86TH CONGRESS
*1st Session*

SENATE

REPORT No. 621
Part 2

# SECOND INTERIM REPORT

OF THE

# SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

## UNITED STATES SENATE

PURSUANT TO

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86th Congress

PART 2

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OCTOBER 23, 1959.—Ordered to be printed

Filed under authority of the order of the Senate of September 11 (legislative day, September 5), 1959

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## SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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(Senator Ives, of New York, served as vice chairman of this committee until the expiration of his term on January 3, 1959.)

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# SECOND INTERIM REPORT

OCTOBER 23, 1959.—Ordered to be printed

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Mr. MCCLELLAN, from the Select Committee on Improper Activities in the Labor or Management Field, submitted the following

# REPORT

## LOCAL 107, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, PHILADELPHIA, PA.

The investigation by the committee in Philadelphia, Pa., was concerned largely with the activities of certain Teamsters Unions in that area, principally the Highway Truck Drivers & Helpers Union, Local 107. This union with its membership of 14,000, is the most powerful teamsters local in Pennsylvania, and whoever controls that union has a dominating influence over all other Teamsters locals in the area.

Raymond Cohen, a longtime business agent of local 107, was able to get himself elected as secretary-treasurer of this union in 1954, in a ballot election, after a "rigged" election in his favor was declared invalid by the international. The facts as developed by the committee provided a narrative of how one man, ruthlessly and without scruples, obtained control of a union by violence, retained his control by terror and brutality, and proceeded to "milk" the union funds for his own personal enrichment.

The manner in which Cohen came to power was described for the committee by Mr. Raymond J. Kelly of St. Augustine Beach, Fla., a member of the Teamsters Union for 35 years, and former business agent of local 107.

In 1934, local 107 in Philadelphia was formed as an offshoot of Teamsters Local 470. It enjoyed a rapid and steady growth to its present membership of 14,000. For 20 years prior to 1954 the secretary-treasurer of local 107 and its guiding hand during this period of expansion, was Edward Crumbock.

While Crumbock was secretary-treasurer, Kelly was business agent and recording secretary. According to the bylaws of the union all business agents were elected officials at that time. Also during this period Joseph Grace was president of local 107, which position was more or less a figurehead as far as the actual operation of the union's activities was concerned.

The election of officers for a 4-year period was scheduled to take place at the union hall in the regular meeting of the membership held Sunday, November 15, 1953. The attendance on this occasion was

described as "overwhelming" as compared to the usual attendance for a meeting of this kind.

All of the incumbent officers with the exception of the secretary-treasurer were nominated and elected by voice vote without opposition.

With President Joe Grace presiding, nominations were then opened for the position of secretary-treasurer, and Kelly's testimony describes what transpired in the next 20 minutes.

> Mr. KELLY. Well, Joseph Grace was nominated, and he had no opposition, and Brentowsky was nominated for vice president and business agent without opposition, and then it came to nominations for secretary. Nominations were opened for secretary.
>
> Mr. KENNEDY. This was the position held by Mr. Crumbock?
>
> Mr. KELLY. Sir?
>
> Mr. KENNEDY. Is this the position held by Mr. Crumbock?
>
> Mr. KELLY. That is correct.
>
> Mr. KENNEDY. That is the most important position in the union, is it not?
>
> Mr. KELLY. Yes; it is.
>
> The nominations were opened, and someone jumped up and nominated Raymond Cohen; there was a quick second, and, of course, they had to have a second, and all hell broke loose. They jumped on the seat and started stomping and shouting "Cohen," and nobody could be heard. Of course, a man who wanted to nominate Crumbock just wasn't seen, and he had his hand up and standing there through this "young riot," I would call it, and they jumped all over the place. Of course, Eddy wasn't nominated.
>
> Mr. KENNEDY. The president of the local, Joe Grace, never recognized anybody that wanted to nominate?
>
> Mr. KELLY. A man by the name of Bob Duncan stood there for fully 10 minutes with his hand in the air waiting to be recognized.
>
> Mr. KENNEDY. Did Grace then rule that the nominations were closed?
>
> Mr. KELLY. Someone asked for the nominations be closed and they were closed.
>
> Mr. KENNEDY. And Cohen was nominated and thus elected, is that right, without any opposition?
>
> Mr. KELLY. That is true.
>
> Mr. KENNEDY. And Crumbock's name had never even gone in?
>
> Mr. KELLY. That is right.
>
> Mr. KENNEDY. Did the meeting break up shortly afterward?
>
> Mr. KELLY. Yes, sir.
>
> Mr. KENNEDY. Now, did you feel or understand or know at that time that the election hall had been stacked with supporters of Raymond Cohen?

Mr. KELLY. Well, from the action of the membership, I would say yes, because we never had that kind of a meeting before in the whole existence of the union.

Mr. KENNEDY. Were you surprised that Joe Grace would not recognize the man?

Mr. KELLY. Very much.

Mr. KENNEDY. The people who were supporting Crumbock?

M . KELLY. Very much surprised.

Mr. KENNEDY. Did you have a meeting afterward?

Mr. KELLY. Yes, sir; directly after the meeting, we had a board meeting upstairs.

Mr. KENNEDY. That was the old board, was it?

Mr. KELLY. That is true.

Mr. KENNEDY. Was there any discussion of the election at that time?

Mr. KELLY. Well, Crumbock asked Cohen why he did it, and he said he just felt he was entitled to it or words to that effect, and he thought he did a goddamn swell job (pp. 10406–10407).

It was obvious that the sudden election of Cohen in such a manner, without the incumbent of 20 years even having an opportunity to get his name placed in nomination, could not have been arranged without thorough preparation and rehearsal. According to Kelly, Cohen's wife had reported him too ill to work some time prior to the election and, durlng this period of time, Cohen, in his "illness," was holding meetings in various parts of the city and even over in Trenton, N.J., arranging support for his election.

Such an obvious "frame up" was too much even for Dave Beck, then international president of the Teamsters, who declared the election void and ordered that local 107 should have new nominations and a secret ballot election. Pending the election by secret ballot, Beck sent in Thomas Flynn as trustee to operate the union's regular affairs.

In the ensuing months Cohen campaigned vigorously with 100 or more men working in his behalf, and apparently with unlimited funds to spend. Active in Cohen's behalf was Ben Lapensohn, who, several years before, had been kicked out of the union by Ed Crumbock for taking a payoff in a labor dispute, and who became a key figure in this committee's investigation. Lapensohn was described to the committee as being close to the racketeer element and the "smart money guys" in Philadelphia. Also prominent in the campaign to get Cohen elected to the powerful union was Al Berman, well known in Philadelphia as a "numbers man."

In the subsequent union election held in May 1954, Cohen was overwhelmingly elected over Crumbock who had held the office for 20 years. Regarding this development, the committee brought out the following information:

Mr. KENNEDY. Do you have any explanation as to why Mr. Cohen had these kinds of associations, and Mr. Crumbock had done a good job running the union, why it was that Mr. Cohen won the election?

Mr. KELLY. Well, there was only one word for it. It was fear.

Mr. KENNEDY. It was fear?

Mr. KELLY. Fear, that is true. And another—sir?

Mr. KENNEDY. On what do you base the conclusion that it was fear?

Mr. KELLY. Well, I had several phone calls myself from different members that they were told by their stewards to mark their ballot and fold it in such a manner that before they dropped it in the box they could show it to the Cohen watchers to show that they voted for Cohen.

Mr. KENNEDY. The ballot was such that you could put the person for whom you were voting, you could check it and fold it and nobody could see it; is that right?

Mr. KELLY. That is right.

Mr. KENNEDY. But you were told to fold it the other way so that it could be seen when you put the ballot in the box?

Mr. KELLY. That is true.

Mr. KENNEDY. Do you know a number of other people who were told to do that?

Mr. KELLY. I wasn't told to do that. Other members were told to do that, and they called me and told me.

Mr. KENNEDY. That they were instructed to do that?

Mr. KELLY. Yes.

Mr. KENNEDY. Did you, in fact, know that a large number had done that?

Mr. KELLY. Well, they had to, because the stewards, who were definitely Cohen men, had to see the ballot, and if they didn't show the ballot, they were just in trouble (p. 10410).

The violence that took place during the campaign in early 1954 lends full credence to Kelly's testimony.

Vincent Minisci, a member of local 107 since 1944, and formerly a union steward at Dennis Trucking Co. in Philadelphia, described what happened to him because he openly favored Ed Crumbock over Cohen in the May 1954, election. Shortly after the election Minisci called at the union hall to pay the dues for the men in his garage. As he was leaving the hall, he was struck from behind, then severely kicked and beaten by three of Cohen's "goons," whom he identified as Joseph "Cinders" Cendrowski, Arthur "Yutz" Miller, and Armand Palermi. Minisci reported the assault to the police, but no arrests were ever made. Minisci told the committee he was "afraid" to press the charges.

"Cinders" Cendrowski, who was appointed by Cohen after the election as a dispatcher at the union hall, has a background similar to that of most of Cohen's appointees, namely, a history of repeated arrests highlighted by occasional terms in the penitentiary for such crimes as burglary, larceny, and inciting to riot. He, together with "Yutz" Miller and Palermi, invoked the fifth amendment to all questions regarding the cowardly beating of Minisci. In testimony interrupted by frequent consultations with their attorneys, John Rogers Carroll and Richard H. Markowitz, all three "goons" also took the fifth amendment on whether they had worked in behalf of Cohen's election, had ever been paid any union money other than regular salary, or

whether they even were acquainted with Ben Lapensohn. This was a procedure that developed a greater significance as the hearing progressed.

A dispatcher at the union hiring hall is an important position, since that person exercises control over jobs for union members. It was typical, therefore, that Cendrowski's codispatcher at the union hall was Peter Luscko with a long criminal record including a 5- to 10-year prison term for larceny and attempting to kill a patrolman.

Samuel Gravenor, a long time business agent at the Wilmington, Del., branch of local 107, was another victim of Cohen's strong-arm squad. Shortly after the election, Gravenor was in Philadelphia to attend a meeting of the Teamsters Joint Council. As he approached the meeting hall, he was assaulted like Minisci by three men, two of whom held him while the third "thug," John Myhasuk, beat him mercilessly, necessitating his hospitalization for emergency treatment.

That John Myhasuk seemed to be Cohen's favorite "thug" was the impression created after the committee heard the testimony of William G. Roberts, another Myhasuk victim. Like Minisci, Roberts was a union steward and known to be a Crumbock supporter. Here is Robert's description of what happened on February 23, 1954:

> Mr. ROBERTS. I was in the union on company business and I was the steward in the garage where I worked, and we had some trouble with a man, and I went down there on a grievance, and I was inside. After the trouble was straightened out I came out, and when I was coming out the door I was hit.
>
> Mr. KENNEDY. What were the circumstances of your being hit?
>
> Mr. ROBERTS. I walked out the door and this John Myhasuk, he said, "You rat," and well I can't say it here, but I turned around to face him, and I got hit with something, or with his fist, but that was the last I remember, and I woke up inside the union hall.
>
> Mr. KENNEDY. Did you go to a hospital afterward?
>
> Mr. ROBERTS. Yes, sir.
>
> Mr. KENNEDY. What did they tell you about it?
>
> Mr. ROBERTS. They X-rayed my face and head and they found nothing was broken, and they dressed the cuts and they sent me home. When I got home my face started to blacken up and that night my wife was in the hospital at the time having an operation, and I had to get myself together enough to go visit her.
>
> When I walked into the hospital I had a hat on, and I never wear a hat, and she hollered, "Oh, my God, what happened to you?"
>
> So I told her, and I went home after the visit and I went to bed, and the following day I felt lousy and my face was all black and all and so they admitted me to the University of Pennsylvania Hospital, and I was in there until Saturday, 4 days (pp. 10459–10460).

Roberts thereafter swore out a warrant for Myhasuk but, out of fear for the welfare of himself and his family, he subsequently dropped the prosecution after Cohen was elected head of the union.

John Myhasuk, formerly a member of local 107, was, at the time of the hearing, residing at Las Vegas, Nev. His qualifications as a "goon" were established when he admitted having previously killed one man with a screwdriver during a fight, for which crime he served only 13 months in the penitentiary on a manslaughter charge. Myhasuk also admitted that Peter Luscko, the Cohen appointed dispatcher at the union hiring hall, was arrested with Myhasuk concerning this same crime. After briefing the committee on that much of his past history, Myhasuk then invoked the fifth amendment in response to all questions regarding the beating of Roberts and Gravenor. He repeatedly took the fifth amendment relative to all inquiry regarding any payments made to him by Raymond Cohen or by Teamsters local 107, and whether or not he had ever received any money other than his regular pay as a truckdriver.

In addition to the use of a strong arm squad to whip the membership into line, Cohen, according to information developed by the committee, expended large sums of money to get himself elected, which funds ultimately were siphoned from the union treasury after Cohen gained control. Charles O'Lear and Ed Battisfore both took refuge behind the fifth amendment with reference to all questions regarding a special bank account they opened during the spring of 1954 to finance Cohen's election campaign in the union. They refused to tell the committee the source of the money that went into this account, and refused to comment as to whether any of the funds came from the criminal elements in Philadelphia. Likewise, these two men who were subsequently rewarded by Cohen with appointments as business agents, repeatedly refused to identify the checks written by them against this account and drawn to "Cash" during the period of Cohen's campaign. The total amount of these checks was $4,528.87. Battisfore and O'Lear stubbornly declined to make any comment whatever regarding the nature of the expenditures from this fund, invoking the fifth amendment to all questions.

One of the most important Teamster unions in the Philadelphia area is local 169, the Warehousemen's Union, with a membership of 7,000. Records of this local introduced at the hearings reflected that the officers of local 169 supported Cohen in his campaign, and that this support included financial assistance to Cohen personally from the treasury of local 169 for $4,573.43. Edward J. Hartsough, for 26 years president of local 169 surprised the committee by the attitude assumed by him on the witness stand. After having previously indicated he would answer all questions and not invoke the fifth amendment, Hartsough appeared before the committee accompanied by the attorneys for Raymond Cohen, John Rogers Carroll, and Richard H. Markowitz, and proceeded to take the fifth amendment a total of 36 times. Hartsough steadfastly refused to offer any explanation to the committee for local 169 making a "loan" to Raymond Cohen for $4,573.43. He refused to identify $3,000 in checks payable to Cohen from local 169. Hartsough did admit that his union supported Raymond Cohen and that he personally had assisted in writing some of the material used in Cohen's campaign. However, when questioned as to whether his union paid for 10,000 stickers entitled "I'm for Cohen" or for 5,000 folders entitled "Crumbock Takes Another Load Away," Hartsough replied, "I respectfully decline to answer on the ground that to do so may be evidence against me."

Hartsough was asked whether Cohen had made a special trip to Florida to see him and solicit his financial assistance in return for Cohen's support of Hartsough for president of the Teamsters Joint Council. Although he admitted Cohen had subsequently supported him for the presidency of the joint council, Hartsough refused to comment on whether such a bargain was made.

Chairman McClellan presented to the witness a check for $3,000, dated November 18, 1954, drawn by Ben Lapensohn and payable to Hartsough and one for $2,000, dated January 12, 1955, drawn by Hartsough to Lapensohn. At the time these checks were written, Lapensohn was business agent and "fixer" for local 107. Despite repeated questions Hartsough refused to explain the transactions and took the fifth amendment when asked whether the thousand dollar differential represented a kickback.

The committee endeavored to piece together from the records of local 107 an accurate picture of the union's funds used to get Cohen elected as secretary-treasurer. Legitimate expenditures, such as polling places, ballots, ballot boxes, and so forth, totaled $26,606.45. Added to this were a series of expenditures which yet remain to be explained.

After taking control of local 107 in June 1954, Cohen immediately started spending large amounts from the union treasury to pay off those expenses he personally incurred to get himself elected. The exact amount that went for this purpose could not be determined accurately. Even though some expenditures were charged to election expenses in the union books, information developed by the committee relative to kickbacks, as well as altered and falsified entries indicating a diversion of funds, made it impossible to pinpoint an accurate figure. All union officials and members who figured in Cohen's campaign took refuge in the fifth amendment in response to all questions regarding election expenses.

Staff member John B. Flanagan testified that the records of local 107 reflected a total expenditure of $85,344.98 for items having to do with the election itself, and with Cohen's campaign. A major portion consisted of two checks totaling $25,000 written to "Cash" just after Cohen took over as secretary-treasurer. The stubs showed the checks were written for "truck check, time lost, and election expenses." The only explanation in the records for the disposal of the $25,000 was two lists of names purporting to show the amount paid to each person with some shown receiving as high as $600. The names included the known Cohen supporters, many of whom were subsequently rewarded by Cohen with union jobs as business agents or organizers. More about these cash payments will be set forth later in this report.

Introduced into evidence were two union checks payable to Samuel Kirsch. One check, dated September 24, 1954, for $4,500 and the other, dated December 20, 1954, for $4,000, were both signed by Cohen as secretary-treasurer. The check stubs identified the expenditures as "return of election expenses." At that time Samuel Kirsch was an advertising solicitor for the Pennsylvania Federationist, a labor journal put out by Ben Lapensohn. Lapensohn, prominent in the committee's investigation, was most influential in getting Cohen elected and was rewarded with a $200-a-week union job as a business agent. More commonly he was referred to as the "fixer" or as a

"trouble-shooter." Samuel Kirsch was under subpena to appear before the committee but died a few days before the start of the hearings. Mr. Flanagan testified that Kirsch when interviewed told the staff members that he received none of the money, but took the two checks to the bank obtaining the $8,500 in cash which he thereafter turned over to Ben Lapensohn.

Relative to the $4,573.43 which Teamster local 169 loaned to Cohen personally for his campaign, Cohen repaid local 169 with a check for that amount drawn on the account of local 107 under date of December 6, 1954.

Cohen apparently felt that the membership of local 107 should pay a high price for getting him into office. On July 12, 1954, he wrote himself a union check for $1,000 as reimbursement for the trip he made to Florida to solicit Ed Hartsough's assistance during the campaign. In addition he wrote himself another check for $6,228.30 which was the difference between his former salary as business agent and his new salary as secretary-treasurer, retroactive to January 1, 1954. This retroactive pay raise was not enough, however, so Cohen wrote himself still another union check for $5,673.80 which he charged off as "expenses," also retroactive to January 1, 1954. It is noted that during this same period Cohen had already received his regular expense allowance as a business agent.

Early in his campaign, Cohen had solicited the service of Attorney Thomas D. McBride, who apparently served without pay until Cohen was elected, because on June 25, 1954, McBride was tendered a union check for $7,500 as a retainer, retroactive to December 1, 1953. This will be discussed further.

The strength of the labor movement in the United States lies in true democracy in the unions. That democracy died in local 107 with the advent of Cohen was demonstrated by the ruthless expulsion of the elected business agents and their replacement by inexperienced men, personally appointed by Cohen and therefore dependent on Cohen's good will to stay in office.

Raymond Kelly, business agent and recording secretary from the formation of local 107 in 1934, until his dismissal by Cohen in 1954, told the committee how he lost his position in the union. Kelly was reelected without opposition as business agent and recording secretary in November 1953, to serve an additional 3-year term. Kelly told the committee that Cohen had approached him, promising a raise in salary from $200 to $300 a week if Kelly would support him for secretary-treasurer. This offer Kelly declined. After the election, Kelly was called in by Cohen, at which time Joe Grace, president, and Ed Walker, a Cohen-appointed business agent, were present. Cohen told Kelly at this time that Kelly should quit and retire on his pension; a suggestion Kelly refused to follow. Why he did leave the union shortly thereafter is described in his testimony.

> Mr. KENNEDY. Did you hear from them again?
>
> Mr. KELLY. Yes. In August, I just don't know the date, but it was on a Friday afternoon, Walker came into the office and said "Don't report back. We don't want you to come back here Monday."
>
> I said, "How about Tuesday?"
>
> He said, "No, nor Tuesday, nor Wednesday either. Stay the hell away from here, if you know what I mean."

So I said, "Whose orders are they?"

He said, "Mine, Joe Grace's and Ray Cohen," he says, "and don't be putting words into my mouth."

Mr. KENNEDY. What did he mean that you should stay away?

What did you think he meant when he said that you should stay away?

Mr. KELLY. Just don't come back, brother.

Mr. KENNEDY. Did you think something would happen to you if you did?

Mr. KELLY. Definitely.

Mr. KENNEDY. What did you think would happen to you?

Mr. KELLY. Well, others had been beaten up.

Mr. KENNEDY. Did you ever come back?

Mr. KELLY. No, sir, I didn't.

Mr. KENNEDY. Why?

Mr. KELLY. Well, I just wanted to stay in good health.

Mr. KENNEDY. Did you leave Philadelphia after that?

Mr. KELLY. Yes, I did. I left Philadelphia in 1955, January of 1955.

Mr. KENNEDY. Did you receive a pension from the joint council?

Mr. KELLY. Yes, I do.

Mr. KENNEDY. What is the pension that you receive?

Mr. KELLY. $263.24 a month.

Mr. KENNEDY. Do you know if Cohen tried to keep you from getting that pension?

Mr. KELLY. It was told to me that he had it stopped for a while, yes, sir.

Mr. KENNEDY. It was stopped for a while, is that right?

Mr. KELLY. Yes, it was.

Mr. KENNEDY. How long had you been a teamster at the time that you were kicked out?

Mr. KELLY. How long had I been a union teamster?

Mr. KENNEDY. Yes.

Mr. KELLY. Thirty-five years.

Mr. KENNEDY. And you went down to Florida then?

Mr. KELLY. Yes, sir. I leased some property down there and I have been operating ever since (pp. 10412–10413).

What happened to the other business agents is described in Kelly's further testimony.

Mr. KENNEDY. After this election, he began appointing the business agents, rather than electing them, is that right rather than the union electing them?

Mr. KELLY. They are all appointed; yes, sir.

Mr. KENNEDY. They are all appointed now?

Mr. KELLY. Definitely.

Mr. KENNEDY. And Raymond Cohen is the one that appoints them?

Mr. KELLY. That is right.

Mr. KENNEDY. Was anyone else thrown out of their jobs, as you were, ordered to leave their office?

Mr. KELLY. Yes. Binkowski was thrown out.

Mr. KENNEDY. Who was that?

Mr. KELLY. My partner, William Binkowski.

Mr. KENNEDY. He was thrown out of his job?

Mr. KELLY. Yes, sir. He was vice president and business agent.

Mr. KENNEDY. Had he been elected also?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. And he was just ordered out of his office?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. Did he leave also for the same reason that you did?

Mr. KELLY. Definitely.

Mr. KENNEDY. He wanted to stay healthy?

Mr. KELLY. Definitely.

Mr. KENNEDY. Anybody else?

Mr. KELLY. Well, James Murphy, John Fisher, and Harry Tustin, they were each given $5,000 apiece to resign.

Mr. KENNEDY. They were paid $5,000 to get out of the union?

Mr. KELLY. That is right.

Mr. KENNEDY. What position did they hold at that time?

Mr. KELLY. Business agents.

Mr. KENNEDY. They were given $5,000?

Mr. KELLY. Kelleher resigned and went on pension.

Mr. KENNEDY. Did that give complete control of the union to Raymond Cohen?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. Do you understand that he has complete control over the union at the present time?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. He can run it completely as he sees fit, is that right?

Mr. KELLY. In his position, yes, sir.

Mr. KENNEDY. And in his position of power, he threw you and these other gentlemen out of their position, even though they had been elected?

Mr. KELLY. That is right (p. 10414).

Samuel Gravenor, business agent in the Wilmington, Del., branch of local 107, who had been beaten by John Myhasuk and two other men, described how he was forced out of the union so he could no longer even work as a truckdriver.

Mr. KENNEDY. After the election, Mr. Cohen took office, and did you continue as business agent?

Mr. GRAVENOR. No. The election was over on a Tuesday, I believe, and I resigned that Friday of that week.

Mr. KENNEDY. Was there any pressure put on you to resign?

Mr. GRAVENOR. No; there wasn't enough time. I resigned first.

Mr. KENNEDY. Did you then attempt to go back to your former job as truckdriver?

Mr. GRAVENOR. Not immediately. I sent my dues in to local 107, Wilmington, where I was a member, and in regis-

tered mail. They returned the check with no explanation, just the check in an envelope.

Mr. KENNEDY. You sent your money in with your dues to the union and they returned the check to you?

Mr. GRAVENOR. That is correct.

Mr. KENNEDY. They refused to accept your dues?

Mr. GRAVENOR. Twice.

Mr. KENNEDY. Therefore, you wouldn't be a member in good standing, is that correct?

Mr. GRAVENOR. That is correct.

Mr. KENNEDY. Therefore, it would be impossible for you to get a job as truckdriver?

Mr. GRAVENOR. That is correct.

Mr. KENNEDY. Did they give any reason for not accepting your dues?

Mr. GRAVENOR. None whatever. They sent the check back in an envelope.

Mr. KENNEDY. That deprived you of your livelihood or what you expected to be your livelihood?

Mr. GRAVENOR. That is right (pp. 10468–10469).

Firmly entrenched, Cohen let the rank-and-file membership know that he would not tolerate opposition of any kind, and that he knew how to utilize fear as the weapon of control. A case in point involves Robert Rifkin of Philadelphia at whose apartment a meeting was held by some of the rank-and-file members. These union members were becoming increasingly alarmed at Cohen's apparent misuse of union funds and his refusal to permit the membership to elect their business agents. Rifkin was a truckdriver and a member of local 107. In October 1956, the night after the meeting in his apartment, he noticed two men standing on the porch outside the door to his apartment house. Recognizing one of them as a "goon" from the union, and sensing trouble he called the police. On their arrival the patrolmen noted two men leaving the porch and took them into custody. One of the men, John Zoroichak, was seen attempting to dispose of a ball-peen hammer under a parked car, which the police retrieved. Arrested with Zoroichak was Nicholas Frank, alias John Wendell. On the porch, the police found a sharply pointed iron bar about 2 feet long. What happened is described in the report of Investigating Officer David J. Cordivari of the Philadelphia Police labor squad.

> At about 8:05 p.m., e.s.t., on Tuesday, October 16, 1956, the assigned received a telephone [call] from Sergeant Fleming, police radio, regarding the apprehension of two members of local No. 107, AFL–CIO Truck Drivers & Helpers, by police officers of the 31st policy district. The sergeant stated that all parties, including the complainant, were in the 31st district and were awaiting further action by the labor squad. The assigned proceeded to the subject police district and conducted an investigation and obtained the following information:
>
> Mr. Robert Rifkin, residence 3018 West Lehigh Avenue, 27 years and white, the complainant, stated that he has been an employee of Linton's Resturant for the past 11 years. He is employed as a truckdriver and has been a member of local

No. 107 for the same period of time. To lend some background to this incident, the complainant went on to state that during the last election, when the present secretary-treasurer of local No. 107, Raymond Cohen, was running against the incumbent, Edward Crumbock, he, the complainant, took part in electioneering for Crumbock. Since that time he has stood in disfavor with the union since Cohen was elected, and further that he took little part if any in union activities. On Monday evening, October 15, 1956, the complainant received a telephone call from a friend who requested the use of his apartment to conduct a meeting amongst seven or eight men who desired to discuss the possibility of organizing some competition against the Cohen faction for the forthcoming election which still does not come due for another 2 years. However, it was stated that conditions at local No. 107 are not as peaceful as would appear on the outside, and apparently there are some who want to begin organizing against Cohen. The meeting which was more of a general discussion ended, and the men left. It might be noted that the complainant refused to name any of the persons who attended the meeting.

On Tuesday evening, October 16, 1956, the complainant was preparing to leave his first floor apartment. This was at about 7:25 p.m. As he approached the front door he observed a man on the porch of his residence. He recognized the man as a local 107 man whom he knew by reputation as a "goon." He immediately returned to his own apartment and called the police.

Officers Ward No. 3911 and Richardson No. 3091, of the 31st police district, responded and as they approached the subject residence observed two men walking off the porch and away from them in the opposite direction. The policemen apprehended them, called the complainant and proceeded with all parties to the district, at which time the labor squad was notified.

The assigned arrived at the district at about 8:45 p.m., and obtained the preceding facts from the complainant. The two men apprehended were immediately recognized for their past activities during the Horn & Hardart organizational campaign. The two men were one John Zoroichak, 34 years, and white, residence 750 South Front Street, unemployed. The other was one John Wendell, 6 Golden Ridge Drive, Morrisville, Pa. Police photos of both these men are held by the labor squad, however, the latter man named here is named as one Nicholas Frank, residence 2724 North 12th Street.

These men stated upon being interrogated that they had been hired by a "gypsy" trucker to assist him in delivering 500 bushels of apples to the A. & P. supermarket in Yeadon, Pa., and that upon completion of the delivery had driven them back into Philadelphia and dropped them off on Lehigh Avenue to take a trolley. They could not furnish the name or address of the trucker. They went on to state that, as both of them were walking toward the corner to take a

trolley, the two officers previously named took them into custody. They could not understand why they had been taken into custody and denied any intentions of desiring to intimidate or harm the complainant in any way.

The police officers stated that as they approached and the defendants began to walk away they observed Zoroichak throw a ballpeen hammer under a car parked at the curb. Also found on the complainant's porch was an improvised pinch bar about 2 feet long, pointed at one end and taped with a rubber crutch butt on the other to muffle any hammering sounds. Both defendants denied any knowledge of either of these tools.

The complainant stated upon further questioning that he did not desire to prosecute. Any desired arrest in the matter was left to the discretion of the district. The men were finally released in the custody of one Ben Lapensohn, an employee and representative of local No. 107, with a verbal commitment that the complainant would not be molested any further. The complainant seemed satisfied with the action taken and was informed by the assigned that, should he be bothered or even contacted in any way by the local, other than official business, he should contact the labor squad immediately.

When Rifkin appeared before the committee, he was accompanied by Attorneys John Rogers Carroll and Richard H. Markowitz, who appeared also as counsel for Raymond Cohen. Rifkin advised that local 107, and not he himself, was paying for his attorneys. Relative to the above incident, Rifkin said he called the police because he was in fear of his life. Furthermore, he stated he was afraid to return home that night after leaving the police station, and instead went to his father's house where he stayed the next few nights. Rifkin informed the committee that on the advice of his father who is president of a waiters' union in New Jersey, he went to Raymond Cohen and personally apologized. He explained, "I apologized to Mr. Cohen for the trouble I caused, not for using my home, sir." Sandwiched between numerous conferences with his counsel, Rifkin finally got it across to the committee that the reason he went to see Mr. Cohen was "after I sat down and thought about it, and thought things over somewhat, I reckon, I came to the conclusion that I was all wrong." The exact position in which Rifkin found himself is best explained in the following testimony.

Mr. KENNEDY. Well, tell me that, if that affected—these two visitors to your home—whether that affected your thinking as to whether you had been all wrong or not. When you sat down and thought about it, did you think about that?

Mr. RIFKIN. Pardon me.

(The witness conferred with his counsel.)

Mr. KENNEDY. Just answer whether you thought about that when you were thinking about whether you were all wrong.

Mr. RIFKIN. Well, I guess I thought about it.

The CHAIRMAN. Are you still thinking about it?

Mr. RIFKIN. No, sir.

The CHAIRMAN. Are you still scared?

Mr. RIFKIN. No, sir.

The CHAIRMAN. You are not scared now?

Mr. RIFKIN. No, sir.

The CHAIRMAN. You have made your peace with the bosses, have you?

Mr. RIFKIN. Well, I wouldn't say that, sir.

The CHAIRMAN. You were afraid then. That is why you went to them, isn't it?

Mr. RIFKIN. Yes, sir.

The CHAIRMAN. You are still afraid, aren't you?

Mr. RIFKIN. No, sir.

The CHAIRMAN. You manifest every evidence of it as you testify.

Mr. KENNEDY. I have just one more question. Did Mr. Cohen accept your apology?

Mr. RIFKIN. Yes, sir (p. 10451).

That Cohen intended to stop any grassroots opposition before it started was evidenced by further testimony of Vincent Minisci. Minisci told the committee that after he suffered the beating in June 1954 at the hands of "Cinders" Cendrowski, "Yutz" Miller, and Armand Palermi, he found it more and more difficult to discharge his responsibilities as a union steward. Since he could no longer get cooperation at the union in processing the grievances for his men, he resigned as steward. Minisci was one of the men who attended the meeting in Rifkin's apartment where they discussed Cohen's trips to Florida at union expense, Cohen's expensive yacht, and whether union funds were being misused. He told of receiving a telephone call from Rifkin in October of 1956, wherein Rifkin "informed me that the boys were up after him at his apartment trying to break into his apartment and beat him up." What then happened to Minisci is set forth in his own words:

Mr. MINISCI. I went to work the next morning at my job. I usually start or did start, between 1 and 2 or 3 o'clock in the morning.

I got down around the garage there, and I was a little cautious on the outside there, and it was kind of dark around the neighborhood, and I finally managed to get inside the yard, and we have a big fence all around our garage and lot, and it seemed kind of funny that morning because all of the lights were out in the yard and there were no floodlights on.

I was the only man that started at 3 o'clock. As a rule there were more than myself, or four or five boys there to start at that time in the morning.

So, as I went along with the procedure of hooking up my trailer to my tractor, and I distinctly remember the dispatcher starting in front of my truck, and the first thing I knew somebody came up on the side of me from underneath the trailer or where, I don't remember, and hit me alongside of the head, the left side, with a pipe.

I threw myself inside the cab of the truck, and someone opened the door on the right-hand side and hit me on the top of the head with a hammer.

I still have a hole up there to prove my point.

Mr. KENNEDY. As you crawled into your cab, someone opened the other door and hit you on the head?

Mr. MINISCI. Yes, sir.

Mr. KENNEDY. You still have a hole in your head?

Mr. MINISCI. I certainly do.

Mr. KENNEDY. That is right up at the top?

Mr. MINISCI. Right at the top of my head. I tried to kick this other fellow off that was hitting me with the pipe, and keep my hand on top of my head, and my leg was out of the door, and he kept hitting me in the shins and broke up all of my shins; and this other fellow hit me across the arm with a hammer.

The dispatcher ran away then, and he didn't want no parts of that, and they left as soon as they can, and I don't know where or how they got in there or if they were admitted or not (pp. 10437–10438).

Minisci related that even though badly beaten and bleeding profusely, he retained consciousness, and he himself called the police, as the dispatcher at the garage was "too nervous." The police came and took Minisci to the hospital where he was given emergency treatment. Later that morning he returned to work and took a truck out on a trip for Arlington, Va. According to Minisci, he either passed out or blacked out near Washington, D.C., and was involved in a minor traffic accident. Returning to Philadelphia, he was informed by his company that he was fired. Minisci stated he subsequently learned that his employer discharged him because of pressure from the union. Although an experienced truckdriver, Minisci was unable to get union clearance for another job. Significant was the fact that "Cinders" Cendrowski, a Cohen-appointed goon and one of Minisci's assailants in the June 1954 beating, was one of the operators of the union hiring hall where job clearance is obtained. Minisci told the committee that his wife then began to receive telephone calls and threats, and several months passed without employment. In order to live he mortgaged his home which had been paid for and eventually, because his livelihood was taken from him, he moved to California, where he presently lives and works.

In his testimony, Minisci stated he traced the ownership of a suspicious-looking car which was in the vicinity at the time of his last beating, and that he gave this information to the Philadelphia police, but that nothing ever came of it. Detective David Cordivari identified a copy of the report of his investigation on the second beating of Minisci, which report showed that no arrest was made nor was the dispatcher who was present at the time of the beating ever interviewed by the police.

Staff member John B. Flanagan testified regarding information furnished by various members of local 107 who cooperated when originally interviewed. Most of these took the fifth amendment when later testifying before the committee, at which time they were counseled by John Rogers Carroll and Richard H. Markowitz,

the attorneys for Raymond Cohen. Flanagan related that the business agents and organizers appointed by Cohen had a stranglehold over the membership. These members had told the staff that at a meeting of local 107 held Sunday, March 16, 1958, Cohen told the members he would "fix" those who went against him, meaning they would either meet with physical violence, loss of jobs, or both. Cohen also announced as inducement to the members that the union would make up any losses in pay the men suffered by appearing before this committee.

After taking control of local 107 in June 1954 and forcing out the elected business agents, Cohen indicated the type of union he intended to run by the caliber of men he appointed to key union positions. As previously brought out, the union hiring hall was run by "Cinders" Cendrowski, a strongarm man with a lengthy arrest record, and Peter Luscko, an ex-convict.

In addition to his personally appointed business agents, which included Abraham "Al" Berman, well-known Philadelphia numbers racketeer, Cohen appointed a "goon squad" under the guise of "organizers." That this was strictly a subterfuge was indicated by the manner in which they were paid.

Rather than carry these men on the regular payroll, Cohen carried them in the union books under the heading of "Lost time," and paid them each $125 per week plus expenses. The union did not deduct the Federal withholding tax as required by law and the committee's investigation showed that none of these "organizers" or "goons" paid any Federal income tax on their wages from local 107 for the tax year 1955. In fact, they did not even declare their union wages as income. However, the year following, these men did declare their income from the union on their tax returns. It may have been that the committee's inquiry into the union affairs at that time influenced their decision. At any rate, a union check to each of them for the exact amount of their 1956 income tax indicates that the union paid it for them.

Typical of this situation was the case of Nicholas Frank, one of the "goons" who attempted to beat up Robert Rifkin. Frank was paid for "lost time" and expenses in 1955 in the amount of $7,250.27. He omitted this entire amount, however, from his Federal income tax return, listing a total income for the year of only $335.07, for which he received a refund of $22.05. For 1956, however, Frank did list his "lost time" income of $6,725. His tax for that year was $497.77 and he received from the union at taxpaying time a check for that exact amount.

Likewise, John Elco received from local 107 for "lost time" in 1955, a total of $7,850.15, but did not mention it on his income tax return showing a total income for the entire year of a paltry $193. He received back from the Federal Government a refund on his income tax of $30.20.

The other "goons," Charles Amoroso, Michael Sobolewski, Louis Battle, Jack Snyder, Harry Lindsay, Sam Cutillo, and Arthur Frieze followed to the witness stand in succession, taking the fifth amendment to all questions regarding their duties for the union, the beatings and other acts of violence, their "lost time" pay, their income tax returns, and whether or not they even knew Ben Lapensohn, the union "fixer." Amoroso and Sobolewski, who took the fifth amendment on all ques-

tions, even regarding their occupation, made no response whatever to the question of Senator Ervin:

> I am sorry all of you invoked the fifth amendment when you were asked about how a man goes about getting compensation for losing time, because if you know how that is done, I would like to apply for a job. When a man gets paid for losing time, I just wonder if either one of you would tell me how that works. How do you go about getting a job or getting paid $6,000 or $7,000 for losing time? (p. 10763).

The operation of Teamster Local 107 and Teamster Local 596 in Philadelphia are so entwined as to make the two almost inseparable. The Garage, Parking Lot, and Service Station Employees, Teamsters Local 596, is a "younger brother" to local 107, having been started only in 1954. Louis "Toots" Bertucci, a long-time member of local 107, became president of local 596 shortly after the union was chartered and continued in office thereafter.

In the early autumn of 1956, local 596 was placed under trusteeship and Raymond Cohen became administration trustee. Almost immediately, local 596 launched a drive to organize the employees of the Pontiac dealers in Philadelphia. Ordinary organizing methods were completely disregarded in favor of picket lines, violence, and destruction of property.

Mr. Bernard Pollen of Shore Bros. Pontiac told how, on October 30, 1956, pickets appeared in front of his place of business carrying signs that Shore Bros. did not use union drivers. November 9, was the day the new 1957 cars were to be presented to the public. Some time during the night of November 8, or early morning of November 9, the showroom of Shore Bros. was broken into and paint remover or acid was splashed on eight new automobiles and the windshields on four more were smashed.

Mr. Pollen estimated that the actual damage from the paint remover was $1,200 or $1,300 but that the loss of business caused by the picket line was "tremendous." He stated that at no time did any union officials approach him or his employees regarding union representation.

Mr. Arthur E. Gallagher, who operates a warehouse for General Motors cars in Philadelphia, testified that his place was entered the same nights, and seven new Pontiac automobiles were splashed with acid. Gallagher explained that his employees already belonged to local 107 and local 596 so that pickets around his place were not for organizing purposes, but were to prevent deliveries of new cars to the Pontiac dealers. Mr. Gallagher said his brother John had been approached by Ed Walker, business agent of local 107, who requested that Gallagher not deliver cars to the dealers who were being picketed. Since the cars belonged to the dealers, Gallagher continued to make the deliveries. Mr. Gallagher related that the damage to the cars was between $600 and $700, but that the loss of business as a result of the picket line was about $10,000.

Robert Lee of Robert Lee Pontiac, Penn Valley, Pa., told the committee that the pickets appeared around his establishment about November 5, 1956, and that neither prior to nor since that date was he or any of his employees contacted by any union officials. His employees, had, in fact, indicated to him their dislike of the union.

According to Mr. Lee, it was on the night of November 28, 1956, that his place was entered and acid splattered on 24 used cars, doing about $1,200 worth of damage. The total loss to his business as a result of the picket line he estimated as thousand of dollars. It is noted that all of these offenses were reported to the police, but that no arrests were ever made.

Mr. Ralph Saxonoff, who operates the Girard Wallpaper & Paint Co. in Philadelphia, provided some significant information regarding the acid damage to these automobiles. He identified an invoice from his store for a gallon of paint remover purchased on November 7, 1956, and charged to Teamsters local 596. He also identified another invoice for 3 gallons of the same product purchased November 8, 1956, and also charged to local 596. The first invoice was signed for by "L. Thomas." It is noted that the headquarters of local 596 at that time was only about 200 feet from Mr. Saxonoff's store.

Larry Thomas, business agent of local 596, took the fifth amendment 28 times when questioned regarding the purchase of the paint remover, the damage to the automobiles, and his signature on the invoice. He invoked the fifth amendment when questioned as to whether Raymond Cohen had knowledge of the purchase and the purpose of the paint remover.

The committee had anticipated that Julius Wolfson, who operates a garage at 967 North 8th Street, Philadelphia, would furnish some significant information regarding local 596 and the payoffs he was forced to make. After informing the Senators that his eight employees were members of local 596, Mr. Wolfson invoked the fifth amendment on all questions pertaining to his contract with local 596 and his payoffs to Ben Lapensohn, the Cohen-appointed "fixer" of local 107.

Staff member George L. Nash, who had interviewed Wolfson on February 13, 1958, testified as to the information which had been furnished by Wolfson at that time. Following is the pertinent testimony of Mr. Nash:

> Mr. NASH. I interviewed Mr. Wolfson on February 13, 1958, at his garage, in Philadelphia. At that time, he informed me that in April 1954, when he was in the office of Teamsters Local 596——
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> The CHAIRMAN. When he was?
>
> Mr. NASH. In the office of Teamsters Local 596, at 13th and Girard Avenue, Philadelphia, negotiating a contract with Bernard Brown, who was then secretary-treasurer of the local, and Louis Bertucci, who was president of the local, Ben Lapensohn came into the room, took Wolfson aside, and asked him, Wolfson, who he knew who could help him out of a situation. Wolfson mentioned many names, including that of a city official now deceased.
>
> Mr. KENNEDY. I might interrupt, Mr. Chairman. We have the name of the city official. He is now, as Mr. Nash points out, deceased, and we felt that it is best not to mention it.
>
> The CHAIRMAN. The name will be withheld. Proceed.
>
> Mr. NASH. Lapensohn told Wolfson to see this city official and tell him what happened. Wolfson did so, and a few days later this official advised Wolfson he would have to

make a payoff. Wolfson then gave this official $750 in cash. Wolfson claims that he borrowed the money from a friend. The friend was interviewed and he confirmed that from time to time he loaned Wolfson money in cash. In January 1955, a few months before the initial contract between Wolfson and local 596 was to expire, Lapensohn came to Wolfson's garage——

The CHAIRMAN. Is that Ben Lapensohn?

Mr. NASH. Yes, sir.

The CHAIRMAN. All right.

Mr. NASH. Lapensohn came to Wolfson's garage and told him that he was to enter into a new contract with the local, and the new contract would have about the same provisions as the old one. At that time, Ben Lapensohn asked Mr. Wolfson for $1,500. A week or so later, Wolfson gave Lapensohn $750, again in cash. The next day Lapensohn left for Florida. About 2 months later, Wolfson met with Ben Lapensohn, Bernard Brown, and Edward Walker, business agent of local 107, in the offices of the Teamsters Local 107, at 105 Spring Garden Street, Philadelphia, to negotiate a new contract. The contract presented Wolfson provided for increased wages, increased vacation time, and payments toward a health and welfare fund. Again Ben Lapensohn took Wolfson aside and asked him for another $1,000 to straighten out the matter. Wolfson refused to make this payment and walked out of negotiations. He refused to sign a contract.

Wolfson later negotiated a contract with Joseph Cotter, a business agent, at more moderate terms than the contract originally presented to him by Walker, Lapensohn, and Brown.

That is the statement he furnished me, sir.

Wolfson claims that he has no financial records relating to these payoffs to Lapensohn, and that these payoffs were made in cash.

The CHAIRMAN. What was the total paid Lapensohn?

Mr. NASH. $1,500, sir (pp. 10853–10854).

Louis "Toots" Bertucci, president of local 596, was unique among the teamster officials who testified before the committee, in that he was the only one who answered "yes" to the question "Do you know Ben Lapensohn?" All others invoked the fifth amendment when questioned regarding their knowledge of Ben Lapensohn.

Bertucci, who was under indictment for several acts of violence in connection with the terror-type organizing attempts of local 107, denied that he had anything to do with the acid damage to the automobiles as previously described. He further denied having any knowledge that Larry Thomas was involved or that paint remover had been purchased by Thomas for local 596. He did say, however, that he writes the checks for local 596 but that the bills must first be approved by Raymond Cohen, the administrative trustee, as well as the three regular trustees of the union, and that he had never seen the bill from the Girard Wallpaper & Paint Co. or any check in payment of that bill. Bertucci also denied ever receiving any money

from any employer or ever having any financial dealings with Ben Lapensohn.

Leon Strauss, business agent and trustee of local 596 since September or October 1954, had this explanation as to how he got his position with the union:

> Mr. STRAUSS. I was a member of 169 of the Teamsters, and I was working in a munitions plant. In the meantime, I was on vacation. The office was only about a half block away. I used to pass by their office quite often and see all these fellows out there. I happened to know not "Toots" or anybody else, but some members they had.
>
> I said "What is going on here."
>
> (The witness conferred with his counsel.)
>
> Mr. KENNEDY. Summarize it.
>
> Mr. STRAUSS. So while I am on vacation, I went in there, I just stopped in, it was another Teamsters local and I said, "What is going on fellows, are you busy organizing?" and somebody said "Yes." Somebody asked me, "Do you want to organize?" And I said "Certainly, I think I can organize," and they said "OK we will put you on as organizer."
>
> So I went out. In about 4 months, I believe, when they had an election, that is when I was elected business agent (p. 11007).

Regarding his qualifications as a business agent and a trustee for the union, Strauss' career as a criminal was of interest to the committee. He admitted a conviction in Philadelphia in 1938 for auto theft for which he received a probationary sentence and another conviction the same year for entering to steal and larcency, for which he was sent to the Huntington Reformatory. Shortly after his release from the reformatory, he was sentenced to the Eastern State Penitentiary for a term of 7½ to 15 years for armed robbery. He also admitted a separate robbery conviction in Upper Darby, Pa., for which he received 5 to 10 years concurrent with the other robbery sentence. He was paroled in 1949. Strauss denied he had ever beaten up anyone in connection with union activities, or that he had anything to do with the throwing of paint remover on automobiles.

Staff Member Leo C. Nulty introduced into evidence a large chart setting forth in chronological order a series of beatings, vandalism, arson, and other acts of violence attributable to Teamster Locals 596 and 107, between January 1954 and August 1957. From this chart which is shown here, it can be seen that many of these acts of violence have been described earlier in this report, as well as the "fifth amendment testimony" of the hoodlums involved. Of particular note is that there were no convictions of any of the persons arrested as of the time of the hearings in April 1958. Furthermore, it is of interest to note that a large number of the more serious crimes were committed during the 1-year period in 1955 and 1956 that local 107 unsuccessfully attempted to organize the employees of the Horn & Hardart Baking Co., the largest chain of restaurants and bakeries in the Philadelphia area. This organizing campaign, if so it can be called, was the most extensive

launched by Raymond Cohen after he gained control of local 107, and was accompanied by a seige of terror which will long be remembered in the "City of Brotherly Love." Mr. Leonard W. Lowther, executive vice president; Mr. Dan J. Hanlon, Jr., assistant to the president; and Bernard M. Borish, counsel, all of the Horn & Hardart Baking Co., related to the committee the chain of events pertaining to attempts to organize their employees.

Mr. Lowther told the committee that his company has about 4,800 employees in the Philadelphia area and 38 locations, including restaurants, retail shops and the commissary. In the early spring of 1954, circulars were spread through the main commissary and posted on the bulletin boards. This literature appeared to be part of an organizing drive to persuade the employees to join the union and there was nothing vicious or unusual in the printed material. According to Mr. Lowther, there were four unions involved in the organizing effort directed at the Horn & Hardart employees. These were the Bakers and Confectionery Workers Union, Local No. 6; the Meat Cutters' and Butchers' Union, Local 195; the Waiters' and Restaurant Workers' Union, Local 138; and the Highway Express Drivers' and Helpers' Union, Teamsters Local 107.

On the morning of May 2, 1955, a picket line was thrown around the main commissary of Horn & Hardart, and pickets also appeared in front of many of the restaurants scattered throughout the city. In response to questions, Mr. Lowther stated that prior to the mass picketing, the management was never contacted by any of the unions involved relative to a contract; that none of the employees had requested a union; that no representative of any union ever came to the management advising that a majority of the employees had been signed up; nor was any request ever made for an election by the employees to determine possible union representation. He said that of the 4,800 employees, less than 100 walked off the job to join the pickets.

In the ensuing months, the pickets around the commissary resorted to every possible means to prevent the movement of Horn & Hardart delivery trucks to and from the plant and to prevent the trucks of suppliers from making deliveries. The extent of this seige is indicated in Mr. Lowther's testimony.

> Mr. KENNEDY. After the picket line was in place in May of 1955, were you, your property, or your employees subjected to any violence?
>
> Mr. LOWTHER. There was considerable violence. We had two or possibly three of our employees rather severely beaten on their way to the plant early in the morning. Some of our suppliers, their trucks were badly damaged by being hit with hammers, knocking the headlights out. Some of the farmers that were supplying us were attacked on their way home after leaving the plant. There was a great list of the minor incidents which we don't consider.
>
> But I think of the major incidents there is something over the 100 where someone was either hurt or property was destroyed (p. 10710).

In response to the question of the chairman as to which of the unions was particularly involved in the violence, Mr. Borish had this to say:

> Mr. BORISH. I would say this, Mr. Chairman: As you can understand, there was a constant series of legal proceedings going on all the time this was occurring, beginning with an attempt to get an injunction in the State court to restrain the violence and to enjoin the picketing; consisting also of criminal indictments which we obtained as a result of some of the incidents, and consisting also of proceedings in the Federal court in view of what we also regarded as unfair labor practices by way of a secondary boycott.
>
> In many of those cases, where we had a problem of agency from the legal standpoint, ultimately the court found that the people involved under the circumstances were acting for local 107. We had that specifically decided in the court of appeals. Two of the people that I remember specifically in that case are John Zoroivchak and Bernard Brown. If I can consult my papers, Larry Thomas is another name. Arthur Brown is another name. Louis Bertucci is another name.
>
> The CHAIRMAN. I thought maybe there was some way of definitely identifying the union that was responsible for the violence, though you might not name the individual.
>
> Mr. BORISH. The situation that resulted, so that you can fully understand it, is that in effect a command post was established across from the commissary in a parking lot, and it was frequented by various people from time to time, including Mr. Cohen and Mr. Lapensohn, including the people that I have mentioned.
>
> We would have, for example, involved in an incident of violence, an automobile which turned out to be registered to one of these people.
>
> For example, I remember one number that I will never forget, 909 U–1 for example, a car that was registered to Bernard Brown that ultimately was discovered after an incident that occurred at one of the milk suppliers. There are a whole series of events that way, where ultimately the events that occurred were tied into people that had been seen across the street, either loitering or walking or doing various things at that place (pp. 10710–10711).

The Horn & Hardart officials brought with them a list of 120 separate instances of personal injury or property damage occurring to the company, its employees, or to suppliers of Horn & Hardart. In one such instance, an attempt was made to set fire to eight trucks belonging to Horn & Hardart, while they were parked at the commissary. Seven jugs of flammable liquid were found in the cabs of these trucks and three similar jugs found in an alley nearby. Three of the trucks were on fire when the discovery was made but the fire was quickly extinguished. Had the fire gotten a good start, there would have been a tremendous property damage and the lives of countless people endangered.

In another instance, on Friday, July 8, 1955, John Villeco, an employee, was backing a truck in at the commissary when one of the

pickets told him that his truck would be blown up or burned by Monday. On the following Monday, two trucks owned by John and Joseph Villeco, but under lease to Horn & Hardart, were set on fire and burned near the town of Morristown, N.J.

Mr. Lowther testified that the actual property damage to Horn & Hardart during the period of violence was $8,000 or $9,000 but that the extraordinary expenses to the company caused by the picketing amounted to approximately $400,000.

Seymour Herman of Flushing, N.Y., a former truckdriver, now a salesman for National Cleanser Products Co., New York, described what happened to him because he made a delivery to the commissary of Horn & Hardart. This is his testimony:

> Mr. HERMAN. On May 9, 1955, I was asked to take a load to Philadephia, not knowing that there was a picket line. I was under the impression that it was a jurisdictional dispute.
>
> I took the load and I was told to stop in Camden and call Phildelphia to get permission to come in. I stopped and I called Philadelphia and when I got to the plant I noticed a large gathering of men.
>
> I don't recall seeing any picket signs. I just recall seeing a large gathering of men. So I drove up to the receiving dock and I proceeded to back in when the truck was surrounded and they started calling me all kinds of vile names, scab, and so on.
>
> They spit at me. At that point I figured the hell with it, I am going to back in, I am here. So I backed in. They told me they will get me.
>
> Mr. KENNEDY. Who told you that?
>
> Mr. HERMAN. Somebody told me. They got me on the way out. I had a police escort as far as the Philadephia-Camden bridge.
>
> On the other side of the bridge they hurled bricks through the window of the truck.
>
> Mr. KENNEDY. Relate what happened. You were driving along?
>
> Mr. HERMAN. I was driving along after the police escort and a car cut us off.
>
> Mr. KENNEDY. Was this after the police escort left you?
>
> Mr. HERMAN. Yes. It left us on the Philadelphia side of the bridge. We were on the Jersey side.
>
> I believe it is the Admiral Wilson Boulevard in Camden. A car cut across and slowed the truck down. There was a car parked on the other side. I caught a glimpse of it.
>
> They hurled bricks through the window of the truck. One caught me in the right forehead. So we stopped the truck. I then realized I was bleeding, so I drove around to the hospital and then I collapsed.
>
> Subsequently I spent 9 days in Cooper Hospital, 21 days in Bethel Hospital in Brooklyn. I had two operations. I have a plate in my head. I am no longer capable of doing manual labor (pp. 10741–10742).

Herman said that the number of men in the commissary who attempted to prevent him from unloading was 40 or more. He went

on to relate that because of this cowardly and brutal assault he now draws 50 percent disability from the New York Compensation Board and is still under a doctor's care.

In response to a question from Senator Curtis, Herman stated he had received no damages from any of the unions involved. Senator Curtis made the following comment:

> Senator CURTIS. I don't know what the law is up there as to the statute of limitations with regard to such actions, but certainly those men out there were agents of the four unions involved, and I think those unions ought to compensate you for your damages.
>
> The law is somewhat defective in fixing the responsibility upon them. On the other hand, in some jurisdictions sizable judgments have been awarded.
>
> Those agents—those 30 or 40 men out there—were acting for 4 unions, and every one of them is responsible.
>
> In my State we have had some sizable judgments awarded against the union for such actions. It is only right and fair, because any other group in the United States would be held responsible for their employees and agents.
>
> I am not lecturing you. That is not your responsibility. If those organizations up there are honorable people, they would compensate you (p. 10744).

William S. Young, a truckdriver from McCray & Hunter, Philadelphia, captured the admiration of the committee as he told how he courageously continued to make his regular truck deliveries despite threats, a serious beating, and repeated assaults. Young said he made regular pickups and deliveries at the Horn & Hardart commissary, and on each occasion, the pickets yelled, cursed, and spit at him, threatening that they would "get" him sooner or later. He stated that on June 25, 1955, he was making a delivery at the rear of the Horn & Hardart restaurant at Kingston and Allegheny Avenues when three large men knocked him down and beat him unconscious. He was taken to a hospital where he regained consciousness and was then sent home. That same night, he went back to work and drove another load into the commissary. At that time Arthur Brown, a member of local 107, asked Young "Did you hit a stone wall?" Young identified Arthur Brown as one of those who had threatened him repeatedly at the commissary. In addition to the above, Young said that bricks and stones had been hurled through his truck windows on 10 or 12 different occasions during the campaign of violence directed at Horn & Hardart.

For his courageous devotion to duty, Senator Goldwater had this to say to Young:

> * * * I want to congratulate a free American worker who has the guts to do what he thinks is right.

As Young left the witness stand, the chairman made these remarks:

> The CHAIRMAN. I think you are to be commended. I hope the rest of those men up there, and some of them who are in the union now, will have the manhood and courage to come up here and testify and tell what they know. You are to be complimented for it.

That is the only way we are ever going to get legislation to stop this thug control, subjugation of workers to the will of some labor boss who thinks he is a boss who resorts to force and violence to intimidate, to beat people up, to shoot them up, and so forth.

We have to have the courage, then, in the citizenship of this country and in the working people to stand up for rights. I compliment you very highly.

Thank you very much (p. 10740).

Solomon Joseph Freedman, a senior partner in the produce firm of McCray & Hunter, and the employer of William Young, related to the committee his difficulties in trying to maintain business relations with Horn & Hardart during this period of violence.

Four of Freedman's drivers are in Teamsters Local 929, the Produce, Poultry, Fish and Oystermen's Drivers' and Helpers' Union of Philadelphia. He stated he had to put these four drivers into Teamster Local 929 in order to keep his trucks operating in the produce terminals when the picketing and violence started at Horn & Hardart. Mr. Freedman's outlook on the situation was explained to the committee in the following words:

The CHAIRMAN. In other words, they took a lot of violence out on you because you were supplying Horn & Hardart?

Mr. FREEDMAN. That is right.

The CHAIRMAN. Because you would make deliveries?

Mr. FREEDMAN. That is right. I told them I was going to make deliveries as long as I possibly could. My son and I, we took trucks in there. We had a couple of our loyal employees who stuck by us, and who seen the righteousness of it.

I knew that Horn & Hardart was always a fair concern. If their employees would want to be organized, they certainly wouldn't object to it. I knew that they were innocent victims of circumstances, and I felt that I was going to continue on to help them as much as I possibly could (pp. 10728–10729).

The sacrifices he and his employees had to make to maintain these principles are further described. On one occasion Mr. Freedman, in an automobile, followed one of his trucks which was being driven by William Young, to the Horn & Hardart Commissary. About a hundred pickets milled around the truck, making it impossible to back into the platform, so the truck was driven away by Young with Mr. Freedman right behind in his automobile. Many of the pickets ran to nearby cars and followed the truck, forcing it to stop a few blocks away. There they attacked the truck with instruments, breaking the windshield, the car windows, the dashboard, and doing other damage. For a few moments Mr. Freedman was fearful that the hoodlums would kill the driver, William Young. After they left, Mr. Freedman accompanied his truck to the nearest police precinct station where he and Young obtained an escort and returned to the commissary where they unloaded the truck.

On another occasion, one of Freedman's trucks was set on fire back of his warehouse. Since the firm's name was well known to the "goons" Mr. Freedman took the name off of the truck. He and his

men also resorted to parking it in a different place each night for security reasons, even parking it back of the police station. Even from this location, the truck was towed away several different times and finally the thieves stole the truck and ran it into the Delaware River and completely demolished it. Mr. Freedman told the committee that because of two trucks being burned, one turned over, the wires pulled loose on another, and the truck being dumped in the river, the insurance company canceled his policy for fire and theft insurance on his trucks. In addition, he had merchandise destroyed by kerosene and stink bombs thrown in his stores. All told, Freedman suffered from $15,000 to $20,000 worth of damage. It seemed incredible to the committee that a free American citizen could be subjected to such terrorism in the regular course of business only because he refused to be intimidated. Even more revolting is the thought that all this happened almost within the shadow of Independence Hall.

An attempted shakedown in connection with this campaign of terror provided a climax to this phase of the hearings.

Dan Hanlon, Jr., of Horn & Hardart told the committee that Mr. Freedman, sometime during the summer of 1955, came to Hanlon stating that he had received a contact from "Shorty" Feldman, an official of Teamsters Local 929. According to Mr. Hanlon, Mr. Freedman said that Feldman had stated that Horn & Hardart could "settle the whole matter for $50,000." When asked as to the conditions of this settlement, Mr. Hanlon stated:

> I must say I cut Mr. Freedman off so rapidly that he didn't even have an opportunity or he never even suggested going into any of the details of the proposition (p. 10721).

Further light on this extortion attempt is furnished in the following part of Mr. Freedman's testimony:

Samuel "Shorty" Feldman, business agent of Teamsters Local 929 and close associate of both Raymond Cohen and James Hoffa, was the person referred to by Mr. Hanlon. Mr. Freedman described in detail the attempted "shakedown" on the part of Feldman.

> Mr. FREEDMAN. He said, "Joe, how well do you know them?" and I said, "Well, I know them well." He said, "Do you know them well enough to talk to them and make a deal?"
>
> I said, "What kind of a deal? You know, those people don't go for deals. If I know Daley or some of the other executives, they are pretty honorable people, and I don't think they will go for deals."
>
> He said, "Well, do you want to talk to them?" I said, "I will talk to one of the men which I have contact with," which I referred to as Dan Hanlon. He said, "For $50,000, we can take care of this," and I said, "What do you mean take care of it?"
>
> I said, "Do you mean you can settle the strike, that they will stop picketing?" and he said, "Who is it? Who is it that is involved? I didn't think you were interested in the strike." He said, "Well, no, it is not 929."
>
> I said, "Who is it?" and he said, "Well, it would have to be divided three ways." I said, "Well, I don't know, Sam."

After a couple of days, or a week, possibly elapsed, he again approached me, and I thought, "Well, I will mention it to Mr. Hanlon," which I did.

He said, "Mr. Freedman, if I were you, I wouldn't even mention it to Mr. Daley. He wouldn't go for any deals or any capitulations whatsoever. If you would mention it to him, I think he would order you out of the office."

I said, "Well, I figured it that way, but I felt it no more than proper for me to bring it to you anyway, and you take it from there."

At a later time, he said, "Did you talk to them?"

Mr. KENNEDY. Who said that?

Mr. FREEDMAN. Sam Feldman, Shorty Feldman.

I said, "I did, but they are not interested."

Mr. KENNEDY. So you had these three conversations?

Mr. FREEDMAN. Yes. Then at a later date, I called up Morris Schurr, the president of local 929, and asked him if he knew anything of it, and he said, "No, I don't know anything of it, and" he says "he is crazy. He shouldn't have done it. I have nothing to do with it."

I said, "OK, that is all I want to know."

Mr. KENNEDY. Mr. Freedman, if this was just a business agent of local 929, how is he in a position, in your estimation, to be able——

Mr. FREEDMAN. Well, he was very friendly with the other factions, with Ray Cohen, Jimmy Hoffa, and those.

In fact, he related to me he was very closely related, very related.

Mr. KENNEDY. What did he relate to you?

Mr. FREEDMAN. Well, he said that they were friendly, that he can reach the proper source.

Mr. KENNEDY. Who did he say he was friendly with, specifically?

Mr. FREEDMAN. Well, on different occasions, he told me, "It is in the bag," that Jimmy Hoffa and him are very close, and that was it (pp. 10732–10733).

In response to further questions, Mr. Freedman stated that Morris Schurr, president of local 929, took no action relative to Feldman, who continued to serve as business agent.

As Mr. Freedman left the witness stand, the chairman had this to say to him:

> If all business people of this country and all other good citizens would stand against these goons and thugs as you have, we would soon clean them out. People wouldn't have occasion to be afraid when they would try to do an honest day's work.
>
> I think you are to be commended highly. I hope the rest of the people in the City of Brotherly Love will have the same courage. Thank you very much (p. 10735).

Samuel "Shorty" Feldman, business agent of local 929, notorious Philadelphia hoodlum and a long-time personal friend of James R. Hoffa, was brought before the committee to explain his role in the

Horn & Hardart fiasco. Some of Feldman's other activities and his relationship with Hoffa are set forth elsewhere in this report.

In this instance, Feldman invoked the fifth amendment a total of 41 times, refusing to comment even on his business or occupation. When questioned regarding his 18 arrests for shoplifting, larceny, burglary, and armed robbery; his 6 convictions; and his sentences at Sing Sing and Eastern State Penitentiary, Feldman refused to comment. He would not admit that he even knew Raymond Cohen or that he had attempted any labor shakedowns. As Feldman left, the witness stand, Senator McClellan said:

> The Chair will make this observation: This has become rather commonplace as far as the experience and work of this committee is concerned. We find over and over these crooks, thieves, robbers, burglars, unreformed criminals, occupying positions of trust and responsibility with respect to labor organizations.
>
> I think it is a great evil. I think it is an imposition upon the men who work, who are honest and who go out and earn a day's salary or wages, to be dominated by these people.
>
> Therefore, the chairman has introduced a bill, which, if enacted into law, will make men such as this ineligible to hold office in or to represent a labor organization.
>
> I believe they are unfit. I think the American public feels the same way about it, and I hope, too, the Congress will agree with both me and the public.
>
> You may stand aside.
>
> Call the next witness.
>
> The Chair, in speaking of these things, is not speaking of these decent labor unions. I am talking about those where they let these crooks infiltrate into them, dominate the men, control them, exploit the management of the union itself, and then they cannot tell where they work or why they work or how they are employed, what they do. I think it is a great imposition on the workingmen of this country to have such men in office (p. 10749).

After hearing testimony regarding the mob picketing, the extensive property damage and vandalism and the numerous dangerous assaults on innocent persons attributable to local 107, all in the name of "organizing", the committee was curious as to what Raymond Cohen expected to get for his union. Mr. Lowther told the committee that the total number of Horn & Hardart employees qualified by occupation for Teamster membership was only 65 drivers, 12 helpers, and 50 platform workers. Staff member Leo C. Nulty testified that the union's books showed that the expenses charged for "organizing" in connection with Horn & Hardart totaled $60,628.

The further testimony of Mr. Borish described the efforts of Horn & Hardart to obtain relief from harassment by resorting to the courts in Philadelphia.

> Mr. BORISH. We began in the early part of May 1955, in a proceeding that was filed in the Court of Common Pleas No. 3, of Philadephia County.
>
> At the outset, the court attempted to settle the thing amicably, and that originally resulted in an agreement that

the picketing would be confined, it would not be mass, it would be limited in time and number, et cetera, and that there would be no force and violence at all.

It happened, however, that at the very time that an agreement was being made, other incidents were occurring, so we had to come back to court.

After a hearing, where we produced a substantial amount of testimony, the court, on June 2, 1955, did enter a preliminary injunction in which it defined the nature of the picketing that could occur, and also, of course, enjoined any force and violence whatever.

Senator GOLDWATER. Was that effective?

Mr. BORISH. Not entirely. It was not effective because incidents of force and violence continued. As a matter of fact, it became necessary in September of 1955 to bring a specific proceeding against Bernard Brown and Louis Bertucci and 107 and the other individual defendants for contempt, violation of the court's decree resulting from another incident which had occurred involving these two individuals.

At the hearing on that application for contempt, Judge Milner summoned to the courtroom the police captain in charge of the district, all of the officials of local 107, and the two individuals that I have named.

I think it is fair to say in substance that he read the riot act to them. He instructed the police captain that these two individuals were thereafter barred from in any way participating in this campaign, and he warned them that if they appeared in the vicinity again they would be subjected to severe penalties.

The decree was read in court and the captain was instructed to take all steps to see that it was fully complied with.

Thereafter there were some continuing acts, but I would say the scope of the violence tended to diminish until ultimately, when we brought the matter on for final hearing in May of 1956, that resulted in a disposition of the entire case when the unions agreed to withdraw the picketing and no longer to engage in any secondary boycott activity against the company (pp. 10711–10712).

A number of persons were arrested in connection with beatings, damage to trucks and other violence. These included Louis "Toots" Bertucci, Bernard Brown, Arthur Brown, John Zoroichak, and Larry Thomas. Regarding these prosecutions Mr. Borish testified that there had been no convictions as yet; that there had been five or six postponements over the objections of his law firm, and all cases were still pending after nearly 3 years. He was unable to offer any explanation.

Raymond Cohen, secretary-treasurer of Teamsters Local 107, first appeared before the committee September 26, 1957, in response to a subpena duces tecum for the books and records of local 107. In producing these records Cohen asked permission to submit an "explanation." The rules require prepared statements submitted in advance, but the chairman waived the rules and gave Cohen permission

to proceed. Cohen thereupon launched upon a tirade to show his contempt for this committee. He stated:

> * * * I think you gentlemen should know that I don't feel that I have been treated decently by this committee or by your counsel, Mr. Kennedy (pp. 10386–10387).

Cohen complained about the records being subpenaed after he had permitted their examination by committee staff members on a voluntary basis, and referred to the committee's action as "outrageous."

As Cohen well knew, the committee's procedure relative to local 107 was customary. Nevertheless, Chief Counsel Robert F. Kennedy told the committee that the examining of books and records in the committee's offices was a procedure which had been followed in nearly every instance, and that this was particularly necessary in the case of local 107, as the investigation had, so far, reflected that some records were missing and others required the examination by "technicians."

In response to the chairman's inquiry, Cohen also agreed to make available to the committee his personal books and records. He promised to do this immediately upon his return to Philadelphia from the Teamsters convention in Miami, Fla., which was to start in a few days.

Disregarding his promise, made under oath, to turn over his personal books and records, Cohen made no effort to comply after his return to Philadelphia. For this reason, a separate subpena duces tecum was served on Cohen to appear before the committee with his personal papers. In response to this subpena, he did appear October 28, 1957. At this time he advised he had "changed his mind" regarding making any of his personal records available for examination and proceeded to invoke the fifth amendment. At that time, Cohen was questioned regarding a $17,000 treasurer's check he used for a downpayment on a new yacht and about the personal check of Ben Lapensohn for $17,000 which was used to purchase that treasurer's check. To this question, Cohen again invoked the fifth amendment. Chief Counsel Kennedy enumerated a series of checks drawn on the treasury of local 107 between May 13 and August 11, 1955, all payable to Ben Lapensohn for various amounts totaling $9,523.72, which canceled checks were missing from the records of local 107. Cohen was asked as to the whereabouts of these missing checks and again he took refuge in the fifth amendment.

The two short appearances of Cohen before the committee in the the autumn of 1957 served as a forerunner to main hearings on the operations of local 107 held in April of 1958. As the committee delved into Cohen's financial manipulations of the treasury of local 107, it became apparent why he previously had assumed a belligerent attitude towards making the union records available and why he saw fit to invoke the fifth amendment on his personal affairs.

Earlier in this report mention was made of two union checks made out to "Cash" for a total of $25,000, drawn by Raymond Cohen, which were explained on the check stubs as "truck check, time lost, see voucher." Justification for the expenditure of the $25,000 lists of names were so labeled as to indicate the persons therein were reimbursed for "election expenses." On three of the four lists there appeared opposite each name the amount of money purportedly paid that person.

The fraud involved in these lists was explained to the committee by James C. Cadigan, a Special Agent from the Crime Laboratory of the FBI. He testified as to the numerous alterations he found relative to the amounts on the lists.

The amount for Edward Battisfore was originally $6.50, later raised to $600; Walter Baker, $200 to $450; Albert Berman, $150 to $600; and Charles O'Lear, $150 to $600. It is noted that the above four men were later appointed as business agents of the union by Cohen.

Mr. Cadigan explained a long series of alterations on one list, noting that the total of the original amounts was $1,076.25 which was raised to $5,080, a raise of over $4,000. He said there was a "suspicion of alteration" in a number of instances for which he could not find sufficient evidence to make a positive finding.

Business Agents Battisfore, Baker, Berman, and O'Lear took the fifth amendment on all questions relating to altered amounts on the vouchers and to the actual amounts of money received by them. They, as well as Business Agents Edward Walker and Michael Hession, invoked the fifth amendment on all questions pertaining to remuneration from the union. They were accompanied by union attorneys John Rogers Carroll and Richard H. Markowitz, and continued to invoke the fifth amendment on all questions relating to Cohen's activities or whether or not they knew Ben Lapensohn.

O'Lear was questioned about three personal checks of Ben Lapensohn made out to him in amounts of $400, $400, and $100. He refused to furnish any information as to why the "fixer" for the union should be paying him, a business agent, such sums of money.

One of the alterations mentioned by Mr. Cadigan was in connection with Henry Graff (carried on one of the lists as Harry Graff) opposite whose name the sum had been changed from $100 to $180. Graff, a truck driver and member of local 107, had previously furnished a member of the staff a sworn affidavit to the effect that he had been paid for working during the election only $100 and that this money was paid to him in cash by Al Berman in the presence of Raymond Cohen in Cohen's office.

When he appeared before the committee in response to a subpena, Graff was accompanied by the same union attorneys John Rogers Carroll and Richard H. Markowitz, and promptly resorted to the fifth amendment on all questions pertaining to Cohen's election and any union money received by Graff. Graff took the fifth amendment when questioned as to the truth of his sworn affidavit.

> The CHAIRMAN. And this money was taken out of union dues to pay you folks to go out and elect Cohen; isn't that correct?
>
> Mr. GRAFF. I refuse to answer the question on the same grounds.
>
> The CHAIRMAN. No money was paid out of union dues for Cohen's opponent in that election, there, was there?
>
> (The witness conferred with his counsel.)
>
> Mr. GRAFF. I don't know.
>
> The CHAIRMAN. Do you know whether you were paid $100 or not?
>
> Mr. GRAFF. I refuse to answer the question on the same grounds.

The CHAIRMAN. You know, it is a kind of sad state of affairs when you union boys become such captives of racketeers, thugs, and thieves that you are afraid to come in here and tell the truth to protect yourselves against such exploitation. Don't you think it is a pretty sad state of affairs?

(The witness conferred with his counsel.)

The CHAIRMAN. You needn't answer.

I know you are suffering. Proceed (p. 10496).

Paul Hegh, another rank-and-file member of local 107, had previously told a member of the committee staff that he never received any money in cash which the union lists indicated was paid to him. Appearing with the same attorneys, Carroll and Markowitz, he took the fifth amendment on every question pertaining to the truth or falsity of the union's records relating to Cohen's election expenses.

The testimony of FBI Agent James C. Cadigan revealed that not only fraudulent alteration of records but also outright forgery was a part of the modus operandi. Mr. Cadigan stated that a handwriting comparison showed that the endorsements on four union checks signed by Raymond Cohen and made out to David Kanner were forgeries. These checks totaled $3,850.

Cadigan also advised the committee that a union check signed by Cohen and made out to Joseph E. Katz for $1,000 on January 10, 1956, bore a forged endorsement. Katz, a Philadelphia attorney, testified he had never seen the check and could not account for its existence. He said that the endorsement was indeed a forgery, and that he had never done any legal work for local 107.

David Kanner, also a Philadelphia attorney, testified that he had, on occasions in the past, done legal work for local 107 or its members for which he had been reimbursed by local 107. Relative to the four checks mentioned above, however, Kanner stated that the endorsements were definitely forged and that he had never seen the checks before they were exhibited to him by a staff investigator. Another check which had not been examined by the FBI was presented to Mr. Kanner for identification. This check was dated October 1, 1956, and was made out to "Dave Kanner" in the amount of $1,438.50. Mr. Kanner identified the endorsement as a forgery, making the total amount of the checks to Kanner with forged endorsements $5,288.50.

It is noted that all union checks bear the joint signatures of Raymond Cohen as secretary-treasurer and John E. Grace as president of local 107. FBI expert Cadigan reported additional forged endorsements to the committee in connection with 23 checks made out to Joseph E. Grace. Cadigan testified that the endorsements on all 23 were compared with the known signature of Joseph E. Grace and that these were forgeries. The total of the 23 checks bearing Grace's forged endorsement was $4,986.28, making a grand total of forgeries in the names of Kanner, Katz, and Grace of $10,275.

Joseph E. Grace, long-time president of local 107, appeared before the committee and told the Senators, "* * * I never done a dishonest thing I know of in my life," and almost in the same breath, he proceeded to invoke the fifth amendment a total of 42 times to questions regarding Cohen and the union's finances. He told the Senators he considered Raymond Cohen also to be an honest man. Grace, however, would make no comment regarding the 23 checks bearing his

forged endorsements. He took the fifth amendment on all questions bearing on Raymond Cohen's election and misuse of union funds. Like all other officials of local 107, he took the fifth amendment on the mere mention of Ben Lapensohn's name.

Staff member John B. Flanagan, who had gone through the financial records of local 107, threw additional light on how Cohen handled the funds in the union treasury. In addition to the two checks to cash for $25,000 previously mentioned, Cohen had, said Flanagan, written an additional $225,597 worth of union checks payable to "Cash" between June 1954 and September 1957, which expenditures were charged to organizing and strike expenses. These checks, like the first two, had corresponding lists of names with amounts set forth beside them, which purportedly supported the disbursement of the cash. Flanagan went on to explain that the committee staff had talked to union members whose names were on these lists and found witnesses who either received less than the amount indicated or received no money at all. A total of $141,482.77 was represented by those lists, with proven inaccuracies.

Other than the lists of names and amounts, there were no supporting vouchers or verification of any kind relative to the expenditure of the one-quarter million dollars in cash. In fact many of the lists did not even show the amount of cash alleged to have been paid each person, nor did the lists show what the payments were for.

In response to questions from Senator Kennedy, Flanagan advised that the financial reports signed by the union with the Department of Labor as required by the Taft-Hartley law were of no value in finding out about the forgeries and the $250,000 written to cash. The pertinent comments of Senator Kennedy while union trustees Walter Baker and Michael Hession were before the committee, are stated further below.

> Senator KENNEDY. In the first place, Mr. Chairman, this shows that the reports, or it seems to indicate that the reports, filed under the Taft-Hartley law at present, the financial reports, are wholly inadequate to reveal this type of misappropriation of money.
>
> Secondly, that these trustees have completely failed in their trust as trustees, to watch the interest of members.
>
> As I understand, everyone that the committee staff has interrogated who received this money took the fifth amendment.
>
> It seems to me, gentlemen, that you have not met your obligations at all and ought to resign.
>
> I say that to you, Mr. Baker.
>
> Have you any comment about that, Mr. Baker?
>
> Mr. BAKER. No, sir, no comment.
>
> Senator KENNEDY. You signed as trustee, didn't you, these financial reports?
>
> Mr. BAKER. Yes, sir.
>
> Senator KENNEDY. And you haven't any comment or explanation of what the $250,000 in cash was used for?
>
> Mr. BAKER. No, sir.
>
> Senator KENNEDY. What about the other witness? Do you have any explanation?

Mr. HESSION. No, sir.

Senator KENNEDY. Will you give one?

(Witness conferred with his counsel.)

Senator KENNEDY. Did you get any of the money yourself?

Mr. HESSION. Pardon me, sir, my signature is not even on there. I have only been a trustee since January.

Senator KENNEDY. I am asking did you get any of this money yourself?

Mr. HESSION. I am advised that I have a right not to be a witness against myself under the fifth amendment.

Senator KENNEDY. How long have you been a trustee?

Mr. HESSION. I got elected in November and the term started in January.

Senator KENNEDY. Of this year?

Mr. HESSION. Yes, sir.

Senator KENNEDY. You were elected?

Mr. HESSION. Yes, sir.

The CHAIRMAN. Elected or appointed?

Mr. HESSION. I was elected trustee in November.

Senator KENNEDY. And you will not give us any information on this, is that correct, that you take the fifth amendment?

Mr. HESSION. Yes, sir.

Senator KENNEDY. I think you ought to resign, too.

The CHAIRMAN. Is there anything further?

Senator KENNEDY. Did the other trustee take the fifth amendment, too?

Mr. KENNEDY. Yes.

Senator KENNEDY. I think he ought to resign. $650,000 is a lot of money. To come before a committee and not be able to give any explanation or how to account for it, and every official to take the fifth amendment, shows that is is a corrupt union leadership.

I am hopeful that the attorney will examine his relationship with them, because it seems to me that he is involved, having been attorney for one of the worse-run unions in the country for 4 years.

Mr. KENNEDY. The president has taken the fifth amendment and the vice president has taken the fifth amendment on the question of the use of this money.

Senator KENNEDY. To say that you told the membership, and then refuse to tell in what form you gave the information to the membership, and in what form and on what basis, your refusal to answer all of those questions, in my opinion, leaves no doubt as to your involvement in the misuse of these funds (pp. 10601–10602).

Of the men whose names appeared frequently on the lists for the $250,000 worth of cash, 23 were called before the committee. These were rank-and-file members of local 107 and were in addition to the officers, Cohen-appointed business agents, and goons. It was significant that each member was accompanied by the same union attorneys, John Rogers Carroll and Richard H. Markowitz, who appeared with Cohen and the other union officials whose activities were under scrutiny.

With monotonous regularity, witness after witness invoked the fifth amendment on all questions pertaining to whether or not he had ever been paid any cash by Raymond Cohen and if so how much. Each witness gave the same response to any questions having to do with Cohen's election to office or to his knowledge of Ben Lapensohn. From their answers, from their demeanor, and from the obvious coaching by their legal counsel, it was apparent to the Senators that these men were afraid to speak the truth.

A case in point is that of Patrick Parker, employed as a truck-driver and a member of local 107.

> Mr. KENNEDY. Mr. Chairman, in connection with the money that was expended by local 107 for the strike of Horn & Hardart, there were lists similar to the list we went into at the beginning of the hearing, and on the list was a group of names, opposite which there was a sum of money. We have interviewed or tried to interview a number of the individuals who were alleged to have received the money, and two of those that we interviewed were these two gentlemen in front of us today.
>
> Mr. Patrick Parker was listed as having received amounts ranging from $70 a week to $30 a week, most of them $45 and $60 a week, over a period of about a year while he was doing some picket duty for local 107 in connection with this company.
>
> He stated at that time that he did not receive this money; that he hadn't received these amounts of money; that at that time he was doing picket duty but he also was working at warehouses around the city, such as the warehouses of American Stores and the A. & P. Co., and that local 107 had gotten these jobs for him. We called him down here to give that information to the committee.
>
> Is it correct that you were not in fact receiving any money from local 107 during this period of time, while you were doing picket duty, Mr. Parker?
>
> Were you?
>
> Mr. PARKER. I am advised that if I answer that question I would state evidence against me under the fifth amendment.
>
> The CHAIRMAN. You got it so mumbled I can't even understand it. State it again.
>
> Mr. PARKER. I am advised I have a right to refuse to—to refuse against me.
>
> The CHAIRMAN. I don't think you answered it accurately, but I think you are so scared you probably couldn't even memorize it, is that correct? You want to tell the truth, don't you?
>
> Mr. PARKER. I am advised I have a right——
>
> The CHAIRMAN. I say, you want to tell the truth. I didn't say you were going to be permitted to do it, but you want to tell the truth, don't you?
>
> You would like to tell the truth, just like you told it when you first came down, wouldn't you?
>
> Mr. PARKER. I am advised——
>
> The CHAIRMAN. I don't understand you.
>
> Mr. PARKER. No, I don't want to answer.

The CHAIRMAN. You don't want to tell the truth now? Is that what you said?

Mr. KENNEDY. Mr. Chairman?

The CHAIRMAN. Poor fellow. All right, go ahead.

Mr. KENNEDY. Mr. Chairman, he has cooperated with the committee, and he has given us information. Then in some way he has gotten these two attorneys, and he does not want to talk.

The CHAIRMAN. The Chair want to say this. He is not doing anything to embarrass this witness. He appreciates his position and the spot he is on. But I do think the country needs to know how vicious some of these union leaders have gotten, and the power they have over the helpless individual who is asked to work for a living. I think this points it up.

I think it is one of the most vicious things, to take people like this, put them in a situation where they can't tell the truth about whether they received money for work or did not receive it.

It just points up the need for legislative action to drive these characters who operate that way out of unionism so that decent unionism, proper unions, may survive, may have the confidence of the public of this country.

Union leaders who bring about situations like this do a great disservice, a great disservice, to the honest working people of this country. It reflects discredit upon the union that these men have to belong to who work.

It's shameful. I hope the Congress can find legislation that will correct conditions like this, and you wouldn't see some helpless fellow in here who is unable to answer the questions because he is afraid.

Proceed.

Mr. KENNEDY. The union is paying your attorneys for you, is that right? They got the attorneys for you?

The CHAIRMAN. Answer it.

(The witness conferred with his counsel.)

Mr. PARKER. That is right (pp. 10779–10780).

The affidavit which Mr. Parker had previously executed in which he denied receiving any cash payments from the union was inserted into the record.

John Gorman, a member of local 107 who had also furnished an affidavit denying he had received the payments attributed to him, likewise was accompanied by attorneys John Rogers Carroll and Richard H. Markowitz. Gorman invoked the fifth amendment to the first question asked of him regarding any cash money paid to him. However, he then admitted that the affidavit he had given previously was true. In this statement Gorman told of being paid only $30 a week in cash for picketing during the summer months of 1955. The lists on which his name appeared showed him as receiving $40 for 1 week and $60 for each of the other weeks, with no mention whatever of the sum of only $30 per week.

Thomas Keenan said he had formerly worked at the Horn & Hardart Baking Co. in Philadelphia. He stated he joined the Teamsters Local 107 in 1955 and walked off the job when the union picketed the Horn & Hardart Co. Thereafter Keenan marched on the picket line for

approximately 14 months. Although the lists for the cash disbursements showed payments to him for amounts ranging from $30 to $70 per week, Keenan testified he was paid only $30 per week and at no time did he receive any more than that amount. He identified his signature on one of the lists but said the $70 written opposite his name was not in his handwriting and was not on the list at the time he signed his name.

The committee had hoped that Mr. Joseph Hartsough, who had been bookkeeper for local 107 since the time Cohen took control, would throw some light on the forgeries, falsification of records, and large cash expenditures. Hartsough, however, appeared with the same union attorneys and proceeded to invoke the fifth amendment on all questions pertaining to the operation of the union and to Raymond Cohen. Hartsough was the person who had endorsed all of the union checks made out to "Cash." He refused to make any comment on these checks, on the payments for "time lost," or why the goons were on the payroll. Hartsough was questioned regarding Ben Lapensohn, and the purpose for which 13 checks had been written to Lapensohn between May 13, 1955, and October 11, 1955, for "personal services," which checks totaled $12,186.22. Hartsough was asked what happened to 9 of these 13 checks which are missing from the unions records. He steadfastly refused to cooperate, taking the fifth amendment on all questions. Hartsough denied he was taking the fifth amendment to protect someone else rather than himself but the impression he made on the committee, however, is contained in the remarks of the chairman:

> You are a pretty decent sort of fellow. If you would come and tell us the truth, you would be a lot of help, a lot of help to honest, decent unionism and to our country.
>
> Down in your heart you feel that way about it, don't you? (p. 10775).

Upon no response from the witness, the chairman stated, "I will accept silence for consent."

Raymond Cohen regarded the dues money of the members as his own personal bonanza. This was clearly revealed as the staff accountants unfolded the full story of Cohen's manipulations of the funds of the union treasury. The committee had already heard how Cohen, when he took control June 7, 1954, dipped into the union cashbox to pay the expenses he incurred in getting himself elected. This included his new salary retroactive to January 1, 1954, his retroactive expenses, retroactive attorney's fee, and repayment of the $4,573.43 loan from local 169. Also included were the $8,500 in checks paid to Samuel Kirsch—the proceeds of which Kirsch never received.

Mr. Ralph A. DeCarlo of the committee staff explained his analysis of the union books as they pertained to Cohen. From the period of January 1, 1954, to September 18, 1957, it cost the members of local 107 a total of $241,926.65 to have Raymond Cohen as their secretary-treasurer, or an average of approximately $64,500 per year. Of this total the highly questionable expenses add up to $90,162.67 or an average of $24,000 a year.

Although he received the substantial salary of over $26,000 a year, Cohen was not one to economize with someone else's money. Mr. Cohen paid himself a special expense allowance of $125 a week which

alone was $20,625 during the 3½ year period. Then he let the union transport himself and his family to Florida each year for a 3- to 4-month vacation. In Florida, Cohen rented a home at from $1,500 to $2,500 a season—all paid for by the truck drivers of local 107.

Mr. DeCarlo testified that union records revealed that $2,717.14 worth of personal clothing and gifts for Cohen were paid for with union checks. This included 12 suits of clothes at from $125 to $135 each, sport coats at $85 apiece, shirts at $10 to $13.50 per shirt, and $10 neckties. Cohen also purchased for himself at union expense a Polaroid camera and accessories for $169.18. Christmas gifts, car expenses, hotel bills in Philadelphia ($1,053.64 worth) and personal telephone bills were also paid for by the union.

The expenditures enumerated above were all a matter of record in the union's books because they were paid by union checks. The committee was interested in other expenditures of Raymond Cohen, particularly those where large amounts of cash were involved. It had been revealed that Cohen abandoned sound business practices, preferring to operate the union with the use of cash—a total of $250,000 worth—and the committee found that Cohen operated his personal affairs in the same elusive manner.

Although Mr. Cohen refused to turn over his personal records, after first promising to do so, the committee was able to uncover much of Cohen's financial affairs—enough to learn he had large amounts of cash to spend which came from unexplained sources. His numerous transactions relative to boats were of particular interest.

Edgar C. Parkhurst, accountant, told the committee that Cohen's first boat was a 28-foot cabin cruiser purchased in 1950 for $1,900. On April 12, 1955, Cohen bought a 34-foot cabin cruiser in Miami, Fla., for $18,000. Of this amount $1,000 was paid in cash and the balance was paid in the form of a $17,000 bank treasurer's check issued by the Broad Street Trust Co. of Philadelphia. This bank treasurer's check had been purchased with the personal check of Ben Lapensohn for $17,000. Lapensohn at that time was on the payroll of local 107 as public relations man and "fixer." Mr. Parkhurst testified that the records of Ben Lapensohn contained a handwritten memorandum indicating Cohen repaid the $17,000 to Lapensohn in cash. Parkhurst said, however, that it had never been determined where Cohen got the $17,000 in cash to repay Lapensohn. This particular boat of Cohen's was subsequently destroyed by fire.

In June 1956, Cohen purchased an inboard motor boat for $2,730. This was paid for in two installments. $1,000 was paid June 4, 1956, and $1,730 paid June 7, 1956—both for cash. At a later date, Cohen sold this boat for $2,000—also a cash transaction.

On June 3, 1957, Cohen purchased a new Richardson 40-foot sport cruiser with accessories. The list price on this boat was $27,865, but Cohen was able to purchase it through the Gordon Boat Co. of Philadelphia for $24,000, a discount of $3,865. Mr. Parkhurst described the procedure used in paying for this boat. On May 31, 1957, Cohen made a cash downpayment of $3,000. Thereafter he borrowed $11,000 from a bank and paid the Gordon Co. a bank treasurer's check for this amount, leaving a balance of $10,000, which was also paid by cash. Cohen withdrew from a savings account $5,000. To this he added another $5,000 in cash to make the final payment of $10,000. The source of this last $5,000 in cash is unexplained. In

connection with the purchase of this boat there was therefore $8,000 in cash used by Cohen, the source of which could not be traced.

Mr. Parkhurst related that on June 20, 1957, Cohen purchased a number of accessories for this new luxury cruiser, including a hot-and-cold running water system, a telephone, a rockaway pipe chair, and other items totaling $2,032.25. These Cohen paid for in cash, the source of which it was not possible to trace.

Almost simultaneously with the above purchases, Cohen bought two more boats for his two sons. On June 19, 1957, he purchased a small boat with an outboard motor for $1,037.90. On June 26, 1957, he obtained a similar boat for his other son for $1,038.88. Both of these he paid for in cash, the source of which is unexplained.

The manner in which Cohen purchased his home in Brigantine, N.J., was also of interest to the committee. According to Mr. Parkhurst, Cohen purchased a house and lot for $12,500 in 1956, which he paid for by personal check. Shortly after buying this house Cohen started major alterations and remodeling of the building. He made payments to the contractor at intervals between July 19, 1956, and May 7, 1957. The total cost of these alterations was $17,471, all of which Cohen paid in cash. Mr. Parkhurst testified that since one $2,000 cash payment to the contractor was made a day after Cohen sold one of his boats for the same amount, it was assumed that the proceeds from the boat provided the $2,000 installment for the contractor. This leaves $15,471 in cash paid by Cohen on his house, the source of which it was not possible to explain.

Regarding the source of these large sums of cash paid out by Cohen, Mr. Parkhurst, who was for 25 years a special agent of the FBI, had this to say:

> Mr. KENNEDY. What is your judgment, Mr. Parkhurst, if you could give it to us, on an arrangement such as this, of an individual who deals somewhat in checks and then in these large amounts of cash?
>
> Mr. PARKHURST. I would say it is not the usual business practice.
>
> Mr. KENNEDY. Ordinarily, would you feel that you would be able to trace the source of these cash items; that is, in legitimate transactions?
>
> Mr. PARKHURST. In my experience, we have been very successful in tracing the source of cash in legitimate transactions.
>
> Mr. KENNEDY. And your are not able to trace the source of the cash in these transactions?
>
> Mr. PARKHURST. That is right (p. 10628).

Mr. Ralph DeCarlo outlined some of the facts developed from a scrutiny of all of Raymond Cohen's income and expenditures during that period when Cohen was writing $250,000 worth of union checks to "Cash." In addition to the large payments by cash in connection with his home and his numerous boats, Cohen also repaid a $2,000 loan to Ben Lapensohn in cash, made a $745.22 payment on his 1956 Federal income tax in cash, and made numerous cash bank deposits totaling $5,650. During this time Mrs. Raymond Cohen bought a $750 mink stole which was paid for in cash. Altogether, Cohen's payments and purchases for cash in the 3½-year period amounted to over $58,000.

Mr. DeCarlo introduced to the committee a summary of his accounting investigation regarding Raymond Cohen's finances. The disclosures were startling. The "take-home pay" of Mr. Cohen from his salary during the 3½-year period was about $75,000. However, during this same period, he increased his net worth about $46,051.02. This figure did not include any increases in value of either real or personal property.

Of even more significance was the total expenditure. Mr. DeCarlo found that Cohen had available to him during the pertinent period the sum of $202,442.43 from sources such as salary, expenses, loans, and every other conceivable source. During the same period, his identifiable expenditures and his increases in bank balance totaled $206,575.10. In other words, during this time, Cohen spent $4,132.67 more than he had available. It was evident that Cohen must have spent many times this amount because no living expenses were included. Mr. DeCarlo testified that no trace could be found of any item for ordinary living expenses.

The significance of the increase in net worth and his large cash expenditures was that Cohen had a source of income separate from his union salary and expenses. Whatever this amount and source, he had not been declaring it on his income tax return.

Cohen told the committee he had been a Teamster since 1926, and a member of local 107 since 1933. In addition to his position as secretary-treasurer and business manager of local 107, Cohen said he also was one of the international trustees of the Teamsters, whose duties were to check the financial record of the international. When Chief Counsel Kennedy then asked Cohen about the accuracy of the monthly financial reports which local 107 sent to the international, Cohen took the fifth amendment. Relative to the Teamsters' convention held in Miami in October 1957, Cohen advised that his union sent either 19 or 20 delegates. When questioned about the $3,000 to himself and the $31,350 for all the delegates, he declined to comment.

As the committee got into the subject of the checks to cash totaling $250,000, Senator Kennedy made some pertinent observations:

> Senator KENNEDY. I think you should resign, too, Mr. Cohen.
>
> Mr. COHEN. Well, I don't mean to be sarcastic, but that is a matter of opinion. I think a 14,000 membership has a right to say whether I should resign or not.
>
> Senator KENNEDY. You are before the committee now. I am just giving you my opinion now.
>
> Mr. COHEN. I said I am sorry. I didn't mean to be sarcastic.
>
> Senator KENNEDY. I am not sarcastic. I think you ought to resign. The reason I think you ought to resign is that this is over $250,000 at a time you were secretary-treasurer was spent for cash, spent in completely inaccurate files, reports that were tampered with, and you come before the committee and we ask you how it was spent, and you say you wouldn't answer because an honest answer would incriminate you.
>
> For that reason, I don't think you should hold office. As a member of the labor committee, permanent, for 12 years, I

don't think you are a responsible labor leader. I think you should resign. I think the three trustees should resign.

I think any officer of a union who comes before this committee and refuses to give us an answer as to how money is spent should resign also.

Mr. COHEN. I would like to say this, Mr. Senator, without, again being repetitious about being sarcastic, but trying to answer you to the best of my ability. We have our membership meetings regularly, especially this coming Sunday, and I would like very much for you to come, or some of the other Senators, to talk to our membership, and let them be the deciding factor as to whether I should resign or not.

Senator KENNEDY. Mr. Cohen, the record is being made here, not only of the $250,000, the $31,000, all the reports that were changed, but of the trustees who come before us, and who are unable to give us any information as to how the money was spent. You obviously feel no responsibility at all to the public or to the Congress. I am just giving you my opinion as a member of this committee and as a member of the Labor Committee for, as I say, nearly 12 years, in the House and in the Senate, chairman of the permanent Subcommittee on Labor, that you should not, in my opinion, hold a position which involves the public interest to the point that it does in the State of Pennsylvania.

I don't think the AFL-CIO, from which the Teamsters have been expelled, would keep you in office for a minute. You have breached and the officers of your union have breached, most of the ethical practices code set up by them for honest, responsible trade union movements.

That is my opinion.

(The witness conferred with his counsel.)

Mr. COHEN. Mr. Senator, I would like to say that on the allegations and accusations that have been made, I think I only owe a responsibility to the membership of local 107 who elected me to the post that I now have.

Senator KENNEDY. In addition, Mr. Cohen, it is not a question of your choosing that you don't want to talk to us. You are stating under oath that if you do answer honestly, it would incriminate you. This is not a visit or an accommodation.

You are stating under oath, or you are in contempt of this committee, that an honest answer by you would incriminate you.

This is not a matter of your being reluctant to answer on union business. You are saying that you would be incriminated yourself, and possibly subject to criminal penalties, if you give an answer.

(The witness conferred with his counsel.)

Senator KENNEDY. Either that, as the chairman says, or you are committing perjury; one or the other.

I am hopeful that the counsel will go through, as I know he will, many of these accounts, which will show that you have not met your trust, not only for the $250,000, plus these lavish expenditures for Miami, $31,000 for 16 delegates

for 5 days in Miami—that is quite a lot of money, with $3,000 for yourself alone, and you refuse to tell us how you spent it.

Do you have any vouchers?

Mr. COHEN. I refuse to answer that question, Mr. Senator.

Senator KENNEDY. On what ground?

Mr. COHEN. For the same reason.

Senator KENNEDY. Repeat it. I want to hear it. On what ground?

Mr. COHEN. I decline to answer the question on the grounds that I am not required to give evidence against myself under the fifth amendment.

Senator KENNEDY. And will you make that—repeat that. Is it because you feel that an honest answer will incriminate you?

Is it because you feel that an honest answer would incriminate you or might incriminate you, or tend to incriminate you?

(The witness conferred with his counsel.)

Mr. COHEN. It might be used as evidence against me (pp. 10640–10641).

Cohen's lack of sincerity in his invitation to have the Senators meet with the membership of local 107 is well portrayed in the following testimony:

The CHAIRMAN. Before you go into that, may I ask the witness some questions.

I understand you invited not only Senator Kennedy but any member of the committee to come to your meeting.

Mr. COHEN. That is right.

The CHAIRMAN. I think some of us will agree to come if you will answer these questions under oath.

If you want us there, just answer these questions.

Mr. COHEN. I would like very much to have you there.

The CHAIRMAN. We would like very much to have the answers. I will make a bargain with you.

(Witness conferred with his counsel.)

The CHAIRMAN. If he will answer these questions under oath, I think I can accept your invitation.

Mr. COHEN. I don't mean any sarcasm, but I am not negotiating any contract now.

The CHAIRMAN. I notice you are not. You want to get your point across that you invited them and go back and brag about it. You didn't make it.

Proceed (p. 10670).

Cohen was questioned regarding the nature of the contract negotiations with the Food Fair Co., and asked which officials of local 107 participated. When pinned down as to whether Ben Lapensohn played any part in these negotiations, Cohen took the fifth amendment—even as to whether Lapensohn held any position with local 107 at that time. He refused to comment on how much money Lapensohn was receiving from the union and from employers during that period.

The substance of Raymond Cohen's testimony—or rather the lack of it, since he took the fifth amendment 72 times—was summarized by Chief Counsel Robert F. Kennedy as follows:

> Mr. KENNEDY. Mr. Chairman, there are at least 10 broad categories of questions that Mr. Cohen has refused to answer. I would like to enumerate those for the committee.
>
> On the $46,000 increase in net worth, he refused to answer any questions about that, during the period of time he was secretary-treasurer. No. 2, that he spent $4,000 during that period of time that he was secretary-treasurer more than he had from any legitimate source of income; No. 3, that he had available in cash during the period of time he was secretary-treasurer some $50,000, and that many of the items that he purchased, such as his boats and his house and other matters, were purchased, with cash, and that there is $57,000 that we cannot trace; that $190,162 of union funds—this is No. 4—$190,162 out of union funds were used to pay some of Mr. Cohen's personal bills, to buy his personal clothing, and to take his wife on trips to Florida; No. 5, that there was $250,000 cash that came out of the union while he was secretary-treasurer, for which he would give no explanation.
>
> Mr. CARROLL. What was the amount again?
>
> Mr. KENNEDY. $250,000.
>
> No. 6, there was $31,000 used for the delegates at the recent Miami convention, for which Mr. Cohen refuses to give any explanation; No. 7, we have had the testimony on the forgeries that took place in connection with the checks of the union, for which he gives no explanation; No. 8, the alterations that took place in some of the union's documents, for which he gives no explanation; No. 9, the beatings that took place against those who opposed Mr. Cohen, for which he would give no explanation, the physical beatings; and, No. 10, his relationship with Mr. Benjamin Lapensohn and in the contract negotiations with Food Fair (p. 10673).

As a result of the disclosures of the fraudulent operations in the finances of local 107, Mr. John F. English, secretary-treasurer of the International Brotherhood of Teamsters, was called.

He told the committee that he considered it bad fiscal policy for a local union to write checks to cash for large sums. He stated that there are times when checks must be made to cash in order to pay out in small amounts. This sometimes occurs, he said, in connection with strike benefits. It is the responsibility of the trustees to find where the money went. When informed by Chief Counsel Kennedy that the trustees of local 107 refused to answer any questions regarding their responsibility, Mr. English was noncommittal.

English explained that since the Teamsters' convention in Miami in October 1957, he now has the authority to make a complete audit of any union's books whenever he has reason to believe there is any misuse of union funds. When questioned as to what he intended to do about local 107 in view of the committee's disclosures, Mr. English

said, "I will send in an investigator and investigate the whole thing from top to bottom."

Investigation of Ben Lapensohn uncovered a new kind of labor "shakedown," the selling of magazine advertising under the veiled threat of labor trouble or the vague promise of labor's cooperation.

Lapensohn took his family to Europe in May of 1957 to avoid service of a committee subpena. When his family returned the following September Lapensohn stayed abroad, later going to Canada, and then to Nassau in the Bahamas. At the time of the hearings Lapensohn was still an expatriate. When contacted in Montreal by a staff member, he refused to come back to the United States or to answer any questions.

In 1949, a House committee held hearings on labor racketeering in the Dock Street area of Philadelphia. As a result of those hearings, Harry "Turk" Daniels and Abe Goldberg were convicted under the Hobbs Act. At that time, the House committee tried to locate Lapensohn for questioning on an attempted $36,000 shakedown of the produce merchants on Dock Street. Lapensohn then, as now, ran for cover and was able to avoid the service of a subpena.

This man, who became wealthy by racketeering in the labor movement, had been employed by local 107 back in the 1940's, when Edward Crumbock was secretary-treasurer. Crumbock fired Lapensohn upon learning that he had extorted money from an employer. Raymond Kelly told the committee that when Cohen ran for secretary-treasurer against Crumbock in 1954, Lapensohn and the "smart money guys" were prominent in the campaign for Cohen. After Cohen was elected, Lapensohn was put on the payroll of 107 as the "fixer."

The Senators had already heard of Lapensohn's shakedown of garage owner Julius Wolfson. They had heard how Lapensohn purchased a $17,000 bank treasurer's check for Raymond Cohen to use in buying a 28-foot cabin cruiser. In addition to his regular salary from the union of $200 a week, the committee also found union checks written to Lapensohn for "personal services" totaling $12,186.22. Nine of these checks had been removed from the union's files.

After hearing Raymond Cohen and every other officer and employee of local 107 invoke the fifth amendment on the mere mention of Lapensohn's name, the committee was desirous of exploring his activities in the labor movement.

James L. McDevitt, director of the Committee on Political Education for the AFL-CIO, told of the arrangements made for Lapensohn to solicit advertising for the yearbook of the Pennsylvania Federation of Labor during those years that McDevitt was president of that organization.

According to McDevitt, the Pennsylvania Federation of Labor entered into an agreement in 1946 with Lapensohn whereby he would solicit advertising for the Pennsylvania Federationist, which was the yearbook for the Federation. For this service, Lapensohn received 60 percent of the advertising revenue and paid his own salesmen's commissions. The State Federation received 40 percent of the proceeds, edited the magazine and paid the cost of printing and distribution.

Mr. McDevitt told the committee that the advertising came largely from employers. In the solicitation, Lapensohn was given authority to write letters to prospective advertisers, using McDevitt's name

and title for the purpose of arranging interviews for the ad solicitors. McDevitt was emphatic that he had never furnished authority to Lapensohn or his salesmen to use McDevitt's name for any correspondence other than these appointment letters. McDevitt was equally emphatic that he had never at any time made any telephone calls to set up appointments for the ad salesmen.

There was exhibited to Mr. McDevitt a number of letters sent out by Lapensohn in McDevitt's name for the purpose of making appointments for advertising salesmen. On reviewing these letters, Mr. McDevitt stated with emphasis that the wording of the letters had exceeded the meaning authorized by him. This included such verbiage as referring to Ad Salesman Sam Kirsch as a "member of McDevitt's staff" and similar phrases which would give the recipient a false impression.

Mr. McDevitt stated that he was happy that the practice of selling advertising in labor publications was diminishing, and that President George Meany of the AFL–CIO had taken a stand against it.

Mr. Burnett Landreth III, vice president and secretary of Penn's Manor, Inc., a garden supply company in Philadelphia, stated that on April 29, 1953, he received a letter purportedly coming from James L. McDevitt, president of the Pennsylvania Federation of Labor, which stated:

> An important matter has developed with the Pennsylvania Federation of Labor, and I have asked Sam Kirsch, of my staff, to see you personally within the next few days.

Mr. Landreth said that a few days following receipt of this letter he was visited by Kirsch and another man who represented himself as private secretary to James L. McDevitt. Kirsch attempted to solicit an advertisement for the labor magazine. According to Mr. Landreth, Kirsch volunteered the information that the ads were of no value as such but suggested Landreth take a minimum space ad to show his good will toward the unions. Kirsch also told Landreth that money from the ads was used to pay for scholarships at Pennsylvania State College in the name of Labor's League for Political Education. In the ensuing conversation, Kirsch brought in the alleged secretary. Landreth expressed disinterest and they accused him of being antagonistic to labor and threatened that his trucks would not be allowed to load or unload at union platforms anywhere. When Landreth called these methods a "shakedown" and "a low form of blackmail," McDevitt's alleged secretary shouted over his shoulder "You can call it anything you like, but from now on just try to unload at any of our platforms."

Landreth furnished the details of the incident to the Better Business Bureau who stated that they had had similar reports. He told the committee that his company, which has only about 25 employees, suffered no reprisals.

Mr. DeForest Voitsberger, vice president and comptroller of the S. S. White Manufacturing Co., the largest manufacturer of dental supplies in the country, told of his experience with Lapensohn's salesman, Samuel Kirsch. Mr. Voitsberger's company received a letter purportedly coming from James L. McDevitt setting up an appointment for Kirsch. Thereafter, starting in 1948, the S. S. White Co. took an ad in the Pennsylvania Federationist each year, paying from

$125 to $160 per ad. He said his company thought the ad might prove a "good investment" as about 165 of their 400 employees are unionized. He stated that they never would have advertised had they known that the State Federation of Labor received only 40 percent of the money while the other 60 percent was sales commission. He identified a card given him by Kirsch which bears the statement "No agency or salesman commission paid."

The experience of Asa Farr, vice president of the Kingston Trap Rock Co., Belle Meade, N.J., involved a more substantial "shakedown" based on deceit and subterfuge. In 1952 his company was hauling rock into Pennsylvania for roadbuilding at the Fairless Steel Works. He was experiencing some difficulty as the shop stewards were refusing to permit the nonunion drivers to unload their materials unless they joined the union. During this period, Mr. Farr received a telephone call from someone who identified himself as James L. McDevitt, president of the Pennsylvania Federation of Labor, and arranging an appointment for Samuel Kirsch to call on Farr with a view toward easing the situation.

According to Mr. Farr, Kirsch called on him and said that if Farr took an ad in the magazine, his "difficulties might be eased." Farr took an ad in the magazine for $1,000, and the truck-unloading difficulties immediately improved, so, as Mr. Farr said, he got what he paid for.

The following year, Farr's truck drivers reported that they had been informed "they had better get themselves squared off with the union" and in a day or so he received another call. This time the person calling again identified himself as Mr. McDevitt and arranged for Samuel Kirsch to see Mr. Farr. When Kirsch called, Mr. Farr gave him another check for $1,000. The first check paid by Farr in 1952 was made payable to the Pennsylvania Federation of Labor but Mr. Farr said that when Kirsch called the second time he requested that the check be made out to him personally, which Farr did. Mr. Farr testified he definitely felt the money was going to Kirsch personally, and that he was paying for labor peace.

In 1954 Kirsch made a third visit and again Mr. Farr paid him $1,000, not knowing that the Pennsylvania Federationist was no longer in existence at that time. Mr. Farr made it clear that the 1953 and 1954 payments were strictly donations, it being specified he wanted no ad placed in the magazine. That this was a shakedown there could be no doubt, as the original telephone calls were never placed by James L. McDevitt.

Elmer W. Smith of Bethlehem, Pa., who is assistant to the vice president of the public relations department of the Pennsylvania Power & Light Co., told the committee how Lapensohn and his other salesman, John Bokal, used a different approach. Starting in 1950, and continuing for several years thereafter, the Pennsylvania Power & Light Co., according to Mr. Smith, made a $500 "contribution" to the Pennsylvania Federationist. No ad was placed in the magazine, although prior to the year 1950, the company had had its advertisements appear.

Mr. Smith stated he was of the impression that the circulation of the magazine was over a half a million, and expressed surprise when informed it was only about 3,000. He denied that it was a fact that his company made these annual contributions because the Pennsyl-

vania Federation of Labor supported his company's position in public power-private power controversies. He did state, however, that the company charged these $500 expenditures as "contributions" rather than to their advertising account.

Mr. Robert Slattery, vice president of the Penn Mutual Life Insurance Co. of Philadelphia, told how in 1950 his company received the usual introductory letter over the purported signature of James L. McDevitt, as president of the Pennsylvania Federation of Labor. Following the letter, the company received a visit from Mr. Samuel Kirsch. Mr. Slattery said that year his company made a $225 contribution to the magazine, increasing that amount to $250 in the succeeding years. According to Mr. Slattery, these contributions were made because the company felt that the Pennsylvania Federation of Labor "was a good organization" and that the company felt "it was a good thing to contribute to the Pennsylvania Federation of Labor."

Mr. Ralph DeCarlo, an accountant and a member of the staff of the committee, explained the results of his examination of the records of the Pennsylvania Federationist. He said that Lapensohn operated his advertising business for the Pennsylvania Federationist under the name of the Rolee Advertising Agency, a corporation with Lapensohn and his wife as the sole stockholders.

The annual reports of the Pennsylvania State Federation of Labor, according to DeCarlo, showed that $792,329.16 was received for advertisements and for contributions from 1946 through 1954. Of that amount, $481,707.74 was paid to Ben Lapensohn in commissions, representing 60.8 percent of the total. The cost to the State Federation of Labor for printing and distribution was $64,994.75, leaving a net profit to the State Federation of $245,626.67, which was about 31 percent of the total. The average number of copies printed each year was only about 3,000.

The two main solicitors for Ben Lapensohn were Samuel Kirsch and John Bokal. Over the 9-year period, Kirsch received in commissions $120,496.23, and Bokal received $96,341.54. Mr. DeCarlo said that Lapensohn personally benefited from the operation in the amount of $197,400.17.

He testified further that Lapensohn paid out many of his personal expenses from the Rolee Co., charging them to selling, travel, and office expenses. Therefore, from salary, expenses, and just "milking" the corporation, Lapensohn made a profit of $197,500. John Bokal and Samuel Kirsch were under subpena to appear before the committee, but died of heart attacks before the hearing. Bokal in particular had a background of interest to the committee. Interspersed with his 16 or 17 arrests, over a 30-year period, were five separate penitentiary sentences, for larceny, using the mails to defraud, forgery, and selling securities without a license, typical crimes of the professional confidence man.

Mr. Reuben Miller, for 21 years an employee of the Pennsylvania Department of Labor and Industry, and once associated with Ben Lapensohn and the Pennsylvania Federationist, was able to throw some light on the operation of these labor publications.

In 1948, while employed by the Commonwealth of Pennsylvania, Miller was requested by James L. McDevitt, then president of the Pennsylvania Federation of Labor, to help out with some public

relations work. A year or so later, Lapensohn asked Miller to furnish assistance in the solicitation of advertising for the Federationist in the Harrisburg area. Miller then started doing some ad soliciting for Lapensohn, on a part-time basis. About half of the ads sold by Miller came from various departments of the State government. This was while Miller was also working at his regular job in the State Department of Labor and Industry. He received from Lapensohn 30 percent of the amount of the ads, and made approximately $800 a year from this source.

In 1950, Miller discontinued his part-time public relations job with the Pennsylvania Federation of Labor, but continued his ad selling for the Pennsylvania Federationist under Lapensohn. In 1952, Miller on his own entered into an agreement to put out an annual magazine for the Harrisburg Building and Construction Trades Council, known as the Pennsylvania Trade Unionist. Originally, the contract called for Miller to get 80 percent of the revenue and assume the cost of printing and circulation. Later, the agreement was changed to provide that Miller would pay the Harrisburg Building Trades Council from $3,500 to $4,500 per year, with Miller assuming the cost of the publication, which averaged about $4,000 a year. According to Miller, the circulation was about 800.

Miller said that in 1953, after the Pennsylvania Federationist was discontinued, Miller hired John Bokal as an advertising salesman for the Trade Unionist. He vehemently denied that he had any knowledge of Bokal's past criminal record.

Mr. Miller appeared frank and forthright before the committee and readily admitted that the manner of soliciting advertising was completely misleading.

Turning its attention from Lapensohn's advertising business in Pennsylvania to his similar enterprise in New York, the committee found that Lapensohn also used the "shakedown" to obtain his advertising and, in addition, was able to increase his profits by outright swindling and embezzlement.

Mrs. Eleanor Lefkowitz, who had been office manager for Lapensohn in New York, told the Senators how the labor advertising business operated in that State. Rolee Publications, Inc., was the name under which Lapensohn operated, and his brother-in-law, Jack Shore, was part owner of this corporation. The business was set up early in 1949, to publish the New York Federationist, the annual publication of the New York Federation of Labor.

The physical setup at Rolee consisted of an outer office and five small offices from which the advertising solicitors would make their telephone calls. As a rule, there would be four or five solicitors employed who actually worked only a part of the year. These men, Mrs. Lefkowitz testified, often used aliases, because, as she understood it, they also solicited sometimes for CIO publications, and, therefore could not use the same name for both publications. As examples, David M. Lyons used the name George Mason; Irving Halperin used the name Lee Randall; Henry Jaslow went by the name of Henry Bell; Michael Kirk was sometimes called Mike Duffy; and Maurice Schab had a pseudonym of Ed Wilson. Mrs. Lefkowitz recalled that on occasions salesman David M. Lyons had made telephone calls to various prospective accounts identifying himself as Tom Murray, president of the New York Federation of Labor.

The sales "pitch" was usually adapted to the primary interest of the prospect. According to Mrs. Lefkowitz, when contact was made with an electric power company, the salesmen would stress that the New York Federation of Labor opposed public ownership of power. With some companies the emphasis was on helping labor to fight communism. With a construction company, the "comeon" was that the State Federation was working for better roads.

There was no general circulation of the magazine, copies usually going just to the advertisers. The total copies published would be anywhere from 2,000 to 3,500. The impression was always given that the magazine was owned and operated by the New York State Federation of Labor. The arrangement was, however, that the Federation would receive 25 percent of the revenue and Rolee Publications 75 percent. The arrangement provided for Rolee to send to the State Federation each week the total receipts for the advertising. The State Federation in Albany would then mail back to Rolee its 75 percent share.

This was not enough for Lapensohn, and he resorted to forgery and larceny to steal a substantial portion of the Federation's share.

Mrs. Lefkowitz described the method used in handling cash at the Rolee office. Where payments for advertising were made in cash, the solicitors would turn the money in to Mrs. Lefkowitz, who would place it in the office safe. From time to time, Lapensohn would remove the cash from the safe, so that none of it ever got to the State Federation office in Albany. Mrs. Lefkowitz estimated that $1,500 to $2,000 per year in cash was taken by Lapensohn in this manner.

Lapensohn had another scheme that was even more lucrative. He opened a separate bank account in 1953 at the Trade Bank & Trust Co. in the name of the New York Federationist. Rubber stamps were obtained reading "New York State Federation of Labor, Pay to the Federationist." When checks came in for payment of advertising, they would invariably be made out as payable to the New York State Federation of Labor. It was the established practice to forward these checks to Albany, but in many instances, the rubber stamp endorsement would be placed on an incoming check, and the check deposited in this special bank account and never sent to Albany. This practice was followed for 4 years, and the amount placed in this special account averaged about $30,000 a year. The manner in which the State Federation was then paid is described in Mrs. Lefkowitz's further testimony.

Mr. KENNEDY. Who instructed you to set up this bank account?

Mrs. LEFKOWITZ. Mr. Lapensohn.

Mr. KENNEDY. Who instructed you to deposit this money that was supposed to go to the New York State Federation of Labor into this special account?

Mrs. LEFKOWITZ. Mr. Lapensohn.

Mr. KENNEDY. Did any of that money end up with the New York Federation of Labor?

Mrs. LEFKOWITZ. Yes.

Mr. KENNEDY. How was that handled?

Mrs. LEFKOWITZ. Usually several months later, usually after the beginning of the following year, Mr. Lapensohn

would obtain bank checks for a sum, usually the amount that was paid in prior years for advertising by a certain corporation, and send that bank check up to Albany.

Mr. KENNEDY. What would that mean? What do you mean by a certain corporation? Any corporation?

Mrs. LEFKOWITZ. Any corporation. If a corporation, for instance, had a $500 ad, and even if they might have sent a check for $1,000, the $500 was sent up to the New York State Federation of Labor in Albany in the form of a bank check.

Mr. KENNEDY. Was that a relatively minor part of the $30,000, approximately, that was deposited in the bank account?

Mrs. LEFKOWITZ. Yes.

Mr. KENNEDY. That is, the amount that was sent up. Is that right?

Mrs. LEFKOWITZ. Yes (pp. 10950–10951).

The extent to which Lapensohn diverted these funds from the New York Federation of Labor to himself was provided by Mr. Robert E. Dunne and Mr. Charles E. Wolfe of the committee's staff. Mr. Dunne explained that from 1949 to 1952, there was diverted by Lapensohn $6,945. During the years 1952 through 1956, which was after the special bank account was opened, the diversions would then run as high as $38,000 for a single year, and totaled for this period of time $149,427.03. The full amount withheld by Lapensohn was over $167,000, Mr. Dunne testified. However, Lapensohn did send to the State Federation $11,100, of which the State Federation returned to Lapensohn 75 percent. The exact amount diverted by Lapensohn from the New York State Federation of Labor, therefore, was $156,422.03, and the actual amount stolen from the New York Federation's share of the proceeds was $39,105.51.

Henry A. Jaslow, of Brooklyn, N.Y., worked for Lapensohn in New York from 1952 to 1954, and for many years both before and since has sold advertising for other labor publications.

Mr. Jaslow described himself as a professional ad salesman who sold advertising over the telephone for different promoters of union magazines. Because he would be soliciting from the same businessmen for each magazine, Jaslow would use different names. For the New York Federationist, he used the alias Bill Hart. After Mrs. Lefkowitz had written the introductory or appointment letter, Jaslow would call the prospect and introduce himself as "Mr. Hart of the New York Federation of Labor."

If the prospect expressed reluctance toward taking an ad, Jaslow would explain that the New York Federation of Labor was working for legislation beneficial to both labor and management. He would quote the advertising rates as ranging from $500 down to $100. If the business thought the rates too high, he urged the prospect to "contribute" what he could toward "circulation."

Jaslow said that in his opinion the letterhead of the New York State Federation of Labor was the most important factor in selling the ads. He stated he was hired by Ben Lapensohn and had never met anyone from the State federation of labor and had never belonged to any labor union. He estimated that most of the income from his

efforts stemmed from "circulation contributions" and not actual advertisements.

Staff Member Robert E. Dunne testified that the gross income received by Rolee in behalf of the New York State Federation of Labor for the years 1949 through 1957 was $1,167,637.33. Under the terms of the contract, the 75 percent to have been returned to Rolee was $758,412.32. The amount diverted by Lapensohn through the special bank account and by other means raised the total to $914,834.35. While Lapensohn was getting nearly a million dollars, the State Federation of Labor received $252,802.98.

Of the total funds taken in, 44 percent, or $467,053.50, was in the form of "contributions," where the firm donated the money but did not want the ad to appear in the magazine. Lapensohn, of course, got his 75 percent of these donations. For every dollar taken in, only 22 cents reached any labor organization, while 78 cents went to the cost of obtaining the ad, or to Mr. Lapensohn personally.

Mr. Harold C. Hanover, secretary-treasurer of the New York State Federation of Labor since 1945, appeared before the committee to explain the history of the relationship between the State Federation and Ben Lapensohn. He expressed his gratitude to the committee for exposing the activities of Lapensohn, and explained the action taken by the New York State Federation of Labor on learning from the committee of Lapensohn's embezzlements and "shakedown" sales tactics.

Mr. Hanover told how arrangements were made for all advertisers' checks to be mailed to the New York Federation of Labor, who would then return to Rolee Publications its proportionate share. He related that—

> it was only after the disclosures were made by your representatives during this investigation that I learned that Lapensohn was an unconscionable rogue who has misused the good name of the State federation and its officers and imposed on our advertisers whose funds, in apparently quite a few instances, were converted and stolen.

Mr. Hanover further related that the Federation was now embarrassed to find that Lapensohn had capitalized on the "traditional position" of the Federation to promote advertising and contributions for his own personal aggrandizement.

In conclusion, Mr. Hanover stated that the committee had rendered a great service to the State federation by its disclosures and that the federation had resolved to cease publication of any journal with paid advertisement.

It was brought out that District Attorney Hogan's office in New York was interested in Lapensohn's fraudulent activities. (Lapensohn has since been indicted and is presently out on bond.)

The late Thomas A. Murray, who since 1943 had been president of the New York State Federation of Labor, executed an affidavit prior to his death. His description of the action taken by the Federation is set forth below.

> However, except for the occasional vague complaints received throughout the years and the complaint from Dean Catherwood, which I promptly acted on, I was totally unaware of the extent to which my name was being misused.

I am grateful to the representatives of the Senate select committee for calling them to my attention.

The action taken by the federation after these facts were brought to our attention were prompt and effective.

A meeting of the executive council of the federation was called and the facts which we had learned were disclosed to the members of the council. A resolution was unanimously adopted declaring the contract with Rolee for the publication of the book terminated and, further, for cause, canceled, directing the officers to immediately notify all those who advertised in the book for the year 1957 of the action taken by the federation and of its purpose to discontinue the issuance of such a book and declaring that the federation shall not publish, authorize the publishing of, or participate in the publishing of any book in which there are paid advertisements.

Another resolution was also unanimously adopted under which the federation authorized and directed the making of a thorough investigation of the actions of Rolee, Lapensohn, and Shore to determine what recourse is available against them.

Following this meeting the letter to the advertisers in the 1957 book was promptly sent. Copies of the resolutions aforementioned, and of the letter sent to the advertisers and other material bearing on the action taken by the federation are being forwarded to the counsel to the Senate select committee by the counsel to the federation.

Naturally I have made a careful study to see what safeguards could be set up which would guarantee that the federation, if it issued or sponsored a book which contained advertisements, would be saved from the embarrassment which it now feels.

If solicitors are used the federation would always be subject to the possibility of a solicitor misrepresenting the facts to prospective advertisers and this even through the federation itself might employ the solicitor.

Certainly if an independent publisher or promoter was to be used, the chances of adequate control of the representations would be even less certain.

Therefore, it is my opinion, that as far as the federation is concerned it should not participate in the publication of any further books in which there is paid advertising.

I offer this affidavit to the Senate select committee as some evidence of my readiness and my willingness to cooperate with it.

THOMAS A. MURRAY.

(p. 10972.)

When some of the businessmen appeared to testify, the ease with which Lapensohn was able to make large sums of money became apparent, although the motives of the businessmen were not so evident.

Mr. Henry W. Trimble, Jr., secretary of the International Business Machines Corp., told how his company had been "taken in" by Lapensohn.

He said that from 1949 through 1955, IBM made "contributions" to the New York Federationist of from $2,500 to $5,000 each year, totaling $22,500 and explained it as a "good will program."

The impact of Mr. Trimble's testimony was shown by Senator Ervin's further questioning:

> Senator ERVIN. I have difficulty identifying the nature of the International Business Machines. Is that your company?
>
> Mr. TRIMBLE. Yes, sir.
>
> Senator ERVIN. I have difficulty telling whether you are a hardheaded bunch of businessmen or a softhearted bunch of businessmen or a business organization or an eleemosynary institution. Can you help me and tell me which one of those things you fit?
>
> Mr. TRIMBLE. Well, we like to think of ourselves as hardheaded businessmen. We also realize that we have certain responsibilities as a corporation, both in the field of charitable contributions and in other fields.
>
> Senator ERVIN. If I was one of your stockholders, I would think you were acting rather peculiarly when you gave $2,500 annually to an organization for advertisements and then told them you didn't want any advertisements.
>
> Mr. TRIMBLE. If you take the fraction of the advertising budget that these amounts represent, it comes to a very small amount of the total advertising budget, as you can imagine. Some amount was set aside for this, what we call, goodwill advertising, which is akin to institutional advertising, where you will just have your name with no product connection. It is another form.
>
> Senator ERVIN. It looks to me that the advertising would be rather fictitious, to take and make an entry on the records that you had disbursed $2,500 for advertising to a certain publication, when you had informed that publication that you didn't want any advertisement. That is a rather startling kind of a thing.
>
> Mr. TRIMBLE. We supported the publication but we did not have any advertising copy. I believe that is a fair statement (p. 10989).

Mr. Charles Nixon, general counsel and a director of the Rochester Gas & Electric Corp., Rochester, N.Y., provided a different slant with his description of his dealings with Rolee.

He testified that he knew nothing of the Rolee Co. but that his company had made payments to a man named George Mason, representing the New York Federationist. Mr. Nixon told that he was informed by Mr. Alexander Bebe, president of Rochester Gas & Electric Corp., that Mason would be calling on him and to give Mason sympathetic consideration. After being contacted several times by Mason, Mr. Nixon paid Mason $1,000 in cash in 1955. In 1956, and again in 1957, he paid Mason $500. The reason he gave payments was:

> Well, I paid it out of my pocket because I wanted to do what I could to keep the gas and electric company in good standing, so to speak, with these unions.

Mr. Nixon failed to explain just why the payments were in cash but stated:

> They had helped us in this matter of private development in Niagara, and we were appreciative of their efforts, and we thought they should be supported.

It was brought out that none of this $2,000 ever reached the New York Federation of Labor or was ever entered as received in the books of Rolee.

The sales "pitch" of using labor's support of private power paid off in a big way when used on the Niagara Mohawk Power Corp. of Syracuse, N.Y. Mr. Earle J. Machold, president of this company, explained to the committee how his company came to pay $93,000 to Lapensohn's Rolee Co.

In his testimony, Mr. Machold explained that his company has about 9,000 employees who are members of the International Brotherhood of Electrical Workers, an A.F. of L. affiliate. After contacts by one George Mason of the New York Federationist, his company made payments for ads or contributions each year from 1949 through 1957. These payments ranged from $1,500 to $20,000, and totaled $93,000.

He admitted that they were influenced by the fact that they had 9,000 employees affiliated with the State Federation of Labor and by the traditional stand of the union in favor of private power as opposed to public power. Of further interest is the following testimony:

> Mr. KENNEDY. Mr. Chairman, for the benefit of the witness and the committee, Mr. Lapensohn and his colleague stole most of this money. Actually, $60,000 of the $93,000 went into their special bank account. In summary, tracing these funds, we find that of the $93,000, Lapensohn received $84,750 and the State Federation of Labor received $8,250.
>
> Mr. MACHOLD. That is as much of a surprise to me as it must have been to the officials of the State Federation of Labor.
>
> Mr. KENNEDY. Mr. Machold, was this to assist the New York Federation of Labor in their fight against public power that you paid this money?
>
> Mr. MACHOLD. Well, I think I was influenced by the traditional position that they also had taken, which was publicized during this whole period, sir. In our relationships with our employees, they were very much interested in this public-private power argument in Niagara Falls, and, may I add, not at our instigation.
>
> Mr. KENNEDY. Was it to help the New York Federation of Labor to finance their fight against public power that you paid this sum?
>
> Mr. MACHOLD. I assume through the dissemination of information as to their position, of their position, in the publication of this magazine——
>
> Mr. KENNEDY. It went beyond the publication, did it not, because you never even inquired what the circulation of the publication was. It must have been that you felt that the money was going to be used in other ways. Isn't that correct? You didn't pay the money just for this magazine.

Mr. MACHOLD. I was influenced by their position and their activity in the Niagara situation; yes, sir.

Mr. KENNEDY. Was this to help the New York Federation of Labor to finance the fight against public power in New York?

That is correct, is it not?

Mr. MACHOLD. I would say so, yes. In this magazine, any sums paid to this magazine, I assume went to the New York Federation of Labor (p. 11016).

Jack Shore, brother-in-law of Ben Lapensohn, and a partner in the operation of the New York Federationist, subpenaed to appear before the committee in connection with this and other matters, invoked the fifth amendment to any questions pertaining to the New York magazine.

The name of Ben Lapensohn, the "fixer," again came to the fore as the committee looked into the labor relations policies of the Food Fair Co. in Philadelphia.

The Food Fair Co., one of the Nation's largest food store chains, has its main office in Philadelphia. The committee had learned that shortly after Raymond Cohen took control of Teamsters Local 107 this union negotiated a new agreement with the large food companies, and that Food Fair emerged from these negotiations with some concessions from the union that its chief competitors did not enjoy.

When Raymond Cohen was called before the committee, he was questioned closely by Chief Counsel Robert F. Kennedy regarding the negotiations with the food companies. He was asked specifically who represented the union in negotiations with Food Fair. After mentioning himself, Ed Walker, and Business Agents Al Berman and Ed Battisfore, as prominent in the negotiations, Cohen became very evasive. When asked directly whether or not Ben Lapensohn participated in these negotiations, Cohen took the fifth amendment. The Chairman then made the following statement:

The CHAIRMAN. The Chair states that it is important to this committee and to Congress to get information with respect to negotiations of contracts, how they are conducted, and whether there are discriminations that are practiced after contracts are made, where they are made with an association, and where later some members of that association are granted special privileges, and to ascertain whether there is fraud in the making of such contracts with respect to whether there are said agreements and promises made, where some are induced to participate in the contract or become one of the contracting parties on the basis of special favors that will be extended later, and preferences are granted that amount to a discrimination as against the others.

In the testimony the witness has already given with respect to the way these contracts are negotiated and who was representing the union, he has given the names of some, including himself and some three or four others as representatives of the union in the course of these negotiations. Now he has been asked a specific question whether this party, Ben Lapensohn, participated in the negotiations on the part of the union.

> Therefore, the committee and Congress are entitled to know, in order that it may weigh these circumstances and these incidents or facts as they may be developed by the committee with regard to legislation that may be needed to protect from discrimination or from any other improper practices.
>
> The witness having answered as to himself and at least three others with respect to who conducted the negotiations on the part of local 107, he now is under duty, according to the Chair's view, to answer the question as to whether this other party, Ben Lapensohn, was present and participating in those negotiations on the part of the union.
>
> Therefore, I think his privilege of immunity to self-incrimination has been waived, by giving the names of others and by discussing, as he has, so fully, the contract that was negotiated.
>
> Therefore, the Chair rules, without objection on the part of other members of the committee, that this witness be required to answer the questions as to whether Ben Lapensohn was present and participating in these negotiations.
>
> The Chair so holds and so orders the witness to answer. The question will be directed to you again.
>
> Mr. COHEN. I decline to answer the question on the ground that I am not required to give evidence against myself under the fifth amendment (p. 10666).

As no cooperation was forthcoming from Raymond Cohen, and since Ben Lapensohn had fled the country, it became the committee's task to reconstruct the true facts and circumstances from a series of witnesses.

The committee learned that in the Philadelphia area employers in the trucking industry have an association for group bargaining with various Teamsters Unions, primarily local 107. This association, in existence for about 20 years, is known as Motor Transport Labor Relations, Inc. The principal officers are James P. Clark, president; Hugh F. Gannon, vice president; Robert Matthews, secretary; and Bernard G. Segal, counsel. This association, commonly referred to as MTLR, is bound by articles of incorporation and bylaws. Each member of MTLR signs a power of attorney which expressly provides that the corporation shall be the exclusive bargaining agent for the company in the negotiation of collective bargaining agreements. All of the major food chains in the Philadelphia area were members of MTLR during the pertinent period to the inquiry. Since the status of each member of MTLR during the period of negotiations became an important point to the committee, Bernard Segal, counsel for MTLR, was asked by the chairman for a legal opinion as to the propriety of a member of MTLR carrying on a discussion directly with local 107 while MTLR was in negotiation. Mr. Segal stated:

> First to reply to that category, there was an absolute rule that while contract terms were being negotiated, no member was to have any contact with any union representative pertaining to any matter involved in the negotiations.
>
> When negotiations began, the members were assembled and reminded of this rule. Every meeting during the course

of negotiations, the same admonition was again made. We considered it as essential that individual employers not speak with union representatives as I am sure the union negotiators considered it essential that their individual members not talk with management representatives about matters which went on at either meeting

In the late autumn of 1954, a few months after Raymond Cohen took control of local 107, negotiations between local 107 and the members of MTLR commenced under the wage-reopening provision of the existing contract.

The initial witnesses in this phase of the hearings were officials of the American Stores Co., whose headquarters are also located in Philadelphia. These were Mr. Paul J. Cupp, president; Mr. Blayney Barton, vice president; and Robert J. McIntyre, assistant to Mr. Barton.

Mr. Cupp advised the committee that his company is the fourth largest food chain in the country. It maintains 844 retail outlets, 7 distribution centers, some processing plants, and has more than 25,000 employees, a large percentage of whom are union members. American Stores owns and operates its own fleet of trucks, and, therefore, has a large number of employees who are members of Teamsters Local 107 in Philadelphia. As far as the food chains were concerned, the use of trailer drops was a major point for discussion with the union during the negotiations in 1954. This is explained in the following testimony of Mr. Cupp and Mr. Barton.

Mr. KENNEDY. Could you explain to the committee, either Mr. Cupp or Mr. Barton, what a trailer drop is, what it means to a company, a chainstore? Either one of you may answer it.

Mr. CUPP. A trailer drop involves the use of semitrailers, the loaded trailer being lfet at the destination point, at the market, the tractor being moved on to pick up an empty or return to base, with the trailer being unloaded at the convenience of the store management.

The CHAIRMAN. That is something like a freight car being switched off and onto a side track the purpose being to unload and the engine moves on and goes on about other business?

Mr. CUPP. That is an exact parallel; yes, sir.

The CHAIRMAN. And you just drop the car or the trailer that is on the truck, and then the merchandise is unloaded at the convenience of the business.

Mr. CUPP. It is a much more economical way of handling merchandise; that is correct.

The CHAIRMAN. It is a much more economical way. So if you get a trailer dropped, you get some advantage; is that correct?

Mr. CUPP. It is a lesser cost; that is correct.

The CHAIRMAN. Proceed, Mr. Counsel.

I wanted to get it clear.

Mr. KENNEDY. What would be the results if you did not get a trailer drop? What would have to happen?

Mr. CUPP. The result is that costs increase by virtue of—well, there are 2 or 3 things that happen. In the first place, the driver is not moving equipment. Your investment is at a standstill.

Mr. KENNEDY. When you don't get a trailer dropped, the driver stays with the trailer?

Mr. CUPP. The driver stays there to unload, and it does involve the development of a great deal more overtime. It also increases the problem at the store for the fact that the manager does not have the same flexibility in scheduling his work for his staff. So costs rise on both counts. It is a reason that all operators are very desirous of having trailer drops in large stores where they can be economically used.

Mr. KENNEDY. What do you feel to be the economic advantage in having a trailer drop?

Mr. CUPP. We feel that the savings in dollars per trailer, drop, all the factors included, are in the range of $18 to $25 per drop. In a large operation, that runs into very considerable money over a period of time.

The CHAIRMAN. Do you mean that is the saving to whom?

Mr. CUPP. A saving to the operator, to the company.

The CHAIRMAN. Which company?

Mr. CUPP. Well, it would be to our company.

The CHAIRMAN. Do you own the trailers?

Mr. CUPP. Yes; we own and operate all of our own equipment.

The CHAIRMAN. You are talking about trailer drops of your own trailers?

Mr. CUPP. That is correct.

The CHAIRMAN. And if you can arrange with the union to drop the trailers, that gives you that much advantage or that much savings?

Mr. CUPP. That is right; conversely, if we are not permitted to drop them, it puts that much penalty on us.

The CHAIRMAN. It puts that much penalty on you?

Mr. CUPP. That is right.

Mr. KENNEDY. Would you tell us what the conditions were, the situation in 1954, regarding the negotations on the trailer drops? Were you anxious to obtain trailer drops during those negotiations that took place in 1954?

Mr. BARTON. Yes; I was a new man with the company at that time, and working with operating people had learned that it was characteristic in the industry for some employers to have trailer drops. We checked through Motor Transport Labor Relations and found out through these officials that a number of representative firms in the Philadelphia area had trailer drops.

For instance, a competitor of ours—there were 3 or 4 competitors of ours which had trailer drops. We petitioned or requested our counsel at Motor Transport Labor Relations, and our representatives there, to attempt to set trailer drops on the negotiating agenda, at which time, when negotiations would permit, it would be discussed with the union.

Mr. KENNEDY. Let's get the names of those individuals from MTLR, who were representing you, the counsel and the names of the other officers.

Mr. BARTON. The gentleman, our counsel there, was Mr. Bernard Siegel. Mr. Bernard Siegel represented the Motor Transport Labor Relations as counsel, and also was an able representative, so far as representing a competitor of ours, one which had trailer drops.

Mr. Clark was the president of Motor Transport Labor Relations. Mr. Ganon, Hugh Canon, was another officer, and Mr. Jack Mathews was secretary-treasurer, or secretary.

In meetings with these gentlemen, either individually, or jointly, we brought to their attention to request that it was a very important item for our company to receive the trailer drop advantage if it could be negotiated, and we pressed them at some length to put this on their negotiating agenda.

Mr. KENNEDY. What was the situation as far as your company at that time was concerned in connection with trailer drops? Had you always been a great user of trailer drops, or had that been a relatively new matter for your company after the war?

Mr. CUPP. In 1951 we moved in with a modern distribution center in West Philadelphia, and began to convert from small trucks to tractor trailers, and we were also increasing the number of large stores to which it is feasible to make trailer drops. So at the time of these negotiations, we had very few trailer drops, but could have used a great many. So it was an important thing to us in negotiations to develop some equality within the industry. That is what we put up to the men of MTLR.

Mr. KENNEDY. You had a potential for a great many; is that correct?

Mr. CUPP. That is correct.

Mr. KENNEDY. You could have used them if they had been made available to you at that time?

Mr. CUPP. That is right.

Mr. KENNEDY. You felt that this was a very important economic matter to your company?

Mr. CUPP. It was, indeed.

Mr. KENNEDY. So you asked that this question be raised and put on the agenda for the negotiations in 1954?

Mr. CUPP. That is right.

Mr. KENNEDY. The negotiations occurred, and those negotiations were carried on by Mr. Ganon, Mr. Clark, and the counsel, Mr. Siegel, with the representatives of the union; is that right, with the representatives of local 107?

Mr. BARTON. That is correct.

Mr. KENNEDY. You people representing the food companies did not actually participate in the negotiations?

Mr. BARTON. That is correct. Motor Transport Labor Relations had this 4-man negotiating group, and then there was a secondary body, I think composed of members of the board of directors, and as members of the board of directors we would keep close liaison with this 4-man negotiating group

who met and conversed and talked and presented the effect of the various problems on the agenda. So none of us on this secondary group were a part of actual negotiations.

Mr. KENNEDY. You would be in a different room, actually; is that right?

Mr. BARTON. That is correct, generally. Occasionally they would caucus with us (pp. 11020–11023).

Mr. Barton said that as the negotiations progressed, it appeared that the union would not give in on the subject of trailer drops. The food stores began to talk of holding together and taking a strike if necessary. However, a few of the companies appeared unwilling to hold fast and take a work stoppage, including Food Fair. The final result of the negotiations is set forth in the further testimony of Mr. Cupp:

Mr. CUPP. I would like to make clear that we never had any objective except to get the same operating conditions that our competitors had. We have never endeavored to work out a competitive advantage. We simply wanted the same pattern or freedom in dropping trailers as did out competitors. That was our only objective.

Mr. KENNEDY. Did you receive that in this negotiation?

Mr. CUPP. We did not receive it, as it turned out.

Mr. KENNEDY. As a matter of fact, were you put at a distinct competitive advantage

Mr. CUPP. We were.

Mr. KENNEDY. Could you tell the committee what the company, the Food Fair Co. received, and what you received? I will go into the other companies.

Mr. CUPP. Our understanding is that all of our competitors who had trailer drops continued on a basis not less than they were enjoying, and we were severely restricted to the number that we were permitted.

Mr. KENNEDY. The statement on that says Food Fair, Penn Fruit, Best Markets, William Montgomery may continue the system of dropping bodies, which are the trailer drops, without men to cover, but Food Fair is to add 20 helpers, and Penn Fruit, Best Markets, and William Montgomery, to add helpers in proportion to Food Fair's 20, based on a reasonable formula—for example, volume in 107's jurisdiction—to be agreed upon by Mr. McBride, attorney for the union, and Mr. Siegel for the association.

American Stores and A. & P. may drop up to 50 bodies per week without men to cover, with no requirement to add helpers.

How many drops would that give a store such as Food Fair at that time?

Mr. CUPP. We understood through MTLR that it was 280-some.

(At this point, Senator Curtis entered the hearing room.)

Mr. KENNEDY. As I understand it, the next company, Penn Fruit, which was also to have unlimited trailer drops, did not have a contract with 107, but with a different union; is that right.

Mr. CUPP. That is right.

Mr. KENNEDY. So that was no disadvantage for Raymond Cohen?

Mr. CUPP. That is right.

Mr. KENNEDY. And Best Markets and William Montgomery were relatively small companies and not in the same category as Food Fair, American Stores, A. & P., and Penn Fruit; is that correct?

Mr. CUPP. Yes.

Mr. KENNEDY. They were not in a comparative field as to size?

Mr. CUPP. That is right.

Mr. KENNEDY. Your company and A. & P. only received up to 50 trailer drops, while Food Fair and these other companies received unlimited trailer drops; is that right?

Mr. CUPP. That is our understanding. We know we were limited to 50.

Mr. KENNEDY. Was that a great competitive disadvantage for you?

Mr. CUPP. We could have used, according to the operating people, within the life of this contract negotiated at the end of 1954, in the range of 275 to 300 a week. By simple arithmetic, on the basis of the savings per drop over the life of that contract, it would involve some $300,000 to $400,000 to our company.

Mr. KENNEDY. You didn't have at that particular time this many trailer drops; did you?

Mr. CUPP. No; not at this time.

Mr. KENNEDY. You mean this was the potential, that if you were allowed unlimited trailer drops this is what you could have gone into within a reasonable period of time?

Mr. CUPP. That is correct.

(At this point, Senator Ives left the hearing room.)

Mr. KENNEDY. You feel that the competitive disadvantage was $300,000 to $400,000? Is that the figure you used for over this period of time?

Mr. CUPP. That is correct.

Mr. KENNEDY. Was it agreed during these negotiations that the union would sympathetically consider giving you an extra 25 trailer drops after a period of 6 months?

Mr. BARTON. We were told by Motor Transport Labor Relations people that they would sympathetically meet with us and review the possibilities of receiving 50 trailer drops. What was negotiated, I emphasize, I do not know. This is what was told to us by Motor Transport Labor Relations.

Mr. KENNEDY. After the 6-month period, did you in fact receive the extra trailer drops?

Mr. BARTON. No.

Mr. KENNEDY. So, actually, it was not until 1956, was it, that you received another 25 trailer drops?

Mr. BARTON. That is correct.

Mr. KENNEDY. So during this period of time, Food Fair was able to have these unlimited trailer drops, or continue their procedure, while you were still limited to that number?

Mr. BARTON. Food Fair, Penn Fruit, and the other groups that had unlimited opportunities.

Mr. KENNEDY. And you and A. & P. were kept down to a limited number, were you, to 50?

Mr. BARTON. Well, we were.

The CHAIRMAN. Did you know that at the time that the contract was finally negotiated, that you were giving up being discriminated against in this arrangement?

Mr. BARTON. Yes, sir. That was explained to us by Motor Transport Labor Relations people, that they had attempted to negotiate a more liberal number, but for reasons, which were apparently good to themselves, it was felt that that was the maximum that could be secured. It was suggested to us that we had now broken the ice, and now that we had broken this roadblock we could look forward to future negotiations when an additional occasion could be negotiated for us.

The CHAIRMAN. Did you realize at the time of the discussion that you are referring to, that some of your competitors had been given a decided advantage in the economic benefits of this contract?

Mr. CUPP. Yes; we knew it, of course.

The CHAIRMAN. You knew it?

Mr. CUPP. Sure.

The CHAIRMAN. But you were helpless to do anything about it?

Mr. CUPP. That is right.

The CHAIRMAN. What I am trying to understand is why would there be justification in negotiating with a labor union—you are all negotiating with the same union; is that correct?

Mr. CUPP. Through MTLR, that is correct.

The CHAIRMAN. What I can't understand is why the union could not deal with all of you alike.

Mr. CUPP. We can't understand it either.

The CHAIRMAN. That is your problem?

Mr. CUPP. That is our problem.

The CHAIRMAN. Some are favored, given more favored terms, some of your competitors, that you and some others were not granted, the same economic advantages?

Mr. CUPP. That is the problem.

The CHAIRMAN. I am trying to understand this.

Mr. KENNEDY. In our informal discussions with representatives of the Food Fair Co., they have felt that there really isn't an economic advantage in having a trailer drop. What is your comment on that?

Mr. CUPP. Well, I never saw anybody in this business who had that arrangement who gave it up voluntarily.

Mr. KENNEDY. Your figures of between $18 and $25 you believe are accurate figures, that that is how much a trailer drop is worth?

Mr. CUPP. That is what a trailer drop is worth to our company. That we know (pp. 11024–11027).

During the testimony of Mr. Cupp and Mr. Barton, the name of Samuel Blank, a Philadelphia attorney, was first mentioned in the hearings. In June 1954, Blank became the attorney for the Food Fair stores. In response to questioning, Mr. Cupp explained the circumstances under which his company also retained Mr. Blank to represent them in negotiations with local 107.

Subsequent to the negotiations in 1954, American Stores wanted to adjust its schedules of deliveries of perishable goods to its stores from 6 times a week to 5 times a week. The five-a-week schedule was being used by its competitors, and there was nothing in the contract against it. The American Stores officials felt that the scheduling of the work was the employer's prerogative, but local 107, however, was resisting this move to go on a five-a-week schedule. American Stores had asked MTLR to work this problem out for them, but MTLR had been unable to do so. Another problem for American Stores with local 107 was the fact that the union, contrary to the agreement of 1954, did not permit the 25 additional trailer drops after the expiration of the 6-month period. Among other things, American Stores had a problem regarding helpers on the trucks, which it wanted to resolve with local 107.

Mr. Cupp explained that it had been suggested to them by a union official that Mr. Blank could be effective in dealing with local 107. Thereafter, Mr. Cupp went to see Mr. Blank. After a few days, Blank indicated he might be of some service to the American Stores, and on that basis, he was retained. Prior to this, Mr. Cupp had made inquiries in banking and other circles, and Blank had been highly recommended.

Mr. Barton advised the committee that he first met Lapensohn in 1954, during the contract negotiations, and understood that Lapensohn was a business agent of local 107. Later, after Samuel Blank had been retained by American Stores and discussions were being held at the headquarters of local 107, Lapensohn took an active part in the discussions as one of the key business agents of the union.

With Mr. Blank's representation, American Stores had a series of meetings with local 107 leaders, and a solution was reached in the perishable goods and other problems. As Mr. Cupp explained it, the general climate between American Stores and the union improved as a result of Mr. Blank's services.

After American Stores was successful in getting its major differences ironed out with local 107, it and the other food companies broke away from MTLR, and formed their own association for collective bargaining purposes. Sam Blank is the counsel for this new group, which is known as the Food Employers' Labor Relations, Inc. This fact is brought out in the following interchange between Chief Counsel Kennedy and Mr. Cupp.

> Mr. KENNEDY. Finally you broke away from MTLR; did you?
>
> Mr. BARTON. That is correct.
>
> Mr. KENNEDY. Because you had this success with Mr. Blank?
>
> Mr. CUPP. I think it was a natural outgrowth of that, there was sentiment in the food industry generally for separate representation or negotiations with 107. The food

industry was kind of on the tail of the dog on the general industry negotiations and the food industry was not happy about that.

Mr. KENNEDY. You had achieved success with Mr. Blank where you had not achieved success with the MTLR; is that correct?

Mr. CUPP. That is correct.

Mr. KENNEDY. So you prevailed or urged the rest of the food industry to take on Mr. Blank; is that correct?

Mr. CUPP. I should say that we were influential. We did not urge, we did not have to urge, the sentiment was for breaking away from MTLR.

Mr. KENNEDY. Here are the minutes of November 13, 1956, of the MTLR, and local 107. In attendance: Mr. Cohen, Battisfore, Penrose, and Attorney McBride.

For the MTLR Mr. Clark, Gannon, Matthews, and Attorney Siegel. I want to read this for your comments on it.

Mr. Siegel states here, "Jim and Hugh," who are the heads of the MTLR, "have taken the attitude that they are very much distressed over the whole incident. However, they felt they could not hold Penn Fruit Co. in our group, nor could we negotiate for one food chain only."

This is the part I want to stress.

"The way the food group left this association was the most suspicious thing I have ever heard of, and I have told Messrs. Blank and Rudenko."

Then Mr. Gannon goes on:

"I would like to say something. I am upset because 2 years ago we were in agreement on all matters except 3, and you know and I know that everything was settled, except 3 points, seniority, picket lines, and hot cargo. Since that time many things have been added by you and your business agents."

He is talking to Mr. Cohen.

"In addition I would like to get off my chest the fact that we have a contract with you under which you are not supposed to give anyone else any better deal than you gave our members. But you did this for Coastal Tank Lines. On American Stores, we could not get things accomplished in 18 months, but they got them ironed out directly by going to the union through their attorney in 1 hour."

Do you have any comment about those two statements, about the fact that the surrounding about this whole matter was highly suspicious, and the fact that after you retained Mr. Blank, you were able to get all of these matters straightened out rather quickly?

Mr. CUPP. I have not any comment. They admit they were unsuccessful and Mr. Blank was successful. What the basis of their suspicions would be, I think they ought to explain. I don't know (pp. 11034–11035).

Further information on the value of trailer drops was provided by Mr. J. Albert Kramer, secretary-treasurer of Rabiger-Kramer, Inc., of Philadelphia. Mr. Kramer's company does the trucking for the

A.&P. stores in the Philadelphia area. Mr. Kramer told the committee that the monetary value to his company of being able to drop trailers is $22.50 a drop. He verified that the negotiations in 1954 ended with his being able to drop only 50 trailers a week, which put the A.&P. Co. at a competitive disadvantage. In 1955, his own company, Mr. Kramer testified, showed a net loss of $72,000 caused by not having unlimited trailer dropping privileges. Mr. Kramer had this to say in response to the questions of Senator Curtis.

> Senator CURTIS. Who gains by a restriction in the contract as to the number of trailer drops?
> Mr. KRAMER. Well, I think the company with the freedom of operation certainly would profit greatly by having a drop.
> Senator CURTIS. Is there any advantage to the union?
> Mr. KRAMER. Sir?
> Senator CURTIS. Is there any advantage to the union?
> Mr. KRAMER. I don't know that it would make much difference one way or the other.
> Senator CURTIS. Does it call for the employment of more men?
> Mr. KRAMER. By not having trailer drops it does call for the employment of more people, or at least with longer hours. It may not change the number of people, but it would have quite an effect on overtime.
> Senator CURTIS. What would have happened to your company if you had held out in the negotiations for unlimited trailer drops?
> Mr. KRAMER. What would have happened to my company?
> Senator CURTIS. Yes.
> Mr. KRAMER. Well, at that time I wasn't in a position to do so. After all, I am a contract carrier for A.&P.
> Senator CURTIS. What I mean is would the union have been in a position and would they have closed down the operation?
> Mr. KRAMER. There is that possibility.
> Senator CURTIS. Do you regard whether or not to use trailer drops a management decision or is that properly a labor decision?
> Mr. KRAMER. I think it is a management decision.
> Senator CURTIS. I agree with you (pp. 11037–11038).

With reference to the contention of the Food Fair officials that there were no monetary savings in trailer drops, Mr. Kramer had this to say:

> Mr. KENNEDY. The Food Fair Co. has maintained to us that there is no saving in trailer drops. What would your comment be on that?
> Mr. KRAMER. I couldn't understand that.
> Mr. KENNEDY. There is no question in your mind that there is?
> Mr. KRAMER. Not at all.
> Mr. KENNEDY. What about the cost of equipment?
> Mr. KRAMER. Sir?

Mr. KENNEDY. What about the cost of equipment? Would there be a saving in that field?

Mr. KRAMER. I don't think there would be any marked saving in the cost of equipment, because over the amortized period of the equipment, it would make very little difference.

Mr. KENNEDY. It is well understood in the industry that there is a savings in trailer drops; is it not?

Mr. KRAMER. That is right.

Mr. KENNEDY. That is, in having trailer drops? (p. 11038).

The committee was hoping that the Food Fair officials would shed some light on the relationship that existed between them and Ben Lapensohn and give the complete story of what transpired during the negotiations in 1954.

Julius Schwartz, industrial relations director of the Food Fair stores, was the first official of that company to testify.

With reference to Lapensohn, Mr. Schwartz stated he first met him 10 or 11 years previously, through a labor official, and only saw Lapensohn casually after that time. Schwartz at first denied knowing Lapensohn as a representative of local 107, but stated he did find out that Lapensohn worked at local 107 in some administrative position. The witness said he saw Lapensohn on one or two occasions in the autumn of 1954, but at no time did he ever discuss directly with Lapensohn any of the Food Fair problems pertaining to local 107. Schwartz told the committee he did not know whether or not any other Food Fair officials had discussed labor contract matters with Lapensohn.

As the committee got into the subject of the negotiations in 1954 between MTLR and local 107, Schwartz became so evasive as to make questioning exceedingly difficult. Schwartz denied he had any personal conferences with local 107 officials during these negotiations. When asked whether any other Food Fair officers may have had some personal conferences with local 107 during the MTLR negotiations, Mr. Schwartz had a variety of answers. His first answer was, "I don't think so." When asked if the Food Fair counsel, Mr. Samuel Blank, may have had such discussions, his first reply was, "I don't remember." Later, in reply to the same question, he said, "I don't know." This went along for some time before Schwartz's answers began to clarify the situation.

The CHAIRMAN. You said you kept your attorney informed. That does not answer the question. Did you have any conversations? Did any of those other than the MTLR group, any of your company, agents, officers, or attorneys, carry on or have conversations with representatives of the union with regard to this contract, or anything involved in these negotiations?

The question is: First, do you know whether they did or not?

Mr. SCHWARTZ. I don't know, sir, whether they did or not.

The CHAIRMAN. Did you?

Mr. SCHWARTZ. No.

The CHAIRMAN. And you know of no one else who did?

Mr. SCHWARTZ. I can't say that I don't know that. I can possibly infer.

The CHAIRMAN. You know of no one else who did? You can answer that. Or do you know?

Mr. SCHWARTZ. Do you mind repeating the question again, Senator?

The CHAIRMAN. Yes, sir; I will repeat it. Do you know of any officer, agent, attorney, or representative of Food Fair Stores, Inc., other than those of the MTLR, having conversations with or negotiations with or conferences with representatives of the union, 107, regarding the subject matter that was in consideration in the negotiation conferences?

Mr. SCHWARTZ. I would think our lawyers' office had conversations with them.

The CHAIRMAN. You think who?

Mr. SCHWARTZ. Our attorney's office.

The CHAIRMAN. That is your impression?

Mr. SCHWARTZ. At my what?

The CHAIRMAN. That is your impression?

Mr. SCHWARTZ. That is right.

The CHAIRMAN. That is your recollection?

Mr. SCHWARTZ. That is right.

The CHAIRMAN. Who was your attorney?

Mr. SCHWARTZ. Mr. Blank.

The CHAIRMAN. He was carrying on, you think, conferences with the representatives of the union during the period of these negotiations?

Mr. SCHWARTZ. Only to the extent that I was keeping him informed, and there was a question there of a strike being imminent.

The CHAIRMAN. How would you be keeping him informed of his own conferences with the union officials?

Mr. SCHWARTZ. Except this, that he knew the seriousness of it, in representing us.

The CHAIRMAN. I am sure he knew the seriousness of it, but the point is was he having these conversations or conferences with representatives of the union?

Mr. SCHWARTZ. I understood he was having some conferences.

The CHAIRMAN. You understood that he was. All right.

Mr. KENNEDY. What form were those conferences taking?

Mr. SCHWARTZ. I really don't know.

Mr. KENNEDY. What did he tell you about the conferences?

Mr. SCHWARTZ. I don't know what happened at the conferences. I told him our position.

Mr. KENNEDY. What did he tell you about what was happening at the conferences?

Mr. SCHWARTZ. He was counseling me on what they attempt to do, and at the same time I gave him some of the ideas that came out of some of our caucuses, company caucuses.

Mr. KENNEDY. He reported back to you as to what should be done, what position you should take regarding the negotiations?

Mr. SCHWARTZ. We exchanged views on those.

Mr. KENNEDY. That was after his conferences with the officials of local 107?

Mr. SCHWARTZ. I don't know when the conferences took place.

Mr. KENNEDY. That is what you understood, what he was reporting back to you was based on the conferences that he had with local 107 officials?

Mr. SCHWARTZ. I think that would be right (pp. 11044–11045).

Schwartz admitted that these direct contacts with local 107 were clandestine and not known to MTLR, as indicated by the following answers:

Mr. KENNEDY. Who else in the company knew that these meetings were taking place?

Mr. SCHWARTZ. Well, if anyone knew—I would report my negotiations and the progress of them to the vice president in charge of warehousing and transportation. That is Mr. Cohen.

Mr. KENNEDY. But you did not inform the group that was conducting the negotiations for you, the MTLR?

Mr. SCHWARTZ. No; I did not.

Mr. KENNEDY. They were unaware of the fact that you were having these personal negotiations?

Mr. SCHWARTZ. Well, they might have been unaware of it, yes, sir.

Mr. KENNEDY. Well, you didn't tell them?

Mr. SCHWARTZ. No; I did not.

Mr. KENNEDY. There was no other way they could find out. That is correct, is it not?

Mr. SCHWARTZ. That is correct (p. 11047).

Although Food Fair wanted trailer drops to the extent it used extreme pressure to get them, Mr. Schwartz was unwilling to admit that trailer drops had a monetary value. He said their value was only in the interest of efficiency and convenience. When queried as to whether or not these factors contributed to economy, he replied that it did.

The committee heard the full story of the negotiations between MTLR and local 107 in 1954 from the two men who participated, James P. Clark and Hugh F. Gannon.

Mr. Clark testified that one of the important agreements that MTLR wanted to get from the union was unlimited trailer drops for all the companies on an equal basis. The dropping of trailers was a decided financial advantage to a company, according to both Mr. Clark and Mr. Gannon. Mr. Clark stated that up to the time of the negotiations the Food Fair stores had been dropping from 280 to 283 trailers a week. During the negotiations, the union was attempting to eliminate all trailer drops.

Mr. Clark related that it looked as if they might be deadlocked on the trailer drop issue. During the last week, the food chain companies were called together in caucus two or three times and told that MTLR would go the limit with them, risking a strike if necessary. To be successful this would, of course, require all of the companies to remain solidly together. The minutes of the meeting of the food

companies showed everyone there gave his word of honor that his company had not told local 107 they would accept the present demands. All committed themselves except Food Fair that those present would stand firm if all would agree.

A meeting with local 107 was called for Friday, December 17, 1954. Mr. Clark was ill that day and not present, and Mr. Gannon's testimony describes the subsequent chain of events.

> Mr. CLARK. "I represent the food group," he said. Every important segment of the industry attended today's meeting. There were eight people present, A. & P. was not present because the proper people had to be represented in New York. Food Fair was present, but the man representing had to go back to the main office for further instructions. Everyone there gave his word of honor that his company had not told 107 they would not accept its—that they would accept its present demands."
>
> Mr. KENNEDY. I will read that over again.
>
> "A. & P. was not present because the proper people had to be represented in New York. Food Fair was present but the man representing had to go back to his main office for further instructions."
>
> Mr. CLARK. That is correct.
>
> Mr. KENNEDY (reading): "Everyone there gave his word of honor that their company had not told local 107 they would accept the present demands. All committed themselves except Food Fair that those present would stand firm if all would agree. The group would not stand on wages alone and suggested that we explore a method of paying the union whenever a box is dropped as long as it did not transgress the principle. Food Fair said that if A. & P. was in line, Food Fair and Best Markets would be in line also."
>
> Mr. CLARK. That is correct.
>
> Mr. KENNEDY. Then Mr. Barden said—"I represent American Stores. If we can get unionism in the food industry, we will feel that principles force us to take a strong position. If our competitors fold, they will force us to fold. However, American Stores will stand firm until our competitors fold. We believe we can get strong support from Penn Fruits, but I have a question about Food Fair and Best Markets. Penn Fruits said if Food Fair folded then Penn Fruit must fold."
>
> So there was some question at that time as to what was going on with Food Fair?
>
> Mr. CLARK. That is correct.
>
> Mr. KENNEDY. You got sick, did you, about this period of time?
>
> Mr. CLARK. After we had these meetings with the food people, and it looked like our lines were weakening, we called another meeting before I got sick, for Friday, the 17th, I believe it was.
>
> (The witness conferred with his counsel.)
>
> Mr. KENNEDY. You were not present at that meeting?
>
> Mr. CLARK. No.
>
> (The witness conferred with his counsel.)

Mr. CLARK. We had two meetings, Friday, Tuesday, and the following Friday.

Mr. KENNEDY. You were not present?

Mr. CLARK. The following Friday, I took sick on Thursday night and I had to go to bed, and although I called the meeting for that Friday for a deadline showing.

Mr. KENNEDY. For a deadline to see whether they would stand up for a strike. You went, Mr. Gannon, representing the MTLR?

Mr. GANNON. When Mr. Clark was taken sick, I was the only one there, and I got ahold of our directors and asked them what to do, because we had missed one of our main men.

He was the main negotiator. They said for me and Mr. Mathews to go over and do the best thing we could do. My office is not far from 107. I walked over there and the food group was all assembled in there. We got in there and they had been talking I don't know how long. After some time Ray Cohen——

Mr. KENNEDY. At that time were you urging on them that they should stand fast.

Mr. GANNON. Certainly. I am not for strikes, but that was 1 year that I wanted to take a strike, because I felt that the money we had to pay was considerable, and that this was the time, if we are going to fight, we ought to fight it.

Mr. KENNEDY. Did they indicate during this meeting that they would stand fast?

Mr. GANNON. They indicated they would stand fast.

Mr. KENNEDY. At the beginning of the meeting?

Mr. GANNON. Yes.

Mr. KENNEDY. Did you say Raymond Cohen spoke to you?

Mr. GANNON. Mr. Raymond Cohen spoke to me and said "Hughie, let's you and me go into my office. I want to talk to you."

That has happened time and time again on different matters over the years. After all, I have been 23 years in this labor relations. So I went into the office with Ray. He sat down and he said "Hughie, I don't want to let it get you and Jim Clark embarrassed, but the food group are not going to stick with you."

Mr. KENNEDY. What did you say to that?

Mr. GANNON. I said "Ray, you are crazy. We just walked out of there and everybody was solid."

So he says "O. K., I will prove it to you," he says. "I am now going to call up Food Fair," and he mentioned to me Mr. George Friedland, who I did not know from Adam.

He dialed the telephone.

Mr. KENNEDY. Did he suggest to you that you get on another phone at that time?

Mr. GANNON. No, I was sitting there in the office with him. He never lied to me. I just took his word that he dialed. He dialed and I could hear somebody talking and he said "I have now Mr. Hugh Gannon, one of the negotiators in here. Are you going to go through with what you

said the other day or whenever it was that you don't want any strike, you want to keep your drops the way you have them, and for that I am going to get 20 extra men?"

By that time, I was boiling when I got through that telephone conversation, because there we were sitting in with a group that were supposed to stick, and out I walked, and Mr. Cohen had asked me——

Mr. KENNEDY. Wait a minute. He said on the telephone or described the fact to this voice on the other end of the phone?

Mr. GANNON. Yes. I missed something there I forgot to tell you. Before he got off the telephone, he put his hand over the telephone, and I said to Ray, "What are you going to do with the representative of Food Fair that is in there now because evidently he doesn't know anything about this?"

Then whoever he was talking to, he said, "In about 10 or 15 minutes he will be called out of that room and told what to do."

Mr. KENNEDY. So Cohen explained to this person he described as Friedland, he explained the whole deal of giving unlimited drops to Food Fair with the 20 extra helpers?

Mr. GANNON. That is what he was going to gain, the 20 extra helpers.

Mr. KENNEDY "This is the deal we have made, and aren't you going to go through with it?"

Mr. GANNON. That is right.

Mr. KENNEDY. He said that on the phone in your presence?

Mr. GANNON. That is right.

Mr. KENNEDY. And he turned to you and said, "Now are you going to believe me?" And you raised the question about the man in the next room?

Mr. GANNON. Yes.

Mr. KENNEDY. Who was the man in the next room?

Mr. GANNON. Mr. Schwartz.

Mr. KENNEDY. He was there conducting the negotiations?

Mr. GANNON. Certainly.

Mr. KENNEDY. And you thought or understood from the way he was discussing it, that they were going to stand for a strike; is that right?

Mr. GANNON. That's right.

Mr. KENNEDY. So what did Cohen then say to the man on the telephone?

Mr. GANNON. That in 10 minutes Mr. Schwartz would get orders what to do.

Mr. KENNEDY. That he would receive a telephone call?

Mr. GANNON. That he would receive a telephone call. By that time, I was pretty mad, after thinking of all the work and effort we had put in, especially for the food companies.

Myself personally, I spent hours and hours for them settling their grievances. When I came out, Mr. Cohen had asked me, and this was something confidential. The only

reason I am telling it now is because I am on oath here. The first one I run into is Mr. Leyden, and I told him, and he wanted me to go in and tell the group.

I said "Jim, I can't tell that group in there because I am bound under secrecy."

Mr. KENNEDY. But you knew then that a secret agreement had been made between the Food Fair Co. and the union?

Mr. GANNON. That is right. So I said "We will get Mr. Schwartz out here." So we got Mr. Schwartz out. I don't know whether I told him or Mr. Leyden told him that he would receive a call and in about 5 or 10 minutes he received the call. Whatever was said, I don't know. At that time, you must realize I had 35 or 40 men over in the office about a square away. We were doing another deal with what they call the Peninsula deal, which was below Wilmington, that group down there. I was pretty well burned up, anyhow.

So I went over to our office and I came back again. Meantime, the food group had stayed together and started to work out their problems. I came back later on.

Mr. KENNEDY. Did Mr. Schwartz make a suggestion after that, then, that the Food Fair Co.——

Mr. GANNON. That they were going to go along with it because they were going to get all their drops, the same drops they had before.

You see, this was the first year——

Mr. KENNEDY. Wait a minute. That they would put on the 20 helpers?

Mr. GANNON. Twenty helpers.

Mr. KENNEDY. He made that suggestion at that time?

Mr. GANNON. That is right.

Mr. KENNEDY. After this telephone conversation?

Mr. GANNON. That is right.

Mr. KENNEDY. That was the agreement ultimately accepted by Raymond Cohen?

Mr. GANNON. That is right.

Mr. KENNEDY. But you were not able to get that agreement for the A. &. P. Co., or National Stores?

Mr. GANNON. You will have to realize, Mr. Kennedy, that Food Fair had been a very progressive people. They had a lot of these supermarkets. American Stores didn't have them. They used to have the small stores. They were going to go into it. I said to them, to the union, that I wanted everybody to be treated equal, and what one got, everybody should get.

(At this point, Senator Mundt entered the hearing room.)

Mr. KENNEDY. That is not the way it ended up, is it?

Mr. GANNON. No, it did not end up that way.

It ended up that the American Stores, they felt—well, they could get 75 trailers if they wanted to take that as the first package. Then it was suggested because they would not be able to use the 75, that they use 50 from January 1, and after 6 months they would get sympathetic understand-

ing if they needed more trailers. That is the way the deal was made.

Mr. KENNEDY. Then the three companies——

Mr. GANNON. American Stores made their own choice.

Mr. KENNEDY. Food Fair, Best Markets, and Penn Fruit received unlimited?

Mr. GANNON. In other words, Mr. Kennedy——

Mr. KENNEDY. Is that correct, that they received unlimited?

Mr. GANNON. Whatever they had. I had wanted all the companies to get the same, because they are all paying the same rate.

Mr. KENNEDY. And the other two companies, American Stores and A. & P. only received 50, is that right?

Mr. GANNON. Fifty.

Mr. KENNEDY. You felt during the negotiations——

Mr. GANNON. I felt that they should get all they wanted because they were all paying the same rate.

Mr. KENNEDY. And everybody should be treated alike?

Mr. GANNON. Treated alike; certainly.

Mr. KENNEDY. Did you ever get an explanation as to how Food Fair was able to make this deal with 107?

Mr. GANNON. Do I know how it was made?

Mr. KENNEDY. Yes.

Mr. GANNON. Only from what Mr. Cohen told me, from whoever he was talking to (pp. 11062–11065).

As Mr. Clark put it, it was Food Fair that broke the line which resulted in the contract as it was written. Mr. Gannon said, "In other words, they pulled the rug out from under us." Mr. Gannon explained that he was present when Schwartz was called out of the conference room and went to a telephone. This was about 10 minutes after Gannon's conversation with Cohen. Schwartz then came back to the conference room and told the other members of the food group who were present that, according to his orders, his company would not take a strike, and were going to give 20 men to the union, meaning that the Food Fair people would hire an additional 20 helpers.

Mr. Gannon further testified that the agreement between local 107 and Food Fair was to provide for the same number of trailer drops Food Fair had been utilizing before the negotiations, which was 280 to 283 per week. He later learned, he told the committee, that Food Fair was being permitted by the union even more trailer drops than this figure. He stated he went over to the union headquarters on one occasion to complain about this situation, because at the same time American Stores was not getting its just quota of trailer drops. At that time, Gannon was advised by the union business agent that local 107 had, a week previously, made Food Fair reduce their number of trailer drops per week back to the 280 or 283 as provided for in the 1955 contract.

Referring to the provision that on or after July 1, 1955, the union would consider an additional 25 trailer drops per week for American Stores, Mr. Clark advised the committee that this concession was not granted at the end of the 6-month period. It was not until the following February that the union finally permitted American Stores the additional 25 trailer drops.

Relative to the retention of Sam Blank by the American Stores, Mr. Gannon had this further interesting testimony:

Mr. KENNEDY. Did you have any conversations, Mr. Gannon, regarding Mr. Blank's representation of the American Stores?

Mr. GANNON. Mr. Blayney Barton, who was on the stand this morning, told me another thing in confidence.

Mr. KENNEDY. When was this?

Mr. GANNON. I cannot place the date, Mr. Kennedy, but I imagine it would be in September or October some time.

Mr. KENNEDY. Of 1956?

Mr. GANNON. Of 1956. And he told me very distinctly that for 18 months there was something Motor Transport couldn't do, and he finished that up in an hour down there with Mr. Lapensohn sitting in there.

I said, "How do they do it?" and he said they sat there and talked, and in about half an hour or three-quarters, I think it was, Mr. Lapensohn took him out into the hallway and came back.

Mr. KENNEDY. Who did he take out in the hallway?

Mr. GANNON. The stewards.

Mr. KENNEDY. The business agents?

Mr. GANNON. The stewards.

Mr. KENNEDY. And then he came back and Lapensohn came back in and said everything had been straightened out?

Mr. GANNON. That is right.

Mr. KENNEDY. They were able to get something that you couldn't?

Mr. GANNON. It was pretty painful for us to take after all of the work that we certainly tried to do, to think that something could be finished up in an hour. They certainly made us look very bad.

Mr. KENNEDY. That was done with Mr. Blank participating?

Mr. GANNON. I don't know who was in there. He didn't tell me.

Mr. KENNEDY. That is the only thing he told you?

Mr. GANNON. It is another confidence and, of course, I am under oath and I am telling the truth.

Mr. KENNEDY. This is another thing that was related to you; is that right?

Mr. GANNON. That is right.

Mr. KENNEDY. Ultimately, the whole food-chain group left your organization and went over with Mr. Blank?

Mr. GANNON. Some of them didn't want to go because the cost was too high.

Mr. KENNEDY. But they did ultimately go?

Mr. GANNON. They were forced to, and some of the operators that work for A. & P., they had no alternative.

Mr. KENNEDY. Because they had to stay united in these matters; is that right?

Mr. GANNON. Yes, sir (p. 11073).

Attorney Blank, whose name had been injected into the record both by food company officials and by the officers of MTLR, was questioned regarding the part he played in these negotiations and his relationship with Ben Lapensohn.

He said that he was retained by the Food Fair Co. as counsel in June 1954, the same month Raymond Cohen took control of local 107. Mr. Blank made the explanation:

> * * * the fact that Mr. Cohen was subsequently elected as the head of this union had no bearing, in our view, on the question as to whether or not we were retained by Food Fair.

The committee was interested in the apparent close relationship between Samuel Blank and Ben Lapensohn, and the numerous financial transactions that took place between them during the period that Lapensohn was with local 107 and Blank was acting as attorney for the Food Fair Co. Blank stated he had known Lapensohn for approximately 15 years, but not particularly well until 1952, when Lapensohn came in to have Blank's law firm handle some real estate work.

Blank explained to the committee that in 1953 he shared the same office suite in Philadelphia with Thomas McBride. In November 1953, Lapensohn and Cohen and one other person came to the office together. They explained to Blank that they were there for the purpose of retaining Thomas McBride as their counsel.

Blank identified two checks payable from his law firm to Ben Lapensohn. One check was dated December 9, 1953, for $1,500, and the other check for $3,000 was dated March 15, 1954. Both were for payment of Lapensohn's services in real estate matters where Lapensohn had assisted Blank's law firm in locating properties desirable for investment purposes. The following excerpt from the transcript of hearing explains the interest of the committee in these payments to Lapensohn:

> Mr. KENNEDY. Do you have records for the particular transactions that you paid him this $1,500 for and later the $3,000?
>
> Mr. BLANK. Senator, the full record of that file is photostated and with you.
>
> Mr. KENNEDY. But there is no way of determining. That is a group of documents. There is no way in there to determine by reviewing that he actually performed any services for you and was paid this amount of money?
>
> Mr. BLANK. You are perfectly correct, sir, except there was just nothing else we could have paid him for. That is what we did pay him for.
>
> Mr. KENNEDY. According to the testimony before this committee, and this is why I bring it up, he was greatly involved at that particular time in the campaign for Mr. Cohen, and these two checks are during that period of time when he needed money and Mr. Cohen needed money for his campaign.
>
> I am wondering if any mention of that was ever made when he received this money from you.

Mr. BLANK. He did not mention it to us. What he did with the money, of course, we do not know. Of course, we were in an adversary position with regard to whether we should or should not pay it, and we certainly would not have paid money that we did not have to pay, and we certainly would not have paid any more than we were required to pay (pp. 11077–11078).

Further information regarding dealings with Lapensohn is in the following testimony:

Mr. KENNEDY. Looking at the record here, it would appear that your real-estate transactions that you were handling for Mr. Lapensohn began in November of 1953. Would that be right?

Mr. BLANK. Certainly I know that he came in to see us first in 1952, so I am certain we were doing work for him at that time.

Mr. KENNEDY. The first check is 1630, and it indicates then that the transaction started in November 1953, and continued through 1954, 4 transactions in 1954; 4 transactions in 1955; 5 or 6 transactions in 1956. So this was all during the period of time that Mr. Lapensohn was representing local 107; was it not?

Mr. BLANK. I am sure, sir, with that record before you, you are correct on your dates. I don't have them, of course, clearly fixed in my mind. It would be impossible for me to have that information in my mind.

Mr. KENNEDY. And during this period of time, you knew that he was also representing local 107? There was no question in your mind about that?

Mr. BLANK. When you say representing local 107, there is a question in my mind, because I don't think he had any authority in connection with the matters that we were handling with 107.

Mr. KENNEDY. You knew he was associated with local 107?

Mr. BLANK. I knew he had a position there; yes, sir (pp. 11080–11081).

As will be shown later in this report, the dissemination of Food Fair stock at bargain prices to key labor leaders was one of the most important features of the Philadelphia hearings. For this reason, the committee was interested in hearing from Mr. Blank about the Food Fair stock he transferred to Lapensohn:

Mr. KENNEDY. There is just one other matter.

You had 150 shares of Food Fair property stock.

Mr. BLANK. Five hundred.

Mr. KENNEDY. You received 500. Did you transfer 125 shares——

Mr. BLANK. One hundred and fifty shares. I never did actually transfer them.

Mr. KENNEDY. Let me ask you the question. To Mr. Lapensohn?

Mr. BLANK. Yes, sir; I did not actually transfer them.

The original share certificate is still in our name, but we gave him a letter that he had 150 shares. Incidentally, he paid the same price for them that we paid for them.

Mr. KENNEDY. Which was $150?

Mr. BLANK. Yes.

Mr. KENNEDY. Actually, at that particular time the shares were worth four times that?

Mr. BLANK. I would doubt it, sir, because the conversation I had with him was shortly after I was told that I could have these shares. Unless they were worth $4 when I got them, which I doubt very much. I am sure they were worth $1 when I got them and that is the price I asked him to pay.

Mr. KENNEDY. At the time he paid you, they were actually worth $600.

Mr. BLANK. There was a time when we had the discussion, and I think I discussed this with your staff, and we told him he could have these checks, and at a subsequent period he made out and mailed a check for them.

It was an insignificant amount of shares and an insignificant amount of money (pp. 11085–11086).

Mr. Blank described some further business dealings with Lapensohn which he had during this same period. One of these involved a $9,000 loan to Lapensohn in 1955 or 1956. This had to do, Mr. Blank said, with the gas station he had purchased jointly with Lapensohn. This property was sold in February 1958, and Blank retained Lapensohn's $9,000 share as repayment of the principal on this loan. The interest of $720 still remains unpaid, according to Lapensohn.

Mr. Blank was asked to explain still another loan made by his law firm to Ben Lapensohn, this one in the amount of $5,000. His explanation and the observations of the committee counsel are here set forth:

Mr. KENNEDY. Is that the only loan that you made to him?

Mr. BLANK. Wasn't there a $5,000 transaction some time in——

Mr. KENNEDY. March 10, 1955?

Mr. BLANK. I think so, sir, yes. I did not personnally make it. One of my partners did. It was subsequently repaid.

Mr. KENNEDY. Are you in the lending business also?

Mr. BLANK. No, but I must say that we have done some good for a number of people in Philadelphia whom we have helped, and who are still grateful for the help which we gave them in the early days.

Mr. KENNEDY. Would you put Mr. Lapensohn in that class?

Mr. BLANK. All I can say, sir, is that these were rather usual transactions in our office. There was nothing unusual.

Mr. KENNEDY. Well, somebody for whom you have done a lot of good would be very grateful to you, is that what you meant to imply?

Mr. BLANK. What I meant was that is is not an unusual thing for lawyers in offices such as ours to help people when they ask for it, if we are in a position to do so.

Mr. KENNEDY. If he wanted a loan of $5,000, and a loan of $9,000, why wouldn't he just go to a bank and obtain a loan from there, rather than from your law firm?

Mr. BLANK. As you know, there are times when people get extended and I guess they can't get bank accommodations. If they could, I am sure they would go to the bank.

Mr. KENNEDY. Did the propriety of loaning this money to an official, a representative of local 107, whatever you call him, while your were at the same time representing the food company, did the propriety of that ever rise in your mind?

Mr. BLANK. I don't think it represents a problem, sir. It seems to me and I have discussed this with several members of our firm, if we represent a man who is an executive of a company, and he leaves that company and goes to work for another company, it seems to me that we should not be reluctant to do business with that new company on behalf of a client of ours just because we know the man well.

I think generally the fact that you know people well or have had relations with them in a business way should not in any way disbar or prevent people from doing business.

Mr. KENNEDY. Of course, the business dealings that you had with Mr. Lapensohn, Mr. Blank, did not really begin until after he became associated with local 107, at least according to our records. The only one in 1953 was a $75 item.

Mr. BLANK. That is not the fact, sir, if I may correct the record. We signed an agreement of sale for the purchase of that gasoline station in October of 1953, and the record shows that we handled and discussed business real estate transactions with him from 1952 on.

That was made part of the record which we turned over to you.

Mr. KENNEDY. I don't think you had any actual financial transactions in 1952.

Mr. BLANK. No, but the agreement of sale for that gasoline station was dated October 1953, and your committee has seen that.

Mr. KENNEDY. By and large the transactions all took place in 1954, 1955, and 1956. Of course, that was the time that he was a representative of local 107. Then loaning this money on two different occasions, the $14,000; does that sound at all questionable?

Mr. BLANK. I must give you this assurance, Mr. Kennedy, that our relationships with local 107 were in no way affected directly, indirectly, or sidewise by any influence or purported influence with Mr. Lapensohn. Anybody who would have any business matters with that union knew that Raymond Cohen was the only one who could make any changes in any situation of any importance at all.

Mr. KENNEDY. According to the testimony before the committee, and you have explained it accordingly, you had remarkable success with local 107, and at the same period of time it is true that you had many business dealings with Mr. Lapensohn, and it is true that on two different occasions you loaned him considerable amounts of money.

As I say, you have given your explanation, but those are the facts (pp. 11088–11089).

Mr. Kennedy made the further observation that the ethical practices committee of the AFL-CIO now prohibits such arrangements with a union official as existed between Blank and Lapensohn.

In view of the information furnished by Mr. Clark and Mr. Gannon, that Food Fair conducted clandestine discussions with local 107 while the MTLR negotiations were going on, which resulted in Food Fair's favored treatment, the committee was anxious to learn from Mr. Blank the part he played in these events and whether his close association with Lapensohn had any bearing on the final outcome:

Mr. KENNEDY. Did you have some conferences with local 107?

Mr. BLANK. I had one that I told you about, Mr. Kennedy.

Mr. KENNEDY. Just answer the question.

Mr. BLANK. I had one; yes, sir.

Mr. KENNEDY. With whom did you have that?

Mr. BLANK. Raymond Cohen.

Mr. KENNEDY. Where did that take place?

Mr. BLANK. At his office at local 107.

(At this point, Senator Ervin entered the hearing room.)

Mr. KENNEDY. What did you discuss at that conference?

Mr. BLANK. I told him then I was there on a mission to acquaint him with this question of whether or not Food Fair would or would not take a strike. There had been a great number of rumors at that time as to whether or not Food Fair would take a strike because the union had the understanding they would not take a strike.

Incidentally there were several of the other companies that were very lukewarm as to whether or not they would take a strike.

I told him that insofar as Food Fair was concerned, I was there specifically to give him a message, that Food Fair was going to take a strike if they had their drops taken away from them; that they had been operating for years under this method of operation, and they were not going to surrender it. I was there to so advise him.

He did not accept my assurance, he knew that I meant what I said, but he was not as positive that my client felt that way.

But I got across the message that I was there to convey, and we discussed the situation. When I left there, I had the feeling that he did not want any strike any more than our people wanted a strike.

Mr. KENNEDY. Why was it necessary for you to go down there, Mr. Blank, to see Mr. Cohen?

Mr. BLANK. I think my relationship with him was such that if I told him something he would believe that I firmly meant it, and it was necessary at that time in the view of our client that he know.

Mr. KENNEDY. Who specifically asked you or requested you to go down there?

Mr. BLANK. I don't recall specifically, but it was either Arnold Cohen or Julius Schwartz. We discussed the matter together——

Mr. KENNEDY. What was Mr. Arnold Cohen's position at that time?

Mr. BLANK. He was vice president in charge of this operation, warehousing and trucking.

Mr. KENNEDY. And they all felt it was necessary for you to take a trip down there and tell them that the company was going to take a strike in this matter?

Mr. BLANK. Yes, sir.

Mr. KENNEDY. Did you ever discuss the matter with Mr. Lapensohn?

Mr. BLANK. I don't have any specific recollection that I did, but I certainly would have had he been there and available, and because there would have been no reason that I should not discuss it with him.

Mr. KENNEDY. During this period of time did you discuss it with Mr. Lapensohn?

Mr. BLANK. If he was there, and I saw him, I certainly would have. But I don't know.

Mr. KENNEDY. That does not answer the question. Did you?

Mr. BLANK. There is some doubt in my mind as in the minds of others, whether he was in Philadelphia at that time. So I don't know. But had he been there, I would have, positively.

Mr. KENNEDY. What is the answer to the question as to whether you did or did not?

Mr. BLANK. I do not know, sir.

Mr. KENNEDY. You what?

Mr. BLANK. I do not know, sir (pp. 11079–11080).

* * * * *

Mr. KENNEDY. In 1954, for instance, did you discuss with Mr. Lapensohn specifically the fact that the Food Fair Co. would have unlimited drops or continue their former procedures with the understanding they would take on 20 additional men?

Mr. BLANK. No, I did not do anything about that, sir, but I certainly did discuss the question of the dropping of trailers, because that was a subject which anyone that had anything to do with that situation in Philadelphia was discussing with everybody else. The situation in Philadelphia then was extremely chaotic.

Mr. KENNEDY. Do you know anybody else that was discussing that with the representatives of local 107 other than yourself?

Mr. BLANK. I do not, but I would doubt very much if everybody wasn't scurrying around doing everything they could to avoid a drastic strike which then looked imminent.

Mr. KENNEDY. Did any of the officials of Food Fair indicate to you that they had been discussing the matter with any representatives from 107?

Mr. BLANK. No, sir; they did not.

Mr. KENNEDY. Mr. Friedland never discussed that?

Mr. BLANK. Mr. Friedland had nothing to do with that particular situation.

Mr. KENNEDY. Did he ever discuss it?

Mr. BLANK. No, sir.

Mr. KENNEDY. Mr. Arnold Cohen?

Mr. BLANK. No, sir.

Mr. KENNEDY. He never mentioned that to you?

Mr. BLANK. No, sir, to my knowledge, he never discussed it with the union.

Mr. KENNEDY. So you were the only one that you know of who was conducting these negotiations?

Mr. BLANK. As I indicated before, Mr. Kennedy, I did not negotiate with the union at all. All I did was to pass on to them a message which I thought they should have. You have heard the testimony. The negotiations were carried on by MTLR and not by me.

Mr. KENNEDY. You were the only one other than MTLR who was having discussions with the union for Food Fair, that you know of; is that right?

Mr. BLANK. Yes, sir (p. 11085).

The committee was interested in hearing from Mr. Blank the circumstances under which he was retained by American Stores Co., and how he was able to bring about a rapid reconciliation between that company and local 107. Mr. Blank furnished the following explanation:

Mr. BLANK. May I give the facts as they existed, because I think the committee should have them. We were retained by Food Fair in June of 1954. For a period of 2 years thereafter, we were retained in many labor matters in Philadelphia, as we were in many other matters not having anything to do with labor.

But in all that time, I don't know of one single piece of business that came into our office that related to business with local 107. So when Mr. Cupp called me in June of 1956 and said that he would like us to do their work for them, naturally we were grateful and pleased to have a firm of American Stores, reputation ask us to do their work for them. But it was a full period of 2 years after we had first started to represent Food Fair that we had come to the attention of the American Stores.

Mr. KENNEDY. So you were approached then by the representatives of American Stores, and you had some conversations with Mr. Cupp?

Mr. BLANK. Mr. Cupp; yes, sir.

Mr. KENNEDY. Did he suggest to you at that time the problems that they were having with local 107?

Mr. BLANK. Yes, he did. I might add, incidentally to that, that it took me several says to make up my mind whether or not we would accept the work, and it did, and I would like to indicate the reason for that, if I may, Mr. Chairman.

Mr. Cupp asked us to do this work for him and indicated the nature of their problems. It seemed to me, from what he had to say, that everything he asked for and that he wanted this union to do for him, he was fully entitled and justified in having. I saw nothing that he wanted that was not reasonable and was not proper. I said that we would consider whether or not we would like to do it, the consideration being that we then represented Food Fair, which was and is a competitor of the American Stores.

It would have been, I would think, improper for us to have accepted a retainer from American Stores without first clearing it with the officials of Food Fair; I therefore sought out the president of Food Fair, Mr. Stein, and discussed the matter with him, and he was delighted; he said, "I think this is a very good thing, because instead of our having to lose some of the things we have gained as a result of our having these trailer drops being a necessary adjunct to our distribution, I think it would be a good thing now that the American Stores are going into that branch of work for you to get them some additional benefits, if you can, because they are entitled to them."

When he told me he felt that way, I then communicated with Mr. Cupp and told him we would be happy to take the work (pp. 11082–11083).

When Arnold D. Cohen, vice president in charge of warehousing and transportation of the Food Fair stores, appeared before the committee, there was much discussion about the value of trailer drops. The committee had heard these trailer drops valued at from $18 to $25 by Mr. Cupp of American Stores. Mr. Kramer, contract hauler for the A. & P. stores, had said that a trailer drop to him was worth $22.50. Mr. James Clark and Mr. Hugh Gannon, both of whom are large truck operators in the State of Pennsylvania, had emphatically stated that it was a distinct financial advantage in the trucking business to be able to drop trailers for unloading purposes.

Mr. Cohen maintained to the committee that there was no economic advantage to his company to drop trailers. He said the only advantage to his company was "primarily one of giving the store the convenience of unloading the trailer when they could: (1) accommodate the merchandise into the back room of the store, and (2) when they had the time to unload the trailer." He explained that by dropping trailers his company must in turn purchase more trailers.

Mr. Cohen said that the 280 or 283 trailer drops per week attributed to his company was incorrect; that he had examined their records for December 1954, and ascertained that they dropped only 148 trailers per week. He was not very convincing, however, as the chairman exhibited handwritten notes of both Mr. Julius Schwartz and Samuel

Blank which referred to 283 trailer drops. Chief Counsel Kennedy said to Cohen:

> I say the fact that you would send a special messenger down to see and talk to the union to tell them you would go out on strike rather than give in on the trailer drops, indicates that there was a great, tremendous financial gain for having the trailer drops.

The committee had observed witness after witness shy away from the mention of Ben Lapensohn's name. The officers and members of local 107, who had worked with him in the union, invoked the fifth amendment when asked if they even knew Ben Lapensohn. Garage owner Julius Wolfson, who had suffered a "shakedown" at Lapensohn's hands, also took the fifth amendment on mention of Lapensohn's name. Others who had known Lapensohn many years minimized their knowledge and acquaintanceship with him.

Arnold Cohen was no exception in this regard. He told the committee that he had known Ben Lapensohn for 10 or 11 years, having first met him at a country club dance. Thereafter, he saw Lapensohn only two or three times a year, when they would occasionally meet in a Horn & Hardart Restaurant for breakfast. Mr. Cohen maintained that in all of these meetings he had never inquired of Lapensohn as to his occupation. He admitted seeing Lapensohn one time at the union hall of local 107, but contended he never knew Lapensohn was affiliated with that union, had never discussed any union business with him, and never knew exactly what Lapensohn did for a living.

When Chief Counsel Kennedy asked Cohen if he was the official who sent Mr. Sam Blank down to see the officials of local 107 during the 1954 negotiations, Cohen replied, "I had discussion with Mr. Blank. The discussion was of the nature where I had been advised that we were going to lose our ability to drop our trailers, and made mention to Mr. Blank that we would take a strike for this, and I didn't care who knew it, that he could tell it to anybody at all, including Ray Cohen."

The evidence was clear that during the negotiations between MTLR and local 107, in late 1954, Food Fair emerged with an important benefit and concession which its principal competitors did not enjoy, namely, unlimited trailer drops. It was evident to the committee, also, that this was brought about by Food Fair's breaking faith with its fellow members in MTLR and conducting a secret agreement with local 107. That Sam Blank, attorney for Food Fair and close friend of Ben Lapensohn, was an important figure in this situation, was strongly indicated.

The committee attached prime significance to an issue of bonds and stock by the Food Fair Co. wherein preferential treatment and large price concessions were given to key labor officials, including Ben Lapensohn.

Staff Member George Kopecky provided the committee with the details of these stock transactions of Food Fair.

In 1955, Food Fair Stores, the sixth largest food chain in the country, created an affiliate to be known as Food Fair Properties, Inc. This new company was for the purpose of acquiring real estate and constructing shopping centers in each of which would be placed a large Food Fair supermarket. The management of Food Fair Stores and

Food Fair Properties would, for all intents and purposes, be one and the same. Bonds and stocks of Food Fair Properties were issued in September and October 1955, through the firm of Eastman, Dillon & Co., which participated as managing underwriter.

There were $7,691,250 worth of 20-year 5½ percent debenture bonds issued in units, each unit consisting of one $50 bond and 11 shares of common stock. In addition, there was a separate sale of 650,000 shares of common stock.

The $50 unit consisting of a debenture bond and 11 shares of stock was to go first to those who already owned stock in Food Fair Stores. This was effected by what was known as a "right." Each stockholder of record of Food Fair Stores was given one "right" for each share of stock. Twenty of these "rights" were required to purchase one of these $50 units.

Mr. Samuel Friedland, chairman of the board of Food Fair Stores, who had a large number of rights, made 136,000 rights available to a total of 20 individuals. These 136,000 rights were given gratis.

Of these 20 persons, 4 were labor officials. A number of others were close personal and business associates. At the time the rights were signed over, they had an actual monetary value on the stock market of approximately 75 cents to $1 a right, or a total value of approximately $102,000 to $136,000.

Two of the individuals who received rights, according to Mr. Kopecky, were Max and Louis Block, who received 4,800 rights. At the time these rights were signed over to Max and Louis Block, they had an actual value of approximately $3,600. Mr. Kopecky identified Max Block as a vice president of the International Butchers' Union, and president of locals 342 and 640 of this union in New York City. Louis Block, a brother of Max, was then the administrator of the welfare and pension funds of these unions. The Butchers' Union has a contract with the Food Fair Stores.

These 4,800 rights which the Block brothers received gratis enabled them to purchase $12,000 worth of bonds at $50 a unit. At that time, these bonds, or units, were at a premium. The $12,000 worth of bonds were selling on the market for approximately $16,800, having an actual value, therefore, of between $70 and $75 per unit.

Another favored labor leader was Paul Lafayette, who at that time was president of local 1245 of the Retail Clerks Union in New Jersey, and a vice president in the international of the Retail Clerks. Lafayette later resigned from the union while charges were pending against him.

It is also noted that at the time these rights were given to Lafayette, the Food Fair Stores had a contract with the Retail Clerks Union.

Paul Lafayette was given 3,200 rights, which had a value of approximately $2,400 at the time. With these rights, he purchased $8,000 worth of bonds, which had an actual value at the time of purchase of approximately $11,200.

The fourth person to receive rights was Jack Shore, brother-in-law of Ben Lapensohn and affiliated with Lapensohn in the operation of the New York Federationist. There were 4,000 rights given to Jack Shore, which were worth $3,000. These rights permitted him to purchase $10,000 in bonds (units), which were worth approximately $14,000 on the market at that time. Mr. Shore purchased these bonds for $10,000. On the same day he received a $10,000 check from Ben Lapensohn.

All told, 12,000 rights, worth approximately $9,000, were given to the four labor leaders. This enabled them to purchase for $30,000 bond units which were worth $42,000.

In addition to the $50 units consisting of one bond and 11 shares of stock, there was another issue of 650,000 shares of common stock, apart from the bonds. Affidavits of Mr. James P. Magill and B. Frederick Barton of the Eastman, Dillon Co., explained the manner in which this stock was placed on the market.

During 1955, arrangements were made by the Food Fair Stores organization, represented by Louis Stein and Samuel Friedland and the Eastman, Dillon Co., for an issue of bonds and stock in Food Fair Properties, Inc. There was to be an issue of debenture bonds and common stock together, which is the transaction explained above by Mr. Kopecky. At the same time, there was to be a separate issue of common stock in Food Fair Properties, which would be offered to the public and to the stockholders of Food Fair Stores, Inc. Eastman, Dillon participated as the managing underwriter.

On August 17, 1955, a registration statement was filed with the Securities and Exchange Commission relating to this offering of bonds and stock. After the filing of this statement, when the contemplated issue became known, a demand for this common stock began to develop.

From August 17, 1955, to September 14, 1955, when trading commenced, the requests by customers for the 650,000 shares of common stock in Food Fair Properties, Inc., were such that the offering became oversubscribed. Eastman, Dillon, during this time, kept Mr. Stein of Food Fair fully informed of this trend of events.

After the offering was filed, Mr. Louis Stein discussed with Mr. Magill of Eastman, Dillon the possibility of Stein's submitting the names of certain friends, employees, and associates of the Food Fair organization who might be permitted to purchase some of the issue of 650,000 shares of common stock. This was acceptable to Eastman, Dillon and thereafter a list of recommended prospective purchasers was sent to Eastman, Dillon by Food Fair shortly before the trading opened.

Due to the oversubscription, there was every indication that the common stock and the bond-stock units would probably sell at premium price. This developed to be the actual situation. Of the 650,000 shares, 359,000 were sold to the persons on the company's recommended list. At the same time, due to the oversubscription, certain of the requests from customers of Eastman, Dillon to purchase the stock could not be fulfilled.

At the time this stock was available for purchase, at $1 a share, it was actually worth on the market approximately $4 a share.

A copy of this list was not available to this committee from the Food Fair company, but a photostatic copy was obtained from Eastman, Dillon Co., and made a part of the record. This list, which Louis Stein, had given to Eastman, Dillon, was headed "Suggested names of labor men for consideration in connection with Food Fair Properties, Inc. stock." Opposite each name and address on this list appeared the number of shares for each.

The first name on this list was Benjamin Lapensohn, for 1,000 shares. Raymond Cohen, of Teamsters Local 107, was also on this list for 1,000 shares. The names of both had been crossed out, and

written in place of Lapensohn's name was that of Jack Shore for 2,000 shares. Mr. Kopecky had previously told how Lapensohn reimbursed Shore with a $10,000 check for the purchase of the Food Fair bonds. Lapensohn also reimbursed Shore for the 2,000 shares of common stock with a $2,000 check, written 4 days after the date of the $10,000 check. The 2,000 shares which went to Lapensohn through Shore were worth about $8,000.

Other labor leaders on the list and the stock they purchased were enumerated by Mr. Kopecky. Max Block purchased 2,000 shares for $2,000—actual value, $8,000. Paul Lafayette bought 1,000 shares for $1,000, which at that time were worth about $4,000. Six months later, he sold this stock for $4,800, making $3,800 on the deal. Relative to the units he had also purchased, Lafayette separated the stock from the bonds, selling the stock. For an investment of $8,000, Lafayette received $8,300 from the sale of the stock, and still holds the bonds, worth $8,000.

Mrs. Nicholas Novelino received 500 shares of stock for $500, the actual value of the stock being $2,000. Mrs. Novelino is the sister of Eugene Kennedy, who is general manager of local 1500 of the Retail Clerks' Union. Eugene Kennedy in an affidavit stated that he was contacted in August or September of 1955 by Jules Schwartz of Food Fair, who inquired whether Kennedy desired to purchase any Food Fair stock, soon to be issued. Mr. Kennedy said he declined, as he preferred not to invest in a company with whom he had a collective bargaining agreement. He did arrange, however, for his sister, Mrs. Novelino, to buy 500 shares.

Joseph Belsky, vice president of the International Butchers' Union, was another one on the preferred list. For $1,000 he bought 1,000 shares worth $4,000. John Tennyson, a representative of local 162 of the Meat Cutters' Union in Baltimore, purchased 400 shares for $400, when the stock was worth approximately $1,600. Elizabeth Abramoff, the wife of William Abramoff, president of local 1358 of the Retail Clerks' Union in New Jersey, bought 400 shares for $400. Another purchaser of 400 shares was John Haletzsky, from local 1393 of the Retail Clerks' Union in Reading, which union also has contracts with the Food Fair Stores. Jack Birl of the Butchers' Union, local 199 in Millsboro, Del., also on the list, bought 300 shares for $300. From local 195 of the Meat Cutters' Union in Philadelphia, Vincent LoCasale, Rocco Rossano, and Joseph Snyder (since deceased) were all on the list and purchased 300 shares apiece at a dollar a share. Allan Love, a representative of the Common Laborers' Union, local 57 in Philadelphia, which has a bargaining arrangement with Food Fair, was on the list for 300 shares, which he purchased. Likewise, Anthony Matz, president of the Firemen and Oilers' Union, bought 300 shares for $300. His union has a contract with Food Fair.

Irving Kaplan, business manager and president of Local 464 of the Butchers' Union, Newark, N.J., bought 1,500 shares at a cost of $1,500, actual value $6,000. Max Becker, an official of Local 1262 of the Retail Clerks' Union in Newark, N.J., bought 500 shares at a dollar a share.

Bernadette Casale, the wife of William Casale, secretary-treasurer of Local 342 of the Meat Cutters' Union, which is Max Block's local, had 300 shares purchased in her name.

Joseph D'Urso, business agent of Local 1390 of the Retail Clerks in Philadelphia, bought 100 shares, as did William Cherry of the same union. This union does not have a contract with Food Fair, but D'Urso and Cherry are both known to be good friends of Louis Stein.

Leon Shacter is vice president of the International Butchers' Union, president of local 56 in Camden, N.J., and cochairman of the joint organizing committee of the Butchers and Teamsters. His local has a contract with Food Fair, and he also is on the list for 300 shares, which he purchased.

Significant to the committee was the fact that there were no rank and file employees of the Food Fair Stores Co. who received gratis any rights to buy any units.

The labor officials on the preferred list of Mr. Louis Stein, therefore, were able to purchase, for a total expenditure of $12,100, 12,100 shares of Food Fair Properties stock, which had a value of $48,400. Considering the bonds and stock together, the Food Fair people made available to the labor officials bonds and stock for $42,100 which had an actual value at the time of $90,400.

Jack Shore, of Merion, Pa., brother-in-law of Ben Lapensohn, would not furnish the committee any information on these stock transactions. He invoked the fifth amendment on all questions as to why he served as intermediary in the transfer of Food Fair bonds and stock to Ben Lapensohn, and declined to explain any arrangement made between him, Mr. Louis Stein of Food Fair, and Lapensohn. The pertinent statement of the chairman to Mr. Shore and his reply are as follows:

> The CHAIRMAN. If this was a transaction that was open, honest, and aboveboard, and not one that was intended, for the truth about it, to be concealed, something to be hidden, something not to be uncovered, since the transaction was consummated long ago, what do you think there is about it now that might be incriminating?
>
> Mr. SHORE. It might be some evidence against me.
>
> The CHAIRMAN. We have a situation here now where evidence is indicating there were some arrangements between labor leaders and management for them to engage in certain transactions, whereby the labor leaders, at least, and people affiliated with labor unions having contracts and business transactions with Food Fair Properties, the Food Fair company, might profit. If this is in error, if there is anything that we are developing here that is not factual, that is not the truth, but if these are just ordinary transactions that happened without any peculiar reason for their being made, not different from the ordinary transactions, I think you owe it to Food Fair Stores to make an explanation of it and state what the facts are.
>
> You tend to cast a reflection when you come in here and say you can't tell about these transactions because there is something there that might tend to incriminate you.
>
> You are not the only one involved. On the face of it, it is just an ordinary transaction where you might have purchased stock for your brother-in-law and then transferred it to him and he reimbursed you. If you can do it without self-

incrimination, I think you owe it to Food Fair Stores to explain it and state what the facts are.

(The witness conferred with his counsel.)

The CHAIRMAN. Do you want to confer with your client a moment? You may.

(The witness conferred with his counsel.)

Mr. SHORE. I respectfully decline to answer upon the ground I am not required to give evidence against myself under the fifth amendment.

The CHAIRMAN. I cannot be the judge of that, but I can say this to you: By taking that position, you are casting implications here that are hurting other people. I am trying to get the truth. If the implications are facts and they are calculated to hurt, let them hurt. But if they are not, you are in a position to help clear it up. I think you owe it to them, unless there is something in here definitely that would tend to incriminate you if you told the truth.

(The witness conferred with his counsel.)

Mr. SHORE. It might be some evidence against me (p. 11119).

Shore continued to take the fifth amendment on all questions, and would furnish no information as to whether Lapensohn transferred 1,000 shares of the Food Fair stock to Raymond Cohen.

Mr. Samuel P. Mandell of Wynwood, Pa., a prominent produce dealer in Philadelphia, was able to furnish information on the relationship between Louis Stein and Ben Lapensohn. Mr. Mandell said that Food Fair Stores is one of his largest accounts; one-third of his volume of business is with that company. He stated he had known Louis Stein for a long period of time and considered him a close friend.

Mr. Mandell told of a $5,000 stock transfer from Stein to Lapensohn. This involved stock in Dan River Mills, a textile company in Danville, Va. Mr. Mandell and Mr. Stein in 1955 were both stockholders in that company, later becoming directors. In fact, Stein later told the committee that he became a director in May 1955.

As explained by Mr. Mandell, Louis Stein called him about June 28, 1955, asking him to transfer 500 shares of Dan River Mills stock to Ben Lapensohn at $20 a share, with the understanding that Stein would in turn repay Mandell with 500 shares of Stein's stock. The reason for this, Mandell admitted under questioning, was that Stein did not want to make any direct transfer of stock to Lapensohn.

In accordance with this request, Mr. Mandell sold to Lapensohn 500 shares of Dan River Mills stock at $20 a share, and he identified for the committee the $10,000 check which he received from Lapensohn as payment. Mr. Mandell told the committee that at the time this transfer was made, the stock was actually worth $15,000. Mr. Mandell, who had only a speaking acquaintance with Lapensohn at the time, entered into this transaction only as a personal favor to Louis Stein.

Mr. Mandell said that Mr. Stein later transferred to Mandell 500 shares of Stein's Dan River Mills stock, as he had agreed to do. The $5,000 loss in the transaction was Stein's and not Mandell's, and Lapensohn got a $5,000 gift from Stein in the purchase of this stock.

Mr. George Kopecky of the committee's staff testified that at the time of the transfer of the Dan River Mills stock to Lapensohn, the

500 shares were worth approximately $15,000. Shortly after Lapensohn acquired the stock, it was split two shares for one. Lapensohn then had 1,000 shares, 500 of which he sold September 8, 1955, and the balance the following year. He realized an actual profit, when he sold the stock, of $4,756.59. According to Mr. Kopecky, Lapensohn omitted from his income tax return $2,450 of the profit he made on this deal.

Mr. Mandell outlined another incident for the committee wherein he was used by Louis Stein to transfer some Food Fair stock to Ben Lapensohn through Lapensohn's brother-in-law, Jack Shore. Mr. Mandell testified that about 2 or 3 days before October 3, 1955, Stein called Mandell on the telephone, advising him that Stein had some rights that were due Mandell, and asking Mandell to meet him in a Philadelphia hotel so Stein could turn the rights over to Mandell. At this meeting, Stein gave Mandell 6,000 rights. At the same time, he asked Mandell to deliver 4,000 rights to Jack Shore, as Stein was in a hurry at that time. Mr. Mandell told the committee that prior to that, he had not known Jack Shore. Mr. Stein made no further explanation to Mandell on this occasion as to why he wanted to get these rights to Jack Shore in this manner.

The following day, Shore came to Mr. Mandell's office to pick up the 4,000 rights. Shore, instead of taking the rights and then purchasing the $10,000 worth of bonds, had Mr. Mandell handle the transaction for him in the following manner. Shore gave the rights back to Mr. Mandell, along with a $10,000 check. Mandell then turned in the rights to the bank plus his own check for $10,000, and purchased the bonds for Shore. Mr. Mandell had no explanation as to why Stein had the transaction go from Stein to Mandell to Shore. Mr. Mandell explained further that he was wholly unaware that Lapensohn had paid $10,000 to Jack Shore that same day for the bonds, or that the bonds were even to go to Ben Lapensohn.

The committee noted that Mr. Mandell's motive in acting as an intermediary was to perform a personal favor for Louis Stein. Mr. Mandell was also in a position to profit personally from the securities he was able to purchase for himself.

The committee listened with interest to the testimony of Louis Stein, president of Food Fair Stores, Inc. Stein told the committee that he had known Ben Lapensohn since 1940 or 1941. At first he denied knowing Lapensohn was associated with any union in any capacity whatever. Following is his further testimony regarding his knowledge of Ben Lapensohn.

> Mr. KENNEDY. When you started seeing him more frequently in 1953, 1954, and 1955, you had no idea that he had anything to do with local 107?
>
> Mr. STEIN. I knew that he had to do with Ray Cohen and that he had helped him—he told me that he had helped him sponsor his cause of getting elected as secretary-treasurer.
>
> I had known that he was very active in union affairs because of the magazines that he had, and that he was well connected with many unions. But I did not know him to be connected as a representative of 107.
>
> Mr. KENNEDY. Did you know he worked for local 107?

Mr. STEIN. I did not. The first time I ever heard of any indication that he worked for them was when these committee hearings started.

Mr. KENNEDY. You never discussed, when you used to used to see him in 1954 and 1955, what his connections were, and with whom he worked, is that right?

Mr. STEIN. He did tell me, I know this, that he was in the labor magazine business. I had heard that, and that was rumored all around. When you traveled around the city, you knew that. And also he was in the real estate business.

Mr. KENNEDY. You never picked up a rumor that he was with local 107?

Mr. STEIN. Not that he was with them; that he was very close. He told me that he was an adviser of Mr. Cohen's.

Mr. KENNEDY. He did tell you that?

Mr. STEIN. Yes. He told me he was an adviser of Mr. Cohen's. I think I told your committee investigators almost a year ago.

Mr. KENNEDY. The only thing he didn't indicate was that he was on the payroll of local 107?

Mr. STEIN. No, he did not, Senator——

Mr. KENNEDY. I said that is the only thing he did not indicate to you, is that right?

Mr. STEIN. He didn't indicate that he was on the payroll.

Mr. KENNEDY. Right. He did not indicate that to you, isn't that correct?

Mr. STEIN. I am sorry. You are right.

Mr. KENNEDY. And you never inquired of him as to whether he was receiving any money from 107 or Mr. Cohen?

Mr. STEIN. He told me that he was not officially with 107. He told me that he was an adviser.

Mr. KENNEDY. He told you he was not officially connected with local 107?

Mr. STEIN. That is right.

Mr. KENNEDY. He told you that?

Mr. STEIN. Yes, sir.

Mr. KENNEDY. And you never heard a rumor to the contrary around Philadelphia?

Mr. STEIN. There was rumors that he was close to 107, sure.

Mr. KENNEDY. But you never heard that he was actually connected with 107?

Mr. STEIN. That is correct, sir (pp. 11131–11132).

Regarding the transfer of the 500 shares of Dan River Mills stock to Lapensohn, Stein had this to say:

Mr. STEIN. Well, he had met me on a number of occasions prior to this transaction you are talking about attempting to get me interested in going into a building construction business with him. It seems as if he had gone into the business of building the small office buildings. I had turned him down. He had spoken to me about another venture, about a shopping center setup, and I didn't want to go in the deal with him.

At that occasion, he had come up to the office to get my answer on these building projects. When I turned him down, he brought up the question of Dan River, and he said, "I understand that you are going to become a director of Dan River." I said, "That is correct."

He also brought up the fact that he understood I had a block, a large block, on option. I told him that was so. At that time he asked whether he couldn't participate in that option. I knew that I had turned him down with every request. He also seemed to want to get an edge on some of these things.

I didn't want to get his ill will and I told him he could have 500 shares. To place the date, this was about March 1955, because I became a director of Dan River Mills in April, the early part of April 1955.

Mr. KENNEDY. Is that all? Is that the end of it?

Mr. STEIN. You asked me how I came to discuss it. Thereafter, about a month or two later, he called me for the stock, and I told him I hadn't received it yet. On the following call, I had gotten notice from the people who had promised me the option, that they were going to send me a part of these options.

I told him, at that time, to get in touch with Mr. Mandell and he would give him the 500 shares. The reason I had told him to go to Mandell was because by that time the stock had gotten to $29 a share, and he was to get it at $20, because that was my option price. I had 5,000 shares given to me at the $20 price.

Because of his association with so many labor people, I just didn't feel right in having the transaction go through my books. I asked Mr. Mandell whether he would give it to him. Now in retrospect, I see that it was an error, and I should not have had it go through Mandell's books, but should have gotten it through my books, because there was nothing wrong, except that I have now colored the story that shouldn't have been colored.

Mr. KENNEDY. What happened, of course, was that you gave what amounted to $15,000 worth of stock for $10,000.

Mr. STEIN. At the time, sir, the stock was about $22 a share. It would have been about $1,000 difference, not 15.

Mr. KENNEDY. We have looked it up here, and I think the previous witness has testified to the fact that at that time the stock was worth $15,000.

Mr. STEIN. Mr. Kennedy, when I turned over the stock it was in June, the latter part of June 1958.

Mr. KENNEDY. 1958?

Mr. STEIN. 1955. But when I had first promised him the stock, when he asked me for it, and I told him he could participate to the extent of 500, was in March of 1955, and at that time it may have been around 22 or 23 dollars a share.

Mr. KENNEDY. The only think I am pointing out to you is what the facts show, what the evidence shows, which was that at the time you transferred stock through an intermediary for $10,000, the stock was actually worth $15,000. You

state at that time you did not know Mr. Lapensohn was an employee of local 107, or had anything to do with local 107, except in an informal basis.

Actually, Mr. Schwartz from your company has testified that he knew that Lapensohn was connected with local 107 and had discussed some of Food Fair business with Mr. Lapensohn.

Mr. STEIN. I heard Mr. Schwartz's testimony. I don't ask him who he deals with in each individual contract. We have about 100 contracts in our organization, sir. What I was trying to say, sir, is that I am not doubting what Mr. Schwartz said. If you will remember, Mr. Schwartz said he never called Mr. Lapensohn, but found out in an indirect way, and I don't remember, maybe you do, when he did speak to Mr. Lapensohn. But coming back to myself, Mr. Schwartz does not report to me about every labor leader he talks to, or any person he talks to in any labor hall.

Mr. KENNEDY. We interviewed, with Senator McClellan present, your secretary the other evening, and I believe both of your attorneys were present, and she told us that she had telephoned Mr. Lapensohn on a half dozen occasions, and that she always found him in local 107.

Mr. STEIN. It may be true that she called him there. He was there a great deal, from what I understand. But I am telling you also that he was not supposed to have been officially connected with 107.

Mr. KENNEDY. It just is a very peculiar circumstance that you would make such an arrangement with an individual you say you did not know very well, who had never been to your home, you had never been to his home, and to make an arrangement just because he was possibly slightly annoying that would permit him to make a $5,000—well, you really gave him a $5,000 gift. That is what it amounted to.

Mr. STEIN. In the first thing, when I gave it, it was not $5,000. It was only about $1,000.

Mr. KENNEDY. At the time the transfer took place, Mr. Stein, it was actually worth $15,000.

Mr. STEIN. At the time the transfer took place, you are right. That was the reason why, because it was that price, that I felt somewhat concerned about turning it over directly, knowing of his connections with many union officials.

Mr. KENNEDY. Are you familiar with section 302?

Mr. STEIN. Yes, I think so. I don't know. You pointed it out to me the last time I was here.

Mr. KENNEDY (reading): "It shall be unlawful for any employer to pay or deliver or to agree to pay or deliver any money or other thing of value to any representative of any of his employese who are employed in an industry affecting commerce. Any person who willfully violates any of the provisions of this section shall, upon conviction therefore, be guilty of a misdemeanor and be subject to a fine of not more than $10,000 or imprisonment of not more than a year, or both."

Mr. STEIN. You will remember when I asked for a conference with you some weeks ago, you pointed that section out when you and I disagreed about the stock purchase plan (pp. 11132–11134).

From the Dan River Mills transaction, the committee went into the transfer of rights, bonds, and stocks to key labor officials by the Food Fair Co. Mr. Stein explained that in making plans to float a stock issue for the new company, he insisted to Eastman Dillon that rights be given to the present Food Fair stockholders to purchase the bonds and units. According to Stein, the senior partner of Eastman Dillon insisted that the officers of Food Fair must agree to take their portion of the rights before Eastman Dillon would take the risk of allowing Food Fair to give rights to the stockholders. Set forth below is Mr. Stein's further explanation:

It was with that understanding that I went back to my principal officers. The chairman of our board, who has the major portion of this business, under this plan would have been required to put up about $1,750,000, about, and he didn't feel that he wanted to put up all of that money. He made the other officers of the company promise that if he went along with the plan, if anyone asked for any of the units, that he would have the first right to dispose of at least a half million dollars worth, because he did not have the available cash.

To bear out this point, he borrowed, at the time—he and his family borrowed $1,200,000 from a Pennsylvania company to meet his obligation on the securities when they were exercised in October 1955.

After the registration statement was filed and it was publicly published that the issue was going to be floated, I received a number of calls, and was asked by our friends and by—I don't recall how many—three or four labor leaders, and they asked whether they could get any of these units.

This was all before it came out of the SEC, prior to September 13 or 14, whatever date it was released.

I told them the amounts I would give them and told them that it was subject to its being released by the SEC, and if they were buying it for investment and not speculation. This went for 340,000 worth of these units—30,000 went to union officials. I am really happy to say when I looked over the list, and I never checked up, that one of them, I think, sold some of the stock, and the others kept their units, so they did keep their promise that they bought it for investment. That is how it came about (p. 11135).

With this background information on the matter of rights as furnished by Mr. Stein, the committee attempted to find out why the rights, the bonds, and the stock were made available to Ben Lapensohn in such a roundabout fashion:

Mr. KENNEDY. And Mr. Jack Shore called you?
Mr. STEIN. No, sir. I told your investigators that story.
Mr. KENNEDY. Just answer the question.

Mr. STEIN. I am sorry. When your investigators came in to ask me about how Jack Shore got his stock, I told him I have only met Jack Shore on one occasion, several years back, that I did not know him, but that Ben Lapensohn had come to my office and asked whether he couldn't have some of these units. He said "My brother-in-law would like to have them. Would you please get it for him?"

I said I would be glad to, and I told him the most I could get for him was $10,000. He then asked me also if he could have 1,000 shares—whether I would suggest or get for him 1,000 shares of stock for Mr. Ray Cohen and 1,000 shares for himself.

I said I would try to get that for him.

Mr. KENNEDY. This is apart from the bonds?

Mr. STEIN. That is right. Do you want to stick to the bonds? It is one conversation.

Mr. KENNEDY. That is all right. That is fine.

Mr. STEIN. Several days later I received a phone call from Mr. Lapensohn, and he said that they didn't want, neither Cohen nor he, wanted the stock, and would I mind trying to get it for his brother-in-law. I said I had no objection, that to me it made no difference. You will notice in the list that I sent to Eastman Dillon scratched out their names and substituted Jack Shore. There was nothing hidden and nothing mysterious about it.

Mr. KENNEDY. Once again, in the handling of this transaction, which involved Mr. Benjamin Lapensohn, in the first place, if you did not know Benjamin Lapensohn was a union official, why was he put on the list of union officials?

Mr. STEIN. I did not know why he was put on the list; I didn't notice it, except that he asked for Ray Cohen and his name was there, and I suppose when I gave it to my secretary, she insisted or thought she ought to put both on, on that list.

Mr. KENNEDY. Then the circumstances of having Jack Shore's name on there at all, and when we trace it, we find that Jack Shore immediately transferred these bonds to Mr. Benjamin Lapensohn.

Mr. STEIN. Your investigator told me that and asked me whether I knew whether it was bought for Mr. Lapensohn. I said he didn't have to go to those lengths.

Mr. KENNEDY. Would you admit that the circumstances surrounding this transaction are highly suspicious, to say the least?

Mr. STEIN. Not this one. The one other one, yes. I admitted a few moments ago that it was indiscreet on my part of handling the 500 Dan River Mills the way I did. But not this. This was clearly up and aboveboard without any intent of deceiving or hiding the situation.

Mr. KENNEDY. I will tell you what sounds possibly a little suspicious. That is the fact that Jack Shore, who you admit you had only met once, is put on this list, and Jack Shore then procures these units, that it is done through an intermediary, Mr. Mandell, and then they are then

transferred to Mr. Shore, who then transfers them to Mr. Lapensohn. Those circumstances are highly suspicious.

Mr. STEIN. Mr. Kennedy, I don't blame you questioning that problem. May I please answer? What happened was that these units did not come from the registrar and transfer agent, these rights, until very late in the month of September.

In other words, you have to get your stockholders listed as of a certain date. Then the registrar and transfer company had to prepare the list, type up the certificates, and mail them to the prospective stockholders.

We got them in the latter part of September. Then I had to get in a hurry to make the distribution, because October 3 was the last day that they could be exercised.

Mr. Mandell had agreed to purchase $15,000 worth of these units, and $10,000 was to go to Mr. Shore. I took two 3,000 certificates, and I took two 2,000 certificates, and I intended to meet both gentlemen that weekend downtown, because that following Monday they had to be exercised. I got ahold of Mr. Mandell and gave him his, but I could not get ahold of Mr. Shore. I was going out of town that weekend. I asked Mr. Mandell "Would you please do me a favor and give these certificates to Mr. Shore?"

Now, since then, and since all this commotion started on these certificates, and I checked through and found what Mr. Mandell did. He gave his son 2,000, or somebody, of his six, gave them a 2,000 certificate, and when he had to give Mr. Shore his 4,000, he didn't have an equal amount to give him.

So he went in a 3,000 certificate and a two, as I understand the records, and transferred 4,000 into Mr. Shore and took 1,000 back into himself. But I had no control. It looks a little complicated, but it was not my doing, other than I initiated it by giving it to him (pp. 11136—11137).

The chairman agreed with Stein that it did, indeed, look complicated, and then made the observation that from the beginning, apparently, the units were to go to Lapensohn, actually did go to Lapensohn immediately, as he had paid for them the same day he received the units from Shore. Mr. Stein admitted that it was true that Lapensohn was the one who was favored in this deal.

It has been mentioned before how witness after witness took the fifth amendment on mention of Lapensohn's name, or minimized his acquaintanceship with the man. In this regard, the following testimony of Louis Stein is consistent:

Mr. KENNEDY. Why did you want to favor Mr. Lapensohn?

Mr. STEIN. Because if anyone is in business and you know that a person stands well in labor circles, you don't try to incur any ill will. If it did not mean anything to me, and he came and asked me for a favor, certainly I ought to try to do it for him, because that is human nature, and that is the way business is done, not to get any benefits that you are not entitled to as was intimated in a contract yesterday, but merely to be sure that you don't create ill will but try

to get good will of people insofar as your business is concerned.

The CHAIRMAN. Let's go back to the other one, the Dan River Mills. Were you making that stock available simply to incur good will?

Mr. STEIN. To prevent ill will, more important than creating good will at that time, because I was turning him down constantly on a number of deals that he had come up to see me on.

The CHAIRMAN. Unless you had some information, or unless you were under some more or less compelling impression that you needed to retain the good will of Mr. Lapensohn, I can't understand why, if you were not good friends, and you intimated you were not, why you would want to incur losses in a transaction of that kind simply to favor him.

Mr. STEIN. Your committee did a very fine job in bringing out Mr. Lapensohn's influence in labor circles. When you are sitting at the other side of a business table, and you know that the man is very well connected, you don't go out of your way, you don't look to go and do business with the man, but you do know him and you may not be friends but you are friendly with the individual. You don't like to turn him down if you feel you could do him a turn.

The CHAIRMAN. In other words, the effect of your testimony is you thought he had such power or influence in the ranks of labor or with labor organizations that it was a good idea to keep his good will?

Mr. STEIN. I would rather put it this way——

The CHAIRMAN. Or to avoid incurring his ill will.

Mr. STEIN. That is right. That is very important Senator.

The CHAIRMAN. All right. We will put it your way.

Mr. STEIN. May I also state, sir, that I may have not been a very close friend of his, but he traveled in very nice circles in Philadelphia, and on a number of occasions and affairs that were held in town, I would always find him there.

He didn't have a bad reputation in Philadelphia, certainly not to my knowledge. Had I known today what this committee has brought out about this gentleman, I could assure you I would have stayed away from him with a 10-foot pole.

But I did not know the things, and I don't think you knew them in 1955.

The CHAIRMAN. Well, I didn't, of course.

Mr. STEIN. I meant to say the committee.

The CHAIRMAN. I didn't know the man, of course.

Mr. STEIN. I apoligize, sir. I didn't mean that.

The CHAIRMAN. So far as you may have known him at the time, he may have had a good reputation. You did not know about his past. But the important thing here is that you were dealing with a man who was an official representative of the labor union, a man employed by them. You said you didn't know he was so employed, but he told you that he was the adviser to the secretary-treasurer of that local. So you knew he had labor connections, whether on a

compensated basis or whether just in a position of influence (pp. 11138–11139).

In response to further questioning, Stein admitted there would be nothing in the files or records of the Food Fair Co. to show that the Block brothers or Paul Lafayette received any units, because these men also received their rights and bonds through an intermediary, as did Lapensohn. In the case of Max and Louis Block, and Paul Lafayette, the intermediary was Sidney Mathe, the Food Fair attorney in New York, who also handles contract negotiations for the Food Fair Co. with the Block brothers' union. All four labor officials who together received rights worth approximately $9,000 likewise received the transfers of bonds through a devious route so that their names were not on the list of original issue.

The committee went into the subject of the 20 labor leaders, or their relatives, who were on the preferred list to get the Food Fair Properties stock. When questioned as to why this list was prepared and sent to Eastman Dillon, Mr. Stein furnished this explanation:

> Mr. KENNEDY. How did you go about making up the list of some 20 individuals, union officials, who you gave the right to purchase stock?
>
> Mr. STEIN. We received a number of calls from many people. We received a number of calls from many people, people that we do business with, friends, and many of our employees. Some of them were labor people who called and requested could we try to get them some stock. You must bear in mind that we did not own this stock. We sold this stock to Eastman Dillon.
>
> The most we could do is suggest. Although they promised to consider the names we gave them, they had no obligation to give it to us, and we could not force them to. The most we could do is promise these people, whoever they may be, that we will suggest. You will note the heading. I did not know there was going to be a McClellan committee in 1955.
>
> You will note the way it is designated. You did not get this from my file, you got this from Eastman Dillon's file.
>
> Mr. KENNEDY. I agree.
>
> Mr. STEIN. It says "suggested names of labor men for consideration in connection with Food Fair Property stock."
>
> This clearly indicates that I could not promise anybody anything other than Eastman, Dillon promised to give it favorable consideration.
>
> * * * * *
>
> Mr. STEIN. That is all right, because they wanted to consider. We could not force them to do it. All we did was suggest it, these names. When they went to issue their confirmations, these certificates went out. By the way, they didn't send to everyone we asked. At a certain point, they stopped and would not take them.
>
> Mr. KENNEDY. I do because you were sending them in so late, I understand.
>
> Mr. STEIN. I can assure you that I didn't make any profit on that. Everybody was paying the same price for the stock,

and Eastman, Dillon confirmed this list here. After the stock came out and was selling at $4, if it sold at $4, that didn't mean that I gave them anything at $4 or that Eastman, Dillon gave them anything at $4.

Mr. KENNEDY. All I say is that if you did not place them on this list, if you had not sent this list, instead of Max Block paying $2,000 for 2,000 shares, he would have paid $8,000 for 2,000 shares, and instead of Lafayette paying $1,000, he would have paid $4,000. In summary, instead of these 20 officials having to pay $12,100, they would have had to pay $48,400. This was a tremendous gift to them (pp. 11143–11145).

In view of the information the committee had that Food Fair officials had solicited certain labor officials to purchase the new Food Fair stock at the premium price, Mr. Stein had this to say:

Mr. KENNEDY. Mr. Stein, did you approach some of these union officials, you or your representatives, to determine whether they would be interested in being put on this list?

Mr. STEIN. I did not approach anybody.

Mr. KENNEDY. Did anybody in the company approach any union official to determine whether they wished to be put on this list?

Mr. STEIN. To my best knowledge there was no approach. I was mindful of the fact, Mr. Kennedy—you were kind enough to tell me—that you had several statements showing that some were solicited. I don't know whether there is anything wrong or not wrong in soliciting, but it was not my instructions to solicit. I never solicited from anyone on this list to purchase any of this, to even suggest that they purchase the stock.

Mr. KENNEDY. Do you know if Mr. Schwartz, who was your labor relations director—do you know if he solicited any union official?

Mr. STEIN. I am sure he didn't go around soliciting any——

Mr. KENNEDY. Do you know if he approached any union official to determine whether that official wished to be placed on this list?

Mr. STEIN. To my knowledge, he didn't approach anyone.

Mr. KENNEDY. You have discussed that with him, have you?

Mr. STEIN. I discussed that situation with him, and he says to his best recollection he did not (p. 11144).

There was read into the record an affidavit by Anthony Matz, president of the International Brotherhood of Firemen, Oilers, and Railway Shop Laborers, who stated that for several years he had advised Julius Schwartz in a general way on labor negotiations. Matz told how he had been approached in the late summer of 1955 by Schwartz, who told him that he could "get in on the ground floor" by purchasing some new Food Fair stock at a dollar a share. Thereafter, Matz bought 300 shares for $300, forwarding his check to Eastman, Dillon in accordance with Schwartz instructions.

Stein said that he did not know Matz, and that after learning of this incident when interviewed by committee staff members, he discussed it with Schwartz, who could not recall making any such solicitation.

As to the affidavit of Eugene Kennedy of Local 1500, Retail Clerks Union, wherein he stated that he turned down the offer of Julius Schwartz to buy Food Fair stock, but arranged for his sister to buy 500 shares. Mr. Stein denied knowing that Schwartz made such a contact, and stated that, had he known of it,

> I would have objected, whether they were labor leaders or individuals, because we are not in the business of selling stock, and I would not want to stick my neck out to tell someone to buy stock. Our position is to sell stock, not to go ahead and buy it.

With reference to the stock purchased by Max and Louis Block and also the rights they received, Mr. Stein was questioned regarding any advantages received by the Food Fair Co. in the pension plans of the Blocks' unions, as compared with other companies. Mr. Stein said he had no knowledge of such a situation. Mr. George Kopecky of the committee's staff, therefore, explained to the committee the pension plans in question.

According to Mr. Kopecky, Local 342 of the Butchers' Union in New York had contracts with 12 retail food chainstores. The Food Fair Stores and one other chain, known as Food Farm Supermarkets, were to pay $2 per week into the pension fund, beginning June 1, 1958. All of the other companies having contracts with this union had to commence paying into the pension fund as early as 1956. Mr. Kopecky stated that in the New York area, the approximate saving to the Food Fair Co. by not having to commence payments until June 1, 1958, amounted to approximately $25,000 a year.

In the Philadelphia area, according to Mr. Kopecky, there are three major retail food chains, two of which were obliged to commence payments on their pension funds with this union July 1, 1957. The third company, which was Food Fair Stores, did not have to pay into the pension plan until the week commencing December 29, 1958. The saving to the Food Fair Co., by this 18-month delay, was approximately $142,000. According to Mr. Kopecky, the labor leader who negotiated the contract in the Philadelphia area was Leon Shacter, who was on the Food Fair preferred list to buy 300 shares of Food Fair Properties stock.

When questioned about his relationship with Mr. Leon Shacter, and whether or not he had any other financial dealings with him, Mr. Stein stated that there was a $6 million deal to purchase a large tract of land in Florida in which Shacter had an interest of $9,900. When asked whether he had suggested that Shacter go into the Florida land deal, Stein stated:

> I didn't make a suggestion. I told him, as I can best reconstruct—because you can see when we have a deal involving millions of dollars, $9,900 was not a big thing. But he knew about it, and I saw him, and I happened to tell him about it, as I remember it, the conversation went along like he could have a unit, or whatever else is represented.

But he paid what everyone else paid. I don't know if he tried to sell it today whether he could get the money out of it. There may be a loss today.

Mr. Stein said he was unable to recall whether his discussion with Shacter on the land deal corresponded with the time that the labor contract with Shacter's union was negotiated.

Pertinent to the committee's inquiry were the following remarks of Mr. Stein as Chief Counsel Kennedy tried to ascertain why key labor officials were placed on the preferred list:

Mr. KENNEDY. Mr. Stein, at the time you placed them on this list or recommended that they be put on this list, you considered that you were doing them a favor; did you not?

Mr. STEIN. Because they——

Mr. KENNEDY. Just answer the question. Then you can give any explanation you like.

Mr. STEIN. If you are putting it on a yes-or-no basis, I would say "no." As an explanation—may I please state that this is what I mean by "no." It may seem extreme to say if it sold at $4 an hour after it was released, it was not a favor. When you deal with human beings and people, you try to see whether you cannot be pleasant about things, and you try to see that you incur, as I would call, either goodwill or prevent them to think ill of me. These are gestures which everyone finds themselves when they deal with people that they are in association with over a period of years. You don't look to be paid for it. You do it merely as a person-to-person relationship.

Mr. KENNEDY. You were not doing that for every individual that called you or talked to you, or everybody that you knew, every human being that you knew. You weren't placing them on a list so that they could purchase stock for a dollar which was worth $4.

Mr. STEIN. No.

Mr. KENNEDY. This was because of their connection with unions that you placed them on the list, is it not?

Mr. STEIN. Sir, there was 650,000 shares and out of the list of union people here, a small fraction of the people we deal with, and the 12,000 is a very small fraction of the stock that was sold. If that were true, I could have put them down——

Mr. KENNEDY. It is a small fraction for them. But for a particular individual to make a $3,000, $4,000, $5,000 profit immediately, or get a $3,000, $4,000, or $5,000 gift is very nice. It might not be a lot on the basis of Food Fair's overall business, but for the particular individual it means a great deal.

In summary, and you can make any comment you like, what you permitted these 20 union officials to do was to buy stocks or bonds worth some $90,400, and they only had to put up some $42,100. The units for four of these individuals were all handled through intermediaries, so that the transaction would appear to be hidden, or at least it was

hidden, and at least in two cases we have information that the solicitation came on the part of management.

Of course, as I pointed out to you before, to make any kind of a gift such as this is illegal (pp. 11150–11151).

In connection with the trailer drop concession which Food Fair received from local 107 and the negotiations which preceded it, Mr. Stein substantially reiterated the testimony of Mr. Julius Schwartz and Mr. Arnold Cohen of his company.

Since a large part of the hearings had to do with the numerous and varied activities of Ben Lapensohn in the labor movement, including his lucrative publications, his shakedowns of employers, his close affiliation with Raymond Cohen in the operation of local 107, and the favorable financial treatment afforded to Lapensohn by Food Fair, Mr. Stein was asked whether there were further transactions of any kind between his company and Ben Lapensohn which had not been brought forth in the hearings.

He stated there were none, and indicated he was speaking not only for himself but the other officials of his company.

Asked regarding the business dealings between the Food Fair Co. and Martin Zeitler, who has a paper packaging business and is the son-in-law of Max Block, Stein admitted being approached by Max Block to give Zeitler some business, which Food Fair subsequently did. In fact, a total of $508,705.90 was the extent of business which the Food Fair Co. gave to Zeitler from 1955 to 1958. Mr. Stein stated that after being contacted by Max Block quite a period of time elapsed before Food Fair started making any purchases from Zeitler. Stein maintained that Zeitler was given the business on a competitive basis.

Julius Schwartz was recalled to give the facts surrounding the approaches he made to Eugene Kennedy and Anthony Matz to purchase Food Fair stock. Schwartz said that while he did not think he approached Eugene Kennedy, as Kennedy's affidavit stated, that it was "possible" that he had made such an approach. He admitted discussing the Food Fair stock issue with Anthony Matz, and admitted that he told Matz there was a possibility Schwartz could get him some stock.

Schwartz absolutely denied he had ever entertained either Ben Lapensohn or Raymond Cohen. When the discussion reverted to the negotiations of 1954 between MTLR and local 107, Schwartz said that the statement of Mr. Hugh Gannon concerning a telephone call Schwartz received about 10 minutes after Raymnod Cohen's alleged conversation with Mr. Friedland was untrue. The chairman made this comment:

The CHAIRMAN. I want to get this record as complete as I can. If something is said that someone thinks is untrue, that affects him, I want to give him the chance to answer it.

Mr. SCHWARTZ. Senator I want to thank you for that, too.

The CHAIRMAN. I am not passing judgment, but it is in the record, and to me it is a pretty damaging statement.

Mr. SCHWARTZ. It was a mean statement, too.

The CHAIRMAN. I didn't say that. You said that. That is a matter of opinion. But if you were under obligation, if your company had entered into this agreement with MTLR,

as a member of it, and had given them the power of attorney, and then went out and negotiated on the side, or broke down the line, as they termed it, and by doing so in effect destroyed the bargaining effectiveness of the others, and they had to yield by reason of it, I think it is something that is out of line.

(The witness conferred with counsel.)

Mr. SCHWARTZ. Getting back to that question of breaking the line, there was no line broken by us.

The CHAIRMAN. If Mr. Gannon's testimony is true, with all of its implications as to the deal having been made by your company on the side with Mr. Cohen, in which he could come in there and call the head of your company and say, "Listen, are you going to standby what you told me," and was using that to establish the fact with the others he was negotiating with that the line had been broken, if those facts are true, then it looks to me like there was a breaking of the line. I don't see how anyone could draw any other conclusion (p. 11164).

Schwartz said that since Gannon's appearance before the committee, he, Schwartz, had discussed the matter with Raymond Cohen. Schwartz asked permission to make a statement regarding what he learned from this conversation with Cohen.

The CHAIRMAN. I have no objection, only it is in a sense, cluttering up the record. I want to say this. When one in Mr. Cohen's position is given an opportunity to come up here and testify and help clear these things up, maybe because he didn't we are having to have other witnesses here.

Mr. LUCAS. I appreciate that, Mr. Chairman. But he did not take the fifth amendment on a number of things, and I doubt if he will take it on this question, about that telephone conversation. I would like to have Mr. Schwartz repeat it if permissible.

Mr. KENNEDY. If I may say so, one of the points here is the relationship which has existed between Food Fair and 107.

The CHAIRMAN. All of that can be taken into account. How long is the statement?

Mr. LUCAS. It is a very short statement.

The CHAIRMAN. Make it brief. But I want to say that the Chair—I will not say I would not believe what you say, but I am saying when a witness comes up and he evades, as Mr. Cohen has, he doesn't stand very high in dependability with me.

Mr. SCHWARTZ. I will give you the story as briefly as I can. It was a very, very difficult negotiation. On the last day of the negotiation, as you heard yesterday, Mr. Gannon carried the ball because Mr. Clark had collapsed a night or two before. I understand from Mr. Cohen, and this is Raymond Cohen and not Arnold Cohen, that in order to break the back a little bit he called Mr. Gannon in and they spoke for a minute or two, and then he made a play, which happens in negotiations, where he said: "Look, you boys are tough, but I think they are folding, Food Fair is folding, and I will

show you what I can do here. I am going to try to get George Friedland on the phone."

He dialed some numbers, as I understand it. Mr. Gannon went for it, and that was a breakdown, and we finally got a settlement. There never was a call.

The CHAIRMAN. I can appreciate Mr. Cohen would do that, if he thought he would get by with it. You are not telling me anything I would not suspect with regard to him. But I don't know whether Mr. Gannon would be so stupid or not unless or until he thought that that telephone call had come through to you.

Is there anytning further?

Senator CURTIS. There was no subsequent call to you?

Mr. SCHWARTZ. No, sir.

The CHAIRMAN. That is very conflicting evidence.

Mr. KENNEDY. I think, of course, we have to keep in mind that you had, as your bargaining representatives, the MTLR during this period of time; that Mr. Blank does admit, and your company does admit, that they carried on behind MTLR's back a meeting. Then there is Mr. Gannon's testimony that followed that this conversation with Mr. Cohen took place, the call was placed, the call was made, and subsequently, you got your unlimited drops, you put the 20 helpers on, and you got a better contract than anyone else. (pp. 11165–11166).

A serious question arose early in the hearings as to a conflict of interest involving Attorneys John Rogers Carroll and Richard E. Markowitz who represented both union officials and rank-and-file members of the local. The Philadelphia Bar Association ultimately ruled that a conflict of interest did exist. The conduct of these two lawyers, particularly Carroll, elicited criticism from the committee on repeated occasions.

Thomas D. McBride, then attorney general of the Commonwealth of Pennsylvania, attracted the attention of the Senators. Mr. McBride of the Philadelphia law firm of McBride, Von Moschzisker & Bradley, served as counsel for local 107 from the time Cohen assumed his duties as secretary-treasurer until shortly after McBride was appointed attorney general.

Samuel A. Blank, attorney for the Food Fair Co., told the committee that he and McBride had maintained law offices in Philadelphia as cotenants of the same suite. The first time Blank knew Ben Lapensohn was connected with Raymond Cohen was in November 1953 when Lapensohn, Cohen, and a third person came to the office to retain Thomas McBride as Cohen's counsel.

When John Myhasuk was being questioned by the committee regarding the men he had beaten up on behalf of Cohen, he was asked by Senator Curtis if local 107 provided his attorney after Myhasuk had been arrested for the beating of William Roberts. John Rogers Carroll, who was representing Myhasuk before the committee, told the Senators:

At that time the firm with which I was associated was representing Mr. Cohen and that group that was backing Mr. Cohen asked us to represent Mr. Myhasuk. I did appear

with him before the magistrate at the same time that Mr. Gray, who was counsel for local 107, represented Mr. Roberts.

Our fee was not at that time being paid by the union. Mr. Gray's fee was, so far as I know. I trust that answers your question (p. 10464).

One of the union expenditures appearing questionable to the committee was a check for $7,500 dated June 25, 1954, payable to Thomas D. McBride for legal services retroactive to December 1, 1953. This would not appear to be a legitimate union expense, inasmuch as Cohen was elected only in May 1954, assuming office June 7, 1954. For many years prior to that time, Mr. William Gray served as the attorney for local 107.

After this retroactive payment to Mr. McBride had been brought out at the hearing, Mr. Carroll asked permission to make a statement. Carroll identified himself as a member of the law firm of McBride, Von Moschzisker & Bradley, but not at the time the $7,500 check was sent to Mr. McBride. Carroll stated that the firm was not then in existence, having been formed in November 1954.

Carroll told the committee that in his opinion, and in the opinion of Mr. McBride, Cohen was duly and properly elected as secretary-treasurer of local 107 in the union meeting of November 15, 1953. At the time of this election, McBride was retained by Cohen as counsel for the union. Carroll maintained that Mr. McBride continued to serve as the union counsel from December 1, 1953. The only reason McBride's payment was delayed was that the local had been put in trusteeship during this period and "the properly elected secretary-treasurer did not have access to the union funds."

The committee took issue with this statement, in view of the fact the November 1954 election was held invalid by the international. Furthermore, during the period of time covered by the $7,500 check the union was operated by a trustee who was the only one authorized to conduct the affairs of the union.

The following day, Mr. McBride appeared before the committee at his own request. His statement at that time was as follows:

> The issue that arose yesterday concerning me is, as I understand it, that I had represented Mr. Raymond Cohen in a private capacity, and that I had been paid out of union funds for such representation.
>
> (At this point, Senator Curtis entered the hearing room.)
>
> Mr. McBride. That is unequivocally untrue. The facts are as follows: On November 15, 1953, at the regular annual meeting of the Teamsters Union, Local 107, with which I had no connection whatever, Raymond Cohen was nominated as secretary-treasurer of that local. No other name was put in nomination. According to the constitution of the international, under such circumstances there was no need of a further postponement of 1 month, as is the case with contested elections, and he was declared elected; the president was declared elected; and the other officers were declared elected.
>
> The president was and is a man named Joseph E. Grace. He had been president, I think, for 20 years. Although Mr. Cohen had been a business agent, he had not been an officer.

Approximately 3 days after November 15, 1953, that is, on or about November 18, 1953, the president, Mr. Grace, and Mr. Cohen visited me in my office, and asked me if I would accept a yearly retainer to represent local 107. Previous counsel who had represented local 107 were thought by them to be in favor of Mr. Crumbock, who had been secretary-treasurer, but had not had his name put in nomination on November 15.

Mr. Gray, it appeared, had been paid on or about November 1 for the month of November. They asked me if I would, thereafter, represent the local union. I told them that I would. I started to represent the local union after November 18, 1953, and consulted with them during the day, on many occasions, and sometimes at night. It was almost a full month thereafter that the international president David Beck, threw the local union into a trusteeship. The picture was that Grace was the unchallenged president of the local. Cohen, until the trusteeship, was the unchallenged, or at least unremoved, duly elected secretary-treasurer of this local.

Both of them together having asked me to represent them, to represent the local, I agreed to do so.

(At this point, Senator Mundt entered the hearing room.)

Mr. McBride. I continued to represent the local, and then on, I think, December 17, 1953, Mr. Beck put the local into trusteeship, and a trustee named Thomas E. Flynn took over the bank account and affairs of the union.

I had not, up until that time, presented any bill, had not asked to be paid, and I knew that there were challenges as to the propriety of the election of November 15. I advised the local union that in my opinion the action of President Beck was unjustified, and that it should be contested; that he had acted without warrant, and that under the constitution the election was proper.

I commenced a proceeding in the court of common pleas, No. 2, of Philadelphia County.

The Chairman. May I interrupt just for clarification?

Mr. McBride. Yes, sir. I appreciate the interruption, Mr. Chairman.

The Chairman. You say you instituted a proceeding. Was that in the name of the union or in the name of individuals?

Mr. McBride. In the name of the union, and I, as its counsel. It is the only paper I have before me. I will read the exact caption of the case.

The Chairman. That is all right.

Mr. McBride. It is in the name of the union, and I acted as attorney for the union. The defendents were Thomas E. Flynn, the trustee; Dave Beck, the general president; Edward Crumbock, and certain individuals.

The Chairman. Who are the plaintiffs?

Mr. McBride. The plaintiffs were Highway Truckdrivers and Helpers, Local 107, an unincorporated labor union, by its president, Joseph E. Grace, trustee ad litem, which is the way in which such suits are brought in Pennsylvania, to meet the rules.

The CHAIRMAN. I am not challenging it. I am trying to make the record clear.

Mr. MCBRIDE. Yes, I understand that. Raymond Cohen and Edward Battisfore. They were the full plaintiffs. Then the defendants were as I stated. That complaint in equity sought to set aside, on behalf of the local union, the trusteeship which I, as well as the membership, was convinced had been improvidently imposed. We had various hearings and meetings. No one, not the trustee, not the international president, nobody challenged that I was not properly acting for the local union. Such a challenge has never been made, and everybody, the representatives of employers and everyone else, knew that I was acting as counsel for the local union. As the result of that suit, which alleged certain irregularities in the conduct of the previous administration and contended that at all times since November 15, 1953, both Joseph Grace and Raymond Cohen, and the other officers, had been duly elected, there were some conferences with Judge Edwin O. Lewis, of the Court of Common Pleas, No. 3. The trustee was represented by counsel. General counsel for the international president, Mr. Al Wohl, was present. I think he is now counsel for the American Federation of Labor.

As a result of those conferences, the situation was put up to me that, "Mr. McBride, if the local union takes the position that is officers were properly elected, why don't you agree upon a new election, with the court supervising the election, with conditions such that nobody can possibly complain that an unfair election had been had?"

I said: "If the court will supervise it, draw the rules and regulations, I will certainly agree that a new election take place."

There was a new election, as this committee probably knows, on or about May 15, 1954. At that election, the union membership again elected Mr. Cohen by about something like 9,000 votes against 1,000. But I point out that during all this time, Mr. Grace, who had retained me before even there had been any trusteeship to represent the local, was never challenged as the union's president.

So I continued to represent the interest of the union, sometimes in consultation with the trustee, sometimes in consultation with its officers. It is not correct to say that I represented Mr. Cohen personally in his attempt to win his election. Naturally enough, the union itself had an interest to see that any person chosen by it should be finally successful, but on Mr. Cohen's behalf, personally, I did nothing.

(At this point, the following members of the committee were present: Senators McClellan, Kennedy, Goldwater, Mundt, and Curtis.)

Mr. MCBRIDE. I think I am safe in saying that I never represented Mr. Cohen in any personal transactions of any kind whatsoever under any circumstances in my life.

I was representing the local union. I was not paid and made no claim for payment. I never have in any other other legal matter, and I would not be starting now.

After the reelection the trusteeship was lifted and the union was again possessed of its funds. I was asked to send a bill.

I sent a bill for $7,500, calculated in the following fashion: My predecessor counsel had a yearly retainer of $15,000 payable $1,250 a month. Since he had been paid November 1 and even though I had been retained about November 18, I felt that during that overlapping period two lawyers should not be paid by the union.

Therefore, I dated my bill from December 1 to whatever it was; June 1. It was a 6-month period.

During all of that time I had represented the local union. I was not present at the membership meeting. I am informed that full disclosure of the matter was given to the membership meeting in open session and that my bill was approved.

I received a check for $7,500, which recited on its face that it was for services to the union from December 1, 1953, I think, to June 1, 1954.

That bill was in every sense correct, and thereafter I continued to receive as long as I represented the union the $1,250 monthly retainer fee until I went into public office.

Then I personally raised the question with the Committee on Professional Guidance as to where I should continue to have any private clients.

The question had, I think, never arisen before in Pennsylvania. Some attorneys general had represented the private clients.

I thought it was a question that they ought to decide. When they decided that they thought it better that I should not, I withdrew from my old law firm, I withdrew from my clients.

I have taken no new clients since that ruling, and I have not had any responsibility for dealings directly or indirectly on behalf of the local union, or Mr. Cohen, or any other private litigant except one case which was in the process of trying and which I could not get out of and which had been finished.

I think that covers, as far as I can see, the essential elements that I thought necessary to explain to this committee in view of the statement that was made on the record (pp. 10674–10677).

Since Mr. McBride assumed the office of attorney general of the Commonwealth of Pennsylvania, December 17, 1956, the committee inquired regarding a $500 check from the union to McBride on December 20, 1956. Mr. McBride was also questioned regarding three separate checks of $1,250 each, payable to him from local 107 under dates of January 10, 1957, February 6, 1957, and March 4, 1957. Mr. McBride advised that the $500 check apparently was a Christmas gift in view of his past service to the union. Regarding the other checks, Mr. McBride identified them as monthly retainer fees.

He explained that after his appointment as attorney general he made inquiry of the Committee on Professional Guidance of the Philadelphia Bar Association as to his remaining a member of his law firm which practiced not only in the State but in the Federal

courts. The opinion of the Professional Guidance Committee was that so long as McBride remained a member of the firm, neither he nor his partners should participate in any criminal case, State or Federal, nor in quasi-criminal proceedings, nor in any case where an actual conflict of interest would exist. Mr. McBride then stated:

> After the opinion of the Committee on Professional Guidance was received by me, and to free my partners of restrictions placed upon them if I were to continue as a partner, but more particularly because of the pressure of my public duties, I decided to withdraw from the firm and to refuse all private cases. I did this as a purely voluntary act and have steadfastly continued it up to and including the present time (p. 10695).

Mr. McBride explained further that this opinion was received by him January 18, 1957. He completed his pending law work by February 1, 1957, and concluded his private law practice except for one case in equity. He said he accepted the January 10 and February 6 checks as payment for work done by him for the union in the months of December 1956 and January 1957. When the March 4 check was received, it was deposited by his secretary. When he learned of this he said he sent his personal check to his previous law firm for $1,250, since that firm was continuing to represent local 107.

John Rogers Carroll, together with Richard H. Markowitz, represented before the committee the witnesses from locals 107 and 169, a total of 46, all of whom invoked the fifth amendment. Of the two, Carroll played the more active part.

Throughout the appearance of these persons, the committee on repeated occasions had to caution and reprimand Attorney Carroll for the coaching of the witnesses. One of the early witnesses in the hearing was Joseph "Cinders" Cendrowski, whose constant conferences with counsel gave rise to the following interchange:

> Mr. KENNEDY. You have pretty much control over the jobs for the Teamsters in that area, do you not?
>
> Mr. CENDROWSKI. Pardon me.
>
> (Witness consulted with counsel.)
>
> Mr. KENNEDY. You would know that?
>
> (Witness consulted with counsel.)
>
> The CHAIRMAN. The Chair is going to remind counsel and the witness, counsel is here——
>
> Mr. CENDROWSKI. I don't have control over them, only I send them out as the membership put their cards in, and I send them out.
>
> The CHAIRMAN. Let the Chair remind counsel and the witnesses that counsel is here at the sufferance of the committee, and counsel is permitted to give legal advice to his client, to be blunt about it, as to whether he thinks he should take the fifth amendment or not, if that is what you want to do.
>
> But the counsel is not permitted to put words in the witness' mouth nor to testify for him. The committee is going to require counsel to observe proper regard for the rules of the committee.

Mr. CARROLL. As you know, we have always observed this committee's rules, and intend to continue to do so.

The CHAIRMAN. Well, the Chair is going to help you.

Mr. CARROLL. We are not putting words in the witness' mouth, and I hope you won't think so (pp. 10426–10427).

Later, with the same witness, there came the following admonition:

The CHAIRMAN. The Chair is going to have this witness answer the question. He has sense enough to take the fifth amendment, if he wants to do it. I am not going to have you putting words in his mouth.

Mr. CARROLL. Senator, I have just finished instructing him he has no right to plead the fifth amendment on that question. He is going to answer it.

The CHAIRMAN. Let him answer it. Proceed. I don't want to take up all day here with these dilatory tactics. Move along (p. 10432).

When Robert Rifkin was testifying, the question of the conflict of interest was first brought up:

Mr. KENNEDY. I would like to point out, Mr. Chairman, that this witness' attorney is also the attorney for Mr. Raymond Cohen, and it is about Mr. Cohen's activities that we expect that this witness has some information.

Did you tell the police that there was an organized goon squad operating out of 107?

Mr. CARROLL. Mr. Chairman, may I say something, please? It is entirely true that I am not only counsel for Mr. Rifkin but also for Mr. Cohen.

I regret very much counsel for the committee suggested or at least implied inference from his tone of voice that there is something wrong in that connection.

Both of these people have retained me with knowledge that I represent the other.

The CHAIRMAN. You may be seated. Mr. Cohen has a proper right to employ whom he wants and so does this man. But it does have significance, and I so interpret it. I think everyone else does.

Mr. CARROLL. May I say, sir, with your permission, that this has been previously suggested, that there is some impropriety in Mr. Markowitz and my representation both of the members and the officers of this union.

The CHAIRMAN. Let the Chair say to you, you are not fooling anybody.

Mr. CARROLL. We are not trying to fool anybody.

The CHAIRMAN. You are not kidding anyone but yourself.

Mr. CARROLL. Nor are we kidding anyone, sir.

The CHAIRMAN. I said he had a legal right to employ you and so does this witness have a legal right to employ you. Let's proceed.

Mr. KENNEDY. Answer this question: Are you paying this attorney? Have you made any arrangements to pay him?

Mr. RIFKIN. No, sir, I am not.

Mr. KENNEDY. You are not. Who is paying the attorney?

Mr. RIFKIN. Local 107.

Mr. KENNEDY. Who is the secretary-treasurer of local 107?

Mr. RIFKIN. Pardon me.

(The witness conferred with his counsel.)

Mr. KENNEDY. You know that answer.

Mr. RIFKIN. Raymond Cohen.

Mr. KENNEDY. And he is the one that runs the union, does he not?

Mr. RIFKIN. Yes, sir.

Mr. KENNEDY. Let's go on. Did you tell the police when they came by that you were in fear of your life because of the opposition that you had had to Mr. Cohen?

(The witness conferred with his counsel.)

Mr. RIFKIN. Yes, sir.

Mr. KENNEDY. You did tell the police that. You were in fear of your life at that time because of your opposition to Mr. Cohen?

Mr. RIFKIN. Yes, sir.

Mr. KENNEDY. Were those two men that came by your apartment arrested as they went down the street after you called the police?

Mr. RIFKIN. Yes, sir (pp. 10445–10446).

Edward B. Battisfore, business agent of local 107, was testifying when the chairman again had to admonish Attorney Carroll:

The CHAIRMAN. The Chair is going to make this observation: Most of these questions that are asked the witness are certainly questions that call for answers that are within the witness' knowledge and not within the knowledge of counsel.

The witness has a right to confer with his counsel and counsel has a right to advise as to any legal matter involved, or an issue that may be raised or presented, but I do not want, and I am not going to permit, just every time we ask a question, that the counsel and the witness hold a long conference.

We are going to move along, and if counsel wants them to take the fifth amendment, or is going to advise them to take the fifth amendment, you can do it very quickly, and there is no use for a long, drawnout conference each time a question is asked.

All right, proceed (p. 10484).

During the testimony of Battisfore, who was invoking the fifth amendment on any and all questions, Chief Counsel Kennedy again brought up the apparent conflict of interest:

Mr. KENNEDY. Now, Mr. Chairman, I would like to point out that the witness says, "I am advised that I have a right not to be a witness against myself," and the witness is being asked about the use of union funds, and he is being advised by attorneys who are being paid out of union funds, and being advised evidently not to give any testimony to the committee on the grounds that it might tend to incriminate him.

This is all dealing with union funds, and it appears to me a highly questionable practice on the part of the attorneys.

Mr. CARROLL. May I speak to that, sir?

The CHAIRMAN. Very briefly.

Mr. CARROLL. This question as you know has been raised with us previously. Being confident of the propriety of our position and our action, we have insisted upon continuing to represent not only the union but also individual members thereof.

The CHAIRMAN. Let me ask you this—when the Chair wishes to speak, just a moment.

The Chair feels that to use union money and union dues and dues of union members to defend and to try to protect men who are under a charge or under a suspicion of having misused union funds, in plain language having stolen union money and dues, it does raise a question of impropriety and a serious one.

That is, for the union to so spend the money to defend the men who are robbing and cheating the union members. I make no apology for that statement.

Mr. CARROLL. I don't ask for an apology. It just happens that our views are different.

The CHAIRMAN. You are entitled to your view, but I am going to express mine, and I have.

Mr. CARROLL. We checked with the Committee on Proper Guidance of the Philadelphia Bar Association, which is the appropriate committee for determination of such questions.

The CHAIRMAN. I am not bound by that.

Mr. CARROLL. It happens that I am, sir, and now I would like, with your permission, to read into the record the pertinent parts of the opinion of that committee, which says that our action is proper.

The CHAIRMAN. The Chair is not interested in that. You may submit it to the committee, if you like, for its inspection, and for its consideration, but it will not become a part of the record.

Mr. CARROLL. I will submit it.

Mr. KENNEDY. Could I just say on that point that if you are getting paid out of union funds, you are supposed to be representing, as I understand it, the union members. When questions are being raised as to the misuse of these union members' money, certainly an attorney is acting highly improperly in representing two masters when he appears with this witness and advises him not to give the committee the answers, and not to give the union members the answers as to what has happened to the union funds.

Mr. CARROLL. There is one more misconception in your statement, sir. You have twice now said that we are advising this witness not to answer. We have done no such thing, and as you know, we cannot.

We advise him as to each question whether or not he has the right not to answer, and whether he will or will not exercise that right, we must and do leave to him.

The CHAIRMAN. There is no misunderstanding between us, and we all know what is going on.

Senator IVES. May I interrupt, Mr. Chairman?

I am not a lawyer, but some of these things rather perplex me.

Does the Bar Association of Philadelphia understand this situation, as just now expressed by our counsel?

Mr. CARROLL. If I had your permission, Senator, to read their opinion——

Senator IVES. I am just asking you a question, whether they understand it or not?

Mr. CARROLL. They understand it precisely.

Senator IVES. That you are in a conflict of interest here, you are representing the union; that is, you are representing the officers of the union, and you are representing the union members, and there is a conflict between them on this thing?

They think that you have every right to do that, do they?

Mr. CARROLL. They have made their decision in accordance with canon 6 of the canons of ethics, of the American Bar Association.

Senator IVES. All I have got to say is I am a layman but that is a most peculiar situation morally that I have ever heard of.

Mr. KENNEDY. It appears to me that someone else raised this question and point some 2,000 years ago, about representing two masters.

Mr. CARROLL. I think it depends upon where the conflict is (pp. 10487–10488).

The conflict of interest became more pronounced during the questioning of Henry Graff, a truck driver's helper and member of local 107. The list of names which showed payments for election expenses indicated that Graff had been paid $180. Prior to the hearing Graff had furnished the committee staff an affidavit that he had actually received only $100. In appearing before the committee, however, he was represented by Carroll and Markowitz, and invoked the fifth amendment to all questions, even as to the truth of his sworn affidavit. The record shows that Graff conferred with his counsel on almost every question. It was during Graff's appearance that considerable discussion between the committee and Carroll took place, during which Carroll explained the attitude at that time of the Philadelphia Bar Association:

Mr. KENNEDY. I would like to point out, Mr. Chairman, that a number of witnesses that we interviewed originally as to the membership of local 107 talked freely and gave us the information that we wanted. The next time we tried to contact them, including this witness, they had been contacted by Mr. Carroll, or were in touch with Mr. Carroll, and they then refused to talk, and have since, of course, appeared before the committee and have taken the fifth amendment.

Senator KENNEDY. Mr. Chairman.

The CHAIRMAN. Senator Kennedy.

Senator KENNEDY. Mr. Carroll, how long have you been attorney for the union?

Mr. CARROLL. Personally, I have not. Mr. McBride, with whom I was associated, became counsel for the backers of Mr. Cohen and Mr. Cohen himself during or immediately following an election on November 15, 1953, at which Mr. Cohen was elected secretary-treasurer of the union.

I was associated with them at that time. We subsequently formed a firm of which I am a member.

Senator KENNEDY. Were you working on Mr. Cohen's election or was it just Mr. McBride?

Mr. CARROLL. I don't recall that I did much, if anything. I may have been in some discussions about it during that time.

Senator KENNEDY. When did you become attorney for the union?

Mr. CARROLL. Our firm has been counsel for them ever since that time.

Senator KENNEDY. When did you devote a good deal of your time and attention to the particular case? Who is handling the union for your firm?

Mr. CARROLL. Mr. McBride has withdrawn from the firm.

Senator KENNEDY. Now who's doing it?

Mr. CARROLL. In our firm, I would say I have done most of the work recently, together with Mr. Bradley.

Senator KENNEDY. After 1953 and 1954, the period we are taking about now, who was the counsel?

Mr. CARROLL. Counsel for the union itself?

Senator KENNEDY. That is correct.

Mr. CARROLL. William A. Gray.

Senator KENNEDY. Do you make a distinction between the counsel for the union and the work that your firm did?

Mr. CARROLL. Yes. Senator, I think this bears explanation. On the 15th of November 1953, there was an election meeting held. At that meeting, Mr. Cohen was elected secretary-treasurer, properly elected.

Mr. KENNEDY. That is in the manner that was described yesterday.

Mr. CARROLL. I understand it was otherwise.

Mr. KENNEDY. The international, Senator, then put the local in trusteeship because of the way the election had been handled.

Mr. CARROLL. At that time, Mr. Gray represented the interests of one Edward Crumbock, who had been ousted as secretary-treasurer. Mr. McBride represented Mr. Cohen. who had been duly elected. During that time, as Mr. Kennedy has said, there was a trusteeship imposed by Mr. Beck. The trustee conducted the affairs of the union from approximately the end of November 1953 until—well, at least June of 1954, perhaps a little longer. In June of 1954, or May, rather, of 1954, there was a second election conducted and supervised by the international, at which Mr. Cohen again defeated Mr. Crumbock by a vote of approximately 9,000 to 1,000.

Since that time, Mr. McBride, and subsequently the firm, has continued to represent them.

Senator KENNEDY. You are a member of the firm who has had particular competence over this matter, is that correct?

Mr. CARROLL. Recently that is so; yes.

Senator KENNEDY. Where did you go to law school, Mr. Carroll?

Mr. CARROLL. University of Pennsylvania.

Senator KENNEDY. You have been a lawyer for how long?

Mr. CARROLL. Since 1952.

Senator KENNEDY. When did you agree to represent Mr. Graff?

Mr. CARROLL. I would say within the last month.

SENATOR KENNEDY. When was your first conversation with him?

Mr. CARROLL. Do you mind if I check with him and see?

Senator KENNEDY. Go right ahead.

(The counsel conferred with the witness.)

Mr. CARROLL. He reminds me it was Thursday, April 3.

Senator KENNEDY. You just came to represent him, is that correct?

Did he call you, or did you call him?

Mr. CARROLL. I don't think it was either. I received a phone call from someone at the union asking if I would meet these people.

Senator KENNEDY. Who at the union?

Mr. CARROLL. I couldn't say for sure. It might have been Joe Hartsough or Ed Walker, or anyone of those fellows might have called me, or his business agent. They asked me to meet him and I did meet him that morning at the union hall, I recall.

Senator KENNEDY. Somebody from the union called and asked you to meet Mr. Graff?

Mr. CARROLL. Mr. Graff had gone to them.

Senator KENNEDY. Mr. Graff, how did you get ahold of Mr. Carroll? How did you decide he should represent you?

Mr. GRAFF. I come down on a Thursday morning to get representation down at the customhouse.

Senator KENNEDY. Thursday morning, of last week?

Mr. GRAFF. April 3.

Senator KENNEDY. Whom did you get in touch with to have Mr. Carroll as your attorney?

Mr. GRAFF. I came down to the union.

Senator KENNEDY. Down to the union?

Mr. GRAFF. Yes.

Senator KENNEDY. Where?

Mr. GRAFF. 105 Spring Garden Street.

Senator KENNEDY. You came down to the union and wanted an attorney?

Mr. GRAFF. That is right.

Senator KENNEDY. Whom did you talk to?

(The witness conferred with his counsel.)

Senator KENNEDY. That is not a legal question. Whom did you talk to at the union?

Mr. GRAFF. I talked to Charlie O'Lear.

Senator KENNEDY. Charlie O'Lear. You asked him for an attorney?

Mr. GRAFF. That is right.

Senator KENNEDY. Did anybody discuss the matter with you as to who you should get for an attorney before your conversation with Mr. O'Lear?

Mr. GRAFF. No.

Senator KENNEDY. That was the first time. You went down and said you wanted an attorney?

Mr. GRAFF. That is right.

Senator KENNEDY. Did you tell your attorney that you had given us an affidavit?

(The witness conferred with his counsel.)

The CHAIRMAN. Either take the fifth amendment or answer the question.

Mr. CARROLL. I think we are delving into privileged communications now between attorney and client that I believe to be improper.

Mr. KENNEDY. The witness can answer any questions.

Senator KENNEDY. I have been advised by two counsels here that the question is not a privileged matter between attorney and client.

Mr. CARROLL. Your question was did he tell us about an affidavit.

Senator KENNEDY. That is correct.

Mr. KENNEDY. The privilege goes to the attorney, not to the client.

Senator KENNEDY. He doesn't have to answer it. If he doesn't want to answer it, he doesn't have to.

Mr. CARROLL. He would prefer not to.

Mr. KENNEDY. How does he know?

Mr. GRAFF. I refuse to answer on the same grounds.

The CHAIRMAN. What are you refusing on, the privilege or on the fifth amendment?

Mr. GRAFF. I refuse to answer on the grounds that I might be required to give evidence against myself under the fifth amendment.

The CHAIRMAN. Proceed.

Senator KENNEDY. Mr. Carroll, we are concerned with the question of disposal of $25,000 of local dues. I understand this matter has been discussed with you, but it is a matter that I have been interested in for some time, the responsibility of attorneys working for the union, paid by the union, the responsibility to the membership, or to the officers, or to the members under suspicion, who are under charges of having stolen or misappropriated union dues money. I would like to ask you as an attorney where you feel your obligation lies.

Mr. CARROLL. Senator——

Senator KENNEDY. Would you come closer to the microphone?

Mr. CARROLL. All right. I feel this matter very strongly, myself. I have given this considerable thought and so have all of us in the firm, and in our own firm we are not even in

agreement on the question. Therefore, when the matter was raised, we put it to the professional guidance committee of the Philadelphia Bar Association, for their guidance. They are the committee of the bar association, officially charged with the duty of advising lawyers on ethical matters such as this.

At that time, Mr. O'Donnell, I believe it was, or Mr. Dunne, one of the assistant counsels for this committee, had told me that this committee intended to prove substantially a charge of larceny against all the officers and business agents of the union, and told me that it was his view, and I think the committee's view, that that gave rise to a conflict of interest on the part of the lawyer representing those people and being paid out of union funds.

We decided right off the bat to take it up with the bar association. My senior partner, Michael von Moschzisker, wrote a memorandum, which I have here, in which he said to the committee on professional guidance—this is a memorandum:

"I receive a retainer as counsel for Local 107, Highway Truck Drivers and Helpers Union, International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America. The Select Committee on Improper Activities in the Labor or Management Field of the U.S. Senate has been conducting an investigation in the field of labor-management relations to determine whether any changes are required in the laws of the United States in order to protect against criminal or other improper practices or activities.

"In this connection, my associate, Mr. Carroll, appeared before the said committee on September 26, 1957, as counsel for Raymond Cohen, secretary-treasurer of local 107, who had been subpenaed to produce various books and records of the union. On October 28, 1957, Mr. Carroll also appeared at a hearing of the said committee as counsel for the same Raymond Cohen, who had been subpenaed to produce certain of his personal records.

"This morning, Robert Dunne, Esq., assistant counsel for the committee, stated to Mr. Carroll that the committee proposes to question officers and business agents of the union about union funds supposedly misappropriated by them. Mr. Dunn asserted to Mr. Carroll that the interests of the union and its members, some of whom have been subpenaed, conflict with the interests of the officers and business agents and therefore that it would not be right for Mr. Carroll to assist these officers and business agents as counsel before the committee. On the other hand, the officers and business agents all take the view that they pay their dues too and that they have a right to be represented by union counsel.

"It seems to Mr. Carroll and me that, in the legal sense, no interest within the meaning of canon 6 is involved at this time. No one is litigating anything. There is no case of controversy in existence. Neither the union nor its officers and business agents are parties to any proceeding before

the committee. They are nothing more than potential witnesses in a legislative investigation before a committee which has no power to render a verdict or judgment for or against the union, its members, or its officers and business agents.

"As you gentlemen are no doubt aware, the function of counsel in proceedings such as this is extremely limited. It consists merely in advising the witness as to whether he has the right to invoke certain testimonial privileges. Counsel does not invoke any such privileges on behalf of the witness, nor does counsel ask questions or address arguments to the committee.

"As I said to you over the telephone today, I will be very glad to have the guidance of your committee in answering the following questions:

"Is there a conflict of interests such that if Mr. Carroll appears before the committee as counsel for the members of the union who are officers and business agents, he may not also represent the union itself and other members of the union when they appear before the committee?

"Is there a conflict between the union and its ordinary membership on the one hand and those members of the union who are officers or business agents on the other hand such that Mr. Carroll should not appear before the committee as counsel for the officers and business agents?

"In the event no such conflict is found to exist, that would seem to end the problem. But if the committee finds that this is a conflict of interests situation and if the witnesses still wish to be represented by counsel for the union, this would still seem to be possible under canon 6 if the consent of all parties is given after full disclosure of the facts. Bearing in mind that this is a union having upward of 14,000 members, we should also like your advice as to the manner in which such disclosure could be made and consent expressed, in the event you find there is a conflict of interests."

The committee held its meeting, and in due course wrote an opinion, which is as follows:

"The question presented for our opinion is whether counsel for a labor union may, consistent with the prohibition against representation of conflicting interests provided by canon 6 of the Canons of Professional Ethics, represent the members, officers, and business agents of such a union, called as witnesses before a committee of the U.S. Senate investigating improper activities in the labor and management field, where counsel has been advised by counsel for said committee that the committee proposed to prove in such hearings that all the officers and business agents of the union have been guilty of defalcations regarding the union's funds.

"In order to decide this question, three important considerations must first be noted:

"(1) the power of the congressional committee involved is to make investigations; to collect information to assist Congress in its consideration of proposed legislation on the subjects investigated. The committee has no prosecuting or adjudicating function whatever.

"(2) Certain members, officers, and business agents of the union appear before the committee solely as witnesses.

"(3) The function of counsel representing witnesses before such a committee is restricted to advising the witness whether he has, in the circumstances, certain recognized privileges regarding testifying. Counsel may not address the committee, nor may he claim a privilege on his client's behalf; such privileges, being personal to the witness, must be claimed by him.

"Canon 6, which governs our decision, speaks in terms of 'interest' in a 'controversy.' It appears to us that, as between the union and its rank-and-file members on the one hand, and its officers and business agents on the other, there is no existing controversy within the meaning of canon 6. Further it appears that the interest of the parties seeking to be represented by counsel for the union, as well as the interest of the union itself, is merely the interest of witnesses, in respect to their legal rights before the congressional committee.

"For these reasons we believe there is now no conflict of interests existing among the union, its members and its officers. Counsel for the union, may, therefore, consistently with canon 6, represent all such parties before the congressional committee."

Senator KENNEDY. Can you tell me who signed that or who was on the committee?

Mr. CARROLL. It is signed by R. K. Denworth, from the Drinker, Biddle & Reath office.

The members of the committee who were present at the meeting, as I recall it, were Robert T. McCracken, of the firm of Montgomery, McCracken, Walker & Rhoads; Walter Alessandroni, the chancellor of the Philadelphia Bar Association; former Judge Nochem Winnet, of the Philadelphia municipal court, now practicing in Philadelphia. I think the junior bar representative on the committee is Leonard Barken, who was present.

Senator KENNEDY. I imagine you can furnish me a list of those names afterward.

Did Mr. Denworth have some special position in the bar committee?

Mr. CARROLL. He is vice chairman of this committee. I don't know what other committees he is on.

Senator KENNEDY. Mr. Carroll, I think that was a wise procedure for you to adopt in going to them. Personally, it is my judgment that they should review this matter again after examining the record of the entire hearing. We have a case here where every officer that has been interrogated, to the best of my knowledge, has taken the fifth amendment as to the disposal of $25,000 of union dues. In my opinion, I think the matter of conflict of interest should be reexamined.

That is No. 1. No. 2, we have a situation here which is a very critical one, and Mr. Graff having given an affidavit to which he swore 2 or 3 weeks ago coming before the committee now, taking the fifth amendment, refusing to testify in any way as to whether he filled out that affidavit or not.

You are the attorney in this situation. You have been tied up very intimately with a union, all the officers of which take the fifth amendment on a matter involving $25,000. I think there is a conflict of interest, first. I think that the bar association and those who advised you, I hope, will look over the testimony before this committee, because I would not think that they would want to let their endorsement of what has happened stand without bringing it under review.

This matter is an important matter, and it is going to come up. It has come up before and should come up again, the responsibility of a lawyer, with the ethical practices of the bar, toward a union, and toward the membership of the union, when the officers are under interrogation as to how they have disposed of that money and who take the fifth amendment.

It also brings to mind, it seems to me very clearly, your responsibility. You are now aware of the fact that $25,000 of the union's dues, it seems to me, have either been misappropriated or we have to go to the conclusion that they were stolen because we can't get an explanation.

Therefore, it seems to me that you also come into this as to what your responsibilities are in this situation. I think this is a matter that I hope the bar will reexamine in order to give very clear guidance to attorneys in the future.

I think that based on what I have heard, particularly in this last situation, where a man comes before us 2 or 3 weeks after he fills out an affidavit and refuses to give us any information about the very affidavit, and you are his attorney, it seems to me it raises a question of propriety, certainly of his action, and your action.

Mr. CARROLL. You noticed the last line of the affidavit, didn't you, Senator?

Senator KENNEDY. I would be glad to look at it again.

Yes.

I worked 4 days with the election——

Mr. CARROLL. Pardon me. The last line of the first page.

Senator KENNEDY (reading): "Payment was made in the office of Raymond Cohen"——

Mr. CARROLL. Now I am instructed it is the last one.

Senator KENNEDY (reading): "I am not certain that the amount of $100 was included in my 1954 income-tax return?"

Mr. CARROLL. Yes. I think that makes clear the basis on which the man has the right to plead his privilege. It is that consideration, only his right in the circumstances, which is the basis for my advice.

Senator KENNEDY. But this is already part of the record.

Mr. CARROLL. I understand.

Senator KENNEDY. If he has made a mistake, or if he has failed to report that, it is already part of the record.

What we want to ask him about is the $80.

Mr. CARROLL. I think, Senator, if I may reply to both questions, first of all, as far as the bar association committee is concerned, as you can see from that much of their opinion which I read to you, we fully apprised them of the committee's intended proof.

They considered that seriously, and suggested that indeed there might develop some concrete evidence which would place us in a different position.

In their opinion they went on, in making the decision, to add this, which I think indicates their view of what you have suggested.

They add:

"In performance of our duties as the committee on professional guidance, we feel obliged to add the following caution to counsel:

"Adverse influences and conflicting interests in violation of canon 6, may occur in situations other than controversies and litigation."

Then they quote: "In observing the admonition of canon 6 to avoid the representation of conflicting interests, the lawyer must have in mind not only the avoidance of a relation which will obviously and presently involve the duty to contend for one client what his duty to the other presently requires him to oppose, but also the probability or possibility that such a situation will develop.

Senator KENNEDY. I think that you did the right thing in going to the bar in Philadelphia for guidance. I would hope that in all of these cases that other lawyers would do the same.

I would be hopeful that they would look over the testimony in order to be able to in the future give guidance to other attorneys.

I would hope, also, that you, now that you are apprised of the facts which you may not have been aware of, involving this $25,000, would also consider when this matter has been disposed of before the committee, and you have an obligation to your clients now, that you will consider your own position in relation to officers who have been callous, it seems to me, based on the experience we have been looking at, in their disregard of the members.

They are the ones whom you are representing, and you are being paid by union dues. So I think your own position is a matter that should be reconsidered at the end of this hearing, too.

Mr. CARROLL. Yes, sir, but you must realize that in my position I must consider on the basis of information I possess, and not on the basis of refusals to answer questions before this committee.

Senator KENNEDY. I am hopeful, Mr. Carroll, that your information will be broadened and extended in scope as a result of the hearing, and therefore you will become concerned, as I hope any attorney would.

After all, you have not taken the $25,000, so now you are aware of the fact that we have a situation where $25,000 of union dues is missing, and it seems to me as an attorney for the union members whose dues are involved, that you must consider quite carefully, I would think, your own position in the matter.

Mr. CARROLL. I think you have to keep in mind what Mr. Battisfore previously stated, that the officers of this union are not only willing to but already have made their explanations to their membership whose money it is.

Senator KENNEDY. Now, Mr. Carroll——

Mr. CARROLL. They have no fifth amendment rights with respect to the members.

Senator KENNEDY. That is really an extraordinary statement, that you feel that they explained it to the members and will not explain it to the U.S. Senate under oath.

That is an extraordinary position, and are you defending that procedure?

Mr. CARROLL. That is the feeling that Mr. Battisfore expressed. I understand that that is probably the position of most of these people, that they feel an obligation to explain to the members.

Senator KENNEDY. You don't feel they have any obligation to explain it to a U.S. Senate committee?

Mr. CARROLL. My position is quite different.

Senator KENNEDY. You put that forward with an approval.

Mr. CARROLL. I say this, that they have a very definite feeling that this committee is not friendly to them, and for that reason their feelings of hostility have led them to this.

Senator KENNEDY. That is not conflict, Mr. Carroll, between two groups, one friendly and one unfriendly. This is a Senate committee. It represents the U.S. Senate and the Congress, Mr. Carroll, and you cannot justify in any way that they can make a statement to the union members not under oath, and then come down here and, because they do not think the committee friendly, take the fifth amendment.

That is not sufficient ground to take the fifth amendment. Only if they are going to be incriminated can they take it.

Mr. CARROLL. That, of course, is not their ground for pleading the fifth amendment, and I only say that that motivates their use of the fifth amendment.

Senator KENNEDY. That is extraordinary, and I think, Mr. Chairman, it seems to me that this question of whether the committee might be friendly or unfriendly to these particular members is not any grounds for taking the fifth amendment.

If that is produced in any way, it seems to me the question of their being subject to contempt should come forward.

That has nothing to do with the matter. They may take the fifth amendment only if it is going to incriminate them.

* * * * *

The CHAIRMAN. The Chair will make this observation, and I do not want to belabor this thing: In my view there can be no moral or legal justification for taking union dues money to defend officers of the union who misappropriate money belonging to the union members.

There is no moral standard on earth that is recognized by civilization, and by any canon of ethics that would tolerate such activity or such acts.

It would be like a case of a bank down here, where a banker steals $100,000 or $25,000, and then the bank pays his attorney to defend him on a charge. There is not a bit of difference on earth in the principle, and there is no one that can justify either the legality or morality of such action.

Senator KENNEDY. I have one more question.

Mr. Carroll, if you became convinced that $25,000 had been misappropriated as a result of this hearing or any other information brought to your attention, what do you conceive your legal obligations to be and your ethical obligations to the union membership?

Do you feel that you should disclose it to the union membership?

Mr. CARROLL. Senator, that question, I must say, is unresolved in my own mind. However, it was discussed with the committee on professional guidance, and I will now read you the very last paragraph.

Senator KENNEDY. Have you read it once?

Mr. CARROLL. No.

Senator KENNEDY. All right.

Mr. CARROLL (reading): "While the attorney at this state of the proceedings is free to, and indeed must, presume his clients innocent, recent experience indicates that evidence before the committee may show improper actions on the part of the officers of a union.

"Such evidence may give rise to an actual conflict of interests between the union and its officers. In such event, if counsel have received confidential disclosures from the officers relating to their alleged misconduct, counsel would not be free to continue to represent parties on both sides of such an actual conflict and would then be obliged to make an election between them.

"Should this situation come to pass, it is the opinion of this committee that counsel would be obliged to forgo representation of the union, while they might properly continue to represent its officers."

Senator KENNEDY. Now, that is a very important paragraph. Can you hand up a copy of that?

Do you feel the situation described there has come about?

Mr. CARROLL. No, sir.

(A document was handed to Senator Kennedy.)

Senator KENNEDY. This matter has been of some interest to me, Mr. Chairman.

This is the last paragraph:

"While the attorney at this stage of the proceedings is free to, and indeed must, presume his clients innocent * * *. Such evidence * * *."

And then it says "recent experience indicates that evidence before the committee may show improper actions on the part of the union.

"Such evidence may give rise to an actual conflict of interests between the union and its officers. In such event, if counsel have received confidential disclosures from the officers relating to their alleged misconduct, counsel would not be free to continue to represent both parties."

Your point is that you have not received confidential disclosures from any of the officers; is that correct?

Mr. CARROLL. None of the circumstances, in my judgment, Senator, described in that paragraph, on which we would be obliged to make the election, have come to pass.

Senator KENNEDY. The reason I think it has not come to pass is because it states that the conflict of interest would come about only if you received confidential disclosures from the officers relating to their alleged misconduct.

In other words, Mr. Denworth——

Mr. CARROLL. That certainly has not happened.

Senator KENNEDY. In other words, Mr. Denworth and this group do not feel that a conflict of interest arises in any case, I would gather from the way they describe it, except when you have received confidential information. Now, the question I have relates to when the information becomes a matter of public record.

Even though you have an obligation to your clients in this case, it seems to me that Mr. Denworth and his group should consider this question which I think is arising now, when the matter becomes a matter of public record, and not the question of confidential disclosures, which I would think rarely if ever would happen.

When this becomes a matter of public record of a misappropriation or stealing of $25,000, which is what I think we have in this case, it seems to me that the counsel then who is a competent and responsible individual, and is assumed to be if he is a member of the bar, should be able to make a judgment then that the people he is representing are people who either took money or misappropriated it from the members of the union who are paying his salary.

Now, you are not representing these people, and it seems to me, Mr. Carroll, that it would be proper for you, when this information becomes such information that an ordinary individual could make an assessment of it, that you should then represent them and have them pay you and not be paid by the union. That is my point.

Mr. CARROLL. What you are saying is that quite apart from confidential disclosure, if the public evidence overcomes the presumption of innocence on that score, then the same situation would result. I agree.

Senator KENNEDY. In your opinion, I may ask you, and you don't have to answer, but in your opinion so far does the presumption of innocence still stand, even though in every case they have taken the fifth amendment?

Mr. CARROLL. That is quite correct.

Mr. KENNEDY. And we have had testimony regarding alterations in the amounts of money received, that is true even where there are forgeries?

Mr. CARROLL. Whether they may be characterized as forgeries, I don't know, but I can argue with you about the evidence.

Senator KENNEDY. It was the FBI lab report which shows the forgeries, and it was not this committee's staff.

Mr. CARROLL. The FBI expert testified as to the alterations in figures, as I recall.

Mr. KENNEDY. And to forgeries?

Mr. CARROLL. You mean on checks to Dave Canter and Mr. Katz?

Mr. KENNEDY. Yes.

Mr. CARROLL. I am fully aware of that.

Mr. KENNEDY. Would you give us the explanation on the alterations in the figures?

Mr. CARROLL. That is information which I have received in the course of my representation, and I am not free to disclose it.

Senator KENNEDY. It is not the kind of information, or it is not a confidential disclosure of the kind Mr. Denworth has talked about?

Mr. CARROLL. No, because it is not a disclosure of the type that would lead to a conflict.

Mr. KENNEDY. When we asked the people about these alterations, they refused to answer the questions on the ground that a truthful answer might tend to incriminate them. If they are telling the truth, they have some incriminating background or some information that would incriminate them.

Mr. CARROLL. Mr. Kennedy, you apparently have a different view about the fifth amendment than mine. Innocent men have as much right to plead the fifth amendment as people who are guilty. There is some evidence against the innocent.

Senator KENNEDY. I will say, however, it is my experience, Mr. Carroll, that while that is certainly true that they have that right, never have we had a case where every officer involved, and every witness takes the fifth amendment. I think that if you went ahead and presumed that all of them are innocent, I think that that would be a presumption which would strain my credulity, if not your own (pp. 10498–10509).

When John Feduniue, a member of local 107, was testifying, the obvious coaching of the witness by Carroll gave rise to the following admonition:

Mr. KENNEDY. You can remember that. It is only in the last 3 weeks. How did you arrange to get these attorneys. Did you call someone up in the union?

Senator ERVIN. Mr. Chairman, I suggest this is not a legal question, and there is no occasion for the witness to consult his counsel. It is purely a question of fact.

The CHAIRMAN. The Chair is not going to warrant this any further. The next time this thing goes too far, counsel will be excused.

Mr. CARROLL. I agree with you, Mr. Chairman, that this doesn't require legal advice, but the witness was simply saying he can't remember and was asking for help to refresh his recollection.

Senator ERVIN. The thing that puzzles me is if he can't remember the arrangement by which he retained counsel, how does he know they are his counsel? (p. 10522).

When Edward Walker, business agent and recording secretary was testifying, the behavior of Carroll called for still another stern warning:

The CHAIRMAN. Did you keep this record, exhibit No. 5, of the payments made to these individuals when that $25,000 were disbursed?

(The witness conferred with his counsel.)

The CHAIRMAN. Come on and answer. I am getting tired of this, this morning. I am not going to warn you, Mr. Lawyer. Mr. Lawyer, I am not going to warn you but one more time.

Mr. WALKER. I am advised that I don't have to be a witness against myself under the fifth amendment.

The CHAIRMAN. The witness can answer these simple questions. If you want him to take the fifth amendment, tell him to. And let's get it over with. I mean what I am saying. You can either conform or else we can take care of it.

Mr. CARROLL. Mr. Chairman, I don't think that in the past 2 days or this morning I have been wasting the committee's time in any respect, and I don't intend to. I think you and I are in agreement that this witness has constitutional rights to consult with his counsel.

The CHAIRMAN. He has and I want him to exercise them if he wants to, but I want him to exercise them promptly. I am not going to let you sit here and put words in his mouth.

Mr. CARROLL. I am not putting words in his mouth, but I want to advise him properly.

The CHAIRMAN. All right. Proceed (pp. 10564–10565).

When Business Agent Walter Baker was testifying, a further reprimand was made to Carroll regarding his behavior as indicated below:

Mr. KENNEDY. You are not giving legal advise, Mr. Attorney. You are whispering the answers to them.

Mr. CARROLL. When the question is so unclear and in such argumentative fashion that the witness is not likely to understand them, I think it is a proper function of counsel to try to clear up the question. That is all I am doing, sir.

The CHAIRMAN. If I find you doing it, you will be excluded from the hearing room.

You know that.

Mr. CARROLL. Senator, you know I am not and will not do any such thing.

The CHAIRMAN. I am telling you frankly if you do it—well, proceed (p. 10588).

Edward J. Hartsough of local 169 had previously indicated his intentions to answer the committee's questions. When he appeared

before the committee, represented by Carroll and Markowitz, he proceeded to invoke the fifth amendment to all questions pertaining to Raymond Cohen. Here again, while Senator Curtis was questioning Hartsough, the behavior of Carroll gave rise to the Senator's criticism in the following manner:

> Senator CURTIS. Just what is your reason for not testifying? (Witness conferred with his counsel.)
> Senator CURTIS. I object to the counsel coaching, Mr. Chairman.
> Mr. HARTSOUGH. He has not been coaching me, Mr. Senator.
> Senator CURTIS. Have him face this way and keep his mouth shut, then (pp. 10605–10606).

Hundreds of lawyers from all over the country had appeared before the committee with witnesses in order to be able to advise their clients should legal questions arise. The committee, however, had never had an attorney in the hearings who, like Carroll, was so obviously coaching the witnesses. When Raymond Cohen was being queried by the committee, the chairman had to admonish Attorney Carroll as follows:

> The CHAIRMAN. The Chair is not going to tolerate this continuing to coach the witness. If you want to give him legal advice, you can do so. But this whispering into his ear every time he is asked a question to tell him how to answer it is not going to be tolerated.
> Mr. CARROLL. We are not coaching the witness, Mr. Chairman.
> The CHAIRMAN. I have made my statement. Do you want to stay here and get along or not?
> Mr. CARROLL. I want to get along with you, Mr. Chairman, as I have, but I do not want to be accused of coaching a witness.
> The CHAIRMAN. It is obvious. Proceed (p. 10657).

The position of Attorneys Carroll and Markowitz came under closer scrutiny as two more witnesses formerly cooperative took the fifth amendment when appearing before the committee. Patrick Parker, who had given an affidavit that he had not received the moneys attributed to him, took the fifth amendment when questioned by the committee. When John Gorman, who also had given an affidavit to a member of the staff regarding the falsification of union records, appeared before the committee with Attorneys Carroll and Markowitz, he invoked the fifth amendment on the initial questions, but then with frankness and candor informed the committee that his affidavit was true and correct.

A surprising situation developed during the testimony of Thomas A. Keenan, a former member of local 107. Keenan, appearing without an attorney, told the committee that he never received the amounts attributed to him by the union records; therefore, the union records were false. He then advised the committee that he had been approached by union attorney Markowitz:

> Mr. KENNEDY. You appear without counsel. Had anybody approached you suggesting that they might represent you?

Mr. KEENAN. I believe one of the union lawyers asked me if I wished representation by him. I declined him. I said, "No."

Mr. KENNEDY. One of the union attorneys came to you and asked if you wanted to be represented by him?

Mr. KEENAN. Yes, sir.

Mr. KENNEDY. Are you a member of the local now?

Mr. KEENAN. No, sir.

Mr. KENNEDY. Would you pick out the union attorney who approached you?

Mr. KEENAN. The gentleman right there (pointing).

Mr. KENNEDY. He came up to you and asked if you wanted to be represented?

Mr. KEENAN. Yes, sir.

The CHAIRMAN. When did he do that?

Mr. KEENAN. I believe it was Friday, sir.

The CHAIRMAN. Last week?

Mr. KEENAN. Yes, sir.

The CHAIRMAN. You were here then?

Mr. KEENAN. Yes, sir.

The CHAIRMAN. When he found out you were going to be a witness he came up and asked you if he could represent you?

Mr. KEENAN. Yes, sir.

The CHAIRMAN. You declined?

Mr. KEENAN. Yes, sir.

The CHAIRMAN. Did he tell you that the union would pay his fee?

Mr. KEENAN. No, sir; he didn't. After I declined he said he wanted to speak to two other fellows and I went about my business.

The CHAIRMAN. What two other fellows?

Mr. KEENAN. Mr. Gorman and Mr. Parker.

The CHAIRMAN. The two that just testified? He went up to them after he had been talking to you?

Mr. KEENAN. After he found out I didn't want representation, he asked me to excuse myself and I guess they had business to talk over and I went about my business (pp. 10783–10784).

* * * * *

Senator CURTIS. Where did this all take place?

Mr. KEENAN. Right out in the other room, sir.

Senator CURTIS. In this building?

Mr. KEENAN. Yes, sir.

Senator CURTIS. Friday of last week?

Mr. KEENAN. Yes, sir; right outside the room.

Senator CURTIS. You were standing out there with these two other witnesses?

Mr. KEENAN. Yes, sir.

Senator CURTIS. Did you approach this attorney, or did he approach you?

Mr. KEENAN. I was standing talking to these two fellows, which I know, and he came over to me and asked me if I wished to be represented by him, and I said no.

Senator CURTIS. Had you seen him before?

Mr. KEENAN. Just walking around among the people.

Senator CURTIS. How did you know he was a union attorney? You had seen him around the hearings, had you?

Mr. KEENAN. I saw him at the hearings, yes. I imagine if he wanted to speak to those fellows, I imagine he was a union attorney.

Senator CURTIS. You have identified him as which man?

Mr. KEENAN. The gentleman sitting right there.

The CHAIRMAN. Let the record show, Mr. Reporter, the lawyer to whom he points is Mr. Markowitz.

Mr. Markowitz, I am sure, recognized that he was pointing directly at him. If there is any doubt about it, we will make the record clear.

Senator CURTIS. To your best recollection, what was the first thing he said to you when he came up?

Mr. KEENAN. "Do you wish us to represent you?" as far as I can remember; something to that effect.

Senator CURTIS. And you told him "no," and that was the end of it?

Mr. KEENAN. Yes, sir.

Senator CURTIS. And you went on so he could talk?

Mr. KEENAN. Yes, sir.

Senator CURTIS. Did he ask you to move on?

Mr. KEENAN. He said, "Will you excuse me?" I took the hint that he wanted to talk privately, so I went on with my business (pp. 10784–10785).

After the questioning of Keenan, Senator Curtis stated:

Mr. Chairman, I think a rather serious question of legal ethics has been raised here in the matter of soliciting representation. Before it would be referred to any bar association or any State authorities, I do not know how they handle it in Pennsylvania. I think probably the attorney would want to make a statement.

Mr. Markowitz requested to make a statement and was sworn. His explanation of what happened as follows:

Senator CURTIS. Did you hear the testimony of Mr. Keenan?

Mr. MARKOWITZ. Substantially all of it, sir.

Senator CURTIS. Did you talk to him last Friday, adjacent to the committee room?

Mr. MARKOWITZ. My best recollection of that conversation, Senator, was that he and two other gentlemen were standing, and I approached the three of them and said to him, substantially these words, "You do not want us to represent you, do you?" And he said "No." I was at one time under the impression that he was a member of local 107, presently a member. I had previously spoken to the other two individuals who were standing with him, and was aware of their desire as to representation.

Senator CURTIS. Who told you of their desires?

Mr. MARKOWITZ. They had—I had discussed with them previously the problems relating to their appearance before this committee.

Senator CURTIS. Are they now members of the union?

Mr. MARKOWITZ. To my best knowledge, they are, sir.

Senator CURTIS. Where did you have this previous conversation?

Mr. MARKOWITZ. In the office of local 107.

Senator CURTIS. When?

Mr. MARKOWITZ. Some time, I think, Senator, during the week of April 6. I am not sure of the exact date. It may have been Saturday, April 12. I am not positive about that, however.

Senator CURTIS. Did they send for you?

Mr. MARKOWITZ. Did they send for me?

Senator CURTIS. Yes. Your office isn't in the union?

Mr. MARKOWITZ. My office is not in the union office; no, sir.

Senator CURTIS. Did they send for you?

Mr. MARKOWITZ. I would imagine the answer to that question would be that the union sent for me.

Senator CURTIS. The union sent for you?

Mr. MARKOWITZ. Yes, sir.

Senator CURTIS. Were they there when you got there?

Mr. MARKOWITZ. They were there, yes, sir.

Senator CURTIS. Who else was present?

Mr. MARKOWITZ. When I spoke to them?

Senator CURTIS. Yes.

Mr. MARKOWITZ. No one.

Senator CURTIS. Just the three of you in the room?

Mr. MARKOWITZ. Well, actually, I interviewed them individually.

Senator CURTIS. Who sent for you?

Mr. MARKOWITZ. Who sent for me?

Senator CURTIS. Yes.

Mr. MARKOWITZ. The union sent for me. I think I received a call from Mr. Hartsough, if I am not mistaken.

Senator CURTIS. What did he say to you?

Mr. MARKOWITZ. He asked me to come down to the union.

Senator CURTIS. Did he say what for?

Mr. MARKOWITZ. To—I don't recollect whether he said exactly what for or not. I think it may have been understood that it was to discuss some of these problems relating to their appearance as witnesses before this committee.

Senator CURTIS. Coming back to your conversation of last Friday with Mr. Keenan, the only substantial difference between his testimony and yours, as I understand it, is he says that you said to him "Do you want me to represent you," and you said "You don't want me to represent you?"

Is that right?

Mr. MARKOWITZ. My recollection, sir, is that I did not ask him if he wanted me to represent him in so many words.

I was under the impression that he was a member of local 107, but I had also heard that it was not clear whether he wanted us to represent him or not. I was not seeking to represent him in the sense that I was seeking a client. I was merely confirming an impression or an understanding that I had been given previously (pp. 10787–10788).

A meeting of local 107 was held in Philadelphia on a weekend during the hearings. Prior to this meeting there had been 4 days of hearings characterized largely by a parade of officers and members of local 107, all represented by Carroll and Markowitz and all of whom took the fifth amendment. The committee had been informed of this meeting, at which the chairman had been hanged in effigy, and Attorneys Carroll and Markowitz had been voted a $1,000 bonus. In view of this brazen affront to the Senate of the United States, the committee had some questions to ask Mr. Markowitz, whose ethics, along with those of Mr. Carroll, had already been the subject of speculation.

Mr. Markowitz admitted he and Attorney Carroll had attended the union meeting on Sunday, April 20, 1958. Markowitz admitted that "I may have expressed a personal opinion that I thought this committee was attempting to secure what I termed antilabor legislation." He mentioned that attorney Carroll in the same meeting explained to those present that "innocent men might very well plead the fifth amendment." In response to the chief counsel's questions, Markowitz said the union voted him and Carroll a $1,000 increase in their retainer.

Mr. KENNEDY. Mr. Chairman, I just think that what has happened here over the past week, and the testimony of this witness going to this rally for Mr. Cohen, and during a period of time in which he is being criticized by the committee, during the period of time when there is evidence of forgeries, alterations, mass misuse of union funds, and these two attorneys go and make a speech, both make talks critical of the committee, and praising Mr. Cohen, either directly or by inference, and then receiving $1,000 as they do, $1,000 extra, makes them parties to this whole matter, conspirators, if you will, in this whole investigation.

Mr. CARROLL. May I speak to that, sir?

Senator CURTIS. May I ask the witness one question before that.

Was this the same meeting at which they hung the chairman of this committee in effigy?

Mr. MARKOWITZ. I guess it was; yes, sir.

Senator CURTIS. You were present when it was done?

Mr. MARKOWITZ. It wasn't done at the meeting. Apparently it was done before. I was not present when it was done.

(At this point, Senator Kennedy entered the hearing room.)

The CHAIRMAN. Let the chairman make an observation. First, that is the way I would like it to be. I regard it as a high compliment. I don't know what they had in mind, but if they felt that way toward me because I am trying to clean up this union, because I am trying to expose the rascality, the

thievery, the very scum of union behavior, if they want to hang me in effigy because I am doing that, I regard it as one of the finest compliments, and certainly it is evidence that we are being a little bit effective up here (p. 10790).

Further information relative to these two attorneys and the union meeting is provided by the following testimony:

Senator KENNEDY. It is impossible for us to tell exactly what you said, because the press was denied admission to this meeting.

Mr. CARROLL. The press were told immediately afterward exactly what was said, the same thing I am telling you now.

Senator KENNEDY. The point is, I would like to have heard your speech, or read a text of your speech. It all depends on how you put it to the members. If you stated the fifth amendment could be used by those who were innocent, and remarks were made that this committee was attempting to destroy this union, and you were attempting to preserve the union, it is very easy to get a vote of confidence from them, because you know the record and they don't know the record.

You have been before this committee. You heard about the $250,000; you heard about the $31,000 to the 16 delegates; you heard about all the suits, the yachts, the yachts of Mr. Cohen, and so on.

You are aware of how this union is being run. It must be a concern to you as an officer of the bar.

Therefore, for you to participate in this meeting, in the fashion that you did, and to end up by having your fee raised $1,000, it indicates to me that you have not met your responsibilities as a member of the bar, having read the newspaper stories of what occurred last Sunday.

Mr. CARROLL. Senator, as a matter of fact, not only do Mr. Markowitz and I feel that we have met our responsibilities, but in view of the provision of canon 6, about the disclosure of possible conflicting interest, I think it was our duty to go there and tell them precisely what we did. It was precisely in accordance with the terms of canon 6 of the American Bar Association canons of ethics.

Senator KENNEDY. Did you mention any concern you might have over the way the funds of this union have been used?

Mr. CARROLL. I told the entire membership there present that I thought that their officers had a duty under their constitution to account to them for every single penny, and I went so far, on Mr. Cohen's behalf, as to promise that he would do that.

Senator KENNEDY. Did you talk to them about the forgeries?

Mr. CARROLL. I don't think I mentioned it, Senator, but they read the papers.

Senator KENNEDY. Did you talk to them about the alteration of names?

Mr. CARROLL. I didn't get into the evidence at all.

Senator KENNEDY. That seems to me to be the issue. I think even recognizing your responsibility as an attorney, I think you must, as an officer of the union, in a sense, be concerned about the obvious mishandling of thousands and hundreds of thousands of dollars of union funds.

Now you come down after being on the payroll of this union for 4 or 5 years, and then you come in here to represent the officers and they refuse to answer a lawfully constituted committee of the Congress, and then you go up there Sunday and have your fee raised $1,000.

Mr. CARROLL. That was entirely without my doing. I had absolutely no voice in it, nothing to say about it.

(At this point, the following were present: Senators McClellan, Kennedy, and Goldwater.)

Senator KENNEDY. You can talk all you want.

Mr. CARROLL. I may yet refuse it.

Senator KENNEDY. You can talk all you want about the presumption of innocence. You know the facts in this matter. They have been brought to your attention. You know about the changing in names. You know about the over $250,000 in cash and the way it was handled. You know about $31,000 for 5 days expenses for 16 delegates. You know those facts; when you talk about the presumption of innocence, you are talking about a legal protection of someone who can be guilty or innocent not to testify against themselves. You as an attorney for 5 years of this union must be concerned about what has happened. Instead of being concerned about what happened you go up and get your fee increased by $1,000 (pp. 10791–10793).

Conflict of interest became more of an issue as witness after witness took the fifth amendment on all questions of misuse of union funds. At one point in the hearing, while Mr. McBride was being questioned, Senator Mundt expressed these views:

SENATOR MUNDT. We have had in the course of these hearings frequent instances where the union has paid the attorneys for union officials, who, in turn, are defending their actions, as against the interests of the union members. It is that kind of thing that I believe disturbed Senator Kennedy, and which certainly disturbs me, where you have union officials who have been charged and subsequently found guilty, of defrauding the union members.

It seems to me there is something highly improper to have their attorneys paid for by the very same union members, out of their dues, when, in turn, they are the ones who have been defrauded by the union officials (p. 10688).

Relative to the same subject, Senator Curtis expressed his opinion:

Senator CURTIS. I do not accept the view that a conflict of interest arises only when it is established controversy or even near that. I think that the citizens of the country in seeking the advice of a lawyer, and a lawyer is an officer of the court, are entitled and as a matter of established ethics of the American Bar Association are entitled to the determination of whether or not there is a conflict of interest between

that client and any other client at the very time that they seek counsel of the lawyer.

As I say, I have submitted this at this time and point out a hypothetical question, but I think it is a very real one and I think it does have a definite application to this investigation of 107.

I do not have the facts in all instances. I do not know what is taking place in the minds of various witnesses. But so many members of the union avail themselves of the right not to testify on the ground of self-incrimination that it leads me to wonder if it isn't true that had they gone ahead and testified they could not have possibly incriminated themselves but they might have incriminated others who were represented by the same attorney, the same attorney who tells them what their rights are and then advises them whether or not it would be wise to avail themselves of those rights.

That is the one proposition that is unresolved here. The other one is this:

This witness Roberts was a member of local 107. He was beaten up. The man who beat him up was defended in court.

Now if union dues paid for that defense, then Mr. Roberts, as a member, had to pay his proportionate share for the defense of his assailant. That question has not been answered.

I suppose it could be ascertained who, if anybody, paid for the defense of Myhasuk—is that the way you pronounce it? (p. 10691).

A climax was provided by the withdrawal of attorneys John Rogers Carroll and Richard H. Markowitz as counsel for local 107. The Philadelphia Bar Association precipitated this action. After reviewing the first week's testimony in the hearings, the Committee on Professional Guidance of the Philadelphia Bar Association rendered a decision that a conflict of interest on the part of the attorneys did actually exist. Mr. Carroll requested permission to make a statement before the Senate committee on the sixth day of hearings and read into the record the opinion of the Committee on Professional Guidance. This letter, which was signed by J. Wesley Williams, Chairman of the Professional Guidance Committee and Walter E. Allesandrovi, chancellor of the Philadelphia Bar Association, read as follows:

In our opinion to you of March 11, 1958, we stated in the concluding paragraph the following:

"While the attorney at this stage of the proceedings is free to, and, indeed, must, presume his client innocent, recent experience indicates that evidence before the committee may show improper actions on the part of the officers of a union. Such evidence may give rise to an actual conflict of interset between the union and its officers."

We have examined the notes of the sworn testimony before the United States Senate Select Committee on Improper Activities in the Labor or Management Field—which indicate that a conflict of interest may arise between the particular labor union under investigation and certain of its members, both of whom you represent.

In the authoritative work on the ethics of the legal profession, Legal Ethics, by Henry S. Drinker, Esq., of the Phila-

delphia bar, the author, in discussing canon VI of the Canons of Professional Ethics of the American Bar Association, which is the canon under consideration, states:

" 'In observing the admonition of canon VI to avoid the representation of conflicting interest, the lawyer must have in mind not only the avoidance of a relation which will obviously and presently involve the duty to contend for one client what his duty to the other presently requires him to oppose, but also the probability or possibility that such a conflict may arise.

" 'In such cases, as will later be pointed out, even though the clients both consent to the assumption of the relation, the lawyer may eventually regret that he did not initially refuse to take the case.

" 'The appearance of a lawyer on both sides of the same controversy, particularly in cases of some notoriety, will often give an impression to the public which is most unfortunate for the reputation of the bar, and which, of itself, should be decisive.

" 'The temptation to get into an interesting, important, or profitable case is always alluring, and the lawyer is very prone to rationalize himself to the belief that he will be able to steer safely between Scylla and Charybdis, when sober reflection or discussion with his partners would bid him pause.

" 'Where there is any serious doubt, it should be resolved by declining the second retainer. He should avoid not only situations where a conflict of interest is actually presented, but also those in which a conflict is likely to develop.'

"It is our unanimous opinion that you are now in a situation where you cannot represent both the labor union and the members involved in the pending senatorial proceeding" (pp. 10826–10827).

Mr. Carroll then referred to a telegram he had received from his law firm, which he read into the record.

Mr. CARROLL. It is addressed to John Rogers Carroll, Willard Hotel, Washington, D.C., and it reads as follows:

"The guidance committee just ruled we are now in a situation we cannot represent both local 107 and the members involved in the pending senatorial proceeding.

"As a result of this change in the guidance we have requested, we direct you to appear before the Senate committee at the first opportunity and tell them of the ruling of the guidance committee and ask them to postpone the interrogation of all our clients for a reasonable period of time so that they may engage new counsel and so that new counsel may read the record, be brought up to date by you, and consult with the clients.

"If the postponements are granted, withdraw entirely from these proceedings at once on behalf of any interest whatever. If the postponements are not granted, continue to represent our clients until new counsel has been engaged and ask them to engage new counsel at once.

"MICHAEL VON MOSCHZISKER and
RAYMOND J. BRADLEY."

Subsequent to the receipt of that telegram, I held conferences with my clients, with my partners, and with other members of the bar whose advice I respect. The sum total of all that advice is the following decision: That our firm has, as of today, and in fact about an hour ago, perhaps a little less, decided and communicated to Local 107 of the Teamsters Union that we will not represent them any further; that I have decided that I will continue to represent such of the witnesses before this committee who have asked me to represent them.

They have retained me on a personal basis, and no union funds will be received by me, and I will not in any respect represent local 107 in any further matter before this committee.

There are only three people who have, as of now, asked me to represent them before this committee. They are Raymond Cohen, Edward Walker, and Arthur Brown. They are the only people I will now represent.

They have asked me personally and on a personal basis to represent them. I will do so.

I want the entire committee to understand that our firm this morning, not without serious consideration, has decided that we will not represent local 107 any further in anything.

This morning Mr. Bradley, who has entered an appearance in the Court of Appeals for the Third Circuit on behalf of local 107 in the National Labor Relations Board matter, is withdrawing his appearance.

I have entered an appearance for local 107 in the District Court of the District of Columbia in a suit against this committee to get back its books and records. I will, this afternoon or immediately when I am free, withdraw that appearance on behalf of local 107.

We are not representing local 107 any more. Are there any questions? (p. 10828).

Relative to the above statement, the chairman made the following observation:

Senator GOLDWATER. In view of this development, where a question was raised as to the propriety of a lawyer being retained to defend the union with union dues, can we expect a similar ruling in the future when this conflict of interest occurs? It would be reasonable to expect that.

The CHAIRMAN. You mean a ruling from whom, Senator?

Senator GOLDWATER. I would ask the Chair's opinion as to the possibility of a ruling like that when we have conflict of interest in the future as we have had in the past.

The CHAIRMAN. Each case, of course, would have to stand upon its own merits or lack of merits, as the facts are developed. It is difficult for the Chair to make a ruling in advance. Primarily, the matter would address itself to the bar association. Some would charge it would be an arbitrary ruling for the Chair just to rule that a lawyer who has appeared under the circumstances that Mr. Carroll has ap-

peared was ineligible to represent his clients before this committee.

The Chair has tried not to do that. It is something that should address itself first to the conscience of the attorney. He should know whether he is engaged in a conflict of interest. It would have to defer, to a very great extent, to the conviction, to the conscience, of the attorney who appears.

As this hearing progressed, it became evident to me, at least, that there was a conflict of interest or the strong probability of it.

In fact, I thought it was inescapable that it did exist. You can appreciate, however, that to rule that way and simply to bar an attorney meant delay. I explained once before that I was proceeding and letting the attorneys continue in order to try to expedite these hearings. Such a development as this will obviously make this hearing more expensive. With respect to some of our proceedings, at least, we will have to defer them. There is also a criminal case pending in New York that is involved in this deferment.

That has been adjusted so that this committee might proceed. It might take a further readjustment in that or some other readjustment on the part of the committee. We have proceeded, and I don't think any serious harm has been done by our continuing to proceed. Again I say the burden of the propriety or impropriety of it rests primarily with counsel himself and, second, with the bar association when they have knowledge and information of it. I will say this about counsel in this instance, obviously he acted in good faith in the beginning when he requested his bar association committee having jurisdiction of this matter to pass judgment on it.

Whether they fully understood and appreciated then what has developed since, I do not know. Very likely they did not. But as the revelations were made by this committee, and the facts were developed, it became pretty obvious to the chairman that there was definitely a conflict of interest, or such a strong probability of one that any attorney who continued to represent the two interests, as I see them, was certainly in a precarious position.

I think you acted wisely, Mr. Counsel, and your firm has acted wisely, by withdrawing from some of these clients, particularly the union. You can make your choice to represent the union and not represent these other individuals who are members of the union, and whose interests definitely are involved if the facts that have been developed before this committee are correct, that these funds have been misused.

Certainly, their interests are not the same as the interests of the union officials who possibly have misused the funds.

There obviously is a conflict. I can't pass on hypothetical cases. We will have to wait until they arrive. Even if the Chair made a decision, the committee could overrule him if they thought him wrong. Of course, any member of the committee can raise a question at any time when any facts

> or anything transpires which give the appearance of a conflict of interest of attorneys appearing before the committee (pp. 10829–10830).

Subsequent to the above statement, Mr. Markowitz told the committee that he wanted the record to show that he was then withdrawing his representation on behalf of Mr. Cohen, Mr. Walker, and Mr. Brown, as well as any other officer or delegate of local 107 who may appear before the committee.

The action of the Philadelphia Bar Association in the history of the committee, confirmed the opinions of the staff members, the chief counsel, and the Senators on the committee, and was amply justified by the events that unfolded in the hearings.

## Findings—Local 107, International Brotherhood of Teamsters, Philadelphia, Pa.

By the use of subterfuge, intimidation, threats, and physical violence the control of Pennsylvania's largest Teamster union went into the hands of a group of greedy and unscrupulous officers headed by Raymond Cohen. These men thereafter completely stifled the democratic processes of the union by terror and brute force and proceeded to drain the union treasury of large amounts of cash under the guise of legal expenditures. The findings of the committee in the underhanded dealings of Raymond Cohen, assisted (or directed), by his "fixer" Ben Lapensohn are more specifically enumerated hereafter.

1. Raymond Cohen in a conspiracy with Joe Grace, the long time president of local 107, set the stage and engineered a "rigged" election in November 1953 to put himself in office as secretary-treasurer of the union. This was strictly a travesty of normal democratic processes.

Competition was eliminated by the prevention of nominations. By this means Edward Crumbock, secretary-treasurer for 20 years, who had built the union from a small local to a membership of nearly 14,000, was preemptorily "dumped." The manner in which it was done clearly shows that the whole deal was carefully planned and completely "rigged" from start to finish.

2. Cohen's method of forcing himself into office was too brazen for even Dave Beck, the Teamsters international president, to ignore. Beck placed the union under trusteeship and ordered that new nominations and a secret ballot election by the membership be held.

3. With apparently unlimited funds to work with Cohen surrounded himself with a squad of hoodlums and ex-convicts whose job it was to stamp out all competition to Cohen in the coming election by fear, threats, and physical violence.

4. Cohen's methods, unconscionable and ruthless as they were, paid off with Cohen's election as secretary-treasurer in May 1954.

5. Immediately after assuming office in June 1954, Cohen instituted a spending program which amounted to nothing less than a looting of the local's treasury. The first week in office he withdrew $25,000 in cash from the union treasury to pay off his henchmen and backers in the election campaign. He then paid his attorney's fee retroactive to December 1, 1953; repaid nearly $5,000 which Teamster Local 169 had loaned to him personally for campaign expenses; paid to himself an expense account and salary increase of $11,962.10 retroactive

to January 1, 1954—all from the dues money from the members of local 107.

6. Cohen "purged" all of the business agents who had been elected by the membership and replaced them with his own henchmen who had been prominent in getting him elected. Many of these appointed business agents had police records and one of them, Al Berman, had been prominent in the numbers racket in Philadelphia for many years.

7. In order to insure his control of the union, Cohen set up a "goon squad" made up largely of ex-convicts and men with extensive criminal records. These men he paid at the rate of $125 per week, plus expenses, disguising their salaries on the union books under the heading "lost time." No withholding tax was ever paid to the Bureau of Internal Revenue on the salaries of any of these men, none of whom listed their income on their 1956 tax returns. It was further noted that on the 1957 returns, the union paid the Federal income tax for each of them.

8. As a union leader, Raymond Cohen's only method of organizing involved violence, the threat of violence, beatings, destruction of property and a complete disregard of all standards of ethics and decency. As soon as Cohen took over as administrative trustee of local 596, that union launched a drive to organize the employees of Pontiac automobile dealers in the Philadelphia area. No standard ethical union organizing methods were utilized, only violence, the threat of force, and criminal vandalism.

9. In connection with the organization activities of local 596, Ben Lapensohn, Cohen's "fixer," pulled an outright "shakedown" of garage owner Julius Wolfson.

10. The drive to organize the employees of the Horn & Hardart restaurant and bakery chain in Philadelphia was one of the worst examples of irresponsibility and criminal leadership of a union yet to come to the committee's attention. By the use of roving "goon squads," Cohen endeavored to enforce a secondary boycott against the company by wrecking trucks, burning trucks, obstructing deliveries, stealing trucks and dumping them in the river and the repeated beatings of truck drivers which were just short of actual murder. When a year of tyranny failed to bring the company to its knees and force its employees into the union the drive was called off.

In addition to the wholesale criminality of the entire affair the senseless and irresponsible union leadership of Cohen is made apparent by the fact that had the membership drive been a complete success the maximum new members the Teamsters could have expected from the Horn & Hardart Co. was less than 150. For this a reign of terror was conducted which cost the union and the employers together hundreds of thousands of dollars.

Although the evidence indicated the police commissioner of Philadelphia did his best to give the Horn & Hardart Co. and individual truck owners the protection to which they were entitled, it was noted that the police protection was inadequate to control the situation.

11. In regard to the union goons who were arrested for various acts of assault and destruction of property, the committee found that at the time of its hearings in April 1958, 2½ years after the arrests, none of the cases had come up for trail.

12. That shakedowns and extortion were a part of Cohen's organizing by terror is shown in the $1,500 payoff by garage owner Julius

Wolfson to Cohen's "fixer," Ben Lapensohn; and by the $50,000 extortion attempt on the Horn & Hardart Co. by ex-convict "Shorty" Feldman, Cohen's longtime friend in Teamster activities.

13. The committee found that the practice of writing union checks for "cash" was a means for surreptitiously stealing from the union. The vouchers purportedly supporting disbursement of the cash were false. Union members recorded as receiving certain amounts either received a lesser amount or payments to them were completely fictitious. The total cash embezzled in this matter could not be determined but was obviously considerable, since the sum total of these checks to "cash" written by Cohen as secretary-treasurer of the union was over a quarter of a million dollars during the period covered by the committee's examination.

14. Outright forgery was another method used by Cohen to extract funds from the union treasury. A series of checks exceeding $10,000 overall, bearing forged endorsements and then cashed, were drawn by Cohen from the union treasury. In addition, checks to Samuel Kirsch totaled $8,500 and were falsely labeled "for return of election expense." Kirsch turned the proceeds of these checks directly over to union "fixer" Ben Lapensohn.

15. The committee also found a further gouging of the union treasury in a series of checks totaling more than $12,000, written to Ben Lapensohn for "personal services" over and above Lapensohn's regular salary of $10,000 a year. Further evidence of the illegality of these payments was established by the fact that someone had surreptitiously removed nine of these canceled checks from the union records.

16. The committee found further that shortly before the "personal service" checks were written to Lapensohn that Lapensohn furnished Cohen $17,000 for use as a downpayment on a new yacht in April 1955. The manner in which Lapensohn was repaid by Cohen, if he was repaid, is not known.

17. In addition to the large sums of money which he removed from the union treasury under various pretexts, the committee found that Cohen also imposed heavily on the dues-paying members by charging as legitimate union expenses such personal luxuries for himself as $135 suits and overcoats, $13.50 shirts, $10 neckties, an expensive camera, Christmas gifts, car expenses, and hotel bills, as well as 3 and 4 months all-expense vacations in Florida for himself and family and $125 per week pocket expense money.

18. It was established by the committee that Cohen was handling nearly all of his own personal finances in cash, even expenditures of many thousands of dollars. This was during the same period that the $250,000 in cash was being removed from the union treasury under various pretexts. It was found that Cohen spent during this time several thousands of dollars more than all his known sources of income, and, at the same time, increased his net worth by more than $46,000. Since Cohen and his henchman refused to offer any explanation, seeking refuge in the fifth amendment to all questions, no other conclusion could be left to the committee but that Cohen, with the assistance of some of his appointees, was steadily taking from the union treasury by clandestine means.

19. It was found by the committee that Ben Lapensohn, a union "fixer" successfully operated the advertising sales of the Pennsylvania

Federationist and the New York Federationist as strictly "shakedown" operations, using the threat of labor trouble and the promise of labor tranquillity as a means of extorting "donations" and advertisements from legitimate businesses.

20. Despite the extremely lucrative results of this method of operation, Lapensohn still could not satisfy his voracity and took large amounts from the proportionate shares of the New York Federation of Labor.

21. It was the opinion of the committee that Ben Lapensohn, although never a working union member, made a large fortune over a period of years by exploiting both sides in labor-management relations with a complete disregard for the welfare of either.

22. The Food Fair Co. received a large concession over its competitors from Raymond Cohen during the contract negotiations in 1954 by receiving the privilege of dropping trailers in unlimited numbers. This was accomplished by having the Food Fair attorney Samuel Blank, go to Raymond Cohen behind the back of the negotiating team of the Motor Transport Labor Relations. The committee found that despite the claims of the Food Fair officials to the contrary, the practice of dropping trailers in making freight deliveries is a substantial economic advantage.

23. The committee attached a special significance to the concession granted the Food Fair Co. by Raymond Cohen when it was established that shortly after these negotiations certain substantial stock transfers were made by Louis Stein, president of Food Fair, to "fixer" Ben Lapensohn of local 107. On one transfer of Dan River Mills stock made through an intermediary, Lapensohn was given a $5,000 "windfall." Stein admitted to the committee that he knew Lapensohn as an "adviser" to Raymond Cohen and admitted selling the stock at a premium to Lapensohn to "avoid incurring his ill will."

24. Lapensohn was the recipient of another gift from Food Fair, this time through Lapensohn's brother-in-law, Jack Shore. This involved Food Fair "rights" which were worth $3,000 permitting Lapensohn to purchase bond units for $10,000 which had an actual value of $14,000. Lapensohn was also permitted to purchase through his brother-in-law $2,000 worth of Food Fair stock at the time the stock had a value of $8,000.

25. The committee found that the Food Fair Co. was shamefully involved in the actual soliciting of key labor leaders to "get in on the ground floor" on the company's new stock issue. By this preferred treatment 20 prominent labor leaders, most of whom had direct labor dealings with the Food Fair Co., were given stocks and bonds worth $90,400 for a total investment on their part of only $42,100. This was not only unethical but in the opinion of the committee was an outright violation of the law. We strongly feel that the Department of Justice, to which this matter was referred, should have taken action by this time. The committee strongly renews its request to the Department of Justice to act in this case.

26. The committee finds that the Philadelphia Bar Association acted in a manner not in keeping with the stipulated high ethical standards of the legal profession. It is indeed saddening that leaders of a profession which should set the highest moral and ethical examples for the rest of our citizens should act as they did with relation to this case. After first advising Attorneys John Rogers Carroll and

Richard Markowitz that there was nothing unethical about their simultaneous representation of the dues-paying members of local 107 and of officers accused of taking money from the treasury of the local, they then reversed their position and advised Carroll and Markowitz that such simultaneous representation would be unethical. As the hearings continued, however, Carroll, and to a lesser degree Markowitz, conducted themselves in a highly unethical manner requiring constant admonishment for constant coaching of the 46 witnesses they represented, all of them invoking the fifth amendment. Despite a referral of the matter to the Philadelphia Bar Association by this committee, it did nothing to deal with this unethical conduct.

## Maxwell C. Raddock and the United Brotherhood of Carpenters and Joiners of America

Among the features that distinguish the United Brotherhood of Carpenters and Joiners of America from other large and influential trade unions on the national scene, two are especially notable. First, it is the oldest union in the country in terms of unbroken operation. Second, for well over half of its 78-year history, its affairs have been run by only two men, the late William L. Hutcheson and his son, Maurice A. Hutcheson.

Hutcheson the elder, initially elected general president in 1913, ruled until his resignation in 1952, at which time the robes of office were assumed by Hutcheson the younger. By then, the son had been well schooled for the summit; he had been appointed first vice president by his father in 1938, a choice confirmed in 1940, 1946, and 1950, only once with opposition, by the union electorate, which likewise, without murmur, endorsed his accession to the top spot in 1954 and in late 1958.

If the entrenchment of the Hutcheson dynasty has gone unquestioned, so also has its management of the Carpenters. That this has proved an expensive oversight for the more than 800,000 members of the union was made evident in the committee's inquiry into a number of transactions engaged in over recent years by General President Hutcheson and his coterie of ranking subordinates. These transactions, examined by the committee in 10 days of hearings in mid-1958 and early 1959, involved not only the misuse and mishandling of union funds but the abuse of the trust of high union office through collusive dealings with management for personal aggrandizement.

Among the specific points pursued by the committee were:

1. The marked affinity between top Carpenter officials and one Maxwell C. Raddock, owner of, among other companies, the World Wide Press Syndicate, Inc., a Yonkers, N.Y., printing plant, and a biweekly publication called the Trade Union Courier. Out of his association with these officials Raddock and his enterprises have reaped an income of more than $519,000 in Carpenter Union funds. The bulk of this, $310,000, was for a heavily plagiarized biography, under Raddock's name, of Hutcheson senior, for which a generously estimated total possible cost of researching, writing, and producing was estimated at $125,000; further, 80 percent of the actual copies printed were produced after the committee began its investigation in

November 1957, despite an original agreement between Raddock and the Carpenters dating back to December 1953.

2. The use of at least $50,000 in union funds, over and above their salaries and per diem allowances, for the personal accommodation of top Carpenter officials, including payment of personal income tax deficiencies, trips to Europe, travel to and from President Hutcheson's hunting and fishing lodge in Wisconsin, and bills at a social club in Indianapolis, site of the international union's headquarters.

3. Certain events preceding the indictment of General President Maurice Hutcheson, Second Vice President O. William Blaier, and Treasurer Frank Chapman for conspiracy to bribe an Indiana State highway official in connection with their purchase and resale of a piece of land along which a superhighway was to be built. Of particular interest to the committee in this affair was the purchase for $40,000 by the Teamsters Union, the Carpenters' warm friend, of a piece of land assessed at about $3,800. One of the beneficiaries of a parallel transaction by the sellers of this property was the prosecuting attorney of Lake County, Ind., Metro Holovachka, who the same month had announced that no indictment of the three Carpenter officials would be forthcoming because of a "lack of jurisdiction" (the indictment was subsequently returned in adjoining Marion County).

4. Handling of the Brotherhood-owned property in a manner most charitably described as dubious, including the nonpayment of taxes on some $890,000 in net income, from 1954 through 1957, on a 1,000-acre citrus grove in Florida, and the metamorphosis of a piece of real estate currently valued at some $250,000 from a union holding to an asset of the late William L. Hutcheson's personal estate.

5. The intricate financial dealings with management admirers of Carpenter General Executive Board Member Charles Johnson, Jr., powerful head of the union's New York district council. Johnson's operations in this sphere netted him a $30,000 payment by the Yonkers Raceway in Westchester County, N.Y., for his services as "consultant" in a jurisdictional dispute, and $96,500 in "commissions" for securing business from 19 construction firms, at least 17 of which have Carpenter contracts, for two jointly controlled oil-jobbing companies, Penn Products and Mercury Oil. Other beneficiaries of this latter arrangement were Carpenter Second Vice President Blaier, to the tune of some $10,000, and Mrs. Johnson, who, for a $250 investment, received a 25 percent interest in a corporation expressly set up for the convenience of her husband's role as oil salesman. During 3 of the years Johnson was receiving these commissions, the salary and expenses paid him and sundry male relatives by various Carpenter units totaled $448,100, of which his direct share was $224,600.

6. The role played by two contracting firms, Walsh Construction Co. and Merritt-Chapman & Scott, in furthering the interests of Johnson's commission employers on two major construction projects in the East, on which the Carpenters were among the crafts employed, as well as the supporting role played in these arrangements by the Shell Oil Co. and Esso Standard Oil Co.

A sizable part of the committee hearings was devoted to an examination of the curious intertwining with the Carpenters Brotherhood of the personal fortunes of Max Raddock. The paths of Raddock and the union's late chieftain, William L. Hutcheson, first crossed some time during the thirties, by Raddock's own account. It was in

that same decade, in 1936, that Raddock founded the Trade Union Courier, one of his enterprises to which the Carpenters have lent support of a sort crucial to its continued success.

Raddock's view of his journalistic offspring, as expressed to the committee, clearly reflected the Courier's self-assumed subtitle of "America's leading labor newspaper." That his opinion was shared neither by the AFL–CIO nor by the old AFL, which as early as 1945 denounced the Courier as an "outlaw racket publication," was made equally apparent by Robert F. Wentworth, assistant director of the AFL–CIO department of public relations. Wentworth, classing the Courier among other unethical "boilerroom" journals plaguing legitimate labor, commented:

> * * * The AFL–CIO today is aware of the evil and sly practices of these outside groups who, feigning friendship, are in fact operating to the detriment of the trade union movement.
>
> While feathering their own nests these vulturous concerns are doing untold damage to the excellent relationship that exists between the vast majority of organized labor and their employers (p. 11830).

The lifeblood of such publications, according to both Wentworth and Assistant Committee Counsel Robert Emmet Dunne, who made a study of their techniques for the committee, is the advertising they are able to solicit, a large amount of it from businessmen, through misrepresentation, unauthorized use of the AFL–CIO name, and assorted unfair, deceptive, and fraudulent practices. A primary feature of the approach is the use of high-pressure telephone selling, often long-distance, obviating the need for proper identification via letterhead.

How vital advertising has been to the Courier's prosperity may be seen from Dunne's testimony that from 1950 through 1957 this was its major source of revenue, amounting to $3,580,876.10, part of it from nonunion firms, compared with a subscription income of $594,955.36, a 7-to-1 ratio.

According to official AFL documents presented to the committee by Wentworth, the shady practices of the Courier's solicitors have included false claims to prospects that the Courier was an AFL or AFL-endorsed newspaper; that they represented the AFL in putting out special Courier editions "in cooperation with the Victory Loan drive" or to "welcome home" returning war veterans; that the Courier went to all 7½ million AFL members (its actual circulation is 33,000); that advertising in the Courier would finance an anti-Communist cleanup in the unions; or that buying space would be the advertiser's best bet for maintaining "labor cooperation."

Other Courier soliciting gimmicks were attested to in an affidavit by Emmett Dean, manager of the financial and commercial division of the New York City Better Business Bureau, who deposed that his organization had over the years received more than 300 inquiries as to the Courier's methods. One complaint was that the Courier had exploited the Samuel Gompers Centennial celebration, with which it had no connection; another businessman was solicited presumably for a half-page ad in an AFL–CIO yearbook to be distributed at its annual convention in Miami, although no such convention was to be

held there that year, and the AFL–CIO itself has made plain that the Courier was not sanctioned by it.

Attempts to combat the Courier's practices have been made not only by information channeled through the Better Business Bureau but by the Federal Trade Commission itself, which in 1952 held the publication guilty of unfair and deceptive practices and, in a decision upheld 4 years later by the U.S. Circuit Court of Appeals, ordered it to cease and desist from representing that it was endorsed by or otherwise connected with the AFL, and from placing ads or billing advertisers without bona fide orders or purchase agreements.

The FTC complaint against the Courier, Wentworth testified, was issued with the full cooperation of the AFL, which itself tried unsuccessfully, both before and after the Government case, to clip the Courier's wings, in actions by its executive council and other of its bodies in 1945, 1950, 1951, 1952, and 1954. In these moves the AFL called businessmen's attention to the fact that it neither solicited nor accepted advertising "in any shape or form," cited specifically fraudulent practices by Courier solicitors, and cautioned its affiliates and subordinate bodies against endorsing publications which did not adhere to the code of ethics of the International Labor Press Association of America. The AFL's successor, the AFL–CIO, also took action, as recently as 1958 circularizing all its State and city central bodies in a letter which noted that certain advertising solicitors were accepting ads from nonunion and antiunion employers, and asked that periodicals issued or authorized by AFL–CIO State and local bodies "cease and refrain" from accepting unsigned ads or ads of employers not 100 percent unionized by the AFL–CIO.

Neither the AFL–CIO, the Better Business Bureau, nor the Federal Trade Commission, however, has effectively stayed Raddock's crew of advertising go-getters from their self-appointed rounds, as evidenced by tape recordings played before the committee of long-distance telephone calls made by David Koota, a Courier ad solicitor, to officials of three nonunion firms: John D. Stevenson, vice president of the Dobson-Evans Co. of Columbus, Ohio; Hull Youngblood, Sr., president of the Southern Steel Co. of San Antonio, Tex.; and George A. McNeff, president of the Falcon Manufacturing Co. of Dallas, Tex. Of the three calls, transcribed by the recipients as routine business procedure, two were made by Koota in 1957 and one, to Youngblood, in March 1958, just 3 months before Koota's appearance before the committee.

Ample proof of the Courier's arrant disregard for both the FTC findings and the strictures of the AFL and AFL–CIO appeared in the substance of Koota's spiel as laid bare in the recordings. Thus, in his call to Youngblood, the approach was as follows:

> Mr. KOOTA. Youngblood, this is Dave Koota, with the Courier, the American Federation of Labor Unions.
>
> Mr. YOUNGBLOOD. Uhuh.
>
> Mr. KOOTA. How are you, Mr. Youngblood?
>
> Mr. YOUNGBLOOD. All right.
>
> Mr. KOOTA. Fine. Anything I can do for you?
>
> Mr. YOUNGBLOOD. I don't think so; not that I know of.
>
> Mr. KOOTA. Well, I say it for one reason, Mr. Youngblood, because we've always regarded you a friend.

Mr. YOUNGBLOOD. Well, I think we are.

Mr. KOOTA. Youngblood, you know we've had our big convention. At the convention there was one very important thing came up that we are going to work on, and that is to get Communists out of organized labor.

Mr. YOUNGBLOOD. Huh, hmmm.

Mr. KOOTA. What do you think of it?

Mr. YOUNGBLOOD. Well, I think—ah—I think they—they—I think that's the element that has given you the trouble.

Mr. KOOTA. Definitely. I'll tell you this, Youngblood. It's gotten to a point now where not only did those Communists get into labor, they've gotten into our schools, our churches, and even into our State Department.

Mr. YOUNGBLOOD. Uhuh.

Mr. KOOTA. And unless we do something, Youngblood, it's going to affect us all in a big way.

Now, Youngblood, you've always rated a friend, and if there's anything at all that I could ever do for you I'll always work with you 100 percent. Now, Hull, all of our good friends in management, those we have always respected, are working along with us. They're taking a space in our big convention paper to help us out with the expense, but I want you to know this, Hull, that if I ask you to take a little money out of your pocket to help me, the time will come when I'll prove to you, Hull, that we've got darn big pockets ourselves.

I'll always work a favor back to you in dollars and cents, and when I do, Hull, you'll find that it's good to have friends in the right places. * * * (p. 11848).

McNeff, too, was treated to an exposition of the dangers of communism in labor unions, assured that "we've always regarded you as a friend," and told that "we're going to put out a convention paper for the American Federation of Labor unions" (p. 11852). Following the suggestion that he take out a quarter-page ad for $350 came this fragment of conversation, clearly illustrative of the Courier's brand of doubletalk:

Mr. MCNEFF. Well, who do we pay that to, or how is that——

Mr. KOOTA. You will get a bill and a letter of thanks directly from the main organization, Mr. McNeff.

Mr. MCNEFF. Now, is this the American Federation of Labor?

Mr. KOOTA. No, it's going to go to the paper, the Trade Union Courier, which represents the American Federation of Labor–CIO unions.

Mr. MCNEFF. Uh huh. Well, couldn't we just make our checks payable to the AFL here——

Mr. KOOTA. No——

Mr. MCNEFF. And have them forward it to you?

Mr. KOOTA. No; the check will be payable to the Trade Union Courier.

Mr. MCNEFF. Oh, I see.

Mr. KOOTA. That's the paper that represents. You see, the AFL doesn't directly take anything from people. It's the AFL–CIO paper, the Trade Union Courier, which is running this campaign.

Mr. MCNEFF. I see.

Mr. KOOTA. Do you follow me, Mr. McNeff?

Mr. MCNEFF. Uh huh.

Mr. KOOTA. So you will get a bill directly from the main organization. My name, my address, and my phone number will be there. If anything should ever come up, Mr. McNeff, if I can ever do you good, if you come to me, I'll always be as nice to you as you were to me.

Mr. MCNEFF. Well, now, is that paper published down here? I mean, does it get down here?

Mr. KOOTA. It's a national paper, Mr. McNeff. It's circulated all through the area.

Mr. MCNEFF. Uh huh. And that's the official paper of the AFL–CIO?

Mr. KOOTA. Right. You'll see it right on the bill when you get it. It's officially endorsed by over 2,000 American Federation of Labor–CIO unions in the United States and Canada. Good enough, Mr. McNeff?

Mr. MCNEFF. Well, I'll have to clear it with our committee that passes on such things, but very likely (p. 11853).

Whereas McNeff and Youngblood were new prospects, Stevenson had been given a taste of another type of Courier tactic. In his appearance before the committee he explained that his father, since deceased, had once taken a Courier ad, and that as a result he himself, when approached by Koota in July 1956, had taken one for $100.

Between that time and the next telephonic request for an ad in the autumn of 1956, however, the company's policy had changed, Stevenson explained, and all such solicitations were required to clear the Better Business Bureau. Although the Courier salesman was so informed, Stevenson went on, about a week later a galley proof of an ad arrived and so did a bill—a clear violation of the FTC's ruling that the Courier refrain from seeking to exact payment for its ads without a prior bona fide order.

Stevenson had read the FTC report by the time Koota called to press for the money, and this extract from their recorded talk sheds light on the Courier's bland view of its critics:

Mr. KOOTA. * * * Did you read the Federal Trade Commission report?

Mr. STEVENSON. Yes, sir.

Mr. KOOTA. Did you understand it thoroughly?

Mr. STEVENSON. Oh, I think so.

Mr. KOOTA. All right; now, if you understood it thoroughly then you'd know one thing, Stevenson, that we for a period of 5 years went on trial with that case and at the end of the case they said that the Trade Union Courier is officially endorsed by the American Federation of Labor, and the Trade Union Courier is the finest labor paper in the world. That was the decision given by the Federal Trade Commission. The American Federation of Labor right after

that picked it up and appealed the case. They didn't like the decision that was handed down, and it was kicked around for 2 more years in order to give the American Federation of Labor some hand—something—they had to give them something so they could drop the matter completely. So they said the Trade Union Courier is to stop saying that they are the American Federation of Labor.

Now, Stevenson, it's only a little bit of a technicality that don't mean anything at all. * * * (p. 11839).

Koota was considerably less verbose before the committee than on the long distance wire with his prospects. He "wouldn't say" that Stevenson had been "mistaken," but thought there might have been a "misunderstanding" as to whether there had been a firm order for the ad. He "might have" told the people he called that he understood they were friends of the AFL–CIO but had never actually checked out this point; sometimes, he explained, he secured their names from other labor papers so he "assumed that they were friendly to labor" (p. 11846). As to some of the other statements he had made in his sales campaigns:

Mr. KENNEDY. Who are some of the big friends, the friends that you had in the right places?

Mr. KOOTA. I wouldn't know, offhand.

Mr. KENNEDY. Whom did you have in mind?

Mr. KOOTA. Nobody, particularly (p. 11850).

* * * * *

Mr. KENNEDY. What did you refer to as "our big convention paper"?

Mr. KOOTA. Well, there is always a convention around someplace, so we usually put a convention paper out, or a special edition. It is just a special selling point; that is all it is (p. 11850).

* * * * *

Mr. KENNEDY. You were asked, "Who is the organization you represent?" and your answer was, "It is the American Federation of Labor–CIO unions, Hull."

Mr. KOOTA. Well, I probably understood him to say, "What unions do you represent?" That is all.

Mr. KENNEDY. That is not what he said.

Mr. KOOTA. Well, maybe I understood him to say that.

Mr. KENNEDY. You represented Max Raddock, the Trade Union Courier?

Mr. KOOTA. That is right.

Mr. KENNEDY. You don't represent labor unions?

Mr. KOOTA. I might have misunderstood him, Mr. Kennedy. There could have been a misunderstanding there. I don't weigh every word I say. I could not possibly weigh every word I say (pp. 11850–11851).

Koota reported that he gets a 30 percent commission on the ads he secures for the Courier, that he does most of his selling by telephone, and that he has worked for the Courier for about 14 years, prior to which he served time in the penitentiary for swindling. A

similar experience had befallen his brother, Richard who had also then become a Courier employee, later switching to another such publication, the International Labor Record.

That Richard shared his brother's proclivity for fast talk as well was evident from another tape recording made by Stevenson, whom he too had approached, using the name of Rogers. Introducing himself as "with the International Labor Record, the American Federation of Labor," Koota-Rogers had used not the anti-Communist theme but a new come-on, informing Stevenson that "just the other day," at a place he identified simply as "down at headquarters," a resolution had been passed "that we will not permit any more strikes through the United States of America" (p. 11843). Stevenson's ad, he said, would go into a copy of the record designed to tell American workers "what they must do in order to get rid of strikes" (p. 11844).

However many businessmen may have turned a deaf ear to the Courier's solicitors, the $3½ million garnered through their particular technique in the 8-year period prior to the committee hearings was a remarkably healthy chunk of advertising revenue for a publication with but 33,000 circulation. Nor was this the only signal feature of the Courier's setup. Study by Assistant Committee Counsel Dunne of those of its records which were obtainable revealed that "America's leading labor newspaper" had not a single individual subscriber. Its total buyers number 32, acting on behalf of local unions, and 70 percent of its subscriptions go to, and are paid for by local 32B of the Building Service Employees' Union, locals 342 and 640 of the Amalgamated Meat Cutters and Butcher Workmen, and the Carpenters Brotherhood. The latter absorbs fully one-third of the Courier's circulation, 5,500 copies being purchased by the international and 5,000 more by New York locals controlled by Vice President Charles Johnson. The total Carpenter outlay for Courier subscriptions, according to Committee Investigator Karl E. Deibel, came to $120,677 for the years 1954 to 1957 alone.

Equally if not more valuable than this monetary evidence of the Carpenters' esteem for Max Raddock's brand of labor journalism has been their continued "endorsement" of the Courier despite the AFL's repeated urgings that its affiliates cancel such sponsorships "in order that we might be spared the embarrassment caused by the unethical methods and practices of this publication" (p. 11829). The persistent flouting of this plea by both the Carpenters and a number of other unions has enabled the Courier, both in its solicitations and in a prominent page 1 box alongside its title, to proclaim that it is "officially endorsed by 2,000 AFL–CIO unions in the United States and Canada."

Even so, according to Dunne's research, this is a falsely exaggerated claim. As of May 1958, a month before the committee hearing, he reported, the Courier's total endorsements were 417, a mere fifth of the number blazoned at the top of page 1 of the newspaper, and of these one is a multiple endorsement, by Carpenter Vice President Johnson, on behalf of 346 locals which he controls.

When the FTC case against the Courier was launched in 1952, Dunne explained, the defendant presented evidence of its endorsement by some international unions representing 3,212 local unions;

the FTC sustained the Courier's position on this point. Through subsequent efforts of the AFL–CIO, however, many of these endorsements were withdrawn. To ascertain just how many, committee investigators checked the letters of endorsement in the Courier's files—being told, according to Dunne, that these were all there were—and also tabulated statements of union officials either directly to the AFL or to the committee to the effect that they had withdrawn their endorsements. Teamsters' local endorsements—fewer than 400—were struck because of the union's expulsion from the AFL–CIO some months prior to the final May 1958 tabulation. In cases where the endorser either could not be found or through time limitations, could not be contacted, the Courier was given the benefit of the doubt. A maximum of 50 unions was included for this reason, Dunne estimated, of which about 45 "were never contacted because we could not locate them" (p. 11835). These 50, plus Johnson's 346 Carpenter locals, plus 2 central labor bodies representing 21 unions, make up the Courier's present 417 endorsers.

Queried about the gap between this total and that claimed by his publication, Raddock maintained that to "the best of my knowledge," it has endorsements from over 2,900 unions and that he never received a "formal notification" of any withdrawals that would bring the number below 2,000 although he conceded that the last check he made was "perhaps 3, 4, or 5 years ago" (p. 11976). While asserting that his figures did not lie, he questioned whether they were essentially of any moment:

> * * * If I personally had 2 weeks' time I would bring in another 2,000 endorsements from A.F. of L. unions if the number is so important (p. 11976).

Raddock noted that "prominently printed on the first or second page" of every edition of the Courier was a "notice to advertisers" which included a sentence he quoted as follows:

> The Trade Union Courier disclaims any affiliation with AFL–CIO headquarters (p. 11935).

Copies of the Courier introduced as a committee exhibit revealed no such flat statement. Rather, in a box at the bottom of page 2, in small and closely spaced bold-face type, the "notice to advertisers" devoted its first two paragraphs to a blast against yearbooks, souvenir journals and "other alleged 'official' publications of city, central and State bodies" which perform no "useful service for the rank and file," and against "irresponsible advertising solicitors" who invoked the Courier's name and exploited "the official emblem of the American Federation in Washington." Although stating that the Courier "does not engage in such actions" as claiming to represent AFL headquarters, the notice ended by indicating that the Courier was "conducting an investigation of such malpractices" and has "compiled a mass of evidence for submission to the A.F. of L. Executive Council in Washington"—thereby implying some rapport with a group which had bluntly denounced its practices.

Raddock declared that any Courier salesmen who "assert the AFL headquarters prestige" to solicit an ad do so "in contravention of our avowed policy" (p. 11951).

Mr. KENNEDY. Do you give them any specific instructions not to describe themselves or give the inference that they represent the A.F. of L?

Mr. RADDOCK. Personally, I don't maintain any direct contact with the advertising department. My office is not located in the Courier. But I can state for the record that when most of our sales people, I would say most of them, are there at least 15 years, and they all know that that is our rigid policy.

If anyone deviates, he is doing it on his own responsibility. If we knew about it, we would take prompt disciplinary action, if anyone advised us on the subject (p. 11951).

David Koota, he said, had been suspended for 4 weeks without pay after his appearance before the committee, adding:

> * * * We hate to do a thing like that, but he pledged himself. He realized his sales talk was on the stupid side, and said he wouldn't repeat it again. We are at least forgiving in the human sense (p. 11951).

Raddock indicated that the same sentiment made immaterial the fact, pointed out to him by Committee Counsel Kennedy, that seven Courier employees had come straight from prison to work as his solicitors, including his advertising manager, who had been jailed for mail fraud, and others for confidence games and stock and other swindling. Although commenting that had he been given "any enlightenment at any time concerning any of our sales people," he would have been "glad to take such things under consideration," Raddock declared:

> * * * I hire an advertising salesman for his ad-selling talents and nothing else but. Also, that is as another fellow human being, I do not ask people whether or not they have a jail record (p. 11952).

He attributed most of the complaints against the Courier to jealous local union officials connected with competitive labor publications and asserted that "it comes with ill grace for the AFL to cast stones at the Courier" in the light of the "yearbook racket" by "publications sponsored by AFL subdivisions" (p. 11935). The Courier had in fact, he said, received encomiums both from the late William Green and from George Meany, although the only written evidence he submitted on this score was dated 1940, when the Courier was approximately 4 years old.

Whatever outside opinions of the Courier may have been, it has proved a profitable personal lode for Raddock, the sole stockholder, and his brothers, Bert and Charles, its other principal officers. In the same 8-year period when its advertising revenue was some $3½ million and its subscription income some $514,000, the three Raddocks received $683,958.87 in salaries, travel expenses and hotel and restaurant bills paid.

An instance of the close identity of the Raddock and Courier fortunes unearthed by committee investigation was a 1955 check for $1,750 from local 342 of the Amalgamated Meat Cutters, marked "Trade Union subscription for the Grand Union and Food Fair Stores," but made payable to Maxwell C. Raddock. The Courier's

records reflected receipt of neither the check nor cash of a similar amount around that time. Raddock identified the endorsement on the back of the check as his but didn't recall receiving it, and it was not declared on his income tax.

Emmett Dean of the New York City Better Business Bureau deposed in his affidavit that, in an interview in July 1945, Raddock had told him that 8 or 9 percent of the Courier's profits were "distributed to unions to make up losses incurred when the unions gave up printing their own annual journals to accept the Trade Union Courier as their official publication" (p. 11955). On the basis of the committee's scrutiny of the Courier's books, Assistant Counsel Dunne was asked:

> Mr. KENNEDY. Mr. Dunne, this is a completely personal operation, is it not?
>
> Mr. DUNNE. Yes, sir; it is.
>
> Mr. KENNEDY. None of this money goes to any charitable organization; none of it goes to any labor union as such?
>
> Mr. DUNNE. That is correct.
>
> Mr. KENNEDY. And none of it goes to any fund to fight Communism or anything like that?
>
> Mr. DUNNE. That is right.
>
> Mr. KENNEDY. This is a completely personally owned and operated business; is that right?
>
> Mr. DUNNE. And operated for profit; yes, sir (p. 11821).

In contrast to his dim view of the Courier's critics, Raddock's regard for its admirers, and theirs for him, was indeed bright. This reciprocal devotion was notably manifested when, in 1950, Raddock found inadequate a small printshop he had operated under the name of Feature Press and decided to build a large printing plant in Yonkers, N.Y., forming for the purpose a corporation called World Wide Press Syndicate, Inc.

His own investment in this new enterprise, one of whose activities was to print the Courier, was the old equipment and good will of Feature Press, which he valued at $30,050, and for which in return he received all World Wide's capital stock. The lion's share of the financing, $318,000, was achieved, however, in two mortgages totaling $105,000 and by the sale of $213,000 in debenture bonds to union officials and their relatives, to international and local unions and union welfare funds, and a minor portion of it, $12,500, to people with no known connection with labor organizations.

Of particular interest to the committee was the bond and mortgage financing. Dunne's analysis of this aspect of the venture showed that:

(1) $50,000 in World Wide Press bonds are personally held by local and international officers of the three unions—Carpenters, Meat Cutters, and Building Service Employees—which account for 25,689 of the Courier's 33,000 circulation, or are held by their wives and other relatives. In the case of some $18,000 of these bonds neither buyer nor seller was able to produce proof of actual payment, and strong circumstantial evidence pointed to at least partial payment via salary checks issued to Courier employees. This was also the case with most of the $5,000 in bonds held by John O'Rourke, head of local 282 and joint council 16 of the Teamsters, and subsequently repurchased by Raddock.

(2) The first mortgage of $70,000 is jointly held by Meat Cutters locals 640 and 342, for years controlled by Max Block and his brother Louis, whose son and wife are among the above-mentioned personal bondholders. It may be noted that after the start of the committee hearings both Blocks relinquished their grip on the union, Max as head of both locals, and Louis as trustee of their pension and welfare fund. Both also refused to answer the questions of a New York grand jury looking into misuse of the two locals' funds.

(3) The second mortgage of $35,000 was taken by the welfare fund of local 284 of the Laundry Workers International just prior to its going out of existence to be replaced by an international welfare fund, and local 284's books show no record of the transfer of this asset.

The first mortgage, Dunne testified, was originally taken by the welfare funds of the two Meat Cutters locals, but in 1956, around the time of the Douglas subcommittee inquiry into such funds, the assets of both Meat Cutters funds were sold to the locals themselves. By this time, Dunne said, World Wide Press had been in default on the mortgage, both principal and interest, for a number of years. To finance the purchase of the mortgage from their own welfare funds, the two locals had to borrow from a bank, an arrangement supervised by the Block brothers.

The second mortgage had an even more complicated history, Dunne continued. Local 284 of the Laundry Workers, a Jersey City, N.J., local with some 5,500 members, originally had its own welfare fund, which expired on September 1, 1952, having been required to join a new international welfare fund which had been set up. No requirement was made, however, that its assets be transferred to the new fund.

These assets, acquired despite the knowledge of the local fund's impending demise, included not only the $35,000 second mortgage on the Press, acquired in August 1952, but $50,000 in Press bonds, bought during 1951. Both purchases had been negotiated by Max Raddock and Jacob Friedland, counsel for both local 284 and the defunct welfare fund.

Up to June 1952, Dunne reported, several small interest payments were made on the bonds, totaling $1,363.03. After that date, however, no more such payments were forthcoming from Raddock, while no payments of any sort were ever made on the interest or principal of the mortgage; with the accrued interest, the value of both assets as of the time of the committee hearings was slightly over $100,000.

The question of the ownership of this substantial sum remains unsolved, Dunne testified. Laundry work is a transient trade, he pointed out, and it would be difficult to ascertain how many of the people who helped build up the local welfare fund which bought the bonds and the mortgage are still members of local 284; no attempt was made to liquidate and divide the assets among the fund's beneficiaries.

Further, Dunne added, an examination of the books and records of local 284 showed no evidence that these moneys were ever listed as an asset of the local, or in its financial statement, or even in the minutes of the executive board or general membership meetings. The actual bonds, he noted, are in the physical possession of the union's chief officers.

Attorney Jacob Friedland, who might have shed light on the transaction, could not be reached to be served with a subpena, Dunne testified. In an interview several months prior to the committee hearings, however, he had commented as follows, Dunne recalled:

> * * * I asked Mr. Friedland several months ago when I interviewed him, since he was counsel for local 284 and was counsel for the defunct welfare fund, who owned this money and if in event Raddock paid the money what disposition would be made of it. He stated that the money was not the property of local 284, and it was the property of the defunct welfare fund, and the disposition of the money would be made upon the receipt of it (p. 11792).

Friedland, Dunne noted, had himself been cited by the Douglas subcommittee as the recipient of welfare-fund money under questionable circumstances.

Subsequent to Dunne's testimony the chairman received the following telegram from Winfield Chasmar, local 284's president:

> Immediate action being instituted to recover moneys invested in World Wide Press. Original investment made in good faith to promote cause of labor journalism. Failure to pay interest on investment and general bad faith now evident makes action necessary to protect welfare of our members. Appreciate your acknowledging this action in the record of your hearings (p. 11859).

If Raddock's mortgage financing was complex, his bond financing was no less so. Among the larger individual bondholdings, the biggest block, $16,000, is held by Thomas Shortman, vice president of local 32B of the Building Service Employees, and $5,000 by the president of that union, David Sullivan; in both cases the payments were made by personal check. Bonds in the amount of $5,000 are respectively held by the wife and sister-in-law of Carpenter Vice President Johnson, in the first case paid for by Johnson's personal check, in the second case by $4,181.25 in cash, by unidentified checks totaling $476.65, and by a $342.10 Trade Union Courier check made payable to Raddock.

The bonds held by the Louis Block family total $15,000, $5,000 issued to his wife under her maiden name, and $10,000 to his son, of which $6,000 was transferred from his sister. Despite Block's statement to committee investigators that he had paid for these purchases by check to Raddock, he was unable to produce the check, nor did an inspection of his bank accounts indicate any withdrawal around the time of the transaction.

World Wide's own records were equally unfruitful, Dunne testified, on this score as on others:

> There are great gaps in the financial records for the period of 1950 through 1953, which would be the crucial period in which we are involved, the issuance of these bonds. There are thousands of canceled checks which have not been supplied, although subpenaed. The claim is that they no longer have them, or they can't locate them (p. 11796).

One possible clue to the method of payment for the $5,000 bond purchased in the name of Block's wife was available, however. In the cash receipts book maintained by Raddock for the bond account, Dunne explained, was a notation on May 8, 1950, showing that a $5,000 deposit had been made for the purchase of these bonds. Committee investigators, obtaining a copy of the deposit ticket from the bank, noticed that it was made up of a series of 13 checks amounting to $2,700.34 and 5 checks amounting to $2,299.66, drawn in odd amounts but altogether totaling exactly $5,000.

Although the investigators had very few canceled checks from Raddock's enterprises for 1950, Dunne added, they did have the payroll accounts, and an inspection of these showed that checks in amounts identical to the series of 13 checks listed on the deposit ticket had been drawn as salary for 13 Courier employees a few days before the deposit in the bond account, and that all these had cleared the bank the next business day after the $5,000 deposit. Dunne testified:

> * * * Based on that circumstantial evidence, 13 identical checks, we came to the conclusion that the deposit that went to make up the $5,000 purchase for Louis Block's wife was from money from Raddock's own enterprise (p. 11797).

Because the actual salary checks were not obtainable by the investigators, Dunne said they were unable to ascertain the endorsements. The other five checks which made up the difference in the $5,000 could not be traced.

Handled in similar fashion, Dunne testified, was the payment for the $6,000 in bonds held by Block's sister and later transferred to his son, as well as the payment for the $5,000 in bonds held by O'Rourke of the Teamsters, who in an affidavit filed with the committee said that he would claim his privilege under the fifth amendment in answer to questions on this matter.

For the O'Rourke bonds, Dunne reported, only $5.97 in cash was deposited in the World Wide account, with the remainder made up of 7 unidentified checks and 18 which came from various Raddock enterprises; as for the bonds for Block's sister, a $6,000.14 deposit on the date they were issued was made up of $28.75 in cash, 4 unidentified checks totaling $844.11, and 20 checks from the Raddock enterprises totaling $5,127.28.

Along with this $6,000 in bonds later transferred to him, Louis Block's son held an additional $4,000 worth, showing on the books as a transfer from four $1,000 bonds personally bought and later redemed by four officers of Butchers Union Local 174. Affidavits by two of these purchasers, covering all four of them, deposed that this redemption was made in turn for their proposal that their union purchase a $5,000 bond instead. Although these individuals got their money back, Dunne said, there was no record that World Wide had obtained payment for the transfer of their bonds to Block's son.

Another transaction which also appeared to be an outright gift, and for which World Wide showed no record of payment, was a $3,000 bond holding by Morris Horn, business manager of Meat Cutters Local 627. Horn testified that he could not recall where he got the money to pay for the bonds, but variously opined that it could have been out of either his own or borrowed funds, although he could not recall from whom he might have borrowed, or, if it were his own

cash, whether he had obtained it from a bank account. He kept no books or records, Horn asserted, and further, the year he bought the bonds he had also acquired a home, and he had either "left" or "destroyed" his canceled checks and check stubs in his former apartment or just didn't know what had happened to them.

> Senator ERVIN. As far as you knew, these just vanished into thin air?
>
> Mr. HORN. That is correct, Senator (p. 11807).

The reaction of both Max Raddock and his brother Bert, business manager of the Courier, to the disclosures by committee investigators of some of the methods of financing the World Wide Press was a mixture of indignant denial and sorrowful reproach at any "inferences" of wrongdoing.

Bert Raddock, who testified first, explained that at the time the Courier and the Press occupied the same premises, and that "exchanges" between the two were a normal procedure. A bond purchaser, he noted, might pay either in cash or by check, perhaps made out to his brother or to cash, and this would be turned into "our office." If the Courier were short of money for expenses, including payroll expenses, its checks would go into the Press account in exchange for cash.

> Senator ERVIN. * * * If the bond account got a check, it would strike me that instead of cashing that check and bringing the cash back there, that you would deposit it in the bank.
>
> Mr. RADDOCK. Unless it was after hours, Senator. You see, it looks like it was not the best kind of procedure. But this is hindsight on my part. I can't recall that.
>
> Senator ERVIN. Even after hours, though, you could find it difficult to get a check cashed yourself.
>
> Mr. RADDOCK. I agree with you, Senator. Hereafter there cannot be such occurrences, because now it is highlighted by something like this, for which I am thankful.
>
> Senator ERVIN. It seems to me it would be much simpler, and I think it would be a more normal thing, if you have two separate corporations, presumably with two separate bank accounts, and if one was going to borrow from the other, it seems to me what you would do would be to have an exchange of checks.
>
> That is, if World Wide wants to loan money to the Courier, they would draw a check on their bank account and that check would be deposited.
>
> It seems to me that you used, to me, an abnormal way of doing business to complicate simplicity (p. 11814).

Raddock asserted that it was a "rather unfair" inference that the Courier would have paid for any individual bond purchases "because to my knowledge I don't know of any individual who received a bond without paying therefor" (p. 11812). Reminded of the marked reticence of the bondholders about revealing how they had acquired the bonds, and in some cases their reliance upon the fifth amendment, he declared:

> Mr. RADDOCK. I wish they wouldn't, Senator. I wish they wouldn't. They have nothing to hide insofar as any trans-

action with Courier or World Wide. This is one thing we do intend to establish before this committee. I know that we will be given that opportunity, Senator, so I have heard.

Senator ERVIN. Every one of them who has been here so far, as near as I can recall, has either pleaded the fifth amendment, or he has shown himself to be the possessor of one of the most complete "forgetteries" of any human being who has ever been before the committee.

Mr. RADDOCK. I would say that the pleading of the fifth amendment is their personal privilege. However, I would plead with them that insofar as the Courier and World Wide are concerned, that they please not avail themselves of the fifth amendment.

Senator ERVIN. The committee echoes that supplication and prayer.

Mr. RADDOCK. I am glad to know we are working together, Senator (p. 11815).

Brother Max even more emphatically denied the inference that the bondholders did not pay for their purchases. The results of the committee's inspection of his obtainable records notwithstanding, he maintained that "nothing has been shown of any wrongdoing in these bond sales" (p. 11936).

Max Raddock declared:

* * * not one penny comes from any suspicious quarter, nor was it given under suspicious circumstances, nor any sort of a gift of a bond given.

I declare that again unhesitatingly, unequivocally, not out of consideration only for myself but all the good people who purchased bonds (p. 11950).

He distinctly recalled having personally sold John O'Rourke his $5,000 in bonds and the circumstances under which the sale took place. O'Rourke, he said, was laid up with a heart attack for 6 months, and some of his friends had told Raddock that he "would like visitors." Raddock also unerringly recalled that O'Rourke "unequivocally paid for every single penny of those bonds, didn't get a cut rate nor any privileged arrangement" (p. 11945). On the not unimportant detail of whether the payment had been by check or in cash, however, Raddock's memory did not serve him.

He declared his willingness to "accept as correct" the statement that payment for a number of the Press bonds was received in payrolls and other checks from the Courier, has asserted that "when money was again available," the "loan" thus obtained by the Courier was "repaid by corporate check" and deposited in the bond account.

However ambitious its initial financing, the first 4 years of the World Wide Press were fiscally inconspicuous, according to Assistant Committee Counsel Dunne, showing a $221,000 total loss. The next 2 years, however, made up for it; from February 1955 to 1957, Dunne testified, the profit was $224,000.

In 1957 alone, Dunne noted, World Wide's gross sales amounted to $710,000; a total of 41 percent of this business came from its two principal customers, Food Fair Stores, Inc., of Philadelphia, and a second group of chain store accounts including A. & P. and Grand

Union—all of which chains have contracts with the Meat Cutters. World Wide prints the throwaways for these stores, listing the prices of store items on a day-to-day basis.

It was also during the profitmaking period of the Press that Raddock was engaged in a particularly large financial transaction with the Carpenters, and that his good friends in the top echelon of that union came handsomely to his aid and comfort.

The origins of this transaction, according to Assistant Committee Counsel Paul J. Tierney, stemmed back to late 1953, when, on December 8, Raddock wrote General President Maurice Hutcheson confirming an agreement to write a biography of his late father and to publish and furnish 6,000 copies of it for distribution to the brotherhood's next convention in November 1954. The price for this endeavor was to be $25,000, and Raddock noting that "we will all be 'burning the midnight oil' for the next 8 months," foresaw no difficulties in achieving the task in time:

> God and the elements willing, we feel confident the Biography will be published ahead of the convention deadline, per the wishes expressed by all of your fellow officers at our recent meeting. Our work is getting under way and will proceed without a moment's letup from here on in. * * * no more eloquent testimonial or memorial to the good name of the late illustrious President of the United Brotherhood of Carpenters has ever been projected * * * (exhibit 15).

Raddock's request for "early receipt" of the international's check for $25,000, "in line with the publishing procedure and practice pertaining to authorized biographies," was fulfilled just a month later, and the Carpenters were similarly accommodating when he next informed them that another $25,000 would be needed to help him in his research.

By the November 1954 deadline, however, Raddock had not yet produced one copy of his magnum opus. Undismayed by this failure, the Carpenters then arranged for him to publish 50,000 of the biographies, to be disseminated to libraries, schools, labor officials, and others; for this expanded effort, Raddock was to receive $200,000, or $4 per copy, with an initial downpayment of $100,000 and the other half after the total 56,000 books contracted for were printed and delivered. The new agreement was made on February 14, 1955, and the books were to be delivered by March 31, a month and a half later.

Such was the Carpenters' regard for the official chronicler of their late leader, however, that they gave him half of the initial $100,000 downpayment on January 31, 2 weeks before the contract was made, paying the other half the day of the contract itself. On the March 31 delivery date, with the books still undelivered, Raddock received another $50,000, and on November 30, 1955, the fourth installment of $50,000.

By that time, of the 56,000 copies contracted for, Raddock had finally come up with 5,000 copies, and even those were not printed at his own plant. Thus, while still in default of 51,000 copies, he had already been the recipient of a quarter of a million dollars in Carpenter union funds for the project.

The brotherhood's unflagging faith in Raddock next manifested itself on February 24, 1956, when, with still no more than the 5,000 books printed, they paid him $50,000 more to produce 10,000 additional copies, thus setting the cost per copy at $5, a dollar increase. The next month Raddock turned up 3,100 more books, again not printed at his own plant, making a total of 8,100 to date.

The Carpenters' largess was not yet at an end, however. In January 1957 they paid Raddock another $10,000 to produce 2,000 more books, thus making a grand total of $310,000 paid out, 68,000 books ordered, and 8,100 actually printed.

In June 1957 Raddock came up with 10,000 more books, also printed elsewhere than on his own premises, remaining in default of 49,900 copies until the committee launched its investigation in November 1957. At that point he put on a burst of speed, the next month producing 16,000 copies of the biography in an inexpensive paper-back edition, in January and February of 1958 40,000 hard-cover copies, and in February 1958 13,000 more paper-back copies. By the time of the committee hearings he was still in default of 9,900 hard-cover books.

Testimony by both Carpenter President Hutcheson and Second Vice President Blaier, as well as an inspection of the documents relating to this 4-year-long negotiation, including the minutes of the union's executive board and the agreements and correspondence with Raddock, shed little light on the motivations behind the Carpenters' extraordinary openhandedness, but confirmed their apparently inexhaustible store of patience with this project and a view of their responsibilities as stewards of the union's funds which was, at the very least, slipshod.

Among the documents was a letter of December 24, 1953, from the Carpenters' general secretary, Albert E. Fisher, since deceased, to all members of the union's executive board, seeking their approval of the book project and pointing out that the $25,000 cost included not only the writing but the publishing and printing. This letter, Assistant Committee Counsel Tierney noted, received a favorable response, but its key point of interest was that it was written 2 weeks after Raddock had already written Hutcheson confirming the book agreement.

A second pertinent document was an excerpt from the minutes of an executive board meeting of February 22, 1954, at which, Tierney reported, the board was "acquainted with the book proposal generally" (p. 11885) but no specifics were set forth. This meeting took place a month after Raddock had already received his first $25,000.

The minutes of another meeting on May 18, 1954, showed that the board was advised of "satisfactory progress" on the book, and a brief penciled memo by Fisher that same day noted payment to Raddock of $25,000. This, Tierney testified, was the only record that could be found of approval of this second payment for Raddock's asserted additional research needs.

Although the original agreement had set the union's November 1954 convention as the deadline for delivery of the 6,000 books, no irritation was manifested on that occasion at the book's nonappearance, according to the minutes of another board meeting on February 10, 1955. This, indeed, was the meeting at which 50,000 more books were authorized, with a resolution to disseminate them "in a suitable form to interested members of the general public, libraries, and educational institutions throughout the world" (p. 11886).

Four days later, on February 14, 1955, another set of minutes showed, came the meeting at which the Carpenters agreed to pay Raddock the $200,000 for the added 50,000 books. This get-together was not of the board proper but of a Hutcheson-appointed committee to discuss the biography deal; those present to talk with Raddock were Blaier, Fisher, general treasurer Chapman, and board member Johnson. The minutes, handwritten, made no reference to Raddock's default to date on the 6,000 books, simply noting that the "deadline" had been moved up from the previous November to 6 weeks hence—March 31, 1955. The Carpenters' committee agreed on an immediate $100,000 downpayment and specified that the other half would be paid "after" either the Brotherhood had received the total 56,000 books or "such number" was "distributed," while Raddock agreed to perform the contract by March 31 and to furnish Fisher with a "bound list of names and addresses to whom copies of the book shall be forwarded" (p. 11888).

Several points about this meeting may be noted. First, although it was held February 14, half of the $100,000 downpayment had already been given to Raddock by a check dated January 31, 1955; second, Raddock delivered no books by the March 31 deadline, although he received half of the $100,000 balance on that date; third, his promised "list" did not materialize until February 1958, a mere 3 years later.

Two other documents rounded out these uncommon archives. Illustrative of president Hutcheson's casual way with his union's money was a simple authorization slip initialed by him on February 24, 1956, approving the payment to Raddock of a totally separate $50,000 for 10,000 more books, at a time when he was still in default of all but 5,000 of the 56,000 copies ordered up to then. Illustrative of Raddock's ability to be unsentimental toward his friends was a letter from his secretary, Rhoda Quasha, to Hutcheson on December 28, 1956, noting fulfillment of a request for 2,000 copies and enclosing a bill for $10,000, or at the rate of $5 per copy.

This letter had two noteworthy aspects. First, the 2,000 copies came out of those already paid for. Second, Miss Quasha wrote Hutcheson that Raddock had advised her that he and Hutcheson had discussed the possibility of a reduced rate for the books "as soon as you authorized a very substantial order" (p. 11889). The 66,000 copies already ordered by this time—of which he had thus far produced only 8,100—apparently did not meet Raddock's notions of "substantial."

Payment of this new $10,000 was nevertheless authorized by Hutcheson in another brief initialed slip.

Both Hutcheson and second vice president Blaier conceded that they had made no attempt to find out independently from any other publisher or writer what the cost of bringing out the biography might be, and other of their responses to committee questioning likewise indicated a highly offhand attitude toward the resources of their membership.

Blaier, one of those who had approved the $100,000 downpayment for Raddock on February 14, 1955, was asked how it happened that half this amount had been given to Raddock 2 weeks earlier:

> Mr. KENNEDY. How could you get approval on February 14, for paying a check that is dated January 31?

Mr. BLAIER. Well, there was a reason I presume by the general treasurer and secretary to date it January 31, but if you look on the back of it, it was transmitted to him by our late departed general secretary, I believe somewhere in the neighborhood of February 14 or 10, when he got the other $50,000. He got the $100,000 at that one time.

Mr. KENNEDY. On February 14?

Mr. BLAIER. I believe that is close enough, Mr. Kennedy.

Mr. KENNEDY. Why was the check made out some 2 weeks prior to the time you had approval of it?

Mr. BLAIER. I don't know (p. 12065).

Blaier's enthusiasm for the biography nonetheless remained unquenched:

We are not literary artists nor are we book reviewers; no, sir. We had faith in Mr. Raddock, and I still have it, that he gave us a good product, and we have 80,000 books, and I think we have value received.

Mr. KENNEDY. * * * That, of course, is not your money, Mr. Blaier. It is the Carpenters' money.

Mr. BLAIER. That is right (p. 12065).

President Hutcheson was asked:

Mr. KENNEDY. Will you tell the committee why—this is a period of time when you were general president—you paid him $250,000 to produce 56,000 books and the most he produced some 2 years later were 5,000 books?

Mr. HUTCHESON. Mr. Kennedy, this whole transaction has been handled by our general executive board, and because of my relationship I have been reluctant to get into it.

Mr. KENNEDY. You are international president, Mr. Hutcheson?

Mr. HUTCHESON. I am international president, that is correct, and the general executive board, when the book was completed, felt very well satisfied with the project.

Mr. KENNEDY. Who is chairman of the executive board?

Mr. HUTCHESON. I am.

Mr. KENNEDY. Don't you think you have some responsibility as chairman of the executive board and international president, to be giving somebody like Mr. Raddock $250,000 and getting nothing in return?

Mr. HUTCHESON. I most assuredly do, and I try to respect my responsibility in every way (p. 12107).

This avowal notwithstanding, Hutcheson conceded that when he personally authorized $50,000 more for Raddock on February 24, 1956—after Raddock had already received $250,000 and produced only 5,000 of the 56,000 books ordered to date—he "did not realize that the books had not been printed" (p. 12108); that when he paid Raddock $10,000 more in January 1957 for 2,000 more books on receipt of Miss Quasha's letter, "he had no way of knowing" how Secretary Fisher, who had ordered this batch, and who had just died, had made the arrangement, "so I OK'd that bill to be paid" (p. 12108); and that it was not until 1957, 3 years after his original agreement with Raddock,

that he "received information at that time that the book was being distributed very slowly" (p. 12111).

This information, Hutcheson testified, was gleaned from a survey made in the Brotherhood's home State of Indiana:

> Mr. KENNEDY. Why did you have a survey made?
>
> Mr. HUTCHESON. To determine—the survey originally started to determine what the reaction of the book was, which, of course, then brought out the number of books that had been distributed.
>
> Mr. KENNEDY. How much did you pay for the survey?
>
> Mr. HUTCHESON. I don't recall.
>
> Mr. KENNEDY. Some $2,900?
>
> Mr. HUTCHESON. Possibly so. I don't recall the exact figures.
>
> Mr. KENNEDY. Did you find in the survey that, out of 907 people that were supposed to receive the book, only 39 were known to have received the book?
>
> Mr. HUTCHESON. Well, whatever the report was, Mr. Kennedy. I don't have it before me (p. 12111).

Hutcheson declared that the survey, made in 1957, was based on the "list" Raddock had agreed to furnish in 1955 of those to whom he was sending the book. Under questioning he said, however, that this list "evidentially was the list he intended to mail the books to" and that the list of those who had actually received the book did not reach his hands until February 1958, 3 months after the committee started its inquiry.

> Mr. KENNEDY. Based on the information you have so far, do you intend to recommend to the board that some legal action be taken against Mr. Raddock for defrauding the Carpenters?
>
> Mr. HUTCHESON. I could make no comment on that until I review it myself and read the testimony. I haven't attended all of these hearings.
>
> Mr. KENNEDY. And you haven't reviewed the testimony?
>
> Mr. HUTCHESON. Not completely, no, sir.
>
> Mr. KENNEDY. Well, you know what the situation is. Certainly it has been brought to your attention. Certainly you must be interested, being the international president. You say you haven't enough information yet to be able to determine whether you are going to take any legal action against Mr. Raddock?
>
> Mr. HUTCHESON. I cannot make any commitment in that respect, Mr. Kennedy. I said it is a case to be reviewed by our general executive board who instituted this project, and this and any other subjects that are considered in this hearing (p. 12112).

One fact over which Hutcheson displayed more certainty was the source of the $310,000 Raddock had received, overall, for the book:

> Senator CURTIS. From what account was this $310,000 paid? Was it your general account?
>
> Mr. HUTCHESON. From the general fund; yes, sir.

Senator CURTIS. And that is made up from the remissions that are made by local carpenters' unions?

Mr. HUTCHESON. Yes, sir.

Senator CURTIS. What determines how much money they contribute to the international?

Mr. HUTCHESON. The local unions?

Senator CURTIS. Yes.

Mr. HUTCHESON. The per capita tax?

Senator CURTIS. Yes, the per capita tax.

Mr. HUTCHESON. The membership decides themselves on a per capita tax. At the present time it is $1.25.

Senator CURTIS. How often?

Mr. HUTCHESON. A month (p. 12109).

With an estimated membership of over 800,000, the Carpenters collect at least $1 million monthly this way—no small reserve from which to draw for grandiose biography projects.

Hutcheson was asked why he has had "such a friendly relationship" with Raddock, and whether Raddock had performed "some special tasks" for him. Although he answered this in the negative, the Carpenter president refused to answer whether Raddock had performed any illegal act for him or on behalf of the union, or had been engaged by him to perform "personal services" of any nature whatsoever and been paid out of union funds, Hutcheson basing his refusal to reply on the ground that the questions "might be claimed to relate to or aid the prosecution of the case in which I am under indictment" (p. 12114).

Equally of interest with the basic arrangements Raddock was able to effect with the Carpenters on the book deal was the way in which he went about implementing it. From the testimony of some half a dozen witnesses, some his own employees, a number of highly pertinent points emerged:

(1) No copies of the book were printed at his own plant until after the committee investigation began; (2) attempts were made to hide this fact by the predating of a number of letters; (3) the book itself was a substantial plagiarism; (4) despite the Carpenters' payment for all the copies, Raddock was also paid by some of the recipients; and (5) much of the Carpenters' money for the project went to pay off his business debts.

Testimony on the first point was furnished by Stahley Thompson, head of a New York firm of graphic designers which produces books for publishers and industrial clients, and which turned out all 8,100 copies of the Hutcheson biography printed before June 1957. Thompson testified that he was first approached by Raddock early in 1955 with a proposition to produce an "advance run" of 5,000 copies "to meet some special event" of the Carpenters Brotherhood, and a "secondary run" of some 60,000 to 65,000 copies.

Ultimately, Thompson recalled, his company produced just 8,100 copies—a first printing of 5,000 from type supplied by Raddock and the remainder, from plates, in a second printing. The type, he said, arrived in November 1955, was set, and kept for approximately a year—during which time, he noted, no books could have been printed elsewhere with the same illustrations used.

Thompson reported two incidents during the course of his dealings with Raddock which provided some insight into Raddock's method of operation. One was a conversation early in their acquaintance:

> * * * he mentioned the fact that a friend of his in the binding business asked why we didn't use a certain plant in Massachusetts. I said, "Well, I didn't think it was a plant to us because it was a nonunion plant," and he said "Well, the prices would be cheaper, wouldn't they?" and I said, "Yes, but we wouldn't use the plant." Not for this book, and although we do work in that plant, and I don't want to infer we don't. But on this book we wouldn't and that was the conversation.
>
> Mr. KENNEDY. He was even urging you to get the book produced in a nonunion shop, where it would be cheaper?
>
> Mr. THOMPSON. I can't say he was urging, but the suggestion was there.
>
> Mr. KENNEDY. He was suggesting that to you?
>
> Mr. THOMPSON. It seemed that way at the time, and I know I was a little amazed (p. 11881).

A second Thompson memory was that he had had difficulty getting his money from Raddock, which, he said, had caused him to hold on to Raddock's type for a year; ultimately, he recalled, he released the type and he took a $338 loss.

The most illuminating part of Thompson's testimony, in view of the $4 and $5 per copy cost of Raddock's book tc the Carpenters, was his recollection of the prices he had quoted to Raddock when they discussed two runs involving some 65,000 to 70,000 books in all. Thompson testified that he estimated he could do the work, with a 10 percent profit to himself, for anywhere from 64 cents to $1.10 per copy, depending on the type of hard-cover binding and number of illustrations used, and on whether composition, packaging and mailing costs and so on were included. Had he produced the 68,000 copies for which Raddock received $310,000 from the Carpenters, Thompson declared, the cost at its most expensive, including profit, would have been around $75,000. Adding to this figure the $50,000 given Raddock for research, the total cost would have been $125,000—or $185,000 less than Raddock actually garnered.

Even the $50,000 research item, Thompson testified from his knowledge of the field, was impressive. Noting that some authors receive a good deal of money because of their ability, while others receive very little, he declared that he had known of some 320-page books written for only $750, while at the other end of the scale, in the case of a company history appearing in an 8½ by 11 book—twice the size of Raddock's—and involving at least 2 years of research and an expense production job of 8 to 9 months, the research and writing cost came to less than $25,000.

Further, said Thompson, he could have turned out all 68,000 copies if the Raddock book, after receipt of the manuscript, in a maximum of 6 months, as opposed to the 4 years which elapsed before Raddock's original agreement with the Carpenters produced any quantitative results.

Thompson was asked:

> Mr. KENNEDY. * * * looking at the figures here as to what Mr. Raddock received for the work that he did on this book, what would your conclusion be, Mr. Thompson?
>
> Mr. THOMPSON. It is rather embarrassing. I think he did very well on it.
>
> Senator ERVIN. Your conclusion would be that writing a biography at such at standard of pay would be a pretty good business to follow; wouldn't it?
>
> Mr. THOMPSON. You could retire rapidly (p. 11882).

Although Raddock's own World Wide Press was in operation the year before he launched the biography project, no copies of it were printed there until around Thanksgiving of 1957, some 2 weeks after the committee began its inquiry. Testimony on this score was supplied by Ben Kushner, operator of the papercutting department of the Press, employed there since June 1953, and by Max Perlman, an employee since 1952 and the plant's pressroom foreman, who as such handled the actual printing of the Hutcheson book when it was finally undertaken on the premises.

Kushner testified that the first activity at the plant regarding the book occurred at the end of November 1957, at which time paper was ordered for its printing.

> Mr. KENNEDY. Was it explained to you at that time that there was a rush job that was needed, that was necessary?
>
> Mr. KUSHNER. Well, I would say that we were going to push it through, sir.
>
> Mr. KENNEDY. Was it understood that it was a rush job?
>
> Mr. KUSHNER. Yes, sir (p. 11867).

* * * * * * *

> Mr. KENNEDY. * * * from the time you went to work, no books were printed at World Wide Press entitled "Portrait of An American Labor Leader: William L. Hutcheson," from the time you went to work until November of 1957?
>
> Mr. KUSHNER. As far as I know, no books were printed.
>
> Mr. KENNEDY. And the magnitude of the job was such that you would have to know about it if it was going on, is that right?
>
> Mr. KUSHNER. Yes, I would (p. 11868).

Perlman, too, recalled the hectic atmosphere at the plant when the book run began, noting:

> * * * We only had one press to print it on, so it would take some time. So we were pushing it through.
>
> The CHAIRMAN. Do you know what caused the rush?
>
> Mr. PERLMAN. I really don't know, sir (p. 11869).

By previous standards, a veritable whirlwind of exertion on the Hutcheson book engulfed World Wide Press. By December 1957, the plant had printed 16,000 copies of a paperback edition; in January and February of 1958, 10,000 hard-cover copies, and in February alone, 13,000 more paperbacks. The first two batches were sent out for binding.

Confirmation of the belatedness of World Wide's participation in the Hutcheson biography appeared in a number of documents presented by Assistant Committee Counsel Tierney. Invoices on the paper ordered for the soft-covered books were respectively dated November 26, December 2, and December 5, 1957; the first invoice for the paper used in the hard-cover books was dated the day after Christmas, 1957.

Perhaps the most revealing documents on this phase of Raddock's endeavor turned up in the files of American Book-Stratford Press, Inc., book manufacturers since 1899 and a firm widely known throughout the industry, which not only supplied the paper for but bound the 10,000 hard-cover printing of the Hutcheson book. The order for this binding was entered on American Book-Stratford records on January 23, 1958, along with another order to print as well as bind 30,000 more copies.

These three orders, according to the dates on copies of letters obtained by Tierney from World Wide Press, presumably were sent by World Wide to American Book-Stratford on August 7 and October 8, 1957, and would thus presumably bear out World Wide's contention that it had gone into production on the Hutcheson biography well before the committee began its investigation. This maneuver, however, was effectively exposed by a letter from American Book-Stratford dated January 22, 1958, which acknowledged receipt of the orders but pointed out:

> We note however, that the 100,000 order is dated August 7, 1957, and the 30,000 order is dated October 8, 1957. As you know, these orders were received by us on January 21, 1958, and I presume that these dates were overlooked by you when you signed the orders (p. 11900).

The individual who signed the World Wide Press letters of August 7 and October 8, and received the above-quoted reply from American Book-Stratford, was Joseph Kuhn, World Wide's plant superintendent from May 1957 to May 1958. Kuhn, questioned as to why his letters had been predated, couldn't recall "offhand." He was then asked:

> The CHAIRMAN. What was the reason for dating these letters back, except for the fact that you were under investigation by this committee?
>
> Mr. KUHN. I don't recall just exactly what——
>
> The CHAIRMAN. You can't recall any other reason?
>
> Mr. KUHN. No, sir.
>
> * * * * *
>
> The CHAIRMAN. Who instructed you to handle the matter that way, Mr. Kuhn?
>
> You were an employee. Who instructed you to handle this matter that way?
>
> Mr. KUHN. I don't recall. The only instructions I took were from Mr. Raddock.
>
> The CHAIRMAN. Mr. Raddock?
>
> Mr. KUHN. That is correct.

The CHAIRMAN. Do you recall him having instructed you to handle the matter in this manner and date the letters back so it would appear that the orders had been given before the investigation started?

Mr. KUHN. I don't recall the exact conversations.

* * * * *

The CHAIRMAN. Don't you want to be completely frank and candid about it and say you did receive orders to handle it that way because an investigation was on? Isn't that the truth?

Mr. KUHN. I couldn't answer that, to say that that——

The CHAIRMAN. You don't deny it, do you?

Mr. KUHN. I don't deny it; no sir (pp. 11091–11092).

Kuhn admitted that when first interviewed by the committee he had stated that presswork on the book had begun at World Wide in October 1956, but said that he had since "checked with the delivery of the paper, being that such importance was placed on the date, the exact date" (p. 11899). Another witness still in Raddock's employ, Julius Terkeltaub, salesman and night production manager for World Wide, also corrected his earlier recollections on this subject.

At an executive session of the commitee some 3½ months before his appearance at the open hearings, Terkeltaub had testified that 2,000 to 3,000 copies of the Hutcheson biography were printed at World Wide in 1955 and betwen 10,000 and 25,000 copies in 1956. At the hearings Terkeltaub labelled this statement "erroneous," testified that no books had been printed at World Wide in 1955 and 1956, and proffered this explanation for his original assertion:

> * * * Due to the fact that World Wide did a tremendous amount of printing for the American Institute of Social Science, Inc., in 1956, relating to regional conferences of the United Brotherhood of Carpenters and Joiners of America, and the celebration of their 75th anniversary, I inadvertently mistook this printing which occurred in 1956 to be the printing of the books in 1956 (p. 11903).

Just how inadvertent Terkeltaub's assertions had been in his appearance before the executive session of the committee was discussed in this exchange:

> Mr. KENNEDY. * * * You were specifically asked on this occasion and on others whether books were printed in your plant, and you did not tell the truth to the committee at that time. You told them that the books started being printed in 1955, you printed on through 1956, and you printed on through 1957, and that is all completely untrue. You knew it was untrue at the time you testified, Mr. Terkeltaub; isn't that correct?
>
> (The witness conferred with his counsel.)
>
> Mr. KENNEDY. You knew at the time you testified to this fact?
>
> Mr. TERKELTAUB. I may have been telling an untruth, but it was a question of all this confusion.

Mr. KENNEDY. There wasn't any confusion. You were asked very clearly about these questions (p. 11903).

Terkeltaub was also asked about a letter dated March 1, 1956, which he conceded he wrote and signed, addressed to Carpenter General Secretary Fisher and acknowledging receipt of an order from the Brotherhood for 14,500 copies of a cheaper edition of the Hutcheson book at a cost of only $3.50 per copy. He thought he "must have" written the letter on the stated date; but on another point he was less hazy—he had written it on Raddock's instructions.

The letter, Committee Counsel Kennedy noted, was not found by committee investigators in World Wide's regular records but had been later furnished as coming from Raddock's own personal file. Terkeltaub, queried as to whether the letter was not in fact a fraud and fabrication, and as to whether the Carpenters had never actually ordered a cheaper edition of the book, refused to answer "on the grounds you are inferring there was a conspiracy" (p. 11907). Rosemary Keen, Fisher's secretary at the time the letter purportedly was written, was thereupon asked to identify it. She responded:

Miss KEEN. I never saw this letter.

The CHAIRMAN. Did you handle the correspondence for Mr. Fisher?

Miss KEEN. Yes, sir.

The CHAIRMAN. Did you also do the filing of the correspondence?

Miss KEEN. Yes, sir.

The CHAIRMAN. Was such a letter ever received, to your knowledge?

Miss KEEN. To my knowledge it was not received (p. 11910).

With regard to another aspect of the Raddock-Carpenter dealings, Miss Keen was less positive than she had been in a talk with Committee Counsel Kennedy the day prior to her appearance before the committee. Asked whether she had not at that time reported that her late boss had been concerned over Raddock's procrastination on the book, and that he had discussed the problem with Carpenter President Hutcheson, Miss Keen declared that she was "not real sure" she had. She did, however, remember that Fisher was perturbed, as far back as December 1956, that the list of book recipients promised by Raddock a year and a half earlier had not yet been sent to the brotherhood, and confirmed that Fisher had dictated a letter to Raddock expressing some dissatisfaction with Raddock's performance to date, and reading in part:

> In reply to your letter of December 10, I am sure the committee of the general executive board will be pleased to learn the entire list will be completed before the end of this month and be in our hands without fail. I have just noticed with great interest your other comments, and it is not a question of chastising or being disagreeable, but just a matter of determination on behalf of the committee to obtain this information, to which they are rightfully entitled in order to make a complete report to the general executive board (p. 11912).

Miss Keen was asked:

> The CHAIRMAN. * * * So he was complaining that Mr. Raddock was not performing according to his contract, isn't that true?
>
> Miss KEEN. Yes, sir.
>
> The CHAIRMAN. And Mr. Raddock was refusing or hesitating or delaying in some way the submitting of a list of those to whom he had mailed the book. That is what this is about, is it not?
>
> Miss KEEN. That is right.
>
> Mr. KENNEDY. Mr. Chairman, he states in here that he was going to send the list in almost immediately, and at the time we had our interviews with the Carpenters in January of 1958, the list still had not been submitted. It was not submitted, actually, until after our executive session on February 19, 1958 (p. 11912).

Another facet of Raddock's operations on the book deal which might well have caused the Carpenters concern was the fact that in a number of instances he collected twice on his product. Joseph Madden, secretary-treasurer of local 472 of the Hod Carriers Union, testified that in about May 1957 Raddock asked him if his local would send copies of the book to some prep schools, high schools, colleges, and libraries. Madden, who said that he had known Raddock for about 12 years, recalled that he took the matter up with the union's executive board, which agreed to take 75 copies. The price from his old friend was $5 apiece, despite the fact that the Carpenters had already paid for all the books under their original agreement with Raddock.

> The CHAIRMAN. * * * Did you know these books had already been paid for once?
>
> Mr. MADDEN. No; I didn't know anything about them.
>
> The CHAIRMAN. You didn't know that he had already received over $300,000?
>
> Mr. MADDEN. I don't know anything about them.
>
> The CHAIRMAN. You are learning about it then?
>
> Mr. MADDEN. Yes, sir (p. 11892).

A comparison of the list to which Madden's copies were sent and the list furnished by Raddock to the Carpenters, according to Assistant Committee Counsel Tierney, revealed the same schools on both lists.

Testimony on other Raddock activities in this direction was given by Committee Investigator Deibel, who reported that a study of the records of the American Institute of Social Science, Inc., a Raddock enterprise set up as the publishing arm of his empire, showed that in addition to the 75 books sold to Madden's union, 139 other books were sold to libraries, colleges, and bookstores through June 1957 at prices varying from $3.33 to $5.

> Mr. KENNEDY. These were the same books that the Carpenters had already purchased; is that right?
>
> Mr. DEIBEL. Yes, sir.
>
> Mr. KENNEDY. And paid either $4 or $5 a copy?
>
> Mr. DEIBEL. Correct (p. 11894).

Perhaps the unkindest cut dealt the Carpenters by Raddock, although possibly their ignorance of it was bliss, was the matter of the authorship of the book.

Among Raddock's employees who testified before the committee was Isaque Graeber, self-described "author, educator, and at present director of education of the American Institute of Social Science" (p. 11913). Graeber, who reported that he had been with the Raddock enterprises since November 1953, and that his current salary was $125 a week, was asked:

> Mr. KENNEDY. Did you tell our investigators that you had, in fact, written most of the book?
>
> Mr. GRAEBER. I did not.
>
> Mr. KENNEDY. Were you interviewed by Mr. Dunne and Mr. Tierney?
>
> Mr. GRAEBER. I was.
>
> Mr. KENNEDY. When they told you that they had that information, did you ask them how they knew that you had written the book?
>
> Mr. GRAEBER. Well, at this stage we have to enter into a very theoretical plane.
>
> Mr. KENNEDY. I am just trying to find out who wrote the book.
>
> Mr. GRAEBER. The answer is "No" (p. 11914).

Tierney and Dunne refuted Graeber's recollection. As Tierney put it:

> We indicated to him that we heard he had ghostwritten the book and his response was how did we know? Thereafter, he was concerned, expressed great concern over this matter, and indicated that if this information came out, he might lose his job and he had a family and responsibilities (p. 11914).

Graeber declared:

> * * * The interpretation of my emotional reactions to this revelation that I am the author of this book were somewhat misinterpreted, because I did express concern over this revelation, sudden revelation, that was given to me on that day, that I wrote the book. I told them that the process of writing a book was a very complicated one. That is about all that they could—I mean, to interpret my own personal, emotional reaction to this thing.
>
> The CHAIRMAN. Did you say something about the fact that you didn't want it to be known, because it might cost you your job? Did you make some remark like that?
>
> Mr. GRAEBER. Well, naturally I was disturbed (p. 11915).

Read portions of a report by Dunne written a within a day after the interview, to the same effect as the testimony given by him and Tierney at the hearings, Graeber commented that they were "too lavish" in their "interpretation of my sociological emotion in this whole thing" (p. 11917).

The fact was, he asserted, that three versions of the Hutcheson book had been written:

> The CHAIRMAN. Who wrote the first version?
>
> Mr. GRAEBER. The first version was written by Mr. Maxwell C. Raddock and myself. We were not at all happy with that version.
>
> The CHAIRMAN. Who wrote the second version?
>
> Mr. GRAEBER. We then modified it and the second version was written by Mr. Maxwell C. Raddock.
>
> The CHAIRMAN. Who wrote the third version?
>
> Mr. GRAEBER. The third version, the final version, was written entirely by him, and he alone is responsible for the book (p 11915).

Beyond the degree of Raddock's responsibility for the book, the degree of originality displayed in it was also of deep interest to the committee, as it had been even earlier to Dr. Robert A. Christie, author of a Ph.D. thesis on the Carpenters called "Empire in Wood," a professor of history who has taught at both Cornell University and Lafayette College and, at the time he appeared before the committee, a member of the staff of the Governor of Pennsylvania.

As unfolded to the committee, Dr. Christie's story began in 1950, when he enrolled at the New York State School of Industrial and Labor Relations at Cornell. A candidate for a Ph.D. at the time, he decided to write a history of the Carpenters Brotherhood, having long been interested in them both academically and personally; his grandfather had been a carpenter, his father was, and he himself prior to college had worked as one.

Dr. Christie's fascination with the brotherhood was not, however, reciprocated, he recalled; requests over a period of months to officials for background material evoked no answers except, finally, a pamphlet throwaway, sent by General Secretary Fisher along with a letter flatly stating that they would give him no help. Nevertheless, Christie went ahead with his book, after consultation with his academic superiors, one of his objects in writing having now become "to see what kind of history could be turned out with the available public documents that you would be able to get in any library" (p. 12008).

The university accepted the book as his thesis in April 1954. Before then, however, he received a "rather vague" letter from Isaque Graeber, then of the Trade Union Courier, asking to see his manuscript and research cards because, Graeber said, he was peparing "a history of labor for 75 years." A request to Graeber for more specifics resulted in another vague letter, and no reply was sent him.

When the book was bound and deposited with the school, it became, like any normal book, available for borrowing, Dr. Christie went on. Instead of communicating by letter, Graeber now took to the more urgent telegraph, wiring his request to borrow the book. He was given permission "under the terms written in the inside cover that he would give credit to all the ideas and language when he used it" (p. 12008). In November 1954 he asked for an extension of the loan and was refused.

Dr. Christie testified that by this time he himself was teaching at Lafayette College and had no idea Graeber had the book. Then, he

recalled, the editor of the New Leader magazine asked him to review Raddock's book on Hutcheson, at the same time offering his own opinion that the book was a "tissue of lies and misrepresentations." Dr. Christie promised to review it, but "not with any preconceived notion."

> Mr. KENNEDY. Did you then read the book?
> Dr. CHRISTIE. I read it.
> Mr. KENNEDY. What was your reaction?
> Dr. CHRISTIE. It was like living a dream, something I had done before. I kept seeing myself in the pages. There were five or six thousand of my words stolen, plagiarized, borrowed, whatever you want to call it.
> Mr. KENNEDY. It was hardly borrowed.
> Dr. CHRISTIE. No. "Plagiarized" I think would be the accurate word. I recognized it almost as soon as I got into the book. The book is full of fits and starts. The style changes abruptly. If you are used to writing or editing at all, you come through a certain type of writing that is very poor and jargon laden and adolescent in composition, and then you ram right up into a crisp, clean sentence.
> Mr. KENNEDY. Was that yours?
> Dr. CHRISTIE. Well, I wasn't the only one involved * * * (p. 12009).

Dr. Christie explained that the Raddock book had also drawn upon a "good many others," word for word, with almost no changes except to run sentences together. A couple of these authors, Dr. Christie said, Writer Raddock mentioned "once or twice" in footnotes, but did not quote them and gave no hint of whence their material had come. Dr. Christie himself was not even given a footnote mention.

As to what material the Raddock book had taken from his, Dr. Christie presented to the committee a memorandum of the total excerpts thus lifted; it filled 33 single-spaced typewritten pages. But there was an even more disturbing aspect, he testified:

> Mr. KENNEDY. Were there any changes made in the thought, taking some of your language but changing the thought?
> Dr. CHRISTIE. Well, yes. That, perhaps, is the most oppressive part of it. He would not only take material but whenever it was critical of the union or of Hutcheson, as any scholarly book—the essence of a scholarly work that is that it exercises criticism of everything you write about—whenever this criticism was directed at the union or at Hutcheson, father or son, or anyone else who happened to be in Mr. Raddock's good favor, he would change the end of a sentence or perhaps he would delete three or four paragraphs and then continue the plagiarism (p. 12011).

Dr. Christie labeled the Raddock book not only a "Brinks robbery of literary plagiarism" but the "worst history" he had ever read, and "perhaps one of the worst ever written," valuable only in that it made plain what the Carpenter officials concerned "wanted the world to

think of them," and, as such, "a sort of small glimpse into their psyche" (p. 12012). He noted:

> As far as I can see, his only expenses for writing the book was a pair of scissors and a pot of glue (p. 12011).

He was asked:

> Mr. KENNEDY. Do you think it is worth $310,000?
> Dr. CHRISTIE. Good heavens, no. Of course, I can't testify about what it cost to print the book, but normally in a university you would not get more than $3,000 or $4,000 or $5,000 perhaps to write a book like this (p. 12013).

Raddock's own views on the subject of plagiarism, as expressed to the committee, were pronounced. Nobody, he declared, "has a monopoly on any words in the English language, and neither on a thought, and neither on a sentence or paragraph structure."

> Mr. KENNEDY. But you would not take someone else's material and copy it?
> Mr. RADDOCK. In a measure, I would. If you want to accuse me of plagiarism, let us say this: That I have not read a single book that contains total originality from beginning to end, and there isn't a single new thought in this entire world that is not derived from God and the Bible.
> Mr. KENNEDY. But Mr. Raddock, so I understand, you would then take somebody's else's words and copy them word for word, would you?
> Mr. RADDOCK. If it is good, I would borrow the thought, just like Jack Benny may borrow from Bing Crosby or somebody else.
> Mr. KENNEDY. Would you make a little notation that you had copied it down?
> Mr. RADDOCK. Make a notation?
> Mr. KENNEDY. Yes.
> Mr. RADDOCK. I would give due credit whenever the situation responsible calls for it.
> Mr. KENNEDY. When you copied someone else's work or took someone else's work, you would give them credit, would you not?
> Mr. RADDOCK. Whenever it required I would, unless my researchers might have been irresponsible in a situation and did not properly convey the facts (p. 12003).

Raddock asserted that while he had had "excellent aid" from his "colleagues and researchers on the staff, plus some others who are not directly part of my staff, but work elsewhere in the literary world," he himself was the book's sole creator:

> I personally, by my lonesome, little ol' me, wrote the book, and I gave proper and due recognition to all of those who asked and sought recognition. There were some who did not want any recognition for their contribution in this work, not because it lacked a literary quality, that is for the sake of the press, but only because they work on other newspapers or elsewhere and prefer not to identify themselves (p. 12001).

While he did not challenge the basic facts and fiscal statistics of his book dealings with the Carpenters as set forth by committee investigators and other witnesses, Raddock maintained that they had been misinterpreted or misunderstood.

The elapsed time between the book's conception and distribution, he declared, was "by no means unreasonable," particularly when he had spent most of 1956 on "time-devouring commitments" for the Carpenters in connection with their 75th anniversary. Further, he said, the original concept of the project had changed from a "modest enterprise" contemplating the distribution of a few thousand copies of a relatively brief biography of Hutcheson to the large-scale dissemination of "a creative history of 75 years of the life of a great social organization" (p. 11988).

Although failing to allude to the fact that 69,000 of the 87,000 copies he ultimately came up with were produced after the committee investigation began, Raddock argued that the "research, writing and revision, printing and publication, compilation of lists of distributees, and packing, mailing and distribution of over 80,000 copies" could not be accomplished "virtually overnight."

As for the "defaults" in his agreement with the Carpenters, Raddock found that word a misnomer:

> Has no one on the staff ever heard of business arrangements being changed in the course of time? (p. 11936).

As for the implication that he or his enterprises had reaped "exorbitant profits" from the project, he asserted that Stahley Thompson's estimates had not included the platemaking, engraving, jackets, or any phase of distribution, and that Thompson further "could have had no idea of what it means to write a history of a major labor union, knowing that every word was subject to challenge and attack by those hostile to that union" (p. 11937).

He "unequivocally" denied Thompson's statement that he had suggested the use of a nonunion printing plant; on the contrary, he declared, when he learned that the composing room of the plant selected by Thompson for his part of the printing project was nonunion he "demanded the return of the type and plates and did no further business with him" (p. 11937).

Raddock also had an explanation for the fact that payment had been received for some of the books twice, once from the Carpenters and once from the recipients. The book, he said, was "never owned" by the Carpenters, but was the property of his own firms, and when the brotherhood decided that he distribute for them a number of copies well below his original proposition of 250,000, he "sought to persuade other unions to finance additional distribution to groups not covered by the Carpenters," adding:

> If there was any duplication in the lists of the Carpenters and some other union, that is regrettable but understandable (p. 11938).

Among the major points not covered in Raddock's prepared statement was the question of why, after he had already received $150,000 from the Carpenters and not produced any books, he took another

$50,000 from them in March 1955 and a similar payment in November of that year. Raddock was asked:

> Mr. KENNEDY. Did you tell the Carpenters that you needed this money in order to pay the debts of the Trade Union Courier and the World Wide Press?
>
> Mr. RADDOCK. No, not ever precisely in that way, but I did ask for the money and tried to get it as soon as possible (p. 11983).

He was also asked about a flurry of recent borrowing in which he had engaged:

> Mr. KENNEDY. Isn't it true that you had spent all the money the Carpenters paid you by the time the committee started its investigation, and in order to produce these books you had to go out to borrow money?
>
> Mr. RADDOCK. No.
>
> Mr. KENNEDY. Didn't you borrow money in January and February of 1958?
>
> Mr. RADDOCK. I may be borrowing money every month, every day, every year * * * (p. 11992).

Raddock conceded that his bookkeeper, Tom Wang, whom he characterized as a "conscientious employee," personally advanced $10,000 to the organization in February 1958, and that the same month $17,312.27 was borrowed on Raddock's insurance policy—a total of more than $27,000. American Book-Stratford's bill for its services on the Raddock book at that time totaled some $28,000. At Raddock's insistence that he didn't know "whether the money was borrowed for the books," the following exchange took place:

> The CHAIRMAN. Let's take it the other way. It wasn't borrowed for the books. But in order to pay for the books out of the money you had to meet your other obligations, you had to borrow $27,000.
>
> Mr. RADDOCK. Very possible, Senator (p. 11995).

What Raddock had actually done with the money given him by the Carpenters was traced for the committee by Investigator Deibel. Of the $300,000 he received from them from January 1954 through July 1956, Deibel testified from a study of the Raddock records, only $28,000 could be identified as payment for expenses in connection with the book; $167,000 was used to reduce World Wide's indebtedness, including payments on notes for plant machinery, reduction of debenture bonds, payments on mortgages and reduction on liabilities for delinquent Federal withholding and social security taxes; $81,000 went for operating expenses—which enabled Raddock subsequently to reduce World Wide's indebtedness another $85,000; $20,000 was withdrawn from Raddock's personal account, including $6,000 which was drawn to cash and endorsed to Max Block's Black Angus Restaurant in New York City and $12,000 cashed at various banks and hotels; and finally, the bank balances of Raddock's personal account and of his organizations increased by $3,800. The grand total fell only $200 short of the entire $300,000.

The limits of the Carpenters' giving to Raddock and his enterprises were not yet reached with the $310,000 for the Hutcheson book and the $120,677 in Trade Union Courier subscriptions, however. When the Carpenters observed their 75th anniversary in the spring of 1956, and later that year, when they held a series of eight regional conferences, Raddock's varied talents were invoked for such services as publicity, preparing programs, tickets and banners. He submitted two bills for these services, $38,890 in May 1956 and $43,455 in November 1956.

The Carpenters paid these bills, as well as $6,862 for air transportation and hotels, even though Raddock gave no breakdown whatever of his expenses, merely listing them by type, as, for example in the November bill, "for secretarial, research staff salaries, expenses for full-time and part-time assistance, for long distance, local and transit phone expenses, home and office telegraph, messenger, and boy services" (p. 11864), with the only figure given on his invoices the total due him.

Committee Investigator Diebel, who examined the brotherhood's records at international headquarters in Indianapolis, was asked concerning Raddock's May 1956 bill:

> Mr. KENNEDY. There is nothing from the records in the Carpenters to show or indicate that these were expenses that he actually incurred?
>
> Mr. DEIBEL. No, sir. We asked the officials of the Carpenters Brotherhood if there were any additional supporting documents that would enable us to verify the accuracy of this billing and they were unable to produce any documents (p. 11864).

The same response was elicited, Deibel recalled, upon his request for supporting vouchers for Raddock's November 1956 bill.

Carpenter President Hutcheson confirmed the casual nature of this mere $82,000 transaction:

> Mr. KENNEDY. Did you get any breakdown as to how he was spending the money you were giving him, if it was supposed to be for expenses?
>
> Mr. HUTCHESON. None other than was included in the documents which were turned over to you.
>
> Mr. KENNEDY. Did you ask for any vouchers, any support for any of these bills?
>
> Mr. HUTCHESON. No (p. 12113).

Hutcheson noted in connection with Raddock's services to his union in 1956 that Raddock worked "night and day all during that period." That he came out of these labors with considerable energy intact, however, was evident from two other projects in which he engaged the next year, over and above his publishing, editing, and writing duties, and on a somewhat different plane from his previous activities.

The first of these projects was described for the committee by an investigator named Harold Danforth, for 16 years in the office of the district attorney of New York County and since 1955 in business for himself.

As Danforth recalled it, Raddock appeared at his office around mid-June 1957, saying that he wanted to hire a private investigator to help him build up a "public relations" organization which would "service" certain unions interested "in cleaning up, as he put it, their backyard" (p. 11918). Raddock never told him, Danforth testified, the names of the people he represented "other than the fact that it was people or it would be labor leaders in the American Federation of Labor" (p. 11919).

If Raddock remained mysterious on this point, he was more explicit as to the people about whom he wanted Danforth to develop information. At their first meeting, Danforth noted, Raddock suggested that he "familiarize" himself with Walter Reuther and David Dubinsky; then, about a week and a half later, Raddock "suddenly became interested in George Meany," explaining, Danforth recalled, that—

> * * * he wanted to see Meany stand up against Walter Reuther, and therefore he wanted me to investigate Meany's background to see if there wasn't something that could be given to his group in the American Federation of Labor that they might use, as he put it, to stiffen Meany's backbone. It was against Walter Reuther whom he claimed intended to take over all of the labor movement (p. 11919).

Raddock even supplied memoranda suggesting things he should look into about Meany, Danforth continued, and in the course of their association over the next few months expressed varying opinions of a number of other people in the labor movement and varying degrees of interest in the information Danforth turned up on them.

Thus, among the Teamsters, Danforth recalled, Raddock disliked Dave Beck but felt that Hoffa was the "smartest labor leader in the country," "spoke well" of John O'Rourke, and derogated a picture of Owen Brennan taken many years ago in connection with his arrest in Detroit for a bombing.

As for Raddock's friends among the Carpenters, Danforth noted, one of the investigations Raddock said he would like him to do something was to learn the background of a former Congressman hostile to President Hutcheson; this was a future project, Danforth explained, but when he developed information of a financial connection between Vice President Charles Johnson and a businessman named Philip Weiss—a matter to be detailed later in this report—Raddock's reaction was as follows:

> He didn't appear particularly interested and said it was old stuff and that there was nothing to it, and he wouldn't even bother to show it to whoever it was he was going to show these memos to (p. 11922).

In August 1957 Danforth decided to give up Raddock's assignment, explaining that it was "impossible for me to continue to investigate and not know exactly whom he represented and to obtain evidence on things or on people unless I knew what it was to be used for" (p. 11922). Raddock paid him $2,000 for his expenses, he testified, three payments altogether, each in cash.

Raddock's account of his employment of Danforth, whom he acknowledged to be a "very reliable type of individual, enjoying a good and responsible reputation on the New York investigative scene" (p. 11964), was in concordance with Danforth's testimony to a certain extent.

Raddock's prepared statement noted that he had asked Danforth to check on Reuther's background, "because I believe that Reuther is seeking to gain control of the American labor movement," and that he had also asked him to look into Meany, to "investigate the truth or falsity of certain rumors" about him "in the hope that more widespread knowledge of the complete picture might cause him to 'stiffen his back' in dealing with Reuther" (p. 11939). Raddock explained:

> It has always seemed incomprehensible to me that Mr. Meany, with his background, would be consistently surrendering to Reuther's group, as I believe he is, unless there is something in the picture known to Reuther and his allies but not known to the AFL craft unions, whose cause the Trade Union Courier has traditionally espoused (p. 11939).

In hiring Danforth he had not, however, acted as an "agent" for these craft unions, Raddock maintained, but "on my own as a newspaperman, a labor editor, and a friend" of said unions, in the hope that with more "complete information" on the AFL–CIO president they might be "better able to cope with the situation." Raddock noted:

> The realities of labor politics are no different from the realities of politics generally. It is always well to be armed with full information (p. 11939).

Under questioning Raddock departed somewhat from the reasons he gave in his prepared statement for his desire for an inquiry into Reuther and Meany, explaining that he had asked Danforth

> * * * to check into everything he can possibly find regarding the activities of Walter Reuther in order to help me amass information that I required for two of my activities, one as editor of the Trade Union Courier, and then for a forthcoming book I personally am writing on George Meany (p. 11963).

As to the date of his hiring Danforth, Raddock was asked:

> The CHAIRMAN. Was that after Mr. Meany had condemned the practices of your publication?
>
> Mr. RADDOCK. The answer is, Senator McClellan, I didn't give his condemnation of the Trade Union Courier the slightest thought. Neither was I aware that he would condemn, could condemn, nor did I give a hoot.
>
> The CHAIRMAN. I don't know what connection it has, but it does appear that after your men had been using the name of the AFL–CIO, and putting on what have been called boiler-room tactics——
>
> Mr. RADDOCK. They were probably referring to plumbers, not to me.

> The CHAIRMAN. Well, it might be more fitting for a plumber than for you. But that then you started an investigation to try to get something on Mr. Meany and Mr. Reuther too so that you could counteract them because they had disapproved of some of your tactics.
>
> Mr. RADDOCK. I don't know. That is all in the labor movement. * * * (p. 11965).

Raddock declared that he had "positively not" told Danforth that he represented certain union officials. The $2,000 cash payment he had given the investigator, he said, came "from my pocket and from the account of the American Institute of Social Science."

> Mr. KENNEDY. * * * it is not charged on the books, certainly—as a payment for this purpose on the books.
>
> Mr. RADDOCK. I wouldn't know how it is charged, but before the year is out, and our fiscal year is up, it will be properly and accordingly charged (p. 11966).

The second Raddock activity in 1957 which did not appear to come within the purview of his editing and publishing efforts was one about which, when questioned by the committee, he grew markedly taciturn by contrast with his earlier volubility, resorting, indeed, to the fifth amendment in response to the queries leveled at him on the subject.

Of concern to the committee in this sphere was the role Raddock played in certain events preceding the indictment in Marion County, Ind., of three top Carpenter officials—President Hutcheson, Second Vice President Blaier, and Treasurer Chapman.

As detailed by Committee Counsel Kennedy, the developments leading up to the indictment were as follows: In June 1956 Hutcheson, Blaier, and Chapman bought for $20,000 a piece of land in Lake County, Ind., along the proposed right-of-way of the new Tri-State Expressway, selling it several months later to the State of Indiana at a $78,000 profit, part of which allegedly was paid by Chapman to a deputy in the State highway department's right-of-way office.

Following hearings into this transaction by the Gore subcommittee May 1957, the entire matter was presented to the Lake County grand jury, on July 22, 1957, by County Prosecutor Metro Holovachka. The prosecutor either did not or could not subpena the three Carpenter officials to appear before this grand jury, and on August 20, 1957, announced that no indictments would be forthcoming because of a "lack of jurisdiction," and that the Carpenter officials would make restitution to the State of the $78,000. This was done through an attorney Holovachka refused to name. Subsequently, however, the three officials were indicted in adjoining Marion County for conspiring to bribe the highway department employee.

The committee's interest in this entire situation was primarily focused on Holovachka's presentation of the case to the Lake County grand jury, and on the question of whether union funds and the influence of union officials, chiefly Teamsters President James Hoffa and Michael Sawochka, secretary-treasurer of Teamster Local 142 in Gary, Ind., were used to prevent the indictment of the Carpenter trio in Lake County.

Raddock was asked:

> The CHAIRMAN. * * * if you have information that will throw any light on this, you have an opportunity now to render a service to your country, to union members, to honest, decent unionism as such, and also to law and order in this country, if you will cooperate and give the information and the facts you have which are within your knowledge.
>
> I will ask you if you are willing to do that.
>
> (The witness conferred with his counsel.)
>
> Mr. RADDOCK. Mr. Chairman, I would like to make it clear for the record, for the press, and for the American people that I, too, love my country above everything else; that I am a devotee of honest, clean, genuine, and bona fide trade unionism, and concerned with the American people and the rank and file of labor.
>
> But on the advice of counsel, I decline to answer on the ground that to do so might tend to make me a witness against myself (p. 12022).

Records of the Drake Hotel in Chicago showed that Raddock had registered there with Hutcheson on August 11, 1957, stayed until the 17th, when he returned to his home in Mamaroneck, N.Y., then returned to the Drake in Chicago from the 19th to the 22d. In his first stay Raddock registered as representing the Carpenters Brotherhood, and his bill, $147.10, was charged to the union; in his second stay Hutcheson signed for the bill, $84.96.

Telephone company records showed that Raddock had spent considerable time on the long-distance wire during the same period, calling Teamster Local 142's boss, Sawochka, on the 13th, several times on the 14th, on the 17th from his home in Mamaroneck—shortly thereafter telephoning Hutcheson in Indianapolis, on the 18th, and after the 20th, the day County Prosecutor Holovachka announced that the Carpenter officials would not be indicted in his bailiwick.

Raddock declined, on the grounds of possible self-incrimination, to confirm any of the above facts, or to answer questions as to whether he had been present in Chicago when contact was made with Hoffa during the early part of his stay there; whether Hoffa had agreed to contact Sawochka; what Raddock's own conversations with Sawochka had been both via long distance and in person in Gary; whether he knew Joseph P. Sullivan, local 142's attorney and at the same time a "deputy" under Holovachka; and whether discussions had ensued between Sullivan and Sawochka concerning a payment to Holovachka, via another land deal, for not indicting the Carpenter officials.

Raddock was asked:

> Mr. KENNEDY. In fact, you were employed to fix this case, were you not, Mr. Raddock?
>
> (The witness conferred with his counsel.)
>
> Mr. RADDOCK. The same answer, Mr. Kennedy (p. 12031).

Raddock was read an affidavit by John D. Hackett, a reporter for the Indianapolis Times, deposing that at 9:45 a.m. on August 19, 1957—the day the Lake County grand jury was to consider the Car-

penters indictment and the day before Holovachka announced that there would be no such indictment—he received an anonymous phone call in which a male voice told him:

> Thought you people would like to know that Gary Carpenter's case has been all taken care of by the Teamsters. There will be no indictment today. You can check the telephone room in Chicago and find that Max Raddock put through a call to Charles Johnson, Jr., last night. This came right after the Teamsters had a meeting in Gary last Wednesday night (p. 12032).

Hackett further deposed that when he asked his caller's name, the voice replied:

> Me? I'm connected with it, and I can't give you my name. Check it out and see (p. 12032).

Raddock refused to answer when asked if he were the anonymous caller, or if, as the caller had indicated, he had telephoned Johnson the night before.

Sawochka, the major recipient of Raddock's known attentions during the crucial August period, also invoked the fifth amendment in his appearance before the committee, testifying only that he had been an officer of local 142 for 27 years, the last 17 as secretary-treasurer, and that in that key post he had never actually been opposed for reelection, although in 1957, he recalled, a nominated opponent was ruled ineligible "in accordance with the constitution of our organization" (p. 12034).

Other than these brief if revealing data about his hold on local 142, Sawochka refused to reply to questions as to whether he even knew Raddock, whether he had consulted with Hoffa, Raddock, Hutcheson, Johnson, and County Prosecutor Holovachka, whether he had played a major role in the restitution to the State of Indiana of the profit on the three Carpenters officials' land purchase and resale, and whether he bought, with $40,000 in union funds, a Gary property from whose purchase Holovachka profited.

Four other figures in the Indiana land affair also chose to remain silent on the subject. County prosecutor Holovachka failed to reply to a committee telegram offering him the opportunity to testify; even earlier, Committee Counsel Kennedy reported, when verbally informed that the subject would be taken up at the hearings, Holovachka "indicated he was not going to come before the committee" (p. 12023).

Carpenter Vice President Johnson, whose sole appearance was at an executive session of which the proceedings were later made public, invoked the fifth amendment. The two of the three top Carpenter officials under indictment who appeared at the open hearings, President Hutcheson and Second Vice President Blaier, also declined to discuss the matter, not resorting to the fifth amendment, their attorney pointed out, but, as Hutcheson put it:

> * * * on the ground that it relates solely to a personal matter, not pertinent to any activity which this committee is authorized to investigate, and also it relates or might be claimed to relate to or aid the prosecution in the case in which I am under indictment and thus be in denial of due process of law (p. 12115).

The attorney, Howard Travis of Indianapolis, made this explanation of the Hutcheson-Blaier stand:

> * * * the indictment charge is a conspiracy charge, and it is very clear under Indiana criminal law that events which happen after the specific event charged in the indictment might be used by the prosecution to show the origin and continuance of the indictment, to relate it back (p. 12060).

Still another reason was advanced by another witness, Attorney Joseph P. Sullivan of Teamsters Local 142, for his refusal to answer a number of questions—the "privilege existing between attorney and client" (p. 12047). Sullivan, who explained that in his simultaneous post as "deputy" working for Holovachka's office he has no connection with "the grand jury proceedings or anything of that sort" (p. 12050), admitted that he had met Max Raddock, and that it "could be possible" that their first meeting took place around August 1957, but declared that he could not disclose who introduced them without breaching the attorney-client relationship.

Sullivan described this initial encounter with Raddock as follows:

> To my best recollection, it was a chance meeting. "This is Mr. So and So." "How are you?" "Where are you from?" "What do you do," this and that and that. That was about the extent of it (p. 12051).

Their second meeting, he believed, was "just general conversation, gossip, that type of thing, nothing beyond that" (p. 12052). He then conceded:

> * * * when I say gossip certainly it was no secret in Lake County, Ind., that the Carpenters were in some difficulty, and it was in all the newspapers.
>
> Mr. KENNEDY. Just answer the question. Is that what you were discussing?
>
> Mr. SULLIVAN. Yes, sir.
>
> Mr. KENNEDY. All right. What were you discussing about the difficulty of the Carpenters?
>
> Mr. SULLIVAN. More or less the troubles they were in.
>
> Mr. KENNEDY. And the fact that they were possibly going to be indicted?
>
> Mr. SULLIVAN. I don't think there was any discussion about that (p. 12053).

All subsequent contacts he had with Raddock, Sullivan maintained, were by telephone, how many times he did not recall, although possibly as many as eight, and whether they were all initiated by Raddock he also could not remember. But, he said, the subject was "always the same"—the "gossip" in Lake County about the Carpenters.

During this same period, Sullivan acknowledged, he was also in touch with his client, local Teamster chief Sawochka, and with his boss, Holovachka—but "of necessity" in connection with his job. As to whether he had discussed the Carpenters' problems with either, in the case of Sawochka, Sullivan would not disclose because he was his client; in the case of Holovachka he insisted that he had had conversations on the subject "only in a civil capacity" (p. 12055). By this, he explained, he meant that it was he who had "made restitution

in behalf of my client" to the State of Indiana in the Carpenters' land profiteering.

> Mr. KENNEDY. When Mr. Holovachka made his announcement, he announced the fact at one time that there was restitution and that there would be no indictments. You say that you made the restitution but never discussed the fact that there would be no indictments?
>
> Mr. SULLIVAN. No, sir (p. 12056).

Although admitting that he was the attorney who had presented the restitution check to the State of Indiana, Sullivan would not divulge from whom he got the check; it was from none of the three Carpenter officials involved, he declared, but as to whether the money came from "any union official," or whether the Teamsters were directly or indirectly involved in the restitution, Sullivan once more fell back on the attorney-client privilege.

He conceded that he had earlier denied to Assistant Committee Counsel Tierney his role in the restitution move:

> Mr. KENNEDY. You did not tell him the truth, is that right?
>
> Mr. SULLIVAN. That is correct.
>
> Mr. KENNEDY. And that interview took place——
>
> Mr. SULLIVAN. In my office.
>
> Mr. KENNEDY. On April 23, at 1:30 p.m., did it not?
>
> Mr. SULLIVAN. Well, I can't be sure of the date. I cannot be sure of the day. But it was in my office.
>
> Mr. KENNEDY. Didn't you immediately after that interview call Mr. Holovachka on the telephone at his unpublished number and discuss the matter with him?
>
> Mr. SULLIVAN. I have no recollection of calling Mr. Holovachka, and I have no recollection of Mr. Holovachka having an unpublished telephone. If he has, I don't know what it is.
>
> Mr. KENNEDY. Did you call him at 3:42 p.m. on April 23?
>
> Mr. SULLIVAN. Sir, I could not answer that question. I don't even know what I did yesterday, let alone what I did then (p. 12057).

Sullivan also admitted that he handled the closing of a transaction whereby in the same eventful month of August 1957 the Teamsters purchased what he estimated as 10½ acres of Gary land for $40,000 form a firm called the 1300 Broadway Corp.

> Mr. KENNEDY. What is usually the scale or what has been the scale in Gary, Ind., the connection between the appraised tax value of land and the actual value? Have you sort of a working scale?
>
> Mr. SULLIVAN. There used to be years ago kind of a rule of thumb that frankly isn't accurate any more whatever. We lawyers, when I first started to practice, used to use a 3 to 1 ratio that very honestly is no longer practical because real estate in Lake County, Ind., has gone sky high. Its availability is scarce. Inflation is upon us. As a matter of fact, it is not uncommon to pay $5,000 and more an acre for undeveloped land in the vicinity of Lake County, Ind., what

> is commonly called the Calumet district. In fact, there are all kinds of transactions going forward every day at that price in that approximate neighborhood (p. 12058).

Sullivan's testimony on this score was distinctly disputed by that of committee investigator Richard G. Sinclair, who noted that a professional appraisal he had had made just 4 days prior to his appearance before the committee put the value of the land at about $500 an acre if "merely for speculative purposes," and no more than $1,200 an acre if there were a program to develop and build on the land. Further, Sinclair reported, the assessed tax value of the property for which the Teamsters paid $40,000 was approximately $3,800.

Sinclair testified that the appraiser had estimated the extent of the property not at the 10½ acres mentioned by Sullivan, but at between 12 and 15 acres. Thus, if the outside figure of $1,200 per acre had been applied, the maximum value of the land should have been no more than $18,000—which amount the Teamsters had exceeded by $22,000.

While Sullivan maintained that he had no knowledge of a parallel financial transaction by the 1300 Broadway Corp., which had sold the land to the Teamsters, with another company owned in part by prosecutor Holovachka, light on this aspect of the affair was provided by investigator Sinclair and A. Martin Katz, a Gary attorney and city judge.

Having derived a tidy profit from its land sale to the Teamsters, the 1300 Broadway Corp. turned in search of an investment, and focused its attention on a corporation of which a third interest apiece was owned by Holovachka, Katz, and a businessman named Albert Weinstein. Each had acquired his third, 100 shares, for $1 apiece, and each, according to Katz, subsequently put in $12,000.

The company, State Sibley Corp., owned a lease on a 3-story building in downtown Hammond, Ind. In August 1957, Katz testified, Norman Levenberg and Charles Gleuck of the 1300 Broadway Corp. told him that

> * * * they had found somebody that was interested in the building, and they gave me $1,000 as good faith money, earnest money, whatever you want to call it.
>
> Mr. SINCLAIR. Was this $1,000 in cash given you as earnest money around August 27, 1957?
>
> Mr. KATZ. I don't recall whether it was in cash, but I received $1,000 p. 12091).

On September 26, 1957, an option to buy and an agreement to sell $14,000 worth of State Sibley stock was executed. The next day Katz received a cashier's check for $5,000, and on November 27 another cashier's check for $8,000.

> Mr. KENNEDY. Where did the money ultimately go? Did it stay in the State Sibley Corp.?
>
> Mr. KATZ. No; it went to Mr. Holovachka.
>
> Mr. KENNEDY. The checks were then made out to Mr. Holovachka?
>
> Mr. KATZ. No; I think the last check I endorsed directly to him, and the other check was paid out through my own personal trustee account to him (p. 12094).

Thus, Katz conceded, Holovachka "was paid back his investment plus a $2,000 profit on his investment or on his loan to the corporation" (p. 12095). That Holovachka may have benefited even beyond this was indicated by an admission by Katz that the new investors in State Sibley had also arranged a loan to pay off a $30,000 company debt for which the county prosecutor had put up some other stock he owned.

> Mr. KENNEDY. So he was able to withdraw this stock?
> Mr. KATZ. That is correct (p. 12101).

Although Katz insisted that the building around which the transaction with the 1300 Broadway Corp. centered "has a potential that I think would increase its value greatly" (p. 12098), it was plain that it was no money-maker when Holovachka was paid back his investment and a $2,000 profit. State Sibley's current liabilities at the time of the committee hearings were $24,798.51, its fixed liabilities $91,880.52.

As to where the money actually came from to pull out Holovachka's stake in State Sibley, Katz testified that Levenberg of the 1300 Broadway Corp. "never represented that he was dealing for himself," but for a Gary doctor named Dr. Joseph Kopcha and a "group." Dr. Kopcha's name appeared as a remitter of the $8,000 cashier's check which represented Holovachka's final payment. Katz was asked:

> Mr. KENNEDY. Isn't it a fact that the money came from Mr. Levenberg?
> Mr. KATZ. The check came from Mr. Levenberg, sir.
> Mr. KENNEDY. What is the explanation, if it came from Mr. Levenberg, what is the explanation of putting Mr. Joseph Kopcha's name on the check?
> Mr. KATZ. I didn't put it on there, sir (p. 12093).

Committee investigator Sinclair testified that while Dr. Kopcha first told him that he had put up $5,000, he later retracted this statement and declared that "he did not have a dime in the transaction."

> Mr. KENNEDY. And this money, according to what the officer of the 1300 Corp. told you, this money, in fact, came from them; is that right?
> Mr. SINCLAIR. That is right.
> Mr. KENNEDY. And, ultimately, ended up with Mr. Holovachka?
> Mr. SINCLAIR. It went to Mr. Holovachka (p. 12103).

Carpenter president Hutcheson, asked if he knews James Hoffa, refused to answer on the same grounds he had previously advanced in connection with all questions on the Indiana land affair. He was then asked:

> Mr. KENNEDY. Did you make an arrangement with Mr. Hoffa that he was to perform tasks for you in return for your support on the question of his being ousted from the AFL–CIO?
> Mr. HUTCHESON. On the advice of counsel I refuse to answer on the same grounds as previously related (p. 12125).

If the ultimate indictment of Hutcheson, Blaier and Chapman in Marion County portended a disposition to call the three Carpenter officials to account for their actions in the Indiana land deal, no parallel disposition was evident within the brotherhood itself to call them to account for their stewardship of the union's impressive resources, whether its properties or its funds.

Testimony by committee investigator Deibel on the handling of one of the Carpenters' major assets, a 1,900-acre property in Lakeland, Fla., provided a case in point. Of this extensive holding, Deibel reported, about 1,000 acres are devoted to raising citrus fruits, an enterprise administered by the Adams Packing Association of Auburndale, Fla.

The Adams outfit, Deibel explained, pays the operating expenses, picks and hauls the crop, deducts its own costs, and remits the proceeds to the brotherhood. The union's net return on the groves from 1954 through 1957 was $890,000.

Despite the fact that this enterprise is an independent business operation, not related to the union activities of the Carpenters, the brotherhood has paid no tax on this income, thus giving itself a vast competitive advantage over any ordinary businessman operating a rival grove.

> The CHAIRMAN. Maybe the Internal Revenue Bureau would be interested in this.
>
> Mr. DEIBEL. I believe the Internal Revenue Service is presently very interested, Mr. Chairman.
>
> The CHAIRMAN. Are they also active?
>
> Mr. DEIBEL. Yes, sir (p. 12086).

Another line of the committee's inquiry turned up information indicating the misuse or embezzlement of a piece of brotherhood real estate of a current value of $250,000, by the late president of the Carpenters, William L. Hutcheson. Committee Counsel Kennedy reported as follows on a previous private talk with representatives of both the brotherhood and Maurice Hutcheson on this matter:

> I said that in view of the fact that Mr. Hutcheson was dead and was obviously not able to come here and answer the questions himself, the committee would be glad to settle this matter in private; that if we could have an impartial third party we would submit the information that the committee had to this impartial third party in private and let the impartial third party then make a decision as to whether this property in fact now belongs to the International Brotherhood of Carpenters rather than to the heirs of Mr. Hutcheson.
>
> The CHAIRMAN. The question is not to reflect upon anyone other than to try to ascertain whether the property properly belongs to the union, is that correct?
>
> Mr. KENNEDY. That is correct (p. 12130).

The reaction of the brotherhood's attorneys, he reported, was that "they could not make any commitment" because the property was "in trust."

Attorney Howard Travis, who appeared as counsel to President Hutcheson at the hearings, explained:

> * * * The property is now, as I understand it, and I have just learned this myself since this started—I knew nothing of it—is a piece of real estate which is now owned by the trustees of William L. Hutcheson's estate. As I pointed out to Mr. Kennedy, the probate court of Marion County, Ind., could not delegate its functions to an arbiter even if we wanted to. Mr. Hutcheson himself is a trustee and as a trustee cannot commit trust property, of course, without the authority of the court. But as I understand it, the matter is again going to be reviewed, since it has been brought up.
>
> Of course, William L. Hutcheson, being dead, is the real man who can tell us. As I understand it, no man is alive today who can. But it is my understanding that Maurice Hutcheson will review the matter with their executive board (p. 12131).

The degree of irresponsibility exhibited by the present administration of the Brotherhood toward their membership's assets was no more clearly demonstrated than in disclosures by committee investigators as to the variety of personal uses to which top Carpenter officials had put union funds, over and above their salaries and expenses.

One such use was the payment out of these funds in 1955 of the prior year income-tax deficiencies of former general secretary F. Duffy and of A. E. Fisher and S. P. Meadows, at the time respectively general secretary and treasurer of the Brotherhood. The total taken from the union's exchequer for this purpose, Committee Investigator Deibel reported, was $3,946.80 for Duffy, $376.61 for Fisher, and $1,552.25 for Meadows.

Deibel further reported that no authorization for the payment of these taxes was discernible in the minutes of the brotherhood until more than 3 years later, on February 12, 1958, well after the committee began its investigation and requested information of such authorization. Deibel quoted as follows from the minutes of the board of trustees under that date:

> The general president called attention to the fact that early in 1954 an audit was made of the information return filed for the year 1952, the 1954 audit was not as complete as the audit now being conducted, as the internal revenue agents were at the time concentrating on expenses paid to several of the resident officers, as a result of the investigation, deficiencies were assessed against former General Secretary Duffy, General Secretary Fisher, and General Treasurer Meadows, that were paid by the brotherhood, in view of the fact that it had always been understood that expenses paid by the United Brotherhood to representatives did not have to be reported to the Internal Revenue Service. The board in session November 11, 1954, approved of these payments, but through inadvertence this action was omitted from the minutes.

Motion to reaffirm our action of November 11, 1954, was approved unanimously (p. 12085).

A second form of personal accommodation for brotherhood higher-ups was the payment out of union funds of their trips to Europe. In May 1956 General Secretary Blaier attended an ILO conference in Geneva, Switzerland, for which he received $1,100 from the U.S. Government. Extending his stay abroad for several more weeks, for the purpose, he testified, of visiting trade unions "in the interest of the United Brotherhood to ascertain their methods of procedure and whatnot in France, Germany" (p. 12075), Blaier was also paid his transportation and expenses by the brotherhood, over and above his salary per diem, amounting to $5,066.

Mr. KENNEDY. Was any member of your family with you?

Mr. BLAIER. Mrs. Blaier went along with me, acting more or less as my secretary, social secretary.

Mr. KENNEDY. Did the union pay her expenses?

Mr. BLAIER. Well, it was combined in my travel, when they arranged for our trip.

Mr. KENNEDY. Did the union approve of that, the membership?

Mr. BLAIER. When you say the membership, it was authorized by those in authority in between conventions (p. 12075).

Carpenter Treasurer Chapman and his wife also went abroad later that year; the Italian Government had invited a number of American trade union leaders to be its guests for 3 weeks, paying all expenses for accommodations, board, and travel within Italy but also specifying in its invitation that transportation to and from the country was not included, and that the invitation did not cover relatives.

With President Hutcheson's blessing, Chapman was appointed the Carpenters' representative on this trip and allowed to take his wife along at union expense. The total cost to the brotherhood of this journey—which Chapman extended for more than 3 months, including a "land tour" and covering England, France, Spain, Germany, and Switzerland as well as Italy—was $12,600; this did not include whatever expenses were paid by the Italian Government, nor did it include $1,370 charged by Chapman to the union for 53 days of the $15-a-day expenses and $7-a-day miscellaneous expenses regularly allowed brotherhood officials. Of the sum total, Committee Investigator Deibel noted, $5,000 was in traveler's checks which Chapman authorized to himself.

Other records of the brotherhood made plain that Chapman, who refused to talk to committee investigators, had dealt kindly with himself in a number of other directions. From the time he took up residence in Indianapolis as general treasurer of the Carpenters in the spring of 1954 through January 1956, Deibel testified, Chapman drew $8,500 to himself via petty cash slips, an apartment allowance of $4,200, $1,000 to pay for bills in a social club to which he belonged, $1,400 for hotel bills away from Indianapolis, and a $650 item charged to "miscellaneous expense, installation." These expenses were over and above the $7 daily allowance provided Carpenter officials and the additional $15 daily allowance permitted, it may be noted, "when the officer is away from his home station." These two daily allowances

over the same time came to a total of $9,850, Deibel testified, making Chapman's grand total of expenses during this entire period $25,600. His salary at the time was approximately $20,000 a year.

Chapman also figured in the matter of a $2,000 cash item authorized in March 1957 to the East Central Indiana District Council and entered on the brotherhood's books as an "organizing expense." Attempting to obtain some accounting for this appropriation, Deibel said he was advised by the brotherhood's bookkeeper that on investigation he had learned that the district council had returned the funds to the brotherhood "immediately upon their receipt" (p. 11925). The return had not, however, been recorded in the international's books, Deibel added.

Testimony on this score was also given by H. M. Williams and Davis Booth, business agents of the district council concerned. Williams confirmed that they had been given the $2,000 by Chapman on March 1, 1957, but asserted that the purpose was for "assistance for publicity" in connection with the right-to-work law then up before the Indiana Legislature, and that the money was intended for newspaper advertising. He was asked:

> Mr. KENNEDY. Why didn't you just place some ads in the paper and make arrangements to have them send the bill?
>
> Mr. WILLIAMS. Well, it just wasn't thought of, I reckon.
>
> Mr. KENNEDY. Why did you need cash to do that?
>
> Mr. WILLIAMS. I don't know.
>
> Mr. KENNEDY. Well, the ads or publicity would be a little late at that time, as they were voting on it on March 1.
>
> Mr. WILLIAMS. Well, they had told me that it was an amendment on it and it probably would be 3 or 4 days before it would be back on the floor.
>
> Mr. KENNEDY. It was in fact voted on on March 1, according to the newspaper reports at that time.
>
> Mr. WILLIAMS. That is when we were at the general office (p. 11927).

He and Booth took the money over to the statehouse, found that the right-to-work law had been passed, and returned the $2,000 to Chapman within an hour and a half after they got it, Williams declared.

> Senator CHURCH. As far as you were concerned, you took $2,000 for what you regarded as a legitimate union purpose, and, when you found or decided that it ought not to be spent, you returned it?
>
> Mr. WILLIAMS. Yes, sir.
>
> Senator CHURCH. And it was not until the committee investigation came along that you ever discovered that the money was not actually returned to the treasury of the union?
>
> Mr. WILLIAMS. That is right (p. 11929).

The money reappeared in the brotherhood's account on January 15, 1958; the union's bookkeeper explained, Deibel reported, that he had contacted Chapman, who had declared that he had "completely forgotten" that he had placed the $2,000 in a compartment in the office

safe. Deibel noted, however, that Chapman had withdrawn $1,950 from his personal bank account just around the time of the fortuitous reappearance of the union's money.

Chapman himself could not be interrogated at the time of the January investigation, Deibel testified:

> At the time he was making business trips and also the counsel for the Brotherhood had indicated that they would prefer to wait until sessions of the committee for the committee staff to interview him. Since that time he has become ill, I believe, in Seattle, Wash., and currently is physically unable to appear before the committee (p. 11926).

While trips to Europe were one form of beneficence enjoyed by top Carpenter officials at their members' expense, another type of travel cost was also footed for them by the union, to and from the hunting and fishing lodge owned by President Hutcheson in Wisconsin. Brotherhood records showed that during the summer months of 1955 $1,560 was paid out to Hutcheson to go up and back from the lodge, including per diem, and $870 to Chapman; in 1956, $1,350 to Hutcheson and $200 to Vice President Johnson; in 1957, $800 to Hutcheson—a total of $3,710 to him alone for the 3 years. The Carpenter president was asked:

> Mr. KENNEDY. Do you deny that your trip up to your camp was paid out of union funds?
> Mr. HUTCHESON. I say that I not intentionally at any time have charged it to the union.
> Mr. KENNEDY. What about your per diem of $7 or your per diem of $15? Was that charged to union funds?
> Mr. HUTCHESON. The $7 was; yes.
> Mr. KENNEDY. What about the $15?
> Mr. HUTCHESON. No, sir; not while I am up there.
> Mr. KENNEDY. It never was?
> Mr. HUTCHESON. Not to my knowledge.
> Mr. KENNEDY. Is it possible that it was?
> Mr. HUTCHESON. Well, it might have been possible (p. 12129).

Relatives of Brotherhood bigwigs have also found tangible satisfaction in their association with the union. Next to Indianapolis headquarters is a parking lot owned by the Carpenters; for some years it has been leased to Hutcheson's brother-in-law, James Wells, for a rental of $2,400 a year; his net profit in 1957 alone was $8,000. Hutcheson conceded that the union had not tried since 1950 or 1951 to see if anyone else would pay a higher rental for leasing the lot, explaining:

> We did at the beginning, and there were some around. But under the conditions under which he rented it, they were not interested at that time. The lot was for the purpose of supplying the employees with parking spaces for our building. They didn't require the whole thing so then we decided to rent out the balance so they could look after the lot (p. 12128).

Members of the family Charles Johnson have also fared well at the union's hands, through his multifarious positions as member of the general executive board of the international; president of local 1456, the dock builders local in New York City; "negotiator emeritus" of local 1536, the timbermen's local in New York City; and president of the Carpenters District Council in New York, the overall body for all Carpenter locals in the city.

One of Johnson's brothers, Robert, as president of local 1536 and secretary-treasurer of the District Council, received $120,000 in salary and expenses in 1955, 1956, and 1957; another brother, William, as financial secretary of local 1456, received $57,000 in salary and expenses over the same period; and his son, Charles, III, business agent for local 1536, received $46,500 in salary and expenses over the same period.

Johnson's own income from his four union positions during those years, assistant committee counsel Tierney reported, was $224,600 in salary, in weekly and special expense allowances, and in transportation and hotel bills paid.

Thus, the grand total to Johnson, his two brothers, and his son in 1955, 1956, and 1957 alone came to $448,100—a substantial index to the success of his career as a trade union official, but, judging by his activities in a number of other spheres, in his own view an inadequate one.

Johnson's use of his power and position as a Carpenter official to augment his income from friendly management sources was the final major line of inquiry pursued at the committee hearings, providing a classic case history of collusive behavior.

It may be noted here that Johnson appeared at an executive session of the committee on June 9, 1958, at which he partly relied on the fifth amendment, but did not appear as scheduled at the committee's open hearings later that month: his lawyer presented a doctor's statement that Johnson was suffering from "coronary artery disease" and that it would be "extremely risky" for him to be subjected to "any physical or emotional strain" (p. 12038). A Government physician who examined him also agreed he could not testify.

Johnson likewise did not appear when the hearings on his union were resumed in January 1959, although Committee Counsel Kennedy noted, in the interim he had been "a very active figure" at the Carpenters' convention which reelected Hutcheson president of the union, coming out for Hutcheson's nomination "very actively and vociferously" (p. 16206).

Of the two instances reviewed by the committee of Johnson's special services to management, the first took place in 1950 in connection with a jurisdictional dispute between unions vying to represent the workers at the newly renovated Yonkers Raceway in Westchester County, N.Y. One of the contenders was Teamsters Local 456, headed by John Acropolis, then also president of the Westchester County Federation of Labor representing all AFL unions in the county, who was murdered the following year—a crime as yet unsolved. The other union claiming jurisdiction at the raceway was local 32E of the Building Service Employees, headed by Tommy Lewis, himself murdered in 1953.

As recalled by John R. Harold, the attorney for local 456, Acropolis advised the raceway management that any jurisdictional questions should properly be settled by the Westchester County Federation of Labor, and committees for the purpose were set up by both the Federation and the county Construction Trades Council. Despite this, Harold testified, the raceway announced that it had already signed a blanket contract with the Lewis union covering all employees to be hired when the track opened, and referred the Acropolis group to their new "labor relations consultant," Joseph Pizzo, a copartner of Lewis in a welfare fund and insurance company handling local 32E's funds.

When parleys with Pizzo came to nought, and the track management refused to meet with the Acropolis group, Harold continued, the raceway was struck with the approval of both county labor councils. The strike, he noted, was "very successful" for 2 days. Then a number of counterblows were leveled at it: The local Carpenters Union went back to work through the picket lines, a county judge signed an ex parte stay on picketing, and the Engineers local threatened to return to work. Acropolis, whom Harold described as "an extremely honorable, tough, militant trade unionist, who in my opinion was murdered because he was stopping too many shakes in Westchester County" (p. 16212), felt that the strike could go on without a picket line, and, said Harold, "it did, except for the Carpenters."

Nevertheless, the pressure on Acropolis and the county councils to capitulate was strong, Harold testified, and at this point Johnson of the Carpenters "appeared on the scene." The initial reaction, Harold recalled, was good:

> * * * The labor unions involved were very pleased to have a mediator, and Mr. Johnson represented himself to these labor unions involved that he had friendly relations with the racetrack, and that they respected him, and that they would sit down with him and perhaps he could bring about a meeting of the parties, which he did. There were several meetings held.
>
> Mr. KENNEDY. Whom did you understand he was representing?
>
> Mr. HAROLD. At that time, and until some time later, I think several years later, everybody in that situation at that time understood only one thing, that he was an international representative of a labor union and he was representing the laborer's position in this matter, and to use his good offices to get it settled.
>
> There was not the slightest doubt in anybody's mind, and I was in close consultation with all of the people involved, which for the moment suggested that he was a management representative (p. 16210).

Johnson and Pizzo did bring about a settlement, Harold testified, in which local 32E of the Building Service Employees was required to give up some of its jurisdiction. The Acropolis group was far from happy over the outcome, he said they felt that local 32E still had too much jurisdiction, and further, local 456 itself, the Acropolis local,

was in a surprise last-minute maneuver compelled to yield representation of the parking lot attendants to another Teamster Local, 445, which, Harold noted, had not even been "in the picture until this late date." Local 445, then run by Francis Stickles and Philip Massiello, who were later sent to the penitentiary for extorting money from employers, was upheld in this matter by a special body appointed by the Teamsters international.

Harold thus explained the Acropolis surrender to the Johnson-Pizzo pact:

> * * * the pressure was such, with an injunction over our heads, with the unions all threatening to throw in the sponge, or some of them, that this was the best bargain we could make under the circumstances (p. 16211).

It was not until much later, he added, that they learned that Johnson was "an employee of the racetrack and paid by the racetrack."

> The CHAIRMAN. You thought he was representing the union?
>
> Mr. HAROLD. Yes, sir; no doubt about it.
>
> The CHAIRMAN. You found out he was being paid by the other side?
>
> Mr. HAROLD. Yes, sir (p. 16211).

Nathan Herzfeld, one of the principal stockholders in the Algam Corp., which had leased the track from the Yonkers Trotting Association, told the committee that he didn't know why the original blanket contract had been signed with local 32E, although he assumed "because they were assumed to be the most logical union" (p. 16214). He acknowledged that it was Tommy Lewis who had suggested Pizzo as a labor-relations consultant and estimated that Pizzo had received about $90,000 for these services; at the time, he testified, he did not know of the Lewis-Pizzo business partnership.

Who had brought Johnson into the raceway picture remained in conflict. Herzfeld asserted that the suggestion had been made by Joseph Henschel, another Algam stockholder, on the basis of Johnson's "knowledge or contacts with labor" (p. 16217). Henschel, in an affidavit, deposed that he had not even met Johnson until the time of the strike, at a meeting called to discuss the track's labor difficulties, and that he did not know who had invited Johnson to be present.

Both Henschel's affidavit and Herzfeld in his appearance before the committee gave the lie to several statements made by Johnson after the track settlement, one sworn to the Westchester County district attorney, that they had all been "social friends" of 15 to 20 years' standing. Herzfeld declared:

> * * * I don't know him like you know somebody. I never had an appointment with him or broke bread with him, and so forth * * * (p. 16215).

Herzfeld maintained that payment to Johnson was not discussed at the time he was suggested as mediator, but on the contrary that it was "our understanding that he was doing this as a service to labor in general, and to us as a favor" (p. 16218).

It came as a "great surprise" to him, Herzfeld said, when he learned, after the settlement, that Johnson was demanding payment for his services at first, he recalled, "we reiterated our stand among other things that we did not know there would be any compensation involved," but finally settled on $30,000, a sum he recalled was less than Johnson had asked for. The raceway, rather than Algam Corp., Herzfeld said, made the payment, but he conceded that it "had an effect" upon Algam's profits, cutting them by about half.

Nor was this all Johnson received from the raceway, Herzfeld testified. He was subsequently hired by the operator of the track, William H. Cane, as "more or less permanent labor consultant," ultimately receiving about $7,000 more, Herzfeld testified, until his services were discontinued in September 1951.

Of the $37,000 total collected by Johnson in the Yonkers affair, Herzfeld told the committee, the first $30,000 was paid to him, his brother, and his son in equal checks in two installments in June and December of 1950, while the remaining $7,000 was paid to him directly, in monthly installments beginning in August of that year.

While Herzfeld agreed in retrospect that Johnson's demand for payment was "improper," Johnson himself expressed considerable self-satisfaction over his coup in a speech before the New York State Council of Carpenters on October 16, 1953, noting that he had thought he would "get a lot more" than he actually had, and also, in attorney John Harold's paraphrase,

> * * * not only admitted but boasted that when he worked for anybody he charged very good fees, and he was very proud of the fact that because of his years of training and his experience in the labor movement, he was able to charge a high fee for representing the Yonkers Raceway, and he was proud of it, and he would take care of his family any time he got any further opportunity (p. 16212).

Johnson also challenged the notion that "I cannot go before a board of directors and offer to give my services in my spare time" (p. 16222) asserting that his take-home pay from the brotherhood after taxes, was $175 a week.

According to a study of Johnson's income-tax returns made by Assistant Committee Counsel Harold Ranstad, his take-home pay in 1950, the year of the Yonkers deal, was $7,497.40 from local 1456 of the Carpenters, $5,870.10 from local 1536, and $7,833.80 from the international—a total of $21,201.30, making a take-home pay of more than $407 a week. Ranstad also noted that Johnson that year received expense allowances from the two locals totaling $9,625.

If Johnson's connection with the Yonkers Raceway was financially fruitful, his association with Edward H. Weiss, a gasoline and oil jobber, proved even more of a bonanza.

Weiss testified that he met Johnson sometime early in 1949; at the time, two of the three Weiss firms of concern to the committee were already in business. Both headquartered in Somerville, Mass., one is called the Penn Products Co., the other the Mercury Oil Co. Both, said Weiss, sell gas and oil, "principally to contractors and to any type of fleet owners, all types of users of the products" (p. 16227).

He was introduced to Johnson, Weiss went on, by his brother, Philip Weiss, who at the time of the committee hearings was under Federal indictment along with a third brother, Emanuel, on a charge of stealing automobile parts. Back when the meeting with Johnson was arranged, however, Phil, brother Edward recalled, was a salesman for the two companies; what other simultaneous business interests he might have had Edward did not know.

Shortly after Johnson came on the scene it was decided that he would "represent" the Weiss gas and oil enterprise, its owner explained, because—

> * * * Mr. Johnson said that he had been friendly with a great many contractors over a great many years, and he thought he would be in a position to see to it that we were put on the invited list of bidders of these various contractors in the area, that he knew them, and that we would have an opportunity to submit proposals to supply their gasoline and lubricating oil requirements (p. 16227).

Weiss, who professed ignorance of whether the contractors Johnson had in mind were those with whom the Carpenters had bargaining agreements, was asked:

> The CHAIRMAN. You did know he was a union official?
> Mr. WEISS. I did, sir.
> The CHAIRMAN. And he was going to use that connection in relation to this business enterprise?
> Mr. WEISS. No; he was going to use his friendships in these things, not his union position.
> The CHAIRMAN. Just his friendship?
> Mr. WEISS. Yes, sir.
> The CHAIRMAN. That would have no relation, of course, to the position he occupied in unionism?
> Mr. WEISS. This I would not know. This is his decision (p. 16228).

To facilitate the arrangement, Weiss testified, a new company, Penn Products Corp., was set up in New York, Johnson's home base. Mrs. Johnson, for a $250 investment, was given a 25 percent interest, while Johnson himself was to receive the "usual commission," as Weiss put it, "50 percent of the net job profit or the net profit" of any sales he made.

How well Mr. and Mrs. Johnson fared as a result of his new connection may be seen from figures presented by Committee Investigator John Prinos. From May 1950 to November 1957—at which time Johnson broke off the relationship in the wake of the committee's subpenaing of his books and records—the moneys he received, not only from Penn Products Corp. but from the Mercury Oil Co., totaled $96,572.00, $80,230.37 in commissions and $16,341.63 in expenses. The total gross sales to the 19 companies on which he received commissions amounted to $3,782,263.25.

The 19 accounts with which Johnson's salesmanship scored so successfully were as follows: Corbetta Construction Co.; Drake-Grafe-Winston-Tecon-Conduit Cos.; Andrew Gull Corp.; Hendrickson Bros.; Hoffman & Elias, Inc.; Horn Construction Co., Inc.; John-

son, Drake & Piper; MacLean, Grove & Brewster; Frank Mascoli; Merritt-Chapman & Scott Corp.; John Peterson Construction Co.; Poirier & McLane; Raymond Concrete Pile; Slattery Contracting Co., Inc.; Frederick Snare Corp.; Underpinning Foundation Co.; Charles F. Vacharis; Walsh, Connelly, Singer & Palmer Co.; and Walsh Construction Co.

All 19 are construction companies and, according to James P. Martin, director of labor relations of the General Contractors Association of New York, 16 of them are members of the association, a group with which Johnson negotiated contracts first as head of Carpenter Local 1456, and later as president of the Carpenters District Council; when the association combined for negotiation purposes with the Building Trades Employers Association in 1957, he also bargained with them on behalf of the Concrete Alliance, representing the five building trades unions. In addition to the 16 General Contractors Associations members from which Johnson obtained business for Weiss, another of his 19 accounts had a contract with the Carpenters.

Weiss was asked to describe his star salesman's technique of persuasion:

> Mr. KENNEDY. What was the procedure that was followed as far as Mr. Johnson was concerned? Would he telephone the officer, the president, or another officer, of one of these construction companies, and tell them about your company?
>
> Mr. WEISS. I don't know what his procedure was. I do know that he would say that we would hear of a job, because they are all published in public records, we would hear of a low bidder on a job, and we would call Mr. Johnson and tell him such and such company was low bidder on the job, and if he knew them he would call and we would get a message back that we could go in to see them and submit a proposal to them (p. 16232).

The testimony proffered by Weiss on the value of Johnson's services was at variance with itself at a number of key points. Asked whether he couldn't have submitted a bid to one of the construction companies involved without Johnson's telephonic help, he declared that most of those firms had "a very limited invited list of bidders and we have never been able to submit successful proposals to them" (p. 16232); in another context, however, he asserted that prior to the hiring of Johnson "we were not operating in that market, and we didn't solicit these particular accounts" (p. 16236).

Weiss also made several references to the success of his company's low bidding efforts on a number of occasions, yet asserted that the construction firms "usually get operating with one company" and "don't listen to proposals or prices from another company" (p. 16233).

> Mr. KENNEDY. It is not a question of the competition, then, but it is a choice of the contractor?
>
> Mr. WEISS. The question of competition is one for the construction company to decide and not for us to.
>
> Mr. KENNEDY. But you know as a practical matter, evidently from your answers, anyway, that it is not a question of low bid, but it is a question of who the contractor likes?

Mr. WEISS. I think it is a combination of both. We always try to be low bidders.

Mr. KENNEDY. I understand that. But you also testified before the committee that it is a question of whom the contractor wants on the job.

Mr. WEISS. Very definitely (p. 16237).

Although insisting that Johnson's status as a Carpenter official was "not an essential," Weiss acknowledged that after Johnson came into the picture his companies were successful where they had not been before, obtaining "many contracts." This aspect of his testimony was confirmed by Committee Investigator Charles E. Wolfe, who testified that the $3.7 million in gross sales brought in to Penn Products and Mercury Oil by Johnson constituted 40 percent of the business of the two companies.

On the apparent theory that Carpenter officialdom represented an excellent ground school for the training of gas and oil salesmen, the Weiss enterprises also acquired the services of General Secretary Blaier and General Treasurer Chapman.

Blaier, according to Committee Investigator Prinos, received $8,752.82 in commissions and $2,612.25 from the Mercury Oil Co. from July 1951 to August 1953. The general secretary's explanation of this was that "I, like everybody else, tried to supplement my income" (p. 12066), and that this avenue was opened up through the kindness of his "good friend" Charlie Johnson, who even

* * * advanced me money as an incentive to go and try and bring about a volume of orders, through some friends of mine, that maybe don't even employ my membership.

Mr. KENNEDY. Did you go to some of these corporations to try to sell this oil?

Mr. BLAIER. I tried several and I wasn't very successful. I am a poor salesman, I guess.

Mr. KENNEDY. Did you ultimately get successful?

Mr. BLAIER. No; I didn't.

Mr. KENNEDY. You were never successful?

Mr. BLAIER. I didn't sell an account.

Mr. KENNEDY. And they paid you commissions anyway?

Mr. BLAIER. I got the commission, as I tried to say, out of the goodness of Mr. Johnson sharing with me his accounts, as an incentive to try to go out and procure more orders. That was one contract; yes, sir (p. 12067).

Although no records could be found of any payments by Weiss to Carpenter Treasurer Chapman, an affidavit by Hillman Lueddemann, vice president and general manager of the lumber division of Pope & Talbot, a Portland, Oreg., firm, indicated that Chapman exhibited considerable verve as a drummer on behalf of Penn Products. Chapman, the affidavit deposed, introduced Ed Weiss to Lueddemann on December 15, 1952, saying:

* * * that Mr. Weiss wanted to break into the market in this area, and that he had offered to help Mr. Weiss by introducing him to his (Chapman's) friends in the lumber business. Chapman said, "I will tell you frankly that I am getting a commission; can you see anything wrong with

that?" I said that as far as the commission is concerned, that is between you and Mr. Weiss, but if I were in your position, I would get an approval from my employer. He made no answer to me in regard to this matter.

I explained that we were pretty well tied to the big oil companies on a reciprocal basis because they (the oil companies) shipped oil in our vessels. Chapman said that you don't have to give them all of your business, do you? I said that we don't have to give them anything unless we choose to do so * * *.

Sometime later, Mr. Chapman telephoned me and said that you are not doing much for my friend, Mr. Weiss. I said that we gave him two orders. He said that is a drop in the bucket compared to what we could give him (p. 16241).

Weiss' brother, Manny, was similarly blunt in his sales approach, according to another affidavit by William L. Streukens, salesman for the Christenson Oil Co. of Portland, Oreg. One day in 1953, Streukens recalled, he asked Manny how he was able to obtain contractor business which the Christenson firm had solicited and been unable to get even though their prices were lower than the Weiss bids. Manny, Streukens went on, then revealed his trade secret, explaining that—

* * * he would go out to the construction site with a union official and talk to the boss on the job or the foreman about purchasing greases and gear oil from his firm. He said that if needed the union could apply the pressure on the company's labor relations with the union. I do not know what union officials were involved nor do I know to what union they belonged (p. 16238).

In his appearance before the committee Manny Weiss took the fifth amendment, even to the question of his date of birth. The third Weiss brother, Phil, likewise refused to testify, uniformly declining answers to all questions, including whether he had been involved in the black marketing of steel with Abner "Longy" Zwillman and had used his alleged relationship with certain union officials in financial dealings with various steel companies and his friendship with James Hoffa to obtain business arrangements with various trucking companies. He was further asked:

Mr. KENNEDY. Isn't it correct, Mr. Weiss, that you are probably foremost in the country, in the United States, as far as selling your racket connections, not only with racket labor union officials, but with racketeers in the United States?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

* * * * *

Mr. KENNEDY. And isn't it correct that you can never make a legitimate business deal, Mr. Weiss? You are always using who you know in the labor union movement or who you know in the underworld in order to make a few extra dollars for yourself?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, we have subpenaed the telephone calls of Mr. Weiss to various places in the United States, and it establishes a pattern which is not directly involved in these hearings today, but which we hope to be able to go into at a later time during this coming year (p. 16324).

How the Weiss brothers operated under the aegis of Charles Johnson was reviewed by the committee in the case of two of the companies to which he had opened the door for them, the Walsh Construction Co. and Merritt-Chapman & Scott.

One of the plums Penn Products received from Walsh Construction was a contract to supply the gas, diesel fuel and lubricants it needed in connection with the building of the Fairless steel works at Morrisville, N.J., on the Delaware River, in 1951, a project of which Walsh was the sponsoring company.

For these products, Walsh, according to Committee Investigator Wolfe, paid approximately $57,000 more than it would have paid by purchasing them directly from sources which supplied them to Penn Products, primarily the Shell Oil Co. Had Walsh bought from Shell, Wolfe noted, the cost would have been $494.871.96; the price it paid Penn was $544,726.52. In the case of the other sources which Penn tapped, the cost to Walsh was $101,889.47 as compared with Shell's price for the same products of $95,079.99.

Furthermore, since the gas and oil was delivered directly from the original supply sources to Morrisville and stored in their own tanks, the extra $57,000 which Penn collected was essentially no more than a bonus for paperwork—the arduous chore of filling out and sending invoices to Walsh.

Light on Shell Oil's part in this transaction was provided by E. W. Hennessy, who at the time of the Fairless project was commercial manager in the New York division of Shell. Hennessy testified that in late March 1951 he met Ed Weiss and discussed the project with him, and that Weiss told him that he could "deliver the business" if Penn and Shell could get together on prices.

Mr. KENNEDY. He said he could get the contract?
Mr. HENNESSY. Yes, sir (p. 16247).

Hennessy conceded that after Weiss had assured him that he had already had the business, he decided not to put a bid in for Shell directly even though on figuring he found that his company could be "competitive."

Mr. KENNEDY. Didn't it interest you that somebody such as this company could come in and discuss this matter with you and say they would be able to deliver this contract?
Mr. HENNESSY. I was curious about it; yes, I was.
Mr. KENNEDY. Did you inquire further into it?
Mr. HENNESSY. No, I didn't, in that connection. We made the usual checks for credit purposes, and the credit seemed to be satisfactory, the credit status.

Mr. KENNEDY. Does that happen very often, that a company will be able to come in and say, "We are going to be able to deliver this contract"?

Mr. HENNESSY. It is rather unusual (p. 16250).

Not only did Shell deliver the gas and oil to the job site, via trucks owned by two other firms, but it also installed large storage tanks there, with no identification on them, Hennessy reported.

Mr. KENNEDY. Then the only thing that Penn Products handled was some paperwork?

Mr. HENNESSY. We invoiced—yes, we invoiced Penn Products.

* * * * *

Mr. KENNEDY. How was it arranged so far as the delivery slip? Did you show that it was delivered by you people?

Mr. HENNESSY. Yes. As I recall the operation, and I may not be exactly right, but it was about like this: We had a supply of Penn Products delivery slips, and a copy of that delivery slip or a set of the slips would be signed on the jobsite, and that would show evidence of the delivery of the product.

Mr. KENNEDY. So you would deliver your oil to your tanks and give the Walsh Construction Co.——

Mr. HENNESSY. That slip and we would get a signature from them and then we in turn would invoice Penn Products.

Mr. KENNEDY. Was that done on the instructions of the Penn Products Co., that you use their slips?

Mr. HENNESSY. Yes; that was (p. 16252).

It was not until the summer of 1958, Hennessy added, that he learned of the Johnson-Weiss liaison.

The Walsh project manager at the Fairless works, Harold H. Dugan, now a vice president of the company, was asked if they had received any bids on the gas and oil supply from any other companies. As far as he could remember, he said, there were four or five such bids but could produce no copies:

Mr. DUGAN. I don't know what has happened to them, but we have tried to dig them up out of the warehouse.

Mr. KENNEDY. Unfortunately Penn Products doesn't have copies of any of its bids in its files either (p. 16258).

Dugan conceded that he himself had never seen any of the quotations but asserted that to the best of his recollection Penn was the lowest bidder. If Penn received any assurances prior to the bidding that it would get the contract, he added, those assurances were given by someone other than himself.

Mr. KENNEDY. You were the one who selected the Penn Products Co.?

Mr. DUGAN. That is correct.

Mr. KENNEDY. Did you receive any request or urging from anyone in the Walsh Construction Co. to select the Penn Products Co.?

Mr. DUGAN. I received a telephone call, if I remember correctly, wherein Mr. Tom Walsh suggested that all things being equal, he would like to see the business go to Penn Products.

Mr. KENNEDY. Who is Mr. Walsh?

Mr. DUGAN. Chairman of the board.

Mr. KENNEDY. Is he still?

Mr. DUGAN. Yes.

Mr. KENNEDY. Did he explain what the purpose or reason for that was?

Mr. DUGAN. I don't recall that he did. He may have mentioned the Penn Products was doing a good job at Roscoe, and why change horses (p. 16258).

Like Hennessy, Dugan, too, had heard that Johnson had an interest in Penn Products, but, he said, "only by hearsay," via rumors "through the trade" (p. 16254).

William A. Durkin, chairman of the executive committee of Walsh Construction, was queried as follows about his company's $57,000 overpayment to Penn:

The CHAIRMAN. On the face of it, it looks like good business judgment and prudence would have dictated that you would have gotten the product as cheaply as you could. Isn't that correct?

Mr. DURKIN. Yes, sir (p. 16266).

Durkin, too, knew of Johnson's connection with Penn Products; he had known Johnson, he recalled, for 18 to 20 years and also knew the Weiss brothers, although, he declared, not "one from the other" (p. 16263).

That the felicitous relations between the Weiss-Johnson forces and the Walsh Construction Co. continued after the Fairless contract was indicated in a number of entries in Johnson's business diary, obtained from him during the course of the committee's investigation, showing a number of matters of mutual interest relayed by telephone:

1953

July 27: "Ed Weiss called. Spoke to Mr. Durkin—needs carpenters for Downsville job."

August 25: "Phil Weiss—home after 4:30—reminder to call Mr. Durkin."

August 27: "Phil Weiss—C. J. to call Mr. Dugan of Walsh. He is taking bids on Kingston job."

September 14: "Phil Weiss—reminder re Durkin & Corbetta—call Phil this a.m. re seeking Durkin."

December 15: "Ed Weiss re C. J. making appointment with Mr. Durkin on Newburgh job."

December 16: "Ed Weiss called re making appointment with Mr. Durkin."

1954

January 15: "Phil Weiss received call from Jack Murphy who received letter from Bernard Murray that rates are

increased as of January 1. Murphy said agreement was to be for life of contract."

January 18: "Phil Weiss called. Spoke to Jack Murphy yesterday. Letter sent out by Bernard Murray evidently pertains to building contractors in Newburgh."

1956

January 13: "Manny Weiss called, reminder to call Mr. Durkin" (p. 16255).

The two Walsh officials mentioned in these entries, Durkin and John J. Murphy, a company vice president, expressed general mystification over these cryptic notes. Durkin denied that he had spoken to Ed or Phil Weiss concerning any labor difficulties the company might have been having; Murphy, acknowledging that the company had had a project in Newburgh, recalled that he had telephoned Johnson—not Weiss, he asserted—in connection with the carpenters' rates there. When Walsh bid the job, he explained, the area rate was $2.75 an hour, but the company agreed to pay $3. Then, he said, Murray, the union delegate, informed him that there would be an increase to $3.12. It was then that he called Johnson, Murphy testified. At a subsequent meeting, he noted, the raise was agreed to.

Mr. KENNEDY. Why was Phil Weiss getting involved in this?

Mr. MURPHY. I don't know (p. 16256).

Walsh Vice President Dugan, who also denied knowledge of any contacts with Phil Weiss about the company's labor problems, was asked:

Mr. KENNEDY. We are talking about generally, what the situation and the relationship between the Walsh Construction Co. and the Penn Products Co. was.

Now, whether there was a favor done back in 1951, it was quite a considerable favor because it brought $51,000 to the Penn Products Co., that is $51,000 that Walsh Construction Co. would not have had to pay otherwise for doing absolutely no work. Penn Products did no work for that, and there was a considerable favor.

Then we find in 1954 that a representative of the company is contacting Mr. Phil Weiss of the Penn Products Co. about labor difficulties.

Can you explain any of that to us?

Mr. DUGAN. I have no explanation (p. 16260).

The second major case scrutinized by the committee as an example of the Weiss operation on an account brought in by Johnson involved the construction firm of Merritt-Chapman & Scott. Some years back, in his company's pre-Johnson period, Ed Weiss testified, he had done business with Merritt-Chapman & Scott, but a "totally different group" had gotten into control since then, and it was not until Johnson came along and effected some introductions that a Weiss bid was accepted once more by the construction company.

On a number of scores the Merritt-Chapman & Scott story vis-a-vis the Weiss brothers resembled the Walsh Construction story. First, a major building project—this time the Baltimore tunnel—was involved; second, another major oil company which might have provided competitive bidding with the Weiss enterprise, Esso Standard Oil, was also involved.

Up to around May 1956, according to the testimony of John Paul Guckert, an industrial salesman for Esso in Baltimore, his company had been supplying petroleum products to Merritt-Chapman at their Patapsco tunnel project a-building under Baltimore Harbor. Then, he called, there was a dropoff in sales, and he attempted to ascertain why from the Merritt-Chapman purchasing agent, A. B. Lundberg. Guckert thus reported to his New York office on his talks with Lundberg:

> I have talked to the purchasing agent, Mr. A. B. Lundberg, from time to time regarding the possibility of our getting a portion of the motor oil and grease, and so on. To use Mr. Lundberg's words, he said, "I have nothing to do with the purchasing of oils, grease, or any petroleum products, and it is a hotbed of politics. The whole thing stinks."
>
> He further advised that he received all of his orders from his New York office, and he cannot understand why they buy from us for a while, and then the products come in apparently from Penn Products, and then from United Oil, and then back again to Penn Products. He said it is all a mystery to him. This is the story and it is just one of those things that we have been unable to control (p. 16269).

Guckert, while confirming the accuracy of the report he had made at the time, could not remember any further explanation Lundberg may have made. Lundberg, by the time of the committee hearings employed on a Merritt-Chapman project in Arizona, deposed in an affidavit that to the best of his recollection he had never said that the oil situation "stinks" or that it was a "hotbed of politics."

What the situation in question might have been, however, was the subject of testimony by Clyde E. Bourke, at the time bulk sales manager for Esso. On April 13, 1955, Bourke said, he had had a visitor, Manny Weiss, representing Penn Products, and conveying the news that Penn was going to get the contract to supply oil and petroleum products to Merritt-Chapman on the Patapsco project.

Weiss, Bourke recalled, had a proposition to make. Indicating that he had already secured prices from Esso competitors, he asked Bourke if Esso would sell to Penn as a "bulk plant reseller" the products which it in turn would contract to supply to Merritt-Chapman. Weiss had another request: Would Esso make the deliveries to the Patapsco project, but use Penn Products delivery tickets, and not indicate any price on them?

Bourke recalled that Weiss showed no lack of confidence that Penn Products would obtain the gas and oil contract from Merritt-Chapman:

> * * * He didn't exactly go into too much detail. He indicated something about the machinery, that certain contractors might need over and above the amount they might have for a

job, and that he would be leasing such equipment to them, or had such equipment to lease or controlled such equipment.

Mr. KENNEDY. Prior to bids being received by the Merritt-Chapman & Scott, prior to the time that they were analyzed and it was determined who was the low bidder, did it strike you as strange or peculiar that he was going to be able to obtain this contract or state that he was able to obtain the contract?

Mr. BOURKE. It struck me as funny or strange that he could. I asked him how, and that was the answer I got.

Mr. KENNEDY. Did you go into it in any further detail?

Mr. BOURKE. I didn't think it was that strange or peculiar that I would go into it any more than to ask him a question and I took his answer as he gave it to me (p. 16273).

Bourke noted that while in some instances a project contractor buys from a reseller, who, he said, might have the smaller equipment needed in some instances to get over certain newly constructed roads, "most all contractors have some connection with a major oil company" (p. 16274).

Bourke made a memorandum of his first talk with Manny Weiss, and the next day, he recalled, they had another chat. Weiss made another request—that Esso give him a quotation to meet the competitive offers, and, if they reached agreement, that Esso deliver to the Patapsco project No. 2 fuel oil, a heating oil, in place of diesel oil, but that the bill show that diesel was delivered. Diesel, Bourke testified, was about four-tenths of a cent a gallon more than the fuel oil.

Mr. KENNEDY. Can you give us any other explanation other than the fact that they were attempting to make an extra profit by changing the delivery slips on the kind of oil that was being delivered?

Mr. BOURKE. I couldn't make any other explanation. That was his request (p. 16275).

Although he felt the suggestion improper, Bourke said, he did not turn Weiss down immediately because "I wanted to acquaint my management with it and discuss it with them" (p. 16275). Bourke's memorandum of that day's talk, sent to John H. MacLeod, at the time Esso's assistant division manager for the Maryland area, did not reflect this reaction as described to the committee, however:

In connection with your billing Penn Products with No. 2 diesel (which we will fill with No. 2 heating oil) do we want to have a written understanding with Penn Products that this is a satisfactory arrangement so that at some future date they cannot complain to us that we billed them with diesel and did not supply a diesel product? (P. 16276).

Nor did the next Bourke memorandum, on April 20, indicate any distate for the Weiss proposals:

In a discussion with Mr. Emanuel Weiss last night from my home, he promised to mail us at once a letter for our files stating the competition which we are experiencing in securing his business. He further stated that he was mailing us

some of his delivery books for use when making deliveries to the Merritt-Chapman & Scott organization. Mr. Weiss indicated that the tunnel job at Baltimore was probably going to need some petroleum products very soon as the ribbon-cutting program was scheduled for Thursday, April 21. It was again requested by Mr. Weiss that when making deliveries to Merritt-Chapman & Scott we show no price on the delivery ticket, and that if we desire we can secure a signature on our own delivery ticket forms to be retained in our files, with no copy left with the customer when we make a delivery.

Mr. Weiss further agreed that we should put the wording on his delivery tickets to the customer "No. 2 diesel," whereas our delivery tickets could say "No. 2 fuel." Mr. Weiss said that if he received our letter on the confirmation of the quotation by Monday it would be satisfactory to him (p. 16277).

Bourke, conceding that the memo was "a little ambiguous," denied, however, that it showed that Esso was about to enter a contract with Penn Products or contemplated misbranding the No. 2 fuel oil. If it so implied, he asserted, "it was an error of my wording, my phraseology" (p. 16277).

Asked why by this time he and his superiors had not flatly rejected the Weiss proposals, Bourke replied:

I hadn't had an opportunity to go into all of the details with him, I suppose, hadn't come to any conclusion.

Mr. KENNEDY. I would think this would have been a rather shocking suggestion to a large oil company, that you would have, certainly in a period of a week, turned this kind of a suggestion down flatly. Why hadn't that been done?

Mr. BOURKE. We were discussing the matter with him. We wanted business. There are a lot of things that are surprising in the oil business, sir.

The CHAIRMAN. I didn't quite get that.

Mr. BOURKE. I said there were a lot of strange things approached in business at times, but this one, this request, we were discussing, and attempting to secure business. We wanted business (p. 16278).

When Bourke pointed out that 2 days later he told Weiss that Esso "could not go along" with his request, the following exchange took place:

The CHAIRMAN. It would have been a fraud, wouldn't it, to sell a cheaper product and bill for a higher cost? Wouldn't that be a fraud on somebody?

Mr. BOURKE. I wouldn't know what was a definition of a good fraud, but we didn't agree to do it.

The CHAIRMAN. All right. I am not saying you did it. You say you didn't agree to it, and probably the proof will show that. But at that moment, that was what was involved, a conspiracy to commit a fraud in that you were going to deliver a cheaper product and bill the buyer for a higher priced product.

Mr. BOURKE. It was a request to do that.

The CHAIRMAN. That was a matter that was under consideration?

Mr. BOURKE. That was a request.

The CHAIRMAN. Had it been consummated, had it been carried out, it would have constituted a fraud on somebody.

Mr. BOURKE. A misrepresentation of a product.

The CHAIRMAN. Well, that amounts to fraud, doesn't it?

Mr. BOURKE. I suppose you could call it that.

The CHAIRMAN. Have you got a better word for it?

Mr. BOURKE. No.

The CHAIRMAN. Thank you.

Senator ERVIN. I suggest, Mr. Chairman, if the word "moral" can be used in connection with such matters, it would have constituted moral thievery (p. 16279).

On April 20 Bourke composed his final memorandum of the series, informing his superiors that he had telephoned Weiss and canceled the deal and noting that he had given as the reasons the fact that "it was impossible for us to meet all of his requirements," that Esso could not rebrand its products to another grade, and that it did not wish to use Penn's delivery tickets. Weiss, Bourke's memo went on, "seemed quite surprised," and asked if he could change his requirements so that Esso would sell to Penn after all, to which Bourke replied that Esso was "withdrawing."

A postscript by Bourke noted that an Esso representative might now "aggressively solicit" Merritt-Chapman and other subcontractors on the tunnel job.

Bourke, queried as to the motivation behind the precipitate cancellation of the Weiss deal, admitted that it came about after he had heard and passed along to Esso higher-ups a "vague rumor" he had heard of a union official's connection with Penn Products. He denied, however, that he was the person in Esso's setup who had raised the question that a contract with Penn might be in violation of section 302 of the Taft-Hartley Act.

Mr. KENNEDY. Would you deny that was a factor?

Mr. BOURKE. I would not (p. 16281).

Testimony on this phase of the matter was given by John MacLeod, Esso's assistant division manager in the tunnel project area at the time. MacLeod recalled that the rumor passed on by Bourke was to the effect that "Ed Weiss was head of a union in New England" (p. 16286), and also acknowledged as his a handwritten notation, "Talked to Miss Duncan, alerted them reference section 302, Taft-Hartley," on the side of a letter to Odin Hansen, an Esso national accounts representative in New York, reporting the gist of the Bourke-Weiss conversation in which the deal with Penn Products was terminated. Miss Duncan was in Hansen's office, MacLeod explained, and he wanted her to pass on the information about Taft-Hartley to Hansen.

Mr. KENNEDY. Section 302 states:

It shall be unlawful for any employer to pay or deliver, or to agree to pay or deliver, any money or other thing of value

to any representative of any of his employees who are employed in an industry affecting commerce.

Mr. MACLEOD. Yes, sir, and I didn't want to be a party to the payment to both sides (p. 16287).

He agreed that the union connection with Penn Products "could have played a part" in Esso's turndown of the Penn Products contract, but asserted that the reasons outlined by Bourke to Manny Weiss were "sufficient" on this score.

MacLeod's declaration that at no time was there intent on Esso's part to defraud brought this colloquy:

Mr. KENNEDY. So the defrauding would be the Penn Products Co. defrauding Merritt-Chapman & Scott?

Mr. MACLEOD. If you choose to see it that way.

Mr. KENNEDY. Well, that would not have been possible, obviously, without the help and assistance of your company. They wanted you to enter into this arrangement. You were not the ones who were going to directly do it, but it would not have been possible without the help of Esso.

Mr. MACLEOD. I don't think that there has been any indication here that Merritt-Chapman & Scott would examine the bills of the Penn Products. That isn't ordinarly the case of buyer and seller. You buy from someone and you do not examine his purchase price and so forth.

Mr. KENNEDY. I think the record is clear on it.

Mr. MACLEOD. Well, I think so (p. 16289).

The paths of Esso and Penn on the Patapsco Tunnel project did not diverge, however, with Esso's withdrawal from the arrangement proposed by Manny Weiss, despite the opinion of Esso officials, as stated in retrospect to the committee, that his proposals were improper. Within a week after Bourke's final memorandum on his turndown of Weiss, a letter to Esso from Guy Owens, procurement manager of Merritt-Chapman & Scott, confirmed a verbal order that Esso was to furnish gas, fuel, and lubricating requirements for the tunnel project.

Although Esso had thereby succeeded in its direct solicitation of the Merritt-Chapman account, it had not succeeded in nosing Penn Products out of the picture, according to another paragraph of the Owens letter:

Our purchase order will be placed with Penn Products Co., 94 Vernon Street, Somerville, Mass., whom you will invoice at prices stated above for any materials furnished us on this project (p. 16292).

Odin Hansen, Esso's national accounts representative, was asked why Esso would be billing Penn Products rather than Merritt-Chapman after it had secured the Merritt-Chapman contract itself. He replied:

Well, the salesman discussed it to a certain extent. However, it was not elaborated on. At that time, it was probably mentioned that there may have been some labor involved.

Mr. KENNEDY. That there was some labor official?

Mr. HANSEN. I do not recall a labor official involved in here, or maybe there was someone related. It was all from the salesman who was put out because his customers didn't give it to him, so to speak.

Mr. KENNEDY. There was some discussion, and there was some concern, within the company, as to how this was being handled?

Mr. HANSEN. They raised the question; yes.

Mr. KENNEDY. And the explanation that was offered, at least by some, was the fact that there was a union—some labor angle to the Penn Products Co.?

Mr. HANSEN. That is correct (p. 16293).

Esso was not the only major oil company to get a Merritt-Chapman contract on the tunnel project nor the only one to learn firsthand of Penn Products' apparently hypnotic effect on the construction company. A related experience befell the Gulf Oil Corp., according to the testimony of Frank J. Hamilton, at the time Gulf Oil's division manager in charge of direct sales.

In return for leasing to Merritt-Chapman some land Gulf Oil owned in the vicinity of the tunnel construction, Hamilton told the committee, Gulf Oil received a contract to supply the project's No. 2 fuel oil and diesel oil. Merritt-Chapman negotiated a release from its contract with Esso, and the agreement was made with Gulf Oil for 2 years starting September 1, 1955.

For 4 months Gulf Oil invoiced its deliveries directly to Merritt-Chapman. Then, at the end of December 1955, Hamilton testified, his office was requested by Merritt-Chapman procurement manager, Guy Owens, to invoice all its deliveries to Penn Products. This proposed procedural change struck Gulf Oil as so unusual, Hamilton explained, that he asked to have the request put into writing. Owens di dso, explaining that Penn Products had "served us on a number of jobs," and that prior to giving Gulf Oil its order Merritt-Chapman had placed the same order with Penn Products and thus had "an obligation to them."

The letter also requested that Gulf Oil invoice Penn as a distributor, and at a price lower than it had been invoicing Merritt-Chapman directly, apparently, Hamilton said, to give Penn the benefit of a regular jobber price as opposed to a consumer price. Gulf Oil refused this particular part of the proposal, he added, because it did not believe that Penn could actually make the physical deliveries, and saw no reason—

* * * to give another company, a second company, you might say, the benefit of a lower price than we were giving the contractor themselves.

Mr. KENNEDY. They did not really qualify as jobbers?

Mr. HAMILTON. Not as far as we were concerned (p. 16295).

Gulf Oil, he testified, continued to perform as before, providing the same service and incurring the same operating costs, expenses, and responsibilities, the only changes being to write one additional name on the bill, that of Penn Products, and to send the bills to Mas-

sachusetts instead of New York. Penn, he said, did not take over any service Gulf Oil had been performing.

> The CHAIRMAN. * * * What was the idea of this, do you know? Did you ever find out?
>
> Mr. HAMILTON. Well, of course, I have an idea since I have been reading the papers.
>
> The CHAIRMAN. To take care of these union officials?
>
> Mr. HAMILTON. We didn't know that at the time. We didn't know it until we read it in the papers. Certainly we were suspicious when we received the subpenas from the committee (p. 16296).

The nonexistent nature of Penn Products' services at the Patapsco project was confirmed by Dean Lochary, who was master mechanic at the project and had worked there from the outset. Lochary, testifying that one of his responsibilities was to make sure that the job equipment was supplied with petroleum or diesel oil, was asked:

> Mr. TIERNEY. Were you aware of any equipment of Penn Products Co. there filling the job equipment with petroleum products?
>
> Mr. LOCHARY. No, sir.
>
> Mr. TIERNEY. None at all?
>
> Mr. LOCHARY. No, sir.
>
> Mr. TIERNEY. Did you ever see a Penn Products representative there?
>
> Mr. LOCHARY. Well, I think I met a salesman, or a couple of guys when the job first started.
>
> Mr. TIERNEY. But thereafter, did you see any representatives of Penn Products?
>
> Mr. LOCHARY. Not that I recall (p. 16298).

That its absence from the scene did not signify any inherent shyness on the part of Penn Products was evident from a comparison of the bills submitted to it by Esso and Gulf Oil and the bills it in turn submitted to Merritt-Chapman. Committee Investigator Wolfe testified that while Esso billed Penn $51,964.04, Penn billed Merritt-Chapman $56,710.09; while Gulf Oil billed Penn $75,183.64, Penn billed Merritt-Chapman $90,244.42. The total cost to Merritt-Chapman on this one contract was therefore $146,854.51, while to Penn Products it was $127,129.68, making a total profit to Penn and a loss to Merritt-Chapman through this arrangement of $19,824.83—about 10 percent payoff on the contract.

> The CHAIRMAN. In other words, Penn Products Co. got $19,800-plus for doing nothing but writing out bills?
>
> Mr. WOLFE. That is right.
>
> The CHAIRMAN. That is, so far as we have been able to ascertain?
>
> Mr. WOLFE. So far as we can tell.
>
> The CHAIRMAN. They supplied no equipment; they had no supervision; they actually made no sales; they did nothing except to receive the bills from the supplier of the products and then to rebill to the purchaser of the products; is that it?
>
> Mr. WOLFE. Yes (p. 16300).

Merritt-Chapman's version of its role as benefactor of Penn Products was furnished by its procurement manager, G. Guy Owens, and by Rolland O. Baum, former executive vice president in charge of procurement at the time of the tunnel project.

As to why Esso was asked to invoice Penn Products rather than Merritt-Chapman directly, Owens did not know, he told the committee; he had merely followed Baum's instruction and, since higher officers of the company "decide on the award of oils and lubricants," he had never inquired into the reasons. He had no knowledge, he said, of the connection of Charlie Johnson or any other union official or, indeed, of any union connection, with Penn Products.

As to why he asked Gulf Oil to invoice Penn Products after Gulf had been invoicing his company directly for 4 months, Owens explained that, when he negotiated the Esso contract release to make way for the Gulf contract, he not only failed to terminate Penn's part of the Esso deal—through "negligence, I presume"—but also failed to bring Penn to Gulf Oil's attention—whether through "an oversight or what" he could not now say.

Owens testified that when Penn Products found that Merritt-Chapman was no longer getting oil from Esso, and that as as result "Esso was not passing papers through them" (p. 16302), it protested to Baum, who, Owens said, told him that "we had a contract with Penn Products and we would have to abide by it" (p. 16303).

Read the quote from his own letter requesting Gulf Oil to invoice Penn as a distributor, at prices less than Gulf Oil was charging Merritt-Chapman itself, Owens was asked:

> Mr. KENNEDY. * * * Why were you solicitous in favor of Penn Products Co.?
>
> Mr. OWENS. I had the happy thought at the time that they would share any benefits with us.
>
> Mr. KENNEDY. Had you worked that out with them at all?
>
> Mr. OWENS. I had not.
>
> Mr. KENNEDY. Why were you suggesting that? Why didn't you leave the arrangements that they might make up to the Penn Products Co.?
>
> Mr. OWENS. If they had a previous arrangement with Gulf, which I did not know about, and Gulf had previously recognized them as a distributor, I would not be disposed to upset that.
>
> Mr. KENNEDY. Yes; but why didn't you just leave that to the arrangements that Penn Products could make with the Gulf Oil Co.? Why did you enter into that to make a suggestion?
>
> Mr. OWENS. Well, let's say I talk too much.
>
> Mr. KENNEDY. Penn Products never did anything for Merritt-Chapman & Scott, and yet got paid $19,000 for just handling the paper. What was the reason for it?
>
> Mr. OWENS. I don't know.
>
> Mr. KENNEDY. Actually, it was just a payoff to a union official, was it not, by the Merritt-Chapman & Scott Co.?
>
> Mr. OWENS. I don't know.

Mr. KENNEDY. Can you give any other explanation as to why they would make this arrangement, have this correspondence, and go through all this effort to make sure that Penn Products got some of the business?

Mr. OWENS. No; the decision had been made to handle it this way.

Mr. KENNEDY. And that decision was not made by you?

Mr. OWENS. I did not (p. 16303).

Although he thought that Penn might have supplied some items to the tunnel project, "some of which may have been their own grease, for instance" (p. 16304), Owens conceded that he could not testify to any product that Penn had actually delivered to the job.

Former Merritt-Chapman Executive Vice President Baum testified that he had known that Charlie Johnson was "in some way connected" with Penn Products ever since early 1953—2 years before the Patapsco project began—and that he "got an inclination" of this fact "perhaps in conversation with one of the Weiss brothers" (p. 16305). The Johnson connection, he maintained, was not, however, the reason for Merritt-Chapman's consideration for Penn Products on the tunnel affair.

The real reason, Baum declared, was that Penn had been doing business with Merritt-Chapman "for years" as a supplier on the construction firm's regular bid list, and that on the basis of past service which Penn Products had provided where Merritt-Chapman required "special deliveries," it was given the same arrangement at Patapsco, where, Baum said, Merritt-Chapman anticipated that such special delivery service would be required.

It may be noted here that Baum's depiction of Penn Products as a continuous recipient of Merritt-Chapman business directly conflicted with the testimony given the committee by the president of Penn Products himself, Ed Weiss, who had testified that "for a period of years," after one project at the Quonset Naval Base in Rhode Island, his company was "never able to sell" Merritt-Chapman until Charlie Johnson introduced him to the "totally different group" in control by then.

Baum declared that the arrangement to have Penn supply services at Patapsco was never put in writing because "they had been doing it for years on that basis" (p. 16305). He admitted, however, that Penn did not actually provide any services at Patapsco—a fact he said he learned in 1959, not 1955—and further could cite only one previous example of a Merritt-Chapman project on which Penn had provided such service, although he conceded that even this instance was "basically hearsay" since he had not been on that job.

Mr. KENNEDY. That is the point right here. You don't know, then, that they provided service. The only job that you know is down here at the tunnel project when they did not provide any service and they received a $19,000 payoff.

Mr. BAUM. That $19,000 payoff is considerably in excess of what it was calculated to be by our procurement people at the time the order was placed.

Mr. KENNEDY. Then you think you got by well?

Mr. BAUM. I think that there is something definitely wrong with the billings of that job.

Mr. KENNEDY. You did well by it, is that right, that you only had to pay off $19,000 on this job?

Mr. BAUM. There was no payoff involved in this, Mr. Kennedy. I am talking about the differential between the price which we would have had to pay Esso on the bid they gave us and the calculated price which we planned on paying Penn Products for the service which they were supposed to have served when we first started this job, before the plans were changed (p. 16307).

Baum confirmed that he had instructed Guy Owens to have Gulf Oil bill through Penn just as Esso had done, on the basis of Penn's protest. Neither Owens nor he was aware at the time that Penn was not supplying the "services" for which it was being paid, he added, and he did not check, after Penn complained, to find out if it was indeed living up to its contract.

Mr. KENNEDY. * * * you continued to pay over a period of several years a total of $19,000 for services that you never received?

Mr. BAUM. Mr. Kennedy, I spent in the neighborhood of of $200 million a year for this corporation, something over 50,000 purchase orders a year. This was not a big matter so far as our normal day-to-day operations were concerned, and it is possible I never would have heard of it.

Mr. KENNEDY. You evidenced quite a bit of interest to make sure that Penn Products Co. was receiving its money—Mr. Baum, you evidenced a considerable amount of interest during the course of this contract to insure that the Penn Products Co. was receiving its money.

Mr. BAUM. That they were receiving their money? Only when a complaint was brought to me, Mr. Kennedy. I didn't originate it.

Mr. KENNEDY. This was a complaint that they were not getting paid for what amounted to a service they were not rendering.

Mr. BAUM. I was still unaware of it at the time.

Mr. KENNEDY. But before you paid them, I would think that you would find out, as a common, ordinary business practice, whether they were in fact performing the contract, if, as you say, they were supposed to do anything originally, that is.

Mr. BAUM. If you are doing business with an outfit over a period of years and they have been operating satisfactorily, you don't waste a lot of time checking those things (p. 16309).

While noting that Merritt-Chapman had "as of the moment" terminated Penn Products services "on all the jobs that they were on" and that it was also "investigating the balance of the invoices on the other jobs" (p. 16307), Baum denied that his company's arrangement with Penn Products prior to this termination had been a payoff to Charlie Johnson:

* * * At the time that I first heard the rumors of Mr. Johnson's connection, we got a Dun & Bradstreet on Penn Products, and there was no evidence in there, in Dun & Bradstreet,

that anybody owned any part of it except the Weiss Brothers. Whether Mr. Johnson's connection with friendship or what it was, we had no further knowledge of it at that time.

His exact connection, of course, was revealed here last week (p. 16310).

Peter Campbell Brown, Baum's attorney at the hearings and member of the firm which serves as Merritt-Chapman's general counsel, pointed out that—

* * * no time in the history of Merritt-Chapman & Scott operations have they done any business whatsoever with the Penn Products Corp with which Mr. Johnson was associated. It is the Penn Products Co., and there has never been any testimony that Mr. Johnson was associated with the company.

Therefore, sir, I fail to follow your charge that there was a payoff to a union official when there has been no testimony that a union official was associated with the company with which Merritt-Chapman & Scott has done business (p. 16311).

In reply, Assistant Committee Counsel Tierney testified that Johnson received commissions on accounts brought into any of the three Weiss companies, Penn Products Co., Penn Products Corp., and Mercury Oil Co., no matter which of the three signed the contract with the account in question. Thus, said Tierney, Johnson received commissions on the Merritt-Chapman contracts with Penn Products Co.

A key to why Johnson and his fellow carpenter hierarchs have been able to flourish in union office while pursuing personal interests contrary to the tenets of their stewardship was provided the committee by the final witness at the hearings, Lionel H. Rowley, business agent for carpenters local 106 in Des Moines, Iowa, since July 1, 1957.

A number of things about the brotherhood had troubled him, Rowley testified, beginning with the way President Hutcheson had taken over:

Mr. KENNEDY. In what way had you been critical about it?

Mr. ROWLEY. I objected ever since his entry as the general president in the manner in which he originally arrived, a father-son kingdom.

Mr. KENNEDY. Do you mean the fact that Mr. Hutcheson, Senior, virtually turned over the union to his son?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. He willed it to him?

Mr. ROWLEY. That is right. That is my belief (p. 16327).

Latterly, Rowley went on, he had found more to criticize, including alleged corruption in the top echelon, their failure to answer questions in appearances before two Senate committees, and the Indiana land scandal indictments. With the onset of the last international convention, scheduled to open in St. Louis on November 10, 1958—in the interim between the committee's two sets of hearings into the Carpenters—he wrote up a number of questions he wanted to raise as a convention delegate duly elected by his local.

Even prior to his departure for St. Louis, Rowley reported, he had several hints of trouble ahead. One was provided by his assistant, Robert Pepper, another elected delegate, who, said Rowley, went through his briefcase and took out the papers on which he had written the questions he proposed to ask. Another came from Lew Farrell, associate of the Capone mob, an identified racketeer who maintains a close relationship with James Hoffa and, according to Rowley, a figure of notoriety around Des Moines. Farrell, who was introduced to Rowley by assistant Pepper, examined the briefcase papers and, although himself not a member of the Carpenters Union, offered Rowley some advice:

> He told me that I should learn to keep my mouth shut and not write things down.
>
> Mr. KENNEDY. What did you say?
>
> Mr. ROWLEY. I told him to stay out of the affairs of local 106 (p. 16328).

Rowley went to St. Louis on November 6 and promptly began to learn about the life of a critic in an autocracy. First, he recalled, he was accosted by W. E. McDaniels, a general representative of President Hutcheson, who

> * * * cursed me with every known word, every vulgar, profane name. He threatened to kill me, exterminate me, and exterminate my local union (p. 16328).

At the time, Rowley noted, McDaniels was surrounded by a group of men at least one of whom had a gun and at least two of whom had saps or blackjacks. Frankly afraid, Rowley continued, he "eased out the door," but was to gain no peace thereby. Every move he made was watched by a man he recognized as a companion of Lew Farrell, he testified, and his own assistant business agent, Pepper, told him that he would "probably go back to Des Moines, Iowa, in a wooden overcoat" (p. 16330).

Not quite daunted, Rowley, on the Saturday before the Monday the convention opened, tried to register; but Carpenter First Vice President John R. Stevenson intervened, he said, stepping forward just as the credential was being passed to President Hutcheson and handing it back unopened:

> Mr. ROWLEY. He didn't even unfold it. He said to President Hutcheson that this credential was no good—no damn good was his words.
>
> Mr. KENNEDY. Did he say anything further to you?
>
> Mr. ROWLEY. I asked him why, and he told me—he called me a son-of-a-b---- and said that "I will not speak to you."
>
> Mr. KENNEDY. What did Mr. Hutcheson say?
>
> Mr. ROWLEY. I asked Mr. Hutcheson "What about it?" And he said, "That goes for me, too."
>
> Mr. KENNEDY. Had anybody examined your credentials?
>
> Mr. ROWLEY. No, sir (p. 16329).

Three other convention delegates who had been elected by his same local, in the same manner and at the same time, were seated, Rowley noted; one was Pepper.

Leaving the hotel, Rowley continued, he "wasn't touched," but was "spoke to in a manner that it scared me even further" (p. 16330). He left town within 2 hours.

Rowley's travail had only begun, however, he recalled. Returning from St. Louis, the president of his local fired him as business agent on the orders, he told Rowley, of John R. Stevenson. When Rowley ignored the dismissal, it was put to a vote of the local and he won, 99 to 65; but upon his demand for a hearing the local's president handpicked a "trial committee" which expelled him "just on generalities."

Bloody but unbowed, Rowley had his attorney secure a restraining order from the State district court in Des Moines, which also instructed that Rowley and the union come to terms. The settlement reached, he said, was that he would retain his job as business agent until his term expired or a successor was elected, and that he would also retain his union card. The union membership approved this agreement just a week before his appearance before the committee, Rowley noted, by a vote he recalled as 34 to 30:

> Mr. KENNEDY. How many members do you have?
>
> Mr. ROWLEY. We have over 1,000, but I wouldn't hazard a guess.
>
> Mr. KENNEDY. Was one of the tactics to keep the people until midnight so there wouldn't be anybody there?
>
> Mr. ROWLEY. Yes, sir. That was the stall (p. 16332).

Just the night prior to his testimony, Rowley reported, he was informed by telephone that the international had termed the settlement with Rowley "illegal" and indicated that it would not accept the local's vote. Rowley testified that his attorney intended to ask for a court hearing to make the temporary restraining order permanent, and that he meanwhile planned to function as an official until a successor was elected in June 1959.

Senator Ervin commented:

> I believe somebody who is more poetic than myself summed up this kind of a situation that it would appear that this witness' trouble has been due to the fact that he did not bend the pregnant hinges of the knees. In other words, because he exercised his rights as an American citizen should exercise them, it was attempted that he be hounded out of a union and out of his opportunity to make a livelihood for himself and his family.
>
> I think we should be grateful that there are some people in America who still have a little courage (p. 16334).

### FINDINGS—MAXWELL C. RADDOCK AND THE UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

The United Brotherhood of Carpenters and Joiners of America is the Nation's oldest union, and one of its most respected.

Concerning Charles Johnson, Jr., general executive board member of the Carpenters, however, the committee finds as follows:

That, during the 3-year period of 1955 through 1957, Charles Johnson received a total of $224,600 in salaries and expenses from the

international, as well as from subordinate bodies of the international in which he held various positions. As a matter of fact, Johnson, along with his two brothers and a son, received a total of $448,100 in salary and expenses during the same period.

The committee finds that, despite this huge take by Johnson and his family from various units of the Carpenters Union, Charles Johnson, Jr., unscrupulously and greedily misused his power and position as a high international official of the Carpenters Union to further augment his income.

In what the committee considers to be an example of one of the most gross conflict of interest cases, Johnson received $96,500 in commissions for petroleum products sold by the Penn Products Co. to major construction firms with which the Carpenters have collective bargaining agreements.

It is evident from the record that two major construction firms, namely, Walsh Construction Co. and Merritt-Chapman & Scott, aided and abetted Johnson in collecting commissions for the sale of petroleum products used on construction projects of said companies. From the evidence submitted, the committee can come to no other conclusion than that the business transactions between Walsh Construction, Merritt-Chapman & Scott, and Penn Products Co., were nothing more than payoffs to Johnson, a powerful Carpenters official with whom they negotiated collective bargaining agreements through an association.

Johnson was involved in an equally serious conflict of interest in accepting a $30,000 payment from Yonkers Raceway in Westchester County, N.Y., ostensibly for his services in settling labor disputes at the Yonkers Raceway, in which the Carpenters, as well as other unions, were involved.

It is of interest that Charles Johnson, Jr., invoked the fifth amendment to questions bearing on any complicity between him and Maxwell C. Raddock in an attempt to forestall an indictment of Carpenters' President Maurice Hutcheson, Vice President O. William Blaier, and Treasurer Frank Chapman.

The committee finds that, under the leadership of its current president, Maurice Hutcheson, the international union's funds have been seriously misused.

The committee cannot understand the failure of the United Brotherhood of Carpenters to take action against Johnson. In view of the evidence before the committee, it is apparent that Johnson should be stripped of any positions of responsibility within the union.

The testimony clearly shows that Maurice Hutcheson became involved with a shrewd confidence man in the person of Maxwell C. Raddock and turned over to him some $519,000 in Carpenters Union funds, with noticeably little return. Part of this money went to assist the Trade Union Courier—a pure and simple shakedown operated by Raddock. So nefarious were the practices of this newspaper that the AFL–CIO had repeatedly warned its local unions to have nothing to do with it.

Another $310,000 went to Raddock for the production of a biography of Maurice Hutcheson's father, the late William L. Hutcheson, former president of the United Brotherhood of Carpenters. The facts clearly established that Raddock was overpaid some $200,000

for this work and that, further, even though Raddock was paid some $50,000 for research and writing, he heavily plagiarized huge sections of the book from other more knowledgeable authors. The evidence is also clear that, had not the committee started its investigation into the Hutcheson book project, the United Brotherhood might not even have fared as well as it did, for 80 percent of the books finally produced by Raddock were printed after the committee began its investigation.

From the evidence, the committee also finds that Maxwell C. Raddock was used by Hutcheson as a fixer in an attempt to head-off the indictment of Hutcheson, the Carpenter's vice president, O. William Blaier, and the treasurer, Frank Chapman.

A series of telephone calls between Raddock and Michael Sawochka, a powerful Teamsters Union official in Lake County, Ind., immediately after Hutcheson had been in touch with James R. Hoffa, was followed in turn by contacts between Sawochka and the former Lake County prosecutor, Metro M. Holovachka. The fact that these telephonic contacts preceded Holovachka's announcement that no indictments would be brought against the Carpenters Union officials in Lake County must, in the light of the evidence, be considered more than mere coincidence. It is significant to the committee that the voluble Mr. Raddock lapsed into the fifth amendment when confronted with questions on this subject, as did Teamster official Sawochka.

Holovachka's subsequent profiting from a parallel transaction, in which the Teamsters Union headed by Sawochka was also involved, lends further credence to the charge of Raddock's use as a fixer.

## Hotel and Restaurant Employees and Bartenders International Union, Chicago Area

Chicago is a lusty, vibrant metropolis often referred to as the crossroads of America. Crosscurrents of national and international trade swirl through it in an ever-increasing tempo. Great segments of the Nation's economy are rooted deep in its soil.

But despite its present vigor and vitality, Chicago like most large cities suffered from a malignancy that had deep roots. It had been beset by a scourge born of its easy tolerance of a menace that fed and waxed strong on popular disregard of an unpopular law in that sanguinary period known as the prohibition era.

The Chicago Restaurant Association has existed since 1914. It probably was conceived in a spirit of lofty idealism, but the evidence adduced at committee hearings establishes conclusively that it has functioned in recent years principally to defeat and destroy legitimate unionization and has callously and calculatedly used men with underworld connections to make collusive arrangements with dishonest union officials. There is additional undisputed testimony that gangsters and hoodlums were employed to handle the association's

labor relations; that association members and individual restaurateurs outside the association made deals that saved them large sums annually through nonenforcement of contract terms, if contracts did in fact exist. Witness after witness told the committee there were no written contracts, no negotiation of wages or working conditions, no evidence that employees ever wanted a union, and in many cases no knowledge on their part that they did hold membership in a union. It was in most instances a plain case of pay up "or else."

The testimony before the committee disclosed that members of the Chicago Restaurant Association contributed to a "voluntary fund" for use when labor difficulties arose and that more than $1,100,000 went into this fund from 1951 through 1957. More than one-third of this sum was funneled into the hands of two attorneys having close connections with the Capone syndicate, one of whom had served as counsel for Al Capone himself. This evidence in itself is sufficient to support the conclusion that the Chicago Restaurant Association in recent years has succumbed to the "if you can't beat 'em, join 'em" philosophy.

Apart from the labor situation affecting the Chicago restaurant industry, the committee also received information during the course of its investigation that the criminal element has levied tribute on restaurant owners for "protection," and there are indications that those identified with the syndicate own and operate restaurants themselves.

Terrorism accompanying the protection racket is evidenced by the record of more than 40 fires in Chicago area restaurants and taverns in 1957 and 1958. One establishment, which the owner estimated will cost $1,400,000 to $1,500,000 to replace, was burned to the ground on May 13, 1958, within 2 weeks from the time committee investigators reviewed the owner's books and arranged for his appearance before the committee.

There was also testimony before the committee that an abortive attempt was made by gangsters in 1952 to create a restaurant association and a tavern association. The former would have been a rival organization for the Chicago Restaurant Association, and there were ambitious plans to use the captive labor unions as an enforcement arm to compel membership in the two associations. The committee has encountered a similar pattern elsewhere, notably in the coin machine industry. Harassment by the Chicago police and internal troubles thwarted the association movement at that time. Ultimately two of the principals in the movement were found slaim in gangland style.

The committee's investigation of the restaurant industry emphasizes a salient necessity.

The second great necessity is for international unions to realize the grave responsibility that is theirs to prevent indiscriminate granting of charters to local affiliates that all too often assume the guise of li-

censes to plunder. Not only do the international unions have a duty to make sure that charters do not go to the unscrupulous, but they also must have the capacity and the desire to move swiftly against offending affiliates when the evidence of corruption becomes readily apparent.

In the minds of the committee, the situation disclosed in the Chicago restaurant unions was indefensible indifference on the part of the international union. While it is true that the international union acted promptly after the disclosures before the committee to put the offending Chicago locals in trusteeship, the committee is unconvinced that the international remained unaware of the longtime association of its international vice president from the Chicago district with leading hoodlums, some of whom originally obtained charters from the international under his dubious sponsorship.

This man was James Blakely, who, in addition to being an international vice president, also held the position of secretary-treasurer of local 593, more commonly known in Chicago as the Miscellaneous Workers Union, with a membership of around 10,000.

Others identifiable as the dramatis personae in the Chicago restaurant picture were:

Abraham Teitelbaum, Capone's former attorney and $125,000-a-year labor relations counsel for the Chicago Restaurant Association for a number of years;

Anthony V. Champagne, close friend and attorney for many of the syndicate hoodlums, who succeeded Teitelbaum for a time as labor relations counsel for the restaurant association;

John Lardino, business agent for local 593, who has a criminal record going back 30 years and has long been an associate of some of the principal syndicate leaders;

Danny Lardino, also a business agent for local 593 and former president of local 658, known as the Drugstore, Fountain & Luncheonette Employees Union, which merged with local 593 in January 1958;

Louis Romano, placed in control of Bartenders Local 278 by the syndicate in the 1930's and later retained by Teitelbaum to handle labor relations for the restaurant association;

Sam English, another Capone gangster who was similarly placed when Champagne succeeded Teitelbaum as the labor relations attorney for the restaurant association;

Claude Maddox, alias John Manning, whose right name was John Edward "Screwy" Moore, possessor of a long criminal record, friend and ally of "Machinegun Jack" McGurn, who was one of the principal gunmen of the Capone gang. Maddox, who died a week before he was scheduled to appear before the committee, reputedly was an organizer and dominant influence in local 450;

Joseph Aiuppa, another Capone gunman, also known as the supplier of machineguns for the Dillinger-Karpis-Barker mob, partner

of Maddox in various enterprises, including the manufacture of gambling equipment. Aiuppa was listed as secretary of local 450 on the application for charter filed with the international union in 1935; and

Paul "Needlenose" Labriola and James Weinberg, associates of Tony Accardo and Sam "Golf Bag" Hunt, syndicate leaders, who were involved in the 1952 movement to organize the tavern and restaurant associations. The bodies of Labriola and Weinberg were found stuffed in the trunk of an automobile in 1954.

Local 593 is the dominant affiliate of the Hotel & Restaurant Employees & Bartenders International Union within the Chicago city limits. Local 450 exercises similar domination in the suburban areas outside the city limits. Thus, when the Capone syndicate made the decision to move into this particular field, these two locals became the principal control points, along with local 278, the Bartenders & Beverage Dispensers Union.

It appears from the record before the committee that gangland's infiltration of labor unions became a major syndicate objective during the 1920's, but the effort then was concentrated primarily on the building trades unions. Having in mind that most construction contracts carried penalty clauses that could prove costly if the work was not completed within a specified time, the racketeers used control of the union to threaten operational tieups unless the contractor submitted to extortion of large sums. The testimony indicates that these extortion tactics produced tremendous revenue for the syndicate during that period.

The background of the syndicate's invasion of the Hotel & Restaurant Employees Union was furnished to the committee in testimony by Virgil W. Peterson, operating director of the Chicago Crime Commission, and James P. Kelly, member of the committee's professional staff. Peterson, Kelly, and Lieut. George Butler of the Dallas Police Department also supplied background information relative to some of the principals.

Peterson traced the thread of syndicate leadership from Capone's rule as the titular head of Chicago's criminal hierarchy to the present day. In substance, he declared that the mantle of authority descended to Frank "The Enforcer" Nitti, then to Louis "Little New York" Campagna and Paul DeLucia, alias Paul "The Waiter" Ricca. Today it drapes the shoulders of Tony Accardo. Also prominent as syndicate chieftains have been Murray "The Camel" Humphreys, Rocco Fischetti, Jake "Greasy Thumb" Guzik, Joe Glimco, Claude Maddox, Joe Aiuppa, Sam "Mooney" Giancana, and others.

The association of Blakely, the international vice president of the Hotel & Restaurant Employees Union and longtime officer of local 593, with the elite of Chicago gangsterism dates back at least as far as 1929, according to Peterson. Peterson testified that Blakely was a close friend of Danny Stanton, a notorious Capone mobster who

was considered to be a power in a number of Chicago unions. Stanton was slain in a tavern on May 5, 1943, and Chicago authorities said at the time that he was a victim of gang warfare. He had been shot for ignoring a syndicate edict to surrender his power over certain unions, notably the Checkroom Attendants Union which assertedly "belonged" to him.

Peterson said the record showed that the late Capt. William Drury, who was riddled by bullets in his garage in 1950 practically on the eve of his appearance as a witness before the Kefauver committee arrested Stanton and Blakely on a Chicago street corner on December 16, 1929, after finding a revolver loaded with dum-dum bullets in Stanton's overcoat. Stanton and Blakely later were acquitted. Peterson also cited a couple of other arrests on Blakely's record, including one for using abusive language in connection with an election of local 88 of the Cooks and Pastry Workers Union.

In 1940, Peterson testified, the Chicago Crime Commission, the Chicago Association of Commerce, and the employers' association appealed to the mayor and the district attorney of Cook County to take action to prevent further infiltration of labor unions by notorious Capone hoodlums. This was followed by a raid on the offices of local 593, where Blakely, John Lardino, and one Mike Mikley were arrested. In a return to a writ of habeas corpus issued at the time, the Chicago police stated that these men were wanted in connection with an investigation then being made of labor terrorism.

Peterson reviewed John Lardino's record, which went back to 1927 and showed an arrest for robbery, later reduced to petit larceny, and an arrest under an alias of Edward Nardi. Peterson said that as late as 1956 the crime commission received information indicating that John Lardino had stepped into a position of prominence as one of Tony Accardo's chief lieutenants. Peterson also cited Lardino's presence at a funeral parlor at the wake of Louis "Little New York" Campagna after the latter's death in Florida in May 1955. Others at the wake included Accardo, Humphreys, Fischetti, Maddox, Giancana, Aiuppa, Jack Cerone, Willie "Smoke" Alosio, Ralph Pierce, James Emory, Frank LaPorte, Joe Glimco, and Sam Battaglia, all syndicate luminaries.

Although Blakely is the secretary-treasurer of local 593 and John Lardino is only a business agent, it is regarded as "John Lardino's union." This is further strengthened by the fact that his brother Danny also became a business agent of local 593 after local 658 was merged with it in January 1958.

Committee Investigator Kelly testified that Blakely appeared as organizer on the application for a charter for local 658, the Drug Store, Soda Fountain, and Luncheonette Employees Union, which was filed with the international union on March 7, 1950. The charter was granted the following day. The application listed Danny Lardino as secretary. Almost immediately, Peterson declared, druggists on the

north and west sides of Chicago became the targets for violence tactics, and a complaint was made to the crime commission. Peterson said:

> The complaint alleged that these union officials [Danny Lardino and Henry C. Roberts] had instituted picketing and violence, that windows of drug stores had been mysteriously broken, and intimidating telephone calls had been received by the wives of druggists, suggesting death to their husbands. * * * Business agents representing one or more of the unions complained of, would visit a druggist, suggest that he place his employees in the union, pay initiation fees and dues, and, it was claimed that, if he would pay $20 a month, he would thereafter remain absolutely unmolested, that is, on each employee, by the union. It was also claimed to us, reported to us, that a number of the druggists were paying off in this fashion (p. 12516).

Peterson testified that Danny Lardino's record showed an arrest as a burglary suspect in August 1944 and a sentence of 90 days on a malicious mischief charge in October of the same year.

Lieutenant Butler of the Dallas police identified Danny Lardino as one of a group of Chicago racketeers who had ambitious plans in 1945 to Butler, came after a change of administration in Dallas resulted the entire State of Texas. The invasion by the Chicagoans, according to Butler, came after a change of administration in Dallas resulted in in local racketeers' being run out of town. First to arrive in Dallas was Paul Roland Jones, who had served time in Kansas for murder. Jones had also been involved in narcotics traffic and had been associated with the Chicago syndicate in black-market and counterfeit ration stamp operations during the war years. He was joined by Marcus Lipsky, a high-pressure confidence man, and their survey of Dallas brought an estimate that the rackets would net around $18 million annually. Lipsky returned to Chicago to confer with Nick DeJohn, another Capone mob luminary, to arrange for financing. When Lipsky went back to Dallas armed with syndicate funds that had been guaranteed by DeJohn, the syndicate, according to Lieutenant Butler, sent along Danny Lardino to keep track of Lipsky's operations and to serve as Lipsky's bodyguard. Also imported were Paul "Needlenose" Labriola, James Weinberg, and Marty "The Ox" Ochs, among almost a score of Chicago hoodlums. They stayed at a number of hotels and in an apartment of Sam Yaras, a former Chicagoan and brother of Dave Yaras, about whom the committee already had received testimony indicating he had taken over unions in the Miami area and had also moved into Cuban gambling.

Lieutenant Butler related how Lipsky conceived the idea of killing four top gamblers in the Dallas area, putting their bodies in a stolen car, and parking it alongside the police department to "let everybody know how tough he was, and that he would not stand for any foolishness down there" (p. 12523). Jones took a dim view of this scheme and called DeJohn, suggesting that he get Danny Lardino, Weinberg, Labriola and Marty the Ox out of Texas, because they were the ones who would do the killing. DeJohn got John Lardino to summon

Danny Lardino back to Chicago and a few days later, Lieutenant Butler asserted, the Dallas police moved in on the rest of the gang and they were forced to liquidate their interests and leave Dallas.

Butler testified further that DeJohn fled from Chicago because he could not make good on his guaranty, finally was located in San Francisco, and was garroted with a wire and stuffed in the trunk of a car. Labriola and Weinberg were found slain by the same method in 1954.

Having established by the testimony that association of Blakely with syndicate emmissaries was continuous from the late 1920's up to the time of the committee's 1958 hearings, and that through him and the Lardino brothers the syndicate controlled local 593, the committee next secured background on locals 278 and 450.

Through Peterson's and Staff Investigator Kelly's testimony, the committee was able to pinpoint the year 1935 as the time of major penetration of the Hotel and Restaurant Employees by the syndicate, whose operations then were under the direction of Frank Nitti. As soon as control of local 278 became an accomplished fact, local 450 came into being as the dominating affiliate in the suburban areas around Chicago. The headquarters of local 450 were established in Cicero, long the stronghold of the Capone forces.

Peterson said that testimony given by one George McLane in 1940 before a grand jury and before a master in chancery in receivership proceedings involving local 278 emphasized the activity of Nitti and other members of the syndicate 5 years earlier, when control of local 278 was seized by the mob. According to Peterson, Nitti told McLane in 1935 that he had installed George Browne as president of the International Alliance of Theatrical Stage Employees and Motion Picture Operators, had made Mike Carozza the czar of the Chicago Street Cleaners Union, and had put George Scalise into the presidency of the Building Service Employees International Union. Peterson went on:

> During the early months of 1935, according to testimony, or according to the testimony of George McLane, he received a telephone call in the union headquarters from Danny Stanton, who has been mentioned earlier today. Stanton wanted $500 from McLane to go to the Kentucky Derby, and said he would send over 2 men to pick up the money.
>
> Mr. KENNEDY. What was McLane's position at that time?
>
> Mr. PETERSON. He was the president, as I recall, of local 278. He was the official in the union. McLane replied that he had no right to give out union funds. However, a half hour later, according to McLane's story, two men came over to pick up the money, and McLane refused to give it to them.
>
> They then called Danny Stanton, and Stanton told McLane, according to his testimony, "You son of a so and so, we will get the money and take the union over."

Two or three weeks later, according to McLane's testimony, he was contacted by an emissary of Nitti, who said he wanted to see him at the LaSalle Hotel. At this meeting, Mr. McLane mentioned the problem of Danny Stanton, his previous contact with him, and Nitti said, "The only way to overcome this is to put one of our men in as an officer."

McLane replied that this was impossible, and Nitti said, "We have taken over other unions. You will put him in or get shot in the head."

According to McLane's testimony, his next contact with this Capone group was at the old Capri Restaurant on the third floor of 1232 North Clark Street. He said present at this meeting were Frank Nitti, Murray "The Camel" Humphreys, "Little New York" Campagna, Paul "The Waiter" Ricca, Joe Fusco, and Jake Guzik. Nitti called McLane over to his table in this restaurant and told McLane that he had to put his man in as an officer of the union. McLane replied that this was impossible as he had to have the approval of the executive board, and the man had to be a member of the union.

Nitti replied, "Give us the names of anyone who opposes, and we will take care of them. We want no more playing around. If you don't do what we say, you will get shot in the head. How would your wife look in black?"

That was the conversation that McLane reported he had on that occasion.

His next summons was to the Capri Restaurant some time later where he met Nitti, Campagna, and Frederick Evans. At this meeting, he said, according to McLane, "Why haven't you put a man in as an officer? What are you stalling for? The slugging of your pickets and intimidation of your business agents will stop if you put our man to work. I will give you a man without a police record. The places that our syndicate owns will join the union. There will be no pickets and no bother."

That is according to McLane's report of this conversation. McLane told Nitti that the executive board had refused to accept the gangster as an officer, and Nitti and Humphreys then demanded the names of those who had opposed, and McLane refused to give them to him. They then said, "We will take care of that."

This was said by Humphreys.

"This is your last chance. This is the only way we will stand for anything." And "Put in our man or wind up in an alley."

McLane then went back to the board, according to his testimony, told them about the threats and what it meant, and

it was finally agreed in the latter part of July 1935 to put in the syndicate man in control of the union. This man was Louis Romano (pp. 12540–12541).

Despite Nitti's assurance to McLane that he would give him a man without a police record, Peterson testified, Romano turned out to have been arrested in 1922 for killing one man and wounding two others in a shooting affray in a saloon, and he also had been arrested for a fatal shooting in 1923 which occurred during a traffic argument. He was never convicted because witnesses failed to identify him. Romano also became head of the joint council of the Hotel and Restaurant Employees Union almost immediately after he became the syndicate man in control of local 278.

McLane, according to Peterson, went before the Cook County grand jury in 1940, and his testimony resulted in the indictment of Nitti, Humphreys, Campagna, Ricca, Romano, Evans and Thomas Panton.

Mr. PETERSON. When this case came to trial, of course, the principal witness was George V. McLane, and he invoked the fifth amendment and refused to testify. According to the State attorney's office, the chief investigator for that office claimed that in November 1940, before the trial came up, Claude Maddox, alias John Moore, had talked to McLane and made a deal with McLane that he would be reelected as a union business agent if he promised to save Nitti and others from conviction.

Shortly after he invoked the fifth amendment at the trial, McLane's testimony before the grand jury was made public and much of this testimony or story that I have related here came from that grand jury testimony.

In McLane's testimony before the grand jury it was learned that in the middle of 1938, Nitti forced McLane to run for the presidency of the Bartender's International Union at a meeting which was held in the Bismarck Hotel in the middle of 1938. McLane met George Browne, who also figured in the moving picture extortion case, international president of the Stagehands Union; Willie Bioff, who also figured in that case; Nick Deane, Louis Romano, and Frank Nitti. Bioff advised McLane that as far as the west coast is concerned—that is, in connection with their desire to put in McLane as president of the international union—as far as the west coast was concerned, in Seattle he would contact various organizations, including the Teamsters, and see "that our people there will vote for McLane for the general president."

Mr. McLane explained to them that they were picking an organization that was 28 years old and it was almost impossible to beat an organization of that standing.

He also said that others would know that he was being used strictly as a front man or a yes man for the syndicate. It was explained to McLane, however, that he would wind

up in the penitentiary or out in the alley if he did not consent to run for office.

Mr. McLane testified that the syndicate hoodlums said, and I quote, this is McLane's testimony, "They had run other organizations and had taken other organizations through the same channels, and all they said they wanted was 2 years of it and they would see that I was elected. Then they would parcel out different parts of the country. Browne was supposed to take care of the eastern part of it, around Boston and through there. Deane was supposed to take care of some other place. I do not recall just where he was delegated."

According to McLane, Nitti did most of the talking after Browne. Nitti again said they had made Mike Carozza the czar of the Chicago Street Cleaners Union, how they controlled the treasury of the organizations, and what position they were in to do it.

Nitti said Carozza did not amount to anything until he affiliated with the syndicate, and they were going to do the same for McLane. Nitti made that very clear at the end of the meeting—that McLane would run for office or he would be found in an alley. Incidentally, McLane did run for office then, but he was defeated. As a result of McLane's charges, the syndicate control of local 278, the local was put into receivership in August of 1940, in hearings before Judge Robert Jerome Dunn of Chicago.

On January 6, 1941, 4,000 union bartenders cast their votes in the courtroom of Judge Dunn, who had placed this union in receivership in August of 1940. At this election, James Crowley was elected president, and McLane was defeated for reelection as business agent. He was defeated by Joseph McGilliott. The State attorney's office chief investigator at that time stated publicly that the Nitti mob is still in control. Rather interestingly, on February 13, 1941, master in chancery, Isadore Browne, who had heard testimony from McLane and others before him, held that this testimony had established (1) that the present head of the Al Capone gang in Chicago was Frank Nitti, that is, 1941; (2) that Nitti said he was going to take over the Bartenders Union and did so; (3) that there was fear among some of the bartenders that Nitti and some of his gang was going to take off with some of the bartenders' money, and this fear was a valid one.

This master in chancery held that with the exception of those charges relating to fiscal irregularities, the original charges made by George V. McLane had been absolutely sustained (pp. 12541–12543).

Peterson declared that almost immediately after the receivership was dissolved, Crowley fired those who had been installed during the receivership and reinstated several of the hoodlums, including Thomas Panton, who was one of those indicted as the result of McLane's grand jury testimony.

On March 18, 1947, gunmen drove by Crowley's Cadillac automobile and sprayed it with shotgun slugs. Crowley's wife was killed instantly, but Crowley recovered from his wounds and continued in the presidency of local 278 until May 5, 1958.

> The CHAIRMAN. A little while after this investigation started?
>
> Mr. PETERSON. Yes.
>
> The CHAIRMAN. I don't suppose this had anything to do with his retirement.
>
> Mr. PETERSON. I think that would be a good question. I think anyone is entitled to make his own deduction (p. 12546).

Peterson testified also that Romano, after his ouster from local 278, was not long out of a job. Within a short period of time, Peterson said, Romano cropped up on the payroll of Abraham Teitelbaum, labor relations counsel for the Chicago Restaurant Association, as "an expert in labor relations matters" (p. 12544).

The record before the committee shows that within a month from the time of the syndicate's assumption of power over local 278 in 1935 the racket overseers moved to extend that power. As shown by the testimony of McLane to which Peterson referred, Romano was entrenched in local 278 by July of 1935. On August 13, 1935, application for a charter for local 450 to operate in Chicago's suburban areas was filed with the international union in Cincinnati, and the charter was granted the same day. Peterson testified that it was common knowledge among police officials, newspapermen and others that the moving spirit behind the organization of local 450 was Claude Maddox, backed by Nitti, Humphreys, and Romano.

Staff Investigator Kelly identified photostats of the charter application found in the files of the international and testified that Joey Aiuppa was listed as secretary. The application also lists George McLane as the organizer, believed to be the same McLane who was forced to bow to syndicate dictation as to control of local 278.

Peterson testified as to the background of Maddox, who more often used that name than his right name of John Edward Moore. The testimony revealed that Maddox was a native of St. Louis and was a member of the notorious Egan's Rats in that city. He served time there for burglary and larceny before moving to Chicago in the 1920's, where he promptly moved into the higher echelons of Chicago gang figures. In 1922, he and two other men were arrested for trying to rob two safes. One of his companions had been a suspect 3 years before in a dancehall murder; the other had been arrested previously in the Dearborn Station mail robbery case. All three were indicted but were never prosecuted because the witnesses against them disappeared.

In 1924 Maddox escaped being killed when the car in which he was riding with three other hoodlums was riddled with shotgun slugs. This shooting stemmed from a fight between two rival alcohol-running gangs. Maddox subsequently became the owner of a place known as the Circus Cafe, which was the headquarters for a mob bearing the same name. "Tough Tony" Capezio was a member of the Circus Cafe gang.

In 1929 Maddox was a primary suspect in the bizarre St. Valentine's Day massacre, but he had an ironclad alibi. In 1930 police arrested Maddox, George "Red" Barker, and William "Three-Finger Jack" White as they sat in an automobile a few doors away from Capone's Cicero headquarters. A couple of revolvers were found in the car. Barker and White were closely allied with officials of the Operating Engineers Union at the time, and there was information that Maddox, Barker, and White were playing a leading role in attempts to take over the Teamsters Union in Chicago.

White, who subsequently was murdered by the syndicate in an Oak Park apartment, was also arrested about that time for murdering a policeman. The principal witness against him was to be Police Officer James McBride of Bellwood. Maddox wounded McBride with a blast from a shotgun through the window of a streetcar, but a 20-year-old girl who identified him as the assailant was intimiated and withdrew the identification at the time of trial.

In 1931 Maddox, Capezio, and three others were jailed in DuPage County on charges of prohibition law violations. In Cicero Maddox operated a place called the Turf Club, and his associate Joey Aiuppa, alias Joey O'Brien, was identified with a handbook on West Cermak Road that produced an income of $1 million annually.

Maddox, Aiuppa, and Robert Ansoni, alias Robert Taylor, were associated in the manufacture of gambling-house equipment shipped all over the United States. They were convicted in 1956 for violating the Johnson Act by shipping the equipment in interstate commerce and went to a Federal prison.

When Maddox's daughter was married on January 22, 1955, among the guests were Paul "The Waiter" Ricca, Tony Accardo, Mike Spranse, John Accardo, Leonard Patrick, and numerous others. License plates on cars bringing guests to the reception had been issued to the Produce Drivers Union, local 703; Hotel and Restaurant Employees, local 450; Picture Frame Workers Union, and the International Hod Carriers Union.

Peterson also testified that the Crime Commission had received information that Maddox was receiving $10,000 a month from certain unions, including local 593, and that John and Danny Lardino were in this deal with him.

Staff Investigator Kelly told the committee that his review of the records of the international union in Cincinnati showed that Maddox was initiated into local 450 in 1941, about a month before the international convention and obviously for the purpose of being a delegate to it. He used his right name of John Edward Moore when he became a member and also when he attended the 1947 convention of the international in Milwaukee. This was the year that Blakely of local 593 became an international vice president.

Kelly also testified that he went to Aiuppa's home in Elmhurst, Ill., on June 14, 1958, to serve him with a committee subpena. When he arrived he saw Aiuppa in the rear yard, but a hired man and a maid insisted that Aiuppa was not at home. Kelly said that he saw a car moving down the driveway a short time later, and he approached it with his credentials in one hand and the subpena in the other. The car gathered speed, and Kelly was forced to jump out

of the way to escape being run down. Aiuppa eventually was served with the subpena and appeared before the committee on July 18. He invoked the fifth amendment.

Kelly gave the following testimony with respect to Aiuppa's record:

> Mr. KELLY. His record shows, Mr. Kennedy, that as early as 1936 he became a partner in the Taylor Manufacturing Co., in Cicero, Ill., which manufactured gambling supplies, including loaded dice. His partners in this operation were Claude Maddox, also known as John Moore, who was also connected with local 450 in Cicero, and a Robert Ansoni, also known as Robert Taylor. Aiuppa, the witness here, was also a partner of Ansoni and Maddox in the operation of the Paddock Lounge in Cicero. He has recently been listed on the records of the Turf Club, which is the successor to the Paddock Lounge in Cicero, with the same John Moore; his record shows that in 1935 he was arrested and charged with assault to kill. He was turned over to the States attorney's office and released. Three days later he was arrested again on general principles. On July 5, 1945, Aiuppa was fined $50 and costs by a justice of the peace in Willow Springs court on a charge of accepting horserace bets. He and two others were arrested for operating a handbook at the Post Time Tavern, 4824 West Cermak Road, in Cicero. When Matt Capone, brother of Al Capone, was arrested for the slaying of a racetrack character known as James D. Larkum, on April 17, 1945, the body of Larkum was found in an alley in Cicero and it was indicated that he had been shot in Capone's Tavern following a drinking spree at the Paddock Lounge, which was then owned by Aiuppa.
>
> Aiuppa and Ansoni, reported owners of this, were arrested by Highway Patrol Chief McGinnis in connection with this murder and were subsequently charged with misconduct. On March 29, 1951, Aiuppa was cited for contempt for refusing to answer the questions of a subcommittee of the U.S. Senate. On April 13, 1951, he was turned over to the U.S. marshal in Cleveland, Ohio. On February 7, 1952, he was found guilty and sentenced to 6 months and a $1,000 fine. On October 13, 1954, he was again in custody of the U.S. marshal in Chicago, charged with shipping unregistered gambling devices interstate. In this case, his codefendant was John Edward Moore, known as Claude Maddox. On this particular case, he was sentenced and received a term of 1 year and 1 day in the U.S. prison at Terre Haute, Ind.
>
> Mr. KENNEDY. Isn't it correct that in the very year he received the charter in 1935, he was known as the contact man for the Dillinger gang in Chicago?
>
> Mr. KELLY. That is correct, Mr. Kennedy.
>
> Mr. KENNEDY. The very year he received the charter for local 450?
>
> Mr. KELLY. That is correct.

Mr. KENNEDY. Is that correct, that you were the Chicago contact for the Dillinger mob in Chicago, in 1935?

Mr. AIUPPA. I decline to answer on the grounds that the answer might tend to incriminate me.

* * * * *

Mr. KENNEDY. We also find that Mr. Aiuppa is a close associate of Tony Accardo?

Mr. KELLY. Yes, sir; he was at Accardo's lawn party.

Mr. KENNEDY. In what year?

Mr. KELLY. He was seen there in 1955; he was seen in conversation with such people as Paul "The Waiter" Ricca, and Claude Maddox, or John Edward Moore, Joey Glimco.

Mr. KENNEDY. Joey Glimco is local 777 of the Teamsters?

Mr. KELLY. That is correct, sir.

* * * * *

Mr. KENNEDY. Was he also present at Claude Maddox's daughter's wedding in 1955?

Mr. KELLY. Yes, Mr. Kennedy, on January 23, 1955, Claude Maddox, or John Edward Moore, as he was then known, had a reception at the Club Hollywood, located, I believe, in Chillum Park. There was a private parking area for the guests at this wedding reception. Among the guests was the witness Mr. Aiuppa. There was also John Accardo, brother of Tony Accardo, and prominent in local 110, the Motion Picture Operators Union. Frank Pantaleo, an associate of Mr. Glimco; Michael DeBiase, who gave an address of 2137 South Cicero Avenue, which is the address of local 450, the suburban local; Joseph Aiello, the operator of the International Hod Carriers Union, in Chicago, and Mr. Raimondi, who is with the Produce Drivers' Union, local 703, Chicago.

Also Mr. Gaglione was there, who is connected with the Picture Workers Union, local 18–B, which is also under the influence of Mr. Joey Glimco (pp. 13104–13107).

The testimony of Donald W. Strang, a Cleveland restaurateur who began operating a Howard Johnson restaurant in Niles, Ill., in February 1952, emphasized the violence associated with the operations of local 450 in the Chicago suburban area. Strang said he applied for membership in the Chicago Restaurant Association immediately and was told that he would have to contribute to the voluntary fund if he wanted to avail himself of the services of the association's labor relations counsel, Abraham Teitelbaum.

Representatives of local 450 made their first approach in May 1952 at a time when Strang was not in Chicago. They left word that they wanted to talk to him about having the employees join the union. Strang said that a picket line suddenly materialized outside the restaurant before any conference ever was held. The employees had never been approached to join the union and never voted to go on strike. Strang returned to Chicago soon after the picketing began, and two union representatives he believed were William Kerr and John Theibault called on him.

Mr. STRANG. They said they wanted to talk over the matter of me joining the union for my employees, and I told them that in my opinion they were going about this thing all wrong, that if they could come in and say that my employees wished to be represented by them, that was another story, but I said, "As far as I know, none of our employees want you to represent them," and I said "For me to join for them against their will, or to force them to join in order to keep their jobs was just the same as telling them what church they had to belong to if they wanted to work for me."

I considered it un-American, unconstitutional, and I would not do it.

I said I would close the store first.

Mr. KENNEDY. You said that to the representative of local 450 and also the representative of the Teamsters Union?

Mr. STRANG. No. Then they went out and they came back with a representative of the Teamsters Union, and I told him somewhat along the same lines, and he said, "Well," he said, "You can't always tell."

He said, "We had a manufacturing company that said that the majority of the members did not want to belong, but after we took a vote, they found that the majority did want to belong."

So I said, "Well, let's have a vote. I will agree to a vote, and it will be handled in an unbiased manner, in a manner acceptable to both of us."

The head of the Restaurant Union said, "Oh, no, we just came in to talk this thing over. Your employees would be afraid to vote, to vote for a union, afraid of their jobs." I said, "Afraid of their jobs? We are having a hard time to get them to work for us for love or money."

They said, "Well, we just wanted to talk this over. We will leave now," and they walked out.

Mr. KENNEDY. Was it ever suggested to you that you could put in a fixed number of employees and that would take care of the situation?

Mr. STRANG. Later, Mr. Teitelbaum came out to the restaurant shortly after I arrived in Chicago one night; Mr. [Donald F.] Kiesau happened to have been talking with me about the situation at that time. He said he thought he could convince them that they were in the wrong, and that we were not going to join for our members. We decided that if he could do that, it would be fine, although at that time we did not have any assurance. But if he could convince them to stop picketing, because we were not going to join for our members or make any kind of a deal, it certainly would be a good deed.

Mr. KENNEDY. Relate what happened, would you please?

Mr. STRANG. Well, that was the end of that conversation.

Mr. KENNEDY. Then did he come subsequently?

Mr. STRANG. Yes. Several times during the period he came with different propositions that the union was on the hook, they had made a mistake, they did not realize it was going to

be so expensive, but, nevertheless, they had to have something to save face, and could we agree to signing up some of the employees? We refused to have anything to do with anything like that.

Mr. KENNEDY. Did you discuss that with Kiesau, too?

Mr. STRANG. Yes, sir.

Mr. Kiesau advised against it. He said that he didn't think it was right.

Mr. KENNEDY. Was the picket line going on at this period of time?

Mr. STRANG. Continuously, 24 hours a day, I think.

Mr. KENNEDY. Were any of your employees picketing?

Mr. STRANG. None of our employees were picketing.

Mr. KENNEDY. Would you relate to the committee what the situation was at your restaurant?

Mr. STRANG. About, I would say, 20 or 30 pickets were surrounding us, and everything was tried to either persuade us to join or to close up, I guess. There was vandalism. There they put tacks all over the lot so that our customers would have punctures. They slashed our employees' tires, particularly at nighttime. We had a garage that came over and fixed them, but that was stopped because they wouldn't let the people come and fix them any more. In fact, last week I was talking with our present manager and she said that her tires had been slashed 15 times during that 3-week period. They put sugar in the gasoline tank of our present manager and the manager at the time. The first was able to fix the car at a considerable expense.

The latter, the motor was ruined and the car was sold for junk, and I had to replace the car.

They threw firecrackers after the employees as they would leave. The Teamsters Union cooperated with them so that we were unable to get any deliveries of food. We were unable to have our garbage taken out. We were unable to have our money removed by armored express, so we had to do that ourselves. We brought in food with my automobile and in the automobiles of other employees, such as the manager's and supervisor's. We had to go to the source of the food or to other restaurants where food was delivered and we would try to lose the people following us, which they usually did when we started out, so that they wouldn't know to what restaurants we got the food given to us.

I rented a trailer to take out our garbage and before I was able to get it out, the trailer company took it away from me, saying that they had been told that we should not use that trailer.

So I bought a trailer. We loaded it up and started out to dump it. At the second stoplight I stopped for the light and I heard a hissing noise. I got out and the tires of the trailer had several nails in them. The State police came along about that time, even before the air was entirely out of the tires, and they tried to catch them, but they were unable to do so.

We had the tires repaired and continued on our way; we were followed by an automobile full of several men.

When we got to the dump they would not take it. We rode around trying to find some place——

Mr. KENNEDY. The dump would not take it?

Mr. STRANG. The dump would not take it. We tried to find some place that would take it and could not find any place. I went back and put the trailer back in the yard. The health department was after us because we had so much garbage and rubbish around there. So they were exercising considerable pressure for us to do something about it.

Senator CURTIS. Who operated that garbage dump where they would not take it after you got there?

Mr. STRANG. I don't remember.

Senator CURTIS. Is that city owned?

Mr. STRANG. We took it to another city. It was a town nearby Niles. I am not sure just what it was. It seems to me it was Glenview, but I wouldn't say for sure.

Senator CURTIS. It wasn't privately owned?

Mr. STRANG. I don't know.

Mr. KENNEDY. This was the power really of the Teamsters.

Mr. STRANG. Yes; that is right.

Mr. KENNEDY. They were the ones that were able to prevent all of this, or cause all this, is that correct?

Mr. STRANG. That is correct. They cooperated with them in order to bring us to our knees, I guess.

Mr. KENNEDY. They would have control over the trailer, they would have control over the garbage, and they would have control over the dumps.

Mr. STRANG. That is right.

Then there was intimidation. Our employees were intimidated, they were followed home, run off the road. They drove cars, followed right to their homes. Girls going home late at night were followed and were fearful. They became very incensed, however, about the tactics. I remember one time one of them said that if we joined up with the union for them, they would all quit. Believe me, she would stick by it.

But the next day she came back and said her husband was afraid for her. She was crying. But he was afraid she might get hurt. And that happened with other employees.

Mr. KENNEDY. Did you go to any State bodies?

Mr. STRANG. Yes.

I might say the customers had their license taken as they entered the lot and their numbers called out, and as they left the lot their numbers were also called out again with an attempt to intimidate them, but they did not seem to intimidate them. Business kept on coming, thank goodness. That is what saved our lives. A Howard Johnson truck arrived and as they arrived at the point, the driver was told that if he drove over the line that would be the last time he would be in that seat. Our manager said "Get down," and he got in and drove it over the line. It was swarmed on by pickets in the lot who had no business in our premises. So we put an alarm in, and a deputy sheriff's officer heard the alarm and came running to the situation and forced the pickets off at gunpoint.

I understand, or they told me later on, that he had almost lost his job because he had interfered.

The Borden Co. supplied us with milk. When you open a new restaurant, everyone wants to get your milk business, because you usually deal with one person. We had decided to do business with them. After it had been going on for some time, there was a call in the restaurant which said, from one of the representatives of Borden's that maybe it would be a good idea if Mr. Strang would buy his milk from somebody else, and that they had been told that if they continued—and I was picking the milk up, they weren't bringing it in—that if I continued to bring it in, they would pull all the teamsters off all the Borden trucks all over the city of Chicago.

I called the restaurant association and I told them what the situation was, and I said, "If this is what can happen, and you can't even go after your food, we are through, and every restaurant in Chicago is through, so you might as well make up your mind to it."

I think they got in touch with the officials of Borden, and they changed their tactics. However, they took their names off the cartons so you would not know where the milk was coming from.

We had a scavenger—we couldn't get anyone to take our garbage out, so one of the employees called a scavenger in another town nearby, and he said, "Yes, I will come and try to get it out."

He came, loaded it up, and on the way out, and he had his little boy in the seat with him, and they said, "If you think anything of that little boy, you will take that garbage back and put it where it was." He did. He couldn't take any chances with his little boy.

I called the State police for protection of the Howard Johnson truck coming from Cleveland, Ohio, coming from Indiana, Illinois, and Wisconsin, and stopped to leave a load at our store on the way.

I had a hard time getting them. I even went down to the office, but they didn't seem to be around. Finally I got him on the telephone, and he said, "Well, I am sorry, but my hands are tied. I have been called off by the Governor's office, it is a local proposition, and we cannot do anything. I am so mad, and our men are so mad, that they are hot under the collar. All of those hoodlums, we would like to put them in jail. But I can't do anything about it."

I said, "This is interstate. They are coming through the State. They are not in the State. It is not local."

He said, "I can't do anything about it now. But I will tell you now, you are getting a raw deal."

The CHAIRMAN. What did you say about the Governor?

Mr. STRANG. He said he had instructions from the Governor's office to lay off.

The CHAIRMAN. The Governor of what State?

Mr. STRANG. Illinois.

Senator CURTIS. What year was that?

Mr. STRANG. 1952.

Senator CURTIS. I don't care what year it is, I do not agree with it. That is one thing I have been hammering here all the time, that labor unions enjoy some immunities that are not extended to other citizens.

They are permitted to do things and judges, courts, and legislative bodies pass it by.

That is all, Mr. Chairman.

The CHAIRMAN. The Chair was not interested in the politics of it, but he was interested in the broader aspects of it.

Mr. STRANG. I don't know who in the Governor's office made that statement. He just said the Governor's office.

The CHAIRMAN. Right or wrong, it would not matter to me who was Governor. But I just cannot concede anyone occupying the position of chief executive of the State who would tolerate, let alone cooperate with, condone and protect, such criminal activity.

So whoever it is, whoever it was, if he was responsible for that kind of action, I think it deserves condemnation.

Proceed.

Mr. KENNEDY. Of course, the information you got was second or third hand, was it not?

Mr. STRANG. It was second hand, and I don't know who it was in the Governor's office that gave it. But that was his excuse, because he was wrought up about it. He was pretty mad that they weren't allowed to help us under the circumstances.

The CHAIRMAN. All right.

Mr. STRANG. We run our restaurants with oil. Oil was used for steam for cooking, for hot water and everything else. So if we run out of oil, we are out of business. I think they figured we would be pretty low, and we were. We couldn't get the oil in. The man that was delivering us oil would not bring it in. So I got a friend of mine who knew an oil company, and he said, "I will call and ask if they will bring it in," and he did, and they said, "Yes, we will try and run it in."

The pickets usually were around, but they were getting a little careless about that time and would congregate one time and visit a little bit, and one time they were congregating we ran the oil in the other side. There was a hole on the other side of the building, and we would turn the knob and we got our oil. If it had not been for that, we would have been out of business, too. I think that is one reason the union listened to reason on calling off their pickets.

I would just like to remark that as a small businessman I went to Chicago in good faith and I was doing things legally, as far as I knew, trying to mind my own business, and all of a sudden I am besieged with this sort of thing I have just described. I could get no injunction. I was told if I invoked the Taft-Hartley Act it could be delayed in hearings so long that it would not do me any good.

> I even called Senator Taft's office in Washington to ask him if he knew some way that something could be done to protect our interests. It is a sad state, and I think it is bad for the employer for such a thing to be allowed; I think it is bad for the unions, because they should be willing to sell their wares like anyone else, their services like anyone, any other salesman. I think there should be something done about it (pp. 12574–12578).

The picketing lasted for 3 weeks, Strang said, before he was advised by Teitelbaum that the union had agreed to remove the pickets. He then gave Teitelbaum a $2,240 check for what he thought was an attorney's fee. Three years later, Strang declared, a revenue agent going over his records called his attention to the endorsement of the check by Teitelbaum to the union. "In payment of 40 initiation fees at $20 a person, totaling $800, and 1 year's dues for $1,440." Strang declared the employees were members of the union without his knowledge and without their knowledge.

Mrs. Frances Schimeal, the former Frances Braun, who was employed at the restaurant before her marriage, corroborated Strang's testimony. She said the only time she was approached about membership in the union was after the picketing started. None of the employees were interested, and she never knew she was a member of local 450 until committee investigators informed her.

William Howard Kerr, who was secretary-treasurer of local 450 from 1940 until May 15, 1953, and at the time of his testimony an employee of the Illinois State Division of Rehabilitation, invoked the fifth amendment when called to the witness stand. He refused to give any information about why he took the $2,240 check from Teitelbaum, on the ground of possible self-incrimination.

> The CHAIRMAN. What is there incriminating about people joining a union and paying initiation fees and dues?
>
> Mr. KERR. I do not feel I am in a position to give the answer to that.
>
> The CHAIRMAN. Do you know the answer?
>
> Mr. KERR. In the light of what has been testified here now, it might conceivably incriminate me.
>
> The CHAIRMAN. It may be if it is not legitimate. I thought it was perfectly proper, and legal, and legitimate, and maybe sometimes advisable for employees to join a union and to pay initiation fees and dues. But it seems to me that there is a reflection cast upon your local, upon the way you operate implying possibly there is something illegal about that, and something improper. Do you want to let the record stand that way with that reflection?
>
> Mr. KERR. I believe, yes, sir; I have taken the fifth.
>
> The CHAIRMAN. You will have to let it stand that way?
>
> Mr. KERR. Yes (pp. 12588–12589).

Gustav Allgauer of Lincolnwood, Ill., is president of Allgauer, Inc., which operates three restaurants in Chicago: the Allgauer Restaurant on Ridge Avenue, Allgauer's Heidelberg on Randolph Street and the Fireside Restaurant at 7200 Lincoln Avenue, which was destroyed by arsonists on May 13, 1958.

In 1951, Allgauer testified, Lou Kouba, a business agent for local 450, came into the Fireside Restaurant and said he would like to organize the employees. Allgauer said he told him, "It is all right with me." Some employees joined, and thereafter the union came around to collect dues from them.

The following year, Allgauer went on, Kouba came to him again and asked for 20 names of miscellaneous workers because "they don't get enough money out of this place." Originally, Allgauer said, Kouba wanted more, but they settled on 20 names. There was also a demand for "about $500 or something like that" but Allgauer settled by paying $220 on October 31, 1952. Thereafter there were periodic payments of $180 because "they said they had different places and the same kind of arrangement as he offered me, and they were all going along, and so I figured, well, in order to have peaceful and nice relations, $180 wasn't going to kill me."

> Mr. KENNEDY. Everybody else was going to do it, and you figured you had better do it, too?
>
> Mr. ALLGAUER. That is right (p. 12952).

The $180 payments were made in June, September and December 1953; June 4, November 5 and November 28, 1954; April, September and December 1955, and June 1956. Beginning in November 1956 the payment was increased to $210, and that prevailed at intervals of 3 months until the time of the fire. Allgauer testified that there was no contract with the union and no discussion of wages and hours or conditions.

At the Ridge Avenue restaurant, local 593 asked for eight names, and Allgauer made $56 payments to that union in November 1953; January, April, July, September and November 1954; February, March, May, July, September and November 1955, and February, March and May 1956, and every 3 months thereafter. Again there was no contract and no discussion of wages, hours or conditions of employment.

An affidavit from Walter M. Claassen, manager of the Fireside, was inserted in the record. It stated that Kouba came to the place in June 1956 seeking 20 names, and "any old names" would do. He quoted Kouba as saying, "The boss pays for it so they shouldn't worry as long as they get the benefits."

Staff Investigator LaVern J. Duffy testified that the records of local 450 reflected that none of Allgauer's employees were put into the union until 1956, despite the payment of "dues" since 1952.

> The CHAIRMAN. In other words, for about 3 years you were just paying off and they did not have the name of any of your employees or any record of it. Did you know that was going on?
>
> Mr. ALLGAUER. I didn't know it for sure or not. I know it now.
>
> The CHAIRMAN. You had a strong suspicion that is the way the game was being operated, didn't you?
>
> Mr. ALLGAUER. Yes.
>
> The CHAIRMAN. That is the way you felt about it?
>
> Mr. ALLGAUER. Yes (p. 12956).

Gerald G. Gotsch, committee accountant, testified that only 6 of the 20 for whom Allgauer paid dues at the Fireside and only 2 of the 8 at the Ridge Avenue establishment were still employed when he examined the records. As of March 30, 1958, there were 149 employees at the Fireside, of whom 73 are union members. Of the 73, 56 were paid below union scale. Of the 76 nonunion employees, 35 were paid below union scale.

> Mr. KENNEDY. So percentagewise you are doing better if you are not a member of the union as far as getting union scale?
>
> Mr. GOTSCH. According to these figures (pp. 12958–12959).

Gotsch testified further that if union scale had been paid to the employees not getting it, the cost to Allgauer would have been $14,700 more over the year at the Fireside Restaurant.

Allgauer declared that he paid union wages until 2 years ago, that he gives Christmas bonuses to his employees averaging $33,000 a year, and that they also receive group insurance that includes sick benefits, all of it voluntary on his part. He was assured that the committee did not intend to convey the impression that he was unfair to his employees.

> The CHAIRMAN. Have you ever signed a contract with 593?
>
> Mr. ALLGAUER. No, sir.
>
> The CHAIRMAN. Or with 450?
>
> Mr. ALLGAUER. No.
>
> The CHAIRMAN. Have they ever undertaken to negotiate a contract with you?
>
> Mr. ALLGAUER. I don't think they have.
>
> The CHAIRMAN. In other words, they have not been concerned about anything except getting the money?
>
> Mr. ALLGAUER. No, sir.
>
> The CHAIRMAN. Am I correct?
>
> Mr. ALLGAUER. You are correct.
>
> The CHAIRMAN. Do you know of anything they have been concerned about except getting the money?
>
> Mr. ALLGAUER. That is about it (p. 12961).

Testimony by Allgauer also developed the interesting point that he pays into the health and welfare funds for his employees who are members of unions legitimately and who actually pay their own dues, but there are no such payments in the case of the 20 whose names were furnished to Kouba and for whom Allgauer has been paying "dues" since 1952.

In the case of the Ridge Avenue restaurant, Gotsch testified that there are 47 union employees, of whom 4 are paid below scale, and 23 nonunion employees, 14 of whom are paid below scale. Enforcement by local 593 of the union scale would have cost Allgauer an additional $5,600 annually.

Allgauer estimated the cost of replacing the Fireside Restaurant at $1,400,000 to $1,500,000.

The story of the fire was related to the committee by Andrew Milas, the night steward, who was in charge of a crew of six arranging to put the restaurant in order for the following day. Milas

said he locked all the doors after the night help departed and he and the others scattered throughout the place to perform their tasks. He was removing some dirt from a ceiling when he looked down and saw a man with a gun in his hand. The gunman and a companion, also armed, herded the seven employees together and eventually took them into what was known as the New England Room. Milas said that while they were being held there he detected the odor of "gasoline or some other chemical."

The two gunmen then ordered the seven outside and lined them up against the wall. A car with a third man at the wheel was parked nearby, Milas said, and the seven were told to "run north" as soon as they heard the car leave. One of the two gunmen went back into the restaurant, obviously to touch off the blaze, and the seven men began running as soon as the automobile tore away from the restaurant. Milas said he looked back after he had gone about 50 feet "and there were windows about 18 or 20 feet high, and you could see it all red."

Mr. KENNEDY. Now, while they were there, was there any money in the restaurant?

Mr. MILAS. Yes, I guess there was.

Mr. KENNEDY Did they try to take any of the money?

Mr. MILAS. No, there was no attempt of robbery at all, and because I had the keys for the office and they never asked me for it.

Mr. KENNEDY. They were only interested in burning the restaurant?

Mr. MILAS. Yes, sir.

Mr. KENNEDY. Just burning it down?

Mr. MILAS. Yes, sir.

Mr. KENNEDY. Mr. Allgauer, can you give us any explanation as to who might come in and burn your restaurant down?

Mr. ALLGAUER. I have as much of an idea as you have.

Mr. KENNEDY. You don't have any enemies?

Mr. ALLGAUER. Not knowingly. I have dozens of friends who stood by me after the fire and until now.

Mr. KENNEDY. You can give no explanation whatsover for your restaurant being burned down?

Mr. ALLGAUER. No, sir.

Mr. KENNEDY. Do you know any of the underworld figures in Chicago?

Mr. ALLGAUER. Well, one of them comes in my place so often and I never even knew he belonged to that. He was on the stand here, Ross Prio, and we called him Mr. Ross in my place of business. He came there quite often but I never knew the man had anything to do with the underworld.

Mr. KENNEDY. Did you know Jack Guzik at all?

Mr. ALLGAUER. I knew him and he was in my place quite often but I never went to his table, and if he would walk in this place now I wouldn't recognize him because I always stayed away from people like that all of my life.

Mr. KENNEDY. You have no explanation whatsover for someone coming in and burning down your restaurant that cost $1.4 million?

Mr. ALLGAUER. No, I haven't any idea.

Mr. KENNEDY. Were you making any payments to anybody for protection?

Mr. ALLGAUER. Never in my life.

Mr. KENNEDY. Has anybody ever approached you to make any payments?

Mr. ALLGAUER. Never.

Mr. KENNEDY. Do you know of any restaurants that are making payments for protection in Chicago?

Mr. ALLGAUER. No, I don't.

Mr. KENNEDY. You never heard of that?

Mr. ALLGAUER. No (pp. 12971–12972).

* * * * *

Senator CHURCH. Mr. Allgauer, do you suppose that inasmuch as you cooperated with the committee and investigations had been made for a series of weeks prior to the time that your restaurant was burned down by arsonists, this might have been an effort to intimidate you or to indicate to others that it might be healthier if they didn't cooperate with this committee and divulge the facts to this committee?

Mr. ALLGAUER. I have never talked to anyone about the investigation going on, and I have never. I kept this quiet.

Senator CHURCH. But it might have been known, even though you did not talk to anyone about it.

Mr. ALLGAUER. That I wouldn't know, but I never did talk to anyone about it.

Senator CHURCH. If that were the explanation, at least it is obvious that it didn't work, because you have come to the committee and have made a complete statement here and you have cooperated, and I think that you are to commended for it.

* * * * *

Mr. KENNEDY. You know about all of the many other fires in restaurants around Chicago?

Mr. ALLGAUER. I heard about some of those, and I say this to you most sincerely: I always believe somebody who did it must have gained by it or they wouldn't do it.

Mr. KENNEDY. They must have gained by it?

Mr. ALLGAUER. Or else they wouldn't do it.

Mr. KENNEDY. What is your explanation for so many fires among restaurants in Chicago?

Mr. ALLGAUER. Well, I couldn't tell you at all, Mr. Kennedy. I only know about mine and that is all.

Mr. KENNEDY. Well, that is the problem we have in each restaurant. Each owner says, "Well, I can't tell you," and no one will talk at all, Mr. Allgauer.

Mr. ALLGAUER. I am willing to talk and tell you anything you would like to know.

Mr. KENNEDY. Someone doesn't just walk by and burn down a $1.4 million restaurant, and that just doesn't happen. Somebody has to have a reason.

Mr. ALLGAUER. If I would know who did it, I would tell you. I am not afraid of anybody (pp. 12973–12974).

John McFarland, chief investigator for the State of Illinois for arsons in Chicago, told the committee that "we have had a great increase in the number of fires in restaurants and cafes and taverns" in the last 2 or 3 years and that the cause was definitely determined in only 4 or 5 out of a total of about 45. McFarland said that the restaurant fires "are all similar in nature, and their origin seems to be the same, and they start out with an enormous fire immediately."

Mr. KENNEDY. Could you tell us whether you received cooperation and help and assistance from the owners of these restaurants and taverns in attempting to solve the fires?

Mr. MCFARLAND. That I will say we have not. They stand on the statement that they do not know why they should have such a fire, or what caused the fire.

Mr. KENNEDY. Can you give any explanation as to why they have been less than cooperative with you in your investigation?

Mr. MCFARLAND. Well, there is a motive why they will not cooperate, and they all seem to have a motive.

Mr. KENNEDY. What is that?

Mr. MCFARLAND. Well, I think they are afraid to talk.

Mr. KENNEDY. Generally in these 40 fires, have you found that that is the situation?

Mr. MCFARLAND. Maybe it wouldn't hold true with all 40 fires, but as a general pattern, it will be there on the percentage of the fires that we are talking about.

Mr. KENNEDY. That these people, the owners of these restaurants and taverns, the employers are afraid to talk?

Mr. MCFARLAND. That is right, sir.

Mr. KENNEDY. Have you uncovered or found out or learned information that a number of these restaurant owners have to make payoffs to certain individuals in the Chicago area?

Mr. MCFARLAND. I have heard that; yes.

Mr. KENNEDY. Once again, you found it difficult to have any employer come in and give you or be willing to testify to that?

Mr. MCFARLAND. They are willing to come in and make a statement, but the statement amounts to nothing.

Mr. KENNEDY. They won't give you any specific information?

Mr. MCFARLAND. They won't give us any reason for the fire.

Mr. KENNEDY. And they will not give you any information regarding these wholesale payoffs that have to be made?

Mr. MCFARLAND. That is right, sir.

Mr. KENNEDY. Do you understand that these payoffs, Mr. McFarland, have to be paid to certain underworld figures in Chicago?

Mr. MCFARLAND. To certain figures, yes; collection agencies.

Mr. KENNEDY. What a number of these so-called collection agencies are selling is protection from fires and stinkbombs

or whatever it may be, and if payments are not made the restaurants get bombed or arsoned. Is that the situation?

Mr. McFARLAND. It could be.

Mr. KENNEDY. Is that the situation you have found generally? I am not saying as to any particular resturant, but generally is that the situation?

Mr. McFARLAND. It follows that pattern (pp. 12978–12979).

McFarland also testified that a month before the committee's hearings another restaurant known as the Villa LeMaine or the Flame Restaurant was destroyed under circumstances practically identical to those that prevailed in the case of Allgauer's Fireside Restaurant.

Joseph Wilkos of Riverside, Ill., who purchased the Richards Restaurant and Lounge in October of 1953, testified that he found out several months later from "either Lizzare or Leonardi" of local 450 that he was expected to continue the former owner's arrangement to pay dues on six employees at a cost of approximately $60 quarterly. In 1955 Danny Leonardi, business agent for local 450, came around again and three more employees were added to the list. The original $60 quarterly payment moved up during the intervening years, according to Wilkos, to $142.50 "at the present time."

Mr. KENNEDY. Why are you paying this money?

Mr. WILKOS. Well, to keep the employees.

Mr. KENNEDY. Did they want to join the union?

Mr. WILKOS. They don't, and they don't want to pay the dues.

Mr. KENNEDY. So you have to make these payments in order to keep your employees working, and the employees who don't want to join the union?

Mr. WILKOS. That is right.

Mr. KENNEDY. What would be the result or what would happen if you didn't make the payments to the union?

Mr. WILKOS. That would strictly be a guess.

Mr. KENNEDY. What did you think would happen if you didn't pay?

Mr. WILKOS. That we would get tied up with a picket line.

Mr. KENNEDY. That would destroy your business, would it?

Mr. WILKOS. It would knock our business out completely.

* * * * *

The CHAIRMAN. So you are paying $570 a year now to this hijacking outfit?

Mr. WILKOS. That is right.

The CHAIRMAN. That is what it amounts to, isn't it?

Mr. WILKOS. The suspicion looks that way.

The CHAIRMAN. Are there any facts to controvert the suspicion?

Mr. WILKOS. No, I guess not.

The CHAIRMAN. You are in on the deal and you know about it. Do you know of any facts?

Mr. WILKOS. Well, the fact is that if you want to stay in business——

The CHAIRMAN. You have to pay it?

Mr. WILKOS. OK.

The CHAIRMAN. Is that right?

Mr. WILKOS. That is right.

The CHAIRMAN. That is the way you feel about it? You don't pay it voluntarily, and you pay it because you feel you have to, to stay in business?

Mr. WILKOS. That is right.

The CHAIRMAN. As far as any benefit from it is concerned you know of no lawful benefit that you get, that is, no benefit that you are not entitled to under the law anyway?

Mr. WILKOS. That is right.

* * * * *

The CHAIRMAN. And you put yourself in the union and pay dues just to keep peace?

Mr. WILKOS. To keep peace, that is right.

The CHAIRMAN. It is to avoid being driven out of business by an illegal picket line?

Mr. WILKOS. That is right.

Senator CHURCH. Did I understand you to say that you commenced making these payments at the rate of $60 a quarter in 1954, and that since, the rate has gone up to $142.50 per quarter?

Mr. WILKOS. That is right.

Senator CHURCH. You made these payments through 1954 and 1955, but you didn't enter into any kind of union contract at all until 1956?

Mr. WILKOS. That is right.

Senator CHURCH. Very well, that is all.

The CHAIRMAN. What does the contract provide, do you know?

Mr. WILKOS. No, I wouldn't know exactly.

The CHAIRMAN. Have they ever done anything to enforce the contract other than to collect the money?

Mr. WILKOS. No.

The CHAIRMAN. They never complained you were not living up to the contract in any respect?

Mr. WILKOS. No.

The CHAIRMAN. Did they ever seek higher wages for your employees?

Mr. WILKOS. No.

The CHAIRMAN. Did they ever complain about their working conditions?

Mr. WILKOS. No.

The CHAIRMAN. Their hours of work?

Mr. WILKOS. No, sir (pp. 13041–13043).

Marjorie Pechan, a waitress at the Richards Restaurant, was one of those originally placed in the union. She said she didn't want to be in the union but "Richards was protecting himself for which I couldn't blame him, either." She defined the "protection" as "these picket lines and people having restaurants burned and so forth."

Senator CHURCH. Tell me, from the time that you were notified that you had been placed in this union, have you ever been contacted by any representative of this local inquiring as to your working conditions or as to your wages?

Miss PECHAN. No.

Senator CHURCH. Have you received any benefits that you know of by virtue of your membership in this union?

Miss PECHAN. No. I don't know of any benefits. If there are any, I don't know about them.

Senator CHURCH. Have you ever been advised by any member of the local as to the terms or conditions of a union contract that governs your employment?

Miss PECHAN. No.

Senator CHURCH. So that as far as you are concerned, your work and the conditions of your work have continued unaffected since the time you were notified that you were a member of this union? Is has meant nothing to you at all, no benefits of any kind, no interest shown by the local in your working conditions or in your wages, in that no contact was made. Is that a correct statement?

Miss PECHAN. That is correct.

Mr. KENNEDY. In fact, until the investigation started, you did not even know what local you were in?

Miss PECHAN. That is correct (p. 13045).

Charles Hoch, manager of the Klas Restaurant in Cicero, offered the surprising testimony that the Klas establishment has been paying dues on four employees since 1939 "for the same reasons as everybody else, to keep the business going" (p. 13046). The dues are paid for the chef, the salad woman, "my brother and myself," despite the fact that the salad woman has not been employed there since February of 1957 and the chef left in September 1957. The salad woman and the chef did not even know they were in the union, Hoch said.

Mr. KENNEDY. It is just a payment being made to keep the union away; is that right?

Mr. HOCH. Yes, sir (p. 13047).

Employees of Shramek's Restaurant on West Cermak Road joined local 450 in 1956 principally because of threats of bodily harm made by Leonardi and Henry Mack, business agents, according to the testimony of Beverly Sturdevant and Mae Christiansen.

Mrs. Sturdevant told the committee "we were very happy with our employer, and we did not need a union. They then told us that if we didn't joint the union they would put up a picket line which would put our employer, eventually, out of business. We told them it was up to them to do that; that we would be willing to face something like that at that time. They then told us that there could be an accident down the stairs. Our restaurant is in the basement."

Mr. KENNEDY. Did you have some further conversations with him [Leonardi]?

Mrs. STURDEVANT. Yes, sir; they kept pursuing the matter. They told us there was no guaranty against any harm to the

girls themselves. We had assumed that meant if they would put up a picket line we would not be able to cross it without getting hurt.

* * * * *

Mr. KENNEDY. And you better join the union if you wanted to protect yourselves; is that right?

Mrs. STURDEVANT. Yes, sir (p. 13050).

Mrs. Sturdevant declared that "we joined to protect our employer. We enjoyed working for him and with him, and we didn't want to see any harm come to him in his business, so we joined the union to keep away pickets and any accidents."

Mr. KENNEDY. The representatives of the union have been aware that you have had some conversations with the members of the committee?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Did anybody speak to you about testifying before this committee?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Would you tell us what happened?

Mrs. STURDEVANT. I was told not to come down to Washington to testify.

The CHAIRMAN. You were told what?

Mrs. STURDEVANT. I was told not to come down to Washington, that I should get sick before coming down to Washington or be sicker when I get back.

Mr. KENNEDY. Or that you would be sicker?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Will you tell us exactly what happened?

Mrs. STURDEVANT. It is all being handled by the FBI, and at this time I would not care to give any more information on it.

Mr. KENNEDY. Can you at least relate to the committee what the full statement was that was made to you?

Mrs. STURDEVANT. That is the extent of it, the better part of it, the real core of it.

Mr. KENNEDY. Would you repeat it, please, so we get it straight?

Mrs. STURDEVANT. I should get sick before I come down to Washington or I would be sicker when I get back.

The CHAIRMAN. Have you given the full information regarding this to the FBI?

Mrs. STURDEVANT. Yes, sir, I have signed a complete statement with the FBI.

The CHAIRMAN. And given the names of those persons involved?

Mrs. STURDEVANT. Yes, sir.

* * * * *

The CHAIRMAN. Do you have any fear or apprehension now about bodily harm by reason of this threat?

Mrs. STURDEVANT. No, sir.

The CHAIRMAN. Well, I hope no fear is justified. I sincerely trust the FBI will perform its ablest function, and duty, and protection, and apprehend those who have dared to obstruct the processes of Government by threats and intimidation of an American citizen. The committee will be interested in this, and will confer with the FBI. It may have a function to perform in this connection. And at which time, if we need your testimony directly about it, of course, you would be willing to give it?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Have you been frightened about all of this?

Mrs. STURDEVANT. Yes, sir; I have.

Mr. KENNEDY. I guess it has upset your family?

Mrs. STURDEVANT. Yes, sir; it has.

Senator CHURCH. I should think it would.

Mrs. STURDEVANT. Pardon?

Senator CHURCH. I should think it would, and the other waitresses, too. I think it is a disgraceful condition. I am certainly hopeful that these hearings will contribute toward cleaning out this racket in Chicago.

Mrs. STURDEVANT. Yes, sir; that was why I am here.

Senator CHURCH. I know that, and I appreciate your coming.

Mr. KENNEDY. I think somebody as specifically threatened as this young lady has been, and who then comes and testifies anyway, is really doing something.

The CHAIRMAN. It is going to take that kind of courage on the part of the citizens of this country to clean up these elements that are preying upon helpless victims. If we have law enforcement, the local officials have to take some responsibility for these conditions. As I have stated heretofore, this committee is not a police agent. It has no enforcement powers other than to take action when one commits contempt of the committee, of the Senate. But we have developed in many instances clues, leads, and information, factual information, upon which local law-enforcement officials could act. In some instances we have gotten action, and in some instances they have immediately performed their duties and gone out and apprehended those who were guilty of offenses and brought them to justice. We are hopeful that will be the result in this case. Whoever did that should be denied his freedom for a good long period of time, in my judgment (pp. 13051–13053).

Mrs. Christiansen testified that she attended the first meeting called by the union officials when the organizational drive started and that those present were told "to join the union or else quit our jobs. * * * They told me, personally, that if I quit my job they would see to it that I was not allowed to work in a union house again."

Mr. KENNEDY. What did you tell him? What did you tell Mr. Leonardi?

Mrs. CHRISTIANSEN. I asked him if they called themselves American. If they could imply such tactics as that to me, it was not being American.

Mr. KENNEDY. What did he say?

Mrs. CHRISTIANSEN. Oh, he also told me I should shut up (pp. 13050–13051).

When Leonardi was summoned to the witness stand, both Mrs. Christiansen and Mrs. Sturdevant positively identified him as the man who made the threats and intimidated them into joining local 450. Leonardi invoked his constitutional privilege against self-incrimination.

Leonardi also invoked the fifth amendment when the following corroborating affidavit of another waitress in the Shramek restaurant, Bernice Brown, was read into the record:

> During the two meetings which I attended I recall Mr. Leonardi at the outset of each meeting made it very clear that if we did not join the union a picket line would be placed in front of the establishment. Mr. Leonardi emphasized the fact that if we wanted to keep our jobs and keep the employer out of difficulty we would have to join the union. I remember Mr. Leonardi saying that the stairs just outside of the restaurant were steep and accidents could happen. The girls did not want to join the union but we finally joined in order to prevent trouble to ourselves and to our employer (p. 13058).

Leonardi again invoked the fifth amendment when the following affidavit by James C. Kirie, proprietor of Kirie's Restaurant in River Grove, Ill., was made a part of the record:

> He asked me to talk my help into joining the union. At first Mr. Leonardi said he wanted to unionize the whole restaurant. He then said that he would settle for the waitresses. I asked him what scale the union paid on waitresses. He told me the union scale was 62 cents per hour. At the time I was paying my waitresses 65 cents per hour. I asked him what other benefits the union offered, and he said health and welfare benefits. At the time, Kirie's had a plan with the Washington National Insurance Co. covering all our employees. I presented the union benefits to my waitresses and told them they could vote for or against joining the union. In a secret ballot they voted against unionization.
>
> When I apprised Mr. Leonardi of this fact, he told me to "line up the employees and tell them they're in the union. You deduct the dues from their wages. If any of them object, fire them and we will furnish you help." This, I refused to do.
>
> Mr. Leonardi made about two or three visits to my establishment to talk to me about unionization. He never spoke to any of the employees. He told me that he did not want to talk to them. On his last visit he said to me, "Will you put your people into the union?" When I again refused, Mr.

Leonardi said to me ,"You're too goddam good to your help. Is that your last word?" I have never heard from him again in regard to this matter (p. 13059).

The following affidavit by Laddie Vala of Westchester, Ill., which also was inserted in the record, evoked the same response from Leonardi:

Since August 1944, I have owned and managed the Old Prague Restaurant, located at 5928 West Cermak Road, Cicero, Ill.

In the year 1952, a union official from the Hotel, Club, Restaurant Employees and Bartenders Union, Suburban Local 450, who identified himself as a Mr. Frankel, came in to see me and said he wanted to organize my restaurant. At the time, I had approximately 50 employees, who were nonunion.

When the union official approached me, I suggested that he talk to the employees, and, if they wanted to join, it was fine with me. The business agent objected to this procedure, and demanded that I make a deal which would put into the union a certain number of my employees. When I refused to go along with this arrangement, he threatened me with a picket line. He said, "There are ways to bring you in line."

I finally agreed on partial unionization of my restaurant, which put 16 of my employees in the union.

After I agreed to this arrangement, I discussed the problem with the waitresses, and they advised me they were not interested in joining the union. Some of them said they would quit if they had to pay dues. In order to resolve this problem, I agreed to pay the union dues on the waitresses myself.

The dues on the waitresses, which I have paid over the years, have been written off at the end of each year as a business expense.

In the latter part of 1955 or early 1956, Dan Leonardi, an official of local 450, came into my restaurant and tried to pressure me into putting two additional employees in the union. On this same visit, he also insisted that I start making health-and-welfare payments on my unionized employees. At this particular meeting, which my wife attended, Mr. Leonardi spoke in a very belligerent tone, and said if I did not agree to his demands something could happen.

After this meeting, I called Mr. Donald Kiesau, executive vice president of the Chicago Restaurant Association, of which I am a member. He told me to come in and visit him, which I did. Mr. Kiesau told me, "I don't think you can fight them alone. The only thing you can do is to hold them off as long as possible and then make the best deal possible with them. You don't want to have happen to you what happened out on the South Side, do you?" He was referring to the Nantucket Restaurant strike, which was the scene of many acts of violence, such as the breaking of windows in a number of automobiles and the slashing of tires.

Shortly after my visit to Mr. Kiesau's office, Mr. Leonardi paid me another visit, at which time I signed a contract incorporating health-and-welfare payments on my unionized employees, and for the concession Leonardi forgot about his demand that I unionize two additional employees (p. 13061).

* * * * *

The CHAIRMAN. Well, there has been a great deal of evidence here that would clearly indicate, unless you want to refute it, that you are a cheap racketeer, hoodlum, and a muscle man, and an extortionist. There is a lot of evidence before this committee to that effect. Do you want to admit that you are, or deny that you are?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Well, I hope if you are an officer in a union that we will observe the prompt and immediate action and effectiveness of what is called the ethical practices committee. I think that your case should receive its attention before sundown today. I am hopeful that they can listen in on this, and get a picture of some of the crummy things that go on in some unions, and that they will start a little housesweeping, and begin with local 450.

Mr. KENNEDY. Just a final question. I don't know if we have it clear in the record. Did you have anything to do with the threats to Beverly Sturdevant prior to her testimony here?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Did you have anybody go make a visit to her in order to threaten her so she wouldn't testify against you here?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me (pp. 13063–13064).

Louis Kouba, assistant business agent for local 450, represented a departure from the parade of fifth amendment witnesses but did not contribute any helpful information when he was summoned to testify. Kouba maintained that he always talked to the employees in any establishment he tried to organize but had difficulty in recalling the names of any of the restaurants.

When questioned about his failure to enforce the union scale at Allgauer's Fireside Restaurant, Kouba pleaded he had no way to determine if Allgauer was paying union scale "unless the employee told me he was not." He said he talked to "a few of the people" and they told him they were getting more than the scale. He claimed that Allgauer and the employees both agreed to a checkoff system on the payment of dues and when he collected the money from Allgauer he thought it represented deductions from the pay of the employees and not a payment by Allgauer himself.

In connection with the majority of the 20 names of employees who had left Allgauer's employ, Kouba declared he would not have any way of knowing about it unless the chef told him. He admitted that he did not know about the employees who had left although payments continued to be made in their name.

Kouba admitted that he could not answer why the 20 he said became members in 1952 never showed on the union records as members until 1956. "If there is any mistake, it must lie with the office, not with me," Kouba asserted (p. 13074).

The committee also had received the testimony of Ashley U. Ricketts, owner of the Homestead Restaurant in Maywood, Ill., that Kouba came to him in 1952 or 1953 and insisted that he put four dishwashers in the union for whom Ricketts paid "$40 or $42.50" every 3 months because "they would quit" if they had to pay dues.

When asked about this episode, Kouba answered, "I can't explain it because I don't remember it" (p. 13079).

With reference to the Howard Johnson Restaurant picketing about which Strang had testified, Kouba admitted he was at the scene as "kind of an overseer, to see that none of our pickets got hurt or anything." He declared that "people would drive out of there, customers, and I don't know whether they were customers or employees, and they would spit at the pickets and they would throw ice cream cones with ice cream in them right in their faces and things like that" (p. 13081).

However, Kouba said he knew nothing at all about the sabotaging of cars and the other violence about which Strang had testified. He admitted that he didn't know of any Howard Johnson employees being on the picket line.

The fifth amendment parade resumed again, however, when Louis Madia made his appearance before the committee. He testified that he was secretary-treasurer of local 450 and then resorted to the privilege against possible self-incrimination when asked a long series of questions about his association with Tony Accardo and attendance at lawn parties at Accardo's swank estate, and his association with Maddox, Aiuppa, and other hoodlums.

Virgil Peterson, the operating director of the Chicago Crime Commission, also furnished the committee with background information about Abraham Teitelbaum, Louis Romano, and Anthony V. Champagne, and their connection with the Chicago Restaurant Association.

Peterson described Teitelbaum as attorney and close associate of Al Capone and identified him as the same Teitelbaum who was involved in the tax scandals investigated by the King committee in the House of Representatives in Washington in 1951 and 1952. It was Teitelbaum, Peterson said, who brought Romano into the picture for the Chicago Restaurant Association after Romano's ouster from local 278. Peterson asserted that Teitelbaum was reported to have drawn $125,000 a year from the association, that he had close ties with local 593, the union controlled by Blakely and John Lardino, but that he lost favor with local 593 along about 1953 and was supplanted as labor relations counsel for the association by Champagne.

Mr. PETERSON. Anthony V. Champagne has long been a close friend of many of the Capone hoodlums, and he has represented many of them, going back as far as 1945. Champagne represented Sam "Mooney" Giancana who is a right-hand man of Tony Accardo, in the purchase of some property. He represented a number of these individuals and he was in 1953 representing for a time this Anthony DeRossa who brought charges that police officers had manhandled him.

His brother, Dr. Carl Champagne, also appeared as a witness on behalf of DeRossa and Champagne has represented Ray Jones, Phil Katz, and others of the well-known Capone syndicate wire service operators, and Joseph Icaro, and Carl Cananda, who operated gambling places in Cicero.

Rather interestingly in our investigation both in 1954 and in 1956—in 1954 there was a very notorious gambling joint called the "Wagon Wheel" on the northwest side of Chicago and this place had an alternate operating place at 6416 Gunnison. In August of 1956, we learned that this same place which is owned by the syndicate and operated by the syndicate was going to operate this big crap game. There was a sign on this syndicate place "Building for sale, call Esterbrook 8–8834," which is the number of Anthony V. Champagne.

It also appears that Champagne appeared in connection with loans made on the same Giancana's River Road Motel. He arranged the loans; that is what the party who made the loans stated. Anthony Champagne also brought into the picture as a labor relations counsel another hoodlum, a well-known Capone man, Sam English (pp. 12547–12548).

Champagne was served with a committee subpena on March 17, 1958, calling for the production of his personal records and all correspondence to and from the restaurant association. He appeared before the committee on March 21 and testified that he had the records with him but refused to surrender them, with the exception of the correspondence with the association, on the plea of possible self-incrimination.

Champagne also refused to say whether he had been employed by the association from September 1953 to July 1954 at $10,000 a month, invoking the fifth amendment. He refused to identify his letter of resignation dated June 14, 1954, and refused to say if he was a close associate of Tony Accardo, Vincent "The Saint" Insierro, and Sam "Mooney" Giancana.

Champage did say he was a member of the Chicago Bar Association, which caused Chairman McClellan to remark:

> I am going to watch, with a little interest, the attitude of a bar association with respect to its members. Being a member of the profession myself, I know often the bar is unjustly criticized. But I think that, in a case like this, in an instance that you present here now, it is something that the public will look toward with some concern, and a bit of curiosity, to know what will be the reaction of the bar asso-

ciation when one of its members finds it necessary to invoke the fifth amendment regarding the business transactions (p. 12506).

Romano, when he appeared before the committee, appeared disposed at the outset to follow the fifth amendment route but changed his mind. He gave his age as 64, said he was born and raised in Chicago, became a truckdriver and later a taxi driver with membership in local 705 of the Teamsters Union, later was an automobile salesman, and "in 1934, I think it was," he was "hired" by John Stackenburg and George McLane as organizer and business agent for local 278 of the Bartenders Union. He "resigned" in 1940 and for the next 12 years was employed by Teitelbaum in "labor relations work." For 2½ years before he left the Bartenders Union he was its president, having been "unanimously" elected.

Romano testified that he was making $18,000 a year when his connection with Teitelbaum terminated, after which he became "semi-retired" in Florida. He now lives in Coral Gables, on "my savings" (p. 12598).

Romano balked at answering any questions about where he did his banking or where he kept his bank accounts while he worked for Teitelbaum, or questions about his record of arrests, pleading possible incrimination.

Senator Curtis asked Romano if it was true that "sometimes you caused employers to put certain of their employees into the union as a matter of settlement," to which Romano replied, "Not to my knowledge. I wouldn't tolerate any of that stuff" (p. 12601).

Romano said he never had anything to do with the Inglenook Restaurant and didn't know Les Johnson and never had any conversations with him.

Denying that he knew Frank Nitti, Louis Campagna, Murray "The Camel" Humphreys, or Paul "The Waiter" Ricca, Romano testified that he knew Frederick Evans because they lived in the same building. He denied knowing Tony Accardo, but admitted that he had gone to the Chicago police department to get a picture removed from the files which showed him and Accardo together, because "the arrest was false" (p. 12603).

Asked if he shot and killed Abe Rubin and wounded Isador Suporr and Charles Hadesman in 1922, Romano grew irate and snarled, "Why don't you go and dig up all the dead ones out in the graveyard and ask me if I shot them, you Chinaman" (p. 12605). He was admonished to show more respect. Romano refused to answer any questions about these shootings or about the fatal shooting of Albert Lucenti, pleading possible self-incrimination.

Romano declared he did not know nor had he ever met George Scalise. He was promptly contradicted by Staff Investigator Kelly, who testified that Romano told him during an interview that he had seen Scalise at a labor meeting in Chicago in the mid-1930's.

Romano also was questioned about an incident on March 13, 1958, in Coral Gables. A security officer for Stevens Market, Sid Poritsky, was assaulted by Romano when he tried to apprehend Romano for the shoplifting of two reels of fishing line. Romano admitted that "we had a little fight," but "I was the wrong man" and claimed Poritsky had "apologized and it is all over with" (p. 12607).

However, further questioning developed that Romano broke away from Poritsky after striking him in the face, jumped into his 1956 automobile and fled, later telephoning his wife that he was going on "a business trip." Romano's wife paid $500 to settle the case.

It was pointed out to Romano that his income tax returns show that he has not declared any income except $600 a year over the period of the last 4 years. He said he was living "on my saving of prior years."

> Senator ERVIN. I would like to suggest that Mr. Romano can be one of the greatest public benefactors in the United States we have ever had if he can just tell us how it is, in this age of inflation and high cost of living, a man can exist 4 years on an income not exceeding $600 a year.
>
> Mr. ROMANO. Well, one reason is I buy very little food. Mr. Kelly seen me fishing. I catch a lot of fish for food. And I can eat it six times a week. If you want any good hints how to cut down the high cost of living, there is a good one.
>
> Senator ERVIN. You get more cooperation out of the fish than I do when I go fishing.
>
> Mr. ROMANO. I got an icebox freezer with about 40 pounds of frozen fish in it—pompano, barracuda.
>
> Senator ERVIN. How do you get out where the pompano or barracuda are?
>
> Mr. ROMANO. I get out there when they start feeding, early in the morning.
>
> Senator ERVIN. To catch fish, you would have to go out on a boat.
>
> Mr. ROMANO. No; I catch them on a bridge. If anyone wants any lessons, I will be glad to give them, free of charge. (p. 12615).

Leslie A. Johnson, owner of the Inglenook Log Cabin Restaurant in Chicago, refuted Roman's statement that he never had any contact with that restaurant or with Johnson.

Johnson testified that he was doing a remodeling job on his establishment during the 1940's when union representatives told him to put his employees in the union or the contractor would be pulled off the building. He said he made a payoff of $100 or $125 and they let the contractor finish.

In August 1951 a picket line suddenly appeared outside the restaurant, he said, and there had been no previous contact with him by the union. When the picketing cut off supplies, Johnson said, he went to the Chicago Restaurant Association of which he had been a member since 1935, where Donald Kiesau, executive vice president, arranged an appointment with Teitelbaum.

Johnson said that when he arrived at Teitelbaum's office he was told Teitelbaum was not in and he was turned over to Romano who told him he would have to "make his final decision with local 394." Romano, according to Johnson, figured that he should put six waitresses and two of his kitchen help in the union.

He was contacted almost immediately after his conference with Romano by Frank Trungale, then secretary-treasurer of local 394, and James F. O'Connor, then president, and it was agreed finally that 10

of his employees would be put into the union. He paid the initiation fees and 3 months' dues for the 10 and a fine of $35 for each of his bartenders "for crossing the picket line," amounting in all to "$300 or $400."

Johnson said he inquired if he would pay initiation fees for any new employees and was told it would not be necessary and that he would have "a running account of 10 employees." He asserted that his employees were never approached to join the union, that he selected the 10 who were made members, that he never had a contract and the union manifested no interest in the wages, hours, or conditions of the employees. He admitted that from December 1957 to March 1958 he paid dues on a dead waitress and a cook who left in December. When he told the union about the dead waitress they instructed him to tell the family to send in a death certificate to collect a $100 benefit. Johnson said he replied that the union should take care of it and, a week before his appearance as a witness, he asked a son of the dead waitress if the union had made any effort to pay the death benefit and was told no.

Ralph J. Gutgsell, who was employed as an attorney for the restaurant association from November 1954 to October 1955, provided the committee with an interesting insight into the labor policies of the association.

Gutgsell said he was contacted by John Cullerton, of the union's joint executive board, in 1955, who told him that the union had been organizing the employees of the Nantucket Restaurant and had signed up 19 of the 30 employees. Gutgsell conferred with Cullerton and was shown the cards and he quoted Cullerton as saying that he was ready to permit Edward Harold Reade, the proprietor of the Nantucket, to examine the cards and verify their authenticity.

Gutgsell declared that he conveyed the information to Reade but the latter refused to recognize the union and picketing of the restaurant began. The association, he added, "fired me the day the pickets went on" (p. 12681).

> Mr. KENNEDY. Your role, then, was just to have the pickets removed or not allow pickets, and when you were not able to do that, the restaurant association fired you?
>
> Mr. GUTGSELL. That was the net result; yes, sir.
>
> Mr. KENNEDY. What was the restaurant association interested in? Was it interested in just preventing unionization of the restaurants, the members, the membership?
>
> Mr. GUTGSELL. Well, Mr. Kennedy, it seemed to me that they had sort of a dual setup. One portion of the restaurant association certainly was interested in not having the restaurants unionized, while the union people naturally wanted to remain as union restaurants. So I would say that a portion of them certainly were against unionizing the restaurants.
>
> Mr. KENNEDY. What proportion were union and what nonunion?
>
> Mr. GUTGSELL. That was never disclosed to me, Mr. Kennedy. But I understand, from hearsay and what have you, that the majority of them were nonunion.

Mr. KENNEDY. And were the nonunion people paying into a so-called voluntary fund?

Mr. GUTGSELL. I was so advised; yes, sir.

Mr. KENNEDY. And the purpose of that voluntary fund was to avoid unionization?

Mr. GUTGSELL. That is correct.

Mr. KENNEDY. And this was to avoid unionization not only where the union acted improperly, but in a case such as this where they had a majority of the employees signed up?

Mr. GUTGSELL. That is right.

Mr. KENNEDY. And you were fired because you could not do that?

Mr. GUTGSELL. That's not the statement that came out in the press, but that I am sure was the reason.

Mr. KENNEDY. But shortly after the picket line came out, you were fired, were you not, by the restaurant association?

Mr. GUTGSELL. Yes, sir.

Mr. KENNEDY. They felt you were not able to serve them as Mr. Teitelbaum had served them, and Mr. Champagne who was the associate of all of these gangsters and hoodlums in Chicago?

Mr. GUTGSELL. Yes, sir.

Mr. KENNEDY. They wanted an individual such as that?

Mr. GUTGSELL. Well, apparently they didn't want me.

Mr. KENNEDY. Do you know Tony Accardo and Paul "The Waiter" Ricca?

Mr. GUTGSELL. No, sir; I don't know the gentlemen.

Mr. KENNEDY. And you were not the attorney for Al Capone?

Mr. GUTGSELL. Never in my life (p. 12682).

In reply to a question from Senator Goldwater, Attorney Gutgsell expressed the opinion that Reade was not in violation of section 8(a)(1) of the Taft-Hartley Act because of the intrastate character of the business.

Senator CURTIS. Let's assume that this restaurant was in interstate commerce. Then do you feel Mr. Reade would have been in violation? Would Mr. Reade have been in violation of section 8(a)(1)?

Mr. GUTGSELL. I think he would then.

Senator CURTIS. Do you think the association would have been in violation of 8(a)(1) had this restaurant been in interstate commerce?

Mr. GUTGSELL. Do you mean the restaurant association?

Senator CURTIS. Yes.

Mr. GUTGSELL. Well, assuming that they had carried out all the requirements of that section, which I assume that you have assumed, I would say they would be in violation, if they were fostering this restaurant not to recognize the union at that time.

Senator CURTIS. The reason I am asking is that these associations are very common, as you know, around the country, and represent not only restaurants but all types of businesses.

I have always been interested in the legal question as to whether or not the individual would be held in violation of the Taft-Hartley or the association.

Mr. GUTGSELL. Well, it would be my opinion, and I may be wrong, but I would think that anybody that would carry out what you have just said, in view of that law, I think they would both be in violation.

* * * * *

Senator CURTIS. Where would you, as a person interested in labor law, put the blame for the fact that waitresses would be excluded from these contracts while bartenders, cooks, and helpers would be in the contracts?

Mr. GUTGSELL. Well, the waitress question has presented a problem with the restaurant owner for a long time. In the contract that I negotiated, on the gratuities help they didn't get the raise that the other part of the business received. I say that the waitresses should have a lesser pay for the reason that they do get the tips, and the waiters the same way.

It is a very difficult problem. But I think once they get either on one side of the fence or the other, then the question of the waitresses would be easily handled, because I believe the union recognizes the fact that the waitresses, the people that receive gratuities, should be at a different level than the fellow that is broiling steak in the backroom (pp. 12684–12685).

Reade told the committee that he was first approached by Trungale and O'Connor to put his employees into the union early in 1950. When he refused they threatened him with a picket line and he went to the restaurant association to confer with Kiesau who arranged for Teitelbaum to contact him.

Reade testified that Teitelbaum came to his restaurant and Trungale arrived shortly thereafter, but Trungale insisted "we would have to take a walk," and during the stroll, according to Reade, Trungale made the remark that "I expected nothing less than the price of a new Cadillac out of the Nantucket" (p. 12691).

Trungale and Teitelbaum finally agreed, Reade said, that he should pay a $500 "penalty or initiation fee" and put 10 of his employees in the union. On the instructions of Teitelbaum, Reade added he gave Trungale $150 on the spot with the understanding that the remaining $350 and the dues for the 10 employees would be paid at a later time.

Reade said the more he thought about the arrangement, the less he liked it and he contacted Kiesau at the association and told him what had happened. Kiesau was "quite disturbed" and arranged for Reade to meet with him and George T. Drake, association president.

"They both appeared to be quite amazed that such an arrangement had been worked out," Reade testified, and summoned Teitelbaum who confirmed the fact that he had made it. "Mr. Drake and Mr. Kiesau both told him that that was absolutely contrary to any arrangement the association had ever made with him, and asked what he was going to do about it. He agreed to correct the matter, and, about 2 weeks later, I don't remember the exact time, Mr. Teitelbaum called me. I went down to his office and picked up the $150 in cash from Mr. Teitelbaum" (pp. 12692–12693).

Reade disputed Gutgsell's testimony that Gutgsell had told him that Cullerton of the union had signed cards from a majority of his employees and had been willing to submit them to Reade for verification. He said he felt in his own mind and from talking to his employees that the union did not have them.

The strike began, Reade said, on October 21, 1955, and continued until November 1957.

Mr. KENNEDY. Was there violence of any kind during the period of the strike?

Mr. READE. Yes, sir.

Mr. KENNEDY. Would you relate that to the committee?

Mr. READE. There were many, many repetitions of the same thing that Mr. Strang reported here, only on a much greater scale. They stopped me from removing my garbage. I was fortunate that having a fairly large house out in the rear where we keep our garbage cans, and after I had the house filled to the roof and couldn't get any more in there, I made an arrangement through the Chicago Restaurant Association, through the Illinois Detective Agency, to arrange for a truck to come in and remove this garbage.

The police department were notified that there would be a special movement that afternoon. Normally we were bringing in our merchandise all in the morning. On the instructions of the police department, we called them and they escorted in every load of merchandise that we brought in, and escorted out every load of merchandise that we took out.

Before our truck arrived to pick up this garbage, there was a roadblock placed in our alley at both ends of the building, blocking the alley so no one could get through and no one could get to the garbage.

This roadblock was placed by people known to me as being union people, because I had seen them around the place of business in many occasions conducting their business. I talked with the sergeant on duty at the Nantucket Restaurant, and he was unable to do anything about it. I called the Morgan Park police station. They sent up two private detectives, and they were unable to do anything about it. The cars were kept ther and the alley was kept blocked.

The CHAIRMAN. How was it blocked?

Mr. READE. By parking a car in the alley at each end of the building where nobody could get through.

The CHAIRMAN. Whose cars were they?

Mr. READE. They belong to the union people.

Mr. KENNEDY. During this period——

Senator GOLDWATER. Excuse me. Did you ever call the police and ask them to get the cars removed?

Mr. READE. Yes, sir. I called the Morgan Park police station, and they sent up two private detectives, Officer Judd and Officer Finn, and these two officers came up and they talked to these union officials for quite a long time. About 2 hours later, Frank Trungale, who is known to me as the top man in this union, this South Chicago union local, went over

and very graciously gave the sergeant on duty permission to let our garbage truck come in and remove the garbage.

In the meantime, the man that was driving the garbage truck got so upset over the whole thing that he left. By the time he left, then Mr. Trungale went over and gave permission to the sergeant on duty to let the truck remove the garbage. But we had no truck to remove it. For that reason, we naturally could not remove it at that time.

Also, during the time this alley was blocked, in my presence, James O'Connor threatened to kill the man that was operating this truck, in my presence and in the presence of these policemen that were stationed in the alley.

I went over to the police officers and asked them to please make a notation of the fact that "this gentleman threatened this gentleman's life," and at a later date when I tried to get someone to come into court and testify to this fact I was never able to find any policeman that knew anything about that affair (pp. 12695–12696).

Reade said he went to see the police commissioner the following day and, from that time on, "they never attempted to stop us from moving our garbage" (p. 12697).

Reade admitted that some of his employees walked the picket line within the first 2 or 3 days and some continued on the picket line up until the time it ended.

James F. Mundie, a committee investigator, interposed at this juncture with testimony showing that the restaurant association financed the Nantucket Restaurant to the tune of $118,998.41 during the 2-year strike period and that local 394 disbursed $111,620.80 in connection with the dispute. Included in the association disbursements were payments of $1,200 a month for rent although Reade owns the property in which the restaurant was located; a salary of $7,800 a year for Reade, a salary for his partner, the expenses of the restaurant, and funds which were disbursed by Reade to an undisclosed source.

Mundie testified the partnership return of income for 1954 was $16,732.16; for 1955, $16,125.88; and for 1956, $16,800. Reade estimated that his annual volume before the strike was a little more than $200,000 a year.

Senator GOLDWATER. The strike started in November of 1955. How soon after the pickets were placed outside did you begin to feel your volume going off?

Mr. READE. It had an effect immediately, and it varied from time to time. I had overcome a great deal of the effect of the strike up until March 18, when the union brought out a large number of people and put on a big demonstration out there.

At that time they threatened customers, they cut tires, they broke windshields, and they did generally anything they saw fit to do, including assaulting one of my customers because he objected to them breaking his windshield.

Senator GOLDWATER. How low did your volume get during the strike as a result of the strike?

Mr. READE. It got down under $100,000 for the year. And I am still talking off the cuff, sir. I am not exactly accurate. But it is under $100,000.

* * * * *

Senator GOLDWATER. Your profit, then, is between $16,000 and $17,000 on a $200,000 volume, and your volume fell off to, you say, under $100,000. What would your profit picture have been on that much loss in volume?

You would not have made a profit?

Mr. READE. I would have gone into the red.

* * * * *

Senator GOLDWATER. How long could you and your partner have withstood this strike economically?

Mr. READE. We could not have stood it at all. We would have had to close our doors immediately, without assistance of the Chicago Restaurant Association.

Senator GOLDWATER. Is it a part of the restaurant owners' agreement with the restaurant association in Chicago that this type of joint action will be taken in the event of a strike?

Mr. READE. I didn't quite understand that question, sir.

Senator GOLDWATER. Is it part of your agreement, if there is an agreement, written or verbal, with the restaurant association, that this type of economic assistance will be given to you in the case of a strike?

Mr. READE. It is the understanding that they will furnish you with any assistance that is arrived at by the committee that handles that. Each situation is voted on and handled individually by the committee that handles that particular activity.

I don't believe that there is any cut and dried rule for handling it that would apply in every case. That is my understanding of it.

* * * * *

Senator KENNEDY. Were you paying union wage scale at the time this matter came before you?

Mr. READE. Mr. Kennedy, I don't believe that there has ever been a union contract negotiated out in my neighborhood. I understand that there is a printed list that has been copied from some prior contract that is being passed around as a union contract. But to my knowledge, there has never been a union contract negotiated out there. For that reason, I don't believe that there is a union wage scale established out in that area (pp. 12705–12707).

* * * * *

Senator MUNDT. Is the basic reason that you have formed an organization called the Chicago Restaurant Association, and developed this collective resistance to unionism, the fact that in Chicago the Restaurant Union has fallen into the hands of thugs and people with whom you simply cannot deal at arm's length on a legitimate basis?

Mr. READE. I think the happenings at the Nantucket Restaurant for 2 years and 2 weeks perfectly demonstrate the fact

that it is impossible for me to get any relief from anybody under any conditions, and the only help that I was able to get was the support of my fellow restaurant people who participated in this voluntary contribution. There is no other way to stop these people at the present time which has been explained to me as because we are in a no man's land. I believe that is the way it has been explained. We neither are protected by the local government or the Federal Government, or we are not given relief by the local government or the Federal Government.

We might be protected but we are not given relief.

Senator MUNDT. And without this so-called insurance benefit payment of $118,998.72 in 2 years, I suppose your restaurant business would have been broke?

Mr. READE. No, sir; it would not have been broke, because I realize the seriousness of the situation, and I would have closed my place of business and liquidated what little assets I had, and probably gone back down to Georgia where I came from.

Senator MUNDT. Well, that is one way to escape going broke. You would have been put out of business (p. 12711).

Merlin W. Griffith, formerly an organizer for the joint executive board of the Hotel and Restaurant Employees Union, was involved in the Nantucket Restaurant situation as a supervisor of pickets. He provided the committee with an interesting picture of the siphoning off of money supposedly going for the hire of pickets.

Griffith testified he padded the daily list of pickets who were receiving $13.50 a day to show two more than were actually on the line. This $27-a-day item was included on orders from Trungale and O'Connor, Griffith said, and "all I know is that it went into a special fund for expenses and went downtown."

Mr. KENNEDY. Did they tell you it went downtown?

Mr. GRIFFITH. Yes.

Mr. KENNEDY. To whose office downtown?

Mr. GRIFFITH. Blakely and Lardino.

Mr. KENNEDY. That money was to go down to them, this extra money?

Mr. GRIFFITH. It was to go down to them for special expenses.

Mr. KENNEDY. Why, if it was special, legitimate expenses, why weren't legitimate vouchers submitted? Do you know that?

Mr. GRIFFITH. I don't know. They bought a station wagon and some things like that. I don't know where the money went.

Mr. KENNEDY. You don't know how the money was used?

Mr. GRIFFITH. No, I don't. I didn't get any of it.

Mr. KENNEDY. But you know this practice was followed for how long a period of time?

Mr. GRIFFITH. This practice was followed from approximately 4 months after the strike started until April 1957.

Mr. KENNEDY. So that would be about a year and a half; is that right?

Mr. GRIFFITH. That was the time that I made the slip out. Now, after that, I don't know where the money went.

Mr. KENNEDY. But for at least 18 months, this practice——

Mr. GRIFFITH. I would assume it would be approximate.

Mr. KENNEDY. This amounted to about $27 each day, with Sunday getting a little bit more?

Mr. GRIFFITH. Well, I doubt if it would be 18 months. The strike run 2 years. I would say it would probably be about 14 months, something like that (p. 12923).

When Teitelbaum was called to testify, he persisted in efforts to get a statement into the record. He declared among other things that "for over 15 years, the Internal Revenue Department has been hounding me." The committee ruled that any statement by Teitelbaum would be accepted only if it was under oath.

After being sworn, Teitelbaum identified himself for the record and then stated:

Further than that I refuse to answer on the grounds enumerated as follows:

First, I claim protection under the first amendment to the U.S. Constitution, and which protects me and protects every citizen from unlawful search and seizure.

My second ground is under the fifth amendment, that anything I may testify may tend to incriminate or degrade me. That is second.

Third, I claim protection under the sixth amendment to the U.S. Constitution on the ground that everybody is entitled to counsel, the right of counsel, and the people that I have represented and who have retained me as counsel are entitled to their privileges and immunities and as guaranteed every citizen of the United States, notably the right to keep their testimony in a confidential capacity, similar to a priest and parishioner, and doctor and patient, as well as attorney and client.

I also claim the privileged immunities as guaranteed me under the 16th amendment of the Constitution of the United States, which is known as the income-tax amendment, which has been in force in our country since 1913, under which I gave testimony before the King committee in the year 1951, and as a result of such testimony I received a jeopardy assessment and thereafter I was indicted twice by the U.S. Government for income tax evasion.

As a result of that, I faced two disbarment proceedings in the State court, as well as in the Federal courts, in which I defended them successfully pro se. I have pending in the U.S. Tax Court two tax cases in which I am the petitioner, seeking a refund of my taxes. My testimony here may tend to embarrass those proceedings, and, therefore, I feel that my testimony might prejudice me for the reasons heretofore enumerated.

I will refuse——

The CHAIRMAN. Have you concluded now your objections to testifying?

Mr. TEITELBAUM. Yes; I have.

The CHAIRMAN. The Chair overrules all objections interposed by the witness save and except the fifth amendment (p. 12714).

Thereafter Teitelbaum refused to answer any and all questions, invoking the privilege against self-incrimination. He would not tell when or where he was born or even if he was an attorney although he slipped once by referring to the fact that he had practiced law for 29 years. Committee counsel ran through the list of Chicago's criminal hierarchy and Teitelbaum remained silent as to whether he knew any of them.

It was pointed out to Teitelbaum that the records show he was retained by the restaurant association in 1939 at $20,000 a year, plus a Christmas bonus; that his was increased subsequently to $25,000 a year, plus a bonus of $2,000 to $8,000; that in 1949 his salary was increased to $54,000 a year and in 1950 to $125,000 a year. Teitelbaum would not answer.

As Teitelbaum spurned reply to question after question, Chairman McClellan finally observed that "I do not undertake to tell the bar association and the court authorities in Illinois what to do or what not to do, but I would simply invite their attention to this record for their proper consideration and action."

Teitelbaum suggested that Chairman McClellan should read the case of *People* v. *Holland*, "in which a judge of the municipal court of Chicago invoked the fifth amendment, and in which the Supreme Court of the State of Illinois said he had a perfectly legitimate right to do it."

"I don't have any more respect for him than I do for you, under the circumstances," the chairman replied.

Clifton Marquis and Donald A. Marquis, president and treasurer, respectively, of the Marquis Co., which operates 11 restaurants in Chicago, have been in the business for more than 40 years.

Donald Marquis testified he received a letter in 1953 from local 593 which claimed that the union had signed a majority of the company's employees. He contacted Teitelbaum who told him to disregard it and he would handle the situation.

Clifton Marquis said he went to the union office after picketing of the restaurants started and asked for an election but "they said it was too late." He identified "they" as Blakely, John Lardino, and Cullerton.

Donald Marquis declared that he checked around the 11 units and there were "not over 10 or 15 of approximately 100 that were employees." The company employs approximately 150.

Mr. KENNEDY. The rest of them were all outside pickets?

Mr. DONALD MARQUIS. That is right (p. 12825).

Donald Marquis testified that the pickets remained outside "but there were frequent occasions where there would be automobile loads of derelicts dumped out in front of the restaurant and given money to go into the restaurant."

Mr. KENNEDY. What was the purpose of that?

Mr. DONALD MARQUIS. To create a disturbance, buy food, spill it on the floor and fall asleep in the restaurant (p. 12826).

This, he said, went on for the 10½ weeks of the strike.

Donald Marquis said his company was a contributor to the restaurant association's voluntary fund "to prevent coercion in the union. I don't think it prevents unionism" (p. 12826).

Mr. KENNEDY. Was Mr. Teitelbaum, in view of the fact that he was not able to keep the pickets from going on the restaurants, was he then fired from his job as labor consultant for the Chicago Restaurant Association?

Mr. DONALD MARQUIS. Well, I don't know that I would say that he was fired. It was an automatic understanding, as I understood it, that when we needed his attention, if we didn't get successful application, he was to quit.

* * * * *

Mr. KENNEDY. When he wasn't able to successfully produce what he was supposed to produce, which evidently in this case was the picketing, then his services were dispensed with, is that right?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. In this particular case, his services were dispensed with because he was unable to prevent the picketing?

Mr. DONALD MARQUIS. That is right.

Mr. KENNEDY. Then the Chicago Restaurant Association went out and hired another labor relations consultant, is that right, and not Mr. Champagne?

Mr. DONALD MARQUIS. That is right (p. 12827).

Clifton Marquis said he was one of the members of the association committee that hired Champagne to succeed Teitelbaum but didn't know anything about Champagne or the fact that he was a criminal lawyer and not a labor lawyer. He said George T. Drake, president of the association at that time, proposed Champagne, who also was paid $125,000 a year.

"About 10 days" after Champagne was hired, the pickets left the 11 restaurants, Donald Marquis testified.

Mr. KENNEDY. Do you know if he had as an assistant in this operation Mr. Sam English?

Mr. DONALD MARQUIS. I do not know that. I read it in the paper.

Mr. KENNEDY. Mr. Sam English had a long criminal record. Why was that necessary?

Mr. DONALD MARQUIS. I couldn't answer that (p. 12828).

Donald Marquis acknowledged that his company received $247,000 from the restaurant association during the period of the strike.

Mr. KENNEDY. Did any of your employees sign up in the union?

Mr. DONALD MARQUIS. Not that I know of.

Mr. KENNEDY. None of them became members of the union?

Mr. DONALD MARQUIS. I don't know that they did.

Mr. KENNEDY. You never signed a union contract?

Mr. DONALD MARQUIS. No; we did not.

Mr. KENNEDY. So you were successful in preventing unionization?

Mr. DONALD MARQUIS. Successful in keeping an open shop condition.

Mr. KENNEDY. There were never any contracts signed with the union?

Mr. DONALD MARQUIS. No (p. 12879).

Donald Marquis characterized the fifth amendment pleas by the two former attorneys for the association as "a terrible reflection upon a fine organization" (p. 12836).

Champagne followed the Marquis brothers to the stand and repeated his March performance of invoking the fifth amendment to virtually every question asked of him. Several members of the committee expressed the hope that the Illinois bar and the Illinois courts would move against both him and Teitelbaum.

Mr. KENNEDY. According to this letter, and according to the records that we have, you were making some $8,000 or $9,000 in law practice, Mr. Champagne.

At least, that is how much you were declaring. Then when you went to the Chicago Restaurant Association, you were given a retainer of $125,000, you remained there for 8 or 9 months and settled the Marquis strike and then resigned on the basis that you had to go back to your law practice, that it was taking too much time.

Can you tell us why you followed such a peculiar record?

Mr. CHAMPAGNE. Mr. Kennedy, under the Constitution of the United States and its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me, and I respectfully decline to be a witness against myself.

Mr. KENNEDY. Mr. Champagne, the reason that we have that you resigned was an argument that you got into with Tony Accardo, and he was going to have you killed at that time; that finally, through the intercession of some of your friends and relatives, that was prevented.

Would you make any comment on that, whether that is correct or not? That you were going to be killed but some of your relatives and friends interceded and saved your life, and you resigned?

Mr. CHAMPAGNE. Well, I am going to answer again, Mr. Kennedy, that under the Constitution of the United States, and all of its amendments, including the fifth amendment, I respectfully decline to answer for the reason that my answer may tend to incriminate me (p. 12845).

Champagne made the same answer to the following three questions by Chairman McClellan:

> Were you employed by this restaurant association by reason of the influence or on the recommendation of a gangster, high in the crime operations in the city of Chicago?
>
> Did you employ Sam English to help you because you were ordered to do so by organized criminals, criminals in the city of Chicago?
>
> Did Anthony Accardo recommend you to the restaurant association as a successor to Teitelbaum, and did he also order and direct you or recommend that you employ Sam English to assist you?

English, an associate of Sam "Golf Bag" Hunt and Tony Accardo, also invoked the fifth amendment when he was summoned to appear before the committee. He would not answer whether Champagne paid him $19,200 a year out of the fee from the restaurant association, nor would he reply when asked about his ownership of the Fifth Jack Grill whose six employees are nonunion and being paid below union scale in an amount approximately $1,700 a year. The grill has never been bothered by the union since English acquired it.

Donald F. Kiesau of Glenview, Ill., has been executive vice president of the Chicago Restaurant Association for 22 years. At the time he testified his annual salary was $25,000, plus a bonus of $7,000.

The association, he told the committee, numbers about 700 members representing 1,800 units of a total of approximately 5,000 in the Chicago area. Kiesau estimated that association members represent 60 to 70 percent of the total volume of restaurant business in Chicago, and dues are prorated on the basis of number of employees.

Staff Investigator Mundie put in the figures showing that total income to the association in the past year amounted to $94,206.14, with membership dues accounting for $38,212.37. Another major source of income was the buyers' guide which produced $27,904.32.

Mundie also testified that the total of contributions to the voluntary fund from 1951 through 1957 was $1,121,167.81. The year-by-year breakdown was $152,019.69 in 1951, $139,961.90 in 1952, $144,866.75 in 1953, $194,248.73 in 1954, $178,164.55 in 1955, $163,893.02 in 1956, and $148,013.17 in 1957.

From October 31, 1950 to 1954, Mundie said, Teitelbaum was paid $302,800 and Champagne, who succeeded him, received a total of $83,200.

Kiesau estimated that probably 150 out of the 700 association members have some sort of unionized employees in their place of business and are classed as "either all union or partially union" (p. 12864). The nonunion restaurants contribute to the voluntary fund on the basis of $1 per month per employee, and the ratio for union restaurants has been "approximately 50 percent," Kiesau asserted. However, the union restaurants ceased participation in December 1957.

Kiesau testified that Teitelbaum was retained by the association at the suggestion of Mr. Toffenetti "about 1938 or 1939" at a time when Drake's Restaurant was involved in a strike that had been going on for a long time.

Mr. KENNEDY. Did you know while Mr. Teitelbaum was working for the association he was making these payoffs to union officials?

Mr. KIESAU. No, sir (p. 12867).

Kiesau corroborated Reade's testimony with reference to Teitelbaum's participation in the payment of the bribe to Trungale and the association demand that Teitelbaum return the money to Reade, but he admitted that the board of directors took no steps to fire Teitelbaum when the matter was brought to their attention. It was pointed out that the minutes of the board do not reflect that any report of the incident ever was made as Kiesau said but Kiesau insisted "it was not left out intentionally" (p. 12868).

The following letter, dated March 2, 1951, from Kiesau to Teitelbaum was placed in the record:

> DEAR MR. TEITELBAUM: This letter is to advise you that our board of directors will not authorize the repayment of the $10,000 which you gave to the State attorney's investigator, Mr. Dan Gilbert in 1950. As we discussed, probably the money was used in his political campaign for sheriff of Cook County. We understand that you needed him to help remove the pickets from the Regent Drugstore at the Sherman Hotel. Also, you told me that the demand by Mr. Gilbert was on the association. It has been the policy of the Chicago Restaurant Association, as you well know, that this expense, as well as expenses for union periodicals, subscriptions, dues, travel expenses, entertainment of union representatives and officials, strike expenses, hiring of additional attorneys, labor experts, and all other expenses, in connection with your position as our labor counsel, are to be borne by you. These expenses are considered a part of your annual retainer fee. Your request for reimbursement is regretfully declined (p. 12869).

Kiesau said this matter also was discussed by the board and again no action was taken to fire Teitelbaum.

Mr. KENNEDY. It is very interesting, I think, that the two things we have found thus far that have not been in the minutes is, a bribe to a union official, and the other an alleged payoff to a county official.

Mr. KIESAU. I can't answer that. I am unable.

* * * * *

Mr. KENNEDY. Mr. Chairman, I would like to say in fairness to Mr. Gilbert that this was looked into by the Internal Revenue Service and certain other Government agencies. They found that although Mr. Teitlbaum stated that he made this payment to Mr. Gilbert, they found no evidence that he ever did make the payment, but that he was just making a statement that he had made it. All the evidence was that he kept the money himself.

The CHAIRMAN. As I understand you, now, from the information the committee has, it does not necessarily mean that

Mr. Teitelbaum's report on the transaction that he actually paid the money is true.

Mr. KENNEDY. That is correct.

The CHAIRMAN. In other words, it is indicated that it was not true, and he was simply undertaking to shake down the restaurant association that much further?

Mr. KENNEDY. That is correct.

Senator GOLDWATER. Was that determination made from Internal Revenue reports? In other words, Mr. Gilbert didn't show $10,000 received?

Mr. KENNEDY. And the Internal Revenue Service and other Government agencies investigated, and they became convinced from a review of their records that Mr. Teitelbaum actually was trying to shake down the association.

Senator GOLDWATER. Did Teitelbaum report the $10,000?

Mr. KENNEDY. He attempted to, and they investigated and found out from a review of his record that he had never made such a payment. The point, however, is that as far as the restaurant association knew from their records, he had made such a payment. Still Mr. Teitelbaum was kept on as the representative for them in labor-management relations.

The CHAIRMAN. In other words, the restaurant association, from the information it had, was bound to conclude, if they believed their counsel, that he had made the payment, and I assume they did believe him at the time, although they declined to reimburse him for it, stating that any such expenditures would have to come out of his own salary.

But notwithstanding that, knowing that he claimed he had made such a payoff, still your association retained him as its labor relations counsel?

Mr. KIESAU. Yes, sir (pp. 12870–12871).

Kiesau maintained that it was his understanding that the $2,240 check given by Strang to Teitelbaum in the Howard Johnson dispute was an attorney's fee and that he did not know until Strang brought it to his attention in 1955 that Teitelbaum had endorsed the check over to the union.

Kiesau was unable to explain satisfactorily the phraseology of certain letters he wrote to Teitelbaum in which he mentioned "union contributions" and "union dues."

The CHAIRMAN. Well, you were augmenting his expense account and so forth in order to cover these things, obviously. Isn't that correct?

Mr. KIESAU. I assume that it is.

The CHAIRMAN. Well, isn't that it?

Mr. KIESAU. Yes; that is it.

The CHAIRMAN. Without assuming, that is a plain fact about it, isn't it?

Well, when you go to increase a payment, either salary, retainer, or for expenses, you generally know, and I would think as an administrative official of an association you would want to know, what expense was included in the increase being granted. This is, unless you just had a general under-

standing he was to go out and do anything, whatever is necessary, bribe or anything else, in order to handle the affairs of the association.

You don't want to leave that implication, do you?

Mr. KIESAU. Well, these matters of bonuses and/or gifts that were given to Mr. Teitelbaum at the end of the year were determined by the board of directors.

* * * * *

Mr. KENNEDY. Were Mr. Teitelbaum's services dispensed with because of any of these activities, any of these kinds of payments?

Mr. KIESAU. I don't understand your question.

Mr. KENNEDY. Were Mr. Teitelbaum's services dispensed with because of any of these kind of activities, any payments to unions?

Mr. KIESAU. They were dispensed with in the case of a strike.

Mr. KENNEDY. Was it because he was unable to stop a picket line at the Marquis Restaurant?

Mr. KIESAU. It was generally understood that the attorney was retained to prevent a strike in those situations where the union was coercively picketing.

Mr. KENNEDY. So where he was unable to stop a picket line, that was the reason that his services were dispensed with?

Mr. KIESAU. That was generally the case with all the attorneys.

Mr. KENNEDY. As far as Mr. Teitelbaum, and we are just talking about him at this time, his services were dispensed with because he was unable to stop a picket line at the Marquis Restaurant?

Mr. KIESAU. That's correct.

Mr. KENNEDY. Then the Chicago Restaurant Association hired Mr. Champagne; is that correct?

Mr. KIESAU. That is correct (pp. 12880–12881).

Kiesau testified he knew knothing about Champagne's background or that he had underworld associates or how he was able to settle the Marquis strike.

Personal loans made by Kiesau to Teitelbaum also were reviewed by the committee. Kiesau acknowledged he loaned $25,000 to the former Capone attorney in 1949, and the same amount on two different occasions in 1950. The 1949 loan was in existence for about 4 months and Kiesau said he got $5,000 interest on it. The first of the $25,000 loans in 1950 was repaid 6 months later and produced $2,500 in interest. In 1951 there were loans of $13,750 and $15,000 on which there was no interest rate.

Mr. KENNEDY. Why didn't you get some interest on that one?

Mr. KIESAU. Maybe I was trying to even out from what was paid before. I can't tell you (p. 12886).

There was also testimony by Kiesau that Teitelbaum "borrowed money from many people, many restaurant people, I believe he also made a loan from the association once. I think the records so indicate. He made a loan from some of the directors of the association" (p. 12886).

George T. Drake, of Kenilworth, Ill., who operates restaurants in Chicago and Wilmette, Ill., was president of the restaurant association from 1949 to 1954 and presently is a member of the board.

Asked why the association continued to retain Teitelbaum while he was president, Drake replied that Teitelbaum was there before he assumed the post, "the directors maintain him there" and "I went along with the board of directors." He professed to know nothing about Romano's background or reputation.

Mr. KENNEDY. Could you tell the committee why the restaurant association took no steps to dispense with the services of Mr. Teitelbaum when it was brought to their attention that he was involved in the extortion of the Nantucket Restaurant and you were president of the association?

Mr. DRAKE. At that time we did take the one step that has been testified to here, as far as forcing Mr. Teitelbaum to pay the money back. I do recall that he was admonished by the board, and he more or less promised and said that he would not enter into that type of arrangement again.

Mr. KENNEDY. What about the $10,000 payment supposedly to be paid to the county investigator, Mr. Dan Gilbert?

Mr. DRAKE. Could I look at that letter, please, Mr. Kennedy, again?

The CHAIRMAN. The Chair presents to the witness exhibit No. 29 for his examination.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. DRAKE. I believe as stated in that first paragraph, it was our opinion that that had been a political contribution.

Mr. KENNEDY. Let's make sure that you understand it. It says "We understand that you needed him to help remove the pickets from the Regent Drugstore at the Sherman Hotel."

Mr. DRAKE. I don't recall that part of it, Mr. Kennedy. I don't recall as to that part of the statement before the committee or whether it was something that Mr. Kiesau had or that Mr. Teitelbaum had talked about to Mr. Kiesau.

I could recall the $10,000 payment. I do recall that it was considered by us a political contribution. Many of us make political contributions in the city of Chicago to public officials, and for their campaigns.

Mr. KENNEDY. Mr. Kiesau just testified that he gave the full facts to you and to the other members of the board of directors, and this was to get rid of a picket line, and you people were aware of that.

Mr. DRAKE. I do not accept that statement. No, it was not.

Mr. KENNEDY. Mr. Kiesau just testified to that.

Mr. DRAKE. He wrote that letter, Mr. Kennedy.

Mr. KENNEDY. He testified under oath that he told you all the facts in this matter.

Mr. DRAKE. I did not hear him. He may have. I told you that I do not recall that part of it, sir (pp. 12887–12888).

Drake admitted that he had not made any investigation of Champagne's background but asserted that he did not know about his criminal association.

The picketing of the Marquis restaurants, Drake declared, was done.

> * * * in order that the owners would coerce the employees, force them, into joining the union. A virtual stronghold had been placed upon this company. They could not get deliveries in the normal method. We could not get the garbage out by the normal scavengers. We had no laws to turn to. There are no laws on the statutes of the State of Illinois or in the code of the city of Chicago. Our hands were tied. The strike was costing us approximately $20,000 to $25,000 a week.
>
> This was coming out of the voluntary fund of the Chicago Restaurant Association, and this fund could not go on indefinitely. So when the time came that Mr. Champagne's name came to me, and I took Mr. Isabell and I took Mr. Marquis out with me to see Mr. Champagne, and I asked Mr. Champagne if he could assist us in this matter, he told me at that time that he would try. I said if he could successfully terminate this strike, I could almost assure him that he could become the counsel for the Chicago Restaurant Association.
>
> I repeat we had no place to turn. We had no local law that could give us a free election by the employees. We had nothing that could stop the secondary boycott, and according to your own statements, we were guilty of three alternatives, No. 1, if we fought we were guilty of union busting, and No. 2, if we made side deals we were extorting money, and No. 3, this is my own opinion, if we forced those employees to go into the union that is a form of dictatorship.

* * * * *

Mr. KENNEDY. Did you find out how he was spending the money?

Mr. DRAKE. No, sir.

Mr. KENNEDY. Did you ever make any determination or any investigation to find out what he was doing with the money you were paying him?

Mr. DRAKE. No, sir.

Mr. KENNEDY. All you were interested in was that he got the results; is that right?

Mr. DRAKE. Was there anywhere else we could go?

Mr. KENNEDY. Mr. Drake, why don't you answer the question? All you were interested in was that he should get the results; is that right?

Mr. DRAKE. I think I make that clear, because there was no place else that we could go.

Mr. KENNEDY. That answer is "Yes"?

Mr. DRAKE. That is right.

Mr. KENNEDY. I think that your position is no better than the union's.

Mr. DRAKE. That is your opinion (pp. 12890–12891).

Testimony relative to the abortive effort by underworld interests to organize a rival restaurant association and a companion organization of tavern owners was placed in the record through Lt. Joseph Morris and Detective William Duffy of the Chicago Police Department. Morris was the first commanding officer of the intelligence section established in September of 1952 to maintain continuing surveillance of the activities of Capone syndicate members.

Morris said he assigned Detective Duffy and his partner to investigate a report that James Weinberg and Paul "Needlenose" Labriola were becoming increasingly active in syndicate affairs. They unearthed the information about the plans for the associations and, when the group opened a suite of offices at 10 North Clark Street, the intelligence unit was able to obtain quarters close by so that activities, conversations and visitors were under constant scrutiny. Morris also revealed that an undercover man actually was inside the organization as an employee of Weinberg.

Morris testified that the rival organization was to be known as the Metropolitan Restaurant Association with Robert Greenfield as attorney and Nate Bernberg, then an employee of the recorder of Cook County, as executive director.

There were indications that Teitelbaum "was in bad grace with the syndicate powers," Morris said, and Greenfield was blaming Teitelbaum for anonymous calls being received by members of his family in which threats of violence were being made. In the course of one conversation, Morris declared, Greenfield was heard to remark that he would "like to see somebody kill that so-and-so," and when Greenfield had left, Weinberg revealed there was a plot to do away with Teitelbaum. According to Morris, Labriola was seeing Teitelbaum at his office regularly and at the proper time Labriola was to push Teitelbaum through the window of his office to make it look like a suicide in view of Teitelbaum's "trouble with the Government and tax difficulties, and he was having marital troubles also" (p. 12733).

Morris said the information was relayed to Police Commissioner Tim O'Connor who told Morris to warn Teitelbaum about the plot on his life. "It really upset him, and Mr. Teitelbaum actually believed that they fully intended to kill him," Morris asserted (p. 12733).

The green light for the organization of the associations was given by Tony Accardo, Morris stated. He told how Weinberg and Bernberg returned from lunch one afternoon with Accardo and reported to Greenfield. Other conversation overheard by the police observation post indicated that the associations were to receive the cooperation of Blakely and Johnny Lardino of local 593. The strategy to be employed was to start labor trouble which Teitelbaum would be called upon to straighten out. When he failed the owner or management of a restaurant would be steered to the new association and a settlement effected, thus the word would then get around that the new association "were the right people to deal with," Morris said (p. 12734).

"The restaurant association didn't seem to get off the ground," Morris testified. "I guess Mr. Teitelbaum was the reason for it. They realized that he would be able to expose Weinberg's connection with the new association and for that reason Weinberg was told to

sit tight on the restaurant association and to go ahead and create more or less of a diversion or smokescreen by going ahead with the organization of the tavern association" (p. 12734).

As explained by Morris, the tavern group bore the name of Federated Retail Liquor Dealers Association, and it was to be used as an instrument to seize control of the entire area. A number of tavern associations existed and the general plan was to create a council of associations and, by rigging an election, gain control of the council.

"So where we thought it was prudent," Morris said, "we talked to people we thought we could trust, told them the background of the federated association, and in most instances we were able to prevent Weinberg and his cohorts from getting very far. Of course, sometimes it backfired. On one or two occasions we told the wrong people and the information got back to Weinberg and Greenfield; in fact, I received a telephone call from Mr. Greenfield in which he threatened to bring some kind of legal action against me because I was maligning his character" (pp. 12737–12738).

During the course of the observation, Morris said, the police learned that the real boss of the operation was Sam "Golf Bag" Hunt, and that Weinberg was nothing more than a salaried employee. The police also learned that Weinberg needed help and cooperation from neighborhood gang chieftains who, in turn, had to be assured that Weinberg had the "OK from the top." Morris identified these sectional leaders as Ross Prio, Monk Gallagrette, and Joey Caesar on the North Side; "Tough Tony" Capezio, Sam "Teets" Battaglia, and Willie "Smokes" Alosio on the West Side, and Bruno Roti on the South Side, who was little known but "we found out later that he was quite an influential gentleman. In fact, Weinberg referred to him as one of the mustache boys, and in the conversation implied he was a Mafia member" (p. 12734). Also associated with Weinberg and Labriola was James "Cowboy" Mirro, but the latter two, Morris said, were kept in the background as much as possible.

Mr. KENNEDY. How could you be sure that an individual was present or that they were participating in the conversation?

Mr. MORRIS. We could see who entered and left the office, and we also got to know their voices.

Mr. KENNEDY. Did they start to move in on any of these restaurants, or any of these taverns? Did they actually put the plan into operation?

Mr. MORRIS. The tavern association, yes. They had some members. There was a case in Chicago, a tavern down around 25th and Michigan, the Red Wheel Tavern, I think was the name of the place. The licensee was a gentleman named LaPietra, I think, to the best of my recollection. A Government agent was in the tavern taking part in the investigation, the narcotics investigation, and a shooting occurred.

Of course, the Government agent had to identify himself. As a result of the shooting the police captain of the district recommended that the license of the tavern be revoked, and it was. Weinberg, Greenfield, and Bernberg decided that this would be an ideal case for them to take up, and if they could have this license restored it would make a very good impression on other tavernowners.

With that in mind, they framed a case against the Government agent. They secured witnesses someplace, the witnesses had visited the office two times that I know of, and on these occasions Mr. Greenfield and another attorney by the name of Wiley, a friend of Weinberg, coached these witnesses in the story to tell the liquor commission, the story implicating the agent.

The story tended to show that the agent was drunk, and that he provoked the trouble, and that he was posing as a truckdriver, and he pulled a gun and they had to defend themselves.

Incidentally, all this information was passed on to the proper authorities at the time (p. 12736).

Morris said that police harassment and internal difficulties eventually brought about dissolution of the association and Weinberg and Labriola moved out to the county where they organized another association. Eventually they were found slain in gangland fashion in the trunk of an automobile.

The observation post, according to Morris, also yielded information that the syndicate was beset by internal dissention generated by the "young bloods" who were not satisfied with what they were getting. Morris continued:

They said "These old fellows," meaning, I suppose, Accardo, Guzik, Prio, some of the old established hoods, had things pretty well wrapped up; they didn't want any violence because it brought a lot of heat on their operations. They were hoping that some kind of trouble would flare up among the gang chieftains and they would kill each other off, so it would make it better for the younger fellows. The young bloods in particular were supposed to be responsible for a lot of violence.

There was a Negro policy operator, an independent policy operator on the South Side. His name was Roe.

An attempt was made to kidnap him. In the attempt Marshal Caifano's brother, a person known as "Fat Lenny" Caifano, was killed either by Roe or somebody with Roe.

Shortly after, all within a matter of months, Roe was killed. According to the conversations we had heard Weinberg and his associates taking part in, the young bloods, that is, Marshal Caifano, "Teets" Battaglia, "Smokes" Alosio, were responsible for the Roe killing, and the higher authorities, the older fellows in the outfit, did not like that at all. They did not like that violence.

Mr. KENNEDY. Was "Mooney" Giancana also one of them?

Mr. MORRIS. He was another one. I omitted his name.

Mr. KENNEDY. He was considered amongst the young bloods?

Mr. MORRIS. He is considered now next to Accardo (pp. 12738–12739).

Detective Duffy read into the record, at the request of committee counsel, an excerpt from one of his reports which stated:

> In conclusion it might be well to note that it is quite evident that these associations were instigated by the underworld elements to act in collusion with the union and that the ultimate intention of these associations was to seize control of the liquor industry.
>
> The overall plan was to eventually take over the wholesalers and distributors' associations and to form a statewide association representing all levels of the industry. Once this was accomplished, it would then be possible to extort a certain percentage of every barrel and case of beer distributed in the State.
>
> Mr. KENNEDY. You wrote that, did you?
>
> Mr. DUFFY. Yes, sir.
>
> The CHAIRMAN. When was that written? How long ago?
>
> Mr. DUFFY. In 1953 (p. 12743).

Attorney Greenfield displayed remarkable agility in the art of equivocation when he appeared before the committee. He said he has been an attorney in Illinois since 1933 and presently is associated with Allen Dorfman in the insurance business. Dorfman, of course, is by no means a stranger to the committee, having pleaded the fifth amendment when the committee inquired into some of his activities.

He denied any association with Weinberg or Labriola but said he knew Weinberg and had met Labriola once, and that Weinberg used to hang around the tavern group office because he and Nate Bernberg had been boys together. Greenfield said Weinberg was "a two-bit bum, not any great big syndicate leader in that sense," and that he and Labriola "injected themselves into the picture" and "they succeeded in wrecking the association" (p. 12747).

The reason he kept asking Weinberg if he was in the syndicate, Greenfield said, was predicated on the hope that he might learn who was making the threatening phone calls to his wife and daughter. Greenfield branded the Morris testimony about his coaching witnesses to frame the Government agent as "a complete and unadulterated lie."

Greenfield conceded that he "might have" told the Big Nine Crime Commission that the Federated Liquor Dealers had a membership of 1,500 when, as a matter of fact, there were only a handful, and he said he assisted in the organizing because he "hoped" to become general counsel.

At first Greenfield testified that he was never general counsel, then he qualified it to say that he was not counsel "in the sense that he was paid," and finally he admitted he was general counsel "for 6 or 8 weeks" (p. 12758).

Greenfield admitted he had told the Big Nine Crime Commission he had evidence of 15 shakedown cases involving policemen but said he refused to supply the evidence "because the tavernkeeper is in jeopardy of his economic life" (p. 12761).

Asked if he was prepared to submit the evidence now that the law had been changed to provide that liquor licenses cannot be revoked until a hearing is held, which Greenfield had said was his principal objective, Greenfield replied in the negative.

> Senator ERVIN. You never told a single human being the names of any police officers that you claimed were engaging in shakedowns of tavern owners at that time?
>
> Mr. GREENFIELD. No, I haven't.
>
> Senator ERVIN. Can you give the committee the names of any of them at this time?
>
> Mr. GREENFIELD. No (p. 12762).

Detective Duffy, recalled to the witness stand, recalled that summary reports compiled during the observations at the association office showed the alleged shakedown "was a prefabricated story to help promote the Federated Retail Liquor Dealers Association, as were many of the features of the organization prefabricated also."

> Mr. KENNEDY. I believe the report that you made at the time also shows that Mr. Greenfield admitted at the office that he was making these stories up.
>
> Mr. DUFFY. That is right (p. 12763).

Asked if he wanted to make any statement, Greenfield replied:

> Mr. GREENFIELD. I will make a statement that I was involved in the tavern association for a period of 10 weeks. My objective at that time was to get a law passed that would give a man a hearing without revoking his license. This objective was ultimately achieved. In the course of meeting with various tavern associations, there were men of background that might not have been of the best. But they were unimportant.
>
> The objective we tried to reach was to eliminate a law that allowed further corruption. Chicago at that time was in a great fit of excitement to the public. The Kefauver committee had exposed the link between crime and the police. This is very important to me, Senator, because for 10 weeks of having done a job that was good I have been maligned and blasphemed.
>
> This is a very important thing. I have only this to say: that if there are these hoodlums who exist, and if there are these crimes that exist, and they go on year after year after year, because I heard about it as a child, I heard it under the Kefauver committee, and I hear about it now, I think it would be pretty reasonable to assume that the continued existence of illegal enterprises, except for occasional interruptions, could only exist with the overt cooperation of the police and political figures.
>
> Mr. KENNEDY. And businessmen?
>
> Mr. GREENFIELD. Well, you are probably right, sir.
>
> The CHAIRMAN. And, we might say, and some lawyers.
>
> Senator ERVIN. In this connection, Mr. Greenfield, you and Mr. Bernberg—you prepared the statement, didn't you, that you and Mr. Bernberg issued to the crime commission?

Mr. GREENFIELD. Yes.

Senator ERVIN. You and Mr. Bernberg issued this statement to the effect that tavernkeepers had paid cops anywhere from $350 to $2,000 to avoid being charged with liquor law violations, didn't you?

Mr. GREENFIELD. Yes, sir.

Senator ERVIN. Did you have information to that effect?

Mr. GREENFIELD. Yes, sir.

Senator ERVIN. Did you have the information? Where did you get the information?

Mr. GREENFIELD. From the tavern owners.

Senator ERVIN. And did you get the names of the crooked cops?

Mr. GREENFIELD. No, sir (pp. 12763–12764).

Senator Mundt questioned Greenfield closely about the number of times he visited the association's office. "For a period of a few weeks I was there 4 or 5 times a week," Greenfield replied. He agreed that he might have been there a total of 35 or 45 times.

Senator MUNDT. Maybe 55?

Mr. GREENFIELD. Maybe.

Senator MUNDT. Maybe 60?

I wouldn't go beyond that, but that is a big departure from your earlier testimony of 5 or 6 times.

Mr. GREENFIELD. Maybe I didn't understand the question before.

Senator MUNDT. You would be a much more convincing witness, I might say, if you would be a little more consistent; if you had a better memory. But you keep changing positions so fast it is pretty difficult for someone on this side of the table to know just what in the world you were doing.

Mr. GREENFIELD. Maybe, Senator, it is just because if I am changing or shifting, I am not conscious of it.

I will admit I am very, very much excited, terribly tense and terribly angry, because the man who said that some day he would smear me, he has been able to do it, and this committee rather than take a look at it, the overall objective of what was accomplished, and rather than take a look at the talk with the State's attorney, that I reported to the police on January 5, that I acted as a legitimate businessman or attorney, and take those facts into consideration as you would, from an impartial standpoint, say, "Here is a man that travels with hoods."

He goes to the police, to the State's attorney, writes reports to the crime commission, appears before them, and here all this time these great intelligence officers had this information, they had the commissioner of police behind them, the mayor behind them, the alderman behind them, but they didn't testify because I testified on the last day and they made no arrests. Because I was what? A big power? With who?

I mean, doesn't this strike you as being strange?

Senator MUNDT. The whole situation strikes me as strange. It would sound a lot simpler if you told me you appeared before the crime commission and you said you had 15 pieces of evidence about 15 shakedowns, and what were they, and if you had related them there, instead of saying "I wouldn't tell you."

It would have eliminated some of the bizarre nature of this whole thing, in my opinion, and then the blind knowledge would have stopped.

Mr. GREENFIELD. I can understand your puzzlement there. But if I can just give you the circumstances then, these men, the tavernkeepers, were still under the law, with the police captain having the sword of Damocles hanging over their heads.

They were interested in changing the law. They were not interested in becoming subject to any vindictiveness or retaliatory measures by the police by coming out and saying, "I paid so-and-so so-and-so." We can sit here and ask why we didn't act with the greatest holiness, but you know there are a lot of people who may do things in graft, who will resent the fact that they had to pay it, but will not take the steps to say, "I paid so-and-so so-and-so," especially if they are in business.

Senator MUNDT. Could be (p. 12768).

Sam Battaglia, one of the underworld leaders on Chicago's West Side, led the parade of fifth amendment witnesses called to the stand as the committee sought to complete the information about the gangland sponsorship of the rival restaurant and tavern associations.

Battaglia pleaded possible self-incrimination when asked about (*a*) his 23 arrests, 8 convictions, and 3 jail terms, mostly for armed robbery; (*b*) his arrest in 1943 for the bludgeoning and torch slaying of Estelle Carey and his arrest in the Alexander Chase murder at which time he had $3,000 in cash on his person; (*c*) the killing of Theodore Roe; and (*d*) the frequent visits to his home by Tony Accardo and Sam "Mooney" Giancana.

Accardo, reputedly the present boss of the Capone syndicate, invoked the fifth amendment when asked if it were true that he gave the green light to Weinberg and Labriola to set up the tavern and restaurant associations. He pleaded possible self-incrimination when questioned about his connection with the torch slaying of Mike Heitler in 1931, the killing of James M. Ragan, head of the Continental Press wire service for bookmakers in 1946, or the Fourth of July parties at his swank estate attended by leaders of a number of Chicago labor unions.

Accardo refused to answer any questions about the nearly $1 million in income he reported from 1946 through 1956, including many items listed merely as "miscellaneous." The Owl Club in Calumet City accounted for $25,910.86 in 1946, $38,911.39 in 1947, $32,402.12 in 1949, $31,349.29 in 1950, $59,752.15 in 1951, $14,367.27 in 1953, $25,000 in 1955, and $25,000 in 1956; there was an item of $134,207.54 for "Guzik and Accardo" in 1949, and "miscellaneous" of $20,000 in the same year; $10,000 "miscellaneous" and $116,844.62 from Gary & Buffalo Iron in 1950; $47,500 from "speculation on gambling events"

in 1951; $20,000 again in "miscellaneous" and $49,500 from "A. D. Leibe" in 1953; $30,750 from "A. D. Leibe" in 1954, and $30,000 from "games and sales of property" and $20,000 "miscellaneous" in that same year; $30,500 in "miscellaneous" and $1,500 from Lesley Kruse in 1955; and $42,862.25 from the Premium Beer Sales, Inc., in 1956. Accardo would discuss none of them.

LaVern J. Duffy, staff investigator, interposed briefly to testify concerning conferences he had with representatives of the Internal Revenue Service in Chicago.

Mr. DUFFY. During the investigation of this Chicago Restaurant Association, I had the opportunity to review some files in the Internal Revenue Service; one of the memos I ran across was dated March 7, 1956, which stated, in substance, that there was a discussion between Anthony V. Champagne, who was the labor counsel for the Chicago Restaurant Association, in 1954, and Tony Accardo.

An argument ensued between these two individuals, and the arguments were over payments that Mr. Champagne was to make to the Internal Revenue Service from his retainer from the Chicago Restaurant Association, which was $125,000. The other argument related to certain activities of the Chicago Restaurant Association. Apparently, Mr. Accardo became very disturbed at this, and ordered Mr. Champagne murdered forthwith. Through the intervention of Mr. Champagne's friends, his life was saved and, immediately thereafter, he resigned from the Chicago Restaurant Association. That is, as labor counsel.

Now, when I received this information, or I examined this memorandum, I thought it was serious enough that I interview the agent in the Internal Revenue Service who secured it. The agent—I will not disclose his name, but he is an undercover agent working in Chicago for the Internal Revenue Service. He supplied the name of the individual who was close to the syndicate in Chicago who gave that information to him. However, he requested me that I not divulge the name of this individual because he fears for the safety of him. He feels, for informing on the syndicate, he would be killed.

Mr. KENNEDY. Or lost as a future source of information?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Now, the records show that Mr. Champagne came from a business-law practice where he was declaring some $9,000 in income tax; is that right?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And that he went to this business for the Chicago Restaurant Association, where he received $125,000 a year; is that right?

Mr. DUFFY. Which is more than he made in 1 month.

Mr. KENNEDY. He received more in 1 month than he was making a year prior to that time?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And then, suddenly, he resigned and said that the Chicago Restaurant Association was taking up too much of his time?

Mr. DUFFY. That is correct.

* * * * *

Mr. KENNEDY. And he said he had to get back to his law practice, because the Chicago Restaurant Association, for which he was receiving $125,000 a year, was taking too much of his time?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. And he went back to his law practice, and the next year declared about $11,000 in his income tax?

Mr. DUFFY. That is correct (pp. 12797–12798).

* * * * *

Mr. KENNEDY. Could you tell us about the conversation that you had with Mr. Champagne on this matter?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what grounds?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Were you, in fact, upset by the way he intended to handle the money and declare the money he received from the Chicago Restaurant Association?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. Could you tell the committee why it was that the Chicago Restaurant Association was willing to pay him $125,000?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it might incriminate me.

Mr. KENNEDY. Was some of that money going to you?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it may tend to incriminate me.

Mr. KENNEDY. Could you tell us if you were the one that forced his resignation?

Mr. ACCARDO. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. ACCARDO. On the ground it might tend to incriminate me (p. 12799).

Four other gangland chieftains followed Accardo to the stand and invoked the fifth amendment to virtually every question. They were Marshal Caifano, Jack Cerone, Ross Prio, and Joseph DiVarco, alias Joey Caesar.

Caifano refused all questions about his record of 18 arrests as a stickup man, bank robber, alcohol peddler, and bookmaker; Cerone refused to say if he was a former bodyguard and chauffeur for Accardo; Prio would not answer questions about his 1936 activities in the Blue Ribbon Dairy Co., his partnership with Marcus Lipsky in the L. & P. Milk Co., or his arrest in 1938 for burning down the establishment of a competitor, or his knowledge of the deaths of Charley "Cherry Nose" Gioe and Frankie Diamond in 1954 as a result of a gangland dispute; and DiVarco spurned questions seeking

to determine his connection with Premium Beer Sales, Inc., the C. & B. Meat Co., or Valentino's Restaurant.

The last of this particular group of fifth amendment devotees was Gussie Alex. He refused to say if he was formerly a bodyguard for Jake "Greasy Thumb" Guzik, or head of the disciplinary section of the Capone mob since 1946, or identified with a good deal of the gambling in the Chicago area, with particular reference to an establishment called The Dome. Alex also refused to say if Frank Glimco, brother of Joey Glimco, boss of Teamster Local 777, was married to his sister, Dorothy, and he would not discuss his $12,000-a-year income from the Blatz Brewing Co.

Harry Schwimmer, manager and part owner of Barney's Market Club in Chicago, also known as Yes Sir Senators Restaurant, told the committee that he drove organizers of local 278 out of his establishment at the point of a gun in 1953, when he objected to their activity in trying to organize his bartenders while they were on duty. Eventually, however, two of his bartenders

> decided that, rather than to have trouble, and they had families, that they would join the union, and perhaps they would call off the heat that we have had (p. 12629).

Schwimmer testified he gave the two bartenders the money for their initiation fees, "I think it was about $100 a man," but he refused to check off their dues when the union demanded it.

Affidavits submitted by the two men, August Rinella and William Joseph Schuck, declared that "in my many years in the union no union official has ever informed me of any union benefits. I do not even receive any sick benefits from my dues." Both affidavits said the membership was not voluntary but acquired to prevent harm to Schwimmer or his restaurant. None of Schwimmer's other employees joined.

Insofar as local 394 was concerned, the testimony before the committee generally indicated that the same basic pattern of extortion was followed, although there were some variations. In at least one case, it was out-and-out levying of tribute without pretense.

John McGann, Evergreen Park, part owner of the Beverly Woods Restaurant in Chicago and the Lincoln Heights Restaurant in Chicago Heights, was general manager of Rupcich's Restaurant in the summer of 1950. When he was approached by James O'Connor, then business agent for local 394, he suggested to Rupcich that they explore the possibility of help from the restaurant association. After Rupcich took out a membership in the association, O'Connor commented on the fact and shortly thereafter a picket line was thrown around the restaurant. This brought Teitelbaum into the picture and subsequent arrangement, agreed to by Rupcich, put 7 of the 20 to 25 employees into the union. None of the employees were consulted; they were never told they were in the union and there was no discussion of wages, hours, or conditions. Rupcich paid the dues and initiation fees. McGann said the arrangement could be "construed" as a shakedown.

McGann testified that when he opened the Beverly Woods in 1952 with approximately 50 employees, O'Connor came around and, on the basis of past experience, he agreed to put 12 employees into the un-

ion. The number at the time he testified was 15 and, with respect to his Lincoln Heights Restaurant, he was still dickering with O'Connor at the time the committee began its hearings.

However, McGann said, he has about 25 waitresses continually and each of them has $1 a week deducted from her pay because "they all seem to be willing to work at our place under the conditions that exist" (p. 12557).

> The CHAIRMAN. What you are actually doing then, is collecting from these working people $4 a month out of their wages, plus $12 when they start working with you, and paying tribute to a union that is nothing but a shakedown racket. That is the truth about it, isn't it?
>
> Mr. MCGANN. Yes, sir (pp. 12557–12558).

Gotsch, the committee accountant, testified that McGann has 30 waitresses and 22 miscellaneous employees. None of the waitresses is paid union scale; 11 of the miscellaneous employees are above scale and 11 below. Enforcement of the union scale would have cost $21,300 more than these employees received.

Rupcich, the owner of the restaurant McGann formerly had managed, confirmed that he still was paying on the seven employees who were put in the union in 1950, despite the fact that none of the seven still were employed there, and all of them had left their positions in 1950 and 1951. An affidavit from one of the seven, Lucille Kertes, formerly Lucille Kingston, stated she did not know she was a member of local 394 until she was told by a committee investigator. She has been a member of local 32 since 1953.

Accountant Gotsch testified that Rupcich now has 21 waitresses, none of whom are registered in the union and 9 of whom are paid below union scale. Of the miscellaneous employees, 17 in number, 16 are being paid below scale. Payment of union scale would cost Rupcich $14,600 additional annually, Gotsch said.

Ellis Segal owns and operates Segal's Restaurant in Chicago. In 1949 he was approached by Frank Trungale with whom he dickered before they agreed that 8 of his 29 employees should be put into the union. He has paid $24 a month ever since to James O'Connor.

> Mr. KENNEDY. You have no contract with the union?
>
> Mr. SEGAL. No, I haven't.
>
> Mr. KENNEDY. No health or welfare?
>
> Mr. SEGAL. No, I have not.
>
> Mr. KENNEDY. Have they ever discussed the wages, hours, and conditions of your employees?
>
> Mr. SEGAL. Never.
>
> Mr. KENNEDY. Does this benefit your employees at all, this agreement?
>
> Mr. SEGAL. I wouldn't say it does.
>
> Mr. KENNEDY. Of the eight that you were paying on, how many are still in your employ?
>
> Mr. SEGAL. I don't know. I don't know what the original list is.
>
> Mr. KENNEDY. Mr. Gotsch, how many of the eight employees that he is paying dues on——
>
> Mr. GOTSCH. None of the employees are there any more.

Mr. KENNEDY. Just every 3 months you pay $96.

Mr. SEGAL. That is right.

* * * * *

The CHAIRMAN. These eight that you originally put in there are no longer with you. Why haven't you changed it to some others?

Mr. SEGAL. Well, it was never brought to my attention.

The CHAIRMAN. It wasn't necessary. This was just a kind of mutual arrangement so the union would get something, the union officers would get something, and you would avoid something.

Mr. SEGAL. That is right.

* * * * *

Senator GOLDWATER. Mr. Segal, have any groups of your people ever wanted to join a union?

Mr. SEGAL. Never (pp. 12906–12907).

Of Segal's 29 employees, Gotsch testified, 23 were paid below scale which was a saving of approximately $11,000 annually because of nonenforcement of the union scale.

Anthony DeSantis, who employs 145 persons in his Martinique Restaurant in Evergreen Park and operates the Drury Lane Summer Theater in conjunction with it, testified that he was approached by Trungale "maybe 8 or 9 years ago" at a time when "I was in debt up to my neck." He told Trungale that if he felt the waitresses should belong to the union "go right ahead and organize them and put them in" (p. 12909).

But Trungale did no organizing, and DeSantis testified that "between the last 6 and 8 years when he approached me I have given him $100 on different occasions," the last time "8 or 9 months ago." He also gave him a case of scotch at Christmastime. At Christmas 1957 he gave O'Connor $30 and he might also have given him "3 or 4 bottles of liquor." The payments to Trungale were "to keep peace."

DeSantis said that he had "heard" that a number of Chicago restaurants, particularly in the north side of Chicago, have to make payments for protection to underworld figures.

Mr. KENNEDY. You have heard it from other restaurant owners that they have to make payments?

Mr. DESANTIS. No, sir.

Mr. KENNEDY. Where have you heard it, then?

Mr. DESANTIS. I haven't heard that, Mr. Kennedy, and I might have heard it heresay. That I don't remember.

Mr. KENNEDY. What was your answer when I asked you or discussed this with you yesterday, Mr. DeSantis?

Mr. DESANTIS. That I sensed that there was a payoff?

Mr. KENNEDY. No. What was your answer to me, do you remember?

Mr. DESANTIS. Gentlemen, I don't remember.

Mr. KENNEDY. When we discussed whether certain restaurant owners have to make liquor purchases from certain people?

Mr. DeSantis. I said that I bought a minimum of liquor from anybody that I thought had an affiliation.

Mr. Kennedy. Didn't you say that you did buy some liquor from a gangster operation?

Mr. DeSantis. No; I would not—oh, no, I would never say that. We have one liquor house in Chicago that I have heard that had had affiliations, and I buy less than 3—I would say I buy less than 3 percent of my liquor from this one said company. If I felt if they were giving me pressure as the Chair seems to think on this thing, then you would look in my purchases and you would find liquor purchases from people that have affiliations, you would find meat purchases from people——

Mr. Kennedy. Why do you purchase even that 3 percent from that one liquor company?

Mr. DeSantis. Well, it is very, very simple. Some of those liquor companies are exclusive on one line alone, and to keep a variation on my bar and in my restaurant, I may be forced to buy a small percent. That is No. 1.

The No. 2 reason that I buy off of that company at all is there is a little salesman that calls on me that was born and raised in my neighborhood, and I always feel that I would like to help him a little. I have told him right to his face that the reason I don't do more business with his company is the fact that I have heard that there were affiliations with this company and as a result I kept my purchases from his company at the minimum.

I will never buy from that company again.

Mr. Kennedy. Mr. DeSantis, what about when we had the talk about a payment to some of these gangsters and hoodlums and I asked you about some of these restaurants that had been stinkbombed, and some of the ones that had been set on fire. Do you remember what your answer to me about that was?

Mr. DeSantis. Well, I have been confused, and I am not a limelight guy. I am a fellow that works in a T-shirt all day, but if you will tell me what I said, I will verify it if I said it.

Mr. Kennedy. Do you remember about the fact that "You and I could sit down here for hours and hours and I would tell you the answers to these questions if I didn't have a family and didn't live at my restaurant?"

Mr. DeSantis. Yes, I remember saying that to you, Mr. Kennedy.

Mr. Kennedy. Isn't that the reason that this has not been broken up in the past, because there are people such as yourself that have information, that are scared to go to the police and go to the Government officials?

Isn't that the great problem?

Mr. DeSantis. That seems the great problem.

Mr. Kennedy. I don't want to make you the scapegoat on it, but we have established through other restaurant owners

that they have to make payments to this protective organization that operates in Chicago. It is not just unions, but the gangsters and hoodlums that operate this and say that, "Unless you do, you are going to get a stinkbomb in your restaurant or it is going to be set on fire."

You know that this has been going on for many years, do you not, Mr. DeSantis?

Mr. DESANTIS. That is probably right.

* * * * *

Senator GOLDWATER. Do you know some of these hoodlums that shake you down have never worked in their lives?

Mr. DESANTIS. I sense that.

Senator GOLDWATER. They live like big fat leeches that live off of people like you that wouldn't talk——

* * * * *

Mr. KENNEDY. Now, again we go back to the conversation that you confirmed—and I asked you about these matters because we had it from other sources—about these payments, as Senator Goldwater stated, to gangsters and hoodlums beyond the payments to some union officials that you have spoken about today.

There are payments by the owners of these restaurants to gangsters and hoodlums, and if they do not continue to make the payments these restaurants are either stinkbombed or set on fire. That has been going on for a number of years in Chicago; isn't that right?

Mr. DESANTIS. That is correct.

Mr. KENNEDY. I asked you about that, and you said, "Well, I would give you the information, and we could talk for hours here, but I live in the restaurant, and my children live there."

Mr. DESANTIS. And I also stand a chance that something would happen to my family.

Mr. KENNEDY. That was the reason, and the reason you won't give the information is that you are frightened?

Mr. DESANTIS. I don't have any information, and I haven't been approached that way. The only information I have in that regard is what I have heard right from this committee, all last week on TV. I have that fright, and that is right. I haven't slept for months due to some of the things that have happened in our area, but you have got to remember one thing. All of us are in that same boat. We need help, but I don't know where to put my finger and say, "This man did this, or did that," but when I pick up the paper and I read this spot has been put on fire or bombed.

Mr. KENNEDY. Has any place next to you been bombed or put on fire?

Mr. DESANTIS. Richard, I believe.

Mr. KENNEDY. How far is that from you?

Mr. DESANTIS. Two blocks away.

Mr. KENNEDY. What happened?

Mr. DESANTIS. All I remember is that I understand they had a bomb thrown in the place, and there wasn't much damage, $4,000 or $5,000.

* * * * * * *

The CHAIRMAN. Do you have some information that you would be willing to give us in an executive session?

Mr. DESANTIS. No, Senator. I don't have. All I could possibly ever say is I have heard this, or hearsay things. You have got to remember that I am not in that area of Chicago. I don't belong to the restaurant association.

The CHAIRMAN. But you are sufficiently convinced that you have an apprehension about it, from what you have heard?

Mr. DESANTIS. Sir?

The CHAIRMAN. From what you have heard, you say all you can say is what you have heard. I say out of what you have heard, by reason of what you have heard, you have a serious apprehension about what might happen to you?

Mr. DESANTIS. That is correct.

The CHAIRMAN. And I guess all of you live under that state of fear and anxiety.

Mr. DESANTIS. I believe every restaurant owner in the city of Chicago feels the same way.

The CHAIRMAN. That is what I am saying.

Mr. DESANTIS. You are right, Senator.

The CHAIRMAN. It is a state of atmosphere or a climate of fear that is generated out of these gangsters and the shakedown artists and so forth; isn't that true?

Mr. DESANTIS. I think so (pp. 12911–12916).

Accountant Gotsch testified that DeSantis employs 2 union bartenders and 110 other persons, all of whom are nonunion. There are 88 being paid below union scale and it would cost DeSantis $33,100 additional if his establishment was unionized and the union enforced its minimum wage scale.

William Scholl owns a combination restaurant and ice cream business at two locations. One is the White Mill in Evergreen Park; the other is known as the Village Ice Cream establishment in Chicago. Scholl testified that he was visited in 1951 by Trungale of local 394 and eight waitresses were placed in the union. He gave Trungale $65 "in cash" and thereafter paid dues every 3 months to O'Connor, "always in cash" because that was the way they wanted it.

Mr. KENNEDY. Did you make these payments back in 1951 in order to avoid difficulties with the union?

Mr. SCHOLL. Yes, I did. They would have a picket line out in front.

Mr. KENNEDY. Was it a form of extortion, in your estimation?

Mr. SCHOLL. In my opinion it was (p. 12929).

After 5 or 6 months the collections stopped but O'Connor and Merlin Griffith of local 394 came back again in 1956 and told him he would have to put 5 employees from each of his restaurants into the

union "to stop the picket line in front" (p. 12929). Scholl said he protested that he couldn't pay a big initiation fee and gave Griffith $50 in cash.

Griffith returned 2 or 3 hours later and said the board of directors turned down the $50 and wanted $100. "I gave him the $100 with the understanding that I would furnish the names later," Scholl said (p. 12930).

The following month, Scholl testified, O'Connor came around and collected another $220 of five employees at the White Mill. Scholl said he selected the five names and never discussed it with the employees. "They didn't care who they were; just any five," Scholl added (p. 12931).

Scholl testified that he dealt with local 593 in connection with the Village Ice Cream place. He mailed a check for $65 to that local but it came back to him on February 15, 1957, uncashed.

> Mr. KENNEDY. Do you know why it wasn't cashed?
>
> Mr. SCHOLL. Why it wasn't cashed? They came out to me and told me there was a little trouble; they would have to straighten it up first and they would be back for the check later.
>
> Mr. KENNEDY. Do you know what the trouble was?
>
> Mr. SCHOLL. They were being investigated. That is what I heard (p. 12931).

Scholl declared that the employees at the Village balked when he started to take the dues out of their pay and refused to join the union, but he did not encounter the same difficulty when he told the employees at the White Mill they were in the union.

"They said they heard the trouble I had out there with them, and they seen the trouble at Nantucket, and they are married women and they can't afford to be out of work. They want to stay there in the work. They have been there that many years," Scholl testified. He also asserted that all of his employees are paid above union scale.

> The CHAIRMAN. You just regarded this as a shakedown, didn't you?
>
> Mr. SCHOLL. Absolutely.
>
> The CHAIRMAN. You did it just to buy peace?
>
> Mr. SCHOLL. We have no choice in the matter. We got to or we will be picketed. They will put us out of business. We have a hard time going now (p. 12932).

When Trungale and O'Connor were summoned to the witness stand it developed that they had submitted their resignations to local 394 4 days earlier. Both invoked the fifth amendment and refused to answer any questions about their union activities.

Questioned about what happened to $12,000 of the $111,620.80 spent by the union on the Nantucket strike, which Griffith had said "went downtown" to Blakely and Lardino, Trungale pleaded possible self-incrimination.

> Mr. KENNEDY. Mr. Chairman, these individuals had control for many years over a great number of employees in the

> Chicago area. We have uncovered some of the deals that they have made, and instances where obviously the employees were made to suffer.
>
> The fact that this has been going on for such a long period of time is something that should be noted. We could only go back a few years, but this has been going on for at least some 20 years. I think there is at least some satisfaction that these men are finished with their jobs and no longer have control over this union and the funds of the union and the employees that were members of this local (p. 12943).

Sheldon Esrig and his brother Donald opened Esrig's Coffee Shop in 1949, and about 6 months later Charles Cinegram, business agent for local 593, and another man not identified appeared with a demand that the employees be put in the union.

Sheldon Esrig testified that he went to the restaurant association, was put in touch with Teitelbaum, and a deal was made to put seven of his employees in the union. Later this was raised to 10. Esrig said he never signed a contract with the union until about 1956, and the union never indicated any interest in the welfare of its members who were working for him.

Chris Carson owned eight Peter Pan restaurants in the Chicago area, seven in the city and one over the line in Elmwood Park, before he sold them in 1953. He now operates Carson's Restaurant in Chicago.

Carson told the committee that he was approached to put his Chicago employees in local 593 in 1948 or 1949 and took his problem to Kiesau at the restaurant association who arranged to have him contribute to the voluntary fund. The efforts to organize his employees ceased.

> Mr. KENNEDY. They never came around again?
>
> Mr. CARSON. I won't say never came around, but, at least, the immediate problem was corrected (p. 12638).

It was a different story, however, in Elmwood Park, which was under the jurisdiction of local 450. Carson didn't remember the name of the local 450 representative but said he told the union agent, "I would appreciate if we couldn't find some happy medium so that neither one of us would be particularly hurt" and finally agreed to give the union 20 employees with the understanding his waitresses would not be organized. The same arrangement holds true for his present restaurant.

Carson admitted that he had employed Charles "Cherry Nose" Gioe as a "supervisor" but only after an arrangement had been worked out with a Federal parole officer who also checked monthly on what Gioe was doing. Gioe was slain in 1954.

> Mr. KENNEDY. How was he murdered?
>
> Mr. CARSON. He was machinegunned.
>
> Mr. KENNEDY. Could you tell us how many times he had been arrested?
>
> Mr. CARSON. I don't know, sir. I didn't know Mr. Gioe that well.
>
> Mr. KENNEDY. He visited at your home, did he?

* * * * * * *

Mr. CARSON. Yes, he did.
Mr. KENNEDY. Did you visit at his home?
Mr. CARSON. Yes, I did (p. 12642).

Accountant Gotsch testified that his examination of Carson's present restaurant showed that the only union employees in the total of 32 were 3 bartenders and the organist. Of eight miscellaneous kitchen workers, seven are paid below union scale and one above. Two of the 3 cooks are paid below scale and 1 above, and the 17 waitresses are all paid below union scale. The differential between what these employees were paid and the union scale approximated $13,500 annually.

Carson made the point that $12,000 of this figure covered the waitresses and he emphasized, as did many of the other witnesses, that the gratuities the waitresses receive figure largely in the pay picture.

Sidney Smith is the present general manager of the Peter Pan Restaurants and he testified that there are now 11 units in Chicago and 11 in other cities. The present management inherited the union arrangement at the Elmwood Park unit and has continued to pay dues for 15 employees although 13 are no longer employed there. "That was revealed to me when one of your investigators came out," Smith said. One of the 13 was deported by the Government on December 8, 1957, and jumped ship in Greece.

Smith testified that he has never signed a contract with the union and none of the other units in Chicago has been unionized. A communication was received from the union in April 1958, after the committee investigation started, requesting that the list of employees for whom dues were being paid be brought up to date.

Mr. KENNEDY. Do you know if you are paying your employees above or below union scale?
Mr. SMITH. I don't know what the union scale is. I have never seen a union contract (p. 12657).

Smith testified that he did not even know if there was a signed contract in existence covering the 15 employees; he never inquired about it and he never had any contact with representatives of local 450.

Accountant Gotsch testified that his examination of the books covering the Elmwood Park unit showed 34 employees, only 1 of whom was union. This employee is being paid scale but is not being compensated for the overtime he works in a 54-hour week. Of the remaining employees, three are being paid above scale and the remainder are all below scale. The yearly saving to the employer approximates $10,900.

Mr. KENNEDY. And no one ever approached you or discussed with you whether you paid union wages?
Mr. SMITH. No, sir (p. 12666).

Still another variation of Teitelbaum's activities was placed in the committee record through the testimony of George Marienthal, who is the coowner of the London House and Mr. Kelly's restaurant in Chicago. The London House has been in existence since 1945 and has approximately 100 employees and Mr. Kelly's is 3 years old and about 30 work there.

When local 593 started to organize at the London House in 1949, Marienthal said, as a member of the restaurant association he took his troubles to Kiesau who told him about the voluntary fund. He started to make contributions to the fund but not long after a picket line appeared in front of the London House.

Marienthal testified that he did not know what steps were taken by Teitelbaum but the picket line was removed before the end of the day.

> Sometime later I was requested to submit names of about 40 employees, something around that, to Mr. Teitelbaum and found out that he had agreed to pay the dues on this number of employees (p. 12668).

Marienthal picked 40 names at random and gave them to Teitelbaum who apparently paid the dues for "quite a few months." Then, Marienthal asserted, the local 450 agents came to him and told him "they were tired of getting the runaround from Mr. Teitelbaum's office" and wanted to know what he was going to do about it.

Next came a request from Teitelbaum, Marienthal said, to pay the dues and Teitelbaum promised to reimburse him. Marienthal paid the dues "for a matter of a couple of months" and sent Teitelbaum "an itemized statement showing the amount of money that I had advanced to the unions that he had promised to reimburse me (p. 12669).

When Teitelbaum failed to reimburse as promised, Marienthal declared, he notified the employees they were "officially enlisted" in the union and that "they would be paying their own union dues from that time on" (p. 12670). Marienthal said he might have increased salaries in some cases by reason of the situation "but I don't think it was general." He conceded that the deduction of dues actually meant a reduction in wages for the employees.

> Mr. KENNEDY. Did you continue to pay into the voluntary fund?
>
> Mr. MARIENTHAL. I don't believe I did; no, sir.
>
> Mr. KENNEDY. Why did you quit the voluntary fund?
>
> Mr. MARIENTHAL. I quit at that time because I did not feel that I needed any further labor counsel (p. 12670).

Marienthal added that another reason he quit was because "I was not happy with the fact that I became a union house" (p. 12671). As for putting the employees into the union, Marienthal stated frankly, "They had no choice. I had no choice" (p. 12673).

Jay Adler, partner in Mickelberry's Log Cabin Restaurant, told the committee that representatives of local 593 wanted to organize "the whole place" as far back as 1935 but that his partner, Mickelberry, "wouldn't put the girls in." In 1936 an agreement was reached whereby all of the kitchen employees were put in the union but the waitresses were left out. The arrangement started out with "about 10 or 12" and subsequently the number was raised to 19.

> Mr. KENNEDY. Did the union ever make any approach to them?
>
> Mr. ADLER. Not that I know of.
>
> Mr. KENNEDY. Was there any wages or hours or conditions discussed?
>
> Mr. ADLER. Not that I know of (p. 12895).

The partnership footed the bill for the dues down through the years, Adler stated. His records disclosed that 4 of the 19 had left his employ in 1956 and 2 others had been gone since 1954. No contract was ever signed with the union.

Mr. KENNEDY. Was Mr. Blakely by there quite frequently?

Mr. ADLER. I wouldn't say quite frequently, and he comes in off and on.

Mr. KENNEDY. And he never discussed it with you himself?

Mr. ADLER. No (p. 12896).

Accountant Gotsch testified that the restaurant has 77 employees, 66 of whom are paid below scale and 11 above for a total annual saving to the restaurant of $19,600.

Senator GOLDWATER. Mr. Adler, have your employees ever asked for representation?

Mr. ADLER. No, sir.

Senator GOLDWATER. At any time, since this started in 1936?

Mr. ADLER. No, sir.

Senator GOLDWATER. Have they ever since come to you and asked that they be represented by a union?

Mr. ADLER. No, sir (p. 12900).

George Hessberger, a former paratrooper who was wounded in action, came back from the service to join his parents in the operation of Hessberger's Restaurant which they had owned for 40 years. In December 1955, representatives of local 593 called on him and said they had "orders from some place downtown" to get two employees into the union. They found out that all of the 22 employees were being paid above scale and asserted "it would not do any good to talk to the employees" but still demanded two names "that we should more or less take out of a hat" or "they would picket our place of business" (p. 12903).

"We finally ended up with my mother joining and I joined," Hessberger stated. "I believe I told them I thought it was blackmail, or words like that." Hessberger stated further that "we have dropped the union" since the committee subpenaed him "and we have not had any trouble to date" (p. 12904).

Julian Schwartz, owner of Julian's Restaurant, was another who "inherited" the dues payment arrangement from a predecessor. He purchased the restaurant from Ashley U. Ricketts in 1955 and about 4 or 5 months later discovered the payments were being made. Schwartz said the bookkeeper told him the arrangement had been made by Ricketts so he continued to go along with it, paying $77 every 2 months. The figure at the time he testified was $56 because "the union reduced it." Two of the eight workers for whom dues were being paid were no longer employed by the restaurant when committee investigators examined the records, Schwartz testified.

The CHAIRMAN. Did you ever sit down and negotiate a contract with the union?

Mr. SCHWARTZ. No, sir.

The CHAIRMAN. Did they ever ask you to negotiate a contract?

Mr. SCHWARTZ. No, sir.
The CHAIRMAN. Did you every sign a contract?
Mr. SCHWARTZ. No; I never did.

* * * * *

Senator CHURCH. So you have been paying, then, solely for the purpose of——
Mr. SCHWARTZ. Of maintaining peace (p. 12986).

Accountant Gotsch testified that the difference between what Schwartz was paying his employees and the union scale was approximately $9,933 annually.

Mr. KENNEDY. The only thing they [the union] were interested in was the money they received; is that right?
Mr. SCHWARTZ. Well, it seemed that way (p. 12984).

Jack Kinner was another restaurant owner who was forced to comply with the dues arrangement made by the union with his predecessor. He said he was visited by Business Agent Cinegram of local 593 in 1948 and was told to continue to make the payments or he would be picketed. He paid dues for 8 of his 16 employees and his testimony also developed the fact that he actually put 3 cooks into local 593 who belonged to local 88.

The CHAIRMAN. You felt if you did not continue this arrangement you would be picketed and maybe put out of business?
Mr. KINNER. Yes, sir.
The CHAIRMAN. You are doing it under intimidation and coercion?
Mr. KINNER. Yes, sir (p. 12990).

Kinner testified he did not know what the union scale was and Accountant Gotsch said it would cost Kinner approximately $13,300 a year more if he did pay union scale.

Mr. KENNEDY. I would like to point out once again, Mr. Chairman, that all of these payments that are being made in this fashion, not only by this witness but by the previous witnesses, including Mr. Allgauer and witnesses yesterday and last week, are all illegal under section 302 of Taft-Hartley (p. 12991).

The testimony of George Annes, owner of Johnny's Steak House, provided another variation of the general pattern. He was visited by Cinegram who demanded that all of his employees, "around 45 or 50," be placed in local 593 or the place would be "full of pickets." Annes said he paid dues for 15 of the 45 because they refused to do so. "I did it to keep the help," Annes said. The rest of the employees paid their own dues.

Ten of the fifteen whose dues were paid by Annes received wages below union scale, Accountant Gotsch testified, and enforcement of the union scale for all of the employees would cost Annes $10,900 more a year.

Mr. KENNEDY. And even on the others, where they are paying dues, the union dues, themselves, a number of them are being paid below union scale; is that right?
Mr. GOTSCH. That is right (p. 13000).

Jack A. DeMar, one of the partners in a concern which operates a string of hamburger shops in the Chicago area, testified that he was a victim of the picket line treatment in 1948. Ben Tompkins, a business agent for local 593, "asked me to sign up all the help that worked for me in three different locations."

DeMar said he told Tompkins, "Go sign them up yourself," and Tompkins came back 2 days later and warned him that he would be picketed unless he signed up the help. The next day there were picket lines in front of the three establishments and "we were dead."

> Mr. KENNEDY. The picket line finished you?
>
> Mr. DEMAR. We didn't have two customers from 7 in the morning until 2 in the afternoon (p. 13002).

DeMar said he went to the union and made peace by signing up for three employees in two of the shops and four in the third. The names he gave the union were those of his partners and relatives who were working for him. The same arrangement continued as more shops were opened. There are now 12 shops and the payments to the union at the time DeMar testified were "between $500 and $600 a year" all told.

DeMar testified that he didn't try to secure any assistance from the prosecuting attorney or any other law enforcement officer because "I hear say that some did, and they did not get nothing out of it."

> Senator CHURCH. And they just went on paying the tribute?
>
> Mr. DEMAR. That is right (p. 13004).

DeMar maintained that the union never discussed wages, hours or conditions of employment with him. He admitted that the waitresses only receive 50 cents an hour but insisted that they were guaranteed $70 a week if their hourly rate and their tips did not equal that figure.

Accountant Gotsch testified that the 3 locations covered by the original agreement with the union would cost DeMar $27,100 annually if the union enforced the wage scale. Eight of the remaining shops owned by DeMar and his partners are nonunion, Gotsch said.

A refreshing departure from the usual pattern was provided by the testimony of Arthur Eberhart, who purchased the Flanders Tearoom in 1956. This was another instance of an inherited arrangement, where the former owner paid the dues for the kitchen help while the waitresses paid their own dues direct to the union.

Eberhart said he continued to pay on six employees to local 593 until January 1957, and then he decided to quit and has refused to pay ever since.

Eberhart told of one occasion where he got into an argument with a union official he did not identify. He said he was working in his kitchen one day because his morning baker failed to show up when this official walked in and demanded that he either join the Cooks Union or take off the white clothes he had donned. In fact, the official said he also would have to join the Bakers Union.

"I told him I would wash windows, scrub floors, I would do anything I wanted to in my own restaurant, and for him to get out," Eberhart declared (p. 13009). Then, said Eberhart, he tried to

reason with the union official by showing him the record of his receipts, but this didn't work and he was threatened with a picket line.

"I told him to go ahead and get his pickets, that I would do some business then. That would give me good, free advertising that I wasn't getting at the time," Eberhart asserted. "He said he wasn't going to do it that way. I said if he broke my windows I would break his. I also said if he hurt my family or myself I would hurt him" (p. 13010).

The situation, Eberhart said, eventually induced a heart attack, but he remained adamant about paying any more money to the union.

"I could not see any reason to pay out to them, so I just quit. They have not bothered me, but I am plenty scared, and I am scared right now," Eberhart declared (p. 13010).

> Mr. KENNEDY. What sort of safeguard were you taking for your own life after you had this fight?
>
> Mr. EBERHART. Well, there is no place that you can go at any time for labor trouble. You have no friends. You are entirely on your own. And, as being on your own, you have to use whatever defensive methods you have got, and mine was a shotgun" (p. 13010).
>
> * * * * *
>
> Mr. KENNEDY. You never paid any money after that?
>
> Mr. EBERHART. I refused to pay one cent more. They asked me for money for their convention down in Miami this year, and I laughed at them (p. 13011).

In connection with the testimony of Richard Jansen, manager of the Ivanhoe Restaurant, an affidavit by his father, Harold Jansen, was placed in the record. The affidavit said in part:

> Sometime in the 1940's, I do not recall the year, two business agents from the miscellaneous local of the restaurant union came into the Ivanhoe and asked to speak to me and to my brother Ralph who was a partner at the time.
>
> They told us that we would have to put 10 employees in the miscellaneous category into the union. They did not talk to the employees to my knowledge. We agreed to comply. When we spoke to the miscellaneous employees they told us that they did not want to join the union. We told them we would pay the dues because we were afraid the employees would quit if they were forced to join the union. To the best of my recollection we also paid the initiation fees for 10 men.
>
> The union business agents did not threaten us at this time but my brother and I realized that there might be trouble if we did not go along. I recall the union agents giving us application cards which we gave to the employees to sign. For many years the union collected dues on the original 10 men although some of them had left our employ.
>
> In 1944, or thereabouts, a business representative of the checkroom attendants union came in and told us that we would have to put two employees in their union. I told the two girls in the checkroom they would have to join the union and they said they would quit first, which they did. When I

promised them I would pay their union dues they agreed to return.

In 1958 this union merged with the miscellaneous local and we paid dues on a total of 17 employees, 15 miscellaneous employees and the 2 checkroom attendants.

The only actual threats we received from the union was in 1952 when, on the eve of Mother's Day, approximately five union officials came into the restaurant with a copy of a union contract which we were in the process of negotiating and told us, "We will give you 5 minutes to sign this or we will pull out all of your employees on strike."

Because of the economic duress prior to a holiday when we had reservations booked for Mother's Day, my brother Ralph signed the contract. The crafts represented were the bartenders, cooks, and waiters. I do not recall whether the miscellaneous category was represented at that time (p. 13013).

Analysis of the records of the Ivanhoe Restaurant by committee accountants showed that all of the employees are being paid union scale and in many cases above scale.

Richard Jansen said frankly that he "assumed" the payments were improper.

Mr. KENNEDY. Why did you continue to pay even if it was improper?

Mr. JANSEN. I think we preferred not to explore the consequences. I think the economic consequences of falling out of grace, let's say, with the union is something that most business people are extremely sensitive about.

Mr. KENNEDY. So you were really over a barrel and had to pay the money because of that?

Mr. JANSEN. In so many words, yes (p. 13016).

Jansen said the payments to the union stopped 10 days before the hearings. The 17 employees covered by the arrangement were raised by an amount equivalent to the dues and both they and the union were notified, he said, that thereafter the employees would pay their own dues directly to the business agent.

John Lardino and his brother Danny, administrative director and business agent, respectively, of local 593, resigned from their positions just a few hours before their appearance as witnesses before the committee. Like all the other union officials under fire in the Chicago restaurant situation they too invoked the fifth amendment and refused to answer any questions.

Staff Investigator Mundie testified that his examination of the books and records of local 593 for 1955, 1956 and 1957—all prior records had been destroyed—show that John Lardino realized a total of more than $100,000 for those 3 years. He received $33,357.40 in 1955, $33,900 in 1956 and $33,920.50 in 1957. The 1957 figure was about $500 more than was paid to James Blakely.

Staff Investigator Duffy testified that he examined Lardino's safe deposit box in the presence of Lardino and found he had $25,000 in cash and $25,000 in Government bonds. He also had $1,000 in his pocket.

> Mr. KENNEDY. Could you tell us where the $25,000 in cash came from?
>
> Mr. LARDINO. I decline to answer on the grounds my answer may tend to incriminate me (p. 13030).

Blakely's appearance before the committee was scheduled for the same day as the Lardino brothers, but his attorney informed the committee that he had suffered a heart attack at his hotel and was unable to testify.

Chairman McClellan told Blakely's attorney that—

> the committee will have a continuing interest in him and in his testimony. We trust that you as counsel will keep in touch with the staff and keep us advised of the progress he makes toward recovery (p. 13094).

In January 1959 the attorney appeared before the committee and stated that his client, Mr. Blakely, was still under a doctor's care and too ill to testify. Upon a further check this explanation was accepted by the committee.

It is interesting to note that virtually every restaurant owner who testified about the payment of dues to the various unions involved invariably admitted that such payments were charged as a "business expense."

Various members of the committee, during the course of the hearings, expressed the opinion that certain of the witnesses were indulging in frivolous use of the fifth amendment. The committee consequently recommended to the Senate that citations for contempt be issued in the cases of Teitelbaum, Accardo, Aiuppa, John and Danny Lardino, Cerone, Prio, DiVarco, Battaglia, and Caifano. The contempts were voted by the Senate unanimously on August 18, 1958, and referred to the U.S. Attorney for the District of Columbia for presentation to a Federal grand jury.

In the wake of the committee's hearings Leonardi and Madia of local 450 resigned under pressure from the international union, bringing the total of resignations to six.

Investigations were begun by a Federal grand jury in Chicago and by the Cook County grand jury. The Chicago Bar Association undertook an inquiry into the conduct of the attorneys who figured in the hearings.

Police Commissioner Tim O'Connor doubled the size of the police department's intelligence unit and placed it under the command of Lt. Daniel McCain, a lawyer and former special agent for the Federal Bureau of Investigation.

The AFL–CIO ordered a cleanup by the international union and a special committee was designated by the international to take over not only the offending locals but all 11 locals comprising the Chicago Joint Council.

The committee received a letter from Anthony J. Smith, president of the Chicago Restaurant Association, stating that he believed substantial progress has been made in correcting abuses and that a series of meetings were being held to improve employer-employee relations in the restaurant industry.

## FINDINGS—HOTEL AND RESTAURANT EMPLOYEES AND BARTENDERS UNION, CHICAGO AREA

In the committee's study of racketeer infiltration into legitimate business enterprises, no more compelling example can be found than the Chicago restaurant industry. The testimony is clear that key underworld figures in Chicago achieved influence in both the management and labor segments of the Chicago restaurant industry. The committee finds, however, that while the union involved has moved at least partially to clean its own house, the only response from the industry has been to heap abuse on the committee for looking into the matter in the first place.

The testimony adequately supports the committee's findings that the Chicago Restaurant Association was guilty of improper conduct in its handling of labor relations for its members, and that it followed an undeviating policy of using its resources to defeat legitimate unionization.

The association, being dominated by operators who had no regard for the right of employees to select union representatives of their own choosing, forced restaurant owners and managers, sometimes willingly, sometimes unwillingly, to sign contracts organizing the captive employees "from the top" in violation of the Taft-Hartley Act. This wholly improper practice was generally accepted by restaurateurs as being required of them if they were to stay in business.

The record is conclusive that only 150 of its 700 members were partially or completely unionized, despite the fact that the membership represented 60 to 70 percent of the total volume of restaurant business in the Chicago area. The association made legal services available in labor matters to employers who paid into the so-called "voluntary fund" at the rate of $1 per month per employee.

The committee finds, however, that a substantial portion of the more than $1,100,000 that went into this fund from 1951 through 1957 was channeled into the hands of unprincipled and unscrupulous attorneys known to have been associated professionally and socially with the leaders of the crime syndicate.

The record is clear that Abraham Teitelbaum, the $125,000-a-year labor counsel, and his successor, Anthony V. Champagne, used part of their retainers from the association for the employment of two underworld personages, Louis Romano and Sam English, at $18,000 and $19,200 a year, respectively, as "labor experts" in the handling of association labor problems, despite the denial by association officials that they knew anything about such arrangements. A 1951 association letter to Teitelbaum rejecting his claim for reimbursement for $10,000 he said he gave to a political candidate for sheriff specified that Teitelbaum was expected to foot the bill for "labor experts" as well as "entertainment of union representatives and officials" and other expenses out of the money paid him annually.

The preponderance of the evidence before the committee sustains the finding that the association looked upon the "voluntary fund" principally as a slush fund for the placating of racketeers and the purchase of labor peace. The committee places no credence in the assertions of the association's leaders that they were completely ignorant of the methods employed by Teitelbaum to effect "settlements" with the union's officers and business agents.

Association officials clearly knew of Teitelbaum's arrangement for paying a $500 bribe to a union official in the Nantucket Restaurant situation who had expected "nothing less than the price of a new Cadillac" but the association limited itself to a demand that Teitelbaum get the money back and took no further action.

The best key to the reasoning of association officials is found in the conditions attached to the employment of both Teitelbaum and Champagne. Their tenure endured only as long as they were able to (1) prevent picketing of member restaurants in the first instance, or (2) secure rapid removal of a picket line once the union had resorted to this strategy. Teitelbaum, Al Capone's personal attorney, lasted from "1938 or 1939" to 1953. He was through when he became persona non grata with crime syndicate chieftains. The committee finds that it is more than mere coincidence that the association then turned to Champagne, whose standing with the syndicate was a matter of common knowledge. Champagne, too, ceased to be the association's labor counsel when he incurred the ire of Tony Accardo, recognized boss of the syndicate. The committee cannot escape from the conclusion arising out of these and other facts developed in the evidence before it that the syndicate itself exerted pressure leading to the designation of the association's labor attorneys.

Instead of serving as the rallying point of resistance to identifiable gangsters pursuing their policy of encroachment upon the industry, the Chicago Restaurant Association chose to make common cause with the enemy by functioning as a mere conduit for the appeasement of professional racketeers. There is nothing in the record before the committee remotely suggesting bona fide collective bargaining.

George T. Drake, president of the Restaurant Association from 1949 to 1954 and presently a member of the board, acknowledged he had continued to employ Teitelbaum and later Mr. Champagne, despite their close connections with the underworld. His lame excuse that he "went along with the board of directors" in this matter can hardly be considered by the committee as a responsible statement by a prominent employer.

The committee finds that the mobster-dominated locals of the Hotel & Restaurant Employees Union in the Chicago area served only the purpose of giving a cloak of legitimacy to what was nothing more than a pure extortion racket. Judging from the testimony before the committee, the principal qualification for the position of business agent appears to have been a police record of sufficiently impressive length and a connection, real or implied, with the crime of homicide or other offenses synonymous with violence.

The committee finds that these labor racketeers preyed upon restaurant owners and employees alike, with the latter cast in the unhappy role of hopeless captives from the moment their membership became an accomplished fact, if they ever knew at all that they were in the union. There is testimony that many never did learn that they had been put into the union, and there were still others who were aware of their affiliation but never did find out to which local they belonged.

There is irrefutable testimony that the employees were never contacted by the union representatives about their wages or working conditions and were never told what benefits, if any, they derived from union membership. In a great many of the cases reviewed,

the committee found that the forced induction of the employees into the union was never accompanied by the formality of a contract. In those cases where a contract did exist, the terms of it were never brought to the attention of the membership.

The union position is best summarized by one of the affidavits included in the record of the committee's hearings. One restaurant owner had the employees vote by secret ballot on the question of whether they desired to be represented by the union. The poll was overwhelmingly against it but Danny Lardino, business agent for local 593 told the proprietor, "Line up the employees and tell them they're in the union. You deduct the dues from their wages. If any of them object, fire them, and we will furnish you help."

In the rare instances where the employees were approached, the tactics of the union business agents were geared to the theme of implanting fear. The testimony shows that the employees of one restaurant joined the union to protect the employer from being picketed on the one hand and because Leonardi had emphasized the possibility of "accidents" to employees or customers.

The committee finds as an undisputed fact that restaurant operators who dealt with the union representatives in the manner heretofore described profited from the arrangement to the extent of thousands of dollars annually because the union representatives, interested only in the sustained flow of dues payments into their hands, never made the slightest effort to enforce the prevailing minimum wage scale specified by the standard contract for the Chicago area.

Granting that there is some merit to the contention raised by many of the restaurateurs who were witnesses before the committee that gratuities received by waiters and waitresses have an important bearing on the adequacy of their take-home pay, the committee submits that this is not an excusable defense for failure of the union to enforce its contracts but is, instead, a proper matter for negotiation in honest collective bargaining where contracts are valid "open covenants, openly arrived at."

Where the testimony contains admissions by some witnesses that there were no contracts and admissions by others of unfamiliarity with contract terms where the formality of the arrangement had been reduced to printed form, the predisposition to ignore the wage question is patently established.

The committee already has commented on some of the evidence of looting of treasuries of racketeer-controlled locals of the Hotel and Restaurant Employees Union. There is the added testimony by a former business agent that he padded the picket lines at the Nantucket Restaurant to show two more pickets than actually were on the line there, and that the $27 a day for the nonexistent pickets "went downtown" to James Blakely and John Lardino for "special expenses." When the committee sought to inquire about these "expenses," Lardino invoked the fifth amendment and Blakely became "too ill to appear" for questioning. The committee record does reflect that these "special expenses" were distinct from the more than $33,000 a year in salaries and expenses paid to Blakely and Lardino from 1955 through 1957.

The committee finds that Tony Accardo, reputed present boss of the Capone syndicate, had income of almost $43,000 in 1956 from Premium Beer Sales, Inc., and that Gussie Alex, former bodyguard

of Jake "Greasy Thumb" Guzik, refused to discuss his $12,000-a-year income from the Blatz Brewing Co.

Because of the feeling by the committee that many of those who invoked the fifth amendment during this hearing did so frivolously, it recommended to the U.S. Senate contempt citations against 13 individuals, which were adopted and sent to the U.S. Department of Justice for action. As mentioned above, the committee notes that the Hotel & Restaurant Employees and Bartenders Union had dismissed the officials who appeared before the committee and invoked the fifth amendment in compliance with the AFL–CIO ethical practices code. It is hoped that the union is embarking on a program of complete cleanup of the Chicago situation.

Robert Greenfield and attorney appeared before the committee and testified concerning his connections with the Federated Liquor Dealers and his associations with gangsters Weinberg, Labriola, and others. His conflicting testimony and his whole relationship with Weinberg and the others shows he acted in a highly unethical manner.

The committee continues to await with interest the action of the Chicago bar, which is reviewing the testimony of the attorneys, Abraham Teitelbaum and Anthony Champagne, who invoked the fifth amendment before the committee. In the committee's opinion, such a plea by a lawyer is not in any way commensurate with the ethical obligations of the legal profession.

## Overall Supply Industry, Detroit Area

As a direct followup to the committee's study of the gangsters who attended the meeting at Apalachin, N.Y. on November 14, 1957, the committee made specific studies into hoodlum infiltration of business and labor unions in Detroit and Chicago. The Detroit phase of the inquiry covered the activities of certain business agents of the International Brotherhood of Teamsters in conjunction with the solicitation of business for an overall supply company backed by racketeer money and muscle.

The company in question was the Star Coverall Supply Co. which began operations in October of 1952. One of the principal owners of the company is Vincent H. Meli, the son of Angelo Meli, a notorious prohibition era hoodlum, and the son-in-law of Santo Perrone, an ex-convict Detroit racketeer. The other owner is Joseph Lehr, who prior to going into business with Meli worked for the Klean Linen Co., owned by Louis Ricciardi, long a top figure in the Detroit underworld. Ricciardi folded the operations in the Klean Linen Co. after his appearance before the Kefauver committee.

Vincent Meli invested $7,500 in the Star Coverall Supply Co., $6,000 of which he obtained from his father-in-law, Santo Perrone, and $1,500 from Anthony Tocco, who was the timekeeper at the Detroit Stove Co. (It should be noted that Santo Perrone was hired for many years by the Detroit Stove Co. to keep unions out of that plant. This activity of Perrone's was covered extensively by the Kefauver committee.)

Vincent Meli also testified that he later loaned $18,500 to the Star Coverall Supply Co. and that he borrowed $9,500 of this from his brother-in-law Augustino Orlando, who was convicted with his father-in-law Santo Perrone on charges of molesting workingmen and sentenced to prison with him. On the union side, the principals who

operated on behalf of the Star Coverall Supply Co. were Herman Kierdorf and Edward Petroff. Herman Kierdorf was an ex-convict who, through the efforts of Teamster President James R. Hoffa, was paroled from the Ohio State Penitentiary in 1948 to assume a position as business agent for joint council 43 in Detroit, Mich. It was in acting for this joint council that Kierdorf put pressure on automobile dealers in the Detroit, Mich., area to take the services of the Star Coverall Supply Co.

By way of explanation it should be noted that most automobile dealers maintain service departments which employ mechanics. These mechanics in turn wear overalls which in most cases are provided for them by an overall supply company. The overall supply company on getting the account of a certain dealer will send a representative to the shop to measure the men. The overall supply company then purchases overalls, usually puts on a patch or some other identifying marker for the automobile dealer and then supplies the men with these overalls which it exchanges at regular intervals for clean overalls. The laundering of the dirty overalls is also done by the overall supply company. The initial purchase of overalls for a new account may cost the overall supply company as much as $50,000. The statistics of the industry indicate that the company does not start making money until the overalls have been worn for 6 months. Therefore, it is imperative for the overall supply company to maintain the account for at least that length of time.

In Detroit the overall supply business is highly competitive, with a number of companies active in the field. It was with some surprise, therefore, that the overall supply companies in Detroit heard that the Star Coverall Supply Co. was starting to do business in October of 1952. There were already so many companies in this field that it was felt a new company would have scant chance for success. The Star Coverall Co., however, grew at a rapid rate. Some insight into the reasons for this was provided the committee by Irvin Paul Miller, owner of the New Method Laundry in Detroit, Mich.

In 1952, Miller was approached by Vincent Meli, who told him that he was going to start a coverall supply business. He wanted to rent a vacant building adjacent to the New Method Laundry and wanted the New Method Laundry to wash the overalls for the new company, since it did not have a plant. Miller said an arrangement between himself and Meli was quickly arranged and a meeting was set up to have a final discussion of the prices the New Method Laundry would charge to the Star Coverall Supply Co. It was at this point that Joseph Lehr entered the picture. At this meeting Miller said he asked Meli and Lehr why they were starting a coverall business when the competition was so keen. "At that time they told me that they weren't worried about competition because they had enough backing that they could get all the coverall business they needed."

> Mr. KENNEDY. What do you mean enough backing? What was meant by that? Will you explain it?
>
> Mr. MILLER. Well, at that time he said it was pressure, they would put pressure on stops and they would take them over (p. 13127).

He said at that time it was indicated to him that the pressure would come from Angelo Meli and two other top Detroit gangsters, Scarface Joe Bommarito and Pete Licavoli. Miller said on one occa-

sion he was introduced to all three of the men in the office of the Star Coverall Supply Co.

> Mr. KENNEDY. Why would these people be able to take over stops and get business for this new company?
>
> Mr. MILLER. Well, I imagine with their underworld background, that a lot of small businessmen and gas stations and garages would be afraid to give them an argument. A lot of people like to live on (p. 13128).

Miller said that Lehr also indicated that he had influence with the Teamsters Union.

This is the background of the four men who, according to the testimony, either had a financial interest or were behind the operations of the Star Coverall Supply Co.:

Angelo Meli was born in Sicily in 1897. He came to the United States in 1913 and was naturalized in 1929. He has an extensive police record going back to 1919. He was arrested three times for murder, once for kidnaping, three times for carrying concealed weapons. He was only convicted once, however, and that was for carrying a concealed weapon in 1920.

In 1930 he was head of the Capital Coal Co. and it came to the attention of the police that this firm was being used as a "drop" for machineguns and rifles sent to Detroit criminals by New York gangsters. Meli's automobile was found to have machinegun emplacements in it at that time.

Meli was associated in the operation of the Whip Cafe, in Detroit, a center of gambling, and was a partner in the Chalet gambling den in Detroit during the 1930's. Among his partners in this venture was Louis Ricciardi, mentioned above as a former owner of the Klean Linen Co. Ricciardi, himself, had been arrested five times for murder.

Other interests of Angelo Meli included the J. & J. Novelty Co., which is a jukebox distribution operation; the Daller Dry Cleaners and the Bilvin Distributing Co. In this latter enterprise he was a partner of William Bufalino, the president of Teamsters Local 985, in Detroit, Mich.

Other Meli interests included the Flint Cold Storage Co., the Federal Auto Supply Co., the Club Royale, and the J. & R. Amusement Co.

Meli also obtains considerable income from real estate and owns a large farm in Marine City, Mich.

Scarface Joe Bommarito was born in St. Louis, Mo. in 1903. He was reputed to have been the trigger man in a number of gang slayings in the Detroit area. He was arrested and tried for the murder of a local commentator in Detroit named Jerry Buckley, who was shot and killed in 1927, following an exposé of political and criminal tieups in that city. Bommarito and two others were acquitted after a long trial.

Bommarito was also a prime suspect in the shooting of Detroit police inspector Henry Garvin, who was the head of the bomb squad of the Detroit Police Department.

Bommarito was also reported to have an interest in the Michigan Mutual Distributing Co., an interest in the G. & S. Service Co. and a partnership with Peter Licavoli in the Apache Building Corp.

Peter Licavoli was born in St. Louis, Mo., in 1902. He maintains two residences—one in Grosse Pointe, Mich., and the other in Tucson, Ariz. His wife is the former Grace Bommarito, the sister of Scarface Joe Bommarito. He has an extensive police record dating back to 1922, involving arrests for armed robbery, violation of the Volstead Act, kidnaping, carrying concealed weapons, murder, extortion and assault and battery.

Just prior to this hearing Licavoli was sentenced to 2½ years in the Federal Penitentiary for violation of the income tax laws.

Licavoli has long been associated with the numbers racket in Detroit and during prohibition was active in the running of whisky from Canada into the United States. He amassed a fortune and has a number of business interests which include the Grace Ranch in Tucson, Ariz., the Casa Catalina Motel in Tucson, the Tucson Printing Co., the Apache Building Corp., and the Machine Tray Pak Corp. He and Scarface Joe Bommarito own two apartment buildings in Detroit—the Emerson Apartments and the Longfellow Apartments.

Santo Perrone was born in Sicily in 1885. He came to the United States in 1915 and was naturalized in 1924. On his arrival in the United States he went to work for the Detroit Stove Works as a coremaker, along with his brother, Jasper Perrone. During the ensuing 15 years he and his brother were alleged to have smuggled numerous aliens across the Detroit River and have gotten them jobs at the stove works.

Perrone had been arrested a number of times. He was convicted of violation of the National Prohibition Act and received a 6-month jail sentence. In 1951, together with his son-in-law Augustino Orlando, he was arrested for conspiracy to interfere with the formation of a labor organization and fined $1,000 and given 2 years' probation. In 1942, Santo Perrone, together with his brothers Jasper and Matthew Perrone, were arrested for violation of the Federal Firearms Act. There was a fire in the lockers of the Detroit Stove Works and firemen discovered 3 loaded pistols and 25 feet of dynamite fuse in the locker which belonged to the Perrone brothers.

Perrone was active as a strikebreaker at the Detroit Stove Works and was eventually awarded the salvage contract for that company, the net earnings from which amounted to as high as $5,000 per month.

In testimony before the Kefauver committee it was established that Santo Perrone was engaged in union-busting activities for the Briggs Manufacturing Co., in return for which the company awarded a lucrative scrap contract to another of his sons-in-law, Carl Renda.

Ben Harold, general manager of the Central Overall Supply Co. said that after the Star Coverall Supply Co. started, his firm lost a number of accounts to them. The records of the Central Overall Supply Co. indicated that a total of 75 accounts, with a value of $78,000 a year were lost by that company to Star Coverall. Harold said that two theories he had about the loss of the business were (1) pressure from gangsters behind the Star Coverall Supply Co., and (2) pressure by officials of the Teamsters Union, and particularly Herman Kierdorf.

Malcolm Yerkes, owner of the Arrow Overall Supply Co., said he was called one day in 1957 and asked to send a representative to the Gib Bergstrom Pontiac Co. The mechanics employed by this company

had been obtaining their overalls from Star Coverall but Yerkes said he was told they were dissatisfied with this service and wanted to switch to Arrow Overall Co. When his man got down to the Gib Bergstrom Pontiac Co., however, he found that Herman Kierdorf, the business agent of Joint Council 43, had appeared at the Pontiac dealership and told the men not to shift from Star Coverall. Yerkes said he called Kierdorf and asked him to desist from interfering with his business. He said that "Kierdorf informed me that he was a very close friend of Angelo Meli and he was going to do everything possible to help him." Yerkes said he wrote a letter to Isaac Litwak, the president of Teamsters Local 285, with whom Yerkes' company has contracts. He informed him of the situation with Kierdorf and Star Coverall. Yerkes' letter also contained these paragraphs:

> In addition to the above, the writer has been told on more than one occasion by another dealer that Star Coverall has convinced him that they have kept the union out of his establishment and if ever he dispensed with their service they would be unionized. In this case, the men in the garage have indicated a preference for our service many times.
>
> The writer has also been informed through an authentic source that certain organized dealerships have been told that if Star could have the overall business, the union would take this into consideration during negotiations on a new contract (p. 13143).

He said that Litwak was very upset about what Kierdorf was doing and suggested that Yerkes wire James R. Hoffa. Litwak, in fact, helped Yerkes word the wire which asked Hoffa to restrain Kierdorf from acting in behalf of Star Coverall. The wire was sent on October 17, 1957, but Yerkes never received an answer from it.

It is interesting to note that Kierdorf's activities on behalf of Star Coverall, with relation to the Gib Bergstrom Pontiac Co., took place only a few days after he appeared before the committee in 1957. (Kierdorf was convicted in 1932 of impersonating a Government officer and received a 16 months' sentence at the U.S. Penitentiary at Leavenworth, Kans. In 1942, he was convicted of armed robbery in Ohio and sentenced from 10 to 25 years in the Ohio State Penitentiary at Columbus, Ohio. He was paroled on October 2, 1948, when he went to work for the Teamsters Union in Detroit.)

Yerkes said that he heard of Kierdorf's activities in a number of other instances. He said, for instance, he had talked to Dick Haigh, a Pontiac dealer who is now out of business—

> and he informed me on two occasions and also told substantially the same thing to one of my representatives that Star Coverall were keeping the union out of his establishment, and he would like to give me the business, and the men favored us, but he would prefer under the circumstances—or he thought under the circumstances—it would be very unwise for him to make a change (p. 13146).

Yerkes said he had heard that the Bill Root Chevrolet Co. had had an extensive strike. He said that Root told him that the Star Coverall Co. had told him they could straighten out his strike if he would give his coverall business to Star Coverall.

Joseph Warren, an automobile mechanic, was the chief steward of local 376 of the Teamsters Union in the Gib Bergstrom Pontiac Co. He said that the Gib Bergstrom Pontiac Co. was a successor to the Chief Pontiac Co. at the same location in Detroit. In December of 1955, while it was known as the Chief Pontiac Co., a union representation election at the firm was won by the Teamsters Union Local 376. Warren was named shop steward at that time. The union attempted to get the Chief Pontiac Co. and its owner Frank McLaughlin to sign a contract, without success. After 15 minutes of fruitless negotiations, the Teamsters Union decided to picket the Chief Pontiac Co. After 2 days of picketing, Warren said that Edward Petroff, the president of local 376, was contacted by Joe Lehr of the Star Coverall Co. and a business agent of the Restaurant Workers Union. A luncheon was held between Petroff, Lehr, and Herman Kierdorf, at which time Lehr said he would intercede with Frank McLaughlin to see that a contract was signed. Warren said the men were told to go back to work without being consulted as to whether they wished to or not. What McLaughlin did sign, however, proved to be not a contract, but merely a recognition agreement which had no provisions for improvements in wages, hours, or conditions, other than a health and welfare clause.

> Mr. KENNEDY. Was it what you wanted when you went out on strike?
>
> Mr. WARREN. No, sir.
>
> Mr. KENNEDY. Was it what you were after?
>
> Mr. WARREN. No, sir; it wasn't.
>
> Mr. KENNEDY. Why was this recognition agreement signed instead of a contract?
>
> Mr. WARREN. Well, it seems that was all we asked for.
>
> Mr. KENNEDY. Weren't you asking for more?
>
> Mr. WARREN. The men wanted more, but Mr. Petroff thought they should not push too hard at that particular time—he said—and we settled for that, with the 60-day reopening clause (pp. 13150–13151).

Before the reopening clause could be put into effect, however, McLaughlin sold the company to Gib Bergstrom. It should be noted that while McLaughlin owned the company the men received their overalls from the Star Coverall Supply Co. This service continued when Gib Bergstrom took over the company. There was considerable dissension among the men as to the quality of Star service. Finally, an election was conducted among the men to see if they wanted to stay with Star or change the service; 13 men voted for Arrow Overall, 1 for Star, and 6 said they had no preference. However, as the men began to make arrangements to change over to Arrow, Joe Lehr and Herman Kierdorf appeared at the plant. Kierdorf asked the men to stay with Star. Warren said that he did not see why it was any of Kierdorf's concern, "one way or the other, because he was supposed to be representing the men and not the laundry company. In fact, it seemed to me that if he was going to show preference he should want us to get the most for our money, being one of our business agents." Warren said the men definitely would not have stayed with Star had it not been for Kierdorf's interference. (It should be pointed out here that there could be no question of Kierdorf acting for Star, and against Arrow, because one was a union firm and the

other was nonunion. Both Star and Arrow have contracts with local 285 of the Teamsters Union.)

In an affidavit, Frank McLaughlin confirmed that he had been contacted by Lehr in regard to the contract in 1957 and that he had been told by Lehr that the strike could be settled if the Chief Pontiac Co. would merely sign a recognition agreement.

The activities of Star Coverall and the Teamsters Union were further described in relation to another automobile dealership in Detroit, the Jefferson Chevrolet Co. Allen Rosenberg, a partner in the Auto City Coverall Supply Co., which was formed in 1952, had since its inception had the account of the Jefferson Chevrolet Co. Sometime in 1956, Rosenberg had a discussion with Ray Tessmer, the owner of the Jefferson Chevrolet Co., who told him he was going to have to take the coverall business away from him and give it to another company. Rosenberg said that Tessmer was very reluctant and very unhappy that he had to make the change. He said that Tessmer was very nervous and told him that he was in some kind of trouble. Rosenberg said he checked around and found that the union was attempting to organize Mr. Tessmer's company. Tessmer told Rosenberg that he had "met somebody who could help him out."

Rosenberg found that the only troubles Mr. Tessmer was having at that time related to the union. Rosenberg also said that Tessmer indicated that if he did not make a change in the coverall business there would be no account there to service at all.

Indication of Mr. Tessmer's problems and a behind-the-scenes look at the entire Detroit overall operation were provided to the committee by Mrs. Nancy Dawson, a pretty 33-year-old mother of four, who operates at Dawson Industrial Laundry in Detroit. Mrs. Dawson appeared before the committee after twice being threatened by anonymous parties who cautioned her not to testify before the committee. In one phone call 3 weeks before the hearings, she was told to "keep her mouth shut and all would be all right." Fifteen days before the hearings she received another threat, this time specifically warning her not to talk any further with committee investigator Pierre Salinger, who was referred to by the anonymous caller as "that little Dago."

Mrs. Dawson said that the first she heard of the Star Coverall Supply Co. was in September 1957. She was contacted by one of her accounts, the Ralph Ellsworth Ford Co. in Garden City, Mich. Mr. Ellsworth, Jr., said he was going to change his service from Mrs. Dawson's company to the Star Coverall. "He said certain—I believe he used the word—'pressures,' or business things, had come up and he was going to be forced to change the account." Mrs. Dawson said that she sent a telegram to the Star Coverall Supply Co. stating that she would sue them if "any action taken on your part 'causes' a breach of such contract by Ralph Ellsworth Ford, Inc." Mrs. Dawson said that early in October she contacted Mr. Dawson Taylor, whose Chevrolet agency she also serviced. Mrs. Dawson said that Dawson Taylor told her he had been contacted by Herman Kierdorf, exconvict organizer for Joint Council 43 of the Teamsters in Detroit, Mich. Taylor said that Kierdorf suggested that the overall business for his Chevrolet store be moved to the Star Coverall Co.

Mrs. Dawson said that she knew that the Star Coverall Co. was owned by Vincent Meli, the son of Angelo Meli, a notorious Detroit area hoodlum figure. She said that she was concerned about the inroads being made on her business by Star Coverall, and she contacted a friend of hers whom she also knew to be a friend of Angelo Meli. Soon after this contact was made, Mrs. Dawson said, she got a phone call from Joe Lehr, one of the owners of the Star Coverall Co. She said she met Mr. Lehr for lunch and Lehr told her that he was going to go through with his plans and take the account of the Ellsworth Ford Co. He said that somebody had interceded with him with regard to this account, and he could not back out at the present time. During the conversation Lehr also said that Angelo Meli had done a great deal for the Star Coverall Co., and further went on to say that he was a good friend of Herman Kierdorf, whom he referred to as "Doc." Lehr had a card with Kierdorf's name on it and suggested that Mrs. Dawson also talk to Kierdorf, who he said could be of some help to her. Mrs. Dawson said she refused to meet with Kierdorf.

Mrs. Dawson said a few days later she received a call from Lehr, who again told her he was going to take the Ellsworth Ford account, but he would make up the business to her in some other way. Mrs. Dawson said that she went in to have a discussion with Dawson Taylor, who again repeated the conversation he had had with Herman Kierdorf. Taylor then told Mrs. Dawson he was going to give her the account, but the general manager of the company, Clifford Knight, insisted on telephoning Joe Lehr before giving her the business.

> Mrs. DAWSON. Then he said, "Mr. Lehr would like to speak to you, Mrs. Dawson," and he gave me the telephone. Do you want me to go into that conversation?
>
> Mr. KENNEDY. Just briefly, if you would.
>
> Mrs. DAWSON. Mr. Lehr said, "I just fixed it up for you; Mr. Knight is going to give you that account."
>
> He said, "You see, I am going to make it even with you" or something like that, "for the Ellsworth account."
>
> I said, "No, I am sorry, Joe, that just does not hold water with me, because I have known the Taylors a long, long time, and Dawson always promised me that if he ever made a change, he would give me the account."
>
> That was the end of the conversation and they did give me the account at that time (p. 13216).

Mrs. Dawson said she subsequently talked to Mr. Rabitte, the sales manager of the Domestic Linen Co. which had previously handled the business at the Dawson Chevrolet Co. Rabitte said he was mad at her for taking the account of the Dawson Taylor Chevrolet Co., and said that he had understood that Star was going to get the account. Mrs. Dawson quoted Rabitte as saying, "We knew that Star was going to take the account, that they were going to do that the same way they took the Ellsworth account from you."

> I said, "What do you mean?"
>
> He didn't go completely into an explanation, but he said,

"Well, we could stop Mr. Kierdorf," and I said, "How? And if you wanted to help me, why didn't you stop what was going on at Ellsworth?"

He laughed and said, "Well, Mr. Kierdorf isn't the biggest person in the Teamsters" (p. 13216).

Mrs. Dawson said that some weeks after the Dawson Taylor incident she received a phone call from, and then met, Joe Lehr. Lehr then took her to the Jefferson Chevrolet Co., owned by the aforementioned Mr. Tessmer. Mrs. Dawson said that she had known Tessmer for some years and that Lehr had never met him. Mrs. Dawson said there was first a casual conversation following which they went into Tessmer's office.

Mrs. DAWSON. The two of them were talking. I did not hear all of the conversation, but Mr. Lehr said, "Ernie contacted me and told me that I should talk to you"; and he made some reference to some problem which was unidentified at that point. But then Mr. Tessmer reached over on his desk and took a telegram and turned it around and showed it to Mr. Lehr. All I could tell you about the telegram was that it was signed by Mr. Petroff.

Mr. KENNEDY. Mr. Chairman, that is the telegram that we introduced yesterday, the telegram from the union saying that they were going to organize Mr. Tessmer's company.

Mr. Lehr, when he came in, said "Ernie Grissom called," is that right?

Mr. DAWSON. Well, he said "Ernie contacted you. I am Joe Lehr."

Then he mentioned another Chevrolet dealer and said something about—I don't know whether he used the word "intercede," but that was the substance of it.

Mr. KENNEDY. Did he indicate to him that he thought that he, Lehr, could help him out in this matter?

Mrs. DAWSON. Well, more or less. He said that he thought he could straighten it out. Mr. Tessmer was extremely angry over what happened, and I really don't know what happened (p. 13217).

Lehr went on to tell Tessmer that "Doc" was worried.

He told Mr. Tessmer he would have to cooperate, that they would do everything they could to help him, but they did not want this account to go to another union, and if he did not cooperate in some way it was very likely the employees would petition in another union (p. 13218).

Mrs. Dawson said that Lehr made this statement after mentioning the fact the Teamsters were interested in Tessmer's employees.

In the early part of January Mrs. Dawson and Lehr paid another visit to Tessmer.

Mrs. DAWSON. Well, to open the conversation I think Mr. Lehr asked Mr. Tessmer if he had any more difficulty with the men in the shop or any more upsetness or anything like that, and as I remember it Mr. Tessmer said some small inci-

dent that they had been able to handle and so on, and then he made a reference to "Doc," whom I told you he was referred to before, this is Mr. Kierdorf. He said that he wanted Mr. Tessmer to do him a favor, and he said he wanted him to give me his overall business, and I think Mr. Tessmer was a little surprised that Mr. Lehr had asked me that I have the business rather than his own company.

He explained that the man who presently was serving the account had been a former friend of his, or that they had operated in the same building, and I just am not too clear on that detail or that portion of it, but that he really didn't feel that he could take the account. He also mentioned that "Doc" had told him at the time that he should get something out of his favors, so to speak, and he had interceded for the automobile dealers with the union, and some of the favors that he had done for these people were worth upward of $10,000.

He said he had never really taken advantage of it but all he was asking was that the coverall business be turned over to me (p. 13219).

Mrs. Dawson said that about 5 weeks later when she had not heard from Tessmer she called Mr. Tessmer about the business. She said that Tessmer was quite surprised to hear from her. Tessmer told her that Mr. Lehr had been there the day before "with another gentleman and we have already contracted to give them our coverall business." She identified the company as the Michigan Industrial Laundry, owned by Lou and Moe Dalitz, the latter being a prominent Las Vegas and Havana gambling figure.

Mrs. Dawson related still another experience with Mr. Lehr involving another automobile dealership. She said that Lehr called Bill Root, owner of the Bill Root Chevrolet Co. in Farmington, Mich., concerning giving the overall business to Mrs. Dawson. From conversations between Lehr and the general manager of the Root Co., Mrs. Dawson ascertained that Lehr had been successful in having a picket line removed from in front of Mr. Root's establishment. There had been a strike at the Bill Root Chevrolet Co. from approximately July to December of 1957.

Mr. KENNEDY. Did he say how much it had saved the Bill Root Co., his removing the picket line?

Mrs. DAWSON. Well, there were several references at different times to the fact that there was a great deal of money involved, but I couldn't specifically make the statement that he said it at that time.

Mr. KENNEDY. But the figures that were mentioned were between $10,000 and $15,000; is that right?

Mrs. DAWSON. Yes, sir.

Mr. KENNEDY. Now, did Mr. Lehr indicate how he was able to get these picket lines removed?

Mrs. DAWSON. Only through his friendship with Mr. Kierdorf, and he never mentioned anything else to me (p. 13221).

Mrs. Dawson said that in another conversation with Joe Lehr he mentioned that when James R. Hoffa was "off the pan" he would see to it that Star Coverall "would have all the uniform business with all of the trucking companies of Detroit." Lehr also spoke about getting all the auto dealerships and the fact that "if the people didn't cooperate they could delay shipment and supplies and things like that." Mrs. Dawson said Lehr was referring to the Teamsters Union. Mr. Tessmer said that he had done business with Mr. Rosenberg and that he had switched to the Michigan Industrial Laundry. He said the reason for the switch was because "I got a better price and a better deal." He denied the union difficulties had played any part in the transaction but later in his testimony conceded, "I was having a little union trouble. They were trying to organize my men but I never belonged to no union." Tessmer also said that he happened to have lunch with Joe Lehr, Herman Kierdorf, and Edward Petroff, another Teamster officila involved in the organization of automobile dealers. Tessmer also conceded that Joe Lehr had been sent to him by Ernie Grissom, a Chevrolet dealer in Mount Clemens, Mich., who told him "that Lehr had some friends among the union." Tessmer insisted, however, that he did not remember whether or not Grissom had sent Lehr to him the very day he had received the telegram from the union demanding recognition.

> Mr. KENNEDY. Mr. Lehr ultimately brought the Michigan Industrial Laundry back, is that right, a representative of the Michigan Industrial Laundry?
>
> Mr. TESSMER. That is right.
>
> Mr. KENNEDY. This is the same Mr. Lehr who had been described to you as the individual who could settle your labor difficulties?
>
> Mr. TESSMER. That is right.
>
> The CHAIRMAN. What in the world did he have to do with where you sent your laundry?
>
> Mr. TESSMER. Nothing.
>
> The CHAIRMAN. It seems like he took a lot of interest in it.
>
> Mr. TESSMER. Well, he wanted to get the business for his friends is about all I can see.
>
> The CHAIRMAN. He would settle all of your labor troubles if you would look after his friends for him. Well, that is what it adds up to; isn't it?
>
> Mr. TESSMER. Well, if that is how it adds up.
>
> The CHAIRMAN. Can you add it up to a different answer?
>
> Mr. TESSMER. No (p. 13169).

Tessmer said he had had no further trouble with the union after the initial approach by Eddie Petroff and at the time of the hearing he said he still did not have a contract with the Teamsters Union.

Dawson Taylor, owner of the Dawson Taylor Chevrolet Co., testified that in May of 1957 he purchased the franchise of the Don Homer Chevrolet Co. A month later he received notice from the Teamsters Union that they represented his employees and on June 5 a picket line was placed in front of his company. Taylor said when he was slow in settling the strike the union put picket lines in front of an automobile agency owned by his brother, Hanley Taylor, although

this company had no corporate or other relationship with the Dawson Taylor Chevrolet Co. Two other stores owned by Hanley Taylor were also subsequently picketed, despite the fact that all of the employees working for Hanley Taylor belonged to a voluntary association and had already voted not to join the Teamsters. In fact, Hanley Taylor testified that while the Teamsters picketed his stores, they made absolutely no effort to organize his employees.

After the pickets had been on his store for some 3 weeks, Hanley Taylor was approached by a man he had known many years, named Robert Fawkes. Fawkes was an employee of the Detroit office of Labor Relations Associates of Chicago, Inc., the labor-management consultant firm headed by Nathan W. Shefferman. The head of Shefferman's Detroit operation was George Kamenow. (Both Shefferman and Kamenow appeared at previous hearings of the committee and invoked the fifth amendment.) Fawkes told Hanley Taylor he could take care of the situation and made a telephone call from Taylor's office and talked to a "George." After Fawkes left, Taylor consulted his attorney who advised him to have nothing to do with Fawkes. The attorney, in fact, predicted that the operations of Kamenow would sometime come to the attention of the Senate Select Committee, a prediction which proved highly accurate. Finally, after threatening to sue James R. Hoffa, the strike was settled in July of 1957.

Dawson Taylor testified that in October of 1957 Herman Kierdorf came to his office and suggested Taylor switch his overall business to the Star Coverall Co. Taylor said he agreed to do this but 2 weeks later found he was paying his bill to the Dawson Industrial Laundry. At the time the strike had been settled, Dawson Taylor had signed a recognition agreement with the Teamsters Union promising to negotiate a contract with them by December 1, 1957. In Kierdorf's discussion relating to the switch of overalls, Taylor said he told his general manager, Clifford Knight, that if the switch was made Taylor "would have no more difficulty or trouble with the union." As of the time of the hearing, Taylor had not negotiated any contract with the union.

As previously noted, Mrs. Dawson had had conversations with the sales manager of the Domestic Linen Co. concerning the Dawson Taylor account. She testified that she went to call on Dawson Taylor, whom she had known quite well for a number of years. She said that Taylor had already agreed to give her the account but that he explained he had had a visit from Herman Kierdorf, who wanted the business to go to the Star Coverall Co. She testified at that time that Clifford Knight called Joe Lehr and that after the conversation Lehr spoke to her and said, "I just fixed it up for you. Mr. Knight is going to give you that account." Mrs. Dawson testified, however, that she felt she had received this account on her own merit because of her longtime friendship with Dawson Taylor.

Teamster officials Herman Kierdorf and Eddie Petroff invoked the fifth amendment with regard to all these transactions.

Vincent Meli testified he did not know that Herman Kierdorf was assisting his company in getting clients. He testified, however, that he would consider such assistance improper. He conceded his busi-

ness had grown from a flat start in 1953 to a gross income of $211,641 for the year ending October 31, 1957.

Joseph Lehr testified that before joining Vincent Meli in the formation of the Star Coverall Supply Co. he was employed by the Klean Linen Co., which was owned by Louis Ricciardi, who has long been prominent in Detroit underworld circles. Lehr said that Herman Kierdorf had introduced him to three automobile dealers, whom he identified as Ralph Ellsworth (Ford), Raleigh Barrett (Chrysler), and Dawson Taylor (Chevrolet). Lehr could not recall how he first met Herman Kierdorf. He added that he had never told any dealers that if they gave their business to the Star Coverall Supply Co. he could solve their union problems. Lehr, however, refused to make a flat denial that he had discussed union problems of various automobile agencies with Herman Kierdorf. The rest of his testimony was full of conflicting statements, which moved the chairman to send the entire transcript to the Justice Department for investigation. So confusing was Lehr's testimony that Chairman McCellan stated emphatically that he believed Lehr had perjured himself.

### Findings—Overall Supply Industry, Detroit Area

The Detroit overall industry provided the committee with another example of gangster infiltration into business enterprises. In this case the committee finds that the Star Coverall Supply Co. was financially backed by some of the most notorious figures of the Detroit underworld: namely, Angelo Meli, Santo Perrone, Pete Licavoli and Joe "Scarface" Bommarito. Through the use of pressure and with the assistance of ex-convict Teamster business agent Herman Kierdorf, the company was able to take over the business of legitimately operated companies.

The actions of Mr. Kierdorf in this matter are a reflection on the type of leadership provided the Teamsters by its general president, James R. Hoffa. It was Hoffa who personally interceded for Kierdorf and secured for him a parole from the Ohio State Penitentiary, where he was serving a 10- to 25-year term for armed robbery. Immediately following this parole Hoffa placed Kierdorf in a position of authority within the Teamsters Union in Detroit. Kierdorf had hardly gotten off the plane from his appearance before this committee in 1957 when he started to intimidate and coerce Detroit automobile dealers on behalf of the Star Coverall Supply Co. When his unethical conduct was brought to the attention of Mr. Hoffa, the Teamster leader in characteristic fashion completely ignored the complaints, allowing his ex-convict associate to continue his campaign on behalf of this racket-controlled overall supply company.

The committee finds that certain Detroit automobile dealers, particularly Ray Tessmer and William Root, were only too glad to do business with the Star Coverall Supply Co. if it meant that they would not have to do business with the union. It is this type of activity by so-called reputable businessmen that prevents a cleanup of union racketeering and a halt to further underworld encroachment on legitimate business.

U.S. SENATE,
*Washington, D.C., July 31, 1959.*

I was not a member of the Senate Select Committee on Improper Activities in the Labor or Management Field until February 1959, and consequently I did not sit in on the hearings and executive sessions on which the attached report was prepared. Under these circumstances, I have taken no part in the preparation and submission of the report.

HOMER E. CAPEHART.

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