

Table games bill, PSU's funding still stuck

By MARC LEVY
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More than \$700 million in taxpayer dollars slated for Penn State and several other Pennsylvania universities remains in limbo.

Top state legislators met Monday without reaching an agreement on how to expand the state's casino gambling that Gov. Ed Rendell said is necessary to complete the state's budget and raise enough revenue to cover universities the next two years.

The legislators' meeting was their first since Oct. 9, when Rendell signed the key bills necessary to end Pennsylvania's three-month-old budget impasse.

Legalizing table games and

releasing money to the schools are the only unfinished parts of the \$27.8 billion budget package, but a major sticking point for legislators is deciding how high to set the state's tax rate on table game winnings.

Rendell told legislators before they met that he will veto a bill that will not produce at least \$200 million this year from the taxes and fees state government would get by adding table games to the state's slot-machine casinos.

"Look, we waited 101 days to get a budget that met my two markers that I put down," Rendell told reporters. "And one of those markers was that it would have enough revenue to balance this year and enough revenue to balance next year and I am deadly in earnest about that."

Legislators met for more than an hour in Rendell's offices, but emerged with little to report.

"It was good that we had a meeting, (but) there was no real breakthrough or resolution, and we're certainly going to need at least another meeting and probably several to reach resolution," said Senate Majority Leader Dominic Pileggi, R-Delaware.

Many seemed ready to agree to a license fee of \$15 million from each slot-machine casino wanting to operate table games. The state's miniature "resort" casinos would have to pay \$7.5 million.

However, legislators disagree on other aspects of table games, beginning with the state's tax rate on winnings and the question of whether to set aside a portion of the tax revenue for the counties

and municipalities that host the casinos.

House Democrats also want to remove limitations on the resort casinos that prevent them from rivaling Pennsylvania's nine larger casinos, a provision opposed by Senate Republicans.

One resort casino is licensed, but it is not yet operating while the state Supreme Court considers a legal challenge by the owners of Philadelphia Park Casino. Two applications for a second resort casino license are pending with state regulators.

Rendell said the tax rate must be at least 16 percent to yield, along with the license fees, at least \$200 million. But he cautioned against setting a rate so high it might "kill the golden goose." He also warned that legislators must prevent the

casinos from removing existing slot machines and endangering a key revenue source for public schools.

Until a table games bill is passed, Rendell said he will hold up \$730 million in discretionary funding for universities and other institutions.

Penn State is suffering the biggest budget hole, waiting on roughly \$334 million from the state, or 9 percent of its budget.

Temple is supposed to receive about \$173 million; Pitt about \$168 million; and Lincoln roughly \$14 million.

Another \$34.5 million is set aside for the University of Pennsylvania. Much of that money is for the university's School of Veterinary Medicine, a key link in Pennsylvania's agriculture and food safety network.

Fumo friend admits fraud in \$287K Pa. contracts

By MARY-CLAIRE DALE
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A friend of imprisoned former state Sen. Vincent Fumo admitted Tuesday that the powerful lawmaker steered him nearly \$290,000 in state funds through phony senate contracts.

In a conditional plea, S. Michael Palermo said he conspired with Fumo to commit mail fraud.

Palermo, 69, of Philadelphia was a close friend and top Senate aide who helped run Fumo's farm near Harrisburg and did myriad other personal favors for the Philadelphia Democrat.

Fumo is serving a 55-month sentence for defrauding the Senate and two nonprofits of several million dollars. Jurors in March found he used their staff and resources to perpetuate a lavish lifestyle that featured four homes, three drivers, round-the-clock assistants and other luxuries.

Palermo would get five years' probation under the negotiated plea agreement, which U.S. District Judge Stewart Dalzell must approve before the Jan. 22 sentencing.

Prosecutors say there's no evidence Palermo did any work for the \$150-an-hour transportation consulting contracts. Instead, Fumo had several other people

in Harrisburg working as transportation analysts.

"In essence, they did the job that this contract said Mr. Palermo was going to do," Assistant U.S. Attorney Robert Zauzmer said.

Palermo maintains he did some work but nothing close to the 2,000 hours over five years for which he was paid.

Defense lawyer Robert Scandone declined to comment after the hearing.

Palermo once served as chief of staff at Fumo's district office in Philadelphia. Fumo awarded him Senate Democratic Appropriations Committee contracts from 1999 to 2004 that netted Palermo \$45,000 to \$66,000 a year.

Fumo was convicted of fraud for the Palermo contracts and will pay most of the \$287,000 in related restitution. Palermo, charged six months after Fumo's conviction, would pay the remaining \$50,000.

Palermo is only the latest Fumo associate charged in the case. Longtime aide Ruth Arnao was convicted at trial with Fumo and is serving a one-year prison term, while two computer technicians pleaded guilty before trial to destroying e-mail evidence.

Arnao's husband, a former state turnpike commissioner, remains under FBI investigation for \$150,000 in alleged no-work contracts awarded by Fumo.

Man wanted in Europe found working at Neb. prison

By NATE JENKINS
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A simple Google search of Michal Preklik's name turns up an Interpol wanted poster from his native Czech Republic. So where was he arrested? In Nebraska's maximum-security prison, where he was not an inmate, but a guard.

Preklik had worked at the prison for a year and his arrest came just two months after officials at Tecumseh State Correctional Institution promoted the 32-year-old to corporal. Prison officials learned last month that he was wanted on suspicion of drug and fraud crimes.

"This is just unbelievable that the state of Nebraska is hiring international criminals," said state Sen. Heath Mello of Omaha. "Who's minding the store?"

The Department of Correctional Services is reviewing its hiring practices, spokeswoman Dawn Renee Smith said.

"Obviously, it's a concern whenever we have anyone working at the facility ... who has any type of outstanding warrants," Smith said.

The situation is reminiscent of a 2005 incident that led to a Nebraska Department of Health and Human Services policy that Google searches of job candidates be conducted. The department offered a job to Wayne Richard McGuire,

but rescinded the offer after The Associated Press reported that he had been convicted in absentia in Rwanda of the 1985 murder of Dian Fossey, whose research was the subject of the movie "Gorillas in the Mist."

Preklik (pronounced PRESS'-lik) wound up in Nebraska in 2002 when he got a job at a hog farm through a company that recruited Eastern Europeans as laborers in violation of their tourist visas. The hog farm is about 30 miles from the Tecumseh prison.

Preklik later testified against Milan Matousek, who was convicted of transporting and harboring illegal immigrants while helping the company. Preklik was granted legal residency in return for his help in the prosecution, said his wife, Kari Preklik, an American he married in 2005.

She said the drug and fraud accusations stem from another prosecution he assisted with in the Czech Republic. He had become ensnared with organized crime while buying and selling cars and was kidnapped, she said. While testifying in that case, he was accused of giving members of the group drugs, she said.

But she had no idea of an outstanding warrant.

Interpol, which fosters police cooperation across the borders of 188 countries, and the U.S. Marshals service didn't release any information about the accusations

against Michal Preklik.

"I was shocked when I found out," said Patrick Barker, an officer at the prison who worked with Preklik. "Here we have a guy facing drug and fraud charges and we're dealing with contraband issues at the prison."

Smith said she wasn't aware of any internal investigations because of Preklik's situation.

The Corrections Department did a background check on Preklik before hiring him, like it does on all potential hires, she said. But a national database that includes criminal records and warrants, the National Criminal Information Center, did not reveal any warrants for his arrest, Smith said.

However, a second background check was done Oct. 21, 2008, a week after Preklik started working at the prison and more than a month after Interpol listed him as wanted.

"No warrant showed up at that time either," Smith said.

There is often a lag between the time Interpol lists someone as wanted and when an arrest warrant is issued in the country where the person is residing.

Preklik was arrested by Immigration and Customs Enforcement on Sept. 8 and has a Nov. 9 hearing to determine if he can be released on bond. He has asked that the decision to send him back to the Czech Republic be reviewed.