



# RENO EVENING GAZETTE

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## Grand jury report aftermath

# Tougher brothel laws backed

By BARBARA HENRY

The need for strong control of prostitution in Nevada, revealed in the wake of Monday's grand jury report, was greeted with agreement on the part of state and local officials contacted this morning.

Although the majority of the report is devoted to intense criticism of the actions of several past and present elected officials, the grand jury included a section severely critical of the lack of control over brothels in Nevada.

In its section entitled "The Mustang Brothel and its Effect on Washoe County," the grand jurors noted the

extreme health hazard to Washoe County created by Joe Conforte's Mustang Ranch east of Sparks in Storey County.

While offering high praise to the grand jury for the thoroughness of its report, State Sen. Bill Raggio, R-Reno, said today he would support a bill in the 1977 Nevada Legislature making prostitution illegal within a 50-mile radius of any urban center.

During Raggio's term as Washoe County district attorney, Conforte was successfully prosecuted for extortion and sent to the Nevada State Prison.

"The problem isn't one of prostitution itself," Raggio

said. "It's the problem of brothels being hang-outs for every undesirable around." He said the 50-mile radius law would provide better control over the operation of brothels.

The former district attorney said the bill was considered several legislative sessions ago, but there was inadequate support for it so it was never introduced.

"The legislation isn't aimed at the act of prostitution, but at the sleazy situation that can develop with the operation of a brothel near an urban area." He added with the timeliness of the grand jury report, the legislation might

•Brothels, page 2, col. 6

## A look at who Joe Conforte is

By DOUG McMILLAN

Arrests, trials, jail terms, fines, alleged links to organized crime, money and an unflagging advocacy of legalized prostitution have been the recurring themes in the career of brothel operator Joe Conforte.

Conforte, 50, is an ex-felon, but recently had his civil rights restored, taking advantage of a Nevada law which allows removal of restrictions on ex-convicts if they remain arrest-free for 10 years.

Although Conforte's record has remained clear of the law for a decade, his early years in Nevada were dotted with brushes with the law.

Two offenses for which he served

time in prison were a 1960 jury conviction for extortion and a federal conviction for income tax evasion in 1963.

He served 22 months of a three-year term on the extortion conviction concurrently with part of a three- to five-year sentence on the federal conviction.

The extortion charge was brought by former Washoe Dist. Atty. Bill Raggio, now a state senator, who accused Conforte in 1969 of trying to blackmail him by setting him up with a woman posing as a divorcee.

At the time, Raggio was carrying on a campaign against Conforte which resulted in repeated arrests

of the brothel operator on misdemeanor charges of vagrancy or being a disorderly person, levied under Nevada laws dealing with houses of prostitution.

The campaign peaked when Storey County officials, armed with a court order, put the torch to Conforte's Triangle Ranch near Wadsworth while Washoe County officials, including Raggio, watched. They said it was legal under a law declaring the building a public nuisance as a house of prostitution.

While that house burned to the ground, another Conforte-run brothel 500 feet away across the Storey-Lyon county line, continued to operate.

Storey County passed an ordinance legalizing prostitution in 1971, making it possible for Conforte to operate the Mustang Ranch, just across the Washoe-Storey County Line 12 miles east of Reno.

In 1968, Conforte went on trial for white slavery (transporting a woman across state lines for immoral purposes) but was acquitted by U.S. District Judge Bruce Thompson.

In 1969-70, Conforte fought unsuccessfully to operate a city bus line in Reno, presumably using money from his Storey County brothel to finance it.

•Joe, page 2, col. 1



JOE CONFORTE

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# Here's Washoe County grand jury's complete report

WASHOE COUNTY GRAND JURY REPORT  
 March 15, 1976

**PREFACE**

The law of the State of Nevada provides: "The Grand Jury must inquire into the misconduct in office of public officers of every dissection within the county."

"2. The Grand Jury may inquire into and report on any and all matters affecting the morals, health and general welfare of the inhabitants of the county, or of any administrative division thereof, or of any township, incorporated city, irrigation district or town therein." §§ 4, 5, 6, NRS 172.175.

Pursuant to the legal responsibility vested in the Grand Jury, this Jury began its investigation of the matters contained within this report in July, 1974. At the outset, the Grand Jury investigation focused upon what is commonly referred to as the Conforte Land Transaction wherein brothel owner Joe Conforte purchased approximately three hundred forty four (344) acres of property from a Sparks ranching family, and thereafter sold a portion of the property to the Convention Authority. The Grand Jury's investigation also centered upon Sparks City Government as it existed prior to the Spring elections of 1975, and upon the activities of certain members of the then Sparks City Council.

The scope of the Grand Jury's investigation broadened considerably as evidence relevant to one facet of the investigation led to new areas where additional inquiry appeared warranted. As will be seen in this report, by the time that the investigation was concluded, it reached not only into the Sparks City Council but also to a degree into the Reno City Council and the Washoe County Commission. Other public entities, former public officials, and current public officials also fell under the purview of the Grand Jury.

The Grand Jury is not issuing any criminal charges. No ones have been shown from the evidence discussed in this report and the Grand Jury stresses that nothing said in this report is intended to accuse, imply, or create an innuendo that any person has committed a criminal offense. Because no criminal charges are being issued, the Grand Jury has elected to release what it considers to be an in depth report of the major areas in which investigation and review were undertaken and in which comment can be made.

Pursuant to Nevada law, the Grand Jury can report on conduct which does not constitute the commission of a crime and which is relevant to the health, safety and welfare of the citizens of Washoe County. Not only does the Grand Jury have the jurisdiction to report on such conduct, but the members of this Grand Jury also believe they have an absolute obligation to report their findings in this particular investigation. This report represents the Grand Jury's effort in this regard and is supported by

the concurrence of each and every member of the Grand Jury, no Grand Juror dissenting as to any part of this report.

Because of the length of this report and the scope of the Grand Jury's investigation, it is the recommendation of the Grand Jurors that readers of this report carefully read it in its entirety and consider the inter-relationship of each part of the report with the other. Conduct reported in one portion may not in itself seem particularly significant; however, the Grand Jurors believe that in the context of the entire report, everything contained herein is indeed relevant to an enlightened understanding of the Grand Jury's investigation.

The Grand Jurors believe that across this investigation, this report, and other official action resulting from the investigation have been most important to the public interest and welfare of the citizens of Reno, Sparks and Washoe County. Because of the scope of the investigation and what the Grand Jury considers to be the importance of its findings, the Jury has ordered copies of this report prepared for release to any interested members of the public. Copies can be obtained at either the Washoe County Clerk's Office or the Washoe County District Attorney's Office, both offices located in the Courthouse in downtown Reno. The Grand Jury is also having copies mailed to all elected officials within this community.

**THE CAPURRO-CONFORTE LAND SALE**

**BACKGROUND**

John Brooke, City Manager of the City of Sparks from July 1967 to July of 1973, appeared before the Grand Jury and testified that by 1967 officials of the City of Sparks recognized the fact that a flood control dam was needed in the City of Sparks in the area of the Capurro-Gault property located near Sullivan Lane and Weckind Road. This dam was necessary in order to capture flood waters coming from Sun Valley. The Capurro-Gault property was the only natural place for such a dam. As a result of the City's interest in the land, Brooke contacted the

Capurros to explore the possibility of the City of Sparks purchasing the land for flood control.

During 1971, Sparks Mayor James Lillard indicated an interest in pursuing the matter as a joint recreation project along with flood control. After discussing it with the Mayor, Brooke was in contact with the Capurro family and actual negotiations were begun.

**II. THE CAPURRO-GAULT SALE TO CONFORTE**

James E. Smith, realtor, testified before the Washoe County Grand Jury that in approximately September of 1972, he became interested in the Capurro-Gault land as a potential real estate prospect. Mr. Smith had previously sold Joe Conforte approximately two acres of land adjoining Conforte's Sullivan Lane property and considered Joe Conforte to be a logical purchaser of the Capurro-Gault land because Conforte lived near the Capurro-Gault land, was believed by Smith to have money, and had on the occasion of the prior sale handled by Smith, expressed an interest in the land in the vicinity of his residence.

At approximately the same time, in October of 1972, James Smith spoke to Mr. and Mrs. John Capurro and their son Wayne Capurro, an attorney at law, who acted as spokesman for the Capurro-Gault family regarding the land. Smith requested that he be given an exclusive real estate listing on the approximately three hundred forty four (344) acres located in the vicinity of Sullivan Lane and Weckind Road. The Capurros would not give Smith an exclusive real estate listing, but did assure him that the family would listen to any bona fide offer to purchase that Smith might present.

Mr. Smith, shortly thereafter, approached Joe Conforte and suggested that Conforte buy the land. Conforte was not interested in the land at that time and Smith abandoned his efforts to persuade Conforte to purchase the Capurro-Gault land.

In late October or early November 1972, Smith

•Complete, page 10, col. 1

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## A day in the life of an American family

# Here's how the 'feds' nit home

By BROOKS JACKSON

**ALLENTOWN, Pa. (AP)** — At 7:45 a.m., Nancy Ruddell sits down for her first cup of morning coffee, adding an artificial sweetener containing saccharin.

"Contains no cyclamate" reads the little packet of Shop Rite Superior Quality Sweetener. Cyclamate lacks saccharin's bitter aftertaste, but it cannot be sold for human consumption because of a U.S. Food and Drug Administration (FDA) ruling in 1969.

This day that started at 6:15 a.m. is a mostly unexceptional one for Tom and Nancy Ruddell. They take their two children to school; Tom goes to work at Pennsylvania Power and Light; Nancy makes two shopping trips, and they give a small party.

But throughout this day, and every other day, the Ruddells' lives — and those of every American — are shaped by federal regulations. The effects of most regulations slip by unnoticed — like U.S. Department of Agriculture's fat content for the choice beef sold at the local supermarket.

Others are not so hidden — like the required seat belt ignition interlock on Nancy's red Volvo 165 station wagon which she calls "a constant pain in the neck."

The extent to which federal regulations touch the Ruddell family is not unusual. Every family in this town — where the Liberty Bell was hidden from British troops in 1777 in the Zion Reformed

Church — and every family in this country is affected by the rules made in Washington, D.C.

For most Americans, the federal role in their personal lives is largely ignored.

This, then, is a look at the regulations in a day in the life of one American family in this city of 109,000 in the rolling hills of eastern Pennsylvania.

6:15 a.m. — A burst from the alarm clock rouses the family. The clock reads that particular time because Congress decreed Daylight Savings Time ended when October did.

6:25 a.m. — Geoffrey, age 3, slips out of his pajamas that are flame retardant because the Consumer Product Safety Commission requires sleepwear for children to be so treated.

6:50 a.m. — Three quarts of Abbot's homogenized milk deposited earlier in the morning outside the back door are brought in by Geoffrey. Nancy makes a mix of the milk and reconstituted Shop Rite Instant Non-Fat Dry Milk, cutting the drink's calories and cholesterol. But the resulting mixture is also cheaper than ordinary skim milk because the U.S. Department of Agriculture sets a higher support price for skim milk than whole milk.

7:37 a.m. — Jennifer, 10, and Geoffrey take the Hess's brand of Fruit Flavored Chewable Multiple Vitamins. A bit later, Tom and Nancy both take a multivitamin made by the Treasury Drug Co. for the J.C. Penney Co.

The manufacture and labeling of vitamins are now regulated by the Food and Drug Administration, but Sen. William Proxmire, D-Wis., is sponsoring a bill to prohibit the FDA

from regulating the potency of such diet supplements. This would mean consumers would be able to buy massive doses of various vitamins, whether or not the FDA concludes such doses have a medical benefit.

Tom starts for work on his Audi sedan doesn't make a shrill buzz when he turns the ignition key. It's been disconnected. "It's my way of protesting the system," he says.

7:55 a.m. — Driving to work, Tom recalls the story of how a federal safety inspector ordered the wearing of hardhats and installation of guardrails at the workshop of the Trolley Museum in Kennebunkport, Maine. During the family's summer vacations, Tom spends much of his time working as a volunteer in restoring old trolley cars.

"They probably did us a favor, but my Lord, it makes you think. They've even gotten to trolley museums," he says.

8:14 a.m. — Nancy backs her Volvo station wagon out of the garage on the way to take Jennifer to school. She pulls a small greyish box out of the glove compartment, presses its button and the garage door closes.

The box is a low-powered radio transmitter, a Wikes model 116-56, which was built according to meet Federal Communications Commission standards.

But FCC rules are just not something Nancy thinks about. She notices the label on the back of the transmitter for the first time: "This label is required by FCC rules. Do not remove."

•Family, page 2, col. 1



## Kitchen regulations

Mrs. Nancy Ruddell serves her 5-year-old son Geoffrey a glass of water in the kitchen of her Allentown, Pa., home. A

her husband Tom, and their two children shows that the regulations of federal agencies shape nearly every aspect of their lives. (AP Wirephoto)

# Complete grand jury report on Washoe County government

(Continued from Page 1)

received a phone call from Joe Conforte asking him to come to Conforte's house. When Smith arrived at Conforte's, Conforte said that he had reconsidered the Capurro property. Conforte said he thought he had a way of putting it together and that he thought he had figured out so that he would buy the land and the City of Sparks and the Fair and Recreation Board (Convention Authority) would build a golf course. Conforte said that he would end up with about one hundred (100) acres. Conforte said.

"If I get it at the right price, my acreage will go up to about 200 acres. The 175,000 Dollars (\$25,000.00) to Thirty thousand Dollars (\$3,000.00) an acre and I'll make myself a millionaire."

Thereafter Smith began negotiating with the Capurros and Gault on Conforte's behalf. At the same time, representatives of the City of Sparks continued their discussions with the Capurros and Gault about the possibility of buying their land.

In February of 1973, prior to the sale of the land to Conforte, Sparks Councilman Gordon Foote made a motion that the Sparks City Council go on record as being in favor of buying the Capurro-Gault land. Sparks Councilman Smith agreed to accept a 5 per cent commission voted against the City making a commitment to buy the land at that time without voter approval. Shortly thereafter, the Council learned that Conforte had purchased the Capurro-Gault property.

On March 1, 1973, a deposit agreement was signed by Conforte (Exhibit No. 1). By June 1973, escrow instructions replaced the deposit agreement and the sale was concluded shortly thereafter.

Approximately three hundred forty four (344) acres were sold to Conforte at Five Thousand Dollars (\$5,000.00) an acre for a total purchase price of One Million Seven Hundred Twenty Two Thousand Twenty Five Dollars (\$1,722,025.00). Also, Twenty Two Thousand Five Hundred Thirty Two Dollars (\$2,632.00) was paid by Conforte for water rights. Conforte also agreed to pay a 5 per cent commission in connection with the sale, which commission was in the approximate amount of Eighty Six Thousand Dollars (\$86,000.00). (Exhibit No. 2)

Mr. James Smith, an associate of Councilman Clyde Biglieri and his real estate company, Washoe Realty, agreed to a 5 per cent real estate commission without the approval or knowledge of Washoe Realty or its owner, Henry City Councilman Biglieri. When Biglieri was informed that Smith had agreed to accept a 5 per cent commission, he objected to the commission as not being the full and customary amount. Mr. Biglieri particularly objected when he was informed that he, Washoe Realty, and James Smith would only receive Forty Thousand Dollars (\$40,000.00) of the Eighty Six Thousand Dollars (\$86,000.00) commission, less than one-half of the 5 per cent commission to be paid by the Capurros and Gault.

Smith had been informed by Conforte that there would be no fee unless they were paid. Biglieri and James Smith, agreed to certain payments later set forth in a Letter of Instructions to First Commercial Title, Inc., dated June 5, 1973. (Exhibit No. 3) Those payments were to be made out of the 5 per cent commission to be paid by the Sellers, Capurro and Gault.

Although Biglieri objected to the commission being smaller than usual and being split as demanded by Conforte, upon receiving the commission, Biglieri went through unless payments were made as set forth in the June 5, 1973, Letter of Instructions, Councilman Biglieri and James Smith agreed to accept the commission and go along with the payments detailed in the Letter of Instructions.

Reno City Councilman Biglieri testified before the Grand Jury that he told James Smith that he thought the commission should be split between himself and James Smith because Smith had not contacted him and obtained his approval before agreeing to accept a commission that was less than the customary amount obtained at Washoe Realty. Thus, after Smith agreed, he received Twenty Thousand Dollars (\$20,000.00) and Councilman Biglieri received Twenty Thousand Dollars (\$20,000.00).

The Letter of Instructions of June 5, 1973, (Exhibit No. 3) was executed by Wayne Capurro, attorney for the Capurros and Stanley H. Brockman, attorney for the Purchaser. That Letter of Instructions divided the 5 per cent commission to be paid by the Capurros and Gault and pursuant to that Letter of Instructions, checks were subsequently cashed for the amount of Ten Thousand Five Hundred Dollars (\$10,500.00) to Stanley H. Brockman and Planners, (Exhibit No. 4); Forty Thousand Dollars (\$40,000.00) to Washoe Realty, (Exhibit No. 5); Twenty Thousand Dollars (\$20,000.00) to Humphreys Real Estate, (Exhibit No. 6); and Sixteen Thousand One Hundred Dollars and twenty-five cents (\$16,125.00) to Joe Conforte, the Purchaser, (Exhibit No. 7).

Nowhere in the agreements, documents of title, escrow instructions, and other documents on file in connection with the land transaction was there any mention of the fact that former State Senator Stanley Drakulich was a real estate broker or salesman with an interest in this transaction, or that the checks were to be deposited in the Capurro-Gault land transaction with Conforte. However, former Senator Stanley Drakulich received Eighteen Thousand Dollars (\$18,000.00) through William Humphreys, real estate broker, while Conforte had the check payable to Mr. Drakulich was dated June 7, 1973. During the same month, Mr. Drakulich paid Eighteen Thousand One Hundred Seventy Dollars and fifty-three cents (\$18,173.50) in back taxes and interest resulting from a criminal prosecution for failure to file a Federal income tax return.

The fact that former Senator Drakulich received Eighteen Thousand Dollars (\$18,000.00) through William Humphreys was first made public on May 2, 1974, when the local newspapers published that fact. (Exhibit No. 9) Upon appearing before the Grand Jury, Mr. Drakulich complained that a copy of the \$18,000 check had been provided to the newspapers by Sheriff Robert Galli. Drakulich insisted that the Grand Jury determine whether or not Galli had so informed the press. Sheriff Galli was called before the Grand Jury and testified that he did provide the information to the press.

William Humphreys testified that he handled the Conforte transaction as a favor to Drakulich. Humphreys testified that Drakulich asked him to receive the money and that he, Humphreys, received Twenty Thousand Dollars (\$20,000.00) for this favor. Humphreys testified that he knew nothing about the check he did to earn the Eighteen Thousand Dollars (\$18,000.00). Also, Humphreys testified that he did nothing himself other than meet Joe Conforte at Drakulich's request. None of the other witnesses who appeared were aware of anything that Drakulich had done to earn the commission.

Mr. Drakulich testified before the Grand Jury that he heard that there was a land sale transaction taking place and he approached Joe Conforte. Conforte said that he could have a commission in connection with the transaction. Conforte agreed and although Drakulich was not a party to the land sale negotiations which took place between Wayne Capurro, attorney for Sellers, James Smith, Clyde Biglieri and Stanley H. Brockman for Conforte, he received Eighteen Thousand Dollars (\$18,000.00) through Humphreys.

Drakulich testified that he did virtually nothing to earn the commission and asked William Humphreys to handle the matter for him because he, Drakulich, was busy and involved with business in the legislature.

### THE CONFORTE SALE TO THE CONVENTION AUTHORITY

After the purchase of the Capurro-Gault land by Joe

Conforte, Conforte began a public campaign to sell the center portion of the land, located in the flood plain area, to a public agency in Washoe County for the purpose of having a golf course developed. Conforte told realtor James Smith of the development. Conforte said that he would enhance the value of the adjoining property and he, Conforte, would reap a profit on the future sale and development of the remaining property in an amount in excess of One Million Dollars (\$1,000,000.00). Other witnesses confirmed the probability that Conforte would make a huge profit.

Shortly after the purchase of the land by Mr. Conforte, Councilman James Vernon and Councilman Pete Lemberes actively sought to have the City of Sparks purchase the land from Conforte. However, the City of Sparks did not have sufficient financial resources to purchase the land and develop it into a golf course.

Subsequently, proposals were made to the Convention Authority offering to sell the land to them. Again, James Vernon, Chairman of the Convention Authority, was a strong advocate for the purchase of the Conforte land. In addition to Councilman James Vernon, Washoe County Commissioner Gerry Grow, a member and secretary of the Convention Authority, also strongly advocated the purchase of the Conforte land and the development of the golf course. Mr. Grow testified that he advocated the golf course because it would be a good addition to the golf course already in existence in Washoe County and because he, an avid golfer himself, felt it was a good community investment for the Convention Authority.

The Convention Authority had, in the meantime, with the assistance of a citizens' advisory committee, set certain priorities for the expenditure of Convention Authority funds. The first priority set by the Board was the purchase of an addition to the Centennial Coliseum which would be used, for among other things, the upcoming National Bowling Congress meeting. In order to obtain that convention, the Convention Authority had to give the National Bowling Congress a site which was because it was anticipated that there would be as many as 25,000 participants who would be present in the Reno area for several weeks. The second priority set by the Board was the purchase of the Sparks City Council and a golf course in Sparks. The revenues of the Convention Authority were not sufficient to finance both priorities. As time passed, the golf course became the first priority, replacing the addition to the Centennial Coliseum.

**B) The Room Tax Increase**  
Commissioner Gerry Grow advocated a one cent increase in the room tax which is collected from lodgings in the Reno-Sparks area. In order for the room tax to be increased, it was necessary that the increase be approved by all three governing bodies in Washoe County; the Reno City Council, the Sparks City Council, and the Washoe County Commission. The increase was first passed by the Washoe County Commission and the Sparks City Council.

The Reno City Council first voted on the room tax increase on the 25th day of March, 1974. James Vernon and Gerry Grow were present at the Reno City Council meeting and urged passage of the one cent increase in the room tax. The vote resulted in a tie. During the vote, Reno Councilman Clyde Biglieri abstained. The reason he gave for not voting was that he had had a conflict of interest and that he felt it was a conflict of interest for him to vote.

On May 13th and May 20th, 1974, the issue was brought before the Reno City Council with little public notice. Several interested parties complained about the lack of notice on such an important issue.

On August 12, 1974, the issue was again before the Council and the roll call vote again resulted in a tie. Councilman Biglieri, who abstained, said if he were to vote, he would vote in favor of the increase. The officials in charge of the roll call vote ended in a tie. He said that he was going to change his abstention and vote on the issue. Biglieri then voted in favor of the room tax increase. The increase was thereby approved.

Upon passage of the room tax increase, long term financing was available to make it possible for the Convention Authority to fund the addition to the Centennial Coliseum and to fund the golf course.

Mr. Biglieri explained that he felt that Councilman Sam Diblonto, a hotel owner, voted, he, Biglieri, left justified in voting rather than abstaining. Biglieri testified that he favored the room tax increase because he was not at the meeting and he felt that a substantial portion of the money was going to be used to purchase the property owned by Conforte, the same property from which he, Biglieri, had received a commission of Forty Thousand Dollars (\$40,000.00) in connection with the sale of the Conforte property. He stated that the fact that he had received a commission from the Conforte land purchase did not influence his vote. He also testified that although he had several meetings with phone calls from Joe Conforte urging him to vote in favor of the room tax increase, those contacts also had no effect on his vote. When asked whether or not there was any arrangement to the effect that he, Biglieri, and Washoe Realty would receive the real estate business from Conforte in the sale of the property surrounding the golf course retained by Conforte, Biglieri testified that there was no arrangement to that effect, but that he would accept the opportunity to sell the real estate to Washoe Realty.

Joe Choma, assistant with Councilman Biglieri at Washoe Realty, testified that he had a vague recollection that he, Washoe Realty and Clyde Biglieri, might be involved in the sale of Conforte's property in the future.

**C) The Proposal to Change the Composition of the Convention Authority - Senate Bill 152**  
The Grand Jury found that on February 28, 1973, former Senator Stanley Drakulich appeared at the regular meeting of the Washoe County Fair and Recreation Board (Convention Authority) and spoke in opposition to Senate Bill 152, (Exhibit No. 10), which would have increased the size of the Convention Authority to include four members in addition to the five elected public officials. The Board voted to oppose SB 152 after a promise of more cooperation with the Chamber of Commerce. The Chamber, sponsor of SB 152, agreed to withdraw the legislation.

Former Senator Stanley Drakulich testified that his opposition to the expansion of the membership of the Convention Authority was in no way related to his receiving the Eighteen Thousand Dollars (\$18,000.00) from Conforte. Conforte was in connection with Conforte's purchase of the Capurro-Gault land. Drakulich testified that he had opposed the expansion of the Convention Authority because he did not want the Chamber of Commerce to have added representation. He felt that the present composition of the Convention Authority was adequate and superior to the proposed expanded Convention Authority.

**D) The Golf Course Repurchase Agreement**  
The Conforte portion of Conforte's land was purchased by the Convention Authority. Conforte and the Authority took title to the property upon the following conditions contained in the escrow documents:

"If within five (5) years from the date of purchase, buyer, its successors, assigns, grantees or permittees shall not have sufficient funds to purchase and develop an 18 hole public golf course on said lands, and, if buyer commences a sale of said land or a part thereof pursuant to NRS 244.21, sellers, their heirs or assigns, shall have the right to meet or better the terms of any such sale of land submitted by any third party at any such sale." (Exhibit No. 11)

Thus, Conforte was assured that either a golf course would be built at public expense or he could exercise his option to repurchase the land he sold to the Convention Authority.

**E) Execution of the Sale Agreement**  
After the details of the purchase agreement were resolved, the agreement was approved by the Convention Authority and executed by James Vernon, Convention Authority Chairman, and Gerry Grow, Secretary of the Convention Authority.

At the time when the final paperwork was available for signature, Commissioner Gerry Grow was in the State of Washington on a vacation. At that time, Conforte chartered a private plane to fly to Spokane, Washington to return Mr. Grow to Reno for the purpose of signing the papers. Mr. Grow testified that although he could have waited until he completed his vacation and returned to Reno, that he returned early with Mr. Conforte to save him interest payments on the property. Although the documents were signed by Conforte with an airline ticket back to Spokane, Grow also accepted One Hundred Dollars (\$100.00) from Conforte for the inconvenience occasioned by his vacation. The Grand Jury finds this conduct of Mr. Grow to be consistent with the close personal relationship existing between same public officials and Conforte at the time of the land sale.

### UNDISCLOSED INVOLVEMENT OF CONFORTE IN LOCAL PUBLIC AFFAIRS

Joe Conforte's involvement with the public officials most directly concerned in the acquisition of his Sparks property has been shown in other portions of this report and, at the least, it is clear that he encouraged both the Reno City Council and the Sparks City Council in the passage of the room tax increase which would finance the land purchase. However, during the course of the Grand Jury's investigation, there was evidence that Conforte's involvement with the public officials extended well beyond the sale of his Sparks property.

The Grand Jury found that at the time when the City of Reno was considering the appointment of Reno Police Chief, Conforte supported the appointment of Colonel Alex Lemberes as Chief. The Grand Jury's evidence showed nothing more than a friendship between Colonel Lemberes and Conforte and the Grand Jury does not believe that Conforte's support of Colonel Lemberes, also, Lemberes was apparently not seriously considered for the position because, among other reasons, of his lack of experience in civilian law enforcement. However, what is significant is that Conforte's involvement in local politics extended to the point of making private recommendations concerning such an important appointment as Reno Police Chief.

Conforte's involvement with Conforte encouraged members of the Sparks City Council to support the proposed salary increase for Judge Morrison of the Sparks Municipal Court. Judge Morrison's salary was later substantially increased.

Conforte received evidence that at the time when former Reno City Councilman Sam Diblonto was seeking the position of Mayor of the City of Reno he was contacted by Conforte. The Mayor is chosen by vote of the citizens of Reno. Conforte testified that when he was approached by Conforte, he was told that if he would make certain committee appointments, he could count on becoming Mayor.

Conforte testified that certain appointments were indicated that he would consider all of the council members for the committee appointments. After Diblonto became Mayor, he made the particular committee appointments of concern to Conforte. However, he testified that those council members requested by Conforte. Thereafter, Conforte contacted Diblonto, expressed Diblonto of turning him around, and expressed unhappiness with the appointments Diblonto made.

Conforte also testified that he believed that Conforte was unhappy with Diblonto and wanted him out of office. The Grand Jury wishes to stress, however, that it received no evidence that Mr. Diblonto's successor in office was appointed on the basis of the grand jury's findings. It is believed that Conforte and certainly no inferences should be drawn against Mr. Diblonto's successor.

The Grand Jury makes note that in these two instances where Conforte testified that certain appointments for important official positions, those appointments were not made. Nonetheless, it is apparent to the Grand Jury and the Grand Jury finds that Mr. Conforte's relationship with the Reno City Council and the Sparks City Council is believed that he had some considerable effect upon decisions relative to official action. The Grand Jury cites these examples not as any kind of criticism of the people being supported, but rather as evidence of the involvement of Conforte in the scope of Conforte's attempted involvement in the public's business.

### CONFORTE'S ASSOCIATION WITH PUBLIC OFFICIALS INVOLVED WITH THE LAND SALE

**A) The Mustang Meetings**  
The Washoe County Grand Jury has investigated the relationship of Joe Conforte with the various public officials connected with the land transaction and finds the following:  
During the time that the Conforte land transaction was pending before the three local governing bodies and the Convention Authority, James Vernon, Gerry Grow and Pete Lemberes regularly visited Joe Conforte at Mustang Brook. At that time, Vernon was the Convention Authority Chairman and a Sparks Councilman, Grow was the Convention Authority secretary and a Washoe County Commissioner, and Lemberes was a Sparks Councilman. At several of these Mustang visits, the three met with Conforte and public business was discussed.

The Grand Jury has received testimony from Vernon, Lemberes and Grow that they were invited to Mustang Brook and instead of going to the public reception area, they would go to a special area of the brothel where food, drink and the services of prostitutes were available to them free of charge. On occasion, other public officials would be taken to the brothel with Vernon, Lemberes and Grow.

In addition to the testimony of Vernon, Grow and Lemberes, the above finding was verified by other witnesses. The Grand Jury received testimony from Conforte that he, Conforte, and Lemberes were on Conforte's "comp list" at the brothel. Additionally, meetings were held by the three with Conforte on occasion at locations other than the brothel.

At one meeting at the brothel attended by Conforte, Vernon, Lemberes and Grow on Conforte's birthday, Conforte discussed getting the "right people" in public office. They also discussed the one cent room tax increase and it was suggested that they "get rid" of Mayor Diblonto because he was the one who was stopping the room tax from going through.

Mr. Clyde Biglieri, Reno City Councilman, testified that he was contacted by Pete Lemberes and James Vernon and was taken to Mustang where he received a Five Hundred Dollar (\$500.00) campaign contribution from Conforte.

Mr. Roy Paggi, former Washoe County Commissioner, also a member of the Convention Authority at the time of the purchase of the Conforte land, testified that he received Two Thousand Dollars (\$2,000.00) during his last political campaign.

Mr. Michael Schultz, former Sparks Councilman, testified that when he first ran for the Sparks City Council, he was contacted by Councilman James Vernon who offered Conforte aid in Schultz's campaign. At that time, Schultz received One Thousand Dollars and Two Hundred Dollars (\$200.00) from Conforte.

Mr. Carl Bogart, Reno Mayor and Convention Authority Chairman, received One Thousand One Hundred Fifty Five Dollars and ninety-eight cents (\$1,155.98) during his last campaign for Conforte.

At his first appearance before the Washoe County Grand Jury, Mayor Carl Bogart was asked if Conforte ever contributed to his campaign. He said, "Yes. When asked how much Conforte contributed, he said 'couldn't remember the specific figures. He testified that he had no idea of the amount of money that Conforte had given."

Later, Mayor Bogart claimed that he did not receive any of Conforte's money. He explained that in his prior testimony he was merely referring to the fact that Conforte had said that he would help Bogart in his campaign. Bogart testified that he told Conforte to keep everything above board. According to Bogart, he told Conforte that he had hired a campaign manager. Bogart then said he heard nothing more about any Conforte contributions.

Mayor Bogart was contradicted by his campaign manager. He testified that he did not receive the bulk of the contributions in Mr. Bogart's campaign, but rather that Bogart himself received most of the contributions. Bogart's campaign manager testified that Bogart's campaign manager were two contributions, one in the amount of Eight Hundred Sixty Six Dollars and seventy-eight cents (\$866.78) and another in the amount of Two Thousand Five Hundred Dollars and ninety-eight cents (\$2,598.98) for a total of One Thousand One Hundred Fifty Five Dollars and ninety-eight cents (\$1,155.98). These checks were received from political pollster Brent Tyler. The campaign manager testified that the checks from Tyler (\$866.78 and \$2,598.98) were made to Bogart by Conforte. Tyler testified that he and Bogart had discussed the contributions and that he, Tyler, solicited the money from Conforte with Bogart's permission and approval of his answer to the question of Tyler. Bogart said that he did not care that people knew about the solicitations from Conforte.

There is also evidence that Conforte has given other gratuities to public officials. An anonymous contribution, in August of 1972 former Councilman Pete Lemberes bought Joe Conforte's 1972 Lincoln Continental Mark IV. Mr. Lemberes testified that he paid Seven Thousand Five Hundred Dollars (\$7,500.00) cash for the car, but he did not receive a bill of sale, papers or receipt other than a Department of Motor Vehicles green slip.

**C) Conforte Refuses to Testify**  
After receiving much of the above evidence in the course of the Grand Jury's investigation, Mr. Joe Conforte was subpoenaed to appear before the Grand Jury on May 14, 1975. After stating his name and address, he asserted the Fifth Amendment privilege and refused to answer questions on the grounds that his answer would tend to incriminate him. Mr. Conforte refused to answer questions on the Conforte-Capurro land transaction and other matters of interest to the Grand Jury.

The Washoe County Grand Jury notes the inferences from the fact that Mr. Conforte has exercised his constitutional privilege to refuse to answer questions.

On May 28, 1975, Joe Conforte made a public statement which severely criticized the Washoe County Grand Jury and the Washoe County District Attorney. Conforte said that the Grand Jury was a black eye in the otherwise magnificent American legal system. He also alleged that the Grand Jury was a "sleazy deck." He then asserted that if Conforte refused to answer questions on the land transaction, he would answer any and all questions.

On Wednesday, July 9, 1975, pursuant to subpoena, Joe Conforte again appeared before the Grand Jury. At that time, Conforte refused to discuss his transactions against the Grand Jury. Conforte repeatedly declined to answer questions about matters he said in the media he would discuss, and again he asserted his Fifth Amendment privilege.

As stated above, the Washoe County Grand Jury has received evidence that Conforte has attempted to exercise his Fifth Amendment privilege. However, the Grand Jury is offended by Mr. Conforte's two-faced hypocrisy. As shown above, he was given every opportunity to answer questions and he refused to do so. The Grand Jury is offended by Mr. Conforte's unprovoked attack on the Grand Jury as an institution is malicious and against the best interests of the community, particularly when he refuses to support his criticism and accusations before the very body which he is attacking. The Grand Jury notes that both sides of the issues under review. The Grand Jury believes that Mr. Conforte has attempted to turn public sentiment against any investigation into his affairs and those of the Washoe County who have been associates of Mr. Conforte.

The Grand Jury is charged with the responsibility of inquiring into allegations of official misconduct. In following this mandate, the Grand Jury has used every available means to obtain the truth in its inquiry. An inquiry which has continued for nearly two years. After answering the Grand Jury's questions, every witness has been given the opportunity to have his say and has been given the opportunity to present whatever evidence he wishes.

Furthermore, the Grand Jury is confident that the community will find that the efforts expended in making this inquiry were worthwhile, productive, and in the best interests of the citizens of Washoe County.

### THE CONFORTE LAND TRANSACTION AND THE PUBLIC'S INTEREST

**A) Conflict of Interest and the Need for Disclosure**  
The Convention Authority's purchase of Conforte's property is illustrative of the problems of conflict of interest which arise when officials fail to disclose their interests in matters pending before public agencies. The Grand Jury is confident that the disclosure of possible conflicts of interest could do much to improve the public official himself. Such non-disclosure also has the natural effect of increasing the cynicism of the citizenry, many of whom are already disillusioned with the actions of public officials.

The Grand Jury recommends that a public official regard his office as a public trust and always do everything in his power to avoid the appearance of improperly. Public officials should not use to assist in their own amass wealth. To the public and to the government, officials should at all times act openly and in the best interest of the public. When a conflict of interest does exist, the public official should always reveal not only the existence of the conflict, but also the reasons for the conflict.

**B) Former Sparks Councilman and Washoe County Commissioner Lemberes, and Commissioner Grow**  
The Grand Jury finds, in consideration of all of its other findings in this investigation, that the manner in which the Conforte land transaction was conducted was not in the public's best interest.

The Grand Jury further finds that former Sparks Councilmen James Vernon and Pete Lemberes and Washoe County Commissioner Gerry Grow were closely involved with Conforte at the same time, they did not disclose to the public their relationship with Conforte and proceeded to actively crusade to have public agencies purchase Conforte's property knowing that Conforte would realize huge profits if the sale were consummated. In so acting these public officials failed to honor a trust which had been placed in them by the

citizens and voters of their respective constituencies.

...in the face of this report, in reaching these findings, this is not to suggest that Veron, Lemberes and Grow are guilty of criminal activity. However, it is clear to the Grand Jury and the Grand Jury finds that these public officials have by their actions not served the public.

The Grand Jury also finds the purchase of the Conforte land and the agreement to develop a golf course were not handled in a businesslike fashion. The Grand Jury does not substitute its own judgment on the merits of the purchase of the Conforte land, but it is disturbed by the apparent slipshod handling by the Convention Authority and its members. Not only did the Convention Authority accept a vague and indefinite proposal without careful study, but the Authority members worked heading into strong support in the room tax and urged their fellow elected public officials into passing the increase when no one knew for sure how much money was needed or would be used for pending Convention Authority projects. It appears that many people were encouraged to submit requests for Conventional Authority funds in order to engender public support for and justify the tax increase when there was no definite plan or commitment to fund any projects other than the purchase of the Conforte land and the development of a golf course.

Former Mayor Sam Dibontano expressed some of the feelings of the Grand Jury when he said the following at a Convention Authority meeting on April 26: "We're sitting here ready to spend a million point some dollars and you don't even know what you're buying, and you don't get any idea what the contract stipulations are. You don't know what the time frame is. You don't know anything. We're just bound and determined we're going to buy 200 acres so that we can make the other four and a half or five, or whatever we need for the golf course. I think before we sit down and spend this kind of money, I think before you in your own mind be firmly convinced, but I am responsible to people that are going to have to pay this, and you don't spend twenty bucks, let alone a million point two, unless I know what the time frame is, what the hell we're buying, how, if you want to go to it for it; you guys have got to know and you've got me outnumbered, so I just thought I'd tell you for the record that this is a tremendous way to be spending money never been on a Board in my life that's done it this way."

Notwithstanding Mayor Dibontano's statement, the other Convention Authority members proceeded to adopt the Conventional Authority's recommendations. County Commissioners Grow and Pagnoli, Sparks Councilman Vernon, and Reno Councilman Carl Bogart. Although not a member of the Convention Authority, Sparks Councilman Lemberes was also present and expressed his strong support for this acquisition. Not only has the Convention Authority spent approximately Nine Hundred Eighty Thousand Dollars (\$980,000.00) for the golf course property, but an additional One Million Five Hundred Thousand Dollars (\$1,500,000.00) in Million Dollars (\$2,000,000.00) will be needed to develop the golf course, erect necessary buildings and purchase equipment.

As a result of the Convention Authority's acquisition of the Conforte property, and assuming that a golf course is developed as planned, according to testimony before the Grand Jury, Conforte may make over One Million Dollars (\$1,000,000.00) in profit.

C. E. Stanley Drakulich In the case of former State Senator Stanley Drakulich, the Grand Jury finds that he, by his actions in concealing his involvement in the Conforte-Capuro land transaction, acted in the public interest. There is no question of good reason for his failure to be forthcoming in his records of the land transaction as being one who received monies. Furthermore, Mr. Drakulich failed to disclose on his open concerning the Eighteen Thousand Dollar (\$18,000.00) commission received by Mr. Conforte. Only after the payment was disclosed by the media did he, Drakulich, acknowledge receiving it.

It is not in the public's best interest when any public official conceals or attempts to conceal a fact from the public when the public itself is involved.

D. Councilman Clyde Biglieri Councilman Biglieri's estate firm handled the Conforte land transaction and Councilman Biglieri received a large commission from Conforte as a result of the transaction. Thereafter, when he broke the tie vote and his decisive vote caused a tax increase, Mr. Biglieri was aware that a substantial portion of the revenue from the tax increase would go to the Convention Authority to purchase the same land from Conforte and that Conforte was in a position to make a substantial profit from the transaction. The Grand Jury finds that a conflict of interest existed when Councilman Biglieri voted for the room tax increase. The conflict of interest arose from the Forty Thousand Dollar (\$40,000.00) commission received by Mr. Biglieri and his associate received from Conforte when Conforte purchased the Capuro property approximately one year earlier. Also, Councilman Biglieri's action in voting on the room tax increase was obviously in violation of himself on the same vote. It should be noted that these actions occurred before the criminal conflict of interest law was enacted in the 1975 legislative session and went into effect in July of 1976.

Further considerations relevant to Mr. Biglieri's conflict of interest are that he received a substantial commission from Joe Conforte and that he voted favorably upon the issue by Conforte, and knew he had a chance of receiving extensive Conforte business in connection with the future sale and development of the parcel of land retained by Conforte. The Grand Jury recommends that public officials assume an affirmative duty to be public watchdogs and alert the public at large when other public officials are involved in unusual transactions. Although he knew of the investment in the Conforte property, Councilman Biglieri failed to alert the public to the fact that Drakulich, a State Senator, had received an Eighteen Thousand Dollar (\$18,000.00) commission from Joe Conforte when he, Drakulich, had done nothing to earn it.

**EXPANDING CONFORTE REAL ESTATE WITH PUBLIC OFFICIALS**

Of major concern to the Grand Jury is the expanding and rather secretive relationships which have developed between Joe Conforte and members of the Convention Authority. In 1962, Mr. Conforte was convicted of the felony offense of Extortion of the then Washoe County District Attorney, William Raggio, and was sentenced to three to five years in the Nevada State Prison. In 1963, Conforte was convicted of the felony offense of Use of Income Tax Evasion by Means of a Fraudulent Tax Return and was sentenced to federal prison for a term of three years. Since release from prison, Conforte's primary source of income has obviously been prostitution and he operates what is probably the largest public house of prostitution in the United States. The Grand Jury has also discovered that many of Conforte's close associates are ex-felons who have been convicted of serious offenses in Nevada and elsewhere.

The Grand Jury's investigation of the Conforte land sale reveals that Mr. Conforte established substantial contacts and rapport with a number of the public officials who were directly involved in the approval of the purchase of the Conforte land. In addition, Conforte has been actively contributing heavily to their political campaigns or granted them other favors or gratuities as in the case of four of the five members of the Convention Authority. Not only did Conforte have this relationship with a majority of the members of the Convention Authority, but these members also represented the Sparks City Council, Reno City Council, and the Washoe County Commission. These are the three governmental entities which make virtually all decisions bearing upon the public interest in Washoe County. Additionally, other evidence discloses that at the time of the Conforte land sale, Mr. Conforte also held similar associations with Sparks City Councilman Lemberes and Reno City Councilman Biglieri. It appears that through

this spreading association with local public officials, Conforte has gone so far as to attempt to influence some of these public officials to act in his favor and, in at least one instance, attempted to influence them to consider a police chief for the City of Reno of his choosing.

The Grand Jury's investigation has essentially focused upon the Conforte and Sparks County Commission. With the exception of former State Senator Stanley Drakulich, the Grand Jury has not investigated or inquired into the role of Mr. Conforte in regard to other local officials such as senators, assemblymen, other city and county officials, or state and federal officials. However, from evidence adduced before the Grand Jury, it appears that at the least, Mr. Conforte has been an active supporter of either some of these office holders or of political candidates who unsuccessfully vied for such offices in recent elections. The Grand Jury recognizes that such support is an absolute right and certainly within the prerogative of Mr. Conforte. However, based on the experience of this investigation, it appears that the local officials who have been involved with Conforte have done so without disclosing this relationship to the public.

Also, in the course of the Grand Jury's investigation, it was disclosed that Conforte has attempted to establish close contacts with public officials in Libby, Montana. This is a small town in the northern part of the state, and is near the borders of Montana, Idaho and Canada. The Grand Jury discovered that Mr. Conforte is hopeful of expanding business operations into that area and that he has established close contacts with the prosecuting attorney for Conforte and Sparks County, Montana, who has visited in both the Libby and the Reno areas with the Lincoln County Prosecuting Attorney. Similar to its discoveries in this investigation, the Grand Jury determined that Mr. Conforte's relationship with public officials has not been disclosed to the local Montana citizens. The Grand Jury mentions these findings because they show a similar involvement by Mr. Conforte with public officials far outside the Washoe County area.

Considering the Grand Jury's findings in this investigation, the Grand Jury finds such spreading and undisclosed relationships definitely not to be in the best interests of the public. The Grand Jury recommends that all public officials who have received financial support or other favors from Mr. Conforte or other persons having a financial interest in pending public matters should voluntarily disclose these relationships to the public. It also recommends that such relationships, especially where they are not publicly disclosed, be considered for review in future years.

**THE MUSTANG BROTHEL AND ITS EFFECT ON WASHOE COUNTY**

I. THE HEALTH HAZARD Joe Conforte's presence in public affairs in Washoe County is very evident from the foregoing descriptions of his activities. The presence of prostitutes in Storey County is also apparent in Washoe County. The Grand Jury has received evidence from a State Health official that there is virtually no State regulation or regulation of Nevada brothels. Only when a case of venereal disease is reported to State authorities by a local doctor does the State Health Department become involved in tracing diseased prostitutes to the public. Because of the nature of the prostitution business, few, if any, patrons of a diseased prostitute can be traced. The patron and his intimate contacts, as a practical matter, are not contacted by the Health Department and informants that they have been exposed to venereal disease.

Although a private physician is hired by the prostitutes and Joe Conforte, in some instances the disease is not detected for up to thirty days after it is contracted by the prostitute. If the prostitute has only ten contacts a day, five days a week, 200 patrons could be infected.

Mr. Robert DeCarlo, Sheriff of Storey County, testified before the Grand Jury that between thirty and fifty prostitutes work at the Mustang brothel, no Storey County officials enforce health laws in Storey County or in any way inspect the Mustang brothel. The Sheriff testified that he has a list of the names of prostitutes by Sheriff DeCarlo's offices. However, he testified that the Sheriff's Department only registers prostitutes every thirty to sixty days. Thus, a prostitute could be in the Mustang brothel for up to thirty days before she is registered. Sheriff DeCarlo admitted that during a one year period in 1974 and 1975, he and his office did not register any prostitutes or check the prostitutes to see if they were diseased.

Also, Sheriff DeCarlo admitted that the registration process as practiced in Storey County is of little value. He testified that he allows the prostitutes to give names other than their true names. He also admitted that he does not make an attempt to correctly identify the prostitutes or check their respective backgrounds. Further, he testified that no applicant has ever been denied permission to work at the Mustang brothel for any reason.

**SOLICITATION AND PANDERING**

During the course of the Grand Jury's investigation, a qualified witness estimated that 75 per cent of the Mustang brothel business comes from tourists. Many of those customers are tourists who are driven to Mustang in taxi cabs. Taxi drivers receive 30 per cent of whatever is spent by the customer at the brothel. As a result of the financial inducements offered to cab drivers, he believes, there is a danger of widespread solicitation and pandering taking place within Washoe County where prostitution is illegal.

There is also evidence of prostitutes traveling to Washoe County from Storey County and Nevada to perform their services in residences, hotels and motels.

The members of the Grand Jury find that State, County and city statutes and ordinances are not adequately enforced. Solicitation and pandering that takes place in Washoe County. Thus, the Grand Jury recommends that the respective governmental agencies act to provide effective laws to control prostitution, pandering and solicitation in Washoe County.

The Washoe County Grand Jury finds that prostitution in Storey County constitutes a health and safety hazard to Washoe County because of Storey County's failure to adequately supervise, inspect and identify the prostitutes. Since the prostitutes are allowed to give false names and are not required to identify themselves adequately for the purposes of health inspections and other legitimate inquiries, the residents of adjoining counties are not adequately protected from the potential health hazards posed by the Mustang prostitutes.

**CONFORTE'S UNDERWORLD CONTACTS AND THEIR EFFECT ON WASHOE COUNTY**

This Grand Jury has chosen not to publicize the names and associates of those individuals who are involved in various crimes including property crimes and drug traffic in Washoe County. It is important for Washoe County and other counties and state law enforcement agencies to keep track of these people and to know their true identities and whereabouts.

The Grand Jury finds that Joe Conforte has associated with known and suspected organized crime figures from various parts of the United States. Further, Conforte has employed, consorted with, and been a friend of many ex-felons. Among those he has associated with and employed are ex-felons who have been convicted in Washoe County and elsewhere of crimes ranging from armed robbery, burglary, grand larceny, drug offenses and other serious offenses.

Although Mr. Conforte, himself an ex-felon, is free to associate with whomever he wishes, and all the above associations do not constitute a violation of any law, it is apparent from the evidence received by the Grand Jury and the Grand Jury finds that Conforte and his prostitution business attract an undesirable element which poses a threat to the safety and welfare of the citizens of Washoe County.

This Grand Jury has chosen not to rely upon the wisdom of allowing prostitution in the State of Nevada. However, in light of its findings in this report, the Grand Jury recommends that if prostitution is to be continued within Nevada, that State Legislators representing Washoe County consider supporting laws which would

create restrictions and controls upon the prostitution industry which would protect the health, safety and welfare of the citizens of the State.

**SPARKS MUNICIPAL COURT, JUDGE MORRISON**

The Washoe County Grand Jury has received testimony that former Sparks Councilman James Veron, Pete Lemberes and Michael Schultz have on occasion approached Judge Morrison and received dismissals or reductions of traffic charges pending against them.

Judge Morrison testified that former Councilman Lemberes spoke to him about seven or eight pending cases and at Lemberes' request, Morrison dismissed the cases.

Morrison testified that he was likewise approached by former Councilman James Veron regarding matters pending before the Court twelve to fifteen times, and he, Morrison, dismissed eight or nine of those cases.

Also, according to Judge Morrison, on two occasions former Sparks Councilman Michael Schultz requested the reduction of cases involving a friend. Charges were reduced in both cases.

After having been approached by those Councilmen, Judge Morrison advised some of the defendants to come in and speak to him on the issues. On several occasions, he dismissed cases without asking the defendants to come in at all.

There is also evidence which suggests that there have been reductions and dismissals granted at the request of the Sparks Police Department.

The Washoe County Grand Jury could find no payment or other consideration given for the dismissals and, therefore, finds that no crime has been committed. The Grand Jury firmly believes that the judiciary on all levels should not in any way allow other public officials to influence its decisions on pending court matters. It is this sort of partially which gives rise to much of the criticism levied against the criminal justice system.

**GENERAL ACCEPTANCE CORPORATION - HOSPITALITY HUT**

During the month of April 1972, former State Senator Stanley Drakulich testified to the offices of Jerry Higgins, Community Relations Director for the Sparks Nugget. Drakulich told Higgins that he, Drakulich, knew the relationship between the Nugget and Councilman Veron and Councilman Lemberes was not good. Drakulich said that he could help to improve their relationship with Veron and Lemberes. In the conversation, Drakulich mentioned that he was employed by General Acceptance Corporation (G.A.C.) and would like to establish a land sales booth in the Sparks Casino. Drakulich was told that the Nugget's floor space was at a premium and that officials of the casino would not favor such an idea, but Higgins assured Drakulich that he would set up a meeting with John Ascuaga so Drakulich could discuss land sales booth with Mr. Ascuaga.

Shortly thereafter, Mr. Higgins received a phone call from Drakulich. He asked Jerry Higgins to have lunch with Sparks Councilman Veron and Councilman Lemberes at the Sparks Casino Restaurant in Sparks. At the meeting, Veron, Lemberes and Drakulich said they would like to improve their relationship with the Nugget. Higgins told them that he would set up a meeting with John Ascuaga and Drakulich. Higgins was again asked if he would set up the meeting with John Ascuaga and Pete Carr so Stan Drakulich could discuss putting a land sales booth in the Nugget.

Jerry Higgins assured Drakulich's proposal with Mr. Ascuaga. Mr. Ascuaga was opposed to the land sales promotion being associated with the Nugget; however, he agreed to meet with Drakulich.

Later, Mr. Higgins received a call at home from James Veron and was asked to meet him at the start of the Redway Inn. Veron asked Higgins to pave the way for the Drakulich meeting with John Ascuaga the next day. Veron said that if Higgins would help the Senator get his business from the Nugget, the Sparks City Council would set up the meeting. Higgins told Veron that he would set up the meeting, but that he could not assure Veron of anything regarding the land sales booth.

Later, Mr. Higgins received a call from Stan Drakulich and was asked to meet him at the start of the Redway Inn. Veron asked Higgins to pave the way for the Drakulich meeting with John Ascuaga the next day. Veron said that if Higgins would help the Senator get his business from the Nugget, the Sparks City Council would set up the meeting. Higgins told Veron that he would set up the meeting, but that he could not assure Veron of anything regarding the land sales booth.

Drakulich was perturbed when Ascuaga turned him down. Drakulich later told a member of the Nugget's management, "I will get Mr. Ascuaga one way or another."

About a week later, a member of the Nugget management received information that there was going to be a meeting with John Ascuaga. Both placed a call in front of the Nugget and that the proposal was scheduled before the Sparks City Council. Nugget officials immediately contacted their attorney. He represented them at the Sparks City Council meeting held on June 12, 1972, and opposed the proposed placement of the Hospitality Hut on City property arguing that such an arrangement would be an illegal use of City property. Sparks City Attorney Paul Freitag agreed that it would be illegal for the City to use the property in the proposed manner. Councilman Veron and Councilman Lemberes supported the proposal, but it was nevertheless defeated.

At the first meeting, the Nugget's attorney and Nugget officials left the building and were encountered by Stan Drakulich in the parking lot. Drakulich said that they had the last laugh this time, but the future would unveil several things to come or be done. Drakulich was very angry and upon being asked by the Nugget's attorney if he was going to use his position of public trust as a State Senator to try to get even with John Ascuaga, Drakulich said no, but said he, Drakulich, was not "backing."

The Grand Jury finds that this type of conduct by public officials is clearly not in the public's best interest.

**LEMBERES' ATTEMPT TO REDUCE SALARY OF ATTORNEY PAUL FREITAG**

The Washoe County Grand Jury subpoenaed former Councilman Pete Lemberes on several occasions during February of 1975. He was questioned about several matters including some dealings with Sparks City Attorney Paul Freitag.

On the 24th day of March, 1975, Pete Lemberes in a speech before the Sparks City Council, viciously attacked Paul Freitag suggesting that Mr. Freitag had engaged in improper conduct. Lemberes then requested that the Council take a vote on a motion to reduce Mr. Freitag's salary from \$175,000 a year to \$100,000 per year.

At the first recess of the Council meeting on that date, Lemberes approached Freitag and said, "I'm hating on you in the back, but I don't like what I'm hearing from the Grand Jury. You have been stinging like a bird."

The Washoe County Grand Jury has found no improper conduct on the part of Attorney Paul Freitag. Freitag appeared and testified before the Grand Jury pursuant to subpoena and appeared to the Jurors to be both a truthful and candid witness.

The measure introduced by Lemberes was allowed to die. The Grand Jury finds that Lemberes and other members of the Sparks City Council.

**THE HELMS GRAVEL PIT**

In 1968, when the Washoe County contractor and businessman, completed his purchase of a parcel of land bordering on the City of Sparks east of McCarran Boulevard and north of Interstate Highway 80. As a result of the sale of the property to Helms, the City of Sparks and the Helms party beneficiaries of the sale. The agreement provided that Sparks was entitled to some

portion of the property when Helms completed his excavation of aggregate. However, the terms of the agreement were not clearly defined and the City of Sparks was not sufficiently informed as to what portion of the land it was entitled to when the land would be conveyed to the City. Therefore, it became necessary for the City of Sparks to enter into negotiations to reach an agreement concerning the rights and obligations of Helms and the City of Sparks over the gravel pit property.

As a result of the Grand Jury's inquiry, the Grand Jury became concerned that the City of Sparks had gone for such a long period of time without any definition of its legal rights and obligations regarding the gravel pit. No agreement had been negotiated with Mr. Helms and no law suit had been filed. The Grand Jury found that the City of Sparks had neglected its respective rights. Only after the Grand Jury began its inquiry in February of 1975 were intensive negotiations begun. An agreement between Helms and the City of Sparks was executed January 12, 1976.

The Grand Jury finds that the Sparks City Council and Sparks City Attorney were negligent in not insisting that this important agreement with Mr. Helms be concluded more rapidly. A delay of more than six years is not diligent attention to a matter of such importance to the City of Sparks and its citizens.

During the Grand Jury's inquiry into the status of the gravel pit, located in what is rapidly becoming a residential area of the City of Sparks, the Grand Jury found that Washoe County was negligent in not appointing an entity which was responsible for zoning and regulation of the Helms gravel pit. This is because the pit is still located within Washoe County and has not been annexed into the City of Sparks. The Grand Jury was surprised to find that the City of Sparks and Washoe County did very little to study the effect of the pit upon the surrounding property. There was varying testimony among experts who testified before the Grand Jury concerning the effect of the excavation on the water table in the adjacent area upon which housing developments are located. There was also varying testimony regarding the proper, safe, and acceptable slope of the interior of the gravel pit.

It is apparent to the members of the Grand Jury that the thought, study, and investigation was given to the impact of the gravel pit upon surrounding areas, both as to long term effects and short term effects. This is particularly significant in view of the Grand Jury's finding that the area in which the gravel pit was located is a very little to study the effect of the pit upon the surrounding property. There was varying testimony among experts who testified before the Grand Jury concerning the effect of the excavation on the water table in the adjacent area upon which housing developments are located. There was also varying testimony regarding the proper, safe, and acceptable slope of the interior of the gravel pit.

On the 18th day of March, 1968, Mr. Helms was granted a special use permit by the Board of Adjustment of Washoe County. The permit was granted on the condition that the excavation be in compliance with certain applicable ordinances of Washoe County, a \$5,000.00 bond be posted and that the project be reviewed in one year.

Mr. Helms has conducted his excavation of that project in compliance with the applicable ordinances of Washoe County Engineer, County records reveal only one formal inspection of the pit, a year later in 1969.

The Grand Jury is critical of the fact that Washoe County, the Board of Adjustment and the Regional Planning Commission have failed to check, study, and control property owners whose property is being used pursuant to special use permits. After those permits are issued, there does not appear to be any person or governmental agency which would act as a check, inspection and enforcement arm to assure the citizens of this community that the people operating under special use permits are in compliance with terms and conditions of their permits.

The Grand Jury finds that such a procedure can lead to alarming results in a rapidly growing community. The Grand Jury recommends that the Regional Planning Commission and Washoe County Engineer, County records reveal only one formal inspection of the pit, a year later in 1969.

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