robotic Parking Inc. has defaulted and has failed to deliver a fully operating Automated Parking System as required by a Subcontract Agreement executed between The Belcor Group, LLC and Robotic Parking Inc. April 1999 and;

Whereas, TIME OF THE ESSENCE notification effective September 30, 2000 was issued by The Belcor Group, LLC dated September 18, 2000 in which Robotic Parking Inc. has continued to fail to make the said Automated Parking Facility operational and;

Whereas, The Belcor Group, LLC is about to issue formal termination of Robotic's Subcontract Agreement and;

Whereas, APS GmbH is a corporation located in Aalen, Germany and is the business of building and installing Automated Parking Systems, and providing, and designing software and all related support systems for the automation of parking and storage systems; APS has provided a preliminary budget for all work contemplated in this agreement to be approximately 300,000DM

IT IS THEREFORE AGREED THAT upon seven (7) days written notification APS agrees to provide technical services, and complete the computerization and automation of the Garden Street parking facility and to make same operational within 90 days from the days hereof.

IT IS FURTHER AGREED THAT APS shall meet all specifications necessary for The Belcor Group, LLC to fully comply with the specifications set forth in its general contract with the Hoboken Parking Authority and;

IT IS A FURTHER AGREED THAT APS shall evaluate the exiting computerization and automatic software and installation all mechanic parts and shall install all hardware and software, control panel racks, wiring, programming, etc. and shall further commit such necessary onsite technical and support personnel to complete and make the parking facility fully operational only up to the connecting points of the exiting wiring or any other such connecting components at a cost including all expenses not to exceed 500,000DM.

IT IS FURTHER AGREED THAT APS shall complete on-site evaluation in approximately 7 days and shall provide all findings and proposed completion solution within an additional 14 days and shall complete all work with the exception of steel and general building work within 8 weeks of the date it receives access to the premises by The Belcor Group, LLC.

This agreement shall be deemed to be a substitution of Subcontractor for the completion of the Garden Street Automated Parking Facility and this letter agreement shall be governed by the Laws of the State of New Jersey.

AGREED TO AND ACCEPTED:

BY:

APS GmbH

The Belcor Group, LLC

10-11-00

October 6, 2000

This letter was most likely written by Belcor and/or their legal counsel (the overall style is consistent with other Belcor documents, and the depiction of the situation is designed to vindicate Belcor, which APS had no motive to do), and was printed out on APS stationery (see APS logo at top). It was presented to the HPA as being "from" APS.

The letter is dated 3 weeks after the HPA's consultant Dick Beebe had scheduled a meeting (September 18) to define a projected completion date (see next page). On that date, Robotic Parking gave the HPA a schedule for completion in approximately 7 weeks. Instead, Belcor fired Robotic, leading to a delay of over a year, during which time Belcor was let go and Robotic was rehired.

By hiring a new contractor, Belcor attempts to absolve itself of responsibility by accusing Robotic of being the the cause of the project's cost overruns and delays.

This notice bears the same date as Beebe's meeting to define a completion schedule. This document implies that date was also the "drop-dead" date for the project, which is NOT what was conveyed in Beebe's memo. This again suggests the duplicity of Belcor's (and Pellicano's) intent.

The letter lays out terms and conditions that APS was never able to meet, such as the cost of the project. This document was designed as a PR tactic to justify Belcor's firing of Robotic. When this letter was written, APS HAD NEVER VISITED THE 916 GARDEN SITE. Yet this letter portrays an agreement specifying a dollar amount AND a completion date for the project! (By way of contrast, see the letters on the next page by GE, which state that GE would not offer estimates without first seeing the project.)

One month after doing an on-site evaluation, APS invalidated everything in this document, giving the HPA an estimate of between \$2 and 6 million to complete the garage, and said they would need at least 6 months time to complete the project. (APS has declined to publicly comment on this letter.) APS never again set foot on the job site.

APS is in bankruptcy at the time of this writing. They would not comment for public attribution on this document. APS Advanced Car Park System Patentverwertungs GmbH • Rehwinkel 2 • Diedorf, Schwab 864 • Phone: 49-82-1484182



GE Fanuc Automation

From: Brian W. Winter, GE Fanuc Sr. Account Manager

October 9, 2000

Dear Gerhard:

I received your request for an assessment of "How long would it take (GE Fanuc Engineering Services) to complete the Hoboken Garage."

GE Fanuc Automation cannot offer a quotation for this work at this time, or even an accurate assessment of work remaining, because of the vast array of unknowns associated with completing work begun by others. In particular, the difficult and complex nature of the automated storage and retrieval software requires significant engineering resources to master. GE Fanuc Automation would NOT accept a fixed completion date contract for this work without significant commitments, including support from Robotic Parking for existing code, ongoing support, and a complete job assessment of 1-2 weeks in itself.

Regards,

Brian W. Winter



GE Fanuc Automation

From: Brian W. Winter, GE Fanuc Sr. Account Manager

October 11, 2000

Dear Gerhard:

We received your request for a more specific estimate of how long it would take GE Fanuc Automation, or another third party, to complete the automation work on the Hoboken Garage, as a follow-up to my letter of October 9, 2000.

GE Fanuc Automation cannot speak for the capabilities of any other party, but we can discuss our own capabilities. As one of the world's leading automation companies, we do have complete integration and engineering services, as well as detailed knowledge of the GE Fanuc product line.

As I outlined previously, I cannot offer a specific estimate without the 1-2 week engineering study mentioned in my Oct 9 letter. However, the order of magnitude would be a large engineering effort over 6-9 months.

The reasons it would take GE Fanuc Automation so long to complete the project (versus Robotic Parking completion) are as follows:

- ✓ In general, our experience is that when assuming control of a project, understanding the existing software is so difficult that huge amounts of the software must be rewritten or replaced.
- ✓ The Level 2 software, which keeps track of the cars in inventory, manages load and traffic, etc., is entirely a Robotic Parking design and implementation. GE Fanuc would have to re-invent and/or re-discover all the methods used in this complex software.

I hope this helps clarify the extent of the work that GE Fanuc Automation would have to accomplish to complete the Hoboken Garage.

Regards,

Brian W. Winter

GE Fanuc

Robotic wanted to advise the HPA that the letter being shown them by Belcor alleging that APS could finish the automation in 8 weeks at a cost of \$250,000 (see previous page) could not be taken seriously. To that end, Robotic approached GE Automated Systems and asked them for an estimate of the same job.

(Shown here are the relevant portions of two letters on this subject which were faxed to Robotic from GE.)

The timeline GE came up with was much closer to the "official" estimate APS eventually gave the HPA than the estimate of 8 weeks Belcor originally attributed to APS in their letter.

Note GE's reluctance to give a written estimate without first having studied the job. (Contrast with the APS letter on the previous page, which 'agreed' to times and costs before APS had even set foot on the job site.)



These are my professional opinions offered to the HPA as input to the evaluation of the progress of the 916 Garden Street project. I strongly urge the HPA to collect various opinions from others working closely on this project prior to making any determination or decisions regarding this project and/or your vendors.

This report was commissioned by an HPA chief attempting to put the best face possible on the firing of Robotic in favor of companies he favored, such as APS (which is now bankrupt), and HK Systems (which walked off the job). It was given to the surety (Lumbermens) as part of a spin campaign orchestrated by Pellicano to keep Robotic from being returned to the project.

Net Tech has no background in automated parking or related techniques. Their business relates to software involved in automated ticketing (such as is used in Hoboken's downtown municipal garages). We've all seen these devices, which dispense tickets and calculate parking times and fees in ordinary parking garages. This expertise is not relevant to the 916 Garden Garage, since the cars are retrieved (and fees are calculated) automatically. Net Tech took pains to clearly label their report as 'opinion' with the strong qualifier shown above. Net Tech did NOT want to go out on a limb in its assessment of Robotic - that was more visibility than it wanted. Pellicano of course did not 'collect various opinions' - only the ones he could use to try and support a position he had already taken, that of removing Robotic from the project.

Net Tech is not a disinterested party re the 916 Garden Garage. Net Tech is either an HPA supplier or could potentially become one (in fact, it happens that the ticketing system in Hoboken's downtown garages was recently replaced by a new vendor's system). In addition, Robotic Parking's success in building automated garages will be a significant threat to sales of Net Tech's systems (which are only used in traditional, NON-automated parking facilities).

The Net Tech report is rife with self-fulfilling prophecies and non sequitur observations (the entire report is available on request). For example, one observation of the report was that there was no Uninterruptable Power Supply installed at 916 Garden. However, as Robotic was fired before the job was complete, there were MANY items not installed. The report also states: *"If the HPA were to continue on with the current vendors [i.e., Robotic], the HPA will have purchased a system that may only be supported by a company with limited staff and that all modifications and changes required would need to be completed by Robotic and Robotic only and would not allow for cost effective bid or professional services contracts."*

Naturally, since NOTHING QUITE LIKE THIS HAD EVER BEEN BUILT ANYWHERE, there WERE NO OTHER VENDORS SELLING THE PRODUCT! Net Tech is simply stating the obvious, and stating a fact that Pellicano knew full well before the project was even started. Nobody but Robotic was (and is) doing this, and THAT is the very definition of being first-to-market. Essentially, the report says that Robotic should not have been hired because they were the only vendor available, but since they ARE the only vendor available, the report does not offer any alternatives for finishing the automated facility. There are, of course, simply none.

**Lumbermens Mutual
Casualty Company**
Universal Bonding, Surety Division:
518 Stuyvesant Avenue
P.O. Box 615
Lyndhurst, NJ 07071-0615
Tel: (201)438-7223
Fax: (201)531-0201

February 15, 2002

VIA FACSIMILE & REGULAR MAIL
(201) 653-6665

Jo Ann Serrano, Executive Director
Hoboken Parking Authority
101 1st Street
Hoboken, NJ 07030

RE: Principal: Belcor –Megan-Group, L.L.C. (“BMG”)
Obligee: The Parking Authority of the City of Hoboken (“HPA”)
Project: The 916 Garden Street Parking Garage
Surety: Lumbermens Mutual Casualty Company (“Lumbermens”)
Bond No.: LM-1000282

Dear Ms. Serrano:

Please be advised that Lumbermens has retained the services of Mr. Frank Belgiovine in connection with the referenced above project. Mr. Belgiovine will be acting as a consultant on behalf of the Surety. Mr. Belgiovine will be coordinating the services of all the appropriate entities that will be required to complete the remaining general contracting related building items on behalf of the Surety.

As you may recall, Mr. Belgiovine has previously obtained a Photo ID badge from a prior site visit. By copy of this letter, the Surety is advising Mr. Belgiovine that he should contact your office prior to each and every project site visit he will be making.

Should you have any questions, please feel free to contact me at your convenience.

Very truly yours,



VINCENT C. MISEO, ESQ.

VCM/

cc: Mr. Frank Belgiovine (via facsimile (201) 229-0400)
Retrotech, Inc. (via facsimile (716) 924-6334)
Robotic Parking, Inc. (via facsimile (201) 533-9340)

Lumbermens, at the behest of the HPA, quietly rehires the company that publicly accused Robotic Parking of fraud and fired them.

MURRAY, MURRAY & CORRIGAN
COUNSELLORS AT LAW

January 11, 2001

(via facsimile, certified mail and 1st class mail)

Carmine Alampi, Esq.
ALAMPI, ARTURI, D'ARGENIO & GUAGLIARDI, L.L.P.
210 Sylvan Avenue
Englewood Cliffs, NJ 07632

Robert A. Nicosia
UNIVERSAL BONDING INSURANCE CO.
528 Stuveysant Avenue
P.O. Box 615
Lyndhurst, NJ 07071

**Re: Contract between Hoboken Parking Authority & Belcor/Megan Group, L.L.C.
Notice of Default
Our File No.: 12,017**

Gentlemen:

Take notice that the Hoboken Parking Authority ("Authority") declares the Contract between the Parking Authority of the City of Hoboken and Belcor/Megan Group, LLC, and their successor, The Belcor Group, for whom Lumbermans Mutual Casualty Company became surety under Bond No.: LM-1000282, to be in default. We have been advised that Belcor's agreement with a new sub-contractor to complete the software programming work was terminated by HK Systems on January 5, 2001 (see attached) and work on the automated portion of the garage has been non-existent since October 10, 2000.

Under the terms of the performance bond, executed solely for the protection of the Authority (page 300-9 of the contract documents), it is required that surety complete the work or cause to complete the work on this project. Work must conform in every respect to all the conditions stated in the Contract Documents including, without limitation, the performance criteria established in the Contract Documents and the extended five (5) year maintenance and warranty agreement also provided for in the Contract Documents. There has been no waiver of any right to provisions of the contract, any power reserved to the Authority, or any right to damages, including liquidated damages. Any further breach of the contract which occurs will entitle the Authority to a writ of injunction, among other remedies.

Time being of the essence of this Contract, we hereby call upon Surety to prosecute the work diligently using such means and methods and qualified contractors as will ensure completion of the facility in as timely a manner as possible.

By separate letter I will be sending you a list of defective work, as identified by the Authority's Engineers and their Assigns, as well as a preliminary "punch list" of work which remains to be completed. Such list does not waive the right of the Authority to notice Surety as to other defects as they become known to the Authority. The Authority recommends that a Pre-construction meeting on site with the Engineer and other consultants be held as soon as possible to discuss commencement of the work.

Also by separate letter I will be noticing Surety as to certain overpayments made on the contract as determined by the Engineer and make demand for repayment of these monies.

The Authority stands ready to meet with Surety on any issue.

Very truly yours,

MURRAY, MURRAY & CORRIGAN


Joan M. Damora

This letter makes reference to the overpayments made to Belcor. Despite this letter, the HPA took no action against Belcor to recover this money.



GE Supply

General Electric Company
5665 Granger Road
Cleveland, OH 44131
www.geSupply.com

January 4, 2001

Robotic Parking Software Evaluation

Joe Metzger of Robotic Parking showed me the current Level 2 (Cimplicity) software. It consists of two separate HMI projects, one being a simulator developed by Gary Meade to test the software prior to its installation in the Hoboken facility and one part being the actual software that will be installed in Hoboken. I spoke with Gary Meade this morning to discuss the current level of completion of the software and also viewed a video of the Level 1 software as installed in Hoboken.

The simulator software uses virtual points that are derived from the actual Cimplicity points and it was demonstrated to perform singular and multiple stores, singular and multiple retrievals and specific retrieval requests. The simulation software mimicked the movement of cars into and out of the parking garage. All three demonstrations were successful. The software developed for installation in Hoboken consists of 6,800 Cimplicity points, 73 Cimplicity screens and 93 scripts. The number of lines in the scripts total 25,420. The simulation software consists of 1243 Cimplicity points, 29 Cimplicity screens and 93 scripts. Gary Meade estimated that over 100,000 vehicles had been run through the simulator package in an attempt to locate any potential problems.

Gary and I spoke of the balance of work remaining. The completion of the Level 1 to Level 2 integration is necessary to allow the Cimplicity software to communicate movement information to the multiple GE Fanuc programmable logic controllers.

Bruce F. Winters

Automation Specialist, GE Supply Company
GE Fanuc Certified Cimplicity Trainer

GE tests Robotic's software successfully. Rather than try to interpret the somewhat dense technical language here, I would suggest that anyone interested in these tests contact Bruce Winters at GE directly.

**RESOLUTION APPROVING TAKEOVER AGREEMENT WITH SURETY
RELATING TO 916 GARDEN STREET PARKING GARAGE PROJECT**

WHEREAS, the Hoboken Parking Authority (the "Authority") entered into a construction contract with Belcor Megan Group, L.L.C. (the "Contractor") for the construction of the 916 Garden Street Parking Facility, and

WHEREAS, Lumbermens Mutual Casualty Company (the "Surety") issued Payment and Performance Bond No. LM1000282 on behalf of Contractor, as principal, to the Authority, as obligee, in connection with the construction contract; and

WHEREAS, the Authority has declared contractor in default of the contract and has requested Surety, pursuant to the Bond, to arrange for completion of the Project; and

WHEREAS, Surety has agreed to arrange for completion of the Project pursuant to terms set forth in the "Surety Takeover Agreement Pursuant to Performance Bond" ("Takeover Agreement"); and

WHEREAS, it is in the best interest of the Authority to enter into the Takeover Agreement with Surety, which document is annexed hereto and made a part hereof;

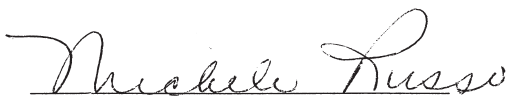
NOW, THEREFORE, BE IT RESOLVED, by the Parking Authority of the City of Hoboken:

1. That the terms contained in the attached Takeover Agreement are hereby approved;
2. That the Chairman be and is hereby authorized to execute and thereby enter into the Takeover Agreement on behalf of the Authority.

RECORDED VOTE:

	YES	NO	ABSTAIN	NOT PRESENT
JOAN V. D'AGOSTINO				✓
DONALD PELLICANO	✓			
MICHELE RUSSO	✓			
FRANK TURSO	✓			
SHARON RICCARDI	✓	By Phone		

The foregoing resolution is a true and complete copy of a resolution of the Hoboken Parking Authority adopted at a special meeting thereof duly called and held on August 30, 2001.


Michele Russo, Secretary
(Seal)

**SURETY TAKEOVER AGREEMENT
PURSUANT TO PERFORMANCE BOND**

THIS TAKEOVER AGREEMENT (the "Agreement"), is made as of this 30th day of August, 2001 by and between the HOBOKEN PARKING AUTHORITY, an instrumentality of the City of Hoboken (the "Owner") and LUMBERMENS MUTUAL CASUALTY COMPANY (the "Surety").

RECITALS

WHEREAS, BELCOR/MEGAN GROUP, L.L.C. (hereinafter referred to as "Contractor"), entered into a construction contract with the Owner, dated October 9, 1998, for the construction of the Garden Street Automated Parking Facility, City of Hoboken, County of Hudson, New Jersey (the said construction contract, shall include all contract documents referred to in Article V thereof, and all approved change orders, all of which will hereinafter be collectively referred to as the "Contract" or "Project"); and

WHEREAS, Owner has declared Contractor in default of the Contract and has terminated Contractor's right to proceed with the work under the Contract, and has requested Surety, pursuant to the Bond, to arrange for the completion of work to be performed under the Contract (the "Work"); and

WHEREAS, the Surety has entered into a Ratification Agreement (the "Ratification Agreement") with **Robotic Parking, Inc.** (the "Ratified Subcontractor") for the completion of that part of the Work described in a certain subcontract between Contractor and Robotic Parking, Inc. (the "Ratification Work");

WHEREAS, the Surety has or will enter into an agreement with **Retrotech, Inc.** (the "Surety Representative") to act as the Surety's representative with respect to the Ratification Work to be performed pursuant to the Ratification Agreement.

Robotic Parking is designated to finish the work needed to bring the garage to completion. Retrotech is hired to report to the surety as to the status of the work. But in HPA communications issuing from Pellicano, Robotic is represented as forking UNDER Retrotech - that is, when they are mentioned at all.

3. The Owner represents that the status of the Contract is as follows:

- (a) The original contract price was \$6,193,000.00.
- (b) Approved change orders totaling \$469,018.16.
- (c) The Owner has made payments to Contractor of \$6,167,811.56.
- (d) The balance of the Contract price remaining available toward the cost of completion is \$60,632.37, which is exclusive of \$300,000.00 dedicated to payment for extended warranty and 2% retainage on approved work.

4. The Owner shall pay directly to the Surety, or to the Surety's agent if so designated by the Surety, in the manner provided in the Contract, the remaining balance of the Contract price as set for in paragraph 3(d) i.e. \$60,632.37, the Three Hundred Thousand (\$300,000.00) Dollars dedicated to payment for extended warranty and the retainage on approved work.

9. The Owner hereby waives and releases any and all claims, charges or assessments which it may have under the Contract, or otherwise, against the Surety or the Ratified Subcontractor for liquidated damages or other damages, costs or expenses arising from any delay in the completion of the Work required under the Contract, or any part thereof, through the extended time for completion of the Contract as provided for in Paragraph 8 hereof and shall not withhold any funds, except retainage, otherwise payable to the Surety under this Takeover Agreement on account of any such claim, charge or assessment. Liquidated damages or other damages, costs or expenses arising from any delay in the completion of the Contract shall accrue only from and after the time for completion set forth in this Takeover Agreement. Surety hereby waives all defenses to its liability under the Bond.

The 'change orders' in (b) refer to changes needed in Belcor's work. Note that Belcor was fully paid, and in fact overpaid in that they were paid for project completion less \$60,632.37 (obviously the project was far from complete in the state Belcor left it) and in that a large portion of this money was intended to go to Robotic. As discussed elsewhere, the insurance company insisted on the return of this money when they took over the project: in exchange for overlooking this money, the HPA forgave the fines due for late completion. (Note also that these figures do not even add up properly.)

See also pages 30-34 for references to these fines, which were clearly defined in the original contract.

Citizens' petition

These Hoboken citizens have been following this story and have signed a petition requesting a full, independent investigation of the 916 Garden affair. I have all their addresses and contact information but have not printed them here to protect their privacy. This information is available only to those with a legitimate need verify the signers' identities and is NOT for public distribution. Some have asked that a comment appear with their name, and we have complied.

Junia Flavia Affonseca	As a taxpayer, I'm appalled that the 916 Garden	I have been following the developments of the 916	Elizabeth Markevitch
David Bartol	Parking Garage has still not been completed, or fully	Garden St. parking project from the very beginning, and	Len Markevitch
M. Berney	investigated, and that I have to pay for the incompetence	it's sad to say I'm both angry (as a tax payer) and	It's about time!
David Bimbi	of our local government.	embarrassed (as a Hoboken historian) at the despicable	Rose Marie Markle
Randy Brummette	Please makes this a priority, and deal with this appropriately.	turn of events that have been reported. I agree with	Peggy McGeary
Marguerite Bunyan	Luisa Esposito	the number of people who think there should be an	Shelley Miller
Sarah Cavanaugh	Shannon Flynn	investigative report made by the city	John Parchinsky, jr.
Philip Cohen	Jean Forest	officials.	C. Peter Paterno
Charles Collins	Count me in. Thanks for the update. I really hope this	Helen Hirsch	That garage has caused such havoc in this town from
Sweeping the "dust" under the carpet hides the mess but doesn't get rid of it. Roberts just picked up the broom to tidy up the room. We've got be the carpet cleaners who pull the carpet out and expose the dirt. Only then will our "house" be clean!	project finally works and therefore gets the positive recognition it deserves. Hopefully these garages will be worth having many more of in Hoboken and we haven't scared everyone off from trying it again.	Myles (Michigan) Jackson	Day One.
Susan Deering	Hank Forrest	Kate Kaiser	Augusta Przygoda
I am utterly disgusted by the way things have been handled by the HPA but you've done such a wonderful job, I can't imagine that anything I would add could compare to your work. As always, thank you for all your hard work.	John Glasel	Mary A. Kelly	I. Reng
Best regards, Siobhan Doheny-Good	Ann Graham	Julie C. Kenly	Greg Ribot
Byron Dolan	Joe Guadagnino	Stephen Kirkpatrick	nj romano
	Hi! My name is Tracy Hans, I am at 618 Garden St, Apt A. My phone number is 201-656-6640. Thanks for all your work.	Paul Kolodner	Mark Sannino
	Tracy	Eric Kurta	Donald Shachat
		James and Jill Langell	Go for it, and thanks for all your good work.
		Janet Larson	Laura Anne Stanley
		Gary D. Lawrence	"...so this is why the parking rates went up 40%!!!"
		Sonia Lawrence	Mike Straniere
		I support your petition initiative for an investigation.	Doug Waldron
		Tom Link	Janet Windeknecht
			Henry Zeiger