

FINAL REPORT  
OF THE  
SELECT COMMITTEE ON  
IMPROPER ACTIVITIES IN THE  
LABOR OR MANAGEMENT FIELD  
UNITED STATES SENATE  
PURSUANT TO  
S. Res. 44 and 249  
86th Congress  
(TOGETHER WITH SEPARATE VIEWS)



PART 3

MARCH 28, 1960.—Ordered to be printed

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

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## FINAL REPORT

MARCH 28, 1960.—Ordered to be printed

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

## REPORT

### THE CRIMINAL SYNDICATE

During much of 1958 the committee looked into the extensive infiltration of gangsters and racketeers into legitimate trade union and business activity. This phase of the committee's hearings was given a preliminary study in June and July when hearings were held on the background of a number of the men who attended the gangland meeting at Apalachin, N.Y., on November 14, 1957.

The Apalachin meeting was the latest in a series of underworld gatherings which have occurred down through the years and by far the biggest known assemblage of top racketeers. Only alert work by the New York State Police resulted in unmasking the participants.

There were 58 known hoodlums in attendance at the Apalachin meeting, and law-enforcement officials are convinced that others were present and escaped the dragnet which was placed around the home of Joseph Barbara, after the existence of the meeting was first discovered by Edgar D. Crosswell of the New York State Police on the morning of November 14, 1957. To show the extensive infiltration of gangsters into legitimate trade union and business and trade activities, committee investigators made a survey into the irregular and illegal activities with which the men at Apalachin were connected. From this survey a great deal of valuable background material on these men was established. For instance, of the 58, 50 had arrest records; 35 had records of convictions, and 23 had spent time in prisons or jails as a result of these convictions; 18 of these men had been either arrested or questioned at one time in connection with murder cases. Other illegal activity noted in the survey included narcotics (for which 15 had been arrested or convicted); gambling (for which 30 had been arrested or convicted), and the illegal use of firearms (for which 23 had been arrested or convicted).

As to legitimate business activities, a study of the men who attended the Apalachin meeting showed: 9 were or had been in the coin-operated machine business; 16 were involved in garment manufacturing or trucking; 10 owned grocery stores or markets; 17 owned taverns or restaurants; 11 were in the olive oil-cheese importing or ex-

porting business; 9 were in the construction business. Others were involved in automotive agencies, coal companies, entertainment, funeral homes, ownership of horses and racetracks, linen and laundry enterprises, trucking, waterfront activities and bakeries, and one was a conductor of a dance band.

There were several other significant facts produced by a study of these men at Apalachin: (1) They maintained extensive communication between themselves, even though they came from widely separated areas of the country; (2) there was an extensive blood line and marital relationship among these men, as well as between them and others who were not present at the Apalachin meeting. Thus, while certain key sections of the country appeared on the surface to be unrepresented at the Apalachin meeting, there is little doubt that the interests of those underworld figures were represented by others who were in attendance. For example, one of the largest unrepresented areas at the Apalachin meeting was the Detroit, Mich., underworld. Yet a study of the telephone communications between those who were at Apalachin and persons living in Detroit showed extensive interchange of calls. Other areas of the country were also in touch with members of the Apalachin group. For example, John Ormento, a major trafficker in narcotics, who is currently a fugitive from an indictment in the southern district of New York, and who attended the Apalachin meeting, had been in communication with such parties as Joe Salardino in Canon City, Colo., Joe Civello in Dallas, and Michael Polizzi in Detroit.

The same type of extensive telephone communications to various parts of the country was maintained by other bigwigs who attended the Apalachin meeting, such as Joseph Profaci and Vito Genovese.

A study of blood-line ties also provides interesting examples: Two of the big-time hoodlums in the Detroit area are William "Black Bill" Tocco and Joseph Zerilli. Although neither of these men was present at Apalachin, they were related by marriage to men who were there. For example, Anthony Tocco, the son of "Black Bill" Tocco, is married to Carmela Profaci, the daughter of Joseph Profaci. Their New York wedding in 1955 was attended by leading hoodlums from all over the Nation. Joseph Zerilli's son, Anthony Zerilli, is also married to a daughter of Joseph Profaci—Rosalie Profaci. Angelo Meli, another top Detroit hoodlum, had a son, Salvatore Meli, who was married to Dolores Livorsi, the daughter of Frank Livorsi. Livorsi, in turn, is related by marriage to the aforementioned John Ormento.

The background of the problem of criminal infiltration was voiced by the chairman as the committee hearings got underway:

There exists in America today what appears to be a close-knit, clandestine, criminal syndicate. This group has made fortunes in the illegal liquor traffic during prohibition, and later in narcotics, vice, and gambling. These illicit profits present the syndicate with a financial problem, which they solve through investment in legitimate business. These legitimate businesses also provide convenient cover for their continued illegal activities.

\* \* \* \* \*

It is important to understand from the outset that this criminal syndicate operation is not a localized one, but na-

tional in scope. The fact that the gangland meeting took place in Apalachin, N.Y., does not in any way make this a localized New York problem. Similar gangland meetings, known to authorities, have been held in Cleveland, Ohio, and on the Florida Keys. There is no telling how many other meetings, in other parts of the country, have been undetected by authorities (pp. 12192-12193).

The physical history of what took place on November 14, 1957, was provided to the committee by Sgt. Edgar Crosswell of the Bureau of Criminal Investigation of the New York State Police, headquartered at Vestal, N.Y. Sergeant Crosswell said he first became interested in Joseph Barbara in 1944 when a man was arrested for stealing gasoline from one of Barbara's plants. Barbara was the operator of the Canada Dry Bottling Co. in Apalachin, N.Y. Crosswell said that Barbara seemed reluctant to prosecute the man who had been arrested for stealing the gas, and it was further found that when he (Barbara) appeared at police headquarters he was carrying a gun. Crosswell said that this piqued his curiosity and that thereafter he spent some time delving into Barbara's background. He found, for instance, that Barbara had been arrested for the murder of a man in Pittston, Pa. The murdered man's name was Calomero Calogare, who was shot down in Pittston on January 4, 1931. The victim made a deathbed statement accusing one Tony Merreale of shooting him. Merreale, however, said that at the time he was working at a still for Joseph Barbara. Barbara was arrested on suspicion of being the second man, but witnesses failed to identify him, and he was discharged. Again in 1933 Barbara was arrested by police in Scranton, Pa., on suspicion and for investigation as a result of the murder of a racketeer named Samuel Wichner. The information which police obtained was that Wichner was lured to the home of Barbara on the belief that he would have a conference with Barbara, Santo Volpe, and Angelo Valente, who were to be his silent partners in a new bootlegging venture. Barbara's record also shows that on June 13, 1946, Barbara was convicted in the U.S. district court at Utica, N.Y., of illegal acquisition of 300,000 pounds of sugar. On this charge he received a \$5,000 fine. The committee was interested to note that Barbara held a pistol permit in New York State until after the Apalachin meeting was exposed. Such a permit must be obtained on an application which must include four or five character witnesses. Sergeant Crosswell said that investigation of the subjects who apply for pistol permits is very much guided by the people who are listed as references.

Senator GOLDWATER. Did you ever see his application?

Mr. CROSSWELL. Yes, sir; I have.

Senator GOLDWATER. What kind of character witnesses did he give?

Mr. CROSSWELL. He had the very best.

Senator GOLDWATER. In New York State?

Mr. CROSSWELL. Yes, sir (p. 12207).

Sergeant Crosswell said that during 1957 a number of hoodlums went to visit Barbara. He named them as Russell Bufalino of Pittston, Pa. (who is currently under order of deportation by the Bureau

of Immigration), Emanuel Zicari, and Anthony Guarnieri, both of whom have long criminal records. Another visitor at the Barbara home was Patsy Turrigiano.

Sergeant Crosswell also said his investigation disclosed that there was a meeting of hoodlums in the Arlington Hotel in Binghamton, N.Y., in 1956. He named some of those he found to have attended as Joseph Barbara, Frank Garofalo, John Bonoventure, and Joseph Bonnano, also known as "Joe Bananas." All of these men have extensive criminal records; Bonnano, for example, had once been arrested for transporting machine guns to the Capone mob in Chicago. Another man, although not registered at the Arlington Hotel, was believed to have attended that meeting. His name was Carmine Galente. Galente was picked up after he left the city of Binghamton in the company of Frank Garofalo. He has an extensive police record going back to 1921, including terms in Sing Sing for grand larceny, assault, robbery. In 1930 he was sent to the penitentiary for shooting his parole officer. The expenses at the hotel during this meeting were paid for by Barbara.

The discovery of the Apalachin meeting came quite by accident. Sergeant Crosswell said he and his partner, Trooper Vasuko, were investigating a bad check charge in a motel in Vestal. As they were talking to the motel owner, they noticed the son of Joseph Barbara, Joseph Barbara, Jr., approaching the motel. Crosswell and his partner said they hid in the living room behind the motel owner's office and heard young Barbara engage three rooms for the nights of November 13 and 14, 1957. He said he wanted the rooms charged to the Canada Dry Bottling Co. and wanted to take the keys with him. The owner's wife asked young Barbara to register the names of the persons coming and he said he did not know who they would be and he would register them the following day. Crosswell said he checked around that night and found two cars parked near Barbara's home. One was registered in the name of Patsy Turrigiano and the other in the name of James V. LaDuca, an official of the Hotel and Restaurant Workers Union in Buffalo, N.Y. A third car with a New Jersey registration was found to have belonged to one Alfred Angelicola of Paterson, N.J. This was at 9 p.m. on the night of November 13. At 9:30, Crosswell said, he checked the motel and found a car registered to the Buckeye Cigarette Service of Cleveland, Ohio, operated by a man named John Scalish:

Sergeant CROSSWELL. We asked the proprietor about that car and he said two men had driven in and went into one of the rooms that Barbara had reserved and so we sent him out with a couple of registration cards to get the men to register. He came back and he said that they had refused to register and said that "Joe" would take care of it the next day (p. 12213).

The motel owner wanted to evict these men, but Crosswell told him to leave them alone. At 2:30 in the morning a further check was made, and the only new item noticed was that LaDuca's car had moved from in front of the Barbara home to the motel. At 8:30 the following morning Crosswell checked the motel again and found that in the three rooms reserved by Joseph Barbara, Jr., six beds had been



occupied, indicating that four men had come with LaDuca. He then notified the senior inspector of his district that it appeared that another meeting was underway at Barbara's home. Crosswell drove by the Canada Dry plant and found nothing going on there. He then headed for Barbara's home, and that is when, in his own words, the "stuff hit the fan. We drove in and everybody started running in all directions." As Crosswell and his men came up the long road leading to Barbara's home, "a lot of men ran from around the barbecue pit \* \* \* and some ran for the house and some came out of the house and ran the other way and everybody got all excited and all worked up." The road on which Crosswell drove toward Barbara's home was the only entrance and exit road to and from the estate. Another road, which was a potential escape route, had a washed-out bridge. However, Crosswell said, as he and his men set up the road block, they saw 10 or 12 men running from the direction of Barbara's house into the pine woods behind the house. Crosswell said, however, that even after going through these woods the men would have to escape down a road called McFaddin Road. Crosswell said he set up an additional road block on this road so they could pick up the men coming out of the woods. Crosswell said the men were all dressed for the most part in silk suits and white-on-white shirts, highly polished pointed shoes and broad-brimmed hats. Some of the men who took the woods route, however, appeared a bit bedraggled when picked up by the police. "Some of them lost their hats and they were full of cockle burrs and their shoes were scuffed up."

Of all the persons ensnared by the police dragnet, however, by far the most interesting from many aspects was John Charles Montana, who in 1956 had been voted "Man of the Year" in Buffalo, N.Y., for his civic good works. According to Crosswell, Montana was one of the men who chose to go through the woods on the approach of the police. He was found near McFaddin Road caught on a barbed-wire fence.

Mr. CROSSWELL. He called me over to the house and he sent a man over and said he wanted to see me and I went over and he told me he was very embarrassed being there, and he had just stopped in to see Barbara, and did not know that there was going to be any such gang of characters as he found up there, and if I would let him go up and get his car and get out of there he could probably do something for me.

He started mentioning a lot of prominent people that he knew in Buffalo and that area and one of the officials of our department that he knew very well. He mentioned no specific thing that he could do for me, but that he could do something for me if I would let him go and get his car.

Senator IVES. How was he attired? Did he have the George Raft attire, too?

Mr. CROSSWELL. Yes, sir; topcoat and all.

Senator IVES. Pointed shoes and all?

Mr. CROSSWELL. Yes, sir.

Senator IVES. Large hat?

Mr. CROSSWELL. Yes, sir.

Senator IVES. He had all of that on to have a cup of tea?

Mr. CROSSWELL. That is his story (p. 12215).

Montana's story of how he arrived at the home of Joseph Barbara on November 14, 1957, was one of sheer amazement to members of the committee. According to Montana, he had known Barbara for a number of years, going back to 1934 when Barbara became a distributor for one of Mr. Montana's farflung enterprises, the Empire State Brewery Corp. Montana said that when he left Buffalo he had an appointment in New York City with a man named Frank Sawyer to discuss matters affecting the taxicab industry. He said that he had also decided to make a stop in Pittston, Pa., to see William Medico, the head of Medico Industries. Montana said that in 1956 he had sold a compressor to William Medico but that he had never received any pay from Medico for this. "I was going to find out whether I would get paid for it or ship it back."

Mr. KENNEDY. Weren't the phones working at that time? Couldn't you just telephone down to Pittston?

Mr. MONTANA. Well, telephones didn't do any good. As long as I was going to New York, I thought I may as well get it over with, stop there and find out and ship it back if I couldn't get the money.

Mr. KENNEDY. Just go down there and find out about the compressor yourself?

Mr. MONTANA. That is right (p. 12298).

Montana said that he left Buffalo on Thursday morning, November 14, 1957, at 8:45 a.m. Traveling with Montana was Anthony Maggadino, whom Montana described as "an uncle through marriage to my nephew." Maggadino has an extensive criminal record, including arrest for falsifying passports in Italy, homicide, extortion, rape, and violation of the U.S. immigration laws. Montana said he was completely unaware of Maggadino's record. Montana said he had gone up to Niagara Falls on Wednesday, November 13, to see one of his older brothers. "He is the father of a girl that married Maggadino's nephew." He said Maggadino was at his brother's house and asked him if he could go to New York with him so that he could see his sister. Thus, Montana and Maggadino left Buffalo on Thursday morning, November 14. It was raining, and when Montana got 15 or 20 miles out of Buffalo he started having trouble with his windshield wiper. Montana said he stopped the car on the thruway and fixed it in the rain.

Montana said that when he got 10 miles west of Endicott, N.Y., he started having trouble with his brakes.

\* \* \* On that road there is no service stations of any kind, and I could not drive the car more than 15 or 20 miles an hour. Of course, to my own sorrow, I know that Joe Barbara lived there (p. 12302).

Montana said the trouble actually occurred just before he drove into Owego. Senator Irving Ives, vice chairman of the committee, who lives in upstate New York said he had been in Owego many times and that there were several garages there. Mr. Montana said he did not stop in any of these garages because they "don't know how to take care of a set of brakes." Montana said he drove to Barbara's home because he said he felt Barbara would get one of his mechanics to fix the brakes. He said he parked at the entrance of the house

and went in to look for Joe Barbara, leaving Maggadino sitting in the automobile. He said he met Mrs. Barbara in the house and asked her if she would give him a cup of tea. Montana said to his best judgment he arrived at the Barbara home about 2 p.m. Sergeant Crosswell said that when he went up to the Barbara home at 12:40 Montana's car was not parked where he said he parked it. Further, he said that the roadblock was set up immediately following this and that no cars went in or out of the Barbara estate after 12:40 p.m., November 14, 1957, without his knowledge.

Montana said that after he had been sipping tea for a few minutes, Joe Barbara came into the room and told him that he would get a mechanic to fix the car.

Mr. KENNEDY. In the meantime, Mr. Maggadino was still sitting in the car?

Mr. MONTANA. Still sitting in the car.

Mr. KENNEDY. Wasn't he hungry?

Mr. MONTANA. I didn't ask him if he was hungry. I just went in to get this car business taken care of, and I told him to wait.

Mr. KENNEDY. But you were in there having tea.

Mr. MONTANA. That is right.

Mr. KENNEDY. You were eating.

Mr. MONTANA. That is right.

Mr. KENNEDY. It was after the lunch period. Wasn't he also anxious to eat?

Mr. MONTANA. Well, he didn't discuss anything about eating (p. 12306).

Montana said that the tea party was broken up when Joe Barbara suddenly exclaimed that there was a roadblock. Montana said that when he saw the commotion "I was no part of it and I thought I would walk away from it." It was this walk that took Montana into the woods behind the Barbara estate and out toward McFaddin Road, where he was ultimately apprehended by the police.

Mr. KENNEDY. Would you explain to the committee why you thought it was necessary to go to the woods?

Mr. MONTANA. Well, I was no part of it.

Mr. KENNEDY. Did you feel it was gangsters who were establishing a roadblock and you would have to run from them, or what?

Mr. MONTANA. I wouldn't know, Mr. Kennedy. It could have been gangsters. I didn't think they were. Those people were eating when I was there. My best judgment was to leave, and I did (p. 12308).

Mr. Montana was asked about others who were at the meeting at Barbara's home. He said he knew Salvatore Falcone, Joseph Falcone, Russell Bufalino, and James LaDuca. Montana insisted, however, that he saw none of them at the Barbara home on that day. As to Anthony Maggadino, Montana said that he faithfully sat in the car until he came out of the house and then walked into the woods with him. As peculiar as Montana's story seemed to the members of the committee, he was the only person who attended the Apalachin gathering who appeared before the committee who did not invoke the

fifth amendment. Others who attended the meeting at Barbara's home who appeared before the committee were Russell J. Bufalino, Vito Genovese, James LaDuca, Louis Anthony Larasso, Rosario Mancuso, Mike Miranda, Joseph Profaci, and John Scalish. (Further background on these individuals will follow in this report.)

The operations of the criminal underworld were outlined to the committee by a number of expert witnesses who have had experience in the racket field. These included Martin F. Pera, special agent for the U.S. Bureau of Narcotics; Capt. James E. Hamilton, head of the Intelligence Division of the Los Angeles Police Department; Daniel P. Sullivan, operating director of the Miami Crime Commission; and Sherman S. Willse, committee staff investigator who served for 20 years as a member of the Narcotics Squad of the New York Police Department. Pera, an agent for the Narcotics Bureau for 10 years, had performed special investigative assignments in Turkey, Greece, Italy, France, and Portugal. He said that the Bureau of Narcotics has established that the major traffic of narcotics into the United States has gone "through the hoods of the organization that we term to be the Mafia." He said the organization was originally established in Sicily in the late 18th century to combat the exploitation by the Bourbon overlords of Sicily at that time. During the late 1800's and early 1900's many Sicilians immigrated to the United States. Agent Pera said that among the early immigrants some were members of a criminal syndicate. He said their first criminal activity was to extort money from the more successful of their group and from the more successful Italian merchants that had immigrated to the United States. He said the group became particularly active in the prohibition era.

Mr. PERA. \* \* \* The prohibition era found tremendous opportunity for them. This organization was a secret organization. It was dedicated to work in contrary to the laws of the United States, and local laws, and with the tremendous profits inherent in the production and distribution of bootleg liquor it offered an opportunity that these people took advantage of. We have some of the group that attended Apalachin that became wealthy during that time.

There were men like Barbara, for instance, who was found with a tremendous load of sugar. Well, sugar, of course, is used in the fermentation process, with yeast, and is one of the raw materials with which bootleg alcohol is made.

Of course, the Falcones. Among the many, of course, was Capone that made his mark in the prohibition days (p. 12221).

Pera said that in 1928 a meeting of the Mafia was observed in Cleveland, Ohio. Among this group were two who also attended the Apalachin meeting, Joe Profaci and Joe Magliocco. Pera outlined for the committee the methods by which heroin is smuggled into the United States.

Mr. PERA. \* \* \* The smuggling of heroin into the United States has taken place through different routes during different years, but generally, predominantly, most of the heroin smuggled, let's say, within the last 10 years, has taken place in the following manner:

The opium was produced in the Balkan countries, such as Turkey, in the Near East, in Turkey and Iran, and perhaps in Yugoslavia, and is processed into morphine base. Let's say Turkish opium that is purchased by traders in Istanbul outside of the government monopoly. There is a government monopoly in the trading of opium in Turkey, and the controls are very strict.

On the other hand, there is what is called the black market in opium where individual businessmen will go and purchase, outside of the Government monopoly, quantities of opium from the farmers.

This opium is processed into morphine base, after it is transported across Syria into Lebanon. From Beirut, Lebanon, or perhaps Aleppo, Syria, this morphine base is shipped to clandestine laboratories in France for conversion into heroin. In the laboratories in France, and this is in the last, say, 7 to 10 years, they are operated by Corsican traffickers, and we might point out there that the Corsican underworld element are cousins to the Sicilians. They call each other cousins. They speak Italian. Many of them immigrated originally to Corsica from the Italian islands.

They understand one another thoroughly, and even though they might come from separate disciplines at the top level, they have an efficient interchange in criminal activity.

The laboratories in France are operated by Corsican violators who, in turn, arrange for the smuggling of these drugs, of heroin, into the United States, via French seamen smugglers, couriers, as it were, or else in some instances the heroin is sent back to the traffickers in Sicily or in Italy, and it is brought over here by means of concealment in trunks or the personal effects of immigrants (pp. 12222-12223).

Pera also emphasized the point which was made by the staff survey, that there is a tremendous family tie-in between groups in various parts of the country.

\* \* \* The intermarriages are significant in that oftentimes you wonder whether these people want to marry each other. Yet the marriages take place. Let's say two people of a prominent status within the Mafia if they have children, you will find that their sons and daughters get married. They don't marry on unequal terms, too often (p. 12228).

Pera said that investigation by the Bureau of Narcotics had convinced him that this organization has made a concerted effort to "penetrate into the broad field of labor-management relations." As an example, Pera cited the Greater Cartmen's Association in New York, which was controlled by Vincent J. Squillante. This situation was the subject of committee hearings during 1957. Pera said that Pasquale Pagano, also known as Patsy Pagano, who is known by the Narcotics Bureau as a key distributor of heroin, had been active in gang efforts to gain control of longshoremen activities in Hoboken, N.J. In this activity, Pera said, Pagano was the contact man for Anthony Strollo, also known as Tony Bender. Pera said that in his longshore activities Pagano was aided by Joseph Gurney, who had

been a close associate of Elmer "Trigger" Burke, a New York racketeer who was electrocuted. The New York State Anti-Crime Commission focused attention on Tony Bender's activities, which forced him to withdraw Pagano and Gurney from the Claremont Terminal. After leaving the longshore activities, Pagano became a business agent for local 59 of the International Hod Carriers, Building and Common Laborers Union in East Harlem, New York. Three other Hod Carriers officials, Rosario Mancuso of local 186 in Plattsburgh, N.Y., and Louis Anthony Larasso and Frank Majuri of local 394 in Elizabeth, N.J., attended the meeting at Apalachin. Pera also said that Carlo Gambino, who attended the Apalachin meeting, runs a labor relations consultant service in New York. Pera was asked by committee members to name the persons he considered important in the top structure of criminal syndicates in various sections of the United States. He said that in Chicago the important figures were Anthony Accardo and Paul DeLucia, also known as Paul Ricca. (Accardo was a witness before the committee in its investigation of gangster infiltration into the Chicago restaurant industry. A section of this report deals with that hearing. Paul Ricca was a committee witness concerning the sale of his home in Indiana to the Teamster locals in Detroit headed by James R. Hoffa and Owen Bert Brennan. Both Accardo and DeLucia invoked the fifth amendment.)

Pera says that an important figure in Detroit was Raffaele Quasarano, who he said was involved in the distribution of narcotics. (The committee also heard testimony about the relationship between Quasarano and Owen Bert Brennan and James R. Hoffa. This testimony is covered in the section of this report on Hoffa.)

Other important figures named by Pera were Anthony Giardino, Anthony Lopiparo, and John Vitale in St. Louis, and Santos Trafficante in Florida and Cuba. Pera said that there was no doubt that this was a national problem.

Mr. PERA. \* \* \* I would say that you could never appreciate the total activity of this group if you dissect it from one area and focus your attention only on one particular area. I don't think that enforcement agencies that observe their activities in one particular city can appreciate the network involved in this criminal conspiracy. I don't think that they could appreciate the extent or the ramifications or what it costs the public, the loss of money to the public and the extent of their criminal activity unless attention was focused on them from a national or interstate point of view (p. 12246).

Daniel P. Sullivan, operating director of the Crime Commission of Greater Miami, testified the Miami area is a well-known meeting place for some of the Nation's top racketeers. Some of those who have congregated in Miami have been Frank Costello, Joe Adonis, Abner "Longy" Zwillman, Gerardo Catena, and Joe Massei. Sullivan also said there was substantial contact between the Miami group and a group of American racketeers who have entrenched themselves in Havana, Cuba. Santos Trafficante, who Sullivan said was the key figure in criminal circles in Tampa, Fla., is the operator of the Sans Souci Casino in Havana. Trafficante was one of those present at the Apalachin meeting. It should be noted that on the day that Albert

Anastasia was shot down in the barbershop of the Park-Sheraton Hotel in New York City, Santos Trafficante was occupying a room in the Warwick Hotel in New York City which had been reserved by Anastasia. Trafficante moved out of the room an hour or two after Anastasia was murdered.

Sullivan said that a number of hoodlums who had moved into the Miami area had made inroads or attempted to make inroads into the labor field. For instance, he said an ex-convict named Charles Karpf attempted to organize the jukebox business in Miami with the assistance of a Cleveland racketeer named Anthony Randazzo. Another member of the group interested in the jukebox enterprise was Joseph Indelicato, also known as Joe Scootch. Sullivan said that through the assistance of representatives of the International Brotherhood of Electrical Workers, the scheme of Karpf was exposed and brought to an end.

Sullivan also bore out the testimony of Pera that the American underworld is highly organized.

Mr. SULLIVAN. \* \* \* Nobody, for instance, like [Joe] Massei, could control the apparently tremendous lottery operations that he has in Detroit and be able to sit outside a barbershop in Miami Beach day after day, week in and week out, and month in and month out, and not have a tremendous organization to carry on his work for him. No businessman could do it unless he had a tremendous organization behind him.

Certainly, we find this: When these people come there, they are very close. For instance, Massei arranged to have a boat slip back about 7 or 8 years ago for Tony Accardo, who is a top man of the Capone mob in Chicago. He was intimately acquainted with Charley Vicetti, who is now dead, of the Capone mob. He is very close to the Cleveland crowd, \* \* \* All of these people are very intimately associated with one another, and there is no question in my mind that they are operating on a national level, and that they are highly organized (pp. 12434-12435).

Sullivan gave the following reason as to why gangsters found it profitable to move into the labor union field.

Mr. SULLIVAN. \* \* \* We had a representative of one of the Senate committees attend one of our annual conventions, and he spoke about a man who moved into the union welfare business. They asked this man who had been in some other type of business why he had moved into this type of business, and he said: "Well, first of all, when you have a checkoff system, you have a foolproof system of collections. It doesn't cost you any money to operate. Secondly, if you run into one of these insurance companies or welfare outfits, you don't pay any money out and you take it all in. And thirdly, you have no inspection on the local, county, State, or Federal level. So your funds are not audited." What it amounts to here is that you have a kind of a vacuum in our political economy whereby a great mass of money can flow

into the hands of individuals where [there is] no accounting and no inspection of any kind (p. 12438).

Capt. James E. Hamilton, commander of the Intelligence Division of the Los Angeles Police Department, also reported to the committee on infiltration of gangsters into union and business enterprises. For example, Hamilton said that a dress-importing company, Rose Marie of California, was controlled by the late Jack Dragna, who was reputed to be the top gangster leader in southern California, along with Sam Scozzari and Frank DeSimone. Scozzari and DeSimone both attended the Apalachin meeting.

Hamilton said that a gangster named James Iannone, also known as Danny Wilson, was found to be acting as a "labor adjuster" in the Los Angeles shoulder pad industry. Los Angeles shoulder pad manufacturers noticed that the Custom Made Shoulder Pad Co. had no labor troubles as long as Iannone was on their payroll. It was found that shoulder pad companies which incurred picket lines could have the picket lines removed by the simple expedient of hiring Iannone. Hamilton said that Iannone also operated on the management side of the street. He said there was a small company called the Buy-Rite Disposal Co. which manufactured commercial garbage disposal units.

Two or 3 years ago Danny Wilson and Joe Sica first started hanging around the office of the Buy-Rite Disposal; which was out in county territory. There was a man by the name of Sam Eglit, who was the principal of Buy-Rite at that time. It was a small concern. Today Mr. Eglit is gone. Danny Wilson is the man at Buy-Rite Disposal. This isn't the first time we have seen this happen. We have seen it tried in other places. When this type of individual moves into a legitimate business, the legitimate people get pushed out (p. 12330).

Backing up to the testimony on the intermarriage of top racket figures and their children, Hamilton told the story of Carlo Licata, the son of Nick Licata, one of the top leaders of criminal groups in California. Hamilton said that Carlo Licata was a bartender at the Five O'Clock Club in Burbank, Calif. Sometime in 1951 or early 1952 he disappeared from his usual haunts. Hamilton said the next he heard about Carlo Licata was a letter from a law-enforcement official in Michigan, notifying him that Licata had married the daughter of William "Black Bill" Tocco, one of the top racket figures in the Detroit area. Licata is now secretary-treasurer of the Melrose Linen Supply Co. in Detroit.

Staff Investigator Sherman S. Willse outlined for the committee the reasons why gangsters and hoodlums enter into certain types of business activities. For example, he said that trucking operations in some instances give gangsters access to the waterfront, where they can facilitate smuggling of narcotics. The importation of narcotics is also sometimes covered through import-export businesses. Willse said that narcotics are sometimes sealed in barrels of olive oil or in the heart of huge cheeses. Such businesses as jukebox, linen, laundry, and bar provide a method by which large amounts of cash can be concealed or transferred. Willse said that acetic anhydride, which is used



by garment manufacturers in connection with the treatment of rayon, can also be used to convert raw opium into a morphine base from which it can be made into heroin. While a member of the New York Police Department, Willse made a study of a bar in lower Manhattan called the Alto Knights. This bar was a notorious hangout for hoodlums. From a vantage point near the Alto Knights, Willse was able to photograph frequent meetings held in front of the Alto Knights showing the close association between some of the top New York underworld figures. Pictures introduced into evidence included a number of top gangland figures, such as Vito Genovese, Michael Miranda, Pasquale Normando, Peter DeFeo, Frank Tieri, Joseph Stracci, Joe Tortorici, Lorenzo Brescia, Gregory Ardito, Alfonso Criscuolo, and Joseph Gorgone.

Of this list a standout figure in the American underworld is Vito Genovese. Agent Pera of the Narcotics Bureau testified the Bureau has information that Genovese has amassed a fortune of \$30 million. He was present at the Apalachin meeting and since the committee hearing was indicted on a narcotics charge by a Federal grand jury in New York. One of the most interesting cases related to the committee concerning Vito Genovese involves the 1934 murder of Ferdinand "Shadow" Boccia. Willse said that the murder occurred ostensibly for two reasons. One was that Vito Genovese and Mike Miranda had set up a rigged card game and money machine swindle, in which they obtained around \$150,000. Boccia had been promised \$65,000, and when he did not get the full amount he started to complain about it. In addition, Boccia had reputedly held up the liquor headquarters of Anthony Strollo, alias Tony Bender. Bender was a very close friend of Vito Genovese and in fact had acted as best man at Genovese's wedding, a favor which Genovese returned when Bender got married. At any rate, for 10 years following Boccia's death his murder remained unsolved. In 1944 a man known as Ernest "The Hawk" Rupolo, facing a prison term in a shooting case, started to talk about the Boccia killing. Rupolo said he was first approached by Mike Miranda, who told him that "Boccia has to go." Rupolo said that Miranda wanted Boccia "cowboyed." This meant that they wanted Boccia killed whenever Rupolo ran into him. Rupolo said he was to take a man named Willie Gallo with him when he went to kill Boccia, and after killing Boccia he was to also kill Gallo. The following night there was a meeting between Rupolo, Mike Miranda, Vito Genovese, and Pete DeFeo. On the night of September 9, 1934, after receiving two pistols from DeFeo, Rupolo, Gallo and another man known as Sal Palmira went to a movie in Brooklyn with the intention of killing Boccia later that evening. However, before the movie ended Palmira got word that Boccia had already been killed. The three men left the movie, and as they walked down the street Rupolo pulled out a gun, aimed it at Gallo's head and pulled the trigger. The gun, however, misfired. "He made a joke out of the thing and pacified Gallo and they walked a few more minutes." (p. 12367). They went to the home of a mutual friend, where Rupolo presumably oiled the gun and fixed it, and they commenced walking again with Gallo. Again Rupolo pulled out the gun and fired at Gallo, this time successfully, but Gallo did not die. Rupolo told police that Mike Miranda was very angry at him for failing to successfully dispatch Gallo. Gallo

was able to testify against Rupolo, who was sentenced to prison from 9 to 20 years. It was on emerging from this sentence that he began to talk about the Boccia murder.

As a result of Rupolo's statements, Vito Genovese, Mike Miranda, Gus Frasca, and George Smurra were all indicted for the murder of Boccia. Before he could be arrested on the indictment, Genovese disappeared and later turned up in Italy, where he was working as an unofficial adviser to the American Military Government. While in Italy, one of the key witnesses against Miranda and Genovese was murdered; a second died under the most mysterious circumstances. He was Pete LaTempa known as Petey Spats. LaTempa had been placed in jail as a material witness. While in jail he had to take regular medication for a stomach ailment. One day he asked for his medicine and was handed a glass with a liquid, which he consumed. He died soon after, and an autopsy disclosed that LaTempa had taken enough poison to kill eight horses.

The activities of Genovese in Italy were outlined to the committee by Orange C. Dickey, a former special agent for Military Intelligence in Italy. Dickey said he was conducting an investigation into black market activities in Italy when he ran across the trail of Vito Genovese. Dickey said that the black market was largely in Army supplies: sugar, blankets, clothing, and food, some of which had been stolen from the Army and some of which had been illegally sold. The track of the black marketeers eventually led to an Italian civilian who, Dickey said, was a leader in these illegal activities in the Naples and Nola area of Italy. In questioning this individual, Dickey said he told him that he had been interviewed by many Criminal Investigation Division agents and that nothing ever came of the cases because he had friends in the Italian courts and in the Allied Military Government. This man indicated that one of his contacts was Vito Genovese, who, he claimed, was an interpreter for the Allied Military Government at Nola. This information was of interest to Dickey, particularly since he had discovered the fact that Genovese was a strong supporter of Mussolini and had contributed heavily to the Fascist Party. For his activities on behalf of the Mussolini government he was made a Commendatore del Re, which is supposedly the highest Italian honor a civilian can receive. Dickey said that other informants that he developed in Italy also told him that Genovese was a top leader of criminal syndicates both in the United States and in Italy. Dickey said that with his case completed he was finally able to move against Genovese and arrest him, which he did on August 27, 1944. At the time of his arrest guns were found in his car. Genovese remained in custody under Dickey's supervision from August 27, 1944, to May 14, 1945, at which time the Army agent brought Genovese back to the United States to face the charges growing out of the Boccia killing. During the time Genovese was in jail Dickey was offered \$250,000 to let the gangster go free. Dickey said that as he was preparing to put Genovese on the boat, he objected violently; but once the ship had left the port Genovese's attitude changed radically, and he told Dickey, "You are doing me the biggest favor anyone has ever done to me. You are taking me home." During the boat ride from Italy to the United States Dickey and Genovese occupied the same cabin, and Dickey said that Genovese talked rather freely to him

about a number of subjects. In one instance, he talked to him about the fact that he had done work in strikes and that he had been responsible for bringing in workers to break strikes. Genovese also told Dickey that he could make money by working for both sides in labor-management disputes.

As has been noted above, Genovese and a number of other top hoodlums who appeared before the committee invoked the fifth amendment in answer to all questions propounded to them by the committee. Genovese refused to answer, among others, the following questions:

- (1) Whether or not he was an American citizen;
- (2) Whether he had participated in, or knew anything about, the slaying of Ferdinand Boccia;
- (3) Whether he knew anything about the murder of Albert Anastasia on October 25, 1957;
- (4) Whether or not he was a close associate of other top hoodlums such as Joseph Profaci; Anthony Strollo, also known as Tony Bender; Frank Costello; Vincent Gigante; Vincent Rao; Russell Bufalino; Gerardo Catena; Peter DeFeo; Frank Livorsi; Charles "Lucky" Luciano; Joe Adonis; and Mike Miranda;
- (5) Whether he attended a Mafia meeting in the Florida Keys in May of 1952;
- (6) Anything about his sources of information;
- (7) Whether his former wife, Anna Genovese, had told the truth when she testified she frequently made trips to Europe carrying \$50,000, \$60,000, or \$100,000 in cash;
- (8) Whether his income tax reports were true (Genovese's declared income was \$6,681.72 in 1952; \$6,891.67 in 1953; \$9,071.25 in 1954; \$12,750.00 in 1955; and \$14,300.00 in 1956);
- (9) Refused to comment on the previous testimony of his former wife, Anna Genovese, about his ownership of certain night clubs in the New York area.

In the case of the other witnesses who appeared before the committee and took the fifth amendment, there is presented below a summary of information read to each of the witnesses upon which they refused to testify or make any comment:

James V. LaDuca: Mr. LaDuca was an organizer for local 66 of the Hotel and Restaurant Workers, and secretary-treasurer of that local at the time he attended the meeting at Apalachin. He formerly worked for the VanDyke Taxi Co., which was owned by John Charles Montana. Following this he worked for a period of time for the Maggadino Funeral Home, owned by Antonio Maggadino. Both Maggadino and Montana attended the Apalachin meeting.

In 1947, LaDuca, John Charles Montana, Charles A. Montana and Peter J. Maggadino bought the Buffalo Beverage Co. Mr. LaDuca's share amounted to \$12,500, \$5,000 of which he borrowed from Douglas Bissell, the treasurer of John Charles Montana's taxicab company.

During the 1950 campaign by a rank-and-file group attempting to clean up Teamsters Local 375 in Buffalo, which at that time was being run by Ernest Belles, James LaDuca's brother, Charles LaDuca, circulated handbills for Belles and against the cleanup group headed by one Stanley Clayton. These handbills were purchased out of the funds of local 66 of the Hotel and Restaurant

Workers Union. (The Clayton group won control of the union and discovered the misuse of some \$35,000 of union funds by Mr. Belles. Further information about Belles and local 375 in Buffalo is contained in another section of this report dealing with the International Brotherhood of Teamsters.)

LaDuca received \$433.33 per month from the Richford Operating Corp., which runs the Richford Hotel in Buffalo, at a time when as secretary and treasurer of local 66 he was negotiating contracts with this hotel.

LaDuca refused to answer as to whether or not he knew and was associated with William Bufalino, Robert Barney Baker, Vito Domiano, Fred Randaccio, Sam Pieri, Joe Stracci, and Mike and Frank Ervolino. He also refused to explain phone calls he was found to have made to Joseph Bonanno, known as "Joe Bananas"; Anthony Falange (an upstate New York gambling figure who was also associated at one time with the Hod Carriers, Building & Common Laborers Union in Utica, N.Y.); Joseph Barbara (at whose home the Apalachin meeting was held); the L. G. Carriers Co., owned by James Plumeri, alias Jimmy Doyle (a notorious New York garment district racketeer and the uncle of John Dioguardi); and Roy Carlisi and Joseph Falcone, two others who attended the Apalachin meeting.

Rosario Mancuso: Rosario Mancuso, who is also known as Joe Greco, spent 2 to 5 years in the Connecticut State Penitentiary for assault with intent to commit murder. He became an official of local 186 of the Hod Carriers, Building & Common Laborers Union in Utica, N.Y., and while acting in this capacity established gambling operations in a Plattsburgh hotel. Mancuso also has been president of the New Form Concrete Co. in Utica, N.Y., and has reputedly operated a number of enterprises for the Falcone brothers in Utica.

Mancuso also attended the meeting at Apalachin and went to the meeting with Joseph and Salvatore Falcone.

Louis Anthony Larasso: Larasso was a trustee of local 394 of the International Hod Carriers, Building & Common Laborers Union of America at the time he attended the Apalachin meeting. The night before the Apalachin meeting he registered at the Carlton Hotel in Binghamton, N.Y., with Frank Majuri, another official of local 394 of the Hod Carriers Union, who also attended the Apalachin meeting.

In 1952, Larasso and Emanuel Riggi set up a social club in Linden, N.J. He also set up a number of gambling games for men who were employed on jobs with the Hod Carriers.

Larasso refused to answer any questions as to his associations or on any of the subjects that were discussed at the Apalachin meeting.

Joseph Profaci: Profaci was born in Palermo, Sicily, and came to the United States at the age of 21. He also attended the Apalachin meeting.

He owns the Mamma Mia Olive Oil Co. and the Carmela Mia Packing Co., which are import and export businesses. He also has an interest in the United Uniform Corp.; the T.L.S. suit and coat factory, of Newburgh, N.Y.; Jerry James Frocks, Inc., of Newburgh; and Christine Dresses, of Brooklyn.

When questioned by Detective Thomas O'Brien of the New York Police Department on June 6, 1958, Profaci was in possession of a number of cards belonging to union officials. Among these were Frank B. Tortorici of local 222 of the International Jewelry Workers Union; Philip Wachtell, secretary-treasurer of local 138 of the Teamsters Union; Teddy Land of local 26, Restaurant and Cafe Employees Union; Edward Wisotsky, a delegate from the Blueprint and Photostat Union; Joseph Pecora, secretary-treasurer of local 883 of the Teamsters in Newark, N.J.; Frank Eulo of local 180 of the Teamsters in Oak Park, Ill.; and S. L. Zaeb of Local 275 of the Teamsters Union. (The latter is one of the locals controlled by Anthony "Tony Ducks" Corrallo).

Profaci was arrested for theft and attempted rape in Sicily in 1916, a charge which was dismissed. In 1920 he was arrested in Palermo, Sicily, for theft and false witness of a public document, for which he received a year in prison. He attended a 1928 meeting of the Mafia in Cleveland, Ohio. In 1949 he was arrested for violation of the Food and Drug Act, put on probation for a year, and fined \$4,000. During the interview with Detective O'Brien on June 6, Profaci gave the following account of how he happened to be at the Apalachin meeting.

Mr. O'BRIEN. On June 6 he told me that this left leg hurt from a boat accident, and so he didn't like to drive, and he knew that this would be a fantastic story, and he didn't think I would believe it, but he said because of his bad leg he got an innocent man in trouble and his brother-in-law, Magliocco. He said he had a corporation partner in Philadelphia who had died and he wanted to go to Wilkes-Barre and other places to inform the jobbers that the man had died, and he also wanted to collect some debts.

This was the day before Apalachin. So he asked his brother-in-law, Magliocco, to drive him. He said they went first to Binghamton and stayed overnight, and they talked that night, and the subject said that Barbara had been giving Magliocco a lot of business and Barbara was a good friend of Profaci and it would be nice if they stopped in and made a personal touch, and to that he said the next day they didn't even know where Barbara's house was and they had to call and ask directions.

He said when they drove there, Profaci said he got out of the car and he saw some cars there, but he went right into the house and he went right into Barbara's bedroom and he paid his respects, and Magliocco stayed in the car all of the time, and he said he came out and he got in the car and started down the hill. At the bottom of the hill a car piled up and blocked the road and Magliocco said, "Do you think this is a stickup, Joe?" and Profaci said, "No; they are State cops."

They were asked by the State troopers to identify themselves, and Profaci said to show he was a right guy he gave his own identification, because he had his dead partner's registration, and his dead partner's operators' license in his pocket and if he wasn't legitimate he would have offered those in-

stead and no one would have known him but he was legitimate, and they told him to go on. Then he went to Wilkes-Barre, where he had his own barbecue and he paid \$11 for it, and he called home the next day, and his wife was all excited and she said, "There was headlines in the paper about a Mafia meeting," and he said, "Well, gee, I hope no one got shot there." And she said, "No, it is just a meeting." And he said, "It is all right, the same old business, invisible government, the same old thing. All of this is the responsibility of the Communist newspapers in the United States" (p. 12348-12349).

Profaci declined to say anything about his association with such men as Charles "Lucky" Luciano; Frank Costello; Joseph Bonanno, known as "Joe Bananas"; Paul "The Waiter" Rica; Vito Genovese; Sebastiano Nani; Carlo Gambino; Jack Dragna; Natale Evola; Thomas Lucchese, known as "Three-Finger Brown"; Abner "Longy" Zwillman; Anthony "Tough Tony" Anastasia; John "Big John" Ormento; and John and Tom Dioguardi.

John Scalish: John Scalish has a number of arrests and served two prison terms, one in 1931 for attempted burglary and one in 1933 for robbery in Mansfield, Ohio. He is the operator of the Buckeye Cigarette Co. of Cleveland, Ohio, a cigarette machine service company, and was once head of the Mayfield Road gang in the Cleveland area.

Scalish refused to say anything about his association with William Presser, head of the Ohio Conference of Teamsters; John Angersola; Mickey Cohen; and "Big Al" Polizzi.

Russell J. Bufalino: Russell Bufalino was born in Montedoro, Sicily, in 1903 and is a cousin of William E. Bufalino, the head of local 985 of the Teamsters Union in Detroit. He owns and operates the Penn Drape & Curtain Co. in Pittston, Pa., and is connected with the ABS Contracting Co. and Bonnie Steward, Inc., of New York City. In this latter enterprise he is joined in interest by Dominick Alaimo and James Plumeri, alias Jimmy Doyle. He also has an interest in Claudia Frocks of New York City, in which Angelo Sciandra also has an interest. He was on the payroll of Fair Frox as an "expediter," the true nature of his employment being to prevent labor problems.

Bufalino attended the Apalachin meeting with Frank DeSimone, Simone Scozzari, and Joe Civello. When Scozzari was stopped at the roadblock in Apalachin, he was found to have \$10,000 in cash on his person, although he listed himself as unemployed.

Bufalino refused to say anything about his association with such men as John Ormento, Nig Rosen, Dominick Alaimo, John Charles Montana, Vito Genovese, James A. Osticco, Frank Carbo, James Plumeri, Thomas Lucchese, and Santo Volpe.

Michael Miranda: He attended the Apalachin meeting with Carlo Gambino, New York labor relations consultant. As stated above, Miranda was implicated with Genovese in the 1934 slaying of Ferdinand "The Shadow" Boccia, charges which were ultimately dismissed because of the demise of two of the prosecution's principal witnesses. Miranda is associated with Tobacco Serv-

ices, Inc., 324 East 39th Street, New York. He is also listed as a Cadillac salesman for Hunton & Raffo, which deals in Cadillac hearses, ambulances, and service automobiles. When Charles "Lucky" Luciano was serving a prison term in New York, Miranda was among those who went to visit him in prison. Others whose names appeared on the prison records were Frank Costello, Meyer Lansky, Mike Lascari, and Willie Moretti.

Five of the witnesses during this hearing did not attend the meeting at Apalachin. Three were connected with the garment industry in New York, and two were identified as being prominent in underworld activity in St. Louis. All of these took the fifth amendment on all questions with the exception of Thomas Lucchese, also known as "Three-Finger Brown," who answered some questions and declined to answer others. Lucchese said that he was a dress contractor and that he was born in Palermo, Sicily, in 1898. He said he came to the United States around 1912. He became an American citizen on January 25, 1943. Lucchese said that some of the employees of his dress shops were members of the International Ladies Garment Workers Union but declined to answer the question as to whether all his employees were unionized. He admitted past and present interest in a number of business enterprises. They were:

- Braunell, Ltd., of 225 West 37th Street, New York
- Grand View Construction Co.
- Fordham Hoisting Co.
- The Interboro Window Cleaning Co.
- Harvic Sportswear Co. (two factories, one in Scranton and one in Sweet Valley, Pa.)
- Bob France Coat Co.
- The V. & L. Hat Co.

In admitting ownership of these companies, however, Lucchese in most cases would not tell the committee who his partners were, how many employees worked for these companies, or whether they were unionized. In the case of the Harvic Sportswear Co., Lucchese said that he and his son owned the enterprise, but that there were around 110 employees and that they were members of the International Ladies Garment Workers Union. Lucchese said he had been arrested five or six times and convicted once for stealing automobiles in 1921. Lucchese was very positive that he did not call Abner "Longy" Zwillman, a New Jersey racket boss, and that he was not a member of the Mafia. He declined to answer, however, whether he knew Joseph Rao, Michael Coppola, Andino Papadio, Tony Bender, Frank Carbo, James Plumeri, John Dioguardi, Tom Dioguardi, Vito Genovese, Anthony "Tony Ducks" Corallo, Abe Chait, Joe Profaci, Joseph Stracci, and Charles "Lucky" Luciano. He said that he did not know any persons engaged in importing narcotics from Europe, but he took the fifth amendment as to whether he knew any men engaged in illegal gambling in New York.

The other three witnesses and the information in the possession of the committee concerning them are as follows:

**Abraham Chait:** Abe Chait is one of the major truckers in the garment industry in New York City. In 1918 he was convicted of carrying concealed weapons, and grand larceny and received a sentence from 6 to 11 years in Sing Sing Prison. Chait is the owner of the Champion Trucking Co., which during the com-

mittee's investigation of Johnny Dioguardi was found to have been used by Anthony "Tony Ducks" Corallo as his headquarters on numerous occasions. The committee's investigation also disclosed that two of Corallo's chief lieutenants, Dick Kaminetsky and Carmine Tramunti, were present on the premises of the Champion Trucking Co. almost daily.

Chait also has an interest in the Burton Transportation Co., J. B. Express Co., Friedman's Express, and the Faultless Trucking Co. Chait also at one time had an interest in the Algam Corp., which was the holding corporation for the Yonkers Raceway. He is a substantial owner of racehorses. The Putnam Stables is operated by his wife and son, and he has an interest in the Good News Stables.

Chait is also an extensive owner of interests in dress shops. Among those were the Smart Sue, Inc., Citation Frocks, Inc., Prestige Frocks, Inc., Jackie Kay, Inc., Sandra Joyce, Inc., and Standard Dress Co., all of New York City; Madison Wearing Apparel of Wilkes-Barre, Pa.; Miracle Dress Co. of Pen Argyl, Pa.; and the Anita Dress Co. of Kingston, Pa. He also has an interest in the Tri-Lex Pawnshop and the Tri-Lex Check Cashing Service, Inc., of New York City, in which he is associated with Joseph Rosato, also known as Joey Palisades.

Chait refused to tell the committee anything about his connection with Corallo, Kaminetsky, Anthony Strollo, Benjamin Levine, or Sam Berger, former head of local 102 of the International Ladies Garment Workers Union. He also refused to tell the committee whether or not he was in business with Harry Toffel, owner of the Balmoral Hotel in Miami. The committee's information is that the two own the Charlotte County Land & Title Co. in Punta Gorda, Fla.

Chait also declined to say whether or not he had interceded with Dick Kaminetsky in late 1955 to have him use his influence to delay a strike at the Balmoral Hotel.

James Plumeri: Plumeri, who is also known as Jimmy Doyle, has residences in New York City and Miami, Fla. He is an uncle of John and Tom Dioguardi. He has been arrested eight times. In 1937 he was sentenced to 5 to 10 years in Sing Sing Prison for conspiracy, extortion, and assault. The codefendant in this case was his nephew, John Dioguardi, who also received a prison sentence at that time. He is the owner of the Ell-Gee Carriers, also known as Randy's Trucking Co., and the Barton Trucking Corp., both of New York. He also either owns or has an interest in the Advance Junior Dress Corp. of New York; the Reed Shoulder Pad Co. of Allentown, Pa. (also known as the Three Bros. Co.); the Richter Dress Co. and I. Richter, Inc., a trucking company, in New York City; the Seam Binding Co.; and the Bonnie Stewart Dress Co. (in which his partners are Russell Bufalino and Dominick Alaimo).

Plumeri refused to answer as to his associations with Sam Berger, former head of local 102 of the International Ladies Garment Workers Union, Harry Stromberg, also known as Nig Rosen, Angelo Sciandra, and Frank Carbo. He also refused to answer questions as to whether he was active in keeping certain



dress companies from signing contracts with the International Ladies Garment Workers Union. Plumeri also refused to testify as to whether or not he had attempted to push a well-known popular singer out of a window in a New York hotel in 1951 or 1952 because the singer would not marry a young lady that Plumeri wanted him to marry.

Frank "Buster" Wortman: Frank "Buster" Wortman is a longtime racket figure in the St. Louis, Mo., area. In one of the few questions he answered, Wortman testified he was not an officer of any labor union. However, he invoked the fifth amendment in answer to questions as to whether or not he ran any labor unions or received money from any labor unions.

Wortman has been arrested some 38 times and was sentenced to 10 years in Leavenworth and Alcatraz in 1933 for assault on a prohibition agent. He was released from Alcatraz in 1941 and became a part of both the old Shelton gang and the Capone mob, handling their affairs in southern Illinois. In a period after 1945 he had financial dealings with Orville Hodge, a top official of the State of Illinois, who was convicted several years ago of stealing State funds.

Wortman operated gambling casinos in the St. Louis area including the Terrace Lounge, the Red Rooster, the Club Preview, the Paddock, the Empire Club, the 7800 Club, the RR Club, and the Junction T Club. Wortman also operated racetrack wire services, including the Reliable News Service of Fairmount City, Ill., and the Pioneer News Agency of St. Louis. He also operated a number of handbooks in the St. Louis area, from which his take was estimated at approximately \$25,000 a week.

The committee's interest in Wortman was heightened by the fact that he owns the Chicago-St. Louis Express Co., a large mid-western trucking concern. It was established that the Stephen Gorman Bricklaying Co. had done work on the home of Frank Wortman and an associate named Elmer Dowling, and that Wortman owed this company \$67,300 as of June 30, 1958, 6 years after the work was completed. There had been no effort to collect this money because of Wortman's efforts to provide labor peace for the Stephen Gorman Bricklaying Co. through his connection with the Bricklayers Union in St. Louis.

Wortman was successful in placing 12 of his associates with criminal records on the payroll of the Stephen Gorman Bricklaying Co. Included among these were Sam Magin, who was hired as a public relations man, and Jimmy Michaels, who was hired as a labor relations man. The latter has a long record, consisting of 25 arrests, and served 13 years in the Illinois State Penitentiary at Joliet starting in 1938. Others placed on the Stephen Gorman payroll included Joe Yanco, with a long police record, who has served 10 years for robbery and 2 years for burglary and assault to kill; and Horace Love, also known as Frank Brown, sentenced to 15 years in 1931 for possession of burglary tools.

It was also established that Wortman operates jukeboxes through the Plaza Amusement Co., the stockholders of which include Louis "Red" Smith, convicted of mail robbery and tax

violation; Elmer "Dutch" Dowling, reputed enforcer for the Wortman mob; and Barney Barts, a well-known hoodlum.

Wortman also reputedly has an interest in the G. B. Realty Co. and the Cascade Hills Construction Co.

Sam Magin: Magin has acted as a front for Frank "Buster" Wortman in a number of enterprises, including the G. B. Realty Co. and the Cascade Hills Development Co. He has also acted in Wortman's interest in operation of the RR Club, the Junction T Club, the Cash Sales Co., the Empire Club, and the 7800 Club.

As mentioned previously in the report, the Bureau of Narcotics and other agencies have identified a large segment of the criminal underworld as the Mafia. Whether it goes by this or any other name, there is no doubt there is a highly organized criminal group, related by nationality, marriage, and other ties. Top hoodlums like Frank "Buster" Wortman, Meyer Lansky, and Abner "Longy" Zwillman, have found it expedient to mesh their operations with this group. The Apalachin meeting is historic because it did more to open the eyes of the public to the seriousness of the criminal conspiracy than almost any other event in the past 20 years.

In closing the hearing, the chairman declared:

The testimony we have heard can leave no doubt that there has been a concerted effort by members of the American criminal syndicate to achieve legitimacy through association and control of labor unions and business firms. The extent of this infiltration poses a serious threat to the very economy of our country.

The criminal syndicate which we have identified here as the Mafia has revealed an arrogant challenge to the Government and to the decent people of this country. The contempt with which the leaders of the underworld, as they have displayed it here on the witness stand, regard both their Government and the citizens of this country has been demonstrated repeatedly during the past week by their refusal to cooperate, even in the slightest degree, with this committee, which has a mandate to carry out an important function of this Government.

The lack of regard which these racketeers and gangsters have for their country can be amply demonstrated by their extensive police records since arriving in the United States. In addition, it has been demonstrated in the case of Vito Genovese that he actively collaborated with the Italian Government after receiving his American citizenship and while the United States was actively at war with Italy (pp. 12487-12488).

## FINDINGS—THE CRIMINAL SYNDICATE

The meeting at Apalachin, N.Y., on November 14, 1957, was symptomatic of the growing power of the American underworld. This growth is reflected in expanding economic enterprises, the continuing operation of vast illicit enterprises, and the infiltration of top hoodlums into labor, management, and management associations.

The committee's hearing into the activities of the criminal syndicate has firmly convinced the members that underworld infiltration of business and labor is a national problem. Despite strenuous local efforts in some parts of the country, the grip of hoodlums and racketeers on the American economy continues to grow.

The great variety of enterprises in which the "delegates" to the Apalachin conclave are associated is a key to the diversification achieved by the underworld since the repeal of the Volstead Act. During prohibition, the syndicate received training in organization which they have put to good use since.

Such Apalachin figures as Vito Genovese, Mike Miranda, and Russel Bufalino paraded the underworld's contempt for the Government and its institutions in their silent testimony before the committee.

The shocking testimony about the activities of Vito Genovese during World War II underlines this basic contempt for American law. Genovese had arrived in Italy prior to World War II, a fugitive from a murder charge in the United States—a charge which had to be ultimately dismissed because of the murder of two key witnesses against the gangland leader. Prior to arrival of American forces in Italy, Genovese received the highest civilian award of that then enemy government for services rendered during the war. With the arrival of the Americans, Genovese switched roles. While heading up an active black market ring which thrived on stolen American Army goods, Genovese acted as an interpreter for the Allied Military Government—service which earned him letters of commendation for his patriotism. Genovese was unquestionably able to use his close connections with Government officials to good advantage while being able to direct his criminal operations. These operations were finally exposed through the work of CID Agent Orange C. Dickey. Dickey testified before the committee that he experienced complete frustration in being able to prosecute Genovese after documenting the workings of the black market ring.

As clearly demonstrated by the committee's hearings, the problem of the criminal syndicate is a critical one requiring an early solution.

Because of its national aspects the committee recommends an immediate study by an appropriate committee of the Congress looking toward the most feasible method of coping with this menace.

## SEPARATE VIEWS OF SENATOR KENNEDY

Because of the continued growth of the criminal syndicate and its organized infiltration into vital phases of the country's economy, both from the standpoint of management and labor, I feel compelled to make certain recommendations for the objective of more effectively dealing with this problem.

In the modern criminal underworld we face a nationwide highly organized and highly effective internal enemy. The hearings demonstrated beyond a doubt that local law enforcement officers for various reasons were incapable of dealing with this enemy. In isolated areas of the country special police units have been set up to deal with racketeers. This they do admirably within their local jurisdiction. However, they are powerless to deal with interstate aspects of the problem. Worse than that, many local law enforcement agencies are either unable or unwilling to do any kind of a job of racketeer control.

Numerous expert witnesses have appeared before the committee and recommended that a National Crime Commission be established to deal with the underworld problem on a Federal level. Such a commission as proposed would gather information on the top criminal leaders of the country, keep a close surveillance on their activities, and disseminate their information to local and State law enforcement agencies. It would not have law enforcement powers, but merely act as a factor or intelligence gathering agency.

It seems to me that because of the nationwide aspects of this problem, a separate Federal agency should be established or an appropriate existing Federal agency be expanded or modified to act as an intelligence gathering agency on organized criminal activities.

Certainly the clandestine meeting of at least 58 of the Nation's top hoodlums at Apalachin, N.Y., on November 14, 1957, attests to the urgent need for some action to be taken in this area. This very important meeting would have gone undetected by authorities, both Federal and local, had it not been for a series of fortuitous circumstances and an alert followup by the New York State Police.

I well realize that the formation of such a separate agency poses certain serious problems. Among those immediately coming to mind are the danger of the Federal agency infringing on State and local law enforcement prerogatives, the eventual development of such an agency into a national police department, or the possibility of information assembled by such an agency getting into the hands of corrupt local police officials.

Although objections to a Federal agency for the above reasons are obviously valid, I am not convinced that they are insurmountable.

I therefore recommend that without further delay the proper committee of the U.S. Senate make a thorough study of the matter with the view to determining the most feasible and effective way of meeting the problem.

JOHN F. KENNEDY.

Senators Ervin and Church have approved and associated themselves with the above statement of Senator Kennedy.

## STATEMENT OF SENATOR McCLELLAN

I am in full agreement with the foregoing statement of Senator Kennedy with regard to the establishing of a National Crime Commission.

To carry out effectively its objectives, the Commission should be clothed with the power of subpoena and charged with the duty of holding hearings and reporting its findings and recommendations to the Department of Justice and to the Congress. It should also be authorized to report at intervals in its discretion to the Department of Justice specific information that it may obtain, and which in its judgment would be helpful to the Department of Justice in the enforcement of the criminal statutes of the United States.

Such Commission should have a permanent status. Its authority and duties should be such as will not in any way usurp or interfere with the functions of the Department of Justice and the FBI, but only to supplement and implement same.

JOHN L. McCLELLAN.

Senators Ervin and Church have approved and associated themselves with the above views of Senator McClellan.

## SEPARATE VIEWS OF SENATORS MUNDT, GOLDWATER, CURTIS, AND CAPEHART

We have approved the findings on the criminal syndicate with the reservation that it is not to be inferred that we recommend establishment of a National Crime Commission. We agree with the position of the Department of Justice, that creation of such a commission or agency would be undesirable for the following reasons:

1. Such an agency would be a costly accessory to already existing establishments such as the FBI which already disseminates on a daily basis through well-established channels innumerable items of interest to local, county, State, and Federal agencies. The information thus disseminated may relate not only to those matters over which it has jurisdiction but also to those which may be of interest to agencies receiving it. In addition, the facilities of the Identification Bureau of the FBI are available to all law enforcement agencies, and at the same time the FBI laboratory aids local police agencies in connection with investigation of criminal matters.

2. The creation of such a federally sponsored agency could be construed as an attempt on the part of the Government to inject itself into local and State police affairs. Moreover, regardless of restrictions which might be imposed upon it, it must be recognized that there would be immediate demand that it handle the failure of local law enforcement. This would result in a form of supervision over local agencies and would be a short step from the creation of a national police force which is contrary to our traditional concepts of local self-government in the field of law enforcement.

3. There is a definite possibility that such an agency would provide an official medium for the dissemination of unverified data consisting of rumor and gossip which would not only reflect adversely upon accurate law enforcement work but could also be used to injure innocent persons. Individuals motivated by revenge or other corrupt motives could submit information for dissemination which is entirely false.

4. Where there may be corrupt officials in charge of administrations of municipal, county, or State agencies, there is no assurance that any information of the type proposed would not find its way into the hands of those criminals who are in league with such venal or corrupt officials.

Utilizing a special study made for him on organized crime and racketeering, the Attorney General decided well over a year ago that what was needed was not the creation of any new organization or any superstructure on the Federal level to impose itself on already existing well-equipped and well-functioning organizations.

Early in 1959 the Attorney General formed within the Department of Justice, the Organized Crime and Racketeering Section which has the function of coordinating the efforts of the FBI, the Treasury enforcement agencies such as the Alcohol and Tobacco Tax Division, the Internal Revenue Service, the Narcotics Bureau, the Bureau of Customs, and the Secret Service. Liaison is maintained with the Army, Navy, and Air Force as well as the Securities and Exchange Commission, the Federal Trade Commission, the Department of Labor, the Department of Agriculture, and the Department of Health, Education, and Welfare.

Key men in the program are the U.S. attorneys in some 90 offices throughout the United States, who are responsible for on-the-spot enforcement. When symptoms of organized crime are spotted either a special assistant from the Antiracketeering Division is called in, or a local U.S. attorney takes charge of the investigation, contacts the chief of each Federal investigative agency in his district, requesting all significant data. This man acts as the central coordinator for information concerning individuals and activities in his district and, working closely with local law enforcement officials keeps the Department of Justice informed through an area coordinator. Through this precision-gearred information mechanism local officials are quickly notified of violations of State laws, and the various Federal agencies are informed of violations of Federal law, and the Department of Justice is prepared to move swiftly.

We recommend against any legislation which would in any way impede the present program of the Department of Justice and the FBI. If legislation is to be adopted in this field it should be carefully worked out in close cooperation with these departments.

We recommend instead of establishment of any new agency that the Government Operations Permanent Subcommittee on Investigations be empowered to investigate in the field of organized crime and improper activities in the labor or management field when the situations arise wherein such investigations might serve a legislative purpose.

KARL E. MUNDT.  
BARRY GOLDWATER.  
CARL T. CURTIS.  
HOMER E. CAPEHART.

## JOSEPH P. GLIMCO AND LOCAL 777, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHICAGO, ILL.

The series of hearings which the committee initiated March 11, 1959, centered on certain Teamsters Union officials in the Chicago area. The gamut of fear, violence, extortion, and autocratic control of a union which had marked the committee's disclosures in so many other locals of the Teamsters Union were again revealed. Of particular interest in these hearings was the development of new aspects of exploitation of union members by their leaders through the collusion with management and the manipulation of unions' health and welfare plans to the personal enrichment of a few dishonest ones at the expense of the union members.

It was inevitable that any inquiry into racketeering in labor unions in Chicago should eventually focus on Joseph P. "Joey" Glimco, president of the Taxicab Drivers, Maintenance & Garage Helpers, Local Union No. 777, International Brotherhood of Teamsters. This man, long prominent in the underworld, became president of the 5,000-member Taxicab Drivers Union and at the same time maintained his close connections with Chicago's major gangsters and hoodlums.

Glimco, whose surname was originally Glielmi, was born at Campagna, Salerno, Italy, January 14, 1909, and came to this country December 13, 1913, with his mother. Glimco was twice denied citizenship for lack of good moral character, which was apparent from his long criminal record. Citizenship was finally granted him, however, on June 23, 1943.

The extent of Glimco's activities carried over into fields other than his control of a labor union, so that the committee's investigation fell into six major categories: (1) Glimco and the Fulton Street Market, (2) Glimco's operation of Teamsters Local 777, (3) Glimco's associations with major gangsters, (4) Glimco's dealings with Frank V. Pantaleo, (5) the Dearborn Insurance Agency, and (6) John T. O'Brien and Teamsters Local 710.

### GLIMCO AND THE FULTON STREET MARKET

Harry Thieme, a farmer at Paw Paw, Mich., gave an interesting insight into the history of Glimco's "shakedown" in the Fulton Street Market—a lucrative enterprise that Glimco operated as a sideline.

Twenty-eight years ago, Thieme organized the Poultry Handlers' Union, Local 650. Shortly thereafter, he was contacted by William "Witt" Hanley, then head of Teamsters Local 703, the produce drivers' union and known as "Boss" of the market area. Hanley expressed his extreme resentment of Thieme's organizing the Poultry Handlers, and thereafter pressure was exerted on Thieme to resign from the union. Contacts by hoodlums Willie Bioff and George Brown,



threatening phone calls, and finally the threat of death by three unidentified thugs forced Thieme to withdraw from the union.

After a few months in Texas, Thieme returned to Chicago, and worked as a poultry solicitor, joining local 663. When some of the members asked Thieme to run for office in the union, he first obtained Hanley's approval, after which he ran for the office and was elected.

Thieme said that after his election, he paid Hanley \$1 per month for each member of local 663. This was a "payoff" for Hanley's approval of Thieme's election, and this financial arrangement continued until Hanley's death in 1944.

Upon the demise of Hanley, Joey Glimco took over as the boss of the Fulton Street Market. It was most significant that, at that time, Glimco was affiliated with local 777, the Taxicab Drivers' Union, and had no legitimate interest in the poultry industry. Although Dominic Senese and John Smith were the active business agents of Teamsters Local 703, the Produce and Poultry Drivers' Union, Glimco became the most important figure in the Teamsters in the Fulton Street Market area, even though Thieme was never certain of the exact position Glimco held.

On one occasion, Senese and Smith beat Thieme up rather badly, although Thieme was vague in furnishing the committee the exact reason for this assault. According to the witness, Glimco at different times suggested to Thieme that he get out of union activities, and retire to his farm, while during this same period, Thieme continued to receive threatening calls.

In a much publicized case in Chicago, Glimco in 1954 was indicted by the Federal grand jury for extorting money from poultry dealers in the Fulton Street Market. Thieme told the committee that he had testified against Glimco before the grand jury, but he did not testify in the subsequent trial. During this period of time he was living in fear as a result of anonymous telephone threats and threats from Glimco himself. After Glimco was acquitted in March 1957, Thieme got out of the union and the Fulton Street Market, and took up farming.

Arthur Nelson of Park Ridge, Ill., provided further information regarding Glimco's racket enterprises in the Fulton Street Market. Nelson operated a scavenger business in the market from 1914 to 1948. He was paid by various poultry houses to pick up feathers, which he in turn would sell for \$5 a load to such companies as the Burton-Dixie Co., a mattress and bedding manufacturer. This procedure was changed in 1936, when Abraham Sumner and Witt Hanley "schemed" to get the feathers direct from Nelson. Thereafter, Nelson no longer sold his feathers, but instead turned them over to the Sumner Cartage Co., who in turn sold them to Burton-Dixie. Sumner would, however, prepare checks payable to Nelson for the sale price of these feathers. Nelson did not get to keep the money, but instead was required to cash the checks and turn the proceeds over to Witt Hanley as a "kickback." Nelson related that after Hanley died in 1944, Nelson was contacted by Joey Glimco, who instructed him to continue the same arrangements of cashing the checks, but to pay the money to Glimco.

Nelson identified for the committee those checks he had cashed, the proceeds of which were furnished to either Hanley or Glimco. He

told the committee that the payments to Glimco ran as high as \$125 per week but averaged from \$50 to \$60 a week, and that on Glimco's instructions, he, Nelson, paid the income tax on the money, even though he never received the proceeds. It was noted that for 1944 these checks totaled \$5,604.75, and in 1945, the amount was \$2,244.25.

Further indications of Glimco's power to extort became evident as Nelson described how he sold his business in 1948. For reasons of health, he desired to withdraw from his business in the Fulton Street Market and arranged, therefore, to sell his enterprise to Walter Dudek and his brother. In order to do this he was forced to pay \$4,000 to Joey Glimco (pp. 17766-17770).

Walter Dudek, 3536 South Kedzie, Chicago, gave further information on the purchase of the scavenger business from Mr. Nelson. He said he paid Nelson \$14,000 in cash, and made out two promissory notes for \$2,000 each to make up the total sale price of \$18,000. One note was made to Nelson, and the other \$2,000 note was made out directly to Joey Glimco. Dudek told of meeting Glimco through Nelson and Glimco himself told Dudek that he, Glimco, was "the Boss" of the Fulton Street Market (p. 17772).

After taking over the business from Nelson, Dudek continued to turn over the feathers which he collected to the Sumner outfit, but no effort was made to pay Dudek for the feathers. Dudek testified he did not expect money for the feathers and claimed that turning the feathers over to the Sumner Co. saved him a scavenger bill.

Samuel Sumner, 5931 North Bernard Street, Chicago, furnished information regarding the "feather shakedown." He told of purchasing feathers from Nelson which he in turn sold to either the Burton-Dixie Co. or the Globe Feather Co. When Dudek purchased the scavenger business from Nelson, Sumner stated he got his feathers from Dudek, but paid for the feathers directly to John Mallec, a chicken inspector for the Chicago Poultry Board, a private organization. It appeared that Mallec was Glimco's "bagman," but Sumner denied he knew of any relationship between Mallec and Glimco. He stated he made these payments to Mallec as a sort of commission, because Mallec was instrumental in having Dudek bring the feathers to Sumner. It was brought out that the amount paid Mallec by Sumner from 1949 to April of 1957 was \$24,069. In response to repeated questions, Sumner admitted that these "commissions" to Mallec may have been some kind of a "kickback," but denied knowing that the money went from Mallec to Glimco (p. 17777).

Sumner was questioned regarding the union membership of his employees. He stated he had five drivers, none of whom belonged to Teamsters Local 703, which is so solidly entrenched in the Fulton Street Market. Sumner said he and his brother, the owners of the business, did belong to local 703, but he was unable to explain why the other drivers in his company had not been organized by the union. It was significant to the committee that the two business agents for local 703 in the Fulton Street Market area were Dominic Senese and John Smith, who were closely allied to Glimco, and that these business agents made no effort to organize Sumner's employees while Sumner was "paying off" to the boss of the market, Joe Glimco.

John Mallec, 2246 West 24th Street, Chicago, refused to help the committee and took the fifth amendment on all questions, even regarding his occupation as inspector for the Chicago Poultry Board.

He refused to furnish any information as to his actions as an intermediary in the payments to Glimco from Sumner.

At this point there was introduced into the hearings the sworn affidavit of Mrs. Marilyn Nicolai of Broad View, Ill., who had been employed in the health and welfare office of local 777 from January of 1953 to September of 1955. In her sworn affidavit, Mrs. Nicolai told how "Big John" Mallec called at the union office once a week to see Mr. Glimco. When Glimco was absent, Mallec left an envelope for Mr. Glimco which Mrs. Nicolai would place on Glimco's desk (p. 17784).

When Dominic Senese, vice president and business agent, local 703, who lives at 35th Street and Myers Road, Hinsdale, Ill., appeared before the committee, he was questioned as to why the employees and drivers of Samuel Sumner had never been organized and he likewise hid behind the fifth amendment. He also invoked the fifth amendment as to his participation in the beating of Mr. Thieme and, in fact, even pleaded self-incrimination on questions as to his position in the union, although cautioned by the chairman that in so doing he, Senese, was subjecting himself to possible contempt proceedings.

During the questioning of Senese, it was brought out by the chief counsel that Senese lives in a home valued at between \$70,000 and \$80,000, and is closely associated with Joey Glimco. One of Senese's neighbors is gangster Joey Aiuppa. This latter character had been the subject of the committee's previous inquiry into the Hotel and Restaurant Workers Union in Chicago, where it was brought out that Aiuppa in years past had been responsible for shipping machine-guns for Al Capone and handling machineguns for John Dillinger. Senese refused to tell the committee about the construction of his home by Frank V. Pantaleo, who had done the expensive remodeling work at local 777, which will be described later in this report. Senese was questioned regarding his financial interest in the Broadway Sheet Metal Works Co. along with Victor Comforte and Anton Moody. He was questioned, also, regarding his interest in the Vernon Farms Products Co., but he would furnish no information.

Through Staff Member Calabrese, the committee was informed that partners with Dominic Senese in the Vernon Farm Products Co. were Frank Pantaleo, Victor Comforte, Frank Senese, and Sadie Senese, Dominic's wife. This is a wholesale egg business in the Fulton Street Market, so that Dominic Senese functioned not only as a union official in that area, but also as a company owner.

#### G LIMCO'S OPERATION OF TEAMSTERS LOCAL 777

As the committee directed its attention to Teamsters Local 777, the Taxicab Drivers Union, it learned how Joey Glimco used his training in the Chicago underworld to operate a labor union.

Dominic Abata, former president of this local and now a delicatessen operator, provided some interesting background on the history of this 5,000 member union. Abata, one of the founders and president of local 777 from its inception to the year 1951, told the committee that in 1937 Glimco came into his union, stating "He was wished on me by William Hanley." Hanley, it will be recalled, was Glimco's predecessor as boss of the Fulton Street Market.

Abata described how Glimco, although not a union official at that time, proceeded to set up the union as a "racket" for his own personal aggrandizement. Starting about 1939, Glimco required the officials of the union to kick back to him a major part of their salaries. George Marcie, the secretary-treasurer of the union, would prepare a voucher each week for Abata to sign for a weekly salary of \$175. Abata, however, was allowed to keep only \$71 of this amount, kicking back the balance to Glimco. Other union officials required to make similar kickbacks were George Marcie, Robert Markov, Joseph Coca, William Pritkin, and James Connors. Glimco himself at that time was receiving \$125 a week salary from the union so, including all of the kickbacks, Glimco the gangster was getting \$608 a week from this source. To add insult to injury, Abata testified, the individual union officers were forced by Glimco to pay the income tax on the total amount shown by the union records as being paid to them, even though they did not get to keep it all. In his own case, Abata said, he paid Federal income tax on \$9,500 per year, although actually receiving some \$3,500 (pp. 17751, 17752).

Abata was able to furnish no information as to why he allowed himself to be subjected to such an injustice, stating only "Well, that is the way it was set up, and that is the way I went along with it. I batted absolutely zero against him (Glimco)." He explained that William Hanley of local 703 was the person who set this whole arrangement up for Glimco.

Abata said he got out of the union in the latter part of 1951, doing so for his own safety. He explained that a friend of Glimco's by the name of Rocco Fenelli first told Abata to get out of the union. This he refused to do, and several weeks later he was contacted by Joey Glimco, who himself told Abata to get out of the union, and asked him if he would take \$5,000 to leave. Abata stated that he finally agreed to leave after his wife, who was ill at the time and fearful for his safety, begged him to get out of the union. He advised he was paid a year's salary, \$10,000, plus an additional \$3,000 for income taxes on the basic amount, in order to leave.

Under further questioning, Abata told the committee that in about 1946 or 1947, he was badly in need of money, so he took \$3,000 from the union over and above his regular salary. He stated, however, he repaid this amount by kicking back his \$100 a month expense money, and by the time he left the union, the \$3,000 he had taken had been paid off. In the course of this questioning, it came out that all of the union officials had been getting \$100 a month expense money which they had been kicking back to Glimco in addition to the major part of their salaries, which provided Glimco with an additional \$600 per month rakeoff. This amounted to over \$3,000 a month Glimco took from the union treasury under the guise of legitimate salaries and expenses to the officers.

A new angle in employer-employee relationship was developed during Abata's further testimony. The chief contracts held by local 777 in Chicago were the two large taxi companies, namely the Yellow Cab Co. and the Checker Taxi Co. Abata stated that while he had nothing to do with the arrangement, the same having been originally entered into by Witt Hanley, the union was turning back to the companies either 7½ percent or 10 percent of the dues collected from the union

members, the employees of the cab companies. Abata stated that while president of the union, he did object on several occasions to this kind of an arrangement, but was told by the companies that they needed this rebate in order to pay for the additional help necessary to operate the union checkoff system for payment of employees' union dues.

The committee was amazed at this situation, which was the first of its kind so far disclosed in over 2 years of hearings. Investigator Alphonse Calabrese explained to the committee how this arrangement operated. The two major taxicab companies, Yellow and Checker, used the checkoff system, deducting the union dues from the pay of each employee, and transmitting these dues to the union in a lump sum. The union in turn rebated to the companies a certain percentage of this amount. When boiled down, this meant that the employees of the taxicab companies were paying a part of their dues back to their own employers by subterfuge, and unbeknownst to themselves.

Mr. Calabrese testified that the amount of the union dues rebated to the companies was originally 10 percent, but about 1947 was reduced to 7½ percent. He said the records of the two taxicab companies reflect that from 1937 to December 31, 1957, there was returned to the Yellow Cab Co. \$169,180 of the money their employees had paid in as union dues. Under similar conditions, the Checker Taxi Co. received \$137,786.51. The total rebated to the two companies was \$306,966.51. Including the year 1958, the total amount returned to the companies was \$327,491.46. It is significant that this arrangement was discontinued after the investigation by the committee into the matter got underway. As Calabrese explained it the contracts between the union and the two taxicab companies, signed in January 1959, made no provision for this type of refund for the checkoff system (pp. 17757-17758).

Miss Laverne Murray, Glimco's secretary at the union's health and welfare fund, was in a position to have been of real service to the committee. This young lady, who presented a very attractive appearance, indicated from the very beginning that she was a major part of the Glimco conspiracy. She started off by taking the fifth amendment on the nature of her work or occupation. The impact on the committee of her attitude is best expressed by the following question, Miss Murray's reply, and the chairman's comment:

Miss Murray, do you honestly believe—are you conscientious about that—do you honestly believe that if you told what your profession is, what your work is, what your livelihood is, that it might tend to incriminate you?

Are you honest about that?

(The witness conferred with her counsel.)

Miss MURRAY. I do.

The CHAIRMAN. You are? I am sorry for you.

Proceed, Mr. Kennedy. It is pitiful, pitiful (p. 17811).

Miss Murray was questioned regarding her interest in the home where she held a title jointly with Joseph Glimco. She invoked the fifth amendment as she did on all questions regarding her work at the union, her salary, and whether or not she was under bond in connection with her position. She would only admit that she was single and that her father and mother were living. She refused to

furnish any information regarding the fidelity bond of Joe Glimco, which was canceled May 15, 1956, and regarding her own bond as an employee of the health and welfare fund, which was canceled May 12, 1958, because of nonpayment of premiums. She had no comment when the chairman stated—

You and Glimco and the whole gang ought to be kicked out, you right along with them (p. 17813).

At this time in the hearings, staff member Alphonse Calabrese presented to the committee a hotel bill paid by local 777 to the Hotel Bel Air in Los Angeles, Calif., July 2, 1953, for \$1,045.65. According to Calabrese, the hotel records showed that the registration at the hotel for this bill was Mr. and Mrs. J. Glimco, 1224 North Park Avenue, Oak Park, Ill. The hotel bill covered a \$30-a-day room, and such miscellaneous expenses as flowers, photographs, and beauty shop services. The address of 1224 North Park Avenue was neither her address nor Joe Glimco's, but was the former address of William J. "Witt" Hanley, former boss of Teamsters Local 703, who died in 1944, as indicated previously in this report. The hotel bill was paid by a check drawn on the treasury of local 777. Mr. Calabrese testified that expert handwriting examination by the FBI laboratory reflected that the check had been made out in the handwriting of Laverne Murray. Calabrese further pointed out that the union records reflected that the amount of this check was charged on the union books to "entertainment expenses." Miss Murray refused to furnish information regarding this payment to the Hotel Bel Air or to explain why she was there as Mrs. J. Glimco (p. 17815).

The committee explored certain other union expenditures and the personal finances of Joseph Glimco. James F. Mundie, of the committee's staff, told how the investigation developed that Joseph Glimco, like James Hoffa, handled all personal financial transactions by the use of cash, and that Glimco maintained no personal bank accounts. For ordinary expenditures, Glimco would have certain places of business, in which he was interested, draw checks to meet these expenditures, and then reimburse the individual business houses in cash. This strange practice even extended to the payment of life insurance premiums. Mundie testified concerning Glimco's procedure to conceal his purchases of 337 shares of A.T. & T. stock. This stock was purchased by Glimco during the years 1956 to 1958 in an amount totaling \$53,958.31. One hundred and seventy-five shares of this stock were purchased in the name of Glimco's son, Joseph P. Glimco, Jr., and an additional 121 shares were purchased in the name of Glimco's daughter, Joanne M. Glimco. There were 37 additional shares purchased in the name of Glimco's daughter along with his wife Lena, and 3 shares in the name of his son and daughter together. There were other small purchases in the names of various members of his family, totaling 337 shares. Among these were 20 shares purchased on an application signed by Frank V. Pantaleo. By and large Joe Glimco followed the pattern of remaining anonymous as illustrated above by concealing his personal participation in these stock transactions. This practice is consistent with that used by other underworld characters who have obtained influential positions in labor unions.

Jack S. Balaban, of the committee's staff, told the Senators of an apartment maintained at the Oak Park Arms Hotel in Oak Park, Ill.,

rented under the name of Joe Glimco at the rate of \$7 per day, which was charged to organizing expenses of local 777. Union expenditures for the rental of this place between September 1955 through April 1958 totaled \$6,282.62. Staff member Alphonse Calabrese then told the committee about another financial transaction of local 777, which involved one of Jimmy Hoffa's pet projects. On February 29, 1956, local 777 purchased from its treasury a building lot from Sun Valley, Inc., in the amount of \$890. This purchase was charged to the general fund of the union, with the explanation, "As per instructions from Hoffa, as good investment in a lot, the executive board passed the motion to purchase one lot." It will be recalled from previous hearings in connection with James Hoffa that Sun Valley, Inc., was a real estate promotion in Florida, financed indirectly with union funds, with Hoffa and some of his associates retaining a personal interest through an option to purchase Sun Valley stock. Sales of these lots were made to various union locals and union members.

Calabrese then outlined for the committee additional expenditures from the treasury of local 777 by Joey Glimco which were highly questionable. One was a payment of \$4,289.89 to cover one-third of the entire cost of the James Hoffa dinner in Miami, Fla., September 29, 1957. This was an affair put on at the Hotel Fontainebleau in Miami. Two other Teamster locals in the Chicago area paid the balance of this \$13,000 banquet. Two cabana parties held in Miami were paid from the treasury of local 777 in the amount of \$864.33. Then there was an all-expense tour of the Caribbean islands for three of the delegates of local 777, George Marcie, Joseph Coca, and Oscar Kofkin. At that time, Marcie was secretary-treasurer, Coca was president, and Kofkin was vice president. The total expenses for this plush tour were \$1,656, all from the dues of the cab drivers in local 777.

Through Mr. Calabrese, it was brought out that Joe Glimco came to Washington, D.C., to attend the trial of James Hoffa in the summer of 1957 when Hoffa was tried in Federal court under charges of bribery. The hotel bills for Mr. Glimco, which were paid by the treasury of local 777, totaled \$7,094.55, and included the expenses of both Glimco and Oscar Kofkin.

Calabrese told the committee of an additional incident involving a trip to Chicago by one of the attorneys who represented Hoffa in the bribery trial in Washington, D.C. In Chicago, this attorney's hotel bill, amounting to \$216.43, was paid by Teamsters Local 777, and the voucher in the union's files contained a notation "Hotel bill as per Kofkin's instructions, public relations, entertaining" (p. 17828).

Something new in the committee's hearings was provided by the testimony of Maurice Adler, who operates the Acme Secret Service Ltd., a private detective agency in Chicago. Adler told the committee that he was hired by Joey Glimco to conduct an investigation of certain police officials of the Chicago Police Department during the period from March 4, 1957, to March 25, 1957. The purpose of his investigation was to determine whether or not the police officers were tapping any of Glimco's telephone wires. Adler stated that at that time Glimco led him to believe that Glimco had certain contacts within the Chicago Police Department, but these persons were never identified to Adler. Adler stated that he called Glimco's

attention at one time to the fact that the investigation was getting rather lengthy, and rather expensive, at which time Glimco told Adler to continue with the investigation. Adler's total bill was \$3,840, which was paid to him in a check drawn on the treasury of local 777. It was brought out that this occurred at the time that Glimco was under indictment and awaiting trial in Federal court for extorting money from poultry dealers in the Fulton Street Market, and the \$3,840 was a part of the \$124,000 of union funds which Glimco expended to defend himself on these criminal charges (p. 17833).

George Marcie, who had been secretary-treasurer of local 777 since 1937, was brought before the committee at this stage of the hearing. In his position, he could have filled in many missing links of important information regarding Glimco's manipulations of the union's treasury. However, rather than provide any solution, Marcie demonstrated to the committee that he himself was a large part of the problem. He invoked the fifth amendment on his occupation, his position in the union, and everything relative to his various business enterprises. Marcie would not even admit that he was secretary-treasurer of local 777, nor that he received \$15,600 per annum salary, plus a new Cadillac each year.

When it was brought out that Marcie's membership in the Tam O'Shanter Country Club cost the union \$10,611.99, Marcie again had nothing to say (p. 17835).

The committee wanted to know something about Marcie's enterprises, which he operated along with his union activities. These included the Don Marcie, Inc., and the Best Sanitation & Deodorizing Co., both of which occupy space in the building owned by local 777. The Best Sanitation & Deodorizing Co. performs janitorial and deodorizing services in toilets. Through Jack Balaban, of the committee staff, it was brought out that Joe Glimco himself had solicited accounts for the Best Sanitation Co., which at one time carried Glimco's son, Joseph Glimco, Jr., on its payroll at \$130 per week. Among the accounts of Best Sanitation were companies with whom the union had contracts, such as the Checker Taxi Co. and the Yellow Cab Co., together with a large number of the individual local unions in the Chicago area. Included also among the customers was the Orchid Flower Shop, owned by the wives of Tony Capezio and "Little New York" Campagna, two notorious Chicago gangsters.

The committee was informed by Balaban that Don Marcie, Inc., was a cosmetic company which had originally been called Gro-Mar Industries, Inc. The records of this company showed an expenditure of \$1,200 charged as rental expense. The checks for this purpose were drawn but the proceeds were kept by someone, according to Balaban, as the money was never received by local 777. Don Marcie, Inc., is controlled by Marcie together with his wife Rose and stepson Don, while Marcie was at the same time secretary-treasurer of local 777. Marcie refused to throw any light whatever on the \$1,200 charged to his personal business as rental but never received by local 777, stating that the answer might incriminate him. He took the fifth amendment on any and all questions pertaining to both Don Marcie, Inc., and the Best Sanitation & Deodorizing Co.

Further evidence of corruption in the operation of the union treasury centered around a \$2,750 invoice to the union from the Schor



Glass Co., ostensibly for installing new glass and window frames in the union building. Printed across the face of the invoice, over the words "Schor Glass Co." was the name "Gro-Mar Construction Co." Balaban explained to the committee that Sam Bankendorf, owner of Schor Glass Co., had said that at one time he had rented space in the building owned by local 777, but that he had never heard of the Gro-Mar Construction Co. Balaban explained that the payment of this \$2,750 was charged to the union, but that the canceled check and the check stub are among those union records which are missing and were not made available to the committee. When asked if he stole that money from the union, Marcie again declined to answer on grounds of self-incrimination.

The Orchid Flower Shop owned by the wives of gangsters Campaigna and Capezio came in for some nice business from local 777. It was brought out that in a period of a little over 7 years, the bill for flowers paid to this shop by this union was \$11,973.31.

Oscar Kofkin, vice president of local 777, and Joseph Coca, trustee and office manager, appeared together before the committee and performed a duet on the fifth amendment. Kofkin claimed self-incrimination on questions regarding his position in the union, his \$13,500 annual salary, on his arrests for murder and assault with a deadly weapon, and on his reason for his staying in Washington with Glimco during the bribery trial of James Hoffa (pp. 17843-17844).

Coca was questioned regarding his presidency of local 777 from the time Abata was forced to resign in 1952 until February 1958, when Glimco assumed the office, even though Coca had 2 more years to serve, on his regular term. He declined to answer on grounds of self-incrimination. Coca was questioned regarding the payment to Frank Pantaleo of \$85,000 for the construction job at the union headquarters, which testimony showed was worth only some \$36,000. He was also queried regarding the hotel room maintained at union expense at the Oak Park Arms Hotel, and about his Caribbean trip, paid for by the union members. To all of these questions, he invoked the fifth amendment.

From Michael Gaglione, the committee attempted to obtain information regarding Glimco's influence in certain other labor unions besides local 777. Gaglione, an official of local 18-B of the Picture Frame Workers' Union, Chicago, Ill., like all the other witnesses friendly to Glimco, refused to furnish to the committee any cooperation whatever.

Gaglione declined to answer any questions as to why Glimco's union, local 777, paid the hotel bills for himself and Raymond Gaglione, a relative, in Cleveland, Ohio, in February 1955, while they attended a wedding in that city. He was equally uncooperative when queried regarding the Melody Pub in Chicago, a tavern for which he holds a license. Gaglione was also asked about the license issued for his son, Vincent, to operate another tavern, known as Ace's Spider Web, a hangout for dope peddlers and addicts, but he invoked the fifth amendment to all questions even as to his union affiliations (p. 18004).

After hearing the evidence of the corrupt management of the Taxicab Driver's Union, followed by a parade of Glimco's underlings, the committee was anxious to hear what Glimco himself had to say.

Joe Glimco was first brought before the committee on April 24, 1958, in order that the committee could obtain his personal books and records, and the books and records of Teamsters Local 777. It was evident from the very beginning that Glimco not only would be uncooperative, but would impede the committee's investigation in every possible way. He furnished his name and address, then immediately invoked the fifth amendment when asked to explain his occupation.

At this time Glimco claimed self-incrimination on his personal and business records and on his relationship with prominent Chicago hoodlums. He was uncooperative on all questions as to the extent of union records in his possession and therefore, in open hearing, additional subpoenas were served on him by the chairman (pp. 17702-17722).

When Glimco reappeared before the committee in March of 1959, there was much to ask him based on the testimony the committee had heard regarding his operation of Teamsters Local 777. When asked by the chairman to state his name, place of residence, and business or occupation, Glimco replied, "Joseph Paul Glimco, 629 Selbourne Road, Riverside, Ill., and I am an American citizen." When the chairman then asked him when he became an American citizen, Glimco invoked the fifth amendment. The impact of this contemptuous gesture toward the Senate committee and to the United States is reflected in the remarks of Senator Mundt:

Senator MUNDT. May I say that I think the Chair is on exceedingly firm ground. If the witness persists in being in contempt of the committee on this point, we should certainly take every step that we can in citing him for contempt of Congress, because by no remote stretch of the imagination can any judge hold that becoming a citizen of the United States, telling us the date on which he obtained that great distinction, could incriminate anybody.

Too many people try to avoid deportation and denaturalization, and we should not permit that to stand in the record, Mr. Glimco.

If you want to let that stand in the record before this committee and the Congress, and are ashamed of your American citizenship to that extent, let the record so declare (p. 17845).

On further questioning, Glimco also took the fifth amendment when asked if he had ever abused his citizenship. There was little in his past life he could talk about without incriminating himself, as he monotonously repeated the fifth amendment to all questions. He was queried by the chief counsel regarding the "kickbacks" of over \$3,000 a month he took from the wages of the other officers of local 777; about the "shakedowns" of the merchants on the Fulton Street Market; about his acquaintance with prominent gangsters, such as Accardo, Ricca, Capezio, Campagna, and Alex, and his reliance on these associates to help him obtain these "kickbacks." Other questions to Glimco involved his support of Jimmy Hoffa and Hoffa's continued support of Glimco; his defrauding the union by some \$50,000 paid to the contractor Frank Pantaleo from union funds over and above the probable costs of remodeling the union hall, and whether this \$50,000 excess was used to build Glimco's own home. He was asked what he was doing at the Bel Air Hotel in Los Angeles with Laverne Murray, and why the union had to pay over \$1,000 for this trip. Further question-

ing of Glimco had to do with the continuous rental of a room for him at the Oak Park Hotel. Other union expenses the committee asked him about were the \$7,000 spent for Kofkin and Glimco to stay in Washington, D.C., during the bribery trial of Jimmy Hoffa, the Caribbean trip for the other union officials, Glimco's \$20,000 a year salary, and the new 1959 Cadillac furnished him from the dues of the union members. Glimco was questioned in detail about the 10 percent and 7½ percent rebates of the union dues which he gave back to the taxicab companies who were the employers of the dues-paying members—a shocking situation in labor-management relations—and he refused to offer any explanation of this unusual situation claiming self-incrimination. Regarding the two companies operated on the side by George Marcie, the Best Sanitation & Deodorizing Co. and Don Marcie, Inc., for whom he himself solicited business, Glimco took the fifth amendment when asked if he had been a toilet deodorizer salesman. To answer would incriminate him, he said. In response to all of the pertinent questions, Glimco pleaded the fifth amendment. He was unable to name one single benefit that he had ever obtained for the rank and file members of local 777.

An important aftermath of the March 1959 hearings on Joe Glimco was the reappearance of Dominic Abata before the committee on July 1, at which time he was accompanied by Chicago taxi drivers Cecil J. Clark and Everett Clark. These men represented a large group of the membership of local 777 who, under the name of the Democratic Union Organizing Committee, were attempting to throw off the yoke of Glimco's corrupt control of the membership and form a new independent and democratic labor union.

Abata, who headed up the reform group of taxi drivers, told how the harassment by Glimco had reached such a stage that the Chicago Police Department had detailed detectives to furnish Abata protection 24 hours a day. On one occasion the officers noticed Kenneth Colling, a Glimco henchman, in the vicinity of Abata's home, but otherwise no overt acts of violence toward Abata were performed.

Everett Clark described further the means resorted to by Glimco to stamp out opposition within the rank and file membership. The two big employers, the Yellow Cab Co. and the Checker Taxi Co. had fired a number of the anti-Glimco drivers, presumably at Glimco's instigation. Others like Everett Clark had their bookings decreased. As the men took petitions around to get signatures they were intimidated and the petitions taken away and torn up by Glimco's goons.

Everett Clark said that on one occasion six men approached his cab at the Northwestern Station and beat him up, requiring three stitches to repair an eye injury. On another occasion Kenneth Colling, a Glimco goon, told Clark if he didn't get down to see Glimco, Colling would "smear him up."

Cecil Clark said his wife had received an anonymous phone call telling her that her husband would be killed. A separate incident occurred at Chicago's Midway Airport as Cecil Clark was waiting in the cab line for a customer. A Yellow Cab driver named George Crandall asked about Clark's activities in getting petitions signed, then significantly called Clark's attention to the ease with which the Teamsters could put a man on the roof of a nearby building and "pick you off." Cecil Clark never returned to the airport for fear someone would carry out the threat.

Clearly demonstrating that the leadership of the Teamsters International was solidly behind Glimco and his hoodlum associates in retaining their tyrannical control of the members of local 777 was a letter dated April 29, 1959, from International Vice President John T. O'Brien to Joe Glimco which reads in part as follows:

DEAR SIR AND BROTHER: This will acknowledge receipt of your letter of April 21, 1959, with reference to the action taken by your executive board on April 20, concerning the so-called Local 777 Democratic Union Organizing Committee.

As you requested, I have made an investigation into the matter. After carefully examining the situation, I advise you, your fellow officers, and all members of local 777 of my findings as follows:

1. The so-called Local 777 Democratic Union Organizing Committee is a dual and secessionist movement within the meaning of and prohibited by the international constitution.

2. This group is led by people who are not members of the Teamsters Union and who have no rights or business in the Teamsters organization of local 777 under the international constitution or the local bylaws.

3. The so-called organizing committee is attempting to oust and replace the Teamsters Local 777 as bargaining agent for Yellow and Checker taxi drivers and inside workers.

4. The rump organization is misusing the name of local 777 in its title and probably has misled members of Teamsters Local 777 into signing petitions which they believed were official papers of your organization.

5. Members of Teamsters Local 777 who take part in this dual movement or do anything else knowingly to aid it may be subject to the disciplinary procedures of article 18 of the international constitution and the parallel provisions of your local 777 bylaws.

Accordingly, I recommend that you read this letter to your regular membership meeting on May 4, 1959, and that you otherwise acquaint your membership with the dual union character of the so-called Democratic Union Organizing Committee. I also recommend that you read article 18 of the international constitution in its entirety to your membership meeting (p. 19279).

As Chief Counsel Kennedy described it, "In other words, they were ready to take disciplinary action against the union membership who were trying to clean up the union. Mr. O'Brien appeared before the committee and took the fifth amendment."

Glimco and Kenneth Colling were questioned about these terrorist tactics being used to stamp out any democratic movement within the union. As was expected, they both invoked the fifth amendment to any and all questions (pp. 19272-19283).

#### GLIMCO'S ASSOCIATIONS WITH MAJOR GANGSTERS

Staff Member Alphonse Calabrese provided the committee with some of the background and associations of Joey Glimco. Glimco's extensive police record consisted of 36 arrests for a variety of crimes,

ranging from disorderly conduct and vagrancy through larceny, prohibition violations, assault with auto, robbery, and included attempted murder and murder. The prominent hoodlums and underworld characters described as known associates of Glimco included Anthony "Tony" Accardo, Paul "The Waiter" Ricca, Louis Campagna (deceased), alias "Little New York", Anthony "Tough Tony" Capezio (deceased), Jake "Greasy Thumb" Guzik, Gussie Alex and Murray "The Camel" Humphreys. In addition, it was brought out that Glimco as a union leader was a close associate and one of the chief lieutenants of James R. Hoffa, international president of the Teamsters (p. 17735).

#### GLIMCO'S DEALINGS WITH FRANK V. PANTALEO

In its review of Glimco's misuse of union funds, there was one deal involving Frank V. Pantaleo which was of such a flagrant nature as to merit special comment. Jack S. Balaban of the committee's staff told the committee that in 1952 and 1953 there was expended from the union funds a total of \$85,325, ostensibly for construction work and renovation of the union headquarters. He introduced the minutes of a union meeting held December 1, 1952, reflecting that the members voted to build an additional office into the union hall "to provide more space for additional records regarding hospitalization only." It is noted here that this particular union meeting lasted only 15 minutes.

All of these payments for construction, according to Balaban, were made to Frank V. Pantaleo, a Chicago contractor, and consisted of a series of 15 checks at various dates and of various amounts. The checks were written over a period extending from December 8, 1952, to December 1953. Balaban explained further that the union records did not contain any invoices from Pantaleo to support these payments. Furthermore, Frank V. Pantaleo himself refused to produce for the committee his own business records relative to this construction work at the union hall, and had been thoroughly uncooperative. Further light on this situation was provided by the introduction of an affidavit from Mr. Thomas Havey, a certified public accountant who had made an audit of the financial records of local 777, for the period extending from September 1, 1949, to August 31, 1954. In his affidavit, Havey swore that all invoices for \$100 or more were examined by him during the audit, thus indicating that the Pantaleo invoices were then a part of the union records, but had been subsequently concealed or destroyed (pp. 17797-17798).

The large sum of \$85,325 charged to the construction of one or two rooms in the union office was enough to arouse the committee's skepticism. The missing invoices to substantiate these payments, coupled with Pantaleo's refusal to cooperate, strongly supported the committee's suspicion. Further information of value was furnished by Mrs. Marilyn Nicolai. In her affidavit previously mentioned in this report, Mrs. Nicolai said that when she went to work in the health and welfare office of the union in January 1953, the office had been recently remodeled, and all of the construction work at that time was complete.

In an attempt to ascertain just what the cost of this remodeling at the union hall could have been, the committee called on the expert opinion of Mr. George Blum of Chicago. Mr. Blum is highly quali-

fied in the estimating of construction and remodeling costs, as he is an investigator and adjustor of fire losses with 36 years' experience. He told the committee he was familiar with the interior of the union building of local 777, at 1213 Blue Island Avenue, Chicago, having first investigated some fire damage there in the year 1947. As a result of another fire in the same building in January 1957, Blum had occasion to again inspect the interior of the building, and noted the construction changes that had been made since his initial visit. With this background, Blum prepared an estimate of the maximum construction cost involved to have put in the new construction plus refinishing the old rooms, plus a new heating plant, plus refinishing some space on the first floor. Figuring all prices on the generous side, the maximum figure for all possible improvements to the union building in the 10-year period of 1947 to 1957 was \$35,803, which included a margin of profit. It is noted that there is a \$50,000 differential between the payments to contractor Frank V. Pantaleo which were charged as construction expenses for the union hall and the maximum amount that could justifiably have been spent for this purpose (p. 17804).

Of particular interest to the committee at this time was the construction of Glimco's new house by the same contractor, Frank V. Pantaleo. This house was being built during the same period of time the exorbitant amounts were being paid out for the remodeling of the union headquarters. As recounted by Balaban, Frank V. Pantaleo built a house for Glimco during the year 1953 at 1215 North Oak Park Avenue, Oak Park, Ill. Actual title to this house was transferred from Pantaleo, the builder, at a price of \$44,000, on October 7, 1953, to a trust agreement, the beneficiaries of which were Joseph P. Glimco and Miss Laverne Murray. Laverne Murray was then Glimco's secretary at the health and welfare office of the union, and still held this position at the time of the hearing. Balaban explained to the committee that Joey Glimco and Laverne Murray, in 1956, sold this house for \$40,000 to one Peter Pappas, owner of the Ranger Restaurant on North Avenue, Chicago, a place frequented by Glimco and his associates. Payments by Pappas for this house were made in two separate checks, which were cashed by Frank Pantaleo, the proceeds presumably then going to Glimco and Murray (p. 17795).

The committee 2 years previously had developed the information regarding the home of Dave Beck, president of the Teamsters International out in Seattle, Wash., where it was found that the cost of construction had been surreptitiously siphoned from the union funds. In the case of Glimco's house, the facts began to build a similar pattern. However, it was hoped by the committee that the principals involved would be able to fill in some of the missing details.

Frank V. Pantaleo, the contractor who did the work on the union hall while at the same time building a home for Joe Glimco, was called before the committee to provide some of the necessary information. As testified previously by Mr. Balaban, Pantaleo had declined to turn over his personal records relative to the construction work at local 777 and Glimco's house. In his appearance before the committee, Pantaleo indicated immediately that he had no intention

of giving the Senators any cooperation whatsoever. He invoked the fifth amendment on all questions pertaining to his business and its relationship with Joe Glimco or local 777. He refused to produce any more records bearing on the subject matter.

Testimony showed that Glimco obtained an \$18,000 mortgage from the Pioneer Trust & Savings Bank as part payment of the \$44,000 purchase price of the house. No records could be found of the payment to Pantaleo from Glimco of the payment of \$26,000. Since both Glimco and Pantaleo refused to answer the committee's questions on grounds of self-incrimination, the only inference to be drawn is that excessive expenditures from union funds for the reconstruction of the office were diverted to pay the \$26,000 balance on the house.

It was brought out by Chief Counsel Robert F. Kennedy that Pantaleo had attended a banquet in Detroit for Jimmy Hoffa in company with Joseph Glimco, the expenses of which were paid by local 777. When asked to explain why the union paid his expenses, Pantaleo continued to mumble the fifth amendment. Relative to the Hoffa banquet in Detroit, Alphonse Calabrese of the committee staff told the Senators that the expenses at the Hotel Statler in Detroit for Joseph Glimco's group at the time of the Hoffa banquet was \$308.08, and that Pantaleo was a member of this group. It was further revealed in the hearing that Pantaleo was at one time a partner in the construction business with Charles "Cherry Nose" Gioe, notorious slain gangster of the Chicago syndicate (p. 17807).

Victor Comforte, secretary-treasurer of the Broadway Sheet Metal Works, Inc., was asked to fill in with some of the missing information regarding the construction at the union headquarters. It had been brought out that Dominic Senese of Teamsters Local 703 also had an interest in the Broadway Sheet Metal Works, Inc., and that this company had a subcontract under Frank Pantaleo to do some of the remodeling work at the headquarters of local 777. That this amount of work was considerable was indicated by the fact that \$15,570.84 was paid by Frank Pantaleo, the contractor, to the Broadway Sheet Metal Works.

James F. Mundie of the committee's staff testified that the records of the Broadway Sheet Metal Works Co. showed that L. A. Moody and Victor Comforte surrendered a \$1,000 interest in their business on April 30, 1954, to be credited to Dominic Senese, business agent of Teamsters Local 703. Mundie advised that Senese's capital account in the company as of April 30, 1958, had increased to \$22,935.71. This was accomplished with no investment by Senese. With this background, the committee attempted to obtain from Mr. Comforte some additional facts which would round out the story of the entire situation. Mr. Comforte, like the other principals involved, invoked the fifth amendment on all pertinent questions. When it was brought out that he also had an interest in a jukebox company known as the Distributing Corp. of Illinois, Comforte refused to reply. In the course of questioning, it was brought out by Chief Counsel Kennedy that the Broadway Sheet Metal Works Co. was a subcontractor for some 60 percent of all of the

Government Nike missile sites in the Chicago vicinity. This information gave rise to the following comments by the chairman:

The CHAIRMAN. Now we find these same characters and their company out doing work for the Government in preparing its defense installations in this country; is that correct?

Mr. KENNEDY. That is correct.

The CHAIRMAN. The Chair shall direct a letter to the department of Government having jurisdiction of this construction work, and which is responsible for making these contracts, to make immediately a thorough investigation into the activities of this company.

If what the record has disclosed here is true, I think they should be hereafter eliminated from eligible consideration as a bidder on any Government work. I do not believe this Government ought to be doing business in the building of its Defense Establishment in this country, the thing upon which our very survival may depend—I don't think our Federal Government should be doing business with people who have to hide behind the fifth amendment with regard to their business transactions. I hope some prompt and effective action is taken to correct this situation.

Senator Church, have you any comment?

Senator CHURCH. No comment except, Mr. Chairman, that I concur in the sentiments you just expressed, wholeheartedly (pp. 17819-17820).

(As a result of forwarding the above information to the Department of Defense, the chairman was informed by Secretary of the Army Wilber M. Brucker, on March 24, 1959, that all of the subcontracts held by the Broadway Sheet Metal Works, Inc., on the Nike missile site construction had been completed except one, which was 95 percent complete. Secretary Brucker informed he was instructing the Corps of Engineers to terminate the remaining subcontract and stated, "I view the refusal of the officials of this company to answer questions relating to its work for the Government on grounds of self-incrimination to be of such a serious and compelling nature as to warrant their debarment by the Department of the Army and to be declared ineligible for further Department of the Army contracts or subcontracts and instructions have already been issued to this effect.")

#### THE DEARBORN INSURANCE AGENCY

The operation of union health and welfare funds for a number of unions had come under the close scrutiny of the committee several times during its hearings, and from these investigations there were developed some of the most flagrant cases of corruption and misuse of funds. In the case of the Dearborn Insurance Agency in Chicago, the committee developed some new angles on the operation of health and welfare funds where benefits for rank and file union members and their families were sacrificed to provide plush commissions for certain insurance agents and their front men.

While Dominic Abata was on the witness stand, he was questioned briefly regarding the health and welfare fund provided for the mem-



bers of local 777. Again a situation unique in the committee's experience was revealed. The members of local 777 had a health and welfare plan based on contributions by the employers, but instead of a board of trustees made up of representatives of both the union and the employers, Joseph Glimco alone was the sole trustee for this large fund. Abata was unable to inform the committee as to why such a condition existed, stating that he was not originally informed of the health and welfare plan, and never knew that it existed until the health and welfare office was moved into the union quarters. He stated it was all arranged by Glimco without Abata's knowledge, even though Abata was president of the union.

Alphonse Calabrese of the committee's staff informed the committee that the health and welfare plan of local 777 was carried by the Occidental Life Insurance Co. of which the Dearborn Insurance Agency was the agent, and that this plan for the members of local 777 was the only program of its nature underwritten by the Occidental Co. without a board of trustees. Calabrese testified that the only explanation offered by the major cab companies in Chicago regarding this unique situation was that—

This was part of the contract, to contribute to the health and welfare fund, and they had no interest as to what happened after they paid or fulfilled their obligations under the contract.

Calabrese furnished the background on the formation and operations of the Dearborn Insurance Agency. The principal officer of this company was Harland R. Maris of Oakland, Calif., who was an insurance agent for Harry Wraith in Oakland. Wraith operated a general agency for the Occidental Life Insurance Co. of California, which is the same company that handles the insurance for the Western Conference of Teamsters. The testimony of Calabrese on the background of the Dearborn company is set forth hereafter.

MR. CALABRESE. Mr. Maris met Mr. Frank Keenan, K-e-e-n-a-n, in 1948 or 1949, at Pebble Beach, Calif., while playing golf. Mr. Keenan was an alderman in Chicago and the county assessor in Cook County, Chicago, Ill.

SENATOR MUNDT. What year was this?

MR. CALABRESE. In 1948 or 1949, Senator.

MR. KENNEDY. We have the documents to show how they met, and they mention that in some letters; is that right?

MR. CALABRESE. Yes, and also through an interview with Mr. Maris himself, Mr. Kennedy.

Mr. Keenan interested Mr. Maris in coming to Chicago to try to obtain pension plans for unions in the Chicago area. Mr. Maris accepted and did go out, and for a year or so endeavored to get pension plans through various local unions, contacts from which he obtained from Keenan and certain others that I will discuss later.

But he was unsuccessful in his endeavor to obtain the pension plans. However, he was successful in obtaining health and welfare plans in 21 cases, and I will refer to them as 21 Chicago cases, most of which were local unions in the Chi-

ago area. One of them was local 777, Joe Glimco's Taxicab Union.

As a result of this, or on the basis of this work they were to obtain, that they felt they were going to obtain in Chicago, Dearborn Insurance Agency was incorporated under the laws of Illinois on March 3, 1949, and the stockholders of record were H. Maris, president, 65 shares; John W. Murray, vice president, 26 shares.

Mr. KENNEDY. Who was he?

Mr. CALABRESE. He is a Chicago businessman, and real estate construction business, and he was necessary to the corporation because he was, or he had a resident broker's license, which was necessary under the Illinois law for Dearborn to obtain these policies, these 21 Chicago cases.

The third one was Mr. Frank Keenan, who held 26 shares.

The fourth one was Mr. Elmer Crane, listed as secretary, and Mr. Crane, C-r-a-n-e, held 26 shares, and Mr. Crane is a local attorney.

The fifth member was Mr. Allen Creitz, A-l-l-e-n C-r-e-i-t-z, who held 39 shares, making a total of 195 shares, and the par value was \$10. Mr. Creitz was the group manager of the group department of Occidental Life Insurance Co. in Chicago.

Mr. KENNEDY. He was actually working for the company?

Mr. CALABRESE. He was actually working for Occidental Life Insurance Co.

Mr. KENNEDY. And he also became interested in this brokerage company, to handle the insurance?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. He was doing both things?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. Was Occidental Life Insurance Co. aware that he also had an interest in this brokerage company?

Mr. CALABRESE. As far as we are able to ascertain, they stated no, they were not aware of it.

Mr. KENNEDY. There was no indication that they were aware of it?

Mr. CALABRESE. That is right.

Mr. KENNEDY. That was Mr. Creitz, who had the double interest?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. Since that has been brought to the attention of the Occidental Insurance Co. within the last week or so, his services have been terminated with the Occidental Insurance Co.?

Mr. CALABRESE. I believe he was asked to resign, yes.

Now, this corporation was in existence until May 31, 1952, at which time it was dissolved and the Dearborn Insurance Agency, a partnership, was formed on June 1, 1952, and the partners were: H. R. Maris, and he had a 34 percent interest in the partnership and a salary of \$7,200 a year; Mr. Elmer Crane had a 22 percent interest, and his salary was \$3,000

a year; and Mr. Creitz had a 22 percent interest, and he had a salary of \$3,000 a year; and Mr. John Murray, 22 percent, and he had a salary of \$3,000 per annum. Mr. Creitz was in the partnership up until May 31, 1957, when for reasons of his own he felt that he had best sever his connection with the partnership.

The CHAIRMAN. What did this partnership do now?

Mr. CALABRESE. Well, the partnership actually took over the assets of Dearborn Insurance Agency, Inc., and they dissolved the corporation and they became partners.

The CHAIRMAN. In other words, the Dearborn Insurance Co., Inc., was dissolved and the assets or the interest in it was distributed among partners?

Mr. CALABRESE. Among the partners, yes.

And I might add, Mr. Keenan left the corporation in May of 1952. His shares were turned in and were purchased by Mr. Murray for \$5,000.

The CHAIRMAN. When was this partnership entered into and the corporation dissolved?

Mr. CALABRESE. The corporation was dissolved on May 31, 1952, and the partnership begins on June 1, 1952.

Mr. KENNEDY. There is some indication, which we will go into in greater detail, that there were some silent partners involved in this insurance company; is that right?

Mr. CALABRESE. Yes.

Mr. KENNEDY. In the brokerage agency, in the Dearborn Insurance Agency?

Mr. CALABRESE. Yes; that is correct (pp. 17854-17855).

Calabrese told how lucrative an enterprise the health and welfare funds turned out to be for Maris and his associates. During the period extending from March 1950 to February 1959, the total premiums paid in to the Occidental Co. by the 21 groups was \$16,154,443.96. The commissions and other fees paid by Occidental during this same period totaled \$1,015,611.10. That Maris did very well for himself on these deals was emphasized by these additional facts.

Of the \$1,015,611.10, the Dearborn Insurance Agency was paid a total of \$739,206.86. Although Harland Maris was the principal owner of this company, he had another deal on the side with the Occidental Insurance Co. which enabled him to glean for himself some additional profits unbeknownst to his associates in the Dearborn company or to the trustees of the various health and welfare funds. How this was done is explained in Calabrese's further testimony.

Mr. CALABRESE. \$739,206.86 was paid to Dearborn Insurance Agency, Inc., and Dearborn Insurance Agency, by Occidental. The next breakdown is \$3,684.54 which was paid to the Maris-Scully Corp.

The CHAIRMAN. How much was that?

Mr. CALABRESE. \$3,684.54. At this point, I might explain that once the policies have been awarded on these 21 Chicago cases, Mr. Maris went to Occidental Life Insurance Co. personnel and advised that since he had expended large sums of

money in Chicago endeavoring to obtain these 21 cases, that he felt that he should get a commission or override direct to him.

The CHAIRMAN. That is where the overcommission or over-age commission comes in?

Mr. CALABRESE. Another commission.

The CHAIRMAN. Over and above and exclusive of that paid to the company?

Mr. CALABRESE. That is right, to Dearborn Insurance Agency.

The CHAIRMAN. It is an individual, a personal payment?

Mr. CALABRESE. Right. This was done in the form of a contract between Occidental Life Insurance Co. and the Maris-Scully Corp., which had been set up on January 15, 1949, and was incorporated under the laws of California. It was located in Oakland, Calif.

The stockholders were Maris, who had 85 shares; Clarence Scully, who had 10 shares, and who was also an agent working out of the Harry Wraith general agency in Oakland; and Miss Aileen Tipton, who had 5 shares. Miss Tipton was Mr. Maris' secretary from 1946 until approximately 1956.

This corporation then was dissolved on January 31, 1951, and the assignment of the rights that the Maris-Scully Corp. had with Occidental was then assigned directly to Harland R. Maris. So Harland R. Maris, as an individual, then received \$5,192.74 from Occidental.

Then Mr. Maris formed the Wheeler-Maris Co., another California corporation located in Oakland, and this was incorporated on November 1, 1951. The stockholders were Mr. Maris, with 55 shares; his wife, Merle Maris, with 40 shares; and Miss Aileen Tipton, who received 5 shares in approximately 1955 or 1956, making a total of 100 shares.

The assignment of the rights that Mr. Maris had individually insofar as Occidental was concerned, was assigned to the Wheeler-Maris Co. so that we find that as of December 31, 1951, when the rights were assigned, to December 1957, Wheeler-Maris received \$165,986.91 from Occidental Life Insurance Co.

Senator MUNDT. Were these rights in the form of a written contract with Occidental?

Mr. CALABRESE. That is correct, Senator, as I understand.

Senator MUNDT. You have read the contract?

Mr. CALABRESE. They were agreements that changed with each change in the policy. But we have that information from Mr. Dandy, of Occidental Life, who is here. We have the termination of the contract.

Senator MUNDT. What, in general, was the nature of the services that Mr. Maris or his companies provided for Occidental?

Mr. CALABRESE. They provided no services, sir (pp. 17857-17858).

As Calabrese pointed out, the agreement between the Occidental Co. and the Wheeler-Maris Corp. was terminated in December 1957, when the partners in Dearborn learned of this secret arrangement and protested to Occidental.

Also cut in for a part of the commissions was the Harry Wraith general agency of Oakland, Calif., which received \$100,112.38 during the same period. Of particular significance here was the fact that Harry Wraith, being a general agent for Occidental in Oakland, Calif., had nothing to do with the processing of claims in the 21 Chicago cases, and none of the general agents in the Chicago area where the insurance was in force received anything whatsoever. This overwrite was allowed Wraith ostensibly for assistance he furnished Maris in the beginning toward obtaining the 21 Chicago health and welfare funds.

With the background information on how the 21 Chicago cases were obtained for the Occidental Life Insurance Co., and a review of the large commissions which were paid, the committee then went into the matter of the commissions themselves. Chief Counsel Kennedy made this explanation:

Mr. KENNEDY. I might say, Senator, that we went into Occidental Insurance Co. about March of 1957, particularly into the awarding and the receiving of insurance for the Western Conference of Teamsters, which was awarded by Mr. Dave Beck. We went into the fact that George Newell, who was the broker, received very high commissions, and that he then went into business with Mr. Frank Brewster, and then there was the payment to Mr. Frank Brewster for walking his horse. We went through all of that business. Then there was the fact that they went into a company in which Mr. Brewster made some \$40,000, how they went in as equal partners, and how Mr. George Newell lost some \$40,000, and the fact that there were excessive commissions paid in that particular case.

Rather than going through all of the cases that the Occidental Insurance Co. had, we made a comparison to the standard that was set up by insurance companies generally as to what commissions should be paid. We thought that was the best standard to use (p. 17865).

Commencing in March 1950, and at intermittent dates thereafter, these 21 group insurance policies were underwritten by Occidental in the Chicago area through the Dearborn Agency.

Using the code adopted in 1957 by the National Association of Insurance Commissioners, an analysis was made by Staff Investigator Martin S. Uhlmann which clearly showed the excessive commissions paid by the Occidental Co. on these policies. The figures on the individual policies are set forth in the following table:

*Group insurance written through Dearborn Insurance Agency, Chicago—  
Underwriter, Occidental Life Insurance Co.*

Policy No.	Policyholder	Com- mis- sion pay- ments made	Commis- sion per rates of N. A. I. C. Code	Exces- sive com- mis- sions	Over- write com- mis- sions (al- lowed)	Net excess after over- write	Pre- miums
2773	Board of trustees of highway drivers health and welfare fund, local 710.....	\$244,059	\$86,356	\$157,703	\$28,542	\$129,161	\$6,791,374
1920	Board of trustees of the dockmen's health and welfare fund, local 710.....	30,180	10,820	19,360	3,772	15,588	296,111
1966	Board of trustees of the highway drivers, local 710.....	20,991	8,961	12,030	2,501	9,529	205,240
3571	Board of trustees of highway drivers and dockmen's health and welfare fund, local 710.....	10,726	11,419	(693)	1,103	(1,796)	161,975
2113	Trustees downtown hotels.....	224,197	58,426	165,771	29,996	135,775	4,277,128
2445	Chicago residential hotels.....	8,739	7,556	1,183	1,115	68	159,476
2410	Local joint executive board of Hotel and Restaurant Employees and Bartenders International Union.....	4,771	5,026	(255)	670	(925)	93,340
2806	Trustees of the Chicago residential hotels.....	33,063	16,971	16,092	4,266	11,826	596,540
2217	Bismarck Hotel Co.....	4,568	3,781	787	627	160	61,112
3753	} Distillery and rectifying workers.....	4,438	6,966	(2,528)	140	(2,668)	123,347
3754							
2015	Board of trustees of Teamsters health and welfare fund, local 513.....	1,154	1,115	38	94	(56)	7,944
3592L	Chicago Waiters Alliance Union Local 25.....	6,898	5,492	1,406	1,002	404	100,192
3455	Standard Freight Lines, Inc.....	600	703	(103)	-----	(103)	6,274
2383	} Taxicab drivers, maintenance, etc., local 777.....	144,140	44,672	99,468	16,604	82,864	308,416
3415							
3416	} Taxicab drivers, local 777.....	839	818	21	134	(113)	21,212
4748							
2421	Trustees of comm. drivers, local 703.....	73,013	28,049	44,964	9,546	35,418	983,884
2328H	McGarry Nut Products, Ltd.....	143	173	(30)	-----	(30)	1,088
3970	Charles Tabor Oldsmobile, Inc.....	616	729	(113)	-----	(113)	5,116
	Total, 21 policies.....	813,134	298,033	515,101	100,112	414,989	16,154,444

Source material from which the above was compiled may be found in the files of the select committee.

Uhlmann's analysis showed that out of the \$813,000 paid in commissions under these policies over \$515,000 was excessive including overwrite commissions of more than \$100,000 paid to Harry Wraith, general agent for Occidental. The significant point in the testimony regarding the size of the payments to Dearborn was that the excess commissions were as much as 300 percent on the larger policies and only 15 percent or less for the smaller policies. This is emphasized by the following:

The CHAIRMAN. In other words, in this instance they only paid what you might term to be 15 percent in excess, whereas on these big contracts that you have been talking about, they have been paying up as high as three times or nearly three times what the premium should have been.

Mr. UHLMANN. Yes.

The CHAIRMAN. That is your testimony? That is the effect of it the way I interpret it.

Mr. UHLMANN. Yes, sir. That is precisely what I intended to say (p. 17888).

It was of further significance that all of the excess commissions

applied to four union groups, three of which comprised Teamsters locals. These were:

Union group:	<i>Excess commission</i> <sup>1</sup>
Local 710 (Teamsters)-----	\$188,000
Local 777 (Teamsters)-----	99,000
Local 703 (Teamsters)-----	45,000
Locals of the Hotel & Restaurant Workers Union-----	183,000
<b>Total excess</b> -----	<b>\$515,000</b>

<sup>1</sup> Includes overwrite commissions of \$100,000 paid by Occidental to Harry Wraith, general agent at Oakland, Calif.

On Local 710 of the International Brotherhood of Teamsters was paid the largest excess commission of the four union groups above. There were some unusual circumstances surrounding the policies for local 710 which were of interest to the committee. As explained by Uhlmann, the Central States Conference of Teamsters entered into a group insurance agreement with the Union Casualty Co. on March 15, 1950, at which time James R. Hoffa and Michael J. Healy, vice president of local 710, negotiated for the union. The general agent for the Union Casualty Co. in Chicago at that time was Allen Dorfman. The close relationship between Hoffa and Dorfman and the excessive commissions received by Dorfman in Teamster Union insurance had assumed such proportions as to have merited separate previous hearings by the committee. It was approximately 10 days after the insurance contract was negotiated with Union Casualty Co. through Dorfman that O'Brien pulled his union out of the Central States agreement and took out the health and welfare plan for local 710 with Occidental through the Dearborn Agency. It was this development that attracted the committee's attention. The reason for this became apparent as the committee brought out the interest in the Dearborn Agency of O'Brien and Frank Brown, former president of local 710.

The manner in which Harland R. Maris, founder of the Dearborn Insurance Agency, went about writing the initial group insurance in this case was enough to question his motives.

Staff Member Calabrese introduced a letter written January 18, 1949, by Maris to Allen L. Creitz, regional supervisor, Occidental Life Insurance Co., of Chicago, wherein he stated:

It seems to me the only solution to this problem would be to have one of your political friends put enough heat on someone so that your name would be brought into the deal. This is an excellent piece of business with an approximate \$600,000 annual premium. Whatever steps you feel necessary, please take, because I am stymied from this end (p. 17892).

It is noted that Frank Keenan was at that time an alderman in Chicago, and ultimately became a part owner in the Dearborn Insurance Agency.

The method of operation was further clarified by the introduction of a blank contract prepared by Attorney L. W. Wrixon in January 1950, for Maris, for the procurement of the hotel and restaurant workers' business. The purpose of the contract, to be entered into

between the Dearborn Insurance Agency and persons unidentified, is set forth in paragraph 2 of the contract as follows:

The contractor agrees to furnish agency with contacts among local union officers and employees located in the State of Illinois who are affiliated with the Hotel & Restaurant Employees' International Union, and contractor further agrees that he will provide agency and its officers and employees with such assistance as he is legitimately able to furnish, directed toward the sale and installation by agency of welfare plans involving the issuance of insurance contract as required by said plans (p. 17894).

This manner of getting business was even more unusual when it was brought out that such contractual relationship was to remain secret, as indicated by this clause:

From and after the dates hereof, each party hereto agrees that he or it, as the case may be, will not directly or indirectly disclose to any other person, firm, corporation, or organization (a) the names of any persons or officers contacted by either party hereto in connection with the selling and/or installation of welfare plans; or (b) any of the methods or procedure employed in devising, selling, and/or installing welfare plans (p. 17894).

In this connection, the committee was told that James Blakely was the official of the Hotel & Restaurant Workers with whom the Dearborn Agency was maintaining contact.

Such furtiveness was hardly in keeping with the high standards of ethics usually observed in the insurance field. However, as the committee went into the details of the Dearborn Agency's relationship with certain Teamster officials, the picture took even a more sinister turn.

Introduced into evidence as exhibit 27 was a letter written by Maris to John W. Murray January 10, 1951, which because of its importance is quoted verbatim:

DEAR JOHN: Enclosed is a check for \$93.99 for some additional commissions.

As Allen told you, I will be in Chicago on Monday. I am preparing a statement which will show all commissions received since March 1, 1950, and also a statement of all expenses and payouts since that time. Allen's secretary is sending me the month-by-month breakdown so I can project the commissions and renewals for 1951. The income thus establish less expenses will be the basis on which I propose salaries or bonuses to be distributed in 1951. If, after talking to the accountant and the taxman, it appears advisable to pay salaries, I think we should start them immediately, effective in 1950, so as to set out pattern for 1951.

I would like you to have lunch with me and Allen on Monday at the hotel and go with me to see Schultz, the taxman, at 2:30. I want you and Al to get a clear picture of how we have to handle these payouts so we will all be in unison when the explanation is made to the stockholders.



If it is convenient, will you have your secretary list the checks that we have paid out, and it will be a simple matter for us to complete the statement with that at hand. Also, have you received any commission checks from the Equitable? If not, will you ask Allen to telephone Lou Carroll at the Equitable Group Department and ascertain what the commissions and premiums are and when they will be paid? It seems to me, John, that this premium was around \$50,000, and even with their low commissions I believe there will be several thousand dollars' commission.

After you and Allen and I have lunch and see the taxman, I propose that we call Frank Keenan in Florida, review it with him, and get his proxy by telephone. On Tuesday morning I have an appointment with O'Brien and Brown to close the Taxicab deal and will go over the entire statement as outlined above with them. Then I think we should have a meeting on Wednesday with the entire group in Chicago, go over the first 9 months' operations, and review the established income for 1951 and the three cases that are on the fire and which will produce income in 1951.

After talking to my taxman here, I believe it is possible for us to establish salaries and a set expense pattern so our net profit will be very small, but the brothers will have to take checks for most of it. I believe it will be possible for all of us to have salaries or bonuses for 1950 and establish salaries and expense for 1951 and with the payouts deducted which are already committed from our already set up 1951 income, we can really start to get a monthly income off of this business.

I appreciate your staying over for this matter and only wish that Frank were there too, but we can take plenty of time on the phone so he understands it and I know that Brown and O'Brien will. I then propose to have the open meeting, present the statement, answer questions, and once and for all, even if I have to have help from the Teamsters and you, put Brother Crane in his place forever. Let us pray. As you know, it was no simple job to get the insurance company up from 4 percent first year commission and 2 percent renewal commission to 10 percent first year commission and 4 percent renewal. I can tell you simply that there is not a contract like it in America. Since the recent shakeup of officers in Occidental as of January 1, we are sitting in the most prime position of any broker with any company in America. At the meeting I want to develop this point at some length because it has taken a lot of work out here to get this done, and I don't believe some of the stockholders realize just how much work. I may add, without too much humility, that it was largely due to two facts, one being that for years I had been no worse than No. 4 man and the other reason being continuous production without any complications for 11 years; and may I say that during that 11 years I never sent Mrs. Tookey any flowers as one of our stockholders did. For your information, and I will reveal

it to the entire group, every dollar's worth of Dave Beck's Teamsters business for the 11 Western States is written in Occidental and the commission scale is 4 percent first year and 2 percent renewal. Therefore, we must impress upon our stockholders that in order to keep the contracts running as they are, they must work closely with their trustees in order to justify the additional expense items at the end of the year when the accounting is done on each of these several deals. In other words, John, if the hotel association or the Teamsters' employer group should even intimate that other companies can do this job for a lower retention figure, they have got to go to bat for us. Once again, in this type of business, when you are working as a corporation, there is only one profitable method of doing business and that is to write deals that are controlled without bids; then it is possible for the company to get enough premium to do the job and, inasmuch as commissions are built upon percentage of premium, obviously the higher premium we get, the higher commission we get, even though we return a higher dividend.

Our projected income for 1951 for first year commissions not yet received and renewals that will begin April 1 will be well in excess of \$65,000, and as our commitments on this business remaining to be paid are only \$15,000, you can readily see that if we can establish salaries and expenses we are ready to begin to get some of the results of 4 years of work.

This is a rambling letter, John, but mull it over and when you, Allen, and I get together on Monday we will kick it around good. When we get the approval of Keenan, Brown, and O'Brien, we will have the formal meeting and get it out of the way. I am sure that with what I have in mind everyone should be satisfied, but I do expect to get back the tax credit I have used in order to provide the payouts, if not the entire amount of money I have spent. However, this is all subject to the advice of the tax consultant. See you on Monday.

Very sincerely,

HARLAND R. MARIS.

HRM:AT  
Air Mail

P.S.—Did Crane ever pay for the 200 shares of stock for the hotel people? If not, don't mention it to him as I want to bring it out in the meeting that that is the only stock not paid for. I believe that Allen knows that Vacey paid him for it.—H.R.M. (p. 17897).

Not only does this letter clearly demonstrate the excessive commissions being paid, but also the connections of the union people in the Dearborn Agency. The person named Vacey mentioned in the postscript of this letter is Frank Vacey, head of local 593 of the Hotel & Restaurant Workers' Union, now deceased. The surreptitious nature of the part ownership of the Dearborn Insurance Agency by

union leaders is revealed in a letter from Maris to Teamster official Frank Brown under date of January 22, 1951, wherein Maris discusses the concealment of stock ownership. This letter, which was exhibit 28 in the hearings, states as follows:

DEAR FRANK: When I came to my office this morning I took up the problem that you and Jim have with my attorney and tax consultant here and whose name is L. W. Wrixon. Mr. Wrixon has done a great deal of work for the Bank of America. As a matter of fact, I met him through the Bank of America about 10 years ago. \* \* \*

It appears to me that your particular problem is to keep your name off of the certificate and, if possible, in my opinion, out of the city of Chicago. Mr. Wrixon makes this suggestion and says that he has done it many times in operating for estates and minors in the matter of dividends paid by stock brokerage houses, and the cases are identical. Dearborn Insurance Agency would cancel out the two certificates which were issued to a trust number, for the reason that the trust was never completed. Two certificates would be issued to the California attorney, who in turn would endorse them and mail them to you and Jim in Chicago, and the stock would be in the same category as street stock or free stock. The dividends would be paid to the attorney who in turn would endorse the checks and send them to you and the tax on the dividends would be paid by you.

Mr. Wrixon tells me that the only point that would even enter the deal, and one which comes frequently to attorneys, particularly attorneys for stockbrokers, is to explain very simply that the stock was issued in his name because of some estate matter which he was handling and that he had forwarded the dividends to the rightful owner to be included in his income-tax return.

My thought in the matter, Frank, is that because the attorney is in California and connected with me, rather than in Chicago and connected with you, it might better serve our purpose, and, to make it look even better, I certainly would not object to having my own stock made to Mr. Wrixon in the same category, which would improve the window dressing.

My suggestion is that you ask your attorney about it, write me your thoughts and, if he concurs with Mr. Wrixon, we will have the old certificates canceled by John Murray, the new ones issued, sent out here and endorsed back to you and Jim and me. As you know, I don't want any worries about this matter and neither do you and Jim so if you will give it your attention we can have it done in 5 days so you can have your certificates in your own safe deposit box before you go to Arkansas. If the shares are to be split between you and John, let me know the details and we will arrange it any way you wish.

Just before I left on Friday afternoon, I called Tom Haggerty. He told me that they had completed their bargaining and were going to go for a life insurance plan without hos-

pitalization and to have Allen call him today. I believe he is out there as I write this letter. I have a call in for him now. The Milk Wagon Drivers deal would be an exceptionally good one, around \$120,000 in premiums, but I believe it is Haggerty's idea that eventually he would like to have the insurance carrier relieve the union of their present insurance plan, which would easily run this premium up to \$250,000. If we are successful in this operation, and the Commission Wagon Drivers come in in February, we will have a nice start for the year of over \$500,000 in premiums.

I have rambled around in this letter a good deal, but I want you and Sandy to know that I am trying to do this the right way, the legal way and the best way.

Very sincerely,

HARLAND R. MARIS.

HRM: AT  
Air Mail

(p. 17903)

Calabrese testified that the committee's staff had reviewed the minute book of the Dearborn Insurance Agency at one time. When at a later date they desired to reexamine it, the book was missing, and in its place they were furnished a photostatic copy. Also missing from the beginning was the corporation's stock certificate book, which made it impossible to identify the exact holders of the stock in Dearborn. Proposed minutes of a directors' meeting, however, identified the directors as H. R. Maris, Frank Brown, and Elmer Crane. Calabrese produced for the Senators an additional letter which explains very well the attitude of the Dearborn officials. This letter was written April 12, 1951, by Allen Creitz, regional group supervisor of the Occidental Insurance Co., and part owner of the Dearborn Insurance Agency, to Maris, and reads as follows:

DEAR HARLAND: This morning I have had several conversations with Harry Chaddick in reference to the over-the-road group experience. Harry Chaddick finally contacted Roy Pride, who is secretary of the association, and here are some figures that may flabbergast you as they did me.

<i>13 months' experience</i>	
Premiums -----	\$1, 552, 372
Claims paid (26.15 percent) -----	406, 000
Reserve (4.83 percent) -----	75, 000
Cash refund (16.1 percent) -----	250, 000

You will see by the above figures that the total amount paid in claims, refunds, and reserves equals \$731,000. Therefore, the amount retained by the insurance company is \$821,372 or an actual percentage of 52.91 percent. Harry Chaddick was quite put out that he had not received the correct figures to begin with. However, it is pretty hard to understand just what he is driving for in the form of refund or reduced premium.

I called Frank Brown and relayed all this information to him. Frank told me he wanted to see you before you talked to Chaddick and the employers' trustees. Frank indicated that he did not give a damn what Chaddick thought, he was

still the one to make the decisions. From this you can certainly see that our position is gradually getting more favorable. Harry Chaddick told me he was going to Washington, D.C., the week of April 23, and therefore, he would like to get this settled once and for all on Friday, April 20, that is providing you can make it. Frank Brown wants you to see him before you give Chaddick any information. Therefore, I feel that it would be well to clear up this trustee problem on Friday, April 20. Frank Brown is definitely not interested in a reduced premium, even though Harry Chaddick is. I think we could possibly gain a little prestige if we would be in a position to make some sort of an offer on an increased benefit or, in other words, give them a little ballyhoo that they can pass on to the employers.

I feel quite sure that you will want to hide these figures and how authentic they are, I have no way of verifying the actual computations. I checked with the Illinois insurance department and the Union Casualty statement has not been received. However, they felt sure it would be in this week. I will again check with them this afternoon and if the figures are here, I will enclose them with this letter. Otherwise, I will mail a copy to your Oakland office, a copy to Jack Dandy but marked personal for you, and one to the Palm Springs address. In that way, you should be assured of being able to pick up at least one copy in any one of the three places.

Yours very truly,

ALLEN L. CREITZ,  
*Regional Group Supervisor.*

ALC:W

(p. 17908)

It will be noted that the Harry Chaddick mentioned in the letter is one of the employer-trustees of the health and welfare fund of local 710. The full significance of the high premiums is shown in the following comments of the chairman and Senator Mundt.

The CHAIRMAN. Well, Brown had an interest in this company, didn't he?

Mr. CALABRESE. Yes.

Mr. KENNEDY. But he was president of the union whose members were involved.

The CHAIRMAN. I understand.

It says here—Brown is definitely not interested in a reduced premium.

Mr. CALABRESE. That is correct.

The CHAIRMAN. If he is president of the union, concerned about the welfare of the employee, and as the figures show here they were paying more than twice as much as necessary to support the contract, he should have been interested in a reduced premium.

Mr. CALABRESE. Of course.

The CHAIRMAN. But apparently the reason for not being interested in a reduced premium is because the commission is based on the amount of premium paid.

Mr. CALABRESE. That is correct.

The CHAIRMAN. It is out of the commission that the Dearborn Co., of which he had an interest in, made the profits?

Mr. CALABRESE. That is correct.

The CHAIRMAN. We do not see anything here in refund of commissions anywhere, do we? That is, where any part of the commission was refunded?

Mr. CALABRESE. Not at all.

The CHAIRMAN. So if they can keep the premium up like this, to more than twice what is necessary to carry the whole load and collect a commission on it, that is to his advantage individually; whereas, it would be to the advantage of the union members and of the union treasury or the welfare fund treasury to get the premium reduced in proportion to what the normal and proper charge would be for the service.

Mr. CALABRESE. That is correct, Senator.

Senator MUNDT. Did this contract call for the union paying part of the premium?

The CHAIRMAN. No.

Senator MUNDT. I thought the premium was paid by the employers.

Mr. CALABRESE. The employers; that is correct.

Senator MUNDT. So I think, Mr. Chairman, what was happening here is that the employers were being hijacked.

The CHAIRMAN. But if you are going to charge them that much premium, you can spend that much premium to buy them that much more benefits. You just spend double and get double the benefits. It is just like buying insurance. If you have \$100 to buy a policy, you can buy so much insurance. If you have \$200, you can buy twice that much insurance (pp. 17908-17909).

With the history and background of the Dearborn Insurance Agency so far developed, the committee looked to some of the key figures to fill in important missing details. To that end they questioned L. W. Wrixon, San Francisco attorney, who had represented the Dearborn Insurance Agency and Harland Maris. Wrixon let the Senators know that his client, Harland R. Maris, had released Wrixon from any lawyer-client privilege in his appearance before the committee.

Wrixon maintained to the committee that all his contacts with the Dearborn Insurance Agency were exclusively with Maris, and that he never knew that there were any labor union officials connected with the firm at any time. He stated that his memory was indistinct as to the names of Brown, O'Brien, or Blakely, and that he had no recollection that Vacey or Blakely were to be placed on the payroll of Dearborn. When questioned relative to the proposed contract which bore the clause of secrecy, Wrixon told the committee he had no recollection and did not know whether or not the Dearborn Agency ever used the contract.

Exhibit No. 30 introduced into the hearings was a letter written February 2, 1951, to Certified Public Accountant Jerome Schultz by Harland R. Maris, and is quoted as follows:

DEAR JERRY: Enclosed is a copy of a letter from Mr. Wrixon to me in response to several questions I asked him

concerning Dearborn. I am forwarding it to you so that if you concur it will be a basis for our 1951 plans. There is one more point which Mr. Wrixon did not deal with in his letter, but I am sure you will be relieved to know of our decision. There are 40 shares of stock issued to two trust members at the LaSalle National Bank, which were never completed. Each certificate is for 20 shares, but I am quite certain that the 20 shares in each instance would concern more than one individual, so I have asked the holders to do the following things:

1. Send the two 20-share certificates to me and we will cancel them. Then we will issue, say, four 10-share certificates to L. W. Wrixon, who in turn will endorse them, making them free stock as you suggested and immediately mail them to the proper individuals.

2. When dividends are paid, they will of course be made to L. W. Wrixon. He in turn will endorse the checks, forward them to the proper people and notify the Treasury Department that he has acted as attorney for the individuals and give the Treasury Department the amount of the dividends upon which tax should be paid by the actual owners of the stock.

In the portion of Mr. Wrixon's letter dealing with the personal service corporation, it would be necessary for us to issue 20 more shares of stock in order that 70 percent of the outstanding shares be in the hands of Murray, Creitz, and myself, who are the active shareholders and all licensed to do business in Illinois. If we can so qualify and convince our stockholders that it is a good move, the 30 percent savings should be very substantial and if you have a moment, will you please run a calculation on the basis of \$75,000, taxable income on a 77 percent basis with our present 115 shares of stock with 40 shares held silently, as against a 47 percent tax ratio with an additional 20 shares of stock going to the active shareholders. It is my belief without running a calculation that even though we increase the shares by 20 the benefits to the 40 silent shares will be increased. Also, there is another large benefit which would be helpful. In any extracurricular commitments, if we have to run them straight through the books, 47 percent is more advantageous than 77 percent.

Mr. Wrixon is preparing the minutes for Dearborn in rather a rough manner as he doesn't pretend to practice Illinois law, but I suggested to him what we wanted and he is preparing it. We will have it checked for legality in Illinois. I expect to be in Chicago on the 5th or 6th of March and we can close our books and get started for the year.

Very truly yours,

HARLAND R. MARIS.

HRM: AT  
Enc.  
Air Mail

(p. 17905)

When questioned as to the contents of this letter, and the issuance of four 10-share certificates, Wrixon was of no assistance to the Senators. He claimed he could not recall the incident, and had no knowledge of any stock being issued to O'Brien, Blakely or Brown. However, he emphatically maintained that the 40 shares were never received by him and that no dividends were ever paid to him for transmittal to these men or to any other persons (p. 17917).

Jerome Schultz, a certified public accountant in Chicago who had done work for the Dearborn Agency since 1950, was questioned relative to exhibit 30, the letter written to him by Maris February 2, 1951. Schultz stated he could not recall the above-mentioned letter, but admitted he received it, but denied that he ever replied to the letter. Under further questioning, he told the Senators he may have replied to the letter verbally, but he claimed to have no recollection of the exact meaning of Maris' statements. He adamantly denied knowing of the participation of any union officials in the Dearborn Agency, or of knowing of the existence of any stock certificates held in the name of Mr. Wrixon, or anything about the holders of the 40 shares in question.

Lawrence Chez, a partner of Schultz in the accounting business, could not shed any light on the missing stock certificate book. He was queried regarding a separate phase of the Dearborn Agency's activities. He recalled that there had been some payments by the Dearborn Agency to various women employees of some of the local unions who held insurance contracts, these payments occurring around the Christmas season. He identified three separate checks made out by the Dearborn Insurance Agency to Laverne Murray. One was dated December 21, 1955, for \$100, one dated December 13, 1956, for \$250, and the third was dated December 13, 1957, in the amount of \$500. As accountant for Dearborn, he told the committee he wrote these checks on the instruction of Allen Creitz after Creitz had conferred with the other partners, Maris, Crane, and Murray. These payments, Chez said, were charged to Christmas gift expenses. Chez stated he was aware of the fact that Laverne Murray was Glimco's secretary at local 777, and that Laverne Murray's two sisters worked at one time in the office of the Dearborn Agency (pp. 17925-17927).

Allen Creitz of Evanston, Ill., who was one of the company partners in the Dearborn Insurance Agency, while at the same time serving as regional group manager in Chicago for the Occidental Life Insurance Co., was able to throw some light on the Christmas payments to Laverne Murray. He told the committee that Murray handled the claims for benefits in the health and welfare office of local 777. The members of this union and their dependents are covered by the policy. In her capacity at local 777, Murray was authorized to pass on the validity of the claims, and to write checks on the Occidental Insurance Co. in payment of claims. Creitz said she performed her duties in a "remarkable" manner from a claim adjustment standpoint. Creitz frankly informed the committee that the \$500 Christmas check to Murray was requested by Joe Glimco, secretary of local 777, and was paid by the Dearborn Agency in order to keep the friendship of Glimco (p. 17930).



Just how well Laverne Murray handled the insurance claims for the Dearborn Agency and the Occidental Co. was provided by two members of local 777. These were Louis Linzer and Roy McDowell, Chicago taxicab drivers.

Linzer told the committee that while working for the Checker Taxi Co. in Chicago, he suffered an illness in 1958 of 6 weeks' duration, and made claim for his benefits to the health and welfare fund of local 777. He received payments of \$357, but was still owed a balance of \$180, which he attempted to collect. When he asked about the balance owed him, he was instructed to come down to the union office. He stated Joe Glimco himself refused to pay the money, and had Joe Coca call the Checker Cab Co. and have Linzer fired. Linzer immediately took the matter up with the National Labor Relations Board. When the Board made inquiry in his behalf, the union immediately took steps to pay the \$180. He said after the NLRB inquiry Laverne Murray acknowledged that the books reflected that he had 6 weeks sickness compensation payable to him. Linzer advised the Senators that he required the union to pay the check to the Labor Board, who then turned it over to him. Linzer went on to say that while involved in this controversy with the union, he received calls from a large number of other persons advising him that they also had had difficulty in collecting on their insurance claims through the health and welfare office of local 777, which was handled by Laverne Murray under the direction of Joe Glimco (p. 17945).

Roy McDowell, a driver for the Yellow Taxicab Co., described the difficulty he encountered in July 1952 in attempting to collect 3 weeks' sick benefit which was due him. After he made several complaints to the union office by telephone, the union had him fired from his job. He stated he went down to the union office and went in to see Glimco to collect the \$60 that was coming to him. According to McDowell, Glimco stated "You are going to get a hole in your head if you don't get out of here and stay away from here and behave yourself. You are not going to get it." McDowell stated that his wife also worked for the Yellow Taxicab Co. as a dispatcher, but was not a member of local 777. Because of the injustice done to her husband, Mrs. McDowell also prepared to resign from the Yellow Cab Co. As a result, the general manager of the Yellow Cab Co. paid the \$60 to McDowell from the Yellow Cab Co.'s funds in order to retain McDowell and his wife. McDowell told the Senators that he also had heard many complaints from other union members about the operation of the insurance for local 777, which is administered by Laverne Murray (p. 17946).

Allen Creitz in his testimony was able to comment on many other aspects of the investigation in addition to the payment of \$500 to Laverne Murray. Mr. Creitz stated that he was connected with the Dearborn Insurance Co. from its inception until 1957, at which time he resigned from the partnership because there was a conflict of interest. He stated "because I thought there would be a conflict of interest, and because the partners had found out from the surveys that we were making that Mr. Maris was receiving an over-write, and they were not at all happy about it." He said the Dearborn Insurance Agency partners were quite upset and concerned about

the overwrite which Maris was receiving from the Occidental Insurance Co. over and above the regular commissions to the Dearborn Insurance Agency. Creitz stated the other partners, Elmer Crane and John Murray, paid a visit to the Occidental Life Insurance Co. in California to register a protest.

Regarding his own status with the company, Creitz advised that the Occidental Life Insurance Co. forced his retirement just a week before the hearings because of Creitz' associations with the Dearborn Insurance Agency. He stated Occidental had never known about his membership in the firm of the Dearborn Insurance Agency until about a year before the hearings, at which time Creitz informed one of the Occidental assistant vice presidents. The Occidental people, however, took no action regarding Creitz' status until a week before the hearings by the committee (pp. 17929, 17934).

Creitz was questioned about his knowledge of any connections in the Dearborn Agency of union officials. He stated that when the agency started, Maris felt it desirable if he could bring in some well-known retired union officers, who might help to get him more leads towards more union business. Creitz stated that he himself knew of no union officials who were brought into the company. He denied knowing anything about the secret ownership of any of the stock in the company by any union officials, but added that he would not necessarily be in a position to know if such an arrangement had been made by Maris. Creitz did admit that there was a discussion about bringing Frank Brown into the business, but denied ever hearing any discussion regarding O'Brien or Blakely. He identified the original five stockholders as Maris, Keenan, Murray, Crane and himself. He stated he himself had no official capacity with the firm, being only a stockholder. He had two stock certificates, but claimed he had never seen the stock certificate book. He had 29 shares of stock originally, which was later increased to 42. He said that in the 8 years he was connected with the Dearborn Agency, his total remuneration was \$58,000. His original investment in the company amounted to \$200.

Creitz was questioned regarding the contents of the four letters previously set forth in this report, and he was unable to furnish any explanatory details. When asked if the four individuals who were to be secret owners of stock were in fact union leaders Vacey, O'Brien, Brown, and Blakely, Creitz stated, "I had no idea about that at all" (p. 17941).

Joe Glimco was questioned at this time regarding his stewardship of the health and welfare fund of local 777. As he had in the past, he again sought refuge in the fifth amendment to all questions. To all queries regarding the insurance claims of Linzer and McDowell, the manner in which they had been fired, his threats to Linzer, and whether or not there were others he had caused to be fired, Glimco declined to answer because of self-incrimination. Likewise, he refused to answer any questions regarding Laverne Murray and whether he arranged for her to receive a \$500 gift from the Dearborn Insurance Agency.

At this time, there was brought into evidence a letter dated October 24, 1951, from Allen L. Creitz to Vice President J. P. Dandy of the Occidental Life Insurance Co., wherein Creitz states that

Glimco is making the cab companies pay on insurance for part-time employees the same as on full-time employees. Creitz in his letter then says:

What I would like you to do is to inform me whether or not Mr. Glimco was within his rights by collecting the premium and then not offering benefits, or whether we should work this out on a modified basis (p. 17951).

Glimco was questioned regarding this clause, which clearly implies a dishonest exploitation of the union members, and/or a "shakedown" of the employers. As expected, he would not answer, claiming self-incrimination.

The insurance policy for local 777 covered the drivers and office workers of the taxicab companies. Glimco also intended to have it cover employees of the Best Sanitation & Deodorizing Co. It will be recalled that this was the company owned by George Marcie which occupied space in the building owned by local 777. Glimco himself had solicited business for Best Sanitation, and his own son had been on that company's payroll. When Chief Counsel Kennedy asked Glimco, "Could you tell us why you would be concerned about them (deodorizing company employees) and you were not concerned about members of local 777 of the Teamsters?" the witness again invoked the fifth amendment (p. 17953).

John W. Murray, who is engaged in the building business in Chicago and who held an interest in the Dearborn Agency, was in a position to furnish the committee pertinent information regarding this company. However, he surprised the Senators with his inability to recall important facts regarding the affairs of Dearborn.

Murray was able to recollect having received the letter from Maris previously identified as exhibit 27 in the hearings, and clearly recalled that he never made a telephone call to Frank Keenan in Florida, which Maris in the letter proposed that Murray, Creitz and Maris should do. After his recollection of this detail, Mr. Murray's memory became hazy. Admitting that the letter indicates O'Brien and Brown had an interest in Dearborn, Murray averred he did not pay much attention to the letter, and did not understand its contents. This seemed incredible, since Murray was treasurer of the Dearborn Insurance Agency at that time. He was requested to comment on the question asked in this letter, "Did Crane ever pay you for the 200 shares of stock for the hotel people?" He said that Crane never paid him, and that he had no idea what Maris was talking about, or who the hotel people might be (p. 17957).

Elmer Crane, Chicago attorney who is also one of the coowners of the Dearborn Agency, likewise impressed the committee with his lack of knowledge of the operations of the agency. He denied he ever took steps to purchase any stock for Frank Vacey or James Blakely or the Hotel & Restaurant Workers Union. He flatly denied knowing of Teamster boss Frank Brown's interest in the Dearborn Agency, even though confronted with the proposed minutes of a meeting which named Brown as a director along with Crane himself and Harland Maris.

Crane admitted that he was a member of the firm who was to contact Blakely and Vacey originally, to try to obtain the Hotel &

Restaurant Workers business, but stated he never knew that Blakely had any interest in the Dearborn Agency. Through Staff Member Jack S. Balaban, the committee introduced a check for \$200 dated July 24, 1951, payable to James Blakely, from Harland Maris, the stub of which showed it was for the payment of 20 shares rather than 200 shares of Dearborn Insurance Agency stock, thus indicating Maris was buying the stock back from Blakely at par value of \$10 per share (p. 17963).

In the face of this additional information, clearly showing that Blakely had owned stock in the Dearborn Agency, both Murray and Crane continued to maintain they had no knowledge of Blakely's ownership of stock in Dearborn. Incredible as it seems, Crane only commented, "This is the first I have heard of it" (p. 17965).

There were other factors besides the unproductive memories of Crane and Murray which made the work of the committee more difficult. Frank Keenan, an important figure in the whole story, was excused from a hearing before the committee, inasmuch as he had been convicted in Federal court for income tax evasion, and his appeal on this conviction was then pending. James Blakely, international vice president of the Hotel & Restaurant Workers Union and secretary-treasurer of local 593, who was another important figure in this matter, was too ill to appear. It is noted here his physical condition had prevented his appearance before the committee at previous hearings. Moreover, Frank Brown, president emeritus of local 710 and a key personality in the history of the Dearborn Agency, also was unable to testify because of heart disease, according to his doctor's certificate.

It was thought therefore that Harland R. Maris, the Occidental Life Insurance agent who initiated and dominated the Dearborn Insurance Agency, could lay before the committee all the missing details, especially regarding the secret shareholders and the reasons for the exorbitant commissions paid to the Dearborn Agency. The chief counsel's first question to Maris and Maris' surprising answer are set forth verbatim:

**Mr. KENNEDY.** Mr. Maris, what we have here is this correspondence and these memorandums written by you and by others in connection with the Dearborn Insurance Agency, which would indicate that four individuals—Mr. Blakely, Mr. Vacey, Mr. O'Brien, and Mr. Brown—had an interest in the Dearborn Insurance Agency, and that you were explaining how the Dearborn Insurance Agency was operating. It would appear that these individuals had an interest with your fellow officers and fellow stockholders in keeping them closely advised.

But they have appeared before the committee and say that they have no explanation for the letters. It is not that they refute them, but they say they have no explanation. They keep referring us to them, saying, "Mr. Maris will have to explain it," that it is a complete mystery.

They say even when they received the letters, although it was a mystery at the time, they did not raise any question about the secret ownership and other things. So it all comes down to you.

I would like if you would explain to the committee the situation involving the Dearborn Insurance Agency and whether, in fact, any union officials were brought in and given an interest.

Would you tell the committee about that?

Mr. MARIS. I respectfully decline to answer the question on the ground that my answer might tend to incriminate me (pp. 17966-17967).

Maris continued to claim self-incrimination to all questions.

In its 2 years' experience, the Senators on the committee had become accustomed to the taking of the fifth amendment by hoodlums, racketeers, gangsters, and crooked labor union officials. The impact on the Senators of this same procedure being followed by an agent of one of the country's largest insurance companies was most clearly demonstrated by the following questions and comments of the chairman and Senator Mundt.

Senator MUNDT. Are you now or have you ever been an underwriter or broker for the Occidental Life Insurance Co? You cannot incriminate yourself with that unless your dealings with Occidental were criminal or unless the Occidental Life Insurance Co. itself is involved in criminal activities.

Mr. MARIS. I respectfully decline to answer the question on the grounds that my answer might tend to incriminate me.

Senator MUNDT. Can you give us any explanation of how your association with the Occidental Life Co. can be self-incriminatory?

Mr. MARIS. I respectfully decline to answer the question on the grounds that my answer might tend to incriminate me.

The CHAIRMAN. May I ask, for the information of all of us, this question: As I understand it, this Dearborn company still handles the insurance, does it?

Mr. KENNEDY. That is correct.

The CHAIRMAN. And Mr. Maris is still a part of this Dearborn company, in the partnership?

Mr. KENNEDY. Yes.

Senator MUNDT. Do they still have their connections with Occidental?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Sometimes we get these crooks in here, these hoodlums and racketeers, that element that we call the underworld characters, taking the fifth amendment when they get involved with some labor union. I just want to see what the business interests of this country will do, how they will handle their business with these folks who have to come in here and take the fifth amendment and cannot talk about their business affairs.

I just want to emphasize it and call it to the attention of the Occidental Life Insurance Co., that they are doing business with somebody who cannot come in here and open up and tell what he knows about transactions that may have involved a conspiracy with union leaders to help operate to the detriment of people who work and pay union dues.

I just want to see what this company's attitude will be about it.

Senator MUNDT. It would be rather interesting in that connection, Mr. Chairman. If it does develop in testimony from the officials of the Occidental Life that they are doing business with this outfit, whether or not they are going to continue to engage in the life insurance business through representatives who take the fifth amendment.

The CHAIRMAN. That is what I was trying to emphasize.

Senator MUNDT. It is about time responsible citizens, it seems to me, get rid of characters who take the fifth amendment concerning their activities.

The CHAIRMAN. I expressed my views a little about it when these, I repeat, underworld characters come in and take the fifth amendment. I just cannot feel any differently toward business interests. If they feel they have to do it, I feel their actions are just as reprehensible as the fellow we call a racketeer or a gangster.

Senator MUNDT. Are you able to state under oath, Mr. Maris, that you have been conducting a respectable and responsible insurance business, or have you been in a racket?

This gives you a chance to get yourself on the record fairly and honestly and openly. We don't want to misjudge you. I ask you that question directly under oath.

(The witness conferred with his counsel.)

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me.

Senator MUNDT. You realize the implication of that must be, to the press, to the good people of Piedmont, and in Chicago, that you are in a racket, if you can't answer a question like that. I am giving you a chance to purge yourself of false implications.

I don't know what you are involved in, but if you are a legitimate businessman, you can say "Yes" to that, even though you take the fifth amendment on the details of your business.

I will ask you that again: Have you been engaged in a legitimate business or have you been engaged in a racket disguised as an insurance business?

Mr. MARIS. I respectfully decline to answer the question on the ground my answer might tend to incriminate me (pp. 17967-17968).

As the chief counsel continued to question Maris regarding any stock held by union leaders Blakely, Vacey, O'Brien, and Brown, and about his letter mentioning the exorbitant commissions, Maris declined to answer, invoking the fifth amendment.

At this point, Staff Member James F. Mundie presented to the committee some important information bearing on the financial transactions of Maris. Mundie testified that his examination of the books and records of the Dearborn Insurance Agency, Inc., disclosed that during the period 1950 to 1952, inclusive, Harland R. Maris received \$93,940, which was recorded on the books as commissions from the

Dearborn Insurance Agency, Inc., to the Maris-controlled Maris-Scully Corp., all checks payable to Harland R. Maris.

In 1950, Maris received checks in the amount of \$20,500, all of which were cashed at the La Salle National Bank in Chicago.

In 1951, he received Dearborn Insurance Agency, Inc., checks in the amount of \$37,300, of which \$27,800 worth were cashed in Chicago and \$9,500 in checks was deposited in the account of Maris-Scully Corp. in California.

In 1952, Maris received checks in the amount of \$36,140. Checks in the amount of \$9,400 were cashed in Chicago and the remaining \$26,740 was deposited in Maris' personal bank account at the Bank of Commerce in Oakland, Calif. The committee asked Maris to explain the disposition he made of the \$57,700 represented by the checks he cashed in Chicago during the period of 1950 through 1952 (pp. 17470-17472).

Maris refused to furnish any explanation regarding any of the above checks, or what disposition he made of the case, and claimed self-incrimination when asked if he paid any of the money to Joe Glimco, Frank Brown, or James Blakely.

Some additional light on the insurance business of the Dearborn Agency was provided by Harry F. Chaddick of Chicago, chairman of the health and welfare fund of local 710. Mr. Chaddick, formerly president of the Standard Freight Lines, was on the labor negotiating committee of the Central Motor Freight Association, and has been a trustee of the health and welfare plan of local 710 since its inception. Chaddick told the committee that the other employer trustees of local 710's insurance plan are Barney Cushman, of Cushman Motor Delivery, and Roy Pride, secretary of the labor division of the Central Motor Freight Association. The union trustees are Frank Keegan, John T. O'Brien, and Frank Schmitt. He said the union insurance was originally placed with the Occidental Life Insurance Co. through the Dearborn Insurance Agency because "we felt that Occidental had the best service, and that they were a good, reputable company."

Chaddick stated that the trustees were never advised by Occidental that the Dearborn Agency and Mr. Maris were initially receiving commissions at the rate of some 10 percent, nor did they know that Harry Wraith, in Oakland, Calif., had received some \$100,000 in commissions out of the premiums paid in. He said that he first learned of the payments to Wraith in 1957, when there was a breakup in the Dearborn Insurance partnership, and was very much put out at the time as a result of this information. Chaddick explained that the trustees first received a registered letter from the partners of the Dearborn Insurance Agency stating that there was a disagreement between the partners and that Mr. Maris was no longer representing the agency. Inquiry at that time disclosed that Occidental was paying an overwrite that the trustees had not known about. Therefore, they sent their auditors out to determine what the overwrite was, and what it was charged to. The Occidental people furnished a breakdown showing the commissions paid to the Dearborn Agency, the taxes paid in the State of Illinois, the Federal taxes, and the administrative expenses.

According to Chaddick the trustees felt all along that they were being furnished the full information regarding the commissions paid by Occidental. He stated to the committee that it was not until the day of the testimony in the hearings that he learned of the other commissions being paid. He emphatically stated that he did not feel that Occidental had played fair with the trustees in that they deceitfully withheld information they should have revealed. He said that if the trustees had had full information regarding all of the commissions paid, they would have been in a more favorable bargaining position to get a lower premium rate for the truckdrivers covered by the contract (pp. 17975-17976).

At this point, Murray was asked when he as a partner in the Dearborn Agency first learned of the extra commissions being paid, and he advised that it was in October or November of 1957, and he was shocked at the fact and went to California to protest to Occidental. He said he was informed by Vice President John P. Dandy of Occidental that the overwrite to Maris would be taken away. On that trip, he learned for the first time of the separate commission being paid to Harry Wraith. He felt that all commissions should have been paid to Dearborn, where each partner could then receive his fair percentage of the profits, and that Maris was unfair in arranging an overwrite or side deal for himself, unbeknownst to the other partners.

John P. Dandy of Los Angeles, vice president of the Occidental Life Insurance Co. of California, was asked by the committee to explain the performance of his company in the Dearborn Insurance Agency matter. He informed the committee first that he was never aware of the fact that there were any union officials in the Dearborn Agency.

Relative to the commissions paid to Dearborn, and Maris, Dandy stated that Occidental did not consider the commissions excessive, explaining it in these words:

Mr. DANDY. Yes. My memory is Mr. Maris came into my office. He explained at length what he had in mind, that he hoped to write this business. He explained that he had already spent a lot of money traveling back to try to write the business; that he would have to go back in the future to attend trustee meetings and so on; and that this was the amount of the commission that he needed. It was 11 percent total.

He asked on account of these personal expenses that he had been through himself, that we allow him 1 percent and then the other 10 percent to the Dearborn Agency (pp. 17985-17986).

In connection with the high commission paid by Occidental, the chief counsel's questions and the information furnished by Dandy is set forth verbatim:

Mr. KENNEDY. Have you ever paid a brokerage rate as high as that on any insurance similar to this?

Mr. DANDY. We have paid rates that would average higher than that on insurance that I consider similar to this, yes.

Mr. KENNEDY. What do you consider similar to this?



Let's talk so I will get down to specifics. Have you ever paid as high a rate as you did in this case on any insurance dealing with union group insurance such as this, where a contract has been negotiated and it is a question of making a contract, making an arrangement with some insurance company?

Have you ever paid a rate as great as this?

Mr. DANDY. There is none that comes to mind at the moment. But I don't think we have had any where the agent lived in Oakland and had to travel back and forth and had heavy expenses.

Mr. KENNEDY. I could see that you would reimburse him for his expenses. That would certainly be understandable, if he lived in Oakland and had to travel to Chicago.

But can you give the committee any instance where the Occidental Insurance Co. has ever paid a brokerage commission as high as this on this kind of insurance? I am speaking of union group insurance.

(At this point Senator Capehart entered the hearing room.)

Mr. DANDY. Sir, I have not searched our records for that. I say that I at the moment cannot think of any particular case. But then I do not have all the cases we have, and we have thousands of group policies in force.

Mr. KENNEDY. But I have raised this question with you before. You have had an opportunity to talk to Occidental. I am sure you have talked to them to try to determine whether there is a higher rate.

(At this point Senator McClellan left the hearing room.)

Mr. DANDY. No, I have said that we have paid a somewhat higher rate on what I think is quite similar insurance to it. It is insurance covering employees of employers who are members of an employer association.

Mr. KENNEDY. But isn't that a voluntary plan?

Mr. DANDY. Yes, but I don't see that that makes any particular difference (p. 17986).

\* \* \* \* \*

Mr. KENNEDY. But haven't you lowered it in the period of the last 2 years, the brokerage commission?

Mr. DANDY. Do you mean on existing policies?

Mr. KENNEDY. On that policy. I am talking about the specific one as far as Mr. Maris.

Mr. DANDY. I am sorry; I misunderstood you. On Mr. Maris' policies, back in 1954 the commissions started to reduce. It should be remembered that these cases started at very, very much lower premium than they are now. Local 710 started at roughly a quarter of the size it is now. Local 777 started about a third.

As these cases grew, we kept urging Mr. Maris that he ought to reduce it. Mind you, we had no power to force it because he had a contract providing for this. But we urged it. Quite possibly some of the policyholders urged it.

In the case of local 710, the rate was reduced in 1954, and it has been reduced at least four times since then. So it is not just in the last 2 years.

Mr. KENNEDY. All I asked you, Mr. Dandy, is whether the commission rate had been lowered in the period of the past 2 years. The answer to that question is "Yes"?

Mr. DANDY. Yes. And prior to 2 years (p. 17989).

The committee went into the matter of Occidental's concealing from the trustees the matter of commissions paid to Maris and to Wraith as indicated by the following testimony:

Senator CAPEHART. What I am trying to get at is by contractual relation or agreement, either written, verbal, or otherwise, you did not agree, when you sold them the policy, and Mr. Chaddick testified that the rates were lower than two other companies, and that he was satisfied with it, and the premium rate was satisfactory, and he had been buying it from year to year.

My point is: When you entered into a contract, did you, in writing or verbally, agree to tell them how much commission you were paying the different respective people who had something to do with it?

Mr. DANDY. No, sir; we did not.

\* \* \* \* \*

Senator CAPEHART. They would ask you for it and you would give it to them?

Mr. DANDY. Yes. Sometimes people ask.

Senator CAPEHART. Mr. Chaddick testified, I believe, that you gave them everything except this overwriting or commission that went to the general agent. I understand your testimony is that the reason that was not included was because it was an administrative expense, or so carried on your books. Is that correct?

Mr. DANDY. That is correct.

Mr. KENNEDY. Except up to 1957, according to Mr. Chaddick's testimony, they hadn't even got the fact that Mr. Maris was receiving money directly. They didn't know about that.

Senator CAPEHART. Did Mr. Maris receive money directly?

Mr. DANDY. Mr. Maris, or his firm, Wheeler-Maris, was receiving what Mr. Maris always called an overwrite, although technically it was not an overwrite. I do not recall that they ever asked us as to the amount of commissions broken down. I think if they had asked we would have quoted the entire amount without breaking it down as to who got it.

Mr. KENNEDY. It wasn't until 1957 that they were aware of that, and it wasn't until today that they were aware that Mr. Wraith was receiving money.

Senator CAPEHART. It is not quite clear to me. If they were satisfied with the policy and the premium, and they had a right to buy from anybody they wanted to, and they got rates from other companies, as Mr. Chaddick testified, what is all the argument about?

Mr. KENNEDY. As a general proposition, Senator, I will say in the 2 years the committee has been in existence, we have found this to be one of the major problems, and cer-

tainly the Ives and Douglas committees found the same situation. That is why the law was passed last year and signed by the President, because of the fact that commissions have been paid like this.

It is in this manner that Jimmy James, an official of the Laundry Workers International Union, with the help of Mr. Saperstein, who was working for Longy Zwillman, who hanged himself, took over \$990,000 of the pension funds of the union. He has argued that he should not have to pay any taxes on that because he embezzled the money.

This is the way that money is channeled off from the employees. This is where hundreds of thousands of dollars—this is the method that has been used. We found the situation as far as the Dorfman are concerned, where they got paid excessive commissions of \$1,600,000.

Senator CAPEHART. I was under the impression that the employers paid the premium and that the employees paid nothing. Therefore, if there is excess money here, it comes out of the employers and not the employees.

Mr. KENNEDY. That is a fact, Senator, but it comes out of a bargaining relationship arrangement that is made between union officials and employers; that instead of paying 25 cents more per hour to the employee, that they will contribute \$5 a week to the pension and welfare fund, and the employees agree to give this up. So it is the employees' money. That is according to the testimony of Mr. Chadwick (pp. 17991-17992).

With reference to Wraith, Dandy stated the company also considered the overwrite payments to him from the Dearborn business as an administrative expense rather than a straight commission. The explanation was that this had always been the company's custom, although since the passage of the Federal Disclosure Act this type of payment must now be shown as a commission and not concealed under the classification "administrative expense."

The committee took up with Mr. Dandy the matter of commissions paid on an insurance policy for the Hotel & Restaurant Workers Union. Mr. Dandy stated that in September of 1957 he had attended a meeting of the board of trustees of this health and welfare plan. The trustees were considering putting out a booklet to all the people covered by the plan, and for complete details they had asked Mr. Dandy to break down the amount of the retention. Mr. Dandy stated he did not have the exact breakdown in front of him, but quoted them a figure showing a brokerage commission of 2 percent. He stated after he returned to Los Angeles, he decided to write them the exact breakdown. In a letter dated October 18, 1957, to Mr. T. C. Rogan, chairman of the board of trustees of the Chicago Downtown Hotels, local joint executive board of the H. & R. E. & B. I. U. health and welfare trust, he set forth an accurate breakdown of the commission paid. Because of its importance, the contents of this letter, which was exhibit 40-B, are set forth hereafter:

DEAR MR. ROGAN: Following my return to the home office after our meeting in Chicago, I checked our files as to the

exact breakdown of the retention which is in effect on your plan. I believe that the breakdown which will appear in the booklet you are preparing for all insured members will show commission as 2 percent and the amount required for Occidental expenses as 4.75 percent.

The commission which is being paid to the broker, Dearborn Insurance Agency, is 2 percent. However, we are also paying a commission of 1.5 percent to Wheeler-Maris. This is a corporation which is licensed as an agent of Occidental and is largely owned by Mr. Harland Maris. This commission has always been considered by Mr. Maris as an overwrite commission and as such is not a direct commission payment to a broker. We are also paying an overwrite commission of 0.5 percent to our general agent.

It has been our general practice to include overwrite commission as an expense of doing business and not as a commission payment. We believe this is the usual practice in the insurance industry. We operate under both the branch office and general agency systems. In both cases the agency manager is responsible for recruiting agents and brokers who sell insurance for Occidental. The branch manager is a direct employee of the company and is paid by salary and naturally the expenses of the branch office must be included with all our other expenses. A general agent has the same duties as a branch manager. However, he is not paid a salary but receives his remuneration in the form of an overwrite commission on all business written by his agents or brokers. We have felt that this overwrite commission should be treated in the same manner as we treat the salary and expenses of a branch manager.

Mr. Maris has felt that since he was responsible for the formation of the Dearborn Insurance Agency in Chicago, the commission paid to his corporation, Wheeler-Maris, is in the nature of an overwrite commission and as such should be included in our overall expenses and not shown as a direct commission payment. However, in view of the fact that technically Wheeler-Maris is not a general agent of the company, we felt that the trustees should be advised of the fact that this commission is being paid. We will leave the decision to the trustees as to whether the commission shown in the booklet should be left at 2 percent or should be changed to 3.5 percent. If it is changed to 3.5 percent, the figure for Occidental expenses should be reduced from 4.75 percent to 3.25 percent.

Sincerely,

\_\_\_\_\_, *Vice President.*  
(P. 17998.)

Mr. Rogan's reply to Mr. Dandy's letter of October 18, 1957, exhibit 40, is quoted as follows:

DEAR MR. DANDY: On behalf of the trustees, I acknowledge receipt of your letter of October 18, 1957, which has been carefully considered by the trustees and their legal counsel and auditors.

Your letter was the first information we received from you that the commissions paid by Occidental with respect to the policies issued to us aggregate 3.5 percent instead of 2 percent. You will recall that you met us last on September 27, 1957, in the office of our cocounsel, Aaron, Aaron, Schimberg & Hess, in Chicago. At that meeting we were reviewing our proposed financial report for the fiscal years ended July 15, 1956 and 1957, which was ready for the printer. We advised you that we desired the report to state the constituent elements constituting Occidental's retention. You checked these elements which showed the broker's commission to be 2 percent, approved the figures and suggested changes in verbiage for the purpose of clarification, which we adopted.

You will also recall that we opened negotiations in April 1954 for revision of Occidental's policies, and ever since we were consistently advised by you and your agent, Mr. Maris, that the commissions were fixed at 2 percent, and it was on this basis that agreement was eventually reached that you would continue to underwrite the health and welfare plan. At a meeting of the trustees held July 8, 1954, your agent submitted your offer to fix the retention at 13.9 percent for a 5-year period beginning July 16, 1954. At that time your agent advised us that the retention was made up of the following elements: Profit, 2 percent; tax on casualty insurance, 0.7 percent; home office expense, 2.75 percent; State tax, 2.35 percent; Chicago claims office expense, 4.1 percent; broker's commission, 2 percent.

The question of the retention had been the subject of many subsequent discussions between you and the trustees and at all times you specifically advised us that the commission was only 2 percent. The final provision for retention of 13.78 percent, which is now in effect, represented a reduction from the 13.9 percent only to give effect to the fact that the 0.7 percent Federal tax was on the casualty insurance only and was not applicable to the life insurance, which adjustment resulted in the overall reduction of 0.12 percent in the retention based upon the aggregate premium for both the life and casualty policies.

Your letter of October 18, 1957, was the first intimation we had that all your previous representations were incorrect, and this advice came as a distinct shock to all of us. The code recently proposed by the National Association of Insurance Commissioners provides that the commission for group policies of this type which have gross annual premiums of approximately \$500,000, into which category our policies fall, would range from a maximum of 5 to 1.2 percent. On this basis, the 2-percent commission as now reported by you would be entirely out of line, and the necessity for immediately renegotiating your retention figure is obvious.

The trustees feel that they have been imposed upon and have been put in a very bad light because of their reliance upon your representations as to the amount of brokerage

commission being paid. Your letter of October 18, 1957, which is the first intimation that your previous representations were erroneous, was received after our report containing the incorrect information furnished by you had been printed and was ready for distribution. The trustees took immediate steps to reprint the report to show the correct information and we expect Occidental to pay the cost of such reprinting. More importantly, it is essential that a meeting with your representative be arranged at the earliest possible time for the purpose of establishing a retention effective August 1, 1957. We wish to advise you now that such retention will have to include only proper elements of cost and should certainly be in line with the proposed recommendations of the National Association of Insurance Commissioners.

We would like to hear from you on this matter just as quickly as possible.

Yours very truly,

T. C. ROGAN, *Chairman.*

(P. 17995.)

It was brought out in connection with the concealment of the commissions in the above instance by the Occidental Co. that the local unions involved were a part of the Hotel & Restaurant Workers International, headed up by James Blakely, who was also a trustee of the health and welfare fund and a stockholder in the Dearborn Insurance Agency, Inc.

The present status of Harland R. Maris with the Occidental Insurance Co. came under discussion as indicated by the following, which is taken from the record :

Senator MUNDT. Is Mr. Maris presently an underwriter for Occidental?

Mr. DANDY. He is today, sir.

Senator MUNDT. He has been right along, all through the years?

Mr. DANDY. He was first licensed with us in 1939, I believe.

Senator MUNDT. Can you think of any reason from the standpoint of Occidental why his relationships with Occidental would be such that he would take the fifth amendment concerning his business relations with your organization?

Mr. DANDY. There could be no relations with our organization that I could possibly think of that would cause him to take the fifth amendment.

Senator MUNDT. Can you think of any other reason why one of your underwriters would answer a question to an official committee of the U.S. Congress saying, "Are you an underwriter with Occidental Life?" and he says, "I take the fifth amendment"?

Mr. DANDY. Senator, he was taking it to every question.

Senator MUNDT. Some of the questions I can well understand why he took it, but this one is a little bit curious to me.

Mr. DANDY. There is absolutely nothing in his relationship with us where there would be any reason for taking it that I have any knowledge of whatsoever.

Senator MUNDT. Would you agree with the present speaker that this cannot help but cast bad reflections on Occidental if one of your underwriters, and a very prominent one, tells a congressional committee, "I dare not reveal the fact that I am connected with Occidental because to do so might incriminate me"?

Mr. DANDY. I was greatly shocked to hear it, Senator. This will be reported immediately to our top officers in full. My own opinion, and I feel we will certainly be glad to report it back, is that I believe Mr. Maris will not be an underwriter for Occidental as soon as it can be—

Senator MUNDT. It would be helpful to us if you would report what happens as a consequence of this disclosure.

Mr. DANDY. We will certainly report, Senator, just as soon as we can refer it and act (pp. 17993-17994).

On the following day, March 19, 1959, Mr. H. W. Brower, president of Occidental, sent a telegram to Chairman McClellan advising that the Occidental people had that day given notice of termination to Harland R. Maris, the Wheeler-Maris Corp., and the Dearborn Agency, Inc.

John T. O'Brien, secretary-treasurer of local 710 in Chicago and also second vice president of the Teamsters International, was certainly in a position to clarify for the committee some of the most important points brought out in the hearing. As a trustee of his local's health and welfare plan, plus his connection with the Dearborn Insurance Agency, there was much information he could have provided. However, like nearly all high officials in the Teamsters who had appeared before the committee, he declined to answer the pertinent questions on grounds of self-incrimination. O'Brien started his testimony by pleading the fifth amendment relative to the subpoena served on him for his own personal books and records.

After advising the committee that he has been a Teamster since 1915 and secretary-treasurer of local 710 since 1922, O'Brien declined to answer any more questions. He refused to comment on why the union insurance was granted to the Dearborn Insurance Agency and the Occidental Life Insurance Co., and to whether or not he himself played an active role in the Dearborn Agency. Likewise to questions regarding the interests of Frank Brown of the Teamsters and James Blakely and Frank Vacey of the Hotel & Restaurant Workers, he invoked the fifth amendment.

#### JOHN T. O'BRIEN AND TEAMSTERS LOCAL 710

The committee's interest in O'Brien's part in the Dearborn Insurance Agency extended into some other aspects of O'Brien's activities, especially in connection with local 710 of the Teamsters. In its previous 2 years of hearings, the committee had uncovered a wide variety of methods by which various officials of the Teamsters from President James R. Hoffa on down had exploited the members to their own personal enrichment. However, for sheer brazen plunder, the story of O'Brien and his companion officers and how they siphoned off huge amounts of the union dues was unequalled in the committee's experience.

Staff Member James F. Mundie described to the Senators how these men got rich from the dues of local 710's 14,000 members. In a meeting of the executive board of the union held on June 25, 1953, an arrangement which had previously been in existence was revised creating a large "slush fund" to be divided up by John T. O'Brien, secretary-treasurer; Frank C. Schmitt, president; and Michael J. Healy, vice president. Of the \$4 dues paid in each month from each member, 90 cents was to be "skimmed off" to be divided up among these three officers. O'Brien was to receive 45 percent of this money, Schmitt 35 percent, and Healy 20 percent. There is a notation in the minutes of the September 9, 1953, membership meeting that the minutes of the above executive board meeting were read to the membership. It is noted, however, that no specific mention in the minutes is made of the fact that this large chunk of the union dues was to be divided up among the three officers, over and above their regular salaries and expenses.

Just what this arrangement really meant became apparent as Mundie began to put into the record the actual amounts paid to these officers. The 7-year period extending from January 1, 1952, to December 31, 1958, was the basis of the study. The schedule prepared by Mundie showed the following payments to O'Brien for the years indicated, which includes salary, commissions, vacation pay, and Christmas bonuses:

1952-----	\$43, 614. 86	1956-----	\$74, 004. 44
1953-----	52, 553. 79	1957-----	77, 292. 61
1954-----	62, 749. 66	1958-----	90, 694. 13
1955-----	70, 376. 62		

The total to O'Brien for the 7-year period was \$471,286.11. The chairman commented that at the present rate, it would appear that O'Brien's "take" for the current year, 1959, would probably be in the vicinity of \$100,000. Mundie told the committee that O'Brien had a special arrangement starting in 1956 which would insure his future financial security. It was provided that payments of salary and commission in any one year would not exceed \$30,000. The balance due him would accrue to his credit. After his retirement it would be paid out to him over a 10-year period. In this manner, O'Brien took, in salary, commissions, Christmas bonuses, and vacation pay, during the period under study, the sum of \$352,356.24, and at the same time had set aside to his credit a total of \$118,929.87 (pp. 18012-18014).

O'Brien invoked the fifth amendment to all questions regarding these payments. He also declined to comment on his additional \$6,000 a year salary as vice president of the Teamsters International.

The figures for Frank Charles Schmitt, president of local 710, showed the following payments:

1952-----	\$20, 080. 57	1956-----	\$57, 597. 98
1953-----	32, 858. 96	1957-----	60, 777. 49
1954-----	48, 844. 13	1958-----	58, 989. 87
1955-----	54, 776. 22		

The grand total of these payments to Schmitt during the 7-year period was \$333,925.22.

Frank Brown, a key figure in the operation of the Dearborn Insurance Agency, had been president of local 710 up to his retirement



in 1953, and is now president emeritus. The payments to him, including his cut of the "slush fund," were as follows:

1952-----	\$29,284.23		1956-----	\$9,850.00
1953-----	21,640.62		1957-----	9,850.00
1954-----	9,849.96		1958-----	9,850.00
1955-----	9,849.96			

The total payments to Brown for the 7 years were \$100,174.77.

Vice President Michael Joseph Healy came in for his share of the members' dues in the following amounts:

1952-----	\$21,280.53		1956-----	\$36,913.12
1953-----	26,206.11		1957-----	40,270.00
1954-----	31,910.93		1958-----	39,008.50
1955-----	35,800.68			

Total payments to Healy were \$230,889.87 (p. 18014).

In the year 1958 alone, the amount paid to the three officers and one retired officer was \$198,542.50. The grand total for these men for the 7-year period was the astounding figure of \$1,136,275.97.

The reaction of the Senators to this greedy exploitation of the dues of the union members is expressed in the following statements of Senator Church and the chairman:

Senator CHURCH. A Teamsters local of approximately 14,000 members all told, working people, and over a period running from 1952 to 1958 these four officers have extracted, apart from what they have charged the union in actual expenses, and apart from other considerations that we have been inquiring into, some of which have involved the insurance business as an ancillary occupation, a grand total in commissions, accrued commissions, vacation allowances, Christmas bonuses, and salary, of \$1,136,275.97, and for 5 years during that period one of these men did not work at all.

I submit that this kind of revelation simply emphasizes that these men are not labor union leaders at all. They are capitalists, and they are capitalists and exploiters in the same tradition as the robber barons of old. They take the Robin Hood story and turn it right around. Instead of robbing the rich and giving to the poor, they are robbing the working people and making themselves rich.

I think it is the most shocking disclosure. I just wish that all the working people could know of it in the same detail that it has been brought to light in these hearings this morning.

The CHAIRMAN. It would certainly justify an absolute rebellion, a rebellion of Teamster members, the rank-and-file members, against the corrupt, robbing, cheating, sordid leadership this union has today (pp. 18018-18019).

## FINDINGS—JOSEPH P. GLIMCO AND LOCAL 777, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHICAGO

The committee finds that Joseph P. Glimco possessed none of the qualifications for a bona fide labor leader, and has no interest whatever in the welfare of the 5,000 taxicab drivers, inside workers, and maintenance personnel who comprise the membership of Teamsters Local 777. Glimco was shown to be a common thug and criminal who gained control of this union by violence and by those strongarm methods which are a stock-in-trade of the Chicago racketeer. Under Glimco, local 777 became a captive union. He ruthlessly stifled any opposition by the membership, while he ransacked the union treasury. He was contemptuous of the rights of the members and their families, as he denied them their lawful benefits under the health and welfare plan.

The committee finds also that the officers, trustees, and executive board members of the union are of similar ilk—parasites of organized labor—who worked hand in glove with Glimco in exploiting the hard-working members of local 777.

Specific findings, based on testimony and evidentiary material presented at the hearings, are set forth hereafter.

### GLIMCO AND THE FULTON STREET MARKET

1. After William "Witt" Hanley died in 1944, Glimco took over Hanley's labor extortion racket in the Fulton Street Poultry Market.

2. Glimco extracted sums ranging from \$50 to \$125 weekly from Arthur Nelson who operated a scavenger service in the Fulton Street Market. Nelson derived this money from the sale of poultry feathers, picked up by his scavenger service and sold to the Sumner Bros. Cartage Co., but was required to turn the proceeds over to Glimco.

3. Glimco shook down Nelson for \$4,000 at the time Nelson sold his scavenger service to Walter Dudek.

4. Glimco similarly "took" Walter Dudek for approximately \$4,000 accomplished by having the Sumner Bros. make payments for feathers to John Mallec, Glimco's "Bag Man," rather than to Dudek himself. Mallec then turned the proceeds over to Glimco.

5. Dominic Senese and John Smith, business agents and officers of Local 703, Produce Drivers Union, IBT, Chicago, who were well-known cohorts of Glimco, permitted Sumner Bros. Cartage Co. to employ nonunion truckdrivers as the quid pro quo for the payments to Glimco through Mallec, as described above.

6. Dominic Senese and Victor Comforte, both hoodlum associates of Glimco, were found to own a two-thirds interest in the Broadway Sheet Metal Works, Inc., which corporation has held Government subcontracts to construct Nike sites in the Chicago area. Both of these men invoked the fifth amendment to all pertinent questions put to them by the committee and, by reason of their attitude and activi-

ties, their corporation should be barred from doing business with the U.S. Government in the future.

#### GLIMCO'S OPERATION OF TEAMSTERS LOCAL 777

1. For many years Glimco, in a typical gangster-type shakedown, forced officers of Teamsters Local 777 to pay over to him as "tribute" a large percentage of their salaries and expense money. His income from this piece of thievery was about \$3,000 per month.

2. In 1952, Glimco acquired undisputed control of local 777 by the ouster of Dominic Abata, then president of the union. This was accomplished by threats, intimidation, and the payment to Abata of \$12,300 of the union's funds.

3. Glimco diverted \$124,321.45 of the funds of local 777 to pay legal fees and other expenses to defend himself in court against Federal charges of labor extortion. The criminal charges against him were unrelated to the affairs of local 777, but involved his ruthless shakedown activities among the merchants of the Fulton Street Market. Included in the sum above was \$3,840 paid to Acme Secret Service, Ltd., to investigate officers of the Chicago Police Department in connection with Glimco's trial.

4. In connection with the remodeling of the office quarters of local 777, Glimco diverted approximately \$50,000 in union funds, which were used for the most part to purchase a \$40,000 house for himself and his secretary, Miss Laverne Murray. It is significant to the committee that Laverne Murray ran the affairs of the union's health and welfare plan, concerning which injustices, abuses, and malpractices were found.

5. Glimco spent \$1,045.65 of union funds for personal expenses during the summer of 1953, when he and Laverne Murray took a trip to Los Angeles, Calif., where they stayed together at the Bel Air Hotel, as man and wife.

6. Glimco, at the expense of the union, kept a room at the Oak Park Arms Hotel, Oak Park, Ill., from September 1955 to April 1958. This room, rented in Glimco's name, was for his personal use and the union expenditures for this purpose totaled \$6,282.62.

7. Glimco, with the concurrence of the puppet members of the union's executive board, misappropriated large amounts of union money to demonstrate his loyalty and comradeship with James R. Hoffa. A few examples are as follows:

(a) The officers of local 777 bought a building lot in 1956 from Sun Valley, Inc., for \$890, based on Hoffa's advice that it was a sound investment for the union. Other committee investigations have shown that this real estate venture was set up by Hoffa, as a private deal for him and some of his henchmen.

(b) The officers of local 777 spent \$4,889.89 for a one-third share in financing the James R. Hoffa dinner held at the Hotel Fontainebleau, Miami Beach, Fla., on September 29, 1957.

(c) Together with Oscar Kofkin, vice president of local 777, Glimco incurred and paid a \$7,094.55 bill at the Hotel Woodner, Washington, D.C., during the period of Hoffa's bribery trial held in July 1957, in the U.S. district court, Washington, D.C.

8. Glimco used union funds to pay hotel bills for himself and Michael Gaglione of the Upholstery Workers Union, to attend the

wedding of the son of a Cleveland Teamsters official in that city in February 1955.

9. The committee finds that the staggering sum of \$327,491.46 was rebated by local 777 to the two large taxi fleets in Chicago, between 1937 and 1958 as their "fee" for collecting membership dues. In the earlier years, the "fee" rebated to the companies was 10 percent of the dues collected from the members, which amount was later reduced to 7½ percent. This practice, unique in the committee's investigations, clearly portrays the contempt with which Glimco viewed the welfare of the membership of the union. This practice was discontinued only after the committee investigators focused attention on this form of raiding the union's treasury.

10. George Marcie, secretary-treasurer of the local and chief henchman of Glimco, spent \$10,611.99 of the local's funds in payments to the Tam-O-Shanter Country Club, Chicago, Ill., for membership dues, golf expenses, and other personal expenses incurred by him.

11. Marcie, his wife, and stepson have interests in companies doing business in the headquarters building of the local, i.e., the Don Marcie, Inc., and the Best Sanitation & Deodorizing Co., the latter company with whom Glimco's son received \$130 a week as a salesman during periods of time in 1957-58.

12. Marcie and Glimco used their union positions to solicit toilet deodorizing business for Best Sanitation & Deodorizing Co. from the Yellow Cab Co. and Checker Taxicab Co., the local members' principal employers, and from other employers and labor unions.

13. Glimco, in May 1957, made application to have the employees of Marcie's Best Sanitation & Deodorizing Co. become eligible under the health and welfare insurance contract of local 777, held with Occidental Life Insurance Co. This action was never consummated, apparently because of the investigation being conducted by this committee.

14. Oscar Kofkin, vice president of local 777, who has a criminal record which included charges of murder and assault with a deadly weapon, but has avoided incarceration, together with George Marcie and Clovis Joseph Coca, misused \$1,656 of the local's funds to pay for an all-expense tour of the Caribbean islands. Kofkin also was with Glimco at the Woodner Hotel in Washington, D.C., during the James R. Hoffa trial and thereby incurred expenses of \$7,094.55 paid out of the local's funds.

15. Coca, who, with 2 years left in his term as president of the local, resigned in 1958 in order for Glimco to become president, and the other officers, including Robert Markov and William Pritkin, did nothing to prevent the misuse of the \$50,000 of the local's funds in connection with the renovation of the local's headquarters; nor did the officers do anything to stop or to disclose the misuse of the large sums of the local's funds by both Glimco and Marcie.

16. The committee finds that Glimco is determined to retain his ruthless control of local 777 at any cost. When the disclosures by this committee inspired rank-and-file members of the union to restore the legal democratic processes in their organization, Glimco, using goons and thugs, has endeavored to stamp out by violence any movement toward honest trade unionism.

17. The committee further finds that International President James R. Hoffa, and International Vice President John T. O'Brien approved and sanctioned racketeer Glimco as a union leader, condoning his destruction of democracy in local 777 and his exploitation of the membership. Their failure to take any action to remove Glimco, or to retrieve for the Teamster members the union's funds purloined by Glimco can only be defined as their endorsement of his activities and their contempt for the union membership.

#### GLIMCO'S ASSOCIATIONS WITH MAJOR GANGSTERS

1. The committee finds that Glimco's record shows that, not only is he a parasite on the labor movement, but is indeed a leech on society. His record of 36 arrests includes charges of murder, assault with a deadly weapon, and extortion. He has managed to avoid incarceration except in one instance.

2. The committee finds that Glimco's close associates include such hoodlums and public enemies as Anthony Accardo, Paul "The Waiter" Ricca, Jake "Greasy Thumb" Guzik, Louis Campagna, alias "Little New York," Anthony "Tough Tony" Capezio, Gussie Alex, and Murray "The Camel" Humphreys.

#### GLIMCO'S DEALINGS WITH FRANK V. PANTALEO

1. Pantaleo, the instrument through which Glimco siphoned approximately \$50,000 of the local's funds during renovation of the local's headquarters, conspired with Glimco and Laverne Murray to use these funds to build the home at 1215 Oak Park Avenue, Oak Park, Ill., for Glimco and Murray.

2. Pantaleo purchased 20 shares of A.T. & T. stock for \$3,509.95 for Glimco's children.

3. Pantaleo's hotel expenses in attending a testimonial dinner with Glimco for James R. Hoffa in Detroit, Mich., in April 1956, were paid out of the local's funds.

4. Pantaleo, a partner of gangster Charles "Cherry Nose" Gioe, now deceased, paid no rent to the local during the period that he operated his construction business from office space in the local's building.

5. Pantaleo was associated, in the wholesale egg business at the Fulton Street Poultry Market, with Glimco's crony, Dominic Senese, and another hoodlum associate of Glimco's, Victor Comforte.

#### THE DEARBORN INSURANCE AGENCY

1. The committee finds that the Occidental Life Insurance Co. was a party to questionable actions in connection with labor group insurance policies written through the Dearborn Insurance Agency in the Chicago area. Occidental entered into a side arrangement with Harland H. Maris, an insurance broker, under which three of his entities received overwrite commissions of some \$175,000. No constructive service was performed for these payments which were over and above commissions already found to be excessive.

2. The committee finds that Allen Creitz, manager of the group insurance department for Occidental in Chicago, not only received

a bonus from the underwriter on group business written in that area, but also shared in the profits of the Dearborn Insurance Agency. Creitz, who was fired by Occidental a week prior to his appearance before the committee, testified that he notified a company officer about his conflict of interest about a year before he was discharged.

3. The committee finds that Glimco acted with scornful disregard for the welfare of his members and their families in settling accident and sickness claims filed by members of local 777.

Members of his union testified before the committee that benefits due them under the policy were denied and, when they insisted upon their rights, Glimco had them fired from their jobs.

The day after the hearings were completed, Occidental wired the committee that it had terminated its agency contracts with Maris and Dearborn, and had canceled Glimco's authority to pay claims. But Glimco had been passing on claims for a number of years.

4. The committee finds that, in delegating authority to Glimco to pay claims, Occidental did so without establishing controls to assure fair treatment of union members covered by its policy. It would seem that Occidental was more interested in underwriting this business than with observing the high standards of the industry.

5. The committee finds that John P. Dandy, vice president of the group life department of Occidental, was vague and equivocal in explaining the side arrangement between Occidental and Maris, especially when he testified about the excessive commissions and so-called administration fees paid to Dearborn and the other Maris entities.

6. Maris withdrew approximately \$94,000 from Dearborn between 1950 and 1952, in the form of checks, which he cashed or deposited. Staff investigators could find no trace as to how Maris disposed of the greatest portion of these funds—some \$58,000 which was converted to cash. There was evidence of collusive arrangements between Maris and officials of local 710, local 777, and the Chicago Hotel & Restaurant Workers Union, which placed their insurance with Dearborn. All the persons involved took the fifth amendment leaving strong suspicions on the part of the committee that the cash was used for pay-offs to the union leaders.

7. The committee finds that the excessive commissions paid under these policies, by absorbing a large part of the premium dollar, were detrimental to the rank-and-file union members and their families; also that the sole interest of Maris and his cohorts was self-enrichment.

8. The committee finds that Jerome Schultz and Lawrence Chez, independent accountants for Dearborn, together with L. W. Wrixon, attorney for Maris, were less than candid in their testimony regarding the affiliation of Chicago labor officials in the affairs of Dearborn. They disclaimed any knowledge of the whereabouts of the stock certificate books which it is believed would have established the fact that officials of local 710, and the Hotel & Restaurant Workers Union in Chicago were, in reality, the stockholders of Dearborn.

9. The committee finds that John W. Murray and Elmer Crane, who shared in the profits of Dearborn, were reluctant to disclose any details when testifying in relation to improper conduct and conflict of interest on the part of O'Brien, Brown, and Blakely in connection

with the roles each played in throwing the insurance to Dearborn. It is significant that Murray and Crane were not perturbed by these irregularities until such time as they discovered that Maris had deceived them with respect to the side arrangement he had with Occidental and that they, personally, were thereby adversely affected.

10. The committee finds that Frank Brown, in his dual positions as president both of Joint Council 25 and local 710, together with John "Sandy" O'Brien dominated the other trustees and that they were largely responsible for the high commissions paid Dearborn.

#### JOHN T. O'BRIEN AND TEAMSTERS LOCAL 710

1. The committee finds that the arrangement by officers of local 710 to pay themselves commissions out of the dues and initiation fees of the members of the local, in addition to their other remunerations, are reprehensible and unconscionable, and exemplify exploitation of the membership in a most amoral manner.

2. Brown and O'Brien were two of the four officers of Local 710, Meat Drivers & Helpers, Highway Drivers, Dockmen & Helpers, IBT, Chicago, who drained the local's treasury of \$1,136,275.97 in salaries, vacation allowances, Christmas bonuses, and commissions and accrued commissions during the years 1952-58.

3. John T. O'Brien, second international vice president of IBT, and secretary-treasurer of local 710 since 1922, over this 7-year period received or had accrued for his benefit, in addition to actual expenses paid to him, a total of \$471,286.11, which included \$258,756.40 commissions paid, and \$118,929.87 commissions accrued.

4. Frank Brown, president of local 710 during 1952 and part of 1953 when he retired, received from 1952 to 1958 a total of \$100,174.77, which included the sum of \$49,259.92 paid him as an honorarium as president emeritus of the local.

5. Frank Charles Schmitt, who succeeded Brown to the presidency of local 710, received in salaries, commissions, vacation allowances, and Christmas bonuses during the 7-year period a total of \$333,925.22, and Michael Joseph Healy, vice president of local 710, received during this 7-year period a total of \$230,889.87.

# JAMES R. HOFFA AND THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA (1959)

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## INTRODUCTION

Of all the labor unions investigated during the 3 years the Senate Select Committee on Improper Activities in the Labor or Management Field has been functioning, none has presented a more critical problem than the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America.

In size alone—some 1,600,000 members—and the fact that its operations directly affect transportation and commerce in virtually every segment of American business life almost automatically created the focal point for the type of investigation to which the committee was ordained by its mandate from the Senate.

Shocking and disgraceful conditions within the Teamsters Union were exposed by the committee during its 1957 and 1958 hearings. There was overwhelming evidence of infiltration of this union by racketeers and hoodlums who had seized and held power at all administrative levels. There was irrefutable testimony that James R. Hoffa pushed his way into the presidency of the Teamsters International with their active support and assistance. There was unmistakable evidence of organized violence in labor-management disputes and indiscriminate levying of tribute to insure labor peace.

Plundering of union treasuries and health and welfare funds, ruthless denial of democratic procedures, and outright betrayal of rank-and-file members were clearly established by great masses of testimony spread on the record before the committee during 1957 and 1958.

The 1959 hearings produced additional testimony bearing on all of these abuses as the committee sought to ascertain the effect upon the Teamsters International of patently improper activities by Hoffa and the assortment of disreputable and questionable characters with which he has surrounded himself.

With the previous testimony having shown conclusively that Hoffa participated with other Teamster leaders in the negotiation of substandard top-down contracts, the committee devoted considerable time during its 1959 hearings to exhaustive examination of Hoffa-inspired and Hoffa-led collective bargaining policies. This produced incontrovertible evidence of special deals and side arrangements for certain favored employers which were never reduced to writing, were never ratified by the employees so concerned, and profoundly affected their economic well-being.

The 1959 testimony also pointed up radical and unauthorized departures from established grievance procedures and calculated failure to enforce contract provisions. Vigorous and anguished protests



were peremptorily crushed and penalizing tactics were used to quell rebellious dissidents.

There was also testimony that a high-ranking Ohio Teamster official was deeply involved in a bewildering plot to smuggle armaments to the Caribbean area in a surplus U.S. plane, and that hundreds of thousands of dollars of Teamster funds had been earmarked to provide some of the financing for this venture. Only the awareness that the committee had the matter under active investigation halted this scheme.

Despite the fact that the committee already had exposed the gross misuse of Teamster funds by Hoffa in a Florida land venture, the 1959 hearings produced evidence that Hoffa was operating through close associates to revive the Florida project, heretofore distinguished only by the fact that hundreds of union members had purchased lots that could not be found and which stood little chance of being developed even if their location could be ascertained.

The 1959 testimony also showed that those fronting for Hoffa and his associates were able to obtain real estate development loans from Teamster welfare and pension funds to the tune of hundreds of thousands of dollars.

Also spread on the record before the committee was testimony indicating that Hoffa maneuvered unsuccessfully to secure a measure of control over the court-appointed board of monitors that has been overseeing Teamster affairs since Hoffa was permitted to assume the presidency provisionally. Actively participating in this move, according to the testimony, were Harry Bridges and Louis Goldblatt, leaders of the Communist-dominated International Longshoremen's and Warehousemen's Union on the west coast, with whom Hoffa has formed an alliance.

There was also testimony during 1959 that Hoffa furnished financial assistance to a Communist-led independent union on the west coast and that he had failed to move against a known Communist official of a New York union who had been convicted of extortion.

Although Hoffa has rejected claims that his union is a refuge for traffickers in narcotics, there was uncontradicted testimony during 1959 that many officials of Teamster affiliates continue to hold their positions despite convictions for pushing dope. There was even testimony that the office of local 805 in New York was used as an operating base by a convicted peddler who was a close friend of the local's secretary-treasurer. The latter, incidentally, was shown to have reaped huge profits from dealing in stock of companies with which he had negotiated labor contracts, with these stock deals financed by unsecured and interest-free loans from interests identified with the companies.

The 1959 testimony also served to reemphasize the close ties between Hoffa and Paul Dorfman, a major Chicago underworld figure, whose family has profited handsomely from insurance business placed by Teamster affiliates under Hoffa's control. Teamster money was spent for the purchase of quonset huts transported to a Dorfman-Hoffa-Brennan-owned camp in Wisconsin by Hoffa's orders. The freight bill for the shipment had not been paid at the time of the committee's hearing almost 3 years later. It was owed to a trucking company whose owner has said that he once lent Hoffa \$5,000 in cash.

The 1959 testimony showed that Paul and Allen Dorfman were the sources of some of the \$19,950 paid to Hoffa's codefendant in the wire-tap trials, Bernard Spindel, whose lawyers received an additional \$14,000. Witnesses who took the fifth amendment balked committee efforts to ascertain the source of most of this money.

The 1959 hearings revealed too that Hoffa has shown virtually no inclination to move against a variety of thieves, robbers, burglars, arsonists, white slavers, extortionists, dope peddlers, and even murderers who are holding office in Teamster affiliates. In one Tennessee situation where Hoffa "suspended" the officers, the suspension for some reason never took effect. One officer went on leave of absence with full pay after being convicted of income tax evasion, and the other "suspended" official took over the presidency of the local as successor to the convicted felon.

In another Tennessee case, thousands of dollars of members' dues money were spent defending officials whose families received monthly allowances while they were in jail. These imprisoned officers also were due to receive back salaries upon their release. In New York, Sam Goldstein, a Johnny Dioguardi stalwart, continued to draw his \$400 a week while sitting in a prison cell.

The committee also heard testimony from truckers in New Jersey that three other Hoffa aids, including an international vice president, John Conlin, and Anthony "Tony Pro" Provenzano, president of joint council 73, exacted tribute in exchange for labor peace.

These are but a few of many cases highlighted by the 1959 hearings which also brought to light more evidence of collusion with employers, more evidence of sweetheart contracts, and evidence that racketeers and hoodlums in official capacities in Teamster unions even engaged in strikebreaking to get what they wanted in marked contempt for the welfare of the rank and file.

#### HOFFA CONTRACT POLICIES DESTROY LOCAL AUTONOMY

James R. Hoffa's rise to power in the International Brotherhood of Teamsters is directly traceable to his remarkable ability to associate himself with the image of the master negotiator. Adroit propaganda generated by Hoffa and his followers seeks to minimize the committee's exposure of shocking conditions within the Teamsters Union by vigorously pursuing the theme that corruption is unimportant when measured against the success of Hoffa and his principal lieutenants in negotiating fine, high contracts greatly benefiting the general membership.

Previous reports of this committee have dealt at length with the exploitation of the \$40-a-week Puerto Rican and Negro workers who belonged to Teamster locals established and sponsored by Hoffa in New York and operated by his hoodlum associates. Nor has Hoffa ever been able to explain away conditions in Detroit, his own bailiwick where Teamster Union carwashers worked under contracts paying them \$2.50 for a 10-hour day. But these and other comparable situations elsewhere in the United States were concerned principally with Teamster Union affiliates only remotely connected, if at all, with the national trucking industry. Consequently, the committee turned its attention in 1959 to an appraisal of Hoffa's bargaining techniques

in local cartage and over-the-road trucking with which his union is primarily identified.

Hoffa rules the Central States Conference of Teamsters. He has been its chairman and has also held the negotiating chairmanship of the Central States Drivers Council.

In the course of several hearings in 1959 the committee received testimony that in Hoffa's Central States Conference some favored employers, including some with whom Hoffa had special business or social ties, have obtained special deals or side arrangements which circumvent written contracts at the expense of union members. There is substantial evidence that in some instances these side arrangements were never ratified by the rank-and-file members of the union and were never reduced to writing. The whole trend of the testimony charged Hoffa with a continuing campaign to assert autocracy in negotiations as opposed to the rights of local unions to invoke the traditional autonomy of negotiating at the local level.

Also spread on the record before the committee was considerable testimony that Hoffa and his lieutenants visited reprisals upon local union officials who chose to oppose the Hoffa way of doing business with the employers. There is evidence that he intervened in New York contract negotiations in 1954 primarily to wipe out a pocket of resistance there and that industry negotiators feared that the trend of events presaged control of the industry in the area by the underworld.

A variety of witnesses, including members and officials of the union itself, testified that Hoffa sought to achieve uniformity between the Central States contracts and those in other parts of the country, not by negotiating up to the level of locals who had better contracts, higher wages, and better terms for the men, but by freezing the local contracts until the Central States contracts caught up. Officials of Ohio affiliates who are within the jurisdiction of the Central States testified that Hoffa hacked away at the superiority of their contracts for the same reason.

Several witnesses testified that Hoffa had—

- (1) Permitted emasculation of the maintenance of standards clause in Teamster contracts which safeguarded gains made in prior years.

- (2) Acquiesced to a management prerogative clause, a concession which wiped out or materially lessened contract provisions on wages and working conditions. In one case, according to the testimony, this clause was costing the individual driver an estimated \$2,000 a year.

- (3) Permitted departures from the established grievance machinery in contracts and made no effort to enforce other contract provisions.

- (4) Set up procedures outside the contract under which grievances were channeled through Hoffa's local 299. In one case Hoffa permitted an employer to transfer all of his drivers into local 299, despite the fact that they were domiciled in many States.

Joseph M. Adelizzi, managing director of the Empire State Highway Transportation Association, with more than 25 years' experience in the field of labor-management relations, told the committee that

contracts in the New York area and in the East generally, measured in terms of total labor costs, are higher than contracts negotiated in the Central States Conference, where Hoffa is the chief spokesman for the Teamsters.

Individual truck drivers in the East, according to Adelizzi, enjoy benefits superior to those prevailing in the Central States. Over-the-road drivers, the number of which is many times greater in the Central States, do not, for instance, receive overtime. Figures introduced into the record show that Hoffa's own local 299 in Detroit has an hourly rate of \$2.53 as contrasted with \$2.65 for local 701 in central New Jersey.

The Eastern Conference of Teamsters, Adelizzi stressed, as far as the New York area is concerned, has just barely made its influence felt. It is not general in its coverage of the eastern seaboard. Negotiations in the East, for the most part, are with individual locals. In the Central States, however, the locals do not participate at all, except as represented on conference or areawide committees.

In 1948, Adelizzi said, the trucking industry attempted areawide negotiations in New York and reached a settlement with a group of 12 or 13 locals. Local 807, however, refused to ratify the settlement, and the agreement ultimately reached was based on the settlement finally reached with local 807. From 1948 to 1954, with the exception of Hudson County, N.J., where locals 560, 617, and 641 traditionally had bargained together, the negotiations went back on an individual basis.

In 1954, at the suggestion of Thomas Hickey of local 807, then an organizer for the Teamsters International, another attempt at area negotiations was undertaken, Adelizzi said, but company spokesmen soon became aware that rivalries on the union side between Hickey on the one hand and John O'Rourke and John Conlin on the other were eroding any hope for settlement on an overall basis. O'Rourke and Conlin long have been identified with the Hoffa wing of the Teamster organization.

Adelizzi said that management was unwilling to accept a minimum package calling for a 25-cents-an-hour increase, and an impasse was reached. Dave Beck, then international president of the Teamsters, sent into New York a committee of vice presidents headed by Hoffa.

Word eventually filtered through from employers in the Central States area that an agreement based on 18 cents the first year and an additional 7 cents the second year would be acceptable to Hoffa, Adelizzi stated, and the same proposition came from Hoffa personally at a subsequent meeting at which Hoffa also proposed making it 17 and 8. When Hoffa was asked if he had authority to make such an offer, Adelizzi continued, he said he did not but hoped to get endorsement from Beck and approval from the union committee. Resistance by Hickey and local 807 defeated the move, Adelizzi added, and local 807 withdrew from the union committee and began forcing the employers with whom it had contracts to sign on the basis of 25 cents. Ultimately management had to go along on the same pattern.

Adelizzi said that the industry felt that the Hoffa offers represented an effort to undermine Hickey and local 807 and "we were rather reluctant to surrender control to some forces from the Midwest, so to speak" (p. 19303).

Mr. KENNEDY. Was it also felt by you and by some of your colleagues that if you signed up on this basis (18 and 7 or 17 or 8), even though it would be more profitable to you, it would be, in fact, turning over the trucking business and the trucking industry in New York to the underworld or the mob?

Mr. ADELIZZI. There was a strong suspicion of that, a strong fear of that (p. 19304).

Adelizzi testified that Johnny Dioguardi and Phil Weiss, notorious labor racketeer associates of Hoffa, were "in the hallways in the hotels, wherever we were meeting," and that Weiss made an approach at a later time to a representative of one company suggesting that the terms of the contract could be alleviated if the insurance was given to somebody of Weiss' choosing.

Mr. KENNEDY. At the time that Mr. Hoffa came in, did he also bring in some of the midwestern carriers?

Mr. ADELIZZI. I wouldn't know that, but they were here, they were present. I understand that they were in the hallways in the hotel that Hoffa stayed at. There were negotiations going on all over the city, apparently, with everybody except the committees that were charged with the responsibility of negotiating (p. 19305).

An affidavit from John Strong, now president of local 807, read into the record at this point, declared that information came to him that negotiations were then due in the Central States Conference, that Hoffa and the big midwestern carriers already had agreed to a 17-and-8 package, and that they were on hand in New York to see to it that the agreement in New York "conformed to this pattern."

"Following the 1954 negotiations, a strong effort was made to defeat Tom Hickey and me in our local union," Strong declared (p. 19306).

Adelizzi resumed his testimony by stating that in 1956 there were two different sets of negotiations. One was carried on by midwestern carriers who negotiated with the three Hudson County locals, local 445 in Yonkers and local 816 in New York. Adelizzi's group negotiated a contract with local 807 alone and then used this as a pattern for settlement with the other locals in the area.

Mr. KENNEDY. This was an effort in 1954, then, and then again in 1956 to destroy the effect of local 807?

Mr. ADELIZZI. I would think so.

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Mr. KENNEDY. And so that determination had to be made at that juncture, and the basis of your determination to go along with 807, although it cost you money temporarily, was that you felt at that time that if you made this contract and took the bait that was being offered to you, the underworld or the mob would come in and take over the trucking in that area?

Mr. ADELIZZI. That is correct (p. 19308).

Carney D. Matheson, a Detroit attorney, is general counsel of the labor division of the Michigan Motor Carriers Employers Association and counsel and chairman of the National Automobile Trans-

porters Association. He has been negotiating motor carrier contracts for 25 years, a great deal of the time with Hoffa.

In 1955 and again in 1958 he was hired by Anchor Motor Freight, Inc., and Nu-Car Carriers to represent them in negotiations with the Eastern Conference of Teamsters. Each firm paid him \$20,000 for the initial negotiations in 1955.

Patrick J. O'Neill is assistant to the president of Anchor Motor Freight. His father, H. M. O'Neill, heads the company. An uncle, F. J. O'Neill, also figured in the testimony, although he holds no official position with the company.

Matheson and Patrick O'Neill were summoned as witnesses before the committee. Matheson acknowledged that—

(1) Hoffa and Owen Bert Brennan some years ago purchased from Oren DeMaas, then liquor commissioner of the State of Michigan, his interest in the Terminal Realty Co. in which Matheson also had an interest.

(2) Hoffa had a \$20,000 interest in the P.M.L. Co., formed to refinance a brewery operation. Matheson also had a substantial interest in P.M.L. but had no idea where Hoffa got the \$20,000 in cash which he invested and then lost when the company failed.

(3) Matheson's brother Albert formed J & H Sales Co., which later became the National Equipment Co. The stock was first held by a front man, James Montanti, and then was transferred to the wives of Hoffa and Brennan in their maiden names. Montanti's office was next door to the office of Carney and Albert Matheson in the Penobscot Building in Detroit, and after the stock transfer Albert was secretary-treasurer of J & H.

(4) The National Equipment Co. eventually was sold to the Convertible Equipment Leasing Corp. for \$10,000 at a time when it had a value of minus \$6,000. Carney Matheson had an interest in Convertible and its subsidiary, Baker Driveaway, which leased equipment from the parent company.

The record before the committee also shows that Ralph Wilson was an investor in P.M.L. Wilson represented the Continental Insurance Co., the company that first obtained the health and welfare insurance from the Michigan Conference of Teamsters which later was turned over to Hoffa's Chicago associate, Allen M. Dorfman.

Mr. KENNEDY. Did you think it was proper, Mr. Matheson, to go into business, when you were head of a negotiating committee, to be in a financial business with the union official who was conducting the negotiations on behalf of the union?

Mr. MATHESON. Mr. Kennedy, at that time no one thought very much about it.

Mr. Hoffa wasn't quite so prominent. He certainly was not the political figure he is today. I didn't look at it from the standpoint of going into business with him at all in those enterprises. I was not in business with him in the sense that you are using it (p. 19317).

Matheson also testified that he did not impute any wrong to the fact that business was conducted by Hoffa and Brennan in their wives' maiden names.

Senator ERVIN. Can you tell me any motive which a married man would have for putting property or corporate stock in his wife's maiden name other than that which springs from a desire for concealment?

Mr. MATHESON. Well, it may be for personal reasons. There might be good reasons as well as bad for the concealment, as you call it. But I don't see how you could impute wrong, per se, because it is stock or business in his wife's maiden name (p. 19319).

This provoked a lengthy interrogation of Matheson about another situation of similar character which already had been fully aired before the committee. Hoffa had gone to the assistance of Commercial Carriers Corp., in Flint, Mich., to settle a labor dispute. This was immediately followed by the creation of Test Fleet Corp., set up first in the name of James Wrape, general counsel of Commercial Carriers, as a Tennessee corporation and then transferred into the maiden names of the wives of Hoffa and Brennan. Commercial Carriers guaranteed a \$50,000 loan for Test Fleet, provided the company with the services of its attorney, Wrape, and its accountant, Elliott Beidler, at no charge, and awarded the new corporation loose contracts for the hauling of Cadillacs which resulted in a profit of \$125,000 over a 7-year period for Mrs. Hoffa and Mrs. Brennan.

Matheson testified that he handled the strike at Flint "and those two things were not related. There was no connection whatsoever." Confronted with the time sequence, Matheson said he didn't know that the formation of Test Fleet occurred almost immediately after the settlement of the dispute. Matheson was also reminded that he received a letter from Bert Beveridge which showed that Hoffa, some 3 or 4 months after the formation of Test Fleet, was taking the side of the employer against the employees in connection with the rehiring of some of Commercial Carriers employees.

Matheson maintained also that he did not see any conflict of interest in the case of a man who is collective bargaining agent for a union and also has business transactions with employers.

Matheson denied that Hoffa had suggested to Anchor Freight that he be retained for the eastern conference negotiations in 1955. He admitted he discussed with Hoffa the progress being made, but he emphasized that Hoffa did not participate in any decisions as to contract terms.

Mr. KENNEDY. And Mr. O'Neill, you state that in the 1955 negotiations you didn't discuss the contract at all with Mr. Hoffa; is that right?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. You say that Mr. Hoffa never suggested that Mr. Matheson be brought into this matter?

Mr. O'NEILL. I never discussed it with Mr. Hoffa, Mr. Kennedy.

Mr. KENNEDY. And he didn't suggest Mr. Matheson to represent you?

Mr. O'NEILL. No, sir (p. 19326).

Introduced at this point was an unsigned memorandum obtained from Anchor Motor Freight files which related that Hoffa had asked

for a meeting with Matheson, P. J. and F. J. O'Neill, and that the meeting lasted 3 hours on June 7, 1955. The memorandum also recited that—

Mr. Hoffa had received copy of demands of eastern conference. Hoffa's general reactions were—

- (1) Demands were ridiculously high.
- (2) Hoffa had a personal interest because he did not want the eastern conference to get out of line with national conference.
- (3) Hoffa thinks eastern conference will be merged with national conference at next contract inasmuch as there are so few carriers in the East.
- (4) Hoffa thinks negotiations are going to be rugged. This is always true when multiple contracts are merged, plus much individualism in the eastern union circles.
- (5) Hoffa states that he is chairman of all automotive transportation conferences and no strikes can be authorized by the international union without his sanction. He would not sanction an eastern conference strike, if employers were reasonable.
- (6) Unauthorized strikes could occur, but if this did happen he would be called into the picture.
- (7) Hoffa gave background of eastern union officials.
- (8) Suggested procedure was to move slow and by steps. Hoffa thought it would be wise to use Carney in negotiations (p. 19327).

O'Neill acknowledged that his uncle had prepared the memorandum and that the meeting had taken place, but he said the meeting was prompted by a strike in local 107 in Philadelphia and he did not recall "in any way discussing this eastern conference procedure with James Hoffa" (pp. 19327-19328). The memorandum, O'Neill said, was prepared with the idea of providing information to his company's one shipper, General Motors. Although he was at the meeting, O'Neill maintained he did not hear any discussion of the points mentioned in the memorandum.

At this point another letter was introduced into the record from Anchor's files which showed that, while there was discussion of the eastern conference demands at the June 7 meeting, Anchor never received the formal demands from the union until June 23. Also made a part of the record was a letter showing transmittal of a copy of the demands to Hoffa by the eastern conference on June 3, 4 days before the meeting.

Mr. KENNEDY. Did you ever tell any of the union officials, Mr. O'Neill, that you had Mr. Hoffa in your back pocket?

Mr. O'NEILL. No, sir.

Mr. KENNEDY. Did Mr. Hoffa ever relate to you that that had been discussed with him?

Mr. O'NEILL. No, sir (p. 19332).

One of the locals with which Anchor Motor Freight had a contract was local 445 in Yonkers, N.Y. The events preceding the signing of the contract and those transpiring afterward were significant.



Anthony Topazio, a member of local 445, was before the committee in 1957 in the investigation of the New York paper locals. At that time he took the fifth amendment with respect to his association with Johnny Dioguardi, Sam Zakman, and others.

This time he was a cooperative witness and told of serving 10 months on Riker's Island in New York for conspiracy and attempted extortion growing out of his service as business agent for Dio's local 649. When he emerged from prison, he became a member of local 445, controlled at that time by Lester Stickel and Philip Massiello, who ultimately were jailed for shaking down New York milk dealers for \$64,000.

Topazio testified that Theodore G. Daley led a rank-and-file movement against Stickel and Massiello and succeeded in wresting the leadership of local 445 from them. In 1955, he said, he was called to Abe Gordon's apartment in the Hampshire House where he met Dio and John O'Rourke, who instructed him to go to Daley and James Hopkins and offer them jobs as business agents if they would cease their efforts to oust Stickel and Massiello. Nothing ever came of his efforts to discuss the proposition, Topazio said.

After agitation began for formation of an independent union, Topazio stated, he contacted O'Rourke. This was after Daley and his forces had won control of local 445. Topazio quoted O'Rourke as saying "OK, go ahead. Anything to give them trouble," and he declared that O'Rourke gave him \$200 to help finance the independent local. This move for an independent local fizzled out.

Topazio testified that he had been told by Hopkins in 1957 that Hoffa sought Hopkins' vote as a convention delegate with a promise by him and O'Rourke that some members of local 269, which were infringing on local 445's jurisdiction, would be transferred into local 445 if Hopkins voted the right way.

On February 24, 1958, Topazio said, he was ordered expelled from local 445 for fostering dual unionism and appealed to joint council 16, then headed by O'Rourke. O'Rourke ordered a new trial, but local 445 appealed from his ruling. Finally, a week before Topazio's appearance as a committee witness, he was adjudged guilty at the international level but was ordered reinstated inasmuch as he had been deprived of membership since February 24, 1958.

The CHAIRMAN. But as I understand it, Vice President O'Rourke actually helped finance this independent union, did he?

Mr. TOPAZIO. That is right.

The CHAIRMAN. Was he expelled?

Mr. TOPAZIO. No, sir. That is one of the reasons, Senator, that I believe that expulsion has been held up there, because now that I do become a member I do have the grounds in this constitution to bring the charges up against Mr. O'Rourke.

The CHAIRMAN. Are you going to bring them?

Mr. TOPAZIO. I certainly will (pp. 19338-19339).

Daley, who is the secretary-treasurer of local 445, graphically described the tribulations of those who run counter to the wishes of Hoffa and his minions. Daley testified that since his group took

over control of the local in December 1955, he has had opposition from "just about every one" of the international officers from Hoffa down, including John O'Rourke, who, in addition to being an international vice president, is also head of joint council 16, in the New York area.

Daley declared that contracts he has negotiated for local 445 are considerably higher from all viewpoints than contracts in the Central States conference.

Mr. KENNEDY. \* \* \* Do you feel that the contracts that were negotiated with the Anchor Motor Freight in 1958 by Mr. Hoffa are good contracts?

Mr. DALEY. No, I do not (p. 19340).

Daley testified that there are 3,000 members in local 445, and that his group went to a meeting in Newburgh on November 14, 1955, intent on nominating a slate to oppose that headed by Stickel and Massiello. They were told by John Valentino, then a business agent, that no meeting would be held "because Stickel and Massiello were in jail and were not afforded opportunity to be nominated" (p. 19342).

When the officers then serving stalked out of the hall, Daley said, his group remained and elected a rank-and-file committee to prepare for the nominations that had been rescheduled for December 12.

The next night, Daley said, he drove a trailer carrying 30,000 pounds of paper out of Saugerties, N.Y., and stopped to eat at a diner in Kingston. Not long after he drove away from the diner, the drive wheels flew off the truck. It went over an embankment, "and I went over with it." Daley was in the hospital for 2 weeks and on the incapacitated list for a year. State police investigating the accident found that the truck had been tampered with.

On December 12, when Daley and his followers arrived at the union hall in Yonkers, they found the doors barred and a sign announcing that no meeting would be held. After conversation with policemen who were on hand and the owner of the building, Daley and his men removed the barriers and opened their meeting for the nominations. Stickel and his supporters arrived and "attempted to cause considerable trouble" but were told to leave by the police.

The election was held the same night, but Stickel and his group refused to recognize the new regime. A year of litigation followed before the court ruled that Daley and his slate were the legally elected officers.

While all this was going on, Daley testified, Stickel was carrying on negotiations with Anchor for a contract. It was submitted to the membership on February 10, 1956, and rejected by a vote of 154 to 60. On March 3, a strike vote was taken. The strike was approved, 107 to 93, but despite this Stickel went ahead and signed a contract with Anchor on March 14, 1956, Daley declared.

Mr. KENNEDY. Did you understand that Mr. O'Neill went to the Eastern Conference of Teamsters and was told that it was proper for them to negotiate the contract with Stickel? Did you understand that?

Mr. DALEY. I knew it was Mr. O'Neill's position, and he stated it to me personally (p. 19344).

Daley also testified that during this same period O'Rourke was making his bid for the presidency of joint council 16 and tried unsuccessfully to have Stickel and Massiello recognized as local 445's delegates.

Daley declared that Patrick J. O'Neill remarked to two men on the picket line "that his uncle had made the Eastern Conference of Teamsters and that he had Hoffa in his back pocket." Daley reported this to Thomas Flynn in the union's Washington office, "and his reaction was that P. J.'s old man ought to buy him a big yacht and bad girl and send him on an extended trip around the world." He said he also told Hoffa about it, and Hoffa took O'Neill into his office and emerged later to say, "I will guarantee you he is straightened away" (p. 19346).

In February 1957, Daley went on, Chester Fitzpatrick became labor relations director for Anchor Motor Freight. He had been the business agent of Teamster Local 170 in Framingham, Mass. The Anchor contract had a provision for 1 cent a mile above basic rates from December 1 through April 30. This was winter mileage pay, based on the fact that the drivers' time is slower during the winter months.

Daley said Fitzpatrick filed a grievance based on a claim that this also covered breakdowns. However, the company paid this during 1957. The company also made other demands which Daley resisted on the strength of the maintenance of standards clause which protects concessions won by the Teamsters in prior years. But a series of meetings between union and management followed in an effort to settle on conditions. When management representatives repudiated agreements made during negotiations on December 12, 1957, an immediate strike was called. The issue went to court, and there was an eventual ruling that the strike was illegal. The union has appealed.

Daley said the drivers were fired after the court decision, and the company was refusing to rehire any of them without a statement on their application for reemployment that they had been discharged for an illegal strike. The company then sought to impose a "yellow dog" contract embodying the conditions they had failed to obtain through the negotiations, but the court struck this down by inserting in its order a provision barring reprisals against the drivers pending disposition of the union appeal.

Daley asserted that when the 1958 truckaway negotiations first began, "all of the local unions talked about disaffiliating with the Eastern Conference" but found that this could not be done under the interpretation of the international constitution. When Anchor Motor Freight remained adamant in insisting upon adoption of its interpretation of the strike clause, the management prerogative clause and several other clauses, Hoffa announced he was going to enter the negotiations.

Mr. KENNEDY. Did you lose all of the clauses in the contract that you were fighting for? I think Mr. Matheson stated or Mr. O'Neill stated this morning that they got virtually what they were trying to get.

Mr. DALEY. I will concur in that (p. 19351).

The locals, Daley said, applied for sanction to call a strike, but when the negotiations were moved to Washington he was told by Tom Flynn that sanction would not be granted.

Mr. KENNEDY. Did he say that the little man doesn't want a strike?

Mr. DALEY. Yes, I believe that was part of the discussion.

Mr. KENNEDY. And the little man was Mr. Hoffa; is that right?

Mr. DALEY. As we know him (p. 19353).

When asked about his reaction to Topazio's testimony that O'Rourke had contributed finances to the move for an independent union to take membership away from local 445, Daley labeled this as "a cardinal sin in the labor movement. This is the worst type" (p. 19354).

"And I might add from what I heard here today Mr. Topazio wouldn't be the only one bringing charges against Mr. O'Rourke," Daley declared.

Richard Grabowski, formerly union shop steward in Baltimore at Anchor Motor Freight and now business agent for local 557, which has 4,500 to 5,500 members engaged predominantly in over-the-road hauling, testified that his local's contracts are quite a considerable amount better than the contracts in the Central States Conference.

Grabowski said his union has the best car-hauling agreement in the country, and the five local unions associated with the contract carriers in the area "are the only car-haul people who receive premium pay for Saturday or Sunday work" (p. 19397).

Grabowski explained that prior to the 1955 negotiations, because it took men driving in mountain areas longer to complete trips than men who drove in flat areas, the union had worked out an hourly rate system designed to put both classes of drivers on an equal footing. As a result of the 1955 contract negotiations, in which his local was compelled to change to a mileage breakdown, presumably to achieve uniformity, Grabowski asserted, his local lost some benefits it had obtained in prior years. This led to conflict between Anchor and the union during the 3-year term of the 1955 agreement.

After 4 months of negotiations in 1958, Grabowski testified, the company demanded that he take back to his members the proposed agreement the company said had been negotiated. He did, but the members rejected it and a strike vote was taken.

Hoffa entered the negotiations at about this time, and eventually the contract was signed. Grabowski did not go back to his members until he had negotiated a rider which he testified was as big as the regular contract. The rider, along with retaining the maintenance-of-standards clause, was, in his mind, "an agreement we could live with," although he was apprehensive about the management-prerogative clause. Management, Grabowski said, had insisted that the clause remain in the contract or it was willing to take a strike.

So, rather than to lead the membership into a strike, and thinking that I had practically the conditions I had in the previous 3 years, I requested that the membership accept it (p. 19399).

Grabowski estimated that changes made under the management prerogative clause would cost his members \$2,000 a year. He cited one instance where a company established a relay 68 miles away from the point of origin, "and they are hauling cars out of that point for half a cent less, because it is not longer a Baltimore, Md., terminal stop." The new contract also cut 50 percent of the premium pay for weekend work, Grabowski estimated. All of these changes and others occurred by reason of the management prerogative clause.

If the clause does not come out of the 1961 contract, Grabowski stated, he will "definitely request a strike vote" (p. 19400).

Mr. KENNEDY. \* \* \* Were you able to gain more through your own negotiations and the negotiations of your own local union officials than when Mr. Hoffa came in and attempted to negotiate and did negotiate on your behalf?

Mr. GRABOWSKI. Yes. We had the best agreement in the country when we were negotiating on our own (p. 19400).

Grabowski expressed the opinion that as far as contracts go "it looks like I will be standing still a while." He also stated, "I don't see why they couldn't negotiate the Central States up to us, rather than freezing us to achieve uniformity" (p. 19401).

Grabowski also pointed out that his local's over-the-road haulers receive  $1\frac{1}{4}$  cents a mile more than drivers in the Central States.

Mr. KENNEDY. Has it happened frequently that these carriers are using drivers from local 299, Mr. Hoffa's own local, who get paid this lesser rate, to come into Baltimore, rather than the drivers of your local to whom they would have to pay higher wages?

Mr. GRABOWSKI. All the freight coming in from the Central States or the West, we only have about 10 percent of the drivers there.

Mr. KENNEDY. It is more profitable, certainly, for the companies to use these other drivers than your own drivers where they have to pay higher?

Mr. GRABOWSKI. That is obvious.

Mr. KENNEDY. So that has been another problem as far as your people are concerned?

Mr. GRABOWSKI. Yes, sir (p. 19403).

When Hoffa was interrogated by the committee, he stated that "out of the local unions voting for this contract," 524 drivers accepted and 328 drivers rejected it. He also disputed Grabowski's testimony about the establishment of the relay and produced an arbitration award which held that this "was an operational change necessary in the conduct of the company's business" and therefore permissible under the contract. The award also held that the terms of the local agreement offered by the company "maintained working conditions at the minimum standards provided in this agreement" (p. 19806). Hoffa also produced drivers' logs and drivers' pay sheets he had obtained from Anchor Motor Freight records which he said refuted Grabowski's claims.

Mr. KENNEDY. Mr. Hoffa, are you going to take any action against Mr. John O'Rourke in connection with the testimony we had that he had fostered a dual unionism or second union?

Mr. HOFFA. I read the testimony of Daley. The testimony will be in due time analyzed, discussed with our executive board, and if any proof is forthcoming, other than Topazio, we will take the matter up (pp. 19833-19834).

Hoffa claimed that he did not remember having met the O'Neills and Matheson with reference to the Eastern Conference contracts demands on June 7, 1955, as indicated by the memorandum introduced into the record earlier. Neither did he remember stating that "it might be wise to use Carney" in the negotiations, referring to Matheson. Hoffa declared, however, that he recognized Matheson as a "very excellent labor relations man" who knows the business thoroughly from inside out "and he is prolabor rather than promanagement" (p. 19802).

When asked if he had received, directly or indirectly, any part of the \$40,000 fee that Matheson collected, Hoffa answered, "Absolutely not, and you know it" (p. 19803).

Admitting that he had been engaged in business ventures with Matheson, Hoffa said that the \$20,000 investment in the P.M.L. Co. was accumulated cash "from whatever investments I had or salary or income," but he said he had no record concerning it.

Senator KENNEDY. Did any of this come out of the winnings that Mr. Brennan made at the racetrack?

Mr. HOFFA. Very easily it could have.

Senator KENNEDY. Could I ask you if Mr. Brennan is still winning at the track?

Mr. HOFFA. I believe he is. I hope he has luck this year.

Senator KENNEDY. How much have you turned over to him to gamble?

Mr. HOFFA. So far, not too much. You have kept me busy.

Senator KENNEDY. How much has he won for you?

Mr. HOFFA. At this moment, I haven't been in the question of trying to make any money on horseracing this year, yet. I have been too busy (p. 19803).

Thomas L. Fagan, president of the 10,000-member Teamster Local 249 in Pittsburgh, was another witness who testified that rates in his area were appreciably higher than the rates in the Central States Conference. Fagan submitted comparative figures. He first explained that—

between cities we have a fixed rate of pay and that is based on a 20-mile-an-hour formula. What we have done here is reduce that 20-mile-an-hour formula directly to a trip rate so that it would give you a fair and honest comparison of the difference between the Central States and local union 249 (p. 19404).

Fagan submitted the following comparative table:

*Freight agreements*

	Central States, Feb. 1, 1959	Local 249, June 1, 1959
Single axle.....	\$0.087	\$0.1285
Tandem axle (4 axles).....	\$.0895	\$.132
Tandem axle (5 axles).....	\$.0907	\$.132
Double bottoms.....	\$.101	\$.1635
Paid holidays.....	( <sup>1</sup> )	( <sup>2</sup> )
Lodging.....	\$2.50	\$4.00
Bereavement leave (days).....	None	4
Health and welfare (per month).....	\$10.83	\$10.75
Pension (per week).....	\$3.00	\$4.00

*Changes in 1960*

	Central States, Feb. 1, 1960	Local 249, June 1, 1960
Single axle.....	\$0.0895	\$0.132
Tandem axle (4 axles).....	.092	.1355
Tandem axle (5 axles).....	.0932	.1355
Double bottoms.....	.1032	.167
Pension (per week).....	4.00	4.00

<sup>1</sup>6 paid holidays at 8 hours.

<sup>2</sup>7 paid holidays at 10 hours.

(p. 19405.)

Fagan also testified that a study of meatpacking contracts, with the Big Four of Swift, Armour, Cudahy, and Wilson included, shows that local 249 has the highest rate and conditions of any local throughout the country. The same holds true for the grocery chain contracts, Fagan said, offering to submit statistical proof to the committee.

Fagan also was asked about a situation concerning the Eazor Express Co. in Pittsburgh.

Mr. FAGAN. I could summarize it for you as briefly as I possibly can.

Eazor Express purchased the operating rights from Carl Helm, owner of Associated Freight Forwarding, operating between Pittsburgh and Chicago, and L. & H., operating between Pittsburgh and New York. At the time of the purchase it was the understanding, as far as Eazor Express was concerned, that they would have the right to be able to domicile their men at Napoleon and Harrisburg, the central points rather than their actual points of domicile in the 249 area.

There was a meeting called at which time the men agreed to an arrangement whereby an additional hour was paid and the lodging was paid at the domiciles both at Harrisburg and Napoleon.

Then after that was in effect for some time, the men disagreed with this arrangement. As a result, it was taken up through the grievance machinery.

At the time that it was to go to the third step, which is three members from management and three from the union, to make a decision under local union's 249 contract, at that time all parties concerned were ordered into Chicago, and Hoffa made the decision at that particular time that, as far as the domicile would be concerned, it would be in Napoleon, Ohio, and that the men would lose the 1 hour additional that was negotiated and agreed to by the men and the company, and also their right to receive lodging at that point because then their domicile point would actually become Napoleon, Ohio (p. 19407).

Hoffa promptly challenged the Fagan figures when he was interrogated later. This is his testimony:

Mr. HOFFA. There is one other statement.

There was a statement placed in the record by Tom Fagan of Pittsburgh local 249. Fagan came in here and made a statement, and there was great to-do about it, that his wage scale superseded wage scales of what I have been able to gain in the Central Conference. I say to you, sir, that this book, and the book here, which are matters I would like to leave with the committee to study, is for the first time in the history of any area uniformity of wages, whether it be Texas, Arkansas, Michigan, or any of the Middle Western States or Minneapolis or Dakotas.

I say also that there are specific exceptions, recognizing the fact that certain localities have been organized for a longer period of time than other areas, such as Pittsburgh, mainly the city of Detroit, and I am president of that local union.

I would like to say to you, sir, that local 299's rate is \$2.79 per hour as against \$2.57 or \$2.52, or 27 cents per hour higher than Pittsburgh.

I would like also to say that the checker and tow motor operator is 16½ cents higher per hour in Detroit than Pittsburgh. I would like to say the dockman's scale is 25 cents higher than Pittsburgh.

I would like to furthermore say that we receive in 299 time and a half after rate, time and a half over 40, with all hours over 9 that are not guaranteed, and furthermore, when the employees punch in Monday morning, 90 percent of the employees are guaranteed a week's work of 40 hours, 4 weeks' vacation with pay, pensions at \$160 a month, after 20 years of service, age 60, as compared to \$100 a month, 30 years' service, 65 years of age, in Pittsburgh.

I might say also we have had our health and pension plan longer than Pittsburgh. I am well aware of the next question of Mr. Kennedy, that they are now talking about road operations.

I say on road operations as Carney Matheson said. You cannot speak in generalities of a road operation. You must take specific runs. If you want to talk about the question of turnaround runs, multiple runs, combination runs, leg runs,



double bottom operations, I will take specific runs, run by run, and take our Detroit rate for this contract, and we will compare not the minimum in this contract, but the guaranteed runs of local union 299 in metropolitan area, comparing those to Pittsburgh, they are superior, because under our contract guarantees are for miles driven only plus extra hours of pay compensated by an hourly rate.

Under the Pittsburgh rate they have a flat rate all inclusive for all time spent (p. 19833).

When the committee turned its attention to contracts in Hoffa's own Central States Conference, it again encountered evidence of Hoffa's solicitude for Matheson and Anchor Motor Freight. This time it involved a situation existing in 1948.

William Dearwester, a truckdriver for Complete Auto Transit Co., of Flint, Mich., testified that there was a strike against Anchor Motor Freight and Complete Auto Transit called by local 100 at Cincinnati. The record shows that Matheson had a financial interest in Complete Auto Transit.

According to Dearwester, Matheson threatened a \$3 million suit against the striking union. The late Edward Murphy, then an international vice president and president of the Ohio Conference of Teamsters, was summoned to Detroit "to help our representatives who had flown to Detroit to negotiate."

Mr. KENNEDY. Was the result of all this that you had to concede your points to management and to Mr. Matheson?

Mr. DEARWESTER. That is right. We settled for just what Hoffa settled for in Detroit.

Mr. KENNEDY. Would you tell what Mr. Murphy stated when he got back from Detroit?

Mr. DEARWESTER. He came back to Cincinnati and we had a meeting there of, I believe, both Anchor and Complete drivers. He got up before us and made a statement. I will try to remember it word for word as near as possible. He stated: "I have been a member of this organization for 35 years, most of the time as an official. I have seen some pretty rotten things pulled both by management and labor. But," he said, "this man Hoffa, and I don't know where he gets his authority, just pulled the rottenest deal on you fellows that I have ever seen an official pull on members of his own union.

"If it is the last thing I ever do, I am going to find out—I am leaving here by plane, going to Indianapolis, and I am going to find out where he is getting his authority. If it is the last thing I ever do, I am going to try to take the wind out of that man's sails."

Shortly after that he left the meeting.

Mr. KENNEDY. And Mr. Murphy died shortly afterward?

Mr. DEARWESTER. I would say a little over a year or around a year after that, yes, and Mr. Hoffa seemed to skyrocket then.

Mr. KENNEDY. And Mr. Hoffa's power increased thereafter?

Mr. DEARWESTER. That is right.

Mr. KENNEDY. But that was the first inroad into Ohio?

Mr. DEARWESTER. To my knowledge; yes, sir (pp. 19484-19485).

Additional evidence of highhanded pressure tactics employed by Hoffa and his hirelings against Teamster officials who uphold the principle of autonomy for local unions in contractual negotiations was received through the testimony of James T. Luken.

Luken is the president of the 2,300-member local 98 of Cincinnati milk drivers. He was elected as trustee and executive board member of the 18,000-member joint council 26 in Cincinnati in 1954 and became president of the joint council a year later.

Luken testified that in 1954 William Presser, president of the Ohio Conference of Teamsters, sent his brother-in-law, Harvey Friedman, into Cincinnati to be the secretary-treasurer and business manager of the now defunct Teamsters Local 122, a jukebox union, although he had never been a member of the organization. Luken said the term "union" was a misnomer because the organization actually was an adjunct of the operators association and sustained by it on the basis of the monthly levy per machine with which the committee is now so familiar.

On the point of Friedman's qualification to be an officer, Luken said it has always been a requirement that there shall be 2 years of membership before a person can become an officer. Luken said he attacked the right of Friedman to be seated in the joint council, but George Starling, then the president, ruled his complaint out of order. Starling was a supporter of Hoffa and Presser.

Mr. KENNEDY. What happened to Mr. Friedman? Did he remain a union official?

Mr. LUKEN. He eventually left town.

Mr. KENNEDY. Where did he go?

Mr. LUKEN. The Ohio State Penitentiary (p. 19358).

The extensive criminal dossier on Friedman, put into the record, disclosed arrests for transportation of illegal liquor, forgery, blackmail, obtaining signatures by false pretenses, and a prison term of 3½ years in the Federal penitentiary at Lewisburg for interstate transportation of stolen automobiles just prior to the time Presser sent him into Cincinnati. In that city his conviction and sentence of 1 to 6 years was based on false affidavits and obtaining property by false pretenses.

Because of reports that Friedman and Presser were Hoffa emissaries, Luken said he asked Hoffa pointblank, when the Central States Conference was formed, if these people were representing Hoffa.

"He told me that if I wanted to get along in the Teamsters in Ohio I should take my orders from Mr. Presser, that Mr. Presser was his man, and that was the way it was, and that is the way it was going to be," Luken asserted (p. 19358).

The very next day, Luken said, Presser threatened to come into Cincinnati and "break up my local." Fearing that trusteeship might be arbitrarily imposed, Luken and his followers took immediate steps to secure from the local's members the authorization to take whatever action legal counsel advised to insure that the local would maintain control over its own finances and its own affairs.

The CHAIRMAN. In other words, you felt it necessary and imperative that you take these precautionary measures and be alert to the situation at all times in order to stay in existence?

Mr. LUKEN. I have spent probably two-thirds of my time in the last years protecting my rear against union officials rather than fighting employers, which I am paid to do (p. 19359).

Luken also testified that any Teamster official who is in power at the local level with just a bare majority instead of being actively supported by "90 percent of your membership" runs a serious risk of a crackdown from the State or international forces alined with Hoffa's administration. He classes Presser as "not popular" in Cincinnati but said he was not conversant with other areas of the State "because the plague has been put on me and people don't talk to me" (p. 19361). He offered the opinion that Presser would remain boss of the Ohio conference "so long as Mr. Hoffa kept him there." Luken stated that Presser had been preceded by Henry Carr of Toledo who, "like me, did not get along with Mr. Hoffa. Somehow or other his resignation was arranged and at the next meeting Mr. Presser was elected unanimously" (p. 19364).

Luken also testified that Presser, after seeing that his threat to break up Luken's local was not going to work, offered him the presidency of Joint Council 26. This was when he was only an executive board member.

Mr. KENNEDY. What did you say to that?

Mr. LUKEN. I pointed out to him that they already had a president of the joint council.

Mr. KENNEDY. What did he say?

Mr. LUKEN. He said, "Resignations could be arranged."

Mr. KENNEDY. You refused to go along with that?

Mr. LUKEN. I later became president of the joint council, but with his active opposition rather than his support (p. 19371).

Luken declared that back in 1954, when he was only an executive board member, the joint council received a request for help in paying the expenses incurred by reason of the appearance of Presser and his chief lieutenant, Nunzio Louis (Babe) Triscaro, as witnesses before a House investigating committee in Cleveland headed by Representative George H. Bender, later a U.S. Senator.

The then council president, Starling, read a letter to the board of November 22, 1954, Luken said, and a question was raised as to the need for what Luken recalled was \$40,000, in view of the fact that the legal fees had been taken care of already. Luken quoted Starling as stating, "Other money was spent to pull certain strings to see that these charges were dropped," and said he wrote the statement down because he was "shocked" by it. His original notation of the remark was placed in the committee record, was testimony that a search of joint council files failed to yield the letter Starling is known to have had in his possession. Luken emphasized that he wanted to make it clear that he was not stating that Bender or Congressman Clare Hoffman, of Michigan, who also was a member of the investigating group, received any money.

Committee counsel pointed out that minutes introduced as evidence before the committee a year earlier showed that—

Mr. Presser announced at that time there wouldn't be anything further done in connection with this matter, with his case, that the whole thing was going to be dropped. That is what he announced publicly to his membership, that the charges against him were going to be dropped (p. 19376).

The next Hoffa emissary sent into Cincinnati after Friedman went to jail, Luken testified, was Ralph Vanni, who tried to foment trouble for Luken among the employers with whom Luken had contracts by telling them he could obtain better contract terms than they were getting from Luken's union. But Vanni was pulled out of Cincinnati, Luken said, because he had not accomplished his purpose and because he was involved in a lot of bad publicity.

The next move, Luken went on, was a drive to oust the anti-Hoffa faction from control of local 100, the biggest affiliate in the joint council, in the 1958 election of officers. This too failed, but only after balloting took place on three different occasions, followed by two court hearings.

Luken described some of the types of harassment to which he and other anti-Hoffa men in Cincinnati were subjected. At one time an undertaker was sent to his home to pick up his body, and flowers were sent to his "funeral." Telephone calls by the score were made telling him to get out of town, and his wife received calls telling her he was running around with other women. An official who was victorious in the local 100 election was charged with rape by a woman who later admitted she had received \$195 and had been promised an additional \$1,000 if he was indicted. Luken said the woman admitted she had been paid by Robert Morris, whom she quoted as saying he received it from "the Great White Father in Washington" (p. 19383).

Morris also implied that Luken and his followers were responsible for the bombing of Morris' car, but Luken testified that the police told him Morris had called the insurance company before the bombing to find out if he could collect the insurance in the event a bombing took place.

Luken declared that contracts in the Ohio Conference have, as a general proposition, been higher than the contracts of the rest of the Central States Conference and are still superior—

but during the last 6 years this superiority has been hacked away. For example, during the period 1955-58, the general rate increase was 25 cents, but the Ohio people got 15. From 1958 to 1961, the contract rate is 10, 7, and 6, and the Ohio people get 7, 6, and zero. So they are progressing, understand, sir, but they are progressing at a less rapid rate than previously. The differential is being wiped out on the guaranteed runs, and the guaranteed runs are the guts of the agreement, sir (p. 19384).

Asserting that bad grievance procedure automatically makes a good contract a bad one, Luken testified that his union refused an area contract with Beatrice Foods Co. which "provided us nothing." Luken was summoned by telegram to a meeting in Chicago, but he did not attend.

Later, Luken said, his local received a letter and a contract with notification that it was now binding on the local. "We went over it, and in 15 pages and 34 articles we found that there were all sorts of things that we had enjoyed over a period of years" which were absent from the document. The contract was for a 6-year period and "any time there was a grievance the company could simply tell us to go jump in the lake, they are going to take it to Chicago and settle it with Jimmy" (p. 19385).

The CHAIRMAN. In other words, your local stood firm on what you had and refused to take what the company insisted that you take and what the Hoffa higher-ups insisted that you take?

Mr. LUKEN. Yes, sir.

The CHAIRMAN. And you still have what you had?

Mr. LUKEN. Yes, sir (p. 19386).

Luken's local also has contracts with two margarine plants in Cincinnati. The average rate at one is \$2.47 and the rate at the other, where at the time of Luken's appearance before the committee, the contract was about to expire, was \$2.38. But, according to the testimony, there was a third margarine plant owned by Shedd-Bartush Foods, which also has operations in a number of other cities. Its employees were not organized. In 1955 a contract was negotiated with Shedd-Bartush management covering all of its plants by local 337 of the Teamsters in Detroit. The rate was 70 cents an hour less than the prevailing Cincinnati rate. Local 100 at the time was controlled by pro-Hoffa forces, and the contract was sent there with orders to organize the employees of Shedd-Bartush.

Starling, who was defeated in the race for president of local 100 on December 3, 1958, signed another agreement 12 days later with the Cincinnati plant which was basically the old agreement but provided an increase of 5 cents an hour, still far below the prevailing rate.

Luken contended before the committee that Hoffa cannot negotiate on an area basis unless a local vests that authority in him, because the Taft-Hartley law provides that the local is the certified bargaining representative. Luken charged that local 100 has lost grievances "on political grounds, rather than on the merits of the case" and he declared that Presser "once told me that if they could get on the right side politically they would win the cases they are now losing" (p. 19393).

Local 100, Luken said, also sent a telegram to the Ohio Conference on a recent occasion when negotiations were going on with dump-truck operators in Cincinnati, in which the local stated it wanted to negotiate its own agreements. The Ohio Conference went ahead and signed contracts with three firms doing business in the Cincinnati area.

Mr. KENNEDY. Do you think this is another effort to undermine your operations, of you and your people?

Mr. LUKEN. I think when the local union said they didn't want to be a party to it, and yet they go ahead and do it anyway, and what comes out isn't so good, I can't see that it has been done to make friends and influence people.

Mr. KENNEDY. And the ones to suffer in all of this, which is the important thing, in all of these operations that you

have described today, are the employees, the members of the Teamsters Union.

Mr. LUKEN. Let me say it is my opinion that part of this operation is to cause trouble within the local union and then be the great savior to solve the problem.

Mr. KENNEDY. Then during the course of this, those who suffer are the members of the Teamsters Union?

Mr. LUKEN. At least temporarily; yes, sir (p. 19395).

The committee inquired at length into the contractual relations existing between Hoffa's Central States Conference and a major operator, Riss & Co., of North Kansas City, Mo. Interrogated were Richard R. Riss, company president; William C. Dannevik, Jr., a Missouri attorney, formerly employed by the Riss concern from 1947 to 1958; and Leo C. Nulty, a committee investigator, who examined the books and records of the companies owned by Riss.

From their testimony emerged these salient facts:

(1) Riss also is the owner of the Transport Manufacturing & Equipment Co. Transport owns all of the mechanical equipment and rolling stock which Riss & Co. operates under a lease agreement with Transport.

(2) Riss owns a fishing lodge at Sioux Lookout, Ontario, acquired for the purpose of entertaining customers and friends. Riss admitted that he and Hoffa flew there in 1954. Annually since then the lodge has been available to Hoffa and his cronies for 1 week in the summertime.

(3) Late in 1954, as part of a decision to convert from an owner-operator to company operating system, Riss purchased a large number of trucks from General Motors for use on a far-flung network of routes extending into more than 20 States.

(4) Almost concurrently, Riss proposed to Hoffa that his company's over-the-road drivers be permitted to make pickups and deliveries and bypass the requirement that city drivers perform this function. Riss and Hoffa went to Florida, where Dave Beck, then international president, agreed that this could be done, provided approval was secured from the local unions involved. The local unions refused to go along. Riss admitted he had made a "silly remark" to Hoffa at the time that "I will bet you \$10,000 to \$5,000 you can't sell this to the membership" and said that Hoffa laughed and replied, "I don't accept bribes. If I can do it for you, I will" (p. 19530).

(5) Riss & Co. was a signatory to the 6-year master contract for the Central States Conference, effective as of February 1, 1955.

(6) After General Motors had delivered the trucks ordered by Riss, a long period of mechanical difficulties was experienced, extending through 1955 and into 1956.

(7) Because of mounting operating losses, Riss converted to piggyback operation in 1956. This is the system whereby a trailer is shunted aboard a railroad flatcar and travels to a destination point by rail instead of going over the highways, Riss said his eastern operations were 100 percent piggyback.

(8) Despite the fact that the Central States over-the-road freight agreement provides that "no new riders or supplements to this agreement shall be negotiated by any of the parties hereto," Riss was able to obtain from and through Hoffa an arrangement that he would pay 1½ cents a mile in lieu of fringe benefits such as breakdown time, layover time, and so forth. Teamster Union members were never given an opportunity to ratify or reject the contract modification, and it never was reduced to writing. It was effective as of October 1, 1956. Riss admitted that he had argued for the change on the basis of his claim that his drivers were submitting false and excessive breakdown claims.

(9) While Riss was making this claim to Hoffa as an inducement to the union to modify the contract, he was asserting to General Motors at the same time that the breakdowns were the result of mechanical defects. Although he testified that most of the trucks had been put in proper shape by General Motors by the end of 1955, he was pressing General Motors for a financial adjustment. On October 14, 1956, 2 weeks after his union contract change went into effect, he wrote a letter to General Motors in which he made the statement that "you are perfectly right in stating that these trucks are only worth \$3,500."

(10) On January 17, 1957, General Motors paid Riss \$1,500,000 as settlement of his claim that the equipment had not been built to specifications.

(11) Riss decided to return to the owner-operated system of operations early in 1958. The books and records show that the trucks had depreciated down to a value of \$1,628.84 per unit by this time.

(12) The Central States master contract contained a provision prohibiting the use of any leasing device through a third party to evade the contract, and also a provision that "the employer shall not require as a condition of continued employment that an employee purchase truck, tractor, or tractor and trailer or other vehicle equipment."

(13) When Riss reverted to owner-operator arrangements in 1958 the company's drivers were faced with the problem of executing a lease-with-option-to-purchase agreement with Riss' wholly-owned Transport Manufacturing & Equipment Co. Riss claimed the drivers wanted the deal. Dannevik testified that it was his understanding that there would be no vehicles used other than those operating under this leasing arrangement. Therefore, in order to continue in their employment and to keep seniority, the drivers had no alternative but to enter into such an agreement.

(14) This leasing arrangement called for a \$1,000 downpayment and 5 cents a mile for 275,000 miles (plus an additional 1 cent in escrow to cover major repairs); after which the driver could exercise his option and acquire title to the truck upon payment of an additional \$100.

(15) This arrangement, when and if carried to the point where the option was exercised, put the total cost to the driver at \$14,850. It would take more than 3 years at 80,000 miles a year

to liquidate the 275,000-mile requirement, at which time the trucks would then be 7 years old.

(16) Under the arrangement, according to the books, there were 243 leases, of which 132 no longer were in operation. Of the 132, 49 were assigned to other drivers and 83 were canceled.

(17) The amount retained by the company as a result of the cancellations was \$228,703.76.

(18) All of the Riss over-the-road drivers were transferred into Hoffa's local 299 in Detroit, despite the fact that they were domiciled in many cities. Thus any grievances had to be processed through local 299. Riss said he transferred the drivers when he agreed to partial abandonment of the piggyback system and resumed highway operation. Dannevik and other witnesses who followed him fixed the time of transfer as occurring after the shift to owner-operator operations and the inauguration of the leasing arrangement in 1958.

Testimony as to how the Riss picture was viewed from the standpoint of the drivers was elicited from Roy Branum and Ardith Anderson. Branum, at the time of his testimony on sick leave for the previous 5½ months, worked for Riss on and off for about 15 years. Anderson went to work for Southwest Freight Lines in March 1959 after 4 years with Riss. He had been domiciled at various times in Kansas City, Indianapolis, and St. Louis, and in each instance he transferred his union membership to the local at the place where he was actually living.

When asked if the membership had ever approved the Riss-Hoffa deal for the 1½ cents in lieu of fringe benefits, Anderson replied, "No. No one ever asked us if we approved of it or not. It was just done" (p. 19554). Furthermore, the membership did not like it.

Anderson said the tractor he purchased in 1958 under the lease arrangement had a rebuilt motor and recapped tires, and the only choice he had was to "purchase it or figure on finding another job" (p. 19555). He went ahead with it to protect his seniority, and "as it turned out I didn't have any seniority anyway." Branum too said that holding his seniority was the reason he leased his truck, and he added, "Some guys with 20 years with the company are not with the company any more, that didn't purchase a tractor" (p. 19556).

Branum said the only help that came from the union was intervention to reduce the mileage figure from 300,000 miles to 275,000 for the purchase arrangement.

Anderson testified that he had about \$400 in the repairs escrow account in January 1959, and went to get it to buy four tires. The company refused the request but offered to lend him money for the tires, deducting the payments from his weekly checks. The records showed that at this time Anderson had an equity, including the \$1,000 downpayment and \$441.30 in the escrow account, totaling \$5,912.45 when he was forced to surrender his contract because he could not run without new tires. He said an effort was made to contact union officials in Detroit, where his membership had been transferred, "and we couldn't get anybody to talk to us even after we paid for our telephone call" (p. 19557).

Anderson retained a lawyer who succeeded in getting the company to return the downpayment, but Anderson had only \$500 left after



paying the lawyer. He testified that when he first leased his truck it already had 264,000 miles on it.

Branum testified that his truck had recapped tires, and "two of them blew out on the first trip." When he took sick, Branum said, the truck was driven to the company yard, and the company was notified it was there. Next he got a notice that "they had foreclosed on me." His equity at the time was \$4,303.35, including his \$1,000 downpayment, and he had \$80.36 in the escrow account. Unlike Anderson, Branum declared that he had not recovered his downpayment.

The CHAIRMAN. Do you still have hopes?

Mr. BRANUM. Well, I am kind of on the fence. I don't know what they will do from being off sick. They told me when I would come back, by telephone call, that I would be taken care of. What that may mean I do not know yet (p. 19560).

Anderson also testified that the company did not pay the one-half cent premium for hauling explosives, nor did it issue separate checks, one for wages and one for rental of equipment, as required by the contract with the Central States Conference.

Branum told the committee that the company, after beginning the owner-operator way of doing business in 1958, also introduced the procedure of putting two drivers on a truck. The second driver's pay came out of the owner-operator rate. Branum said that this system was unprofitable, and company representatives suggested that he make the second driver kickback to him. Branum added that he made his driver kick back 2 cents a mile, so that the driver, instead of getting 6 cents a mile, was actually getting only 4 cents. When he asked why he could not hire his own driver, Branum said, the company representative told him it would not be legal under the contract.

This way I am the goat. I had to cheat on the man and his records looked that it was operated by union (p. 19563).

Both Branum and Anderson testified that the company did not adhere to the terms of the contract which called for the payment of half a cent per mile for each 1,000 pounds over 23,000. Anderson also charged that the company tried to make deliveries direct to the consignee where they could get away with it.

Branum described his efforts to process a grievance through Hoffa's local 299 and like Anderson, he could not get the union in Detroit to answer telephone calls.

Senator ERVIN. You found when you attempted to get justice in the proposed grievance procedure that the justice was not only blind, but was also deaf?

Mr. BRANUM. Right, sir (p. 19565).

When Hoffa was interrogated with respect to the Riss situation, he acknowledged that he had gone fishing with Riss in 1954 for "3 or 4 days" at the Riss lodge in Ontario and had been a guest there on other occasions. Hoffa said he did not know but "it could be" that the 1½-cent formula in lieu of fringe benefits was only a verbal agreement. There was no record that the Central States Drivers Council ever engaged in any discussion of the proposal.

Hoffa testified that Riss operated all during the war in ammunition hauling and became one of the largest carriers in the United States. After the war Riss decided to go into a two-man sleeper cab operation, and, Hoffa said, "I discussed with him the question of not going into the operation, that he would go broke. Being a rather firm-minded individual, he told me to mind my own business, and bought 500 trucks from General Motors" (p. 19793).

Hoffa declared that when Riss went to the piggyback method, his drivers appealed to him to work out some arrangement to get Riss back to an over-the-highway operation. Riss would consent only if he had an owner-operator system. He acknowledged that many drivers opposed the idea and that the price charged for the truck under the leasing arrangement probably was high, but he contended "this was the best arrangement" that could be made. The Riss drivers were transferred into local 299, Hoffa said, so that the men could "run the circuit" and be able to pile up enough mileage to make the deal profitable. He insisted "it is a better deal for the drivers if they can survive the first year" (p. 19801). Basically, Hoffa said, he is opposed to owner-driver operations and would like to see company-owned equipment but declared that he would want to see the system regulated rather than prohibited.

Conditions similar in many respects to those found in the Riss case were uncovered in the committee's investigation of the contractual relations between the Central States Conference and another major carrier, Trans-American Freight Lines, Inc., of Detroit. Interrogation of Robert B. Gotfredson, president, and R. I. Dennis, vice president, developed these principal facts:

(1) Trans-American in 1955 participated in the Central States contract negotiations in Chicago but reached a separate understanding which (a) permitted the company to pay 1½ cents a mile in lieu of fringe benefits, and (b) established a grievance procedure that was a departure from the procedure defined in the master contract.

(2) The regular grievance procedure called for processing at the local level, then referral to the State committee if disputes were not resolved at the local level, and then on to the area committee in Chicago. Trans-American's separate understanding bypassed the State committee and went directly to Chicago.

(3) In actual practice, grievances were forwarded to either Frank Fitzsimmons or Rolland McMaster, representatives of Hoffa's local 299 in Detroit. Locals elsewhere than Detroit merely acted as conduits to channel the grievances to local 299. There was nothing in writing to support this procedure and nothing of record to show that local unions ever authorized Fitzsimmons or McMaster to act in their behalf.

(4) The rank-and-file members of the various locals in cities where Trans-American operated never ratified this separate grievance procedure.

(5) In connection with the 1½ cents in lieu of fringe benefits, ratification by a majority of the locals was necessary. The arrangement was effective as of February 1, 1955, but a majority voted it down. On February 13, 1955, representatives of the locals were summoned to Detroit by Hoffa and addressed by him and

Gotfredson, and an agreement was reached to try it out for 12 weeks, after which time another meeting would be called. The second meeting was never held. Gotfredson testified that he was aware that "a minority" of drivers opposed the arrangement but "we didn't expect to keep 100 percent of 1,000 drivers happy" (p. 19414).

(6) On July 26, 1955, Dennis sent a letter to all dry freight terminal managers reciting that the day before there had been a meeting with representatives of the Central States Drivers Council at which Hoffa allowed the company to read letters complaining about the 1½-cent deal. The Dennis letter said these had come from union members in Dayton, Louisville, and Columbus. Dennis said he couldn't "remember back 4 years" when asked if it was customary for Hoffa to show to the company letters he received from Teamster members.

(7) In 1958 there were indications of dissatisfaction when the contract was reopened for wage negotiation. Gotfredson testified the percentage was insignificant and said he attended meetings in St. Louis and Detroit where employees voted unanimously to continue the 1½-cent arrangement. Dennis testified the Chicago terminal manager reported a 47 to 0 vote in favor of the 1½ cents there, and that there were two votes held in Cincinnati, the first on March 23, and the second on June 1, 1958. He said many drivers were stranded in a storm in March and requested the second meeting when the vote turned out to be unfavorable, but his file showed only one letter and a telegraphed proxy which had been voted anyhow. The vote at the second meeting, Dennis said, was 18 to 13 in favor.

(8) The company has been putting on new Mack trucks, and to get one the driver has to sign an agreement to accept the 1½-cent arrangement. Drivers are also being required to give up the good runs and are becoming what is known in the industry as "wildcatters," a condition that Hoffa pledged at the 1955 meeting would never happen.

(9) Owner-operator drivers for Trans-American lease from Highway Vehicles, Inc., which is wholly owned by Trans-American. Article 1, section 4, of the contract says: "It is understood by this provision that the parties hereto shall not use any leasing device to a third party to evade this contract." The union has never complained, and the company has never provided copies of the leases as provided in the contract.

(10) Trans-American is paying a flat rate of 12½ cents a mile to owner-operator drivers when the contract provides for 10¼ cents to 14½ cents, depending on tonnage, starting at 23,000 pounds.

(11) Owner-operators receive pay for deadheading only for the first 50 miles at 75 percent of the contract rate.

Testimony by several witnesses before the committee spelled out the original concept of the 1½-cent arrangement, which was being paid in lieu of such benefits as vacations, holidays, hotel bills, layover, and breakdown time. Where the 1½ cents did not compensate for these items, the original concept called for the employee to file a claim for the difference. This was commonly referred to as a "griev-

ance" and was to be filed every 28 days, with payment forthcoming 10 days later.

Scott Pickett, a mechanic for G. & G. Leasing Co., in Indianapolis, was an owner-operator-driver for Trans-American from January 1953 to July 22, 1957. His attorney is Kirkwood Yockey, of Indianapolis. Pickett and Yockey testified about the great difficulty experienced with grievances filed to collect the difference between actual expenses and the compensation under the 1½-cent deal. Pickett also declared that a day after he was interviewed by Committee Investigator Walter J. Sheridan, a business agent for local 135 in Indianapolis, Robert Martin, ordered his employer to lay him off. This was on May 29, 1959. The next day, Pickett said, Martin called him on the telephone and told him to "get lost." He didn't get back to work for 4 weeks.

The testimony of Pickett also disclosed that Trans-American had an arrangement to pay 1¼ cents in lieu of fringe benefits in 1953 and 1954. After this was increased to 1½ cents, the company changed its operational methods and added new equipment, and Pickett said he couldn't "even come close to breaking even" after that. His first group of grievances was paid, but a second group he submitted ran into opposition, and he had to settle for 60 percent. When he submitted a third group for approximately \$1,400, about 4 or 5 months elapsed before he was told that Fitzsimmons in Detroit had recommended that he settle for 40 percent.

Mr. PICKETT. I called Frank Fitzsimmons. I sent him proof, and I mean it was proof without a doubt that I actually had the money coming, the full amount, and that I would not accept anything else. He gave me an argument at that time and I made four individual trips to Detroit to see the man and was unable to see him. I was unable to see Mr. Dennis. I called him and I couldn't even talk to him. He refused to talk to me and referred me to the local terminal manager. The local terminal manager wouldn't commit himself either way.

Mr. KENNEDY. You couldn't get any satisfaction?

Mr. PICKETT. No satisfaction whatsoever, so I hired an attorney and filed suit (pp. 19446, 19447).

Pickett asserted that by reason of his inability to collect the money that was due him he lost his truck.

Attorney Yockey said Pickett retained him in July 1957. He got nowhere with efforts to negotiate the payment of the claims, so he gave notice of intention to sue for appointment of a receiver for the company.

Yockey said he received a call from the Trans-American lawyer, Thomas Chawke, who told him to contact Hoffa or Eugene San Soucie, local 135 president, at the Shorelands Hotel in Chicago. Yockey placed a call to San Soucie, but before it was completed he was contacted by Barney Trefts, a business agent for local 135. Trefts told him that Trans-American was not paying any of its grievances, that the company was sitting tight "until they starved the drivers out," and that there was an arrangement whereby settlement would be ef-

fectured on the basis of 50 percent, with Hoffa getting 10 percent and the drivers getting 40 percent. Yockey quoted Trefts as telling him:

Don't let those fellows scare you, sit tight. Make them pay this man what he has coming to him. He has this 2 years vacation pay and so forth. Make the company pay him. They are beating their drivers down and not paying them what they owe them (p. 19449).

Within hours, Yockey said, he heard from Hoffa by telephone. Hoffa told him that if Yockey would go to Chicago the next morning, the claim would be settled for 40 cents on the dollar. Yockey said he told Hoffa that he could not understand how Hoffa could insist on a settlement at that figure, and he asserted that Hoffa replied, "Because I said so" (p. 19450). Yockey said he retorted that that was not a good enough reason, and he filed his action. His application for appointment of a receiver brought quick results in the form of immediate payment of some of the items and prompt negotiation of the others in dispute. The net result was a settlement at about \$1,200, or 90 percent of what had been claimed. Yockey testified that he knew of many other cases that were settled on the 40 percent basis, and he was the only one who succeeded in getting more.

Hershell S. Hinkley, Indianapolis terminal manager for Trans-American, was an evasive and uncooperative witness who came perilously close to committing perjury before the committee. At the outset of his testimony, Hinkley denied flatly that Trans-American had made any campaign to force a resignation from G. K. Curtis, an owner-operator driver, because he submitted so many grievances in his attempts to collect for overtime, vacations, and holidays. Hinkley also denied having furloughed other drivers with less seniority than Curtis so as to put the company into position where it could "work" on Curtis.

Hinkley was shown a letter he had written to J. L. Totten on June 7, 1957, in which he stated: "One of the actions taken by Mr. Dennis in his recent campaign to get former driver G. Curtis out of our employ was to issue letters to owners of all permanent-leased units operating out of Indianapolis that we were terminating our lease with him upon 5 days' notice from the date of the letter" (p. 19454).

Hinkley then completely reversed himself and admitted the campaign to "get" Curtis and the layoffs of drivers with less seniority. He also identified notes he had made during a conference with Curtis leading to his resignation. The notes said:

No. 1, you are mad at the company. No. 2, the drivers are upset. No. 3, a lot of them may lose their jobs. No. 4, you are not going to be happy with any job we may give you. No. 5, we will give you a letter of recommendation if you will resign. No. 6, escrow money promptly. No. 7, \$600. No. 8, grievances up to the most recent have been settled and will try to get them settled promptly (p. 19457).

Also put into the record was a letter taken from the files of Trans-American, dated February 26, 1956, and signed by Dennis, in which the procedure of forwarding grievances to Fitzsimmons was stressed. The letter concluded with the statement that—

there will be no changes on this arrangement, and it is not our desire to have our grievances handled by the Cincinnati Local Joint Grievance Committee (p. 19459).

Of particular interest to the committee were other exhibits taken from the company files. One was a letter to Hinkley from Regional Manager J. A. Klinger on the subject of deliveries in Noblesville, Ind., which stated—

“Attached hereto is a self-explanatory note. Look it up, take it home, but whatever you do don't let anyone get hold of it. You will note R. I.'s decision and you have no choice but to be guided accordingly” (p. 19459).

The attached note, which bore the initials of Robert L. Gotfredson, vice president of Trans-American, read:

“To John Klinger: Let's deliver anyway until it becomes a constant pain deal. If grievances are filed, we will have to cross that bridge when we come to it” (p. 19459).

Hinkley admitted that the company was violating the contract by having over-the-road drivers make deliveries at Noblesville. He insisted that grievances filed as a result were paid and did not go into a “picnic fund.” The “picnic fund,” Hinkley claimed, was created as a treasury into which other grievance money was placed under an arrangement he made with Jay Williamson, the union steward.

Mr. KENNEDY. How did you and your steward—under what terms of the contract do you and the steward have the right to settle the situation in that fashion?

Mr. HINKLEY. We like to settle things on a local basis (p. 19461).

Hinkley testified that the company did give a picnic for the drivers and their wives and families in 1957.

Curtis, the central figure in this portion of the testimony, testified that he collected some small grievances at first, but “when I turned in the bigger one, why I didn't hear anything” (p. 19463). He finally settled about \$1,800 in claims for \$800 after waiting 6 to 8 months when he knew other drivers were being laid off as the company moved to “get” him.

Curtis also declared that he knew there were “quite a few grievances that were never settled,” and added, “some of the boys didn't want to lose their jobs and so they wouldn't press them” (p. 19466). Curtis said the 1½-cent arrangement was costing the drivers about \$2,000 a year.

Senator CURTIS. What did the owner-operator situation amount to there?

Mr. CURTIS. About the only way I could figure it is you bought a job. You bought a truck, and they put you to work driving it (p. 19468).

Committee Investigator Sheridan reviewed the numerous contract violations committed by the company and testified that, contrary to the promises made by Hoffa and Gotfredson in 1955, the drivers have to agree to run the whole system if they want to drive the new Mack trucks.

Mr. KENNEDY. Which means they might not get home again for 3 or 4 weeks?

Mr. SHERIDAN. That is correct (p. 19472).

Several officials of the anti-Hoffa local 100 in Cincinnati also testified.

James Young, business agent, who was an over-the-road driver for Trans-American for 13 years and union steward for 9½ years, declared that a wildcat strike broke out at the Cincinnati terminal on the night of February 1, 1955, when the 1½-cent formula was announced. It started after the steward of Hoffa's own local 299 in Detroit telephoned and reported widespread opposition there. The proposal had never been put before the membership, Young said, and has never been approved "to this day." The affected locals were told to send representatives to Detroit for the February 13 meeting, and tentative agreement was reached for the 3-month trial period, after which another meeting was to be called. This, as previously stated, never came about.

Young testified that he was told by another union official that when Hoffa was asked why he failed to order the second meeting, he replied that "he ran the international and he would arrange the meeting when he felt there was need for one" (p. 19476). When asked about the grievance procedure, Young answered that when Fitzsimmons was handling them it was possible to effect settlements, although delays were encountered, "but since Mr. McMaster has taken over, since Mr. Hoffa came to Washington, we don't get anything now" (p. 19476).

Young testified that, when the contract was being reopened for wages in 1958, a petition was prepared and signed by company drivers and owner-operators from the entire Central States area of Trans-American, including all of the company's drivers in Hoffa's own local 299, asking that the 1½-cent arrangement be changed. More than 90 percent of the company drivers signed the petition.

John W. Mead, Sr., another business agent for local 100, picked up the thread of testimony at this point and told the committee that business agents of the 22 affected locals were summoned to Detroit to discuss the petition. Strike sanction against Trans-American was requested if the company did not comply with the regular contract instead of the 1½ cents.

Later, Mead said, a telegram was received from the Central States Drivers Council granting strike sanction subject to the approval of Fitzsimmons. Then came a letter, dated February 4, 1958, from Fitzsimmons, which stated that to forestall strike action Dennis, the company vice president, and McMaster, the local 299 business agent, would tour all terminals to rediscuss the matter with the drivers who signed the petition. In Cincinnati the drivers voted against the continuation of the 1½-cent formula. The Columbus drivers did likewise, but Dayton voted to accept.

Mead accused Dennis of a "little prevaricating" on the basis of Dennis' previous testimony that a meeting had been held on June 1, 1958, at which the membership ratified a continuation of the 1½-cent arrangement by a vote of 18 to 13. Mead testified that after the Cincinnati drivers turned the proposal down in March, an agreement was reached between the company and the union to continue for 60 days under the existing order of things, but, Mead declared, no

meeting was held until August 24. He referred to various communications which reflected his requests that the meeting be held. At the August 24 meeting, the members took the position, Mead said, that they already had voted the proposition down and were not going to vote again.

When Hoffa was called upon to explain the Trans-American contract, he said that Trans-American had taken the position that it would do its own bargaining instead of having it done through an employers' association. Hoffa said Trans-American was willing to follow the master contract as to cost factors but was not willing to accept the methods of computation "we were desirous of having."

Thus in 1955, Hoffa said, the union consented to a rider in Trans-American's case to avoid a strike. There was no indication from the testimony of the previous witnesses that any strike against Trans-American had been contemplated.

Hoffa claimed he called the meeting in Detroit on February 13, 1955, because the 1½-cent formula "was a radical departure from the formal contract provisions" (p. 19770), a statement which ignored the testimony already in the record that Trans-American had the 1¼-cent arrangement in 1953 and 1954. Hoffa insisted that a majority of the union representatives at the meeting ratified the tryout period with the understanding that if the 1½ cents failed to produce as much as the terms of the master contract, grievances could be filed for the difference.

Committee counsel pointed out to Hoffa that Trans-American was not paying meal allowances and that the contract was not being enforced in this regard. Hoffa said he did not believe it and that if grievances "were not brought to our attention, we can't adjust it." When shown a letter sent to him by Mead in October 1958 complaining that Trans-American was violating the contract by ignoring the meal allowance, Hoffa retorted that if Mead had complied with the grievance machinery, it could have been handled in accordance with the rider. Hoffa said he was "burned up" at the implication he had "sold the workers," and he flared when counsel claimed that "in this particular case, you betrayed the union membership," and replied, "I say it is not true. You have no foundation for such a statement" (p. 19773). Hoffa also asserted:

In Chicago at the last joint area meeting this union finally complied with the terms of this contract and submitted a grievance into Central States Drivers' Council. I am informed that that grievance was processed; the company was told they were wrong and the company is going to pay the grievance (pp. 19773-19774).

Hoffa testified further that the forwarding of grievances to local 299 to Fitzsimmons and McMaster came about because the company records were maintained at Detroit.

Hoffa maintained that the contract with Trans-American was ratified both in 1955 and in 1958 and that he could produce the record of the vote in both years. He said he would try to secure the records and present them to the committee, but up to the time of the preparation of this report no such records have been presented. Hoffa also claimed that McMaster had verbally advised him that there had been ratification. He conceded that he never called a second meeting of repre-



sentatives of the affected locals, as had been the understanding on February 13, 1955, when the agreement for the tryout period was made. With regard to the petition forwarded in early 1958 by the complaining drivers asking that the 1½-cent formula be junked, Hoffa testified that the contract had been signed and could not be set aside by merely filing a petition.

Since Hoffa had indicated that McMaster was a repository of information about the Trans-American situation, the committee summoned McMaster to the witness stand. In previous appearances he had been a fifth amendment witness, and his attorney, H. Clifford Allder, advised the committee that McMaster was willing to testify as to the ratification matter, "but he does not waive any of his rights under the fifth amendment concerning any other matters" (p. 19785).

The CHAIRMAN. Do you want to proceed with him?

Mr. KENNEDY. Mr. Chairman, I will say this. We have a considerable amount of information regarding Mr. McMaster, including the fact that he now has a farm that is worth \$200,000, and information that we didn't have at that time; that that is only one of two farms that he has. If he is handling the grievance procedure for this union, and he is the one that Mr. Hoffa is relying on, I would like to get all the information I can from him.

\* \* \* \* \*

Mr. KENNEDY. Would he be willing to answer the question as to whether he has received money from any employer in connection with any grievances that he has handled?

Mr. ALLDER. He will assert his privilege as each question is asked, Mr. Kennedy.

Mr. KENNEDY. Of course, that is the key, Mr. Chairman.

The CHAIRMAN. I am not going to make an agreement or make any compromises on the part of the committee with witnesses who want to take the fifth amendment or elect to take it on certain questions and say, "Well, I will testify to this, but I am not going to testify to that." I am not going to enter into any agreements to get part of the testimony. I feel that if we have to do that it would simply, from my viewpoint, discredit whatever answers you got in the first place (pp. 19785-19786).

McMaster immediately took the fifth amendment when asked if he had received any moneys, directly or indirectly, from any of the companies for which he was processing grievances.

The CHAIRMAN. Well, if you were in my union and I was president of the international, you would be fired before you left the witness stand (p. 19787).

A committee investigator, Harold Ranstad, then testified that McMaster and his wife, Yvonne, own a half interest in a farm at Woodson, Mich., presently worth \$200,000. The other half is owned by Andrew McMaster, Rolland's father. Ranstad said that Rolland McMaster and his wife have paid \$11,000 in cash on a \$20,000 purchase price for another farm near Hartland, Mich., and have been paying \$125 a month on the balance since March 1955. Ranstad

testified that McMaster also was given six Black Angus heifers by the owner of the Hofer Trucking Co. of Toledo, Ohio, and has registered 55 head of Black Angus cattle which cost him in excess of \$15,000.

In 1956, Ranstad said, McMaster's wife bought a restaurant in a Detroit suburb, paying \$12,000 down. She is currently paying \$160 a month on the balance. Mrs. McMaster also has invested in a slaughterhouse and meat business at Highland, Mich., where she and her present partner are paying \$250 a month on a \$25,000 contract.

Ranstad also reported that McMaster had an interest in the M & G Trucking Co in Detroit until the firm was discontinued in December 1958, and in Ram Transport, Inc. Ram has contracts with Youngstown Cartage Co. of Youngstown, Ohio, which net Ram Transport \$7,000 to \$10,000 per year. McMaster also took the fifth amendment when asked if Ram Transport was a nonunion shop (p. 19789).

The complex intercompany relations of the Chi-East Trucking Co. of Chicago and Midwest Haulers, Inc., of Toledo produced for the committee a perplexing picture of Chi-East as a company with over-the-road drivers and no union contract, and Midwest as a concern with a union contract and no drivers.

Lack of time for a more complete investigation prevented the committee from obtaining a full understanding of some of the bewildering aspects of this situation, but it was definitely established in the testimony that Chi-East, although its drivers were members of the Teamsters Union, operated without a union contract and did not pay union scale, layover or breakdown time, meal allowances, or lodging. Its president admitted that the Teamsters Union never complained, except when an individual member filed a grievance, and that the drivers received holiday pay "only when they asked."

Harry V. Mattson and Cecil J. Overman are president and vice president, respectively, of Chi-East. Overman is also general manager and a director of Chi-East and a vice president of Midwest Haulers. Loren Hendrix is executive vice president of Midwest and a \$275-a-month adviser for Chi-East. Mattson, Overman, and a Chicago attorney, C. J. Mikol, were the stockholders of Chi-East, but Hendrix admitted that Mikol was holding the stock for him. The Midwest stockholders were four members of the Hankinson family in Toledo and the U.S. Freight Co. of New York. Midwest owns the building in Chicago where the Chi-East office is located, but Chi-East pays no rent.

In 1956 and 1957 Chi-East employed more than 100 drivers. At the time of the hearing the total was 20. Mattson denied that he had ever paid any moneys, directly or indirectly, to any union official in connection with the novel situation. He also denied ever having fired or having threatened to fire any driver because of the filing of any grievance for the payment of fringe benefits.

When Hendrix was on the stand, he was asked about three checks totaling more than \$20,000 drawn to his order by Chi-East in December 1956 and endorsed by him. He said he "didn't know" what they were for but "assumed" it represented return of advances made to Chi-East to buy trucks.

Carl M. Schultz, a committee accountant who examined the books of Chi-East, testified that the accounts payable showed that Hendrix had

no money coming. Schultz said that Chi-East received a \$14,000 check from Midwest on December 11, 1956, "presumably for hauling," and drew a check in the same amount the very next day, payable to Hendrix. Checks for \$4,000 on December 13, 1956, and \$2,402.56 on December 24, 1956, were reflected in the books as having gone to Mattson and Overman but were actually drawn to the order of Hendrix.

The CHAIRMAN. In other words, the books of the company showed that Mattson and Overman got the money although the checks went to Hendrix?

Mr. SCHULTZ. Yes; when we asked for their personal records, when we asked both Mr. Overman and Mr. Mattson whether or not they owed Mr. Hendrix any money, at that time they stated, "No." Attorney Michael was there and attempted to prevent us from getting the information, saying it was confidential, personal, and was not of concern to the committee. We did find, however, that the check in the amount of \$4,000 and the check in the amount of \$2,402.56 were subsequently placed in the bank account, which is a joint account, of both Mr. Hendrix and Mr. Overman. We have not examined that account, so we cannot say anything about it, other than what the disposition was of the checks (p. 19574).

When the observation was made that there seemed to be quite a bit of mystery about it, Hendrix replied that if "we are all satisfied, does anything need to be cleared up?" (p. 19574).

Hendrix also identified a \$10,000 check dated July 1, 1958, and an \$11,823.67 check dated September 23, 1958, drawn by Chi-East to the order of Mutual Trucking Co.

Mr. KENNEDY. If the company [Mutual] was dissolved in 1957, why were two checks amounting to \$21,823 issued to them in July 1958 and September 1958 if the company had gone out of existence 7 months earlier?

Mr. HENDRIX. It had gone out of existence that long ago. They had quit the hauling business, but as far as the liquidation was concerned, it was not completed until sometime in 1958. When Mutual quit business, Chi-East took over Mutual's automotive equipment, their trucks.

Mr. KENNEDY. What happened to this money?

Mr. HENDRIX. It went into the bank for the Mutual Trucking Co., I am sure. It is so endorsed.

Mr. KENNEDY. What happened to the banking account of the Mutual Trucking Co.?

Mr. HENDRIX. It was liquidated to the stockholders.

Mr. KENNEDY. Who were the stockholders?

Mr. HENDRIX. The three of us (pp. 19575-19576).

Hendrix also testified that the Teamsters Union required a union contract to be executed by anyone who holds an Interstate Commerce Commission certificate, as Midwest did. Midwest, he continued, always has used the services of independent contractors, although it holds an ICC certificate. Chi-East does not have such a certificate, and Mattson also testified that Chi-East does not have an Illinois State certificate.

Senator ERVIN. Yet you are operating an over-the-road business?

Mr. MATTSON. That is correct.

Senator ERVIN. And you have no union contract?

Mr. MATTSON. No, sir.

Senator ERVIN. You are a nonunion company?

Mr. MATTSON. If you put it that way; yes (pp. 19576-19577).

Hendrix also testified that Midwest's union contract, although Midwest is a Toledo company, is with Teamster Local 710 in Chicago.

Neal Stone, now a resident of New York but formerly a driver for Chi-East from October 1952 to July 1957, testified that he thought he was being hired by Midwest but discovered he was working for Chi-East when he drew his first paycheck. He said the day he was hired he was sent to local 710 where he was made a member of the union and given his book.

Although he thought he was entitled to all the privileges of union membership, Stone declared, he found out that if he submitted any grievances "you didn't work there any more." His testimony indicated, in effect, that a common understanding existed among the men that the only time a driver would attempt to collect on unpaid fringe benefits was when he was leaving the company's employ. When his time came, Stone said, he went to the union and said he had not been compensated for 27 holidays. He quoted Thomas Keegan, local 710 business agent, as telling him, "Go back to Mr. Overman and tell him to pay every cent he owes you." Stone said that when he reached the company office, he found Overman conversing on the telephone with Keegan. Overman sent him back to the union office, where Keegan told him he could file a grievance only for a period back 30 days.

Stone testified that he went to the Central States Drivers Council, where he was told "Jimmy Hoffa wanted to clean up locals like that, and to put in writing" his complaint. Stone did as instructed. Stone's letter to Hoffa and a letter by Hoffa to John T. (Sandy) O'Brien, president of local 710, in which Hoffa stated that he was "returning this correspondence to you without having taken any action," were placed in the record (p. 19583).

The CHAIRMAN. And Mr. Hoffa sent it back with no action. Did you ever get your money?

Mr. STONE. I never got a dime, sir.

\* \* \* \* \*

The CHAIRMAN. And Mr. Hoffa brushed it off in that fashion?

Mr. STONE. Yes, sir (p. 19583).

Stone estimated that the 27 holidays involved \$450 to \$500. He said he pressed no claim for other fringe benefits because he knew that it was useless when he was unable to collect for the holidays.

Growman Pratt of Straughn, Ind., who was a driver from June 23, 1955, to August 16, 1957, testified that he put in grievances and was able to collect for 1 year's back holiday pay and approximately 17 hours back layover and breakdown time, but "I haven't collected another cent other than that" (p. 19581).

Pratt said that when Keegan ordered Overman to pay the back holiday pay, Overman called him into the office and wanted to know if he was going to press for payment. Pratt said he told Overman he was and quoted Overman as saying, "Well, I am after your —, and the first crooked move you make, that is it." Pratt said he was fired less than 2 months later "for having a late load of freight into Louisville," which he declared was a false charge (p. 19581).

Keegan was summoned to testify, but aside from identifying himself for the record and stating that he had been a business agent for 22 years, he invoked the fifth amendment to all other questions.

Mr. KENNEDY. I might say for the record, Mr. Chairman, that Mr. Keegan received approximately \$12,000 salary and another \$5,500 in commissions. This is the local that gives commissions.

Senator ERVIN. In other words, he receives possibly \$17,500 a year in his official capacity which he has occupied for the last 22 years, and when he is called on to give an account of his stewardship he says that if he does so, that any disclosure he might make would tend to show that he had committed a criminal offense. Now that is a shocking thing for a man who occupies that position, drawing that salary out of the very men whom he is supposed to protect.

Mr. KENNEDY. The president of the local is Mr. O'Brien, Senator. He is a vice president, a national vice president of the Teamsters, and he receives a salary and commissions of approximately \$90,000.

The CHAIRMAN. You mean the president of this local, for whom this man is a business agent, is vice president of the international and draws about \$90,000 a year?

Mr. KENNEDY. From this local. He has appeared before the committee and taken the fifth amendment also.

The CHAIRMAN. Well, there are no words to describe such characters (p. 19587).

In the course of Stone's testimony he mentioned that he and other drivers falsified their logs because "in order to make a living, it would be necessary" (p. 19582).

Gerald G. Gotsch, a committee accountant, testified that his examination of Chi-East's records confirmed this. He cited as an example the case of one driver who left Chicago at 10 p.m. on June 5 for Cincinnati, arriving there at 6:30 a.m. on June 6. He returned to Chicago, leaving Cincinnati at 2 p.m. and arriving in Chicago at 10 p.m. the same day. On June 8 he drove a load from Chicago to St. Louis. Meanwhile his logbook, for ICC purposes, was showing him as still laying over in Cincinnati. In order to bring his log into agreement with his trip reports, the driver then showed a phantom run from Cincinnati to St. Louis.

Mr. KENNEDY. \* \* \* I might say we inquired of the ICC regarding the Chi-East Co. and they never heard of the company.

The CHAIRMAN. What it is doing is actually operating on the permit of Midwest.

Mr. KENNEDY. That is correct. This is set up as some kind of tax operation and also—I don't know what it is.

The CHAIRMAN. The principal thing is to avoid having its members, its employees, in the union; that is one of the things (p. 19588).

Evidence that Hoffa and his local 299 in Detroit engaged in anti-Negro prejudice was spread on the record before the committee in the form of direct testimony and affidavits.

George Maxwell, a Cleveland attorney and labor relations consultant who helped organize the Steel Truckers Employers Association, Inc., and handled contract negotiations with the Central States Conference of Teamsters, testified that the contracts "are frequently modified by negotiations subsequent to their being signed with respect to particular conditions which are an aggravation or make it impossible for particular companies to operate in compliance therewith" (p. 19486).

When these changes occurred, Maxwell said, they were not always reduced to writing. The negotiations were conducted in a majority of instances with Hoffa and in all instances his approval was required before they could become effective. Maxwell said he knew of cases in which no subsequent approval of the members of the unions was secured. He agreed that, as a practical matter, the drivers affected by the modifications had very little choice as to approval or disapproval once Hoffa had made his decision.

Maxwell also agreed that it is understood that owner-brokers, although it is not specifically written into the contract, will receive a fixed percentage return on the work they do and the trips they make. He declared that certain companies have been able to obtain Hoffa's concurrence in amending agreements so as to reduce these percentages. Maxwell conceded that obtaining these modifications gave some companies a tremendous advantage over companies not able to obtain them, and "being on friendly terms with Hoffa is an aid to securing his concurrence in these modifications" (p. 19488).

A memorandum obtained from the files of the Glenn Cartage Co. in Cleveland was placed in the record at this point. It stated:

George told me that in 1954 he made five separate deals with Hoffa, concerning percentage pay rates for major carriers who are members of his association. He had one company decreased from 74 to 70 percent, three companies decreased from 75 to 72 percent, and one company decreased from 80 to 72 percent.

This does not include Hess, who was decreased through their own deal with Hoffa from 75 to 72 percent. George further said that Hoffa is very tough in these open meetings, but you can talk to him in a closed, private session; that this is the way in which most of the steel carriers operate (p. 19489).

Maxwell stated that to the best of his recollection this was a fair statement of his conversation with a Mr. Gurin, who was the author of the memorandum.

Maxwell then testified that Hoffa telephoned him on one occasion in 1954 or 1955 and told him that local 299 "did not like over-the-

road drivers of the colored race coming into Detroit; that if this were repeated, it might not be healthy for those drivers. I was asked to call their employer and to convey this message to him, which I did" (p. 19490). The employer, Maxwell said, was the Ohio Northern Trucking Co. of Youngstown, owned until 1956 by Jacob Protetch.

Mr. KENNEDY. And he had sent a colored driver into Detroit?

Mr. MAXWELL. As I recall it, there were two colored drivers mentioned by Mr. Hoffa in his conversation with me.

The CHAIRMAN. Do you mean Mr. Hoffa—

Mr. MAXWELL. I said Mr. Hoffa.

The CHAIRMAN (continuing). The great friend of Joe Louis?

Mr. MAXWELL. I said, Senator, that Mr. Hoffa called me.

The CHAIRMAN. And objected to colored people driving trucks into Detroit?

Mr. MAXWELL. And advised me that 299 did not like colored over-the-road drivers coming into Detroit.

The CHAIRMAN. And that it might not be healthy for them if they continued?

Mr. MAXWELL. That is correct, sir.

The CHAIRMAN. Well, we get a revelation now and then (p. 19490).

It appears from the record that Ross Hill, a Negro, now a member of the International Union of Operating Engineers and employed as a heavy equipment operator in North Hollywood, Calif., was the focal point of the Hoffa complaint to which Maxwell alluded. In 1950 or 1951 Hill was a driver for the Smith & Taylor Transportation Co. in Detroit, a steel hauler, and a member of Owen Bert Brennan's local 337. Then he bought his own truck and started to operate as R. Hill & Son Transportation Co. When the steel company for whom he was hauling went out of business, he switched to Ohio Northern at Youngstown. Protetch told him when he started that he would have to come under the over-the-road agreement and to transfer his membership out of local 337. He shifted it to local 299 at a time when its officers were away at a convention.

Hill testified he made two trips to Youngstown, but when he returned from his second trip he was told by the local 299 steward at the terminal that he couldn't take out any more loads and couldn't work for Ohio Northern any longer. The steward, Hill said, told him that the business agent had given the order because "they don't want any more colored fellows in this local (p. 19511). The next day, Hill said, Protetch came to Detroit, and Hill heard Dave Johnson, the local 299 business agent, tell Protetch there were "too many colored brokers out of Detroit," and "we just don't want him [Hill] in the local" (p. 19511). Protetch then arranged with Hill to transfer his membership to local 377 at Youngstown, and "they accepted me very nicely down there."

Thereafter, Hill said, he took loads into Detroit, but he had to stay away from the terminal after being so advised by the steward and Protetch. The ordinary practice, Hill said, called for a broker to

bring his load to the terminal, and he would then go on a list to carry a load back to Youngstown. He was barred from doing this and was compelled to deadhead back to Youngstown. It thus became a losing operation, and Hill was forced to sell his truck, his car, and his house. He then went to work as a driver for Protetch, who arranged with the steward "not to bother me," Hill added.

Hill estimated that there was only a handful of colored over-the-road drivers in the 12,000-member local 299. This came about because local 299 had to take them in by reason of having organized the companies where these drivers worked. When asked if he knew of any instances where colored drivers were victims of sabotage, Hill said he didn't know personally, but "I know I had a lot of strange breakdowns sometimes, but I could never pinpoint it" (p. 19515).

Reference was made by committee counsel to a statement titled "Hoffa on Integration," which appeared in the April 1959 issue of the International Teamster magazine, in which Hoffa devoted considerable space to "stating how strongly he feels about integration."

Senator GOLDWATER. Yet his own local practices segregation.

Mr. KENNEDY. Evidently, according to the testimony (p. 19515).

An affidavit from Protetch corroborating Hill's testimony was placed in the record. It also stated in part that—

If I wanted to hire a colored driver, or owner-operator in Detroit, I would have to send the man to Youngstown, Canton or Cleveland to get him into the Teamsters local in one of those cities, because Teamsters local 299 would not take colored drivers. \* \* \* Threats that there would be reprisals if I didn't stop sending Negro drivers to Detroit were continually made, but I kept sending Negro drivers into Detroit. I do not recall if any of the threats were actually carried out (p. 19514).

An affidavit from Victor Sharpe, former operations manager for Fleet Carriers, Inc., which had a Government contract calling for delivery of army vehicles to various points, told of wanting to hire a Negro applicant. It stated:

We told him we would hire him, but before we could do this, he would have to join the Teamsters Union, local 299, here in Detroit. He went over there to make application to join the union so that he could work for us. Shortly after he did this, a couple of fellows came over from local 299. They told me in no uncertain terms not to ever again send over any Negro applicants as they wanted no part of them. After that, I complied with their demands (p. 19522).

An affidavit from Mrs. Charles Stovall, who also leased a truck to Ohio Northern as Hill had done, declared:

In our operation, we hired Negro over-the-road drivers who lived in Detroit and referred them to local 299, Detroit, for union membership. We were told by these drivers that local 299 always told them, when they applied for member-



ship, that they could not be accepted because the membership was filled (p. 19523).

When Hoffa was summoned to testify he told the committee that "this organization has no discriminatory policy against Negroes and our record speaks for itself." He submitted a list of companies having contracts with local 299 which he said employed a total of 645 Negroes.

Mr. KENNEDY. Are any of these drivers that you have here over-the-road drivers?

Mr. HOFFA. Middle Atlantic Transportation, Interstate Motor Freight, Emery Transportation—these are highway companies, so I am assuming these are highway drivers. Glenn Cartage is a highway company.

Mr. KENNEDY. They are all city drivers, Mr. Hoffa.

Mr. HOFFA. I don't know if they are or not. I have a list.

Mr. KENNEDY. We checked it.

Mr. HOFFA. I don't think you know it either, because we couldn't tell from our records whether they were city or road on this quick of a check (p. 19832).

Hoffa was asked if he had made the statement attributed to him by Maxwell.

Mr. HOFFA. I have not been able to find George since he made the statement. I have been trying to find him. I want George to verify the fact and I would like to get the day and the date that I talked to George. I never remember talking to him concerning this problem and I am trying to investigate it and I want from Mr. Maxwell either a retraction or he will have a lawsuit because I don't recall it and I don't think he has any proof.

\* \* \* \* \*

Mr. KENNEDY. Will you deny you made the statement to Mr. Maxwell on the telephone telling him that he had better tell the employer to keep those Negro drivers out of the city or they would get into difficulty?

Mr. HOFFA. I do not recall any specific conversation concerning what Maxwell said. There was some problem concerning Negro drivers on the highway. I may have discussed that problem with him. I will not recall from memory the exact quotation that he made until I have talked to Maxwell.

Mr. KENNEDY. Well, you wouldn't deny it, then, his testimony here before the committee?

Mr. HOFFA. I have made my statement for the record.

Mr. KENNEDY. So I understand it, I assume that to mean or gather that to mean that you do not deny it.

Mr. HOFFA. I have made the statement for the record (pp. 19831-19832).

In view of repeated statements by Hoffa before the committee that Teamster Union members in Michigan enjoyed the highest contracts in the country, the committee made an investigation in Hoffa's own city of Detroit.

Sharp rebuttal of the Hoffa claim was contained in the testimony of Wally Butler, whose primary employment is with the Vernor Ginger Ale Co. and who serves as the \$50-a-month president of the 350-member local 297, Retail, Wholesale, and Department Store Union, competitive with the Teamsters Union in the soft drink bottling industry in Detroit. Butler declared that the wages being paid to members of his union are far higher than wages paid to Teamster members in the industry, and fringe benefits also are superior. Wage rates in his contract range from \$1.95 an hour to \$2.74 as compared with rates of \$1.35 and \$1.40 to \$1.90 in Teamster contracts. His union's contract has a night shift premium of 10 cents an hour as compared with 5 cents in Teamster contracts, and the contribution to the pension fund is 4½ percent as against \$2 a week for the Teamsters, "which is a considerable difference," Butler added.

Mr. KENNEDY. Do you find on occasion when you are coming in to try to organize the employees, that the employer will go around and make a backdoor agreement with the Teamsters Union?

Mr. BUTLER. Yes, I have found examples of that.

Mr. KENNEDY. Is it a practice also that the employees, as far as the Teamster Union is concerned, are not consulted, that this is a question often of an arrangement between the employer and the Teamster official?

Mr. BUTLER. That is common also. There are many cases in which the contract is drawn up between the business agent, the employer, and with no knowledge of the employees. I have found in my own instance 10 years ago. I had been working for a company. I wanted to know about union representation. I was told that my dues and initiation fee were paid; that there was no representation, and to be quiet. I refused to be quiet and I was fired.

Mr. KENNEDY. That was a Teamsters Union?

Mr. BUTLER. That was a Teamsters Union (p. 19596).

Butler said the low wage scales in the Teamster contracts make it difficult for his union to negotiate increases and added:

I think if the Teamsters were an honest organization that their wages would be equal to ours and that we could all progress because of that, but in effect, because of the Teamsters, they are holding the rest of labor back.

Mr. KENNEDY. Would you agree from your knowledge with the statement of Mr. Hoffa, "I am not interested in having strikes for the benefit or glorification of certain people. I am interested in my members and the contracts will speak for themselves, because in Michigan we have the highest contracts in the United States, and they are going to be higher." Is that correct?

Mr. BUTLER. I don't know what contracts he was talking about. I haven't seen them.

Mr. KENNEDY. From your knowledge it is not correct?

Mr. BUTLER. It is not correct.

Mr. KENNEDY. In fact it is to the contrary?

Mr. BUTLER. Yes (pp. 19596-19597).

Butler testified that "the Teamsters have tried to buy me off" by offering him jobs as business agent. He said Owen Bert Brennan, head of local 337, offered him "a blank check" to fill in with his own amount if he would bring his local into the Teamsters. This was in June 1955.

Mr. KENNEDY. And there have been other instances? You have been threatened also?

Mr. BUTLER. I have been threatened. It is quite a joke around Detroit. I have been threatened with cement feet the next time I cross the river. There have been threats to various friends of mine that I am living dangerously, so to speak (p. 19597).

William Bufalino also made an indirect approach to him on one occasion, Butler declared, and offered money.

Mr. KENNEDY. For the purpose of turning over your union?

Mr. BUTLER. Yes. It was shortly after—there was a lot of talk around Detroit Bufalino did not represent the laboring man. I believe he was involved in coin machines or something of that nature at the time. He approached another union official of mine and told him that he would make out this check to the union, to myself, to the union official, or whatever way we wanted it. The only requirement being that we join with him.

Mr. KENNEDY. That you join up with him?

Mr. BUTLER. That we join up with him.

The CHAIRMAN. How much did he offer?

Mr. BUTLER. I was told \$50,000 (p. 19598).

Butler related an instance where the Teamsters Union engaged in strikebreaking activity. He said the 7-Up driver-salesmen voted to disaffiliate from the Teamsters and went over to the Brewery Workers Union, where they had to go on strike to secure a contract. While the strike was on, according to Butler's testimony, the Teamsters sent as many as 25 Cadillac and Oldsmobile union cars "with maybe 100 men" to see to it that the company's one highway truck was permitted to pass the two-man Brewery Workers picket line. The inside help belonged to the Teamsters Union and continued to bottle during the strike.

Mr. KENNEDY. In your estimation as a union official did this constitute strikebreaking?

Mr. BUTLER. Yes, definitely so. They insisted that the trucks be allowed to cross a picket line.

The CHAIRMAN. What do they call them—scabs or something?

Mr. BUTLER. If it was anybody else but the Teamsters, yes.

\* \* \* \* \*

The CHAIRMAN. What is it when a Teamster does it—an infested scab?

Mr. BUTLER. You could be right, Senator.

Mr. KENNEDY. It must make your operation and the operation of the other union officials similar to yours very difficult.

Mr. BUTLER. It does. This reflects on the whole labor organization, not only in the soft drink industry, they have other industries. Driver-salesmen throughout Detroit, people in the small plants throughout Detroit, are suffering because of the Teamster contracts that are in existence.

\* \* \* \* \*

The CHAIRMAN. I guess you probably agreed with what the chairman was saying a while ago—the union busters or baiters are these folks who are bringing disrepute on unionism by such practices as you are here condemning.

Mr. BUTLER. When you said that I felt like cheering (pp. 19597-19598).

The plight of the small plant workers to whom Butler referred was graphically illustrated by the testimony of Barbara Barnes, Mary Kirnberger, and Leonard Hempel who were employed by the Bonan Co. in Warren, a Detroit suburb. In essence their collective testimony made these points:

(1) In May 1956 Ben Stone, owner of the company, called the employees into his office and told them he would have to have a union shop "or we would all be out."

(2) Stone told the employees he was bringing in an organizer to talk to them. Frank Yezbec, a local 337 business agent, eventually appeared and told them it would cost them \$10 to join the Teamsters.

(3) Before the union shop issue had been raised, the employees had received a 10-cents-an-hour increase, which put the basic rate at \$1.35 an hour.

(4) The contract that was signed was for 5 years and gave the employees a 5-cent raise annually.

(5) The employees were dissatisfied with the service they were getting from the union, and when local 337's reputation for being corrupt began to be aired, they did not like it.

(6) After consulting an attorney the employees met on March 15, 1958, and voted, 70-0, to disaffiliate.

(7) On March 20, 1958, a letter was sent by Owen Bert Brennan reminding them that the contract contained a provision that all present and future employees "shall become and remain members in good standing in local 337." The employees were warned that "any member of this union who refuses to remain 'in good standing' will necessarily suffer the consequences which we deem proper and legal," the inference being that the union would demand their discharge.

(8) The issue was carried to the National Labor Relations Board where an election was held December 3, 1958, with 96 eligible to vote. Four did not vote, two votes were challenged and the remaining 90 cast a solid vote for disaffiliation.

(9) The Bonan Employees Council, an independent union, was formed with Mrs. Kirnberger as president, Miss Barnes as vice president, and Mr. Kempel as a board member.

(10) The independent union immediately negotiated a 2-year contract and obtained an increase of 20 cents an hour.

The CHAIRMAN. You say that during the time you were in this local 337, the Teamster officials did in no way try to help you or try to look after your interests?

MISS BARNES. In my opinion, sir, no.

\* \* \* \* \*

Mr. KENNEDY. I might say Mr. Yezbec has been involved with Mr. Hoffa for a number of years. He has also been close to a number of criminal people in Detroit, including Santo Perrone (p. 19593).

#### HOFFA BIDS TO CONTROL COURT-APPOINTED MONITORS

Repeatedly during the nearly 3 years of inquiry into the affairs of the International Brotherhood of Teamsters, the committee has received evidence that James R. Hoffa and his predecessor as general president, Dave Beck, regarded the international's constitution as a document to be either obeyed or ignored, depending on what benefit they might derive from such action.

It is undisputed that their flouting of the procedures regulating the internal machinery of the union brought the organization eventually into the jurisdiction of the U.S. District Court for the District of Columbia. This came about through the election of Hoffa as Beck's successor at the international convention in Miami in the fall of 1957. There was overwhelming evidence that a substantial number of delegates, including those from Hoffa's own local 299 and other Detroit locals, were illegally elected but were seated in the convention when Beck arbitrarily waived the provisions of the constitution governing the election of delegates. This precipitated litigation in the court of U.S. District Judge F. Dickinson Letts in Washington, where 13 rank-and-file members of the union asked that Hoffa be restrained from assuming the presidency.

The issue proceeded to trial, and a considerable amount of testimony was taken. The trial terminated when a settlement was reached and a consent decree entered which permitted Hoffa to take over the presidency provisionally. The consent decree also provided for a court-appointed Board of Monitors to oversee the operations of the international union and to prepare for the eventual calling of a new international convention when conditions assuring the selection of delegates in a democratic and legal manner would prevail. The Chairman of the Board was designated by Judge Letts, one member was chosen by the plaintiffs, and the third member was selected by the defendant union. A New York attorney, Godfrey Schmidt, became the monitor for the complaining rank-and-file members in January 1958. He, together with Joseph Blumenfeld and Thomas Dodd, now a Senator from Connecticut, had represented the plaintiffs in the litigation.

But the seating of Hoffa provisionally, with the monitors functioning as overseers, had the effect of intensifying the litigation instead of minimizing it.

The Teamsters vigorously attacked an order of Judge Letts directing the union to pay counsel fees totaling \$210,000 to the plaintiffs' attorneys, half of which was to go to Attorney Schmidt. Schmidt

then retained another New York lawyer, Bartley C. Crum, to represent him in subsequent efforts to collect his fee.

Meanwhile, Hoffa instituted an ambitious program for the creation of what was to be known as a Conference on Transportation Unity, an amalgamation of transportation unions designed to unify demands and formulate mutual assistance and cooperation agreements. Overtures for alliances were made to the International Longshoremen's & Warehousemen's Union on the west coast, of which Harry Bridges and Louis Goldblatt are president and secretary-treasury, respectively, and to the International Longshoremen's Association on the east coast. The ILWU has functioned independently ever since its expulsion from the Congress of Industrial Organizations on the ground that it was Communist dominated. The ILA was expelled from the AFL-CIO because it was racketeer controlled but has since been readmitted on a provisional basis.

In the light of the foregoing facts and their relationship to events occurring subsequently, the record before the committee amply supports a thesis that Hoffa was beset by both irritation and frustration because of the restraints imposed by the continuing jurisdiction exercised by the court. His future was insecure because the Teamster presidency had no fixed tenure under the consent decree. He had to reckon with the monitors at every turn, and there already was growing apprehension in many quarters that the welding together of all transportation unions would represent an unconscionable concentration of power inimical to the Nation's economic welfare.

It seems clear from the record that there was a realization that little hope existed for an early termination of the litigation that was a barrier to more untrammelled rule over Teamster affairs by Hoffa. Alternative strategy dictated that it was imperative to neutralize the board of monitors.

The testimony sustains a deduction that the presence of Godfrey Schmidt on the board of monitors was anathema to Hoffa. Thus Schmidt became the target for a series of moves obviously inspired by the Teamster president and his principal aids.

Beginning in July 1958, the record reflects at least five different approaches, all with the common pattern of agreeing to Teamster withdrawal of objections to the \$210,000 in fees ordered paid by Judge Letts to the attorneys for the complaining rank-and-file members in exchange for Schmidt's resignation as monitor. This would then have permitted maneuvering to substitute for Schmidt a monitor who would be sympathetic to Hoffa.

The first of these approaches on or about July 4, 1958, involved three New York lawyers—Labruzzo, Feinstein, and Feldschuh—one of them claiming he represented interests close to Hoffa, and the others claiming to be speaking for Hoffa himself. This petered out, but not before Judge Letts was alerted. Counsel for both sides were instructed by the court to report the incident to the Federal Bureau of Investigation and the U.S. attorney in New York and to keep them and the court advised of all future moves in the same direction.

From that point on, according to the testimony, the chief pressure for Schmidt's withdrawal from the monitorship, with the dangling of his \$105,000 fee as the enticement, emanated from Hoffa's west coast compatriots, Harry Bridges and Louis Goldblatt.

The record before the committee shows that they were actively advocating that Schmidt's lawyer, Bartley Crum, be proposed as Schmidt's replacement on the board of monitors. Crum, who formerly practiced law on the west coast before taking up his residence in New York, had been a friend of Bridges since 1934.

The committee summoned Goldblatt as a witness. Aside from affirming that there had been "discussions" between the ILWU and the Teamsters about mutual problems and a "general understanding" with respect to jurisdictional problems, and an agreement to cooperate in organizing campaigns in Hawaii, Goldblatt was of little help to the committee.

When the committee questioned Goldblatt as to whether he had made any approaches to anybody to secure the removal or resignation of Schmidt, Goldblatt invoked the fifth amendment. He also took the fifth amendment to all questions directed to his association with the Communist Party. In this respect his performance was the same as previously given before other congressional committees. Shown a photostatic copy of the non-Communist affidavit he filed with the Secretary of Labor on May 16, 1958, Goldblatt also took the fifth amendment when asked if the facts set forth in the affidavit were true.

Significant testimony, however, was forthcoming from Attorney Crum, who said he met Bridges and Goldblatt in a San Francisco hotel, either in late July or early August of 1958, at which time Bridges complained that his union "was not satisfied with the way in which Mr. Schmidt was acting as monitor" (p. 19617). Just prior to this time, Schmidt had written a letter to the monitors' chairman, Martin O'Donoghue, protesting the Teamster alliance with Bridges' ILWU. Crum said both Bridges and Goldblatt were aware that he represented Schmidt, and their objection to Schmidt was based on his voting with O'Donoghue against Hoffa in matters considered by the monitors.

On or about October 14, 1958, Crum said, he received a visit at his home in New York from Goldblatt who complained that Schmidt's activities were frustrating the alliance between the ILWU and the Teamsters and that "it would be appropriate for Mr. Schmidt to resign and be paid."

Mr. KENNEDY. Was there discussion at that time that you might replace Mr. Schmidt?

Mr. CRUM. Yes, there was.

Mr. KENNEDY. What was your feeling about that at that time, as to what kind of a monitor was wanted?

Mr. CRUM. Well, I think the monitor that they wanted, Mr. Kennedy, was one who would vote with Mr. Hoffa.

Mr. KENNEDY. Did they indicate at that time that if Godfrey Schmidt did resign that it might be arranged to have the various fees that were due him paid?

Mr. CRUM. Yes (p. 19618).

Crum testified that there was pending at the time before Judge Letts a petition by the monitors asking the court for a clear definition of their powers. Mention was made in the course of the proposal to get Schmidt out of the way that postponement of this phase of the court proceedings and eventual dropping of it were also conditions that the Teamsters wanted.

Crum said he was aware that his appointment as successor to Schmidt would require approval by Schmidt, the plaintiffs he represented, Mr. O'Donoghue, and Judge Letts, but he asserted that "they did represent to me that we would go before Judge Letts to seek such approval."

Further questioning of Crum also developed the fact that John Cunningham, one of the original plaintiffs, had, "so far as I know, been put on the payroll of Mr. Hoffa."

Senator KENNEDY. So this is another example of the Teamster Union and Mr. Hoffa playing fast and loose attempting, in a sense, to corrupt justice by a free use of Teamster money to pay off, in a sense, Mr. Schmidt, if he had been willing to accept it, which he was not, and also to pay off Mr. Cunningham, who was the No. 1 name on the list of the plaintiffs.

Mr. CRUM. I agree with you.

Mr. KENNEDY. Did Mr. Goldblatt describe to you what kind of a monitor or what they said they wanted as far as a monitor?

Mr. CRUM. Yes. They wanted a monitor who would go along, in effect, with Judge Wells from Texas, who was the Teamster monitor.

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The CHAIRMAN. And, thus, they sought to replace him [Schmidt] by you with the idea that you would vote with the monitor nominated by the defendants?

Mr. CRUM. That is right.

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Mr. KENNEDY. Did Mr. Goldblatt say anything to you in that conference about Mr. Hoffa or about the Teamsters?

Mr. CRUM. Yes, he said that both he and Bridges were well aware of the fact that Hoffa had a rather bad background. He said that they both knew that there were gangsters and thieves and thugs and other disreputable characters in the Teamsters Union, but that he, Goldblatt, was confident that a great deal of good could be accomplished through the co-operation between the Teamsters Union and the Bridges union on the coast.

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Senator CHURCH. Mr. Crum, when you say that such an alliance was in prospect, is this your surmise due to your general familiarity with the labor union movement or was this a part of the conversation that took place in San Francisco between Harry Bridges and Mr. Goldblatt and yourself?

Mr. CRUM. This is a direct statement by Bridges to me in San Francisco in August or late July of 1958.

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Senator MUNDT. What arguments did they use to convince you that Bridges had enough authority with the Teamsters so that he could speak for them and make good on the promise?



Mr. CRUM. Well, I have found, Senator, that Mr. Bridges usually speaks the truth unless he claims the fifth amendment.

Senator MUNDT. We have found that he takes the fifth amendment, so we have had much experience with that other aspect of it.

Mr. CRUM. I think he had the power to bring this about.

Senator MUNDT. At least he told you that he had the power?

Mr. CRUM. Yes, he did (pp. 19620-19622).

Crum testified that after Goldblatt's meeting with him in mid-October he arranged, at Goldblatt's request, for a meeting between Goldblatt and Pat Kennedy, another of the complaining rank-and-file members. They met several times. Kennedy, Crum stated, was also present when Goldblatt came to Crum's home again on October 27, 1958. This time, Crum said, Goldblatt had a proposal in writing which Crum copied.

By this time arguments had been scheduled before Judge Letts on the petition of the monitors seeking to determine if they had merely advisory powers, or if their powers went beyond that. O'Donoghue and Schmidt were contending that the latter was the correct position and were being opposed by the Teamster monitor. Also before Judge Letts at the time was a Teamster petition attacking Schmidt's right to continue as a monitor on the ground of conflict of interest because Schmidt also represented employers who had contracts with the Teamsters Union.

The five-point proposal in writing submitted by Goldblatt was inserted in the committee record at this point in Crum's testimony. It provided:

(1) Suits by monitors to change or interpret court orders and suit by IBT to remove Schmidt as a monitor to be dropped and monitorship to return to original status.

(2) Other suits involving monitors, directly or indirectly, such as Cunningham suit, action by IBT regarding fees for services of monitors and attorneys to be dropped. All fees to be paid.

(3) Pat Kennedy to be restored to full book membership.

(4) Inasmuch as Schmidt has decided to resign as monitor because of the pressure of other work, and feels that the initial purpose of his tenure as monitor has been served, he asks the rank-and-file committee to designate Bartley Crum, in whom he has complete confidence, in his place.

(5) Bartley Crum will agree to serve as monitor with the sole objective of resolving remaining problems in trade union democracy so as to complete the tasks to which the monitors were assigned and which are preliminary to the calling of a new convention (pp. 19624-19625).

Crum was asked by Senator Curtis if he accepted the idea that the power of the monitors was merely advisory and he replied, "Never."

Crum declared that after studying the proposal he asked Goldblatt if he was speaking for Hoffa. Goldblatt telephoned to Hoffa, he added, and Crum learned from Hoffa that the proposal had his

approval and he would take it up with his attorney, Edward Bennett Williams.

Mr. CRUM. It was clear from the conversation that the proposal had come from Hoffa.

Mr. KENNEDY. There was no question about that?

Mr. CRUM. No doubt whatever (p. 19627).

Crum testified also that he told Hoffa he would have to talk to Schmidt. He did so the following day, but Schmidt said he would not resign "under any circumstances until the court had clearly defined the powers of the monitors" (p. 19629). Schmidt also instructed that there be documentation of what was transpiring.

On October 29, Crum went on, Goldblatt called Washington to arrange for a meeting. Crum, with his law partner, Mortimer Feuer, and Pat Kennedy flew there for a conference in Williams' office.

Mr. CRUM. There was a discussion about Mr. Brennan. I remember very well, because Mr. Williams said that Mr. Brennan was a thief who had stolen money and should be indicted and tried and put in jail, and Mr. [Edward] Cheyfitz differed with him. He said he only misappropriated a few dollars with the approval of some trustees.

Mr. KENNEDY. That is Owen Bert Brennan?

Mr. CRUM. Yes (p. 19630).

Arrangements were then made, Crum said, for another meeting of the parties in Hoffa's office at Teamster headquarters, at which time "this whole agreement was gone over and approved by Mr. Hoffa" (p. 19631). Hoffa also raised the question about whether this would get rid of the pending court case on the issue of the powers of the monitors, and it was agreed that Williams would see O'Donoghue to find out whether a postponement could be arranged. Crum quoted Williams as saying that he was afraid of O'Donoghue and Schmidt, "because Mr. Schmidt was whistling for the cops" (p. 19631).

Mr. KENNEDY. While you were there, did Mr. Feuer raise some questions?

Mr. CRUM. Yes, he did. Mr. Feuer innocently raised several questions with Mr. Hoffa. He said, in effect, "Wasn't the problem one of having a secret ballot for the members of the Teamsters Union so that they could elect officers of their own choice; and shouldn't there be an accounting?" Mr. Hoffa turned to me and he said, "What is the matter with this fellow? He must be out of his mind. In the Teamsters Union, every man stands up and has his vote counted and God help him if he votes the wrong way" (p. 19631).

Crum asserted that there was a discussion with Hoffa about Pat Kennedy's membership book being restored. Hoffa promised that he would arrange to have it restored if the monitors gave him some excuse to take the action.

Mr. KENNEDY. Did he have any statement about Brennan?

Mr. CRUM. Yes. He mentioned the fact that Mr. Brennan had called him and said that he, Brennan, would not stand still for a trial, that if he were called or indicted or tried he

would spill his guts on Hoffa. And Hoffa said that he told him to keep his shirt on, that nothing was going to happen.

Senator KENNEDY. Mr. Crum, in your reporting of these conversations, did you make some sort of a record afterward?

Mr. CRUM. I did. I made records every time a meeting occurred.

Senator KENNEDY. So that when you give us a report of the remarks which Mr. Hoffa made, or other people, this is based upon the memorandums that you prepared after the meetings?

Mr. CRUM. Yes, they are (p. 19632).

On October 30, 1958, Crum said, there was a meeting in his law firm at which his associates disapproved the idea of him serving as a monitor. The next day, however, he received a call from Attorney Williams, who reported that O'Donoghue was afraid to talk with him but had indicated he was reserving a decision on the suggestion for a continuance of the pending argument before Judge Letts. Crum said he learned later that O'Donoghue had stated he was going ahead with the case.

On November 5, Crum continued, Harry Bridges telephoned him and said he regretted to hear that Crum was not going to serve as a monitor. Crum said he told Bridges "that I thought that's what Hoffa wanted was a stooge, not a monitor" (p. 19633).

At the same time, Crum declared, he told Bridges that before Schmidt would agree to go along with anything there would have to be certain stipulations in writing as evidence of good faith. He said he also told Bridges he was still willing to consider the monitorship under certain conditions "but I was convinced by that time that it was pretty impossible to try to do any business with Hoffa" (p. 19633).

On the night of November 6, Crum testified, he received a telephone call from Goldblatt in San Francisco in which he was advised that Williams now was fully authorized to conclude all arrangements. He said he followed Goldblatt's plea to call Williams at Edward Cheyfitz' home, whereupon Williams suggested that he was so busy that he couldn't draw the necessary papers and asked Crum to do it. Crum added that he refused "because I wanted Williams to show some evidence of good faith by at least drawing the documents, by documenting this matter."

Mr. KENNEDY. Did he state at that time that he thought there was a possibility of a trap being involved in this?

Mr. CRUM. Yes. He mentioned the word, "entrapment" on several occasions. He felt that Godfrey Schmidt was always trying to entrap him—or at least he so stated—that Schmidt was always "blowing the whistle for the cops," as he put it.

Mr. KENNEDY. Was that the last you heard of it until June of this year?

Mr. CRUM. Yes.

Mr. KENNEDY. After not getting a continuance from Judge Letts and the matter going ahead the following week, then it was left in abeyance?

Mr. CRUM. It was (pp. 19634-19635).

Crum testified that his actions all this time were influenced in part by his knowledge that Schmidt's financial condition, because he was devoting 90 percent of his time to his duties as a monitor, had become precarious, and he was being harassed by his creditors.

Meanwhile, the Teamsters had gone to the U.S. Court of Appeals for the District of Columbia Circuit in an effort to upset Judge Letts' rulings on the fee question, the issue governing the extent of the monitors' powers, and the conflict of interest issue affecting Schmidt. On June 10, 1959, the appellate court ruled that the entire membership of the IBT should have been given notice that Judge Letts was empowered to fix fees, that the monitors had more than mere advisory powers, and that a "potential" conflict of interest existed as to Schmidt. The case was sent back to the lower court for reappraisal and reevaluation in the light of the opinion of the court of appeals.

Almost immediately thereafter, Crum testified, he received a call from Goldblatt suggesting a renewal of the previous deal—

and he said that in order to make certain this time that it would not fall through, that we should put the documents in escrow with Gen. Telford Taylor, of New York, who is Harry Bridges' lawyer (p. 19638).

The documents, Crum explained, were to be certified checks for Schmidt, Dodd, and Blumenfeld, together with Schmidt's resignation and the nomination of Crum as monitor.

Crum said he talked by telephone to Williams, and "I thought he was for it. At least he said he was" (p. 19639). There were plans to prepare the papers and submit them to Judge Letts, but "Williams never got around to preparing the papers," Crum asserted (p. 19639). Crum then related a conversation he had with Williams, in which he quoted Williams as stating "that we were sitting on a keg of dynamite and we might be accused of obstructing justice if we continued."

Crum declared that he told Williams he saw nothing wrong about the matter "inasmuch as there was a fee long overdue to my client" (p. 19640). Crum then testified that a week before his appearance as a committee witness he had lunch with Williams, at which time Williams told him Schmidt's fees as monitor, which also were not being paid, would be forthcoming provided Crum did not appear as a witness before the committee.

The CHAIRMAN. Now that is a pretty serious charge.

Mr. CRUM. Well, it is the truth.

The CHAIRMAN. I don't know. You are under oath.

Mr. Williams is present here.

Mr. CRUM. I am well aware I am under oath.

The CHAIRMAN. I understand. It is a pretty serious charge you are making.

Mr. CRUM. I am sorry, that is precisely what was said to me.

The CHAIRMAN. OK. You know the full import of your testimony?

Mr. CRUM. Yes, I do (pp. 19641-19642).

Crum testified that when Schmidt resigned as monitor after the court of appeals' decision, there was no arrangement or deal because Schmidt had turned this down flatly. Under questioning by Senator

Mundt, Crum declared that he considered the approaches by Goldblatt, Bridges, Hoffa, and Williams were all improper. He also testified that he was approached with the same proposal on one occasion by Gen. Julius Klein, a Chicago public relations man.

When Crum completed his testimony, Attorney Williams requested permission to testify and promptly labeled Crum's testimony as a "false, vicious, and contrived smear" (p. 19661). As to the Crum statement that Williams had offered at the luncheon meeting to pay Schmidt's monitor's fees if Crum would not appear before the committee, Williams declared, "That statement, sir, is absolutely, completely, unequivocally, unqualifiedly false" (p. 19662).

Williams testified that when he read a newspaper article in July 1958 in which Schmidt had claimed that an attempt had been made to bribe him, he immediately sought an appointment with Judge Letts after notifying O'Donoghue and Crum of his intentions to bring it to the attention of the court. Williams said he asked for a full investigation and later conferred with U.S. Attorney Arthur Christy in New York, where he repeated the request.

Williams declared that he does not know Bridges or Goldblatt and "so far as I know, I have never, in my life, had a conversation with either one directly, indirectly, personally, or by telephone" (p. 19664).

The petition for the removal of Schmidt because of conflict of interest, Williams said, was filed in September 1958. According to Williams, it was Crum who suggested in October that the action would not be opposed if the Teamster Union paid the \$105,000 fee to Schmidt. Williams asserted that he advised his client not to "succumb" to the payment of what he regarded as an "unconscionable" fee (p. 19665).

Contrary to the testimony of Crum, Williams stated to the committee that Schmidt had been paid \$30,550 in monitor's fees and \$7,194.43 in expenses to date, but his last bill of \$28,000 for a 6-month period had not been paid because it was twice as much as the other monitors claimed for the same period of time.

Williams also testified that "I do not believe that I ever knew before today that Mr. Hoffa and Mr. Crum had conversations private in nature, if they did have such conversations" (p. 19671). He acknowledged that he did talk with Crum and Feuer about paying Schmidt's fees in full if there was no contest on the petition for Schmidt's removal, but he maintained that these were "lawyer to lawyer talks" as a "settlement proposition for two legal cases."

"I would think you would have a complaint that Mr. Hoffa did not discuss it with you, instead of going behind you and picking Harry Bridges, and Bridges and Mr. Goldblatt to initiate these negotiations," Senator Kennedy observed (p. 19673).

"I appreciate your observation on that, Senator, and I will weigh it very carefully," Williams replied (p. 19673).

Concerning Crum's testimony that he appeared receptive to the idea of carrying through with the arrangement even after the court of appeals decision in June, Williams insisted that he had told Crum that he believed it would be wrong to pay the fee "while there was pending this interdiction by the court of appeals against paying it. I may very well have said that it might be construed as an obstruction of justice because this case is in very different posture right now than what it

was in October 1958" (p. 19673). He declared he had no recollection of having told Crum anything about "sitting on a keg of dynamite."

Williams stated that he didn't see anything improper in "bona fide, valid, legitimate efforts toward settlement. I am appalled if Mr. Crum thinks differently" (p. 19674). He said he was perfectly willing to let the American Bar Association Ethics Committee pass on the question.

Harold Ungar, a Washington attorney who shares law offices with Williams, and who was present at lunch with Williams and Crum, was subpoenaed at Williams' request. He recalled that Crum had said during the lunch that Schmidt was using candles for illumination because his electricity had been shut off and had observed that it would be "awfully nice" if Schmidt could collect his monitor's fees inasmuch as his fees as plaintiffs' counsel were being held up in court. He said Williams replied that "he assumed his fees as a monitor would be paid" (p. 19679).

Ungar said he didn't remember any statement being made about the possibility of Crum being a witness before the committee. He said that if Williams had made any promise to pay Schmidt's fees the next day providing Crum did not testify before the committee, "I certainly would have remembered it" (p. 19682).

Schmidt told the committee that "everything that Mr. Crum said here under oath he had previously told me either orally or in letter form."

Mr. KENNEDY. Is that contemporaneous with these events?

Mr. SCHMIDT. Yes, it was contemporaneous with these events. I immediately told Martin O'Donoghue about it, the chairman of the board. I immediately told one of the agents of the FBI about it. As soon as I could get together my plaintiffs, I told them about it.

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Mr. KENNEDY. It has not been something that has been going on the last couple of weeks?

Mr. SCHMIDT. No; it started with the Labrutto-Feinstein matter, went on to be the Feldschuh matter, and went on to a third matter that was not referred to here, a McAllister matter, which was another approach for a bribe (p. 19685).

Schmidt disputed Williams' statement that he asked for an appointment with Judge Letts after reading a newspaper article about Schmidt's claim of a bribe attempt. "Actually it came from telephone conversations from myself and my attorney which I made directly to Mr. Williams, and the last conversation I had in July, before we went to see Judge Letts, was the conversation about the McAllister matter. When he heard that he said he thought we should go to the judge, just as Mr. O'Donoghue had said, and we went to the judge the following Monday," Schmidt declared (p. 19685).

Schmidt also testified that at no time did Crum or Feuer ever indicate to him that there was under consideration "any proposition under which I would agree not to defend myself in the conflict-of-interest suit if they would pay me the full amount."

Mr. KENNEDY. Did you feel what was being proposed was improper, Mr. Schmidt?

Mr. SCHMIDT. I always thought it was improper, because it seems to me that the very definition of a bribe is the offering or the accepting of anything of value to influence official conduct, and I can say that at no time was my official conduct influenced in any way by any of their various offers, even the last one which came through a Mr. Lynch, Arthur Lynch (p. 19690).

The nature of the testimony brought from Chairman McClellan this observation:

The only thing the Chair can do is to make the observation that someone is certainly varying from the truth, and it comes from forces or people who are members of the bar, people who are officers of the court. Such conduct certainly should not be tolerated, and it should not be unattended to insofar as the truth can be ascertained and the innocent protected and the guilty exposed.

I do think that this record should go immediately, a copy of it to Judge Letts, a copy of it to the monitors, and a copy of it to the Department of Justice. With the approval of the members of the committee, the Chair so orders and directs.

Is there objection? That will be the order of the Chair (p. 19683).

When Hoffa was questioned about the purported plan to substitute Crum for Schmidt as monitor in exchange for the payment of the fees due to Schmidt, he advanced the theory that Crum "apparently shopped around" and made contact with Bridges and Goldblatt to get their assistance in collecting Schmidt's fees.

After referring to Crum's "very fluid background," Hoffa asserted he "would imagine" that Crum enlisted the aid of Bridges because he knew that talks were in progress between the ILWU and the Teamsters concerning problems arising out of "automation and containerization."

Mr. KENNEDY. What do you mean a "fluid background"? I didn't understand that.

Mr. HOFFA. Well, I noticed that he has been connected with many organizations that apparently were so-called Communist-front organizations, Communist-background organizations, and that he has represented many individuals who apparently have records dealing with the alleged question of communism (p. 19695).

Hoffa maintained that Goldblatt brought up the question of Crum trying to collect Schmidt's fees on many occasions during the discussions of the ILWU-Teamster problems and that he always told Goldblatt to advise Crum to talk to Williams, the Teamster attorney, because it was a legal question.

It was Crum, Hoffa declared, who—

apparently wanted to become a monitor. Crum himself told me, in our meeting in the office, that he wanted to become a monitor, and did I think we could work together, and I told him whether he was monitor or anybody else we would

take the same position we are taking now, that we have a constitution and we didn't propose to go outside of that constitution, and I didn't care who was the monitor, him or anybody else; it would be the same position (p. 19697).

He also quoted Crum as having said that he was better qualified, from the standpoint of general background, than was Schmidt to carry out the original intent of the court's consent decree because he "was flexible on the standpoint of unionism" (p. 19698).

Hoffa testified that the October meeting in his office was the only occasion on which he met Crum in connection with this matter although he "may have talked to him on the phone" subsequently, but did not recall it.

As for Crum's testimony that at the meeting in Hoffa's office that October night the agreement was gone over and approved by Hoffa, Hoffa asserted: "Nowhere in his testimony did he produce in front of this committee any document that he talks about that we discussed that night, and there was no document that night. We did not discuss a document" (p. 19700).

With reference to the testimony that Goldblatt on October 27 had called Hoffa from Crum's home and that Crum had read to him over the phone the text of the five-point proposition, Hoffa claimed he had no recollection of the conversation.

The CHAIRMAN. Did you tell him it was OK with you, but you would have to take it up with Ed Williams?

Mr. HOFFA. I don't remember the conversation, but if I did talk to him I would have said that (p. 19703).

Hoffa insisted that he did not remember any discussion at the subsequent meeting in his office that Schmidt would get his fees and then resign as monitor.

Mr. KENNEDY. Would you say the conversation did not take place?

Mr. HOFFA. I would say I do not recall it and I would say that I made no notes of it because my impression of the whole meeting was—and as you will note, nothing came out of the meeting—was the fact that Crum wanted to collect his money and I wasn't willing to agree to it. Neither was our attorney (pp. 19704-19705).

When asked if he had made the suggestion at the meeting that there should be some determination whether a continuance of the issue then pending before Judge Letts could be secured, Hoffa replied that "any discussion concerning that would have been with our attorney and not with Hoffa."

Mr. KENNEDY. Was there discussion that evening?

Mr. HOFFA. I don't know if there was or not. I wasn't paying that much attention (p. 19705).

When committee counsel pressed for an answer as to whether there was a decision that Williams would make a request to Monitor Chairman O'Donoghue for the continuance, Hoffa suggested that the committee ask Williams. Hoffa maintained that he did not know if Williams did contact O'Donoghue and did not recall that Williams ever had reported to him that the contact had been made.



When Hoffa persisted in his claim of having no recollection of being called by Goldblatt from Crum's home, he was asked if he had any conversation with Goldblatt earlier that same day.

Mr. KENNEDY. Isn't it correct that he called you that day and told you he was going to see Bartley Crum that day, that evening?

Mr. HOFFA. I don't even remember talking to him that day, this conversation concerning the document or during the day (p. 19711).

Telephone toll records showing calls from Goldblatt at the Fifth Avenue Hotel in New York to Hoffa at 2:55 p.m. on October 27 and again at 10 a.m. the following morning were introduced. Conceding that the calls might have been made, Hoffa asserted that "I don't know what we talked about" (p. 19712).

Senator Ervin wondered why Goldblatt took the fifth amendment in view of the fact that "as far as you are concerned, the idea originated with somebody else and you were not willing to carry it out, except to leave it up as a legal matter for your counsel."

Mr. HOFFA. I don't know either. I read his testimony, and I wondered, myself. Unless there was more to it than met the eye.

Senator ERVIN. This is not the first time we have run into this in this investigation.

For example, when we get your vice president, Bert Brennan, up here and ask him about certain transactions, he, I would think, would be a close friend of yours, and would be desirous of corroborating you. Yet instead of corroborating you he pleads the fifth amendment.

Mr. HOFFA. Senator, every man in America is entitled to the fifth amendment, and I will not criticize him for taking the fifth amendment, friend or no friend (p. 19716).

Hoffa testified that Bridges and Goldblatt never had any authority from him or the international union to carry on any negotiations. When asked if the executive board had given such authority, Hoffa replied, "Not to my knowledge" (p. 19719).

Hoffa defended the ILWU-Teamster alliance and, in response to a series of questions, declared that—

I do not believe there are any unions headed up by Communists in this country, and despite the insinuations that Bridges is a Communist, our U.S. Supreme Court and the laws of this land have not convicted him, as such. I would not favor a Communist heading up a combined transportation organization of the United States or a single organization of the United States, never mind a combination (p. 19720).

When asked about Crum's testimony that Hoffa had stated at the meeting in Hoffa's office that in Teamster elections "every man stands up and has his vote counted and God help him if he votes the wrong way," Hoffa asserted: "I don't recall any such statement. It is not my opinion and it is not my position" (p. 19724).

As to the testimony of Crum that Hoffa had related a threat by Brennan to "spill his guts on Hoffa" if he was indicted or tried, Hoffa

declared he had no recollection of having made any such statement and "I don't believe it" (p. 19734). He refused to deny that he made the statement, contending he had already answered the question.

After considerable discussion about the fact that the ILWU had been thrown out of the CIO in 1950 because it was Communist dominated and that the Teamsters had entertained similar views as late as January of 1957, Hoffa made this statement:

I don't know if Harry Bridges is a Communist or whether Goldblatt is a Communist. This is not the issue behind the question of transportation unity. The workers have so elected him among the free democratic rights of America and under the Taft-Hartley law, and they have filed for 10 years, according to Goldblatt's testimony, non-Communist affidavits (p. 19737).

Senator Ervin observed that Goldblatt took the fifth amendment when asked if he is a member of the Communist Party and whether the statements he made in the affidavits were true.

Mr. HOFFA. I assume because there were many implications in the question that could open the door up than your question of signing or not signing it.

Senator ERVIN. If the committee were to put the question to you or myself as to whether we are members of the Communist Party, I think you and I both would vehemently deny we were.

Mr. HOFFA. No question about it.

Senator ERVIN. And we would not take refuge behind the fifth amendment.

Mr. HOFFA. I cannot speak for Goldblatt, sir (p. 19744).

Hoffa was interrogated at length about the views of Capt. William V. Bradley, head of the ILA on the east coast, with regard to the proposed transportation alliance. Hoffa said Bradley asked him to arrange a meeting with the ILWU because the ILA executive board was split on the question of whether or not they should attend a meeting with the west coast Longshoremens. As a neutral third party interested in both organizations, Hoffa called such a meeting for June 22, 1959.

Mr. KENNEDY. Did he raise a question about not entering into an alliance with the Longshoremens's Union of the west coast because it was Communist dominated?

Mr. HOFFA. He did not raise that particular question; I don't believe he raised that question; he said that some of their members were opposed, and some of their officers were opposed, to the question of entering into a pact with Bridges because of the alleged Communist ties.

Mr. KENNEDY. What did you say?

Mr. HOFFA. I said that they should attend meetings regardless, if they would listen to my suggestion, because whether it is Harry Bridges on the west coast, or Goldblatt, or Bradley and Gleason on the east coast, a strike will affect both coasts (p. 19741).

When Hoffa continued to declare that this meeting was devoted to discussion of contract negotiating strategies employed on both coasts, this precipitated a clash with counsel.

An affidavit was introduced into the record from Captain Bradley which recited that Goldblatt had sought to promote a meeting between the ILWU and ILA leaders and had been rebuffed. In his affidavit Bradley said, however, that he told Goldblatt that if Hoffa arranged for and was present at such a meeting, the ILA officers would attend. Hoffa called the meeting for June 22, 1959, in his office. Bradley's affidavit referred to the fact that during the ILA's last contract with the employers there had been "all kinds of rumors of secret deals with Bridges."

The affidavit concluded:

Your deponent desired to clear the atmosphere and to clear the decks for clean contract negotiations and wanted no repetition of the rumors that he was entering into any agreements, secret or otherwise, with the ILWU, headed by Harry Bridges.

At the meeting in James Hoffa's office in Washington, D.C., your deponent made it crystal clear to Harry Bridges, in the presence of James R. Hoffa, that he wanted nothing further to do with any pact, arrangement, or alliances with Harry Bridges or his union, the ILWU, while it is controlled or dominated by Harry Bridges. The principal basis for your deponent's opposition to such alliance, pact, or negotiations, is that the ILWU is Communist dominated, and deponent does not feel it is to the best interests of labor or the security of the Nation that such alliances be made with any Communist-dominated union, particularly in the control of such strategic areas as maritime transportation (p. 19743).

Hoffa remarked to counsel for the committee, "You probably drafted it for him. I don't think the captain drafted it."

Mr. KENNEDY. Is that the best answer, Mr. Hoffa?

Mr. HOFFA. Yes (p. 19743).

#### HOFFA-DRANOW RAPPROCHEMENT REVIEWED

The perplexing skein of James R. Hoffa's peculiar financial manipulations, as traced by the committee's investigation over a 3-year period, more frequently than not reflected the shadowy image of a man named Benjamin Dranow.

The basis for the strange affinity between these two even now remains something of a mystery. The committee has never been able to determine whether it developed because Hoffa was intrigued by the obvious, highly developed promotive techniques employed by Dranow or whether the patently close bond between them originated from a more significant source.

The testimony before the committee is clear, however, that Benjamin Dranow descended upon Minneapolis, Minn., from Baltimore, Md., and took over as general manager of the John W. Thomas Department Store. He induced Mr. Hoffa to lend the store \$200,000 from Teamster funds at a time when the store was being struck by a

fellow AFL union. Dranow subsequently purchased the store on a shoestring, paying less than \$14,000 for the stock, after which Hoffa lent the store an additional \$1 million from Teamster welfare funds. Eventually the store wound up in the bankruptcy courts, and Dranow took off with more than \$100,000 of the concern's funds, reflected in the books as a "loan."

There is further testimony in the record before the committee that there were close ties between Dranow and Gerald Connelly, a labor thug who had fled from Florida to avoid apprehension for labor violence in a Miami organizing drive. Connelly found refuge in Minneapolis as a Teamster official, but he was indicted and convicted in another such case later in the same year, and in 1956 he was charged with placing dynamite in the homes and automobiles of two other Teamster officials who refused to recognize his picket line. The record also discloses that Connelly arranged for the dynamiting through telephone calls placed from a Miami hotel where he and Dranow were staying under assumed names, and that the hotel bill was paid by the John W. Thomas Department Store. Dranow was also identified in the record as the purchaser of a \$500 jacket for Mrs. Hoffa and a \$2,500 mink stole for Mrs. Owen Bert Brennan, wife of Hoffa's principal lieutenant in Detroit.

It took the committee almost a year to serve Dranow with a subpoena, and he refused to discuss these and other matters, invoking the fifth amendment when called before the committee in 1958.

But the committee staff, patiently pursuing the extraordinary facets of the financial manipulations in which the Teamsters Union and affiliated units were engaged, began to develop new evidence of the intimate rapport between Hoffa and Dranow and their involvement in complex transactions. Dranow eventually was found to be deeply enmeshed in a move to resuscitate the abortive Sun Valley project in Florida. This was the grandiose land scheme from which Hoffa and Owen Bert Brennan, by virtue of an option to purchase 45 percent of the property at original cost, had hoped to realize a windfall profit running into hundreds of thousands of dollars.

The appalling implications of this fiasco, which victimized hundreds of Teamster Union members and officials who were induced to invest in lots at Sun Valley after intensive promotion sponsored and paid for by the Teamsters Union, were covered in earlier reports of the committee, which reviewed the testimony and set forth the committee's findings.

The emergence of Dranow as the moving force in an effort to revive Sun Valley, however, requires a brief restatement of the facts developed in the earlier testimony for the maintenance of a proper perspective.

The Sun Valley project was begun by one Henry Lower, who was a fugitive from a California road gang when he was made a business agent for Teamster Local 376 in Detroit in 1953 and who, since the committee began its investigation of his activities, has been apprehended in two separate States for the unlawful possession of narcotics.

Through the connivance of Hoffa, who transferred \$500,000 of Teamster funds to the Florida National Bank in Orlando, Lower obtained the financing for the project from that institution. It was expressly understood that the deposit would not draw interest and

would remain in the bank as long as there was outstanding indebtedness.

Lower drew approximately \$90,000 in salary and expenses from the union while promoting the land scheme, but instead of utilizing the money obtained from the bank for roadways, waterlines, sewers, and the other essentials for such a development, Lower diverted more than \$130,000 into a project of his own in the Detroit area. The defalcation propelled Sun Valley into bankruptcy, and the hundreds of individual teamsters owning lots have been left without access to them or information as to their precise location.

From Claude E. Davis, president of the Barnett National Bank of Cocoa, Fla., the committee elicited testimony tending to show that the Sun Valley revival scheme spearheaded by Dranow was following a pattern almost identical with the original.

Davis told the committee that he received a telephone call from Dranow on or about October 8, 1958, proposing that his bank make a loan to Dranow and some of his associates for development of Sun Valley. Davis quoted Dranow as offering a deposit of \$1 million in Teamster Union funds upon which no interest would be payable as an inducement for the loan. Davis testified that he rejected the loan on a "hunch" and for the further reason that he needed more in the way of security than the guarantee of the deposit. He said also that he was aware of the existence of the Orlando bank loan. To a question as to the prevailing rate of interest on time deposits, Davis replied that his bank was paying 2½ percent at the time the proposal was made and planned to pay 3 percent as of July 1, 1959.

Committee counsel pointed out in this connection that the original \$500,000 deposit in the Orlando bank, which was transferred from Hoffa's own local 299 in Detroit, continues to remain in that institution without interest.

The testimony of S. George Burris, a New York certified public accountant, clearly an uncommunicative witness testifying with discernible reluctance, provided the committee with some illuminating disclosures of Dranow's operating methods.

Burris identified himself as president of the Union Land & Home Co., a Florida corporation, and "stockholder of record" for 75 percent of its capital stock. The other 25 percent, he said, was held by Harold Shapiro, a Miami attorney. But close questioning by counsel and committee members brought to light that Burris was "fronting" for Dranow (although Burris objected violently to the use of the term), that he and Shapiro were merely Dranow's "nominees," and that Dranow was, in fact, the true owner of all of the company's stock.

It was further developed that Union Land & Home's principal asset was all of the capital stock of Sun Valley, Inc. Burris testified that after Union Land & Home was formed, an option was obtained to purchase Lower's interest in Sun Valley, and that he and Dranow subsequently obtained from Hoffa a release of his option to acquire the 45 percent interest in Sun Valley.

Exercise of the option to buy out Lower also had a bizarre twist. Hoffa released his option in a document dated November 25, 1958. The agreement of sale for Lower's interest was executed by Lower and Burris on March 16, 1959, with the sale price fixed at \$20,000. However, the agreement specified that \$18,000 was to be paid upon

execution of the agreement, with the remaining \$2,000 to be paid to the directors of Sun Valley after approval by them of the acceptance of this sum as full settlement for Lower's \$134,000 liability to Sun Valley as then reflected in the books of Sun Valley.

On this point, Burris testified that Lower—

couldn't pay it. He claimed that he didn't owe it and all that sort of business, and that he could account for the moneys, but there was no point in pressing it because he claimed he was broke and didn't have anything.

Mr. KENNEDY. When he said he could account for the moneys, did you ask him to account for them?

Mr. BURRIS. Well, that will come up later on when the Government examines him as to what he did with the money.

\* \* \* \* \*

The CHAIRMAN. Wouldn't you want him to account to you?

Mr. BURRIS. Well, we said that as purchasers we wouldn't press this obligation; that is all.

\* \* \* \* \*

The CHAIRMAN. In other words, you didn't determine, you didn't make any effort to actually determine it. You simply took his word?

Mr. BURRIS. There is a statement in here that says he is broke and can't pay anything, and his affidavit.

\* \* \* \* \*

Mr. KENNEDY. Where did the money come from, the \$18,000?

Mr. BURRIS. I don't know.

Mr. KENNEDY. Who paid that?

Mr. BURRIS. When I arrived in Detroit, there was a bank that had a draft ready for us, addressed to me.

Mr. KENNEDY. Didn't Mr. Benjamin Dranow tell you about that draft?

Mr. BURRIS. That is right (pp. 18983-18985).

Further questioning of Burris developed that he was a principal in syndicates that had obtained loans of \$735,000 and \$1,400,000 from the Central States, Southeast, and Southwest areas pension fund of the Teamsters. Their first loan, in December of 1958, was for a building in Buffalo, Burris said, and the second was for a development in Fullerton, Calif. Burris explained that the second loan was approved by the fund's trustees in the early part of 1959, but the syndicate "didn't take the money yet."

Burris acknowledged that Union Land lent \$17,000 on January 26, 1959, to Roy Williams, head of Teamster Local 41 in Kansas City, who is also a trustee of the Central States, Southeast, and Southwest areas pension fund.

Burris admitted that Dranow was aware of the loan applications but answered, "Not that I know of," when asked specifically whether Dranow had interceded with Hoffa to get approval of the applications. He also admitted having lent Dranow money on several occasions since the fall of 1958 and mentioned sums of \$22,000 and \$25,000,

which he asserted Dranow had paid back. Burris also acknowledged that he had received a fee and expenses of \$3,000 from the Teamsters for work his office performed on "pension plans" but maintained he could not remember the names of those with whom he dealt because "I am very poor at remembering" (p. 18988).

After Burris testified, a letter dated February 5, 1959, addressed to all trustees on the screening committee of the Central States, Southeast, and Southwest areas pension fund, was placed in the record. This letter referred to the application and supporting data for the first mortgage loan for the Fullerton development about which Burris had testified.

This was followed by a letter dated the very next day and signed by Hoffa, addressed to Alfred Goldberg, of the law firm of Padway, Goldberg & Previant, in Milwaukee, in which Hoffa stated:

After going over the material submitted, I would recommend as one member of the screening committee that a subcommittee be set up for further investigation of this project and if it can meet the requirement of the fund where the loan is not in excess of 66 percent, I will vote in behalf of the loan. I would appreciate your taking this up at the meeting on the 9th as my recommendation (p. 18991).

Although the record shows that the agreement of sale between Lower and Union Land was not consummated until March 1959, there was testimony by Irving Blum, a New York real estate developer and accountant, that Burris and Dranow represented to him long before then that Union Land owned the Sun Valley stock. Burris, he said, approached him with a proposition to sell Sun Valley in the early fall of 1958 and held forth the prospect that financing could be obtained from the Teamsters Union.

Blum told of inquiring in Florida as to the possibility of bank financing and of his discovery that this was "a valuable piece of property but it had been mishandled."

Mr. KENNEDY. In what way?

Mr. BLUM. Nothing had been done to put the property in shape. There were a few houses built there, and a short road of about 2,000 feet. But there was no possibility for the purchasers to get into their property. There was nothing there.

\* \* \* \* \*

Mr. KENNEDY. What had happened? What did you understand was the explanation for all of this?

Mr. BLUM. It seemed there had been a defalcation. Somebody got away with some of the funds. People had no knowledge of operating a development and it just bogged down.

Senator CURTIS. May I inquire? Was it your understanding that the funds that somebody got away with were principally from the purchase money on these 1,700 lots that they had sold?

Mr. BLUM. As I understand it, yes (p. 18993).

Blum testified that he met Dranow in Florida, that Dranow told him he was the man who was able to purchase the stock "in this bankrupt company," and that he thought that funds for the development

could be available from the Teamsters Union. Blum asserted that negotiations had reached a point where his group had set a price of \$150,000 for the stock when it would be turned over with the understanding also that the creditors of Sun Valley would be paid their claims in full, but his group eventually abandoned the deal. Blum also said it had been agreed that if his group took over Sun Valley, Burris was to receive \$50,000 over a period of 5 years for doing the accounting for the project.

Blum also described another "arrangement" he had with Burris. Blum and his associates had an option on an apartment house in Buffalo, and Burris represented to him that he would need "roughly 5 percent" to secure financing from the Teamsters. This, Blum said, was to cover "the expenses all around for everything." This deal also failed to materialize.

Additional testimony with respect to the charging of fees and commissions to promote loans from the Teamsters went into the record in the form of an affidavit from Stanton D. Sanson, who is engaged in the construction and land acquisition business in Miami Beach. The affidavit was secured by attorneys Walter R. May and John P. Constandy, of the committee staff. According to the affidavit, Sanson and a group of associates in the latter part of 1957 applied to the Central States, Southeast, and Southwest areas pension fund of the Teamsters for a \$5 million loan to finance an apartment house in Miami Beach. Sanson and his group were asked to submit plans for a building half the size of the one originally planned, and the fund would consider a loan for \$2,500,000, the affidavit stated. It then related how Sanson met Dranow in Minneapolis in the summer of 1958. Dranow told him that he wanted a 10-percent "commission or finder's fee" for putting through the loan, and there was eventual agreement that Dranow would receive 5 percent. However, because of the unfavorable publicity the Teamsters were getting, Sanson and his associates decided to let the matter go unless the Teamsters decided to grant the loan.

The next move, according to the Sanson affidavit, was an effort by Dranow to get him to purchase and develop Sun Valley.

Dranow said James Hoffa was very anxious to get the thing cleaned up and would do anything within reason that the person who undertook it wanted. Dranow indicated to me that if we bought Sun Valley, we could depend on very liberal support from the Teamsters. Dranow said they would loan money for the project, including the roads, sewage plant, and houses (p. 18997).

At about the same time, the affidavit continued, Dranow called Sanson by phone and put Hoffa on the wire.

Mr. Hoffa said he was very anxious to straighten out the Sun Valley situation. He said this is something that is a "must," and asked us to go into it and see how we might straighten it out (p. 18997).

Sanson's affidavit tells of a projection he subsequently made, which concluded with the statement that—

there is a minimum expense to do the absolutely necessary things to make good the moral obligation, if not the legal



obligation, to the lot owners of the very minimum of \$325,000 and this would, undoubtedly, be much higher (pp. 18998-18999).

The affidavit states in conclusion:

I concluded after making my study that the Sun Valley project was hopeless as a development investment as far as we were concerned. I have heard nothing further from either Mr. Dranow or Mr. Hoffa about the Sun Valley matter.

The application for the loan for the proposed apartment project dragged on for some time and was finally refused by the pension fund (p. 18998).

When Henry Lower was summoned to the witness stand, he took the fifth amendment to every question except to identify himself and to furnish his Detroit address.

Mr. KENNEDY. And one of the most significant parts of this, Mr. Chairman, is the fact that Mr. Henry Lower, during this whole operation, turned over \$25,000 in cash to Mr. Hoffa, all in a brown paper bag, that was picked up by Mr. Hoffa at Mr. Henry Lower's home. Isn't that correct, Mr. Lower? (p. 19117).

The witness declined to answer.

Mr. KENNEDY. Didn't you tell me that when I visited you out in Detroit in 1957, when Mr. Bellino and I came to your home? You said that Mr. Hoffa wanted \$25,000 and you got \$25,000 in cash, put it in a brown paper bag, and turned it over to Mr. Hoffa at that time? Isn't that correct, Mr. Lower?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

\* \* \* \* \*

The CHAIRMAN. Wouldn't you like, if there was no occasion for any reflection on him, if the transaction or whatever happened was open and aboveboard, wouldn't you like to at least testify to enough to vindicate him?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir.

\* \* \* \* \*

Mr. KENNEDY. I want to make sure that the record is complete as far as the money in the paper bag. Mr. Hoffa was asked about this, Mr. Chairman, when he testified, and he admitted receiving the money in the manner that I described, and stated that he considered it a loan from Mr. Henry Lower.

Of course, he was asked at that time to give any evidence of a note or whether he paid any interest. As in the cases of the other moneys in cash that he has received during the years, he never had any evidence in connection with the fact that it was a loan.

The CHAIRMAN. Do you say it was a loan, or do you say it was something else?

Mr. LOWER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me, sir (pp. 19117-19118).

#### HOFFA, TRISCARO, DRANOW LINKED TO ARMS DEAL

Nuncio Louis ("Babe") Triscaro is president of Teamsters Local No. 436 in Cleveland, vice president of the Ohio Conference of Teamsters, and an intimate associate of James R. Hoffa. Triscaro also is an alumnus of an Ohio reformatory and has been identified as a member of the infamous Mayfield Road mob in Cleveland, spawning ground for some of the Nation's top criminals.

The committee, therefore, was not particularly surprised when it found Triscaro and Benjamin Dranow linked in 1959 to a weird pattern of transactions involving the purchase of surplus C-74 Globemaster planes from the Government, which culminated in the seizure of one of them as it was poised on a Florida airstrip, ready to take off for the strife-torn Caribbean area with thousands of pounds of contraband arms.

There is also evidence in the record before the committee that its intensive inquiry into the bewildering situation may well have foiled a plan to commit \$300,000 in Teamster funds to the financing of a strange transaction.

The genesis of the series of events which was climaxed by the indictment of seven persons on June 4, 1959, in Miami for arms smuggling and bribery of Federal customs officers was sketched for the committee by Earl T. Benjamin, a prominent Cleveland industrialist.

Benjamin testified that a California friend, William Steiner, originally interested him in the purchase of 11 surplus C-74 Globemasters stored at Davis Monthan Air Force Base in Tucson, Ariz. As a result, Akros-Dynamics Corp. was formed on April 17, 1957, for the purpose of purchasing the planes. The Government rejected the initial bid of \$1,500,000 but accepted a second bid of \$1,581,000, after excluding 27 engines that were part of the original parcel.

The Government, Benjamin said, was paid \$500,000 in the summer of 1958, and the corporation received title to four planes and a portion of the parts. Originally, Benjamin asserted, he had expected to obtain some backing from Mike Zappone, a Cleveland restaurateur, but this was not forthcoming, and Alvin Naiman, another Cleveland industrialist, was brought into the deal to help finance it. The contract with the Air Force was amended to provide for payment of \$500,000 on August 24, 1958, \$200,000 on November 5, 1958, and eight equal monthly installments thereafter of \$110,167.75, commencing on December 1, 1958, with interest of one-half percent on the principal balance payable from August 25 with each installment. The agreement further provided for the release of four planes on the payment of \$500,000, with the others to be released as payments covering them were made.

Benjamin testified that he and Naiman arranged for financing at the Pan American Bank of Miami, but this too had complications. A company called the Aircraft Instrument Corp. was in default to the bank on a mortgage, and Benjamin agreed to take it over. The bank then lent a total of \$1,040,000, of which \$500,000 was used to cover the debt of Aircraft Instrument, \$500,000 went to the Air Force as the

initial installment on the purchase of the planes, and the balance was used to move one of the planes to the Hamilton Aircraft Co. at Tucson and to insure it for \$400,000.

Thereafter, according to Benjamin, unsuccessful efforts were made to sell the planes to sources outside the United States, including the Greek-Ethiopian Airlines, because use of them within the United States was prohibited unless certain certification requirements were fulfilled.

On January 21, 1959, Benjamin testified, an option on two planes was granted to Dominick Bartone and Jack LaRue, president and vice president, respectively, of International Trading Co., Inc. Bartone expected to sell the planes in Cuba for around \$400,000 each, and the agreement provided that his company would receive 10 percent. Benjamin declared that it was his understanding that the Cuban Government, which had fallen to Fidel Castro some 3 weeks before, would buy the planes, and that the deal had the approval of the U.S. Department of State. He said he first met Bartone in Naiman's office.

In February, Benjamin continued, Naiman told him there was an opportunity to "make a bailout deal" by selling the whole thing to a group on the west coast which, he understood, was headed by Bartone and LaRue. It was agreed that the officers and directors of Akros-Dynamics would resign and all stock certificates would be delivered to Naiman, upon the condition that the resignations and stock delivery would be voided if the "bailout" deal fell through. From time to time, Benjamin testified, Naiman reported that things were going along all right, but on April 8, 1959, the corporation records of Akros were received by Benjamin via air express from a man named A. W. Weinblatt of Miami Beach. When asked if he knew Benjamin Dranow, Benjamin replied that he had "heard of him" and that Naiman had described him as a banker. Akros-Dynamics, Benjamin said, still owes the Pan American Bank the \$1,040,000, plus interest, which runs \$140 to \$150 a day.

A New York attorney, Herbert R. Burris, supplied some additional pieces for the overall picture when he was summoned to the witness stand. Burris is the son of S. George Burris, the New York accountant who was an associate of Dranow in the Union Land & Home Co. and who testified before the committee that companies in which he had a substantial interest had obtained loans totaling more than \$2 million from a Teamster pension fund.

Attorney Burris told the committee that Benjamin Dranow called him from Florida in the middle of February 1959 and asked him to go to Cleveland and see Triscaro about the "merits of a plane proposition" (p. 19041). Burris said he met Naiman at Triscaro's office, reviewed the details with him, and reported back to Dranow by telephone. Then he, Naiman, and Triscaro flew to New York, where they met with S. George Burris. The four then proceeded to Florida to confer with Dranow.

On February 14, Attorney Burris asserted, he executed an agreement on behalf of Dranow whereby Akros-Dynamics was delivered to Dranow, who was given sole discretion "to salvage the basic concept of the purchase of these airplanes and parts and to turn this desperate situation into a profitable one" (p. 19045). If Dranow found that the situation was hopeless, the agreement gave him the right to turn it

back to its original owners. The document specified, however, that Attorney Burris was to act as Dranow's nominee, thus concealing the transfer to Dranow.

Attorney Burris admitted that he at first denied to staff investigators that he knew anything about such an agreement and then, when confronted with it, stated, "I thought it had been destroyed" (p. 19046). He stated that he was reimbursed for his trips to Florida and Cleveland by a \$750 check from Dranow, which he received "on account" within a week before his appearance on the stand.

Dranow, who had been under a continuing subpoena since his first appearance before the committee in November 1958, at which time he took the fifth amendment, had been ordered to appear again on June 29, 1959. His counsel advised the committee that he had received a telegram that Dranow was in a Miami hospital being treated for "coronary insufficiency." Committee counsel then noted for the record that "this is the second time this has happened as far as Mr. Dranow is concerned, that he has gone to the hospital after he received notification."

With Dranow unavailable, the committee turned to Alvin A. Naiman for additional information about the plane deal. He identified himself as president and principal stockholder of the Alvin A. Naiman Corp. of Cleveland and of Niagara Crushed Stone, Ltd., in Ontario, Canada, with sales offices and facilities in Cleveland.

Naiman corroborated the previous testimony of Earl T. Benjamin concerning the various events that preceded his meeting with Herbert Burris in Triscaro's office on February 11, 1959. He added one interesting bit of information: Dominick Bartone, when he obtained the option on two of the planes on January 21, had suggested that Akros-Dynamics designate one representative to do all necessary negotiating in the future.

As Naiman continued to testify, the committee became aware that he was endeavoring to create the impression that the presence of Triscaro throughout all of the negotiations was merely coincidental. In fact, Naiman testified that Triscaro's trips to Florida were in pursuit of union business and that he also was engaged in a hunt for talent to participate in a program to help retarded children in the Cleveland area. Herbert Burris also had claimed that Triscaro was in Florida trying to interest the former heavyweight champion, Rocky Marciano, in this program.

Sharp questioning of Naiman, supplemented by documentary proof in the shape of Triscaro's own expense accounts, airline and hotel records, obtained by Walter R. May and John P. Constandy, committee attorneys, incontrovertibly established this sequence of events:

- (1) Triscaro was at Teamster headquarters in Washington, D.C., on February 10 and flew back to Cleveland to be on hand for the meeting between Naiman and Burris.

- (2) Dranow instructed Attorney Burris to go to Cleveland and see Triscaro about the plane deal. Burris met Naiman in Triscaro's office on February 11.

- (3) Burris, Naiman, and Triscaro flew to New York that night for further consultations about the plane deal with Burris' father, S. George Burris.

(4) Burris and his father, Naiman, and Triscaro flew to Miami on February 12, where Naiman said Dranow was introduced to him as a "banker."

(5) At 9:14 a.m. on February 13 Triscaro called Hoffa at the latter's unlisted number in Washington.

(6) The agreement transferring Akros-Dynamics to Dranow was drafted and executed on February 14 and provided that Naiman and his associates were to receive 15 percent of any profits arising out of the plane deal.

(7) Naiman and Triscaro flew back to Cleveland on February 15, and the very next day Triscaro made a fast round-trip flight to Teamster headquarters in Washington.

(8) Naiman, Triscaro, Dranow, and Bartone were in Miami and Cuba from February 18 to February 21. Triscaro checked into the Eden Roc Hotel on February 22 and remained there until March 13. During this time he made the following long-distance calls: February 24, to Naiman in Cleveland; February 26, to Roy Williams in Kansas City, a trustee of the Central States pension fund; February 27, to Naiman in Cleveland; February 27 to Gordon Hamilton, president of Hamilton Aircraft Co., in Tucson, where the first C-74 had been put into flying condition; February 28, to Mrs. Benjamin Dranow in Las Vegas; March 2, to Havana; March 3, to S. George Burris in New York; March 10, two calls to Gene San Soucie, also a trustee of the pension fund; and on March 11, to Hoffa in Chicago. On March 4 a check for \$700 was issued to Triscaro by local 436 for 2 weeks' "vacation pay."

(9) Naiman, Triscaro, Dranow, and Bartone again were in Miami and Cuba from March 19 to March 22. On this occasion the C-74 had been flown to Cuba from Tucson, arriving on March 21.

(10) Naiman, Triscaro, and Bartone were all registered at the Dupont Plaza Hotel in Miami on March 30. Naiman, Triscaro, and M. K. Lewis, Jr., vice president of the Pan American Bank of Miami, flew to Havana that same day. Their plane was met by Bartone, according to a memo found in Lewis' files at the bank, which also identified Triscaro as representing "a group of investors who are backing Naiman" and described the negotiations as a "bona fide transaction in process for sale of from 4 to 10 C-74's to the Cuban Government."

Although Naiman and Triscaro had specified that the charges for their February stay in Miami were to be billed to Akros-Dynamics, the testimony developed that Triscaro's local 436 had paid the bills for all of the trips taken by Naiman and Triscaro and by Triscaro alone in Naiman's behalf.

Naiman protested vehemently in his testimony that there never was any intention to have anybody but himself foot his bills. He insisted that Triscaro had been reimbursed to the extent of \$642 for expenses he had incurred for Naiman. Further interrogation proved beyond any doubt that a bill for \$139.75 for the stay of Naiman and Triscaro at the Eden Roc had never been reimbursed. Naiman told the committee he would take care of it.

Additional questioning brought out the fact that Naiman's reimbursement of Triscaro's union came only after the committee staff

had begun its investigation of the plane deal. Naiman was interviewed by Staff Attorneys May and Constandy on June 2. This put both Naiman and Triscaro on notice that the committee knew the union had been paying the travel bills.

After insisting for a long time that he had "just happened" to date the reimbursement check as of June 1, Naiman finally admitted that he did so at Triscaro's suggestion. The record shows further that staff investigators found the check in the pocket of a union employee the day before the committee's June 30 hearing, that it had not even been deposited as yet, and that the cash receipts ledger of local 436 reflected the reimbursement as having been received on June 27.

The record before the committee showed that Dranow, during the period while Akros-Dynamics was under his control, expended more than \$27,000 on behalf of the company, with the largest amount, \$10,637, going to the Hamilton Aircraft Co. for getting the C-74 to Cuba on March 21. There was also an item of \$4,750 for insurance coverage for the flight.

Naiman testified, however, that when he was in Cuba on March 30 he was told by Triscaro that Dranow was no longer interested in the deal. Naiman professed ignorance of the reason for Dranow's withdrawal and said that immediate steps were taken to regain possession of the corporate records of Akros-Dynamics as soon as the party returned to Miami. Naiman further declared that he had no knowledge of any arrangements Dranow had made with Bartone, but the record is clear that thereafter Triscaro and Bartone were in the forefront of all moves to dispose of the planes. The record before the committee shows Triscaro was in telephone communication as early as February and March with Williams and San Soucie, trustees of Central States pension fund, and with Hoffa on March 11.

Naiman testified that early in April arrangements were made by Triscaro for him to go to Chicago to confer with James C. Downs, chairman of the board of the Real Estate Research Corp., which scrutinized applications for loans received by the Central States fund.

The committee again experienced difficulty with the witness Naiman when he testified that Bartone went along with him to Chicago "just for the ride," and that Triscaro had never told him he was contacting Hoffa to enlist his aid in securing a loan. Naiman also claimed he could not remember having heard Dranow's name mentioned at any time during the conference with Downs, and he maintained that the reason why he applied for the loan was to get money for his stone quarry.

An affidavit from Downs, placed in the record before the committee, fixed April 13 as the date when Bartone and Naiman conferred with him. When they arrived, the affidavit said, they wanted to know if Downs had heard from Hoffa. Downs had not, so he suggested that they return later in the day. The affidavit related that Downs called Hoffa, who stated he had planned to call Downs but had not gotten around to it, and quoted Hoffa as saying the Teamsters were interested in making the loan if it appeared to Downs that it would be a good loan.

According to the Downs affidavit, when Bartone and Naiman returned, Naiman stated he wanted a \$300,000 loan "to finance the sale

of some airplanes which had been purchased from the Government" and offered his interest in Niagara Crushed Stone, Ltd., as security.

The affidavit continued:

Mr. Bartone discussed the planes themselves and the potential sale of them to Cuban buyers and others. Both Mr. Naiman and Mr. Bartone stressed their urgent need for money to finance the project and led me to believe they expected that the loan would be granted immediately.

I recall that Mr. Naiman said they had been in contact with a "Babe" Triscaro in regard to the loan and had been led to believe that the loan would be approved. Mr. Bartone stated that in regard to the loan they had also been in contact with Benjamin Dranow who, Mr. Bartone said, was a person who worked with Mr. Hoffa. Mr. Bartone stated that they had arranged for the loan through Benjamin Dranow, who had assured them it would be granted (p. 19075).

The affidavit stated further that Downs investigated the situation and recommended on April 24 that the screening committee of the fund reject the loan because the security was not sufficient. On or about May 1, the affidavit said, Hoffa called Downs to inquire if there was any basis upon which the loan would be acceptable. Downs set forth the conditions, which included retirement of debts against the company stock and payment of the balance on a loan from an Ontario bank and an agreement by Naiman to subordinate \$500,000 owed him by the company.

"It was apparent to me from our telephone conversations that Mr. Hoffa was anxious to have this loan granted," the affidavit declared. "Thereafter, I was surprised to learn from Francis J. Murtha, executive secretary of the pension fund, that the trustees of the fund were being circulated by wire for approval of a loan to Mr. Naiman in the amount of \$300,000, subject to our certification of the security of such a loan." Downs thereupon wrote a letter setting forth the same conditions he had outlined to Hoffa.

The CHAIRMAN. Is there anything in that affidavit that you want to refute or deny?

Mr. NAIMAN. No, sir; I don't think so (p. 19076).

Naiman then admitted that Triscaro arranged for and accompanied him to a meeting with Hoffa at the time the Hoffa-Downs phone conversation took place but repeatedly denied that airplanes were even mentioned in his talks with Hoffa.

Testimony in the record shows that the loan was approved by a majority of the trustees but was rejected on a "legal technicality" in the middle of June, some 3 weeks or more after customs authorities seized the C-74 in Miami, loaded with contraband arms and almost ready for departure. Naiman admitted he had given permission to Bartone to take the plane to Puerto Rico on a "demonstration flight" for some prospective buyers but vigorously denied any connection with the arms plot.

After a brief recess, Naiman asked leave to return briefly to the witness stand.

The CHAIRMAN. I understood you wanted to make some further statement.

Mr. KENNEDY. This is in connection with your visit here when you went to see Mr. Hoffa in connection with this loan. Was there a discussion at that time about the fact that you needed the money in connection with these airplanes?

Mr. NAIMAN. Yes; there was.

\* \* \* \* \*

Mr. KENNEDY. I will say something for Mr. Naiman. He has grown up with a number of these people that are involved, and he explained to us, and it is reasonable, he does not want to get anybody in any great difficulty. We have had a considerable amount of difficulty on occasion to try to get some of the facts. I think he would like to help us, but I think that that has been a problem (p. 19086).

The committee's next witnesses were Gordon Hamilton and Gerald B. Juliani, president and vice president, respectively, of the Hamilton Aircraft Co. in Tucson, where the initial C-74 was held after delivery by the Air Force. Hamilton testified that there was a flurry of telephone calls from Naiman, Bartone, Dranow, and Triscaro in February and early in March, giving instructions to get the plane ready for a flight to Cuba.

Juliani, who went along on the flight, testified that all four were on hand when the C-74 arrived in Havana and that Bartone seemed to have very close contacts with William Morgan, one of Fidel Castro's chief lieutenants. Morgan's criminal record shows a dishonorable discharge from the U.S. Army after a conviction for robbery in 1948 and two convictions for robbery and escape in 1949. Juliani testified that Morgan told him he had worked for Bartone in Toledo. Juliani also declared that while he was in Cuba there were discussions between him and Bartone about obtaining prices on military equipment for planes, and Bartone was "very interested in all of the various types of military aircraft that are in storage in Tucson" (p. 19090).

Hamilton told the committee that his company had the responsibility for seeing to it that the C-74 was returned to the United States, because it had arranged for departure only on a temporary sojourn. The plane was brought back to Miami after he advised Naiman of this fact. Subsequently, Hamilton said, he was contacted by Bartone about taking the plane for an exhibition flight through South America. The next thing he knew, he asserted, was that Bartone was being held by the customs authorities in Miami.

From Chester A. Emerick, deputy commissioner of customs, who is in charge of the Division of Investigation of the U.S. Bureau of Customs, the committee obtained the details of the intended use of the C-74 in the arms-smuggling plot. A summary of Emerick's testimony follows.

In April Emerick was advised by the supervising customs agent at Miami that a \$100,000 bribe was being offered to customs agents there to permit the exportation of \$1,250,000 worth of arms and ammunition to the Dominican Republic. The agents were told to contact Augusto Ferrando, consul general for the Dominican Republic at Miami. They did, and received from Ferrando on May 6 a token pay-



ment of \$400. The agents had been authorized to proceed with the bribe case after the matter had been cleared with the U.S. attorney at Miami and with the Criminal Division of the Justice Department in Washington.

Between May 6 and May 20 the arms and ammunition arrived in Miami and were stored awaiting shipment. On May 19 Ferrando met with the customs agents again and revealed that there were plans to ship the arms on a banana boat within the next day or so. Ferrando gave them \$1,000 and promised another \$1,000 as soon as the contraband was put aboard the ship.

On May 21 the agents were notified that plans had been changed and that the shipment was going by air and not by water. Instructions were given to the agents to contact Bartone on the evening of May 21 at room 1103 of the Dupont Plaza Hotel. Bartone told them that he had obtained a ferry permit from the Federal Aviation Agency to fly the plane to Puerto Rico under a condition that no cargo was to be carried, but he had instructed the pilot to feign engine trouble, feather the propeller, and make a forced landing in the Dominican Republic. Bartone then intended to sell the plane to the Dominican Republic. He also wanted to take \$65,000 worth of spare parts with him, but a fellow conspirator prevailed upon him to confine the cargo entirely to the contraband arms.

FAA inspectors checked and approved the engines on the C-74 about 10:15 a.m. on May 22, and after they left the arms and ammunition were placed aboard the plane. As soon as the 200,000 rounds of .45-caliber ammunition, 37 M-1 Garand rifles, and 21 machineguns, weighing a total of 14,000 pounds, had been loaded, the customs authorities moved in, seized it, and arrested the persons involved in the violation. Ferrando and Bartone were among the seven indicted by the Federal grand jury at Miami on June 4.

In the ferry permit, which was made a part of the record before the committee, the plane was registered in the name of Akros-Dynamics Corp.

When Bartone was summoned before the committee, his attorney requested that his testimony be deferred until after the indictment against him is disposed of. The attorney pointed out that since the charge was conspiracy, Bartone's testimony about any transaction that conceivably could be considered as an overt act in furtherance of the aims and objectives of the conspiracy would be prejudicial to his defense. The committee agreed not to press for his testimony at this time. Committee counsel developed, however, that Bartone's Miami attorney is Ben Cohen, who does work for the Teamsters Union and had just received a \$2 million loan from a Teamster welfare fund.

Triscaro invoked the fifth amendment to all questions when he was called to testify. He declined to answer questions about his \$132,000 income in 1957, most of which came from trucking companies operated by members of his family, and most of which were nonunion. He also took the fifth amendment when asked if Teamster Local 436 had paid out \$3,879.03 in hotel charges in Miami for him in the first 6 months of 1959.

It was also brought out that Triscaro, on May 28, checked into a room in the Eden Roc Hotel then occupied by Bartone and spent

the night there. This was only 6 days after Bartone's arrest in connection with the seizure of the C-74 and the arms shipment.

Carmine S. Bellino, the committee's accounting consultant, testified as to an investigation of Dranow's bank accounts, which were found in 10 different banks, with four others involving corporate entities. Bellino testified that Dranow deposited a total of \$2,944,000 in his individual accounts from 1954 to the present, and that the investigation was still trying to ascertain the source of these moneys.

The CHAIRMAN. Are you satisfied that you have found all of them yet?

Mr. BELLINO. No, sir. Every day we are coming up with another one (p. 19107).

#### HOFFA, DRANOW, AND THE TEAMSTER JACKET DEAL

The provocative nuances of the James R. Hoffa-Benjamin Dranow relationship, which seem always to be heightened by Dranow's predilection for the use of Teamster treasuries as a supporting element for his promotional talents, were explored by the committee once more in its 1959 hearings. This time it was a project which saw more than \$325,000 poured out of the general fund of two Detroit locals of the Teamsters Union—Hoffa's own local 299 and local 337, controlled by his alter ego, Owen Bert Brennan—for the purchase of some 26,000 jackets for the combined membership of the two locals.

The testimony before the committee established that all of the negotiating was carried on by Dranow, who was cast this time in the role of middleman, and that he realized approximately \$75,000 from the transactions in payments that either were labeled as "commissions" or bore the dubious distinction of "loans" that were never repaid.

The testimony also disclosed that the Teamsters Union could have acquired the jackets for more than \$50,000 less than the figure ultimately paid for them if Dranow had not been in the picture, and if the two locals had dealt directly with the firm that manufactured most of them. There was also the interesting angle that one-third of the jackets were delivered without any union label and that one supplier was nonunion.

The committee also received evidence that the machinations of Benjamin Dranow contemplated the eventual systematic exploitation of the entire membership of 1,600,000 in the Teamsters International and that the jacket deal was to be followed by similar merchandising schemes involving cuff links with matching tie bar, cigarette lighters, shirts, pants, ladies' bracelets, and other sundry articles suitably displaying the Teamster insignia.

Carmine S. Bellino, the committee's accounting consultant, testified that the Teamsters were billed \$341,841.84 for a total of 26,495 jackets, with local 299 paying \$197,011.25 for 15,295, and local 337 paying \$129,029.25 for 10,055.

Bellino said the unit price was \$12.75 and that the prime contractors were Svirsky Clothing Co., New York, which delivered 15,741 jackets; Town & Travel Casuals, Inc., New York, 5,670; United Garment Co., Minneapolis, 1,789; and Union Local Supply Co., New York, 3,295. The last named was a nonunion shop. Between 8,000

and 9,000 garments were delivered without union labels, Bellino said. Svirsky subcontracted to Grand Sportswear Co., Linden, N.J., and Union Local Supply used the same subcontractor after the Svirsky concern went into liquidation in July 1958, at which time Union Local Supply became successor as prime contractor:

Bellino declared that Svirsky issued checks directly to Dranow for \$2,000 for "commissions" and paid an additional \$4,000 in commissions to Banner Mercantile & Supply Corp., a company formed by Dranow and Simon Cohen, who is also president of Town & Travel Casuals.

Cohen, when he took the stand, identified himself also as owner of Bon Bon Pillows. He said he knew Dranow for a number of years and did business with him when he was operating the John W. Thomas Department Store in Minneapolis. Early in 1958, Cohen said, Dranow approached him and said he could arrange to get orders for "many thousands" of Teamster jackets if he was paid a 5 percent commission (p. 19005). Cohen quoted a figure of \$13.75 per jacket and, when Dranow said he couldn't get more than \$12.75, Cohen told him he couldn't afford to pay any commission, to which Dranow replied, "All right" (p. 19006).

Mr. KENNEDY. Did you understand how he was able to make the award of the contract to you?

Mr. COHEN. I have no idea (p. 19007).

Cohen then revealed that in June he obtained an option to buy Thomas Department Store stock from Dranow for \$50,000. Cohen said he exercised the option in November, but the stock was never delivered to him because it was being held in escrow by the Teamsters Union as collateral on its mortgage. Cohen acknowledged that he made a series of "loans" to Dranow in 1958, which by the time he exercised the stock option amounted to \$56,000, or \$6,000 more than the \$50,000 he had agreed to pay for the stock. These loans were set off against the purchase price, Cohen declared.

Cohen testified further that after acquiring the stock it was his intention to buy the real estate and then lease to an operating company. He found out, however, that this was not possible and that an additional \$1 million would be needed, so he decided to take his loss and get out by selling the stock for \$1 in January 1959.

Cohen was asked about a \$5,000 check that went from local 299 of the Teamsters to Bon Bon Pillows in January 1958, followed by a check for \$3,500 from Bon Bon Pillows to Dranow on the same day. Cohen said this was one of the loans.

Cohen identified a check for \$25,000, dated May 5, 1958, as his investment in the Banner Mercantile & Supply Co.

Mr. KENNEDY. What was Mr. Benjamin Dranow putting in the company?

Mr. COHEN. He wasn't going to put any money, and he was going to put his son in there to manufacture (p. 19014).

But, Cohen said, when he found that Dranow was not proceeding with the development of the business of manufacturing the various items with Teamster insignia, he dissolved the business and told Dranow the \$25,000 was being applied against the purchase price of the department store stock.

Bellino testified that the Banner Co. records showed total bank deposits of \$51,432.20, of which some \$35,000 came out and went to Dranow.

Sol Marks, a New York manufacturer and jobber of emblems and novelties, testified he first got into the jacket deal when Svirsky Clothing asked for a sample of the Teamster emblem that was to go on the jackets. He said he delivered approximately 12,000 of them at approximately 50 cents each and that the manufacturing cost ran from 22 to 25 cents.

When Svirsky Clothing got into financial difficulties in the summer of 1958, Marks said, he and Seymour Svirsky and Larry Goldstein formed the Union Local Supply Co. because "we felt it would be a good spot for us to stay in business, making jackets, emblems, et cetera" (p. 19017). The only investment, he added, was the purchase of merchandise. Although he talked to Benjamin Dranow several times, Marks insisted he had no understanding as to the number of jackets the company would make, but he remarked that "I thought everybody could use a jacket."

Mr. KENNEDY. Everybody in the Teamsters Union?

Mr. MARKS. I think so (p. 19018).

Marks asserted that the company hired Nat Gordon as a salesman at \$200 a week because "he told me he was familiar with union people and that he sold industrials and that he could sell merchandise for us" (p. 19018). Marks said he did not check Gordon's references and did not know that he was an associate of the notorious Johnny Dioguardi, that he had been a witness before this committee in the New York "paper locals" hearings in 1957, and that he was a brother of Abe Gordon, an official of Local 805 of the Teamsters Union in New York.

Mr. MARKS. He said he had contacts in the unions and could sell.

Mr. KENNEDY. Who were his contacts?

Mr. MARKS. I don't know.

Mr. KENNEDY. You just don't put somebody on at \$200 a week.

Mr. MARKS. We didn't keep him on. We let him go (p. 19020).

Marks identified an invoice dated January 2, 1959, made out to local 299 in the amount of \$27,500, covering 1,000 men's and 1,000 women's jackets. He said that the invoice predated actual delivery and that the union was subsequently billed as the jackets were sent out. He also said the company had an order for 150 jackets from local 107 in Philadelphia.

Nat Gordon, just as he had previously done in 1957, took the fifth amendment when summoned to testify before the committee at this point. The record shows that his employment prior to affiliation with Union Local Supply was by the Gordon Liquor Store and as secretary-treasurer of Local 651 of the Teamsters Union. Local 651 was one of the paper locals with no membership which were involved in the Hoffa-supported move to install John O'Rourke as president of Joint Council 16 in New York in 1956, with the aid of Johnny Dio and other New York hoodlums.

Marks, resuming his testimony, said he subsequently turned Union Local Supply over to Nat Gordon and that Gordon was operating under the name of Union Local Sales Co.

Mr. KENNEDY. Why did you turn the company over to Mr. Gordon?

Mr. MARKS. There was nothing there; it wasn't making anything (pp. 19024-19025).

Marks declared that he did not remember any discussion with anybody about the question of union labels to go into the jackets.

Mr. MARKS. I was told that we couldn't get it and it made no difference to me whether we did or not.

Mr. KENNEDY. Did you mention the fact you were friendly with Abe Gordon, or Abe Gordon might be able to get the labels?

Mr. MARKS. Never (p. 19025).

Flat contradiction of Marks' testimony on this point came when Philip Pitell, head of the Grand Sportswear Co., took the stand. Grand Sportswear had been the subcontractor manufacturing the jackets for both Svirsky and Union Local Supply. Pitell quoted Seymour Svirsky as having told him at the outset that the figures on total output "would be terrific, and we would have work for years."

Svirsky, he said, first mentioned a figure of 80,000 and then said "there is no limit to how far we could go." Later, Pitell declared, there was the intimation that there was to be a jacket for "every member of the Teamsters Union" (p. 19027).

Pitell said his initial labor cost was \$2.22, which was subsequently increased to \$2.47. When Svirsky Clothing went out of business, he began manufacturing for Union Local Supply. The labor cost for the women's Teamster jackets, Pitell asserted, was \$3.10 to \$3.25, and he made approximately 2,000 men's jackets and 1,000 ladies' jackets for Union Local Supply.

Pitell testified that in 1958, when the subcontract was first made with him, he could have made the jackets for \$10.50.

Mr. KENNEDY. Were you ever contacted to place a bid other than the contract through these people?

Mr. PITELL. No, sir.

\* \* \* \* \*

Mr. KENNEDY. Now, Mr. Bellino, if the Teamsters had obtained the jackets directly from Mr. Pitell, instead of through Benjamin Dranow, how much would that have saved the Teamsters?

Mr. BELLINO. They could have saved approximately \$52,000.

Mr. KENNEDY. So \$52,000 of the Teamsters Union funds were used needlessly in this case. There is no information, is there, that bids went out generally to companies to find out how much they would make these jackets for?

Mr. BELLINO. No.

Mr. KENNEDY. It just went through Benjamin Dranow, and he in turn, awarded the contract?

Mr. BELLINO. That is correct (pp. 19028-19029).

Pitell, resuming his testimony, stated that when he was making the jackets for Svirsky, the union labels were supplied and put in. Later, when he was making them for Union Local Supply, Sol Marks asked him to go over to the union office and purchase labels, Pitell said. The union, he added, refused to give them to him and said it was the jobber's duty to apply for them. Pitell reported this back to Marks.

Mr. KENNEDY. What did he say?

Mr. PITELL. He said, "You go back there again and tell them to see Abe Gordon" (p. 19029).

Pitell said he went back and the union representative told him, "Phil, I don't want to have nothing to do with this \* \* \* I don't want to have no trouble with no Abe Gordon or anybody" (p. 19030). Pitell testified he didn't get any labels.

Some time later, Pitell asserted, Nat Gordon came to him and said, "Phil, there is no more Union Local Supply. From now on it is Union Sales."

Mr. KENNEDY. Who owned Union Sales?

Mr. PITELL. The checks were signed by Nat Gordon.

\* \* \* \* \*

Mr. KENNEDY. He took over, evidently, Union Sales?

Mr. PITELL. What the deal was, I wouldn't know (p. 19030).

Samuel and Seymour Svirsky testified together. Seymour told the committee that the deal with Dranow called for a 5-percent commission and he was paid a total of \$17,100 and repaid a loan of \$3,000. Seymour Svirsky stated that Dranow was an absolute stranger to him, and he had no idea how Dranow was able to obtain this kind of an arrangement from the Teamsters Union. Included among the checks evidencing commissions to Dranow was one for \$3,450, which Seymour Svirsky said he deposited in his own account to meet a note of Dranow's.

Also placed in the record were other documents demonstrating that Dranow frequently resorted to manipulations to conceal the true nature of transactions. Accountant Bellino testified to one such transaction in which a check for \$6,000 was issued on March 31, 1958, by Town & Travel Casuals, Inc., to Sidney Schuster, son-in-law of Simon Cohen. Schuster deposited this check in his own account and issued a check direct to Dranow for \$1,000 and a second check for \$2,500 payable to S. & S. Diamond Furs. The latter, in turn, issued a check to the Bankers Trust Co. which then wired Dranow the sum of \$2,500.

Seymour Svirsky testified that when he received orders from Dranow he got confirmation from the union. He also acknowledged that at Dranow's request he sent a \$150 money order to a Ruby Ortendahl in Las Vegas, but he denied that he ever supplied any funds to Bernard Spindel, who was a codefendant of Hoffa's in the New York wire-tapping trial.

Accountant Bellino computed the total that Dranow received from the jacket deal, either in the guise of "commissions," or "loans," as \$74,170.22 from the Simon Cohen-owned companies and Svirsky Clothing combined (pp. 19108-19109).

Dranow finally appeared before the committee on July 6, 1959. Like so many other associates of Hoffa, he was uncooperative and would tell the committee only his name and address, invoking the fifth amendment to all other questions. He was given every opportunity to explain his participation in the Sun Valley, airplane, and jacket deals but pleaded possible self-incrimination.

Mr. KENNEDY. Why would Mr. Hoffa go through all these financial dealings with you, Mr. Dranow?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Wouldn't he be interested in protecting the union membership by dealing with somebody who was not found to be dishonest in connection with these financial deals?

Mr. DRANOW. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 19272).

#### HOFFA SUPPORTERS PAID FOR LABOR PEACE

Three Teamster officials who avidly support James R. Hoffa in his reign as general president of the International Brotherhood of Teamsters are Theodore R. Cozza, president of local 211 in Pittsburgh; Harold Gross, head of local 320 in Miami; and Joseph Prebenda, secretary-treasurer of local 372 in Hoffa's home city of Detroit. Testimony adduced before the committee shows conclusively that there is a common denominator applicable to all three: a demonstrated ability to spend lengthy periods of time on publishing company payrolls without performing any duties commensurate with the salaries paid to them. Employer representatives in all three cases reluctantly admitted that the long tenure of these Hoffa adherents on company payrolls was for the purpose of insuring labor peace.

The record shows that Cozza, speaking at a testimonial dinner in his honor in Pittsburgh on November 3, 1958, at which Hoffa was also a guest, praised Hoffa as a "leader among leaders, giant among giants, who has emerged straight, pure, and clean." The quotation appears to have been a reference to Hoffa's appearance before the committee.

Cozza himself chose to join the long parade of fifth amendment witnesses when summoned before the committee. His qualifications as an expert on "purity and cleanliness" were dissipated by testimony that established his criminal record of eight arrests and four convictions.

Prebenda, by his own admission, was one of many Teamster officials in Detroit who made cash loans to Hoffa. The \$2,000 he turned over to Hoffa in 1953 has never been repaid, and he advised the committee he had no intentions of asking for it back "until I need it."

As for Gross, the committee already had received the evidence that this former member of Murder, Inc., in New York, who took over control of local 320 in Miami in October 1958, was supporting himself and a red Thunderbird on a \$3,000 monthly subsidy from Teamster headquarters in Washington. This sum supplemented his regular salary check from the Neo-Gravure Co. in New Jersey, where he had long since ceased to be a functioning supervisor of the shipping department.

William Poch, business manager of the Pittsburgh Sun-Telegraph, and Pierre E. G. Salinger, a committee investigator, described to the committee the essence of an arrangement whereby Cozza drew a salary and a maximum amount of overtime from that newspaper even while he was a patient in a hospital, vacationing in Miami, or engaged in Teamster business at points far removed from Pittsburgh. Poch said he moved from a job as chief accountant of the New York Journal American to his post as business manager in Pittsburgh early in 1951. He arrived after the settlement of a 7-week strike of Pittsburgh newspapers and eventually became aware of the practice that called for Cozza to be paid the salary equivalent to a truckdriver, plus overtime equivalent to the highest paid to any of the other drivers on the payroll. According to Poch's testimony, Cozza did "very little" work, "to my knowledge," but also was supplied with an office (p. 18792).

Mr. KENNEDY. What was the reason that the Sun-Telegraph paid him these moneys, if he did no work for them?

Mr. POCH. Well, to my honest belief, I believe it was for fear of disturbing the labor relations of the company.

\* \* \* \* \*

The CHAIRMAN. It had been pretty well impressed upon you that you could have labor trouble, then.

Mr. POCH. Yes, sir (pp. 18792-18793).

Investigator Salinger testified that Cozza in 1957 was paid for 364 regular shifts, 14 extra shifts, 28 vacation shifts, and 3 holiday shifts, the greatest number credited to any driver for the newspaper that year. Each week Cozza received the equivalent of the highest pay received by any driver. The dollar total was \$8,858.63. The contract calls for 7 days of 8 hours each, or 56 hours a week.

Salinger explained that in 1953 the Sun-Telegraph instituted a system calling for driver ownership of trucks, for which the paper then paid a rental. Cozza, he said, rented his truck to the Sun-Telegraph, but it was driven by a substitute driver who was on the company payroll. From January 1, 1950, to May 15, 1959, Cozza was paid \$75,925.05 in salary, and from the middle of 1953 to 1959 he received \$24,279.57 in truck rentals.

Poch declined to estimate just how much work Cozza might have performed for the newspaper but did declare that if salary was based upon actual labor performed, "it would be substantially less than what was paid" (p. 18796).

The CHAIRMAN. Now, then, what made up the difference of the substantial amount? What was that substantial difference paid for?

Mr. POCH. I would say it was continued for fear of disturbing our labor relations and labor peace.

\* \* \* \* \*

The CHAIRMAN. What other term could you use to better describe it than "labor peace"? Can you think of a better term?

Mr. POCH. I know of none offhand, Senator (p. 18796).



Salinger testified that in addition to having an office, Cozza also was supplied with a telephone. The newspaper paid a total of \$1,022.56 for his local calls from July of 1955 to May of 1959, but Cozza paid for his own long-distance calls, which in some months ran as high as 700 or 800. In the files of the newspaper, Salinger stated, he found complaints that Cozza was using the office to operate a numbers racket. Salinger also put in Cozza's police record which showed a conviction in 1941 for operating a lottery, a conviction in 1935 for carrying firearms, another conviction in the same year for entering a building to steal, and a conviction in 1936 for obstructing justice.

Salinger also introduced an affidavit obtained from H. A. Baring, manager of the Auto Rental Co. in Pittsburgh, which asserted his company had paid "about 5 percent of gross revenue," a total of \$21,670, from 1948 to 1958 to Cozza for supervising drivers and controlling the loads on company trucks that were rented to the Sun-Telegraph on Saturday nights. The extra drivers who operated these Saturday night trucks, Salinger testified, were all nonunion.

Poch supplied some additional experiences with Cozza for the committee's benefit. He said he once questioned the propriety of paying Cozza overtime during a period when Cozza was in the hospital, and the overtime was eliminated. Subsequently it was reinstated when Cozza demanded it (p. 18798).

Early in 1959, Poch went on, the newspaper imported an expert named Lees from New York to improve circulation department operations. Lees made inquiries on one occasion as to "where certain individuals were," including Cozza, and when Cozza learned about it, Poch declared, he ordered Lees off the platform and told him to get out of town. There was a second occasion when Cozza warned Lees that if he did not get out of town, he would be "cut down to size." Cozza was then warned, Poch said, that he would be fired if there was any further trouble. Trouble soon erupted, Poch continued, after Pinkerton detectives were brought in to protect Lees. Cozza and some of his associates disarmed the detectives, the police were called, and charges were preferred against the detectives for being armed without a license. Cozza then was fired.

Overtures for Cozza's reinstatement then came from Norman Kegel of Teamsters Joint Council 40, Harry Tevis, international vice president, and Joseph Prebenda, secretary-treasurer of Detroit Local 372. Poch said it was agreed to restore Cozza to his job with the understanding that he would not interfere again with any representative of management, "that there would be no more private office for him, no more private telephone," and that Cozza would refrain from any more "vile, blasphemous, profane, or obscene speech" (p. 18801).

Poch testified that Cozza then went on vacation, and a driver, Joseph Donnelly, took over as steward and promptly refused to drive his truck. He was fired. Three or 4 days after that, on May 23, 1959, Poch declared, local 211 struck all of the Pittsburgh newspapers. The strike terminated on May 25 with reinstatement of Donnelly on condition that he continue to drive the truck. There was an additional condition that Cozza, who was still on vacation, would not be returned to the payroll.

Salinger testified that Cozza, although he allegedly worked shifts in excess of one shift per day in every day of 1957, actually was travel-

ing extensively to Washington, Baltimore, Los Angeles, Chicago, and Miami. From January 1, 1950, to May of 1959, Salinger stated, Cozza drew salary and expenses totaling \$68,056.40 from local 211. In 1955 Cozza received \$3,000 from the local to make a trip to Europe which Cozza contended was a gift. The Internal Revenue Service said "No," and the union paid \$521.79, the amount of additional tax assessed by reason of the \$3,000 being classified as income. In 1959, Salinger testified, the union paid in excess of \$7,000 for a new Cadillac for Cozza. In 1957, when Cozza drew \$450 from the local for 18 days in Miami at \$25 a day, he was carried on the Sun-Telegraph payroll for the entire 18 days.

Like so many others in the Teamsters Union who preceded him, Cozza took the fifth amendment and would tell the committee only his name and address.

Mr. KENNEDY. \* \* \* Could you tell the committee if Mr. Hoffa has taken any steps to remove you from your position as president of local 211 since our hearings back in August of 1958?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you still president of that local?

Mr. COZZA. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 18808).

Gross was summoned to testify after Cozza left the witness stand. He was equally uncommunicative. Just as Cozza had done before him, Gross too gave only his name and address and invoked the fifth amendment for all succeeding questions.

Mr. KENNEDY. Mr. Chairman, we have had testimony in connection with Mr. Gross already, that he was arrested and convicted of grand larceny, and the possession of burglar tools in 1937. In 1942 he was convicted of extortion and sentenced to an indefinite term in the New York City Penitentiary. He was paroled on May 1, 1945. We had testimony that he was a member of Murder, Inc., and that he was working for a Teamster local that was set up by Murder, Inc. We had testimony that he was placed on the payroll of the Neo-Gravure Co. in 1945 to bring labor peace, and he and associates of his received some \$307,000 in a period of approximately 14 years; that in addition to that, that they received some \$45,000 from two newspapers in New York City, Mr. Gross and Mr. Connie Noonan received some \$45,000 from two newspapers in New York City for the purpose of insuring deliveries during the period when there was a strike in existence.

We had testimony that, despite this record, in October of 1958 Mr. Gross was made a Teamster Union official; at the same time he was on the payroll of the Neo-Gravure Co., he was made a Teamster Union official of local 320 in Miami, Fla.

Mr. Gross, we would like to ask, in view of the testimony before this committee and the documents that have been

presented to the committee, has any action been taken to remove you from your position as president of local 320?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me (pp. 18813-18814).

\* \* \* \* \*

Senator KENNEDY. I would like to ask counsel if Mr. Hoffa is aware of the payments that were being made? Was he familiar with Mr. Gross? Did Mr. Gross have any contact with him?

Mr. KENNEDY. He was placed in charge of this local which, as I say, had only 32 members, in October 1958, and subsequently, in November of 1958, checks coming out of the International Union, started by financing this local at \$3,000 a month, and Mr. Gross' salary was paid out of that local.

Mr. Gross also went around to certain filling stations and certain employers in Miami and asked them to invest in his union. He told them that if they invested in his union some \$7,000; if they made that investment, they could get tremendous returns in the future; that this was a business he was running and that he had the financial backing of Mr. Hoffa; and that this would be a very good investment for employers.

Senator KENNEDY. Did some employers make that investment?

Mr. KENNEDY. Yes; Barney Baker was down there helping him organize.

Senator KENNEDY. When was that?

Mr. KENNEDY. This year.

Senator KENNEDY. And he also received some \$3,000 a month from the International?

Mr. KENNEDY. Yes, and the red Thunderbird, and the son received his automobile and expenses.

Senator KENNEDY. How was he made the head of the local?

Mr. KENNEDY. It stated in the minutes that there was an election. He had not been associated with that local. At that time he was an employee of the Neo-Gravure in New Jersey. He made the statement at that time that he was going up to Washington, D.C., and he expected to get a local from Owen Bert Brennan. He came back to Miami, Fla., and became head of this local. He made the statement publicly in Miami that he expected to get the local and that he was going to Washington, D.C., to visit Owen Bert Brennan. He visited him, evidently; he got the local, anyway.

Senator KENNEDY. Mr. Brennan was vice president at that time?

Mr. KENNEDY. Yes (pp. 18815-18816).

(Payoffs to Gross and Noonan by the Neo-Gravure Co. and certain New York newspapers are treated in detail in a separate section of this report.)

In its inquiry into conditions at the Detroit Times, the committee found that the situation was almost identical to the one that prevailed

at the Pittsburgh Sun-Telegraph. The variations were only in some details; the pattern was the same.

Business Manager Charles R. Obermyer testified that more than 400 Times employees were members of Teamster Local 372, of which Joseph Prebenda was secretary-treasurer. Prebenda was also on the payroll of the newspaper.

Mr. KENNEDY. And is it correct that over the period of the last 5 years, Mr. Prebenda has done less work for the newspaper?

Mr. OBERMYER. Yes.

Mr. KENNEDY. And is it correct that over the period of the last 3 years, Mr. Prebenda has done no work that you know of?

Mr. OBERMYER. Well, I wouldn't say "no work." I believe that on Saturday nights when he is around, he pulls his route on Saturday night.

Mr. KENNEDY. Does he continue to draw the full-time salary, however?

Mr. OBERMYER. That is correct (p. 18887).

Obermyer testified that Detroit had the same system as Pittsburgh, whereby the driver furnished his own truck and the newspaper paid for the use of the equipment. In addition the paper furnished each driver with a "jumper," whose duty it was to run the papers from the truck to stores, corners, and stands. The driver was responsible for sales, collections, and deliveries. In Prebenda's case, his brother was the "jumper."

Mr. KENNEDY. You say that Mr. Prebenda is receiving the salary for full-time work although he shows up just on occasion on Saturday evening. Could you tell the committee why it is that the newspaper continues to pay him?

Mr. OBERMYER. Well, the main reason is that we want to avoid any trouble. In addition to that, Mr. Prebenda's route is being handled by the jumper, and the delivery and service is satisfactory, and, from the standpoint of cost, it results in the same cost to us even under those circumstances.

Mr. KENNEDY. Could anybody else, however, have just one individual handle the driving of the truck and the jumping? If you had just this one individual, would you still pay for two individuals in any other case?

Mr. OBERMYER. I doubt it very much.

Mr. KENNEDY. So the only reason it is done in this case is that he is an officer of the union?

Mr. OBERMYER. Well, it has been done, and it has been permitted to continue.

Mr. KENNEDY. Is that because he is an officer of the union?

Mr. OBERMYER. Well, I would assume so. I would say so; yes.

\* \* \* \* \*

The CHAIRMAN. In other words, it is the better part of discretion, from your viewpoint, to let it continue?

Mr. OBERMYER. That is correct.

The CHAIRMAN. In other words, you feel that you might precipitate some difficulties that you could otherwise avoid?

Mr. OBERMYER. You are absolutely right.

The CHAIRMAN. So to that extent it is in some measure a shakedown; is it not?

Mr. OBERMYER. Well, I don't know whether you could construe it as such or not. He works, as I say, occasionally.

The CHAIRMAN. Can you construe it as anything else?

Mr. OBERMYER. I don't think so.

The CHAIRMAN. I don't either.

Mr. KENNEDY. Do you think it is a proper payment?

Mr. OBERMYER. Absolutely not (pp. 18888-18889).

Obermyer declared that he had ordered further payments to Prebenda discontinued "unless he works for them. He has to work in order to collect any money."

Senator ERVIN. Your evidence indicates to me that the press in the United States is not quite as free as it is supposed to be.

Mr. OBERMYER. Well, of course, you are talking about a slightly different aspect, I presume, of the newspaper business when you say that (p. 18889).

Prebenda's appearance on the witness stand furnished at least a change from the steady diet of fifth amendment witnesses. He had been secretary-treasurer of local 372 since 1938, and interrogation revealed that his salary and expenses had been raised from \$175 a week to \$270 a week just 12 days earlier, retroactive to January 1, 1959. Although there are approximately 1,250 members in the local, the pay raise was voted, 87 to 67.

An employee of the Detroit Times for more than 35 years, Prebenda defended his position on the ground that the arrangement with the newspaper was in the nature of a contract, that the management was satisfied with the results, and there had never been a reprimand in all the time he worked for the company. While he admitted that he did not do much driving, Prebenda insisted that he handled much of the detail work incidental to sales and collections and was concerned with all problems in his "territory," which turned out to consist principally of deliveries to the Rouge plant of the Ford Motor Co. When pressed to name anybody else who enjoyed the same arrangement of having only one person on a truck but two persons drawing salaries for its operation, Prebenda was compelled to admit that he could not name one.

Mr. KENNEDY. \* \* \* What happened in your case was that the company paid to a fictitious figure, a figure that never showed up, a ghost figure, which was you, the driver's salary, and continued to pay the jumper's salary, even though he drove.

Mr. PREBENDA. That is exactly right.

Mr. KENNEDY. All right. So that you were on the payroll and did no work, although you received the driver's salary.

Mr. PREBENDA. I disagree with that statement. I say I do work every day (p. 18903).

Prebenda admitted that he continued to draw salary while in Washington attending the trial of Hoffa for a month and also while sojourning in Florida for several weeks. He also admitted finally that he drove the truck only on Saturday nights, just as Obermyer had testified, but continued to assert that he made the rounds of his territory daily, either in his own car or in the union Cadillac or "on foot," to check on deliveries and sales. He also claimed that he saw to it that his brother was properly compensated for working alone.

Prebenda also conceded that the mailed notice of the general membership meeting at which his salary was raised on June 14, 1959, did not advise the members that the salary raise was on the agenda. He acknowledged that his daughter had been given a job as a filing clerk at the Times 2 weeks before his appearance in the witness chair, and that one of his three lawyer sons had been employed as counsel for the pension plan after he intervened with the board of administration. He also admitted having intervened with the board to channel investment purchases on behalf of the fund through Aaron Ellwood, a Teamster member of long standing who has worked for the Detroit Free Press for 40 years.

Prebenda also admitted having loaned Hoffa \$2,000 in cash in 1953, but he claimed he did not remember whether he obtained the money from a bank account or through the sale of some stock or bonds.

Senator KENNEDY. Did you ever ask him to repay it?

Mr. PREBENDA. Did I ever ask him? No.

Senator KENNEDY. Do you expect to?

Mr. PREBENDA. Yes; when I need it.

\* \* \* \* \*

Senator KENNEDY. It is an interesting fact that a number of business agents and others who hold positions of responsibility all come in with the same story about giving Mr. Hoffa cash without interest. In some cases they said they were repaid, and in some cases they were not.

All of them—\$2,000 is a lot of money to have around in cash. This was the explanation Mr. Hoffa gave for having a large amount of cash on hand without being able to tell us where he received it.

Mr. PREBENDA. Senator, I have never had a savings account since my father lost the money in the bank. That is a matter of record. Since the crash. In a commercial account; yes, Senator (pp. 18901-18902).

Irwin Langenbacher, an assistant counsel to the committee, testified that the newspaper's records reflected payment to Prebenda of \$36,002.77 in wages and \$12,701.08 in truck rentals over a period of the last 5 years. For the 5 years prior to January 1, 1959, the union paid Prebenda a total of \$48,240 in salary or expenses, or a yearly average of \$9,648. With the raise voted on June 14, retroactive to January 1, his yearly remuneration from the local will be approximately \$14,094, Langenbacher stated.

#### LOCAL 805 TIED TO NARCOTICS, HOODLUMS

Earlier reports of the committee emphasized the extent of the alliance between James R. Hoffa and the notorious New York racket

figure, John Dioguardi, alias Johnny Dio. Running parallel to the Hoffa-Dio relationship has been a longtime friendship and association of Dio with Abraham Gordon, an officer of Teamster Local 805 in New York.

In recent years Gordon has gravitated into the Hoffa inner circle. Testimony before the committee rates him as one of Hoffa's principal advisers and a recognized confidant. When Hoffa was before the committee in 1958, Gordon was established for 3 days in the Teamsters' headquarters a few blocks from the Capitol. During Hoffa's two trials in New York, Gordon was almost constantly at his side. When Hoffa was trying to get the "paper local" delegates seated in Joint Council 16 in 1956 to insure the election of Hoffa's crony, John O'Rourke, the testimony shows that Gordon and Dio were in the forefront of this activity.

The case of Abe Gordon is one of curious transformation from trucking company operator to union leader. Gordon does not have a criminal record himself, but his business associates have been men with criminal records, principally for violating the narcotics laws. His employees in the trucking business have been preponderantly men with criminal records, some of them arising out of the drug traffic, and the roster of local 805's officers includes men with criminal records. Gordon is an unsalaried vice president of local 805, but the evidence is clear that he dominates it. He reaps his financial harvest from his position as administrator of the local's welfare fund.

The secretary-treasurer of local 805 is Milton Holt, who does have a criminal record and who, among other things, is a confessed perjurer. One of the union's trustees, Henry De Roma, has convictions for murder and trafficking in narcotics.

Despite the obvious eminence of Gordon in Teamster affairs, the record before the committee shows that local 805 shunned the use of union labor in developing a summer camp in the Catskill Mountains that had been purchased by the welfare fund from Edward Robbins, who turned out to be a cousin of Gordon. The testimony adduced by the committee established further that the welfare fund paid a grossly inflated price for the land. Not only was Gordon callously indifferent to the requests of the recognized union authorities in the area that union members be employed on the camp project, but the record before the committee also disclosed that the Gordon Trucking Co. did not have a contract with the Teamsters since 1946, and that the company's employees were drawing from \$3 to \$5 a week less than the prevailing union scale.

With testimony already in the record that the local 805 welfare fund paid \$85,000 for the summer camp property at Wurtsboro, N.Y., Joseph P. Lloyd, chairman of the board of assessors of the town of Mamakating, testified that it was assessed for \$10,500 in 1952 "and its retail value was certainly not over \$20,000 or \$25,000" (p. 19148). The assessment, Lloyd said, covered 640 acres, whereas the area purchased by the welfare fund was 490 acres. He explained further that assessments represented about 34 percent of actual market value.

In 1955, Lloyd went on, when criticism developed that the welfare fund had paid an exorbitant price, he was approached with a request to raise the assessment. Meanwhile, some improvements had been made, Lloyd conceded, so he raised the valuation to \$25,000. Lloyd

declared that he understood Gordon's cousin was having difficulty finding a purchaser prior to the time local 805 entered the picture, and as for the land itself—

much of it was vertical, and what wasn't vertical was in a swamp \* \* \*. Personally, it certainly wasn't a piece of land that I would have bought for that purpose (p. 19150).

Arthur Furman of Middletown, N.Y., business manager of Local 133, International Brotherhood of Electrical Workers, told the committee that his union was conducting an organizing drive in 1954 when it learned that nonunion help was being used on the local 805 resort. The Building and Construction Trades Council also took an interest in the situation. Furman said the union leaders had difficulty in locating Gordon but finally made contact with him at the plush Concord Hotel, where he was staying. Gordon cut short the meeting by saying that he had received an urgent telephone call to rush to New York, and "I never heard or seen of Abe Gordon from then on," Furman declared (p. 19152).

Next, Furman said, he talked to Milton Holt on the telephone, and Holt eventually brushed him off with the remark that this involved "a bunch of hillbilly locals up there, that we didn't know what we were doing" (p. 19153). Furman declared that he and the council both fired off telegrams to Dave Beck, then president of the International Brotherhood of Teamsters, complaining about the "runaround," but nothing ever resulted from the complaint.

A committee assistant counsel, Paul J. Tierney, testified that Gordon's sojourn at the Concord Hotel extended from 1954 up to the time of the hearing. The hotel records showed that he paid nothing for room and board and was charged only for telephone calls from July 7, 1957, to May 9, 1959. Detailed records for prior periods were not available, Tierney stated. When the investigation was made at the hotel, Tierney was told by the manager that there was an oral arrangement with Gordon that he would hold the room on a yearly basis for \$100 a week.

Mr. KENNEDY. But we even found the \$100 a week was not paid?

Mr. TIERNEY. It was not paid. So, after pressing them, finally on May 13, as a matter of fact in our presence, when we pressed them for details as to why the payments were not made, they then entered room charges of \$5,200 on May 13, 1959, for the period May 11, 1957, through May 1, 1958, and another \$5,200 on May 13, 1959, for the period May 1, 1958, to May 1, 1959 (p. 19158).

\* \* \* \* \*

Senator CURTIS. You have no evidence pointing to any reason why they should provide him room and board free?

Mr. TIERNEY. No, none at all, and no evidence of any services he performed (p. 19159).

Tierney testified further that the Concord Hotel employed S. G. S. Associates as its labor relations consultants under a contract calling for \$40,000 the first year and \$25,000 a year for the next 4 years. He identified the S. G. S. partners as George Schiller, Carlo Gambino, who



was one of the delegates to the 1957 underworld conclave at Apalachin, and Harry Saltzstein, who has a criminal record in New York.

Another committee investigator, George M. Kopecky, testified that Gordon has received \$189,235.11 in salary and \$36,561.95 in expenses for which no vouchers were ever submitted, a total of \$225,797.06 from September 15, 1950, to May 31, 1959. In addition, the welfare fund is paying \$238 a month for the rental of a Cadillac automobile for Gordon. Kopecky also reported having traced \$8,019.41 directly from the welfare fund to Gordon's own personal bank accounts. He said that he had tried to interview Gordon but that Gordon would not discuss the matter.

The CHAIRMAN. He wouldn't give any explanation of it?  
Mr. KOPECKY. No, sir (p. 19172).

Arthur Schneider, an examiner for the Insurance Department of the State of New York, testified that from the standpoint of administration the welfare fund of local 805 was "one of the worst" his department had encountered (p. 19217). The record shows that local 805 was not chartered by the Teamsters until late August of 1950, but the welfare fund came into being September 15, 1950. Gordon was in the saddle as administrator of it less than 3 weeks later.

Offered in evidence through Schneider was the fantastic trust agreement creating the welfare fund, which was characterized in the testimony as a "most shocking instrument." It conferred on Gordon these extraordinary powers:

(1) Gordon had sole and exclusive power to formulate, control, and regulate any and all welfare programs. His decision was final, and there was no appeal.

(2) Gordon was free from any liability or accountability to anyone with respect to the propriety of his actions or transactions unless written objections were made within 90 days after any annual report. No such objections were ever made.

(3) Gordon had full authority to hire and fire, and he alone signed all checks.

(4) Gordon had sole discretion on all investments and was not restricted to securities commonly known as legal investments for trust funds.

(5) Gordon had complete and exclusive control over all the accounts, funds, property, investments, and financial affairs of the welfare fund.

(6) Gordon fixed his own compensation at 10 percent of all contributions with an additional 2 percent for expenses. He later modified this to 9 percent and then to 8 percent as contributions mounted higher and higher, but the 2 percent for expenses remained unchanged. No vouchers for expenses were ever required or submitted.

(7) Gordon fixed the tenure of his position as life, but pressure from the insurance department brought about a modification eventually to 15 years.

The testimony as to the provisions of the trust agreement brought these comments:

Senator CURTIS. This is not a trust agreement; it is a bequest.

\* \* \* \* \*

The CHAIRMAN. It is my opinion that that contract would be set aside by a court of equity as a contract against public policy, and of unconscionable provisions.

\* \* \* \* \*

Senator CURTIS. Mr. Gordon, who was your lawyer that drew that up?

Mr. GORDON. I respectfully decline to answer because my answer might tend to incriminate me.

Senator CURTIS. It might incriminate him, too.

Mr. KENNEDY. I might say he has been asked that question by the insurance commission during the various investigations they conducted of the fund, and he would never tell them the answer to that question either (pp. 19211-19212).

Schneier testified further that the insurance department found in its 1954 investigation that 26 cents out of every dollar contributed to the fund was spent for administration expenses, that the other union officers were on the welfare fund payroll, and that the two employer trustees both received a salary of \$3,800 a year.

The CHAIRMAN. What do they get paid for? They have no responsibility. They cannot do anything about it.

Mr. SCHNEIER. This was rather unusual in any event to have employer trustees on the payroll of the welfare fund (p. 19213).

Schneier testified that approximately \$250,000 had been spent on the resort for a total of 30 rental units. He had calculated that if each member got a 2-week stay at the camp, he would not have a chance of staying there more than once in 12 years. However, Schneier said, examination showed that local 805's officers, their relatives, and the fund accountant monopolized the rental units for such prolonged periods each summer that the ordinary union member had a chance of getting there only about once in every 20 years.

It was also brought out during Schneier's testimony that life insurance coverage from the welfare fund was to the extent of \$3,000 per member, but the figure was \$11,000 for the union's officers, the union and employer trustees of the welfare fund, the accountant, and attorney. The union paid the premium for its officers and the welfare fund paid the premiums for the employer trustees, the attorney, and the accountant.

Schneier declared that in the several investigations of the local 805 fund conducted by the insurance department, Gordon was "very uncooperative," and "in some cases he pleaded the fifth amendment and in others his memory was exceedingly bad" (p. 19215).

For the period from June 1954 to September 1955 the welfare fund paid Gordon's bills at the Concord Hotel, Schneier said, the total amounting to \$5,517.71. Introduced into the record at this point were bills for John Dioguardi and his brother, Thomas, and their wives, which evidenced that the charges were transferred to Gordon's account.

Schneier said he recommended after his last investigation that local 805 divest itself of the resort property because of an operational deficit which at that time exceeded \$20,000. It has since gone higher.

The welfare fund has never received any annual rental as originally contemplated, because income never reached the point where operational expenses were met.

Sherman S. Willse, another committee investigator, testified that the investigation of Gordon's activities showed he was in contact and had long association with major underworld figures in the New York area, including a considerable number connected with the narcotics traffic. Two of his former partners, Nathan Rosen and William Winter, had convictions for dealing in narcotics. Still another, Philip Koyolick, alias Spick Farvel, was identified with the old Lepke-Gurrah mob. Gordon's employees in the Gordon Trucking Co. included many with criminal records who were tied to such luminaries in the narcotics traffic as Carmine Galante, Joseph DiPalermo, Vito Genovese, Harry Stromberg, alias Nig Rosen, and others. Both Gordon and Milton Holt, Willse asserted, knew Michael Lomars, a former business agent of the Confectionery & Tobacco Jobbers Union, whose record showed an arrest in 1937 for felonious assault and a conviction in 1940 for having robbed Mrs. James V. Forrestal of \$78,000 in jewels at the point of a gun. Holt, Willse added, visited Lomars at Sing Sing in 1943.

The record before the committee previously had shown that opponents of James R. Hoffa in the New York area fought the seating of Gordon as a delegate in Joint Council 16 on the ground that he was the owner of a trucking company. Gordon has told various investigative bodies that he had disposed of his interest in Gordon Trucking Co. and the A. & P. Cordage Co. in 1951.

Miss Frances Blaustein, a veteran employee of both companies, took the fifth amendment when questioned as to how she supposedly acquired control of them and remained silent when asked if she was operating them on behalf of Gordon. Evidence was placed in the record to show that Gordon used the facilities of the two companies for personal loans as late as 1954, that he continued to draw money from Gordon Trucking, and that there was nothing in the books and records of either company to show any transfer of ownership to Miss Blaustein.

Gordon too resorted to the fifth amendment when the committee sought to elicit information as to his business connections or any reply he might have to the statements made about him by the various witnesses.

Milton Holt was linked even more closely to the peddling of narcotics by the testimony of Federal Narcotics Agent Ivan Wurms, who declared that the Bureau of Narcotics became aware in 1955 of an intimate relationship between Holt and Bernard Blaustein,<sup>1</sup> alias Bernard Barton, alias Lou Bernie, from whom Wurms purchased substantial quantities of cocaine in February 1956. Wurms testified that Blaustein and Holt were found to have registered together in a Miami Beach hotel on several occasions, with Holt using the alias of Milton Harvey. On February 4, 1956, Wurms asserted, he was able to buy 402 grains of cocaine for \$800 from Blaustein, which the latter delivered in the men's room of a New York restaurant. Arrangements were made for a second purchase. Four days later, with other agents

<sup>1</sup> Bernard Blaustein is not related to Frances Blaustein, according to the latter's attorney (p. 19222).

maintaining a surveillance, Wurms met Blaustein again in the same restaurant and arranged to take delivery of 2 ounces of cocaine for \$1,600 that same evening at another restaurant.

Wurms and Blaustein left the restaurant and walked several blocks to a point on 52d Street where they stood talking. Holt, Daniel Ornstein, another trustee of local 805, and an unidentified third man watched while Wurms and Blaustein concluded their conversation, and Blaustein then joined them. Wurms left, but other agents picked up the surveillance and saw the four men get into a Cadillac later found to be registered to Holt. The four men were followed to 1780 Broadway, which was then the headquarters of local 805.

A Cadillac owned by Blaustein arrived outside 1780 Broadway a few minutes later, according to the testimony, driven by Clarence Jackson, alias Mookie, another known violator. Blaustein conferred with Jackson and then was observed to return to the offices of local 805, where he remained until it was almost time for his meeting with Wurms. Jackson was followed uptown and was seen to contact two other known violators of the narcotics laws.

When Blaustein emerged from the union offices, the testimony shows, he suspected he was being followed and maneuvered to force the agents to drop the surveillance. Nevertheless, he kept the date with Wurms and made the delivery.

Wurms testified that the Bureau of Narcotics subsequently learned that Blaustein's Cadillac was purchased around January 20, 1956, and that in his application for a chattel mortgage from the National City Bank he listed himself as a business agent for local 805 and said he was getting \$10,000 a year. Wurms testified that the application bore a notation showing that the bank contacted Holt, who verified Blaustein's claim and certified that Blaustein had been employed by the union for 10 years.

The arrest of Blaustein for the two sales of cocaine, Wurms said, was deferred while narcotics agents tried to ascertain his source of supply. They suspected that the narcotics were coming from Florida. Their investigations showed that Blaustein, Holt, and Isadore Shadletsky, alias Buddy Shad, of Tampa, knew each other, and that an associate of Shad, Salvatore Granello, another known violator, was vice president of Local 130, Amalgamated Novelty Union, which also maintained offices at 1780 Broadway.

Wurms testified that in the early part of 1956 Blaustein was frequently in Florida. Holt was with him on many of these occasions. On one trip Blaustein was in a conference with Frank Dioguardi, Johnny's brother, and Freddie Felice, alias Franco. Also in Miami at the same time were Holt; Gordon; James Plumeri, alias Jimmy Doyle, uncle of the Dioguardi brothers; and George Baker, alias George Semelmacher, an officer of one of Johnny Dio's paper locals, who also had a narcotics record. Blaustein, Wurms declared, also went to Cuba and was in contact with Granello. During the spring and summer of 1956 Blaustein and Holt were frequently spotted together by agents maintaining a surveillance of Blaustein's activities.

On October 1, Wurms continued, the agents received information that Blaustein and Holt were en route by plane to the west coast and were suspected of carrying narcotics. They were finally located in the Beverly Hills Hotel and seized, but no narcotics were found.

Holt had \$3,500 in his pockets. Blaustein had a dues book of Local 649, United Auto Workers, AFL, which was Johnny Dio's local, and he subsequently stated that he obtained it from Dio so he could become eligible for welfare fund benefits. Blaustein's address book also contained the nonpublished telephone number of Holt and the phone number of Studio Frocks, in which Harry Stromberg, alias Nig Rosen, had a 50-percent interest. Stromberg, a reputed banker for narcotics operations, is now serving time following a conviction in a major case.

Blaustein was formally charged with the two sales to Wurms at the time of his arrest in California and was given a 3-year sentence on January 2, 1957. His criminal record also showed previous arrests for attempted grand larceny, burglary tools, liquor law violations, assault, and rape.

The testimony before the committee also disclosed that Holt, who has been drawing in excess of \$20,000 in salary and expenses as secretary-treasurer of local 805, profited greatly from a long series of financial transactions which he carried on with principals in companies with which local 805 had labor contracts.

The central figures in these transactions, the testimony shows, were Harold Roth and Herbert S. Sternberg. The significance of the transactions can best be realized by summarizing the facts developed by the investigation and subsequent testimony of George M. Kopecky, a committee investigator.

The interlocking relationships emerge with the study of these salient facts:

1. Harold Roth formerly controlled the Herald Vending Corp. His interest ceased in about 1950. He later organized the National Vending Corp., now known as Continental Industries, Inc., of which he is president. He is also president of U.S. Hoffman Machinery Corp., a director and principal stockholder of U.S. Hoffman International Corp., and secretary of Valley Commercial Corp.

2. Sternberg is the executive vice president of Valley Commercial Corp., which discounts certain conditional sales contracts on behalf of Continental Industries and other companies.

3. Herald Vending was one of the defendants named in a 1954 Federal indictment charging conspiracy to violate the Sherman Antitrust Act. Local 805 and Holt also were defendants. Basically, the allegations followed the now familiar pattern of stating that the union was used as an enforcement arm by an employer association intent upon monopolizing locations for machines of the association's members.

4. Matthew Forbes was the chief executive officer of the employer association. He is now associated with Roth and others in the ownership of Valley Commercial and is a member of the board of U.S. Hoffman. The association, Forbes, local 805, Holt, and Herald Vending all paid substantial fines in the antitrust case. Parenthetically, it should be noted that Holt's fine was reimbursed by the union.

5. In 1956 National Vending, predecessor to Continental Industries, sold 400,000 shares of stock to a select circle of Roth's friends and associates. Holt was allocated 12,000 shares to cost \$30,000.

Holt put up \$14,000 and borrowed another \$10,000 from Roth, interest free. Up to the time of the committee's hearings there were no records available to show that the remaining \$6,000 was paid, although Roth testified that he could swear the full \$30,000 was accounted for.

6. From October 1957 to May 1959 Holt made other loans aggregating \$233,600. Some of these were without security and were interest free. Some of these were made by Sternberg personally; some were made through another finance company known as Adams Associates; and some were made by the Franklin National Bank of Franklin Square, N.Y. Adams Associates was reimbursed immediately by Valley Commercial for one loan, and no interest was charged. Others were guaranteed by Valley Commercial or by Sternberg personally, or both. A member of the firm of Adams Associates, Frank Abrams, is also a director of Continental Industries and did accounting work for that firm and Valley Commercial. The loans at the Franklin National Bank were made to Holt at the request of Continental Industries. The vice president of the bank is a director of Continental Industries and U.S. Hoffman Machinery.

7. At the time of the committee's hearing on the matter, Holt's outstanding indebtedness on these loans was \$117,000, of which \$62,000 was unsecured and interest free. The remaining \$55,000, a bank loan, was secured by stock in Continental Industries, which Holt owns. At hearing time Holt was known to be the owner of 23,000 shares of Continental Industries worth \$7 a share, or \$161,000. He posted 13,000 shares as collateral on the \$55,000 loan.

8. In October 1957 Holt used a total of \$50,000 borrowed from the bank and Adams Associates to buy \$70,000 worth of stock in U.S. Hoffman on margin. Within the next several months Holt sold this stock and realized a profit in excess of \$33,000.

9. Holt received in excess of \$3,600 in dividends on his Continental Industries stock in 1956 and 1957 but did not declare it on his income tax return.

Sternberg testified that some of the loans to Holt were interest free because Holt had lent him \$60,000 in 1958 without charging any interest.

Roth described Holt as a friend for 30 years and declared that the loans through Adams Associates rather than from Valley Commercial directly was to insure faster repayment "and perhaps a stronger method of collection." He conceded that he "might have" supported Holt's applications to the Franklin National for the various loans there but could not remember whether he did or not. Roth claimed further that he was not aware that Holt had used the proceeds of two of the loans to buy U.S. Hoffman stock on margin and added, "I am quite flattered that he did."

Mr. KENNEDY. Mr. Roth, did you see anything improper or irregular in the financial transactions that you were having with Mr. Holt?

Mr. ROTH. I did not.

Mr. KENNEDY. And never have; is that right?

Mr. ROTH. Never have.

Mr. KENNEDY. Did you feel it was perfectly proper for a company to make these kinds of loans to union officials? You can answer that. It is a question of fact.

\* \* \* \* \*

Mr. ROTH. I felt at the time that the loans were not made to a union official, but to a friend. In the light of the hearings today, I would not do it again. But I made these loans and many other loans to friends.

\* \* \* \* \*

The CHAIRMAN. At the time you say you did not think about it?

Mr. ROTH. At that time; no. At this point, in the light of what has developed I probably would not make the loans again (p. 19196).

The Chairman later observed:

The question here is one of impropriety and also of illegality. As I interpret the testimony, the undisputed facts are that there was a violation of the spirit of the law. If there was not a violation, even if there was no law, there would have been implications, very strong implications, of impropriety.

The thing about it is that we cannot serve two masters. A representative of a labor union, in my judgment, is exposing himself to justified criticism when he takes a favor from an employer with whom he contracts on behalf of men who work.

That is the intent of the law, to prohibit, insofar as it will prohibit. Certainly it places a stamp of condemnation on such practices (p. 19199).

Committee counsel pointed out that practically all of the loans to Holt occurred after he had been indicted for perjury, a charge to which he pleaded guilty in 1959.

Mr. ROTH. I didn't know he pled guilty.

Mr. KENNEDY. Did you look into his activities at all?

Mr. ROTH. Am I supposed to investigate my friends? (p. 19199).

\* \* \* \* \*

Mr. KENNEDY. We have had union officials appear before the committee and they don't seem to be disturbed about improper activities, and we have had some businessmen that equally don't seem to be disturbed by improper or illegal activities, and certainly, Mr. Roth, you fall into that latter category.

Mr. ROTH. I disagree with you. I don't believe I do. I am disturbed by improper activities. I think I have conducted my personal life in such a manner that I cannot be criticized (p. 19200).

Holt, who had taken the fifth amendment in 1957 in a previous appearance before the committee in connection with the "paper locals," repeated the performance when summoned to the witness stand. He would not answer any questions about his associations with a long list

of known criminals or about Blaustein in particular, nor would he give testimony relative to the loans from Harold Roth and his associates. Nor would Holt answer any questions about a letter he sent to James R. Hoffa under date of November 3, 1958, which stated:

We are proud to inform you that at a general membership meeting of Local 805, International Brotherhood of Teamsters, held on September 29, 1958, the members of Local 805, International Brotherhood of Teamsters unanimously approved a resolution previously adopted by our executive board and advisory committee, that a vote of confidence be given to General President James R. Hoffa and the general executive board. Be it

*Resolved*, That the actions taken by you and the general executive board have been for the best interests of the rank and file membership of our international union, and that the Senate committee is guilty of the most serious threat of the destruction of the labor movement by their unfair actions against you. Be it further

*Resolved*, the membership of Local 805, International Brotherhood of Teamsters, heartily endorse you, our general president, and the general executive board of the International Brotherhood of Teamsters, for not succumbing to the atrocities performed against you by the Senate committee, and we are certain that after the air is cleared you will have established yourself as the champion of the entire labor movement, for it is you and you alone who has had the courage to withstand this tremendous onslaught against labor, where weaker leaders have failed (p. 19205).

This caused the chairman to observe that "if we are trying to get some crooks and folks out of the labor movement by simply exposing their corruption and their misdeeds, if that is against unionism, then I don't know the meaning of decent unionism" (p. 19206).

#### LOCAL 560 OFFICERS ACCUSED OF EXTORTION

A pattern of extortion going back over a period of many years was outlined to the committee by executives of three trucking companies operating in the jurisdiction of local 560 of the International Brotherhood of Teamsters, Hoboken, N.J., in testimony placed in the record on July 6, 1959. Identified as the principals in the racket were Anthony Provenzano, president of local 560, elected by the executive board in June 1958 to replace Michael Sheridan, who had taken a leave of absence (Provenzano also has been president of Teamster Joint Council 73 in Newark since May 1959); John Conlin, 76-year-old secretary-treasurer and former president of local 560, who also is a vice president of the international and a member of the international executive board; and Anthony "Three-Finger Tony" Castellito, business agent of local 560, who has a criminal record.

The record shows that Provenzano, better known as Tony Pro, is generally regarded as James R. Hoffa's chief henchman in the New Jersey area and that he is associated with a wide variety of notorious New York hoodlums, including Anthony "Tony Ducks" Corallo, Carmine Tramunti, Sonny Campbell, Connie Noonan, and Anthony



Strollo, alias Tony Bender. The aging Conlin, who has announced plans to retire in the not too distant future, has stated publicly that he intends to recommend Tony Pro as his successor on the international executive board and as an international vice president.

Conlin was too ill to appear before the committee. Tony Pro and Three-Finger Tony added their names to the lengthy list of Teamster officials who have taken the fifth amendment. As a result of the testimony adduced before the committee, indictments have been returned in New Jersey.

The initial witness at the committee's inquiry into the activities of the officers of local 560 was Arthur Pitman, president of the Pitman Trucking Co. This concern formerly was based in New York and had a contract with local 220, but it moved to Hoboken, N.J., in November 1952. Pitman testified that it was his understanding that his contract with local 220 would be respected, but soon after the transfer to the new location Tony Pro told him he would have to sign with local 560. About a year later, Pitman declared, Tony Pro demanded \$5,000 with the threat that "I would not be in business too long" unless the money was paid. After sparring with Tony Pro for a period of several months, Pitman testified, he finally delivered \$2,500 to him in December 1954.

Senator CAPEHART. For what purpose was that payment made?

Mr. PITMAN. To stay in business, to stay out of trouble; that is all (p. 19241).

Pitman identified a check drawn to cash and said that his bookkeeper, Ray Salone, got the money from the bank. Pitman said he paid it over to Tony Pro outside a diner a half-block away from his office.

An affidavit by Salone corroborated Pitman's testimony, although Salone said he did not see the actual transfer of the money to Tony Pro because Pitman's back was to him and he was 125 feet away when the transaction took place.

Mr. KENNEDY. Do you think it was a proper payment?

Mr. PITMAN. No, I don't think it was a proper payment; no.

\* \* \* \* \*

Senator CURTIS. Did you say you were unwilling to pay over this amount?

Mr. PITMAN. Yes, I was unwilling. For 7 or 8 months he was after me to pay him. At last it got so bad I was not on the job. I was off the job all the time, watching my trucks and all that.

Senator CURTIS. While you disapproved of it you felt it was necessary in order to keep operating?

Mr. PITMAN. Yes (p. 19245).

Walter Dorn is president of the Dorn Transportation Co., which maintains headquarters at Rensselaer, N.Y., and operates between the Canadian border and Baltimore, extending into Connecticut. In 1952 he was operating the company terminal in Secaucus, N.J., when difficulties arose with the Teamsters Union.

Dorn testified that he and Joseph Adelizzi, executive director of the Empire State Trucking Association, met with Tony Pro and Three-Finger Tony Castellito in an effort to resolve the difficulties. Dorn declared that it was apparent to him that Provenzano and Castellito were going to remain adamant as long as Adelizzi was in the picture, so he then met the two union officials alone. He said it was indicated to him that he was going to have to "come up" with about \$5,000 a year.

Over the next 15 months, Dorn said, he paid out a total of \$1,500 spread over four meetings with Tony Pro, at one of which Castellito also was present. The meetings occurred in a Weehawken restaurant from the late summer of 1952 to sometime in 1954.

Mr. DORN. That arrangement terminated because I was afraid to do it any longer, and I stopped it. I could not frankly get my hands on the money.

\* \* \* \* \*

Mr. KENNEDY. Was there a new arrangement made at that time?

Mr. DORN. In 1953 I was given the name of a lawyer to put on retainer.

Mr. KENNEDY. Who gave you the name of the lawyer?

Mr. DORN. Tony Provenzano.

Mr. KENNEDY. What was the name of the lawyer?

Mr. DORN. Michael Communale (pp. 19248, 19249).

Dorn said he did not know that Communale was an assistant prosecutor in Hudson County. He paid Communale \$200 a month, or a total of approximately \$14,000, up to June 1959.

Mr. KENNEDY. Is the reason you paid him \$200 a month because you were told to do so by Tony Provenzano?

Mr. DORN. Yes, it is.

Mr. KENNEDY. Was that in order to avoid labor difficulty or trouble with Mr. Provenzano?

Mr. DORN. In order to avoid more trouble. I already had it.

\* \* \* \* \*

Senator CURTIS. Mr. Dorn, what could these two men do to you if you refused to give them any money?

Mr. DORN. They could stop the operation.

Senator CURTIS. You did this because you thought it was necessary to continue to carry on your business?

Mr. DORN. I thought it was necessary (p. 19249).

Dorn testified that he never saw Communale and that the latter never performed any services for his company.

Communale conceded that Dorn's testimony was substantially correct when he took the witness stand. He acknowledged that he received the \$200 a month and answered, "actually and substantially, no," when asked if he ever did any work for it. Communale said he knew Tony Pro and Pro's attorney, Jacob Friedland, who also is attorney for various Teamster locals, and added that Friedland's offices are on the same floor as his office in Jersey City. But Communale

emphatically denied that any part of the \$200 a month was passed on to any other person.

Communale testified that an old man approaching 80 years of age, Orestes Ciccarelli, a disbarred lawyer, functioned as a law clerk in his office, answered the phone, took care of the mail, and occasionally interviewed persons to get facts in some cases. Communale said that Ciccarelli asked him one day if he would want to represent a trucking company, and subsequently told him he "understood" that Communale had been recommended to a New York State firm. Later, Communale went on, Ciccarelli informed him that he had been retained at \$200 a month. Communale asserted that he "assumed" that any conversations Dorn might have had with Ciccarelli, "who represented himself as my agent, working in my office" (p. 19288). He conceded that he discovered in 1955 that Ciccarelli had stolen money from him but he did not prosecute him because of his age and the fact that he was very ill.

Mr. KENNEDY. Didn't it strike you as just a little bit peculiar, Mr. Communale, that you would be working for some 5 years and received some \$200 a month and never be asked to do anything?

Mr. COMMUNALE. I had those thoughts; yes, sir. Do you want to know why I didn't do something about it?

Mr. KENNEDY. All right.

Mr. COMMUNALE. I felt that as long as this company was willing to pay me the sum of \$200 a month on a retainer basis, and I had sufficient authority to accept it, I would continue so long as they wanted me. That is my answer (p. 19290).

Communale characterized as "unreal and fantastic" a suggestion that he was drawing the monthly retainer so that the Teamsters Union would have a friend in the prosecutor's office. "I am a lowly assistant in the prosecutor's office who does what he is told and follows orders. I do not make policy," Communale declared (p. 19292).

Carl A. Helm, of Pittsburgh, former president of the L. & H. Transportation Co. which went out of business in 1953, testified that his company had difficulties with local 560 in the late 1940's when John Conlin was president of the local. Helm said that a meeting was arranged with Conlin in a Hoboken restaurant which was attended by Helm and his sister, his attorney, Abel Just, and his New York manager, William Jacobson. He said Conlin told him it would cost \$300 a month to take care of his troubles and that the payments were to be made in bills of no larger than \$20 denomination (p. 19255). Helm quoted his attorney as saying "they didn't teach him that in law school," and he said Just talked to Conlin in the men's room and later reported that Conlin told him "to go back and explain the facts of life" to Helm (p. 19256).

Helm testified further that it was his understanding that Jacobson received a call each month designating a meeting place and that he took the money from the petty cash account and delivered it. All the payments, which were made for a period of 5 to 6 months, were handled by Jacobson, according to Helm, and were made in some instances to Three-Finger Tony.

Senator CAPEHART. Did you have any trouble after you discontinued paying the \$300 a month?

Mr. HELM. Plenty (p. 19258).

Helm admitted that he had been fearful about testifying because he "wanted to keep on living" (p. 19258).

The element of fear was much more predominant when Helm's former New York manager, Jacobson, took the stand. As soon as committee counsel began asking about the company's difficulties with local 560, Jacobson began invoking the fifth amendment. At one point he stated "that I have a livelihood to make yet" and "there might be some retaliation" (p. 19260). Later he stated that the retaliation could be in the form of either physical violence or dismissal by an employer as the result of Teamster pressure. Jacobson admitted that he had stated "a dozen times" that "I would rather be a live coward than a dead hero" (p. 19261), but promptly took the fifth amendment when asked by committee counsel if he had not told counsel about making the monthly payments by throwing the envelope or giving the money into the car as it would come by.

Mr. KENNEDY. Didn't you state also to our investigator, "Another thing, I will go to jail for 20 years. I tell you nothing. I have been told that if I ever repeat or talk I will find myself cut in little pieces. Who told me? That is none of your business. Mister, when you are threatened by this mob, you don't answer. You just do and shut up" (p. 19262).

Jacobson maintained his policy of silence.

John A. Aporta, a committee investigator, testified that he wrote Jacobson's remarks during an interview in June "in front of him. He asked me whether or not I was going to put that into the record, and I told him I couldn't answer that question because everything he told me was part of our record" (p. 19263). Aporta later gave testimony showing conclusively that the treasury of local 560 existed principally for the benefit of the officers and business agents. In summary, the testimony of Aporta established these facts:

As of January 1, 1959, local 560 had 9,836 members. Each officer and business agent was being paid \$19,500 a year, and each one had a 1958 Cadillac bought by the union.

On November 8, 1956, a "defense pension fund" was created especially for the officers and business agents, totaling 12 in number, effective as of January 1, 1957. The plan requires the payment of 50 cents per month per member, but it was made retroactive to 1954. The union attorney estimated that it would take 8 years to get the plan current and with all payments necessitated by the retroactivity feature accounted for.

From January 1, 1957, to March 31, 1959, the union paid into the plan a total of \$279,003.05 and still owed \$147,982.50 under the retroactive feature. In order to make the 1957 payment of \$195,395, the local had to go in debt to the tune of \$97,000.

No written notice was given to the membership that the general membership meeting of November 8, 1956, would take up the question of approving the establishment of the plan. There is no way to determine from the local's records just how many members attended or how many voted. The quorum for general membership meetings

is 25. Twelve persons were to benefit from the plan. The local's executive board keeps no minutes of its meetings at all.

John Conlin now has vested rights in \$44,817.52 under the plan, with \$25,939.89 still owing by the union as of May 1, 1959. Tony Pro has vested rights in \$11,287.24, with \$4,770.12 still due from the local.

Local 560's total income in 1957 was \$506,729.38 of which \$482,282.83 was realized from dues and initiation fees. Expenses totaled \$440,719.35, exclusive of accounting and legal fees, of which \$224,725 went for salaries and \$195,395 went into the defense pension fund for the officers and business agents.

Thus 86 percent of total income went for salaries and benefits for the officers and business agents. The 1958 figures were similar, with income down \$4,000 to \$502,988.55, and the percentage fixed at 74 to 75 percent for salaries and benefits for the officers and business agents.

#### TEAMSTER OFFICIALS IN LOS ANGELES

In February of 1959 the committee held 2 days of hearings into the activities of two Los Angeles Teamster locals and their principal officers, John W. Filipoff and Meyer (Mike) Singer. Both men are close associates of Teamster President James R. Hoffa.

The hearings concerning Filipoff went into the attempts of the members of the local to replace him as the secretary-treasurer of local 208 in Los Angeles. In an election held from the 7th to the 14th of January 1959, Filipoff was opposed by Sidney Cohen and when the votes were counted under the direction of a certified public accountant, Cohen emerged the victor by a vote of 1,269 to 1,149. Immediately thereafter, according to testimony, Cohen was subjected to a long and intense period of harassment. He testified that he was followed day and night, that he received threatening telephone calls, and that he heard that Teamster goons had been imported from Portland, Oreg. Cohen said he became so frightened that he slept with a gun in his bed. He finally decided to take the matter directly to Teamster President James R. Hoffa and flew to Washington, D.C., on January 21, 1959, to see Hoffa. Soon after arriving in Washington, Cohen discovered that Filipoff was also there, as well as Mike Singer, the business agent of local 606B, another Teamster local in the Los Angeles area. In a meeting in the anteroom of Hoffa's office, Cohen testified, he was browbeaten into signing a document in which he gave away the office of secretary-treasurer to which he had been elected by the membership and returned it to John Filipoff. On returning to Los Angeles, however, Cohen repudiated the agreement and through court action managed to take the office from Filipoff. Filipoff appeared as a witness before the committee and refused to answer any questions on grounds of self-incrimination. In testimony before the committee, it was found that Filipoff had been a business partner of an employer with whom he negotiated agreements and that he had been given 25 percent of the business by the employer without making any investment.

Neither the undemocratic strongarm attempts after gaining control of the local by Filipoff nor his collusive arrangements with an employer, however, seemed to concern Hoffa, for after the hearing was over and Cohen had managed to take over the job to which he had

been rightfully elected by the membership, Hoffa named Filipoff as the director of Sears, Roebuck organizing drives on the west coast. This followed Hoffa's pattern in California.

Frank Matula, business agent of a Los Angeles garbage local, who was convicted of perjury and at the time of the writing of this report is currently serving a prison term for that offense, was named an international trustee of the Teamsters Union by Hoffa. The California judge gave Matula a 10-day vacation from his jail cell to attend a meeting of the international trustees in New York early in 1960.

In the case of Mike Singer, testimony before the committee was clear that through coercion and intimidation he set out to fix prices and business conditions in the grease industry in Los Angeles. Morris Gurewitz, a Los Angeles grease dealer, testified how Singer told the dealers how much they could charge for grease and also how he arbitrarily transferred the business from one company to another. As a result of the committee testimony, Singer was indicted by a Federal grand jury in Los Angeles under the criminal provisions of the Sherman Antitrust Act, an indictment which is still pending.

It was further shown that Singer unconscionably misappropriated union funds. The principal item was an excursion with his girl friend to Honolulu, with the union picking up the tab for her hotel and travel expenses.

In Honolulu, according to the testimony, Singer set up organizational picket lines around meatpacking plants without bothering to attempt to organize even one employee of these plants. The organizational picket lines succeeded in shutting off the milk supply in the Hawaiian Islands for 2 days. Singer was sent to the islands as the personal representative of Teamster President James R. Hoffa.

Hoffa further showed his liking for the Los Angeles Teamster official by appearing at a testimonial dinner for Singer. Grease dealers in Los Angeles who attended the dinner were shaken down for amounts up to \$1,000 to buy Singer a new automobile. Although he expressed great surprise at receiving the gift at the banquet, he was seen driving the car around town a week earlier. It is interesting to note that after the committee began its investigation into Singer's activities, most of the grease dealers who were forced to make "contributions" for Singer's automobile were quietly refunded their money.

#### HOFFA'S HOODLUM ASSOCIATES STILL HOLD UNION POSTS

In 1957 James R. Hoffa proclaimed publicly that there would be a vigorous cleanup of the Teamsters Union if he achieved his ambition to become the president of the international.

The committee's 1957 hearings produced substantial evidence of the shockingly corrupt conditions existing within the ranks of the Teamsters. In its first interim report the committee said that this evidence fully supported the finding that "Hoffa runs a hoodlum empire, the members of which are steeped in iniquity and dedicated to the proposition that no thug need starve if there is a Teamster payroll handy."

After the 1958 hearings spread upon the record a great mass of testimony about violence, financial manipulations, callous repression of democratic rights and racketeer control, the committee reported that "Hoffa has consistently supported the interests of racketeer friends over those of his own members." The committee made a find-

ing that "the continuing attitude of Hoffa and other Teamster leaders that they are above the law can only serve to intensify the apprehension of decent union members and decent people throughout the country."

The evidence placed in the record before the committee in 1959 on the foregoing points was, in a sense, accumulative but no less devastating. There were deviations from the now familiar pattern only to the extent of providing a new insight into racketeering techniques.

The testimony disclosed that some Teamster officials alined with Hoffa continued to draw salaries and to hold their union positions while languishing in prison, while others who supposedly relinquished their positions continued to draw salaries through payroll dummies.

The record also shows that while Hoffa was driving hard to effect an alliance with the Communist-dominated International Longshoremen's and Warehousemen's Union on the west coast, Teamster funds also had been utilized to support an organizing campaign of an independent west coast union which is controlled by a known Communist. In still another case, another known Communist in New York, convicted of extortion and free under bail pending an appeal, retained his position as secretary-treasurer of a Teamster local previously shown to have been one of several controlled by the infamous Anthony "Tony Ducks" Corallo. Corallo himself was the one who was using payroll dummies to collect his salary after reputedly surrendering his Teamster post to "go underground."

The 1959 hearings also produced additional evidence that Hoffa and his associates have stifled union democracy and have resorted to ill-advised trusteeships to destroy traditional autonomy at the local level.

Previous reports of the committee have ticked off an impressive list of associates and friends of Hoffa with criminal records and criminal backgrounds. One of the foremost of these is Paul Dorfman, a major figure in the Chicago underworld and intimately associated with the rulers of racketeering in that midwestern metropolis. Dorfman was the head of the Waste Material Handlers Union until the AFL-CIO forced his ouster in 1957.

The extent to which Dorfman, his wife Rose, and his son Allen, have profited from their close relationship with Hoffa already has been fully defined by committee hearings and reports showing that 90 percent of the business of the Dorfman-owned Union Insurance Agency of Illinois comes from the insurance that is placed by Hoffa's Michigan Conference of Teamsters welfare fund and the Central States, Southeast, and Southwest areas health and welfare fund that covers a 25-State area.

The Dorfman name cropped up on several more occasions during the 1959 hearings. Paul Dorfman was identified as having been in the forefront of a Hoffa campaign to force a consolidation of several small Teamster locals in southern Illinois into a large union to be controlled by a felon who at that very time was being convicted of extorting money from a pipeline operation.

Other testimony put Paul Dorfman at Hoffa's side during the two wire-tapping trials of Hoffa and Bernard Spindel in New York at which time Dorfman and his son, Allen, were observed passing envelopes containing money to Hoffa.

There was also testimony that funds of Hoffa's local 299 in Detroit were misused to buy a number of quonset huts which were shipped to

the Jack-O-Lantern Lodge at Eagle River, Wis., which is owned by the Dorfman and in which Hoffa himself at the time had a one-quarter interest.

From Barney Matual, La Salle, Ill., came the testimony illustrative of Hoffa's "I get what I want" philosophy and the ruthless imposition of his will on Teamster locals with the assistance of, and on behalf of, his racketeer friends.

Matual is now a field representative for District 50, United Mine Workers of America. In 1936 he organized Teamster Local 981, a union of service station operators and attendants in La Salle, Peru, Oglesby, and Utica, Ill. He was its president and business agent from 1940 to 1955.

In summary, this was Matual's preliminary testimony:

On December 4, 1954, a delegation of Teamster officials headed by Hoffa (and including Paul Dorfman) called on him. Roy Williams, head of the Teamster Joint Council in Kansas City; Dick Kavner, from St. Louis; Virgil Floyd, from Teamster local 179 at Joliet, and Floyd's two brothers, Tom and Israel, were the others in the delegation.

Hoffa called a meeting of the executive boards of locals 981, 157, 253, and 46 and fixed April 1, 1955, as the deadline for a merging of all four locals into local 179 with the consolidated organization to be headed by Virgil Floyd. That very same month Floyd was convicted of extorting money from employers in an Illinois pipeline operation.

Matual's members didn't like Floyd's past record and the excessive dues structure in his union. They voted 100 percent against the merger. In all 4 unions, the vote was 694 to 7 against the proposal.

Shortly after the rejection of the merger, Matual was in Springfield to attend a Teamsters' meeting and he was called into a hotel room. Waiting for him were Virgil Floyd and Barney Baker, Hoffa's "muscle man," who promptly threatened Matual if he refused to work with Floyd. Fearing a possible beating, Matual agreed to cooperate with Floyd thereafter.

There was a merger of the four locals but not with local 179. Floyd's local was left out of it and the other four formed a new local 46. Floyd began a pressure campaign at once against the local 46 membership and also against area storekeepers with the objective of forcing a merged unit in line with Hoffa's original proposal.

Matual was elected president of the new local 46 in December 1955 after campaigning on a platform of opposition to being forced into consolidation with Floyd's local at Joliet or accepting trusteeship.

Soon after Matual's forces began their administration of local 46 an international auditor, Charles Farrell, visited La Salle and audited the books. Not long after that Farrell returned to La Salle accompanied by David Sark, an assistant to international Vice President John T. O'Brien, of Chicago. They produced a letter from Dave Beck, international president, giving notice that a trusteeship had been imposed with O'Brien designated to take over. Farrell demanded to see if there was any money in the bank and Matual took him to the bank to verify that funds were on deposit. O'Brien showed up a few days later. When Matual asked what charges had been preferred, O'Brien told him there were none but demanded the charter and seal. Matual warned him that the membership opposed



the trusteeship and "if you take that charter and seal out of here, they are going to go independent and you are going to lose them."

O'Brien adopted Matual's suggestion that he call Beck. O'Brien reported to Beck that the union had money in the bank, its contracts were good, and the books were clean. Matual listened on an extension and heard Beck say he did not know the reason for the trusteeship but would go to Washington and find out. Matual arranged with Beck for a meeting at Dallas, Tex., on July 12, 1956. When he arrived at his hotel the night before, Matual encountered Hoffa and Einar Mohn in the lobby and Hoffa told him, "Barney, I get what I want."

Matual went into the July 12 meeting with a briefcase containing his contracts, financial statements, and other records to show the union was in good shape but never got a chance to open it. Among those at the meeting were Hoffa, O'Brien, Harold Gibbons, Dick Kavner, and Mohn.

Hoffa claimed to have a letter from a former business agent of local 46 showing that Matual had a "sweetheart contract" to which Matual replied that Hoffa was "all wet," inasmuch as Matual had been in office only for 6 months and had signed no contracts during that time. When Hoffa and Matual demonstrated equal belligerency after Hoffa said, "Are you calling me a liar?", Beck stepped between them and said to Matual, "I am going to give you a trusteeship if I have to spend \$50,000, \$100,000. You are going to have a trusteeship because my boy Jimmy knows what he is doing."

Matual returned home and reported to his membership, which voted to fight the trusteeship all the way.

That this was only the beginning was shown by subsequent events. On July 20, 1956, O'Brien got an injunction against local 46, charging the officers with stealing money and enjoining them from operating the union. Matual and his associates were able to get the injunction dissolved on August 6. Matual's own description of what happened then is set forth below:

Mr. MATUAL. On the day that the injunction was issued to Mr. O'Brien without a hearing, that afternoon Mr. Farrell came in the office, changed the locks, took \$535 out of the safe, and said to the office girls, "Give me the keys; I am taking over," and he did. We didn't know a thing about it until that evening.

I called the girl at home and said, "What happened? I didn't hear from you at 5 o'clock." She said, "Didn't you know that Mr. Farrell took the money out of the safe, took the keys from me and said he was taking over?" and I said, "No, I didn't."

So we called a board meeting and decided to open the office. We hired a locksmith. He went with us. We opened the door and we opened the safe and found out there was \$535 missing. So we called our attorneys in and the attorneys advised us to make out a check for the balance that we had in our checking account and deposit it with the attorneys, which we did. We changed the locks.

Mr. KENNEDY. You changed the locks back again?

Mr. MATUAL. No, we put a new lock on altogether.

Mr. KENNEDY. The third lock?

Mr. MATUAL. The third lock. So the next morning, the attorney went to the bank, got the money, and then I went over to the bank to get the safety—to get the Government bonds out of the safety deposit box, with two other officers because three of us had to sign to get in—it was made that way—and Farrell spotted me coming in.

I never seen a man so nervous. He ran out the door because he knew that the injunction was not served yet and the money was gone. So the sheriff served the injunction on me about—well, when he found me. It was 3 hours later.

Mr. KENNEDY. But by that time you had the bonds out and all the money and it had been turned over to your attorneys?

Mr. MATUAL. Yes.

Mr. KENNEDY. He was to keep it in trust for the union?

Mr. MATUAL. That is right. Then they opened up another local in LaSalle, with the same number, local 46, and John T. O'Brien appointed an alderman in La Salle as the office manager and the business agent, by the name of Ed Flower.

Immediately he began to raid the local union, threatening employers if they didn't send the check to—they called it—the right local union 46, and we called ourselves the original local union 46. It was quite a confusion. That went on until October 17.

We went back into the circuit court and we had an injunction issued against them that forced them to close the office and let us operate. Well, you know, the office—the curtains were drawn down but the office girl and Mr. Flower still worked with the injunction on them.

So one Saturday morning the executive board and I went over to find out for sure if the office was open. We went upstairs and the door was wide open and there was Mr. Flower talking to some of the members.

We gave him a paper demanding that \$535—and also we sent money to the international union for our stamps and they sent the stamps to Ed Flower, with our money—and also demanding the stamps, which he did not surrender.

So then they started to raid our territory. They started to take over the territory we always had. In other words, they confined us within the city limits of La Salle and Peru. We used to go clear out past Mendota and west as far as the Bureau County line and east halfway to Ottawa.

Senator CHURCH. Up to this point, so that I am clear, twice you had hearings before the court, once after an ex parte injunction had been issued. When the time came for the hearing on the merits, the court dissolved the injunction and put you back in charge of the union. That is correct; is it?

Mr. MATUAL. No. The court served their injunction without a hearing, and then we went back into court on October 17, 1956, and had an injunction issued against them to stop them from operating.

Senator CHURCH. As a counterpart union operating under the name of local 46?

Mr. MUTUAL. Of local 46.

Senator CHURCH. The court then issued the injunction against them?

Mr. MATUAL. Yes, sir.

Senator CHURCH. Was that done on the basis of a hearing?

Mr. MATUAL. Yes. All our injunctions were on hearings except their injunction. That was without a hearing (pp. 18028-18029).

Matual's further testimony regarding O'Brien's attempt to "buy him off" and Hoffa's responsibility in the affair is described in his own words as follows:

Mr. KENNEDY. Of course, Mr. Virgil Floyd has a very bad record, Mr. Chairman, and he was the one that Mr. Hoffa was trying to get them to merge with. As I say, at that time he had been convicted of this crime of extortion, and they were trying to get these locals to merge with his locals.

Now we are up to December 1956, and Mr. Floyd has gone to prison. In February of 1957 did you have a conversation with Mr. O'Brien?

Mr. MATUAL. Yes; I did. In February 1957 they sent down a committee to the Peru Hotel, that was on February 19, and they set up a meeting for 10 o'clock to meet our executive board. The head of that committee was Daniel Tobin, Jr., to give us a hearing on that trusteeship.

So we walked into the room and Mr. O'Brien was there, and Dave Sark was there. We sat down and Mr. Tobin got up and said, "There will be no attorneys allowed in this meeting." We told him that we would not sit in on the hearing unless our attorney was there with us.

He said, "Your attorney is not allowed," so we walked out with the attorney. We did not sit in with the hearing. So while we were out in the lobby of the Peru Hotel, Mr. O'Brien sent his attorney Joe Lanutti, to talk to our attorney, Howard Rhine, and asked for a meeting that afternoon at the Kaskaskia Hotel at 2 o'clock, one with me in one room and in the other room the attorneys would meet, and we accepted the invitation.

Mr. KENNEDY. Who were you to meet with?

Mr. MATUAL. John T. O'Brien.

Mr. KENNEDY. And your attorney was to meet with Mr. Lanutti?

Mr. MATUAL. Yes.

\* \* \* \* \*

Mr. MATUAL. I walked in the room with John T. O'Brien and he said to me, "What does it take to get you out?" I said, "John, are you talking money?" He said, "Yes." I said, "The only thing that I ask, John, is a local union with local autonomy of our own. Is it hard to get that?"

He said he would talk to Dave Beck and find out. He is still talking to Beck. We never did hear.

In that same year, in November, Mr. Flower came into our office, the union office in Peru, and offered me a job with local 722. He offered me \$125 a week, a car and expenses. I asked Mr. Flower if that was what he was receiving and he said he was.

I said to Flower, "If you are worth \$125 a week, car and expenses, I am worth \$150, car and expenses." He said, "We will give it to you." I said, "No, thanks; I will stay where I am at."

Our office girl was sitting there and she heard that one.

Mr. KENNEDY. Did you know who was behind all these efforts against you?

Mr. MATUAL. Yes.

Mr. KENNEDY. Who was?

Mr. MATUAL. Hoffa.

Mr. KENNEDY. In that connection, Mr. Chairman, and the fact that Mr. Hoffa plays such an important role in this, I would like to draw your attention to Mr. Hoffa's testimony in connection with this matter when he was questioned back in 1957, when all of this was going on.

I draw your attention to page 5061, on which he was asked by Senator Mundt, when he was being questioned about certain trusteeships, Mr. Chairman, he was asked about Peru. Then Senator Mundt asked at the top of page 5062:

"Senator MUNDT. Do you know the circumstances of that trusteeship?

"Mr. HOFFA. Not enough to talk about it; no sir."

He was the one that was behind this, he was the one you had the meeting with originally, who told you that you should join up with Mr. Floyd's local?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And he is the one that met with you down in Dallas, Tex.?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And he is the one that you met in the lobby of the hotel and in Mr. Dave Beck's room?

Mr. MATUAL. Yes, sir.

Mr. KENNEDY. And he told you that you were going to have to take these steps or be placed in trusteeship?

Mr. MATUAL. Yes, sir (pp. 18030-18031).

Matual described his contract negotiations in 1957 with the management of the Star Union Brewery as follows:

Mr. MATUAL. I went down to Star Union Beer Co. office and I contacted the general manager, Mr. Frank Kline, and we sat down and negotiated a contract, a 2-year contract, with a 10-cent increase the first year, plus commissions on delivery of beer in cases and beer in half-barrels, and a 10-cent increase the following year, and also an attachment to the contract which the men that worked there insisted they must have, and Mr. Kline agreed to it, that if the Teamsters International Union—I won't be able to quote this word for word, but I will do the best I can, because my memory is not too good on that—that if the Teamsters International Union is

expelled from the AFL-CIO, that that contract with the Teamsters International Union would expire immediately but it would continue in full force to the regular expiration date, and the people could choose any union they desired.

Mr. Kline agreed to that contract, but he said he could not sign it because Mr. [John] Clinch was the boss at that time (p. 18031).

Matual stated that he met with Clinch, attorney for the company, the following morning. Clinch refused to sign the contract unless it was negotiated by the Teamsters International. Matual told Clinch at that time:

I have negotiated contracts now for 18 years, and I have never had an international union sit down and negotiate a contract with me in my life, and I don't need one now (p. 18032).

Clinch telephonically contacted John T. O'Brien, Dave Beck, and the international president of the Brewery Workers. These men were unable to help him, because at that time there was an injunction outstanding against the Teamsters International in that area. The men had gone out on strike that morning, as there was no contract. At the end of the day, Clinch gave his permission to Kline to sign the contract. As a result, the men returned to work the next day, after the 1-day strike.

Matual stated that he was not surprised at Clinch's attitude in wanting to bring in the international union, because he knew Clinch as a lawyer had represented members of the international in court who had been opposed to Matual's local 46. It is important to note that the last paragraph of the contract which was signed with the brewery states—

If the Teamsters' International is expelled from the AFL-CIO Federation, then this contract with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, now AFL-CIO, shall terminate as of same date of expulsion, but this contract shall be in full force and effect from August 1, 1957, to August 1, 1958, by any other union our drivers may choose for their bargaining agent (p. 18033).

Matual related to the committee a series of court actions that occurred between his local 46 and certain dissident members led by John T. O'Brien and the rival local 46. In July 1957, charges were brought by Matual against O'Brien and Flower, charging violation of the injunction against the international. On August 12, 1957, the Illinois Appellate Court upheld the injunction. Subsequently Matual filed charges against O'Brien and Flower. They obtained a change of venue, but Judge Pucci from a neighboring county ruled that the trusteeship against Matual's local 46 was not valid. This decision was rendered in September of 1958. As a result of this action, the Teamsters International set up for the second time an alternate local 46 in La Salle, Ill. This new local 46 of Hoffa's proceeded to war against the true local 46, headed by Matual. In attempting to raid the membership of the bona fide local 46, employers were threatened if they

did not force their employees into the new Hoffa local. Matual cited one example to show the extreme measures Hoffa and his henchmen took to accomplish their purpose. Matual had gone to a bakery to encourage the employers there to remain in his union. Flower, accompanied by a man by the name of Benning who had been sent up from southern Illinois, appeared on the scene. The employees demanded a debate to see what union they would belong to. The situation was debated and the employees voted, 19-2, to stay with the bona fide local 46. Immediately thereafter, the Teamsters International contacted the bakery's parent company in Milwaukee and exerted sufficient pressure to force the bakery to put its employees into the Hoffa-created local 46.

Subsequently Hoffa set up a committee of three individuals to consider the question of whether to impose an additional trusteeship on local 46 at La Salle. Matual was invited to a meeting but refused. The decision was reached that a trusteeship should be imposed. Thereafter, Sark and Flower came down to impose a trusteeship in October 1958 but the members still refused to recognize a trusteeship. Matual and his executive board went to Chicago and met with O'Brien. They were informed by O'Brien that they could have an independent local or they could accept trusteeship.

Matual and his fellow officers returned to La Salle, called a special meeting of the membership, and took a vote. Matual stated that 165 men voted to go independent, 15 voted to join local 722, and 15 men voted to accept a trusteeship. As a result, local 46 went independent and thereafter affiliated with District 50 of the United Mine Workers. This occurred November 22, 1958.

Even though Matual and his union had withdrawn from the Teamsters, they were soon to learn that Hoffa and his henchmen were still to play a prominent part in the future of that small local. Matual told the committee that, after his union went into the United Mine Workers, he contacted Mr. Kline, general manager of the Star Brewery, and requested that the brewery recognize the new union. Kline had to take the matter up with Attorney John Clinch, who refused to sign the recognition, so district 50 went on strike January 9, 1959.

The Teamsters were not long in swinging into action. In 2 days, they imported about 10 cars of strikebreakers, and Flower led these men through the picket line into the brewery. None of the brewery employees had ever gone over to the Hoffa-created local 46 led by Flower. These teamsters were unsuccessful in breaking the strike, however, and about a month later, they brought in additional "scabs" from other cities in Illinois and from as far away as St. Louis. When asked the position of the authorities in Peru, Ill., toward the importation of "scabs," Mr. Matual stated that—

the majority of Peru and the police department went in and notified John Clinch that if there was any skulls to be broken, it wouldn't be the people of this community, it would be the outsiders that they have imported (p. 18038).

This second attempt to break the strike was likewise unsuccessful, and as of the time of the hearing, the employees were still on strike. Matual told the committee that, some time in February of 1959, Clinch announced he had signed a contract with O'Brien of the Teamsters,

but the workers never saw the contract, and O'Brien did not then nor does he yet represent any of the employees.

Matual made it clear that there was no dispute between his union and the management of the brewery. He and Mr. Kline had previously agreed on a contract, and as Matual put it, "Mr. Kline would sign up with us tomorrow morning, if he could." He stated that Clinch, who represents the company, has also represented O'Brien and those dissident union members who were used by O'Brien, at the direction of Hoffa, to form the rival Teamster Local 46. It was Clinch, who favored O'Brien and his group, who was preventing the brewery and its employees, now members of district 50, from signing a contract and getting the men back to work. In response to the chairman's questions, Matual described the situation as follows:

The CHAIRMAN. We have been talking about democracy, getting a little democracy in unions. Is that all you have been fighting for, the right for your men, the people who constitute your local there, to have the right to make their own decisions?

Mr. MATUAL. Yes. I was elected by the people and I thought I would serve them just the way they wanted me to serve them.

The CHAIRMAN. Do you still have the support of a majority of them?

Mr. MATUAL. Yes.

The CHAIRMAN. Are you still out on strike?

Mr. MATUAL. Yes, sir.

The CHAIRMAN. They have not been able, with the help of these outsiders, to break your strike yet?

Mr. MATUAL. Not yet.

\* \* \* \* \*

The CHAIRMAN. As I understand, there is no difference between you and the company, between your union and the company, with respect to wages or terms of employment or working conditions; there is no issue there?

Mr. MATUAL. No issue whatsoever.

The CHAIRMAN. It is just a question of who is going to get the money from the dues?

Mr. MATUAL. That is right.

The CHAIRMAN. And who is going to manage and control the union; is that right?

Mr. MATUAL. No; who is going to be the representative of those people.

The CHAIRMAN. They are the ones who really control it.

Mr. MATUAL. That is right.

The CHAIRMAN. Certainly that would be true if the other side gets it; is that correct?

Mr. MATUAL. Yes.

The CHAIRMAN. I just saw here this morning when we heard the testimony of this man O'Brien they just take 90 cents out of \$4 and spit it up in great big commissions and got such a big hunk they can't take it all out now. They have to leave some of it in the deep freeze for retirement (pp. 18040-18042).

The impression created by Matual and his frank disclosures to the committee were expressed by the statement of Senator Church.

Senator CHURCH. \* \* \* this witness' testimony indicates how very difficult it is for the rank and file to deal with those in command of the Teamsters International. So often we hear it said, "Why don't these working people rise up and throw the rascals out?" Well, that is much easier said than it is done. I think this story exemplifies that fact very well.

I want to commend the witness for the way he stood up for his rights and for the rights of his people. In the long run, the best work will be done by men like the witness, who are determined to fight for their rights and the rights of the people they represent, and are not going to permit themselves to be shoved around. I think we owe this witness a good deal in coming here today and giving us his story (p. 18041).

Attorney Clinch identified himself to the committee as the city attorney in Peru, and also as a director, secretary, vice president, and counsel for the Star Union Brewery. He said his wife's family owns a major interest.

Clinch told the Senators that starting back in 1956, he represented a group of members in local 46 in their differences with Barney Matual. For this representation, he was initially contacted by one John Sharp and six other members of the union. Subsequently, in 1957, he became attorney for the Star Union Brewery, whose employees belonged to local 46. However, he continued to represent this small faction in local 46, even though that union held a contract with the brewery.

The committee went into the matter of the contract between the Union Star Products Co. and the International Brotherhood of Teamsters. Clinch admitted he had signed such a contract in behalf of management, with John T. O'Brien signing for labor, but he was vague as to the date this contract was signed. The contract itself was undated. Since all the employees covered by this contract had withdrawn from the Teamsters International and had affiliated with District 50 of the United Mine Workers, it was obvious that O'Brien could not have represented the employees unless this undated contract had been signed between October 6, 1958, when the trusteeship was imposed on local 46, and November 22, 1958, when the men withdrew from the IBT and affiliated with the UMW.

Clinch admitted that, in signing this contract with O'Brien, he made no effort to consult with the employees beforehand, and did not know when the employees disaffiliated with the Teamsters and joined the UMW. Upon further questioning, Clinch admitted that on February 5, 1959, he signed an additional contract with Teamster Boss O'Brien while the employees of the union were out on strike. It was at this time that the Teamsters Union was trying to break this strike. The effect of Clinch's testimony relative to his actions in this matter is clearly shown in the comments of Chief Counsel Kennedy:

Mr. KENNEDY. It seems very peculiar to me that way back in 1957 you were representing people who were opposed to Mr. Matual and were pro-Mr. O'Brien; that you became the attorney for the brewery; that you continued to represent



these people, and then suddenly, in the end of 1958, you say that you signed a contract, which is undated (p. 18046).

\* \* \* \* \*

Mr. KENNEDY. Isn't it a fact that this was all concocted between you and Mr. O'Brien, that the United Mine Workers represented these employees, that you figured out with Mr. O'Brien that you couldn't sign a contract in February of 1959, that the United Mine Workers represented the employees, so that you would say that you signed a contract earlier, in late 1958, when the local was under trusteeship, and that this was just bringing the contract that you signed in February 1959 up to date and trying to give it some legality? (P. 18049.)

Clinch's actions in this matter developed a new perspective when he admitted receiving a \$4,000 check from the Teamsters "for the payment of my statement of account." The best recollection of when he received this check was that it was some time in November 1958. He maintained he saw nothing wrong in receiving money from the Teamsters International while representing the employer in bargaining with the union.

Through Staff Member Carl M. Schultz, the committee brought out that the total amount expended by the Teamsters International in its unsuccessful fight to get Matual and his union members to "knuckle under" was \$26,093.66. Staff Member Walter J. Sheridan testified that another \$5,000 was advanced by Harold Gibbons to O'Brien to aid in the fight against these men who insisted on maintaining democracy in their union.

After much equivocation and evasion, Clinch also admitted further having had several long-distance telephone conversations, one for as long as 58 minutes, with Sark and O'Brien at the time the employees struck the brewery in January 1959. He maintained he did not discuss with them the sending in of strikebreakers, but did admit discussing "unemployed brewery workers on their way from St. Louis to make application for jobs."

A letter from the mayor of La Salle was read, in part, into the record. With reference to the situation under discussion, the mayor's letter said:

Realizing the impact upon our community, a committee was composed of leading citizens. Six meetings were held with the international, with district 50, and with Attorney Clinch who is also secretary of the Star Union Brewery Co. Many things were brought to light and the citizens committee, upon their investigation, recommended, with the consent of Mr. Davis, president of the Brewery Workers Union, that district 50 would immediately remove the picket lines, the men would go back to work, and that the brewery owners, headed by Attorney Clinch, would apply at once to the National Labor Relations Board for a vote to designate bargaining agent. The Brewery Workers Union and District 50 UMW Union agreed to the recommendation, but the Teamsters International refused. This would not have made any difference, inasmuch as Mr. Clinch did agree to such proposal at the meeting but

the next day refused to go along, proving to the committee that he was either being high-pressured or was taking sides with Teamsters International (p. 18059).

To this, Clinch said, "That is the mayor and I know him well. He is mistaken on that. I did not agree and then reverse my position."

As was to be expected, O'Brien, when questioned as to his part and the part played by Hoffa in attempting to enforce their will on the men in Matual's union, took the fifth amendment.

The names of Paul and Allen Dorfman were injected into the testimony again when the committee endeavored to ascertain the source of more than \$34,000 that was supplied to Hoffa's codefendant at the New York wiretap trials, Bernard Spindel.

The inquiry into this phase of Hoffa's activities was prefaced by a flat denial on the part of Hoffa that either of the Dorfmans gave him any money in 1957, 1958, or 1959.

Mr. KENNEDY. Did they give you any money that you in turn were to give to anyone else?

Mr. HOFFA. No.

Mr. KENNEDY. Specifically, did you receive an envelope of money from them during the trial in 1957 up in New York?

Mr. HOFFA. I did not.

Mr. KENNEDY. In connection with the wiretapping trial?

Mr. HOFFA. I did not.

Mr. KENNEDY. Did you receive any money from them directly or indirectly during that trial?

Mr. HOFFA. I did not.

Mr. KENNEDY. Do you know if anyone else received any money directly—anyone associated with you received any money directly or indirectly from any of the Dorfmans?

Mr. HOFFA. I can only speak for myself (p. 19814).

The committee interrupted the examination of Hoffa at this point to get into the record all of the testimony as to the financing of Spindel during the trials.

Edward H. Levine, a New York attorney, testified that he and Spindel went to Hoffa's headquarters in Detroit in February 1958. In a bathroom adjoining the office Spindel received an envelope containing \$10,000 in \$50 bills from Hoffa's chief lieutenant, Owen Bert Brennan, which he in turn handed to Levine. Levine said he counted the money when he and Spindel returned to their hotel.

Mr. KENNEDY. Isn't it a fact that you hid the money in one of your slippers, around which you tied a necktie, and you held on to the tie all night so Spindel wouldn't take the money?

Mr. LEVINE. I put it in one of my slippers. I mean, I just wanted to make sure that it stuck to me.

Mr. KENNEDY. Then you went back to New York, and shortly afterward you received a telegram from Mr. Spindel telling you that he no longer wished you to represent him; is that right?

Mr. LEVINE. That is correct.

Mr. KENNEDY. And you were angry at that and had no intention of returning the money to Spindel. However, you

were prevailed upon by Mr. Singer who, I believe, was Mr. Hoffa's attorney, and George Fitzgerald, and you finally wrote a \$5,000 check to Arnold Fassler; is that correct?

Mr. LEVINE. That is right.

Mr. KENNEDY. Then Fassler was the one who had been selected to represent Spindel in connection with the second wiretrap trial (p. 19817).

Brennan was summoned for interrogation about the \$10,000 and took the fifth amendment. He was also questioned about another \$2,500 in cash which he gave to Attorney Sol Gelb of New York in the fall of 1957 as a fee for Harris B. Steinberg, another New York lawyer, to represent Spindel in the earlier stages of the case. Again Brennan took the fifth amendment.

Committee counsel asked these two questions:

Mr. Brennan, is any of this cash that you always seem to have available and which you share with Mr. Hoffa periodically, is any of that money, any or all of the money coming from employers?

Isn't it correct that that is the source of all of this money that you received as payoffs during the period of the last 20 years that you have been active in the trade union movement? That much of the money for you and Mr. Hoffa is given to you and that you hold it and that it is charged to the so-called gambling, collections received or gambling, when in fact it comes from employers? (P. 19820.)

Again Brennan asserted his privilege against self-incrimination by invoking the fifth amendment.

Mr. KENNEDY. Mr. Hoffa, could you tell us what the source of the \$10,000 is?

Mr. HOFFA. You just ask Brennan.

Mr. KENNEDY. Will you give us any information?

Mr. HOFFA. No. Get it from Brennan. I don't have it.

Mr. KENNEDY. You don't have any idea where the \$10,000 came from?

Mr. HOFFA. Brennan did not discuss the matter with me.

Mr. KENNEDY. I will say the same thing to you that I said to him. Isn't it correct that a good deal of this money comes from the representatives of employers, that this is cash that is kept by Mr. Owen Bert Brennan that you expend as the moment is appropriate and that, in fact, this is not gambling money at all but that this is money that comes from employers, is payoffs to you and Mr. Brennan?

Mr. HOFFA. I will tell you that that is a lie, and I will tell you you have no right making a statement without proof, and I will further tell you that you are putting it in the transcript to get a headline, and it is a disgrace to the U.S. Senate to make the statement.

Mr. KENNEDY. You tell me where the money came from, Mr. Hoffa.

Mr. HOFFA. I don't know where it came from.

The CHAIRMAN. Just one moment. The Chair will not permit that statement to be made here unchallenged. Here are circumstances about money being spent for your benefit.

Mr. HOFFA. It was not my benefit.

The CHAIRMAN. Well, it has been to your benefit. You have been claiming it is money received from gambling receipts, playing the horseraces. The man who is your close associate in the union, who occupies a high position with you and who is handling these funds, takes the fifth amendment on the same question. There is no reason why you should not be asked it.

Now, you certainly can deny it. It is your privilege. You may be denying it truthfully, but this rash statement you just made will not be accepted by this committee without a statement to the effect that the question is quite proper and it will be asked. The record will retain the statement and the answer in it.

Mr. HOFFA. I have answered the question, sir.

The CHAIRMAN. The record is made and the record will stay just that way.

Mr. HOFFA. Fine. My answer remains (p. 19821).

Spindel was called to the witness stand. He gave his residence as Fernando Juan, P.R., and his business as an "electronic technician." Beyond that, he took the fifth amendment.

Mr. KENNEDY. Mr. Hoffa, was there a fund that was raised during this period of time, from any source?

Mr. HOFFA. I so stated the last time I was here that there was a fund.

Mr. KENNEDY. Who was in charge of that fund?

Mr. HOFFA. Walter Schuler, it is my understanding.

\* \* \* \* \*

Mr. KENNEDY. Where did the money come from?

Mr. HOFFA. I think you will have to get that information from Schuler (p. 19822).

Schuler, who identified himself as a business agent for Brennan's local 337, also invoked the fifth amendment when he was summoned to the stand.

Mr. KENNEDY. Mr. Chairman, this is, of course, once again the pattern. Mr. Hoffa obviously wants the committee to have the information. Could I suggest that Mr. Schuler, rather than testifying, tell Mr. Hoffa what the answer is, how much money was collected, and then Mr. Hoffa can tell us? Mr. Hoffa, of course, has all of those individuals around him take the fifth amendment so that nobody will be able to testify regarding his activities.

\* \* \* \* \*

The CHAIRMAN. Will you whisper to Mr. Hoffa over there and tell him? Will you do that so that he might give us the information of what you say?

\* \* \* \* \*

Mr. KENNEDY. Could we ask Mr. Hoffa to come forward and ask him if he won't ask Mr. Schuler the source?

The CHAIRMAN. Mr. Hoffa, will you help us clear it up? \* \* \*

Mr. HOFFA. I do not want to infringe upon a man's right to exercise a constitutional privilege.

\* \* \* \* \*

Mr. KENNEDY. Mr. Hoffa, can I ask you this: Is there anybody else who would have any information in connection with this fund?

Mr. HOFFA. To the best of my recollection, this is the man—to the best of my information, this is the man that should be able to answer.

\* \* \* \* \*

Mr. KENNEDY. And you won't get the information from Mr. Schuler?

Mr. HOFFA. Well, you get it (pp. 19823-19824).

Carmine S. Bellino, staff investigator, testified as to several interviews he conducted with Spindel. He quoted Spindel as confirming the delivery of the \$10,000 by Brennan in the Detroit bathroom, and testified that Spindel received a total of \$19,950 in cash from Hoffa and his associates, while another \$14,200 was paid to attorneys who represented him.

Bellino said Spindel admitted having received \$6,000 in May of 1957 from a source he felt was indirectly from the Teamsters but he was unable to tell. On September 6, 1957, George Fitzgerald, a Teamster attorney, delivered another \$5,000 in the presence of Hoffa at the Travelers Motel at La Guardia Airport, Bellino declared, and a check on Spindel's statement showed that Fitzgerald and Hoffa were registered at the motel on that date. Bellino also quoted Spindel as having told him that Hoffa gave him approximately \$300 a week during November-December 1957 for a total of about \$1,500, and that he received another \$1,000 from Hoffa just before Christmas.

Mr. KENNEDY. Where did he say the last \$1,000 came from?

Mr. BELLINO. That came from Mr.—Mr. Hoffa called Allen Dorfman aside, and they went off into the corridor, into the stairway.

Mr. KENNEDY. In the courthouse?

Mr. BELLINO. In the courthouse, the Federal Building. Allen Dorfman took out some envelopes that he had in his pocket, and he said, "Do you want them all? to Hoffa, and Hoffa said, "I just want one." He gave him one and he turned it over and gave it to Mr. Spindel.

Senator CURTIS. Who handed it to Spindel?

Mr. BELLINO. Hoffa. Hoffa got it from Allen Dorfman. The previous day he told us he noticed Paul Dorfman handing an envelope with some money in it to Mr. Hoffa (pp. 19826-19827).

Benjamin Dranow, another close associate of Hoffa, was also providing money for Spindel, Bellino stated, having sent \$300 in January 1958 and \$300 through Seymour Svirsky on March 6, 1958, and another \$300 on March 20. In April there was \$450 from Abe Gordon, boss of corruption-tainted local 805 in New York, who also was a fifth amendment witness when he appeared before the committee. Dranow supplied another \$200 in August 1958; \$900 came from George Fitz-

gerald, and \$50 from Joe Konowe, another Teamster official. Spindel also told him about another \$1,000 given to him by Hoffa in August 1958, Bellino testified, and he also reported that Fassler, the lawyer who replaced Levine, was paid another \$1,700 in addition to the \$5,000 paid over to him by Levine.

**Mr. KENNEDY.** Did Mr. Spindel declare any of this money?

**Mr. BELLINO.** I understand he didn't file any return.

**Mr. KENNEDY.** That, Mr. Chairman, is trying to help in finding where this money came from. Of course, it is unsatisfactory, because it would be far better to have the witness testify firsthand, or it would be far better to have Mr. Schuler, or Mr. Brennan, or any of these other Teamsters officials come in and give us the information. But Mr. Hoffa has arranged that they will not, so that is the best we can do on it (p. 19828).

Spindel refused to waive his right to take the fifth amendment but claimed there were inaccuracies in Bellino's testimony and he added that "I would like to make a statement pertaining to the chief counsel of this committee."

**Mr. KENNEDY.** I have had some conversation with Mr. Spindel. Mr. Spindel wanted material that we had obtained from him kept confidential. I had some conversation with him along those lines. After he had given me the information, he wanted to have my agreement that it would be kept confidential. At that time, of course, I wanted him to testify. He made a statement to me at that time that it would be possible, that he would consider testifying if it would be possible for me to make arrangements to have him set up in business in Puerto Rico.

**Mr. SPINDEL.** That is an absolute lie and he knows that.

**Mr. KENNEDY.** It would not have to be handled directly, Mr. Chairman, it could be handled indirectly.

**The CHAIRMAN.** Let us not go into this now. If we are going to do that, this witness will have a right to make a statement (p. 19829).

When Spindel persisted, Chairman McClellan ruled that he would not be permitted to make any statement unless he was willing to testify fully "regarding the subject matter about which you have been interrogated."

Bellino testified that the original source of the money has not been found and added—

We do have Allen Dorfman going to a safe-deposit box from time to time around this period; we find Robert Holmes going to a safe-deposit box; we find Josephine Hoffa going to her safe-deposit box; we find Frank Collins going to a safe-deposit box around this period of time.

\* \* \* \* \*

**The CHAIRMAN.** \* \* \* Mr. Hoffa, you have heard this testimony. Do you want to make any statement about it?

**Mr. HOFFA.** I have no comment, sir. I have to say that I have another flight at 6:25, if it is possible to make that.

The CHAIRMAN. I will do my best (pp. 19830-19831).

The Dorfman came back into the picture for a third time when Hoffa was questioned at length about the spending of more than \$10,000 of the funds of his own local 299 for the purchase of quonset huts which wound up eventually at his Lake 13 Hunting Lodge in Michigan and at the Dorfman-Hoffa-Brennan-owned Jack-O-Lantern Lodge at Eagle River, Wis. According to the testimony, local 299 was still "out of pocket" to the extent of \$7,471, 3 years after the huts were purchased.

Hoffa acknowledged that he had purchased two of the huts for the Lake 13 Lodge but "the balance of them I can't explain to you where they are or much about them. The secretary-treasurer handles that relationship and I can't give you an answer" (p. 19754).

Hoffa said that the Lake 13 Lodge was owned by Mrs. Hoffa and Mrs. Brennan. When asked if local 299 had been reimbursed for the huts, Hoffa retorted, "I suggest you ask the secretary-treasurer, don't ask Hoffa" (p. 19754). He also asserted that the union purchased the huts from the Detroit Housing Authority "for purposes beneficial to the union" but decided later that they would not be and determined then to sell them and recapture the money. Frank Collins was identified as the secretary-treasurer.

Mr. KENNEDY. We were requested yesterday not to call Mr. Collins.

Mr. HOFFA. That is right, because he is under indictment in New York where he was convicted, and he is up on appeal. I think it would be unfair to call him.

Mr. KENNEDY. This is one of the things where we go around in circles, Mr. Hoffa, where you say you don't have the information, but you refer us to somebody who can't answer the question.

Mr. HOFFA. I assume you have a staff who handles some of your small problems, and you don't take care of all of them. I don't propose to run our union by a one-man operation.

Mr. KENNEDY. You could have found out about the huts.

Mr. HOFFA. Why should I?

Mr. KENNEDY. You knew there had been discussions and we were inquiring into them.

Mr. HOFFA. We did not care.

Mr. KENNEDY. You did not care?

Mr. HOFFA. No.

Mr. KENNEDY. Did you know the union had not been reimbursed for the quonset huts in the fall?

Mr. HOFFA. If they have not, there must be an explanation.

Mr. KENNEDY. Didn't you inquire?

Mr. HOFFA. It isn't my responsibility to inquire into that. It can probably be amply answered by the individuals responsible for the situation.

\* \* \* \* \*

Mr. KENNEDY. Mr. Frank Collins. Mr. Frank Collins can't answer because he is under indictment, you said.

Mr. HOFFA. Would you take due process away from him because of that?

Mr. KENNEDY. No, but I want to get the answers.

Mr. HOFFA. You can't get get them from somebody who would not guess for you and I won't guess for you.

Mr. KENNEDY. That is just a general pattern for you (pp. 19755-19756).

Hoffa was then reminded that Collins' attorney, in requesting that Collins not be questioned, had told the committee that Collins did not know anything about the huts.

Mr. HOFFA. Maybe he don't, but as secretary-treasurer he may have delegated it. We don't have a small organization of two people running an office. We delegate authority to people to carry out small details (p. 19756).

\* \* \* \* \*

Mr. KENNEDY. Did you have anything to do with sending the huts to Allen Dorfman?

Mr. HOFFA. I didn't handle the trucks. I don't go out and take down quonset huts, Mr. Kennedy.

Mr. KENNEDY. You have somebody else do that for you?

Mr. HOFFA. I would hope.

Mr. KENNEDY. Did you discuss with Allen Dorfman the sending of these quonset huts to his location, or his place?

Mr. HOFFA. I have no recollection of that discussion, and I do not believe such a thing would have come to my desk for discussion (p. 19759).

Hoffa admitted that he and Brennan each had a 25 percent interest in Jack-O-Lantern Lodge, with the Dorfmans holding the remaining 50 percent at the time of the hut deal. He said he sold his interest late in 1958 for \$10,000 to the Dorfmans. Hoffa professed to have no memory of any conversation with J. L. Keeshin relative to using Keeshin's freight line to ship the huts to the Dorfman camp.

Committee Accountant Bellino testified that the expenditures from the local 299 treasury for the quonset huts were made during the period from June 5 to September 7, 1956, and totaled \$10,436.72. Reimbursements approximated \$2,900, leaving the union still out almost \$7,500. Of the 19 huts purchased, 6 were left standing, and the Detroit Housing Authority refunded \$950 on these. Bellino fixed the average cost of each hut at \$559.36 and said that Hoffa had only partially reimbursed the union for the two huts that went to Lake 13.

Mr. HOFFA. I don't believe it. I haven't got the figures but I will get a breakdown and let you know about it (p. 19762).

Regarding the undetermined number of huts shipped to the Dorfman camp Bellino said there was no evidence of any reimbursement.

Mr. HOFFA. I tell you no later than a week or so ago I was talking to Allen Dorfman. Allen told me, "I sent a check in." I said, "What for?" He said, "I got a call from Detroit I owed some money for the quonset huts I got. I sent it in." I said, "Fine." That is all I know about it.

Mr. KENNEDY. How long ago was this?

Mr. HOFFA. A week ago when I was in San Francisco.



Mr. KENNEDY. That is it. We started our investigation, and now the union is starting to be reimbursed.

\* \* \* \* \*

Mr. KENNEDY. Mr. Bellino, having studied these records and other records, what do you understand has occurred here?

Mr. BELLINO. This would appear to be a misappropriation of union funds.

Senator KENNEDY. Why would that be so?

Mr. BELLINO. There is no authority, no information in the minutes that we could find authorizing these expenditures, and they are going on places which are privately owned; no union function we could find (p. 19762).

Bellino testified that Hoffa was credited with payment of \$400 each on the two huts he purchased and still owed approximately \$310. On the Hoffa claim that Dorfman had sent in a check for the huts sent to Wisconsin, Bellino asserted, "I have no record of the payment of last week."

Mr. KENNEDY. When you talk about misappropriation, up until 2 weeks ago when we began our investigation, this was a misappropriation of funds by Mr. Hoffa as well as these other individuals.

Mr. HOFFA. Don't you say that. This is not a misappropriation of funds. This is an outstanding bill which will be collected in my opinion to the fullest extent of the dollar value.

Mr. KENNEDY. How long ago were these huts purchased?

Mr. BELLINO. In 1956.

Mr. KENNEDY. So they are reimbursing some 3 years later.

Mr. BELLINO. That is right.

Mr. KENNEDY. After the investigation began.

Mr. BELLINO. That is correct.

Mr. HOFFA. That is not true (p. 19765).

Harold Ranstad, another committee investigator, testified that three shipments totaling 34,580 pounds were made from Detroit to Eagle River, Wis., via C. A. Conklin Truck Line, Inc., now Keeshin Transport System, Inc. Hoffa was listed as the shipper. The freight charge in each instance, including taxes, was \$253.69, and the company records show that the bills were never paid.

Mr. KENNEDY. We examined the records of the Keeshin Co. Incidentally, that is the same Mr. Keeshin who, according to Mr. Hoffa's testimony, loaned him some \$5,000 in cash. Is that the same Mr. Keeshin?

Mr. HOFFA. I understand he verified it, too (p. 19767).

Regarding the unpaid freight charges, Hoffa declared that they were a responsibility of Jack-O-Lantern Lodge "and I suggest that Keeshin collect it from Jack-O-Lantern and we will close the issue (p. 19768).

The committee's final canvass of the situation in the New York area emphasized the recognizable fact that displacing a deeply entrenched

racketeering element in a labor union is a task of formidable proportions. Again the competent evidence adduced at the committee's hearing clearly established that Hoffa never has entertained any intention of moving to rid the Teamsters Union of those racketeers who have supported him and his policies.

The case in point involved John McNamara, secretary-treasurer of local 808 and president of local 295, who had been tried and convicted with the notorious Johnny Dioguardi on extortion charges, a conviction which was later set aside by the appellate division in a 4-to-1 decision (*People v. Dioguardi*, 188 N.Y.S. 2d 84). The New York County district attorney has asked the Court of Appeals of the State of New York for a review of the appellate division ruling.

Previous hearings by the committee have shown that McNamara was one of the principals in the conspiracy to rig the election of John O'Rourke as president of Joint Council 16 in 1956 as a necessary element of the plan spearheaded by Hoffa to eliminate Thomas Hickey, an avowed Hoffa foe, as a power in New York Teamster Union circles. The earlier testimony spelled out the collusive arrangements between Dio, Tony Ducks Corallo, and other lesser New York hoodlums to accomplish this objective through the chartering of the seven paper locals. McNamara was identified as the one who went to Washington headquarters of the Teamsters and picked up the charters for the paper locals. He was also identified as the one who arranged the distribution of the locals which were ultimately dominated and controlled by Dio and Corallo.

McNamara was summoned before the committee in 1957 and took the fifth amendment. When Hoffa later appeared, he stated to the committee that on the basis of the testimony during the 1957 hearings he felt that McNamara was responsible for bringing the paper locals into the Teamsters International and that he would hold a hearing and take disciplinary action against him.

O'Rourke, the secretary-treasurer of local 282, also invoked the fifth amendment when he appeared on August 15, 1957. When Hoffa moved into the presidency of the international, O'Rourke became an international vice president; he has also become president of Joint Council 16. On May 28, 1959, O'Rourke was arrested and indicted in Nassau County along with Joseph DeGrandis and others on charges of conspiracy, extortion, and coercion based on an allegation that the defendants were using Teamster Local 266 to collect tribute from jukebox operators. He is now awaiting trial.

The events occurring both before and after the election of officers in McNamara's local 808 in December of 1958 were related to the committee by Edward McCormack and Michael Clements, candidates on a dissident slate bent on overthrow of the McNamara regime, and by George J. Abrams, chief investigator for the Honest Ballot Association in New York and executive secretary of its committee on labor relations. Following is a summary of the facts developed by their testimony:

(1) Nominations were made at a general membership meeting on November 9, 1958. A decision was reached to have the election conducted by the Honest Ballot Association and each candidate was required to pledge to abide by the rules and findings of the association.

(2) McCormack opposed McNamara for secretary-treasurer, and Clements ran against Henry Fitzpatrick for business agent.

(3) A register of members whose dues were paid through November was prepared. At the election the right of four members to vote was challenged, but they were permitted to make out paper ballots, which were sealed until it could be determined whether counting them conceivably could influence the result of the total vote which was recorded on a voting machine.

(4) When the machine was opened after the balloting on December 14, 1958, it was found that two McNamara supporters, Edward Corrigan and John McCarthy, had been elected president and recording secretary, respectively. However, four candidates of the rank-and-file dissidents had been elected. They were John McManus, vice president, and John Kelly, John Dawson, and Joseph Malloy, trustees. Clements nosed out Fitzpatrick for business agent but McCormack and McNamara finished in a dead heat for secretary-treasurer, 439-439.

(5) Immediately after the election McNamara challenged six votes that had been cast on the machine. All six of these members had produced their books showing their dues completely paid up, but after the election the union's records were brought in to show that the dues were not paid for a particular period before the election. There were also statements by the trustees that they automatically put stamps in the dues books of the six members when they said that the dues were checked off at their place of employment.

(6) The four paper ballots were opened and the result was recorded as favorable to McNamara, 442-440. But the Honest Ballot Association ruled that the challenge of the six machine votes was also valid and, since there was no way of determining for which candidate these six votes had been cast, and, since McNamara's margin over McCormack was only two, that a runoff election was necessary.

(7) Clements had defeated Fitzpatrick, 440-432. Since his margin was sufficient, even with the deduction of the six votes, he was certified the winner. The other six contests were not affected by the challenged votes and the winners were certified.

(8) Notwithstanding the preelection stipulation that all candidates would abide by the Honest Ballot Association ruling, McNamara has announced that he considers himself duly elected and has refused to participate in any runoff election.

Abrams testified that his association has conducted several thousand elections, and this was the first time that its decision had been repudiated.

Clements testified that the McNamara forces tried to block him from being sworn in as business agent but did not succeed. When he reported for duty the next morning, Clements testified, he was told by McNamara, "I didn't tell you to come here. I haven't got the money to pay you."

At the election the anti-McNamara faction had gained control of the executive board, 4 to 3, and Clements said that at the end of the first week the majority insisted that Fitzpatrick leave the office and that Clements take over as business agent and be paid.

McNamara replied that he was hiring Fitzpatrick as his clerk and that he would be paid a driver's salary of approximately \$100 a week instead of the \$208 weekly that he had received as business agent. However, it was soon ascertained that he was receiving an additional \$100 a week on the premise that this was an accrual of back pay which had been voted in 1949 but withheld because of an insufficiency of funds in the treasury at that time.

Clements declared that the majority faction requested an examination of the books, and an appointment was made.

Mr. KENNEDY. To determine the authorization for the back pay?

Mr. CLEMENTS. To examine the books, and during this examination of the books, the trustees asked for authorization of the salary listed as expenditures. What they wanted in particular were minutes of the meeting that followed the meeting in which an increase had been granted in January of 1949. Those minutes were not shown to the trustees, and they were not available. The trustees refused to sign the books. Brother McNamara stated that he would bring charges against them, and it was their duty to sign the books, and it was not their concern to question the expenditures made but only to see that they tallied with the canceled checks (pp. 18877-18878).

McNamara did bring charges against the trustees, Clements said. Union law required that the president designate disinterested parties to substitute on the executive board for the three trustees and McNamara for the trial of the charges. Clements testified that the president, a McNamara man, appointed substitutes who were "the strongest adherents of McNamara" (p. 18878).

Mr. KENNEDY. So what happened?

Mr. CLEMENTS. The trustees were suspended for 1 year from their jobs.

Mr. KENNEDY. For not signing the books?

Mr. CLEMENTS. For not signing the books (pp. 18878-18879).

An appeal to the joint council headed by O'Rourke brought a decision 2 weeks before the committee hearing that the trustees were guilty as charged, but that the sentence was too harsh, and the trustees should be reinstated.

Clements testified further that the union president holds that any motion made by a member of the majority faction is "out of order" unless the McNamara adherents approve of it, and that no legal remedy is available because no court will entertain any action in the absence of evidence that all appeal procedure within the union has been exhausted.

The CHAIRMAN. I kind of have a suspicion that you favor a bill of rights for a union.

Mr. CLEMENTS. You're darn tootin' I do (p. 18882).

The committee summoned McNamara to the witness stand and he took the fifth amendment to all questions.

The CHAIRMAN. It appears here that the members of the union in good standing, who became candidates and who were elected to office, now find that they have no authority, or that their rights and power to perform their duties are being denied to them by you.

Do you say that is true or not true?

Mr. McNAMARA. I decline to answer the question on the ground the answer might tend to incriminate me.

The CHAIRMAN. You think it would tend to incriminate you if you answered truthfully?

Mr. McNAMARA. It might, sir.

The CHAIRMAN. I see.

Well, you then are conceding, are you, that in your union, where you are the secretary-treasurer, you practically dominate the union irrespective of a majority view of your members? Is that correct?

Mr. McNAMARA. I decline to answer the question, Senator, on the ground the answer might tend to incriminate me.

The CHAIRMAN. If that is true, as has been testified here, these men are in some measure enslaved, are they not, instead of being free American citizens?

Mr. McNAMARA. I decline to answer the question, Senator, on the ground the answer might tend to incriminate me.

The CHAIRMAN. And it becomes more and more apparent as we hear testimony from great union leaders like you, that law is needed in this country to free these men from their bondage and grant to them the bill of rights in union halls that they are entitled to exercise as American citizens.

Don't you agree?

Mr. McNAMARA. I decline to answer the question, Senator, on the ground the answer might tend to incriminate me.

The CHAIRMAN. I expected just that kind of an answer from you (pp. 18884-18885).

O'Rourke followed McNamara to the stand and also invoked the fifth amendment to all questions.

Mr. KENNEDY. Have any steps been taken in the joint council in New York City to clean up the situation that exists there, Mr. O'Rourke?

Mr. O'ROURKE. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Specifically, for instance, in the case of Mr. Bernie Adelstein, hasn't there been some discussion about getting rid of Bernie Adelstein as an officer of the joint council, and yet isn't he still an officer of the joint council, even though he has been convicted?

Mr. O'ROURKE. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 18886).

When Hoffa was testifying before the committee in September 1958, he furnished a list of individuals he said had been removed from positions within the Teamsters Union because of convictions for crimes. One of those named was Sam Goldstein, president of local

239 in New York City, the secretary-treasurer of which was Tony "Ducks" Corallo.

Goldstein himself had been brought before the committee a year earlier where it was established for the record that he was one of the principals in setting up the paper locals; that he was intimately associated with many gangsters and hoodlums; and that he had played fast and loose with union funds.

Goldstein was convicted in 1957 with Johnny Dioguardi and Max Chester of bribery and extortion and was sentenced to a year in jail and fined \$500. In 1958 he pleaded guilty to another indictment charging attempted extortion, coercion and conspiracy. In view of the other prison sentence he escaped with a suspended jail sentence and probation on this second charge.

Summoned as a witness again in 1959, Goldstein took the fifth amendment when asked his occupation but acknowledged he was in Rikers Island Prison living "under the auspices of the city of New York."

Staff Investigator Paul Tierney testified that Goldstein, according to the records of local 239, was still carried on the payroll as president at \$375 a week, plus \$25 a week for expenses, as late as June 19, 1959, a week before his appearance. Tierney said that a letter of March 3, 1959, from local 239 to Joint Council 16 listed Goldstein as president and as one of those eligible to vote in joint council elections. The executive board minutes of local 239 also showed adoption of a motion on September 10, 1957—

that Brother Goldstein be continued in his absence as the legal president of this local union and to continue to draw compensation as such throughout the period of his involvement with his legal problems and until such time as the executive board deemed otherwise (pp. 18828-18829).

Tierney also testified that the legal bills of the local prior to 1957 averaged around \$1,700 a year but that the bulk of approximately \$70,000 expended from the union treasury for legal services between 1956 and 1959 went to lawyers who were defending Goldstein and Corallo. Included was a fee of \$10,000 paid to a Boston lawyer, Joseph McDonough, for representing Goldstein and Corallo before the committee in 1957.

The CHAIRMAN. I assume, Mr. Goldstein, you wish to make no comment regarding the testimony you have just heard?

Mr. GOLDSTEIN. Senator McClellan, sir, I respectfully decline to answer (p. 18831).

When Hoffa was asked what he intended to do about Goldstein he replied that—

Sam Goldstein is a problem which I have not had an opportunity to discuss with the official family of our international union, or with his executive board, as such. We will deal with it in accordance with the constitution (p. 18953).

Hoffa was referred to section 13 of the Teamster constitution which provides that when a member is convicted or pleads guilty to a crime—

It is incumbent upon the local union to take action, but that in the event the local union fails to carry out the foregoing provision, then the general president, when the matter is brought to his attention, shall have the power in his discretion to proceed to revoke or order the revocation of the membership of such member (p. 18953).

Hoffa replied that he didn't know about the Goldstein case until "I heard it here."

The CHAIRMAN. You never heard of it until today?

Mr. HOFFA. I don't even know the man, I don't think.

The CHAIRMAN. You mean you hadn't heard of this conviction until today?

Mr. HOFFA. It wasn't brought to my attention, Senator.

\* \* \* \* \*

The CHAIRMAN. It does appear, then, now you do have notice of it, and you can put this provision of your constitution into immediate operation.

Mr. HOFFA. As I say—

The CHAIRMAN. Will you agree?

Mr. HOFFA. No, I say, Senator, that we will investigate and follow the procedure and take action in compliance with the constitution to handle the situation.

\* \* \* \* \*

Mr. HOFFA. Senator, it is very hard to explain to yourself and the other Senators here who never conducted a labor union meeting or know very little about labor unions.

The CHAIRMAN. I don't think crime is any different in a labor union or out of one. I think it is all the same.

\* \* \* \* \*

Senator ERVIN. \* \* \* I don't think any excuse you can give will justify permitting a man to be continued in the union office when he is in the penitentiary on the plea of guilty or a conviction of such a crime as extortion.

Mr. HOFFA. Senator, I didn't say he was going to remain in office. I said I was going to approach it in such a way that I preserve the union without destroying it, by following due process and I will (pp. 18954-18955).

Senator Ervin observed further that when a local union failed to act it was the duty of the general president to step in and exercise his power, "otherwise, I don't see what they have with such a constitution."

Mr. HOFFA. I don't quarrel with your statement, Senator.

Senator ERVIN. Except you don't practice it.

Mr. HOFFA. Well, I don't practice it by just chopping a man's head off without a hearing; no (p. 18957).

Hoffa testified that he did not recall having ever been informed about Goldstein by the investigative unit set up within the Teamsters Union and headed by former Senator George H. Bender.

Staff Member Bellino submitted figures showing that Bender was paid for 180 out of a possible 181 days from August 18, 1958, to May

4, 1959, and received \$58,636.07. The Teamsters Union also paid the rent, telephone, and stenographic help.

The CHAIRMAN. \* \* \* Has his committee reported anything to you at all that should come before your executive board for its consideration with respect to disciplinary action?

Mr. HOFFA. No. He is in the process of investigation.

The CHAIRMAN. In 11 months he has not been able to find anything to report to you?

Mr. HOFFA. He was stopped by the court, I believe.

The CHAIRMAN. I didn't understand your last answer.

Mr. HOFFA. I say I believe he was stopped by the court. They filed an order and I believe he was stopped by the court, if I am not mistaken (pp. 18961-18962).

Staff Member Tierney was recalled and testified that Tony "Ducks" Corallo allegedly resigned from local 239 in September of 1958 but that two individuals, Anthony Castaldi and John Spada, were named to replace him. Corallo had received \$400 a week in salary and expense money. Castaldi and Spada each began drawing \$200 a week.

Mr. KENNEDY. Mr. Goldstein, would you relate to the committee how they happened to be hired to replace Mr. Tony "Ducks" Corallo?

Mr. GOLDSTEIN. Counselor Kennedy, I respectfully decline to answer the question on the ground that it may tend to incriminate me.

Mr. KENNEDY. Mr. Tierney, how long did they remain on the payroll?

Mr. TIERNEY. John Spada continues on the payroll. He is on the payroll now. As far as Castaldi is concerned, he worked on the payroll until January 16, 1959, the week ending January 16, 1959. But he was immediately replaced by one Joseph D'Auria, who went on the payroll at precisely the same salary and expenses (p. 18835).

The committee was told that Castaldi has disappeared. Spada and D'Auria were summoned to testify and both took the fifth amendment.

Mr. KENNEDY. Isn't it correct that this is just a subterfuge, that you people do no work for the union, no work for local 239, and immediately after receiving these checks, which total \$400 a week, that that money is turned over to Tony "Ducks" Corallo? (P. 18837.)

D'Auria and Spada continued to plead possible self-incrimination. Castaldi, alias Tony Higgins, was shown to have a police record for assault, robbery, extortion, and violation of narcotics laws. Tierney testified that he had been described as "one of the top Mafia leaders and narcotics traffickers in the United States, a wholesaler of heroin in local and interstate traffic." Spada also has a police record.

Mr. KENNEDY. We can't find, Mr. Chairman, anywhere, that either of these three gentlemen, Mr. Castaldi or these two gentlemen, ever had any experience in this field as union organizers, prior to the time that they came with this union.



We have further found upon investigation that Mr. Tony "Ducks" Corallo still controls this union, he still controls local 522 of the Teamsters, and local 875, three locals that he was identified as controlling in 1957; that according to the information we have, Mr. Tony "Ducks" Corallo still controls those three locals. \* \* \* His resigning from the union in September of 1958 was merely a fraud and a subterfuge.

\* \* \* \* \*

Mr. KENNEDY. I might say, Mr. Chairman, we have gone up there and tried to get some information in connection with the operation of running the union and we can't get any answers from anybody in the local (pp. 18838-18839).

Another fifth amendment witness was Joseph DeGrandis, president of Teamster Local 266, whose record reflects prison terms in Federal and State prisons for operating an unregistered still and for criminally receiving stolen property. The record also shows that DeGrandis had received a charter in the Retail Clerks Association but it was lifted on March 5, 1957, because of charges of racketeering. When the RCIA sought to obtain the books and records the only items in the union office were a billy and a gun. DeGrandis became a Teamster Union official shortly after this (p. 18821). Committee counsel also pointed out that previous testimony had shown DeGrandis received a salary of \$250 a week and two automobiles authorized by the minutes of a meeting of December 5, 1957, which appeared in a book that was not purchased until May 15, 1958.

The CHAIRMAN. Is he still an officer of the union?

Mr. KENNEDY. That is what we understand.

The CHAIRMAN. Still operating as an official of a union, a representative of a union?

Mr. KENNEDY. That is correct (p. 18823).

Still another fifth amendment witness was Henry DeRoma, of Yonkers, N.Y., a trustee of Abe Gordon's local 805 in New York. He served penitentiary sentences for murder and selling heroin. He declined to tell the committee how he became a trustee of local 805, identified earlier in this report as being staffed by officers linked on many occasions with the narcotics traffic and with having dubious alliances with employees prominent in the vending machine industry.

Another Corallo associate, Al Reger, secretary-treasurer of Teamster Local 522, was added to the fifth amendment list when called to testify before the committee. Committee counsel said he continues to hold his position despite a conviction for extortion for which he is under a 5- to 10-year sentence that is being stayed pending an appeal.

Reger declined to answer when asked if he had been a member of the Communist Party and on the advisory council of the Daily Worker during the 1940's and a precinct director of the party in Newark. He declined to answer when asked if he had ever repudiated communism or if he was still a party member.

Theodore Wilmot, Secaucus, N.J., secretary-treasurer of local 300 of the International Brotherhood of Pulp, Sulphite & Paper Mill Workers, testified that he was contacted in February 1959 by Mike

Peluso, owner of the Union Salvage Co., Plainfield, N.J., who reported that Reger's local was trying to organize his plant.

Wilmot said Peluso asked for his assistance and he called Reger in an effort to assert a claim that local 300 had jurisdiction. Wilmot declared that Reger told him to tell Peluso he wanted approximately \$1,300 to call off the organizational campaign.

"I did that," Wilmot declared, "and Mr. Peluso said that he definitely would not pay. Then I told him if he was prepared for a strike, because that would be the natural thing to happen, if the man didn't meet Mr. Reger's demands. I understand at a later date there was a strike in the plant."

Mr. KENNEDY. And was there ultimately an election?

Mr. WILMOT. So I understand. There was an election and the Teamsters lost the election (p. 18863).

Reger was recalled and asked if he had any comment on Wilmot's testimony. He declined to answer.

The CHAIRMAN. I think you are entitled to have the opportunity. If you decline the opportunity, as far as I am concerned, the record remains as is (p. 18864).

Interrogation of another fifth amendment witness, John W. Filipoff, Monterey Park, Calif., injected another reference to the Communists, with the record this time reflecting active Teamster Union support for a Communist-dominated independent union on the west coast.

Mr. KENNEDY. Mr. Filipoff, you were former secretary-treasurer of local 208 in Los Angeles, Calif. There was an election that we went into between Mr. Filipoff and Mr. Sidney Cohen. Mr. Sidney Cohen won the election. He then was subjected to a period of harassment for himself and for his wife, and finally he arranged to come back here. Mr. Cohen met with Mr. Filipoff, as well as with Mr. Mike Singer, who is one of Mr. Hoffa's chief representatives in Los Angeles. At that time Mr. Cohen had a meeting at the international Teamsters headquarters and agreed to resign from the position he had been elected to. He went back to Los Angeles and ultimately appeared before the committee and explained that the reason he desired to resign was because of the threats that had been made against himself and his wife.

We brought Mr. Filipoff before the committee and developed the facts that he was in business with an employer out there, receiving compensation, and a comparable income from the employer. We also went into the election, what had happened in the election. Mr. Filipoff refused to answer our questions on the grounds of self-incrimination.

Ultimately, Mr. Cohen, through a court case and other efforts, was able to gain control of the local. Mr. Filipoff was out of a job, but he was promoted by Mr. Hoffa, since his appearance before the committee, and made head of the Sears, Roebuck drive on the west coast.

Is that correct, Mr. Filipoff?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that based on your appearance before the committee, when you took the fifth amendment, these other details regarding your activities had been developed, and the fact that you had furnished, together with the international union, some \$11,000 to Gus Brown, a known Communist, who runs and operates an independent union on the west coast, that this had all been developed?

You took the fifth amendment regarding these activities. Then you went back to the west coast and Mr. Hoffa promoted you and made you head of the Sears, Roebuck drive on the west coast; is that correct?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you are now being paid out of international funds; is that not right?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And the name of the company, Mr. Chairman, we identified him with as being in business with was the Portable Container Disposal Co. He was in business with an employer by the name of Harry F. Levinson; it was a clear conflict of interest.

That testimony was placed in the record under oath.

The CHAIRMAN. What was it you stated about the Communist?

Mr. KENNEDY. There was a man by the name of Gus Brown. Gus Brown was expelled from organized labor because of Communist affiliations.

He was a functionary in the Communist Party in California. He was expelled from organized labor because of his Communist affiliations. He organized an independent union. Mr. Filipoff and Mr. Harold Gibbons got together and when Mr. Gus Brown was attempting to organize a furniture company they financed his organizational drive.

The money came originally from local 208, some \$11,000, but that local was then reimbursed by the international union. It went to this known Communist, known member of the Communist Party.

The CHAIRMAN. Did you take any part in that, Mr. Filipoff?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You wouldn't say whether you helped finance the Communist effort to organize union members?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Whatever action you took, is it known to Mr. Hoffa?

Mr. FILIPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I don't want to reflect on him. Is it a fact he knew of all these activities before he promoted you and put you in charge of this work out there?

Mr. FILPOFF. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

\* \* \* \* \*

Senator KENNEDY. Isn't it a fact that Mr. Hoffa said on page 5224, on August 23, 1957, when Senator Ives asked him about some of the situations in New York, he said:

"I will tell you, Senator, if I become president of this international, I will accept my responsibilities and deal with the individuals in such a way that will not bring any harm to the labor movement \* \* \*."

"I recognize that responsibility, and the union will be run for the benefit of the members, and it will be corrected where it needs correcting."

Mr. Hoffa came before this committee as far as 2 years ago, at which time he committed himself to cleaning up the union.

Again, the chairman stated on page 5222:

"Mr. Hoffa, you can't place the blame for all of this on Dave Beck.

"Mr. HOFFA. If I had the responsibility, I would accept it.

"The CHAIRMAN. You didn't have a responsibility to the union to try to keep it clean and honorable and try to keep it from coming into disrepute?

"Mr. HOFFA. Yes, sir. I accept that responsibility, and after hearing this committee operate I can make a positive statement on that question if you care to have me make it."

It seemed to me that Mr. Hoffa made several statements as to what he was going to do to clean up the union. I don't think there is any question but what he has authority under the Constitution. I would like to ask if there is anyone in the Teamster organization, with the exception of Mr. Beck—not even Mr. Beck—who has been removed from the Teamsters payroll or a position of influence in the Teamsters.

Mr. KENNEDY. A number have been removed. For instance, Frank Kierdorf was burned to death. I believe there was another union official that went to the penitentiary—Jerry Conley, who is no longer a union official. And there was Mr. Herman Kierdorf; Mr. Hoffa stated that he asked him to resign from the union.

I might say, as far as Mr. Herman Kierdorf is concerned that, according to the records of the Teamsters, he received \$20,000 in severance pay when he resigned.

Mr. Hoffa said also that Tony Ducks Corallo has resigned. We had the testimony in connection with that today, where the two individuals replaced him immediately on the payroll and, according to our information, they are nothing but fronts for Tony Ducks Corallo.

Mr. Herman Kierdorf, I might add, has gone to the penitentiary also.

I don't think beyond that, according to the information we have, and according to the information that has been fur-

nished to the committee by the Teamsters, there is anybody else against whom Mr. Hoffa has taken any action.

Senator KENNEDY. Isn't it a fact that in the case of Mr. Cohen, for example, up in Philadelphia, Mr. Hoffa attended a banquet in his honor even though he took the fifth amendment as to what he had done with over \$300,000 of union funds?

Mr. KENNEDY. That is correct (pp. 18856-18859).

When Hoffa was questioned about the support of Brown's organizing drive he stated:

I don't know if Gus Brown is a Communist or not, but I do know that there have been some allegations, some statements made, and he was expelled.

Mr. KENNEDY. \* \* \* Mr. Hoffa, doesn't it interest you, the background of this individual, that he had been expelled from organized labor because of his Communist affiliations, that he was an important functionary in the Communist Party in the State of California, that he was expelled, that he formed this independent union, and then the Teamsters began at least help finance his activities?

Mr. HOFFA. I am concerned that an individual representing an organized unit which can have an effect on the Teamsters has sufficient support to change the economic structure of low-paid workers into a decent standard of living. And whether or not Gus Brown, allegedly a Communist, on whom I have no knowledge one way or another, was the head of that union is the choice of the workers, not the choice of Hoffa \* \* \* (pp. 19745-19746).

A letter from Filipoff to Harold Gibbons on April 2, 1958, was introduced into the record. It spoke of the wish of Brown "to discuss possible affiliation or merger of certain of his people with the Teamsters" and the replying letter of Gibbons invited Brown to come to Washington for a meeting with him and Hoffa.

Mr. HOFFA. There was a meeting in Washington with Gus Brown. I participated in the meeting. Gus Brown explained his situation. I personally turned down Gus Brown's application for a charter (p. 19747).

Hoffa testified that his refusal was based on his desire to avoid any conflict with the understanding existing between the Teamsters International and the internationals of the Upholstery Workers and the Woodworkers. Hoffa was asked if he or Gibbons had arranged for Brown to meet with any officials of the other internationals.

Mr. HOFFA. Maybe we did. I wouldn't say if we did or we didn't. It is just conceivable that we did. I wouldn't hesitate to do it today, if I thought it could be arranged (p. 19747).

Other correspondence was introduced to show that Brown's local 123 of the Furniture Workers was "pressed for ready cash" and that Teamster Local 208's treasury "also has been hard hit recently." On January 7, 1959, "as approved by the office of the general president," a check for \$11,000 went from the Teamsters International to local 208. One letter asking for the funds referred to "strike benefits" total-

ing \$7,000, but the accountant's worksheet from local 208 listed this amount under the heading of "loans" to Brown's union.

Pierre Salinger, committee staff member, testified that "it is my understanding that the total amount of Teamsters to become members were not more than ten" (p. 19749).

Mr. HOFFA. I would like to say, sir, we don't evaluate money based on human lives. Ten people in our organization are just as important as 10,000; \$11,000 or \$111,000 is available to any 10 members of our union if it is an economic fight with an employer (p. 19749).

On the point of whether the money that went to Brown's union was a "loan" or gift, Hoffa asserted, "I have every faith it will be paid back as agreed to when it was loaned."

Mr. KENNEDY. When is it going to be paid back?

Mr. HOFFA. When they are in a position to pay it back. Since we are not a banker we worry more about workers than money (p. 19750).

Hoffa then testified that—

it was a request of 208 for a donation, the donation was made to them, they distributed it as they saw fit for the benefit of the strikers.

When questioning developed that Brown sponsored a convention in June of 1959 and stated on the front of his publication that Hoffa had sent best wishes to his convention, Hoffa replied, "We are in the habit of giving fraternal recognition to organized workers in America" (p. 19751).

During its 1959 hearings the committee also heard testimony reemphasizing that Harold J. Gibbons, president of the Missouri-Kansas Conference of Teamsters, who was elevated to a top-ranking international vice presidency when Hoffa moved into the presidency, shares Hoffa's complacency about the presence of known felons in positions of trust in the Teamsters Union.

The assistant business agent of local 245 in Springfield, Mo., is Branch Wainwright, whose criminal record shows convictions for burglary, larceny, and felonious assault with intent to rob. He received a 2-year sentence on the last charge in 1950 and was released from the Missouri State Penitentiary at Jefferson City on December 5, 1951. In a comparatively short time he became an organizer for the Missouri-Kansas Conference.

Testimony was given during the 1958 hearings that E. J. Barrett, secretary-treasurer of local 245, was removed after international auditors found he was "incompetent and neglectful of his duties." The local was placed in trusteeship with one Verl Nickels in charge. Under him the financial condition of the local improved and he was elected by the membership and continued in charge when the trusteeship was dissolved. When Nickels and Gibbons had a falling out the local was thrown into trusteeship again with Gibbons as trustee. He dispatched Barrett and Wainwright to take charge of its affairs.

Testimony before a House committee identified Wainwright as the man who took an extortion payment from a Kansas concern that wished to "avoid labor difficulties." Nickels was forced to leave town

when the union let employers know that they should not hire him. John Rogers, another member who campaigned for restoration of democracy in the locals, told the committee he only worked 4 weeks in 1958 up to the time he testified on September 9 of that year.

In May of 1958, an election of officers was scheduled but Barrett and Wainwright ruled out all nominations, holding that the candidates were ineligible to run for office.

Hoffa and Gibbons, the testimony showed, supported the Barrett-Wainwright decree that only 53 of the 1,200 members were eligible to run for office and none of these, of course, were those who had been nominated. It was also shown that Wainwright had fired a disabled Teamster Union member who had been given a job as janitor at the union's headquarters and replaced him with a man who had spent the previous 20 years in the penitentiary at Leavenworth.

When Wainwright, who had taken the fifth amendment in his 1958 appearance, was brought back before the committee in 1959 he again declined to answer when the effort was made to ascertain if he is still employed by the Teamsters.

Senator KENNEDY. Have you had a conversation since Mr. Gibbons came before this committee and stated he was going to look into the matter? Did he ever have a conversation with you about your record?

Mr. WAINWRIGHT. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 18844).

It was also brought out once more that when the court-appointed monitors attempted to send Price, Waterhouse accountants into the local for an audit, access to the books and records was denied to them.

Hoffa angrily declared in September of 1958 that there were no narcotics pushers "in my union." This was at a time when Herman Hendricks, a business agent for Gibbons' own local 688 in St. Louis, was taking the fifth amendment while being questioned about a criminal record showing that he had been arrested some 100 times in various investigations.

Hoffa submitted a list of offenses committed by Teamster Union business agents and Hendricks was listed as having been involved in a "picket line scuffle." No mention was made of Hendricks' conviction for possession of 114 marihuana cigarettes and 8 ounces of bulk marihuana for which he was sentenced to 2 years in the Federal penitentiary at Terre Haute, Ind.

One of Hendricks' innumerable arrests was for firing 10 bullets into a taxicab during a Teamster Union drive to organize St. Louis cabdrivers.

Mr. KENNEDY. \* \* \* He remains as a union official even with this background. Isn't that correct, Mr. Hendricks?

Mr. HENDRICKS. I decline to answer and assert my privilege under the fifth amendment of the U.S. Constitution not to be a witness against myself.

\* \* \* \* \*

Senator KENNEDY. Didn't Mr. Harold Gibbons, when he appeared, say "As I pointed out earlier there is a committee set up to investigate anyone in the 688 setup who takes the

fifth. That committee will have the task of investigating the question of his conviction for narcotics, and will take appropriate action." Is there any evidence that Mr. Gibbons took any action?

Mr. KENNEDY. No, and this gentleman is in Mr. Gibbons' own local.

Senator KENNEDY. You have been interrogated by this committee, the committee to which Mr. Gibbons made reference?

Mr. HENDRICKS. I decline to answer and assert my privilege under the fifth amendment of the U.S. Constitution not to be a witness against myself (p. 18840).

Hoffa definitely was not in any position to plead ignorance of the case of Jack Thompson, business agent of Teamster Local 322 in Flint, Mich., who appeared before the committee fresh from a conviction for arson and facing a long penitentiary sentence.

Mr. KENNEDY. Mr. Jack Thompson, Mr. Chairman, is business agent of local 332 in Flint, Mich. We have had testimony in connection with him before the committee, concerning his close association with George Kamenow, who was the representative in Michigan for Mr. Nathan W. Shefferman, and that through the efforts of George Kamenow, money was paid by employers to George Kamenow which was to go on to certain union officials. We identified Mr. Jack Thompson as accompanying Mr. Kamenow on at least three hunting trips up into Canada. Mr. Thompson has just been convicted of arson in connection with the death of Mr. Frank Kierdorf. He also has a criminal record which includes 2 years in boys vocational school in Lansing, Mich., for breaking and entering, 3 years probation for unlawfully driving away an automobile in 1935, 5 years probation in 1937 for breaking and entering in the nighttime, and 4 to 25 years in the Southern Michigan Prison in Jackson, Mich., for armed robbery.

He was convicted in 1937. He was paroled in 1941. Now he has this most recent conviction.

As I say, he was associated with a notorious fixer, Mr. Kamenow, who appeared before the committee and who took the fifth amendment. From sworn testimony before the committee, he was associated with shaking employers down. He has an extensive criminal record and, according to our information, still holds his union official position.

Is that correct, Mr. Thompson?

Mr. THOMPSON. I respectfully decline to answer because I honestly believe the answer might tend to incriminate me.

The CHAIRMAN. Do I understand that Mr. Thompson has recently been convicted for arson?

Mr. KENNEDY. He was convicted on April 3, 1959.

The CHAIRMAN. Is that for the same fire that destroyed Frank Kierdorf?

Mr. KENNEDY. That is correct.

The CHAIRMAN. That is what caused his death?

Mr. KENNEDY. Frank Kierdorf was the other officer in this local. Local 332 was run by Frank Kierdorf and Jack



Thompson until Frank Kierdorf's death. Now it is run by Mr. Jack Thompson, who has some five convictions; is that right, Mr. Thompson? How many convictions do you have?

Mr. THOMPSON. You have the record.

Mr. KENNEDY. How many do you have?

Mr. THOMPSON. I respectfully decline to answer. I honestly believe the question might tend to incriminate me.

The CHAIRMAN. Does it ever bother your conscience that you committed that arson and killed your pal?

Mr. THOMPSON. I respectfully decline to answer the question. I honestly believe the answer might tend to incriminate me.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. Mr. Chairman, in about 5 or 6 days of testimony in connection with this man, we showed that he had absolutely no interest in employees at all, that all he was interested in was shaking down the employers.

The CHAIRMAN. Is that true? Is that all you are interested in?

Mr. THOMPSON. I respectfully decline to answer, as I honestly believe the answer might tend to incriminate me.

The CHAIRMAN. Were you undertaking to shake down the management of the place where you committed the arson?

Mr. THOMPSON. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (pp. 18865-18866).

Dave R. Frechette, secretary-treasurer and business representative of local 290 in Miami, Fla., also took the fifth amendment again when brought back before the committee. Frechette wrote a letter to Hoffa on March 18, 1958, advocating that the Teamsters, in connection with an organizing drive against a contractor in that area, employ a "gimmick" successfully used by an official of laborer locals against contractors "where FHA or VA financing is involved."

The "gimmick" described by Frechette and endorsed by him consisted of sending "a few hundred colored laborers and their families" through model homes on display "with a few actually making application" to buy. The "crowning blow," Frechette told Hoffa, is administered by "having one family show up with a certified check for the full purchase price." Any refusal to sell or any hedging is followed by a formal complaint to the Government agencies about "discrimination" and "the builder gets shook up about having his mortgage financing fouled up."

Frechette proposed that Hoffa send him \$15,000 to be used for this purpose and stated:

I wouldn't want to handle the money myself, but would suggest that Ben Cohen, the attorney here, handle it as your personal representative (p. 18847).

Subsequently, checks for \$10,000 and \$5,000 were sent to Cohen by the Teamsters International.

Mr. KENNEDY. Has the Teamsters Union taken any steps against you or to deal with you disciplinarily in connection

with writing this letter and suggesting such a proposition? \* \* \*

Mr. FRECHETTE. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me (p. 18848).

When Hoffa was asked about it he asserted that "Dave made a mistake, and it is cleared up."

Mr. KENNEDY. You haven't taken any action?

Mr. HOFFA. No. He was trying to expedite, unfortunately, a method of organizing which in my opinion was wrong (p. 19833).

Despite the shocking evidence of violence uncovered by the committee's investigation of Teamster activities in Tennessee and in the Southern Conference of Teamsters, one of the principals in that testimony continued to function undisturbed as a business agent for local 327 in Nashville.

William A. Smith, known as "Hard-of-Hearing Smitty," varied the procedure a little when called back before the committee in 1959. Where most of the witnesses took the fifth amendment as to their occupation, Smith identified himself as "assistant business agent" for local 327. Beyond that, however, he continued to take the fifth amendment. He had previously appeared on December 10, 1957, and was identified as a leader of a mobile goon squad operating in several States and engaged in dynamitings and shootings.

Smith's record showed 18 arrests and 13 convictions. In his latest appearance before the committee he had just been convicted and was under a 2-to-10-year sentence for conspiracy to assault with intent to kill from which he had appealed.

Previous testimony had linked Smith with at least five dynamitings, sabotaging of trucks, slashing of tires and personal assaults against individuals, one of whom was beaten so badly by Smith and his goons that he lost his mind. Committee counsel stated for the record that he was never prosecuted for his offense because Hoffa intervened with the man's employer.

Mr. KENNEDY. \* \* \* Could you tell us if Mr. Hoffa or the Teamsters took any disciplinary action against you, Mr. Smith?

Mr. SMITH. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 18849).

LaVern J. Duffy, a committee investigator, testified that four days after Smith's 1957 appearance he was arrested for drunkenness, disorderly and offensive conduct and resisting arrest in Nashville and forfeited \$200 bail. Smith was convicted on the conspiracy to assault charge in March 1958, along with William Reynolds, former president of local 621 in Knoxville.

Mr. KENNEDY. You say the union took no disciplinary action against Mr. W. A. Smith despite the testimony before the committee and his conviction?

Mr. DUFFY. I interviewed the president a few days ago and asked about Mr. Smith, and he said Mr. Smith had negotiated a number of favorable contracts for the local (p. 18850).

Duffy declared that a total of \$15,750 of union funds was spent for the defense of Smith and Reynolds, \$9,000 of it coming from local 327, \$750 from local 621, and \$6,000 from the Southern Conference of Teamsters.

Duffy identified a picture taken on May 15, 1959, by a photographer for the Nashville Tennessean, showing Hoffa and Smith in a group of Teamster officials on an occasion when Hoffa visited Nashville.

Senator KENNEDY. Mr. Smith, isn't it a fact that Mr. Hoffa, in discussing the information which had been brought out by the committee in its interrogation of you, that Mr. Hoffa said that they needed somebody who could kick those hillbillies in line, with reference to your work?

\* \* \* \* \*

Mr. SMITH. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you proficient at kicking them in line?

Mr. SMITH. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (pp. 18851-18852).

Investigator Duffy also put into the record some data concerning expenditure of Teamster funds for some of Smith's associates. He related the case of Perry Canaday, who was also a witness in 1957 on the same day as Smith. The Teamsters spent \$1,500 for his defense when he was convicted in 1955 for breaking barbershop windows, an incident that had nothing to do with the Teamsters and was not a labor dispute.

Duffy testified that Canaday and C. B. Richardson were convicted in another case in 1957 and sentenced to 11 months and 29 days in prison. While they were in jail \$300 a month was paid out of union funds to the Canaday family and \$200 a month to the Richardson family. Canaday and Richardson also received a Christmas bonus of \$100 while they were in jail. An additional \$640, Duffy said, is known to have been spent on Canaday's behalf in connection with his indictment for assaulting Keith Draper who was also a 1957 witness before the committee and the total for these individuals was \$28,940, to which another \$11,000 was to be added in payment of their back salaries for the 11 months they served in jail.

Hoffa was examined at length about the case of another Smith who also had a record as a dynamiter, Glenn Smith, president and business agent of local 515 in Chattanooga, Tenn.

Like his namesake, Glenn Smith had a long criminal record going back to 1926 when he was convicted and sentenced to a term of 1 to 20 years in Illinois for robbery. In 1932 he was sentenced to a term of 1 year to life in the Illinois State Reformatory in Pontiac for burglary and larceny. He was paroled on May 3, 1935. From 1936 to 1949 he was business agent for Teamster Local 236 at Paducah, Ky. In 1948 he was fined \$100 for assault and battery and in April 1949,

he was indicted for malicious damage and destruction of property by the use of dynamite. He fled from Kentucky and was never tried but showed up that same year as business agent and president of local 515 in Chattanooga. Testimony before the committee in 1957 linked him to dynamitings in Tennessee, North Carolina, and Louisiana.

On April 4, 1951, Smith and 12 others, including H. L. Boling, secretary-treasurer of local 515, were indicted on a conspiracy charge growing out of a labor dispute. The record before the committee shows that \$18,500 was taken from the union treasury to fix a judge and get the indictments dismissed. Following the committee's hearings Smith was indicted for income tax evasion on the ground that he had taken the \$18,500 and never paid any taxes on it. His attorneys made two defenses (1) that Smith was merely a conduit to the judge and (2) that if this theory was unacceptable then Smith had embezzled the money and therefore was not liable for taxes on it because embezzled funds do not constitute income. The State legislature impeached the judge.

Mr. KENNEDY. \* \* \* I would like to ask Mr. Hoffa if union funds were used to defend Mr. Glenn Smith in this income tax case?

Mr. HOFFA. Insofar as the international union is concerned, I do not believe they paid the attorneys for Glenn Smith. I do believe that Southern Conference of Teamsters did.

\* \* \* \* \*

Mr. KENNEDY. Do you approve of such expenditures?

Mr. HOFFA. I absolutely do.

\* \* \* \* \*

The CHAIRMAN. Let me inquire, Mr. Hoffa, do you approve or condone the action of the use of \$20,000 or several thousand dollars of union funds for the purpose of undertaking to fix a judge?

Mr. HOFFA. No, I do not (pp. 18912-18913).

Hoffa declared that the executive board and the rank and file authorized the expenditure "as a political expenditure." He added that Smith's conviction in the tax case has been appealed and "I believe a man is innocent until finally proven guilty."

Mr. KENNEDY. Mr. Chairman, we had better get the record straightened out here. In the first place, there is nothing in the minutes that indicates that the membership ever approved of this back in 1951 when the money was first taken.

Mr. HOFFA. Because this was an expenditure, sir, of the Southern Conference of Teamsters, if my memory recalls me right, and it was approved by the director who had the authority (pp. 18914-18915).

Hoffa maintained that "there is nothing before the international union that the general president or the executive board of this international union has to process at this moment. If it comes, we will process it." Hoffa said he has taken "investigative action" but has received no report as yet. The investigating panel was appointed October 28, 1958. Meanwhile, Hoffa said, Smith has placed himself "on inactive status," and "I do not believe he draws any salary at this

time from the local union" (p. 18917). In the case of Boling, the secretary-treasurer, Hoffa asserted that Boling is driving a truck and "I do not believe from what I know, and I am guessing now what I am telling you, and what I pick up, but I believe that Boling and Smith both are out as officers on suspension, or on leave of absence" (p. 18918).

Further questioning of Hoffa, however, brought to light the story of an unenforced "suspension" of Smith and Boling that had been ordered by Hoffa but blithely ignored by local 515.

The court-appointed monitors recommended on August 19, 1958, that Hoffa take original jurisdiction and press charges against the two officers. Hoffa sent registered letters suspending Smith and Boling on August 28.

Telephone toll records show that William E. Bufalino talked to Smith for 9 minutes from Teamster headquarters on August 28 and Smith asked the court in Tennessee the same day to issue an order restraining the Teamsters International from proceeding against the local 515 officers.

The International succeeded in getting the restraining order dismissed and there is a record of a telephone call on September 30, 1958, from Hoffa to Smith. Hoffa, on October 28, designated International Vice President John T. O'Brien of Chicago, Frank Fitzsimmons from his own local 299 in Detroit, and Gordon Conklin of St. Paul, Minn., as a panel to hold hearings on the charges brought against Smith and Boling.

On November 13, 1958, Hoffa's attorney, Edward Bennett Williams, told Judge Letts in the U.S. District Court for the District of Columbia that the hearings by the panel had been completed, the evidence had been taken "and we are awaiting the decision of the panel."

In response to a question from Senator Kennedy, Williams told the committee it was his understanding that the reason the panel did not make its decision was its desire not "to influence the court of law before which Smith and Boling were being tried." Smith was convicted but Boling was acquitted at the trial. The panel still hadn't made its decision after the verdict, Williams said, because of a pending motion for a judgment of acquittal notwithstanding the verdict.

Investigator Duffy testified that minutes of a specially called meeting of local 515's executive board on January 6, 1959, showed Smith and Boling still were in office, even though Judge Letts had been told in November that they had been suspended. The executive board voted that night to give Smith and Boling a 6-month leave of absence "with full pay in advance" because they "have been through a lot and are under a lot of pressure and strain for the past several months" (p. 18922). The board also voted to borrow \$5,000 from the Southern Conference, to be repaid at \$500 a month, to cover the trial expense.

Smith was found guilty the next day and on January 8, 1959, he received a check for \$5,129.80 for salary to July 10, 1959. There was a phone call from Hoffa to local 515 on the day Smith was convicted.

Minutes of another meeting of the executive board on January 20 reflected that Smith accepted his leave "based upon his recent con-

viction of income tax pertaining to the indictments of 12 members of local 515 in 1951, and the payment of \$18,500 to have these indictments quashed" (p. 18923). The board voted to appoint Boling to serve as president during Smith's leave with the understanding that when Smith's difficulties with the law were resolved he could resume his old position. A special meeting of the general membership on the same date ratified the executive board's action.

Duffy testified that \$16,473.07 in attorney's fees were paid with Teamster funds on behalf of Smith and Boling.

Senator KENNEDY. Mr. Hoffa, any of this information which has been coming out now, did you know that before now?

Mr. HOFFA. Senator Kennedy, this is a local union affair, with rank-and-file participation in a democratic fashion, conducting the affairs of an autonomous local union. Unless it was brought to the attention of the general president or the international union, we would have no way of knowing such information, and presently to my knowledge there is no such information transmitted to the international union.

Senator KENNEDY. In other words, what has been read here today by Mr. Duffy is news to you, in regard, for example, to his compensation in advance?

Mr. HOFFA. I didn't know until we appeared here today that he had received advance salaries. However, the rank and file, acting in democratic fashion apparently approved, from the minutes, the action taken by the executive board (p. 18925).

Hoffa and Attorney Williams conceded that the international's constitution gives Hoffa authority to suspend officers against whom charges are made but Hoffa declared that this "means charges against an individual filed from a local union level, not filed from the Senate committee or from the newspapers" (p. 18930). Hoffa also made it clear that, in his mind, the international president should "not be stampeded into discharging people by headlines, editorials, or statements, but rather, by factual information" (pp. 18930-18931).

Senator MUNDT. You will certainly agree that you have some followup work to do as far as Boling is concerned if, in fact, he is now president of a union from which you suspended him; is that correct?

Mr. HOFFA. I certainly will find out why the letter was not complied with (p. 18943).

\* \* \* \* \*

Senator ERVIN. And what efforts, if any, did you make to ascertain whether or not they had recognized or complied with your letter suspending them?

Mr. HOFFA. Senator, I would assume that when a letter went out like that it would be complied with. We have international organizers and directors in various areas. I would expect it to be followed through by somebody in that vicinity, rather than the international office, to make sure that the intent of the letter was carried out.

I can't tell you, truthfully, that I personally did anything after it got to the stage of the letter going out, to see whether or not they got the letter (p. 18946).

\* \* \* \* \*

The CHAIRMAN. In other words, you went no further than to assume in the routine of things it would be carried out.

Mr. HOFFA. Yes.

The CHAIRMAN. Beyond that assumption you did nothing?

Mr. HOFFA. Yes, sir (p. 18949).

When asked if he intended to take any action to have Smith and Boling return the money they have received from the union since their "suspension" in August, Hoffa answered, "I will consult with our attorneys as to the next move." He also testified:

If Boling is an officer of this union, then until the trial is completed against Boling he will not be an officer of this union, unless I am prevented by court from doing so (p. 18952).

The situation in Ohio, where William Presser is president of the Ohio Conference of Teamsters and also president of Joint Council 41 in Cleveland, also occupied the attention of the committee in its final hearings.

Joseph Blumetti was the secretary-treasurer of local 377 at Youngstown. He was also operating the Youngstown branch of Teamster Local 410, the jukebox local originally established by Presser in Cleveland.

Blumetti, as he had done previously, invoked the fifth amendment to all questions, including the question as to his business and occupation.

Mr. KENNEDY. Mr. Chairman, we have had Mr. Blumetti before the committee at a prior hearing. Mr. Blumetti has a conviction for white slavery. He has an extensive criminal record. He received 6 years and 1 day for white slavery. He was paroled from the U.S. Penitentiary in Leavenworth, Kans., in 1946. He has been arrested for possession and passing of counterfeit \$10 bills and for counterfeiting.

He has received a conviction for making false statements to the Selective Service. He was then made a Teamster Union official, in Mr. Hoffa's Central Conference of Teamsters.

According to the information we checked out there, he still is a Teamster Union official. He runs local 410, the jukebox local. He has approximately 100 members. He makes some \$10,000 each year. He is a strong, active supporter of Mr. James Hoffa.

Could you tell us anything about this, whether you still hold your union position, Mr. Blumetti?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. For instance, Mr. Chairman, for the financing of this local, the local dues, if the individual member of the union had to pay dues himself, that wouldn't finance Mr.

Blumetti. So the arrangement that has been made in the Teamsters is that they pay per machine, so that that man who owns 40 machines must pay \$40 dues to Mr. Blumetti.

The CHAIRMAN. You don't have a human being as members of the union, but you have these mechanical machines that become members by paying dues?

Mr. KENNEDY. Yes. For instance, we found a father and son, with no employees, running a company. They have 65 machines and have to pay dues of \$65 a month to Mr. Blumetti. They have no employees whatsoever. But in order to exist, they have to make the payments.

The CHAIRMAN. Why do they have to do that, Mr. Blumetti?

Mr. BLUMETTI. I respectfully decline to answer that question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do their dues at \$1 per machine, or whatever it is, support anything worthwhile or constructive?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do they get any benefit whatsoever from the dues or from membership, the character of membership, in your union?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Or would it be more accurate to say that such payments are simply an extortion imposed upon people like that, and that the money goes for no purpose except to support a parasite on society?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. It might. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, we also went into the fact that Mr. Blumetti was running for office, and that all of his opposition was declared ineligible by the international and by Mr. Hoffa, based on the fact that they did not have their dues paid up on the first day of the month.

They have a checkoff system and the dues did not arrive at the union headquarters until the second, third, or fourth day of the month. The board of monitors ruled that this was constructive payment and that these people should be allowed to run for office.

Mr. Blumetti was an officer of another local at that time. That was taken to a court in Ohio, Judge [James] Connell's court, and he ruled for Mr. Blumetti and against the individuals. The rank-and-file members were not allowed to appear in court or make their argument.

The only one that was allowed to appear was Mr. Robert Knee, who was the attorney for Mr. William Presser, president of the Ohio Conference of Teamsters and also the attorney for Mr. Hoffa. He made the argument before Judge Connell's court and Judge Connell ruled in favor of Mr. Blumetti.



Subsequently, that court decision was overturned by a higher court and also by the court here in Washington, which ruled that these individual members should be allowed to vote in an election. So we have had several things in connection with Mr. Blumetti's activities, and we have established clearly that this union is being run in the manner I described.

We have established that the man has been convicted on two occasions for serious crimes, in connection with the false statements to the Selective Service and the white slavery and yet still holds his union position, and is a strong supporter of Mr. Hoffa and vice versa.

The CHAIRMAN. Did you make your living for a while out of white slavery operations?

Mr. BLUMETTI. I respectfully decline to answer that question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you still in that business?

Mr. BLUMETTI. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator KENNEDY. Mr. Blumetti, did you or the counsel state that the employers made a monthly payment based on the number of machines that they had?

Mr. KENNEDY. They make the payment to the union.

Senator KENNEDY. Are these employers members of the union?

Mr. KENNEDY. Yes, they are made to be members of the union and they pay on the basis of how many machines.

Senator KENNEDY. In other words, they don't pay the normal dues which an employee member of the union pays to the union; they pay not on \$4 or \$5 a month, whatever the fee may be, but they pay depending on how many machines they have?

Mr. KENNEDY. That is correct. For instance, this local, which has approximately 100 members, has an income of approximately \$50,000 a year.

Senator KENNEDY. Among those 100 members are employers?

Mr. KENNEDY. Most of them are employers (pp. 18816-18818).

An affidavit from William K. Bronstrup, secretary to Judge Connell, was placed in the record. In it he admitted receiving \$4,901 from 1954 to 1957, inclusive, as an administrator of the welfare fund of Teamsters Local 521 in Cleveland and that Knee, the Teamster Union attorney, had paid him \$100 a month to investigate the validity of claims for hospitalization benefits made by persons insured by the Blue Cross. The affidavit maintained that "except for casual meetings" Bronstrup had met Louis "Babe" Triscaro and Presser on only one occasion when all three addressed a political meeting urging the support of the candidacy of William O'Neill, Republican, for the governorship of Ohio. This was in 1956.

The committee summoned Presser to the witness stand and again he took the fifth amendment. Previous testimony had shown that Presser signed a \$1,500 check for the purchase of awnings for the home of Triscaro, who is second in command of the Ohio Conference. There was also evidence that Presser, "if legal difficulties or other problems forced him to terminate his relationship" with the Ohio Conference and Joint Council 41, was to receive \$20,000 from each body. The committee also had been told by Victor DeSchryver that he paid Presser \$5,000 to set up a jukebox union in Detroit and that Presser had told him the money was for "arrangements" with "the union officials of Trumbull Avenue," which is the headquarters of the Teamsters Union in Detroit.

Presser invoked the fifth amendment when asked if Hoffa had made any inquiry into any of these matters.

Pierre E. G. Salinger, committee staff investigator, testified that Presser borrowed \$24,117.51 from the Cleveland Teamsters credit union between April 1953 and April 1958. Automobiles owned by the joint council, Teamster Local 293 and Teamster Local 555 were put up as collateral for the loans.

The CHAIRMAN. Are you authorized to do that by your union or by any of your organizations?

Mr. PRESSER, I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

\* \* \* \* \*

Senator KENNEDY. Mr. Presser, you are president of the Ohio Conference of Teamsters and president of Joint Council 41 of the Teamsters in Cleveland, Ohio, which is an extremely responsible position.

When you came before this committee the last time you took the fifth amendment and the day after, or 2 days after, on the weekend, I remember Mr. Hoffa went out to Ohio and made a speech, bitterly attacking the committee, and a ringing defense of you.

Now you come back before this committee again and you still continue to take the fifth amendment. We have these evidences of your misuse of union funds, your collusion with employers, which make you totally unfit to hold this responsible position. Yet there is no evidence at all that Mr. Hoffa has taken any action against you.

Quite to the contrary, he has associated with you and endorsed your activity and your actions in taking the fifth amendment, and your actions involving the misuse of union funds.

I think this is particularly unfortunate in view of the fact that you hold such an extremely significant position in Ohio, which is an extremely important industrialized State.

I think it involves your fitness to hold office and Mr. Hoffa's fitness to be president of the conference of which you are a member, as well as the president of the International Teamsters. This is not a question of a business agent of a small local. You are one of the most important figures in the Teamsters movement in the United States. Yet you come before us and take the fifth amendment.

This evidence is produced where you misuse funds, and tie up with employers. You won't give any explanation. Yet you continue to hold this position. Under your domination these organizations vote you \$20,000 each if you are severed from the union, and another \$20,000, bringing it up to a total of \$40,000, by the Ohio Conference of Teamsters.

That was at a meeting of Joint Council 41. That is in case you find your tie severed with the organization. If this is the kind of leadership which the Teamsters have, it is the reason that Congress ought to act in case of legislation, and I would hope that the monitors would act. It is not just you. It is the fact that Mr. Hoffa has endorsed your attitude and actions (pp. 18908-18909).

Former U.S. Senator George H. Bender of Ohio requested permission to appear before the committee during the 1959 hearings. At the time, he was chairman of the antiracketeering commission created within the Teamsters International by Hoffa. In 1954, when he was a Member of the House of Representatives, Bender was chairman of a committee that investigated labor racketeering.

An earlier witness, James Luken, president of Joint Council 26 in Cincinnati, had testified that his predecessor had disclosed that \$40,000 had been spent to "get the charges dropped" against Presser and Triscaro, in connection with the investigation being made by the House committee into their activities.

Bender testified that he did not have any acquaintance with Presser or Triscaro in 1954 and "no union supported George Bender." He declared that "there was no money of any kind, I am sure, paid to any member of the committee."

Bender asserted that affidavits received by the committee relating that the Teamsters switched their support in 1954 to Bender on orders from Presser had no foundation in truth.

"If Senator Bender received a bribe of any kind, even a dollar, he should be prosecuted, and that was the reason I came up here," Bender declared (p. 19428).

Bender said he never knew Hoffa prior to August 15, 1958, when he was retained as chairman of the antiracketeering commission within the Teamsters.

The CHAIRMAN. \* \* \* I might ask one question. Have you made any interim reports on your work?

Mr. BENDER. I have written up reports that members of our committee have seen and have approved, but we have withheld them pending the outcome of the court cases. I have had other reports that we have made. Some of them would be pretty good reading for you, but I am not at liberty at the moment to provide them (p. 19432).

\* \* \* \* \*

Senator GOLDWATER. \* \* \* How much power do you actually have in this job? Do you have the power, to get back to the case of Mr. Goldstein, to say to Mr. Hoffa, "This man should be discharged from the union"?

Mr. BENDER. I think I have. If I didn't think I had, I would get out of the job.

Senator GOLDWATER. Let me ask you: Have you made any such recommendations?

Mr. BENDER. I have at least 25 or possibly 50 recommendations that are waiting for the action of the commission to recommend to the union regarding situations that I think are bad (p. 19433).

\* \* \* \* \*

Senator GOLDWATER. Let's take a man like Mr. Glimco, in Chicago. He is certainly no credit to the union movement. Have you made any recommendations relative to him?

Mr. BENDER. Frankly, no. That matter hasn't come to my attention either \* \* \* (p. 19433).

Bender conceded that his commission had not met since December 1958 (his testimony was given on July 9, 1959), but declared that "what I am trying to do during this period is having the union fly right at the present time."

Senator GOLDWATER. In doing that, in trying to do that, does your job encompass the making of recommendations to Mr. Hoffa or to his staff relative to getting rid of some of the people that we have found?

Mr. BENDER. Definitely, that will be done. It hasn't been done as of this moment.

\* \* \* \* \*

Senator GOLDWATER. Suppose Mr. Hoffa does nothing about it?

Mr. BENDER. Well, frankly, we made a report to the Congress and they pigeonholed it. You can't—all you can do is do your best.

Senator GOLDWATER. Mr. Hoffa made a report to the Congress?

Mr. BENDER. No. I say I made the report as chairman of an (House) antiracketeering committee and gave them a list of things that I thought should be done. But the Democrats were elected, they run the show over there, and the report was pigeonholed (p. 19434).

\* \* \* \* \*

Senator GOLDWATER. Don't you think you would be helping Hoffa if you immediately went to him and implored him to get rid of these people that are blackening the name of his union?

Mr. BENDER. I have discussed the matter with him privately on many occasions, and certainly I know what I believe is in his heart to do (p. 19435).

Senator Ervin also alluded to Hoffa's failure to do anything about the case of Sam Goldstein who continued to draw \$20,800 in salary and expenses "while actually serving a term in prison."

Mr. BENDER. \* \* \* But you have to live with all kinds of people to understand; and besides, when you are provisional president, and you have to run for president, you have to have the votes of the washed as well as the unwashed, and until that time, perhaps he is handicapped in doing the things that

I believe in his heart he wants to do. At least that is the conversation I have had with him; they indicate that to me. Besides, Mr. Hoffa, I am convinced, is not seeking political power.

Senator ERVIN. In this country, most prosecuting attorneys have to run for office, and if a prosecuting attorney refrains from putting people in prison because they need their votes, there would never be anybody sent to prison (p. 19436).

\* \* \* \* \*

Senator ERVIN. I would think that it would help Mr. Hoffa's chances for reelection if he would kick some of these convicted felons, the ones that are serving prison sentences—

Mr. BENDER. My dear friend, Senator Ervin, if Hoffa would run today, he would win by acclamation.

Senator ERVIN. And undoubtedly with the help or on the basis of the moral support from the prisons (p. 19437).

\* \* \* \* \*

Mr. KENNEDY. Has anybody been ousted from the Teamsters Union, Mr. Bender?

Mr. BENDER. Well, I recall—

Mr. KENNEDY. That is, on your recommendation has anybody been ousted?

Mr. BENDER. That I am not at liberty to say at the moment, but I do know this: that we have recommended that certain people be ousted and then they go back and they get an injunction from the Federal judge preventing the ousting.

Mr. KENNEDY. Who did you recommend be ousted?

Mr. BENDER. Well, I am not at liberty to discuss that.

Mr. KENNEDY. It is a fact that you never recommended anybody to be ousted?

Mr. BENDER. Well, it isn't a fact.

Mr. KENNEDY. Who have you recommended to be ousted?

Mr. BENDER. I am not going to go into that. My report is to Mr. Hoffa.

Mr. KENNEDY. You came as a voluntary witness.

Mr. BENDER. That is right, but on this matter, not to discuss my work or what I am doing.

Mr. KENNEDY. Did you recommend that William Presser be ousted?

Mr. BENDER. No; I did not. I think William Presser, by the way, during the past year, if that man isn't doing right—every morning, for breakfast, dinner, and supper, he has Federal agents, income tax people, Kennedy staff members, local investigators. They have all of his books. I saw him the other day and I said, "How are things going?" and he said, "How can they help but go right?"

Mr. KENNEDY. You have not recommended him. Have you recommended anything on Mr. Triscaro, that he be ousted from the union?

Mr. BENDER. I have not (p. 19437).

Bender said that when the Teamster Union antiracketeering group was formed it was agreed that all Ohio cases would be assigned to the other members of the commission because "I didn't want, frankly, to have anything that I would say to be used as being prejudicial."

Mr. KENNEDY. You had a witness before your own committee—you don't even have to wait for the testimony before this committee—you had a witness before your own committee that stated, an employer who stated that he had to pay William Presser \$650 a month. You had that information long before you took this job.

Mr. BENDER. That is right.

\* \* \* \* \*

Mr. KENNEDY. Have you recommended that Mr. Hoffa withdraw or be ousted from the union based on his personal corruption?

Mr. BENDER. Certainly not.

\* \* \* \* \*

Mr. KENNEDY. All right. Have you recommended that Mr. Hoffa be ousted from the union?

Mr. BENDER. Have I recommended to him that he fire himself? No (p. 19438).

With reference to Blumetti's case, Bender said that he had urged "the matter be cleaned up, not only involving one individual, but many" (p. 19438).

Hoffa also was given his opportunity to explain why he has not moved against Presser.

Mr. HOFFA. There are no charges at this moment pending against Mr. Presser. It has been in all of the newspapers and on TV in Ohio, for every single member of the Ohio union to be acquainted with the accusations against Mr. Presser.

There has to this date been no action taken against Presser because we have been involved in many serious aspects of this international union; both with the courts, the monitors, this committee, many important strikes, many important organizing campaigns, many negotiations of contracts which have produced the highest wages in the history of this country on fringe benefits as well as pension and welfare, to the extent of \$150 a month at age 60.

Therefore, I believe that we will, as we get around to these questions, one by one, when the final chapter is closed of this committee, where you have all the information and records that are apparently in your hands, we will then take, one by one, the record and determine the international union, as such.

Senator KENNEDY. Mr. Hoffa, you came 2½ years ago, or stated 2 years ago, that you were involved in proceedings within the union and you would get around to it. There is no evidence of your getting around to it. There is no evidence, for example, in the case of Mr. Presser, who came before us this morning, and who occupies one of the top positions

in the country. There is no evidence that you came along to him (p. 18932).

\* \* \* \* \*

Mr. HOFFA. \* \* \* Now, insofar as Presser, Senator, if I may, Presser, and I have read what he said over here, Presser may very readily have an explanation for the questions propounded to him by this committee on certain issues. Other issues he may not. But while we are under the jurisdiction of this committee, I would assume, without knowing exactly, what I am going to say is correct.

I would assume that Presser would take the same position in front of a panel of preserving his rights under the Constitution, of not answering questions, even though after he feels that there is no waiving of his jurisdiction of the fifth amendment he may very readily, and will be required, to come in and be in front of our board and explain answers to questions propounded by this committee.

Senator KENNEDY. Didn't you go to a meeting in Ohio a day or two after he came and testified, the last time he testified, and give him a ringing endorsement before a meeting in Ohio?

Mr. HOFFA. If you will read the record again, Senator, if I may correct you, you will find that I said there is an interview that Mr. William Presser would be brought in front of the executive board in due time to explain his actions in front of this committee (p. 18933).

\* \* \* \* \*

Senator KENNEDY. What action are you planning to take on Mr. Presser, who I believe took the fifth amendment a number of times before this committee, and who we had a good deal of testimony with regard to by Mr. Luken? Are you satisfied with Mr. Presser? Let me put it that way.

Mr. HOFFA. I think Presser is doing an excellent job for his organization, both as council president, as head of his local union, and head of the Ohio Conference of Teamsters, and in due course of time we will take the testimony, sift out the factual information, and at that time determine what to do about Presser.

Senator KENNEDY. I don't have any confidence, Mr. Hoffa, you will ever do anything about Mr. Presser. You have indicated quite clearly your favorable opinion of him. You have had a good deal of time. The first time he took the fifth amendment was many months ago. There is no indication that you disapprove of him or that you are willing to take any affirmative action with regard to him.

What about Mr. Brennan, who took the fifth amendment, who made the winnings for you at the track? Have you taken any action against him?

Mr. HOFFA. In due time when the record is completed, and we have had an opportunity to analyze it, each and every person you mentioned will receive the same treatment.

Senator KENNEDY. Why is it you haven't been willing to take that action against Mr. Brennan, for example, Mr. McNamara, and others up to now?

Mr. HOFFA. I told you why.

Senator KENNEDY. Well, it isn't true.

Mr. HOFFA. They have taken the fifth amendment, Senator, and I will not, as an American citizen, deprive them of their right of taking the fifth amendment and call them before our committee and have them testify to answers and have you subpoena the answers and have them lose their fifth amendment.

Senator KENNEDY. I wouldn't think they would be embarrassed about their answers, would they?

Mr. HOFFA. It isn't a question of being embarrassed. It is a question of taking the fifth amendment here and then going there and answering questions, some of which would pertain to union and some would pertain to their own business.

Senator KENNEDY. Well, they would not take the fifth amendment before us if they didn't want to.

Mr. HOFFA. That is a debatable issue (p. 19835).

\* \* \* \* \*

Mr. KENNEDY. We have had some of these people, for instance, Herman Hendricks, arrested 100 times, convicted of possession of marihuana cigarettes; Harry Gross, convicted of extortion; Joseph DeGrandis, convicted on two or three occasions; John Filipoff, who had shown that he had a conflict of interest; Dave Frechette, the exploitation of Negroes; Mike Singer, who took his girl friend on union funds to Hawaii; Jack Thompson, convicted some four times and arrested 14 times; Sandy O'Brien, receiving \$14,000 in commissions; William Presser, regarding his activities; Branch Wainwright, convicted three times; Floyd Webb; John McNamara's activities; Al Reger, convicted of extortion, still holding his union position; Ted Cozza; Bernie Adelstein; W. A. Smith, arrested 18 times, convicted 14 times; Terry Canaday; Rolland McMaster; Cecil Watts—have you taken any action to get rid of any of those people, Mr. Hoffa?

Mr. HOFFA. As I stated the last time I was here, when this committee is through, and the record is built, we will take, case by case, each case and determine the proper action.

Mr. KENNEDY. Have you taken any action against any of those people, Mr. Hoffa?

Mr. HOFFA. No, because the committee isn't over.

The CHAIRMAN. Suppose the Congress makes this a permanent committee?

Mr. HOFFA. Then we will have to reevaluate our situation (p. 19834).



## FINDINGS—JAMES R. HOFFA AND THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN, AND HELPERS OF AMERICA (1959)

In its first interim report submitted to the Senate on March 24, 1958 (S. Rept. No. 1417, 85th Cong., 2d sess.), the committee stated, under the heading of "Findings—James R. Hoffa," that "the concentration of power which Hoffa states brings responsibility to a labor union or labor union leader has in his case been misused in an arrogant and self-serving manner" (pp. 249–250).

The following excerpts from those initial findings in Hoffa's case based on the 1957 record before the committee are also pertinent:

The committee finds that James R. Hoffa repeatedly betrayed the members of his own union by entering into a number of business relationships with employers with whom his union negotiated. He also entered into business relationships with insurance carriers and banks which handled millions of dollars in Teamsters Union funds. \* \* \* (p. 250).

A large and vibrant teamsters union, honestly led and honestly administered, can be a great asset to the American economy. The committee does not feel that any of these qualifications can be met as long as Hoffa leads that union and, on the contrary, finds him a dangerous influence in the labor movement and an unworthy steward of the destinies of 1,500,000 men and women (p. 254).

In the same report, which contained special findings applicable to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, appeared this concluding paragraph:

Nothing in Mr. Hoffa's record, in his complete refusal to abide by the ethical practices that guide responsible union leaders, and in the compilation of his close friends and associates, gives much comfort and hope for the future. The power of the teamsters union president is so extraordinary that the committee finds the fact this power is now lodged in the hands of a man such as Hoffa tragic for the teamsters union and dangerous for the country at large (p. 450).

The committee in its second interim report (S. Rept. No. 621, 86th Cong., 1st sess.), analyzing the 1958 testimony, made these findings:

On more occasions than we can recount, Hoffa has told the committee (and anyone else who would listen) that no matter what else can be said about him, he is first and foremost interested in the betterment of the working conditions of his union members. It is this point which the Teamster presi-

dent repeatedly uses to justify his outrageous behavior. The fact is that nothing could be further from the truth.

Time and time again the committee has found Hoffa to be faithless to the members of his own union. He has betrayed these members so frequently that it has become abundantly clear that Hoffa's chief interest is his own advancement and that of his friends and cronies—a great number of whom are racketeers. \* \* \*

In addition, Hoffa has used union funds for his own benefit and that of his friends.

Hoffa has consistently supported the interests of racketeer friends over those of his own members.

Hoffa and his chief aids have consistently repressed democratic rights within the union. \* \* \*

\* \* \* The committee is convinced that if Hoffa remains unchecked he will successfully destroy the decent labor movement in the United States. Further than that, because of the tremendous economic power of the Teamsters, it will place the underworld in a position to dominate American economic life in a period when the vitality of the American economy is necessary to this country's preservation in an era of world crisis. This Hoffa cannot be allowed to do. \* \* \*

\* \* \* Recent testimony indicates that attempts are being made to consolidate the Teamsters Union with a union expelled from organized labor for Communist domination, an alliance which could easily cripple the country at will.

If Hoffa is successful in combating the combined weight of the U.S. Government and public opinion, the cause of decent unionism is lost and labor-management relations in this country will return to the jungle era (pp. 109-110).

The committee has continued its investigation during the past year of Hoffa and the Teamsters Union and has conducted another long series of hearings. These have served to highlight and underline conclusions of the foregoing findings.

To the great weight of previous evidence is now added another mass of testimony substantially corroborating all that has been said before in delineating the gross abuses inflicted upon rank-and-file teamsters by Hoffa and the handpicked hierarchy that surrounds him. These solidly founded facts fully justify a general finding that Hoffa makes only a pretense of fulfilling the grave responsibility and trust that his position as general president entails.

Hoffa's whole record is, indeed, a model of inconsistency. He argues vociferously on the one hand that using his constitutional powers to rid the union of thieves, extortionists, dynamiters, thugs, and dope peddlers would seriously undermine traditional lower level autonomy under which members supposedly have inalienable rights to choose their own leaders.

On the other hand, Hoffa's rise to the higher echelons of union command has been accomplished through a remarkable ability to concentrate negotiating power and control over contracts into the hands of himself and a selected clique subservient to his will. Thus, under his aegis, areawide master agreements have become instru-

ments that have operated to strip local unions of virtually all autonomy in contract matters.

Applying to Hoffa the accepted standards governing the credibility of witnesses can lead only to the irrefutable conclusion that his testimony taken as a whole is unworthy of belief.

Any reasonable test of its probative value must inevitably produce a finding that it is a curious and practically unfathomable mixture of ambiguity, verbosity, audacity, and mendacity.

The committee finds that the evidence fully supports the findings that Hoffa extended special deals to employers with whom he had special business or social ties. His relationships with Carney Matheson, chief negotiator for employers in the Central States Conference, and with Riss & Co. and Trans-American Freight Lines are cases in point. The testimony is undisputed that he withheld strike sanctions and that he entered contract negotiations to force acceptance of clauses obnoxious to other union leaders and to the rank and file to the accompaniment of a boast by one employer representative that "he had Hoffa in his back pocket."

The committee finds that Hoffa entered into collusive arrangements by which contract terms were arbitrarily abrogated or watered down to a degree that left them virtually meaningless. These side agreements were made without ratification by the membership directly affected, were never reduced to writing, occurred in some instances without the knowledge of the rank and file and in some instances, where the existence of such agreements did become known, over the protests of the membership.

The committee finds, as a corollary of these alterations of contract policy and nonenforcement of contract terms, that Hoffa arbitrarily established grievance machinery outside the contract, featured principally by the channeling of grievances into his own local 299 in Detroit where he was thus able to insure a greater measure of control over their disposition.

The committee finds from the record before it that Hoffa and/or his aids have negotiated contracts on an areawide basis and then peremptorily notified local unions that the contracts were in force and that the terms were binding on them, without the local unions ever having been afforded an opportunity to participate in the negotiations or an opportunity to accept or reject.

Testimony in the record shows that, in at least two instances, officials ousted by vote of the membership have signed contracts without any authority from the members with the sanction of Hoffa. In one case, the contract was signed by an officer ousted for extortion and in the face of a recorded vote rejecting the contract. The employer was a client of Matheson.

The committee finds that Hoffa, without any express authority from anybody, made substantially lower contract offers to employer representatives with the obvious purpose of undermining the strength of union officials known to be opposed to him and his methods. This is illustrated by the testimony of his intervention in the New York negotiations.

The committee finds in the 1959 testimony instance after instance of unconscionable betrayal of his own members. His Central States Conference master contract provides that no employee can be re-

quired to purchase a truck or tractor-trailer as a condition of continued employment. But Hoffa acquiesced in the Riss case to a deal where owner-operator status was forced on the drivers under a leasing arrangement whereby a driver ultimately had to pay a total of \$14,850 for a truck that had been depreciated down to \$1,628 on the company's books at the time. The terms of the lease were so onerous that the drivers were forced to surrender before title to the trucks could pass to them and the company thereby realized \$228,703.76 from forfeitures.

In the Riss and Trans-American cases, the committee finds that Hoffa permitted the employers to force drivers to accept the deal calling for 1½ cents a mile in lieu of fringe benefits, despite the outraged protests of the rank and file. Riss was allowed to bypass established grievance machinery by transferring all of his drivers into Hoffa's local 299 at Detroit, and Trans-American was the beneficiary of the other departure from contract procedure by which grievances were channeled to local 299.

The committee finds from the testimony that Hoffa and/or his aids resorted to reprisals and harassment of local officials who opposed his policies. Grievances were decided against union members because officials of their locals were "on the wrong side politically," and Hoffa supporters even engaged in strikebreaking activity in Illinois and Detroit in a concentrated effort to liquidate their foes. In one case, there was encouragement and even financial assistance for the formation of an independent union to drain away members of a recognized Teamster affiliate where a decent rank-and-file element had ousted crooked officials. In another case, where members withdrew from the Teamsters and forced an independent union to preserve their integrity after refusing to bow to a Hoffa edict for consolidation of several unions into one unit under the domination of a convicted felon, high Teamster officials used every weapon at their command to break a strike.

The committee finds that the ultimate for ridiculous situations from the standpoint of contracts is represented by the case of Chi-East Trucking and Midwest Haulers where one company has a contract with the Teamsters but no drivers and the other has drivers and no contract. Here again was evidence that drivers carrying union cards could get no help from a Hoffa-controlled Chicago union that obviously knew the employer was openly and willfully violating contract terms.

The committee finds that Hoffa made an effort to change the complexion of the court-appointed Board of Monitors in a manner calculated to neutralize opposition from that quarter. Hoffa has resisted from the start all efforts by the monitors to restore the international union to a position of fiscal responsibility and to respectability in the labor movement. His inclination to corrupt as a means of obtaining his objectives is well manifested by the proffer of fees he purposely had objected to paying in exchange for the resignation of Godfrey Schmidt and his replacement by another monitor who would be sympathetic to his views.

The use of his newly acquired allies, Harry Bridges and Louis Goldblatt, leaders of a union expelled from organized labor because it was Communist dominated, in the intricate maneuvering to change

the monitor setup, was wholly in keeping with Hoffa's past record and indicative of the fact that he will form alliances with anybody, regardless of their record or reputation, to further his own ambitions. His support in a financial way of another Communist union, Local 123, Furniture Workers, Upholsterers & Woodworkers Union of Los Angeles, of which Gus Brown was bargaining agent, and his refusal to move against a known Communist in New York, Al Reger, who continued to hold office after a conviction for extortion, are additional illustrations of his disdain for the consequences of such associations.

The Hoffa-Benjamin Dranow rapprochement conveys some intriguing connotations. The two interim reports of this committee have dealt in detail with the circumstances under which Dranow was the beneficiary of Teamster loans while he was the owner of the John W. Thomas Department Store in Minneapolis.

The committee now finds him as the central figure and clearly the emissary of Hoffa in an assortment of complex financial transactions. The evidence shows that Dranow was prominently identified with a scheme to revive the abortive Sun Valley project in Florida which victimized hundreds of Teamster members.

Notwithstanding the fact that the monitors even now are seeking Hoffa's removal from office on the basis of his action in sending \$500,000 in Teamster money to a bank in Orlando to remain on deposit without interest as a guaranty for the financing of the Sun Valley project, the committee now finds Dranow using the identical approach on the resuscitation attempt. There is uncontradicted testimony that Dranow proposed to another Florida banker that \$1 million in Teamster money would be deposited interest free as security for Sun Valley financing. There is also positive evidence that he tried to induce developers to complete the project with promises that financing would come from the Teamsters.

The committee also finds from the evidence before it that the principal asset of the Dranow-owned Union Land & Home Co. was the capital stock of Sun Valley, Inc., acquired in a strange deal which significantly freed Henry Lower (the man who turned over \$25,000 to Hoffa in a paper bag) from a \$134,000 liability on the books of Sun Valley. Long after the hearing Hoffa supplied the committee with a copy of an unexercised option dated April 15, 1955, to purchase 45 percent of the Sun Valley stock from Henry Lower for \$27,000. It is obvious that if this project had been successful, Hoffa would have greatly profited. The project being unsuccessful, he did not exercise his option.

The committee also takes judicial notice of the fact that Dranow and his "front," S. George Burris, were soliciting "finder's fees" and "accounting fees" to promote financing with Teamster funds, and that Burris was a principal in syndicates that obtained more than \$2 million in loans from Teamster welfare and pension funds with the recorded concurrence of Hoffa personally in one case.

The committee finds that in the Teamster jacket deal that Hoffa and Dranow obviously contemplated a long-range, systematic exploitation of the hundreds of thousands of Teamster members through the distribution of a wide variety of articles bearing the official Teamster insignia. The magnitude of such an operation is apparent when the evidence shows that Hoffa and Brennan spent more than \$325,000 from

the treasuries of locals 299 and 337 in Detroit for the purchase of jackets alone and enabled Dranow to realize more than \$70,000 from "commissions" and "loans" that were never repaid. An interesting sidelight is the fact that Dranow intertwined in the "commissions" and "loans" from a supplier of the jackets an arrangement whereby the Minneapolis department store stock, which he had acquired for less than \$14,000, was passed on to the supplier for \$50,000. The supplier found the stock was being held in escrow as security for the Teamster loans.

The committee also found Dranow, Burriss and his son and Louis "Babe" Triscaro, president of Local 436 IBT, involved at various stages in the bizarre plot to use surplus U.S. planes to smuggle arms to the Caribbean area, a plot which was nipped in the bud by U.S. customs agents. The committee is satisfied that its active interest in these developments was all that prevented another \$300,000 of Teamster funds from being committed to the financing of this venture.

The committee finds in the cases of Theodore Cozza, Harold Gross, and Joseph Prebenda that these are more examples of the extent to which Hoffa's henchmen are actuated by greed. Not content with drawing lush salaries and liberal expenses from their union positions, these three enjoyed long tenure as parasites on the payrolls of publishing companies whose chief officers testified frankly before the committee that they performed little or no actual work and were paid only because the companies wanted peace to avoid labor trouble.

In the case of local 805 in New York, the committee finds that this situation is strikingly illustrative of the appalling consequences of racketeer infiltration of a union and the callous contempt displayed by entrenched officials for the ordinary rank-and-file member whose dues money supports the operation. This is the local dominated by Abe Gordon, intimate associate of Hoffa and bosom pal of the notorious Johnny Dioguardi. One of its trustees shows convictions for murder and trafficking in narcotics. Gordon, who was transformed practically overnight from a trucking company owner to union leader, has been surrounded during all of his business and union life by men with criminal records, principally for peddling narcotics. His company hasn't had a contract with the Teamsters since 1946 and his drivers are paid below prevailing union scale.

Gordon exercises dictatorial power as administrator of the union's welfare fund from which he has managed to extract more than \$225,000 in "commissions" and unverified expenses in a little more than 9 years. The testimony presents the incongruous picture of this supposed champion of militant unionism buying land at a grossly inflated price from his own cousin and then building a bungalow colony with nonunion labor.

Meanwhile, the local's secretary-treasurer, Milton Holt, an admitted perjurer, is found to be a constant companion of a known criminal actively engaged in dope peddling and using the union's office as an operating base. Holt also negotiated a long series of unsecured and interest-free loans from persons with whom the union had labor contracts and reaped large profits from transactions involving stock of these companies. He also collected \$3,600 in dividends which went unreported in his income-tax returns.

In local 560, the Committee finds the top officials arrogantly levying tribute upon employers who reluctantly paid to avoid labor trouble. Here, again, is the example of entrenched gangsterism that never lets go, as evidenced by the announced intention of the aging international vice president, John Conlin, one of those accused of extortion, to see to it that he is succeeded in the international office by Anthony "Tony Pro" Provenzano, also accused of forcing employers to pay handsomely for labor peace. Provenzano, for years identified with major criminals in the New York-New Jersey area, is a recognized Hoffa henchman. The committee finds from the testimony that local 560's officers considered the union treasury as a private preserve into which they dipped heavily for annual salaries of \$19,500 each and new Cadillac automobiles. The record shows that 75 to 86 percent of total income of the 10,000-member union in 1957 and 1958 went for salaries and expenses and to create vested rights for them in a "defense pension fund."

The committee finds, in the case of local 808 in New York, an outstanding example of ruthless repression of democratic rights as exemplified by the conduct of John McNamara, another great Hoffa supporter and also an associate of Johnny Dioguardi.

A dissident faction appeared to have gained control of the local by capturing four of the seven seats on the executive board. McNamara himself repudiated an agreement to abide by the decision of the Honest Ballot Association which conducted the secret ballot election and ordered a runoff election between McNamara and his opponent because it could not determine for whom certain challenged votes were cast. McNamara arbitrarily declared himself elected. When the three trustees, all elected with the support of the dissident group, challenged McNamara's authority to make certain expenditures, McNamara trumped up charges against them and had them tried before a kangaroo court of his own followers, who promptly found the trustees guilty and suspended them from office. They were reinstated after an appeal to Joint Council 16, whose decision just happened to coincide with the appearance of some of the dissidents as witnesses before the committee. McNamara, of course, still continues to hold his office with the dubious distinction of being the only candidate to ignore a ruling of the Honest Ballot Association in all of the thousands of elections that organization has supervised.

The committee finds that in the Los Angeles area where the Teamsters Union generally has an excellent reputation and where its locals are headed by hardworking and honest officials, Teamster President James R. Hoffa alined himself with the particular three officials who, as evidence before the committee clearly showed, were corrupt. In doing this, Hoffa conformed to the pattern he has established throughout the country.

John Filipoff, the testimony clearly showed, when rejected by the members of his own union, attempted to regain control of the local by pressure and intimidation. His conflict-of-interest relationship with a trucking employer clearly shows his unfitness to be a Teamster official. Nevertheless, Filipoff, after being voted out by Teamster members, was rewarded by James R. Hoffa with a job on the International Teamsters Union payroll.

Meyer (Mike) Singer established a reign of terror over the grease industry in Los Angeles and clearly sought to control both the industry's prices and practices in violation of established laws. Despite the clear testimony of the committee and despite his taking refuge behind the fifth amendment, Singer is still today official of that local and still a close personal associate of Teamster President James R. Hoffa.

Frank Matula, a convicted perjurer, has been rewarded by appointment as an international trustee of the Teamsters Union.

The committee finds that the Los Angeles Teamster movement would be far better served with the elimination of these three men from office, but it finds little hope that this will be accomplished until the source of their power—Teamster President James R. Hoffa—is himself removed from office.

The committee finds that Hoffa does not now have, nor has he ever had, any intention of moving against his racketeer friends. He and his attorney both admit that he has the constitutional power "to proceed to revoke or order the revocation of the membership" of any member who is convicted or pleads guilty to a crime, thus bringing the union into disrepute.

But the record before the committee shows conclusively that he has never moved to exercise his powers even after convicted union officials have gone to jail and even through they continue to hold office and draw salaries and even Christmas bonuses while languishing in prison. Teamster funds have been wantonly squandered to defend these criminals and there is testimony that more money went out of the union treasuries to support their families while they were in jail.

One of the most outrageous aspects with regard to Hoffa's failure to act is found in the Tennessee case where Hoffa was goaded into ordering the suspension of two officers who were found months later still holding forth in their official positions and spending handfulls of Teamster money and employing Teamster counsel to defend a charge of income tax evasion growing out of their use of \$18,500 from the Teamster Union treasury to bribe a judge.

When asked about other specific cases, Hoffa brazenly asserted that he didn't act "because there was nothing before him" and he is also on record near the close of his testimony as saying he would do nothing until the life of this committee has expired.

Hoffa also blatantly declares an intention to move cautiously because it is his duty "to preserve the union without destroying it" and he says he subscribes to the principle that there must be due process both in the courts and before union trial boards. Hoffa, however, totally ignores the fact that these criminals already have had the benefit of due process in the courts, purchased by the liberal use of Teamster funds, and have been convicted. It may be that his concept of due process, as illustrated by the McNamara situation, is trial before a kangaroo trial board with a predetermination of what a verdict shall be.

In August 1958 Hoffa announced the creation of an antiracketeering commission within the Teamsters Union and the designation of former U.S. Senator George H. Bender as its chairman. Ten months later, Bender was before the committee as a voluntary witness and admitted that nothing has been done although he does have "some



recommendations." It also appears in the record that the commission has not even held a meeting since December 1958.

The committee has no confidence that this Hoffa-inspired commission will accomplish anything in the way of purging criminals and racketeers from their positions of power at all levels of the Teamster organization. The committee regards it as nothing more than expensive window dressing for which thousands of dollars of Teamster money already has been spent.

The record before the committee very clearly establishes Hoffa's contempt for duly constituted authority. Time and time again he has evaded answering pertinent questions by referring the committee to other persons he claimed were in possession of the desired information. When these persons were summoned to testify they invoked the fifth amendment.

A case in point is Hoffa's claim that he did not know the source of the \$19,500 in cash paid to his codefendant in the wiretap trials, Bernard Spindel, and the more than \$14,000 in fees paid to Spindel's attorneys. When Owen Bert Brennan and Walter Schuler of local 337, named by Hoffa as the persons who knew where the money came from, were summoned to testify they took the fifth amendment.

When to this conduct is added the spectacle of Hoffa raising five fingers as a signal to such witnesses to invoke the fifth amendment, no further comment on his motivations is necessary.

Isolated bits of testimony given on different days by different witnesses having no connection with each other serve to form a composite of Hoffa's dictatorial attitude. One witness quotes Hoffa as saying that in the Teamsters Union "every member stands up and has his vote counted and God help him if he votes the wrong way." Another quotes Hoffa as warning him that "I get what I want." A lawyer for a teamster who filed a lawsuit to collect on a grievance totaling hundreds of dollars testified that Hoffa ordered him to settle for 40 percent "because I say so." A union official related how Hoffa told him to take orders from Hoffa's majordomo in Ohio, William Presser, "because that's the way it is going to be."

Hoffa has made public pronouncements of his intentions to use every legal device he can find to rid himself of the court-appointed monitors. He has declared an avowed purpose to campaign for the defeat of Members of Congress who voted for passage of the Labor-Management Reporting and Disclosure Act of 1959.

The committee finds that Hoffa, more than any other single individual, must bear the responsibility for specific provisions of the law that is now on the Nation's statute books. The decent elements of organized labor have hung a pariah's label on him.

When the committee said a year ago that "if Hoffa is successful in combating the combined weight of the U.S. Government and public opinion, the cause of decent unionism is lost and labor-management relations in this country will return to the jungle era," the statement was indeed prophetic.

From this point on, the fate and the future of James R. Hoffa rest with the executive and judicial branches of the Government, the monitors, and inevitably with his own members.

The first part of the book is devoted to a general history of the United States from its discovery to the present time. It is divided into three volumes, each of which contains a complete and accurate account of the events which have taken place in the country since its independence. The first volume contains the history of the thirteen original states, the second volume contains the history of the territories, and the third volume contains the history of the United States as a whole. The author has endeavored to give a full and complete account of all the important events which have taken place in the country, and to do so in a clear and concise manner. He has also endeavored to give a full and complete account of the causes and consequences of all the important events, and to do so in a clear and concise manner. The book is intended for the use of students in schools and colleges, and is also intended for the general reader who is interested in the history of the United States.

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