85TH CONGRESS, 2d Session | SENATE | REPORT No. 1417

INTERIM REPORT

OF THE

SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

UNITED STATES SENATE

PURSUANT TO

S. Res. 74 and 221

85th Congress

TOGETHER WITH

INDIVIDUAL VIEWS

MARCH 24 (legislative day, MARCH 17), 1958.—Ordered to be printed with illustrations

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SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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(Senator McCarthy, of Wisconsin, served as a member on this committee until the time of his death on May 2, 1957.)

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FOREWORD

The Senate Select Committee on Improper Activities in the Labor or Management Field presents herewith its report on its first year's work and findings.

Set up under Senate Resolution 74 of the 1st session of the 85th Congress, the committee was authorized and directed:

> to conduct an investigation and study of the extent to which criminal and other improper practices or activities are, or have been, engaged in in the field of labor-management relations or in groups or organizations of employees or employers, to the detriment of the interests of the public, employers or employees, and to determine whether any changes are required in the laws * * * in order to protect such interests against the occurrence of such practices or activities.

Testimony heard by the committee directly involved five unions: the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America; the Bakery and Confectionery Workers International Union of America; the United Textile Workers of America; the International Union of Operating Engineers; and the Allied Industrial Workers of America (formerly the United Automobile Workers—AFL). A number of other unions, including the building-trades unions and barbers, were also touched on.

Testimony heard by the committee also concerned management consultants Nathan W. Shefferman, Vincent J. Squillante, and Marshall Miller; Anheuser-Busch, Inc.; Sears, Roebuck & Co.; the Whirlpool Corp.; the Continental Baking Co.; the Fruehauf Trailer Co.; the Mennen Co.; Associated Transport, Inc.; Montgomery Ward & Co.; the S. A. Healy Construction Co.; and a number of other employers, including several in New York who sought and obtained "sweetheart" contracts so that they could keep depressed the wages and working conditions of thousands of Negro and Puerto Rican workers.

As an overall finding from the testimony produced at our hearings, the committee has uncovered the shocking fact that union funds in excess of $10 million were either stolen, embezzled, or misused by union officials over a period of 15 years, for their own financial gain or the gain of their friends and associates.

As a background to the committee's work, the following statistics and information are of interest: During the 12 months of the committee's work it has held 104 days of public hearings and has heard the testimony of 486 witnesses. The record of these hearings is spread across 17,485 pages of original transcript. A total of some 16,000 persons were interviewed—a ratio of some 35 interviews for every witness who physically appeared before the committee. In addition, each witness who took the stand had been interviewed for an average of 5 hours for every hour of testimony.

As a further example of the work that is necessary to prepare for public hearings, the committee's accounting consultant, Carmine S. Bellino, spent some 7 weeks at work, examining hundreds of thousands of canceled checks, thousands of pages of ledger sheets and bank statements, and tracing down thousands of financial transactions, in order to prepare himself for the half hour of testimony which led to the proof that Dave Beck, general president of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, had taken, rather than borrowed, $370,000 of the funds of that union.

Three of the committee's investigators spent 1 week looking at some 600,000 canceled checks in a case which has yet to come to hearing.

A total of 2,740 subpenas were issued by the committee for individuals, bank records, union records, and other information for the hearings.

The hearings of the committee resulted from the work of 34 assistant counsels and investigators who are members of the committee staff as well as (at any one time) from 35 to 45 accountants and investigators from the General Accounting Office. Among the staff investigators and counsels listed above were six from the Senate Permanent Subcommittee on Investigations of the Senate Committee on Government Operations.

The committee wishes to express its gratitude to the General Services Administration and to the United States General Accounting Office for their cooperation during the past year. Comptroller General Joseph Campbell has been particularly helpful to this committee in assigning the staff members necessary for the conducting of our investigations.

During the year, the committee staff traveled some 650,000 miles and conducted interviews in 44 of the 48 States. Offices were opened and maintained by the committee during the year in New York, Chicago, Cleveland, Indianapolis, Miami, Seattle, Philadelphia, Nashville, Portland, Detroit, and St. Louis.

Some 100,000 letters have been received and analyzed in Washington, 75 percent of which came from labor union members, and a great many of which have been extremely helpful to the work of the committee.

In addition much useful help came to the committee from newspapermen and their newspapers in various parts of the country.

Members of the staff who have participated in the investigations and work of the committee during the past year are Chief Counsel Robert F. Kennedy; Assistant Chief Counsel Jerome S. Adlerman; Accounting Consultant Carmine S. Bellino; Assistant Counsels and Investigators John A. Aporta, Jack S. Balaban, Alphonse F. Calabrese, John Cye Cheasty, Robert E. Dunne, LaVern J. Duffy, John P. Findlay, Robert Greene, Morton E. Henig, Vernon J. Johnson, Edward M. Jones, Paul E. Kamerick, Arthur G. Kaplan, James P. Kelly, George M. Kopecky, Irwin Langenbacher, John J. McGovern, James J. P. McShane, Duncan M. MacIntyre, George H. Martin, Walter R. May, Ralph W. Mills, James F. Mundie, Leo C. Nulty, P. Kenneth O'Donnell, Levin L. Poole, Francis X. Plant, Harold Ranstad, Pierre E. G. Salinger, Walter J. Sheridan, Paul J. Tierney, Martin S. Uhlmann, and Sherman S. Willse; Chief Clerk Ruth Young Watt; Chief File Clerk Alice S. Dearborn; Research Consultant Diana Hirsh; and Staff Editor Elizabeth K. Sullivan.

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

REPORT

INTRODUCTION

In attempting to assess the multitude of facts presented to it over the past 12 months, the committee has been keenly aware of the inherent dangers of generalization. Much that is shameful and unsavory has been uncovered about the behavior of certain elements in both labor and management. This sort of information has necessarily been spotlighted, but it is in no way intended to reflect on the overwhelming majority of the labor unions and businessmen of this Nation, of whose integrity the committee is firmly convinced.

By the same token, no honest man in these vital sectors of American life should want to tolerate the existence of evil in his midst. To blunt, if not eradicate, the effectiveness of this evil should be his urgent aim, for however small a proportion of society the miscreants may form, their influence far exceeds their number.

Elsewhere in this report are the committee's specific findings on each of the hearings it has held during its first year in operation. Out of these specific findings, certain overall conclusions have been drawn. In weighing them, the reader should keep uppermost in his mind these essential points.

The conclusions as to certain improper activities in the field of labor are based on a direct examination of the activities of 5 unions (of which the teamsters are by far the largest), and a peripheral examination of the activities of 2 other labor groups. These 7 represent a total membership of 2 million, but a small percentage of the 190 unions in the United States, with a total membership of 17 million.

The conclusions as to certain improper practices in the field of management are based on examinations of the activities of some 50 companies, similarly a small percentage of American business enter-

prises, whose vast number is indicated by the fact that there are fully 125,000 union contracts in operation.

Thus, obviously, the conclusions reached by the committee are not a wholesale indictment. The important thing in the committee's view, however, is the magnitude of improper practices turned up by the committee in the unions and managements it did study. The preponderance of the evidence should serve as a danger signal to other unions and managements. The testimony eloquently pinpoints the areas of possible trouble, the areas in which caution must be exercised and remedial action taken. The need for vigilance to insure that specific findings in specific unions and managements do not become general conditions throughout this vital economic field have, in the committee's opinion, been clearly demonstrated.

Some of these conditions are obviously going to have to be met by Federal legislation. It is to the interest, however, of both labor and management to take the initiative and clean up situations within their own ranks. Failure to do this will undoubtedly, in the committee's view, result in Federal legislation, in manners not yet contemplated.

The overall conclusions of the committee are as follows:

(1) There has been a significant lack of democratic procedures in the unions studied.

(*a*) Constitutions have been perverted or ignored.

(*b*) One-man dictatorships have thrived.

(*c*) Through fear, intimidation, and violence, the rank-and-file member has been shorn of a voice in his own union affairs, notably in financial matters.

(*d*) Use of the secret ballot has been denied in many cases.

(2) The international unions surveyed by this committee have flagrantly abused their power to place local unions under trusteeship or supervisorship.

(*a*) Some trusteeships have been baselessly imposed.

(*b*) Some have lasted for as long as 30 years.

(*c*) Rank-and-file efforts to throw off such shackles have been ignored, rejected, and sometimes met with violence and intimidation.

(*d*) Locals under trusteeship have been plundered by the very officials entrusted with the management of their affairs.

(*e*) Locals under trusteeship have been used as pawns in political battles within international unions, often in order to boost the ambitions of particular candidates for high office.

(3) Certain managements have extensively engaged in collusion with unions.

(*a*) They have paid high union officials to obtain favored treatment by way of "sweetheart" contracts.

(*b*) They have paid off to obtain inferior contracts which impose substandard working conditions on thousands of workers.

(*c*) They have connived with "approved" unions at under-the-table agreements to permit organizing of their workers to the exclusion of other unions.

(*d*) Certain companies have granted business concessions and loans to union leaders with whom they want to curry favor.

(*e*) Trade associations have conspired with unions to achieve industry monopolies.

(*f*) So-called "whip companies" have been set up to keep rival companies in line, and have been blinked at by unions even when they have themselves broken union rules.

(4) There has been widespread misuse of union funds in the unions studied:

(*a*) Financial safeguards have been woefully lacking. Audits have been little more than a formal ritual of adding up figures, while failing to probe their veracity or the vital detail behind them.

(*b*) Financial reports to rank-and-file members have often been false, sketchy, and even in these forms largely unavailable for perusal by the membership. There have been no regular means provided whereby the rank and file could have access to these reports, and members with the temerity to suggest detailed accountings for their own money have been shouted down and sometimes beaten.

(*c*) Union officials have engaged in the habit of dealing in cash rather than by check. They have failed to submit vouchers for many expenditures, and when vouchers have been turned in they have frequently been false or only vaguely explanatory.

(*d*) Union officers charged with responsibility for disbursements have often signed checks in blank for their superiors, with no knowledge of or request for information as to the purpose for which the funds were drawn.

(*e*) With these incredibly loose practices, the misuse of union funds, including outright thefts and "borrowings" for personal profit, has totaled upwards of $10 million in union-dues money—an average of $5 out of the pocket of every member of the unions covered in this report.

(*f*) Even in the case of publicized gifts to union officials, the recipients have not declared them for income-tax purposes, while the donors (frequently employers) have written them off as deductible business expenses.

(*g*) Destruction of financial records and cancelled checks has been rife, often coincidentally with the approach of committee investigators.

(*h*) Union officials have received flat expense allowances often in excess of demonstrated needs. Even in the absence of evidence that these moneys were used for legitimate union purposes, they were not recorded as income in the filing of tax returns.

(*i*) Loans of union funds have gone to favored officers when no such opportunities have been available to rank-and-file members. Union loans have also been made indiscriminately to corporations, to personal friends of union officials, and to individuals of low repute unable to obtain credit from banks and lending institutions.

(*j*) Tax-exempt union funds have been used to bring profit either to the union or to its officials in sharp violation of the laws governing tax-exempt organizations. As pointed out to the Senate Permanent Subcommittee on Investigations, the Internal Revenue Service at least when the committee's investigation began, did not check on union funds to determine violations of the tax-exemption statutes.

(5) Violence in labor-management disputes, widely regarded as a relic of the organizing era of the thirties, still exists to an extent where it may be justifiably labeled a crime against the community.

(*a*) These acts of violence have often been committed by top officers of local unions, or by goons and thugs hired for the purpose.

(*b*) Higher union authorities have looked the other way when violent acts have been perpetrated, refusing to discipline even those found guilty by law of such acts.

(6) Certain managements and their agents have engaged in a number of illegal and improper activities in violation of the National Labor Relations Act, as amended in 1947 (the Taft-Hartley law).

(*a*) They have indulged in a practice, widely considered outmoded, of using labor spies.

(*b*) They have set up "spontaneous" employee committees, "vote no" committees, and "morale" committees to ferret out employee attitudes toward unions.

(*c*) They have engaged in reprisals against employees discovered to have union sympathies.

(*d*) They have forced employees to join unions, without ascertaining sentiment on the subject, by arranging for "top-down" contracts with certain unions.

(7) The weapon of organizational picketing has been abused by some of the unions studied.

(*a*) They have used this device to extort funds from management.

(*b*) They have used it without the consent of the employees of the picketed plant and before some or any of them have indicated a desire to join the union in question.

(*c*) They have ignored orderly NLRB processes available to them for lawful and peaceful organizing methods.

(8) Gangsters and hoodlums have successfully infiltrated some labor unions, sometimes at high levels.

(*a*) They have assumed positions of trust in some labor unions.

(*b*) They have exercised sinister influence over other union officials.

(*c*) Higher union authority has shown no desire to rid the labor movement of those with lengthy criminal records.

(9) An extensive "no man's land" in labor-management relations has been uncovered by committee testimony.

(*a*) Some employers have had no access to either the National Labor Relations Board or any comparable State agency. The fact that the National Labor Relations Board does not take jurisdiction in certain cases does not automatically turn over the case to a State agency.

(*b*) Exploitation of workers and the circumvention of legitimate labor organizations has been made possible because employers had no recourse to any governmental agency.

(10) Law-enforcement officers have been lax in investigating and prosecuting acts of violence resulting from labor-management disputes.

(*a*) Some law-enforcement officers have shied away from active investigation of labor-management violence because of fear of offending either side in the dispute.

(*b*) In certain cases this has allowed rampant violence to exist without any retaliation by law-enforcement agencies.

(11) Members of the legal profession have played a dubious role in their relationships with officials of some unions.

(*a*) Although retained as counsel to the entire union, they have protected the interests of certain officials in conflict with the interests of the membership which has paid their fees.

(*b*) They have indulged in unethical practices debasing to the standards of their profession.

The committee notes with deep satisfaction that a number of the unions under its scrutiny during the past year have been subjected to severe disciplinary measures by the American Federation of Labor-Congress of Industrial Organizations (AFL–CIO). The teamsters and bakers have been expelled from its ranks; the textile workers were temporarily suspended until concrete evidence was given of a sincere movement for reform.

It is the committee's firm belief that equally effective measures to clean house must be taken by management and by bar associations against representatives from these segments of American life whose activities have been, to say the least, questionable.

PORTLAND, OREG.

The committee's first hearing centered around a deliberate plot to control vice operations in the city of Portland, Oreg., which included participation by certain top officials of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America.

It involves the use of the vast economic and political power of the teamsters union to control public officials and to use this control of public officials in a planned conspiracy to organize the illegal underworld activity in the major city in the State of Oregon. Involved in this conspiracy was the control of bookmaking, other gambling, prostitution, punchboard and pinball operations. The plan called for an alliance between these top teamster officials and James B. Elkins, long-time Portland gambler.

The conspiracy extended to the splitting of profits on underworld activities and the combined efforts of the teamsters and the Portland underworld to control public officials, principally the district attorney of the city of Portland, William Langley.

The first chink in an otherwise well-executed plan came with the disenchantment of James B. Elkins with his fellow-conspirators. This disenchantment was followed by fear, and finally by a careful documentation of the conspiracy by use of tape recordings so that Elkins could protect himself from retaliation.

The first public knowledge of the conspiracy came when Elkins turned over these tape recordings to two reporters of the Portland Oregonian, Wallace Turner and William Lambert, who have since been awarded the Pulitzer prize, the highest accolade of the newspaper profession, for their part in exposing the conspiracy.

The disenchanted Portland gambler, James B. Elkins, frankly admitted his past activities in the operations of vice in the city of Portland. He admitted such crimes as manufacture of illicit whisky during prohibition, a 20- to 30-year sentence for assault with intent

to kill, a 1-year sentence for possession of narcotics, and lesser arrests on gambling charges. On the details of the Portland conspiracy, he refused to hide behind constitutional privilege, but rather testified before this committee with startling frankness on the details of the plot.

Elkins said that in late 1953 or early 1954, while operating a number of pinball machines in Portland, Oreg., he endeavored to get his machines into the Portland Labor Temple. In order to do this he found that he would have to have his employees join a union. He unsuccessfully attempted to get them into the electrical workers union and then made a trip to Seattle where, inquiring among others in the pinball business, he was told that he should talk to one Thomas Maloney.

Maloney, an itinerant racetrack tout, bookmaker, gambler, and saloon keeper, was described to Elkins as a close and persuasive friend of Frank Brewster, the chairman of the Western Conference of Teamsters and a powerful international vice president of that union.

Elkins paid a call on Maloney at a racetrack near Seattle, and after a conversation with Maloney returned to Portland. Shortly thereafter Maloney went to Portland and introduced Elkins to John Sweeney, now deceased, at that time international organizer for the State of Oregon for the International Brotherhood of Teamsters. Maloney also introduced Elkins to Frank Malloy, a business agent of local 223 in Portland, Oreg. The first elements of the Portland conspiracy resulted from these introductions as Elkins testified:

> Mr. KENNEDY. Did Tom Maloney say anything to you about the type of business that you were in in Portland?
>
> Mr. ELKINS. Well, yes, he said he understood I knew my way around. He said he was having it a little rough and that he could be a great deal of assistance to me and teamsters if I could help him—I believe he said—get a piece of one place * * *
>
> Mr. KENNEDY. That is in Portland. Did he mention to you about his contact with the teamsters?
>
> Mr. ELKINS. Yes; he introduced me to John Sweeney and told me to cultivate that introduction, that John Sweeney could do me a lot of good.

As a result of his first meeting with Maloney and his subsequent introduction to Sweeney, Elkins' employees were allowed to join the teamsters union in return for favors to Mr. Maloney. Elkins paid his expenses and daily fees for 1 of the trips to Portland in the amount of $450.

The association between Elkins, Maloney, and Sweeney flowered in the following months, and Maloney finally called upon Elkins to do him a return favor. He told Elkins that he was considering opening a gambling joint in Seattle, and he believed that Elkins had influence with the chief of police in Seattle. Elkins agreed to talk to the chief of police, and testified he subsequently did. He testified that as a result of this visit, Maloney was allowed to open one gambling joint in Seattle, but that he quickly became greedy and opened up a second, forcing the chief of police to close down both places.

At this point Elkins was introduced to a second man who becomes important in the Portland conspiracy, Joseph Patrick McLaughlin,

also known as Joe McKinley, whom Elkins described as the overlord of Seattle bootlegging and gambling. At Maloney's insistence the two held a short but inconclusive meeting in a Seattle hotel to discuss the possibility of Mr. Elkins opening some type of gambling establishment in Seattle.

In 1954 a man named William Langley sought the Democratic nomination for district attorney of Multnomah County, running against the incumbent John B. McCourt.

Elkins said that he and Sweeney held several meetings to discuss the general political picture in Portland, although at this time Elkins said he was still somewhat mystified as to why Sweeney wanted to have anything to do with him.

> Mr. KENNEDY. Did you feel that there was anything peculiar about the head of the teamsters wanting to meet with you?
>
> Mr. ELKINS. Yes. I asked John Sweeney why he was romancing a man in my business and he said, "Well, no particular reason" only he liked to be friends with people in my type of business, that the teamsters was a powerful organization politically and he understood I had put up quite a bit of money politically now and then and there wasn't any use of wasting it, that we could reach some kind of an agreement on it (p. 81).

William Langley won the Democratic primary, and soon thereafter Elkins said he met for the first time Mr. Clyde Crosby, the newly appointed international organizer of the teamsters in Oregon. John Sweeney at this point had been promoted to the position of secretary-treasurer of the Western Conference of Teamsters. According to Elkins, Crosby asked him to set up a meeting between him and the Democratic hopeful, Mr. Langley. Mr. Elkins said that he was already well acquainted with Mr. Langley, having once been a partner of his in a Portland gambling establishment known as the China Lantern.

Elkins said Crosby, John Sweeney, and Bill Langley subsequently met at the Portland Airport, and Sweeney reported back to Elkins that in a week or 10 days he would get the green light from Frank Brewster to back Langley's candidacy. Elkins said that for his part in getting Langley together with the teamsters, he didn't want "a devil of a lot." All he wanted was prior notice when a warrant was issued to raid some gambling joint or assurance that Langley would not press the Oregon State provisions for abatement of premises which had been used for illicit purposes. Under this law, enforcement officials were authorized to padlock a building for a year after two arrests for gambling or other vice. This resulted in serious financial loss to both the opeators of the gambling games and the owners of the buildings.

Elkins admitted that he had some misgivings about backing Langley in the first place because Langley had once before run for district attorney and quit in the middle of the campaign to run a football handbook. But Elkins' brother Fred felt that Langley was much the lesser of two evils since McCourt, the district attorney then in office, had been vigorously enforcing the provisions of the Oregon abatement law.

As the campaign progressed, the Portland Central Labor Council, made up of representatives of all the AFL unions in the Multnomah County area, voted to support the candidacy of John McCourt. The teamsters, despite the earlier word that the green light was coming from Seattle, had not done anything on behalf of Langley. At this point Elkins said he stepped in to see what he could do about getting the teamsters to come out openly and fight the other AFL unions by backing Langley.

Elkins said he called Maloney in Seattle, and Maloney made a special trip to Portland to get the local teamsters to support Langley. When this failed, Elkins then called John Sweeney in Seattle. Sweeney said he would order the Portland teamsters to come out for Langley, and soon thereafter the switch was accomplished.

Clyde Crosby denied before the committee that Elkins had anything to do directly with the teamsters' support of Langley. Rather, he testified, the teamsters supported Langley because—

> During the period between the primaries and the general election in the fall, it came to my attention as well as other members of the teamsters union that Mr. McCourt's campaign, at least to some extent, was financially supported by James B. Elkins, head of the syndicate, and for this reason efforts were made on my part to confirm this (p. 684).

Crosby had a visit from Mr. Leonard Givens, an investigator for District Attorney McCourt.

> * * * I asked him simply this: I said, "I know that you know the answer to this question. If you don't answer it either way, then I will assume that you don't want to answer it and you can look elsewhere for your assistance. But either way I would like to have an answer." I simply asked him this: "Do you have any knowledge of Jim Elkins financially supporting John McCourt?"
>
> He hemmed and hawed for several minutes. Finally, he said, "Well," he says, "you could get me into a lot of trouble if you identify me as your source of information. But," he says, "the facts are that Jim Elkins is putting a pretty big chunk of dough into McCourt's campaign. * * *" (p. 794).

Crosby said that while the rest of the labor movement backed McCourt, the teamsters supported the candidacy of Langley because he found out that Jim Elkins was supporting McCourt's candidacy and he disapproved of Elkins. Crosby's testimony on this point was refuted by Givens and James Q. Jenkins as well as Elkins. Jenkins, an employee of Elkins, testified he had worked extensively in the Langley campaign. He said that Crosby was well aware of the fact that he was an employee of Elkins and also that Elkins was supporting Langley's candidacy. Givens denied flatly that he had told Crosby that—

> Jim Elkins is putting a pretty big chunk of dough into McCourt's campaign. (p. 794).

Givens went on to testify that he had no information of any kind that Elkins was supporting McCourt.

Tom Maloney came to Portland and took an active part in the Langley campaign. For his work he was reimbursed at the rate of $50 a day by Elkins. During the entire campaign Elkins said he gave Maloney some $3,600 and another $1,800 directly to Langley for the purchase of signs and campaign literature. Both Maloney and Langley invoked the fifth amendment on these points.

With the victory of Langley, Elkins said that he received a telephone call from Tom Maloney telling him that Frank and John wanted to see him in Seattle. He identified Frank and John as Frank Brewster, chairman of the Western Conference of Teamsters, and John Sweeney, then secretary-treasurer of the Western Conference of Teamsters. He said that he went to Seattle and met Maloney and Langley at the Olympic Hotel.

> Mr. ELKINS. They said they were going to have a discussion about what was going to take place when Langley went in, and I said, "In what way?" "Well," he said, "you are going to have a little gambling and a little this and a little that."
>
> Mr. KENNEDY. What is "a little of this and a little of that?"
>
> Mr. ELKINS. Cardrooms, horse books, and I think he mentioned 3 or 4 houses of prostitution, bootlegging joints, punchboards.
>
> Mr. KENNEDY. Who said this to you?
>
> Mr. ELKINS. Bill said, "We are going to discuss what is going to go."
>
> Mr. KENNEDY. Bill is Bill Langley?
>
> Mr. ELKINS. Bill Langley.
>
> Mr. KENNEDY. He was the newly elected district attorney?
>
> Mr. ELKINS. Yes; that is correct.
>
> Mr. KENNEDY. And he was telling you what was to be allowed to go in the city?
>
> Mr. ELKINS. That is right. He said, "I want Tom in the picture. I am going to cut my take with him until he gets going."
>
> Mr. KENNEDY. What did he mean by that?
>
> Mr. ELKINS. Well, what the payoff was to him, he told me that he had to split it with Tom.
>
> The CHAIRMAN. That is Tom Maloney?
>
> Mr. ELKINS. That is correct.
>
> Mr. KENNEDY. Tom was to come down into Portland?
>
> Mr. ELKINS. That is right.
>
> Mr. KENNEDY. And you and Tom were to set up this town in this manner?
>
> Mr. ELKINS. That is right (p. 104).

It is significant to note here that while much of the rest of Elkins' testimony is corroborated (and the corroboration will be shown here), Maloney, Langley, and McLaughlin invoked the constitutional privilege of the fifth amendment in discussing these matters, and therefore cannot be quoted as either affirming or denying Elkins' allegations.

Elkins said that Maloney also suggested the opening of 3 or 4 houses of prostitution. Maloney said that he would bring Ann

Thompson, a call-house madam, down to Portland and introduce her to Elkins for the purpose of setting up some kind of operation. Elkins said that he drew the line at operating houses of prostitution and that he had never operated such a house in his entire career. Ann Thompson corroborated Elkins by testifying that at the request of Tom Maloney she made two trips from Seattle to Portland to discuss the matter of call houses but that Elkins discouraged her from going any further with the plan.

> Senator McCarthy. He can be correctly described as the head of the underground syndicate, but as far as you know he did draw the line at taking any part in houses of ill fame?
>
> Miss Thompson. He drew the line in this way: I went to Portland and I met him. I told him what I was after, and he said "Well, I don't know. I will try. I will help you if possible but," he says, "I don't know." There wasn't much said. I was only there a short time. He says, "Well, you call me, or I will call you," something like that, "in a week or so." So I didn't hear from him any more.
>
> So I phoned him back. He says, "Well, I can't talk on the phone. Come on over." So I went back to Portland again and I met him at the New Heathman Hotel, I believe. I registered in there and I phoned him. He came up. Then he says, "Well, there is not much we can do," he said.
>
> But, anyway, he just discouraged me and talked me out of it, and I was already talked out of it to start with (p. 117).

Elkins said that at this same Seattle meeting it was also discussed what would be the role of Joe McLaughlin in relation to the vice which was going to be opened up in Portland. Elkins said that Langley told him that he thought John Sweeney and Frank Brewster wanted Joe McLaughlin "in the picture."

Elkins returned to Portland but 3 or 4 days later returned to Seattle and held meetings at the teamsters hall with Joe McLaughlin, John Sweeney, and Tom Maloney. According to Elkins, Sweeney said—

> "I want you to sit down with Tom and Joe—," meaning Tom Maloney and Joe McLaughlin, "and Frank Brewster has ordered me to send Joe McLaughlin down there to keep Tom out of trouble. So Joe is going to take care of the district attorney. You or Tom are not to tell the district attorney what to do. Let Joe handle that and Joe can also give you some pointers on how to set up an operation of this type" (p. 106).
>
> Mr. Kennedy. Was there any discussion about anything that you could do down there other than gambling and after-hour places?
>
> Mr. Elkins. Yes; they were talking about anything, oh, Lord, that they could get their teeth in.
>
> Mr. Kennedy. Was there any discussion about how the teamsters or teamster union would help?
>
> Mr. Elkins. That is correct. They said with the power of the teamsters, and their weight behind it, Portland was not an open town and that the chief of police wouldn't go along with

an open town, and they said either he will go along or the teamsters will get him moved, meaning the chief of police (p. 107).

Elkins said it was also made very clear to him that he was to have the help and backing of teamster officials in Portland, and that Frank Brewster and John Sweeney were behind this operation.

In the early part of January 1955, Maloney and McLaughlin came to Portland. Elkins said that they discussed with him who should be named investigator for the district attorney's office. A discussion was also held as to how payments should be made for the new operations that were to be opened up, and Elkins said that he was asked for $2,000 a month for Bill Langley because he had to cut it up with Tom Maloney. Elkins testified that he did not pay the $2,000 a month to Langley but that he paid lesser amounts to McLaughlin and Maloney.

In the same month in 1955, Elkins testified that John Sweeney also came to Portland from Seattle to tell Elkins that he "wasn't on the ball enough" (p. 131). Elkins went on to relate that Sweeney told him that Frank Brewster had sent Joe McLaughlin to Portland to run the show, and he wanted Elkins to cooperate with McLaughlin. The conversation, according to Elkins, lasted 20 or 30 minutes, following which Elkins had his brother Fred take Sweeney around to see if they could find a location for a horseracing handbook. Elkins pointed out to Sweeney, McLaughlin and Maloney that they might have trouble getting service, i. e., results for the operation of the bookmaking establishment.

Elkins said that Maloney and McLaughlin said they could have a teamster newspaper buy the same service that other newspapers bought. Elkins said he asked them what they were going to do about the editor of the paper, Ron Moxness, whom he described as a "do-gooder." Elkins said that he was told that Moxness would get in line or be replaced. Around June of that year, when the Maloney-McLaughlin plan gained momentum, Moxness was fired as the editor of the paper.

Elkins said that things got off to a slow start and that he made his early payments to Maloney and McLaughlin out of his own pocket, the money coming from an interest he owned in a poker game.

Elkins said that the problem was that the city administration was stopping him from opening up. Elkins said that eventually he raised the question as to whether something should be done about the chief of police if they were to operate. He was told by McLaughlin and Maloney that they would send Clyde Crosby, the international organizer for the State of Oregon, to see the chief. Elkins said that he subsequently heard that Crosby went to the mayor to see about getting the chief of police changed. Elkins said he also heard that the mayor was told that the teamsters would not support him in the next election unless he got rid of the chief of police.

Former Portland Mayor Fred L. Peterson gave an affidavit to the committee in which he said that, in July or August of 1955, Maloney came to his office and questioned him about allowing two men to operate in a Negro district located on the North Side of Portland. Peterson said that he told him "No," and Maloney then asked Peterson if he would have any objection to his talking with Police Chief

James Purcell. Peterson said it would be perfectly all right, but refused to participate in the arrangement setting up such a meeting.

> * * * Some time in December of 1955, Clyde Crosby came to my office and stated that he had an official message to deliver to me. He said, "I hate to bring this message to you, but it is an official message and I have to give it to you. Brewster, Sweeney, and I talked this over and I have been instructed to tell you that if Purcell continues to be chief of police, we will have to find another candidate for mayor to support" * * * (p. 553).

In his opening statement, Clyde Crosby admitted suggesting to the mayor that he might replace Police Chief James Purcell. He said, however, that the reason for this action was not to open up the town but because he had seen Elkins and Purcell talking in a car together, and he feared that Elkins had too much influence with the police department. According to Crosby, Mayor Peterson told him that he didn't even know Elkins, and that he didn't intend to let anyone tell him how to run the city. Elkins, however, reiterated that the teamsters had the intention of getting rid of the chief of police.

> Mr. KENNEDY. What kind of conversations went on, Mr. Elkins?
>
> Mr. ELKINS. Well, Tom, in particular, looked on the teamsters, more so than Joe did, as God or something. That is, Frank Brewster and John Sweeney.
>
> Mr. KENNEDY. Was there any discussion about what they could accomplish?
>
> Mr. ELKINS. Yes; they said we could eventually take over the whole State of Oregon, if we had their backing.
>
> Mr. KENNEDY. And did they say anything about if the mayor or chief of police opposed you?
>
> Mr. ELKINS. They would change them; that's all.
>
> Mr. KENNEDY. Who would change them?
>
> Mr. ELKINS. That the teamsters would oppose them at election times and that they would throw the chief out (p. 135).

One of the earliest plans organized by Elkins on behalf of McLaughlin and Maloney dealt with the distribution of punchboards. At that time, punchboards were illegal, and it was a crime even to have possession of punchboards. Elkins testified that Clyde Crosby went to the city council and succeeded in having an ordinance passed which made it legal to possess punchboards. Elkins said that he contacted a man named Norman Nemer and took him to the Portland Towers Hotel to meet with Maloney and McLaughlin.

The plan was for Nemer to become a member of the union. In this way, he would receive teamster-union stickers to put on his punchboards. Other operators in the field would not have the benefit of such stickers, and drugstores and other stores which used nonunion stickers would be subject to picket-line action by the teamsters to enforce the use of Mr. Nemer's punchboards.

> Mr. KENNEDY. Was there discussion at that time about going around to the various drugstores or cigarstores that had these punchboards?

Mr. ELKINS. That is right.

Mr. KENNEDY. And did Joe McLaughlin explain to Mr. Nemer that they would only allow Mr. Nemer into the union?

Mr. ELKINS. I just said that; yes, sir.

Mr. KENNEDY. And that the teamsters, through their power of not allowing deliveries to drugstores and to cigarstores, would force these stores to take only Mr. Nemer's punchboards?

Mr. ELKINS. I don't know about the drugstores, but if they threatened to shut off their beer and their bread, they wouldn't have any trouble with them.

Mr. KENNEDY. Was Mr. Nemer, through this operation, to get a control of the punchboards?

Mr. ELKINS. That is correct.

Mr. KENNEDY. Did McLaughlin also speak about Tom Maloney going to work?

Mr. ELKINS. He suggested that he put Tom Maloney in the building as a bookkeeper in the main office of Norman Nemer.

Mr. KENNEDY. And did Mr. Nemer accept that?

Mr. ELKINS. Yes. He seemed agreeable to it, at that time. But we didn't come to an agreement then, because Joe McLaughlin and Tom Maloney said they had to check with John about the percentage (p. 139).

Elkins said that Nemer did go down to the union and become a member. Elkins estimated that the profits in Portland alone from this punchboard operation would run around $100,000 a year. After the planning on this matter, however, Nemer did not go ahead with the punchboard scheme.

In an affidavit presented to the committee, Nemer related that he had a conversation with Jim Elkins, and was given to understand the possibility that punchboards might be licensed and recognized in the city of Portland. He said he went then to the Portland Towers and met Joe McLaughlin and Tom Maloney:

> Such introductions definitely established to me that both McLaughlin and Maloney were connected with the teamsters, and, during the course of our conversations that afternoon, McLaughlin mentioned his teamster connections, and particularly mentioned the names of Brewster, Sweeney, and Crosby (p. 145).

Elkins said that a similar plan to the punchboard plan was worked out in connection with pinballs. The man chosen to front the operation was Budge Wright, a Portland pinball-machine operator and distributor. It was decided that Wright should be taken into the teamsters union and that his machines should be moved into locations throughout the city, particularly those held by other operators. Where there was opposition, the teamsters would use a picket line to enforce and back up Wright's company.

> Mr. KENNEDY. Joe McLaughlin held out to Mr. Budge Wright that, with the influence of the teamsters, they could take over the whole of the operation in the city of Portland.

Mr. ELKINS. That is correct, and particularly Stan Terry's business, who had been a headache to Budge Wright.

Mr. KENNEDY. Mr. Stanley Terry was the biggest operator at that time in the city of Portland.

Mr. ELKINS. That's correct.

Mr. KENNEDY. So, they were going to concentrate on him first; is that right?

Mr. ELKINS. That's right (p. 176).

A company was formed in which the partners were Budge Wright, Joe McLaughlin, Fred Elkins, and a man by the name of Walter. The company was named the Acme Amusement Co. Elkins testified that Joe McLaughlin said that other big pinball operators in Portland would not be allowed to join the union until the Acme Co. got the best locations, and that a few of the smaller operators would be allowed to join the union, but only those that bought equipment from Budge Wright.

One of the problems with the entire pinball operation at the time was the fact that an ordinance had been passed making pinball machines illegal; the teamsters were actively backing the repeal of this ordinance. Portland Commissioner Stanley Earl testified that, prior to the 1956 election he was told by Clyde Crosby, the international organizer for the teamsters, that if he did not support legislation licensing pinball devices he would have opposition in the 1956 election. Earl recounted the history of the pinball ordinances. In July of 1951, pinball machines were outlawed in the city of Portland. Soon thereafter, however, a three-man panel of judges in Multnomah County, Oreg., voted that the city did not have authority to write such an ordinance. The city appealed to the Oregon Supreme Court, and, after several years, the supreme court finally affirmed the validity of the city ordinance. The Portland ordinance, however, referred only to "coin-in-the-slot-operated devices." And, after the ruling of the Oregon Supreme Court, Portland pinball operators changed their devices to allow play without coins. When this occurred, an ordinance was passed by the city council which banned all pinball machines, whether they were coin-operated or not. Commissioner Earl testified that he voted for this latter ordinance after being approached by Clyde Crosby, who asked him to change his position. Earl said that afterward he got the wholehearted opposition of the teamsters union, despite the fact that only a maximum of 100 teamster union members could possibly be affected by the pinball ordinance.

After the formation of the Acme Amusement Co., the partners drew up a list of proposed locations then being operated by other Portland pinball men and prepared to take over these locations. Among the first of these picked was the Mount Hood Cafe. Horace A. Crouch, owner of the Mount Hood Cafe, testified that he was in his cafe one morning in 1955 when Frank Malloy, a teamster business agent, walked into the Mount Hood Cafe:

> * * * He asked me whose machines I had, and I told him Stan Terry. He said, "Well," he says, "Crouch, you better take those machines out, because in a few days you might be picketed." I said, "They can't picket me. I belong to the culinary workers" (p. 183).

Malloy told Crouch that the union was not picketing him, but was picketing Stan Terry's machines:

> You take Stan Terry's machines out and we will pull the pickets (p. 184).

A few days later, Crouch testified he did take Terry's machines out, and a representative of the Acme Amusement Co. came to the Mount Hood Cafe and left his card there. Crouch testified he asked him, "Are you union?" And he said, "Yes; we are. You will not be bothered" (p. 184). So, Crouch said, he took the Acme machines. Crouch said that when he was first picketed it had a severe effect on his business, because most of his customers were railroad-union men and taxi drivers who belonged to the union. Crouch vividly described the effect that the picket line had on his establishment:

> * * * I couldn't get coffee; I couldn't get bread; I couldn't get meat deliveries. I called these outfits up. I have been in Portland 30 years or more in business. They said, "Well, you meet me up the street and we will transfer the food into your car and you can haul it yourself." The coffee company, I did, and Frank Malloy and another fellow followed me in the car, and got out and told the coffee man to take the coffee out of my car and put it back in his truck. I pulled out a monkey wrench, and I said, "Nobody touches this coffee. The first one that does will get this over his head. You better get in that car," I said, "and drive away or this wrench will go through your windshield." He got in and drove off (p. 185).

Crouch said that he subsequently met Stan Terry and asked him why he didn't join the union. He quoted Terry as replying, "They won't let me." Crouch said he asked how come, and Terry told him the head guy was in Seattle and he couldn't get in touch with him. Crouch said that if he had not removed Terry's machines he would have gone bankrupt. Crouch said he was extremely concerned about testifying before the committee:

> Well, sometimes in Portland the teamsters get pretty rough (p. 183).

Frank Malloy invoked his constitutional privilege under the fifth amendment and refused to answer any questions about the picketing of the Mount Hood Cafe.

Lloyd Hildreth, secretary of teamster local 223 in Portland, testified that the pickets at the Mount Hood Cafe were placed at the order of Clyde Crosby. Hildreth went on to say that it was "kind of an unusual situation" (p. 198) for an international organizer to order pickets in a purely local situation. Hildreth testified that in November of 1954 he received orders from Clyde Crosby to send an honorable-withdrawal card from the union to Stan Terry. In March of 1955, he issued a new union card to Terry. This testimony is of particular importance, since Elkins and Crouch testified that the pinball plan worked out for the Acme Amusement Co. encompassed the intention of taking over most of Mr. Terry's pinball locations because he was not in the union. The testimony on this matter was also

corroborated by Budge Wright. In an affidavit filed with the committee, he said that sometime in January of 1955 Elkins brought Joe McLaughlin to his office and said he was a union organizer:

> * * * McLaughlin represented to Herman Walters, a longtime employee of mine, Elkins and myself, that he, McLaughlin, represented and had connections with the teamsters union that would enable us to run a pinball and jukebox rental business in Portland and that we would have to have an advantage over other operators and, in particular, Stan Terry, because the operation would be unionized, whereas the other operators would not * * * (p. 214).

The whole problem of Stan Terry's withdrawal from the union and his subsequent efforts to get back into the union so that he could operate his pinball machines in Portland without interference from the teamsters union occupied the close attention of the committee. As will be seen from this résumé, this whole matter was the subject of much contradictory testimony, with the result that the committee sent the entire transcript to the Justice Department for study and consideration. Jim Elkins provided the first information on Terry. He described him as the biggest operator of pinballs in the city of Portland, and said that, after the Acme Amusement Co. was set up, Terry was having extreme difficulty getting into the union. In fact, Elkins quoted Maloney as saying that he would "crawl to Seattle on his knees" (p. 216) if Stan Terry or Lou Dunis, another pinball operator, got into the union. Sometime around March of 1955, Terry did get back into the union. Elkins recalled that, prior to that time, he met Terry in the street, and Terry said to him, "I am going to have to pay a fine or pay a little penalty, but I will get in" (p. 216). Elkins went on to quote Terry as saying:

> "I have gone over and told Mr. Crosby that I have been a bad boy and I am willing to pay for it (p. 216)."

Elkins said he understood that Terry made a few trips to Seattle and then met John Sweeney for breakfast in San Francisco.

> He made several attempts to talk his way in with John. John told him it was like a poker hand. The man with the best hand won, and he had a pat hand; he wasn't going to let him in. I got Mr. Tom Maloney's word for that. I wouldn't take that, but I did take Stan Terry's, and he told me practically the same thing (p. 217).

Elkins said that Terry "connived around" (p. 217) and finally got to see Frank Brewster, and "I guess gave him some money, and his troubles were over" (p. 217). Elkins said that the contact between Terry and Brewster was set up through a Las Vegas commission betting operator, Hy Goldbaum.

> Mr. KENNEDY. Were you told that Mr. Terry made the contact with Mr. Goldbaum?
>
> Mr. ELKINS. That is right.
>
> Mr. KENNEDY. And he met with Mr. Goldbaum?
>
> Mr. ELKINS. And Mr. Goldbaum had arranged an interview with Mr. Brewster for him.

Mr. KENNEDY. And Mr. Terry then went up to Seattle and saw Frank Brewster?

Mr. ELKINS. That is correct.

Mr. KENNEDY. Did Mr. Terry relate to you afterward about getting in the union?

Mr. ELKINS. Yes; he did.

Mr. KENNEDY. What did he tell you he had to do to get into the union?

Mr. ELKINS. He had to pay a chunk of money.

Mr. KENNEDY. Did he mention the amount of money?

Mr. ELKINS. $10,000 or more.

Mr. KENNEDY. $10,000?

Mr. ELKINS. That is correct.

Mr. KENNEDY. To whom did he have to pay the money?

Mr. ELKINS. Frank Brewster (pp. 217, 218).

Elkins said that when he found out that Stan Terry was in the union he called Tom Maloney and—

> told him to start crawling to Seattle; that Stan Terry was in the union.
>
> Then he immediately called me. Joe didn't have much to say.
>
> He, I think, went on a drunk that day, or something. Tom was pretty upset. He said, "How in the so-and-so can you keep a man with that much money out?" (p. 218).

Stan Terry testified that his first trouble with the union began in 1953, when he first met John Sweeney. Sweeney wanted his men to join the union. Terry said that at that time he, personally, was a member of the teamsters union. He said that he and Sweeney argued about contract proposals over a period of 6 months, and he was surprised one day to receive in the mail a withdrawal card from the union made out in his name. He said that when he got the withdrawal card he contacted Sweeney and told Sweeney that he was ready to join the teamsters union with his men. He reported Sweeney as saying, "I will let you into the union, but I will not let you in with the contract you want" (p. 250).

From November of 1954 to March 10 of 1955, Terry testified that he persistently attempted to see Sweeney and talk him into letting him and his employees into the union.

> Mr. TERRY. He talked to me about the weather, everything else, but, as far as the contract was concerned, he would always say, "I don't want to talk about any contract."
>
> Senator MUNDT. In other words, you gathered the idea that he was simply slamming the union door in your face; is that right?
>
> Mr. TERRY. Well, he certainly wasn't opening it up.
>
> Senator MUNDT. He was not trying to get you in, but he was trying to keep you out; is that right? Is that the way it looked to you?
>
> Mr. TERRY. Well, it looked to me like each time I talked to him——
>
> Senator MUNDT. Did it look to you like he was trying to pull you in or push you out?

Mr. TERRY. It looked to me like he was trying to give me a bad time.

Senator MUNDT. Trying to keep you out; is that right?

Mr. TERRY. I would say so (p. 251).

Terry said that he also attempted to talk to Lloyd Hildreth, and Hildreth told him that he could not do anything but that Terry would have to see Sweeney. Terry said he then talked to Clyde Crosby. This was about the time that the teamsters had started to picket the Mount Hood Cafe and had forced the owner of this cafe to take out the pinball machines owned by Mr. Terry. Crosby told Terry that Sweeney was in San Francisco. After some discussion with Crosby, Terry said he got into a car, drove to the airport, and flew to San Francisco. He waited in the lobby of the Clift Hotel until Sweeney arrived, around 7 in the evening:

I said, as near as I can remember, "John, I would like to talk to you about the contract."

"I don't want to be bothered. Who told you I was here?"

He just didn't give me any satisfaction at all.

I said, "Well, I made this trip all the way down here. Can I talk to you sometime?" And he said, "Yes, you can see me tomorrow morning at breakfast."

"What time do you eat breakfast?"

"I don't know what time I eat breakfast. Sometime around 9 o'clock."

"Well, if I am here, can I talk to you then?"

He says, "If you are here."

I tried to get a room at the Clift Hotel and couldn't get a room. I went across the street and stayed. The next morning I went down by the elevator about 8:30, and waited for Mr. Sweeney to come down, about 10:30, I think, or so.

He said good morning to me. Two or three other fellows had breakfast with him. During breakfast, I said, "Mr. Sweeney, I want to talk to you about this union contract."

"I don't want to be bothered about union contracts at my breakfast."

He wouldn't let me talk.

I said, "Can I see you later in the day?" And he said, "No, I am going to be busy with conferences later in the day."

So I went on the airplane and went home (p. 254).

Terry then said he went to see his attorney, David Fain, and Fain called the attorney for the teamsters union, Mr. Jim Landye, and told him that Terry was ready and willing to join the union and sign a contract. Terry said Fain also told Landye that if the teamsters should picket any more of Terry's locations or harass him in any way, they would sue the teamsters union. (Both Fain and Landye were dead at the time of the hearing.) Still, however, Terry found it impossible to get into the union. Here Terry's story becomes a little vague. He admits going to Las Vegas, Nev., and says it was on a business deal. While there he admits talking to gambler Hy Goldbaum. He says that Goldbaum set up a date for him to see Frank Brewster, but that he never kept the date.

On April 11, 1955, Terry said he was taken back into the union, but he insisted vehemently that he had never talked to Brewster or Sweeney again about the subject. He also denied vehemently that he had ever paid $10,000 or any amount of money to Frank Brewster, nor had he paid any money to Hy Goldbaum for setting up the appointment with Brewster. However, William Caprie, a partner of Goldbaum's, provided an affidavit in which he said that Stan Terry came to Las Vegas some time in the spring of 1955. He said he was desirous of joining the teamsters union but that union officials wouldn't let him in. Caprie said he believes he told Terry that Hy Goldbaum knew Brewster, and Terry asked him to intercede for him in an effort to get into the union.

[William Caprie's affidavit]

* * * * *

> I am sure Goldbaum spoke to Brewster because Goldbaum told me he did.
>
> In answer to the question whether Terry indicated that he would be willing to pay to get into the union, I can only answer that I was under the impression that Terry was going to take care of Goldbaum. I might say that Terry indicated that he would take care of Goldbaum if he could get into the union. I can't recall having any conversation with Terry concerning his willingness to pay union officials to get into the union. The only impression I have of my conversation with Terry is that he indicated that he would take care of Goldbaum for any service he could do for him in getting him into the union.
>
> I recall discussing this matter with Hy Goldbaum on several occasions. The last time was about 6 months ago when the publicity was given to the teamsters situation in Portland. In the course of these conversations Hy Goldbaum remarked to me that I had "a fine friend" and that Terry had never kept his promise to take care of him * * * (p. 276).

In addition Albert W. Lasko, secretary-treasurer of Coin Machine Men of Oregon, stated in an affidavit that he had talked to Clyde Crosby about the efforts of Stan Terry and Lou Dunis to get into the union and that they would be permitted to join as soon as they "got squared off" (p. 279) with Sweeney in Seattle:

> * * * I subsequently learned that Stan Terry and Lou Dunis made several trips to Seattle and on 1 occasion Terry and Dunis were made to wait for 4 hours outside of Sweeney's office before he would see them.
>
> During this period that Terry was making contact with Sweeney, Terry told me that they wanted him to pay the salary of a teamsters' union official for 1 year as a consideration for being allowed to join the union. This statement was made to me by Terry in his office or in the office of Lou Dunis, with just Terry and myself being present (p. 279).

Hy Goldbaum testified that he was introduced to Stan Terry by William Caprie. He said that Terry never asked him to set up a date

with Brewster but that Caprie did. He said that some time in January of 1955 he was at the Santa Anita racetrack and ran into Frank Brewster and said to him:

> Listen, Bill Caprie has a mortgage and he is trying to sell it to, I understand, Mr. Terry who is in trouble with the union. If you could do him a favor, Frank, I would appreciate it (p. 292).

He then said he called Terry and told him to contact Brewster and "he will give you a hearing." Goldbaum said that he did not discuss the situation of a Brewster interview with Terry in Las Vegas, contrary to the information provided in the Caprie affidavit.

Lester Beckman, a cellmate of Goldbaum's at McNeil Island while both were serving sentences for income-tax evasion, said that he was in Las Vegas in February of 1955, and while there met George Caprie (William's brother) and Hy Goldbaum.

> * * * Hy Goldbaum at this time asked me if I knew Stan Terry. I told him that I did. He then said he had done Terry a big favor with the teamsters' union. Goldbaum complained that Terry had not kept his promise to pay him. Although Hy Goldbaum did not explain what the nature of the favor was, I had knowledge, primarily through the newspapers, that Terry was in trouble with the teamsters' union and that he wanted to get straightened out. I do not recall any particular sum of money being mentioned by Goldbaum, but from his statement that he had done Terry a big favor I surmised that there was a big sum involved (pp. 287–288).

Goldbaum said that he had never discussed a figure of financial remuneration from Terry but admitted that "he couldn't have bought this favor for $7,500" (p. 288). Goldbaum said that this was the extent of his association with the entire Terry-Brewster matter. He said, however, that some time in 1956 he got a phone call from Lester Beckman and told him that Jim Elkins was going to open a night club and he was having union trouble. Beckman was quoted as saying, "Maybe if you straighten him out, you might get a piece of it for free" (p. 289).

Goldbaum said that he went to Portland and then, together with Elkins, to Seattle, and introduced him to Brewster—

> * * * So we got inside and I introduced Mr. Elkins to him and before I knew it they are in the damnedest squabble I ever heard in my life. He accused him of doing such terrible things down in Portland. I was so embarrassed I wanted to crawl under the carpet and I didn't know what it was all about. I was so embarrassed.
>
> So anyway, I say they were both getting hot and Mr. Brewster was getting very mad and Mr. Elkins tried to explain his side of the story which I knew nothing about and I wasn't interested in (p. 290).

Elkins said that such a meeting did take place and that it was about the time of the end of his association with Maloney, McLaughlin, and Langley.

> Mr. ELKINS. As near as I can remember it, I came into his room and I first sat down in his little waiting room. Three men came in and looked me over for a couple of minutes and walked out. Then, he came in and I went in his place. I am looking around and he said, "You don't have to be so-and-so afraid of me. I don't wire up my place." I said, "I am not afraid of you wiring it up, Mr. Brewster." He said, "I am going to tell you to start with I don't like the people you represent." I said, "I don't represent any people, just Jim Elkins."
>
> He said, "Well, I am going to tell you something else. I make mayors and I break mayors, and I make chiefs of police and I break chiefs of police. I have been in jail and I have been out of jail. There is nothing scares me."
>
> I said, "I don't want to scare you. All I want to be is left alone." He talked a little more and he got red in the face and he said, "If you bother my 2 boys, if you embarrass my 2 boys, you will find yourself wading across Lake Washington with a pair of concrete boots." I believe that was the expression * * * (p. 100).

The committee heard testimony concerning the use of pressure by the teamsters union in relation to the enforcement of Oregon's liquor laws. Howard Morgan, a member of the Oregon State Public Utilities Commission and a former State chairman of the Oregon State Democratic Party, told how he had a discussion with Clyde Crosby, international representative of the teamsters in Oregon, relative to the gubernatorial election in 1954. Morgan said that the majority of labor was supporting the Democratic candidate, Joe Carson, but the teamsters were going to support the incumbent Republican, Gov. Paul Patterson. Crosby told Morgan "Well, I am sorry, Howard, but the decision has been made up north and we have to carry it out" (p. 316).

Morgan said that the teamsters bucked the rest of the labor movement in another election race in Oregon, that for district attorney of Multnomah County. He said that about 6 weeks before the election and after Langley had been conducting a quiet "lone wolf" campaign, Tom Maloney came down to Portland from Seattle—

> * * * He (Maloney) moved in with great vigor, and took charge of Mr. Langley's campaign. * * * He announced loudly and publicly that he had been sent by Dave Beck and Frank Brewster. He said that he was both a personal friend of these men and that he was an official of the teamsters union. * * * He put Mr. Langley on a 22-hour schedule out of 24, an exhausting, round-the-clock performance. A good deal of money was spent in a very short time. * * * (p. 318).

Morgan said that he was alarmed by all this activity, even though Langley was a member of his own political party, because Maloney—

> * * * by his appearance and bearing, and behavior, his manner of speech and various other ways, indicates that he is not exactly interested in good government (p. 318).

Paul Patterson and Langley were elected. At the victory celebration held by the Democrats on December 10, 1954, Maloney showed up, and with no warning walked up to Morgan in the middle of the hall:

> * * * with a cigar between his first two fingers, thumped me on the chest, scattering cigar ashes all over a dark blue suit I had on, and said, "You make Thornton lay off that liquor commission investigation," in a very loud voice. Of course, I was angry, and while brushing the cigar ashes off my clothes, I said "That sounds like an order," and he said, "That's an order."
>
> I then told him to go to hell, but the immediate question I asked him was "What is your interest in the liquor control commission? Why don't you want that investigated? Why do you care whether it is investigated?"
>
> He said, "You know damn well what this means to us" (p. 320).

He said that this talk with Maloney was followed by a talk with Clyde Crosby, who approached him in a quieter tone of voice and said:

> * * * "Has Maloney been trying to give you a bad time?" and I said, "He has been trying."
>
> Crosby said, "Well, I would put it a little differently, but it amounts to the same thing. We wish Thornton would lay off" (p. 320).

Morgan said that a few days later Attorney General Robert Y. Thornton announced that he was going to investigate the State liquor commission in collaboration with the newly elected district attorney, William Langley. Morgan said he was concerned with this announcement and drove to Salem to attempt to persuade Thornton not to rely on Langley. He told Thornton that Langley and Patterson were both under obligation to the teamsters and that if he went ahead with an investigation through Langley's office, he would be doublecrossed and politically damaged.

Thornton told Morgan that Langley was perfectly willing to go ahead with the investigation of the liquor commission, but Morgan pointed out to the attorney general that this was true because the teamsters had not had a chance to talk to him about it. He predicted that the Republican Governor, Paul Patterson, would eventually ask the Democratic district attorney of Multnomah County, William Langley, to investigate the Republican liquor commission because of the tie that both of these parties had with the teamsters. Morgan said that Thornton would not believe this, but this is exactly what happened. He said the investigation was "popularly regarded as a whitewash" (p. 322).

In 1956 Morgan said that he had an appointment with a man named James C. DeShazor, Jr., as chairman of an Oregon Small Businessmen's Committee backing Democratic Party candidates. He said that through Mr. DeShazor he was introduced to Manton Spear, a beer distributor in Portland. He and Spear had lunch and Morgan said he finally asked Spear about a rumor that $10,000 would be available for the campaign of the Democratic candidate for Governor, Holmes, if certain measures were taken in regard to the State liquor commission. Spear said that he understood the money was coming from the teamsters union, and that in return for this contribution the teamsters wanted one of their officials appointed as a member of the State liquor commission. He quoted Spear as explaining that the teamsters wanted a man on the liquor commission because they had bargaining disputes and membership disputes with certain distilleries in the East. They wanted to arrange a way whereby liquor from certain distilleries could be barred from coming into the State. Morgan said that he told Spear that he considered the whole thing fantastic and ridiculous and that the matter dropped there.

Spear, who identified himself as the Portland representative for the K & L Distributing Co., of Seattle (a company owned in part by Dave Beck, Jr., son of the then international president of the teamsters), said that he did have lunch with Morgan and that he recalled telling him that it was common knowledge that—

> * * * somewhere along the line the teamsters had hopes of working with the then Governor Patterson to gain for themselves a man on the (liquor) commission * * * (p. 338).

Spear said he mentioned to Morgan that the commission would be in a position to buy merchandise from sources that were "friendly and advantageous." Spear denied, however, that he had ever mentioned the figure $10,000 to Morgan.

The liquor commission matter was highlighted with the testimony of James Elkins, surrounding the firing of Thomas Sheridan, a member of the commission who had been dropped for accepting gratuities. Elkins said that he took Sheridan to see Clyde Crosby, international representative of the teamsters in Oregon, and that Crosby told him that he was sure that he could save Sheridan's job.

> Mr. KENNEDY. What did Mr. Crosby say to you at that time, as to what could be done for Mr. Sheridan?
>
> Mr. ELKINS. He told me that through their political influence they thought they could save it.
>
> Mr. KENNEDY. Did he take any steps at that time?
>
> Mr. ELKINS. Yes; he did.
>
> Mr. KENNEDY. Would you relate that to the committee?
>
> Mr. ELKINS. I told him I didn't think that they were big enough, because it came out of the capitol.
>
> Mr. KENNEDY. You said you did not feel that they had enough influence, because this step, getting rid of Mr. Sheridan, had come out of the capitol?
>
> Mr. ELKINS. That is correct. He said, "I'll find out if we have." He called Seattle, Mr. John Sweeney, and Mr. Sweeney said, "We might just as well find out now if we have bought a pig in a poke or if he will perform for us."
>
> Mr. KENNEDY. "He" being this high State official?

Mr. ELKINS. Yes; the highest; yes.

Mr. KENNEDY. The highest in the State? You are talking about the former Governor; is that correct?

Mr. ELKINS. That is correct, and I don't like to say anything about him, because he is dead (p. 436).

After the meeting with Sheridan, Crosby told Elkins he had a date with the Governor at 5 o'clock in the afternoon. At 7:30 on that same evening, he called Elkins and told him that Sheridan would be reinstated but would have to go through a civil-service-board hearing. Sheridan was reinstated, and lost a month's pay.

At a later date, the liquor commission was the subject of another investigation, and Elkins said that this investigation was turned over to District Attorney Langley. In this particular investigation, according to Elkins, there was a witness who could testify against Sheridan. Elkins said that Maloney went from Portland to Seattle and talked to someone and "* * * instructed them to have the man go hunting, and told him that then Mr. Langley would issue the subpena and he wouldn't be available" (p. 438).

Clyde Crosby flatly denied that any meeting ever took place among Sheridan, Elkins, and himself.

Mr. KENNEDY. I will state it again. Did Mr. Elkins bring Mr. Sheridan to you?

Mr. CROSBY. No, sir.

Mr. KENNEDY. Did you ever have a conversation with Mr. Sheridan and Mr. Elkins?

Mr. CROSBY. I don't believe so.

* * * * * * *

Mr. KENNEDY. Now, let us start over again. Did Mr. Sheridan and Mr. Elkins ever meet with you?

Mr. CROSBY. No, sir.

Mr. KENNEDY. Did they ever have a conversation with you, when both of them were together and you were there also? It is very clear now.

Mr. CROSBY. I cannot recall any such instance.

* * * * * * *

Mr. KENNEDY. Was there ever a conversation in your office? Let us start that way. Was there ever a conversation in your office between Mr. Sheridan, Mr. Elkins, and yourself?

Mr. CROSBY. No.

Mr. KENNEDY. You are absolutely certain of that?

Mr. CROSBY. To the best of my knowledge (pp. 826–827).

In the face of this denial, Thomas Sheridan testified that, in April 1954, he was the subject of an investigation by the Oregon Liquor Commission, and he was suspended from his post. He said that Mr. Elkins took him to see Mr. Crosby.

Mr. SHERIDAN. He (Elkins) called me up one night and asked me if I could meet him over at the Teamsters Building at 7 o'clock, and I said "Yes." He said, "Well, I want to introduce you to a friend of mine there." I met him over there at the Teamsters Building, and he introduced me to Mr. Crosby.

Mr. KENNEDY. This is approximately 7 o'clock at night?

Mr. SHERIDAN. I think so. It could have been 7:30, but it was early in the evening.

Mr. KENNEDY. He brought you in and introduced you to Mr. Crosby?

Mr. SHERIDAN. That is right (p. 922).

The witness, Sheridan, then turned around in the hearing room and identified both Crosby and Elkins, who were sitting listening to the testimony, and said that they were the men with whom he had held the meeting. Crosby also denied that the meeting took place at 7 p. m., while both Elkins and Sheridan were positive that the meeting did take place at 7 p. m. Crosby said that he did help Tom Sheridan, but not at the suggestion of Elkins, but rather at the suggestion of Lt. Carl Crisp, a commanding officer of one of the precincts in Portland.

He said that the upshot of his conversation with Crisp was an appointment with the Governor, and that, subsequently, Sheridan appeared before the State civil-service commission, admitted that he had had a $40 hotel bill paid for him by the liquor interests, and was given 30 days' suspension, at the end of which he returned to work. Lieutenant Crisp, in an affidavit provided to the committee, stated, in part:

> I have known Thomas J. Sheridan for 15 years or more, dating from the time when he was an officer in the Oregon State police. I have known Clyde Crosby since about March 1953. I have never introduced Thomas J. Sheridan to Clyde C. Crosby, nor have I ever arranged an appointment for Thomas J. Sheridan to see Clyde C. Crosby. Furthermore, Sheridan, Crosby, and I have never been together at the same place at any time (p. 926).

Another subject of controversy before the committee revolved around the $8 million exposition and recreation center to be built in the city of Portland. Clyde Crosby was a member of the exposition and recreation commission, the public body which was to decide the location of this center. Jim Elkins related that he went to Crosby's office some time in January of 1955, and that Crosby had a big map laid out on his desk. Elkins quoted Crosby as saying he could put the $8 million center in a particular area, and went on to suggest to Elkins that he purchase options to buy land in a particular area where Crosby said the center would be located. Elkins said that he did go out and buy options with Thom Johnson, a Portland real-estate operator, as a partner. Johnson already owned some property in that area.

Sometime later, Elkins reported he received a phone call from Joe McLaughlin in Los Angeles. McLaughlin reported to him that John Sweeney and Frank Brewster were mad at Crosby for going into this land deal with Elkins. McLaughlin said that Crosby had gone before John Sweeney and Frank Brewster and—

> * * * admitted that he had made this side deal with me, and they gave him the devil for it. The outcome of it was, as long as they were all in on the plan now, that it would be resurrected and really secured, providing that I would put it in writing and give them a third of it (p. 444).

He said that McLaughlin contacted him soon thereafter, and they went over to the office of an attorney named Russ Sloniger. At this meeting, Elkins and McLaughlin got into an argument about whether they would accept any options that were on the borderline or outside this particular area where the exposition and recreation center was to be located.

> Mr. ELKINS. * * * The final outcome of that was that Joe McLaughlin called someone, saying he was going to call Clyde, and it was a very small room. There was a little partition in it. During the conservation, I heard him mention Clyde, and I don't know whether he actually talked to Clyde, but he came back in the room with a map in his hand and he said, "You put a ring around here, but you had better put in this option that we have the right to accept or reject any option taken outside of this particular area" (p. 445).

Exhibit 35, entered into evidence, was an undated agreement among Tom Johnson, Jim Elkins, and Joe McLaughlin, who divided the options purchased in the area where the exposition and recreation center was to be located in Portland.

Attorney Sloniger furnished an affidavit to the committee in which he described the meeting in his office attended by Elkins and McLaughlin and his part in drawing up the agreement among McLaughlin, Elkins, and Johnson. Sloniger also said that McLaughlin made a telephone call to a person "who, I believe, was addressed by the name of Clyde" (p. 447). Sloniger said that, in the course of the discussion held in his office on that Sunday morning, it was obvious to him from the location that the site discussed where the options were to be obtained, and were obtained, "was in some way connected with the exposition and recreation site" (p. 447).

John William Kelley, a Portland real-estate man who was a participant in some of the transactions relating to the exposition and recreation center, testified that he first became aware of the purchase of options by Elkins when he and Elkins took a tour around the neighborhood in the Broadway Steel Bridge area. Elkins told Kelley at this point that he had purchased some options in this area. A month later, Kelley was present when a number of options were discussed between Tom Johnson and Jim Elkins. These options were being purchased by a Negro realtor, Herman Plummer, in the Broadway Steel Bridge area, which is a predominantly Negro area. In his affidavit, Kelley states at one point:

> * * * After we left the office, I became curious about what was going on, and received an inkling that this was something big when Jim told me that they had a friend and had an "in" * * * (p. 454).

Still later, Kelley met with Elkins and McLaughlin in Sloniger's office, the meeting previously identified here. Kelley goes on in his affidavit—

> * * * During their conversations, Joe McLaughlin and Elkins mentioned the name of Crosby on at least six occasions and, at one point, when a question of the extension of the area to be acquired came up, McLaughlin stated that he wanted to use the phone to call Crosby to check out on this

matter. McLaughlin then went into a room partitioned off from the room in which we were, leaving the door open. I heard him dial a number, and then he asked for Mr. Crosby. He then started a conversation and discussed the matter under question. When he came back, it is my recollection that McLaughlin then pointed to the map and said that Crosby had put a ring around this area. It is my belief that McLaughlin called because, apparently, Jim Elkins, who was paying for the options and, for that matter, this whole venture, wanted to be sure that, before he paid for any further options on the extended area, he would receive some assurance that this area would be profitable in the exposition-recreation venture. It is my best recollection that the total gross options held by Elkins, McLaughlin, and Johnson was about a half million dollars (p. 454).

Crosby denied under oath that he had ever discussed the matter about the exposition and recreation project with Elkins for the purpose of having Elkins buy options in the area where the center was to be located.

Mr. CROSBY. I simply talked to the man, if I did, in the same vein as I talked to hundreds of other people, because it was well known that I was an advocate of a development of the Broadway Steel Bridge site (p. 716).

Crosby said that he also discussed the matter with Joe McLaughlin in the same vein:

Mr. KENNEDY. Well, did you discuss the fact with Joe McLaughlin that you thought you could get the location for this exposition and recreation, the steel bridge site?

Mr. CROSBY. I believe the record will show that I discussed with everybody who raised the question with me my conviction that I felt that it should be put there.

Mr. KENNEDY. Yes, but did you ever discuss that matter? Let us go back. Did you ever mention that matter to Joe McLaughlin?

Mr. CROSBY. I think it is conceivable that I might have discussed it.

Mr. KENNEDY. The problem is that, when I talked to you in Portland, you said you hardly knew Joe McLaughlin. I am trying to establish that this is one of the matters you discussed.

Mr. CROSBY. Let me point out, Mr. Kennedy, that, upon meeting someone for the first time, during that period of time, and because of the civic interest involved, you can almost count on a second or third subject discussed; that exposition and recreation did come up.

Mr. KENNEDY. Was he interested in exposition and recreation?

Mr. CROSBY. Whether he was or was not, I am not aware.

Mr. KENNEDY. He was from Seattle, Wash. Did he seem to have an interest in exposition and recreation?

Mr. CROSBY. Nothing abnormal, that I knew of (p. 787).

Crosby denied, however, that McLaughlin had ever telephoned him and asked him what property would be included in the steel bridge site, if that was selected. The record shows that the scheme ended in failure.

In all the testimony the committee heard in reference to the Portland matter, no more curious contradictions arise than in the cases of Portland's Mayor Terry Schrunk and Multnomah County District Attorney William Langley. James Elkins testified that one of the places that he operated was an afterhours drinking and gambling spot, the 8212 Club in the Kenton district of Portland. This club was operated for Mr. Elkins, according to his testimony, by Clifford O. (Jimmie) Bennett, and it was one of the clubs, Elkins said, upon which he was paying a percentage under pressure from certain teamster officials to Joe McLaughlin and Tom Maloney.

Elkins said that McLaughlin and Maloney were dissatisfied with the amount of profits they were receiving from this operation, and sent Leo Plotkin, a Portland night-life figure, out to the club to look over the situation. Plotkin reported to Maloney, according to Elkins, that the place was not doing too well. Elkins said that then, according to his information, Maloney contacted Ray Kell, the campaign manager for the then sheriff and present mayor, Terry Schrunk, and suggested that Schrunk raid the place or close it up. Sometime in the first part of September 1955, according to Elkins, 2 deputy sheriffs went into the 8212 Club, and 1 of them finally contacted Bennett and told him that Schrunk was outside and wanted to talk to him.

Elkins said that, according to his information, Schrunk told Bennett that he was going to arrest everyone who came out of the place, but he said that he heard that some kind of an agreement was arrived at between Schrunk and Bennett, and this did not happen. Elkins quoted Bennett as telling him he had given $500 to Schrunk. Elkins explained that, when he had a nightclub operating such as this one, he would give the operator of the club a bankroll with which to operate. In this case, Elkins said he had given Bennett $1,500. Right after the raid, however, Elkins said, he heard from the bookkeeper that the bankroll was $500 short. When Elkins confronted Bennett with this information, he reported Bennett as saying he "gave the $500 to Schrunk and * * * that it was better to give him that than to pay $1,500 or $2,000 for having the place pinched" (p. 564).

Elkins' testimony on this point was supported by a number of witnesses. Virginia Jenkins, a Contact, Nev., bartender, testified that on the night of the raid she was a hat-check girl at the 8212 Club. She said that about 3:30 in the morning, two of Schrunk's deputies came into the club. At that time drinks were being served and gambling was in full swing. She said that Bennett went downstairs with one of the deputies. He came back upstairs, and Mrs. Jenkins quoted Bennett as saying that Schrunk was unhappy because Bennett "had taken care of everybody else, but he had forgotten to take care of him (Schrunk)" (p. 573). Bennett then asked Mrs. Jenkins for a manila envelope. She said that she did not know what Bennett had done with the envelope, but she understood at that time that he wanted the envelope to put money in to give to Sheriff Schrunk.

John W. Vance testified that at the time of this raid he was employed by Elkins to make spot checks at various places where Elkins

had clubs running, to see if the money was handled properly. Vance said that he was in the club the night of the raid, and that, after Bennett had gone outside the club to talk to Schrunk, he came back in.

> Mr. VANCE. Well, after he had talked to the sheriff and came back, he tried to make a phone call to Mr. Elkins, and he was unable to reach him. So, he asked me if I didn't think it was better to pay out $500 tonight rather than $1,500 the next day, and I told him that I thought it was a pretty smart thing to do.
>
> Mr. KENNEDY. He asked you whether it was not better to pay out $500 tonight than $1,500 the next day or later?
>
> Mr. VANCE. Yes.
>
> Mr. KENNEDY. You told him that you thought it was a pretty smart thing to do?
>
> Mr. VANCE. Yes, sir; I did.
>
> Mr. KENNEDY. What happened after that?
>
> Mr. VANCE. He counted out what I presumed was $500 and put it in a brown envelope (p. 577).

Laura Stone, a Portland bookkeeper, testified that in 1955 she did accounting work for Jim Elkins. She said the day after the raid, Bennett was supposed to return the bankroll of the 8212 Club to her, the bankroll being $1,500. She said instead that he returned $1,000, and she asked him what he did with the money.

> Miss STONE. I asked him where the other $500 was, and he said he used it to take care of someone. So I had never heard that expression before, and I asked him what he meant. He said, "Well, I gave it to Terry Schrunk." So I said, "Well, you will have to take that up with my employer. I don't know anything about that" (p. 579).

Merlin Tiedeman, a Portland police officer, testified that he was called to the site of the 8212 Club while the sheriff was making the raid. He said he saw Bennett come out and talk to Sheriff Schrunk, return to the building and then come out again a few moments later and drop an object behind a telephone pole. He said he then saw Sheriff Schrunk walk over to the pole and pick up this object. He said he, his partner Officer Lowell Amundson, and Officer Dick Sutter were standing on the corner watching this, and Officer Sutter exclaimed, "That crooked son-of-a-bitch" (p. 585). Officer Amundson told exactly the same story.

Frank Daniels testified that he was a bartender in Portland, Oreg., in September of 1955 and that on the night of the raid he went out to the 8212 Club to see if he could get a job. He said he saw the raid in progress and remained to watch the proceedings because he was curious. He said he also saw Bennett drop an object behind the telephone pole and Schrunk go over and pick it up. Daniels said that after the raid he encountered Bennett, and Bennett said to him, "Come on in and have a drink. Everything is O. K." (p. 593).

Mayor Schrunk vigorously denied before the committee that he had received a payoff from Bennett. He said that one of his deputies made entry into the club and saw serving of drinks going on but no money changing hands. He said it was not illegal to give away liquor even after the legal closing hour. He said in connection with the

gambling that the deputy saw some chips but no money. He said he feared suits if any arrests were made because of what he considered lack of evidence. Schrunk admitted that no charges were ever brought against Bennett as a result of the raid on the 8212 Club but again denied vehemently that there had been any payoff of $500, or any amount.

The mayor then offered to take a lie-detector test to back up his denial. The questions to be propounded to the mayor were cleared and approved by his attorney. However, before the test was completed, Mayor Schrunk refused to continue with the examination unless six questions were eliminated from the test. The questions which he refused to answer were:

1. Are you personally acquainted with Jim Elkins?
2. While in a restaurant, did you receive several hundred dollars that was sent by Jim Elkins?
3. While sheriff, did you receive any payoffs from Stan Terry?
4. While sheriff, did you receive any payoffs from any pinball operators?
5. While sheriff, did you receive any payoffs from bootleggers through Ray Kell?
6. While sheriff, did you receive any payoffs from any gamblers?

He claimed that the questions were not relevant to the committee's inquiry. In support of his position, Mayor Schrunk offered an affidavit by Officer Sutter who had been quoted by the two other officers, Merlin Tiedeman and Lowell Amundson, as witnessing the picking up of the package from behind the post in front of the 8212 Club.

In the affidavit, Officer Sutter said, in part:

> I observed the fellow who did run the place, whom I believe to be Slim Bennett, walk across the street. And, I certainly don't remember him walking diagonally as the other account states in the paper, because I think I would have pinched him for jaywalking. But, anyway, I observed this Bennett by this telephone pole and this drinking fountain. And, as I recall, he—at least it appeared that he bent down and placed something between the pole and the drinking fountain. And then we observed another man whom at the time I believed to be Sheriff Schrunk go over, and it seemed that he picked something up there. And, what it was that this person picked up, I can't say. But I told the grand jury in my testimony that it was Sheriff Schrunk, and I believed at the time that it was Sheriff Schrunk, but since I have thought a lot about the thing and I have since been convinced—and I will repeat that—have since been convinced it wasn't the sheriff at all, and I am not even sure whoever it was picked anything up there. And, that is the reason that I contacted Mr. Minielly and wanted to talk to the sheriff was that I wanted to straighten it up in that the newspaper account accuses the sheriff of picking it up and apparently it comes from something I have said (pp. 653–654).

The committee, however, produced an affidavit from two other police officers who were at the scene. Officer Kenneth Lindholm, with whom Officer Sutter was working that night, stated that Officer Sutter got out and talked to Officers Amundson and Tiedeman while the raid was in progress and then returned to the car. Officer Lindholm, in this affidavit, states, among other things:

> Sutter stated that he had seen Sheriff Terry Schrunk pick up a package near the utility pole on the northwest corner of the intersection of Kilpatrick and Denver. Sutter was certain that Schrunk had received a payoff of some sort and he angrily denounced him as a dirty rotten crook (p. 781).

Officer Bobby J. McClendon, who said that during the summer of 1956 he was assigned in the same car with Officer Sutter, said that during their work together Sutter had told him that he saw Clifford Bennett place a package behind a utility pole at the northwest corner of Denver and Kilpatrick Streets about 4 a. m. on September 11, 1955; that Sutter saw Sheriff Terry Schrunk pick up this package a few minutes later; that he, Sutter, explained to the grand jury at great length and in considerable detail what a crooked man Terry Schrunk was; and that he, Sutter, accepted "smile" money and spent it. McClendon said that Sutter had subsequently told him that he had changed his story. In February 1957, after Sutter learned that McClendon had been subpenaed to appear before the grand jury, he was approached by Sutter who asked him whether or not he had told anyone of the conversations they had had while they were working together. Sutter than asked him not to mention these conversations to the grand jury. McClendon's reply to Sutter was—

> I could not lie to the grand jury and I would not take a chance of being indicted for perjury. Sutter then claimed he wasn't asking me to lie and stated that if I were asked about these conversations with him I should be vague and evasive and that I should tell the grand jury that I could not remember the conversations. I told Sutter that I would not know what it was all about until I got in the grand jury room and then I left his house (p. 782).

(Schrunk was subsequently tried in Portland and acquitted on the charge of perjury relating to the alleged bribe at the 8212 Club.)

In the case of District Attorney William Langley, a number of tape recordings obtained by James Elkins after he had a falling out with Crosby, McLaughlin, and Maloney cast a heavy influence on his suitability to act as a public official. These tape recordings, some of which the committee heard, showed Langley was a definite participant in the plot to open up vice and gambling in Portland. Langley, himself, contributed no information to the committee which would support his position in these matters. He took the fifth amendment across the board on questions affecting his relationships with Tom Maloney, Joe McLaughlin, James Elkins, Clyde Crosby, John Sweeney, and Frank Brewster. McLaughlin and Maloney, as has been pointed out earlier, also took the fifth amendment on the key questions propounded to them by the committee and its counsel. Clyde Crosby entered specific denials on a number of the points heretofore covered. How-

ever, as noted by this summary, his denials were contradicted in many cases by independent testimony.

Messrs. Schrunk and Crosby attacked the testimony of their accusers, and especially of Elkins, stating that he controlled vice in Portland and was a narcotics addict and a trafficker in narcotics and in women. In support of their statements they offered unsworn (?) and unsigned statements of 2 women, 1 an admitted prostitute who had been extradited from Mexico on false information and charged with burglary by Langley's office. The committee refused to accept these statements, but in order not to deny the fairest hearing to Mayor Schrunk and International Organizer Crosby, the committee convened specially to listen to their witnesses. Under oath and in a public session of this committee, these women recanted completly their written statements and told how they had been coerced into making them by threats of being sent to Oregon's institution for the insane.

John Sweeney died several months before the start of the committee's investigation. Frank Brewster, in his opening statement, entered a categorical denial, quoted here in part:

> 1. I know of no conspiracy or plan or effort on the part of the teamsters or any official or employee thereof to engage in any racket in the city of Portland, or elsewhere, in collaboration with any public official or anyone else.
>
> 2. I know of no conspiracy or plan or effort on the part of the teamsters or any official or employee thereof to gain control of the law-enforcement agencies of the city of Portland, the State of Oregon, or of any official of said city or State. Our sole interest there is the same as in every State, that is, to elect officials who are not antilabor and who will oppose so-called right-to-work laws.
>
> 3. I have never authorized Elkins, Maloney, or McLaughlin, directly or indirectly, to represent the teamsters or myself in Portland or anywhere else on any matter.
>
> 4. I have never authorized anyone, directly or indirectly, to engage in any racket on behalf of the teamsters or myself in Portland or anywhere else.
>
> 5. I know of no conspiracy or plan or effort on the part of the teamsters or any official or employee thereof to place anyone on the State Liquor Commission of Oregon for any purpose" (pp. 1000–1001).

Brewster said that neither Maloney nor McLaughlin had any official connection with the teamsters at any point. It is on this latter point, however, that the committee heard persuasive testimony and received persuasive evidence that the connection of Maloney, McLaughlin, and Langley with the teamsters union was not an accidental or a passing thing. The testimony showed that the teamsters paid travel expenses, hotel bills, telephone bills, and numerous other expenses for Maloney, McLaughlin, and Langley. In addition, the testimony clearly shows that Frank Brewster interceded with a teamster local in Spokane, Wash., to obtain a $3,900 loan for Tom Maloney to establish a gambling joint.

A. J. Ruhl, secretary of Teamster Local 690 in Spokane, Wash., testified that he loaned $3,900 to Tom Maloney during 1948 to invest in a cigar store, restaurant, and gambling establishment in Spokane,

Wash., known as Maloney's Sports Center. Ruhl said that he first turned down Tom Maloney on his application for this loan because the union had never before made any loans to individuals. He said he subsequently discussed the matter with Frank Brewster, and Brewster told him to "help him out" (p. 18). Ruhl admitted that he had never discussed the loan with members of the board of the local. Ruhl admitted that he was concerned about giving testimony before the committee because he feared he might lose his job in the union, that he was very close to retirement.

Ruhl also testified about two other curious loans made by local 690 in Spokane at the insistence of Frank Brewster and Dave Beck. The first was to a notorious eastern Washington gambler, Sam Sellinas. Ruhl testified that Sellinas came to him and said he was having tax problems and was also about to lose his ranch. He asked Ruhl if he could borrow $17,000 from the union. Ruhl said he turned him down the first time and told him he would have to take it up with Mr. Beck or Mr. Brewster. Ruhl said that he was aware of the fact that Sellinas was a close friend of Brewster. He said that he subsequently heard from Brewster, who encouraged him to make the loan. Sam Sellinas, in an affidavit provided to the committee, confirmed the fact that Ruhl had first turned him down on the loan. He said he later saw Frank Brewster who told him that the loan would be all right if Sellinas would put up some property as collateral.

Ruhl also testified that he loaned $30,000 to Richard Klinge, a close associate of Teamster International President Dave Beck and a former classmate at the University of Washington of Dave Beck, Jr. He said that Klinge asked him to have the union lend him $30,000 for investment in the Rainbow Tavern in Seattle, Wash. Ruhl said he turned this loan application down and was contacted thereafter by Sam Bassett, the attorney for the Western Conference of Teamsters. Bassett wanted to know if Ruhl would lend him the $30,000 and let him pass the money to Klinge. Ruhl said that on that condition he made the loan to Bassett. The loan was originally made at 5 percent interest, but records of the teamster local in Spokane showed that a settlement was made in which part of the interest was waived. It is interesting to note that the offer to repay the loan by Klinge and Bassett to local 690 coincided with the investigation of this committee into the transaction.

Records submitted as evidence to the committee also showed these connections among the Teamsters, Maloney, McLaughlin, and Langley:

(1) Telephone records of Thomas Maloney at 3711 East Second Street, Spokane, Wash., listed his occupation as teamsters union organizer in July of 1949.

(2) In August of 1955, Maloney made application for registration of a 1950 Chevrolet coupe, license 1G2373, and gave his address as A. F. of L. Teamsters Building, Northeast Third and Holiday Streets, Portland, Oreg.

(3) The Spokane City Directory for 1956, published by the R. L. Polk Co., listed Maloney as Thomas B. (Iva B.), organizer, teamsters union, 3711 Second Avenue.

(4) A bill for the Olympic Hotel, 230 Eddy Street, San Francisco, in the name of Tom Maloney, dated November 12, 1954, for a room

from November 5 to 9, 1954, in the amount of $21.20 was found in the files of the Western Conference of Teamsters, and a check of the Western Conference of Teamsters in the same amount was found dated November 15, 1954, and signed by F. W. Brewster and John J. Sweeney.

(5) A registration in the name of Tom Maloney at the Roosevelt Hotel, in Portland, Oreg., from November 23 through 26, 1954, gave Maloney's address as 552 Denny Way, Seattle, Wash., the address of the Western Conference of Teamsters.

(6) A hotel bill for Tom Maloney at the Hotel Olympic, in Seattle, Wash., for November 26 through 30, 1954, in the amount of $35.86 showed the notation "Send account to Western Conference of Teamsters, 552 Denny Way, Seattle, attention John Sweeney" (p. 152). Maloney gave his address at that time as 2704 Southwest English Lane, Seattle, Wash. The address of William Langley, district attorney of Multnomah County, in Portland is 2704 Southwest English Lane.

(7) A bill at the Hotel Multnomah, in Portland, Oreg., for Thomas Maloney from December 6 through 11, 1954, in the amount of $36.41, was charged to J. J. Sweeney, 552 Denny Way, Seattle, Wash. Sweeney stayed at the same hotel from December 7 through 8, 1954, accumulating a bill of $53.45. A check made out by the Western Conference of Teamsters, dated January 18, 1955, payable to the Multnomah Hotel, in the amount of $89.86 was found, which is the total of Mr. Maloney's and Mr. Sweeney's bills.

(8) A bill at the Hotel Olympic, Seattle, in the name of Tom Maloney for the period December 11 to 13, 1954, in the amount of $27.40, showed that it had been charged to John J. Sweeney, teamsters, 552 Denny Way.

(9) A registration at the Hotel Multnomah, Portland, for the period January 6 to February 2, 1955, was made in the name of Thomas Maloney, Seattle, Wash., representing the Joint Council of Teamsters. The bill was $241.50, and a check for that amount was made payable to the Hotel Multnomah by Joint Council No. 37, in Portland.

(10) A bill at the Olympic Hotel, in Seattle, in the name of Thomas Maloney for January 17 and 18, 1955, was found in the amount of $17.32, listing Maloney's occupation as "teamsters." A check was issued on March 11, 1955, by the Western Conference of Teamsters in the amount of $301.20, which Maloney's bill of $17.32 was included.

(11) A registration at the Portland Towers Apartments in the name of Tom Maloney and Joe McLaughlin from February 1 to June 30, 1955, gave as a reference the name of Clyde Crosby.

(12) A registration at the Park Plaza Apartments, in Portland, Oreg., from June 1 to July 31, 1955, in the name of Tom Maloney, showed that Maloney listed his employer as Clyde Crosby and listed his occupation as business agent, teamsters union, Third and Holiday Streets.

(13) The testimony of William O'Connell, representative of Teamsters Joint Council No. 37 in Portland, Oreg., indicated that on May 15, 1955, at the instruction of Clyde Crosby, he purchased a round-trip ticket from Portland to San Francisco in the name of Joe McLaughlin. A registration card of the Olympic Hotel, San Francisco, Calif., showed that Joseph McLaughlin checked into that hotel at 11:42

a. m., May 16, 1955, and was assigned room 606. A registration card at the same hotel showed that Clyde Crosby arrived on the same day, at the exact same time, and was assigned room 608.

(14) Telephone records for a private phone in the suite of Tom Maloney and Joe McLaughlin, Portland, Oreg., show that the bills were to be sent to Tom Maloney, care of Teamsters Building Association, 1020 Northeast Third Avenue, Portland, Oreg. The billings were as follows:

1955:		1955—Continued	
February 26	$67.80	July 26	$69.04
March 26	93.01	August 17	120.35
April 26	93.01	September 17	77.55
May 26	152.25	October 17	53.52
June 26	244.64		

(15) Records of Teamsters Joint Council No. 37 showed the following payments for telephone calls:

1955:		1955—Continued	
March	$67.80	August	$69.04
April	95.58	September	51.31
May	36.03	October	53.52
June	152.02	December	11.05
July	92.10		

(16) A hotel bill at the Olympic Hotel in San Francisco, from November 6 to 11, 1954, for William Langley and family in the amount of $75.95 was paid by check by the Western Conference of Teamsters, signed by F. W. Brewster and John J. Sweeney.

(17) A bill at the Olympic Hotel in Seattle from November 26 to 30, 1954, in the amount of $39.27 was paid by check drawn on the Western Conference of Teamsters, signed by F. W. Brewster and John J. Sweeney.

(18) The Western Conference of Teamsters paid for an airplane ticket in the name of Tom Maloney in the amount of $31.35 as part of an overall bill paid by check by the Western Conference on January 16, 1956.

(19) A check in the amount of $500 payable to William Langley was drawn on the account of the Western Conference of Teamsters in October of 1954, and cashed by Langley.

FINDINGS—PORTLAND, OREG.

The committee's first hearings, after being organized in February 1957, dealt with the efforts of certain individuals to seize control of underworld operations in the city of Portland, Oreg.

Beneath the surface of every major city in the United States, there operates some clandestine vice. In some cases, these vice operations are on a hit-and-run basis, always harassed by efficient law-enforcement officials and never allowed to gain a foothold in the community. In other cases, however, corrupt law enforcement allows vice to operate, winking at violations of the law and often collecting payoffs to allow it to continue.

It is this latter type of operation with which the committee dealt in its Portland hearing. This was no haphazard venture. It had been carefully planned and, as the testimony so clearly indicates, was carried out with the power and assistance of certain high officials of the

Western Conference of Teamsters, the Joint Council of Teamsters in Portland, and teamster locals.

A necessary element in all successful underworld operations is a corrupt public official, with whom the gambling operators and others can do business. In this case it was the teamsters union, through their backing of William Langley for district attorney of Multnomah County, who assured the election of this corrupt official. Even while the political campaign was in progress, the evidence shows that plans were underway to open up certain illicit enterprises, so certain was the knowledge that, if Langley was elected, they would be allowed to operate.

With the election of Langley, a meeting was held in Seattle, at which Langley was present, to plan the taking over of gambling operations in Portland by an underworld combine headed by Joseph McLaughlin and Thomas E. Maloney, Seattle gamblers. The plan was extremely simple in its essence. With the connivance of Langley, Maloney, McLaughlin, and Jim Elkins, a Portland gambler, they were first to take control of the pinball and punchboard rackets in the Oregon city. In this the gamblers were assisted by Clyde Crosby, the head of joint council No. 37 in Portland and the international organizer for the State of Oregon for the International Brotherhood of Teamsters.

Pinball and punchboard companies were set up with McLaughlin, Maloney, and Elkins as the silent partners. Crosby provided lists of tavern and store locations then held by other operators. The plan was for the new Maloney- and McLaughlin-controlled companies to move in on these locations and ask the tavern owners or store owners to substitute their machines for those already installed.

A splendid example in point was the Mount Hood Cafe, about which the committee heard testimony. A teamster business agent, Frank Malloy, walked into the cafe and asked its owner, Horace A. Crouch, to identify the owner of the pinball machine. When Malloy was told the machine belonged to an operator not allied with the Maloney-McLaughlin combine, he told Crouch to take the machine out or he would be picketed. A few days later pickets did appear, and Crouch told the committee this had a severe effect on his business. He told the committee that if he had not removed the machine, as requested by union business agent Malloy, he would have gone bankrupt.

An interesting point in this incident is the fact that the local's secretary, Lloyd Hildreth, testified that he had not ordered the pickets placed on the Mount Hood Cafe but that these pickets had been ordered by Clyde Crosby. Hildreth conceded to the committee that it was "kind of an unusual situation."

This and other picketings had the effect of bringing teamster economic power to bear on behalf of this underworld combine. The economic livelihood of a small tavern or store owner depends on his ability to get deliveries of beer, other beverages and food. The teamsters have the power to shut these deliveries off and, as the testimony clearly shows, did so in Portland where the Maloney- and McLaughlin-backed pinball machines were not being installed with the proper speed. Maloney and McLaughlin were given further assistance by the Teamsters through the payments of their expenses by the Western Conference of Teamsters and joint council No. 37 in Portland.

With the pinball and punchboard operations underway, Maloney and McLaughlin turned to other types of vice, and with Langley's

assistance began to plan the opening of houses of prostitution and an abortion ring. Elkins balked at these plans, which led to the breakup of his association with McLaughlin and Maloney. Were it not that the conspirators in this particular case had a falling out, the Committee believes that gambling and law enforcement in Portland would now be completely under the domination of a teamster-backed underworld. In other cities of the United States, where similar tactics have been employed, this type of domination has been achieved successfully.

The committee finds that Frank Brewster, chairman of the Western Conference of Teamsters, and the late John J. Sweeney, secretary-treasurer of the Western Conference of Teamsters, were aware of the Maloney-McLaughlin power grab and aided the pair to the extent of approving expenditures of teamster union dues funds for their expenses.

The committee further finds that Brewster and Sam Bassett, attorney for the Western Conference of Teamsters, acted improperly in importuning and persuading A. J. Ruhl, secretary-treasurer of local 690 in Spokane, to make loans of union dues money to Maloney for the operation of a gambling establishment; to Sam Sellinas, a notorious eastern Washington gambler and underworld figure, for the payment of his income taxes; and to Richard Klinge, a close personal friend of Dave Beck, for the purchase of a bar in Seattle. The committee finds that A. J. Ruhl acted improperly in making these loans, but did so, in part, as a result of the fear of losing his impending teamster pension accumulated during a lifetime of membership in the union.

The bulk of the evidence in this case rests on the testimony of James B. Elkins, a longtime gambling operator with a police record. While the committee in no way excuses Elkins for any activities he may have engaged in in the past, the fact remains that most of Elkins' story stands corroborated before the committee by independent evidence.

The committee found Elkins to be a forthright and candid witness. This cannot be said for a number of witnesses, including Clyde Crosby and Portland's Mayor Terry Schrunk, who equivocated much of their testimony before the committee.

A number of examples can be cited in the record on Crosby's penchant for evasive answers. He said he ordered the pickets on the Mount Hood Cafe but had no idea that they were stopping deliveries. He said he had not even bothered to ascertain whether the deliveries were being stopped. Crosby said he had not arranged or participated in a meeting between Thomas Sheridan, an employee of the Oregon State Liquor Board, and Elkins. Both Elkins and Sheridan swore Crosby was present at such a meeting. Crosby told investigators in Portland he had met Joseph McLaughlin only once or twice in his life. At the same time he said he could not recall having paid any bills for Maloney and McLaughlin with teamster funds. During the hearing, Crosby admitted he had paid such bills. He testified that although he had taken the same plane to San Francisco with McLaughlin (the ticket having been paid for out of union funds), had traveled in the same limousine from the airport to the hotel, had registered simultaneously in an adjoining hotel room, he

was not "traveling with" the Seattle gambler. Crosby's testimony on these matters is unworthy of belief.

The taped conversations obtained by James B. Elkins provided equally incontrovertible proof of the participation of District Attorney Langley and teamster officials in this entire plan.

The committee has urged the Justice Department to take action on what it considers to be the serious perjury which was committed before this committee during these hearings. At this time the committee reaffirms its feeling that serious perjury was committed and again urges the Justice Department to take action.

Frank W. Brewster

Frank W. Brewster was the chairman of the Western Conference of Teamsters. In this position he directed the activities and work of some 245 local unions in the western part of the United States, representing better than 300,000 truckdrivers, warehousemen, and other workers.

In March of 1957, the committee held hearings into the financial operations of the Western Conference and Joint Council 28 of the Teamsters union in Seattle, Wash. The pattern revealed by these hearings was one of careless spending of union-dues money for personal and other uses. Included in the abuse of fiduciary trust revealed by the hearings were:

1. Extensive spending of union dues by Frank W. Brewster for his personal use, particularly in the operation of his large stable of thoroughbred racehorses.
2. The purchase of a plush Palm Spring, Calif., apartment—tastefully decorated at union expense—for the enjoyment and comfort of the union's top officers.
3. The use of $4,000 in union funds as a downpayment for the purchase of a home in Palm Springs, Calif., for Frank W. Brewster.
4. The unauthorized use of almost $400,000 in teamster funds in an attempt to save a failing Canadian truckline. This is a a particularly curious transaction in which the union stood to gain nothing and to lose much, and a private Washington truckowner stood to end up as sole owner of the truckline without putting up a nickel of venture capital.
5. A hidden interest by Frank Brewster and Dave Beck in a Seattle service station where the teamsters did the bulk of their business.
6. The filing of false reports on the financial activities of Joint Council 28.
7. The first disclosure that Dave Beck had stolen, rather than borrowed $250,000 in union funds in Seattle.
8. A definite conflict of interest in the relationship between Frank Brewster and George C. Newell, broker for the Western Conference of Teamsters' Welfare Fund.

During a 5-day hearing Brewster was on the stand and denied very few of the allegations listed above. He pleaded with the members of the committee that the fault lay in sloppy bookkeeping and questionable financial practices such as the wholesale signing of blank checks

to be used without real control. He immediatley promised he would have an auditor check the union's books to determine the amount of his indebtedness and said that he would repay this money as promptly as possible. Since the hearings, Brewster has deeded his home to Joint Council 28 as collateral against any money he might be found owing.

Quite a few of Mr. Brewster's problems before the committee stemmed from his desire to improve the breed. The Seattle teamster official admitted he was quite fond of horses and the testimony showed that he owned an extensive stable in partnership with George C. Newell, a broker for the Western States Conference Welfare Fund.

The committee found that Brewster had used union funds for transportation of his horse trainer, Mel Eisen, and his stable's contract jockey, Richard Cavallero. A Seattle teamster business agent, Terry McNulty, was also used for early morning walking of horses and driving the stable's horse van to various racetracks in the West. In one instance, the records showed that McNulty was staying at the El Rancho Hotel at Millbrae, Calif., a mere spitting distance from two of California's major racetracks, Tanforan and Bay Meadows, from September 9 to 12, 1955. His expenses at this motel were submitted on an expense voucher to the Western Conference of Teamsters. Mr. Brewster had an explanation for McNulty's stay at the El Rancho:

> There's a highway close to there that he checks on trucks that run up and down the highway. It's a natural position for an organizer not to stay in the heart of the city. When he organizes he stays out in motels and so forth. At Bay Shore, I don't know whether you know it, there are probably as many trucks going on that Bay Shore as there are any other place.

The records of the same motel showed that hotel bills at the El Rancho were also paid for Eisen and Cavellero. Airplane tickets were also purchased for the same 2 men and on 1 occasion, Bobbie Eisen, the trainer's son, made a trip from San Francisco to Los Angeles to Modesto, Calif., at a cost of $46.09 to the teamsters union. In an affidavit, the secretary of the Western Conference, Rita Prasch, said she had purchased the tickets at the direction of Frank W. Brewster.

Brewster also found the atmosphere at the racetrack conducive to the conducting of his union business. He said it wasn't the fact that he had horses running or that he had a great interest in horses that led him time and time again to various west coast horseracing ovals.

> Mr. BREWSTER. I take time in going around and questioning and I can probably take and find 100 people, when I go into the racetrack at all, will come to me with some problems. I have even been in a position of where I thought that I would consolidate the north and south parts of the State of California to have one local union and one person responsible for that local union.
>
> I have worked with those people and worked with the organizers and worked with the secretaries and worked with the people that belonged to that organization. I used to receive

letters after letters that in their opinion they weren't getting the proper representation through the method that the union was operating under and there are many tracks around there that open up, and so forth, and they weren't getting their seniority (p. 1125).

Not only the cost of transporting the jockey and trainer and paying their living expenses became the burden of the teamsters union, but a Seattle automotive shop owner's affidavit told of making repairs on the horse van owned by Breel Stables and being recompensed by union checks. Breel Stables is the name adopted for the string of horses owned by Brewster and Newell.

On all of these points, Brewster said he did not remember authorizing the use of union funds. He insisted, however, that a personal auditor would check through the books and find out what his indebtedness was to the union. (It should be noted that when committee investigators went to Seattle, they found a number of key books and records of the union had been destroyed.)

The CHAIRMAN. The point is the Chair is trying, the Committee is trying, to find out, to get your explanation, if you have any, of these records that we have finally been able to get. Your records have been destroyed, and it is very difficult. But if we can get up these things without your records and go into the banks, and go around and make these contacts, with the limited opportunity we have to do it in, it raises some very strong suspicion as to what the records would show if you had them here available. Do you not agree?

You agree, do you? That is the kind of operation, management, bookkeeping and system that the teamsters union appears to have, is that not correct?

Mr. BREWSTER. It isn't good. I would say that.

The CHAIRMAN. I know it isn't good. We all know that it is not good. I will just observe one other thing. You said you were paying 3 or 3½ percent interest. Do you not feel in view of Mr. Beck's statement that he borrowed three or four hundred thousand dollars without paying any interest, that you are being discriminated against a little?

Mr. BREWSTER. Please don't get into Mr. Beck now. I have enough trouble myself (p. 1127).

The union annually purchased boxes at the major west-coast racetracks. In 1954, for example, the cost of these boxes was $1,280 and in 1955, $1,390.

Mr. KENNEDY. Was there any arrangement in the union for union members to come in and use those boxes?

Mr. BREWSTER. A lot of union members used them.

Mr. KENNEDY. What kind of an arrangement was it so that a union member who came by could use that box?

Mr. BREWSTER. All there had to be was a seat vacant.

Mr. KENNEDY. Did you send out a letter to all union members?

Mr. BREWSTER. No; I didn't send out a letter.

Mr. KENNEDY. What was the procedure followed for union members?

Mr. BREWSTER. The procedure was they would ask myself or ask the trainer. I left the passes, and so forth, with the trainers, so that if any union member asked, or any employer asked, or if I sent any employer, if an employer asked me, and there were many, many employers that sat in those boxes when we were down for conferences and so forth. That was a general procedure. They wanted to go to the races, and they asked me and I had the boxes for them.

As far as myself is concerned, I think that people try to think that I am around the racetrack all the time, which I am not. I do my work. I don't occupy those boxes as much as probably somebody would make you think.

Mr. KENNEDY. Any teamster member could come to the track? Then what would he do, come up and say, "I am a teamster, can I get into Frank Brewster's box?"

Mr. BREWSTER. Yes; he might do that, and I think he would get in there, if there wasn't somebody already sitting in it, some other teamster (p. 1138).

The records of Breel Stables indicated that while the stable had been a profitable venture for Brewster, it had been a near calamity for his partner, George Newell. The committee investigators traced the complicated relationship and went back to the inception of the Newell-Brewster association. Brewster located a piece of property in Arcadia, Calif., which he and Newell purchased for the price of $12,000, each putting up half of the purchase price. The 2 then turned around and sold this piece of ground to the city of Los Angeles for $25,000. With this tidy profit they founded the Breel Stables which included such equine stalwarts as Whang Bang, Alderman, Turner On, and Tops Boy. The stable expanded in size but Brewster could not recall how much he had put into it as an investment.

The CHAIRMAN. Within the past 3 years you have put how much money into this Breel Stables?

Mr. BREWSTER. In the past 3 years we haven't had the Breel Stables.

The CHAIRMAN. All right; the last 3 years that you had it.

Mr. BREWSTER. The last 3 years prior to the last 3 years that you were talking about?

The CHAIRMAN. You heard what I said. You understood me.

Mr. BREWSTER. I really do not know.

The CHAIRMAN. You have some idea about it.

Mr. BREWSTER. I haven't any idea.

The CHAIRMAN. $1,000?

Mr. BREWSTER. It is much more than that.

The CHAIRMAN. $20,000?

Mr. BREWSTER. I do not know.

The CHAIRMAN. Mr. Brewster, you astound me with your lack of knowledge and occupying the position you do.

Mr. BREWSTER. Maybe I have a bad memory.

The CHAIRMAN. Well, obviously (pp. 1215, 1216).

Brewster said, when the stable was split up in 1955, he ended up owing George Newell $40,000. There was no evidence, however, that Brewster considered this $40,000 as an obligation to Newell, beyond his own statements. For instance, Brewster admitted that he had never given a note to Newell in any amount even though the stable had been out of existence for 2 years at the time of the hearing.

A committee investigator testified, however, that while Brewster and Newell started out in their racing enterprise even, they were far from even when the transaction came to a close. According to the books of Breel Stables, the company was closed out owing Newell $52,127.75 and owing Brewster $1,563.53.

> * * * The disparity in the figures owed to the two partners in this corporation was due to the heavy investments that had been made in Breel Stables by Mr. Newell as opposed to the almost lack of investment made by Mr. Brewster.

This disparity was settled by giving Brewster horses valued at $42,496.43, a horse truck, and an electrowrap machine. Mr. Newell, on the other hand, took out of the company a $17,750 "note", a bank account with $891, another account with $1,000 in it, and the horse Alderman, valued at $9,524. Taking these figures into account, Newell ended up taking a loss on the stable in excess of $22,000 and Brewster ended up with a profit of $18,000. These figures are complicated slightly by the $17,750 note. When interviewed in Seattle, Newell said that no such note existed and as indicated in Brewster's earlier testimony, he also said there was no note. Taking the note out of the transaction, Newell's loss amounted to $40,712.75, and Brewster's profit amounted to $44,366.03. To put this on as simple terms as possible the testimony indicated that during the life of the Breel Stables it was Newell who had made the substantial investment and Brewster who had contributed practically nothing to the stable. When the stable was dissolved, Newell ended up in the hole more than $40,000 and Brewster ended up with virtually all the assets of the corporation, including the horses, horse truck van, and electrowrap machine.

> The CHAIRMAN. Let me ask you a question. I am trying to follow this. Does this indicate that in this partnership arrangement in the Breel Stables, that when the thing was dissolved and settled up Mr. Brewster had made the minimum investment or the minority investment, but ended up with profit, and Mr. Newell, who had more substantially financed the project, ended up with losses?
>
> Mr. SALINGER. That is exactly correct, sir.
>
> The CHAIRMAN. And that is some 2 years ago when the corporation was dissolved?
>
> Mr. SALINGER. That is correct, sir (p. 1219).
>
> * * * * *
>
> Mr. KENNEDY. Do you think that it is a proper transaction for the president of the Western Conference of Teamsters to allow himself to be owing the broker for the insurance fund $40,000?
>
> Mr. BREWSTER. I have known George Newell long before he brokered, all my life. I think as a friend, regardless of

what business he is in, I think it is all right. I am not taking advantage of the position.

Mr. KENNEDY. He makes from the Western Conference of Teamsters approximately $300,000 each year, does he not, net?

Mr. BREWSTER. Yes. It is one of the lowest brokerage fees in the business.

Mr. KENNEDY. I am not questioning that. He still makes $300,000 each year. You are president of the Western Conference of Teamsters.

Mr. BREWSTER. I am not in any way obligating myself to Mr. Newell.

Mr. KENNEDY. You owe him $40,000.

Mr. BREWSTER. And I intend to pay him.

Mr. KENNEDY. Have you written any note?

Mr. BREWSTER. There is still an argument about the books. They are not just exactly the way that they have been produced. There is a matter of a mare that he has that isn't on there that I sold him. That hasn't been deducted. It is a mare by the name of Whang Bang.

The CHAIRMAN. Is this a kind of a whang-bang transaction?

Mr. BREWSTER. She was a whang-bang mare. She won forty-some thousand dollars, too (p. 1222).

Brewster persisted in his contention that he could not recall whether or not he had ever signed a note over to Newell, moving the chairman to remark:

Mr. Brewster, again it is a little strange that a man of your intelligence with the position you occupy could not remember whether he gave a $17,000 note. One would gain the impression from the way you handle your personal financial matters that you might handle the union's affairs in the same slipshod manner.

Mr. BREWSTER. I am not able to tell what people imagine.

The CHAIRMAN. Do you see nothing wrong whatsoever in your becoming heavily indebted to Mr. Newell, taking into account the relative positions you both occupy with the teamsters union, the business relations with it, and the large profits he is making from business that he receives from the Western Conference of Teamsters?

Mr. BREWSTER. I see nothing wrong with it, and there has been no motive on my part——

The CHAIRMAN. You see no conflict of interest?

Mr. BREWSTER. No, sir.

The CHAIRMAN. You see no conflict of interest in receiving that stock?

Mr. BREWSTER. No, sir.

The CHAIRMAN. No conflict of interest in your becoming heavily indebted to him in a business enterprise?

Mr. BREWSTER. I do not.

The CHAIRMAN. Well, that is your statement (p. 1223).

It was revealed that Newell had made annual Christmas presents of $5,000 worth of stock in the years 1951, 1952, and 1953. These three stock transactions were paid for out of the funds of Newell's brokerage company, and the records of that company showed that they had been paid for "commission." This would have seemed to indicate that Newell was kicking back part of his brokerage fees to Brewster in order to cultivate and continue the teamster official's good will.

These payments were deducted on Newell's income-tax returns from the profits of his insurance business, and were not related in any way to the stable. Brewster had come to the premise, however, that the money had been paid him by Newell for managing the stables during those years.

Mr. BREWSTER. I cannot help what he marked it down. I had not any knowledge of it, and I would not have taken it if I had known that it came from any commissions from the insurance or health and welfare.

Mr. KENNEDY. What services were you performing for him that warranted your receiving approximately $5,000 each year, in 1951, 1952, and 1953?

Mr. BREWSTER. I was managing the entire part of the stable. I was seeing, on claiming horses—seeing that they were properly taken care of, and so forth.

Mr. KENNEDY. Were you not president of local 174, or secretary-treasurer of 174 at the same time?

Mr. BREWSTER. Yes, sir. And any time I did this work it was before and after hours of working for the organization.

Mr. KENNEDY. What do you mean, "before hours"? What time would you be getting up in the morning?

Mr. BREWSTER. 4:30.

Mr. KENNEDY. And what sort of work would you be doing with the horses then?

Mr. BREWSTER. In Seattle, when I was there, or any other place, I would instruct and look over the stable in its entirety, and see what horses needed to be worked, what horses needed to be walked, what horses needed to be run.

Mr. KENNEDY. Would you get up every morning at 4:30 and see what horses needed to be worked?

Mr. BREWSTER. Every time I was in any place where the horses were worked.

Mr. KENNEDY. How often was that; that you were where the horses needed to be worked?

Mr. BREWSTER. I would say that it was probably 50 percent of the time.

Mr. KENNEDY. That you were in Seattle? Would you say that 50 percent of the years 1951, 1952, and 1953 you got up at 4:30 in the morning to see that the horses were walked?

Mr. BREWSTER. Yes, sir; I got up at 4:30 every morning.

Mr. KENNEDY. You did not have Terry McNulty or any of these other employees that could do that?

Mr. BREWSTER. No; I didn't have them do that.

Mr. KENNEDY. Was it because you were interested in saving the money that you did not have an employee do it—perform it for you?

Mr. BREWSTER. I was interested in seeing that the horses were properly taken care of (p. 1207).

The history of the Brewster racing enterprises continues fascinating with the dissolution of the Breel Stables. The horses which Brewster salvaged through this operation became the nucleus of a new racing organization, the Needmore Stables, owned by Brewster in partnership with John J. Sweeney, the then secretary-treasurer of the Western Conference of Teamsters, and Fred Galeno, a Seattle pinball and jukebox operator. Mr. Galeno, it turned out, was a man with many hats. He was, first of all, as pointed out, a pinball operator; he was the secretary-treasurer of the Washington Amusement Association; he was a member of Local 174 of the Teamsters Union. Contracts signed between Teamsters Local 353 and the Washington Amusement Association showed that Galeno was the signator for the employers. Brewster said that Galeno and Sweeney were to pay him for participation in the stable on the basis of what he had to pay to Breel Stables for the horses. Since both he and Newell denied there was any note outstanding acknowledging an obligation from Frank Brewster, and since Brewster had made no efforts to pay any money to Newell on this alleged obligation since the dissolution of the Breel Stables in 1955, the committee found the transaction a bit hard to follow. The capper came when Brewster revealed that he had sold the Needmore Stables just 5 weeks before the committee hearings started. John Sweeney died in the interim.

Mr. KENNEDY. Mr. Brewster, what I do not understand is this: You go into the partnership with two other men. You go into the partnership some 18 months or 2 years ago, and you go in partnership during this period of time, and then you sell, and you still have not made arrangements for the purchase of it.

Mr. BREWSTER. That will all come out in the finale of the entire subject matter, and I will give you a copy of the record.

The CHAIRMAN. Mr. Brewster, you just a moment ago said you were going to make a contract, and that you had a tentative agreement, and now you sold the business, and how can you make a contract?

Mr. BREWSTER. We can still make the contract, and it can still be binding, in my opinion.

The CHAIRMAN. It is a moot question now. The business is sold. You cannot make a contract about a business that you do not own. One of the parties is dead.

Mr. BREWSTER. I believe it will be satisfactory to all parties.

The CHAIRMAN. And it may work out satisfactorily, but you do not mean to sit here now and tell us that you still intend to enter into a contract.

Mr. BREWSTER. I do.

The CHAIRMAN. With a dead man and about a business that you do not own?

Mr. BREWSTER. His estate will be in (pp. 1233–1234).

The relationship between Galeno and Brewster, over and above the horseracing transaction, was not the normal one between an employer and a labor union. Brewster said that, on one occasion, he sent Galeno to Los Angeles and San Francisco to make a private survey of the garbage industry in those cities.

The CHAIRMAN. Do you have a copy of that survey or that report?

Mr. BREWSTER. No, sir. It was a private survey made to me, because at that time—if you want to go into that, it would take quite a while (p. 1235).

His expenses and those of his wife were paid by the Western Conference of Teamsters. Galeno, it also turned out, was once dispatched as a delegate to the Western Conference of Teamsters convention in Los Angeles. He was given $750 in expenses. Other conventioneers who received $750 from the teamsters that year were Dave Beck, Jr., and Simon Wampold, the personal financial adviser of Dave Beck.

Brewster had no explanation for checks totaling better than $1,700 made out in favor of Galeno. One for $507.50 was charged on the books of the teamsters to "Donation." The other, in the amount of $1,225, was charged to "Buttons, printing, and supplies." Brewster was equally uninformed on a check for $1,000 made out to cash and signed by Fred Galeno. The signature "F. W. Brewster" appeared on the reverse side. Brewster said the signature on the check was not his. He said to his knowledge he had not received this $1,000, and he had no idea who had written his name on it.

Brewster's other intriguing business interest was a partnership in the Standard Service Tire Co. located at Fairview Avenue and Denny Way, Seattle, located so close to the teamster headquarters that hardly any teamster business agent could resist passing by the station and filling his tank with gas. Brewster had a 50–50 partnership in this enterprise with Dave Beck, international president of the teamsters union. The 2 men received a guarantee of $175 a month, 1¾ cents for every gallon of gas they sold, 7½ cents of the gross profits for the sale of tires, tubes, and accessories and other merchandise, and 7 percent of all the gross profits from all labor and services. The irresistible urge of the teamsters to do business there resulted in a bill at the Standard Service Tire Co. for the period 1950 to 1955 in the amount of $164,589.76. This bill was owed by just three teamster organizations which committee accountants had a chance to check before the hearing—local 174, Joint Council 28, and the Western Conference of Teamsters.

Mr. KENNEDY. Do you think it is a good idea, Mr. Brewster, for a president of the Western Conference of Teamsters to be having an interest in a company which does business with the Western Conference of Teamsters?

Mr. BREWSTER. That type of business, I certainly cannot see anything wrong in.

Mr. KENNEDY. You do not see anything wrong about it, and you do not think that there is any conflict there?

Mr. BREWSTER. I certainly do not.

Mr. KENNEDY. What about having business with Mr. Galeno who is signing a contract with the teamsters? Do you think that there is anything wrong in having a business arrangement with him?

Mr. BREWSTER. I do not believe that the business that I am in, certainly it is entirely different, and I don't see any conflict whatsoever.

Mr. KENNEDY. Can you see there might be a problem if you did not have somebody with high principles who had a business arrangement with a company that did business with the teamsters?

Mr. BREWSTER. I am very fortunate that Mr. Galeno has high principles.

Mr. KENNEDY. I am just talking about if you had an official of a union who did not. Do you think that there is anything that is questionable about having a business deal or having a business interest in a company that does business with the teamsters?

Mr. BREWSTER. Until it has been discussed today, I have never heard it discussed on the west coast in my 37 years (pp. 1242–1243).

The committee spent some time on the engrossing subject of Palm Springs houses and apartments, fancy interior work by a lady decorator from Los Angeles. Brewster was asked if he had any idea to what use a $4,000 check was put. This check, payable to the "Local 174 Special Fund" was signed by F. W. Brewster and C. O'Reilly. Brewster was at that time secretary-treasurer of local 174. Brewster studied the check intently and told the committee the money was used for making political donations.

Mr. BREWSTER. At that time, we gave all political donations, State, local, and county, in cash, and O'Reilly was the one that put out the cash.

Mr. KENNEDY. What would prevent Mr. Claude O'Reilly or Mr. Frank Brewster taking the $4,000 and sticking it in their pocket?

Mr. BREWSTER. Because I don't believe they are that kind of people.

Mr. KENNEDY. What would prevent Mr. Frank Brewster taking the $4,000 and using it to purchase or pay for some of his personal bills?

Mr. BREWSTER. That never was the purpose, and that has always been handled that way, and we have changed that entire system in about the middle of 1953.

Mr. KENNEDY. Did you make any accounting to anyone in your books as to how you spent the money?

Mr. BREWSTER. I don't remember any accounting of it p. 1140).

Committee investigators said that they had conducted a diligent search and failed to turn up anything like the local 174 special fund in any Seattle bank. Not only that, but the $4,000 check was only a small part of the $99,999.65 which had gone to the local 174 special

fund for the years 1950 through 1953. Brewster could not give any accounting for this large figure. He said the whole fund was handled by Claude O'Reilly, and Claude O'Reilly was dead. The $4,000 check, however, as traced by committee investigators, led a fascinating life. The check, dated February 27, 1951, was taken to the Seattle First National Bank on that day and traded for a bank money order payable to the Palm Desert Properties Corp. On March 7, 1951, the records of the Palm Desert Corp. showed that a $4,000 downpayment was made on a home purchased by Brewster from this company. On the face of the money order were the initials "F. W. B." Brewster met this information by declaring, "I have no comments at the present time but I am positive that I will have an answer for you." It developed that another $15,000, which Brewster put into his Palm Springs hideaway, had been borrowed from William Edris, a Seattle businessman whose name was once publicly linked to the bookie racing wire business. The books of the teamsters' union reflected that the $4,000 had been charged up to organizational expense, and the same amount was reflected in this manner in the form 990 filed by the union with the Department of Labor.

A lack of books and records indicating what happened to the $99,999.65 of the local 174 special fund also was the case with the local 174 unemployment-relief fund. In this case $60,000 had been dispensed. Brewster said: "I think it went for unemployed relief, the same as it is designated." Brewster said he had once seen a book for that fund but did not know where it was. No bank account was found in any Seattle bank for this so-called special fund or this unemployment-relief fund.

There seemed to be an equally mysterious lack of information about the joint council 28 convention fund. When committee investigators sought to study the convention fund books they found that the first 63 pages had been physically torn out of the book. Brewster seemed to remember a conversation with a union accountant in 1942 stating that she was going to cut out some pages from an old book so that she could use it for the setting up of the new account.

> Mr. KENNEDY. Mr. Brewster, do you mean to tell this committee that you cannot remember what happened to $160,000, but you can remember a conversation you had with a secretary 15 years ago?
>
> Mr. BREWSTER. I remember this particular one, yes (p. 1252).

The committee accountant, Carmine S. Bellino, said he was told in Seattle that the first 63 pages of the convention fund book had been torn out after the service of this committee's subpena. A Mrs. Wise told Bellino:

> The 63 pages were torn out because the committee subpena called for the production of records starting January 1, 1950, so they tore out everything prior to January 1, 1950.

However, in their zeal, they actually tore out all the records up to February 1, 1953.

Some of the wayward funds of the Western Conference of Teamsters found their way into the coffers of Dimny Lee Walton, a Los

Angeles interior decorator. Miss Walton did some work on redecorating teamsters' offices in Seattle. She also was engaged by the teamsters at the cost of $6,663.37 to do over the home of John J. Sweeney. Brewster justified this by stating that Sweeney had been sent to Portland, and after being there only 18 months and going through the cost of buying a new home and having it furnished and decorated, he was then recalled to Seattle to become secretary-treasurer of the Western Conference of Teamsters. Besides, Brewster said, the whole thing had been approved by the board of directors of the Western Conference. A committee investigator, Pierre E. G. Salinger, said that he had made a survey of the Western Conference minute books and found no mention of this authorization. Records showed that Sweeney had only taken a loss of $235 in his Portland home. When Sweeney moved to Seattle, the union also lent him $37,000; $25,000 of which, according to Brewster's testimony, was for the purchase of Sweeney's home.

The use of teamsters' funds for stock purchases also turned up in the evidence. For example, $47,000 of the Western Conference of Teamsters went for the purchase of Campbell Soup stock. The stock was then distributed to a number of teamsters' officials who were to repay the teamsters at the rate of $100 per month. Among those who profited from this plan were Nugent LaPoma, secretary-treasurer of local 174; John Sweeney; Mrs. Gordon Lindsay, wife of the deceased secretary-treasurer of the Western Conference of Teamsters; George Newell; Sam Bassett, the teamsters' attorney in Seattle; and Fred Galeno, the friendly employer. Then there was the Quebec-Chibougunau stock, which amounted to $46,000. Out of this Brewster and Sweeney also had some $5,000 worth of this stock. These moneys advanced to Brewster, Sweeney, and the others had been set up on the books of the teamsters union as loans, and at the time of the hearing there was evidence that there had been repayments made on some of them and not on others. A committee investigator said that the stock was highly speculative, and, in fact, it had depreciated some $18,000 by the time of the hearing.

In at least one instance the dues of the west-coast teamsters appeared to have gone for the purchase of a new green automobile for the girl friend of the aforementioned teamsters business agent, Terry McNulty. A check of the Western Conference of Teamsters in the amount of $3,115, payable to Harry Apple, Inc., of Los Angeles, went for the purchase of a green Chevrolet (?) for Miss Mary James, McNulty's girl friend. In a phone conversation Miss James first told committee investigators that the car was a present from McNulty. She later amended this and said that she had taken $1,800 cash out of her bank account and had given it to McNulty and McNulty was to have gotten the rest of the money for the purchase of the car. He turned it over to Gordon Lindsay, secretary-treasurer of the Western Conference. An examination of the books of the Western Conference, however, failed to disclose any entry of such a nature.

The CHAIRMAN. Well, Mr. Brewster, you signed the check, did you not?

Mr. BREWSTER. I signed checks in blank.

The CHAIRMAN. That is a bad practice, too; is it not?

Mr. BREWSTER. I know it is, and I believe I explained that I am going to try and change that system of signing checks in blank. I am not signing them in blank now.

The CHAIRMAN. All right. That is one improvement that we can note (p. 1277).

Other interesting disbursements turned up by the committee were the purchase of new tailored suits for Brewster's horse trainer, Eisen, McNulty, and a Sacramento, Calif., teamsters' official, Harry Finks, as well as for Brewster himself. On one occasion, after $546 of teamsters' funds had been used to pay the tailor, Nicholos V. Santarelli, Brewster received the leftover change, amounting to $176, from Santarelli.

Every Christmas the union distributed largess to its employees and friends in the form of gifts of money orders from a Seattle specialty shop, Littler's. This amounted to $3,956.41 in 1955. A number of these certificates amounting to $612.85, it turned out, had been used for personal purchases by Brewster.

By far the most involved transaction which the committee heard concerned the attempt by the teamsters to rescue the faltering Pacific Inter-Mountain Express Co., of Vancouver, Wash. The union poured $440,000 into this venture. The justification of this, according to Brewster, was the fact that teamsters had successfully organized this company and wanted to keep this foothold in Canada. This company had 160 employees signed up with the teamsters.

Senator MUNDT. There is something wrong there. There must be more than 160 jobs that you put that much money in. Was there 160,000 jobs?

Mr. BREWSTER. No. In trucking, that is a pretty good size trucking outfit. It isn't a small outfit, 160.

Mr. KENNEDY. How much money did you put in altogether?

Mr. BREWSTER. I haven't the exact figure, but I think it is in excess of $400,000.

Mr. KENNEDY. To save 160 jobs?

Mr. BREWSTER. No. To save not only 160 jobs—that wasn't our motive altogether. I know that it would cost—I know something about cost of organizing. If that company had folded and we did not have that type of agreement in Canada, it would cost us double that to start over again and get agreements.

Mr. KENNEDY. What do you mean "we"?

Mr. BREWSTER. The teamsters in the Western Conference (p. 1308).

The teamsters' money was funneled through R. J. Acheson, owner of the Black Ball Freight Line. The funds going to the trucking company were concealed by making checks payable first to the teamsters' union attorney, Sam Bassett, and then to a second Seattle law firm, Bogle, Bogle & Gates. The first $50,000 went to steadying the company; then $200,000 was put up by the teamsters, which went for the purchase of 60 percent of the stock of the company in the name of

R. J. Acheson. Acheson recalled what happened when he went back to the teamsters' headquarters with the stock.

> When I went back to the teamsters, I had 60 percent of the common stock, all the preferred stock, and $90,000 in mortgages. I took the whole deal up with Brewster, and I said: "What do I do with the stock?"
>
> Brewster called in John Sweeney, and he said: "There isn't a person in the teamsters' union who can have one dime of this stock; but, Bob, if you can pull this company out and keep this company going, and we get our money back, the common stock is yours."
>
> This would mean that I would own 60 percent of PIX (p. 1316).

Another $140,000 was advanced on a mortgage on the equipment of the company. The final $45,000 was advanced by the teamsters in April 1956 to the company again. Acheson said that the company had money since September 1956. Acheson said that when he first looked over the finances of the company in July of 1955 he reported back to Brewster that the company was in terrible shape.

> I went to Frank and I told him the Western had been putting money down a rathole to pull PIX out, and he said to me: "Well, we can't afford to let PIX go broke. We spent a lot of money organizing it; we are willing to put more money in there."

Brewster conceded that when the loan was repaid Acheson would have control of the stock without ever putting up any money.

> Mr. KENNEDY. Let me ask you this: After all of this, if you get your money out, Mr. Acheson will end up owning the company, will he not, or 57 or 60 percent of the stock? Does he not end up, under that arrangement that you have made, owning the company?
>
> Mr. BREWSTER. He might possibly do that.
>
> Mr. KENNEDY. After the money is repaid to the Western Conference of Teamsters, if that is done, the stock is not returned to the company. You people still own the stock. He owns the stock.
>
> Mr. BREWSTER. He will have to own the stock; yes, sir.
>
> Mr. KENNEDY. That is a pretty good arrangement for him, isn't it?
>
> Mr. BREWSTER. I think that I go back to this statement that he winds up with that he said: "I don't care if I make a dime on the deal."
>
> Mr. KENNEDY. He might not care about it, but it is pretty good for him (p. 1319).

The question was raised as to whether or not the loan was a violation of the international teamsters' convention. It states that—

> Not more than $50,000 be invested in bonds in any one corporation except when the investment is in United States Government, State, county or municipal bonds.

It was also brought out that Acheson was a member of the negotiating committee of the Washington State Trucking Association.

Mr. Brewster's philosophy on political spending in labor unions was also explained by the committee. The teamsters' official acknowledged that teamsters' funds were used for the political interest of almost everyone who knocked at the door. "We ride a couple of horses in the race, once in a while."

Senator GOLDWATER. You would agree with the statement that Walter Reuther said on this subject when I questioned him last fall along in October? I said:

"One other question. Do you think it would be better for the union member to make his $5 contribution direct to the candidate or to channel it through your association?

"Mr. REUTHER. I think if we did the kind of job that I think we are capable of doing, of trying to get the average American citizen conscious of his citizenship responsibility and making him understand that for every privilege there is a corresponding obligation, and one of the obligations is to make his contribution, I would prefer him to contribute directly to the candidate and directly to the political party."

Would you agree with that?

Mr. BREWSTER. Over a course of several years, that might come true, but isn't at the present time.

Senator GOLDWATER. I wish you would answer me as a responsible labor leader, why it is that certain leaders of labor seem to think that the members of unions have to be educated politically?

Mr. BREWSTER. I think that they are entitled to know the records and the truth of the people that they are running for. I think that that is fair education and I know that they don't get the same break in the press.

I think that is the only medium that they really have, in our periodicals that we put out, that gives them the facts and recommendations.

Senator GOLDWATER. You do not seriously believe that, do you?

Mr. BREWSTER. Just about as serious as I am talking.

Senator GOLDWATER. You think that the press of this country is so biased in one direction that the citizens of this country cannot get an education that they need for political activity?

Mr. BREWSTER. Well, I am not trying to run down the reporters or anything else, but I do say this: That the press certainly leans in one direction to a great degree.

Senator GOLDWATER. I have often been interested in why it is that certain leaders of labor, and not all of them, but some leaders of labor have suddenly felt it necessary to spend millions and millions of dollars upon the so-called education of their membership when their membership probably constitutes the most intelligent bloc of voters we have in this country.

I cannot quite figure it out. You must have some reason other than that.

Mr. BREWSTER. Any reason that I have certainly is not personal, because there isn't any political job that I ever aspired for or wanted in the United States.

Senator GOLDWATER. Would you agree with me that it should be the right of every citizen, whether he belongs to a union or not, whether he belongs to this church or that church or this club or that club to contribute his money the way he wants to contribute it and not have that contribution regulated by somebody who is in charge of the organization?

Would you agree with that?

Mr. BREWSTER. I think fundamentally that I could agree with that.

Senator GOLDWATER. Why can you and I not agree that possibly in the course of our considerations of the actions political of labor unions in the past 10 years, that we might have to get back to the political freedom of your members and consider legislation that would prevent their dues money from being used for political purposes.

Would we not pretty much agree on that?

Mr. BREWSTER. If you could probably take corporations and everybody else in the United States and do the same thing with them, I think it would be all right. (pp. 1158-1159).

The teamsters in the West spent roughly $500,000 in an effort to defeat the right-to-work measure on the Washington State ballot of 1956. This money was funneled through a Seattle advertising agency, How Ryan & Associates, by setting up a spurious citizens committee (Citizens Committee for the Preservation of Payrolls) run by a Seattle insurance and public relations representative, Howard Sylvester. Sylvester said that the teamsters wanted to be the only persons contributing in this campaign because this would put the teamsters in a dominant position in Washington. Brewster said also that the Western Conference spent around $40,000 in a right-to-work bill fight in the State of Nevada. In the 1954 campaign for sheriff of King County, Wash., the teamsters started out by endorsing the incumbent sheriff, Callahan. When Callahan lost the election, the teamsters contributed $2,500 toward helping the winning candidate, Tim McCullough, to eliminate his deficit.

Senator MUNDT. Did I get mixed up? Did I understand that the teamsters backed one candidate but financed the other one?

Mr. BREWSTER. No.

Senator MUNDT. This is kind of confusing.

Mr. BREWSTER. We lost a candidate and we picked up another (p. 1294).

The hearings concluded with a study of the loan situation and loan policies of Joint Council 28 and the Western Conference of Teamsters. Records of those organizations showed that on December 31, 1956, Brewster owed these two organizations the total of $77,650.

By far, the most intriguing aspect of the loan picture, however, revolved around teamster international president Dave Beck. The form 990 of the Joint Council 28 Building Association showed that on December 31, 1953, this organization had loans receivable of $7,422.89.

The form 990 filed, however, for the year 1954 showed the loans receivable at $257,422.89, as of the start of business on January 1 of that year. This meant that at the instant of midnight separating December 31, 1953, and January 1, 1954, the loans had increased in the amount of $250,000. According to the committee's accounting specialist, Carmine S. Bellino, the accountants had "plugged the figure." A review of the records indicated that this figure was false. It is significant that in January of 1954 the Bureau of Internal Revenue became interested in Mr. Brewster's finances and in August of 1954 the books showed that Dave Beck had repaid the Joint Council 28 Building Association $200,000. This was listed as a "loan payment." Interviews with teamsters' officials, however, indicated there had never been any loan to Beck in the first place.

The CHAIRMAN. Mr. Brewster, before they go to another matter, you have heard the testimony of Mr. Bellino, the accountant of this committee who had checked the records. During that period of time, did you have any knowledge that Mr. Beck owed this Joint Council 28 Building Association loans amounting to $250,000?

Mr. BREWSTER. I did not.

The CHAIRMAN. You never knew it?

Mr. BREWSTER. No, sir.

The CHAIRMAN. When did you first learn about it?

Mr. BREWSTER. I don't remember when it was.

The CHAIRMAN. When did you first learn about it and how?

Mr. BREWSTER. I learned about it when it was paid back, I believe.

The CHAIRMAN. That is your first knowledge of it?

Mr. BREWSTER. Of the amounts. I knew that he owed, or he told me that he was borrowing. But if you mean the amounts I first——

The CHAIRMAN. Did he tell you that he was borrowing from this building association of the joint council?

Mr. BREWSTER. Yes, sir. I think I testified to that effect, that I said that he told me that he was going to have to borrow——

The CHAIRMAN. You testified that he told you he was going to have to borrow some money.

Mr. BREWSTER. Yes; and then I took it for granted that he did.

The CHAIRMAN. He may have. But did you take it for granted without his telling you that he was borrowing union funds?

Mr. BREWSTER. No; I didn't.

The CHAIRMAN. So you took for granted he made arrangements like other people and borrowed some money from the building out there, but you had no knowledge?

Mr. BREWSTER. No, sir.

The CHAIRMAN. No information?

Mr. BREWSTER. No, sir.

The CHAIRMAN. And you indulged no assumption that he was borrowing money from the union?

Mr. BREWSTER. Not to this amount (p. 1371).

Brewster said he was never told, for instance, that moneys had been forwarded by the Western Conference of Teamsters to Nathan Shefferman, Chicago labor-relations consultant.

> Mr. KENNEDY. Tell me this: Did Mr. Dave Beck tell you during the period of time 1949 through 1952 that the moneys that were being sent or given to Mr. Nathan Shefferman were actually loans to himself?
>
> Mr. BREWSTER. No, sir (p. 1362).

Nor, Brewster said, did he know or had he been told that any moneys paid by the teamsters' union to Seattle contractor John Lindsay had been, in fact, loans to Dave Beck.

> Mr. KENNEDY. The contractor for the Western Conference of Teamsters has been Mr. Lindsay; is that right?
>
> Mr. BREWSTER. That is true.
>
> Mr. KENNEDY. Mr. John Lindsay?
>
> Mr. BREWSTER. John Lindsay is correct.
>
> Mr. KENNEDY. Did you consider any of the moneys that were sent or given to Mr. John Lindsay as loans to Mr. Dave Beck?
>
> Mr. BREWSTER. No, sir. I had no information to that effect at all.
>
> Mr. KENNEDY. Were you ever told by Mr. Dave Beck that the moneys being given or sent to Mr. John Lindsay were, in effect, loans to him, Dave Beck?
>
> Mr. BREWSTER. I was not (p. 1362).

Brewster said it was his impression that in the years 1950, 1951, and 1952, only 1 small building valued at $35,000 had been built by Lindsay for the teamsters.

> Mr. KENNEDY. Could you explain why the Western Conference of Teamsters paid to Mr. John Lindsay from January 9, 1951, through December 20, 1951, $91,840?
>
> Mr. BREWSTER. I cannot.
>
> Mr. KENNEDY. Can you explain why the Western Conference of Teamsters paid to Mr. John Lindsay from January 29, 1952, to December 4, 1952, $54,838.80?
>
> Mr. BREWSTER. I cannot.
>
> Mr. KENNEDY. Did you know that Mr. Beck was doing some construction work at his own home at that time?
>
> Mr. BREWSTER. I know that there was construction out there at that time; yes.
>
> Mr. KENNEDY. Do you know that during this period of time one of the things that he was building was a swimming pool?
>
> Mr. BREWSTER. I don't know when that swimming pool was put in.
>
> Mr. KENNEDY. Do you know that Mr. Lindsay did some of his construction work for Mr. Dave Beck?
>
> Mr. BREWSTER. I believe he was the contractor.
>
> Mr. KENNEDY. Do you know that he did some of the construction work on Mr. Norman Gessert's home?
>
> Mr. BREWSTER. I do not. But they were all in that area. I think there were 5 or 6 homes around there.

Mr. KENNEDY. Property which was owned by Mr. Dave Beck; is that right?

Mr. BREWSTER. That is right.

Mr. KENNEDY. Did you know the construction work for those homes was going on during this period of time?

Mr. BREWSTER. I believe it was. I think it was about the same time. I don't know the exact dates, but I know the comparative time, I believe, which was about that time.

The CHAIRMAN. Mr. Brewster, do we understand that during the period of time referred to that all that the western conference built was one small building that cost approximately $35,000, according to your best estimate?

Mr. BREWSTER. As far as I remember.

The CHAIRMAN. And during that same period of time, you paid out to this man Lindsay, the western conference paid to the man Lindsay, a contractor, a total of $146,678. Can you explain where that $111,000 went to?

Mr. BREWSTER. I cannot. The only thing that I can say is that was done, and a check that I had signed in blank was made out.

The CHAIRMAN. You had signed the checks in blank?

Mr. BREWSTER. I think that was the way that it must have been done. (pp. 1363–1364).

The committee found that these funds had been diverted to contractor Lindsay to build a swimming pool at Dave Beck's home and to build the homes of Dave Beck's relatives and associates, including Richard Klinge, Norman Gessert, Buddy Graham, and Al Irvine. These homes formed a sort of compound in the outlying, fashionable Sheridan Beach section of Seattle, Wash.

The committee also found that the funds being sent to the public relations division in Los Angeles were being forwarded to Nathan W. Shefferman in Chicago for the purpose of paying Dave Beck's personal bills. Other funds were diverted for this purpose from the Western Conference of Teamsters and Joint Council No. 28 building fund.

Without taking into account any of Beck's peculations, the committee concluded its hearings by handing Brewster a bill for $409,309.98 in questionable expenses by the Western Conference of Teamsters, Joint Council No. 28 and the Joint Council No. 28 building fund. This included such items as the missing unemployment relief and special funds of local 174, the highly irregular stock transactions, expenditures for Frank Brewster's racing stable, and payments of the expenses of Thomas Maloney, Joseph McLaughlin, and former Portland District Attorney William Langley in connection with the teamsters' activities in Oregon which are described in another section of this report. Not included in the $409,000 figure was the $440,000 loan to the Pacific Inter-Mountain Express.

FINDINGS—FRANK W. BREWSTER

Union officials elected to a position of trust and authority have a special responsibility to the members they represent to administer the union's financial affairs judiciously and economically. At all times, such a union leader must remember that the accumulated funds are not his funds but the hard-earned dollars of working men and women

paid as dues for the legitimate purpose of improving working conditions and wages.

In the Western Conference of Teamsters, the committee finds that this was, lamentably, not true.

Frank W. Brewster, head of the Western Conference, did not understand the obligation under which he labored. He and the executive board of the Western Conference of Teamsters did not act in the interests of the union membership, and the activities of the executive board for a long period of time were found not to be covered by any type of record or minutes.

Checks of the Western Conference were signed in blank; books were either shoddily kept or destroyed and the funds dissipated in a revel of spending on matters that bore little resemblance to union business.

In total, the committee found some $800,000 spent in this careless manner, some of which was spent for Brewster's personal benefit, but the bulk of it spent on ventures which promised no guaranty of return to the union or its members.

The committee must conclude that Frank W. Brewster was a careless caretaker of the union member's dues with no real understanding of his fiduciary responsibility.

In addition, Brewster permitted himself to become involved in a clear conflict of interest, a business relationship with the broker for the Western Conference of Teamsters health and welfare funds. No matter how honorable the intentions of the persons involved, this type of relationship is improper on its face, and the committee must agree with the AFL–CIO ethical practices committee that no such relationship should exist.

The abnormality of the relationship is best demonstrated by the fact that Brewster emerged from a racing-stable partnership with George Newell, broker for the Western Conference's health and welfare funds, with a heavy profit, while Newell emerged with an equally large loss. In addition, Newell gave Brewster on 3 occasions $5,000 worth of Affiliated Fund stock which he claimed on his income-tax return as a business expense.

It should be pointed out that Brewster and Dave Beck had the ultimate say as to who should be the broker on the Western Conference's health and welfare account. In this context, therefore, Brewster's receiving favors from Newell was highly improper.

In addition, the committee finds that Newell received excessive commissions ($1,007,132.17 in the years 1954, 1955, 1956, and 1957) from these funds. The committee cannot reconcile this heavy profit with the fact that Newell never had to submit a bid to get the business in the first place. It can only be assumed that Newell did everything possible to keep Frank Brewster and Dave Beck happy so that he could continue to draw these heavy profits, and that the racing-stable venture was one prime example of this relationship.

The findings of the committee in relation to the Western Conference of Teamsters fall into four other major categories:

(1) The committee finds that Frank Brewster enriched himself at the expense of teamster members. Whether it was for the personal expense of his racing stable, for new suits, or merchandise orders at a Seattle specialty shop, the union members invariably wound up paying the tab. This personal appropriation of funds even extended to

the $4,000 downpayment on Brewster's Palm Springs home, which was paid with a check drawn on the local 174 "special fund."

(2) Frank Brewster permitted the use of teamster funds for the personal gain of other teamster officials and friends. Specifically, he allowed the Western Conference of Teamsters to buy certain stock for a number of persons because those persons happened to be short of cash at the time. While the union eventually got this money back, these labor organizations were not set up for this purpose.

In addition, Brewster poured some $440,000 into a dying Canadian truck line. He said this was necessary to protect the interest of 90 union members working for this company. While this ideal is lofty from a trade union standpoint, the amount of money expended leaves a great question about Mr. Brewster's judgment. In addition, the clear fact is that the teamsters put up this large sum of money at great risk that they would never get it back; and if the money is eventually returned, the truck company will end up in the possession of a Seattle trucking operator, R. J. Acheson.

(3) The committee finds that Sam Bassett, attorney for the Western Conference of Teamsters, paid to represent the members of that conference, acted at every turn to the detriment of those members and solely to protect the top officers.

(4) Frank Brewster and Dave Beck had a hidden ownership in the gas station across the street from the Teamsters Building in Seattle. Through this station they derived a profit from the sale of gas, oil, and other automobile necessities to teamster locals.

The ownership of this service station by Brewster and Beck was a direct violation of their fiduciary responsibility.

Other findings involving Brewster and the Western Conference of Teamsters are set forth in the section on the committee's investigation into activities in Portland, Oreg.

Dave Beck

Dave Beck entered 1957 in the final year of his first 5-year term as general president of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America.

In 1952, he had supplanted the aging Dan Tobin, who had ruled the union with an iron hand for 45 years—virtually from the birth of the organization at Niagara Falls, N. Y., in 1903.

The position of general president carried certain privileges which the international union had seen fit to shower on its top officer. These included a $50,000 a year salary, an unlimited expense account, and a rent-free $163,000 home in Seattle, Wash. He was the union's representative to the International Transport Workers Union, which held periodic conferences in Europe.

He had announced his candidacy for reelection and confidently predicted his victory before a large national television audience.

Beck's net worth had been placed in the millions, the product of fortunate real-estate investments and other business enterprises, in which he participated with his wife, Dorothy, and his son, Dave Beck, Jr. He could look out the window of his Seattle office and see the towering Grosvenor House, a lavish Seattle apartment hotel in which he owns a substantial interest.

By early this year, Beck had been stripped of his title of general president (although he still clung to a lifetime $50,000 pension); his travel and expense privileges had been taken from him; and the union was setting out to charge him high rent on the Seattle home. He faced a jail term after being convicted of larceny, and he still had to face a Federal court in Tacoma for income-tax evasion. His son stood convicted of larceny with him. He had been burned in effigy by members of his own union in Yakima, Wash.

In between the start of the year and the end of the year—in direct relation to Beck's 1957 troubles—this committee held a series of hearings concerning his activities.

As noted in the section of the committee report on Frank Brewster, a curious financial transaction showed up on the books of Joint Council 28 Building Association in Seattle, Wash. Form 990 of Joint Council 28 Building Association filed with the Labor Department showed that on December 31, 1953, this organization had loans receivable of $7,422.89. Form 990 filed for the year 1954, however, showed that the loans receivable on January 1, 1954, were $257,422.89.

It was previously pointed out that at the instant of midnight, separating these 2 days, the loans of this organization had mysteriously increased by $250,000.

Frank Brewster testified that he was unaware of any loans to Dave Beck in this amount. The man who kept these books, Donald D. McDonald, the union bookkeeper, was equally puzzled by this entry. McDonald said that when he prepared form 990 for 1953 there was no loan listed to Dave Beck, and at the same time he was not aware that any such loan had ever been made. McDonald said that in August of 1954 Dave Beck came to the union and paid them $200,000. He said this money was in repayment of loans that he had made from the union. When drawing up the 1954 report, McDonald said he added the $250,000 figure as a "previously unrecorded receivable." By the time the hearing was held in May of 1957, Beck had paid the union another $170,000, bringing his total repayment to $370,000.

McDonald said he did not know how the $370,000 had been disbursed to Beck, but that his examination of the books had shown that some of it had gone in the form of payments to a Seattle contractor, John Lindsay, for personal work he did for Beck and his friends. Other money had been sent to Joint Council 42 Promotional League in Los Angeles and had been forwarded from there to Nathan W. Shefferman, Chicago labor-relations consultant, to pay for Beck's personal bills.

The testimony of Brewster and McDonald clearly indicated, therefore, that at no time did the responsible officials of Joint Council 28 Building Association consider they had made a loan in any amount to Dave Beck. This, coupled with the examination of records of banks, insurance companies, and other bodies with whom Beck had had financial dealings and to whom Beck had provided occasional financial reports, resulted in the analysis of the situation by Mr. Bellino, the committee accountant, entitled "Thirteen Points Documenting That Dave Beck 'Took' Rather Than 'Borrowed' the More Than $300,000 From Various Teamster Union Funds in Seattle:"

1. Form 990 filed by the Joint Council No. 28 Building Association, Seattle, with the Treasury Department and

which contains a list of assets and liabilities at the beginning and end of each year, fails to show any loans to Dave Beck up to and ending December 31, 1953. It is from the Joint Council No. 28 building accounts that Mr. Beck now states he borrowed most of his money.

2. The financial statement of Joint Council No. 28 Building Association as of January 1, 1954, does not list any loans as due from Dave Beck.

3. Frank Brewster, president of the Western Conference of Teamsters, and during the pertinent period of time its secretary-treasurer as well as secretary-treasurer of Joint Council No. 28 Building Association, stated in sworn testimony before the committee that the first time he learned that Dave Beck had taken money was when he started paying it back in 1954. He stated he did not know of any loans to Dave Beck during the pertinent period of time.

4. Don McDonald, bookkeeper of the Western Conference of Teamsters, testified the money taken by Dave Beck was not listed as loans on the books and that he was never told that they were loans.

5. Dave Beck's personal financial statement dated September 26, 1952, which was furnished to the Seattle First National Bank, fails to show any loans from the Western Conference of Teamsters or any unit thereof.

6. Dave Beck's personal financial statement dated February 7, 1952, which was furnished to the Seattle First National Bank, fails to show any loans from the Western Conference of Teamsters or any unit thereof.

7. Dave Beck's personal financial statement furnished to Occidental Life Insurance Co., as noted in memorandum of A. M. Burke on April 12, 1951, wherein the only loan shown is one from the Seattle First National Bank and no loans are listed from the Western Conference of Teamsters or any unit thereof.

8. Memorandum on interview of Dave Beck by Mr. A. M. Burke of Occidental Life Insurance Co., dated March 14, 1955, at which time Mr. Beck stated the only loan outstanding was a loan from the Seattle First National Bank.

9. Disappearance of the records of the Western Conference of Teamsters and Joint Council Building Association for the pertinent period of time.

10. If it was a loan there would be no need for the circuitous manner in which Nathan Shefferman received some of the money, namely, western conference funds in Seattle being channeled through the public-relations account in Los Angeles and from there, sent to Nathan Shefferman in Chicago.

11. Repayments by Dave Beck to the teamsters were not made until he came under income-tax investigation.

12. Beck's statement of accord and satisfaction in 1954, which shows he lacked personal records of the amounts he had taken from teamsters' union funds. This included his own admission that, after 700 hours of work, his accountants could not determine what he owed.

13. The doubt that exists even today as to the aggregate amount which Dave Beck is obligated to repay to the teamsters (pp. 2371–2372).

Mr. Bellino then elicited as a 14th point the fact that the form 990 filed by the Western Conference of Teamsters for the calendar year 1954 had attached to it worksheets showing the loans receivable on the amounts of assets on loans due to the Western Conference on January 1, 1954, in the total amount of $232,556.14. Mr. Bellino said that Dave Beck was not listed as an account or loans receivable.

Bellino testified that in some 34 years as a public accountant, 11 of those years with the Federal Bureau of Investigation, he had never known anyone who followed the course of action which Mr. Beck took in relation to this money.

Senator KENNEDY. You never had an example of a loan that was ever kept in the way it was kept, supposedly, in this case.

Mr. BELLINO. No, sir. In the FBI we would call that restitution.

Senator KENNEDY. Does restitution mean that money was taken illegally and then it was kept?

Mr. BELLINO. Yes, sir (p. 2372).

The requirement of any loan is that there be a borrower and a lender. The lender must know that he is lending the money, and in this case the testimony of Brewster and McDonald clearly indicates that there was no such knowledge.

The committee's investigation revealed that the $370,000 was spent in a number of ways:

First, the teamsters had engaged a Seattle contractor, John Lindsay, to do some work. Beck had Lindsay construct his home, a swimming pool, and the homes of four of his associates, and had the teamsters' union pay a substantial part of these costs.

Second, Beck had made an arrangement with Nathan W. Shefferman, Chicago management consultant, to have Shefferman pay his personal bills. Shefferman was repaid by funds which Beck sent to Los Angeles to the joint council 42 promotional fund. There, with an apparent understanding between Beck and Ray Leheney, the trustee of this fund, moneys were then forwarded to Shefferman. This amounted to some $85,000 in union funds in the years 1949 through 1953.

There seemed no limit to the types of items that Beck would have Shefferman take care of for him. Included were such things as a bill of $1,918.15 from the T. Yorozu Gardening Co.; a bill for $2,159.77 from the Prentice Nursery & Decorating Co. for labor and plants; a bill of $90.92 from Saks Fifth Avenue for the purchase of socks. On this bill Beck told Shefferman:

Tell them their socks I purchased are terrible, full of holes.

Then there were special coats in the amount of $270 from the Haymarket Clothing Co., Boston, Mass; cravats and undershirts from A. Sulka & Co., of New York; a radio, golf balls, golf clubs, sheets and pillowcases, football tickets, 21 pairs of nylons, 5 dozen diapers, typewriters, Hathaway shirts, outboard motors, hotel bills, binoculars,

chairs, tables, loveseats, lamps, rugs from the Strauss-Rose Carpet Corp., a gravy boat, a biscuit box, 2 aluminum boats, a 20-foot deep freeze, 3 mattresses, a vacuum cleaner, and a model 7–30.06 gun.

All in all, the relationship between Beck and Shefferman was an extremely curious one—between the head of the Nation's largest union and one of the Nation's leading management consultants. Shefferman himself became the subject of a committee inquiry, and his activities are detailed in another section of this report.

The cozy relationship between Beck and Shefferman did not end here. One transaction involved Beck's use of Shefferman as an agent for the purchase of the land presently occupied by the teamsters' national headquarters at 25 Louisiana Avenue NW., Washington, D. C.

Raymond H. Fields, a newspaper publisher from Guymon, Okla., and formerly national director of public relations for the American Legion, told of his attempts to sell the 23,500-square-foot property to the teamsters. Fields said that he had heard that the teamsters were interested in acquiring some property for the purpose of erecting a new national headquarters, and he contacted Beck at the Alcazar Hotel, in Miami, Fla., and told him that this particular piece was for sale for $15 a square foot. The American Legion had determined that this would be a fair price for the property since they had originally purchased it for $12 a square foot. On the 12th of March 1949 Fields received a telephone call from Nathan Shefferman, who said he was representing Beck. A meeting was thereupon set up in Indianapolis among Fields, Shefferman, and Franklin C. Salisbury, a Washington, D. C., attorney. Fields and Salisbury were amazed when Shefferman proposed that an intermediate corporation be set up to which the land should be sold for $15 a square foot, and then that the land be sold to the teamsters for $18 a square foot, netting this corporation a quick $75,000 profit. Shefferman proposed that Salisbury and Fields split half of this profit with him. Fields was dumbfounded and asked Shefferman whether or not Beck was aware of this proposal, to which Shefferman replied, "Well, I am here as his representative, am I not?" (p. 2341). Fields said he went back to Guymon, Okla., "concerned about the ethics of selling to Mr. Shefferman" and discussed the entire matter with an old friend of his, an Oklahoma judge.

> He told me that on the deal with Mr. Shefferman I would not be civilly liable, but he very prophetically said that some day this union racketeering is going to be busted wide open and you wouldn't want to be a part of it. As a consequence of our conversation, I contacted Mr. Shefferman in Chicago and told him I wanted no part of his proposal.

The parcel was then turned over to a Washington real-estate firm, J. Harold Bangs Agency, and the land was sold to the teamsters for $15 a square foot. The wonders of this transaction, however, do not end here. After the sale Shefferman contacted Salisbury by phone and asked him if he was contacted by the teamsters to tell them that it was Mr. Shefferman who had managed to beat down the American Legion price from $18 a square foot to $15 a square foot. The explanation in this whole affair comes in a resolution passed by the

international executive board of the teamsters on June 10, 1949, in which it is stated that—

> this agent (not named) through diligent work and painstaking effort had finally succeeded in having the American Legion agree to sell this property at a price of $15 per square foot which, considering the extensive area of the land purchased, resulted in a saving to the international brotherhood of approximately 65 to 75 thousand dollars.

The resolution wound up by authorizing the payment of $12,500 to Shefferman for his services as agent in negotiating the sale. A check was made out to the order of Nathan Shefferman in the amount of $12,000 on June 20, 1949. There is no explanation for the $500 discrepancy. It is interesting to note that approximately 5 weeks later, July 25, 1949, Shefferman made out a check to Dave Beck for $8,000, which he explained to the committee by declaring:

> Mr. KENNEDY. You liked him, so you gave him the money?
> Mr. SHEFFERMAN. Sure, I thought he was entitled to it, and I hadn't done anything for him for 10 years and I had known him for more than 10 years and I hadn't done a thing, and I felt that he was entitled to this.
> Mr. KENNEDY. You thought he was entitled to the money?
> Mr. SHEFFERMAN. Yes, sir.
> Mr. KENNEDY. Now, because of things he had done for you?
> Mr. SHEFFERMAN. Things he had done for me in the way of helping me write my speeches, and providing materials, and introducing me to a good many unions that I could never have gotten into (p. 2355).

In addition, records of the teamsters' union showed that Union Merchandising Co., of which Shefferman was president, had made a profit of $61,000 from the installation of a modern bookkeeping system in the teamsters' headquarters in Washington, D. C., and by the printing and sale of union-dues books. Shefferman conceded that he had given Beck $24,000 of this amount. Shefferman says he gave Beck the money for services, friendship, and so forth.

> Senator MCCARTHY. You could not have set that up without the help of Dave Beck?
> Mr. SHEFFERMAN. Well, it certainly helped.
> Senator MCCARTHY. It helped?
> Mr. SHEFFERMAN. I think it helped. Although he didn't or he wasn't particularly responsible for transactions, because at that time he was not the head of the union.
> Senator MCCARTHY. And you were paying him for that help?
> Mr. SHEFFERMAN. For that, yes, if you want to say that (p. 1640).

At the very time that Shefferman paid this money to Beck, Beck already owed the labor-management consultant $22,500, which he had borrowed some time before and had failed to repay by that time.

Shefferman and Beck were also involved in a toy truck venture in which the venture capital was put up by the Fruehauf Trailer Co.

and Associated Transport, Inc., plus a $20,000 loan from the teamsters' union, which was repaid. The profits were distributed among Nathan Shefferman's son, Shelton, Dave Beck, Jr., and Norman Gessert, a cousin of Dave Beck's wife. This transaction will be detailed a little further in this report.

As indicated above, the $85,000 paid by the union for Beck's personal bills through Shefferman and the moneys paid to John Lindsay for the Beck homes went to make up the $370,000, which Beck began to claim he had borrowed from the union and which Bellino's testimony had irrefutably shown could not be a loan.

In Mr. Beck's case it was crucial from the standpoint of his tax picture that he show the money as a loan on December 31, 1953, and his payment to the union of $200,000 in August of 1954 was the start of his attempt to make this spurious condition appear true.

It is interesting to note here that Beck made the initial repayment to the union of $200,000 after the Internal Revenue Service had first examined his financial transactions.

Now, where did Mr. Beck get this first $200,000 he repaid to the union? This action in itself provides an interesting insight into the activities of Mr. Beck and the use of his position as general president of the International Brotherhood of Teamsters to advance himself financially.

In September of 1953 the Fruehauf Trailer Co. became involved in a proxy battle. Beck volunteered to help the Fruehaufs in their fight, and Roy Fruehauf, president of the firm, finally called on the teamsters' leader for assistance. He asked Beck to loan the Fruehauf Foundation, a nonprofit group associated with the Fruehauf Trailer Co., some $1,500,000 for the purpose of acquiring Fruehauf stock to be voted in favor of the Fruehauf interests. A meeting was held between Beck, the international's financial adviser, Fred Loomis, Mr. Beck's personal attorney, Simon Wampold, and Alfons Landa, attorney for the Fruehauf Trailer Co., at which time the loan was granted.

Shortly thereafter, the Internal Revenue Service began to investigate Beck's activities, and he had an immediate need for $200,000 to pay the union in order to make his story—that he had borrowed money from the union—stand up. Having helped Fruehauf in his proxy battle, to the tune of $1,500,000 in teamsters' funds, Beck now turned to Fruehauf with the request for a loan of $200,000.

Fruehauf said that because of the proxy battle his company did not have this kind of available cash. He made arrangements, however, for the loan to be made by the Brown Equipment Co., a subsidiary of Associated Transport. This loan was made by negotiations between Fruehauf and Burt Seymour, the president of Associated Transport. Fruehauf said he did not question Beck as to why he wanted the money or make any attempt to determine to what purposes the money would be put. He said that Beck's reputation was extremely good, and the subject of the reason for the loan did not come up at all.

The transaction becomes more involved when the following facts are known. The committee prints herewith a chart drawn up by committee investigators showing the intricacies of the loan transaction for which the explanation follows:

(2525)

B. M. SEYMOUR
$200,622.22 3/30/55
$200,000 12/27/54
note 12/27/54 $200,000
MANUFACTURERS TRUST COMPANY
Repurchase Letter - Leonard Greenbaum
Endorsement by Roy Fruehauf & Alfons Landa
ASSOCIATED TRANSPORT COMPANY
Beck's note $200,000
25,000 12/30/54
200,000 6/21/54
175,000 6/28/54
$200,000 on 6/21/54
BROWN EQUIPMENT COMPANY
200,000 12/27/54
200,622.22 3/30/55
$200,000 note - 6/21/54
DAVE BECK
$163,215 4/11/55
TEAMSTERS
$175,000 - returned
175,000 6/22/54
note returned
note - $175,000 6/22/54
FRUEHAUF TRAILER COMPANY
$163,215 4/11/55
36,785 7/5/55 (B&B Inv.Co)

(1) The Brown Equipment Co. got the $200,000 to lend Beck from Associated Transport. Burt Seymour, president of Associated Transport, said that Brown Equipment Co. could make the loan because it was an unrestricted corporation, while Associated Transport could not make the loan because it was not unrestricted. The $200,000 transferred from Associated Transport to Brown Equipment was disguised on the books of that corporation as an advance to the Independent Advisory Committee to the Trucking Industry.

(2) The Fruehauf Trailer Co. then lent $175,000 to the Brown Equipment Co., which company turned around and handed the money to Associated Transport. At this point $175,000 of the bank loan had come from Fruehauf and $25,000 from Associated Transport.

(3) Beck's note was then taken over by the Manufacturers Trust Co., of New York City, with Fruehauf and Landa as cosigners, together with the addition of a third cosigner, Leon Greenbaum, the president of the Hertz Corp.

(4) Efforts to collect the loan from Beck were at first unsuccessful, until in April of 1955 he sold his home in Seattle, Wash., to the teamsters union for $163,215. The check from the teamsters union to Beck went to apply as a payment on the loan. Finally, on July 5, 1955, the loan was fully repaid by a check in the amount of $36,785 from the B & B Investment Co., owned by Dave Beck.

At this point it should be noted that the home which Beck sold to the teamsters had been paid for originally by the teamsters. Some $193,000 in union funds had been paid by the union to the Lindsay Construction Co., of Seattle, to work on Beck's house and some of those adjacent to it. This represented a part of the $370,000 which Beck eventually said he had borrowed from the union but which he had in fact taken from the union.

Committee members were highly critical of the actions of Alfons Landa in regard to the $1,500,000 in stock purchased with teamsters funds to be voted in favor of the Fruehauf interests. Under terms of an agreement with the Fruehauf Foundation, Landa had an option to buy 40 percent of the stock. He offered to share with Beck on a 50–50 basis the dividends accruing on this 40 percent, as well as 50 percent of any profits realized on the sale of stock at a higher price than that which was paid by the foundation. Landa wrote Beck on December 8, 1953:

> * * * In other words, you are to be the recipient of one-half of all net profit derived from the 40 percent of stock referred to above. You are to receive such profit irrespective of the source from which it may be derived, and whether it be from dividends directly or indirectly, or from capital gains. It is my desire to make this gift to you, and I sincerely hope that you will accept it from me.
>
> Of course, it is understood that if there is a loss, the loss is mine and there is no obligation on anyone else (p. 2267).

This moved Senator Kennedy to comment:

> I am frankly astonished, Mr. Landa, at your judgment in this matter. I do not think that there is any doubt, at least in my mind, that it was highly improper for you to make

the offer, because the funds did not involve Mr. Beck's own funds.

That would have been a free and open deal, and I would not have had any criticisms. But this involved funds for which Mr. Beck was a trustee in a sense. So what right did he have to give that money and for you to make an offer that you would give him a gift of the profits made out of it?

I do not consider that is proper at all, and his responsibility is the same as a bank director's (p. 2272).

* * * * *

Senator ERVIN. I did not think there was anybody in the universe like that except Santa Claus.

Mr. LANDA. Well, Senator, I had a very lively sense of appreciation for a man who had helped at a very serious time in my financial career.

Senator KENNEDY. Mr. Landa, your appreciation was to Mr. Beck for exactly what? It was not his own money that was involved; was it?

Mr. LANDA. No; it was not his own money, but he was the one who had requested to help.

Senator KENNEDY. He requested the use of teamsters' funds and it was teamsters' union dues that he loaned to you, and then you gave him personally and not the teamsters' union fund, this potentially large gift; is that correct?

Mr. LANDA. That is correct, sir.

Senator KENNEDY. Do you consider that proper?

Mr. LANDA. Yes, sir (p. 2267).

Beck turned down this offer and eventually took all the dividends and profits and had them applied to the teamsters' loan of $1,500,000. The $200,000 loan did not end Beck's call for assistance on Fruehauf and Seymour.

Testimony disclosed that they made an initial $14,000 investment in a toy-truck venture which had the ostensible purpose of promoting the idea of trucking throughout the country. This money, plus a $20,000 loan from the teamsters' union (which was repaid, the teamsters said) formed the working capital for a corporation which then went into the manufacturing of toy trucks which were sold to teamsters' locals throughout the country at a profit of $84,000 to Shelton Shefferman, Dave Beck, Jr., and Norman Gessert.

The point of this is that none of the 3 gentlemen put up one cent of operating capital, and that Dave Beck used his power as general president of the teamsters' union to browbeat locals into buying the trucks so that his son and the other two could share in these profits. The company involved, the Shelton Co., was started by Shelton Shefferman, son of Chicago labor-management consultant Nathan W. Shefferman,who dealt directly with the teamsters' union through a number of clients. Shefferman later shared the profit with Dave Beck, Jr., the union leader's son, and Norman Gessert, a Seattle cousin.

Fruehauf said that Beck asked him for the contribution originally to promote a "national truck week," the symbol of which was to be a number of toy trucks to be built by a Los Angeles firm. Seymour

said that Beck requested the money from him for the same purpose. An original $5,000 from Associated Transport and $9,000 from the Fruehauf Trailer Co. went partly for down payment to the Los Angeles firm manufacturing the trucks and partly direct to the books of the Shelton Co. as a profit.

The trucks were sold to various teamsters' locals throughout the country as a result of a promotional campaign which cost the teamsters' union around $20,000. There was nothing subtle about the methods used by Beck to persuade various teamsters' locals to purchase greater quantities of trucks. A telegram to Gordon Conklin of joint council 34 of the teamsters in St. Paul, Minn., declared, for example:

> The Minneapolis Joint Council has given splendid cooperation. They have ordered 315 miniature trucks representing purchases by local unions affiliated with their joint council. We do not have a single purchase letter, wire, or telephone call of any kind or character from the St. Paul local union or the joint council, although we have had Hoffa and others trying to make contact. Please advise why we get no cooperation. If special meeting of council has not been called or special meeting of secretaries has not been called, please do so immediately and advise me by wire or telephone this afternoon what is the matter in St. Paul (p. 2238).

Teamster brother Ranney in Milwaukee, Wis., got an equally serious reminder from general president Beck:

> Twenty-three trucks is the total purchased by local unions affiliated with joint council 50. Sixteen of them are from your own local union. All over the United States locals are averaging about five trucks per local. Please give me an answer this afternoon, either by wire or telephone, the reason for the situation in the Milwaukee joint council (p. 2239).

As if the Fruehauf Trailer Co. had not been helpful enough, Beck pressed them with a number of other demands. Included among the things that Roy Fruehauf said he did for Beck were:

(1) Obtained a boat for Dave Beck, Jr., at a 25-percent discount;

(2) Shipped the boat out to Seattle at the expense of Fruehauf Trailer Co. Fruehauf said that he had a trailer going out to the coast as a pilot model, so at a cost of $115 to the company it was sent out of its way to pick up junior's boat. Fruehauf said that the actual trucking cost, had it been charged to Beck, would have been around $500;

(3) Made available an automobile and chauffeur to Dave Beck on a trip to Paris, France;

(4) Provided the Fruehauf Trailer Co. airplane to Dave Beck on 3 or 4 occasions;

(5) At a cost of some $16,000 to $18,000, provided an automobile and chauffeur to Beck's niece and 3 other girls while they toured Europe for approximately 6 weeks;

(6) Lent, free of charge, four insulated trailers to the Sunset Distributing Co. in Seattle, Wash., in which Dave Beck, Jr., had an interest. These trailers were provided at a time when the beer firm

was having trouble with its own refrigeration plants and needed somewhere to store their products.

> Senator CURTIS. Just why did you grant all of these favors to Mr. Beck?
>
> Mr. FRUEHAUF. Well, I just considered it in the normal course of business. Mr. Beck had granted a considerable favor in saving our company.
>
> Senator CURTIS. He had personally?
>
> Mr. FRUEHAUF. No, sir; the union.
>
> Senator CURTIS. You say it all stemmed from that?
>
> Mr. FRUEHAUF. Yes, sir.
>
> Senator CURTIS. Do you know why Mr. Seymour [Seymour of Associated Transport] extended all these favors to Mr. Beck?
>
> Mr. FRUEHAUF. Well, he was well acquainted with him, also, through the independent advisory committee.
>
> Senator CURTIS. He said that he made the loan as a favor to you. He is one of your biggest customers; is he not?
>
> Mr. FRUEHAUF. Yes. I think that is a fair statement.
>
> Senator CURTIS. You believe that that was his motive?
>
> Mr. FRUEHAUF. Yes, sir (p. 2250).

The relationship of Dave Beck to the Fruehauf Trailer Co. and Associated Transport, Inc., both giant concerns in the trucking industry over which the teamsters exercise a great control, was duplicated, in part, in the teamsters' union leader's relationship with Anheuser-Busch, Inc., of St. Louis, Mo.

Here, evidence before the committee indicated that the Anheuser-Busch company, not unmindful of Beck's considerable power, made major concession in territories and other matters to a beer company (K & L Beverage Co.) in which Beck's son had an interest. The testimony also indicated that Beck had reciprocated for these favors by aiding Anheuser-Busch in connection with some of its labor problems on the west coast.

A number of documents introduced into evidence through the general counsel for Anheuser-Busch, Dwight David Ingamills, indicated that Beck initially used his influence to get as many areas of distributorship for the K & L Beverage Co., in which he personally had a financial interest. For instance, Beck sent a telegram to J. J. Carroll, the executive sales manager of Anheuser-Busch, in January of 1947, declaring:

> I am leaving at noon via Eastern Airlines for Miami. I will be at the Alcazar Hotel or word sent there will reach me. I sincerely trust Spokane will be available and will organize new company or purchase one if more desirable to you. Guarantee adequate capital, competent management, and splendid distribution. Tacoma O. K. Local competitive distributors of course did not like to see real competition. Mayor of Tacoma was and is very cooperative. Also Governor Wallgren is 100 percent with us. I guarantee same status in Spokane. I will appreciate word on Spokane as soon as possible as we are ready to work on it. Thank you for your courtesy and friendship. Call on me any time (p. 2074).

The records showed that Anheuser-Busch reacted to the teamsters' leader's telegram with alacrity. Later, as K & L expanded into every section of the State of Washington and into the Territory of Alaska, interoffice memoranda of Anheuser-Busch indicated that the beer firm was not altogether happy with its relationship with Beck. For instance, one memorandum to Carroll on June 22, 1948, stated:

> * * * We would like to remain on as friendly terms as possible with Dave Beck, his son, and Irving Levine, and I think you can make it clear to them in a very diplomatic way that we have already given them more territory than we have given to any distributor throughout the United States, and that we incur a certain amount of illwill from resident wholesalers, for instance in Spokane, when we permit a wholesale merchant from Seattle to go into Spokane and act as our distributor. Quite logically, the wholesalers who are outstanding citizens in their own community resent outsiders coming in and taking all of the profits and the cream (p. 2075).

Beck also arranged for his son to receive $1,000 a month and 5 cents a case on all beer sold in the Territory of Alaska.

The interesting point is that under the arrangements between Anheuser-Busch and its distributors, as explained by Ingamills and the executive vice president of the firm, John L. Wilson, it was possible for Anheuser-Busch to terminate its relationship with Beck and K & L at any time it chose to do so on 30 days' notice. In contrast to other national brewing concerns, many of which distribute their products through franchise arrangements, Anheuser-Busch does not operate in this manner, but rather by granting exclusive area distributorships with a mutual 30 days' cancellation clause.

> The CHAIRMAN. Mr. Ingamills, let me ask you, as counsel, and I realize this question may invade your province of counsel and client relationship, but you may answer if you care or decline on that ground:
>
> In your experience in representing Anheuser-Busch, have you ever had any problem where they were afraid to get rid of a distributor, that you can recall, except in this instance?
>
> All of this indicates they had gotten themselves involved here with Beck and could not get loose and they were afraid to try to get loose. Do you recall any other similar experience representing Anheuser-Busch?
>
> Mr. INGAMILLS. I don't believe I do, Senator.
>
> The CHAIRMAN. Thank you very much.
>
> Senator KENNEDY. Under the Hobbs Act, section 1 (c), it states: "The term 'extortion' means obtaining of profit from another with his consent induced by wrongful use of actual or threatened force, violence, or fear, or under color of official right."
>
> Now, obviously, the whole implication during this series of memos has been that the reason you did not break off this relationship which was very easy to break off, as you described at the beginning was because Mr. Beck was head of

the teamsters, with which the company had extensive negotiations. Therefore, would you as an attorney believe that this could possibly come under the language of the Hobbs Act, this relationship?

That is where things of value were obtained from your company because of the position which Mr. Beck held as head of the teamsters, and, therefore, by the threatened use of force against you.

Mr. INGAMILLS. I don't believe, Senator, I can answer that (pp. 2081–2082).

So powerful was Beck's influence in this company that in one memorandum he was referred to as "His majesty, the wheel." The records of the company indicated that Anheuser-Busch finally removed Beck from the picture by freezing a credit of some $112,000 in favor of Beck's partner, Irving J. Levine. This freezing of credit was tantamount to a loan of $112,000 to Levine, which Anheuser-Busch officials acknowledged is highly unusual. Levine used this credit to buy out the interest of Dave Beck and his wife in the K & L Beverage Co.

Prior to the time that Levine bought out the Beck interest with this extension of credit from the Anheuser-Busch Co., Dave Beck, Jr., had been president of the corporation for a period of time. Levine told a fascinating tale of how the younger Beck achieved this corporate position. Levine said that he was having a meeting in his office when he received word that some teamsters were refusing to unload a truckload of whisky to go aboard a ship to Alaska. Levine said he mentioned this to Beck, and Beck said:

Well, you see what I mean, Levine; you don't get along very good with the members of local 174 and my family is stockholders in your company. We have got to protect our interest (p. 2064).

Levine said he was in a very difficult position with Beck because Beck had guaranteed large amounts of loans for the company:

So I asked Mr. Beck, I said, in these words, "Well, you win; what do you want?" He said, "I would like to have my son as president of this company until such time as you can get me off of the signature at the bank, and to protect our interest, and to have him have the complete say-so of drivers and of trucks."

So I agreed at that time, that that is what I would do. That is what I had to do (p. 2065).

The favors of Anheuser-Busch toward Beck did not cease with the granting of these benefits. A company memorandum indicated that the company was prepared to pay $88,000 to K & L for the Tacoma distributorship which had an actual value of $50,000, despite the fact that under the company contract it could have merely canceled the K & L distributorship and found another beer firm to take over this business.

John L. Wilson testified in relation to two labor matters in which he apparently asked Beck to intervene. The first, a strike of Building

Trades Employees in Los Angeles, produced a telegram from Beck which declared:

> Our people in Los Angeles are working hard on your situation and advise me they are quite sure there will be no tie-up. I am insisting on program set out to you and I will contact president of National Building Trades Thursday morning insisting on his intervention. I will be in Seattle until Friday morning (p. 2090).

Wilson said that the reason he had contacted Beck in relationship to this problem—even though the teamsters had nothing to do with the strike—was that "As soon as the plant was completed, there would be a lot of teamsters employed by the plant."

Wilson said that he also contacted Beck in another instance and asked him what the teamsters' relationships were with the California Brewers Institute, an association which Anheuser-Busch was considering joining. Wilson said he asked Beck:

> * * * at that time whether he felt that the California brewers were taking a very strong position on this (a proposed contract), and after conferring with some of his people he (Beck) said that he didn't think that they were (p. 2096).
>
> Senator KENNEDY. I do not understand. I could understand you going to Mr. Beck to ask him how strong the demands were going to be of the union in California, though even that would be questionable if Mr. Beck told you, if it were not in the union interest. But why should you go to him to find how stiff the employers' resistance was going to be to wage demands? I do not understand that relationship at all. Will you tell me again what possible reason would you go to Mr. Beck for? Did this involve competitors of yours?
>
> Mr. WILSON. Yes.
>
> Senator KENNEDY. In other words, you went to Mr. Beck, with whom you had this abnormal, unusual business relationship, to find out exactly what your competitors were going to do in regard to wage demands? (pp. 2099–2100).

Beck's help for the K & L Beverage Co. went as far as to have the Western Conference of Teamsters and joint council 28 pay a total of salaries and expenses of $15,375.09 from May 16, 1949, to December 1, 1950, to Stewart Krieger while Krieger was actually working for the K & L Beverage enterprises. Krieger said that he was hired by Beck in May of 1949 to work for the teamsters' health and welfare fund in Seattle. Actually, however, after reporting to the teamsters' headquarters on May 16, 1949, for a period of 3 or 4 hours, Krieger was directed to a meeting at the Seattle First National Bank, which involved the financial affairs of the K & L companies. From then on until December of 1950, Krieger continued to work for the K & L Beverage Co. while actually receiving his salary from the teamsters.

In connection with this work he made trips to Alaska, St. Louis, Spokane, and San Francisco, the expenses for which were paid by

the Western Conference of Teamsters and joint council 28 in Seattle. Krieger said that while he did not question Beck about the fact that he was being paid by the teamsters, he did on two occasions—

> suggest to Mr. Beck that the money he was being paid by the teamsters may be taxable as far as he was concerned, and he told me that he would take care of that part of it, and that it was his intention to reimburse the teamsters for all the money that I had received during this period (p. 2054).

Krieger said that Beck owned 40 percent control in K & L, and that Dave Beck, Jr., owned 49 percent of the capital stock of K & L. In addition, he said that Beck had guaranteed the borrowings of the K & L enterprises and had given his personal guaranties on these loans.

At the time of the hearings, the records of the Western Conference of Teamsters had been destroyed up to January 1, 1953, but interviews with the accountants who had kept these books indicated that Beck had never repaid this money paid out of the union to Krieger.

Dave Beck's complicated transactions involving millions of dollars in union funds which were lent out as mortgages provided the committee with a sharp picture of the teamsters' union leader's abuse of his position as a trustee of the funds of 1,500,000 teamster members.

Mr. Beck's grasping ways, the testimony showed, increased in direct ratio to the growing disenchantment of his long-time friend and financial adviser, Fred P. Loomis, of Seattle, Wash. Mr. Loomis, a longtime Seattle investment counselor, told the committee of his disintegrating relationship with Beck which started with absolute mutual trust and ended from Loomis' standpoint in mistrust and disenchantment.

Loomis said that he first started as a personal investment counselor to Beck in December of 1947. In December of 1952 Beck retained Loomis as the financial adviser to the International Brotherhood of Teamsters to assist him in the placing of $30 million of liquid assets of the union in a form where they would bring the greatest return to the union. For a little more than 2 years Loomis held this post, and his testimony showed that he repeatedly warned the teamster leader to beware of leaving the slightest inference that he was violating his fiduciary trust as president of the teamsters union. Loomis' activities on behalf of the teamsters got underway in late 1953 when he arranged with the Lanphar Co., of Detroit, Mich., for the purchase by the teamsters of $1,600,000 of veterans' mortgages. Loomis said that he flew back to Seattle, Wash., to discuss the matter with Beck and Donol Hedlund, a Seattle mortgage man who was advising Beck in this field. He said that Hedlund opposed the teamsters' buying these Detroit mortgages. Beck, unable to achieve an accord between his two counselors, dispatched them to Los Angeles to discuss the matter with A. M. Burke, the head of the mortgage department of the Occidental Life Insurance Co., with whom the teamsters have had a long-time financial arrangement through the health and welfare funds of the Western Conference of Teamsters. Burke was much in favor of the teamsters buying the land for mortgages but Hedlund continued to oppose this purchase.

Finally, a long-distance phone call was put through from Los Angeles to Detroit, and Hedlund talked to Mr. Lanphar. Loomis observed:

> After the conversation between Mr. Hedlund and Mr. Lanphar on the long-distance phone, Mr. Hedlund's opposition to this deal melted (p. 2108).

Loomis did not know at the time that this phone conversation had resulted in the offer of Lanphar to give Hedlund some $7,600 in brokerage fees on this particular deal. This report will show later that this $7,600 was split 3 ways—among Hedlund, Dave Beck, and Simon Wampold, Beck's personal attorney who was on the payroll of the teamsters union. Something happened at the Los Angeles meeting, however, which caused Loomis grave concern. While talking with Burke, Hedlund suddenly told the Los Angeles mortgage man he was reentering the mortgage business and wanted to know if Occidental would make his company their Seattle agents to make loans. According to Loomis, Hedlund prefaced this request with a statement made in an air of mystery:

> After you've given me your answer I will have some news for you of interest—but I want your answer first.

Loomis said that Burke gave a guarded yes to this request by Hedlund, and that Hedlund then declared:

> Well, here's the news: Dave Beck and I are going into the mortgage business together.

Loomis was so concerned with the matter that he sat down that night and write a memorandum to Beck in which he recalled this particular conversation and added:

> It was said in such a way that Burke and Hession could and, I think, did believe you and Don are full partners in every sense, and your interest in the mortgage company was to be used as a basis of expectation of favors from Occidental (p. 2109).

Loomis then went on to tell Beck in his memorandum that he had reassured Burke that Beck was not going to own any part of the mortgage company. Loomis said to Burke:

> I feel sure he's not putting a cent into it; the last thing he'd do would be to set himself up in a position to siphon off some gains for himself through the flow of any funds of the international. He'll not only avoid evil but, likewise, the appearance of it (p. 2109).

Beck's answer to Loomis' memorandum, which the investment counselor had carefully written out in longhand, said nothing to reestablish his confidence. In the memorandum, Beck told Loomis:

> As you will recall, I told Don in our office that morning that I would not be in the firm as a partner; it would be in another name. I agree with you 100 percent that I cannot, as such, set up a mortgage company with Don or anyone else without immediately opening up myself for a target from the mortgage people and everyone else that would like to potshot

> Beck. I repeat I can see no valid objection to my rewarding my friends with our business rather than just acquaintances (p. 2111).

Subsequent to this Los Angeles meeting, the National Mortgage Co., was set up in Seattle, Wash., the partners being Donol Hedlund, Sherman Stephens, and Joseph McEvoy, the nephew of Dave Beck's wife. McEvoy obtained his $35,000 one-third investment in a loan from Dave Beck.

At the time of his entry into the mortgage business, McEvoy was a beer-truck driver for the Sunset Distributing Co., a firm originally founded on capital from the Beck family. Despite the fact that the mortgage business is a highly intricate one, there is no evidence that McEvoy had the slightest experience in this field, even though he was to play a part in the formulation of policy for the National Mortgage Co.

Following the formation of the National Mortgage Co., Loomis found himself rebuffed in his efforts to have the teamsters diversify their mortgage loans in a number of areas in the country. He found the tendency increasing to funnel as many loans as possible into the Seattle area so that the loans could be made to the National Mortgage Co. Loomis said that Beck personally borrowed $274,000 from the Occidental Life Insurance Co., at an interest rate of 3½ percent which he said "was not sufficient interest for that kind of loan." He added that, to his knowledge, the teamsters union "is a very important client of the Occidental Life Insurance Co." Beck also borrowed $100,000 from the Seattle First National Bank (where the teamsters had their bank accounts) at an interest rate of 3 percent. Of this, Loomis declared:

> I don't think anybody else could have borrowed money at that rate. I will correct that and say any ordinary, normal customer (p. 2116).

Loomis said that, after the National Mortgage Co. was formed, he sent still another memorandum to Beck in which he declared, in part:

> This brings me to my last point, and that refers to the ownership of the stock in the NMC, National Mortgage Co.
>
> For a trustee of the international to own stock in a mortgage company through which some of the international funds are going to pass seems to me to be a strict violation of the fundamental principles of the fiduciary relationship existing.
>
> It was not just clear to me where the remaining one-third of NMC stock lay, but I rather assume from what was said that you have taken one-third of the stock for yourself.
>
> Dave, if this is so, then I think it is wrong, very unwise, exceedingly poor public relations, and something which you will regret (p. 2118).

Loomis said that the solution to the problem would be for the international to own the stock, rather than it to be vested in Beck or any member of his family. Loomis said that he also played a part in the loan of $1,500,000, referred to above, to the Fruehauf Trailer Co. He said he was called in to consult on the matter but, before he had any chance to make an investigation, Beck ordered the loan made.

He said he was later surprised to find out that the assets of the Fruehauf organization, to which the union had lent this sum of money was a comparatively small $100,000.

Loomis' final blowup with the teamster leader, however, came over building an apartment house in Honolulu, T. H. Loomis said he had given this transaction considerable study and finally put papers into motion to close the transaction. When he got back these papers to study them, he found that an item of $20,000 for "a financing fee" had been scratched out in pencil and the figure $27,500 substituted. He confronted chairman Stephens with this change, and finally drew from Stephens the statement that the additional $7,500 was going to be split three ways: $2,500 to Beck, $2,500 to Hedlund, and $2,500 to the National Mortgage Co.

In shock and anger, Loomis called Hedlund, who at that time was in Honolulu. Hedlund said, at first, that the financing fee had always been $27,500, but finally admitted that it had been $20,000. When he told him Stephens' version of what was going to be done with the additional $7,500, he said Stephens was mistaken:

> I said: "Don, Stephens says one thing and you say another, and Stephens tells me on the phone this morning from San Francisco that these allocations are as stated above, and Stephens further tells me that you, Don, made the allocations and that he got this information from you." Don replied that Stephens is a liar. I said, "Don, this is an exceedingly serious thing, and you are bandying about the name of Dave Beck in a manner which can be very damaging to him, and I want to say to you that until this thing is all cleared up satisfactorily, this loan is not going to go through. I will go further and say to you that, so far as I am concerned, there will be no more teamster funds go to the National Mortgage Co. until this thing is cleared up to my satisfaction" (p. 2123).

Loomis said that Hedlund then attempted to get the whole Honolulu deal called off, but he told Hedlund that this would have no effect on his decision not to allow any more loans to go through the National Mortgage Co. In his final excitement in the telephone conversation, Hedlund blurted out that the excess money in the Honolulu deal might be paid to "the investment company." Loomis said this was the first he had heard that there was such a thing as the investment company, but, in fact, such a company had been in existence since 1947, and, as this report will further show, this was the device which Hedlund used to funnel funds to Dave Beck—fees which had been gained from the profit of $900,000 worth of mortgages by the teamsters union.

On February 10, 1955, Loomis wrote a final memorandum to Beck relating his conversation with Hedlund, telling the teamster leader his discovery of the existence of the investment company and also telling him that he had heard that Beck was receiving funds from these teamster mortgages. He told Beck:

> I think all of this puts you, as trustee, in an untenable position. I am sure that your fiduciary duty has never been sufficiently impressed upon your mind. The fiduciary posi-

tion and responsibility of a trustee is extremely high, Dave, and I think it would be well—in fact, I recommend that you ask Charles Horowitz to explain this clearly and in detail to you.

There are several things, Dave, which I think you should do (p. 2124).

Loomis went on to say that, if Beck would clear up those things to his satisfaction, he would consider continuing as an investment counselor to the teamsters union. If these problems were not solved, he told Beck to consider the memorandum as a letter of resignation. To this memorandum Loomis received a curt reply from Beck:

I deeply regret, Fred, that in your judgment it was necessary for you to address such a letter to me. I did not retain you, Fred, for any purpose other than in an advisory capacity, either to me personally or later as it pertained to my position as general president of the International Brotherhood of Teamsters. I have discussed the subject matter with you and do not intend to elaborate in any way. I am proceeding to negotiate the Honolulu loan, subject to the conditions which have been agreed upon, of 100-percent union construction. I find that in the interest of our personal friendship our business association should be dissolved. I am, therefore, accepting your resignation set forth in your letter of February 10, to be effective March 1, 1955 (p. 2125).

Loomis said that Beck was extremely angry because he had stood up to him and treated him "just like he was an ordinary mortal." The teamster leader also told Loomis that "his conscience was going to be his guide."

To this, Loomis retorted:

His conscience. And my answer to that was that I am afraid we would have chaos in this country if every person could run around and act in concert with his own conscience (p. 2126).

Senator ERVIN. It is a fact that the primary rule governing the conduct of trustees is that they shall not use their powers as trustees to enrich themselves at the expense of their beneficiaries; is that not true?

Mr. LOOMIS. I think they may not only not use them, they may not even appear to do so. (p. 2127).

Donol Hedlund, the suave and self-assured mortgage banker from Seattle, testified at length about his financial dealing with Beck. He repeatedly told the committee that he could see nothing wrong in either a moral or an ethical sense with what he had done. Hedlund conceded that he had formed the National Mortgage Co. in September of 1953 and that a third owner of this firm was Joseph McEvoy, the beer-truckdriver nephew of Mrs. Dave Beck, who had received his original investment capital in a loan from Dave Beck. He said that in the period since he started the firm until the time of the hearing approximately $9 million in teamster funds had flowed through the National Mortgage Co. in the form of mortgages. The original mortgage commitment, however, to the National Mortgage Co. came from the

Seattle First National Bank, where Beck and the teamsters union were heavy depositors.

Hedlund said that Beck had not exerted any pressure on the bank to give his firm this initial million-dollar line. The bank, however, was aware of the Beck family's participation in National Mortgage, as indicated by a memorandum in the loan files of the bank, which declared:

> His proportion of this indebtedness amounted to approximately $35,000, and the balance of it is to provide a portion of the capital going into the National Mortgage Co., a new concern being organized by Mr. Don Hedlund to acquire mortgages for the account principally of the International Brotherhood of Teamsters Pension Fund, we understand.

Hedlund testified that a company called the investment company was used to funnel some $20,000 in brokerage commissions which were split on an even basis among Beck, his personal attorney, Simon Wampold, who was on the teamster payroll, and Hedlund. The first of these funds, Hedlund said, came from the $7,523.34 worth of brokerage fees paid on the Lanphar mortgages, about which Loomis testified. Out of this brokerage fee, Beck got $2,500, Wampold $2,500, and Hedlund $2,500, with a $23.34 carryover item which was later distributed by the investment company.

In addition, Hedlund charged the teamsters union $327.40 for expenses he had in connection with the Lanphar mortgages without telling the union that he was drawing a side brokerage fee from Lanphar. Another brokerage fee of some $10,741.62 was paid by National Mortgage to the investment company and then split among Beck, Wampold and Hedlund, as the result of a number of loans purchased by the union from the Federal National Mortgage Association (FNMA).

Again, as was the case with the Lanphar mortgages, the union put up the cash for the mortgages and the union's president, Dave Beck, profited from the brokerage fees. Another brokerage fee of $4,197.25 was paid to the investment company on some other FNMA loans, bringing the total of brokerage fees paid into the investment company up to $20,425.37.

The investment company, however, was not the only siphon through which funds accruing from union investments became the personal property of Beck, Hedlund, and others. Perhaps the most shocking example from the committee's standpoint was the transaction involving the Leheney Memorial Foundation. Ray Leheney, a longtime teamster official and a close personal friend of Dave Beck, had died, and in a spirit of generosity, Beck organized a voluntary contribution fund from teamsters throughout the country for the benefit of Mrs. Ray Leheney. In May of 1956 with funds of the International Brotherhood of Teamsters, Beck and Hedlund purchased a number of choice mortgages for $71,407.03. Records of the international indicated that the teamsters handled this transaction as they had all other mortgage transactions and were of the firm belief that they had purchased these particular mortgages for the account of the teamsters. This was not the case, Hedlund said. Rather, he and and Beck were using a "loan" of these funds from the International Brotherhood of Teamsters to purchase these particular mortgages. These mortgages were held until December of 1956, by which time payments had been

made which substantially reduced their value. Nevertheless Beck and Hedlund sold the mortgages to Mrs. Leheney at the par value of $71,607.32. They then paid the union what the mortgages were actually worth, and pocketed the difference, $11,585.04, which they split between themselves as profit on the transaction.

Another avenue of profit for Beck and Hedlund was the Linton Construction Co., a home-building concern in which Hedlund was a principal officer and investor. The records show that on two pieces of property the Linton Construction Co. made downpayments on parcels of land in the State of Washington, that these lands were then purchased by Hedlund and Beck, and then resold in a very short time to the Linton Construction Co. at substantial profit. One piece was purchased for $28,700.42 in May of 1954 and sold to the Linton Construction Co. for $45,000 in November of 1954. The records indicated that at the time that Jess Linton, the owner of the construction company, bought back this land at the higher price he had been assured by Hedlund that teamster funds would be available to finance the home developments he was contemplating building.

The records indicated that on this particular piece of land teamster loans of approximately $999,892 were made to the Linton Construction Co. The second piece of property was purchased by Hedlund and Beck for $13,785.02 and sold some 6 months later to the Linton Construction Co. for $20,000.

Hedlund also testified that in the period from September 1953 to the time of the hearing, the National Mortgage Co. increased in capital value from $104,000 to $146,000, which represented a substantial increase in the original investment of $35,000 put by the nephew of Dave Beck's wife, Joseph McEvoy.

Hedlund also received some $40,000 in brokerage fees from mortgage companies in various parts of the country for the handling of teamster mortgage loans. On one occasion Hedlund was sent to St. Louis to handle a mortgage loan for the joint council of teamsters there. When Harold Gibbons, the head of the joint council, was slow in paying he received a sharp letter from Beck ordering him to send a check to Hedlund and declaring—

> May I anticipate that you will give it your early attention.

Not all of Mr. Hedlund's and Mr. McEvoy's profits came from the mortgage company. Testimony also indicated that with a total capitalization of $500 they set up a company called Insurance Brokers, Inc., which, in the period from October 1, 1955, through September 30, 1956, drew total receipts of $265,285.56. Of this, a substantial portion came from the National Mortgage Co., the Linton Construction Co., and the Eastern Conference of Teamsters.

Hedlund wrote a letter to Thomas Flynn, the head of the Eastern Conference of Teamsters, which said that—

> In accordance with the instructions from Dave Beck, we have written in the name of the Eastern Conference, International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, combined automobile policy on the Pontiac automobiles upon which you are taking delivery (p. 2166).

Why east coast teamsters should go through Hedlund to insure their automobiles was never satisfactorily explained, except that Hedlund was a friend of Beck, and Beck's relative was a partner in the firm.

The hearing testimony showed that Beck had used both ends of the Western Conference of Teamsters health and welfare funds for advancing his own personal interests. On one end he received favors from the Occidental Life Insurance Company of Los Angeles, which received a total of some $60 million insurance premiums from the teamsters in the years 1954, 1955, and 1956; on the other end, he secured favors from George C. Newell, of Seattle, Wash., the broker on these funds. The Occidental Life Insurance Co. made a loan of $274,000 to Beck in 1951, at 3½ percent interest. A. M. Burke, head of the mortgage department of Occidental Life, said this loan was made because—

> Beck was a good customer * * * and individually has a lot of insurance with us, and we can afford that same treatment to any good policyholder and customer (p. 2299).

Under questioning, Burke attempted to tell the committee that the fact that Beck carried some $45,000 in personal insurance with Occidental Life was weighed on an equal basis with the $6,470,000 worth of union insurance business which went through Occidental that year. Burke also finally admitted that, in the month that Beck made this loan, Beck's was the only one granted at 3½ percent; 853 other loans were made by Occidental that month, and all of them paid higher than 3½ percent interest. In the following year, the Occidental Life Insurance Co. advanced another $40,000 to Beck at 3½ percent interest.

The Occidental Life Insurance Co. also performed a number of other favors for Beck, including free appraisals on two pieces of property in Los Angeles in which the teamsters' leader was interested. Another service which Occidental performed for Beck was the purchase of a piece of property adjacent to the teamsters property in Los Angeles for Beck under another name. In fact, Beck wrote a letter to Occidental asking them to buy this land and swearing them to secrecy. He wrote, "I do not want anyone in Los Angeles to know that I am dealing on this property, and by that I mean no one," and the "no one" was underlined in the letter. Occidental arranged to buy this property for Beck for $25,000 in the name of one C. J. Lick, and 6 months later the property was transferred by Lick to Beck's personal real-estate broker, Vincent Miller, of Seattle, and then to the teamsters for $30,000, netting the teamsters' leader a tidy $5,000 profit on the transaction.

Beck also started arrangements for Occidental to make a loan of $24,000 to Criterion Films, of Seattle, in which he was a principal stockholder. The loan was killed, however, when Criterion indicated it would attempt to use the money to buy the building which they were then renting from Beck for $450 a month. Apparently, Beck preferred to have the continued rental from this property rather than to play a part in getting the money for Criterion with which they could buy the property. Beck also asked Occidental to place some of their mortgage money in Seattle through the National Mortgage Co.

at the time that organization was formed in September of 1953. This is the company, as has been pointed out earlier in this report, which was owned in part by the nephew of Beck's wife, Joseph McEvoy.

On the other end of the health and welfare fund transactions, testimony indicated that funds from teamsters unions in the amount of some $600 had been paid to George Newell for the personal insurance policies of Dave Beck and his physician, Dr. Alexander Grinstein. Smaller amounts were paid by the teamsters for the insurance policies of Frank Brewster, then chairman of the Western Conference of Teamsters, his daughter, and Fred Verschueren, Jr., auditor for the teamsters union in Seattle. As has been pointed out in the Brewster report, Newell was also engaged in a rather unusual business relationship with Brewster through the operations of the Breel Stables, a string of racehorses.

Beck, himself, failed to respond to the committee's questions about all of these transactions, invoking his constitutional privilege under the fifth amendment. Time and time again he invoked the name of his absent counsel, former Senator James Duff, of Pennsylvania, as the man who had given him the advice not to answer committee questions. Beck declared:

> In view of nationwide newspaper, radio, and television accounts of the proceedings before this committee and the testimony in connection therewith, and, further, in view of proposed criminal actions against me which I have been advised are arising out of alleged violations and, further, in view of other asserted or implied violations of Federal and State laws, I intend to assert all privileges as to anything I might say, and I have a determination not to waive or imply the waiver of any protection and privileges afforded me by the Constitution and the Bill of Rights as to any question which may be propounded to me or to the production of my records (p. 1512)

Beck had severely criticized a number of professors who took the fifth amendment before the board of regents of the University of Washington when he was chairman of that board of regents. It was also pointed out to Beck that he had answered a number of questions that the committee wanted answers to on a national television hookup on the Sunday prior to the committee's hearings. At that time, however, Beck was not under oath, and the committee wanted to know if he would give the same answers under oath. To this suggestion the union leader also invoked the fifth amendment.

The sum total of Beck's testimony was of such a nature that the chairman, in summing up, declared:

> I said earlier that there are times when patience ceases to be a virtue. We have labored here diligently for the last few days, and, in fact, for the past month, trying to carry out our assignment and perform the duties with which this committee is charged.
>
> We have encountered, as those who have had the opportunity to witness will readily agree, very difficult circumstances, reluctant witnesses, fifth-amendment witnesses, and probably others who testified, testify falsely.

It is a demonstratiton of the arduous labors that this committee and its staff is going to have to put forth and the expense that this Government today is being put to and caused to expend because of the lack of cooperation and, in some respects, lack of good citizenship and proper moral standards which are causing us to have to do this labor and expend this money.

It had been hoped that when Mr. Beck appeared before this committee he would be a cooperative witness, that he would come in a spirit of trying to assist and aid the committee in performing its functions and rendering the service to the Government that it is his duty to render.

Unfortunately and unhappily, that has not been the case. It did not materialize in that way. This witness, in my opinion, has shown utter contempt for this committee, for the Congress of the United States, and for his Government.

Whether that contempt is actionable or not, I am not at the moment prepared to say, but this committee will give consideration to the question of whether it is actionable.

If it is found to be, I have no doubt what the judgment and action of the committee will be. Mr. Beck has shown flagrant disregard and disrespect for honest and reputable unionism and for the best interests and welfare of the laboring people of his country.

Above all, he has shown arrogant contempt for the million and a half members, the honest laboring people in the teamsters union. Since he is so anxious to get into court, it is my sincere hope that, in due time, the witness will be judged accordingly.

Now, I regret that proper propriety and common decency dictate that I should not spread here on the record any further substance of my opinion.

Findings—Dave Beck

When Dave Beck was elected general president of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America in 1952, he promised faithfully to carry out the trust of his office and said he would brook no dishonesty or racketeering within the union's ranks.

After hearing the testimony concerning Mr. Beck's activities, the committee finds that he viciously abused the trust of the union's 1½ million members, that he shamefully enriched himself at their expense, and that in the final instance he capitulated to the forces within the union who promoted the interest of racketeers and hoodlums.

The fall of Dave Beck from a position of eminence in the labor-union movement is not without sadness. When named to head this rich and powerful union, he was given an opportunity to do much good for a great segment of American working men and women. But when temptation faced Dave Beck, he could not turn his back. His thievery in the final analysis became so petty that the committee must wonder at the penuriousness of the man. What would cause a man in such circumstances to succumb to the temptation of using union funds

to pay for 6 pairs of knee drawers for $27.54, or a bow tie for $3.50? In Beck's case, the committee must conclude that he was motivated by an uncontrollable greed.

Mr. Beck violated his trust as president of the Western Conference of Teamsters and as president of the international union in 4 ways: By taking for himself union funds which he held in trust; by taking kickbacks and commissions on teamster financial deals; by selling properties to the Teamsters Union for outrageous profits; and by forcing employers who had contracts with the teamsters to enter into personal financial arrangements.

The committee makes the following specific findings:

1. Dave Beck took, not borrowed, more than $370,000 in union funds from the Western Conference of Teamsters Joint Council No. 28 Building Fund, and the public relations division of joint council No. 2. When confronted by an investigation by the Internal Revenue Service, Mr. Beck began restitution which even at the time of the committee hearings, some 3 years later, had not been completed.

The money taken by Beck was used for the construction of his home, swimming pool, and the homes of four of his associates who live near him in the fashionable Sheridan Beach section of Seattle. Other funds were diverted to Nathan Shefferman, Chicago management consultant, in the amount of $85,000 to pay Beck's personal bills and those of his son and nephew.

2. Mr. Beck placed mortgages of the International Brotherhood of Teamsters through a company in which he had a financial interest and thereby received kickbacks for the placement of this teamster business.

3. Mr. Beck and his friend, Donol Hedlund, a Seattle mortgage banker, enriched themselves by $11,585.04 in the handling of the trust funds of Beck's late nearest and dearest friend, Ray Leheney.

4. Mr. Beck aggressively and dishonestly promoted the sale of toy trucks amongst the teamster locals throughout the country for the financial gain of his son, Dave Beck, Jr., and friends.

5. Mr. Beck secured a $12,500 commission for his friend, Nathan Shefferman, for the purchase of land in Washington, D. C., under the most flagrantly false pretenses. He then received an $8,000 kickback from Shefferman.

6. Mr. Beck received another $24,000 kickback as part of the profit that Shefferman had earned from selling furniture to the teamsters and arranging for the installation of a bookkeeping system in the teamsters headquarters.

7. Mr. Beck placed his relatives on the payroll of the teamsters union, and they received salaries and expenses for which they did virtually no work.

8. Mr. Beck used union accountants and attorneys to operate his own personal businesses over an extended period of time.

Dave Beck brought the great power of his office to bear on a number of large employers throughout the country to secure favors for himself and his family.

9. Mr. Beck used the power of his office to secure favors from Anheuser-Busch, Inc., of St. Louis, Mo., on behalf of a liquor distributing firm in which his son, Dave Beck, Jr., had an interest.

10. Mr. Beck, after lending $1,500,000 of teamsters union funds to the Fruehauf Trailer Co. to use in a proxy fight, improperly impor-

tuned Fruehauf for special favors, including the loan of $200,000 and a $5,000 investment in his son's toy truck company.

11. Mr. Beck acted improperly by requesting a loan of $300,000 from the Occidental Life Insurance Co. at a lower-than-usual interest rate while the Western Conference of Teamsters was funneling millions of dollars of health and welfare fund insurance premiums through that company.

While there is no doubt that many of the employers on whom Beck made demands complied out of a feeling of fear and necessity, the committee, nevertheless, makes the following findings on what it considers improper acts by these employers.

12. The committee finds that Mr. Beck's machinations would not have been possible without the help, cooperation, and assistance of certain companies and individuals. In these instances, almost an equal burden of guilt falls on the national business concerns with whom Beck dealt, from whom he obtained special favors, and for whom he did special favors. Although Mr. Beck initiated the actions, the response of the companies or individuals is subject to sharp criticism.

13. The committee finds that Donol Hedlund, a Seattle mortgage banker, enriched himself by many thousands of dollars in a highly improper business relationship with Dave Beck. That he was unaware of the fact that he was acting unethically and improperly is incredible to the committee.

14. The committee finds that Anheuser-Busch, Inc., acted improperly in granting special favors, not available to their other distributors, to the Beck-controlled company. The committee is convinced that the brewing company granted these favors, not only because they were afraid of Beck, but in the hope that they could secure special favors from Beck which, on occasion, they sought and secured.

15. The committee finds that the Fruehauf Trailer Co. acted improperly in arranging a sizable loan to Dave Beck, the president of the union which played such a major role in their industry. It finds that Roy Fruehauf continued attempting to establish himself in Beck's good graces by granting the teamster leader special favors, including the free shipment of his son's boat to the west coast, the use of a chauffeur in Europe, and the use of the company's private plane. This is a highly questionable relationship for a man in the trucking industry and one which the committee strongly condemns.

16. The committee finds that Associated Transport, Inc., acted improperly in lending Dave Beck $200,000 from its subsidiary, the Brown Equipment Co., while they had extensive contracts with teamster locals over which Dave Beck had ultimate control.

17. The committee finds that the Occidental Life Insurance Company of California acted improperly in granting loans of almost $300,000 to Dave Beck, at lower than usual interest rates, at the same time the Western Conference of Teamsters was funneling millions of dollars of health and welfare fund insurance premiums through the Occidental Life Insurance Co.

18. The committee finds that George Newell, the Seattle broker for the teamster health and welfare funds, acted improperly in accepting union checks in payment for the personal insurance of Dave Beck; his physician, Dr. Alexander Grinstein; Frank Brewster; his daughter, Betty Brewster; and Teamster Auditor Fred Verschueren, Jr.

19. The committee finds that Sam Bassett, the union's attorney who was paid with union members' dues, acted highly improperly and violated his trust when he took no action after it came to his attention in 1954 that Mr. Beck had taken large sums of money from the Western Conference of Teamsters. He did not draw this to the attention of the membership which he was supposed to represent, or of the law enforcement agencies in the State of Washington. In fact, Mr. Bassett took every step possible to oppose efforts on the part of the membership to learn of the financial irregularities of Mr. Beck and Mr. Brewster.

20. The committee finds that Simon Wampold, by remaining on the payroll of the teamsters while representing Mr. Beck in his private businesses, violated his trust and responsibilities.

21. The committee finds that Alfons Landa, attorney for Fruehauf and a member of the District of Columbia bar, acted in a highly questionable manner by offering to make a kickback to Dave Beck on the possible profits from the $1,500,000 loan that the teamsters had made to the Fruehauf Co., of which he was a director.

In another section of this report the committee goes into detail on findings concerning Nathan W. Shefferman. Suffice it to say here that the committee finds that Mr. Beck's relationship with Mr. Shefferman, who represented some 400 different employers, was highly improper on both their parts and was to the detriment of the members of Mr. Beck's own union and other unions in the labor movement. Mr. Beck's relationship with Mr. Shefferman should have been at arm's length.

The committee feels that if all of the points that it has elicited against Mr. Beck were written off the record, his handling of the trust fund of his best friend, Ray Leheney, would damn him in the minds of all decent people. Even in the handling of the affairs of the sacred trust from a lifelong friend Beck saw the chance for a profit and took it.

Dave Beck brought shame and disrepute on the American labor movement. He will have to look to his fellow labor union members in America for the ultimate verdict on his actions. This committee can only conclude that the labor movement is well rid of Dave Beck, as it would be well rid of others like him. The public and the 17 million union members in America deserve better.

SCRANTON, PA.

Many Americans believe that the use of force and violence in labor-management relations is a relic of a bygone age. This notion is a mistaken one. During the course of its work the committee has received reports from a number of areas throughout the country attesting to the fact that threats, intimidation, physical assaults, and destruction of property have by no means vanished from the labor-management scene.

Information on the use of such tactics has come from communities divergent in size and locality, including New York, N. Y.; Nashville, Tenn.; Philadelphia, Pa.; Joplin, Mo.; Charlotte, N. C.; Los Angeles, Calif.; Chicago, Ill.; Portsmouth, Ohio; and many other cities.

These tactics do not match, either in extent or degree, the terrorism of the 1930's, when labor began to organize on a large scale. Nevertheless, their continued toleration today raises valid questions as to whether labor-management relations have sufficiently matured.

While in the 1930's most of the violence may have been initiated by employers bent on preventing their employees from organizing and joining unions, most of the current complaints lodged with the committee have been directed at officials or hired thugs and goons of labor unions. Management's resort to force and violence during the earlier period, which we condemn, in no way justifies labor's use of these weapons today. Neither side can be excused for such conduct at any time.

At two separate hearings during the past months the committee examined this canker in the labor-management field. The first, in April, centered on Scranton, Pa.; the second, in December, on Tennessee and neighboring States.

Violence in Scranton has had many faces. Sometimes there has been only promise of force, but often performance. According to the testimony of committee witnesses, threatening and abusive phone calls have been made late at night to union members who failed to see eye to eye with their own leadership, and, on the other hand, to business owners who have fallen afoul of union aims. To compel a contractor to "come around," sugar was poured into one of his rollers. A troublesome dairy concern had kerosene dumped over the milk, eggs, and butter on one of its trucks. A nonunion driver carrying a load of merchandise had his way blocked, his windshield smashed, and his truck stoned. A construction company employing 45 people, which was the target of an organization drive, was mass picketed by 3,000 men, some armed with guns, clubs, and iron rods; wholesale sabotage against its vehicles ensued, in which wires were pulled out of motors, air let out of tires, and trailers uncoupled. One hapless employee had himself hoisted onto a bridge railing and was shown "the bottom of the river."

This is only a partial inventory of the havoc wrought in Scranton. In three particularly callous incidents with which this report will deal in detail, one home under construction was dynamited, the wall of another was pushed over, and a bakery was stinkbombed.

Throughout the Scranton story the names of two local labor groups crop up time and again. One is local 229 of the International Brotherhood of Teamsters. The other is the Scranton Building Trades Council, composed of 19 different craft unions, such as the carpenters, electrical workers, and common laborers. The teamsters belong to this council.

Teamsters local 229 itself has certain special aspects worth pondering. Testimony by Paul Bradshaw, a now disenchanted former steward of the union who once was a zealous tool of its leaders, and by Helen Canfield, a rank-and-file member, painted a picture of a tightly run dictatorship with which ordinary members of the union were loath to tangle. Bradshaw asserted that any member "who spoke out of turn or went against something that they [the officers] would make a motion to do" would find himself the victim of a beating.

Asked for a specific instance, Bradshaw described an encounter which he alleged took place between an unnamed member of the

rank-and-file and another member named Robert Hubshman, who in a subsequent appearance before the committee refused to answer any questions on the grounds that they would tend to incriminate him.

> Mr. BRADSHAW. Yes, there was a fellow there and he would get up on the floor and he would try to put his 2 cents in on something, and the business agents didn't like it, and Robert Malloy gave Robbie Hubshman orders to beat the fellow up. So when the fellow was walking out the door Hubshman walked up and clipped the guy a couple of times and he said, "Don't call me no damned Jew," he says; and the fellow never opened his mouth (p. 1743).

Miss Canfield provided this insight into local 229:

> Miss CANFIELD. The only one who runs it or benefits are the ones who are agents or officials.
>
> Senator ERVIN. In other words, the union is run simply by the officials?
>
> Miss CANFIELD. Yes; and their friends hold the jobs and if you are not a friend you don't count.
>
> Senator ERVIN. And they aren ot run by the rank and file of union?
>
> Miss CANFIELD. Oh, no. And they are afraid to do anything about it (p. 1842).

Both Bradshaw and Miss Canfield asserted that rigged elections and multiple voting were prevalent in the union. Bradshaw described a practice whereby a member, in order to vote, had to present a receipt indicating that his monthly union dues were paid up, adding:

> We had quite a bit of extra receipts there and they were passed around among the boys. There was about I would say 7 or 8 fellows that I know of, including myself and we voted as high as 6 and 7 times (p. 1744).

Joseph McHugh, one of local 229's three business agents, acknowledged that the union occasionally paid dues for members behind on their payments, but described this as a friendly gesture to prevent them from being disqualified for sick and death benefits. He then went on:

> So at election time, you do go to those people for favors, and if they are not in, you contact the steward on the job and say, "So-and-So is not paid up now. Have him around to vote. I will have a stamp here. I will pay his dues." I have done that and the opposition has done that, ever since I have been in office (p. 1946).

However much their testimony conflicted on other matters, both dissidents and officials of the Scranton teamsters agreed on one point: attendance at union meetings was scarcely impressive. Local 229's membership is approximately 3,000. Estimates of meeting attendance ranged from a low of 15 to no higher than 300—a mere 10 percent—even for such vital matters as extending the tenure of office for business agents from 3 to 5 years. Clearly, the practice of democracy in local 229 leaves much to be desired.

Union officials who use bullying, highhanded tactics with their own rank and file cannot be expected to apply sweetness and light in

their dealings with management or the community at large. In the major explosions of violence which have rocked Scranton in recent years, officers of both the building trades council and local 229 were heavily implicated.

One such major incident was the dynamiting of a home under construction by a nonunion contractor. As a result of this affiair nine men were convicted in Lackawanna County Criminal Court. Five teamster members were found guilty of the actual dynamiting, including Bradshaw, the ex-steward, and Robert Hubshman, Joseph Malloy, William Munley, and George Murphy. The remaining four were convicted of conspiracy to dynamite, including John Durkin, secretary-treasurer and a business agent of the teamsters, as well as a vice president of the Pennsylvania Federation of Labor; Joseph Bartell, business representative of the local carpenters union; Philip Brady, business manager of the local electrical workers union; and Anthony Bonacuse, business agent of the local laborers union. Bartell, Brady, and Bonacuse are respectively president, vice president, and director of the Scranton Building Trades Council.

As unfolded before the committee, the events leading up to the dynamiting began when Anthony J. Ruby, a dental technician, engaged Edward Pozusek, a general contractor of Wilkes-Barre, Pa., to build a new home on North Main Avenue in Scranton. Early in April 1954, Pozusek testified, he and his men were excavating for the cellar of the house when he was paid a visit by Anthony Bonacuse. Bonacuse asked if Pozusek were union, and on receiving a negative answer, gave him a bit of advice which Pozusek recalled thus:

> "Well," he said, "it would be a smart thing for you to be union. You are from out of town and you don't know the boys over here as well as I do." He said, "I know them well and they play rough and they are liable to give you a lot of trouble here" (p. 1784).

Pozusek's next visit from Bonacuse took place some 3 weeks later, by which time work had progressed to the laying of the subfloor. With Bonacuse were Joseph Bartell and Philip Brady. Bartell, according to Pozusek, launched the conversation by asking: "Who the hell allowed you to come here to Scranton to build?"

Pozusek testified that this colloquy ensued:

> Well, gentlemen, I said, "Mister, it so happens I am American born, and I am allowed to earn a living in any part of this country as long as I earn it legally, and whatever is legal, I did everything legal on these jobs." * * * He said, "Well, you can't do that in Scranton. You will just pick up your tools and get the hell back to Wilkes-Barre where you belong. You have no business over here."
>
> I said, "Well, there is any number of people from Scranton that are working in Wilkes-Barre, and you never heard of a barricade on a highway and us chasing them back to Scranton."
>
> "Well," he said, "You can't come into Scranton and work. You know you come into a troublesome area, and you are going to get trouble over here, and you are looking for it and you are going to get it."

I said, "Look, mister, I am not looking for trouble; I don't pretend to be tough or smart, and I am only going to tell you one thing, that I am a nervous type, and don't come here and start trouble for me because somebody is going to get hurt."

* * * He said, "Trouble? You don't know the first damn thing about trouble. Why, we'll give you so much trouble here that you'll get ulcers."

"Ulcers?" I said, "That doesn't worry me one little bit, because I am getting the damn things for the last 15 years."

Well, he told Philip Brady, and he said, "Look here, we have a customer that has got ulcers. What do you say you give him a pill?"

Well, then I said to Mr. Bartell, "I know, furthermore, there is such a thing as a Taft-Hartley law which says I don't have to be union and my men don't have to be union if they don't want to."

Well, he told me what I could do with the Taft-Hartley law (p. 1785).

Later testifying before the committee, Bartell conceded that he had talked with Pozusek but denied the contractor's version of the conversation:

The only thing we indicated to him was if he didn't come in and sit down with us we was going to picket the job the following week (p. 1892).

Two days after the conversation took place, Pozusek testified, he and his men still had 640 feet of subfloor to lay. They agreed that they would finish this part of the work the next day, Saturday, so that on Monday they could start raising the structure. But on Saturday morning, Pozusek recalled:

* * * as I approached the place I said to the fellows in the truck with me, "Gosh, them kids must have had a ripsnorting time here last night," because all of the platform was all busted up. As I drove alongside the building I noticed that the north end of the building was all sagged down, and I said, "Somebody dynamited this place" (p. 1786).

All five of the teamsters subsequently convicted for the dynamiting appeared before the committee. Three of them, Hubshman, Joseph Malloy, and Murphy, took the fifth amendment. The other two, Paul Bradshaw and William Munley, supplied detailed accounts which, however, differed on certain crucial points.

Bradshaw, by far the more voluble witness of the two, testified that his first contact with the dynamiting plot was a telephone talk with John Durkin, head of the teamsters local, in which Durkin told him that Bartell, Brady and Bonacuse "got something they want you to do." Shortly thereafter, Bradshaw continued, Brady and Bartell talked to him and Joe Malloy:

Mr. KENNEDY. What did they tell you at that time?

Mr. BRADSHAW. At that time, they told us that there was a wise-guy contractor in, and he was building a home next to the Jewish cemetery on North Main Avenue, High Park.

He said, "The guy needs to be taught a good lesson. He is a wise guy. How about going over——"

Mr. KENNEDY. Who told you this?

Mr. BRADSHAW. Bartell was doing all the talking. He says, "How about going over and cut some of the joists," he says, "and push the wall", he says, "and things like that." He says, "Do a good job on the place." We told him we would. As they were walking away, Bartell turned and said, "Paul, get in touch with Hubshman. He knows all about it" (p. 1811).

That night, Bradshaw said, he, Malloy, Hubshman, and Murphy, a fellow teamster who had volunteered to join them, met again with Bartell and Brady to discuss details.

Mr. BRADSHAW. He told us to saw the joists to a breaking point, not to saw them all the way through.

Mr. KENNEDY. Who told you this?

Mr. BRADSHAW. Bartell. "And," he says, "9 out of 10 times he will never notice it, and when the home is built and the people move in, the thing will collapse, and," he says, "he will have ulcers" (p. 1811).

The same night, Bradshaw went on, his task force drove over to survey the construction site:

Robert Hubshman and Joe Malloy got out, went across a little field, and went down into the foundation of the home that was being built. They were in there about 5 minutes. They came out, they got in the car, and as they got in Hubshman says, "Christ, that place is really put together. We can never touch that. The only way we can touch that is to throw a stick of dynamite into it" (p. 1812).

They discussed the used of dynamite, Bradshaw testified, adding that while he himself professed distaste for the idea, Hubshman mentioned Billy Munley as one who knew how to handle it. The group then drove to Munley's Cafe in nearby Jessup, owned by Billy's brother Jackie, who was also county superintendent of roads and bridges. Jackie, Bradshaw said, declared that his brother would never do the job.

The following day, Bradshaw went on, they had another talk with Bartell:

The next afternoon we went up to Joe Bartell's home and we told Joe about it, and Joe said, "Oh, no, don't use dynamite. That is out." He went in the house and he got some saws. He says, "Here is some real good sharp saws. Do the job," he says, "that I told you to do, and," he says, "do it good, and there will be a good bonus in it for you guys" (p. 1812).

Bartell denied this conversation in its entirety in his appearance before the committee.

Notwithstanding instructions against the use of dynamite, Bradshaw's testimony continued, the task force was again at Munley's Cafe that night when "Jackie Munley passed the wire and the plunger out from behind his bar to his brother Billy." Two cars then set out

for the construction site. In one, Bradshaw said, were Hubshman, Malloy, and Billy Munley; in the other, Murphy and himself. On the sidewalk near the house, Bradshaw testified, Hubshman rejected Bradshaw's last-minute attempt to dissuade him from the deed, and Bradshaw and Murphy drove off:

> I was a block and a half or two blocks past the home and I stopped the car. Murf says to me, "What are you stopping about Paul?" And I say, "I want to hear the bang. Maybe they will really do it or they will change their minds." We heard the bang and took off (p. 1815).

Bradshaw's account of these events was disputed on two major counts by Billy Munley, the man who by his own admission had pushed the charger to set off the dynamite, and who had served 9½ months in prison for the crime prior to his appearance before the committee. Munley flatly denied that his brother had had anything to do with the affair, including the furnishing of the dynamite and charger, and he declared that Bradshaw had been a lookout during the dynamiting, a considerably larger role than Bradshaw had ascribed to himself. Munley further disclaimed knowledge of any involvement by union officials in the planning of the crime.

The committee's attempt to ascertain Munley's reason for participating in the violence elicited notable vagueness from the witness, but threw some chilling light on the casual ways of agents of impersonal destruction.

> Senator MUNDT. But you must have had some reason for going. You were not in the habit of dynamiting houses, were you?
>
> Mr. MUNLEY. No, sir.
>
> Senator MUNDT. If anybody in Scranton came to you and said, "Look, let's go down and dynamite a house," you would not have gone, would you?
>
> Mr. MUNLEY. I don't imagine I would.
>
> Senator MUNDT. Why did you go with Bradshaw?
>
> Mr. MUNLEY. Like I say, sir, I made a mistake. I went.
>
> Senator MUNDT. Certainly you made a mistake, but why did you go when Bradshaw asked you to dynamite the house?
>
> Mr. MUNLEY. I don't know.
>
> Senator MUNDT. What did he have on you?
>
> Mr. MUNLEY. He didn't have nothing on me.
>
> Senator MUNDT. You are telling us, then, that you did not ordinarily dynamite houses. You would not go if anybody in Scranton asked you to dynamite a house, but if Bradshaw asked you, you would go.
>
> Mr. MUNLEY. At that time, sir, I went.
>
> Senator MUNDT. What reason did he give you for dynamiting the house?
>
> Mr. MUNLEY. I just don't recall the reason that he gave.
>
> Senator MUNDT. He just said, "Let's go dynamite a house" and you said "Yes", for no reason?
>
> Mr. MUNLEY. Well he didn't like scabs. That was one I know of (p. 1853).

The aftermath of the dynamiting did not at first promise to be a troublesome one. The next day, Bradshaw testified, he and Joe Malloy went to see Bartell, who, he recalled—

> was a little mad about the dynamite, but he says, "Don't worry about it," he says, "Paul, it will be in the paper for a day or two and that will be the end of it. Forget about it and keep your mouth shut." So he says, "Here is a hundred dollars. Give each of the boys 20 bucks and have a few drinks." So he gave us the hundred dollars. I took $40 of it and gave $20 to Murphy and Joe Malloy took the $60 and gave $20 to each of the other boys. So that was the end of that (p. 1815).

But it was not the end. In October 1954, Bradshaw was arraigned for the dynamiting, was tried in January 1955, and, although he denied any connection with the crime—a perjury he freely admitted to the committee—he was convicted.

Following his conviction, Bradshaw testified, Durkin, Bartell, Brady, and Bob Malloy, a second business agent of local 229, "all told me to keep my mouth shut and everything would be all right, that they would take care of everything."

But disillusionment was around the corner for Bradshaw, not out of conscience but sheer economic stress. Neither financial help nor a job was forthcoming from his erstwhile union cronies, and equally bad news was relayed by Billy Munley, who, Bradshaw testified, telephoned to report that the business agents of local 229 had decided to wash their hands of him permanently. Bradshaw made a last appeal, he told the committee, to John Durkin.

> * * * I said, "John, I am in a bad spot, somebody has got to take care of me and someone has to take care of my family and you have to give me a job." Well, right at that time, I had my home almost paid for and I lost my home and I had my father-in-law take it over. And my automobile, I had a $3,600 car and I owed $400 on that and I couldn't pay that and so the bank was taking the car and my father-in-law took that over, which he couldn't afford himself and he had a deformed girl and every nickel he put into her. Anyhow, I went in to Durkin and I explained it and he said, "Paul, I will see what I can do." And it went on a couple of more months and finally my little girl is coming home from school one day and she falls and she broke her glasses and so I went in to John and I said, "John, I need $40 for a pair of glasses. And don't forget it is only a little while ago my girl got hit in the eye with a scissors and she lost her eye. Now," I said, "I new $40 for a pair of glasses to protect the other eye because they were all scratched up." And he said, "Paul, don't bother me. We don't want nothing to do with you." And I said, "OK. I'm going to the district attorney and you are all going to jail." And he said, "Go ahead and go to the district attorney. We have him taken care of" (p. 1750).

Thus frustrated, Bradshaw and his fellow teamster, Helen Canfield, an egg candler by trade, hatched a scheme. Billy Munley and Murphy were invited to her home, Miss Canfield testified, and there, ignorant

of the hidden presence of a tape recorder, they sociably rehashed the dynamiting and its unpleasant aftereffects for Bradshaw, essentially confirming Bradshaw's version and naming names.

Munley's recollection of this incident was that he had been bedeviled by Bradshaw into giving what he now termed a false account of the dynamiting in order to help Bradshaw retain Miss Canfield's affections.

> * * * He said he didn't care about his wife. He just cared about Helen, and for me to go down and tell Helen that he had nothing to do with it (p. 1848).

Once armed with the secret tape recordings, Bradshaw still showed reluctance to break with his old comrades. He testified that he told Brady, head of the electrical union, of the tape recordings, and appealed for his help. Brady thought it over, Bradshaw reported, and concluded:

> Paul, we are not going to take care of you. Your own outfit is doublecrossing you and why should we take care of you (p. 1750)?

It was at this point that Bradshaw apparently realized, with finality, the shortlived nature of gratitude for services rendered in the cause of violence. He turned the recordings over to Harold Brislin, a Scranton newspaperman.

The committee's questioning as to why he did not go directly to the law elicited allegations by Bradshaw that public officials in Scranton had known of the dynamiting and done nothing about it. He asserted that legal action was sparked only in the wake of newspaper pressure and the presentation of the tape recordings to District Attorney Carlton O'Malley. O'Malley denied this assertion in an affidavit which, however, was not placed in the record because members of the committee felt that he should appear personally and resolve certain conflicts in the testimony on this score.

As of this report, Bradshaw's move for a new trial on the dynamiting conviction is still pending. On appeal, the Pennsylvania Superior Court sustained the conviction of the four union officials convicted of conspiracy to dynamite. They have now asked for a review of this decision by the State supreme court.

A number of the same principals in these two convictions reappear in a second incident of wilful destruction studied by the committee, in which the wall of a house under construction in Scranton was pushed over. Though the damage was described to the committee by the contractor as not too bad, "a couple of hundred dollars' worth," the incident is noteworthy for the curious prescience with which it was foretold.

William E. Cochran, superintendent for George L. Ruchnow, Inc., a nonunion construction company, told the committee that in December 1953 his firm contracted to put up a home for Joseph Denny of Scranton. By happenstance, the site adjoined the rear of the home of Joseph Bartell, president of the Building Trades Council. Very early in the project, Cochran declared, Bartell walked through the yard and chatted in friendly fashion, asking the contractor's name and declaring that the job would have to be a union job. But some days later the workers at the site reported back to their office that a large num-

ber of union men had chased them off. Cochran waited 2 weeks, hoping that things would cool off, and decided to try again.

> * * * But when I arrived on the job, there were union men, and the place was surrounded. And they were on the scaffolds and they were in the dump truck; and as I approached the job I was surrounded.
>
> There was a light snow on the ground, and I recall several of these big guys edging me around with their arms and elbows, and in some cases with their big bellies (p.1791).

Among those present, Cochran told the committee, were Bartell, Brady, and Bonacuse. From his conversation with them he gathered that "we weren't wanted there." Nevertheless, he directed his truck-driver to continue unloading the blocks.

> Mr. Bartell at that point dared me or any one of our men to so much as touch a finger on a block, and they would see what would happen.
>
> So I said, "well, you men stay here, and I'll go down to the city hall, and we'll see about this" (p. 1792).

Cochran left with his masonry foreman, George Harmanos. At city hall a surprise lay in store. They were taken by the chief of police to City Solicitor James McNulty, who greeted them, Cochran testified, with the news that he represented the unions involved back at the site:

> I said, "Well, what are we doing here? We are here to try to get some police protection." I said, "I don't see as you can do anything for us."
>
> "Now," he said, "wait a minute. Don't get off halfcocked. You men have rights, and I want to explain this to you."
>
> * * * Then he endeavored to explain the rights which we had. He did ask us if there was any real violence, and were there any blows struck, any damage done, and, of course, we said "No." We just knew there would be. So at that point the chief of police said, "Well, the best I can do is to have a cruiser car go up there and cruise through there once in a while."
>
> I said, "Well, that wouldn't be of any use to us at all. With the number of men up there, a cruiser car would be useless."
>
> Mr. McNulty said, "Now, if they caused any violence, for instance," he said, "if your wall were pushed in, I would suspect they did it. But you would have to prove that," and he said, "Of course, then that is where I would come in, and I would represent them."
>
> Mr. KENNEDY. He would represent who?
>
> Mr. COCHRAN. The union, or the officials.
>
> The CHAIRMAN. Who said that? The attorney, the solicitor?
>
> Mr. COCHRAN. The solicitor said that; yes.
>
> The CHAIRMAN. In other words, if a crime was committed by them he would defend them rather than to prosecute them?
>
> Mr. COCHRAN. That is the inference I got, sir.
>
> The CHAIRMAN. I think that is the inference anyone would get, if you are relating the conversation correctly (p. 1793).

George Harmanos, asked what he recalled of the conversation, testified that he had asked the city solicitor if he and Cochran could return to the job, since very little of it was left to do. McNulty's reply, Harmanos added, was this:

> He said he didn't see much use in finishing the wall, because if we did something might happen to it and there is no use finishing it (p. 1794).

As Cochran and Harmanos pondered these words over the next few days, preparations were under way elsewhere in Scranton, according to Paul Bradshaw's testimony before the committee. Bradshaw, at that time still in the good graces of his fellow unionists, testified that somewhere between 20 and 25 men advanced on the Denny home.

> Mr. KENNEDY. Had there been any discussion that you were going to knock the wall down?
>
> Mr. BRADSHAW. Yes. Bob Malloy told us before we went up, he said, "You know, it isn't too bad, but the nerve of this guy building a whole nonunion job behind the president of the union trades home."
>
> He says, "Talk about guts, we are going to do a good job on this guy."
>
> When we got out of the car, I was with Bob Malloy, we parked my car and I got in Bob Malloy's car, as we got out, we walked down the road and Malloy says, "Hey, Brady, what are you doing?" Brady was throwing cement bags all over the road. Brady says, "Holy Christ, Bob, don't mention my name."
>
> It was like the Fourth of July. There were houses there, and lights all on, and nobody seemed to care about a darn thing.
>
> Mr. KENNEDY. Did people see you out there?
>
> Mr. BRADSHAW. Yes, they seen us.
>
> Mr. KENNEDY. They saw you pushing the wall over?
>
> Mr. BRADSHAW. I don't know about that, but they seen us in the foundation and around the foundation. I don't think they could see in the foundation, in the hole.
>
> Mr. KENNEDY. What happened? Did they push the wall over then?
>
> Mr. BRADSHAW. Yes; they pushed the wall over (p. 1810).

Helen Canfield testified to the merry postlude later that night over a cup of coffee with Bradshaw and Murphy:

> * * * I looked down and looked at Mr. Murphy's shoes which were covered with mud and everyone else in the place was dressed fit to kill and here his feet were all mud. So I said, "Ye gods, George, what happened to your feet?"
>
> And he started to laugh and he said, "You should have been there and it was like Halloween or the Fourth of July." And I said, "What?" So he said, "Oh, we were up to this place in the mountains where they were building a home back of Bartell's," and he said, "Why even McHugh was swinging a crowbar for a while and Brady and Robert Malloy."
>
> I don't know which one now was throwing it and which was slashing it, but one was throwing the cement bags to

the other one and the other was slashing them up. He said it was really a picnic and he got me so interested that when we dropped him over at his home I said to Paul, "Were the police around there? Weren't you afraid of the police?" And he said, "Oh, no; they know it is a union job and they wouldn't come." And I said, "Now you're joking." And he said, "No, I'm not joking and to prove it I will show you."

So he took me up there and there weren't any police around and there wasn't really much left of the wall, either (p. 1837).

When builder Cochran made this same discovery, he testified:

I made up my mind then and there that we were whipped, and that it was just hopeless.

So I drove down through the city and I found a union contractor by the name of Mr. Gus Schmidt, now deceased, to take over the job and we went back up and tacked his sign on and we got out of there.

Mr. KENNEDY. It became union after that?

Mr. COCHRAN. Yes, sir (p. 1795).

He added that he was never contacted by the city police about the incident, but that quite some time later, after the dynamiting of the Ruby home, the State police got in touch with him.

Teamster members Robert Hubshman, George Murphy, and Joseph Malloy were subsequently charged with malicious mischief in connection with the Denny job, while a charge of conspiracy to damage a home was brought against Joseph McHugh and Robert Malloy, two of teamster local 229's business agents, and against Bartell and Brady, the two top-ranking officers of the Scranton Building Trades Council. Their trial in Lackawanna County Court was scheduled to begin in February. .It should be noted that the seven men had all been indicted prior to the time they appeared before this committee and that the committee took the position that they should not be questioned on subjects dealing with the matters for which they were indicted.

The third case of Scranton violence scrutinized by the committee involved the stinkbombing of the Sonny Boy Bakery, a manufacturer of Italian bread and pizza. Although the bombing was the ultimate destructive act against the bakery, the case is also worth examining for the pattern of attrition which preceded it.

Arnold Schiavi, third generation of his family to operate the business, told the committee that in February 1953 he received a letter from the teamsters notifying him that the six drivers he employed had signed up for local 229, and inviting him to discuss a contract. He had two such discussions, he said, about a month apart, both with teamster chief John Durkin. The first seemed to Schiavi to go smoothly; at the second, however, Durkin, he said, raised some points about which Schiavi foresaw difficulties. One was the hiring of an extra man because of the 6-day week; another, more troubling, was that "anyone who drove a truck at our bakery must belong to local 229." That bothered Schiavi, he told the committee, because 30 percent of his trade was with outside distributors who drove their own trucks to the bakery to pick up their products. The same point also

concerned him because he, himself, and his father, also occasionally drove trucks.

Nevertheless, Schiavi went on, "we still left with the impression that we could negotiate a contract" (p. 1770).

In the following weeks, however, what Schiavi described as a "war of nerves" began. On three separate occasions his drivers were instructed not to place any orders. Each time he closed down the bakery, but each time the men came back and again placed orders.

In the wake of these disruptive tactics he received 6-hour notice to sign the contract or face a strike. When his outside distributors came around the next morning to pick up their products, his own drivers, aided by 12 pickets, boarded the distributors' trucks and "told them it was very unhealthy to buy their products there from that day on" (p. 1770). Schiavi next attempted to service the distributors without their having to come to the bakery. One who did appear, John Genova, testified as to the unhappy result.

On the first day of the strike, Genova recalled, no one bothered him. On the second day, six men pulled the ignition key and tried to pull him from his truck. Undeterred, he returned a third day, got his bread, and had driven several miles away when, he said, he was stopped by Robert Hubshman, who stepped onto the running board, saw the door was locked, and "put his foot right through my window." By now Genova got the point, he reported, and stopped going to the bakery.

But apparently the feeling remained that the point had to be hammered home a little more. Genova received about 10 phone calls, which he described thus:

> Well, they would tell me not to go up there for bread anymore, that maybe some morning a big trailer would hit my truck and nobody would ever know what happened.
> Well, sometimes they would say, "Your garage is on fire" and it wouldn't be true.
> Mr. KENNEDY. That your garage was on fire?
> Mr. GENOVA. Yes. They would call me up about 10 or 11 o'clock at night and tell me my garage was on fire, which wasn't true. It was things like that. Everything was disturbing (p. 1903).

Schiavi's brother-in-law, Anthony Duchnowski, a draftsman for an instrument company, also ran into force of harassment when he tried to help out by driving a truck during the strike. After 2 days, he told the committee, he was at the bakery garage when:

> Robert Hubshman yelled down the driveway that he would like to see me a minute. So I got out of the car, and I walked up the driveway, I had my hands in the pocket.
> Then I surmised that there might be a little trouble, and I took the hands out of the pocket. I asked him what is it he wishes to discuss about. He didn't say anything. He said, "This, you so and so," and he swung a few times. I ducked and he caught me on the lip, and he busted my lip (p. 1782).

Duchnowski, too, got the point, and never drove the truck again.

The Schiavis, meanwhile, were also getting an education of sorts. Nightly phone calls to Arnold Schiavi's home reminded him that his

children had to cross the street on their way to school, hinted at the planting of explosives and other violence, and hurled foul language freely. On top of that, milk and fuel oil deliveries to this home were stopped. It was, he said, "cold war all the way" (p. 1772). His father, too, felt the brunt. Delivering bread to one of their customers, he came out to find his truck tipped over.

Finally came the climax, Schiavi told the committee:

> * * * the following night I went up to the bakery and found the windows all shattered and a foul-smelling liquid was in the place. If it permeated the rest of the floor it would have ruined about 600 bags of flour. But the glass was scattered all over the troughs and the boxes.
>
> Mr. KENNEDY. What had happened?
>
> Mr. SCHIAVI. Somebody had thrown a bottleful of foul-smelling liquid in the bakery and hit the window, and the glass from the bakery and from the bottle was all over the equipment and went in some of the dough troughs and ruined some of the dough (p. 1772).

The events leading up to this disaster were filled in for the committee by Paul Bradshaw:

> I was driving my car up Linden Street, and John Durkin, business agent for 229, was standing on the sidewalk talking to Robert Hubshman. John waved me down. I pulled over to the side. I went over to him, and he said, "Come on upstairs, Paul. I want you to drive Hubshman over to the south side."
>
> We got upstairs. John Durkin got a bottle of stink-solution fluid from a little safe that they had in the office and handed it to Hubshman. It was a quart bottle. He said, "Drive Hubshman over there and Hubshman will throw this bottle through the window." We got in the car and went over as far as south side.
>
> We got as far as the high school. I don't know if it was myself or Hubshman, but we figured a quart was maybe too much, so we threw half of the quart away and put the other half in small bottle, a pint bottle. We pulled up as far as the bakery. Hubshman got up, went up to the door, threw the bottle of stink solution through, got in the car, and we took off (p. 1808).

Hubshman himself took the fifth amendment before the committee. Helen Canfield, however, attested to his satisfaction over a job well done. She told the committee:

> Bob, he said to me, "Wait until they try soap and water to clean that up," because he said, "Only ammonia will take it out and they will never think of ammonia. They will use soap and water and it will make it that much worse and it will go into the cellar and it will ruin all of the flour that is stored there." And he said, "Wait until they turn on the oven," he said, "Then they will be running outside and I would love to see it."
>
> When he was telling me all of that I wanted to go up and take a look and I thought it would be fun really (p. 1836).

Queried on the Sonny Boy Bakery affair, John Durkin denied to the committee that he had talked to Schiavi by telephone and also categorically labeled Bradshaw's testimony false. Of the strike, he said:

> That was a legitimate stoppage or a strike and his employees voted for a strike by a secret ballot and we executed the strike because we had the secret ballot and I always instruct all of our people who are on strike, there be no violence and no violence of any kind or any type.
>
> Mr. KENNEDY. Can you explain why——
>
> The CHAIRMAN. That is rather intriguing. Can you tell me why such violence occurred up there, if those are the instructions?
>
> Mr. DURKIN. I cannot tell you (pp. 1924–1925).

Admitting that he had not pressed inquiry into the various acts of violence surrounding the Sonny Boy strike, Durkin explaned:

> I cannot properly police the whole rank and file as one individual (p. 1933).

Schiavi's troubles were not yet over with the stink-bombing. Attempting to carry on his business, he testified, he would make deliveries himself; but his own striking drivers would follow him, blowing their horns, and threatening his customers; he would be followed, too, by strangers, "fellows with dark glasses." He lost about 35 pounds, his wife about 25:

> We never ate a square meal. It was always a continuing going, going, going, trying to stay alive (p. 1774).

At length, Schiavi testified, he capitulated and signed a contract, and since then the Sonny Boy Bakery drivers have been in the Teamsters union.

> The CHAIRMAN. You went in voluntarily, I assume?
>
> Mr. SCHIAVI. It wasn't a case of voluntary or involuntary. It was a case of survival (p. 1775).

Conflicts of sworn testimony in the Sonny Boy Bakery incident, as well as in the others studied by the committee, have been referred to the Department of Justice.

One other case involving Scranton teamster officials merits reporting because, although no actual violence figured therein, it affirms the predilection these officials had for strong-arm techniques. In this affair, which occurred during the construction of a Signal Corps depot at Tobyhanna, Pa., local 229 leaders pitted themselves against no less than the sovereignty of the United States Government; for their respective roles in the matter, John Durkin, as well as business agents Robert Malloy and Joseph McHugh, have been indicted in a Federal court under the Hobbs Act and Taft-Hartley Act for alleged extortion from contractors dealing with the depot.

In view of the indictments neither Durkin, Malloy, nor McHugh was questioned on this case by the committee. Testimony by Paul Bradshaw, however, revealed how the squeeze operated. As a union steward, Bradshaw declared, he was stationed at the depot gate when contractors' trucks came in. Each driver would be asked for his

union book; if he had one, and was also from Scranton, he would be allowed through; but if he came from beyond local 229's jurisdiction, even though he was a union man, a local teamster would be put on the truck to "sit in" with him, and would receive a day's pay for this function. A number of contractors, however, did not have to submit to this routine; Bradshaw asserted that he had "orders" to let their trucks go through.

Why these contractors should have been so privileged appeared in Bradshaw's recollections about one of them, Earl P. Bettendorf of Texarkana, Tex., a pallet manufacturer who had a supply contract with Tobyhanna. Bettendorf, Bradshaw asserted, told him:

> "Paul, I am sick and tired of this stuff, the trucks being tied up and things like that. How about it if I give you $200 a week and you let the trucks go through?"
>
> So I said, "No. You can't give me no $200 a week. We have too many men out of work in Scranton." I said, "If I let you go through I would have to send home between 9 and 10 men a day for the next 9 or 10 months."
>
> So he said, "O. K. What is the business agent's number?" And I gave him Joe McHugh's number, and the following day Joe McHugh came up on the job and he said, "Paul, we can't touch this outfit no more. Just let him go through. He has a big drag in Washington." And so he said, "You let him go through." That was the end of that and he went through for the rest of the job (p. 1747).

In his appearance before the committee Bettendorf labeled Bradshaw's version untrue. What actually happened, he declared, was that one of his truckdrivers telephoned him one afternoon to announce that the union was preventing him from unloading without the payment of $13.12; that he had at first balked at this payment, being "unable to understand how they could extract that fee on Government merchandise going into Government property," but that, after a telephone talk with Business Agent McHugh, he had agreed to a "cut-price" deal, paying $13.72 for unloading 2 trucks, $13.12 for another 2, and so on. Then, Bettendorf continued, he had a face-to-face discussion with McHugh, Bob Malloy, and either Durkin or 229's president, Pinky Hart—he did not recall which. Out of this meeting came an agreement whereby he would pay $175 on a weekly basis. Bettendorf declared that he paid this sum in cash, tucking it into an envelope and sending it to union offices at Scranton every week by special delivery.

After 6 or 7 weeks, he went on, something happened to upset the applecart:

> Finally, I got a telephone call one afternoon from Joseph McHugh, and he said, "My God, don't send any more of those packages in here. The Feds are after us."
>
> "Now," he said, "you just hold everything and we will call you from time to time as we need some money."
>
> That was the way the final settlements all during the balance of the contract were made. They would call me and I would take 6 or 7 or 8 hundred dollars, depending on how

> many weeks it had been since we had been up there, and I would meet them at a certain place which they advised me to meet them at, whether a bar or Tobyhanna, and I would pay them in cash, and the cash was generally in an envelope. That is the way the dealings, my dealings with the union, were handled (p. 1967).

The total handed over by him to McHugh, Bettendorf estimated, was "something over $4,000." At the same time he obtained a Navy Department contract change order "giving me a total of $18,591.30 so that the union could be paid." He admitted that he had not informed the Navy Department that he was paying the union $175 a week rather than $13.12 per truck, nor relayed his suspicion that the money was going to McHugh rather than, as he said he originally believed, to needy members of local 229.

Bettendorf maintained that he was "not the aggressor in contacting the union," and therefore could not be described as a bribe-giver:

> * * * we had no other option. Either we did not perform under our contract or we paid $13.12. There seemingly was no one in the Government to help us unload, and if we didn't pay the $13.12 nothing happened, we just sat there. So we were forced.
>
> The CHAIRMAN. It is your contention that this money was extorted from you; you could not perform your contract without this money being paid?
>
> Mr. BETTENDORF. That is absolutely right.
>
> The CHAIRMAN. And, therefore, you contend that it was extortion and not a bribe?
>
> Mr. BETTENDORF. That is absolutely right.
>
> Senator MCNAMARA. Mr. Chairman, that raises a question in my mind. If this was extortion, then was it not equally extortion on the part of the witness when he got the money from the Government?
>
> The CHAIRMAN. That is a matter that the Government will have to decide (p. 1978).

One final fact should be recorded in the Scranton story. Not one of the union officers or members convicted in a court of law after a trial by jury has been subjected to any sort of disciplinary action by their unions to this day. Far from invoking any onus, Durkin, Bonacuse, Brady, and Bartell were feted at a testimonial dinner designed to raise funds for their defense in the dynamiting conviction.

At this gala occasion Joseph A. McDonough, president of the Pennsylvania Federation of Labor, described all four as "God-fearing, loyal, family men"; William Kendrick, international vice president of the laborers union, declared that they had been "framed"; and Harry Tevis, international vice president of the teamsters, called them "victims of hallucinations of men in business and in politics." Tevis took note of "rumors" that the international office of the teamsters would take action against local 229 officials, and asserted: "May I say to the rumor starters we do not believe these men are guilty, and there'll be no action and nothing will be done about it."

FINDINGS—SCRANTON, PA.

The resort to labor violence, never justified in any civilized community, seems to the committee particularly ironic in the case of Scranton, a city which has exhibited a marked degree of enlightenment by developing on its own, without Federal or State guidance, a notable industrial self-help plan which has created thousands of new jobs for its citizenry.

This adult approach to the solution of economic problems has not, however, been shared by leading officials of two of Scranton's key labor groups: the teamsters and the building trades council. Testimony before the committee has compelled it to the view that these men, in solving the related problems within their own sphere, prefer bully-boy tactics to the use of reason and peaceable persuasion.

Beyond this overall conclusion, these specific points stand out as a result of the committee's inquiry into certain aspects of labor in Scranton:

1. The committee finds that acts of harassment, intimidation and destruction of property against individual homeowners and businessmen of Scranton were sanctioned, directed, and often participated in by officers of the teamsters and the building trades council as a regular practice.

2. The committee finds that these acts generally followed what the said officers deemed to be obstruction of union policy, as in the case of a homeowner hiring nonunion contractors, or a businessman seeming to dawdle over contractual negotiations.

3. The committee finds that the destructive acts against property were of a peculiarly wanton nature, committed with the zest of juvenile delinquents, however overage.

4. The committee finds that there was a betrayal of the responsibilities and trust of his high union office by John Durkin, secretary-treasurer of teamsters local 229 and a vice president of the Pennsylvania Federation of Labor. Durkin, who was among four Scranton labor leaders convicted of conspiracy to dynamite a home then under construction by a nonunion contractor, was also linked to a "war of nerves" against a Scranton bakery which culminated in its stinkbombing. Testimony on his connection with this case was given under oath by two vastly divergent witnesses: the owner of the bakery and one of the actual perpetrators of the stinkbombing, who declared under oath that Durkin had supplied the vital fluid for this despicable act. The committee was unconvinced by Durkin's insistence that he "always" instructed his people against violence, especially in the light of his inability to explain why violence occurred in the wake of these instructions. It also regarded with skepticism, in view of Durkin's command of the teamster membership, his assertion that he could not as an individual "properly police the whole rank and file."

5. The committee finds that there was a similar betrayal of the responsibilities and trust of his high office by Joseph Bartell, president of the Building Trades Council of Scranton, composed of 19 different craft unions. Bartell, along with Durkin, was convicted of conspiracy in the above-mentioned dynamiting of a local home under construction; in addition, he was found guilty of conspiracy in a case in which a wall in another home under construction was pushed over.

The owner of this second home had the double misfortune of employing nonunion help and locating the house on a site adjoining Bartell's own property.

6. The committee finds that grave disservice was also done to the reputation of Scranton labor by Philip Brady, vice president of the building trades council and business representative of the local carpenters union; by Anthony Bonacuse, director of the building trades council and business manager of the local electrical workers union; and by Joseph McHugh and Robert Malloy, two of teamster local 229's business agents. Brady, McHugh and Malloy were convicted, along with Joseph Bartell, of conspiracy to damage the home previously mentioned. Brady and Bonacuse were convicted, along with Durkin and Bartell, of conspiracy in the dynamiting case.

7. The committee finds that although Scranton law-enforcement authorities eventually prosecuted these criminal acts, they were generally slow to seize their responsibilities. The stinkbombing of the bakery resulted in no prosecutions whatever. The contractor of the home where the wall was pushed over testified that he was never contacted by city police at all, and by State police only after the incident of the dynamiting of the second home, some 6 months later.

8. The committee finds that a distinct conflict of interest existed in City Solicitor James McNulty's simultaneous function as legal representative for the building trades. McNulty blandly informed the above-mentioned contractor, who came to city hall to express fear of impending trouble with those unions, that he would represent them if trouble actually came to pass.

9. The committee finds that dubious ethics were reflected in statements by two international union officers at a testimonial fund-raising dinner for Durkin, Bartell, Brady, and Bonacuse after their conviction for conspiracy in the dynamiting case. Although the verdict had been rendered by a jury of their peers in Lackawanna County court, William Kendrick, international vice president of the laborers union, found it fitting to assert that the four men had been "framed." On the same festive occasion Harry Tevis, a teamsters international vice president, flatly declared that the international did not feel that the four were guilty and that it would take no disciplinary action against them.

10. The committee finds that Tevis accurately predicted the attitude of higher echelons of teamster authority toward their Scranton bully-boys. Not one admonitory word or gesture, not one hint of disciplinary action, emanated from international headquarters.

11. The committee finds equally disturbing the fact Scranton labor itself took no steps to clean its own house after these court convictions. Not one of the convicted officials was removed from office, and not one of their lesser union stooges who were found guilty of actual perpetration of the acts of violence was subjected to any union reprimand whatever.

12. The committee finds that the deplorable and arrogant behavior of the Scranton teamster officials in particular stemmed from the failure of local 229's rank and file to assert and exercise its democratic rights. Rigged elections and multiple voting went unchallenged; attendance at union meetings was meager. That fear may have brought on this situation was indicated by witnesses who testified that

the few members who dared to question the leadership were beaten up or threatened. Nevertheless, the committee deems it valid to inquire whether the officials would have been able to inspire the fear if the rank and file had turned out in solid numbers. The question poses a classic dilemma, but only one answer is possible: that democratic institutions vigilant of their rights cannot fall prey to dictatorships, whatever their guise.

Bakery and Confectionery Workers International Union of America

A cardinal principle of our way of life holds that men in positions of responsibility be strictly accountable for their stewardship. If this is true of public office, it is no less true of the field of private endeavor, including the labor unions to which millions of Americans have entrusted their economic destinies.

In 7 days of hearings during June and July, the committee scrutinized abuses of this principle in the upper echelons of one of the oldest organized bodies in the labor movement, the Bakery and Confectionery Workers International Union of America. Founded in 1886, this union, at its last official report in 1956, comprised 160,102 members in 319 locals throughout the country.

A relatively small union, its operations are nevertheless of vital import to us all. On its membership depends the supply of the very staff of life, our daily bread. The union also wields jurisdiction over workers employed in the manufacture, production, and shipping of crackers, biscuits, rolls, pretzels, cake, cookies, pies, pastries, matzos, bagels, macaroni and paste products, ice cream, candies, and sweets.

Four major charges against the activities of certain union officials concerned the committee:

1. Autocratic control by the international president of both the union and its executive board.
2. Misuse of union funds.
3. Dictatorial practices in the trusteeship of a number of locals.
4. Improper relationships with management to the disservice of the rank and file.

At the outset of this report it should be noted that subsequent to the committee's hearings the AFL–CIO expelled the bakers' union for corrupt domination, and granted a charter to a new union set up by 5 international officers, 4 of them vice presidents, and 1 the secretary-treasurer, who had formed a "committee of integrity" within the old union.

Testimony before the committee largely revolved around 2 individuals, James G. Cross, international president of the bakers' union, and, to a lesser extent, George Stuart, 1 of its 18 international vice presidents until his resignation from the union shortly after the committee launched its investigation last spring. In his appearance before the committee, Stuart, who described himself as currently unemployed, invoked the fifth amendment in response to questioning.

A proper understanding of the behavior of the union hierarchs in question must begin with the fact of the absolute power which clothed Cross as chief of the bakers, brushing off only on his favored lieutenants. This power, gradually amassed over the years, included the crucial authority not only to appoint international representatives of

the union but to fix their salaries. Both appointments and salaries had to be approved by the union's 17-man general executive board—of which 13, however, were the selfsame international representatives. By the time of the union's last convention in October 1956, in San Francisco, the exercise of power had become so bald that the destruction of any vestiges of democratic procedure was a mere matter of ritual.

The way was paved by a vital rules change approved by the general executive board just prior to the meeting. Traditionally, a three-man convention committee controls the credentials of delegates, auditing rules, order of business, and parliamentary questions. This committee had always been chosen by the international president subject to the executive board's approval. Now, however, the board itself decided that its approval would be needless. The one-man rule of James G. Cross was thus underscored.

Among changes in the union constitution thereafter endorsed by docile delegates were these:

Formerly, international officers had been elected by secret ballot in a referendum of the rank and file following the convention. As of the 1956 convention, they were to be nominated and elected on the convention floor by the delegates. The referendum was discarded as "an outmoded and outdated procedure" and "a definite waste of the membership funds." A dissident delegate who testified before the committee, Joseph G. Kane, president of local 525 in New York pointed out the irony of this change in the light of an assertion by Cross in 1952, when, in Kane's words, he still had "some democratic blood in his veins." At that time Cross, who had started in the union as a pan greaser and fruit cook, had not yet reached the pinnacle, an achievement he was to realize the next year with President William Schnitzler's elevation to the post of secretary-treasurer of the AFL.

But he was already in the No. 2 post, as international secretary-treasurer, and aware that the lightning played over his head. In the Bakers and Confectioners' Journal he roundly declared:

> Our organization retains the basis of pure democracy, even more so than that of the Nation itself. We vote directly for the candidates, where in the Nation we vote for electors pledged to vote for certain candidates. We maintain more democracy than many labor unions who elect their officers by the votes of the delegates at their conventions (p. 2801).

Another constitutional change at the 1956 convention removed an important checkrein on the delegates themselves. Although still elected by local balloting, they no longer had to submit to preconvention scrutiny by the advance publication of their names in the union journal. Publication of this list had permitted challenges of delegates.

Also abandoned was the use of Robert's Rules of Order to settle parliamentary questions not resolved by the union constitution. Kane quoted Cross as telling his apparently bemused listeners:

> Parliamentary procedure was made for Senators, not bakers and confectioners. Kane's reply from the floor, he testified, was: Don't underestimate the intelligence of the baker (p. 2800).

With kinks in the machinery ironed out to his satisfaction, President Cross was also able to convince delegates of the desirability of certain operating changes. The salaries of the president and secretary-treasurer, previously set by the convention, were now to be fixed by the executive board, three-quarters of whom customarily had their salaries fixed by the president.

(No sooner had the convention adjourned than a special meeting of the board voted Cross a salary increase from $17,500 to $30,000, and Secretary-Treasurer Curtis Sims an increase from $15,000 to $22,500. Cross returned the compliment a few weeks later by instituting raises in varying amounts for the entire board and all international organizers.)

Locals had received a full report of union finances every 3 months; henceforth, they were to be content with a summary every 6 months. Checks of the international union, formerly prepared by the secretary-treasurer and submitted for countersigning by the president, were now to be prepared by him "at the direction" of the president. Money of the international union had to be deposited heretofore in banks approved by the executive board, henceforth in banks approved by the president alone.

The frosting on the cake baked for Cross by the delegates was a provision giving him sole right not only to select, but to remove international representatives—subject to no approval by the executive board of which they constituted 75 percent.

Attempts to enter any dissent to all this, Kane told the committee, were futile:

> Every time we got up we got booed, practically, off the floor, by paid organizers and representatives of the international union (p. 2814).

But an even livelier demonstration was put on to notify the dissenters that they were unwelcome, Kane testified. Early one morning before the convention 4 men whom he identified as President Cross, Vice President Stuart, and 2 other unionists, Frank Gardone and Frank Mykalo, walked into his hotel room:

> * * * President Cross decided to give me a working over, which he did.
>
> After the working over, he told me to get ready. He left the room with the other two. George Stuart, as I was dressing, put the gun in my back and told me to move (p. 2805).

With his visitors, Kane went on, he went to the room of Louis Genuth, another announced foe of the Cross administration:

> Mr. KENNEDY. Was he beaten up?
>
> Mr. KANE. Beaten up by both Cross and Stuart.
>
> Mr. KENNEDY. Did you go anywhere else?
>
> Mr. KANE. Well, George showed the gun again and moved us along to the Cliff Hotel, where we went to the room of Mr. and Mrs. Nathan Ehrlich, and both of them were beaten up (p. 2806).

At the ensuing police inquiry, as well as before the committee, Cross denied pointblank his presence at these proceedings, telling the committee: "I was asleep in my room" (p. 3014).

A grand jury which heard the matter took no action, but concluded:

> The case itself is rampant with perjury and we recommend the district attorney's office pursue this matter further.

The district attorney said:

> It appears to us that the extent of the beatings suffered by the complainants was somewhat exaggerated—

adding, however:

> We were of the opinion that Cross, contrary to his statement, was in the hotel room when the argument and alleged beating took place (p. 2809).

For the "extra services" he performed at San Francisco, Herman Cooper, the union's general counsel, was voted $24,000 by the executive board. Cooper, whose annual retainer from the bakers was $25,000, and who also received yearly $10,000 apiece as counsel to the union's welfare and pension plans and "probably $10,000 or $12,000" for representing its local 3, testified that the "extra services" at San Francisco included compensation for

> extraordinary services in connection with the preparation for the convention and the convention itself which were not, in my judgment, properly incorporated within the regular and annual retainer which we received (p. 2841).

Of the $24,000, he went on, about $6,000 went to 2 San Francisco law firms for their legal expenses in connection with the grand-jury appearance of Cross, Stuart, Mykalo, and Gardone in the assault case. One firm received $3,080 and the other $3,050.

> The CHAIRMAN. In other words, Cross was costing his union that much money for that one lawyer?
> Mr. COOPER. I am not in a position, if the Chair please, to evaluate the services for which an attorney should receive——
> The CHAIRMAN. I do not know whether it was worth it or not, but that is what it cost the union members (p. 2842).

Cooper further testified that he personally advanced the $6,000, and was given the full amount of $24,000 by the union, some $16,000 by check and $8,000 in cash. Queried as to the reason for the large amount of cash, Cooper explained that he was "uneasy" about the possible aftermath of union dissidence against Cross as a result of the assault case:

> I was worried about the 8 because that represented, factually, checks which I had already drawn, for which I was accountable, which, if I never received it from the union, would represent out-of-pocket loss to me, as distinguished from the whole $16,000 plus the 2 which represented the hotel checks, which represented fees (p. 2848).

Neither before nor after the San Francisco convention were the inhabitants of Cross' farflung domain kept in any doubt as to the nature of his regime. The pattern peculiar to all dictatorships prevailed.

Questions in the minds of the membership were discouraged. Sudden, inexplicable orders from headquarters were obeyed in quick fear. Regional overlords flourished, indulging in financial and ethical acrobatics abhorrent to honest unionism. Before delving further into the saga of Cross himself, it is well to examine the effects of his theory and practice of union government on three separate local situations, in New York, Chicago, and Los Angeles.

The New York situation, while perhaps the least complex of the three, illuminates one of the committee's major lines of inquiry into the bakers—a relationship with management which, at best, could only be described as dubious. In this story the dominant personality is Max Kralstein, who had risen from the ranks over the decades to become international vice president of the bakers in charge of district 1, the New York area. An admiring chronicler has described Kralstein as a man who came into this world "with a smudge of flour on his cheek and a beigel for a teething ring," a man who still felt a "close emotional kinship with the beigel bakers," and a man among whose "least-known virtues because he carefully conceals it" is an "innate shyness and sense of modesty." By a fateful irony, this encomium appeared in the official souvenir journal of a formal celebration for Kralstein which propelled him into the committee's ken.

Whatever his own diffidence, Kralstein's loyal followers in New York had felt that he was due some special recognition for his leadership in effecting a merger of 6 locals into 1 big local, No. 3, with a membership of over 7,000 and a "bargaining strength never before attained in the history of the baking industry."

The recognition came in the form of a testimonial dinner to Kralstein in June 1956, at which the presentation to the guest of honor included a portrait costing $1,447.21, a fur piece for his wife costing $1,650, and a $57,818.94 check. The munificence of this sum was explained to the committee by Frank Dutto, director of the organization for local 3 and an active planner on the dinner committee:

> I will say this: I know that I, myself had the opportunity to be at a homecoming party for a son of Mr. Kralstein from Korea. I myself, who had known Mr. Kralstein for many years, was surprised that he should be living in such a modest home (p. 2707).

Kralstein seems to have shared this view, for out of the money given to him he subsequently purchased a $40,000 home.

In view of Dutto's role as prime mover in the drive to enrich Kralstein's mode of living, it may be pointed out that around the time of the Kralstein dinner the New York State Federation of Labor held a convention at which the credentials committee barred Dutto as a delegate on the grounds that he had not, as stated, severed his connection with Communist-front organizations. Dutto testified that he was not now a member of the Communist Party but invoked the fifth amendment in response to inquiry about his membership prior to 1950.

While neither testimonial dinners nor gifts to guests of honor are unfamiliar phenomena on the American social scene, what interested the committee about the Kralstein affair was the method by which total funds of $85,470 were collected for it. Tickets to the dinner it-

self cost $25 apiece, ads for the glossy souvenir journal printed for the occasion a minimum of $50, and prominent among those invited to take part were the employers with whom local 3 dealt.

Some 20 solicitors were selected, Dutto testified, pointing out:

> It happened that this committee of 20, by and large they are the officers of the union who service the shops or meet people in the industry, and in the main were the ones that solicited for this thing.
>
> Mr. KENNEDY. When they were around servicing the shop did they also ask the employer to contribute to this dinner?
>
> Mr. DUTTO. Yes.
>
> Mr. KENNEDY. Did it occur to anyone that an employer might feel when the representative of the union came around who was servicing the contract, and then requested a contribution, that this amounted to perhaps a threat to him that he should contribute or otherwise there might be some difficulty for him?
>
> Mr. DUTTO. I don't believe so (p. 2706).

That a number of employers strongly disagreed with Dutto's view was evident from affidavits filed with the committee by 5 bakery-shop owners and managers, 3 of whom had donated $200 apiece and 2 $50 apiece to the Kralstein festivities. All five stated that they had neither known Kralstein nor been apprised of the ultimate use to which the money would be put. One affiant, Albert Zitzman, declared:

> If I had known the money was going to be used to purchase a home I would not have given the union a cent (p. 2701).

Another, Olaf Nyboe, attributed his contribution to the fact that—

> I did not want to irritate the union and cause friction and trouble to myself (p. 2698).

A third, Jacob Schwartz, put it this way:

> I wanted to maintain labor peace and to avoid any threats and intimidations from the union (p. 2700).

Additional chapter and verse on the dilemma confronting the bakery-shop owner solicited for a contribution was given to the committee by Joseph Kramer of Manhattan. Kramer reported that he was no stranger to difficulties with the union; at one period, prior to his agreement to a contract, his store had been picketed for 7 months, departing customers had had cakeboxes knocked out of their hands, and a Pennsylvania farmer who had supplied eggs to the shop had been warned that unless he ceased deliveries his farm would be burned down.

Against this background, Kramer received a visit from a business agent named Hart:

> Mr. Hart approached me in the bakery shop and he was very nice, and he did not threaten me in any way, and he said, "We are having a dinner, and we are going to have a dinner for Mr. Kralstein."
>
> I said, "Who is Mr. Kralstein? I never heard of Mr. Kralstein." He said, "Well, he is with us and he did a good job by merging the union, and we want to give him a dinner."

"Well," I said, "That is all right, but I am not interested in that." He said, "Well, look, do you want to give us an ad, about $50?" And I said, "I will give you $25," and he said, "Well, no, $50 is the minimum.

I said, "I have to think that over." I said, "I don't know whether I am interested in that." Well, about 4 weeks later, he came back and he asked me and I said, "Well, I have been thinking it over. I will give you $100."

Kramer's generous change of heart, which he testified grew out of a fear that "something would happen again," resulted in a somewhat florid representation in the Kralstein journal:

Mr. KENNEDY. I notice in the ad that you got in the book, you put here, "Best wishes to Max, whom we love and respect." Did you send that in?

Mr. KRAMER. No, no; I did not.

Mr. KENNEDY. That was not made up by you?

Mr. KRAMER. No.

Mr. KENNEDY. It says, "Kramer's Pastries."

Mr. KRAMER. No; I did not. I never seen that (p. 2693).

Kralstein himself, who appeared before the committee voluntarily, asserted that testimonial dinners were an old story for the bakers' union. He ticked off an impressive list of similar past occasions at which largesse was bestowed upon international officers and their kin: a dinner for President Cross where he was presented with a Buick and his wife with "an appropriate gift"; another Cross dinner which netted him $10,000 or $11,000 to cover a mortgage on his home; a dinner for former President Schnitzler, at which he was given "a Caddie car" for $4,052 and a clock, and his wife "a little token, a ring for $398." President Emeritus Herman Winter on one occasion had received a car, "his lovely daughter a bracelet." Secretary-Treasurer Curtis Sims was given a diamond ring. Kralstein, himself, at an earlier dinner, had been presented with a Chrysler and a "few thousand dollars."

Lesser lights in the union had also been honored, however, Kralstein recalled:

I know of a dinner given to Mr. Alter Bogel, a retired employee, where his friends had committed ourselves where he was lying on a deathbed, if God would be good enough to him, and we would be around, we would give him a little dinner, and we did, at the Belmont Plaza. There we presented to Mr. Bogel an oil painting of himself and to his wife some cultured pearls (p. 2720).

On the question of whether his own 1956 dinner gifts—some $60,000 worth—were not unprecedentedly high, the witness commented:

To me, it is not the amount, if it is $10 or $100,000. It is the principle of the thing (p. 2719).

It may be noted that Kralstein paid no income tax on his harvest from the testimonial, arguing that it was nontaxable. A check by the

committee's staff indicated that many of those contributing to the Kralstein fund charged off their donations as a business expense.

> The CHAIRMAN. Therefore, Uncle Sam was bearing a large percent of the cost of that dinner and that gift (p. 2773).

Initially Kralstein sidestepped inquiries as to his views of the propriety of contributions by people who did not know him, saying, "I don't know of anybody that doesn't know me in New York City," but then stated his disapproval of the practice and professed willingness to refund these contributions. He was insistent, however, that union relations with management remained unaffected by employer participation in such occasions:

> I would like to say, in all sincerity, in all humbleness, that no matter what dinner we give, and if it is given on a Saturday or a Sunday, and if we sit the next day across the table negotiating our contract, that it bears no favoritism (p. 2720).

Insofar as unabashed publicity marked the Kralstein celebration, New York's rank-and-file bakers were more fortunate than their brethren in Chicago. Here in the Midwest realm of President Cross, a curtain of secrecy separated the common man in the bakers' union from the operations of his higher ups.

The Chicago situation was made possible by the nature of the trusteeship imposed on two locals in the area. The trusteeship, a device whereby an international union may take over management of a local if it feels that the local is not being operated properly, is by no means new in the labor movement. Whether or not it redounds to the best interests of the local, however, depends on the motives and behavior of the trustees.

Chicago bakers are now covered by local 1, largest of the union's locals throughout the country, which came into being in April 1956 as the result of the merger of 7 or 8 locals in the area. But previously, 2 of those locals, 100 and 300, had directly experienced the heavy hand of trusteeship far from ideal, the effects of which are discernible to this day. The trustee in both cases was George Stuart, international vice president in charge of district 6.

Trusteeship came to these two locals in different ways. Local 300 invited one in 1948 after an intraunion squabble with some member machinists who had voted to break away; it remained under trusteeship for 5 years. Local 100's trusteeship was imposed on it early in 1955 after allegations of malfeasance against its president, Gilbert Mann, who told the committee that he had been given no hearing at all by the international. His separation from his post, Mann recalled, was a simple matter; he walked into his office one morning to find George Stuart, accompanied by an auditor,

> * * * sitting behind my desk with a gun. It was my gun, he had taken it out of the drawer, left there by my brother while he was in the hospital.
>
> Mr. KENNEDY. What did he say to you at that time?
>
> Mr. MANN. He told me then that I must resign and he showed me a telegram from the president of the Bakery and Confectionery Workers International Union where we had been placed in trusteeship (p. 2776).

Although local 300 went through the formality of a hearing prior to going under trusteeship, here, too, the proceedings left much to be desired. Anthony Conforti, now president of local 1, formerly secretary of local 300 under trustee Stuart, testified that the hearing had been conducted and determined by Stuart and thereupon ordered by him into a trusteeship which he himself was to operate.

> Senator ERVIN. He was the judge, the jury, and also the beneficiary of his own decision?
> Mr. CONFORTI. Yes, sir (p. 2621).

With the trusteeship, the international ordered "all possessions pertaining to the local union" turned over to the trustee, Conforti reported; all officers, board members, and shop stewards of the local ceased to function, and the trustee appointed his own aides. No neater way could have been devised to prevent a check on his activities. Conforti told of two officers who, though retained by Stuart, shortly afterward tried to have the trusteeship lifted. Both were unceremoniously given their walking papers.

Equally disturbing to the committee was Conforti's testimony that Stuart's power lasted well after the trusteeship had officially ended:

> Senator MCNAMARA. I do not understand after you get out of trusteeship why you still have this fear of the vice president in charge of the district. I think your fear is slightly unfounded.
> Mr. CONFORTI. Because he could put us back into trusteeship.
> Senator MCNAMARA. He could only do it by somebody in your local union or somebody in the international filing charges.
> Mr. CONFORTI. That is the easiest thing in the world to do (p. 2622).

Abundant evidence in the committee's hands concerning Stuart's transactions in Chicago indicated that he had personally misused approximately $40,000 in union funds. One of the tidiest chunks of this sum was a large part of $10,500 appropriated equally by locals 100 and 300 during 1955 for an "organizing drive" at the Salerno Biscuit Co., which, Conforti estimated, "had about 43 percent of the cookie business in the Chicago area" (p. 2590).

Stuart, Conforti said, told him that the organizing attempt was to be a "quiet" one since previous drives had failed. An affidavit by George Salerno, president of the target company, indicated that the drive had been so quiet, in fact, that to his knowledge no efforts whatsoever had been made—

> * * * either from within the plant by paying workers presently employed, or from outside the plant by having pickets or other individuals distribute literature, or in any way contact the workers (p. 2602).

Stuart's own 1955 reports to the international made no mention of such a drive.

Access to the $10,500, Conforti told the committee, was made easy by an arrangement by which Stuart had Conforti deposit the weekly $500 contribution of the 2 locals in a special bank account and with-

draw cash from it periodically. Occasionally, the money would accumulate when Stuart, who then lived in Kansas City, did not appear to pick it up. At Stuart's eventual suggestion, Conforti said, he set up a special account at his own bank in which his personal funds and the union funds were commingled, and cash withdrawals continued from there. On the eve of Stuart's resignation early in 1957, Conforti added, he returned $3,550 of the union funds to the union vault. He estimated that $3,750 should have been restored, admitting that he, personally, owed the missing $200.

Other Stuart financial manipulations were equally brazen. In late 1955, local 100 appropriated $13,100.18 for a joint organizational drive with Teamsters Joint Council 43. The council, as intermediary, then bought 2 Cadillacs at $6,500 apiece in the individual names of Stuart and his superior, President Cross. A few months later, union money went for another Cadillac for Stuart, who shortly afterward traded it in for a Corvette, pocketing the difference in price.

These were not the only automobiles Stuart enjoyed during his Chicago tenure; less than a year earlier, the union had bought him a Buick for $2,396.80, and the previous year a Cadillac, to mark the official end of his trusteeship with due appreciation. At that time, a local executive board resolution had fulsomely declared:

> Brother Stuart devoted many long hours during the 5 years' trusteeship to our membership, and made a great many sacrifices. In addition, his homelife suffered, and no reward would be too great (p. 2642).

If some of the bounty to Stuart was known to the union, much more was not. A $3,600 check payable to his own bank in August 1955 had its voucher marked as payment to cancel an attorney's 5-year contract. Gilbert Mann, ousted president of local 100, filed an affidavit with the committee, stating that when he left office in January 1955 only one long-term contract was outstanding—a rental lease with a bank.

Mann himself was the victim of one of Stuart's fiscal maneuvers. Summarily booted out at the age of 69, after more than 18 years' service as an officer of local 100, Mann testified, he found himself broke and with $1,450 still owing on a mortgage on his home. A promise by Stuart of 15 weeks' pay never materialized, he went on, but Stuart offered to have the union take over his mortgage on a reduced-payment plan. With his total income now only a monthly social-security check for $98.50, Mann reported, he began paying $50 per month on the mortgage, directing the payments to Stuart's bank. Research by Committee Investigator George M. Kopecky produced the following exchange at the committee hearings:

> Mr. KENNEDY. Does that $50 payment end up in the bank account of Mr. George Stuart or does it end up in the bank account of the local union?
>
> Mr. KOPECKY. That sum winds up in the personal savings account of George Stuart at the American National Bank (p. 2658).

Because of Stuart's stranglehold on union affairs, ample expenditures on his own behalf were possible even under the guise of union authorization, since, according to the compliant Conforti's testimony,

vouchers for checks issued would be made out as Stuart dictated. Among the relatively minor benefits he thus enjoyed were these items charged to the union: $278.17 for an air conditioner, presumably to be installed in local 100's office, which was shipped to Stuart's address in Kansas City; $780 for a pearl necklace and earrings; $470 for a cocktail set and 2 pairs of cuff links; $450 for 3 suits and an overcoat; $539.32 for a bed and high-fidelity phonograph; and $2,591.48 for camera equipment.

On occasion Stuart henchmen derived subsidiary benefits from his open hand in the way of gifts of fishing rods and tackle, steak knives, and picnic baskets. Sometimes, however, the enjoyment was fleeting. Conforti told the committee that Stuart had given him, then taken back, a projector and screen for still pictures.

> Mr. KENNEDY. Why did you give it to him if it was yours?
> Mr. CONFORTI. He wanted them, and so he took them (p. 2625).

Under the fifth amendment, Stuart, in his appearance before the committee, would not reply to any questions, except in one exchange well worth repeating:

> The CHAIRMAN. You do recognize that, notwithstanding the legal obligations, there are such concepts that some of us entertain, and there are moral obligations as well, to account for our trusteeship. Do you recognize that, and is that your concept?
> (The witness conferred with his counsel.)
> Mr. STUART. Yes, sir, Senator; I recognize that there are moral——
> The CHAIRMAN. You do recognize it. Do you wish to discharge it here today and meet your responsibility in that respect, or do you still continue to insist upon taking the fifth amendment?
> (The witness conferred with his counsel.)
> Mr. STUART. I personally feel that I must take and decline to answer because the questions may tend to incriminate me (p. 2667).

The opportunity afforded under a trusteeship to play fast and loose with union affairs was not confined to Chicago. Misuse of rank-and-file funds and other forms of malpractice also marked local 37 of the Bakers' Union of Los Angeles, which has been under trusteeship since July 1955. It may be noted here that the committee's inquiry into local 37's situation was not materially aided by the convenient destruction in mid-1956 of certain vital records of the union's operations.

Testimony by John Nelson, assistant trustee of the local, who actually ran it because of the frequent absences of Lester Crawford, the trustee, estimated that the union had spent approximately $40,000 in organizing expenses in connection with a 7-month-long strike at the Golden Crust Bakery in Los Angeles. All disbursements, including those to members on the picket line, Nelson admitted, had been made in cash, and a specific accounting for this sizable sum could not be provided because of the discard of the Golden Crust strike records,

though only months old, along with earlier union documents. Nelson explained:

> The Golden Crust strike was over, the contract was signed, the members are all in the union, and this is 6 months later. We saw no need to keep those records. There was no argument about it. Nobody had ever brought the argument up to us.
>
> Senator ERVIN. By throwing them away, you fixed it so nobody could sustain an argument about them, too, did you not?
>
> Mr. NELSON. Not intentionally (p. 2756).

Another committee witness, Albert Barclay, who had been Nelson's office manager until expelled from the union on charges of conspiring to beat up his boss, had more concrete theories about the fate of the $40,000 in question. Each striker, he declared, had a special book, which he signed on receipt of strike benefits from the union. But the books were kept in local 37's office, and no notation was made of the specific sum paid out:

> The CHAIRMAN. And it is your opinion that many of the entries in that book were falsified so that somebody could profit that wasn't entitled to it?
>
> Mr. BARCLAY. That is right, sir (p. 2731).

Barclay also asserted that a $35 weekly withdrawal from union funds, which ostensibly provided him with an expense account, was turned over by him to Nelson "to be used for purposes that could not be accounted for in case the district attorney came to examine the books." The money, Barclay said, was to pay members of a "goon squad" flown in "if they are needed for any pugilistic or any beatings up."

> Senator CURTIS. How big a goon squad do they have?
>
> Mr. BARCLAY. According to them, they have a Chinese army.
>
> Senator CURTIS. What does that mean?
>
> Mr. BARCLAY. I would imagine it would be in the multitudes, and I couldn't exactly name the number, sir.
>
> Senator CURTIS. Who were some of the people they beat up?
>
> Mr. BARCLAY. Well, they beat up this 14-year-old boy, a son of one of the owners, that was sending baked goods over to one of the plants that we had under strike (p. 2727).

Barclay cited as another specific occasion for a payoff the San Francisco incident, mentioned earlier in this report, of the working over of Joseph Kane and other dissidents at the international convention in 1956.

> Senator CURTIS. Who would order these beatings up?
>
> Mr. BARCLAY. Who would order them? Well, to be truthful, I do not believe it was George Stuart. George Stuart seems to be taking a lot of the blame, but all I can recall was that Mr. Nelson called daily to Washington, D. C., and took his orders from James Cross, the international president (p. 2728).

Although Barclay and Nelson differed widely in their interpretation of a number of union practices, on one point their views coincided: the active interest shown by Cross in employing, as an organizer attached to local 37, a woman variously known as Kay Lower, Elsie K. Lower, and Mrs. E. K. Thorpe.

Research by the committee revealed that Miss Lower, whom Barclay described in his testimony as "Mr. Cross' girl friend, so to speak," had a substantial police record including arrests in 1949 for grand theft, in 1951, 1952, and 1954 for offering, in 1951 for residing in a house of ill fame, and in 1956 for drunken driving.

Miss Lower's debut at local 37, Nelson testified, occurred after a discussion in October 1955 in the cocktail lounge of a hotel in Portland, Oreg., which he had with Cross and Stuart. Miss Lower, he said, was also present, but did not participate in the discussion, which concerned the bogging down of an organization drive at Van de Kamp's bakery, a large southern California company employing some 800 to 900 workers. In November Stuart appeared in Los Angeles, Nelson continued, fired the two international organizers then on the Van de Kamp job, and suggested that Miss Lower be their replacement, "to obtain names, and so forth, on Van de Kamp."

> Mr. KENNEDY. How was she going to obtain names?
>
> Mr. NELSON. I do not know. I imagine the same way any other organizer of the union would obtain names and addresses of people working in plants that are not organized (p. 2744).

Cross and Stuart next discussed with Nelson the question of Miss Lower's remuneration, which was fixed at $75 a week. Nelson testified that he received $1,500 from the international for this purpose, and that the money had to be entered into the local's books before being channeled to Miss Lower. She was, in addition, given the use of a car belonging to the international. Nelson estimated that he actually gave "anywhere from $900 to $1,100" of the allotted money to his new aide in various sums over the period.

The committee showed him 2 checks, 1 for $500 and another for $200, made out to himself. Nelson declared that they had been drawn out of the $1,500 sent him by the international for Miss Lower. Asked to identify the endorser of both checks, one Steven Knight, he said:

> I can't recall right now, right offhand. I would imagine that he probably owns a bar or something. Ordinarily we cash these checks in the union office, and if there wasn't money there to cash it, I probably cashed it in a bar (p. 2758).

The committee produced an affidavit from Steven Knight identifying himself as a Los Angeles jeweler and stating that around the first of December 1955, Kay Lower had bought a "gentleman's diamond ring" from him for which she paid partly in cash and partly by check, and that final payment had been made by a $500 check from the bakers union, from which he had returned the excess to Miss Lower in cash.

Miss Lower testified that Nelson had owed her some money and given her a check and that she had, indeed, bought a diamond ring,

though whether with the check in question, she did not know. On the aftermath of the purchase, however, she was reticent:

> Mr. KENNEDY. I want to understand whether you told a story to the police officer in Los Angeles, that this ring was supposed to have been purchased for James Cross, that instead of giving it to James Cross, you gave it to Mr. Joe Arringer, and Mr. Cross came and beat you up in your room.
> Miss LOWER. I refuse to answer on the grounds that my answer may incriminate me (p. 2769).

Committee questioning as to the value of Miss Lower's work as an organizer drew varying critiques. Barclay, manager of local 37's office at the time of her employment, was less than enthusiastic:

> Mr. KENNEDY. Did you ever know of any work that she did for the union?
> Mr. BARCLAY. No, sir; I did not.
> The CHAIRMAN. Did she make any report to your local?
> Mr. BARCLAY. No, sir; I never did see her but a few times (p. 2732).

Nelson, estimating that Miss Lower had turned in 50 names of Van de Kamp workers, testified:

> I did not check on her, whether or not she was doing any work for the union.
> Mr. KENNEDY. You said you were paying her.
> Mr. NELSON. She called in and would give me names and addresses, and I figured that she was working (p. 2747).

President Cross, in his testimony on this point, took a brighter view of Miss Lower's efforts in the cause of unionism, explaining the obscurity of her labors at Van de Kamp as a strategy devised by him and Vice President Stuart to "hide from this company and the people who worked in the plants the fact that we were in another organizing campaign" (p. 2919).

Cross estimated that disbursements from the international union directly to Miss Lower totaled between $5,000 and $6,000. He expounded on the virtues of employing in so unorthodox a campaign "a person entirely outside of the ranks of labor," one who, in addition to being the mother of two children, was "very well acquainted with the members and officials of the waitresses union," a matter he rated as important because Van de Kamp also owned restaurants.

> Mr. KENNEDY. Mr. Nelson testified that the work she did, that he knew about, that the most she did for which he paid her approximately $1,000 was to submit 50 names from Van de Kamp Bakery which would make it about $20 a name. I was wondering is that the going rate in the international for names for those areas?
> Mr. CROSS. I don't think that you can put a price of a going rate on that. Sometimes the names in the shop, depending upon the strategic importance of the organization, may be worth $100, or maybe worth $200 a name (p. 2978).

Miss Lower, who had been located by the committee only after several months, was modest about her attainments as an organizer. She re-

called that she had been to Van de Kamp's Bakery perhaps once, maybe twice, and that she had talked to no other employee except the head baker, "a very good friend of mine."

> Mr. KENNEDY. Can you give us his name?
> Miss LOWER. I can't even remember. He is a Mexican fellow. He is married to a woman named Margie. That is all (p. 2765).

By the time the committee inquiry turned to direct consideration of Cross' own union career, testimony by other witnesses had built up a substantial body of evidence of his total mastery of the fortunes of workers in the American bakery and confectionery industry. In three lengthy committee sessions, Cross presented an account of his stewardship which, on the other hand, proclaimed the existence within his union of a democracy only occasionally imperfect.

Concerning such imperfections, Cross in a prepared statement at the outset of his testimony announced his readiness to urge upon his union adoption not only of AFL–CIO recommendations as to union financial auditing and recordkeeping, but also "stringent standards affecting disbursement of union funds by union representatives in all categories" (p. 2907).

On the heels of this statement Cross was shown a letter signed by him in an affidavit of compliance to the NLRB in July 1956, indicating that his "total compensation and allowances" came to an annual $17,500.

> Mr. KENNEDY. You never received anything more than $17,500 from the union?
> Mr. CROSS. My actual expenses.
> Mr. KENNEDY. Doesn't it say total compensation and allowances?
> Mr. CROSS. Yes, but allowances and expenses, in my mind, are two different things.
> Mr. KENNEDY. You do not feel that the Government wanted you to put your expenses down there?
> Mr. CROSS. I don't know what the Government feels, sir.
> Mr. KENNEDY. But you did not consider that you should give them your expenses?
> Mr. CROSS. No; this has been filled out by auditors for me, and I signed it (p. 2911).

Records produced by the committee showed that Cross' expenses for 1956 amounted to $39,682.55, of which $9,667.39 went for travel and hotel costs and the remaining $30,015.16 for all other items. For this latter sum, which included $25,102.10 for entertainment, dinners, birthday parties, gratuities, and personal expenses, there were no bills whatever to support the vouchers he put in.

Detailed committee breakdowns of expenditures by Cross during 1955, 1956, and early 1957 etched a portrait of general expansiveness. Among numerous trips he took were a 2-day trip to Portland, Oreg., in October 1955, costing $962.53; a 10- or 11-day trip soon afterward to New York, $4,069.75, including, among other items, $214 for 22 football tickets paid in advance for the Rose Bowl game and $130.13 for a hotel room which, said Cross, "was used for playing poker for the rest of the general executive board members" (p. 2926); a 6-day

trip to Miami in February 1956, $2,980.15, including daily room rent of $44 and cabana rent of $50, but excluding a separate $1,079.58 item at this time for driving from Washington to his home at West Palm Beach; a 6-day trip to Paris and London in September 1956, accompanied by his wife and daughter, $4,261.48; another trip to Palm Beach and Miami in January and February 1957, $4,431.17, including a $331.31 item for a hotel bill to Elsie K. Lower.

Under committee questioning, the bakers' chief admitted Miss Lower's presence on a number of such occasions, including trips to Portland, New York, Denver, and two trips to Miami Beach. Declaring that her transcontinental forays out of Los Angeles were made variously to discuss the progress of the Van de Kamp organizing drive and a political situation within local 37, Cross went on to say:

> I would like it to show right now that there was never a single instance that I discussed union business, or in any of the cities where Miss Lower or Mrs. Thorpe was, that there wasn't either Vice President Stuart or International Representative Nelson, or Vice President Crawford in my company (p. 2926).

Cross was read a letter from the management of a hotel in Ottumwa, Iowa, where he previously indicated he had gone in January 1956 for a midwest bakers' meeting. The hotel reported that at the time in question Cross was assigned room 618, John Nelson room 616, and Miss Lower room 620:

> The CHAIRMAN. They say they are connecting rooms.
>
> Mr. CROSS. No; they don't. They say 616, 618, and 620.
>
> The CHAIRMAN (reading): For 3 separate but connecting rooms for 3 persons.
>
> Mr. CROSS. And none of the rooms are connecting in the Ottumwa Hotel, because there are no doors between the rooms.
>
> The CHAIRMAN. Well, I do not know about the arrangements of the hotel. I guess they could not give you a connecting room, then, and gave you the next thing to it (p. 2933).

A short while later this exchange took place:

> Mr. KENNEDY. Mr. Chairman, just to clear up something that went on earlier, there was a question about the rooms at the Hotel Ottumwa, and about whether they were connecting. We had someone check the rooms, go up to 618 and 620. You will be glad to hear that 618 and 620 do connect; there is a door between them; 616 does not connect.
>
> Mr. CROSS. Proving what?
>
> Mr. KENNEDY. Nothing. You were unclear in your recollection as to how the hotel rooms were.
>
> The CHAIRMAN. The witness testified that the rooms did not connect, and there was no door between them, a few minutes ago.
>
> Mr. CROSS. To my recollection, that is right. One does not have and one does have; is that right?

Mr. KENNEDY. Your room, 618, and Miss Lower's, 620, connected, and your room and Mr. Nelson's, 616, did not.

Mr. CROSS. Where was his?

Mr. KENNEDY. You were in 618 and Miss Lower was in 620, which connected; 616 does not connect with 618.

The CHAIRMAN. If we are wrong in that, you check.

Mr. CROSS. I have a deep respect for your investigators.

The CHAIRMAN. Thank you (p. 2942).

That Cross' concern for the California situation remained constant between face-to-face consultations with Miss Lower appeared evident in union records showing approximately $2,300 worth of long-distance phone calls to and from her. Cross, denying any exclusivity in the matter, said that many of Miss Lower's calls went to other international officers, and were also taken by his secretary. He declared, however, that he had reimbursed his union with a personal check for $2,500 for the calls, because, he said:

> The daily newspapers had already smeared me with a relationship which was not true, and, rather than have the organization exposed, I remained silent and took the blame and returned the check (p. 2921).

As to the broad scope of his expenses generally, Cross asserted:

> * * * I think, if the total travel time and the total time I spend away from home and the total conventions and conferences that I attend and the amount of expenses I pick up for the people when I meet them in these cities, if it were all included in that and broken down, I don't think the figure would be alarming to anyone (p. 2945).

Committee Counsel Kennedy commented:

> * * * these are trust funds, and this is not your money that you are spending; this $39,000. You recognize that, don't you?
>
> Mr. CROSS. Certainly.
>
> Mr. KENNEDY. This is somebody else's money that you are spending.
>
> Mr. CROSS. Yes, sir (p. 2969).

A major portion of Cross' testimony before the committee involved his connection with a situation which went to the heart of the committee's inquiry into collusive labor-management relations. In this situation, Cross, for the purpose of purchasing his 2 homes in Washington, D. C., and West Palm Beach, Fla., personally borrowed $96,700 from Martin Philipsborn, Sr., who held a large financial interest in Zion Industries, Inc., a company with which one of Cross' local unions had a contractual relationship.

Previously, in 1948, Cross had obtained, through Philipsborn's good offices, a $16,000 mortgage on his Chicago home from the H. F. Philipsborn Mortgage Co., owned by Philipsborn's brother. Thus, his obligations, direct and indirect, to Martin Philipsborn, Sr., totaled $112,700.

The first witness to unravel some of the curious complexities of this whole matter was Peter Carbonara, secretary-treasurer of local 1 in

Chicago. Carbonara testified that when local 1 came into being in April 1956 by merger of a number of locals in the area, it took within its jurisdiction local 150, which represented the bakery workers at Zion Industries, bakery and candy manufacturers, and which hitherto had been an independent local under supervision of the international union.

Early in September 1956, Carbonara continued, he notified Martin Philipsborn, Jr., who ran the company, that the union was ready to negotiate a new contract to replace the one imminently expiring. But, Carbonara said, negotiations were not successful, and on October 1 he wired Cross for permission to strike the plant, pointing out that a strike vote taken by the Zion bakery workers showed 110 in favor and only 8 opposed.

Four days later, in a letter to Anthony Conforti, president of local 1, Cross granted strike permission "if final adjustment efforts fail."

But, a couple of weeks later, Carbonara testified, he had a phone call from Vice President George Stuart, who was attending the union convention in San Francisco. Stuart, he said, announced that he wanted to retract the strike permission; he asked the surprised Carbonara to mail back the Cross letter, indicating he would mail a new strike permission after a get-together of the union's general executive board.

Carbonara received no new permission, but Stuart, he continued, turned up in Chicago in January 1957:

> I think, when he was in in January, he must have met with Colonel Philipsborn, Jr., and Anthony Conforti. Then he came to the office and instructed me to mail some union applications to Colonel Philipsborn and some authorization for checkoff, because he said that the candy plant would be organized (p. 2854).

This unexpected development concerning the Zion candy workers, Carbonara indicated, did not calm the restiveness of the Zion bakery workers. He wired Cross, asking that an international representative be sent to cope with the situation.

The representative who then appeared, in February, was Stuart. He announced at a meeting of the bakery workers that their old contract—a substandard one by comparison with others in the Chicago area—would be in force until May, with some minor changes to which Carbonara and Philipsborn had agreed. The membership, Carbonara recalled—

> * * * didn't feel so good about it, but they thought that we would get along with it until May 31, and they approved of the suggestion of Mr. Stuart (p. 2855).

Immediately after the meeting, however, Cabonara said, Stuart informed him that the contract would extend up to and including December 31, 1957, and directed that a contract be written to that effect:

> I told him that the members don't like that. But he said just, "Let's handle it this way. When June 1 comes around, I will talk to the people again" (p. 2856).

The contract was written, but never signed. Instead, Carbonara reported, another contract was signed—after the committee had begun

its investigation. This contract, a 3-year arrangement, provided an 8-cent-an-hour increase for the first year and 5-cent-an-hour increases for the second and third years, respectively. The previous September, Carbonara pointed out, Zion Industries had indicated that it could not afford to pay any benefits above the contract which had then just expired.

From the senior Philipsborn, the committee received an affidavit attesting that he had first met Cross in 1938, and since developed a personal friendship with him and his family; that, on or about February 3, 1955, he had lent Cross and his wife $57,600, which was repaid in October of that year, and whose purpose was to provide the couple with funds to buy a home in Washington; that, on or about August 27, 1956, he had lent the same couple $40,000 so that they could buy a Florida home, which they told him they planned as their permanent residence; that this second loan was repaid in 3 installments, 2 in April 1957 and 1 on May 24, 1957; and that, except for the affiant, no officers or employees of Zion Industries, Inc., had "participated therein in any manner."

Testimony by Cross on the subject—less than a month after his final payment to Philipsborn, Sr., on the $40,000 loan—initially claimed that Philipsborn had long since "sold his interest in the Zion Industries to New York University." Philipsborn's affidavit, however, revealed that he and his family hold 73 percent of the company's total $3,800,000 bonds, and records available to the committee showed that he received from Zion Industries, during 1955 and 1956, a total of $261,246.32 and his son a total of $71,024, for salary, expenses, and bond interest.

Cross offered some background information on his longtime relationship with Philipsborn, senior, whose attitude toward him he described as one of "paternal fondness." One of his first assignments as an international representative of the bakers' union in 1939, he explained, had been in Zion, Ill., site of the Zion Industries, and from 1944 to 1948 he had negotiated company contracts with the elder Philipsborn. But since then, Cross asserted, he had negotiated no further collective-bargaining agreements with either Philipsborn or any of his family.

Cross was questioned concerning a Washington luncheon with Philipsborn in November 1956—2 months after the $40,000 loan—at which Vice President George Stuart was also present. He denied discussing the terms of the proposed Zion bakery contract; rather, he said, the purpose of the meeting was to get Philipsborn to agree to organization of Zion's candy plant. Cross himself was not trying to organize the candy workers, he added, but George Stuart—

> * * * told me he wanted the candy plant organized, and he thought this was the best way to do it (p. 2989).

Cross described the outcome of this backstage maneuver:

> I agreed with Mr. Philipsborn and Mr. Stuart that if he would withdraw his opposition to the organization of the candy plant, I would then instruct Mr. Stuart to go to the local union and its membership meeting and see if he could sell those workers on the idea of extending their contract under the terms negotiated by Carbonara in exchange for this candy plant that we had been unable to organize over 20 years (p. 3002).

That this version of the Washington meeting was an incomplete one was shown by the introduction into the testimony of a letter from Philipsborn, senior, to George Stuart summing up the discussion among the three men. Among other points which Philipsborn listed as having been agreed to at the time were these:

> "1. The contract that expired October 1, 1956, and all of its conditions, has been renewed by you until December 31, 1956.
>
> "2. On or before December 31, 1956, the union and Zion Industries are to execute a contract for a 12-month period commencing January 1, 1957, and expiring December 31, 1957, said contract to embody all the concessions that Colonel Philipsborn agreed to with your Mr. Carbonara (p. 3003)."

Thus, despite denials by Cross, it was plain that he had negotiated a contract with the man to whom he was heavily and personally indebted without consulting either the officers or members of the local whose economic future was involved.

The Cross claim of victory in the candy-plant matter was directly contradicted by John Klansek, international representative of the union, in an affidavit read a few minutes after Cross so testified. The affidavit, dated June 12, 1957, declared that "the candy plant is not organized to my knowledge."

> The CHAIRMAN. Has a contract been signed?
>
> Mr. CROSS. Yes, sir; to my knowledge it has.
>
> The CHAIRMAN. When was it signed?
>
> Mr. CROSS. That, I am not sure. With all this going on, I don't read these reports like I should, but I can ascertain for you from my office (p. 2990).

Klansek's affidavit also recalled an experience he had had in negotiating back in 1954 with Martin Philipsborn, Jr. for a new contract for the bakery workers:

> * * * From time to time, Philipsborn indicated to me that he was a personal and intimate friend of Cross and that Cross would be displeased with the fact no progress was being made. Further, Philipsborn told me that his father had a mortgage of about $20,000 on the house which Cross owned (p. 2993).

Klansek personally appeared at a later hearing and testified that the day following the reading of his affidavit before the committee he had received a wire from Cross countermanding all assignments given him as international representative.

One other question which concerned the committee in the Cross-Zion matter was how and why he repaid the $40,000 loan made to him in August, 1956 by the senior Philipsborn just a few months prior to his appearance before the committee. A Washington bank, Cross explained, gave him a $10,000 mortgage on the Florida home; he himself put up collateral for a $16,000 loan; the remaining $14,000 was lent to him by an old friend—International Vice President Max Kralstein.

Senator CURTIS. When did you refinance in the Washington bank?

Mr. CROSS. I did following the charges and probably the investigation here, because of my desire to protect a man and what misinterpretation might have been upon this loan, which has now proven that my thinking was correct on it (p. 5011).

Although Cross was the stellar witness of the inquiry into the bakers union, the committee wishes to take note in this report of the testimony of two more individuals because of the graphic picture drawn of the nature of the Cross administration.

One witness, Curtis Sims, was at the time of his appearance suspended secretary-treasurer of the international, the No. 2 post in the union. Subsequently he and four other high officers of the international were ousted by Cross on charges of "dual unionism"—charges made following the AFL–CIO's expulsion of the Cross union for corruption and its grant of a charter to a new bakers union [the American Bakery and Confectionery Workers International Union].

Although these events were in the future when Sims testified before the committee, the story he told was a significant one. A member of the union since 1933, he had, by December 1952, risen to enough eminence to win election by the union's general executive board to the key post of secretary-treasurer, and the 1956 convention returned him to the job for a 5-year term.

For the greater part of his official life under Cross, Sims, by his own account, was no thorn in the president's flesh. As secretary-treasurer, he had to examine all daybook sheets showing all local union expenditures; he also saw and never failed to sign vouchers submitted by Cross; except in a few instances, he initialed all vouchers submitted by Stuart. Occasionally, Sims testified, he would "raise the question" with Cross, but would accept the ensuing explanation. Sims, it seemed, was a member of the team in good standing.

Whatever straw broke his back, the fact is that Sims eventually decided that he could not go along any more. He began informally discussing questionable financial items with members of the executive board. President Emeritus Herman Winter, the retired past president of the union, advised him against taking up officially the problem of the prevailing conditions in the union.

Senator MUNDT. Did he give you the basis on which he arrived at that?

Mr. SIMS. He told me I couldn't win (p. 2834).

Sims nevertheless made a try. In March 1957, before the union's executive board, sitting as a hearing board, he preferred eight charges against Cross and Stuart. Among them were that the two officers had "conducted the affairs of subordinate affiliates while under the trusteeship of the international union for their own unwarranted financial gain and profit" and "submitted vouchers for excessive and unjustified expenditures"; that Cross "has been maintaining an interest in the relationship with a person of ill fame and criminal repute and record;" and that Cross "has been maintaining close alliances with employers in the industry with whom the union negotiates on behalf of its members." Three charges concerned the alleged partic-

ipation by Cross and Stuart in the celebrated fracas in San Francisco at the time of the October 1956 convention.

After hearing Sims' case the hearing board not only cleared Cross and Stuart, but swiftly turned around, put on its other hat as executive board, and suspended Sims on grounds of preferring his charges in bad faith, using the press to air intraunion matters, and putting the board to the unwarranted and unnecessary expense of a special meeting.

What appears to the committee to be the ultimate commentary on the nature of the regime of James G. Cross is the union document, now in committee files, notifying Sims of his suspension. Actually, Sims was suspended on March 8. In the document in question the date of March 8 appears inked in over the date originally typed: March 6—the day before Sims actually preferred his charges.

Shocking as this predating was to the committee, it was equally disturbed by testimony by Herman Cooper, the union's lawyer, to the effect that he was the author of the document. Cooper, a practicing attorney for 25 years, who had earlier told the committee that he was a member of the New York bar, the Federal bar, and the Bar of the United States Supreme Court, admitted that he had not drawn up a similar advance document against Cross, or an alternative document in Sims' favor:

> Senator ERVIN. So you prepared a verdict, what was equivalent to a verdict, of guilty, and neglected to prepare a verdict of not guilty?
>
> Mr. COOPER. If the Senator please, had the board at that session on March 8 voted to sustain the charges against President Cross, they would then——
>
> Senator ERVIN. I am not asking about Mr. Cross. I am asking about Sims. You drew up a resolution which was a resolution anticipating in advance that the board was going to take action against Sims, adverse to Sims. Why did you not draw an alternative one for them in case they took action favorable to Sims?
>
> Mr. COOPER. I think such a resolution might have been prepared by Mr. Sims' personal counsel, for all I know. The same gentleman——
>
> Senator ERVIN. You were the counsel employed by the union to draw up the resolutions showing the action of the executive board, rather than Mr. Sims' personal counsel; were you not?
>
> Mr. COOPER. Except that Mr. Sims did not repose in me the confidence which he did in other counsel.
>
> Senator ERVIN. I am not asking you about that. I am asking if you are supposed to be the counsel for the union.
>
> Mr. COOPER. I am, sir.
>
> Senator ERVIN. And you went to a meeting at which a decision was to be made, and which decision could have been made either one way or the other. You prepared the resolution to take care of the situation if the action was adverse to Sims, but no resolution to be used in case action was favorable to Sims. Is that not correct?
>
> Mr. COOPER. That is correct, sir.

Senator ERVIN. To my mind, it is sort of similar to the Lidford law. "I oft have heard of Lidford law"——

Mr. COOPER. I am unfamiliar with that, sir.

Senator ERVIN. Listen and you can hear about it.

Mr. COOPER. I will be happy to learn.

Senator ERVIN. You may not have heard of it, but you seem to be familiar with it. "I oft have heard of Lidford law, how in the morn they hang and draw, and sit in judgment after" (p. 2879).

FINDINGS—BAKERY AND CONFECTIONERY WORKERS INTERNATIONAL UNION OF AMERICA

As one of the oldest organized labor groups in our national life, the Bakery and Confectionery Workers International Union of America has witnessed many a historic moment in labor's climb up the economic ladder. After its own 72 continuous years in existence, the union should by now have reached new peaks of progress. Such, however, is not the case. Instead, retrogression has been the bakers' lot, a grim fact directly traceable to the ruinous stewardship of International President James G. Cross.

Stewardship is, in fact, a misnomer for the Cross brand of administration, for it implies accountability, of which the bakers have had less and less, to the vanishing point, since Cross took over in 1953. In its place they have had doubletalk and dishonesty; their constitution has been abused and perverted; their hard-earned funds have been plundered; tyrannical and swindling trusteeships have crushed their local freedoms.

As an exemplar of a labor autocrat, Cross, in the opinion of the committee, conjures up few rivals. Such has been his cynical and rapacious grasp on the bakers union that in all the misdeeds uncovered by the committee's hearings he seldom plays other than a starring role; in the instances when he does not, his handpicked henchmen do. The committee is of the emphatic belief that the culpability of James G. Cross is central to the corrosion of the bakers union.

1. The committee finds that Cross sold a group of his members down the river by secretly conniving to extend a substandard contract they abhorred with a man to whom he was then personally indebted for $40,000 to buy a Palm Beach home, to whom he had been personally indebted for $57,600 to buy a Washington home, and from whose brother he had earlier secured a $16,000 mortgage to buy a Chicago home.

2. The committee finds equally reprehensible the action of the man with whom Cross so connived: Martin F. Philipsborn, Sr., majority bondholder and former president of Zion Industries, Inc., the company from which bakers union workers were seeking a better contract. The committee also regards as questionable the implied role in this matter of Col. Martin Philipsborn, Jr., manager of the firm, who effectuated the extension of the substandard contract on management's side. A sworn affidavit by an international organizer for the bakers union, John Klansek, deposed that Philipsborn, Jr., had not been loath to mention his father's creditor status toward Cross during negotiations for an earlier contract.

3. The committee finds that in 1956 Cross falsified an affidavit of compliance to the NLRB by indicating that his compensation and allowances totalled $17,500 annually, when, in fact, he received almost $40,000 in expenses alone for that year. Cross had the effrontery to tell the committee that in his opinion expenses and allowances were "two different things."

4. The committee finds that Cross played fast and loose with union funds by failing to provide bills to back up vouchers for some $30,000 in expenditures during 1956 alone, including $25,000 for entertainment, dinners, birthday parties, gratuities and "personal expenses."

5. The committee finds generally repellent the Cross claim that his excessive expenditures of union funds, even when accounted for, were in the strict line of official duty for the bakers. The committee cannot accept as proper under this definition a $130 item for a hotel room engaged solely for poker games of Cross' executive board during a 10-day meeting in New York; it cannot accept as credible a $2,980 expenditure by Cross for a 6-day stay in Miami when he collected $1,079 for driving from Washington to his home in Palm Beach during this same period.

6. The committee finds that Cross cast ignominy on his union membership by hiring as an "organizer" a woman with a police record for grand theft, for residing in a house of ill fame, for drunken driving, and for offering. Known frequently but not invariably as Kay Lower, this woman testified that the total extent of her efforts for the bakers was to collect some 50 names of potential prospects for an organizing drive in Los Angeles. Miss Lower's association with Cross cost the bakers upward of $10,000: some $6,000 direct from the coffers of the international, about $1,000 funneled through bakers local 37 in Los Angeles, some $2,300 in transcontinental phone calls to and from Cross, and an indeterminate amount in hotel bills on journeys in which she often appeared in Cross' company.

7. The committee finds that Cross sanctioned the use of violence to discourage dissents within the union and alleged obstructionists without, including the beating of the 14-year-old son of a bakery owner during a Los Angeles strike. Cross himself was charged by two witnesses with having taken part in the slugging of union critics at the time of the union convention in San Francisco in October 1956. A grand jury, although it took no action in the case, described it as "rampant with perjury," and the district attorney flatly proclaimed his disbelief of Cross' denial that he was present at the time of the beatings.

8. The committee finds that at this same convention Cross railroaded through changes in the union constitution which destroyed any vestigial pretenses of union democracy. Among the powers which he thus arrogated to himself were the right not only to select but to remove international representatives, who constituted 75 percent of the union's executive board; the sole right to approve banks in which union money was to be deposited; the sole authority to direct the secretary-treasurer to prepare checks. Cross also arranged that his own salary and that of his secretary-treasurer, previously set by the convention, should now be set by the executive board, three-quarters of whose salaries he himself fixed; and in an orgy of mutual admiration immediately after the convention these lackey lieutenants voted him

a salary raise from $17,500 to $30,000, and Cross shortly returned the favor by raising their salaries.

9. The committee finds that other actions and statements by Cross at the convention nakedly exposed an authoritarian philosophy abhorrent to legitimate American unionism. Under his callous direction use of the secret ballot to elect international officers was abandoned, thus further intimidating possible dissenters; the use of parliamentary procedure at the convention was jettisoned after a haughty pronouncement by Cross that it was not made for bakers and confectioners; financial reports, once given to the membership in full every 3 months, were henceforth to be given to them in summary every 6 months.

10. The committee finds that the dupes of James G. Cross in the bakers union emulated their master at every turn. International Vice President George Stuart mulcted Chicago bakers locals of $40,000. One of his most brazen manipulations involved a $13,000 appropriation for a "joint organizational drive" with teamsters joint council 43, which, as intermediary, then purchased 2 Cadillacs at $6,500 apiece for Stuart and Cross. Another larcenous maneuver by Stuart stripped Chicago locals 100 and 300 of the better part of $10,500 for an "organizing drive" which was so nonexistent that he never mentioned it in his reports to the international, nor was it even slightly apparent to the owner of the alleged target company.

11. The committee finds that these thefts by Stuart were made possible under two Chicago local trusteeships of the most arbitrary and capricious stripe. Although local 300 requested its trusteeship, Stuart played an incredible role in the decision to grant one, conducting the preliminary hearing, making the decision, then moving in as trustee—thereby acting as judge, jury, and beneficiary of his own decision. In the case of local 100's trusteeship, Stuart peremptorily imposed it without any hearing whatever; Gilbert Mann, the ousted local president, testified that his first notification of the matter came when he found Stuart at his desk, brandishing a gun owned by Mann. Other witnesses testified that later suggestions that the trusteeship be removed were met by Stuart with the summary dismissal of those officers who had dared to voice the thought.

12. The committee finds that the trusteeship principle itself was thoroughly abused in practice. Designed to safeguard union members' interests, trusteeships as applied by international officers of the bakers not only depredated the funds but despoiled all democratic rights of the rank and file. Voting on matters of local interest ended; local officers, board members, and shop stewards ceased to function, and in their place were installed aides in every way subservient to the trustee. Even when trusteeships were removed, locals lived under the threat of their reimposition. The simple act of filing of new charges against the local by someone in the international office or by only one local member would do the trick, an easy one among people riddled with fear of their superior officers.

13. The committee finds that the collection of some $85,000 in funds for a testimonial dinner for International Vice President Max Kralstein, in charge of the New York bakers, went forward under circumstances most charitably described as dubious. Much of the money was gleaned from New York bakery owners, a number of whom testified that they either had had or feared labor trouble from New York local

3. In these instances the fund raisers were by and large union business agents who serviced the shops whose owners they solicited. Although no overt threats were made, evidence that the owners felt that it would be the better part of valor to contribute to the Kralstein dinner stamps this fund-raising venture, in the committee's view, as an improper relationship with management.

14. The committee finds that the United States Government itself bore a large proportion of the cost of the Kralstein dinner. Kralstein himself paid no income tax on some $60,000 in gifts from the affair, out of which he purchased a $40,000 home; he argued that this harvest was nontaxable. On the other hand many contributors to the dinner wrote off their donations as a deductible business expense. In the opinion of the committee this matter merits close scrutiny by the Internal Revenue Service.

15. The committee finds that Max Kralstein's attitude toward the huge largesse bestowed upon him, much of it under virtual duress, was of debatable integrity. Kralstein's assertion that the principle of giving was what mattered to him, whether the sum be $10 or $100,000, was in the committee's view a specious one, as was his offer to refund contributions to anyone who so desired.

16. The committee finds that Herman Cooper, counsel for the bakers union, acted improperly and unethically by failing in his duty to represent the interests of the union itself, protecting rather the specific interests of Cross and other members of the ruling faction when a challenge to this leadership arose. The committee was deeply shocked by Cooper's admission that he had personally prepared a predated document suspending one of the challengers, Secretary-Treasurer Curtis Sims, even before Sims' charges against the Cross regime had been aired before the union's executive board. The committee finds this a shameful breach of the honorable traditions of the American legal profession.

The committee notes with satisfaction that subsequent to its hearings the AFL–CIO expelled the Cross union on charges of corruption. Thus did a once-proud body of laboring men fall victim to the cynical self-interest and amoral acts of one individual, for there is no doubt that James G. Cross himself singlehandedly wrecked the union which had reposed its trust in his hands. The price is a heavy one for the bakers to pay, but only by such drastic action can the decent rank and file come to a full realization of their betrayal.

United Textile Workers of America

In an era when labor unions number their members in the millions and their assets in the multimillions, the United Textile Workers of America does not rank very high on the list. Its membership totals around 50,000; its annual income, derived solely from individual dues, is something under $1 million.

Although puny by today's robust standards, the state of the UTWA's treasury has not rendered it immune against human temptation. In a week's hearings during July, the committee examined the large-scale misuse of union funds by its two top international officers in a series of unprincipled acts made possible by the laxity of union financial safeguards and the placid acceptance thereof by other UTWA officials. Subsequent to the hearings, both men resigned from the

union under threat of the UTWA's expulsion from the AFL–CIO if they were not removed.

In summary, testimony before the committee revealed that—

1. Some $95,000 of union funds was utilized by Anthony Valente and Lloyd Klenert, UTWA president and secretary-treasurer, respectively, to buy themselves homes. Eventually they restored the money—the final $57,000 of it only after inklings of the transaction had reached George Meany, now head of the AFL–CIO, then president of the AFL, the UTWA's parent affiliate.

2. In addition more than $60,000 of union funds was spent by Klenert for personal purchases for himself, his family, and his friends.

3. The pecuniary adventures of the two men—in all involving some $178,000 of union funds—went unhindered because of a notably loose system of controls over the outgo of union resources, controls assigned in principle to officials who were servile to Valente and Klenert in practice.

As an open invitation to malfeasance, the UTWA's financial procedures merit detailing. Under the union's constitution its governing body and final arbiter of its funds is a 22–man executive council composed of the president, secretary-treasurer, and 20 vice presidents representing various geographical areas. Election to all these offices took place on the floor of the international convention, a biennial affair up to 1956, when it was made quadrennial.

Such a direct mandate might be presumed to spur independence of thought and action on the part of officials so chosen. However, both salaries and expenses of the 20 UTWA vice presidents were fixed by the president, subject to the approval of the executive council of which these same 20 men comprise 91 percent. This presidential power over their pocketbooks evoked distinct affability among council members toward his actions and those of his next in command, the secretary-treasurer.

One result of this climate of mutual admiration was a custom whereby members of the ruling clique approved for each other personal loans from union funds requiring neither security nor interest. Secretary-Treasurer Klenert, testifying before the committee on this cozy tradition, displayed the minutes of an executive council meeting authorizing as recipients of such benefits "staff members, employees, and officers as the occasion arises," with Klenert himself instructed "to make reasonable arrangements for repayments according to his best judgment."

> Senator MUNDT. I take it that this select circle of individuals entitled to interest-free loans without collateral did not include loans to the union members who actually paid the dues to create the fund. Am I right about that? I do not see them mentioned.
>
> Mr. KLENERT. No individual member has ever requested a loan from the international union for any reason that I know of (p. 3278).

Shut out on this score, UTWA's rank and file was in fact shorn of any voice at all in the union's fiscal affairs. The UTWA constitution provides a means of protecting the resources accumulated by member-

ship dues by giving the executive council "general control over the affairs and properties" of the union. Presumably this power could be wielded over the president, whom the constitution authorizes to approve all orders and checks drawn on the union's account, and over the secretary-treasurer, who was charged with making expenditures, safekeeping union resources, and maintaining adequate records of financial transactions. Actually, however, the council's surveillance over its two ranking officers was only nominal, even permitting them to pass on their own expenditures.

That such an arrangement can be proof against auditing vigilance was evident in the testimony of two witnesses before the committee. Eric Jansson, a certified public accountant of Washington, D. C., who handled the UTWA's books over a period of years, reported that while he had felt that vouchers were complete enough for him to perform an audit, "not enough detail" appeared on some of them.

> Senator GOLDWATER. Have you ever made recommendations to the president or the secretary-treasurer that they tighten up their constitution in relation to money?
>
> Mr. JANSSON. No, sir.
>
> Senator GOLDWATER. Let me ask you this: Is that not an ordinary function of a certified public accountant?
>
> Mr. JANSSON. In a case of this kind, where the constitution gives them the authority to do those things I can't agree that it would be my function to tell them that that constitution is wrong and they should not have that authority. That is established by their convention (p. 3331).

An inside-union view of the futility of audits was given by George Emerson, one of the UTWA's three international trustees. To this trio fell the task, every 3 or 4 months, of going over all checks and vouchers and reporting their findings to the executive council. Emerson, an electrical maintenance worker of Winnsboro, S. C., and secretary-treasurer of his own UTWA local, who testified that he had never finished high school, sketched the procedure which he and his fellow trustees would follow:

> One of them takes the checks, and I take the stub, and the other one takes the vouchers, and they call out the name of the check and the amount that is on it, and I check it against the stub. The name is also there, and Mrs. Hamme has the vouchers and she opens it like that, sitting at her table like this, and if the amount is correct, and there is no question about it, and if it is a routine thing, we go right on through (p. 3422).

E. Henrietta Hamme, a second trustee who described herself as "a skilled textile worker, known as a looper," filed an affidavit with the committee throwing added light on the same ceremony:

> We make our examination whenever the international secretary-treasurer, Lloyd Klenert, notifies us to come in and do so. We spend 2 or 3 days on this task.
>
> Although I am the newest trustee, I handle the vouchers. I do this job because a lady's hands are more nimble than a man's in opening vouchers.

> * * * I have had no experience in bookkeeping, auditing, or accounting. I never had seen a voucher before I became a trustee of my union (p. 3427).

Emerson was queried about the trustees' approach to expenditures incurred by their president and secretary-treasurer specifically.

> Mr. KENNEDY. You never questioned Mr. Valente, did you?
>
> Mr. EMERSON. I don't know that we have questioned him about any detail.
>
> Mr. KENNEDY. You never questioned Mr. Klenert, have you, about any of his vouchers that he submitted?
>
> Mr. EMERSON. I can't pull out any specific item, but it seems to me that we have discussed it with him on 1 or 2 occasions, asked him, "What was this for?"
>
> Mr. KENNEDY. Do you remember ever discussing that with him?
>
> Mr. EMERSON. I think we have.
>
> Mr. KENNEDY. Can you give us an instance?
>
> Mr. EMERSON. Especially around convention times, we would say among ourselves. "This is a lot of money, let's talk with Lloyd about it."
>
> Mr. KENNEDY. Did he explain it all?
>
> Mr. EMERSON. He did (p. 3423).

The tender treatment accorded Valente and Klenert in all quarters of the UTWA infused them, not surprisingly, with a thoroughgoing sense of assurance. In addition, both men were old hands at union affairs. Valente, who had started working in a textile plant at the age of 13, had joined the union in 1933, moving up the official ladder until, in 1944, he was elected UTWA international president, a post he had held continuously up to the time of his appearance before the committee. Klenert, a onetime worker in a yarn dyehouse, also dated his union membership back to 1933; he was chosen international secretary-treasurer the same year Valente won the top post.

The Valente-Klenert exploit which chiefly concerned the committee occurred in 1952, 8 years after the 2 men had become entrenched as leading duo of the UTWA. This exploit, the purchase with union funds of a $42,500 home for Valente and a $52,500 home for Klenert in Rock Creek Hills, a section of Montgomery County, Md., convenient to union headquarters in Washington, D. C., involved manipulations extending over a period of months. Because of the vital role played by chronology in the matter the events as they occurred are presented in sequence.

On April 4, 1952, Alfred A. and Albert J. Altimont, general contractors, agreed to sell, for a total purchase price of $95,000, two homes which they had built in Rock Creek Hills. At the time the buyers were unknown to the Altimonts; the signer of the contract on their behalf represented J. Garrett Beitzell, a real-estate agent, to whom the seller was to pay a $5,000 commission. A deposit of $2,000 was put down, with the purchasers agreeing to pay $57,000 and assume two mortgages of $18,000 and $20,000.

On the same day Valente wrote a personal check to Beitzell for $1,000. A similar check by Klenert was never found, although Beit-

zell's secretary testified that she recalled receiving two $1,000 checks at the time, and $2,000 was deposited to Beitzell's special account on April 7.

On April 8 two accounts at the City Bank in Washington were debited $1,000 each. One was Valente's personal checking account; the other was the UTWA's account, for which the only person authorized to sign was Klenert. No debit appeared on Klenert's account, also held at the City Bank, until April 11. Klenert testified that he borrowed this amount from the union, deposited it in his account, and gave Beitzell's representative a personal check which, however, he was unable to produce.

On April 25, the UTWA's executive council, meeting in Miami Beach, discussed a report by Klenert to the union's last convention concerning purchase of a building to house the union and/or purchase of property for investment purposes. By unanimous vote, the council authorized Valente and Klenert to investigate the possibilities of buying such property, and "to exercise their discretion and judgment in consummating the transactions necessary to the purchase of such property"; it further authorized Klenert to convert into cash $95,000 worth of defense bonds owned by the union and to negotiate a loan for that sum from the City Bank pending conversion of the bonds.

On May 1, the bank granted a $95,000 loan to the UTWA, and the money was deposited to the union's account there.

On May 2 Martin J. Quigley, president of the Mutual Title Co. of Washington, D. C., received a visit from three men. One was a friend who had referred title business to him in the past, Parker Nolan, the salesman for the Beitzell realty outfit who had negotiated the Rock Creek Hills deal with the brothers Altimont. Nolan introduced his companions, Valente and Klenert, who handed Quigley a union check for $95,000, which, he testified, they asked him to hold in escrow for the purchase of real estate.

As to whether Valente and Klenert identified the real estate in question at this first meeting, Quigley's testimony was contradictory. At one point he insisted that they had not designated any specific property; at another, however, he recalled understanding that they were in the market for "these two houses" and a piece of property to be used as a union headquarters. Under further questioning he admitted that by the time of the visit the title papers for the homes were already in his office, awaiting settlement, while he had no such papers for property under consideration for a union headquarters.

On May 5 sale of the houses was settled. That day was a busy one for Quigley's bookkeeper, who made out $95,000 in checks. Something under $57,000 covered payment on the houses; of this, $5,000 represented Beitzell's commission, the remainder payment to the Altimonts. The total equity represented some $32,000 for Klenert's home, some $24,000 for Valente's.

With these disbursements made, some $38,000 was left of the original $95,000. This sum went into two checks to the Equitable Life Insurance Co., one for some $20,000, the other for some $18,000, as full payments for mortgages on the two homes.

At this juncture, however, came one of the curious developments which were to mark the course of the Valente-Klenert house-buying venture. The checks were voided and never issued to the recipients.

On May 6 new checks were written, covering only the $57,000 part of the original transaction. It appeared that the house buyers had decided to assume the mortgages rather than pay them off in cash. This fact was borne out by records of the Equitable Life Insurance Co., indicating that on May 5 Quigley had telephoned asking the amounts needed to pay off the mortgages, and that on May 6 an Equitable clerk had jotted down on the work sheets the notation: "loan assumed instead payoff."

Thus, of the $95,000 in union funds, $57,000 went for purchase of the homes. Quigley was asked whether the use of union funds for such personal purposes raised any question in his mind. His reply was:

> No. We are not an authority, not a union or anything like that. I am running a title company. If somebody brings in a check from a union or if they bring in a trustee check, we will accept it. It is not our business to question those funds (p. 3242).

On May 8—just a week after the City Bank had granted the UTWA a $95,000 loan—application was made in the union's name for an entirely separate $100,000 loan of 60 days' duration. This application was not made to the City Bank but to another quarter in Washington, the Liberty National Bank. The stated purpose of the loan was "purchase of new quarters but old building", and it was to be backed up by more than $100,000 worth of additional series F Government bonds owned by the UTWA, which the bank would redeem and then apply to the return of the loan.

This loan was not, however, sought under the same authorization voted by the UTWA executive council for the earlier $95,000 loan. Instead, Valente certified to the Liberty National Bank that his authority to borrow the $100,000 rested on a union resolution of October 1946. On May 13 the loan was granted and a $100,000 UTWA account opened.

The schedule which Valente and Klenert set for themselves that day and the next two might have tried men of lesser stamina. On their agenda over this period were further bank transactions, a meeting of the UTWA's executive council, another visit with the cooperative Quigley, and a conference with an uncooperative George Meany, AFL president.

The meeting with Meany, which, he testified, took place somewhere around May 15, was sought by the two UTWA leaders to discuss "getting a loan or a donation from the AFL to assist them in their organizing work." Nothing came of the discussion at the time, but Valente and Klenert were later, to their ultimate sorrow, to plead their case anew.

Their bank transactions were more immediately productive. On May 13, the very day the $100,000 UTWA account was opened at the Liberty National Bank, $30,000 was withdrawn from it. The next day, May 14, $27,000 more was withdrawn, in amounts of $7,000, $5,000, $7,000, and $8,000.

Also on May 14, the $30,000 was transferred to the City Bank, from which Valente then withdrew a like sum in cash and bought $30,000 worth of cashier's checks. On May 15, with the other 4 withdrawals from the Liberty National Bank, Klenert bought 4 bank drafts in

similar amounts—a total of $27,000, and, with Valente's previous $30,000 withdrawal, a grand total of $57,000.

Sometime that day Klenert personally brought to the office of the Mutual Title Co. a letter signed by himself and dated May 14. Quigley, who by his own account had not questioned the earlier $95,000 transaction he had with Valente and Klenert, was apparently not disposed to raise any new questions, although the letter which Klenert presented might well have baffled a more inquiring mind. Brief but intriguing, it read:

> I am enclosing herewith cashier's checks for the amount of $57,000, $30,000 drawn upon the City Bank and $27,000 drawn upon the Liberty Mutual Bank, which is a deposit on certain property for the United Textile Workers of America, to be identified as parcel No. 2.
>
> You have already in your possession a deposit of $95,000 which you are holding as a deposit for another property for the United Textile Workers of America which is identified as parcel No. 1.
>
> I am hereby requesting, because of certain organizational problems that we now have, that the first deposit of $95,000 be returned, and that the second deposit of $57,000 be held by you until such time as we close a definite deal for the building for the United Textile Workers of America (p. 3243).

On inquiry by the committee, Quigley conceded that since payment had already been made on the Valente-Klenert homes out of the $95,000, he no longer had the money in his possession by the time of this letter, and could therefore not have been holding it as a deposit. As to parcels Nos. 1 and 2:

> That identification of them by parcels was a designation given to them by them, not me. I presume from that letter that parcel No. 2 was the houses. I do not know what parcel 1 was.
>
> Senator MUNDT. You recognize the parcel No. 2 as the houses, but when they say parcel No. 1, you say "I never heard of parcel No. 1."
>
> Mr. QUIGLEY. They never told me what parcel No. 1 was.
>
> Senator MUNDT. It seems to me a member of this committee must draw the conclusion that this letter written about parcel No. 1 was written not for your eyes but for the eyes of the trustees and the auditors of the United Textile Workers of America, that they were talking about a phantom, they were talking about a myth (p. 3245).

Notwithstanding the patent misrepresentations in the Klenert letter, Quigley, a man as obliging as he was uncurious, dictated a reply while Klenert waited:

> Receipt is acknowledged of your letter of the 14th, wherein you enclose $57,000 in cashiers checks, $30,000 drawn on the City Bank and $27,000 drawn on the Liberty National Bank, which, as you say, represents a deposit on certain property for the United Textile Workers of America, identified as parcel No. 2, and which sum we are to hold until such time as

> a definite deal is closed for the purchase of a building for your organization. As per your request, we are enclosing herewith our check for $95,000 which was held by us as a deposit for certain property identified as parcel No. 1, and which transaction did not materialize (p. 3246).

The motivation behind this tidy exchange of correspondence and checks appeared in the following colloquy:

> The CHAIRMAN. It seems pretty apparent that the purpose of sending over this last $57,000 in cashier's checks and writing you a letter like that, and getting a reply from you such as you wrote, that the whole purpose of it was to try to make it appear on the books of the union that the original $95,000 they had deposited with you had been returned, that that was the purpose of writing the letters that way. Is that not correct?
>
> Mr. QUIGLEY. That is possible, yes.
>
> The CHAIRMAN. What else is possible, if that is not the whole reason for it?
>
> Mr. QUIGLEY. They wanted to get the $95,000 back into the union and this is the way they accomplished it (p. 3248)

That the $57,000 handed to Quigley on this occasion was the same $57,000 withdrawn from the Liberty National Bank account of the UTWA and turned into cashier's checks and bank drafts was apparent from the fact that all the checks and drafts in question bore the second endorsement of Quigley's firm.

Although union records over this period were later destroyed, Alphonse F. Calabrese, investigator for the committee, was able to ascertain through Jansson, the UTWA auditor, the explanation which Valente and Klenert had given at the time for the $57,000 withdrawal from the union account. Jansson's audit report for April through June 1952 had a supplement which broke down certain "organizational expenses" of the union. The $30,000 drawn to cash on May 13 was attributed to "the Canadian situation," "the New Jersey situation," and "the North Carolina situation," the $27,000 drawn to cash on May 14, to "organizing expenses" in New York, Pennsylvania, Massachusetts, and the Midwest.

The advantage to Valente and Klenert in all these intricate money movements was considerable. The original $95,000 presented to Quigley on May 2 was charged, on the union's books, to the UTWA building fund. Had it been continued on the books this way, ultimately Valente and Klenert would have had either to produce a building or return the money. They achieved this second alternative on May 15 by contriving to have Quigley return what seemingly was the original $95,000. The new $57,000 which they gave him on that date—and without which Quigley could not have given back $95,000, since he had already issued $57,000 worth of checks on it—was charged on the UTWA's books as organizational expenses. For this type of item Valente and Klenert did not have to be as strictly accountable as for a building fund item; they could indicate that the sum had been disbursed over the period of time involved.

May 15 was by no means complete for Valente and Klenert with the activities described thus far. The UTWA officials had two other important matters to attend to.

One again revolved around the friendly offices of the Mutual Title Co. Quigley, who later told the committee that he did not view himself as "the guardian of their conscience," created two second deeds of trust for Valente and Klenert on their newly bought homes—$10,000 for Valente and $15,000 for Klenert. In both cases the stated beneficiary of these second mortgages was Laida Kreuz, a Quigley employee, who immediately endorsed them back to Valente and Klenert. Quigley, who admitted that she was no more than a "straw party" in the deal, testified that the purpose of creating the trusts was to allow Valente and Klenert to use them as collateral to borrow money.

> If I own a piece of property, I can put a trust on it and go out and borrow money on it. It is my note, my property.
>
> The CHAIRMAN. I understand that, but the minute she endorsed that paper back to the maker of it, there was no actual debt or obligation, unless you can say, "I owe myself so much money." Is that not true?
>
> Mr. QUIGLEY. He has it in his hand to negotiate the note at any time. He can go out and borrow $10,000 on it, $5,000, pay it off and get the note back.
>
> The CHAIRMAN. But until he does that, there is actually no obligation there, is there?
>
> Mr. QUIGLEY. No, there would not be any obligation until he hypothecated the note (p. 3256).

As it turned out, Valente and Klenert had urgent reason for borrowing on these trusts—although not until several months had gone by. But even on May 15, when the papers were drawn up, they served a useful purpose. In Montgomery County, Md., where the transaction took place, such papers must go on record. Anyone inquisitive about the terms of purchase of the Valente and Klenert homes would thus find on record first mortgages for Valente and Klenert respectively, of $18,000 and $20,000, assumed on May 6, and second mortgages of $10,000 and $15,000. Since the price of Valente's home was $42,500, the inquirer would conclude that his equity in it was no more than $14,500, and that Klenert had put into his $52,500 home a total of only $17,500. Nowhere in official county records would investigation uncover the fact that some $57,000 had already gone into payment for the two homes—over $32,000 for Klenert's, over $24,000 for Valente's.

Meanwhile, back at the Hotel Hamilton in Washington, Valente was wrapping up an equally busy May 15 with a special meeting of the union's executive council. The minutes of the meeting record that its purpose was to inform the council of discussions between Valente and Klenert, on the one hand, and a group which had left the rival Textile Workers Union of America—CIO, concerning the group's wish to affiliate with the UTWA.

The council unanimously adopted a resolution accepting the group into membership and authorizing Valente and Klenert to use the union's defense fund "against the anticipated onslaught of the CIO

textile union." To cope with any "emergency situation" arising out of acceptance of these new members, the UTWA's two ranking officers were authorized to borrow money from the UTWA locals or any other possible source and "take whatever action might be necessary" to raise funds to bring the ex-CIO textile workers into the fold.

Tucked into the middle of the minutes was an interesting bit of data about the $95,000 "which had been placed with a title company, pending the eventual purchase of certain property in Washington, D. C." This money, the minutes noted, had been withdrawn "when it became evident that the transfer of this new group of members would eliminate for the time being the possibility of the purchase of real estate or of any investment of funds in that amount." Ex post facto, the executive council unanimously concurred in this withdrawal.

The meeting, however, was not yet over. The council decided that to preserve the UTWA's political stability and financial structure, it would be "highly desirable that certain funds be segregated to be used for any eventuality which might arise out of the acquisition of such a large and heretofore antagonistic group." Unanimously, it authorized that a "suitable and substantial sum" be set aside for any such eventuality, that it be earmarked "organizational funds," and that it not appear on any official union report with any other designation.

The size of this "suitable and substantial sum" was left to the discretion of Valente and Klenert. In another one of those oddly harmonious developments which dogged the two men, the figure arrived at was $57,000—the same amount drawn on May 13 and 14 to cover various "situations" and "organizing expenses" in the United States and Canada, and the same amount presented to Quigley on May 15 as a deposit on "certain property for the United Textile Workers of America, to be identified as parcel No. 2."

In his appearance before the committee, Valente was asked how the amounts happened to dovetail:

> Mr. KENNEDY. How did you arrive at the figure? Were you authorized specifically to lay aside $57,000?
>
> Mr. VALENTE. As I recall, we had a discussion when it first came up, I believe it was sometime the latter part of April, at a board meeting in Miami, Fla., and we had some discussion as to how much, and several people participated in the discussion, and we arrived at a figure somewhere in the vicinity of fifty-six-thousand-some-odd-hundred dollars.
>
> Mr. KENNEDY. You just arrived at the figure of about $57,000?
>
> Mr. VALENTE. I think it was slightly short of that.
>
> Mr. KENNEDY. Was it just a coincidence that this $57,000 figure that you arrived at happened to cover the cost of your two homes, the equity in your two homes?
>
> Mr. VALENTE. I believe it was.
>
> Mr. KENNEDY. Just the same coincidence as the $95,000 that you originally put up for the purchase of a building happened to cover the cost, complete cost, of your two homes?
>
> Mr. VALENTE. I would say so.
>
> Mr. KENNEDY. These two coincidences happened within 15 days of one another, or 10 days?
>
> Mr. VALENTE. Yes, sir (p. 3434).

Valente was pressed to clarify the decision to allocate $57,000:

> Senator MUNDT. * * * I can see you might set aside $50,000, $60,000, or $65,000, but this is a curious figure of $57,000. You just don't ordinarily do things in those numbers which are not rounded out unless there is some motivating factor. The motivating factor to me, appears to be the fact that you had that $57,000 obligation for the houses, and you determined at that time to use it for that purpose.
>
> Mr. VALENTE. That is when we had the discussion. One member, I recall, offered the formula inasmuch as our membership I will say was around 67,000, that we should put down $1 a head.
>
> Senator MUNDT. That I could understand, and that would be $67,000.
>
> Mr. VALENTE. Then someone raised a question that 10 cents of the dollar per member per month was earmarked as a defense fund, and so that reduces it to 90 cents per member per month, and someone else offered the idea that there should be some deduction for administration expenses. It came to roughly, and I don't recall the exact figure, around fifty-six thousand-odd dollars, and we used the next figure (p. 3442).

Both Valente and Klenert, in their testimony, admitted that the $57,000 they had fixed upon as a result of the council's authorization ended up as the $57,000 paid into their homes, although they glossed over the fact that they had put the cart before the horse. The two men ascribed only the most selfless motives to their use of the UTWA funds. They labeled it a mere temporary expedient, a form of "lay aside" or "layaway," in strict line with the council's desire to "segregate" the money in question in a way that would conceal its existence in the event of any plot to wreck the UTWA—a contingency which, they conceded, did not materialize.

Klenert was questioned as to why a more logical repository was not chosen for the money:

> Senator GOLDWATER. I am trying to develop why you put it into the organizational fund, and not in the funds that it would normally go into, and if your purposes are correct—you say you wanted to use this $57,000 to defend yourself against the CIO, and it would logically follow that you should have put it in the fund that is normally used for that purpose, which in your case is called the defense fund. Now, why did you put it over in organizational funds
>
> Mr. KLENERT. Well, you see, we didn't anticipate using this money against the CIO per se. We were hiding this money, Senator.
>
> Senator GOLDWATER. I know that.
>
> Mr. KLENERT. We were hiding the money.
>
> Senator GOLDWATER. Why did you put it under that rock? Why did you not put it under the other rock?
>
> Mr. KLENERT. Because it appeared that this rock was the better facade than the other rock (p. 3298).

Valente's verision of this point was as follows:

> The CHAIRMAN. Let me ask you a question there. How do you interpret the words "segregate" and "lay aside"? What is their meaning to you?
>
> Mr. VALENTE. Well, my meaning, and I don't know whether I am qualified to give the definition of "segregation" or "lay aside," but I interpret the instructions from our executive council to lay it aside so it would not show to the public that we were holding aside a fund for any emergency that may come up within our organization.
>
> The CHAIRMAN. You could lay aside funds where it would not show by placing them in cash in a lockbox, could you not?
>
> Mr. VALENTE. I suppose we could have.
>
> The CHAIRMAN. What I am trying to find out is this: Are we to believe that you interpreted "lay aside" and "set-aside funds," as authorizing you to use those funds for your personal purposes?
>
> Mr. VALENTE. That was the device that we arrived at, at that time, Senator (p. 3435.)

The UTWA president reiterated the nobility of his purpose:

> * * * Out of a clear sky, these men—because they had an intraunion fight in the CIO textile union, were coming into our union. A number of our people were concerned of what was going to happen to our union and what was going to happen to their future. I was personally concerned and I felt I had a moral obligation to protect the future and the destiny of our union and these men.
>
> The CHAIRMAN. Buying a home for yourself with union moneys is not necessarily a protection to the union, is it?
>
> Mr. VALENTE. That was only a temporary device, as far as I was concerned, Senator, and that money was always intended to be returned to the union, as soon as possible (p. 3437).

If such was the intent, however, it was not yet apparent anywhere between May 27 and June 16, 1952. Over this period, a sizable new sum, $17,500, was withdrawn from the UTWA treasury and charged to organizational expenses. During these same weeks, it may be noted, certain large expenditures were made for the Valente and Klenert homes, including downpayments for air-conditioning for both houses and purchases for the Klenert home of a piano for $2,786.50 and a TV set for $685.40.

On the union's books the total $17,500 withdrawn covered these items:

May 27, $6,000, "expenses incurred, Canada."

June 4, five separate sums of $1,000 each for organizing expenses in the South, the Midwest, the Mid-Atlantic States, Massachusetts, and Lewiston, Maine.

June 5, $500 for "the international office."

June 16, an additional $2,500 for Canada, and another $2,500 for "expenses incurred, Dan River."

June 17, $1,000, "expenses incurred, Pennsylvania."

To account for the largest expenditure on this list, a total of $8,500 for Canada in two withdrawals on May 27 and June 16, Klenert had a ready explanation. For some time, he declared, the organization had been "cursed and plagued with a Communist-dominated group of local unions in the Dominion of Canada." With Valente's authority, he personally went to Canada and "cleansed" the situation succeeding in ousting 11 Communists.

Incident to the ouster, Klenert reported, the UTWA anticipated that the "left-wing forces" would try to disrupt the locals and keep UTWA members from going to their jobs in the textile mills. Prevention of such harassment was the purpose of the $8,500 expenditure:

> This money was given to, I think what we can term deputies of the United Textile Works of America, who were at various mill gates of our organization to see to it that if the Communist agents or the organizers started any nonsense, or any physical violence, that they would be restrained and prevented.
>
> Mr. KENNEDY. How were they going to be restrained?
>
> Mr. KLENERT. Well, if someone tries to punch me in the jaw, the only way I know about restraining them is to punch back (p. 3301).

Of the total $8,500 spent, Klenert declared that $1,000 was given by him to members of "workers' committees" for use of cars, gas, and oil, meals, and time lost from jobs. The remaining $7,500, he said, went to a man he knew only as Jacques, who, he recalled, came to his Montreal hotel for a canvass of the situation. Klenert reported that Jacques provided 50 men, supposedly to be the "deputies" stationed at the mill gates, and that the two men had worked out payments for them.

> Mr. KENNEDY. Who introduced you to Jacques?
>
> Mr. KLENERT. I received no personal introductions from any of the Canadian labor leaders, and all I know is that after we had this conference and discussed ways and means and strategy and approach and anticipated developments, we left the meeting in my room and this man called and he seemed to know quite a bit about what had happened at this meeting at which he was not present, and he said could he come to see me, and he did, and he suggested this course of action and I accepted it.
>
> Mr. KENNEDY. Did you try to check on him at all, on Jacques?
>
> Mr. KLENERT. Did I ask any of the people about it? No.
>
> Mr. KENNEDY. Do you know anybody in Canada that knows Jacques?
>
> Mr. KLENERT. I do not know anybody in Canada. I don't know of anybody in Canada from people that I have spoken to in Canada, who know Jacques. No, I don't know that.
>
> Mr. KENNEDY. You do not know how anybody would get in touch with Jacques now?
>
> Mr. KLENERT. I do not know that.
>
> Mr. KENNEDY. And you do not know his last name. What did Jacques look like?

> Mr. KLENERT. I would estimate or I would say he has dark hair, about 6 foot 2 or 3 inches, and weighed about 220 pounds, and swarthy complexion, and that is after a 5-year period, and that is about as close as I can give you (p. 3301).

Not only had he given this shadowy stranger $7,500 in cash, Klenert added, but he had yielded when Jacques rejected his request for a receipt or voucher:

> * * * he gave me the horse laugh, and said, "We don't sign anything (p. 3302)."

When Klenert resumed his testimony a few days later, Committee Counsel Kennedy confronted him with the fact that a check made in Canada with UTWA representatives there had elicited the information that Harold Banks, Canadian director of the AFL Seafarer's International Union, had provided some seamen to work outside the textile plants during the period of the fight with the Communists, that Banks had refused any payment for the work, and that the investigators had found no one "that has ever even heard of Jacques or knows anything about Jacques." Klenert was asked to name any UTWA representatives in Canada who knew Jacques. This was his answer:

> I can't tell you who knows Jacques, Mr. Kennedy. I can't testify for anybody that is on our staff as to what they knew or do not know (p. 3504).

During this same colloquy Klenert was asked whether he was in Canada at all during June 1952; he replied that he was there "on two occasions in 1952" but

> Offhand I don't recollect whether it was June 1952 or what particular month (p. 3503).

Klenert's memory was no sharper concerning the $5,000 drawn to organizing expenses in the South, Midwest, Mid-Atlantic States, Massachusetts, and Lewiston, Maine, all on June 4, and none of them, according to the UTWA auditor, backed by vouchers:

> * * * I assure you I am not begging off, and I do not remember anything about them, and I would suggest that you make a mental note and ask Mr. Valente about them because I am beginning to feel—and I believe that these particular activities at that particular time were handled by him (p. 3303).

When questioned on this score, Valente shouldered the responsibility for the $5,000 withdrawn on June 4 and the $1,000 withdrawn on June 17 for expenses incurred in Pennsylvania. He said that he had "personally expended a number of dollars in cash in various parts of the county," and that he had given it "to people," but he could not name any specific recipient. He made no attempt to jibe his statement that he had disbursed the money "personally" with the fact that the $5,000 withdrawn from the union on June 4 had been charged to expenses in such widely separated areas as Maine, the South, and the Midwest.

Klenert was equally unable to reconcile a geographical paradox inherent in the June 16 withdrawal of both $2,500 for Canada and $2,500 for organizing expenses at the Dan River Mills in Danville, Va.:

> Oh, yes. I was in a very impossible situation at that time. I think you will agree that it is very difficult to be in Dan River and Montreal at the same time. I had developments in the situation at that time that were such that I had to be in both places at the same time, aside from normal affairs at the international headquarters (p. 3304).

Klenert added that he had gone to Danville, where an organizing drive was underway at Dan River Mills, and that he had used the $2,500 to pay campaign workers "for lost time, use of cars, gas and oil, meals, volunteer organizing work."

The committee put into the record an affidavit by Emanuel Boggs, from August 1948 to July 1, 1957, director of the local union of textile workers in the Danville area, including those at Dan River Mills. Boggs deposed that he himself had been in Danville on June 16, 1952, that he had checked all available records, that Klenert was "not in Danville on June 16, 1952, in any official capacity and I did not see him in Danville on or about said date at any place"; and that "during the entire campaign from May to October 1952 no cash was distributed by the union or by any member or officer thereof to my knowledge for organizational purposes or for any other purpose in connection with the organizing campaign" (p. 3502).

Throughout his testimony Klenert admitted to being "rather vague" on details, a condition of mind which persisted when he was queried about furnishings he had bought for his new home around the same period that $17,500 had been drawn from the UTWA for "organizing expenses."

One set of personal transactions by Klenert especially interested the committee since they were initiated on June 16, 1952, the same day the union's funds were reduced $5,000 by charges of $2,500 apiece in organizing expenses for Dan River and Canada. This $5,000, according to the UTWA bookkeeper, had been turned over by her to Klenert in cash. That day Klenert purchased five $1,000 cashier's checks from the City Bank in Washington. Three were endorsed by him to the Campbell Music Co.; the other two were endorsed by him to the Washington Gas Light Co.

Records of the Campbell Music Co. showed that on June 18 Klenert bought a Magnavox TV in French provincial style for which he paid $685.40, having received a $100 trade-in on a radio-phonograph, and a Steinway grand piano and bench, reconditioned, in Queen Anne style, for which he paid $2,786.50, having received a $400 allowance on another trade-in. He paid the total bill of $3,471.90 with three $1,000 cashier's checks, and the remainder, according to Campbell's bookkeeper, either by cash or check.

Records of the Washington Gas Light Co. showed that on June 17 two sales contracts were written for all-year air-conditioning units for the Valente and Klenert homes. The cost of Valente's unit was $6,259, of Klenert's, $6,377. The downpayments on both totaled $2,636. A. Frank Krause, Jr., who was then a sales engineer handling air-conditioning for the company, testified that, to his "best recollection," the

$2,636 was paid to him by Klenert with two $1,000 cashier's checks and a personal check for the remainder.

Krause threw added light on the chronology of the Valente-Klenert house-buying project by testifying that even before they bought the property Klenert informed him that he was contemplating the purchase of the home he eventually did buy. At Klenert's request, Krause said, he made an engineering survey of it "to find if it was practical to install air conditioning." Such proved the case, he went on, and he later supervised installation of the units in both homes.

> Mr. KENNEDY. While you were there were they moving any of their furniture in, or the rugs?
>
> Mr. KRAUSE. Toward the last part of the installation, completing it, adjusting it.
>
> Mr. KENNEDY. Were these items new or were they old items?
>
> Mr. KRAUSE. Were they what?
>
> Mr. KENNEDY. For instance, the rugs, were they new rugs? Did they have to be fitted to the floors?
>
> Mr. KRAUSE. Well, as I recall it, Mr. Kennedy, there was quite a period of time there that the house was pretty bare. In fact, I wondered myself. I was hurrying to try to get the job done and there didn't seem to be too much moving in. All of a sudden they did move in, as I remember it, and I think a lot of furnishings were new. It was a different type house than what he had been living in (p. 3314).

Klenert, when asked whether he had purchased some rugs, couches, beds, drapes, and curtains in furnishing his new home, declared:

> There must have been some. I am rather vague on it now. I can't remember the exact details (p. 3305).

He had a much more distinct recollection, however, about how he had paid for the piano, the TV set, and the downpayments on the air-conditioning units. In early June, he said, he had drawn $2,000 in cash from "whatever bank I was doing business with then." On top of that, he and his wife between them had another $1,000. Then, he explained, on June 16, the same day the $5,000 withdrawal was made from union funds for Dan River and Canada, he acquired $2,000 more in this way:

> I will try to give you the events of that day. I was due, I think, in Dan River, in Canada, and in the office all at the same time. That very morning I was with Tony Valente, and he was tied up, also, helter-skeltering around at the time, and he gave me $1,000 that morning and he asked me to pay downtown on the gas company for an airconditioning bill that he owed them.
>
> Mr. KENNEDY. He gave you $1,000 in cash?
>
> Mr. KLENERT. Yes, sir, that morning. Yes, sir.
>
> Mr. KENNEDY. June 16th?
>
> Mr. KLENERT. Yes, sir. It must have been that, the same day this deal was made with the music people. I asked him if he would give me or loan me a like amount to make a similar payment for my purchase (p. 3306).

Thus, Klenert summed up, he had in cash $5,000 with him that morning—$3,000 obtained earlier from his bank and his joint cash supply with his wife, $1,000 to pay for Valente's air-conditioning bill, and another $1,000 borrowed from Valente to pay his own air-conditioning bill. He also had, he recalled, "at least $6,000" in cash belonging to the organization, because of what he described as his impending departure for the field.

Although Klenert explained that he had withdrawn $2,000 in cash from his own account to take to the music company "and show them here is cash on the barrelhead to get a better buy," he now apparently felt that the personal cash he now had on hand, $5,000 by his count, was "reaching sizable proportions." His solution, he told the committee, was as follows:

> In the morning, on my way down, I reduced that money, segregated our personal money, by checks, and kept the cash organizational money which I was going to take off to use as soon as I had the opportunity to get out of town (p. 3308).

It is probable that Klenert and Valente, reviewing their careers, would look back upon June 16, 1952, as the high point of their power in the UTWA. Almost immediately thereafter, their troubles began to mount, and their money maneuvers to come under fire.

On July 17 the UTWA leaders again went to see AFL President Meany concerning an AFL loan to help the organizing drive to bring the disaffected CIO textile workers into the union. Meany recalled:

> I, at that time, said, "Well, what is your own financial position? Are you going to spend your own money or are you just going to spend our money, if we give you any? Are you going to spend your own first before you ask us for money?"
>
> And they said, well, that they were going to spend considerable of their own money.
>
> I suggested then that they give me a financial statement showing their own standing financially, before I would recommend to the executive council a loan of any money to them.
>
> They had made it clear that they did not want the matter brought before the executive council unless I was convinced that the AFL should loan them this money (p. 3349).

It was not until mid-August that Valente and Klenert supplied Meany with the financial statement he wanted, but in the meantime, in July, he began to hear "rumors" current in Washington to the effect that Valente and Klenert had used union funds to buy homes:

> Now, I want to be very frank with you, that some of the information that I characterized as "rumor," in the sense that I could not substantiate it or prove it, came from people who were in the banking profession and in the legal profession (p. 3363).

Suspicions also began to beset Eric Jansson, the UTWA auditor, around this time. Preparing his accounting report for the months of April, May, and June, Jansson testified, he noticed that a total of $142,000 in expenditures had been ascribed to "special organizing campaign" for the month of May. This figure included salaries and expenses of fieldmen, and also $74,500 in checks made out to cash. Up

to that time, he explained, no checks going for organizational purposes had been made out to cash.

His curiosity aroused, Jansson consulted with the two banks on which the checks had been drawn. He learned that they been exchanged for cashier's checks, and that $57,000 worth of them had been endorsed over to the Mutual Title Co. Jansson prepared a schedule containing these facts and secured from Valente and Klenert an affidavit that the funds "were properly used for organizing purposes." He then filed his report on July 25.

Jansson was asked what explanation he had received for the fact that the $57,000, though presumably "organizational expense," was made payable to the title company:

> Mr. JANSSON. The statement was made to me by Mr. Valente that he had to use his own cash in connection with these organizing expenses listed as Canadian, New Jersey, North Carolina, et cetera, that this was the only way he could get his money back from the organization.
>
> Mr. KENNEDY. That he had to use his own cash?
>
> Mr. JANSSON. Had to use his own cash in a period, a weekend or something, prior to that.
>
> Mr. KENNEDY. Did you raise the question of how he happened to have this amount of cash, $57,000 at least?
>
> Mr. JANSSON. I did, but he said he had it in his own private box, his own possession.
>
> Mr. KENNEDY. Did you raise the question about that?
>
> Mr. JANSSON. No, sir.
>
> Mr. KENNEDY. What salary was he getting at that time? $7,500?
>
> Mr. JANSSON. $7,500 or $8,000.
>
> Mr. KENNEDY. Did you raise a question how somebody could have $57,000 of cash in a box when they were only making $7,500 or $8,000 a year?
>
> Mr. JANSSON. Around Washington I wouldn't dare to ask some questions because some men making $5,000 a year, their wives have incomes of $50,000 a year.
>
> Mr. KENNEDY. Did you understand that was true of Mr. Klenert, that his wife had a large income?
>
> Mr. JANSSON. No, sir; I didn't mean to infer that that had been told to me. I made no inquiry as to why he should have that money lying in his own possession (p. 3321).

On August 11, Valente and Klenert appeared in Atlantic City, N. J., where an AFL executive council meeting was taking place, and presented Meany with a 135-page financial statement covering UTWA's expenses for March, April, May, June, and July. Meany testified that he asked them some questions about it, and promised to study it and get in touch with them forthwith:

> So the following morning, after I examined this report at some length in my room the evening before, I contacted Mr. Valente and Mr. Klenert and I told them that I considered the report a phony report, that it was not an honest report, that there were certain items in there that looked out of place, didn't look proper, and certainly didn't justify the claim that they had spent a large amount of money in this campaign.

The CHAIRMAN. In other words, you became suspicious of it?

Mr. MEANY. I became suspicious that there was something wrong. However, I told them that if they still wanted to go before the council, that I would arrange for them to come in and see the council that morning. They said no, that they did not, and Mr. Klenert told me that the question of a loan was no longer important, that the important thing was his integrity, that I had challenged his integrity, and that now the only important thing from his point of view was that he was going to document and justify this report, as he said, down to the last 3-cent stamp (p. 3349).

Meany added that although he had not had the chance to go into the entire report in one evening's study, one point about it had particularly struck him. Organizational expenses for March had been listed as $35,746.86 and for April as $39,130.64, then in May had leaped to $119,197.86. Meany knew that the UTWA's agreement with the dissident CIO textile group had been consummated around May 20 or 22:

And these tremendous organizational expenditures that appeared for the month of May, I just couldn't see how they could have used that much money in a campaign that was hardly underway. It could hardly have been underway more than 1 week in the month of May.

By comparing the previous month's expenses, it looked like this was padded in order—for some reason, of course, which I didn't understand at the time (p. 3350).

Klenert did not, however, follow through on his avowal to document the expenses down to the last 3-cent stamp. Meany testified that when he returned to Washington some 10 days later, no messages awaited him from the UTWA leaders. He therefore telephoned Valente, reminded him of the promise to justify the report, and was told that "they were working on it." On August 28, however, he received in person from the two men a totally new report by the UTWA auditor, with the "admission that the first report was not a proper report, that this new report showed the true situation" (p. 3351).

Although it turned out that Valente and Klenert had not been working on the documentation promised Meany at Atlantic City, they had been far from idle prior to his return to Washington, engaging in a veritable fever of fund raising, from which they emerged with a total of $111,150. Of this sum, all was borrowed money except for $20,000. As to this remainder, Valente estimated that he had $10,000 of his own in cash, saved "either at home or in pockets" by himself and his wife, and Klenert estimated that he had $10,000 in cash from his wife, accumulated by her "on the side while she had worked."

The purpose of the fund raising, Valente explained, was to put back into the union treasury the $57,000 given to the Mutual Title Co. on May 15:

We had decided that the device or the layaway no longer was necessary. We knew that the organization needed money, and we were trying to borrow money, and because of the vicious rumors that were going around (p. 3455).

The UTWA president was asked why he and Klenert had borrowed so much more than the $57,000 which had to be put back. He replied:

> The reason why we overborrowed, and the reason why I overborrowed, and I believe Mr. Klenert had the same idea in mind, was that we anticipated that we might have to go on half pay or no pay, and we wanted to be prepared (p. 3444).

Klenert's testimony on this score was:

> I think we were endeavoring to raise money, I think originally, from any and all sources in behalf of the organization as well, and to arm ourselves with money to handle any emergency situation that might develop, personally, organizationally, and we requested loans from any——
>
> Mr. KENNEDY. These are personal loans?
>
> Mr. KLENERT. From any and all sources. All these loans were forthcoming around the same time. We assumed all those loans at that time.
>
> Mr. KENNEDY. That still does not answer the question. I am talking not about the organization's loans. I understand the organization was able to borrow $200,000 during this period of time.
>
> Mr. KLENERT. Well, remembering my thinking, then, it wasn't inconceivable at all that if the organization had required some of this money, even though I had assumed personal obligations for it, I would have given it to the organization.
>
> Mr. KENNEDY. The organization didn't need it. The organization had been able to borrow through Mr. John L. Lewis, had it not, some $200,000?
>
> Mr. KLENERT. Through the National Bank of Washington.
>
> Mr. KENNEDY. Wasn't that with the assistance of Mr. Lewis?
>
> Mr. KLENERT. Yes; I think he was the prime factor in getting the bank.
>
> Mr. KENNEDY. So it wasn't necessary at that time for the union to have the money, but you and Mr. Valente went out and raised in a short 3 weeks, $111,150, according to your testimony.
>
> Mr. KLENERT. Yes, as I recall it, the Lewis loan was in the same period of time, and all these people and all these contracts were made for raising money. There was a fusion there (p. 3468).

Valente's separate loans broke down as follows: $5,000 from Leslie Shomo, vice president of the National Publishing Co., in Washington, a firm which did the UTWA's printing; $5,000 from Morris Hilleary, a restaurant owner of Alexandria, Va.; and $7,500 from the Philadelphia National Bank, a loan obtained through Keasbey & Mattison, asbestos products manufacturers of Ambler, Pa., with whom the UTWA had had a contract over a number of years.

Edward Buczkowski, the company's manufacturing director, filed an affidavit with the committee deposing that Valente had telephoned

long distance asking Keasbey & Mattison for a loan to the union of between $5,000 and $10,000 "because of a momentary financial shortage as a result of the union's membership drive which they were conducting during this period in the South and in the Philadelphia area" (p. 3448). The company, Buczkowski went on, decided not to make a direct loan to the union, but to arrange a loan through a bank, for which Valente would sign and which the company would guarantee.

The affidavit concluded:

> Mr. Valente made it very clear in this original telephone request that he had nothing to offer the company, and that if we refused the loan it would not in any way jeopardize our relations. We were offered nothing, we expected nothing, and I would say about the only reason for the loan was a gesture of good will (p. 3448).

Asked for comment, Valente declared:

> I knew at the time that it was a personal obligation as far as I am concerned. I did sign for it; I did repay it myself. Secondly, I did not know at the time that the company was going to endorse or guarantee the loan (p. 3448).

Klenert's separate loans broke down as follows: $10,000 in cash which he said he got from his mother; 2 loans of $5,000 each from Shomo and Hilleary, from whom Valente had also borrowed like amounts; $5,000 from Paul Young, owner of the Rumanian Inn, a Washington, D. C., restaurant; and $15,000 from the Manufacturers Trust Company of New York, a loan arranged for and guaranteed by Philip Leff, head of the National Spinning Mills, a textile plant at Jamestown, N. Y., whose 700 employees were covered by a UTWA contract.

Beyond their separate borrowings, Valente and Klenert on August 25 together secured a loan of $33,300. This transaction, above all the others, deserves particular examination for the key it provides to the frantic state of the two men at the time.

To obtain this money Valente and Klenert were compelled to travel a complicated route, along which they were helped by Parker Nolan, representative of the Beitzell Real Estate Agency through which they bought their homes; Quigley, the title company president; Louis Yudelevit, a Washington real estate broker; John Fisher, a real estate broker and also owner of the American Co., a mortgage-discount firm; and Sol Rosenblatt, a man who, according to Yudelevit, was "in the clothing business."

Quigley testified that he received a phone call from Nolan asking if he knew of a source where Valente and Klenert could raise a collateral loan. Quigley called Fisher, in whose mortgage-discount company he had an investment. Fisher testified that he could not himself negotiate the loan, and asked the aid of Yudelevit, who had offices in the same building. Yudelevit went to Rosenblatt, a client of his, who agreed to put up the money for the loan to Valente and Klenert. Yudelevit testified that he transferred the check which Rosenblatt gave him over to the Mutual Title Co., in whose office the promissory note for Valente and Klenert was prepared.

Ralph Mills, assistant counsel to the committee, testified on what followed, as shown by his study of the records in the matter.

Valente and Klenert actually received $33,300. In return they signed a promissory note for $36,000, secured by the 2 second mortgages they had obtained on their new homes, a second mortgage on Klenert's former home, and the titles for three 1952 automobiles—a Chevrolet, Cadillac, and Ford club coupe. The $2,700 difference between $36,000 and $33,300 represented the sum taken off the top of the note as a discount. In addition, a $2,000 commission went to Yudelevit, Fisher, and Quigley, and a $900 commission to Nolan. Interest on the loan, which was paid back after 6 months, was 6 percent, or $663.02.

Thus, the total paid by Valente and Klenert over and above the amount they actually received was $6,263.02, representing about 19 percent interest.

> Mr. KENNEDY. Are you familiar with the law, usury?
> Mr. MILLS. Yes, sir; I am.
> Mr. KENNEDY. Is that involved in this loan?
> Mr. MILLS. Well, in my opinion, yes (p. 3472).

Klenert was questioned on this score:

> The CHAIRMAN. Were you in a desperate situation for money when you would go out and make an arrangement like this which would cost you about 19 percent interest?
> Mr. KLENERT. I don't believe we were motivated out of desperation.
> The CHAIRMAN. I beg your pardon?
> Mr. KLENERT. We were not motivated out of desperation, Mr. Chairman.
> The CHAIRMAN. Well, were you motivated out of urgency?
> Mr. KLENERT. We wanted to raise as much money as possible.
> The CHAIRMAN. Well, would you have made another borrowing at 19 percent interest, if you could have found it?
> Mr. KLENERT. I don't think I ever would borrow money at 19 percent interest. I just found that fact out here today (p. 3473).

Immediately after the $33,300 loan there ensued an exchange of letters between Klenert and Quigley fully as interesting as their earlier correspondence on May 15. Klenert's letter to Quigley, dated August 25, pointed out that Quigley "now" had in his possession $57,000 of UTWA money which he was holding as a deposit on UTWA property identified as parcel No. 2, and asked that the money be returned in view of "certain organizational problems which require cash to meet certain expenses that we did not anticipate 3 months ago" (p. 3339).

Quigley's reply, dated August 26, said that he was enclosing a check for $57,000 "which we were holding for the purchase of certain property" for the UTWA. The letter also expressed regret that "you were not able to consummate the purchase of a building for your organization at this time", and trusted that "if in the future when you are again in the position to invest money of the United Textile Workers of America in a building site, we may be in a position to assist you" (p. 3340).

In response to inquiry, Quigley admitted that the Klenert letter of August 25, was "simultaneous with the deposit of $57,000," that he had this check on deposit "overnight, possibly," and that he had

returned the sum simultaneously with his August 26 reply. Questioned as to whether he did not feel he was thereby misleading the trustees and auditor of the UTWA, Quigley said:

> I was dealing with Mr. Klenert and Mr. Valente. My opinion was that they were the union, that they represented the union, and nobody was being fooled, because they were the union, in my opinion (p. 3341).

The expression of this viewpoint by a man who in addition to performing a quasi-fiduciary function as head of a title company was a lawyer and member of the District of Columbia bar was a source of profound disturbance to the committee. It was no less disquieted by testimony elicited from the witness that he had, as a registered insurance broker, subsequently written insurance for the UTWA.

On the same day Klenert got back the $57,000, Jansson, the UTWA auditor, received a phone call asking that he stop by at union headquarters the next day, August 27, to confer with Valente and Klenert. At this conference, Jansson recalled, the 2 men showed him the $57,000 check from the Mutual Title Co., and then immediately turned it over to a clerk for deposit in the National Bank of Washington. They next told Jansson that they would return to him all 6 copies of his audit report of July 25, and requested that he in turn give back to them the affidavit which they had signed at the time deposing that the $57,000, plus $17,500 more, had been used for "organizing expenses."

Jansson acceded to the request. On August 28, he filed an amended report to the UTWA executive board showing that organizational expenses from April through June 1952 had been reduced $57,000 by the Quigley reimbursement of August 26 and ascribing the sum to a deposit on the purchase of a building. On August 29, a girl from UTWA headquarters picked up, from Jansson's office, the signed copy of the affidavit. He kept the other copies.

Under questioning, Jansson declared that he had gone along with all this because the "title company was a reputable, established business," and their letter, with the check, "was indisputable." He admitted that Valente and Klenert had made no effort to explain the affidavit they had so readily signed a month earlier.

> Senator MUNDT. They did not say anything about that at all?
>
> Mr. JANSSON. Except, "Here is what that $57,000 was used for, and we have it back."
>
> Senator MUNDT. But they just read that off. They did not say, "Going over our figures, we made a mistake in the $57,000"? They made no reference to the fact that they had sworn to a falsehood?
>
> Mr. JANSSON. No, sir (p. 3327).

Jansson reported that he did, however, feel that there was "something unusual about it," and quoted a memorandum he subsequently made noting two bothersome points. One was that the remaining $17,500 listed as organizing expenses in the affidavit over and above the $57,000 "would still have to be explained to proper inquiry." A

second, concerning the restored $57,000, was "whether the officers had the authority to use the money for 3 months as they did" (p. 3324).

After a number of sleepless nights, some in the Maine woods, Jansson on September 8, filed with the UTWA executive council some supplemental data to his August 28 amended report. In his accompanying letter he pointed out that Valente and Klenert had given him "unequivocal assurance" that "certain checks drawn payable to cash were used for proper organizing purposes" and that August 27 was the first time they had mentioned to him that the $57,000 was used for a building. The supplement included a breakdown of the $57,000 and the $17,500, the sums originally attested to by Valente and Klenert as organizing expenses, with their "purpose as shown by records" of the UTWA at the time.

The day he filed his supplement Jansson also went to see George Meany. He explained that he had learned from Klenert that Meany had been given the audit report of August 28; he therefore wanted Meany to have the supplement as well.

On September 14 Meany submitted the entire matter to the AFL executive council meeting in New York. Ten days later, in the same city, he and two other AFL executives, acting as a subcommittee of the council, met with the UTWA's trustees and executive board. The UTWA's executive board shortly thereafter appointed a five-man subcommittee to look into the Valente-Klenert transactions.

On January 28, 1953, the UTWA subcommittee's report was transmitted to the AFL. It gave Valente and Klenert a spanking-clean bill of health.

> Mr. KENNEDY. What did the report find, and what was the sum and substance?
>
> Mr. MEANY. The sum and substance of the report was that none of the money of the textile workers had been misused; that all of the money had been properly used and all of the money that should be in their treasury was in their treasury, and that there was no connection between the purchase of houses by these officers and the withdrawal of money from the textile treasury (p. 3352).

How these pleasant conclusions were reached was the subject of testimony by Joseph Jacobs, one of the signers of the report and UTWA counsel, appointed by Valente. Jacobs' own association with the UTWA over a number of years had been a not unprofitable one. The union paid him, as counsel, $50 a week, and his law firm, a separate $58 a week. For his services as southern director for the UTWA he received $150 a week and a $105 weekly per diem; beyond that, the union paid $600 a month for the office he maintained in Atlanta.

Another benefit accruing to Jacobs through his UTWA connection came by way of the Auto Leasing Co., which he owned, and which leased cars to the UTWA. At the time of his appearance before the committee Jacobs testified that he had 8 or 9 cars under lease to the union for $800 or $900 a month. The insurance for these cars was handled by Jacobs' brother-in-law, an insurance broker of Houston, Tex.; bookkeeping, clerical, and managerial services by his sister-in-law and one of his sons.

Jacobs also received the free use of a car from the union, a $14,391 endowment policy whose premiums were paid by the UTWA, and

reimbursement for "particular expenditures" in addition to his $105 a week per diem.

Jacobs was asked whether he saw any conflict of interest between his post as southern director for the UTWA and his sole ownership of the firm which leased cars to the union. He replied:

> I would say, Mr. Kennedy, to you rather candidly, that at the time I established this firm, there was no question in my mind but that it was the right thing to do, and it was legitimate. There was no effort of concealment.
>
> I would say to you, sir, that because I have become involved in this procedure before this committee, in the light of the allegations or the charges or the comments that have been made, that it might cause me to reflect and to ponder as to whether I would change my approach to it or not. But I have seen nothing, sir, that has been submitted to me that shows that I tried to do this union wrong in this respect or take $1 from them that was not proper (p. 3379).

Jacobs was asked who had appointed the five members of the subcommittee charged with reporting on the Valente-Klenert transactions.

> Mr. JACOBS. My recollection was that after these names were suggested, that Mr. Valente said something to the effect, "Well these men then will be the subcommittee."
>
> The CHAIRMAN. Was it his place? You are their attorney. Was it his responsibility to appoint the subcommittee?
>
> Mr. JACOBS. Yes, sir; I would think that it might be, sir.
>
> The CHAIRMAN. He appointed a subcommittee to investigate himself?
>
> Mr. JACOBS. Yes, sir.

With this felicitous beginning, the subcommittee set to work on an investigation which it later described in its formal report as "exhaustive, detailed, and thorough." The report, however, made no mention of the fact that Valente and Klenert had submitted a false affidavit to the UTWA auditor, nor did it state, flatly and specifically, that $57,000 had been invested in their homes. On this crucial point the report merely noted that $57,000 had been "set aside in liquid fashion," and went on to say:

> The committee further finds that thereafter when the question arose that such funds had been apparently withdrawn from the organization for the private and personal use of the president and secretary-treasurer, after consultation with members of the executive board the stated amount of money was returned to the treasury of the United Textile Workers on August 27, 1952.

This exchange took place before the committee:

> The CHAIRMAN. The question is, the charge had been made that the money had been used for their personal benefit.
>
> Mr. JACOBS. That is right, sir.
>
> The CHAIRMAN. But you made no finding on that charge.
>
> Mr. JACOBS. Yes, sir.

The CHAIRMAN. You simply said the money was put back when the question arose.

Mr. JACOBS. I think that our whole report speaks for what our finding is (p. 3417).

Meany was asked his own reaction when the report was submitted to the AFL:

Mr. KENNEDY. Did it disturb you that the committee had not made a more thorough investigation?

Mr. MEANY. It disturbed me a great deal, because I felt and I suppose I was rather naive, I felt that all that was necessary in this case was to acquaint the ruling body of this union with the fact that their money was being used in a rather loose fashion, and that they would make a complete investigation and demand from these officers the facts, but evidently I was a little too optimistic about that. It just didn't happen.

Mr. KENNEDY. And did it disturb you at the time that there should be a report signed by five of the officers completely whitewashing Mr. Klenert and Mr. Valente?

Mr. MEANY. It did disturb me but there was nothing that I could do about it (p. 3354).

Meany explained that at that time AFL policy was not to interfere with the affairs of any of its national unions; that not until September 1953, at its annual convention, did it formally assert its right to look into such charges of corruption. When the UTWA report came in, Meany recalled:

We merely accepted the report with a letter to them pointing out that they hadn't made the proper explanation and we got no further reply from them. That was the end of it (p. 3353).

The UTWA executive council's sweeping vote of confidence gave Valente and Klenert a renewed lease on official life. Apparently undismayed by the outside attention which the AFL had focused on their financial demeanor, they continued doing business as usual under the benign eyes of their fellow officers, who showed their continued devotion in a number of ways.

In 1954 the union's executive council passed a resolution approving the annual destruction of all union records more than 3 years old except those of a historical nature. This resolution was put through at about the same time Valente and Klenert were under income-tax investigation for returns they had filed from 1950 to 1954. In March 1956, the ever-loyal Joseph Jacobs advised a council meeting that Valente and Klenert had been assessed $5,174.76 and $7,609.10, respectively, by the Internal Revenue Service. Partial payments of $2,000 apiece were subsequently made on these assessments out of union funds.

The council also appeared to feel that the Valente and Klenert salaries were not as adequate as they might be. In October 1956, on authority of the union convention, it raised Valente's combined salary and per diem from $18,380 to $22,300 a year; Klenert's, from $17,935 to $21,300.

Testimony by committee investigators Alphonse Calabrese and Morton Henig indicated that over and above the expenses provided by the per diem allowance, the two men in the years since 1952 had misused some $66,000 in union funds. This estimate did not include 1953, or the first 3 months of 1954, since the union's records and books available for study dated only from April 1, 1954 onward.

Of the $66,000, Klenert spent the lion's share—all but some $1,400 which Valente spent as follows: $670 in charges paid out for cash advances, etc., by hotels where he stayed; $172 in personal items bought on his Trip-Charge, Inc., credit card; and $600 he pocketed as a discount on a Lincoln automobile purchased in 1955 in the union's name, for which he traded in an earlier union-bought car.

Valente's expenditures were picayune when measured against those of his next in command. Klenert's discount for a 1955 Lincoln, under the same arrangement as Valente's, netted him $783; the personal items bought on his Trip-Charge credit card amounted to $1,776; but where he shone best, by comparison with Valente, was in the charges paid out for him at hotels—a thumping $30,036.

This sum, run up over the period from April 1954 to March 1957, did not include his actual hotel bills, for which the UTWA paid about $59,000, or the bill of the Hotel Hamilton in Washington, where the union maintained a room for which, during this same time, it paid around $17,600.

The technique behind the payouts of $30,036 was described before the committee:

> Mr. KENNEDY. Now, on those hotel bills at each one of these hotels, did Mr. Klenert make it a practice of having payouts or c. o. d. packages delivered to his hotel?
>
> Mr. HENIG. Yes, sir; he did. He would purchase in Washington, he would make purchases at certain stores in Washington, and have the item delivered to the hotel, on a c. o. d. basis, and the hotel would pay for the merchandise, a suit of clothes or a coat, and put the charge on the union's bill, which was in turn paid by the union, the entire bill. The same was true just about every place we were able to check, Mr. Klenert would buy a number of things and have it delivered to the hotel and the bill would go to the union, and the union would pay for the entire bill, including the personal items (p. 3482).

Also included in the $30,036 was a total of $12,644.93 received by Klenert in the form of cash advances from the hotel where he was staying, and charged to his hotel bill, which in turn would be paid by the union. Of the rest, $971.04 went for incidentals such as golf, cabana, and solarium, and $12,107.76 for payments on c. o. d. packages.

The contents of these packages were impressive in their variety, including, among other items, a golfer's lamp, $49.50; a sport cane, $15; an air conditioner, $321.86; a color TV set, $566.50; another TV set, $277.59; still another TV set, $125; a radio, $39.98; another radio, $44.75; still another radio, $93.76; a portable typewriter, $84.27; 11 handkerchiefs, $28.33; Trampoline lessons, $92.65; 4 pieces of luggage, $168.15; 6 T-shirts, $21; 3 golf balls, $3.87; and a milk stool, $5.50. The sample list of items unearthed by committee investigators totaled

well over 100, and many of them attested to Klenert's willingness to share the wealth, such as diaper service, $26; children's clothes, $20.55; hand-crocheted skirt and hand-knit sweater, $99.65; 11 sunsuits, $35; woman's original black coat, $200; woman's black suit, $222; beauty salon, $35; jewelry, $19.21; girdles, brassieres, and petticoat, $18.44; 2 more brassieres, $3.61; and yet another brassiere, $12.50.

The hotel pay-out device was only one method by which Klenert managed to reduce the UTWA treasury. Over this same 3-year period he purchased $11,411 worth of theater tickets, including $2,564.65 for "My Fair Lady." He bought $2,003 worth of personal items on his Diner's Club credit card. He spent $13,118 in a questionable hotel charges in Miami Beach, Bermuda, and Maine, and $2,134 in rentals of cars while at Miami Beach alone. On seven such hotel stays listed by committee investigators, Klenert invariably charged the union for his companions. At one time or another these included his wife, mother, 4 children, and maid, and in 2 cases where Klenert was alone he picked up charges for a friend. He took a similarly generous tack, with union funds, in amassing $3,702 in questionable air travel over the same 3 years.

In his testimony before the committee Klenert cited a 1948 resolution of the UTWA executive council authorizing expenses by himself and Valente:

> as they may deem to be necessary which would maintain the dignity and prestige and appearance of the international president and secretary-treasurer while engaged in work for the international union as part of their legitimate expenses (p. 3507).

In context this resolution plainly referred to per diem expenses aimed at augmenting salaries, which in 1948 were $8,500 for Valente and $7,500 for Klenert. Reminded that the estimates which committee investigators had made of his spending excluded these per diem expenses, Klenert nevertheless insisted that the authorization was meant to extend beyond per diem expenses:

> I will leave that within the meaning of the board's actions, that we were entitled to do that (p. 3509).

Klenert hinted, however, that reform might be under way. He explained that in early 1957 the UTWA's trustees had decided, in view of the fact that salaries alone were now $14,000 and $15,000 for himself and Valente, respectively, "that this practice of using the personal expense allowance be discontinued." Klenert here omitted the important fact that he and Valente were still drawing, over and above these increased salaries, a per diem of $7,300 a year apiece.

Asked why, in the light of the alleged policy of discontinuing the personal expense allowance, he had piled up hotel payout charges as late as March 1957, Klenert equivocated:

> We told the trustees that wherever we can, within the meaning of their recommendation for the entire year, as per their recommendation, we will discontinue this expense allowance, and any particular item like that that was paid prior to their recommendation can be squared away and straight-

ened away very satisfactorily. There were some that fell within that realm, and I undertook to pay them personally (p. 3507).

By way of important postscript to this report, it should be recorded that little time remained for Klenert to "square away" and "straighten away" any such matters with the UTWA. On September 24, 1957, 2 months after his appearance as the final witness of the hearings, the AFL–CIO executive council directed the UTWA to correct its internal abuses, eliminate corrupt influences, and remove and bar from any position in the union those responsible for these abuses.

Shortly thereafter Valente and Klenert resigned, but on October 25, the AFL–CIO, having assigned a "monitor" to the UTWA and looked at its books, found that the union had not complied with its directives, and had, in fact, arranged for long-term payments to Valente and Klenert totaling $104,000. On December 4 the UTWA was suspended from the AFL–CIO. A week later, however, a committee of the UTWA executive council agreed to "full compliance" with the AFL–CIO's directives, pledging to bar Valente, Klenert, and Joseph Jacobs from any connection with the union; to elect officers by secret ballot at a special convention in March 1958 under AFL–CIO supervision; to permit the continuing audit of its books by an outside accounting firm chosen by the AFL–CIO, and to report periodically on its progress to the AFL–CIO. The parent body thereupon restored the union to good standing.

Findings—United Textile Workers of America

Among the human frailties which have passed in parade before the committee over the past 12 months, one of the more recurrent has been the sheer greed of many of the individuals observed. Beyond all others, this lamentable failing seems to have spurred most of the acts of malfeasance in the field under committee inquiry.

As an unblushing exercise in avarice, the union careers of Anthony Valente and Lloyd Klenert can scarcely be matched. At the time they appeared before the committee, these men were president and secretary-treasurer, respectively, of the United Textile Workers of America. While much larger sums of union money have been misused for personal profit and pleasure by other officials interrogated by the committee, in relative terms the peculations of Valente and Klenert were far more spectacular. The UTWA's wealth is comparatively small; its annual income is less than $1 million. The funds misappropriated by its two top-ranking officers totaled $178,000 or about 18 percent of the union's entire intake in any one year.

Of this $178,000, some $60,000 was spent by Klenert for various forms of gratification for himself, family, and friends. The other major item in the total, some $95,000, was enjoyed by the 2 men in tandem, although, to their considerable chagrin, only on a temporary basis. The expenditure of this lavish portion of the UTWA's resources was designed to fulfill a mutual desire by Valente and Klenert to ensconce themselves and their loved ones in newer and handsomer residential quarters. Acting with the perfect harmony of a Tweedledum and

Tweedledee, they fashioned a labyrinthine plot to conceal this maneuver from the UTWA faithful.

Consideration of the history of the Valente-Klenert regime unerringly leads the committee to the conclusion that major deception was perpetrated upon the loyal and unsuspecting members of the UTWA by officers who proved responsive only to their own lust for personal gain. While Valente and Klenert were the prime offenders, in the committee's opinion others on their executive council were also guilty of gross misconduct and cynical negation of the interests of the union's rank and file.

1. The committee finds that Valente and Klenert fraudulently diverted union funds to the purchase of new homes for themselves. These funds, totaling $95,000 and authorized by the UTWA executive council for the purchase of investment property and/or a new union building, were originally intended by Valente and Klenert to cover full payment on their homes, respectively priced at $42,500 and $52,500. They generously decided, however, to assume their own mortgages, and invested a mere $57,000 of the union's $95,000 in their home-buying venture.

2. The committee finds that Valente and Klenert gulled their fellow UTWA officers, at least initially, by spuriously claiming to have used the $95,000 as a deposit on property for the union.

3. The committee finds that Valente and Klenert compounded their fraud a few days after they bought their homes by having Valente borrow $100,000 from a Washington bank in the union's name but without its knowledge, falsifying the loan application by describing its purpose as "purchase of new quarters but old building." Out of this sum Valente and Klenert drew $57,000 which they vaguely ascribed on the union's books to "organizing expenses."

4. The committee finds that with the sleight of hand at which they were so adept, Valente and Klenert then substituted this $57,000 in union funds for the same sum in union funds which they had previously allotted for the purchase of their homes. This slick exchange had a clever motive. Ultimately Valente and Klenert would have had to account for money authorized by the union for property buying; they could, however, explain away money which had gone to "organizational expenses."

5. The committee finds that this deception was aided and abetted by Martin J. Quigley, president of the Mutual Title Co., a Washington, D. C., firm which examines titles in neighboring Maryland, who arranged the details of settlement on the Valente and Klenert homes. In a clear-cut abuse of his quasi-fiduciary function, Quigley obligingly wrote letters, patently intended for the union auditor's eyes, which supported the fiction that union funds had gone for the purposes authorized by the UTWA and conveniently neglected all mention of the home-buying deal.

6. The committee finds that $17,500 subsequently withdrawn from the union by Valente and Klenert for "organizational expenses" went for large purchases for their new homes, including downpayments for air conditioning and a $2,786.50 piano for Klenert. Neither Valente nor Klenert could furnish any proof that they had spent this $17,500 for organizing purposes, feebly alleging that it had been dispensed in cash and "personally"—a glaring falsehood in view of the attribu-

tion of some of these expenditures to the same dates in sections of the country distant from each other.

7. The committee finds that Valente and Klenert took steps to cover their tracks in their home-buying venture only after the possibility of discovery of their manipulations arose. It is the committee's belief that the two men would have had no scruples about transforming the union's funds into a permanent gift for themselves had they not inadvertently brought the state of the union's finances to the attention of George Meany, now AFL–CIO president, then AFL president, by audaciously seeking AFL financial aid for an organizing drive.

8. The committee finds that Valente and Klenert displayed arrant disrespect for the committee's powers of discernment by attempting to foist upon it an obviously fabricated explanation for their diversion of union money for the purchase of their homes. Both men alleged that they hit upon this scheme simply as a device to "segregate" or "lay aside," in secret, money which the UTWA might have to use at some vague future time to combat possible intraunion trouble from new members recruited from dissidents of the rival CIO Textile Workers Union of America.

9. The committee finds that the UTWA's executive council exhibited a morality on the same low level as Valente's and Klenert's by slavishly accepting their version of their financial manipulations and whitewashing them in a report requested by the AFL.

10. The committee finds that members of the UTWA's executive council themselves unscrupulously dipped into union funds to grant each other and favored hangers-on personal loans for which they were required neither to pay interest nor to put up security, with Klenert, as secretary-treasurer, given the friendly function of making "reasonable arrangements for repayment according to his best judgment." Klenert conceded that rank-and-file members who might also desire a loan were given no access to this fount of beneficence, even thought it was built of union dues which they had paid in.

11. The committee finds that Joseph Jacobs, the counsel for the UTWA, behaved in a manner unbecoming a member of the legal profession. Jacobs derived benefit from his union connection simulstaneously as owner of a firm which leased cars to the UTWA. He was also a member of the UTWA subcommittee which supposedly "investigated" the Valente-Klenert peculations and gave the two men a clean bill of health. Subsequently he was instrumental in having the union pay part of an assessment levied by the Internal Revenue Service on Valente and Klenert for faulty income-tax returns.

12. The committee finds that the UTWA executive council continued its servile course even in the face of the AFL's declaration that its report did not constitute a "proper explanation." The council passed a resolution approving the annual destruction of all union records, except those of a "historical nature," at a time when Valente and Klenert were under income-tax investigation. It also raised the salaries of the two men.

13. The committee finds that Valente and Klenert were similarly undeterred by AFL disapproval, pursuing their depredations of the UTWA treasury. Over and above the expenses provided by their per diem allowances, the 2 men misused some $66,000 in union funds for personal expenditures. Klenert spent the lion's share of this sum,

more than $60,000 in 3 years. He and his family especially profited from a device by which he had a wide variety of personal purchases—ranging from TV sets, a typewriter, and an air conditioner to brassieres, a golfer's lamp, and a milk stool—charged to hotels, which would then bill the union.

14. The committee finds that the financial safeguards set up by the UTWA were so lax as to be ludicrous. That this fact, more than any other, encouraged Valente, Klenert, and their favorites in their marauding ways is, in the committee's view, beyond dispute. Although the UTWA constitution endowed its executive council with general control over union affairs, the fact that 91 percent of the council members had their salaries fixed by the president made their disapproval of any of his financial dealings a strong unlikelihood. The UTWA's three trustees, charged with the periodic examination of checks and vouchers, were no more than puppets of Valente and Klenert, inexperienced in financial procedures, blindly accepting their vague explanations of expenditures, and frequently seeking no explanation whatever. The committee views the trustees' performance as a complete failure of responsibility, although it believes that the cause of this failure was incompetence in financial matters rather than malicious intent. The union's outside auditor, Eric Jansson, admitted feeling that the vouchers turned in by Valente and Klenert were not detailed enough, but declared that he did not consider it his place to suggest that the UTWA constitution be tightened to provide more stringent controls over the outgo of funds. The committee cannot agree with this viewpoint; it is of the opinion that Jansson did not fully meet his professional responsibilities in this regard.

The grip of Valente and Klenert on their fellow officers was apparent even after the AFL–CIO executive council, in the wake of the committee's hearings, directed the union to remove the corrupt influence of the two men or face expulsion. Although Valente and Klenert resigned, their cronies attempted to assuage their departure by providing for long-term payments to them of $104,000. This evidence that corruption in the UTWA died hard brought about its suspension from the AFL–CIO, and its reinstatement only after its acceptance of strict AFL–CIO supervisory controls—an object lesson in depth for a union unwilling or unable to clean its own house.

New York Teamster Phony Locals

In 1939, after several years of intense factional rivalry, a split occurred in the ranks of the growing United Automobile Workers Union–CIO. A segment of this union splintered off and was chartered by the American Federation of Labor under the same name as the union with which its members had previously been affiliated: the United Automobile Workers–AFL.

The UAW–AFL was actually larger in size at the start than the UAW–CIO. While the latter prospered and grew, the membership of the former dwindled away to a point where it had some 80,000 members at the time of this committee's hearings. Today the union has changed its name to the Allied Industrial Workers of America.

In July and August of 1957, the committee held a series of hearings concerning labor-management problems in the New York area, which

had their inception in 1950 with the entry of the UAW–AFL into the New York labor field and the emergence of three-time convicted labor racketeer John Dioguardi as a powerful figure in that union.

While the chartering of a single UAW–AFL local in New York City would not, on the face of it, appear to be an important matter, this particular local started a chain of events which resulted in:

(1) The influx of the worst types of gangsters and hoodlums into the New York labor movement.

(2) The ultimate public revelation that thousands of Puerto Rican and Negro workers were exploited and subjugated through "sweetheart" contracts and deals between unscrupulous labor leaders and greedy employers.

(3) The alliance between James R. Hoffa, current general president of the International Brotherhood of Teamsters, and Dioguardi, the indicted conspirator in the blinding of labor columnist Victor Riesel.

(4) The attempt, through these selfsame UAW–AFL locals by Hoffa, in cooperation with Dio and another New York labor and narcotics racketeer, Anthony (Tony Ducks) Corallo, to rig the election of the officers of Joint Council No. 16 of the International Brotherhood of Teamsters.

Since much of the testimony revolves around the activities of John Dioguardi, a look at his background is helpful in placing in perspective the events which transpired in New York, and which were the subject of these hearings.

John Dioguardi was born in New York in April of 1914, the eldest of three sons of Dominick and Rose Plumeri Dioguardi. His criminal career began while he was still a teen-ager. When he was arrested in 1932 for coercion and conspiracy, he was acquitted on one of these charges and the other charge was dismissed.

John Dioguardi's two brothers also went on to careers of crime. Thomas Dioguardi was arrested on a number of charges, including assault and robbery, while Frank Dioguardi has been arrested for crimes such as rape, concealed weapons, and thefts from interstate shipments.

In 1937, John Dioguardi and his uncle, James Plumeri, also known as Jimmy Doyle, a notorious New York racketeer, were arrested and charged with extortion as a result of their activities and shakedowns in connection with the garment industry.

In the trial that followed, Dioguardi was pictured as an enforcer for the Five Boroughs Truckmen's Service Association run by his uncle, James Plumeri, and another New York City racketeer now deceased, Dominick Ditato. As a result of the trial, Dioguardi was sentenced to 5 years in the Sing Sing Penitentiary.

When he emerged from the penitentiary, Dioguardi entered the dress manufacturing business—first as an employee, and then as a partner and owner of various firms in New York, Jersey City, N. J., and Allentown, Pa. From 1940 until 1950 Dioguardi was active in this business, and except for an arrest in 1944 for possession of an unregistered still he remained on the right side of the law during that period.

In 1950, a former Communist Party member who had been a commissar with the Loyalists forces during the Spanish Civil War, Samuel Zakman, began to inquire around New York as to how he might obtain

a union charter. The charter was ostensibly to be for himself, but testimony later developed clear evidence that the man behind this entire operation was John Dioguardi.

Zakman testified that during 1950 while working for the International Brotherhood of Electrical Workers, he had a conversation with Sam Berger, the manager of local 102 of the International Ladies Garment Workers Union. Zakman asked Berger if he knew anyone to contact in the United Automobile Workers–AFL. Zakman never successfully explained to the committee why he had chosen Berger as the man with whom he should make his initial contact to attempt to receive a UAW–AFL charter. His testimony shows, however, that he picked the right man because Berger immediately set wheels into motion toward getting Zakman this charter.

Berger first took Zakman to a hotel room at the Hampshire House in New York where he introduced him to Paul Dorfman, the head of the Waste Material Handlers Union in Chicago.

It should be noted here that neither Berger nor Dorfman ever had any official connection with the UAW–AFL. It is significant, however, that they were both extremely close friends of James R. Hoffa, of Anthony Doria, the international secretary-treasurer of the UAW–AFL, and of John Dioguardi.

Zakman said there was not much of a conversation but that Berger said to Dorfman: "This is the young fellow who would like to get a charter."

Following this meeting, and according to what Zakman later learned, Berger flew to Milwaukee and obtained a charter. He took with him an application for a charter which Zakman said was filled out in the presence of Berger and George Semelmacher, also known as George Baker. This application blank contained a number of interesting names. First there were three names on the list who were relatives of Zakman: Albert Esposito, John Dwyer, and Albert Jangel. At the suggestion of Baker and Berger, Zakman said he included the names of Theodore Ray and Abe Goldberg. Theodore Ray is a former partner of John Dioguardi and for some time acted as Dioguardi's bodyguard. He is under indictment for having driven the getaway car in the Riesel blinding. Abraham Goldberg was a longtime Philadelphia labor racketeer with convictions for violations of the Hobbs Antiracketeering Act. The name of Paul Dorfman also appeared on this charter. The charter was dated September 12, 1950, and granted on September 18, 1950, 6 days later.

A couple of weeks after receiving the charter Zakman was introduced by George Baker to John Dioguardi.

> Mr. KENNEDY. Did he [Dio] express an interest in your newly acquired charter, local 102?
>
> Mr. ZAKMAN. No. When I was introduced to him, they told him that I was the fellow that was going to organize the union, and he said he was very glad to meet me. Then Baker told him that he had secured a headquarters, and he needed a downpayment or a couple of months' rent, or something, and Mr. Dio then loaned him the money.
>
> Mr. KENNEDY. Dio then put up the money for your rent?

Mr. ZAKMAN. Yes; secured the headquarters.

Mr. KENNEDY. You were supposed to do the organizing work. After they secured the headquarters, which was a couple of weeks after you got the charter, Mr. Dio put up the money for the rent for your headquarters; is that right?

Mr. ZAKMAN. That is right, sir (p. 3646).

From this initial interest Zakman said Dioguardi's participation in the affairs of local 102 became more direct. At first he contented himself with lending money to the infant local, while Zakman went out and started organizing some shops. In about May of 1951 when the local moved to new headquarters, Johnny Dio took over an office in the headquarters although he had no official connection with the union. A month later, in June of 1951, Dioguardi became business manager. At this time the local had some 700 members.

It is interesting to note that on April 23, 1951, a new charter was issued to local 102. This charter included the name of John Dioguardi which had not been included on the original charter, and Dioguardi's name was encircled and a notation added "send all correspondence to." The new charter application was okayed by Anthony Doria, the rotund and voluble former international secretary-treasurer of the UAW–AFL.

As far as the international was concerned, Dioguardi assumed control of the local at that time although it seemed apparent that it took Zakman some time to find this out. Zakman testified that he noticed that Dioguardi exercised more and more authority within the local and started adding organizers to the union staff. Among these organizers were men like Joe Curcio and Joe Cohen, convicted extortionists, and Teddy Ray. He also added as an organizer a man whom Zakman described as particularly effective, "Benny the Bug" Ross.

Mr. ZAKMAN. Well, Benny, as we call him, used the methods that were used about 40 or 50 years ago. He would just walk into a shop and pull the switch and say, "Everybody out on strike." That is all there was to it.

Everybody thought he was crazy and they would walk out and the boss would sign a contract. It was as simple as that. I know it sounds unbelievable, but he organized many shops by the same methods (p. 3653).

Zakman said he complained to Dioguardi about the hiring of these men; first, because they did not have any labor background; and, second, because, as president of the union, he felt he should have more to say about who was hired as an organizer. Zakman said that while he was president of the local it was obvious that Dioguardi, as business manager, had more power, and Zakman finally resigned from the union.

Zakman later became affiliated with other unions in the New York area. He was subsequently convicted of extortion himself and was on parole when he testified before the committee.

Lester Washburn, former international president of the UAW–AFL and the owner of a summer resort in Rhinelander, Wis., gave his version of the issuing of the charter for local 102. He said that in early 1950 he was approached by Anthony Doria, international

secretary-treasurer of UAW–AFL. Washburn recalled that the first information which came to him about the proposed Zakman charter came through Doria and David Previant, then general counsel of the UAW–AFL and for James R. Hoffa's Central Conference of Teamsters.

He said that Doria was invited by Previant to attend a dinner of the heads of the Central States Drivers Council. Washburn said he understood that the purpose of inviting Doria was so the heads of the Central States Drivers Council, including James R. Hoffa, could speak to Doria about placing his insurance business with the company which represented the teamsters. Washburn said he also understood that Paul Dorfman was in attendance at this meeting. It was when Doria returned from this meeting that he proposed to Washburn the granting of a charter to Zakman. Washburn said that he did not know that John Dioguardi was going to be involved with this local when the charter was first granted.

Mr. KENNEDY. Did you understand or learn how he was able to take over this union from Sam Zakman?

Mr. WASHBURN. Well, I soon found out; yes.

Mr. KENNEDY. What did you find out?

Mr. WASHBURN. Well, I just found out that he more or less muscled in and pushed him out. There were no particular details, but I mean those things happen, and then we began to hear that Dio was financing the deal, and then I began questioning it.

Mr. KENNEDY. Is that the ordinary procedure, to have a private individual finance a union?

Mr. WASHBURN. No; it isn't. That is what I couldn't understand about it.

Mr. KENNEDY. Did you know why Johnny Dio would be so interested as to finance one of your unions in New York City?

Mr. WASHBURN. No; I never could figure that out. The only thing I could do was to guess.

Mr. KENNEDY. What is that?

Mr. WASHBURN. The only thing I could do was guess, and then of course after finding out who Johnny Dio was, and his background, and all of that, then I could only guess the purposes for which he wanted to get into the union movement. I had heard and found out by various sources that he was actually more of a businessman than he was a labor man, and with the number of business connections he was supposed to have, or reported to have, why he would be interested in financing a labor organization, I couldn't understand.

The CHAIRMAN. You didn't think he was particularly interested in the welfare of the laboring people?

Mr. WASHBURN. I never thought so; no, sir. I never thought he was very much interested. I thought actually that it was mob money rather than Johnny Dio's personal money that was in the organization.

The CHAIRMAN. Whose money?

Mr. WASHBURN. It was underworld mob money, I thought, was being put into grab control of unions. That is actually what I thought it was, and whether it was that or his own personal money, I don't know (pp. 3689–3690).

The fact that men like Sam Berger and Paul Dorfman were interested in getting a charter for local 102 was a clear indication that this was not to be an ordinary operation. Sam Berger has been the long-time head of the trucking local of the International Ladies' Garment Workers Union in New York. He has had a long association with the racketeering elements of the labor movements in New York, including a 25-year friendship with John Dioguardi and a continuing friendship with his uncle, James Plumeri, alias Jimmy Doyle.

Paul Dorfman's connections with members of the old Capone mob are a matter of record, and his son, Allen Dorfman, and his wife, Rose Dorfman, own the insurance agency which handles millions of dollars' worth of business for the Central Conference of Teamsters headed by James R. Hoffa. He is also a long-time friend of John Dioguardi, and as the affairs of local 102 progressed it was apparent that Dio had more than a passing interest in local 102 from its very inception.

Following the issuing of the new charter to local 102 in April of 1951 Dio began to branch out widely in the labor union movement in New York. A number of other UAW–AFL locals were chartered in the area, and Dio was made a regional director of the international union.

The locals thus chartered had a common denominator—their leadership was made up of men with lengthy and unsavory police records who had previously made their living in such rackets as bookmaking, narcotics and prostitution. A study of these UAW–AFL locals showed that Dio and those with whom he formed alliances brought 40 men into the labor movement in positions of trust and responsibility—men who, among them, had been arrested a total of 178 times and convicted on 77 of these occasions for crimes ranging from theft, violation of the Harrison Narcotics Act, extortion, conspiracy, bookmaking, use of stench bombs, felonious assault, robbery, possession of unregistered stills, burglary, violation of the gun laws, being an accessory to murder, forgery, possession of stolen mail, and disorderly conduct.

Included here is a chart naming these men, and a list of the crimes for which they have been arrested and convicted.

Criminal records of officers or organizers of local unions controlled or dominated by Dioguardi or Corallo and persons otherwise involved

Name	Date of arrest	Charge	Disposition	Remarks
Atkins, George: Alias George Gardner, George Roberts, George Murray, George Martin, George Stokes.	Oct. 3, 1927	Extortion and petit larceny	Discharged Oct. 6, 1927	Arrested as George Roberts.
	Sept. 9, 1930	Fugitive (larceny)	Discharged	Arrested as George Gardner.
	Sept. 30, 1935	Assault and robbery and safe burglary	do	Arrested as George Roberts.
	Mar. 25, 1936	Concealed assets (bankruptcy)	Acquitted	Arrested as George Gardner.
	Sept. 9, 1938 [1]	Theft from interstate shipment	4 years, Lewisburg	Arrested in Des Moines, Iowa.
	Oct. 11, 1938	False pretenses	Nolle prossed	Arrested as George Murray, Newark, N. J.
	Sept. 6, 1944	887 CCP (vagrancy)	Discharged	Arrested as George Atkins.
	Jan. 21, 1957	Driving while intoxicated		Arrested as George Atkins, police department, New York, B No. 138943.
Baker, George	July 1, 1947 [1]	Harrison Act (narcotics)	Suspended sentence, 20 months probation.	Probation imposed to Apr. 27, 1949.
	Feb. 3, 1954	Felonious assault		New York Police Department, B No. 337665, Garden City, N. Y.
Berger, Jack	Apr. 30, 1946 [1]	Grand larceny and criminally receiving.	Sentence suspended. Probation to Dec. 19, 1949.	New York Police Department, B No. 232392.
	July 3, 1956 [1]	Extortion and conspiracy	Convicted: 8 months suspended sentence.	
Berger, Sam	February 1957	Title 18, U. S. C. (extortion)	Pending	Indicted by Federal grand jury, southern district, February 1957.
Brayman, John	Oct. 5, 1933	Grand larceny and malicious mischief	Not indicted	New York Police Department, B No. 118395.
	May 5, 1934 [1]	Assault, 3d degree	Convicted, suspended sentence	
	Apr. 12, 1940 [1]	Conspiracy and extortion	Indefinite term, New York City Penitentiary.	
Brody, Philip	Feb. 14, 1948 [1]	986 PL (bookmaking)	Fined $100	
	Mar. 15, 1950 [1]	do	Fined $100 (or 30 days)	
	Mar. 6, 1956	Extortion	Pending	
Carlino, Charles, alias "Woppy"	Feb. 8, 1933	Felonious assault and attempted robbery.	Discharged	New York Police Department, No. 111453.
	Mar. 11, 1933 [1]	Assault and robbery and 1897 PL (weapon).	Assault and robbery discharge. Suspended sentence on 1897 PL.	Convicted on weapons charge.
	June 14, 1933	722 PL (disorderly conduct)	Discharged	
	Apr. 23, 1934	1897 PL (brass knuckles)	Acquitted	
	Nov. 5, 1934	Disorderly conduct	Discharged	
	Apr. 23, 1935 [1]	Stench bombs	Convicted, 90 days workhouse	
	Nov. 4, 1935	887 CCP (vagrancy)	Discharged	
	May 6, 1936 [1]	887 CCP (vagrancy)	Convicted, 3 months, probation	
	Aug. 19, 1939	887 CCP (vagrancy)	Dismissed	
	June 19, 1945 [1]	Disorderly conduct	Convicted, 30 days workhouse	
	Nov. 21, 1946 [1]	Common gambler	Fined $200	Fine paid.
	Aug. 29, 1956	Conspiracy to obstruct justice	Pending	Open indictment (Riesel case).
Carmel, Nathan	Apr. 19, 1935	Attempted robbery, 1st degree		New York Police Department, B No. 134655.
	Apr. 20, 1935	Homicide (gun)	Discharged	
	May 9, 1935 [1]	Attempted robbery	Elmira Reformatory	

	Jan. 10, 1947 [1]	OPA violation (sugar ration)	6 months	
	May 23, 1949 [1]	Grand larceny	6 months, penitentiary	Reduced to petit larceny.
	Mar. 23, 1953	Forgery of motor vehicle registration; Impersonating police officer	Discharged on his own recognizance	
	July 3, 1956 [1]	Extortion	Convicted, 1957	
Chester, Max: alias Max Mandel, Max Merker, Emanuel Kessler.	Nov. 10, 1937	Attempted robbery and felonious assault.	Dismissed	New York Police Department, B No. 162821.
	Feb. 25, 1936	Policy	Fined $50	Arrested under name of Frank Merker.
	Mar. 31, 1938 [1]	Robbery	Suspended sentence and 5 years probation.	Warrant.
	Jan. 16, 1947	Bookmaking	Dismissed	Sheriff's Office, Los Angeles; under name of Murray Chester.
	Aug. 9, 1948 [1]	Attempted petit larceny	Fined $75	State police, Ferndale, N. Y.; under name of Max Mandel.
	June 3, 1950 [1]	986 PL (bookmaking)	$200 or 30 days	
	Feb. 3, 1952	Vagrancy	Discharged	
	Mar. 6, 1956 [1]	Extortion and conspiracy	Pleaded guilty Jan. 10, 1957. Awaiting sentence.	
	June 1956 [1]	Bribery of labor representative	Convicted July 25, 1957	With Dio and Sam Goldstein.
Ciraulo, Vincent	Nov. 25, 1938 [1]	Robbery, 1st degree	Elmira Reformatory	
	June 9, 1949	Felonious assault	Dismissed	Arrested in narcotics investigation.
Corallo, Anthony: alias Tony Ducks.	July 30, 1929	Grand larceny	Discharged	New York Police Department, B No. 75882.
	Mar. 22, 1930	Robbery	do	
	Jan. 23, 1932	do	do	
	Aug. 11, 1932	do	do	
	Sept. 12, 1934	722 PL (disorderly conduct)	do	
	Nov. 28, 1934	do	do	
	Sept. 28, 1935 [1]	Consorting with known criminals	Committed to jail	
	Apr. 3, 1936	Robbery	Discharged	
	Apr. 16, 1936	Investigation	Released	Under name of Antonio Freno, Kansas City, Mo.
	Mar. 22, 1938	Robbery		
	Jan. 30, 1941 [1]	1751 PL (narcotics)	6 months workhouse	Pleaded guilty to a lesser charge.
	Oct. 5, 1945	Federal narcotics investigation	Questioned and released	
Cohen, George M	1953 [1]	Extortion indictment	Convicted, suspended sentence	Convicted in 1954.
Cohen, Joseph	1952 [1]	do	Convicted, 3 years prison	Sentenced March 1953.
Cosentino, David	Aug. 28, 1944 [1]	986 PL (bookmaking)	$25 fine	
	July 6, 1949 [1]	do	$50 fine	
	July 19, 1949 [1]	do	$150 fine	
	Oct. 5, 1951 [1]	do	$100 fine or 30 days	
	Apr. 25, 1957	Larceny and forgery	Pending	Indicted in New York County.
Cotliar, Solomon	Apr. 30, 1938	Petit larceny	Discharged	
Curcio, Joseph	July 11, 1941 [1]	Possession of unregistered still (internal revenue laws).	9 months, Danbury, FCI	
	Sept. 16, 1942 [1]	Transporting and possession of untaxed whisky.	9 months, Danbury and $100 fine	Concurrently with above sentence.
	Feb. 3, 1954	Felonious assault (chair)		New York Police Department, B No. 337663.
	Apr. 20, 1956 [1]	Criminal contempt for refusal to answer questions.	6 months	Conviction and sentence reversed by U. S. Supreme Court.

[1] Denotes a conviction.

Criminal records of officers or organizers of local unions controlled or dominated by Dioguardi or Corallo and persons otherwise involved—Con.

Name	Date of arrest	Charge	Disposition	Remarks
Davidoff, Harry: alias "Little Gangy."	Dec. 14, 1933 [1]	Burglary (night)	Sentence suspended 3 years probation	New York Police Department, B No. 120879.
	Jan. 7, 1934	Felonious assault (knife)	Discharged	
	Jan. 29, 1936	1897 PL (gun)	do	
	Mar. 20, 1937	Grand larceny	do	
	Apr. 2, 1937	1897 PL	do	
	Jan. 29, 1938	Grand larceny (auto)	do	
	June 10, 1939	Robbery	Acquitted	
	Mar. 8, 1940 [1]	Attempted extortion	Penitentiary (indeterminate term)	
	Nov. 9, 1942	Vagrancy	Dismissed	
	July 26, 1943 [1]	Policy and bookmaking	Sentence suspended on policy charge; fined $25 on bookmaking.	
	1957	Extortion	Pending	
Dioguardi, John: Alias John Dio	Dec. 15, 1930	Violation corporate ordinance	Sentenced 5 days	
	Jan. 20, 1931	Disorderly child and robbery	Discharged	
	Aug. 5, 1932	Coercion	do	New York Police Department, B No. 114267.
	May 10, 1933	Felonious assault, coercion and conspiracy.	Dismissed	
	Mar. 26, 1936	Vagrancy	Discharged	
	Mar. 19, 1937	Extortion	do	
	May 4, 1937 [1]	Extortion, conspiracy, and malicious mischief and assault, 2d degree.	3 to 5 years on extortion	
	Oct. 30, 1944	Conspiracy to engage distiller and possession of a still.	Nolle prosse filed	
	Mar. 30, 1954 [1]	Violation, tax law	60 days	
	Aug. 29, 1956	Conspiracy to obstruct justice		
	Oct. 29, 1956 [1]	Extortion and conspiracy	Convicted July 25, 1957	
	1957	Extortion	Pending	Indicted with John McNamara.
Fink, Emanuel: alias Manny	1927 [1]	Grand larceny (auto)	Juvenile delinquent; suspended sentence.	
	Feb. 25, 1931 [1]	Assault and robbery	Sent to House of Refuge	Juvenile delinquent.
	Feb. 4, 1933 [1]	1897 PL (gun) and conspiracy	Reformatory, New York City	
	Nov. 4, 1935	Robbery	Discharged	
	Nov. 18, 1944 [1]	986 PL (policy)	Fined $50 or 10 days	Arrested under name of Martin Fink.
	Sept. 10, 1947	Vagrancy	Acquitted	Do.
	Sept. 20, 1951 [1]	Felonious assault (lead pipe)	Sentence suspended	Do.
	Mar. 6, 1956 [1]	Extortion	Convicted, 1 year prison	Do.
Gaster, Henry: alias Gasster and "Muggsy."	Feb. 10, 1938	do	Acquitted	
	Feb. 17, 1953	Extortion (union)	Nolle prossed	
Goldberg, Philip: alias Pat Goldberg.	Feb. 4, 1947	Petit larceny		Fugitive from justice.
	1957	Extortion and conspiracy coercion	Pending (fugitive)	Conspiracy with Max Chester, Max Tane, and Sam Goldstein.

Goldstein, Sam	Mar. 8, 1936 [1]	Unlawful entry	Convicted, suspended sentence	Bronx, N. Y.
	Nov. 2, 1946 [1]	Possession of gambling equipment and operator.	Convicted; $200 fine or 60 days on both counts.	Florida.
	June 18, 1948 [1]	Possession of gambling equipment and use of indecent language.	$425 fine or 85 days in jail	Do.
	Mar. 11, 1957 [1]	Bribery	Convicted July 25, 1957	
	1957	Extortion (indicted)	Pending	
Holt, Milton: alias Milton Holzschlag.	July 21, 1936	Vehicular homicide	Dismissed	No indictment, Brooklyn grand jury.
	Feb. 5, 1956	Perjury 1st degree	Pending	New York Police Department, B No. 147763.
Kaminetsky, Charles: alias Charles Duke.	Jan. 22, 1931	Felonious assault	Discharged	
	Dec. 24, 1934	Burglary	Dismissed	Arrested as Charles Duke.
	Nov. 30, 1935	Robbery and 1897 PL (gun)	Discharged	Do.
	Nov. 23, 1936	887 CCP (vagrancy)	do	Do.
	June 1, 1938	do	do	Do.
	June 28, 1938	Accessory to homicide	do	Do.
	July 8, 1938 [1]	Accessory to murder	1 to 5 years, Sing Sing	Do.
	Apr. 25, 1948	Arrested for safekeeping	Discharged	Police Department, Harrisburg, Pa.
	Jan. 11, 1950	Felonious assault		Arrested as Charles Duke.
	Mar. 13, 1950	do	Dismissed	Do.
Kleinman, Aaron	Nov. 22, 1938 [1]	Grand larceny	Indefinite term, City Penitentiary	Final charge, petit larceny.
	July 2, 1956	Extortion and conspiracy	1½ to 2 years, Sing Sing	New York Police Department, B No. 175036; indicted with Nathan Carmel and others.
Levine, Milton	June 27, 1956	Extortion	Pending	New York Police Department, B No 376962.
McNamara, John	1957	Extortion (indicted)	do	Indicted with John Dioguardi.
Michelson, Burle	Apr. 25, 1957	Larceny and forgery	do	Indicted in New York County.
Priore, Jack	June 27, 1956	Extortion	do	Indicted with Milton Levine and Sam Zaber and others.
Rij, Theodore; alias Teddy Ray	May 11, 1942	Violation, Selective Service Act	Complaint dismissed	Discharged, recognizance as Theodore Ray.
	Jan. 1, 1945	Felonious assault	Discharged	As Theodore Ray.
	Sept. 19, 1956	Conspiracy to obstruct justice		Riesel case.
Reger, Alfred	Feb. 14, 1949	Conspiracy, burglary, malicious mischief.	Complaint withdrawn	New York Police Department, B No. 272346.
	Mar. 18, 1957 [1]	Extortion	Convicted, June 4, 1957	General Sessions, pending sentence.
Reiss, Harry; alias Harry Greenberg, Harry Berkowitz.	Oct. 11, 1946	OPA violation		Arrested as Harry Greenberg.
	Apr. 7, 1947	Conspiracy to illegally issue sugar-ration coupons.	4 months, Danbury FCI. Fined $3,000.	Served time; signed pauper's plea on fine.
Santa Maria, Dominick	Feb. 9, 1939 [1]	Policy	$50 fine or 10 days	
	Apr. 25 ,1957	Larceny and forgery	Pending	
Santa Maria, Arthur	Nov. 23, 1938 [1]	Bookmaking	$25 or 5 days on Nov. 27, 1938	
	July 9, 1942 [1]	do	$25 fine on July 17, 1942	
	Aug. 29, 1943 [1]	do	$75 or 60 days on Sept. 3, 1943	
	July 13, 1944 [1]	do	$75 or 20 days on Feb. 5, 1945	
	May 5, 1950 [1]	Bookmaking (986 PL)	60 days in workhouse on May 4, 1951	
	Oct. 23, 1950 [1]	Bookmaking	do	
	June 9, 1950 [1]	do	do	
	Apr. 25, 1957	Conspiracy, forgery, and larceny	Pending	

[1] Denotes a conviction.

Criminal records of officers or organizers of local unions controlled or dominated by Dioguardi or Corallo and persons otherwise involved—Con.

Name	Date of arrest	Charge	Disposition	Remarks
Schlanger, Martin	Apr. 26, 1956	Bribery		New York Police Department, B No. 373748.
	July 27, 1956 [1]	Conspiracy, possession of stolen mail	9 months, Danbury FCI	
Slutsky, Isidore	Mar. 14, 1935	Counterfeiting	Released by order of United States attorney. Lack of evidence.	New York Police Department, B No. 133094.
	Feb. 14, 1938	Peddling without a license and misrepresentation.		Police Department, Norwalk, Conn.
	Jan. 13, 1939	Investigation	Released	
	Feb. 19, 1943 [1]	Violation, Tax Code of Virginia No peddler's license	Fined $150 $100 on Feb. 20, 1943	
	Mar. 6, 1956	Extortion	Pending	
Tane, Mack: Alias Max Tana	May 5, 1943 [1]	986 PL bookmaking	$25 or 5 days	
	Nov. 5, 1944 [1]	do	$50 fine	
	Dec. 8, 1944 [1]	do	$200 fine	
	Mar. 2, 1951	do		May 29, 1951, Special Session Docket, No. 3784.
Topazio, Anthony	July 10, 1952 [1]	Conspiracy and attempted extortion	Convicted, 3 years prison	
Tramunti, Carmine	Mar. 22, 1922 [1]	Truancy	Catholic protectory, 3 months	
	June 26, 1926 [1]	Delinquent child	Catholic protectory, 6 months	
	Dec. 10, 1930	Robbery	Discharged	New York Police Department, B No. 87534.
	July 22, 1931	Assault and robbery	do	
	July 24, 1931 [1]	Felonious assault	On Dec. 8, 1932, sentenced to 6 to 15 years, Sing Sing.	June 29, 1937, paroled; parole expired Aug. 19, 1943.
	July 28, 1931	Robbery 1st degree	Discharged Dec. 5, 1931	
	May 4, 1932	Robbery	Discharged May 19, 1932	
	Apr. 26, 1939 [1]	722 PL disorderly conduct	30 days, Westchester County jail	
	May 25, 1939 [1]	Violation of parole	Returned to Sing Sing	Sept. 9, 1941, paroled again.
	Jan. 20, 1945	Felonious assault (gun)	Discharged	
	Oct. 24, 1950	887 CCP (vagrancy)		
Zackman, Samuel	Mar. 25, 1953 [1]	Conspiracy, extortion, and coercion	2 to 4 years on coercion and extortion	Mar. 20, 1956, paroled, New York Police Department, B No. 293023.
Zebofsky, Samuel: Alias Sam Zaber.	May 12, 1944	887 CCP (vagrancy)	Acquitted	
	June 18, 1947 [1]	986 PL (bookmaking)	$75 or 30 days	
	Mar. 8, 1948 [1]	do	$100 or 30 days	
	Jan. 16, 1950 [1]	do	do	
	Apr. 21, 1950 [1]	do	$200 or 60 days	
	June 26, 1950 [1]	do	$250 or 90 days	Fine paid.
	July 2, 1956	Extortion and conspiracy	Pending	

[1] Denotes a conviction.

It should be noted here that Dioguardi, after his entry into the labor movement, formed an alliance with Anthony (Tony Ducks) Corallo, who also exercised control over a number of unions. Corallo has long been considered by authorities as one of the most powerful underworld figures in the New York area, both in narcotics and in labor rackets. He acquired the sobriquet of "Tony Ducks" because of his seeming ability to escape conviction when arrested. His police file shows a total of 12 arrests, with a single 6 months' sentence in 1941 for unlawful possession of drugs.

Corallo's influence over labor unions included locals of the International Brotherhood of Teamsters, United Auto Workers–AFL, the Retail Clerks International Association, and the United Textile Workers of America. It is hardly necessary to point out the type of individual who was brought into the labor movement by Dioguardi and Corallo did not cease his criminal activities after becoming a union leader. These men began to commit extortion and other crimes against New York businessmen with impunity. A list of the crimes committed by these officials in their capacities as union officers is included here.

Local	Affiliation	Name	Date of indictment	Charge	Disposition
649	United Auto Workers, AFL.	Anthony Topazio, secretary-treasurer.	July 1952	Extortion	Convicted, 1953.
649	do	Joseph Cohen	do	do	Do.
198	do	George Cohen, organizer	1953	do	Dismissed.
875	Teamsters	Nathan Carmel, vice president.	1956	do	Convicted, 1957.
875	do	Jack Berger, president	1956	do	Do.
875	do	Aaron Kleinman, secretary-treasurer.	1956	do	Do.
875	do	Milton Levine, organizer 875, and president, local 275.	1956	do	Pending.
875	do	Jack Priore, organizer	1956	do	Do.
875	do	Sam Zaber, organizer 875, and local 275, teamsters.	1956	do	Do.
198	United Auto Workers, AFL.	Henry Gasster, president	1953	do.[1]	Dismissed.[1]
405	Retail Clerks International Association.	Max Chester, secretary-treasurer.	1956	do	Convicted, 1956.
405	do	Manny Fink, business representative.	1956	do	Do.
405	do	Max Lees, president	1956	do	Pending.
405	do	Irving Slutsky, vice president.	1956	do	Do.
405	do	Philip Brody, organizer	1956	do	Do.
295	Teamsters	John Dioguardi	1956	do	Do.
295	do	John McNamara, secretary-treasurer.	1956	do	Do.
295	do	Milton Holt, secretary-treasurer, 805.	1956	Perjury	Do.
239	do	Sam Goldstein, president	1957	Bribery	Convicted, 1957.
227	United Auto Workers, AFL.	Arthur Santa Maria, secretary-treasurer.	1957	Conspiracy, forgery, larceny.	Pending.
227	do	Dominick Santa Maria, trustee.	1957	do	Do.
227	do	David Consentino, president, local 248, IBT.	1957	do	Do.
239	Teamsters	Max Chester	1957	Bribery	Convicted, 1957.
239	do	John Dioguardi	1957	do	Do.
522	do	Alfred Reger, secretary-treasurer.	1957	Extortion	Do.
522	do	Burle Michaelson	1957	do	Pending.
522	do	Harry Davidoff, secretary-treasurer, local 258, IBT.	1957	do	Do.
239	do	Sam Goldstein, president	1957	do	Do.
239	do	Phillip Goldberg	1957	do	Do.

[1] Cohen refused to testify.

The activities of these Dio-Corallo controlled locals included (1) the terrorizing of small-business men in the New York area into making illegal payoffs, and (2) the signing of collusive or sweetheart contracts with greedy employers to depress the working conditions of thousands of Negro and Puerto Rican workers.

A pungent example of the type of shakedowns employed by Dio-led locals was presented to the committee at the very outset of its hearings. This came in the transcription of a telephone conversation between Max Chester and a New York employer which had been monitored under a legal wire-tap order issued in the State of New York. The conversation was as follows:

MAX CHESTER. Mr. Wallau?

WALLAU. Yes?

CHESTER. Mr. Wallau, this is in regard to your slipper place.

WALLAU. Regard to what, sir?

CHESTER. This is regard to your shop. This is local 405, Mr. Chester speaking, business manager. We have an organizational campaign going on around your area in regard to your shop. Are you listening?

WALLAU. Yes, sure.

CHESTER. Now, before we start doing any agitation, we always like to give the employer the courtesy of sitting down and talking, and maybe for the purpose of having a fine conference and getting along together——

WALLAU. What type of union do you run?

CHESTER. Well, we have a catch-all charter, Mr. Wallau, and we are the AFL.

WALLAU. Anything and everything in what area?

CHESTER. We organize the unorganized. Now, I don't want to start any agitation because we did it in a few other places and it only cost the employer money and he did sign anyway. Now——

WALLAU. You already said that, my friend, I just have—I just have to ask a few questions to find out just what the situation is. I'm not trying to be smart about it; I know nothing about it.

CHESTER. Well, there's no use in me discussing matters over the phone. We couldn't come to any conclusion one way or the other in that respect anyway.

WALLAU. Then, what'll you suggest?

CHESTER. Well, I suggest to have a conference; sit down in person and talk.

WALLAU. Well, that would be fine. We have no objection to that.

CHESTER. When would your nearest time be, before I really start any agitation——

(Subdued laughter heard over the phone.)

CHESTER. So, you're laughing. It's a——

WALLAU. It's the third time you used that word.

CHESTER. Well, because I'll tell you why we did. We did have a strikeout with Gustav, and we signed them up the same day. There's no reason why we should go on that way

again. It only costs the person money for no reason at all. Why isn't this and that——

WALLAU. Yes; well, I haven't any idea what——

CHESTER. You heard of Gustav, didn't you?

WALLAU. I know the name.

CHESTER. Yeah; well, I guess so——

WALLAU. You see, I haven't any idea whether the standard that your local sets up would be agreeable to our men or, or——

CHESTER. Oh, they'll be agreeable to your men; don't worry about that. The standard that we set up——

WALLAU. Because we run a pretty nice shop——

CHESTER. We know that; everybody runs a pretty nice shop but the idea is the envelope—is it nice?

WALLAU. I beg your pardon?

CHESTER. Is the envelope nice?

WALLAU. Oh, yes.

CHESTER. Well, we try to make the envelope better.

WALLAU. Well, I'm sure you do.

CHESTER. [Sarcastic laughter.]

WALLAU. I'm sure you do. I understand that phase of the operation, absolutely. May I have your name?

CHESTER. Mr. Chester.

WALLAU. Chester?

CHESTER. C-h-e-s-t-e-r.

WALLAU. And how can I get in touch with you?

CHESTER. Well, I'm right now in my office and it was very imperative that I call you because I'll tell you why. My men, we're going to start operation in your place down somewhere around 20th Street where you do your shipping; is that correct?

WALLAU. We certainly do——

CHESTER. So I told them to stop it until I speak to the owner of the shop.

WALLAU. Well, I can understand that, too well [laughing as he talks].

CHESTER. So, we know all your detail; how you operate from one place to another, so, I mean I'm trying to curtail a lot of things so, in other words, you could help both sides of the picture.

WALLAU. Well, that sounds very nice of you, Mr. Chester. Now what is your proposal? How soon do you feel it is imperative that we get together?

CHESTER. Well, it's imperative that we get together momentarily. I'll be honest with you.

WALLAU. Well, momentarily——

CHESTER. You know——

WALLAU. Is it 24 hours, 48 hours?

CHESTER. Momentarily could be within an hour or two. It don't have to be 24 or 48. Am I speaking to Alex Wallau himself?

WALLAU. You are speaking to Wallau, Jr.

CHESTER. Wallau, Jr. Fine. Don't tell me dad is somewhere in the Tahitian Islands.

WALLAU. No; he's actually not.

CHESTER. Oh, I see.

WALLAU. He's not in today, however.

CHESTER. You make decisions yourself, or do you have to——

WALLAU. I've been known to make 1 or 2.

CHESTER. Huh?

WALLAU. I've been known to make 1 or 2.

CHESTER. Oh, you've been known to make 1 or 2. Were they good or bad? [Laughing.]

WALLAU. [Inaudible.]

CHESTER. Well, that's all right; you're batting pretty good. Well, what could I tell you outside of it's—it's important?

WALLAU. Is—is—is the fact that——

CHESTER. Mr. Wallau——

WALLAU. That I'm hesitating has nothing to do with the——

CHESTER. That's all right; it's probably something that hit you right away and you want to collect your——

WALLAU. No, no. I want to work it into a very busy schedule. I realize the importance of it. We're quite——

CHESTER. Well, I'm pretty busy too——

WALLAU. Conversant with these problems. We are—I assure you over the years they come up a number of times, and it's no different today than it has been. I know that you'll be very fair and very nice to talk with and I want to arrange it as quickly as I can. However, we're not accustomed to being pushed into things——

CHESTER. Well, I'm not pushing you; you asked me is it imperative——

WALLAU. Yes; it is imperative to you. On the other hand——

CHESTER. Listen a minute. The reason why I called you; I shouldn't even of told you this because I feel, well, on my own I took it upon myself—which I am the boss here—and I took it upon myself and told these men to stop doing anything until I spoke to the owner, well, whoever is in charge. I thought I'd give you that courtesy——

WALLAU. Mr. Chester, but that, that's usual union practice. I mean you people have an——

CHESTER. No; they don't. The usual union practice is to go out and picket and come what may. The boss or someone contacts the union or somehow or somebody representing the boss will——

WALLAU. Well, then, let's say that you're doing that with me. We approve. We understand because we've had some—some understanding of these things. Naturally, you have to keep abreast of it.

CHESTER. Well, that's the best way——

WALLAU. Sure, that's how we've been able to operate and keep everybody reasonably contented with the pay envelope to which you refer. [Both men laugh.] Supposing, although I admit that even with the union scales nobody is

completely happy with their pay envelopes. That's human nature——

CHESTER. Now there, in other words, you're trying to regard things as an exaggeration; is that right?

WALLAU. We do everything we can. We do the best we can for everybody but whether or not we're doing it according to your standards has yet to be established. We want to talk to you and figure that out. It would be very interesting to do so——

CHESTER. Off the record, could you tell me about how many employees you have?

WALLAU. No; but I'd like to do that when we sit down together and see whether it is worth your while or not to even fool around with us; we may be too small to——

CHESTER. It could be, it could be 80, a hundred, three, four, or a thousand; it doesn't make a particle of difference——

WALLAU. Well, that's what we'll figure out when we get together with you. I feel that it could be done after lunch tomorrow if you feel that that's agreeable.

CHESTER. Well, I have 2 appointments; 1 at 1 o'clock and 1 at 11.

WALLAU. Why don't we——

CHESTER. Could you make it at 9:30—9:30 in the morning?

WALLAU. Well——

CHESTER. I'd only take up about 20 minutes of your time. That's all it usually takes me.

WALLAU. Yes; well, I'll tell you——

CHESTER. I'll give you all of the fundamentals——

WALLAU. Morning mail at 9:30 in the morning.

CHESTER. Well, suppose we make it at 10 then?

WALLAU. Let's make it at 10 o'clock.

CHESTER. Ten o'clock. In other words, I stopped everything just today.

WALLAU. Ah——

CHESTER. But my men will be right at the situation till after we finish talking.

WALLAU. Fine. You keep them there, Mr. Chester.

CHESTER. All right.

WALLAU. See you at 10 o'clock (pp. 3603–3606).

As a result of this extortion effort, Wallau paid $2,000 to Max Chester who was then arrested and pleaded guilty to a charge of extortion.

Paul Claude, owner of a machine shop in Brooklyn, told the committee of another facet of the Max Chester operation. He said that during 1954 he was approached by Mr. Chester who said he was going to unionize his machine shop. Chester said, "If you will give me $2,000, I will give you a contract that you can live with." Claude said he did not have $2,000 and so informed Chester. He considered the approach "extremely peculiar." Claude said that Chester pointed out to him that a contract would cost him some $12,000 and by giving him $2,000, "I could save myself $10,000 and I should be very grateful."

A few days later Chester struck the shop. Claude said he then talked to Chester and told him that he would give him $100 a week if

Chester would leave him alone. Chester said this would be out of the question. The machine shop owner said his conversation thereafter with Chester was always directed to the health of his (Claude's) children. "Every second sentence was 'How are your children'?" Chester went on to say how dangerous it was for children to play in the streets and "how they can be run over and things like that." Claude said that when he called the police in he was told by the local captain, "You have got to make a deal with them; you have to make some kind of deal with them because they are legitimate."

Chester came back to visit Claude, and Claude said he was frightened to death. On one occasion Chester put his arm around Claude and said—

> You have got to pay us off because you are mine. No matter where you are going to move, you are mine (p. 3924).

Claude said he then closed his shop for a period of 7 weeks. He said he opened up because he began to get phone calls from his men telling him they had no money to live on, and they would like to go back to work. He said when his employees had originally gone on strike, they had been promised $25 a week, but after the first week "they were abandoned by the union." The very day he opened up Max Chester came to visit him again. On this occasion, Claude said he signed a contract and gave Chester $215. The following month he gave him the same amount. On November 1, 1954, Chester came around and asked for Christmas money and Claude gave him another $200.

Subsequently, Chester gave Claude a $220 check to cash for him and the check bounced. Thereafter he had a conversation with Chester about this bounced check.

> Mr. CLAUDE. He said, "I know that check bounced." He said, "If you cash a $130 check for me now, which I need very badly, I will give you four $55 checks predated, and you won't be out any money."
>
> Mr. KENNEDY. Now, he came to you and he said, "I know the $220 check bounced, but I want to make that good to you. I will give you four $55 checks and we will date them up."
>
> Mr. CLAUDE. "And you cash a check for $130 for me."
>
> Mr. KENNEDY. As long as you could cash that check?
>
> Mr. CLAUDE. Yes.
>
> Mr. KENNEDY. Did you cash that check?
>
> Mr. CLAUDE. I cashed the $130. I gave him $130.
>
> Mr. KENNEDY. And you deposited the $130 check in your bank account?
>
> Mr. CLAUDE. No; he gave me the $130 check, and he gave me four $55 checks.
>
> Mr. KENNEDY. And you gave him $130?
>
> Mr. CLAUDE. That is right.
>
> Mr. KENNEDY. What happened to the $130 check?
>
> Mr. CLAUDE. Well, it bounced. They all bounced (pp. 3930–3931).

This type of activity, as the committee so often heard, was not uncommon. Testimony before the committee showed that these racketeers or gangsters were in the labor movement for their self-aggrandizement and not out of any of the finer motives of helping working

men and women achieve better wages and working conditions. In fact, graphic testimony before the committee indicated that the result of racket-controlled unions was exactly the opposite.

Thousands of Puerto Rican and Negro workers in New York suffered under collusive agreements between these racket unions and unscrupulous employers. In some of these cases it was shown that the unions and the employers entered into collusive bargaining agreements which called for wage rates lower than the national minimum wage enacted by Congress. These workers were forced to join unions not of their own choosing or forced to work under sweatshop conditions in bitter cold and extreme heat, and were often passed around from one union to another, as the serfs of the Middle Ages were passed from one master to another.

A startling example of these conditions was presented by Bertha Nunez, a 27-year-old Honduras-born New York worker, who told how after her arrival in the United States she had to buy her first job for $12. This job paid her $32 a week. She said that after she had started working an organizer appeared from Local 250 of the UAW–AFL. The organizer promised the workers wage increases and many other benefits, and the employer told the workers that unless they joined the union they would be fired.

Miss Nunez said that the initiation fee for the union was $15 and the dues were $1 a week. After some of the workers had paid their initiation fee, they would be laid off so that new employees could be hired and new initiation fees collected. Miss Nunez said she had been making $36 a week and got a raise to $38, but that the union dues took one-half of this raise. There were no health or welfare benefits, no provisions for seniority; the factory was unheated in the winter and so hot in the summer that the workers could not work.

One day, Miss Nunez testified, the employees were told they had been transferred from local 250 of the United Auto Workers to local 362 of the teamsters union. This was one of the phony locals established by the teamsters in New York which became the source of great controversy during an election of the officers of Joint Council No. 16 of the teamsters in New York. The establishment of these locals, and the events which resulted therefrom, will be discussed at greater length in this report.

Finally, Miss Nunez said, the employees became so unhappy with the treatment they were receiving they went to the Association of Catholic Trade Unionists and finally succeeded in voting in a union of their own choosing. When the election was held the racket-dominated teamster locals received no votes at all, the new union received 106 votes, and no union received 1 vote.

Mario Montalvo, Puerto Rican worker, testified that in October of 1956, he went to work for the Miro Pen Co. in New York. When Montalvo went to work he discovered that there was a union in the plant, local 250 of the UAW–AFL, one of the Dio-controlled locals. He said that about 90 percent of the workers in the shop received $40 a week, or $1 an hour, which is the national minimum wage. Montalvo was told how the shop was organized. He said that a union organizer, James Iscola, had come into the shop one day and had gone in and talked with Mr. Morgan, one of the bosses, for a minimum of 45 minutes. They emerged from this con-

ference with the employer's declaration—"there is a union in the shop."

The employer then passed out the union authorization cards. Montalvo said that some of the new members had to pay $10 initiation fees but those who were the favorites of the employer did not have to pay. Montalvo said that later he asked Mr. Morgan for a copy of the contract and Morgan told him he didn't have one. He said that no union official ever came around to check on working conditions in the plant. He said there were no health and welfare benefits and no way of processing any grievances. There were no union meetings, and the employer was allowed to fire any employee he wanted to at any time. Montalvo said that because of the conditions at the plant he led a 1-day strike against the company. The employees carried around picket signs which said, "This is a racket shop. local 250 is Dio's local. Racket local must be destroyed."

As a result of this strike, Montalvo said some of the employees received a $2 a week raise and six paid holidays. No officers of local 250 appeared to help the workers in their dispute with the company. About 3 or 4 days before Christmas, Montalvo was called into the plant office where a policeman was present. His employer told him, "Because I don't trust the company and they don't trust me, I would have to leave."

In February of 1957, Montalvo went to work for the Del Pen Co., also in New York. There were about 50 employees, the average pay of whom was $40 to $42 a week. The same Mr. Iscola showed up at the Del Pen Co. in June of 1957, but this time he did not represent local 250 of the UAW–AFL, but rather local 362 of the teamsters. This is another of the teamsters phony locals mentioned above, which will be discussed later in this report. He said that Iscola and the employer attempted to have the workers sign membership cards in local 362, but that he told the other workers that Iscola was a racketeer.

Montalvo said that the employees subsequently signed up with local 485 of the International Union of Electrical Workers. At that time his boss called him into the office and told him that if he would withdraw his support of local 485 and make the workers join 362 of the teamsters, he would give him a $100-a-week job for life.

> Senator IVES. Are most of the unions where your friends, the Puerto Ricans, work, and I am also talking about the colored people in the area of New York City where you live, are most of the unions where they work run by the rackets? Are they racket unions, about all of them?
>
> Mr. MONTALVO. Not everybody.
>
> Senator IVES. Not everybody, no, but how many would you say, or how large a percentage?
>
> Mr. MONTALVO. I think about 90 percent.
>
> Senator IVES. 90 percent?
>
> Mr. MONTALVO. About 90 percent; yes, sir.
>
> Senator IVES. Are run by the rackets?
>
> Mr. MONTALVO. Yes, sir.
>
> Senator IVES. Were the Puerto Ricans and the Negroes in that area of New York?
>
> Mr. MONTALVO. Yes, sir.

Senator IVES. That is a pretty serious situation then, Mr. Chairman (p. 3801).

A number of employers testified about their relationship with these racket unions. Samuel Conoval, president of the Carnival Spraying Co., Inc., said that in 1951 he was approached by an organizer from local 102 of the UAW by the name of Benny Ross, also known as Benny the Bug, about signing up all the workers in the plant. Conoval said that he refused to go along with this, and Ross then said that he—

> * * * wanted at least 7 or 8 names regardless of who it is as long as they are on the corporation books (p. 3804).

To comply with this request Conoval put himself in the union, along with his wife, his sister, his ex-partner, and three other employees. In this manner the Carnival Spraying Co. became a union ship, even though Conoval said, to his knowledge, no union organizer ever talked to his employees.

> Mr. KENNEDY. So if any other union came around and tried to organize you, you could say, "I am already a member of a union"?
>
> Mr. CONOVAL. Correct.
>
> Mr. KENNEDY. And you would have these deductions which you would take each month?
>
> Mr. CONOVAL. Correct.
>
> Mr. KENNEDY. Were the employers ever consulted as to whether they wanted this union to represent them?
>
> Mr. CONOVAL. I spoke to them.
>
> Mr. KENNEDY. Did they vote to find out?
>
> Mr. CONOVAL. Well, they were willing to go along. There was no such thing as a regular vote. I asked them if they wanted to, and they went along with it.
>
> Mr. KENNEDY. Did you have a meeting of all of your employees as is required under the Taft-Hartley Act?
>
> Mr. CONOVAL. No (p. 3805).

Conoval said the only reason he signed up was that—

> If we didn't sign up at once, then somebody else would be around, then they would stop you on the street to get you to sign up, they would cause you some inconvenience (p. 3806).

Conoval went on to say—

> * * * don't forget, when you are a small-business man and you have to do a lot of your own work, and you have a lot of other things to think about, you will grasp at the first thing that comes along that looks best to yourself (p. 3806).

The contract which Conoval signed only called for the legal minimum wage. As to the employees, they received no other advantages from this contract. They received the same vacation and holiday provisions as existed before the contract was signed.

A similar story was told by Sidney Chernuchin, president of the All-Rite Belt Co., of New York. He testified that he signed up with local 649 of the UAW–AFL to cover eight delivery boys. The procedure and practice of the company was just to check off any eight names and send their dues in for welfare benefits and for union dues.

Chernuchin said that none of the employees had ever been consulted as to whether or not they wanted to belong to the union. Since many of the persons for which dues and welfare payments were made did not even work for the company, no benefits were derived for these employees.

Morris Ehrlich, secretary of the Eden Aero Parts of New York, signed a contract in 1956 with local 649 of the UAW–AFL and later with 362 of the teamsters. Ehrlich said he signed a contract originally after Abe Brier made a representation to him that he represented the employees. Ehrlich said, however, that Brier never showed him any signup cards. The contract again stipulated a $40 a week wage.

The CHAIRMAN. What is the advantage to you now in having this union contract?

Mr. EHRLICH. Well, it is an advantage in that it wards off others from interfering with our business by stopping employees.

The CHAIRMAN. In other words, it prevents a legitimate union from coming in there and organizing those people and trying to honestly represent them and get benefits for them. That is the truth about it, is it not?

Mr. EHRLICH. That is not, sir. When I first met Mr. Brier, I had no idea who he was. He was just another organizer. Somehow he appeared to be an honest man. He never asked us for a nickel; we never gave him a dollar. It was the understanding right from the very beginning he wanted nothing from us outside of the union dues.

The CHAIRMAN. And that you agreed to pay?

Mr. EHRLICH. Yes, sir.

Mr. KENNEDY. That is the point of today's hearing, Mr. Chairman.

The CHAIRMAN. That was getting something from you, was it?

Mr. EHRLICH. Well, if you were approached like we were, sir, over the years, by many, many people who wanted nothing but money, we were happy to stand with somebody who had, as we understood it to be, a legitimate union.

The CHAIRMAN. He offered to do it for less. He would just take eight members.

Mr. EHRLICH. We made the best contract we could, naturally.

The CHAIRMAN. I am sure. I do not doubt that. But does it not seem to you, and you appear to be a pretty intelligent fellow, that from a proper analysis of it, you recognize it as a racket?

Mr. EHRLICH. I think the trouble is with the system, sir.

The CHAIRMAN. The what?

Mr. EHRLICH. With the system itself, the entire system. It should be overhauled.

The CHAIRMAN. It is a system that is a racket. That is the way you understand it, is it not?

Mr. EHRLICH. We are forced to do these things (p. 3821).

Mr. Ehrlich went on to say:

> We make the best possible deal. We cannot voluntarily, unless we are forced to, give more than we have to because we can be put out of business at once. I have seen unions approach us with most extraordinary deals—10 percent welfare, $5 a month dues, and everything. We cannot stay in business. We have to make the best deal we can (p. 3824).

It should be pointed out that the contract signed by these employers with these racket-controlled unions had the effect of preventing legitimate union organization in these plants. The advantage to the employer was that he could wave a contract in the face of any union organizer and declare he was already signed up. The fact that these contracts were substandard also resulted in financial gain for the employers involved.

In presenting the overall picture of the activities of these Dio-Corralo controlled locals, John McNiff, executive secretary of the Association of Catholic Trade Unionists in New York, which has made a detailed study of the situation, declared:

> We have seen how countless incidents of labor-management collusions have resulted in the destruction of democratic trade unionism and have brought forth such fruits as racketeer control of unions, misuse of union funds, bribery, and extortion. It cannot be stressed too often that the worst evil of all in the trade-union picture today is collusion between crooked management and crooked unionism because such collusion necessitates the total annihilation of all the democratic procedures which act to check the officers of any union, because such collusion negates any grievance procedures which act to protect the employee, because such collusion makes collective bargaining, contract negotiations, and ratification a joke, and because, in short, such collusion obliterates the whole purpose behind American democratic trade unionism.
>
> The standard procedure for companies and unions involved in this collusion designed to exploit workers follows these lines:
>
> I. The union approaches the employer or is called by him to ward off unionization by a group genuinely interested in protecting the workers.
>
> II. A contract is signed which has all or most of the following characteristics:
>
> 1. A wage scale of a few cents above the legal minimum of $1 an hour, or a weekly average of $40 to $42 a week.
> 2. Two to four holidays.
> 3. No sick leave.
> 4. Little or no vacation pay.
> 5. No welfare benefits.
> 6. No seniority; and
> 7. A promise—always fulfilled—and no enforcement.
>
> III. From the signing of this initial "gentlemen's agreement" between the company and the union, the labor-management climate existing in the factory or shop covered by such a contract may be described as follows:

1. The workers are afraid of both union and company.
2. No meetings of the union are ever held.
3. The workers are flatly refused a copy of the contract they work under.
4. Workers who protest are fired without redress.
5. The "business agents" of these unions are unknown to the workers. Their yearly or semiyearly visits are confined to conferences with the employer.
6. If an occasional shop meeting is called it is held in the presence of the employer.
7. Union elections are unknown (pp. 3757–3758).

Mr. McNiff charged that much of what was going on in the New York area could not take place without the "happy cooperation of employers and their representatives." As an example he cited Marshall M. Miller, a labor relations consultant, with offices in New York. He said that Miller was formerly an organizer for the Upholsterers International Union who had been fired for making collusive deals with employers in New York in 1949. McNiff said that following this Miller went into the business of management consultant.

McNiff said that Miller first came to the attention of his organization—

> when he appeared, representing three different employers who have contracts with ex-bookmaker turned union leader, Archie Katz, president of local 229 of the United Textile Workers. He appeared at many NLRB proceedings, and in open cooperation with Katz attempted to keep the shop under 229 control (p. 3763).

McNiff said that Miller had formed the Textile Trades Association—

> the real purpose of which is by way of a union-dominated employer association, to write a master industry-wide contract to prevent the workers in individual shops from decertifying local 229.

McNiff said that the average wage in local 229 was $40 a week, "no welfare benefits, no seniority, no grievance procedure, and no one even knew the union existed. Obviously the type of industrial peace which was fostered by M. Miller." McNiff pointed out that in addition to all these activities, Miller was also a consultant to a New York State legislative committee on industry and labor.

Miller demanded an opportunity to testify before the committee to deny the accusations made against him by McNiff. When he appeared in Washington, he changed his mind and said he did not want to testify. When apprised, however, that the committee had derogatory information, he reversed his field and did testify. Miller said his association had to do with a master contract with local 229, but that he had never represented Archie Katz or held himself out as a representative of Mr. Katz.

However, José Lumen Roman, a reporter for El Diario, a Spanish daily newspaper in New York and a commentator on Spanish language radio and TV programs, testified that he had made some investigations into the working conditions of various Puerto Rican

workers who had been employed in plants which had contracts with local 229. He wrote some articles about these conditions and received a visit in 1956 from Archie Katz, who complained about the articles he was writing. He said Mr. Katz was "very rough and threatened to sue me and the paper if I didn't give him a chance to express his point of view." Roman said that he invited Katz to appear on his television show, and the following Sunday Katz appeared with a doctor, a nurse, and Mr. Marshall Miller. Also, on the program were some workers who were complaining about what went on.

Roman wanted to make sure that none of these workers would be discriminated against if they appeared on this program and was assured by Katz and Miller that they would not be. Three of them, however, were subsequently fired.

Before the program Roman had a conversation with Miller, at which time Miller told him he was a labor consultant and was also representing Mr. Archie Katz. Miller also offered Roman a job heading a Spanish language newspaper for a union and asked him for a contribution for a toy drive he was conducting for a newspaper.

Miller went on the broadcast and defended the welfare plan of local 229. Following the broadcast Miller went to Roman's superiors and identified himself as a consultant to unions and a consultant to the State of New York legislative committee. He persuaded the editors to allow him to write a column on industrial relations. Roman said that as soon as his columns appeared and "their slant became evident' he informed the editors of Mr. Miller's conduct on his, Roman's, television show.

Thomas A. Rizzo, a New York attorney who represented employees in a number of plants which had contracts with local 229 of the UTWA, said that when his clients attempted to institute decertification petitions against the union, these attempts were opposed by Marshall Miller represening the employers. Affidavits were presented to the committee from officials of the National Bedding and Upholstering Manufacturing Board of Trade in Manhattan and the Sharco Manufacturing Co. in the Bronx, to the effect that while an official of the Upholsterers Union, Marshall Miller had solicited payoffs from the Sharco Co. There had been some dispute with the Sharco Co. about retroactive pay amounting to $600. Miller was reported to have told the officials of the Sharco Co. that instead of giving the workers the $600, they should give him this money, and he would straighten the matter out.

This testimony, therefore, clearly showed that Miller had an association with Mr. Katz, and further that while a union official he had solicited payoffs from employers with whom he negotiated.

With all these activities going on in New York, as described above, Dio's control and influence within these various UAW–AFL locals continued to grow.

Lester Washburn, the former international president of the UAW–AFL, said he noted a continuing association between Dio and James R. Hoffa, the teamsters' boss. Washburn said that soon after

Dio became actively involved in the operation of local 102, the matter of organizing taxicabs in New York came up.

> Mr. WASHBURN. To begin with, of course, shortly after we got started in New York, this question of organizing taxicabs came up. I was opposed to that, by the way.
>
> But especially in that particular organizational effort, and after learning what the history of the rackets in New York was, you could see pretty well the advantages to any underworld organization to have control of the taxicab drivers of New York.
>
> It would be a pretty powerful outfit with approximately 30,000 members, if they succeeded in organizing them (p. 3699).

Members of the committee were particularly interested in what Jimmy Hoffa could possibly gain by his friendship with Johnny Dio:

> Mr. WASHBURN. If Jimmy Hoffa thought, I suppose, that Johnny Dio had some connections in New York that would make him a good emissary of his in the organizational field, or in compromising people to be on Jimmy Hoffa's side, I would say then Jimmy Hoffa might be using Johnny Dio for the purpose of gaining power.
>
> That would be the only thing I could see in the labor movement.

Washburn went on to say that Hoffa wanted to expand his sphere of influence in the New York area, and at that time had his eyes set on the presidency of the teamsters union.

> * * * and I suppose he felt that Johnny Dio was influential in New York among certain forces and Johnny Dio might be able to help him gain control of the New York Joint Council of Teamsters.

Washburn was emphatic that he had been able to find out the character and reputation of John Dioguardi and "* * * if I could find out, I am certain that Jimmy Hoffa could have, and probably did" (p. 3704).

Washburn said that when he subsequently ejected Dio and his racket-ridden locals from the UAW–AFL, there was a State convention of the teamsters union in Michigan, and Jimmy Hoffa was in attendance.

> * * * I wasn't there because I had just resigned. It was just a few days after I resigned. But Jimmy Hoffa made a statement to the press out at the Grand Rapids convention to the effect that this business of charges of racketeering and all of the charges against Dio that I had made was rather silly and asinine because there was no truth in them, and now that the charters had been restored and Johnny Dio had been reinstated back in the union by the international and executive board after I left, that everything was peace and harmony in New York. That was the statement that he made (p. 3705).

Washburn said that Dio's power in the New York area grew as time progressed until he became New York regional director of the UAW–

AFL. He said that Dio did most of his business with Anthony Doria and seldom contacted him even though he was international president of the union. Eventually an effort was made by the teamsters union to take over the taxi organizing drive of the UAW–AFL in New York. Part of this deal included the bringing of Johnny Dio into the teamsters union. Washburn said that he understood that Hoffa was in favor of bringing Dio into the teamsters but he credited George Meany, the president of the AFL–CIO, for blocking the deal.

On April 22, 1954, Washburn said he became disgusted with the entire Dio operation in New York and suspended him as an officer of the union and revoked the charters of locals 214, 224, 225, 227, 228, and 355 of the UAW–AFL. John Dioguardi was at that time serving a prison term for violation of the New York State income tax laws—a violation which incidentally arose out of his receiving a payoff from a Pennsylvania dress firm for keeping the firm nonunion.

It should be reemphasized here that during much of the time that Dio was associated with the UAW–AFL movement in New York, he maintained his position as an employer. In the particular instance mentioned above, Dio had sold out his interest in an Allentown, Pa., dress firm and received an additional $11,500 from the new buyers for persuading unions to allow it to remain nonunion.

Washburn said that Dio appealed his action in firing him and that a special meeting of the international executive board was held to consider this appeal. By a vote of 7 to 2, Washburn was overruled, the charters reinstated, and Dio brought back into the union. Only two members of the international executive board of the UAW–AFL voted to support Washburn. They were Morris Weintraub, regional director of region 4, which included western Ohio and Kentucky, and Edward Donohue, regional director for western Michigan. At this point Washburn resigned as international president of the union.

Following Washburn's resignation, the UAW–AFL executive board made an inquiry into Dio's activities. Morris Weintraub said Dio appeared before members of the executive board. He added that Dio did not strike him as a person who was forthright in his answers. Before the meeting came to a close, Dio offered to resign his post in the union. This, according to Weintraub, brought a violent reaction from Anthony Doria, who

> more or less stated that he thought we were persecuting Dio because, if we were going to proceed on hearsay evidence and expel people from an international union, the labor movement was done for because that would always be the charge by employers (p. 4194).

Two conflicting stories emerged from the testimony relative to Dio's exit from the UAW–AFL. One concerned the amount of money originally authorized to be paid to Dio on his departure, and the other related to what supporting vouchers were present to warrant any reimbursement whatever to the New York UAW–AFL leader. Weintraub said he went home from this New York executive board meeting and received a telephone call from Earl Heaton, the new international president of the union who had replaced Lester Washburn. Heaton said Dio spent considerable sums of money while connected with the union and had made an offer that, if he could be

reimbursed for these sums, he would resign without any further activity.

Weintraub said Heaton told him this was going to be $10,000, but that—

> any payment that would be made to him would be substantiated by actual receipts, showing that he actually expended that money upon behalf of organizational work in the New York area (p. 4195).

Weintraub said he later understood that Dio had been paid $16,000.

Heaton said that after the meeting in New York at which Dio's qualifications for union leadership had been examined, he told Dio that he felt he should resign. Heaton said it got down to a discussion of the money which Dio said he spent on behalf of the union. Heaton said he understood that Dio had made arrangements with Doria for the repayment of these sums. The president of the UAW–AFL testified that Dio produced vouchers substantiating his expenses to Anthony Doria. Heaton said, however, that he had never actually seen the vouchers himself, but he took Doria's word for the fact that they amounted to $16,000.

The committee pointed out to Heaton that it had obtained what vouchers could be found in this connection, and that they totaled $5,138.83. There was no identification, however, showing that these vouchers had anything to do with Dio.

> Mr. KENNEDY. How could you pay somebody $16,000, when most of the vouchers that you could come up with, possibly, was $5,138.83, and there was no proof, even there, that this was Mr. Dio's money?
>
> Mr. HEATON. Mr. Doria told me that there were vouchers that would substantiate that, and I didn't question him any further (pp. 4215–4216).

Anthony Doria gave an entirely different version of the payment of $16,000 to John Dioguardi. Doria declared—

> As a matter of fact, I originally found out about the $16,000 agreement from John Dio himself. I did not come into that meeting until late, and I was coming in from Los Angeles.
>
> When I got into New York, John Dio notified me that he had agreed to resign and that a settlement had been made to pay him $16,000 for the vouchers that he had that he was still holding from local 102 (p. 4286).

Doria said that Johnny Dio submitted "a whole stack of vouchers" but "I did not review them and I did not make the deal." Doria said that the deal was made with Earl Heaton and the first he found out about it was from Johnny Dio himself. Only a few paragraphs later in his testimony Doria contradicted this statement.

> Mr. KENNEDY. * * * You testified before the committee that you had not even looked at the vouchers.
>
> Mr. DORIA. I didn't say I hadn't looked at them. I had not reviewed them for the exactness of the amount, but I knew Johnny Dio had more than $16,000 worth of vouchers.
>
> Mr. KENNEDY. How?

Mr. DORIA. By virtue of being as close to the activities as I was in the organizational progress in New York (p. 4287).

The testimony of Doria and Heaton on this point showed that this $16,000 had been paid to Dio without any top officer of the union taking responsibility for the action.

Dio was not the only one who found out that "you can't take it with you" in the UAW–AFL. Doria testified that although Angelo Inciso, head of the Chicago local of UAW–AFL, had been charged by the Douglas-Ives subcommittee of the United States Senate with the misuse of union funds, he was allowed to leave the UAW–AFL with the entire treasury of his local intact, some $300,000. This also followed a resolution of the UAW–AFL international executive board, which stated—

> By his expenditures of local union funds, which expenditures did not bear a reasonable relationship to the purposes for which such local union was chartered.

However, Doria himself profited from his eventual departure from the UAW–AFL, according to Heaton. In February 1957, after the AFL–CIO executive council gave the union 90 days to clean up corruption found by the ethical practices committee, it was decided to comply with this ultimatum. Doria would have to be expelled. According to Heaton, Doria wanted $50,000 in settlement for "getting out without a trial."

Later, according to Heaton, Doria changed his mind and threatened to sue the AFL–CIO for $1 million for defamation of character. Heaton said "to stop the publicity and harassment and get ourselves cleared," it was agreed that Doria would be given $80,000 and a Cadillac if he would leave the union. At the time of the committee hearings, Doria had received $25,000 and a Cadillac, and held a note against the union for the balance. The union, however, had reconsidered its position and was balking at paying the rest of the money.

In his appearance before the committee, Doria proved a voluble witness. Testimony clearly showed, however, that he had engaged in innumerable questionable practices as a union official. Among the items cited were the transfer of part of the $30,000 union fund into his personal bank account; the transfer of moneys from defunct UAW–AFL locals into his personal bank account; his use of a little black box to carry around union funds. The little black box occupied the interest of the committee. Doria said it was kept in "one of the rooms right adjoining my own private office," on a "special shelf that was made for it." It was not a wooden box, but a "fireproof box." Doria said only he and Heaton knew about this box. Doria would not state any amount that was in the box at any one time, but the chief counsel pointed out to him that, at one time, there was at least $14,000 in the box which had come to him from two defunct locals of the UAW–AFL, a point to which Doria agreed. (In the UAW–AFL, as in other unions, locals went out of business from time to time for want of membership or other reasons. It is locals of this type that are referred to here as defunct locals.)

Doria said that when the international moved its offices from Milwaukee to Beverly Hills, Calif., he took the box with him. He said

he carried the union money in the box in envelopes separate for his own money so they would not get mixed up. Doria said moneys were expended out of the box, but no records kept of them—

> because, as I have explained to you half a dozen times or more, these were not considered international properties as such when they came in from a defunct local.

Doria said he would make notations on an envelope in the box that he took money out, but he told the committee he had no idea where those envelopes were. "Further than that," he lamented—

> I don't know where the box is any more because I used the box when I went down to Arizona and I had it in my car with some mine papers, and the box was lost out in the mountains of Arizona.

Doria said he had never had an audit made of the funds from the defunct locals which passed through the box:

> One of the considerations was this: throughout my administration as secretary-treasurer, if we had established an auditing system for those funds, I compute that the clerk and the auditor necessary to supervise those would have cost the union $250,000.

This statement on Doria's part moved the chairman to remark: "It is too ridiculous even to pay any attention to."

> Senator CURTIS. How much money went through that box that it would take $250,000 to audit?
>
> Mr. DORIA. Not to audit that box, but there would be no object in auditing that box without auditing the sources, and the minute you audit the sources you have got a traveling auditor, and when you have a traveling auditor you need a clerk, and just take the salaries of the two over the period since 1944 and see if you come up with any other answer.
>
> Senator CURTIS. Well——
>
> Mr. DORIA. You would have to do that, because if I had come before this committee and said, "Gentlemen, I only audited $40,000 or $50,000 in a period of 15 years," you would say, "Doria, if you had enough intelligence to audit it for 14 years, the $50,000 that you may have spent, how come you didn't finish the rest of it?" I would have been in the same position (pp. 4351–4352).

The elusive witness was finally pinned down on the question of whether or not the union would have done as well to put the funds into a bank instead of a little black box.

> Mr. KENNEDY. Mr. Doria, just if you could answer this briefly: how much more would it have cost the union to put this money in a bank rather than in your box?
>
> Mr. DORIA. It isn't the cost. That was a matter of procedure that had been established, and that was not the cost that determined the idea of separating those funds. It was the procedure that had been established.
>
> Mr. KENNEDY. Could you answer the question?

Mr. DORIA. To me, there would have been no cost involved (p. 4353).

Doria also testified that he had made arrangements to sell the union building in Milwaukee to a real estate broker, Spiros W. Kallas, with whom he had formerly been associated in business. The building was sold to Kallas for $80,000, who turned around within 6 weeks and sold it for $116,000. Testimony also showed that following this transaction Doria received $25,000 from Kallas, which Doria said was for a joint investment project.

Weintraub testified that Doria had attempted to stack the 1955 convention of the UAW–AFL in Cleveland. The device used was adding to the voting strength of the New York locals. This is particularly significant because the same New York UAW–AFL locals were later used in another vote-packing scheme, this time in connection with the election of Joint Council No. 16 of the teamsters in New York, which will be discussed at length later in this report.

Weintraub said there were indications Doria would be defeated at the 1955 election where he, Weintraub, was a candidate against Doria. Through one executive board resolution, the credentials committee was stacked with pro-Doria members. The most important resolution passed by the executive board, however, was one which authorized splitting up of amalgamated unions into shop units. The significance of this, as the committee was informed, was this:

The locals in New York City were made up of members from various shops. One local, for instance, local 250, had members who were dogfood makers, optical workers, printers, notebook manufacturers, and crucifix platers. Under the arrangement as adopted by the executive board the UAW–AFL, each one of these units would have 1 vote, whereas the entire local may have had only 1 vote prior to this amendment. Weintraub said that a local union in his region had close to 5,000 members and had only 10 votes, while one of the New York locals with 500 members may have had 20 votes. Even Angelo Inciso could not stomach this vote-stacking, according to Weintraub, so the plan was abandoned and Inciso was persuaded to cast his vote for Doria on the strength of a promise that he would be made regional director of the UAW–AFL. This was done, but 2 weeks later Inciso was expelled from the union, as pointed out above.

Now, as mentioned before, Dio severed his relationship with the UAW–AFL in 1954, but this separation proved a rather nebulous thing, as further testimony developed. Witnesses testified that Dio was able to exercise control of certain locals of the UAW–AFL to the extent that he was able to put picket lines on and remove picket lines from certain establishments. Evidence produced before the committee also indicated that, although Dio was not connected with the union after May of 1955 and the payment of the $16,000, Doria continued to send copies of important documents pertaining to UAW–AFL organizing activities in New York to Dio's attention. A number of letters addressed to Joseph Curcio, who became regional director of the UAW–AFL in the New York area after the resignation of Dio, were marked "cc John Dioguardi, Bookkeeping Department." In fact, Doria even sent a letter to Dio himself on October 21, 1955, which gave a report on per capita tax collections from

locals 224, 250, and 355 in the New York-New Jersey area, and ended with the paragraph:

> You can send me proper billings for the $1,059 at your earliest convenience.
>
> Fraternally yours,
>
> ANTHONY DORIA.

Doria's explanation of why he kept Dio apprised of UAW–AFL activities in the New York area after his resignation was this:

> Mr. DORIA. That could have happened under these circumstances. I don't recall it. But there is a possibility as to how that could come about, either on a visit that Johnny Dio might have made to the west coast, or either on a visit that I might have made to New York where I talked with Johnny Dio and requested him either to contact Curcio or somebody, that the reports were not coming through, and if he saw them, to please advise them of it.
>
> As I said, I have never stated to you and will never state to you that I completely blocked out Johnny Dio when he resigned. I was in contact with him all the time as a friend. Socially we have been in contact. His family has visited my family on the coast. I visited his family as recently as a few weeks ago. We didn't part company completely.
>
> Therefore, I would have, as I stated before, not hesitated if I thought he could have been of any help, to invoke himself in dealing with the people that he originally dealt with. It is quite possible that it might have happened.
>
> I wish I had more detail on it that I could give you (p. 4296).

Doria was confronted with the evidence that Dio, after leaving the UAW–AFL, had set up a company known as Equitable Research Associates, which represented management firms and in many cases assisted them in avoiding unionization. Chief Counsel Kennedy also confronted Doria with the evidence that Dio had successfully placed pickets for local 224 of the UAW–AFL on a firm, Rockaway Motors, after he had left his union position.

> Mr. KENNEDY. That is quite an advantage, is it not, for somebody who is in labor-management advisory position, that he can put pickets on and take them off for a union?
>
> Mr. DORIA. You mean as an adviser to management?
>
> Mr. KENNEDY. Yes, and he is the one who makes decisions as to whether pickets will be put on a place.
>
> Mr. DORIA. I would say that would be a beautiful arrangement if you wanted to exploit it; yes.
>
> Mr. KENNEDY. But he wasn't the type?
>
> Mr. DORIA. He wasn't the type that would do that (p. 4291).

Much of the testimony before the committee during the New York hearings concerned the attempt of certain elements of the teamsters union to take over the organizing drive of the taxicabs by the UAW–AFL and bring that local into the teamsters along with Johnny DIO. From the testimony which developed, two unmistakable

points were established: First, there was a definite attempt to bring Dio into the teamsters, and his principal sponsor and mentor was James R. Hoffa, despite his testimony to the contrary; second, in attempting to assist Dio, Hoffa worked at cross-purposes with a teamster group headed by Sixth International Vice President Thomas Hickey.

At the outset Anthony Doria admitted that Dio was conducting negotiations for entry of the Taxi Local 102 of the UAW–AFL into the teamsters and that Dio's principal contact was with James R. Hoffa. Doria admitted he had gone to Miami and met there with Dio and Hoffa to discuss this subject.

For his part, Hoffa also admitted that he had met in Florida with Dio and Dave Beck, the international president of the teamsters union. Hoffa said he took the position that the taxi organizing drive in New York should be under the direct jurisdiction of the teamsters union. He said he and Beck discussed the question of bringing the existing UAW local into the teamsters. According to Hoffa, Dio made the statement that he believed it could be worked out and that the UAW organization could come into the teamsters union. However, according to Hoffa—

> Dave Beck made it plain that he could not and would not issue a charter to Dio.

In the remainder of his testimony, however, Hoffa maintained the solid position that, while he wanted the UAW–AFL local to come into the teamsters, after his conversation with Dave Beck in Miami, he did not care whether Dio came in, and made no effort to assist Dio's entry into the teamsters. Hoffa made this contention in the face of the evidence, which clearly established two facts: (1) That Dio was general manager of local 102, and its prime mover; and (2) that Hoffa did, in fact, assist and give comfort to Dio at every turn and work against the interest of the teamsters vice president, Thomas Hickey.

Hoffa admitted participating in a meeting in New York at which the whole subject was discussed. He said he was not pressing for the entry of Dio at this time.

> Mr. KENNEDY. Did you take the position at that meeting that Mr. Dio should come into the teamsters union?
>
> Mr. HOFFA. It was not a question at that meeting of Mr. Dio coming in, because Mr. Beck had made it plain at that meeting that I was at that Mr. Dio could not come in.
>
> Mr. KENNEDY. Could you tell me if, at this meeting, the meeting in New York, you argued for the position that Mr. Dio should come into the teamsters union?
>
> Mr. HOFFA. I don't believe that I argued any such a position. I understand that some have interpreted it as such, but it is my recollection that I argued as I did in Florida, that, if we were going to launch a successful cab organization, that we should take in the executive board of the then existing union and issue a charter to those individuals.
>
> Mr. KENNEDY. That would be with the exception of Johnny Dio?
>
> Mr. HOFFA. Dio, I do not believe, was an officer of that organization.

Mr. KENNEDY. Then he would not have had any part in that at all?

Mr. HOFFA. Well, I don't believe that Dio came under discussion, to my recollection, of coming in after the meeting in Miami, where Dave made it clear that Johnny Dio could not come into the teamsters union.

Mr. KENNEDY. And you never argued for Dio coming into the teamsters organization after that time?

Mr. HOFFA. Not to my recollection. There seems to be a difference of opinion, but not to my recollection.

Mr. KENNEDY. Mr. Hickey's testimony before the committee was that you argued very much in favor of Dio receiving a charter from the teamsters union at this meeting in New York.

Mr. HOFFA. Well, as I say, there can be a misconstruction of my argument, because I was arguing that the then present officers of that organization bring their membership into the teamsters union.

I do not recall making a statement concerning Dio as such. I don't recall it (pp. 5112–5113).

A series of telephonic communications between Hoffa and Dio showed that Hoffa not only was backing Dio's entry into the teamsters union but was actively taking Dio's part against the already constituted teamster organization headed by Thomas Hickey and John Strong.

On February 26, 1953, Dio told Hoffa that John Strong, a teamster official in New York, had said that "102 has been wiped off the map." Hoffa told Dio "I better get a hold of Dave Beck."

On March 10, 1953, Hoffa said he had talked to Beck a half dozen times about the charter. He told Dio—

> Somebody was putting the rap against you. I don't know who the "H" he is * * * but, when it comes up, we'll be there anyway—if there's any "D" trouble, we'll be there to defend it (pp. 5156–5157).

On May 7, 1953, Dio again called Hoffa. This particular call is significant because it was made just before a meeting at the Hampshire House in New York. In the call, Dio told Hoffa that "I think we are going to have about 20 strikes before that meeting," to which Hoffa retorted:

Mr. HOFFA. Well, that's good.

Mr. DIO. You know what I mean?

Mr. HOFFA. I think it's good; it will stimulate the activities.

Mr. DIO. It will stimulate the activities and don't let the other guy—them how much he controls.

Mr. HOFFA. Right.

Mr. DIO. You know what I mean?

Mr. HOFFA. Right.

Mr. DIO. Well, the reason before I pulled it I thought I'd consult with you on it.

Mr. HOFFA. I think that's [inaudible] show him who the—got the people (pp. 5188–5189).

In the testimony of Tom Hickey related above, he said that Hoffa was actually much impressed with the fact that Dio had been able to close down certain barns of taxis. This phone conversation shows conclusively that Hoffa and Dio were discussing strategy together, and were attempting to foment activity in New York to impress those attending the Hampshire House meeting that Dio had real control of the taxi organizing drive.

On May 12, 1953, the day before the Hampshire House meeting, Dio called up Hoffa and said he would pick Hoffa up at the airport. Again he told Hoffa about some quickie strikes he had been pulling at various cab companies. In the conversation, Dio said to Hoffa:

> DIO. I still say I'm ready to lay it on the table.
> HOFFA. Good, ah—when, ah—when we get in there we'll outline what we're going to do tomorrow (p. 5195).

Hoffa continued to insist that, while he was in favor of the entire UAW–AFL taxicab organization coming into the teamsters, he had no particular interest in whether or not Dio was allowed to come in. Phone conversations among Dio, Lawyer David Previant, and Richard Kavner, a teamster official in St. Louis, indicated that Dio was attempting to get derogatory information with which to embarrass Teamster Vice President Tom Hickey. Dio called Previant and asked him for the phone number and address of "Dick, out in St. Louis." Previant then provided Dio with the address and phone number of Dick Kavner.

> DIO. Uh, all right. Because I'm getting some of those congressional things, you know.
> PREVIANT. Oh, yeah.
> DIO. And that's the same guy, Al Friedman that I was trying to find out his first name.
> PREVIANT. Uh-huh.
> DIO. Because he was involved out there with Harry Bridges.
> PREVIANT. Oh, I see.
> DIO. Some time ago.
> PREVIANT. I see.
> DIO. And if that doesn't do it, I spoke with Jim——
> PREVIANT. Yeah, I meant to ask you that.
> DIO. A couple of minutes——
> PREVIANT. What did he say?
> DIO. And it's only the one miserable character——
> PREVIANT. Uh-huh.
> DIO. And we just got to work around it.
> PREVIANT. Yeah. I imagine Jim is still optimistic, isn't he?
> DIO. I'm listening to you now, don't worry. I'm worried, but you say don't worry, so I'm going to try not to.
> PREVIANT. Well, look, you're in good hands. If anybody can do it, this guy can do it.
> DIO. Look, Einar Mohn, everybody, everybody was talking, so——
> PREVIANT. Yeah.

DIO. Let's see. You know the operation was a success, but the patient died. That's what I am worried about.

PREVIANT. [Laughter.]

DIO. You know what I mean?

PREVIANT. Right.

DIO. But in the meantime we'll try—look, I never give up.

PREVIANT. I know.

DIO. I don't never give up, David.

PREVIANT. You would have given up a year ago if you were giving up (pp. 5167–5168).

After hanging up from this conversation, Dio turned around and called Kavner and asked Kavner to provide him information on a "guy named Al" who worked in the office of vice president Hickey:

DIO. I'll tell you, that guy's name is Al.

KAVNER. It is Al?

DIO. Al.

KAVNER. Al Friedman?

DIO. That's right.

KAVNER. O. K.

DIO. That is why——

KAVNER. I'm pretty sure he is a Commie.

DIO. Well, that we know he is for a fact here. I gave you that slip; didn't I?

KAVNER. Yeah, I got it.

DIO. Well, that we know he is. There is some more stuff on him, which I didn't get yet, but I'll get it. In fact, I got some stuff on "Honest" Tom.

KAVNER. Yeah?

DIO. Yeah.

KAVNER. That should be interesting.

DIO. Yeah. Which I'm going to give to Jim.

KAVNER. Listen, do you want me to get the record of both of those guys, right?

DIO. Yeah.

KAVNER. I'll get the record of both of those guys. Shall I mail it to you or Jim?

DIO. No; mail it to me. Jim—they are going to meet in New York, you see, with the committee, and I want to shoot out there and bring everything over there.

KAVNER. All right. Fine.

DIO. Dick, I don't want to impose upon you, but as fast as we possibly can get it, because we would like to get it before that executive council meets, see, so we can meet amongst ourselves.

KAVNER. I'll get on it this afternoon. I was just waiting for his first name to make certain (pp. 5168–5169).

* * * * *

Mr. KENNEDY. So this information, this derogatory information, was to be gathered on an associate of Mr. Hickey, and on Tom Hickey, and that the information was to be discussed with you by Mr. Dio, No. 1.

No. 2, it shows clearly, and it should refresh your recollection on this, that Mr. Dio was anxious, himself, on this taxi-

cab matter; that he was working with you, that he was not adverse and on a different side from you, but he was working with you in this connection; and that, if you were anxious to bring the taxicab organization over, he was also anxious to bring the taxicab organization over.

Mr. HOFFA. Well, I think we are getting to the point now where I think we better try and get this straightened out. I never denied, if you will remember the fact, that I was trying to get the officers of the then chartered UAW taxicab union into our organization. And there was an honest difference of opinion between Hickey's views and my views, but not necessarily was there a dispute between Hickey and myself to the point that there could be an argument, if I can recollect the problem (pp. 5170–5171).

Despite Hoffa's disclaimer, his activities with Dio, and his assistance to Dio in getting derogatory information on an employee in Hickey's office, could not be construed as Hoffa attempted to construe it—as an honest difference of opinion.

For his part, Teamster Vice President Thomas Hickey said he heard early in 1953 that John Dioguardi was attempting to organize taxi drivers. Hickey said he was attempting to organize them himself at the time. He said that he advised his organizers not to pay any attention to what the organizers for Dio's local 102 were doing.

Hickey told about a meeting which was held early in 1953 in the Hampshire House in New York, attended, among others, by himself, Johnny Dio, James R. Hoffa, Dave Beck, and Anthony Doria. At this meeting there was a discussion as to whether the Hickey-led teamster drive would take over the entire taxicab organization or whether it would be turned over to local 102 and John Dioguardi. Dio represented the interests of local 102 at this meeting, according to Hickey.

Mr. KENNEDY. And at that time, had you understood by that time that Mr. Dio was being backed in his efforts by Mr. James Hoffa?

Mr. HICKEY. Mr. Hoffa at that meeting asked Mr. Beck to give the charter to 102.

Mr. KENNEDY. And to Mr. John Dio?

Mr. HICKEY. Well, Dio represented the local union at that time.

Mr. KENNEDY. So, if the charter was given to local 102, it would be a teamster charter that would be granted to Johnny Dio, is that right?

Mr. HICKEY. That is correct.

Mr. KENNEDY. And that is in 1953 at the meeting at the Hampshire House?

Mr. HICKEY. That is right (pp. 4749–4750).

Dio spoke to the meeting and said he had been working on the taxi organization for some time, that he had spent $200,000 thus far in this effort and was willing to spend another $200,000 if he could get a charter from the teamsters. Hickey said that he opposed the idea of local 102 and Dio's getting a teamster charter "bitterly."

Mr. HICKEY. I told them that the teamsters were well able to take care of the taxicab drivers, that they had been the forgotten man of the industry, and that we had an organization set up; we had enough people working for the teamsters union to take care of their situation as it should be taken care of, and that we didn't need any help or advice from the UAW.

Mr. KENNEDY. What did Mr. Hoffa say at this meeting?

Mr. HICKEY. Mr. Hoffa interceded for Mr. Dio, and indicated that the teamsters were in no position to organize them, that our efforts would not be as successful as 102's efforts under Mr. Dio.

Mr. KENNEDY. Why did he say Mr. Dio could do it better than the teamsters?

Mr. HICKEY. Well, he went on to describe a tieup that was in effect at the time with one of the transportation companies there that Dio had pulled at the time Mr. Hoffa was in New York. It impressed Mr. Hoffa no end, the fact that he had this particular barn tied up at the time (p. 4750).

As the phone conversation between Hoffa and Dio disclosed above, the demonstrations of strength by Dio at the various taxi barns in New York just prior to the Hampshire House meeting had been contrived by Dio and Hoffa. Hickey said that he had not learned until recently that secret meetings had been held in Florida and Washington, D. C., between Hoffa and Dio, in continuation of Hoffa's effort to bring Dio into the teamsters.

The most concerted effort by the hoodlum and racketeer element to gain major power in the New York area came in late 1955, with the attempt to capture control of Joint Council No. 16 of the International Brotherhood of Teamsters in New York.

The strategic importance of Joint Council No. 16 cannot be overemphasized. New York, probably more than any other city in the United States, is dependent upon services for its economic life. In these services the teamsters play the key role. It is teamsters, for example, who deliver milk, bread, coal, oil, pick up garbage, haul materials from the docks and airports, control the flow of vegetables and other foodstuffs—just to mention a few of the more important items.

Thus, to control the teamsters in New York is to control this flow of commerce. Joint Council No. 16 is the most important body of the teamsters in New York, and its principal power stems from the fact that the joint council must approve strike sanction for any local and, more important yet, must make the decisions as to whether or not other labor unions are to receive teamster union support in any strikes.

The success of a strike by almost any labor union depends to a great measure on the support or lack of support it receives from the teamsters union. The joint council is run by delegates from the various teamsters locals in New York. There are seven delegates from each teamster local, regardless of the size of the local.

The plan put into operation in late 1955 was extremely simple. It consisted of arranging for the chartering of a number of new locals in the New York area, each of them to have seven votes in the joint

council election. The seven locals involved represented 49 votes—more than enough to tip the balance in favor of John O'Rourke, who, testimony showed, was the candidate of James R. Hoffa, John Dioguardi, and Anthony (Tony Ducks) Corallo.

The origin of these locals—and they are herein called phony locals because at their inception and for some time thereafter they contained no new members—came with the racket-ridden locals of the UAW–AFL. As the testimony showed, most of the latter had come into existence through the activities of Johnny Dio, and were controlled by Johnny Dio's friends and associates, a greater part of whom had long and notorious criminal records.

Five of the new phony teamsters locals were direct outcroppings of the Dio UAW locals. Officials of the UAW locals 649, 250, 224, 227, and 228 were spread among newly formed teamsters local 258, 259, 362, and 651. In addition, John McNamara, a close supporter of Hoffa and O'Rourke, split off part of the members of local 808 into a new local 295 without the consent or knowledge of the members involved. Certain members in existing teamsters local 875, which was dominated by "Tony Ducks" Corallo, were similarly transferred into a new local 275, also under control and direction of the convicted narcotics peddler. Officers and directors of these locals read like a rogues' gallery of the New York labor movement. They included such convicted extortionists as Joseph Cohen, Nathan Carmel, Aaron Kleinmann, Milton Levine, Dominic Santa Maria, Harry Davidoff, Sam Goldstein, and Max Chester. So phony were these locals that, in the mad dash which occurred in the teamsters to get them chartered, officers were chosen who had never been members of the union, false addresses were given for the offices, and the stationery for five of the locals was jointly printed and kept under wraps in the offices of one of the locals.

To follow the matter chronologically, Einar Mohn, the executive vice president of the teamsters, testified that he was first approached concerning charters for these new locals by the then Vice President James R. Hoffa, around November 4, 1955. Mohn recalled that Hoffa told him that the locals to be chartered were at that time affiliated with the UAW–AFL. Mohn said that Hoffa had spoken to Teamsters President Dave Beck about giving charters to these same UAW locals. Beck told Mohn to "go ahead and charter these people" (p. 4812). Mohn said he did not know anything about the background of any of the people involved in these charters, and that he relied on Hoffa's recommendation.

An interesting point which Mohn conceded was that although the charters, to his knowledge, had not been granted by the end of November 1955, they all carried a notation, "Charter issued on the 8th day of November 1955." Mohn agreed that while there had been a general practice in the teamsters to clear charter applications for new locals with the international organizer in the district, and with the joint council in the district, this was not done in this case with either the organizer, Thomas Hickey, or the joint council president, Martin Lacey. Mohn said that at no time did he make any investigation, either to find out anything about the personalities involved in the charter applications, or to find out if the locals had any members. Mohn said he was under the assumption that the membership of the

locals was being transferred lock, stock, and barrel into the teamsters. He conceded, however, locals 258, 269, 284, 362, and 651 had no members and paid no per capita taxes into the international until July 1956, 7 months after the charters were issued.

To realize the full impact of what Hoffa was attempting to do here, it must be recognized that these men—who were the officers and leaders of the various UAW–AFL locals which Hoffa was attempting to get into the teamsters—were the worst elements of the New York labor movement. These were the very same people who have been described elsewhere in this report as having participated in extortion and bribery, who signed collusive agreements with employers, depressing the working conditions of thousands of Negro and Puerto Rican workers in the New York area.

With this information as a background, it is interesting to note what happened. Martin Lacy, president of Joint Council No. 16, said the first he heard about the locals was around the 1st or 3d of December 1955. He received a letter at his office containing applications for seating of delegates to Joint Council No. 16 from locals 258, 269, 284, 295, 362, and 651. Lacey said this was the first he had heard that these locals had been chartered. Lacey took the matter up with his executive board, and the board went on record that, in view of the fact that they had never received any applications for the charters, the delegates from these locals should not be seated until such time as an explanation came from the international. Lacey said he had received a letter in June 1954, which promised that, "We would in the future discuss with you [Lacey] and your associates in Joint Council No. 16 the issuing of any new charters in the New York area." This letter was signed by Einar Mohn.

This letter is of particular significance since both its spirit and intent were violated in late 1955, when the phony locals mentioned above were chartered.

A meeting of the full joint council 16 on December 13, 1955, affirmed the action taken by the joint council executive board the previous day and instructed Lacey to send a letter to the general president, Dave Beck, requesting an explanation for the issuing of these charters.

Lacey wrote such a letter on December 15, 1955, which included the paragraph:

> In view of our understanding [referring to the June 1954 letter] regarding the issuing of charters, I am writing to you for more information on this matter, and request further that if charters have been issued to these locals, copies of their applications be forwarded to this office (p. 4713).

Martin Lacey said he had no response to his letter to Dave Beck for a period of 4 weeks. On January 10, 1956, he received a telegram from Einar Mohn. Lacey said the telegram was—

> * * * in no way an answer to my letter. I took the telegram more as an order than I did as an answer to my letter (p. 4717).

The telegram stated:

JANUARY 9, 1956.

Mr. MARTIN LACEY,
President, Joint Council of Teamsters, No. 16,
265 West 14th Street, New York, N. Y.
Mr. LEONARD GEIGER,
2401 Jackson Avenue, Long Island City, N. Y.:

In order to beat the deadline of the merged convention AFL–CIO held recently in New York, this office received requests from many sections of the country for charters from federal labor unions and other AFL and CIO affiliates whose people were engaged in some industries properly our jurisdiction. Time would not permit all of these applications to be processed under usual procedure. The following charters were issued in the New York area: Locals 258, 269, 284, 295, 362, and 651. Some of these were small local unions and after they have been seated in our joint council as well as in the Eastern Conference of Teamsters, it was agreed that where consolidation of local unions was practical they would be consolidated. I shall be glad to forward to you copies of their applications. They are in good standing with the international union and should be accorded all the rights and privileges of local unions in good standing.

EINAR O. MOHN,
Assistant to the General President.

(P. 4718.)

The failure of Beck to answer his earlier letter, asking for information on the applications of the phony locals, angered Lacey. The following morning, he fired off a hot letter to Mohn:

NEW YORK, N. Y., *January 10, 1956.*

EINAR O. MOHN,
International Brotherhood of Teamsters,
Washington, D. C.:

Your chatty and interesting but belated telegram of January 9, with reference to our serious letter of December 15 last, to Dave Beck, general president, received.

We know how busy our international president is but when 125,000 members represented through this joint council make an important and significant request to him such as was done in our letter of December 15, we are puzzled why he does not reply so that constitutionally provided reviews, if necessary, can be followed.

Many of us here think that fraud and deception have been utilized in seeking charters from the international and there is even the possibility that a major conspiracy directed to the detriment of this joint council and of the international, may be involved. As solid trade unionists, we want to protect our members, improve their conditions, and fight in the basic union way for the people we represent and do not want to be party to or subjected to the establishment of any clique or block-control of manpower for intra- or inter-union politics.

Although suspicion has been aroused by your belated telegram, which you must admit is meaningless, but which we assume is intended to be kindly, we still must follow in the mandate of our joint council and demand as to the seven alleged charters which, say, were issued, the copies of the applications for such charters, per capita

payments made, copies of the alleged charters which we assume will outline the "jurisdiction" purportedly granted, and the names and addresses of the individuals at whose behest said alleged charges—[sic] have been issued. The joint council will continue to table applications of such alleged locals until there is a thorough examination, we hope with the cooperation of the international union, of the applicants.

Please, therefore, request our general president, Dave Beck, to comply with our letter of December 15, 1955, and furnish the information requested and indicated herein promptly, and at the same time express the agreement which was made with our council regarding the issuance of new charters a letter [sic] to his council dated June 16, 1954, should serve to refresh his recollection of this agreement.

MARTIN LACEY,
President, Joint Council No. 16, I. B. of T.

(Pp. 4719–4720)

On January 26, 1956, 16 days later, certain members of the executive board of Joint Council No. 16 called for a meeting and attempted to override the action which had been taken by the full joint council on December 13, 1955. Included in this group which met were Joseph Parisi, the convicted rapist and long-time head of the corrupt New York waste paper local; John McNamara, a later convicted extortionist, who was Hoffa's contact man in New York City; and Leonard Geiger, a New York teamsters' leader who successfully evaded a subpena of this committee.

Lacey held that the executive board could not reverse the decision made by the full joint council; nevertheless, a segment of the joint council's executive board sent off a telegram to John English, urging that the locals be seated despite the action of the full joint council to the contrary.

It is interesting to note that one segment of this telegram states:

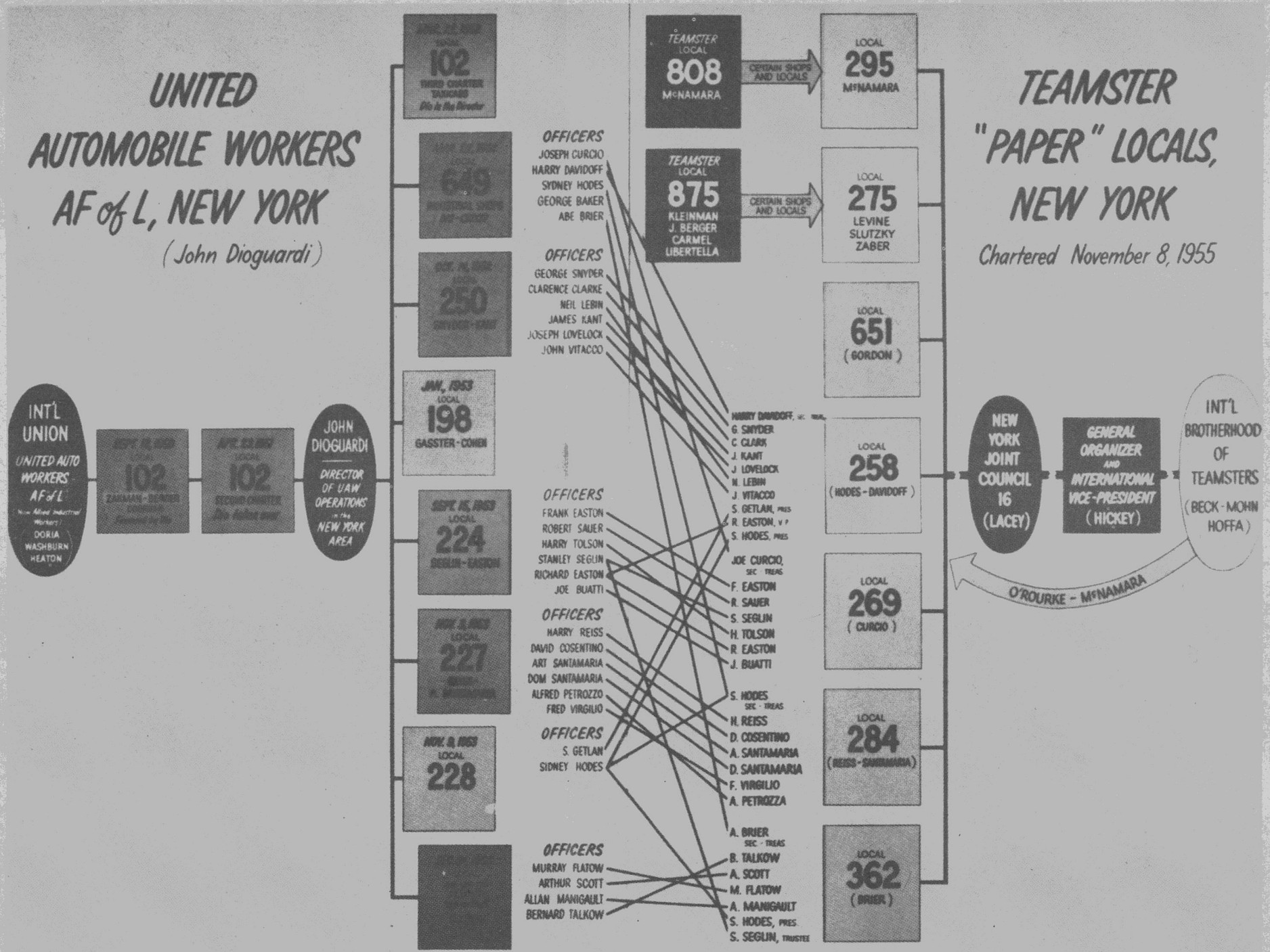
> This appeal is of the utmost urgency for the reason that election of officers of joint council 16 is to be scheduled for February 14.

This leaves little doubt that the purpose of chartering and seating these new locals without members was to influence the outcome of the joint council's election and to tip the balance in favor of John O'Rourke.

The locals which were being brought into the teamsters had their origin in the UAW–AFL locals which have been discussed at length in this report. Key leaders of these UAW–AFL locals were transferred into these new teamster locals to form the nucleus of the organization. The attached chart shows how this was accomplished.

For example, it will be seen that the officers of Johnny Dio's old local 649, Joe Curcio, Harry Davidoff, Sidney Hodes, George Baker, and Abe Brier, were distributed among the new teamster locals 258, 269, 284, and 362. Not only was this the case but in many instances the addresses of the old UAW locals remained the addresses of the new teamster locals. Local 649 of the UAW had been located at 577 Ninth Avenue, New York, and this became local 269 of the teamsters.

When the various teamster phony locals applied for immediate seating in the joint council so they could vote in the election, at least



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three of the applications were sent from the same office. Mildred Warschauer, secretary of local 649 of the UAW–AFL, testified that she had typed letters applying for membership in the joint council on the stationeries of locals 258, 269, and 651 of the teamsters. The stationery for all three of these locals, plus local 362, had been ordered and delivered at the offices of local 649 of the UAW–AFL. Mildred Warschauer said she was instructed to change the language slightly on each of the letters she sent out.

Another letter, dated January 27, 1956, on the stationery of local 269 of the teamsters, addressed to Dave Beck, stated:

> DEAR SIR AND BROTHER: The following letter is being written to you in behalf of local unions: 258, 269, 284, 362, and 651.

These are five of the phony locals. This letter was signed by Harry Davidoff, Joe Curcio, Harry Reiss, Abraham Brier, and Nathan Gordon. The letter said, in part:

> Therefore we are urging you to issue your prompt ruling, instructing the officers of the joint council, to recognize our status as affiliates of the joint council, with full rights to participation in the forthcoming election. We believe that our right to participate might be jeopardized unless the officers of the joint council are specifically instructed to include the names of our accredited delegates on the official voting list of accredited delegates, which will be prepared prior to the election.
>
> In view of the time limitation confronting us, we urge your prompt attention to this matter.
>
> If, in the event a decision cannot be reached prior to the election, is it possible that you can make a ruling to the effect that we, the above local unions should be able to vote, even though it be under some form of protest, whereby our rights to vote shall be protected even if it is under a challenged ballot (p. 4497).

Mrs. Warschauer testified that the letter had been dictated to her by John McNamara, who was Jimmy Hoffa's representative in New York and the man who had aided Hoffa in activating the whole effort to seat these locals in joint council No. 16. Mrs. Warschauer testified that at the time she wrote the letter from local 269 demanding seating in the joint council, she had no record showing the local had any members.

With the former UAW–AFL officers, however, numerous other officers and charter members had to be found for these new teamster locals. Who were some of these men whose names appeared on these charters and who voted in the joint council election? (It should be noted here in passing that, although the votes of the 7 locals were never counted in the joint council election, all 49 of them were cast for John O'Rourke for president.)

Take local 258, for example. The president of this local was identified as Sam Getlan. Sam Getlan is a former slot machine operator who worked for gangster Frank Costello. The address given by this local was 10 Park Avenue, Mount Vernon, N. Y. Getlan identified

this as the office of local 26 of the International Jewelry Workers Union, of which he was secretary-treasurer. As far as local 258 was concerned, however, Getlan said he had never heard of the local before, was never consulted about the use of his name as an officer, never attended a meeting, and had never given anyone authority to certify him as a delegate. Getlan's name was also included as an applicant for the charter of local 275 of the teamsters union—another subject which caused him much interest. Getlan said he knew no other persons connected with local 275, and had never authorized anyone to place his name on the application for a charter for that local. Getlan said that the first he really knew that he was involved with any teamsters local came when he started getting mail from the teamsters union at his Mount Vernon address.

> Mr. GETLAN. I got tired of getting mail in, and I told the mailman, and he usually comes to the office and I see him about once a week, and I instructed him, "Do not deliver teamsters' mail here" (p. 3848).

Mr. Getlan was equally surprised when evidence was presented to him that he had been authorized to vote in the joint council election and that he had cast his ballot for John O'Rourke. Getlan said he never at any time voted in the joint council election.

Some of the other officers connected with this election were equally curious. Armondo Simontacci, a machinist who lived in the same neighborhood with Joseph Curcio, an associate of John Dioguardi and his successor as New York regional director of UAW–AFL, said he ran into Mr. Curcio one day and was told he had been made president of a teamsters local. Mr. Simontacci said he had never belonged to the teamsters union before. Simontacci said he never received a salary, never presided over a meeting, never appointed a committee, never attended a meeting, and never was even a member of the local to which he had been named president. He could not in fact name a single member of the local. He said a few days later he was contacted by Curcio, who told him there was going to be an election and he joined a group of men who went down to the union hall and voted. He said Curcio told him he should vote for John O'Rourke and he dutifully cast his ballot for that candidate. A few days later Mr. Simontacci ran into Curcio again:

> Mr. KENNEDY. Now, didn't Mr. Curcio tell you that you were no longer an officer and no longer president of this local 269?
>
> Mr. SIMONTACCI. That is right.
>
> Mr. KENNEDY. He told you after the election?
>
> Mr. SIMONTACCI. I believe it was after the election.
>
> Mr. KENNEDY. Did he say someone else is now president of local 269?
>
> Mr. SIMONTACCI. Yes.
>
> Mr. KENNEDY. He said "you're out"?
>
> Mr. SIMONTACCI. Not in those words.
>
> Mr. KENNEDY. What did he say?
>
> Mr. SIMONTACCI. He said there was an election, and I wasn't elected.
>
> Mr. KENNEDY. Were you disappointed?

Mr. SIMONTACCI. Well, I don't know if I was or wasn't (p. 4542).

Anthony Barbera, who was listed as a trustee of local 258, said he ran into George Semelmacher, also known as George Baker, who asked him if it was all right to use his name on the charter. Barbera said some time later there was talk about an election. He did not remember exactly what happened on this score because, as he tells it, he was inside Joe Saud's bar drinking :

> * * * I heard them talking about an election and I went up some place and I don't know whether I voted or not * * *. I was in bad shape. I was drunk at the time and I don't know whether I went with them or didn't go with them. It is a funny coincidence, but that is just the truth (p. 4554).

Barbera was shown a credential which showed that he had cast his vote for John O'Rourke, but he insisted that he didn't know if he had voted and, if he had, did not know for whom he had voted.

The part played by Hoffa in the original chartering of these locals is clear from the testimony of Einar Mohn. Hoffa conceded that he had taken an active part in the original chartering of these phony locals. He said he remembered discussing the matter with John McNamara, teamster official in New York.

> Mr. HOFFA. I made a statement to Mr. Beck at the dedication of our building that I had been told by John McNamara that Joe Curcio had talked to him concerning the issuance or concerning the question of their organization coming into the teamsters union if they would issue charters for the divisions they had set up. Mr. Beck then told me——
>
> Mr. KENNEDY. What do you mean the divisions that [sic] had set up? What does that mean?
>
> Mr. HOFFA. I understood in their [sic] amalgamated local, which was 649, and I understand this from Mr. McNamara, that they had some sort of divisional arrangement where certain individuals took care of certain companies, and so forth, and, again, it was secondhand information from McNamara. So he made the statement that if they would issue charters on a divisional basis, they would come into the teamsters union.
>
> I relayed that information to President Beck. President Beck said that the question should be taken up with Einar Mohn, and if they brought in the proper application forms, and if there was sufficient jurisdiction in New York, they would consider issuing the charters (pp. 5216–5217).

Hoffa said that, after the meeting in Washington, D. C., with Einar Mohn and John McNamara on November 4, it was his understanding that McNamara was going to go to New York and get the names on the charters. Hoffa said he did not examine the names of the persons on the charters, and declared he know nothing of the background of John Dioguardi, and nothing at all on the backgrounds of such extortionists as Anthony Topazio, Joe Cohen, Henry Gasster, George Cohen, and others. Hoffa said he was unaware of these records, and this information had only been made public since the beginning of the hearings. However, as was pointed out to him, the following matters were of public record and public knowledge.

Among the things that were of public record and public knowledge at that time was the fact that Dio had been indicted and convicted of State income-tax evasion as a result of his taking an $11,500 payoff from a Pennsylvania dress firm for keeping it nonunion. The criminal records of a number of Dio's associates were common knowledge in New York, and District Attorney Hogan's office had initiated prosecution against a number of them. Lester Washburn had thrown the UAW–AFL locals out of the parent body for racketeering, and President George Meany of the AFL had attacked their leadership as racket-ridden. The AFL executive board had ordered the charter of local 102 revoked in February 1953. Dio had set up a firm called Equitable Research Associates, which was a firm representing management and arranging "sweetheart" deals with unions, the facts of which had been made public in New York on numerous occasions.

Chief Counsel Kennedy said to Hoffa:

> All these things were going on. There were articles being written about it during this whole period of time.
>
> You had known that they were kicked out, because you made a statement, according to two newspapers, in May of 1954, that you were glad that the executive board of the UAW had restored the charters in New York City, and that these charters being restored would restore peace and harmony in New York.
>
> These are the people that you were working toward getting into the teamsters union at that time (pp. 5220–5221).

Hoffa's suggestion that he could not take responsibility for all these people has to be equated against the fact that as the then chairman of the Central Conference of Teamsters, he came from Michigan to New York and suggested that these charters be issued.

But who else besides Hoffa was interested in seeing that John O'Rourke defeat Martin Lacey for the presidency of Joint Council No. 16?

A fascinating answer to this question is provided in a telephone conversation between Sam Goldstein, president of local 239 of the International Brotherhood of Teamsters, and Anthony (Tony Ducks) Corallo, vice president of the same local. Goldstein had an arrest record consisting of unlawful entry, possession of gambling equipment, operating a gambling establishment, and bribery—the last charge jointly with John Dioguardi and Max Chester.

Anthony Corallo, better known as "Tony Ducks," has been arrested on charges ranging from being an accessory to a murder to bookmaking. He has long been prominent in the New York underworld as "King Pin" in the narcotics racket and on one occasion was convicted on a narcotics charge. He is considered by law enforcement officials as being in a much higher bracket in the Nation's underworld than Johnny Dioguardi and, as pointed out earlier in this report, Corallo exercises control over a number of unions in New York, the common denominator of which was corrupt leadership and corrupt activities.

In this telephone conversation Sam Goldstein was in New York and Corallo was in Miami, and the significance is they were dis-

cussing a meeting of Joint Council No. 16 of the Teamsters in New York. This telephone conversation took place on January 13, 1956.

GOLDSTEIN. Let me explain to you what's going on here. I went to see that—there was a big meeting Tuesday night, you know, for nominations.

CORALLO. Yeah.

GOLDSTEIN. Is it all right for me to talk?

CORALLO. Yeah.

GOLDSTEIN. There was a big meeting for nominations and all of a sudden there was rebellion in the hall, you know. This crew was hollering; that crew was hollering; everybody was hollering. So I went up into the side thing and I grabbed hold of Marty, you know.

CORALLO. Yeah.

GOLDSTEIN. I says, "What are you doing, Marty; this is no good for you; it's no good for the other guy; it's no good for nobody. Why don't you listen to what I got to tell you; it'll take a couple of minutes." So I start to tell him, you know, what's what, so he says, "What do you mean I don't want to meet him?" Who the hell does he think he is, you know. So I went over to Johnny, you know, "O". And I sat down and I spoke to him real quick like for 2 minutes. I said the best thing for you to do is to get together with this guy—1, 2, 3—this thing is going to go on all night; its no good for everybody. It's going to hit the papers.

CORALLO. Yeah.

GOLDSTEIN. So he says, "Does the guy want to talk?" I says, "Sure, he wants to talk to you. He's waiting in the little thing for you." So the both of them went down. Now, I was going to do the talking but Johnny says, "I'll talk to him myself." I says, "O. K." You know, he's big enough to handle his own problems, you know.

CORALLO. Yeah.

GOLDSTEIN. So I walked away. So they cut up for about 45 minutes so the joint took a recess.

CORALLO. Why didn't you stay there?

GOLDSTEIN. He asked me to go away, Anthony.

CORALLO. He asked you to go away?

GOLDSTEIN. He said he wants to speak to him alone——

CORALLO. Oh.

GOLDSTEIN. You know. So, the joint took a recess of 45 minutes but nobody left their seats. In the meantime, the press was upstairs, you know.

CORALLO. Yeah.

GOLDSTEIN. So I guess you know we hit the papers here the next day. I don't know if you get the papers down there.

CORALLO. No.

GOLDSTEIN. Well, anyway this little thing went on, you know. And then when Johnny came back he moved away from his motion. In other words, it looked like everything was all right, as far as I knew.

CORALLO. Yeah.

GOLDSTEIN. And then he sent somebody over; he wants to see me before the meeting ends like, you know. So, when I came—when the meeting was over, we had an 8 o'clock meeting ourselves that night, you know, with our members.

CORALLO. Yeah.

GOLDSTEIN. But I ran over to him and he says to me, "You done a good thing." He says—he says, "You moved it real good." I says, "Johnny, I wished you would have let me stay with you; we could have moved it better maybe, not that you can't do your own job, you know, I guess you know best what you want to tell them."

CORALLO. Yeah.

GOLDSTEIN. So, he says everything is O. K., he says. I'm figuring that he spoke to the guy like I was told to; you know what I mean.

CORALLO. Yeah.

GOLDSTEIN. Now, all of a sudden, there is a problem. So, your little fellow from 57th Street calls me yesterday——

CORALLO. Yeah.

GOLDSTEIN. And he says, "There's a problem; it's no good."

CORALLO. What——

GOLDSTEIN. He says, "When I left, it was all right." He says, "So see if you can go see that guy." So I made him a call about 1 o'clock and he was gone—huh?

CORALLO. I told those—to let you talk to him.

GOLDSTEIN. I don't hear you.

CORALLO. I told those stupid guys to let you talk to him.

GOLDSTEIN. Well, anyway, here's what happened. When I called about 1 o'clock he wasn't in; he was in the mayor's office, you know. I ain't going to no mayor's office, so I didn't try to reach him any more. But I left word with the girl that he should call me as soon as she heard from him.

CORALLO. Yeah.

GOLDSTEIN. So, 1 o'clock last night, I got a call in my house from him.

CORALLO. One o'clock at night?

GOLDSTEIN. Yeah. That's the first he heard of it, you know.

CORALLO. Yeah.

GOLDSTEIN. Evidently it slipped her mind and she must of thought about it and called him up and he called me, 1 o'clock in the morning.

CORALLO. Yeah.

GOLDSTEIN. He says, "Can I see you tomorrow morning?" I says, "Yeah, what time?" "Well, you know what time," he says, "6 o'clock." So 6 o'clock I went down to see him this morning. And we start cutting it up with him, and I figured, what's the sense in me cutting all the way; I don't know what I'm talking about. You know what I mean?

CORALLO. You could have cut about the money, didn't you?

GOLDSTEIN. Yeah, but that wasn't important no more because he was hurt by what happened on account of that night like; in other words, something must have happened from

the night Johnny and him spoke until 2 to 3 days later, you know what I mean?

CORALLO. Did you tell that to Johnny Dio?

GOLDSTEIN. Well, I'll finish the whole thing. So, now I'm in the middle with the thing here and this guy has got me in the room, Tony, from 6 o'clock, till 8 o'clock he's talking his heart out to me and he told me that things could have been arranged. He says, "Why didn't these people come," he says. "I would listen to whatever you had to say," he says, "but I'm not going to take no back seat the way they're trying to do it. The whole—press got it; everybody got it. Why should I back away now?"

I says: "Marty, what's the sense in fighting this here thing the way you're fighting it now? It's no good."

So the guy breaks down and he starts to cry, Tony, you know. He says: "Look, how many years I got to go? If they wanted this here thing, why didn't they tell me that 3 months ago. You could have come and spoke to me, Sam. Tell me what's what."

CORALLO. He knows you act for us?

GOLDSTEIN. Huh?

CORALLO. He knows you know everything.

GOLDSTEIN. Yeah. He says, "I would have made a speech but my doctor says I got too many jobs to take care of." You know what I mean.

CORALLO. Yeah.

GOLDSTEIN. And I would have backed away from one of them. He said, "Look," he says, "I'm going to win this thing, Sam, and I'm going to fight it all the way down the line." I says, "Look, Marty, don't do nothing like that yet." And listen, I never brought up Johnny's name like in reference to something like, you know, he was a friend all the time; he told Johnny not to go on the campaign. I says, "Marty, I don't know anything about that but there is one thing I can tell you, Johnny is still your friend. That I can guarantee you, no matter what you may think, he's still your friend, you know." And I pulled Johnny up to the skyward while we were sitting there; in fact, I told him Johnny once told me that he was like a second father to him. You know, this and that. And the guy was crying, Tony, like a babe in the woods. "What," he says,"if they would come and hit me with bats, that would be all right. But not the way they done it to me. Look, if they want to move Hickey, you know what I mean, I'll help them."

CORALLO. Yeah.

GOLDSTEIN. "If they want to move the other guy up as top man in the business, I'll help them."

"Let's sit down and talk," he says. "Did I ever hurt anybody? Did I, Sam, have I done anything but good?" "Marty," I says, "I'm not concerned in this here thing. As far as I'm concerned, you know how I stand, Marty. I don't have to tell anybody how I stand. Nobody knows better than you how I stand." So I says, "I'm only here, Marty,

> trying to make peace. That's what I'm trying to do. I'm trying to see that New York don't blow up on account of this here."
>
> He says, "So what am I supposed to do? (pp. 4666–4668).

The minutes of the meetings of Joint Council No. 16 indicated that the first Johnny talked about was John McNamara, and the second John was John O'Rourke. Lacey explained that if the minutes of the previous meeting had been accepted, it would have been a tacit admission of the phony locals. Lacey made a motion which was to set aside all business and immediately go into the nominations, thus bypassing the previous minutes. Lacey said that during all of the tumult that went on during the meeting he talked with John O'Rourke and agreed to allow the election to be settled on the basis of paper ballots, rather than machine ballots.

Another conversation between Goldstein and Corallo indicated that Lacey had been offered $10,000 to get out of the race, but Goldstein reported to Corallo that:

> He [Lacy] would have listened to anything a couple of months ago; set down and talk it over. Now, the way they done things, Tuesday night, Tone—if it was you and you was a whipped dog, Tone, you'd get up and you'd fight, Tone. You know what I mean (p. 4676).

Lacey denied under oath that he had ever been offered any money to get out of the Joint Council No. 16 elections.

Tom Hickey, whose local 807 includes 11,000 members, looked upon the joint council election as just another attempt by James Hoffa to get a foothold in New York. He said the attempt by Hoffa to get Dio into the teamsters was the first try at getting a foothold in the New York area. In 1954, Hickey said, Hoffa attempted to take over the contract negotiations with the trucking owners, and he looked upon this as still another effort by Hoffa to muscle in on the New York picture. Hickey also said there was a similar motivation when Hoffa and others attempted to enter into an alliance with the corrupt International Longshoremen's Association, which had been ousted from the AFL, and to make a loan of $490,000 to that organization.

Capt. William P. Bradley, president of the ILA, testified that meetings were set up between teamsters, headed by Hoffa, and top ILA officials soon after the ILA was expelled, despite the fact that Dave Beck had been named a trustee of a new AFL union chartered in an attempt to bring honest and clean unionism to the New York waterfront.

This committee of teamster officials, acocrding to Bradley, proposed an alliance between the ILA and the teamsters, and also the loan of some $490,000 of teamsters' funds to the ILA. The plan aborted when the excessive light of publicity was placed on the transactions.

Charges and countercharges in the Joint Council No. 16 dispute continued to fly in the controversy and finally teamster president Dave Beck ruled that the phony locals should be allowed to vote, but their votes were not to be counted unless they would affect the election. The election was held on February 14, 1956, and Lacey received 192 votes, to 181 for John O'Rourke. Only 42 of the 49 elegible votes were cast, but these were all challenged by Lacey. In addition, Lacey

challenged 16 other votes, including those of Lester Stickles and John Masielo of Yonkers, N. Y., who had been convicted of extortion, and Abe Gordon, president of local 805, a close friend of Johnny Dio, and the owner of a trucking company in addition to his union post. All 16 of the challenged votes, as well as the 42 votes cast by the phony locals, were for John O'Rourke.

Dave Beck appointed one of his executive assistants, Buddy Graham, to determine whether the 16 challenged votes were to be counted, and Graham ruled that they should be counted. Faced with this problem, Lacey took his case to Federal district court, where Judge Palmieri ruled that both the 16 and the 42 vote groups were invalid, and ordered an injunction against the teamsters, enjoining them from seating the questioned locals in the joint council. The injunction and the ruling were still on appeal early in 1957 when election time rolled around again in Joint Council No. 16. This time, however, the fuss and bother of the previous year were avoided when Lacey withdrew from the race and went back to his local union. O'Rourke won the vice presidency without opposition.

Legal fees for attorneys representing both Lacey and O'Rourke in the joint council fight amounted to $48,000, and were paid out of the joint council treasury.

Thus, with the background of the taxicab situation and the paper locals, the committee was able to draw a picture of continuing association, cooperation, and mutual assistance between Jimmy Hoffa, a top official of the teamsters union, and John Dioguardi, a convicted New York racketeer.

That the association between Hoffa and Dio was not a purely union affair became clearly evident in the closing hours of the first Hoffa hearing in August. As the committee attempted to probe deeper into the relationship between Hoffa and Dio, it ran into a stone wall of memory failure on Hoffa's part.

In one committee session alone, Hoffa claimed lack of memory in answers to committee questions 111 times. The teamster leader's classic answer to the question was:

> I have run it through my mind during the lunch hour, and to the best of my recollection I cannot recall what you are talking about.

Senator Ives was moved to tell the teamster leader that he had "about the best forgettery of anyone I have ever known," and the chairman told Hoffa that if he wanted to leave the record with so many statements of lack of memory—

> If you want to think that the committee is so stupid and that the public is so stupid that they will believe you could not remember * * * you leave the record that way (pp. 5258–5259).

It did not seem to matter whether the committee wanted to know when Hoffa had last seen Dio or whether it attempted to probe whether or not Dio had done Hoffa any favors. For example, Hoffa conceded he had seen Dio several months prior to the committee's hearing but he could not remember what they had talked about, whether he had met Dio in his hotel room or his hotel lobby.

Mr. KENNEDY. Mr. Hoffa, you are just not being frank about it. I asked you about something that happened 2 months ago, for instance, about a conversation that you had with Johnny Dio. "I can't recall." I asked you if he went up in the elevator with you. "I can't recall." I asked if he was in the hotel room with you. "I can't recall."

It is just impossible, Mr. Hoffa. You must recall what went on.

Mr. HOFFA. Mr. Kennedy, if you want to ask me what happened last week on certain instances, I cannot possibly recollect what I did last week or the week before, and I doubt if any man in this room can do it, unless you have something that you just do from day to day and it is a uniformity.

Mr. KENNEDY. Mr. Hoffa, I bet anybody in this country can remember what conversation they had with Johnny Dio or whether Johnny Dio was in their room 2 months ago.

Mr. HOFFA. I will venture to say that that is not correct, and I am trying to be honest with this committee (p. 5215).

Again, the committee wanted to know whether or not Dio had ever sent any individual or group of individuals to Detroit to perform a job for Hoffa.

Mr. HOFFA. You asked that this morning and I said that to my recollection, I cannot remember him doing it.

Mr. KENNEDY. Well, would it refresh your recollection at all if I told you that you had paid those individuals, or paid one of the individuals for the work he did? That was back in 1953.

Mr. HOFFA. I cannot recall nor recollect what you are talking about.

Mr. KENNEDY. You cannot remember him sending anybody out to aid or assist you during 1953?

Mr. HOFFA. To the best of my recollection, I cannot recall who you are talking about (pp. 5248–5249).

While Hoffa professed complete ignorance on what the chairman and the chief counsel were talking to him about, his attorney, George Fitzgerald, seemed to know.

Mr. FITZGERALD. May I consult with Mr. Kennedy off the record to find out what this matter concerns? If it was what I think it is, I think it is a matter, from his questions—I am thinking from a standpoint of time—it might be a matter that was excluded, I believe, by the ruling of the Chair, and that was not going to be gone into.

Mr. KENNEDY. Now, what does that mean?

Mr. FITZGERALD. Well, I think earlier, Mr. Kennedy, we had a matter affecting a pending indictment in New York State.

Mr. KENNEDY. I am talking about Mr. Dio.

Mr. FITZGERALD. No, but you are talking about an area in 1953.

Mr. KENNEDY. But are you saying Mr. Dio was involved in the wire tapping of Mr. Hoffa?

Mr. FITZGERALD. No, I did not. I did not say anything about that.

Mr. KENNEDY. I thought you were implying that at least.

Mr. FITZGERALD. No; I am not; but you are in the same identical area that is covered by an indictment.

Mr. KENNEDY. This is amazing to me.

Mr. FITZGERALD. It is not amazing to me (p. 5249).

The significance of this exchange was that Hoffa had denied to the committee knowing anything about Dio's sending any individual to Detroit. His attorney implied that the questions of the chief counsel touched on the area of a wiretapping indictment which had been returned against Hoffa in New York. In this indictment Hoffa was charged with conspiring with one Bernard Spindel, a notorious wiretapper, to "bug" the telephones of his associates and fellow teamster officials in Detroit. Fitzgerald's attempt to close off the questioning on this point, therefore, seemed to indicate Dio's complicity in sending Spindel to Detroit.

Mr. KENNEDY. Is it your statement that Mr. Dio is involved with Mr. Hoffa in this wiretapping?

Mr. FITZGERALD. That is not my statement at all.

Mr. KENNEDY. It is the implication of your statement.

Mr. FITZGERALD. It is not the implication of my statement.

Mr. KENNEDY. Then he can go ahead.

Mr. FITZGERALD. You can go ahead if you wish.

The CHAIRMAN. Go ahead.

Mr. KENNEDY. Tell us about it, then.

Mr. HOFFA. Should I tell you?

Mr. KENNEDY. Yes.

Mr. HOFFA. I made the statement this morning that I, to the best of my recollection, could not recall what you are talking about. I have run it through my mind this afternoon and, unless you can assist me, I cannot recall.

Mr. KENNEDY. Mr. Fitzgerald can assist you.

Mr. HOFFA. I disagree with Mr. Fitzgerald. He cannot assist me in something that he don't know of, I am sure, and that I am sure I cannot recollect. He is talking about it from a lawyer's standpoint. I am here trying to tell you from the best of my recollection what I remember (p. 5250).

In an attempt to refresh Hoffa's memory, a tape recording of a phone conversation between Dio and Hoffa on June 2, 1953, was played:

DIO. You're not going to be out of town Thursday morning, are you?

HOFFA. I won't, John; I'll be here.

DIO. Well, I'm leaving Thursday morning around 8 o'clock in the morning.

HOFFA. What time do you arrive, Johnny?

DIO. Well, how long does it take?

HOFFA. About 2½ hours.

DIO. About 2½ hours?

* * * * *

DIO. Hello, Jim; we were disconnected. Awwww—I'm leaving early in the morning——

(Hoffa, inaudible.)

DIO. I should be there about 10:30–11 o'clock.

HOFFA. Ten-thirty–eleven o'clock?

DIO. Yeah; I'll see you in the office.

HOFFA. I'll have a car pick you up.

DIO. Don't worry about it.

HOFFA. Yes I will.

DIO. All right, look; I'll send you a wire and let you know what flight I'm leaving on.

HOFFA. Okay, Johnny.

DIO. I got a couple of those things—

HOFFA. Good.

Dio. So, ah, maybe—maybe I'll have four of them tomorrow.

HOFFA. Fine.

DIO. All right?

HOFFA. Yeah, John.

DIO. But two I got for sure——

HOFFA. Right.

DIO. But I may have four tomorrow. O. K.

HOFFA. Yeah, John.

DIO. All right, Jim.

HOFFA. O. K.

DIO. Bye, bye (p. 5251–5252).

Hoffa was asked what "those things" were that Dio was talking about. Said the teamster leader—

> I cannot refresh my memory from the notes, to the best of my recollection, I cannot understand what he would be talking about, "four of them" and I don't know whether or not he ever came to Detroit at that particular time (p. 5252).

Hoffa finally recalled that Dio had come to Detroit and was asked whether the "four of them" referred to Minifons, small German-built wire recorders which can be concealed on a person to record conversations. Hoffa said he could not remember whether Dio had brought the Minifons with him, but admitted he had purchased the Minifons. Asked to what use he put them, he declared:

> I know that they were around the office, and I believe we used them. I am trying to refresh my memory now, and I believe we used them to report some union meetings. I had them for the purpose of being able to go into meetings of political and other nature, to record information. But I cannot recall when we did it or how we did it. That was the purpose of buying them (pp. 5253–5254).

Hoffa finally recalled that the Minifons had been purchased from wiretapper Spindel in New York, with whom he was under indictment.

> Senator MUNDT. Are you able to answer categorically yes or no to this question: Did you ever wear a Minifon into a meeting for the purpose of secretly recording conversations

in that meeting? If you say no, we have made a lot of progress. If you say yes, I have some more questions.

This is something that you surely would remember, because this is an unusual type of performance for you to engage in.

Mr. HOFFA. I am thinking about it, Senator, and I think I can give you an answer. I am trying to run through this period of time in my mind all of this time, and it is very difficult.

Senator MUNDT. Very good.

Mr. HOFFA. Well, sir, to the best of my recollection, I do not believe that I did. I cannot recall any incident to the best of my recollection (pp. 5257–5258).

The chairman then came to the major point involved in the Minifons purchased by Hoffa:

The CHAIRMAN. Let the Chair ask you a question. You say if we can suggest something it might remind you. Let me see if I can be of a little help.

At the time you bought these Minifons, you were under investigation by a grand jury, were you not?

(The witness conferred with his counsel.)

Mr. HOFFA. Mr. Fitzgerald reminds me that there was a grand jury.

The CHAIRMAN. Did you not buy them for the specific purpose, and did you not use them for the specific purpose, of placing them on witnesss who went into the grand jury room to testify so that when they came out you would have a recording of what they said?

(The witness conferred with his counsel.)

The CHAIRMAN. And did you not use them for that purpose?

(The witness conferred with his counsel.)

Mr. HOFFA. Mr. Chairman, I would like to answer that as a direct question, but again I am reminded in my own mind, listening to statements that have been made in this committee, attributed to myself, by other people, which I can't recall, and I have to say to the best of my recollection I cannot recall anybody being assigned or going into any grand jury chambers, and I may say, sir, that a certain judge that conducted that vigorously denied it when it appeared in the newspaper.

The CHAIRMAN. Let me ask you one more time. If you did this, this is certainly something you would not forget, unless you were in such a habit of it, and it has become such a habit, you could not remember it at that particular time, and there is no evidence here to indicate that.

Did you not procure these Minifons for the purpose of, and did you not use them to place on witnesses who went before the grand jury, so that when they came out you would have a recording of the testimony they had given?

Mr. HOFFA. May I consult with my attorney, sir?

The CHAIRMAN. Yes, sir.

(The witness conferred with his counsel.)

The CHAIRMAN. Let us have order.
All right.

Hoffa was asked whether or not he could—

> refresh your recollection at all now in connection with this, or in connection with anything, if Mr. Dio made any arrangements to send people out to your headquarters in Detroit?

Said Hoffa:

> To the best of my recollection, I must recall on my memory, I cannot remember (p. 5259).

Hoffa was then played still another tape recording of a telephone conversation between himself and Dio, which took place on June 16, 1953, in which Dio said to him:

> DIO. Did my man get there all right?
> HOFFA. Yes; he was here last week.
> DIO. Yeah.
> HOFFA. He—he was to see you over the weekend that's why I thought he would tell you the whole story.
> DIO. Yes. Well, I didn't see him because I was busy.
> HOFFA. I see. He was back here again this week, two of them.
> DIO. Well, he'll be back.
> HOFFA. He's here now.
> DIO. Is he there now?
> HOFFA. And they are doing that work.
> DIO. Uh-huh.
> HOFFA. Uhhh—he had to have 13 last week for supplies.
> DIO. Huh?
> HOFFA. He wanted——
> DIO. Well, I gave him a few hundred when he left.
> HOFFA. He wanted $500 for [inaudible] supplies.
> DIO. Uh-huh. I'll a——
> HOFFA. Now, ah—insofar as work is concerned you better have him call you before he starts.
> DIO. Yeah, but look, Jim; you remember you do all your discussing there with him because if you don't like anything, tell me. You know what I mean?
> HOFFA. Well, he's doing all right.
> DIO. Well, I'm going to tell you this. Those are the best——
> HOFFA. Yeah, you're doing a wonderful job.
> DIO. They are the best; they work for the UN and everything else, now—and whenever you want to need 'em any part of the country if you want to find out they're your people you let me know. You know what I mean?
> HOFFA. Yup.
> DIO. Otherwise, how's things, Jim?
> HOFFA. All right, John. We got a grand jury.
> DIO. They do have one?
> HOFFA. Grand jury started this morning.
> DIO. Uh-huh.

HOFFA. And apparently they're going to try to indict everybody in sight.

DIO. Uh-huh.

HOFFA. However, I don't know what in the h—— they gonna indict people on; there don't seem to be nothing here; primarily it's Bufalino they're after.

DIO. Yeah. Bad publicity, too.

HOFFA. And now they have put it into the parking lots——

DIO. Uh-huh.

HOFFA. Ahhh, bowling alleys——

DIO. Uh-huh.

HOFFA. Right.

DIO. Uh-huh.

HOFFA. Laundries and linen.

DIO. Uh-huh. Hello?

HOFFA. I'm not talking from my office so it don't make any difference.

DIO. Yeah. Well—I'm only—all I'm interested in is that I hope everything works out fine and that's all I'm interested and if I can be of any help Jim in any way; I know politically there I can't help you (pp. 5260–5261).

To this Hoffa said:

Mr. HOFFA. Well, apparently it was something I was having done, and I cannot recollect from this telephone call exactly what it was. I can probably check up and maybe I can inquire around as to what it was, but at this particular moment I cannot give you the answer.

The CHAIRMAN. Mr. Hoffa, you have been continuously asking us to refresh your memory.

Mr. HOFFA. That is right, sir.

The CHAIRMAN. Can you tell us how we can do it?

Mr. HOFFA. Well, sir——

The CHAIRMAN. How? After all, are you still taking the position that your memory has failed you?

Mr. HOFFA. I don't say my memory has failed, but I say to the best of my recollection, I cannot recall the substance of this telephone call, nor place the facts together concerning what it pertains to.

The CHAIRMAN. But if these things do not refresh your memory, it would take the power of God to do it.

The instrumentalities of mankind, obviously, are not adequate (pp. 5262–5263).

Senator McClellan then ended the hearing with the statement—

We have proceeded to the point where the witness has no memory, and he cannot be helpful even when his memory is refreshed (p. 5267).

FINDINGS—NEW YORK TEAMSTER PHONY LOCALS

In 1950, the United Automobile Workers of America—AFL (now known as the Allied Industrial Workers of America) established a local in New York. From this local there stemmed a whole string of

units of the same international union which came under the domination of John Dioguardi, a three-time convicted labor racketeer and the suspected instigator of the blinding of Columnist Victor Riesel.

The ramifications of Dioguardi's reentry into the labor movement in 1950 and the consequences which stemmed therefrom provided the committee with an intimate picture of the infiltration of gangsters and racketeers into organized labor. It is the committee's firm belief that gangster infiltration, of which this particular hearing presents an example, represents an ominous danger to our national economy, a danger which is present and real and must be dealt with now.

Dioguardi's acquisition of a UAW–AFL charter in New York City was facilitated by Sam Berger, head of a local of the International Ladies' Garment Workers Union; Paul Dorfman, an associate of Chicago mobsters and head of a local of the Waste Material Handlers Union in that city; Dave Previant, attorney for the UAW–AFL and the Central Conference of Teamsters; and Anthony Doria, international secretary-treasurer of the UAW–AFL. Although the charter was in the name of one Sam Zakman, a former Communist Party functionary, the committee had what it considered clear proof that Berger, Dorfman, Previant, and Doria knew that Dio was the man who was actually going to acquire the charter and run the local.

As Dioguardi's sphere of influence increased in New York, he linked up with Anthony (Tony Ducks) Corallo, a long-time kingpin in the New York narcotics and labor rackets. Between them they brought 40 men into the labor movement in positions of trust and responsibility—men who, among them, had been arrested a remarkable total of 178 times, and convicted on 77 of those occasions, for crimes ranging from theft, violation of the Harrison Narcotics Act, extortion, conspiracy, bookmaking, use of stench bombs, felonious assault, robbery, possession of unregistered still, burglary, violation of the gun laws, being an accessory to murder, forgery, possession of stolen mail, and disorderly conduct.

That this group of men once installed in union jobs should turn immediately to extortion, bribery, and collusion with management could, therefore, cause little surprise. It is a fact that after going to work for Dio and Corallo in the New York labor movement 25 of these men were convicted or indicted for extortion, perjury, bribery, and forgery. These included Anthony Topazio, Joseph Cohen, George Cohen, Henry Gasster, Nathan Carmel, Jack Berger, Aaron Kleinman, Milton Levine, Jack Priore, Sam Zaber, Max Chester, Manny Fink, Max Lees, Irving Slutsky, Philip Brody, Milton Holt, Sam Goldstein, Arthur Santa Maria, Dominick Santa Maria, David Cosentino, Harry Davidoff, Phillip Goldberg, and Dioguardi himself.

This group of pseudolabor leaders unconscionably sold out the members they were supposed to represent. Some of the most shocking testimony heard by this committee during its first year of operations revolved around the collusive agreements signed by these UAW–AFL leaders with a number of small-business operators in New York City, which had the virtual effect of legitimizing the misery of thousands of Negro and Puerto Rican workers. Contracts were signed calling for the bare national minimum wage—$1 an hour—or slightly more. Out of these munificent sums of $40 or $42 a week, the workers

were obliged to pay $25 initiation fees and $3.50 a month dues. There were no welfare benefits, no provisions for seniority and, according to the vivid testimony of 1 of the workers, Bertha Nunez, a 27-year-old woman born in Honduras, the factory was unheated in the winter and so hot in the summer that the workers could not work. They were "top-down" contracts signed directly between the union and the employers, with the workers having no right to indicate any choice in the matter.

The evidence clearly indicated that when the workers did have a choice, the racket-controlled unions were summarily thrown out. A number of employers paraded before the committee and justified the signing of the substandard contracts. In the words of one of them, Morris Ehrlich, secretary of the Eden Auto Parts Co., of the Bronx: "We have to make the best deal we can." Such deals in the committee's mind were profitable to the employer and in many cases profitable to the union business agent. The ones who suffered were the working men and women who had to live on the wages and under the conditions set for them by these racketeer-controlled unions and unscrupulous employers.

That gangsters can take over labor unions, steal their funds, and extort money from employers is obvious. But the human misery that is caused when they join up with dishonest management is a blight on the community. There can be no more important service that responsible labor union leaders and law-enforcement officials can perform than to eradicate this cancerous condition.

It cannot be said, using the widest possible latitude, that John Dioguardi was ever interested in bettering the lot of the workingman. Not only were the people whom he brought into the labor movement extorting money and making collusive agreements, as mentioned above, but it should be observed that at the time Dio reentered the UAW–AFL in 1950 he was the owner of a nonunion dress shop in Pennsylvania, and that when he sold the shop he took an $11,000 bribe from the new owners to assure that the company might remain nonunion. After getting out of the union movement in 1954, he also set up the firm Equitable Research Associates, a management consultant organization devoted to keeping employers nonunion through the medium of payoffs.

The committee, therefore, finds it hard to reconcile James R. Hoffa's public avowal that he is a staunch supporter of better wages and working conditions for his men with the continued support and help that he gave John Dioguardi during this period. This help was extended to Dio in two important ways: (1) Through Hoffa's repeated insistence that Dioguardi be allowed to take over the taxi-organizing drive in New York in 1954; and (2) through his support of the Dio-Corallo locals in their efforts to take over control of Joint Council No. 16 of the Teamsters Union in New York in 1956.

In relation to the taxicab drive, Hoffa's actions are all the more peculiar because a fellow international vice president of the teamsters, Thomas Hickey, was already attempting to organize the taxidrivers under the banner of Hoffa's own union. Yet intercepted telephone conversations, secured legally by the district attorney of New York County, showed that Hoffa was in full support of Dio and in opposition to Hickey. It even went so far that two of his associates, Rich-

ard Kavner and Harold Gibbons, attempted to dig up information of a derogatory nature on an employee in Hickey's office for Dio and Hoffa to use against the teamster vice president.

In relation to the 1956 joint council fight the record is clear that Hoffa initiated the move to bring all these Dio-Corallo locals, with all their record of corruption and their many-time convicted officials, into the teamsters union. His clear purpose, the committee finds, was to use these Dio-Corallo locals to further his own ambitions by capturing control of Joint Council No. 16 of the Teamsters in New York City. The evidence shows that Hoffa helped to mastermind this operation and that he was fully cognizant of the character of the people he was bringing into the teamsters.

What was so important about Joint Council No. 16? No one will deny that New York is the Nation's economic hub. It is also a city vastly dependent on services. All of the necessities it takes to keep a metropolis of 8 million people humming must be brought in from the outside by truck, ship, train, and plane. Even in the latter three cases, when mercandise is delivered at the docks and freightyards and airports, it is the trucks which must take it to its ultimate destination. Probably no city is as dependent as New York upon the orderly flow of commerce.

This orderly flow in great measure depends on the 125,000 members of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America who live in the New York area. The affairs of these members are regulated by Joint Council No. 16, a ruling body made up of 7 delegates from each of the city's 58 teamster locals. It is this joint council which makes the ultimate decisions on strikes and on whether to give teamster assistance to other unions.

It was therefore of prime concern to every family in New York City when a group of notorious labor racketeers, headed by Dioguardi and Corallo, with the active backing of Hoffa, sought in 1956 to capture this economically and politically powerful joint council. It seemed not to matter to Hoffa that the locals in question at the time they were brought into the teamsters had no members or that their officers had such unsavory reputations.

The attempt to capture joint council No. 16 must be set against the backdrop of another power grab, also initiated by Mr. Hoffa. For years the situation on the New York waterfront has been a source of shame and concern to decent people in that city. So corrupt was the International Longshoremen's Association (ILA), which ruled the docks, that the AFL summarily kicked the union out, and a special bipartisan commission was set up by the State of New York to keep a 24-hour watch on what was taking place on the docks. The AFL, in an effort to clean up the situation, set up the rival International Brotherhood of Longshoremen (IBL) and attempted in two elections to wrest control of the dockworkers from the venal ILA. In both these attempts, the teamsters gave lipservice to support of the IBL. But, under the table, John O'Rourke and Harold Gibbons, now international vice presidents of the teamsters, worked with the ILA and promoted the ILA cause.

The final blow to the AFL chances came when James Hoffa proposed a mutual assistance pact between the teamsters and the ILA,

coupled with the offer of a $400,000 loan to the ousted dock union. Public outcry forced Hoffa, with burned fingers, to withdraw his offer. But the damage had been done. Moreover, Hoffa's clear lust for power, to the extent of allying himself with the most dishonest of unions and the most dishonest of labor leaders, had again been clearly demonstrated.

Hoffa's performance on the last few days of his appearance before the committee, during which he professed a complete failure of memory, is dealt with in the further finding on Hoffa himself.

In looking at the total picture the committee must comment that, working by themselves, such racketeers as John Dioguardi and Anthony Corallo present a dangerous enough problem, but when they have the backing of top officers of the Nation's largest union, particularly James R. Hoffa, now its general president, the situation becomes one for national alarm.

As a collateral matter during these hearings the committee looked into the activities of Anthony Doria, international secretary-treasurer of the UAW–AFL. The committee finds that Anthony Doria seriously misused his position, defrauded the union's membership, and played a key role in the infiltration of gangsters and racketeers into that union. Mr. Doria, through fast talking, attempted to obscure the real issues, but his improper activities are nevertheless clear and reprehensible. The fact that he carried thousands of dollars of union funds around in a little black box, which he says he ultimately lost in the Arizona hills, is completely unworthy of belief.

At no time did Doria make any proper accounting of some $14,000 in union funds from defunct UAW–AFL locals, nor can there be any refutation of the fact that Doria appropriated to his own use part of the $30,000 appropriated for the International UAW convention in 1955. Doria was directly responsible for allowing known racketeers to take $396,000 of UAW–AFL funds. There can be no legitimate explanation for Doria's permitting Angelo Inciso, Chicago regional director of the UAW–AFL to leave that union with $300,000 of its funds after being exposed by the Douglas-Ives subcommittee in 1955, nor can there be any reasonable explanation for the payment of $16,000 to John Dioguardi and the agreement whereby Doria was given $75,000 and a new automobile. Even after Dio had left the UAW–AFL with the $16,000 going-away present, Doria continued to inform him by letter of activities of UAW locals in New York City and even permitted him control to the extent of being able to call UAW locals and either to place pickets or to remove pickets from in front of business establishments. This union relationship, coupled with Dio's activities as a management consultant with Equitable Research Associates, provided him with a perfect setup for extortion.

The committee has strongly recommended that the Justice Department prosecute Doria for perjury and that the Internal Revenue Service make a thorough study of his financial affairs.

The committee wishes especially to thank New York County District Attorney Frank Hogan for the splendid cooperation given by his office during our investigation into the New York phony locals situation. The commmittee might point out that the labor-racket picture in New York City would be much worse were it not for the vigilant efforts of Mr. Hogan's office to prosecute vigorously all cases coming to its attention.

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JAMES R. HOFFA

In 25 years in the labor movement, James R. Hoffa rose to eminence in the hierarchy of the teamsters union. During August and September 1957, the committee held hearings into some of Hoffa's activities—both in relation to his union position and in the myriad outside business and other activities in which he is engaged.

In the first of these hearings, Hoffa testified in person. Much of this dealt with his friendship with and sponsorship of John Dioguardi, New York labor hoodlum, and the part played by Hoffa in the chartering of seven phony locals in the teamsters union in New York in an attempt to influence the outcome of the election for president of joint council 16. His testimony in that regard is included in that section of this report dealing with the New York situation.

In the second hearing, in September, Hoffa was not a witness. His attorney asked that he be excused from testifying on the grounds that he had just then been indicted on perjury charges by a grand jury in New York. While not compelling Hoffa to testify in this instance, the committee gave him the option of refuting any testimony that he thought might have been derogatory. Mr. Hoffa did not avail himself of this opportunity, despite the fact that much of the second hearing concerned his activities.

Following the second hearing Hoffa was elected international president of the teamsters union, putting him at the head of the Nation's largest union and increasing his already considerable power.

Hoffa told the committee in August that he had been a member of the teamsters union since 1932. At the time he testified he said he was president of Joint Council 43, the Michigan Conference of Teamsters, the Central Conference of Teamsters, vice president of the international union, vice president and negotiating chairman of the Central States Drivers Council, and coordinator of the Montgomery Ward national organizing drive. He said he had been arrested 17 times and convicted on 3 occasions; these 3 convictions were for violation of the Federal antitrust laws, restraint of trade, and assault and battery.

In discussing the Detroit labor leader's source of income and his extensive business operations, the committee sought to discover where Hoffa got what appeared to be an almost inexhaustible supply of cash. In Hoffa's case, at least, it appeared there was no need for the conventional 4 percent bank loan. He gave the committee an impressive list of friends who, he said, lent him money, interest free, without collateral and without notes. In all the cases, with the exception of loans from his local union, Hoffa said the money was given to him in cash and that he repaid in cash. Hoffa said he did not know the purpose of the loans and could not explain to the committee what the money had been used for. This camaraderie went to such an extent that a number of Hoffa's creditors, mostly business agents for his union, told the committee that, even though they were sometimes hard-pressed for cash and were owed amounts ranging from $1,000 to $3,000 by Hoffa, they never importuned him to return the money. These business agents intimated that the members of the committee did not understand true friendship when questioned about their complicated financial arrangements with Hoffa.

The list of people from whom Hoffa borrowed money proved interesting to the committee. There was, for example: Abe Farris, who, some time in 1952, lent Hoffa $5,000 in cash. Hoffa could remember little about the loan except that he had paid it back also in cash. He said he "probably" used the money for investments, but could not give the committee any details. Then there were Jack Bushkin and Joe Holtzman, partners in the labor-relations business. Bushkin and Holtzman each lent Hoffa $5,000—in cash—some time in 1952, and he repaid them—also in cash—some time in 1953 or 1954. There were no collateral, no notes, and no interest paid. Hoffa identified Bushkin and Holtzman (the latter is now dead) as men who represented the Michigan supermarkets with whom the teamsters have contracts.

Hoffa reeled off the names of a number of teamster business agents who have lent him money in cash. They were: Al Vignali, $3,000; Herman Kierdorf, $2,000; Marshall Dubash, $2,000; George Roxburgh, $1,000; Al Squires, $1,000; William Bell, $1,000; Frank Fitzsimmons, $2,000; Roland McMasters, $1,000; Joe Prebenda, $2,000; and James Clift, $1,000. Paul Allen, the Detroit representative of the riggers union, also lent Hoffa $2,000.

Herman Kierdorf, who emerged from the Ohio Penitentiary in 1948 after serving a 6-year term for armed robbery, said he was almost immediately hired by Hoffa as a business agent for joint council 43 in Detroit. He said that Hoffa also hired his nephew, Frank Kierdorf, when he was released from the Michigan State Penitentiary after serving a similar robbery term. Herman Kierdorf said he was naturally grateful for this and, when Hoffa came to him in September 1952 and asked him for some money, he lend it to him gladly.

> Mr. KIERDORF. In December, I think, 1952, some time in December. I know it was before Christmas because my wife and I were going to Florida over the holidays and I was unable to do so because I gave the money to Hoffa. I had enough, but I could not spare to take the holiday at the time, either.
>
> Mr. KENNEDY. He just came up to you and said have you any cash?
>
> Mr. KIERDORF. He asked me, "Have you any cash that you are not using that is available," and I said, "What for," and he said, "I would like to borrow some." I said, "How much?" He said, "How much can you spare?" I said, "Approximately $2,000. If you need more, I will get it for you. I will borrow it myself, or I will get it." He said, "Now, that will help me. That will be all right." I gave him the $2,000 the next day (pp. 5296–5297).

In Kierdorf's case, it turned out that he was forced to borrow $13,214.31 after making the loan to Hoffa, but he said he never asked Hoffa for the money. Included among these loans were 2 from the union: 1 in August 1955 for $1,000, and 1 in September 1956 for $1,500. On both of these occasions Hoffa signed the check for the loan but, according to Kierdorf, made no effort to return the $2,000. On Friday, September 20, 1957, 4 days before the committee hearing, Kierdorf received a certified check in the amount of $2,000 from the union's accountant, Herbert Grosberg, repaying the almost 5-year loan.

Paul Allen of the riggers union in Detroit said that his wife was saving some money when he ran into Jimmy Hoffa, who asked him for a loan. Allen said he saw Hoffa and said to him, "You look a little low." Allen said he then went home and said Jimmy Hoffa needed money and had his wife give him $2,000 in cash, which he turned over to the teamster leader. Allen also said that, although he had to borrow money in the interim, he never asked Hoffa to repay the loan. Included in Allen's troubles was a conviction for felonious assault in January 1957, when he and other officials of the riggers union were convicted of participating in a bloody riot at Grand Blanc, Mich. Allen too, it turned out, had been repaid by Hoffa just before the committee started its hearings.

James Clift, a business agent for local 337 in Detroit, said he was sitting around the business agents' room at the teamsters' headquarters in Detroit around Thanksgiving of 1952 when Jimmy Hoffa came to him and asked him if he could make a loan of $1,000. Clift said he happened to have that amount in a little box at home. He went down and got the cash and brought it back and gave it to Hoffa. This loan, too, was repaid just prior to the committee's hearing. Clift said that during the period that Hoffa owed him the $1,000 he had borrowed money from the union which Hoffa had to approve.

A similar story was told by William Bell, a business agent for 299, who also lent Hoffa $1,000. Bell said that there was no discussion about the loan until a few days before the committee session in September. During this period Bell borrowed $1,000 from local 299, of which Hoffa is president, but Hoffa made no offer to repay the money at that time.

Hoffa testified about a number of other loans. One was from J. L. Keeshin, a Chicago trucking company owner, from whom Hoffa borrowed $5,000 sometime in 1952 or 1953. He said he repaid this loan by purchasing a cashier's check with $5,000 in cash from a source he could not recall.

The Detroit labor leader also dipped into his own local union for loans: $5,000 in July of 1955, $2,976.30 in October of 1955, $2,000 in May of 1956, and $6,000 in October of 1956. Hoffa said, according to his records, he had repaid all of these union loans by February of 1957. Hoffa said that the security on these loans was his union insurance policy and retirement fund.

The union's accountant, Herbert L. Grosberg, was also a Hoffa benefactor in the loan department. In 1955 and 1956 Grosberg lent him $11,500 which Hoffa said he had repaid.

Two other sizable loans received by Hoffa were of particular interest to the committee. One of these, in the amount of $25,000, came from Henry Lower, somewhat of a mystery figure in the teamsters union, who later became the enthusiastic promoter of a Florida land scheme called Sun Valley. In relationship to this loan, the committee heard evidence which indicated (1) that Mr. Hoffa had an option to buy 45 percent of the property in the Sun Valley development at cost; (2) that the project was under the sponsorship of the teamsters union and that various teamsters business agents went to Florida at union expense to do work in connection with the project; (3) that Henry Lower drew a union salary and expenses and operated out of the union offices while running the Sun Valley project; (4) that Hoffa exerted

pressure on Michigan and Florida banks to get loans for Sun Valley and Henry Lower; and (5) that Hoffa was a hidden and active participant in the entire project to the extent of determination of policy.

Hoffa identified Lower as a man who

> * * * at one time was a representative of the teamsters union. He is now in real estate in Detroit, Florida, and I don't know where else (p. 4991).

Hoffa said that at the same time he borrowed the $25,000 from Lower, he was a cosigner on 2 notes from the Commonwealth Bank of Detroit to Sun Valley and Henry Lower. Hoffa said he had exerted no pressure whatever on the bank to make either of the loans. However, the bank records introduced into evidence showed this notation:

> About a year ago we lost a teamster account of $800,000 through some misunderstanding. We are trying to get this account back and a welfare account at the National Bank of Detroit that runs over a million dollars. If we cannot take care of them, they propose to go to the City Bank and no doubt we will lose more accounts (p. 5008).

Hoffa explained that the trouble with the bank had started when the bank refused to lend $500 to a member of local 299. The member, it appears, had not had the ready access to union funds which some of Hoffa's personal friends seemed to have. This included loans of $150,000 to Harold Mark, a New York welfare and pension fund consultant who was a close friend of Hoffa, and loans of $75,000 to a Michigan building company in which Hoffa's attorney and adviser, George Fitzgerald, was the principal. (These loans will be discussed later in this report.)

Hoffa admitted that he had an option to buy an interest in Sun Valley—"What it is, I can't tell you at this moment." Advertisements for the project were introduced into evidence which showed that lots could be purchased from the teamsters' business agents. The ads bore the inscription "Entire Sun Valley program has been endorsed by the Florida Chamber of Commerce and your joint council." Hoffa said this was joint council 43, of which he was president. The ads also said

> Stake your claim in the teamsters' model city of tomorrow (p. 5010).

Hoffa conceded that he had not told teamsters union members or business agents who acquired lots in Sun Valley that he had an option in the development.

The influence of James Hoffa in the overall financial development of Sun Valley became increasingly evident with the submission of certain bank files from the Florida National Bank at Orlando, Fla. An affidavit by Omar P. Hewitt, Jr., vice president of this bank, stated that 2 loans, amounting to a half million dollars, had been made by the Florida National Bank to Sun Valley, Inc., located near Titusville, Fla.: a $300,000 loan made on June 20, 1956, and credited to the account of Sun Valley in the Orlando bank; and a $200,000 loan made on November 20, 1956. Both the notes were made payable to the bank and signed by Henry Lower, who gave his address as 2741

Trumbull Avenue, Detroit, Mich. This is the address of the teamsters headquarters in Detroit.

Hewitt said that the "principals of Sun Valley, Inc." were recommended to the bank by Robert E. McCarthy, Jr., of the Commonwealth Bank in Detroit.

> At the outset of the negotiations for the loans the two principal owners of Sun Valley, Inc., were identified to our bank as Mr. Henry Lower and Mr. James R. Hoffa, an official of the teamsters union in Detroit (p. 5672).

Hewitt said that Lower, in the presence of McCarthy, assured the Orlando bank that

> * * * a teamsters' account would be established at our bank with balances equal to, or in excess of, any loans granted to Sun Valley, Inc., by us. We were assured, also that these balances would be maintained with our bank during the life of any loans. These promises have been complied with to date (p. 5672).

In accordance with this agreement, Hewitt said that local 299 of the teamsters union in Detroit, of which Hoffa is president, deposited $300,000 in the Florida National Bank in Orlando on June 20, 1956, and another $200,000 on November 17, 1956.

> The $200,000 deposit was brought to our bank personally by Mr. Lower (p. 5672).

The Florida bank official said that records showed that in 1955 Hoffa, Lower, and McCarthy called personally at the bank in Orlando in relation to the Sun Valley project.

Other bank records introduced into evidence cemented the relationship between Hoffa and Lower in this development. The loan files of the bank showed—

> Sun Valley, Inc. is a private enterprise, separate and apart from the truckdrivers union. Mr. James R. Hoffa is president of the truckdrivers local union 299 in Detroit and has authority to place their accounts where he wishes, although the charter does not give him authority to pledge or guarantee that these funds will remain on deposit.
>
> Mr. Hoffa and Colonel Lower, the largest stockholders in Sun Valley, Inc., until recently Colonel Lower did not have authority to disclose Mr. Hoffa's interest in Sun Valley, Inc.
>
> According to Colonel Lower, Mr. Hoffa is slated to become president in 1962 of the international truckdrivers union, succeeding Mr. Beck (p. 5673).

As outlined to the bank, the purposes of these two loans were to complete improvements, pave streets, and install sewers in Sun Valley. Instead, according to figures compiled by committee accountant Carmine S. Bellino, $144,000 was diverted into the pocket of Henry Lower, and $85,844.57 went into a personal Lower enterprise, Henry Lower Associates of Detroit, Michigan. This money went for the development of Igloo Ice Cream Drive-Ins and a project called Sun Valley Square in Detroit.

The records of Sun Valley show that some 2,000 lots had been sold at prices ranging from $150 to $550. The actual cost per lot was $18.75. Records showed that the 2,475 acres, which had been platted into 8,000 lots, cost $150,000. Lower actually put up only $6,000 in the transaction which, according to Bellino, appeared to have come from the $10,000 that Lower got from teamster local 985 in Detroit (headed by William E. Bufalino) and which, in turn, local 985 received from local 299, Hoffa's home local. Another $29,000 was paid on the property from the $50,000 borrowed from the Commonwealth Bank in Detroit, on which loan Hoffa was a cosigner.

Lower, called "Colonel" by close friends and associates, drew a total of $52,479.36 during 1954, 1955, and 1956 in salary and expenses, at which time he was ostensibly devoting his full time to development of Sun Valley. The payments came from the payroll account of local 299 and his expenses from local 299. In the same period Lower also drew $25,340.65 from local 376 and $13,612.65 from joint council 43, for a total from the three union sources of $91,432.66. The amounts of money drawn by Lower moved the chairman to observe, "I can hardly see why he needed the Sun Valley project."

The sad state of Sun Valley, as a result of the siphoning of the project's funds by Colonel Lower, was related by Joseph Kritch, a former professional baseball player who became a salesman for Sun Valley. Kritch said he was told by Lower that Sun Valley was going to have hard-surfaced roads and many other improvements, making it a magnificent place for older teamsters to retire in their declining years. He said Lower kept making trips to Florida and coming back and telling him, "Joe, it is wonderful. All the streets are in." He said that a Detroit newspaper, however, made an investigation and discovered that there were no streets at all. About the only good thing the newspaper could find about Sun Valley was "that it is high and dry." Kritch said he really smelled a rat when he discovered that Lower was planning to assess the property owners in Sun Valley and also planning to repossess the lots of those who could not pay. Kritch said he attempted to get Jimmy Hoffa to do something about this. On one occasion he said Hoffa told him to take the matter up with Henry Lower. On another occasion Kritch left a letter for Hoffa which the labor leader apparently turned over to Henry Lower, because the latter had it in his possession the next morning when Kritch came to work. Kritch said at this moment he quit before he was fired.

Harold Mark, a New York pension and welfare consultant who was a close friend of Hoffa, also proved to be a benefactor to the Michigan teamster leader. Hoffa testified that Mark lent him $25,000. An examination of Mark's records showed that this loan was made on May 15, 1956, exactly a week after local 299 lent Mark $25,000. In addition, locals 299 and 337 lent Mark an additional $25,000 through the year 1956.

During March of 1957 a loan in the amount of $145,000 from the Michigan Conference of Teamsters was substituted for the then existing obligation of Mark to locals 299 and 337, and the principal balances outstanding to these two locals were paid off by the New York consultant. Staff accountants traced the $25,000 check from local 299 and found that it had been offered for payment at the New

York brokerage house of Auerbach, Pollak & Richardson for Fruehauf bonds in an account in the name of James R. Hoffa. The cashier at the brokerage house refused to accept the check for the bonds because it had been written on a union account. Mr. Mark then took the check and deposited it in his own account, on the same day that he issued a check for $12,500 to Hoffa's account at the brokerage house, and had another $12,500 transferred from his own brokerage account at Auerbach, Pollak & Richardson into the name of James R. Hoffa, for a total of $25,000 as mentioned above.

Who is Harold Mark with whom the teamsters were so generous? Mark handles the teamster health and welfare accounts in 22 States. It appeared that his working relationship with these funds was so close that he could shift funds from one bank to another at will. In fact, Mark asked to Oneida National Bank of Utica, N. Y., to lend him between $100,000 and $175,000. Bank memoranda showed that at the time he applied for the loan he told officials that he was going to transfer one of the New York teamsters council welfare trust funds to that bank. Bank loan memoranda showed that this played a part in having the loan approved.

Mark's relationship to Jimmy Hoffa was so close that a New York trucker told how he approached the New York welfare fund consultant to get some labor problems settled. Leonard Ginser of Great Neck, N. Y., president of the Ginser Trucking Co., met Mark at a social gathering on Long Island. Mark told him at the time that he was in the insurance business and a broker for many different unions. He later got a call from Mark, who told him that he knew that various trucking companies in New York City were having financial difficulties because of wage increases granted at the prior negotiations which had been conducted in the New York area by Jimmy Hoffa. Mark then suggested that if the various trucking companies who negotiated with the teamsters would put their welfare funds with a particular insurance company, the contracts could be revised downward. Ginser went back to the members of his association and they decided to explore Mark's offer. Ginser said he went to a New York restaurant with Hugh Sheridan where he met Mark and was introduced to Phil Weiss, a New York "fixer" who was very close to certain top officials in the union movement, including James R. Hoffa. Ginser said that Weiss did most of the talking, bragging about his connections with certain officials of the teamsters.

> * * * After a period of perhaps 45 minutes to an hour or so, I said, "We are here for a specific purpose. What is this about?" "Well," he said, "I would just like to know you fellows a little more." The appointment more or less ended up getting us nowhere.
>
> At a later date, I was questioned as to why I brought Mr. Sheridan along with me on this particular meeting, because I certainly picked the wrong sort of individual to give a proposition to, because he represented the impartial arbitrator for our industry in New York City (p. 5689).

Mark conceded that he had talked with Ginser about the truckers' financial problems. He said he told Ginser if an audit was made of his books and showed that the 25-cent wage increase which had been negotiated would cripple him financially, he could arrange for some

downward revision. Mark said he talked to a number of people about this problem and was told that Phil Weiss was the man who could do something about it.

> I went to Phil Weiss because I heard around that he was in a position to do these things.
>
> Mr. KENNEDY. Who told you? I think that is a very peculiar situation that you hear around New York that Phil Weiss has the power to change the contracts that have been made by James Hoffa (p. 5700).

Mark refused to pinpoint from whom he got the information that Weiss could be of assistance.

In his testimony Hoffa said that he had listed all of his outstanding loans. These are the loans listed thus far in this report. In tracing the complicated financial transactions between Hoffa and Mark, however, the committee turned up another $100,000 loan to Hoffa which he had failed to mention. It was discovered by the committee that the Detroit labor leader had borrowed the $100,000 from the Lakeview Trust & Savings Company of Chicago through the intercession of D. H. Blair & Company of New York City. It is interesting to note that D. H. Blair & Co. is a partial owner of the Union Life & Casualty Co. operated by Hoffa's friend, Allen Dorfman, the same company which writes the insurance for the Central Conference of Teamsters and other unions. With the $100,000 from the Lakeview Trust & Savings Co., Hoffa purchased 100 Fruehauf bonds valued at $126,800. On August 26, 1956, the loan was transferred at the request of D. H. Blair & Co. from the Lakeview Trust & Savings Co. to the Cleveland Trust Co. in Cleveland, Ohio. A $6,000 payment had been made, putting the Cleveland Trust Co. obligation at $94,000.

Between August 22 and December 11, 1956, certain payments were made to the Cleveland Trust Co. on the principal and interest. There is no way of telling from the current bank records who made these payments. The entire transaction comes to a curious conclusion on December 11, 1956, when Hoffa's home local 299 deposited a check to the Cleveland Trust Co. in the amount of $76,266 to pay off the final remaining principal and interest on the Hoffa loan. Records of the union are such that, at this point, it is impossible to tell whether or not the union purchased the bonds from Hoffa or whether it lent the money to Hoffa to pay off the indebtedness and have the bonds as collateral. In either case, at the time of the committee hearing into this matter the bonds which Hoffa had originally purchased for $126,000 had depreciated in value to $69,000. There is no evidence, however, that Hoffa either put up any money or lost any money in the deal.

During both the August and September hearings the committee also sought testimony on labor leader Hoffa's other role—that of a businessman. The first recorded business venture in which Hoffa participated was the J. & H. Sales Co. Hoffa said that this company owned a tractor or a trailer which was leased to the Baker Driveaway Co. The Baker Driveaway Co. was owned by William O. Bridge, a Michigan trucker who had contracts with the teamster union. The Baker Driveaway Co. was also owned in part by Mr. Carney Matheson, a long-time attorney and negotiator for the National Auto Carriers Association.

After a short life, the J. & H. Sales Co. was succeeded by the National Equipment Co., this being listed in the names of Josephine Poszywak and Alice Johnson, the maiden names of Mrs. James R. Hoffa and Mrs. Owen Bert Brennan. Brennan is a long-time associate of Hoffa and president of local 337 of the teamsters union in Detroit, Mich. This company also leased equipment to the Baker Driveaway Co. owned by Bridge and Matheson. The corporation papers for the National Equipment Co. were set up by Albert Matheson, the brother of Carney Matheson and also active in the negotiation of contracts and the settlement of disputes on behalf of associations of trucking owners. It was Hoffa's recollection that the Convertible Equipment Leasing Co., owned by William Bridge, purchased National Equipment Co. for $10,000. An examination of the records of the National Equipment Co. showed that while Bridge paid $10,000 for this property, the company had a true worth at the time of its sale of minus $6,013.53.

The tangled maze of Hoffa's business ventures reaches a baffling state at this point with a $4,000 dividend paid by National Equipment Co., a virtually defunct corporation, just prior to its sale to William Bridge. A new trucking company was set up in Tennessee. This company, with the name of Test Fleet, Inc., was organized by James Wrape, attorney for the Commercial Carriers Co., one of the biggest haulers of new automobiles operating out of the Detroit area. The company was originally set up in the name of Mr. Wrape and two of the attorneys in his office in Memphis, Tenn. Soon thereafter the stock was transferred into the names of Josephine Poszywak and Alice Johnson. The company then purchased equipment with a $50,000 loan guaranteed by the Commercial Carriers Co. and went into the business of leasing haul-away equipment to Commercial Carriers, with a total investment of $4,000 (and this a dividend from an asset-less corporation). Mrs. Hoffa and Mrs. Brennan reaped a total profit of $125,000 from November 15, 1949, to December 31, 1956.

Coincidentally, the formation of Test Fleet came at the very same time that Commercial Carriers was having trouble with the teamsters union in Flint, Mich. Commercial Carriers had operated for a number of years by leasing its equipment from so-called brokers.

After the war, the company deemed it advisable, according to Hoffa, to have all company-owned equipment. The men who owned their own trucks and had been leasing them to Commercial Carriers protested this action. The resentment finally flared into a strike.

> Mr. HOFFA. I went into the situation and advised the people that it was an illegal strike, advised the possibilities or the penalties under the Taft-Hartley law, that you gentlemen passed, and at that time they still refused.
>
> I invited the company representatives to come up to Flint, sit down with a committee of drivers, and we finally arrived at a settlement.
>
> In the meantime, though, the company got very hostile, and, knowing they had a legal position which we couldn't, probably, beat in court, took a position they wouldn't hire the men unless they went back without seniority.
>
> After extended negotiations, we did get the company to agree to put them back to work with this proviso: That, after 60 days, if there were no more illegal strikes, the men who

went to work would receive retroactively all other combined seniority rights which protected their fringe benefits and their right to work or be laid off.

Certain individuals, I believe 6 or 7, I am not sure of the number, decided they were not going to comply, and established a picket line, a picket line which everybody knew was for the purpose of trying to force the company to hire outside equipment rather than their own equipment.

They were advised, I am told by their own lawyers, that they were placing themselves in jeopardy. The company took the position that, since the men would not return to work, they were not employees of the company.

Since then, they have appealed to the courts, they have appealed to the National Labor Relations Board, the Michigan Unemployment Commisison, and in each instance a strike has been ruled as an illegal strike and the men's claims have been rejected (p. 4940).

After Hoffa urged the strikers to go back to work, he notified management and the workers that he would not support the strike. The company again reversed its position and decided to lease equipment from fleet owners. The owner of Commercial Carriers, Bert Beveridge, whom Hoffa described as being hostile, approached Brennan and asked him if he would be interested in going into the fleet-leasing business.

Mr. KENNEDY. He was less hostile by this time, was he?

Mr. HOFFA. Well, now, I don't know if he was or he wasn't, but at least his strike was over.

Mr. KENNEDY. O. K.

Mr. HOFFA. And the result was that, since he was looking for individuals to invest their money in equipment, my wife and Brennan's wife became engaged in the question of leasing equipment under the name of Test Fleet (p. 4941).

* * * * *

Mr. KENNEDY. All right. So, Mr. Bert Beveridge had a conversation with Mr. Bert Brennan, president of local 337, and Mr. Brennan—did Mr. Brennan speak to you about it then?

Mr. HOFFA. He certainly did.

Mr. KENNEDY. And, at that time, you were head of the Michigan Conference of Teamsters?

Mr. HOFFA. That is correct.

Mr. KENNEDY. And you were chairman of the negotiating committee of the Central States Drivers Council?

Mr. HOFFA. That is correct.

Mr. KENNEDY. And you were president of local 289?

Mr. HOFFA. Let's go back again. You said I was president of the Michigan Conference of Teamsters and president of the Central Conference of Teamsters?

Mr. KENNEDY. I asked you.

Mr. HOFFA. That is what you said.

Mr. KENNEDY. Chairman of the negotiating committee of the Central States Drivers Council; is that right?

Mr. HOFFA. That is right, which had nothing to do with the question of negotiating this contract.

Mr. KENNEDY. Anyway, you had a fairly reasonably responsible position with the teamsters at the time in Michigan.

Mr. HOFFA. And I still do.

Mr. KENNEDY. And Mr. Beveridge came to Mr. Brennan and you, too, and then Mr. Brennan had a conversation with you, and the company was set up with Mr. Wrape, the attorney for Commercial Carriers, as the first president; is that right?

Mr. HOFFA. I believe that is right (pp. 4942–4943).

Hoffa testified that the accounting for the infant corporation was done by an auditor named Beidler, who was also, coincidentally, the accountant for the Commercial Carriers Co. As in the case of Wrape, no payments were made by Test Fleet, Inc., to Beidler for his services. Test Fleet, Inc., changed its name to the Hobren Corp. in 1955, and in that name the company purchased a piece of property in Iron County, Mich., which it turned around and leased to the Lake 13 Hunting and Fishing Club, a Michigan nonprofit corporation made up of teamsters business agents from Detroit.

Bert Beveridge, who, by the time the hearing was held, was no longer connected with Commercial Carriers, testified that, when the strike broke out in Flint, Hoffa went to Flint, spoke to the workers, and, subsequently, most of the employees went back to work. Some 8 or 9 men did not return to work, and the others lost their seniority, even though they returned to their jobs.

Beveridge said that Hoffa insisted that the men be given back their seniority. Beveridge also said that Hoffa was adamant about the 8 or 9 men who had not returned to work getting their jobs back. A letter, however, written by Beveridge to Carney Matheson on September 8, 1949, contained this section:

> We have had considerable rumors as to what is coming, and I think it is absolutely wrong for me to attend, but have you go up representing the company.
>
> Before you get into the meeting, Spencer will be able to brief you on all of the things that they probably will bring up. The Aarrasmith and Turner rehiring is going to be demanded, but we have valid reasons for not rehiring these two fellows, and we positively refuse to do so unless we should lose a decision with the conference grievance committee.
>
> We have been informed by George Dixon's New York attorney friend that he is starting suit for the drivers that we failed to hire back for different reasons, basing his suit on prejudice. Jim Hoffa has told me to forget about it and not to be at all concerned, but it might be well for you to consider the idea of having Tunk or his committee bring this as a grievance before the conference. We have a strong enough case to win our point before a fair committee, and their decision certainly should have some bearing on any proposed lawsuit.

There will be some questions as to back pay for some dockmen up until last December, but Tunk is now trying to make it back to 1947, which we are not going to go for.

You should instruct Spencer regarding payment of vacation pay. Actually, it appears we do not have a contract, and it is Messrs. Hoffa and Brennan's instructions to treat all employee as new employees hired in after the strike, which would mean payment on a 2-percent basis, but Tunk has informed some of these drivers that they already have their seniority back and some of them are expecting 4 percent (pp. 5553–5554).

Still another investment was the P. M. L. Co., in which Hoffa was associated again with Carney Matheson, the negotiator for the trucking operators. The P. M. L. Co., was set up for the purpose of loaning money to other companies. According to Hoffa, it was dissolved after sustaining a substantial loss. Two other attorneys, a Mr. Louisell and a Mr. Porritt, also were partners in that company. Hoffa invested $20,000 in the P. M. L. Co., but could not recall the source of his money—only that it had been borrowed from someone.

Then there was Joll Properties, a resort and girls' camp in northern Wisconsin, in which Hoffa was associated with Paul Dorfman (a Chicago labor leader recently suspended by the AFL–CIO from his position in the waste-material handlers' union), Paul Dorfman's son, Allen, and his wife, Rose Dorfman. The Union Insurance Company of Illinois, which was owned by Allen and Rose Dorfman (as has been pointed out earlier in this report), handles insurance for the Central Conference of Teamsters and other teamster bodies. Hoffa said he invested some $12,000 in Joll Properties, part of which he borrowed from sources he could not remember. He said Joll Properties was also lent money by the Union Insurance Company of Illinois.

Hoffa said he and his sidekick, Bert Brennan, were investors in the Columbus Trotting Association in Columbus, Ohio. His recollection was that his interest in the track was one-sixteenth, and he did not recall what the value of his interest was. He said he disposed of his interest in 1949, but that Brennan still has a piece of the track.

Brennan's affinity for horses led to another peculiar Hoffa enterprise. He testified that he and Brennan made an annual profit of from $5,000 to $10,000 by just betting on horses. He said that Brennan would do the betting, and that his sole part was giving money to Brennan for the bets to be placed. Members of the committee who were curious to find out more of this sure-fire method of beating the horseraces were defeated in that purpose when Brennan, later in the hearings, decided to take the fifth amendment and refused to explain his system. Hoffa and Brennan also had another sporting project, the ownership of a Detroit prizefighter named Embrill Davidson. Davidson will never achieve a rating as one of the "greats" of Fistiania, and Hoffa could not recall what the investment had cost him.

Still another venture in the Hoffa galaxy of businesses was the Northwest Oil Co., which bought and sold leases in the Williston Basin in North and South Dakota. Hoffa was a partner in that with Brennan and Dr. Leo Perlman, who at that time was also connected with the Union Insurance Company of Illinois. Allen and Paul Dorfman and their lawyer, Phil Goodman, were also interested in Northwest Oil

Co. Hoffa said he and Brennan each put $10,000 into Northwest Oil Co. in cash. "I imagine it was out of an accumulation of money that we saved, or had invested, whatever we did with it."

Two other investments close out the list of Hoffa enterprises. One was a partnership in the Terminal Realty Co. in Detroit with Oren DeMass, the Michigan State liquor commissioner, and a minor interest by Mrs. Hoffa in the Theatre Trucking Co. (about which more will be said further in this section).

The origin of the teamsters jukebox locals in Detroit was traced by Hoffa in his testimony. He said he lent either $2,000 or $2,500 to Eugene (Jimmy) James to start the local in Detroit. The money was given to James in cash, according to Hoffa. The loan was repaid by the expedient of placing Mrs. Hoffa and Mrs. Brennan on the payroll of this local, even though they did not do any work. The record showed that, in this way, the two ladies, in their maiden names, received a total of $6,000 in repayment of the original $2,000 investment.

> Mr. KENNEDY. Why would Jimmy James and the teamsters local pay your wife and Bert Brennan's wife in their maiden names $6,000, if you only loaned them $2,000 or $2,500?
>
> Mr. HOFFA. Because of the arrangement that was agreed to between the union officials and ourselves.
>
> Mr. KENNEDY. It was worth 300 percent?
>
> Mr. HOFFA. Whatever percent it was. He felt that it was.
>
> Mr. KENNEDY. Well, figure that you loaned them $2,500, and you got paid back $6,000.
>
> Mr. HOFFA. Put it down the way you want. That is the story. I didn't come here to tell you anything except what is right.
>
> Mr. KENNEDY. That is what your arrangement with Jimmy James was?
>
> Mr. HOFFA. That is right (pp. 5026–5027).

James, the convicted labor racketeer who was accused by the Douglas-Ives subcommittee of stealing over $900,000 from the welfare funds of the Laundry Workers International Union, refused to testify on the grounds of the fifth amendment. The committee was given background information on James, which indicated that, after he founded local 985 in Detroit, he began having trouble with Detroit gangsters. William E. Bufalino, the nephew of Angelo Meli, the notorious prohibition hoodlum whom the Government is currently seeking to denaturalize, was brought in to assist and advise James in his problems. Bufalino eventually took over the union, and James left sometime early in 1949, remaining on the union's payroll through 1951. James then showed up in Miami, where he and Gerald Connelly were attempting to organize the laundry workers. The organizing drive erupted in violence when associates of James and Connelly hired a Mr. Halston Newbold to shoot one of the laundry operators with whom the union was having difficulty. When Mr. Newbold refused to go through with this plot, the James-Connelly gang took Mr. Newbold out and put five bullets in him and then tried to run over him. Newbold lived through this experience, however, and came back to testify.

James would not explain why he turned over the Detroit local to William Bufalino, at that time a Detroit jukebox operator. He would

not tell whether or not he had received any financial consideration for giving the local to Bufalino, nor would he comment on the fact that he remained on the payroll of the local for 2 years after he had left his position. James' reason for not testifying was that he felt that he might tend to incriminate himself.

While Hoffa seemed willing to accept loans from wherever he could find them, the union acted with equal alacrity in passing out loans to what it called "worthy" enterprises. One of these was the Marberry Construction Co., owned by the teamsters union's attorney, George S. Fitzgerald; its accountant, Herbert L. Grosberg; Grosberg's father, Ben Grosberg; and another partner named Silberg. Checks introduced in evidence showed that locals 299 and 337 lent $75,000 to this enterprise in 1955—at approximately the same time that Herbert Grosberg was lending Hoffa $4,000.

Then there was the loan of $50,000 to the Northville Downs Race Track, a 1-mile oval, where Hoffa's friend, Bert Brennan, raced his not inconsiderable number of trotting horses.

The most eyebrow-raising loan, however, was to John Bitonti, a notorious Dearborn, Mich., policy racketeer who had been arrested 22 times since 1929. Bitonti had the type of record which made it exceedingly difficult to obtain a loan from a bank, but he found the teamsters union more liberal in their loan policies. The loan was in the amount of $40,000 which he repaid over a period of 2 years and 7 months from 1954 to 1956. While Bitonti's recollection was that he borrowed $40,000, the mortgage on his property showed the loan was $50,000. After being interviewed by committee investigators, Bitonti fled to Canada and has remained outside the jurisdiction of the committee ever since. James P. Kelly, committee investigator, recalled his conversation with Bitonti:

> Mr. KELLY. * * * I asked Mr. Bitonti whether he had signed a note and he was a little vague about it. He wasn't too sure that he had signed a note, but he thought he had. He said he did remember signing the mortgages with his wife. When I indicated to him that this amount totaled $50,000, he turned purple, and told me that if these rogues and rascals were going to cheat him—incidentally, he had a large picture of Mr. Hoffa on the wall of his den or study, whom he referred to when we first came in as Jimmy Hoffa, but his attitude toward the picture changed with our information, to the extent that when I indicated these facts to Mr. Bitonti he ran over and tore the picture off the wall and he ran around the house with it saying, "What will I do with it, what will I do with it?" Answering his own question, he said, "I know what I will do with it. I will put in down in the cellar." So he ran down the cellar steps and a few minutes later came back dusting his hands off with the attitude of a man who had accomplished something. I asked him the following day if the picture was back on the wall. He said, "Ask me another question. I won't tell you."
>
> It was significant to us, Mr. Kennedy, that he had probably borrowed $50,000 and was paying back $40,000 on the surface of it, and another $10,000 through other means.

Mr. KENNEDY. We do not know anything more than the fact that he said he received $40,000; the 2 mortgages say he received $50,000.

Mr. KELLY. And the checks total $40,000.

Mr. KENNEDY. And the checks total $40,000. Before we could get any further explanation or enlightenment he left for Canada.

Mr. KELLY. That is right.

Mr. KENNEDY. We still do not have any explanation as for the difference in the two figures?

Mr. KELLY. It is still up in the air (pp. 5684–5685).

Union funds, it turned out, were used to purchase the home of Paul (The Waiter) Ricca, a notorious member of the old Capone mob. Records introduced into evidence showed that checks in the amount of $149,317.79 had been drawn on the account of Detroit Local 337 in favor of Joseph Bulger, a Chicago attorney who represents Paul Ricca. The checks showed that they had been deposited to the account of one Paul De Lucia (the true name of Paul Ricca). Hoffa said that the home had been purchased as a school for business agents. He said that the union planned to employ teachers from recognized universities to teach these business agents the rudiments of pension, welfare, and contract negotiations. Hoffa said that he had no idea the home was owned by Paul Ricca.

Mr. HOFFA. I know who you are talking about, and I read the same stories that were published in the newspapers, and I want to get it on the record that there is no foundation for the statements that appeared in the paper, because immediately we had the abstracts checked with the trust company that we purchased the property from, and nowhere in this abstract, from the time it was farmland, could there be discovered the name of Paul Ricca.

Mr. KENNEDY. You stated he never owned or never had anything to do with this property?

Mr. HOFFA. The abstract as such—according to the trust company, his name did not appear there. All we could go by was the abstract.

Mr. KENNEDY. Now, it says here "Pay to the order of and deposit to the account of Paul De Lucia." Do you know who Paul De Lucia is?

Mr. HOFFA. Well, I will not try to identify him because I am not sure.

Mr. KENNEDY. Paul De Lucia is another name for Paul Ricca.

Mr. HOFFA. I don't believe it.

Mr. KENNEDY. You do not?

Mr. HOFFA. It could be, possibly so, and we tried to find out, and we haven't been able to find that out.

Mr. KENNEDY. There is no question that they are one and the same individual, Mr. Hoffa (p. 5043).

It was pointed out to Mr. Hoffa that to determine the facts all we had to do was to call the attorney with whom the sale was negotiated, and who for a long period of time had been the attorney for Paul (The Waiter) Ricca.

Still another $5,000 in the funds of the Michigan Conference of Teamsters had been used as a donation for Edward Crumback who was running for election as president of local 107 of the teamsters union in Philadelphia. Hoffa said that the contribution was necessary

> * * * for the benefit of the Michigan Conference of Teamsters because we have trucks running in and out of Philadelphia and a strike in Philadelphia can affect the city of Detroit just as though there was a strike in Detroit (p. 5046).

Hoffa expanded on this statement:

> I believe that it is the right of each teamster member in this country and each officer to have the right to be able to go into any given territory where there is a chartered teamster union to work in behalf of any candidate that they believe will be to the best interest as a whole of the members affected not only in that city but other cities on an intra basis (p. 5047).

Hoffa said that his candidate, Edward Crumback, was defeated by Raymond Cohen to whom the labor leader gave a high recommendation, saying he had turned out to be a better man than Crumback. Hoffa's character reference for Cohen was of some interest when Cohen came before the committee and invoked the fifth amendment when asked if he had purchased a lavish yacht with $17,000 of union funds.

Hoffa said he could see nothing wrong with the use of union funds to promote his own election. He said he would not hesitate to do so.

One of the most "worthy" projects to which union-dues money was applied, the testimony developed, was the heavy expense of defending union leaders who were accused of extortions, dynamiting, and other crimes by paying their legal fees and continuing their salaries after they had gone to prison. One of the cases involved the officers of local 614 in Pontiac, Mich. Hoffa testified that after two of the union officers, Daniel Keating and Louis Linteau, had been indicted for extortion, the local was put into trusteeship under his direction. Hoffa then immediately turned around and reappointed these two men as business agents of the local.

> Senator KENNEDY. Do you feel that was a good judgment on your part to name two men under indictment?
>
> Mr. HOFFA. Senator, I don't believe that an indictment is a question of conviction, and I do not believe it was my responsibility to remove them to have the public generated to believing they were guilty prior to trial (p. 5058).

Hoffa conceded that the joint council had paid the legal fees for Keating, Linteau, and their two codefendants, Samuel Marrasso and Mike Necholetti. The full extent of this assistance, however, was not heard by the committee until the later September hearing when the committee's accountant testified that the union paid a total of $30,000 to attorneys to represent these 4 men. In addition, while they were in prison, the union disbursed, through a "good and welfare fund" established by Hoffa with union members' dues, a total of $85,489 to the 4 men through their wives. In at least two of the

cases the payments continued well into 1957 after the individuals had been released from prison. Keating invoked the fifth amendment and refused to answer any questions as to what he might have done to earn any of this money. Linteau said that when he came out of prison he was appointed as a kind of "special organizer" in the Port Huron, Mich., area "surveying new places and stuff like that." Linteau also said that he did some work on Hoffa's home on Lake Orion, Mich. Linteau said he did not get paid for this work and saw no connection between the funds he received while in prison and afterward, and the work on Hoffa's home. He said he was taken off the payroll finally in May or June of 1957, and soon thereafter met Robert Holmes, the secretary-treasurer of local 337.

Mr. LINTEAU. I told Mr. Holmes I was taken off the payroll.

Mr. KENNEDY. What did Mr. Holmes say?

Mr. LINTEAU. He said—he acted surprised and I believe he asked me what I was going to do, and I said attempt to find a job. It was a short conversation. He was walking by when I stopped him.

Mr. KENNEDY. He was surprised you were taken off?

Mr. LINTEAU. That is right.

Mr. KENNEDY. How long were you going to continue on the payroll without doing anything?

Mr. LINTEAU. I don't know, Mr. Kennedy. I did not issue the checks.

Mr. KENNEDY. But he acted surprised that you had been taken off after a year and a half?

Mr. LINTEAU. He may not have been, but to me it appeared that he acted surprised.

Mr. KENNEDY. You were on the payroll for 2½ years?

Mr. LINTEAU. I worked for him for 14 years, too.

Mr. KENNEDY. Some 32 months your wife received your salary?

Mr. LINTEAU. That is right.

Mr. KENNEDY. And for approximately 6 months you did some work and approximately 4½ months of that time you were in jail?

Mr. LINTEAU. No; not 4½ of the 6 months.

Mr. KENNEDY. Four-and-a-half months you were in jail?

Mr. LINTEAU. That is right.

Mr. KENNEDY. Some 6 months you did some work for the teamsters.

Mr. LINTEAU. That is right.

Mr. KENNEDY. Because you were appointed to a position by Mr. James Hoffa.

Mr. LINTEAU. That is right.

Mr. KENNEDY. For the rest of the period of time you did no work for the teamsters but your wife received $700 a month of union members' dues.

Mr. LINTEAU. That is right.

Mr. KENNEDY. And Mr. Holmes was surprised in July or June of this year that you had been taken off?

Mr. LINTEAU. That was my feeling. I felt he acted surprised, yes. How he felt, I don't know (p. 5431).

The other individuals did no work for the money that they received through their wives.

Another teamster official who was considered worthy of support through payment of legal fees was Louis Berra, of St. Louis, Mo. Records of local 299 indicated that that union paid $2,000 to a San Francisco attorney, Irving Goldstein, in 1955. Another $3,000 was paid from the funds of Joint Council 13 in St. Louis, Mo., to Goldstein. Berra, the manager of the St. Louis Health Institute, which is under the direction of Local 688 of the Teamsters in St. Louis, headed by Harold Gibbons, was convicted in October 1954 on 3 counts of income-tax evasion. The Government proved that Berra had received kickbacks from contractors employed to build the St. Louis Health Institute. The union funds in this case were paid so that Mr. Goldstein and another attorney could take an appeal to the United States Supreme Court to try to prove the point that illicitly obtained money should not be considered income for income tax purposes.

It was in Minneapolis, however, where James Hoffa and other locals went all out in the support of a teamster brother who had run into trouble. The man involved here was Gerald Connelly. Connelly had gone to Minneapolis and become a teamster official after leaving Miami, where he was involved in the attempted murder case mentioned earlier in the report. In Minneapolis Connelly was involved in a series of difficulties with the law. First he was charged with illegally obtaining money from employers and diverting it to his own purposes. In the second case he was accused of a conspiracy to extort money from another employer—the Archer-Daniels-Midland case. He was then indicted on two separate dynamiting charges. In his testimony Hoffa said he played no real part in helping Connelly in his difficulties. On May 10, 1956, Hoffa stated in Minneapolis that he was all through with Jerry Connelly. A newspaper carried the headline, "Hoffa Reads Connelly Out of Teamsters."

It is interesting to note, therefore, that a total of $54,381.55 was paid out by various teamster locals and organizations—some under the control of James R. Hoffa and others at the suggestion of James R. Hoffa—in defense of these 4 cases against Connelly and in 1 of the cases also on behalf of Sidney L. Brennan, an international vice president of the teamsters, and Eugene Williams, a Minneapolis teamster official. Many of these payments were made after Hoffa had told Minneapolis newspapermen he was reading Connelly out of the teamsters. The funds for the Connelly defense came from the Central Conference of Teamsters, the Central States Drivers Council, and the national warehouse division of the teamsters union, the latter of which is under the direction of Harold Gibbons.

Arthur Morgan, a Minneapolis labor representative, told how he became a vice president and business agent of Connelly's local 548 during 1954 and 1955. Connelly had been associated with the Building Service Employees' Union. When he came over to the teamsters, a number of other locals in Minneapolis transferred members over to local 548 without the consent of the employees themselves. Morgan described Connelly's union stewardship as autocratic. Morgan said

that when he came into the union he found that practically all of the membership wanted to do something about Connelly and wanted to leave the union,

> * * * but none of them knew anything to get themselves out of it or what to do about having an election of officers. They were afraid that if they demanded anything at all that they would lose their jobs (p. 5366).

Morgan said this actually happened in some cases that he knew of—the people who had opposed Connelly had lost their jobs. As described by Morgan, the 1954 election made a complete mockery of the teamsters' constitution. Twenty persons attended the meeting, yet Connelly received 135 votes. The cards notifying the membership of the election were mailed the same day as the election, thus assuring that the union members would not know about it until it was over.

Connelly's operation also consisted of making sweetheart contracts with employers. Morgan related the case of a company in Minneapolis which had a contract with the teamsters calling for a wage scale of $1.32 an hour. When this company was turned over to Connelly's local, he negotiated a contract lowering the rate to $1. A similar situation occurred with a number of liquor stores in Minneapolis which had had contracts calling for a $65-a-week scale, but which Connelly managed to reduce to $58. The local was finally put in trusteeship in August of 1955 under the direction of Teamster Vice President Sidney L. Brennan. Morgan related that the union's books were never turned over to Brennan but disappeared. In addition, the union treasury was virtually penniless. There were $5,000 worth of outstanding bills and $300 in union assets. This, Morgan said, was despite the fact that while Connelly was in office the union was taking in approximately $1,500 to $2,000 weekly in dues.

Morgan said the union's business ran smoothly after Brennan took over until one day the Minneapolis vice president walked in and said, "I am going to be replaced as trustee."

> (Brennan) * * * "O'Brien from Chicago and Einar Mohn and James Hoffa were in town yesterday and demanded that I either reinstate Gerald Connelly or they would appoint a new trustee. I refused to reinstate Connelly, and so we will just have to wait and see what happens (p. 5374)."

A week later Roy Williams, a teamster official in Kansas City, became the new trustee and Connelly was put back on the job. This was so distasteful to the members of the local that the majority of them quit Connelly's union and joined an independent organization set up by Morgan. It should be pointed out that the reinstatement of Connelly took place following the time he was fined $2,000 for the first indictment of illegally receiving money from employers. He had also been indicted in the Archer-Daniels-Midland case in which co-defendants were Minneapolis teamster officials Brennan and Eugene Williams. Connelly was convicted of the second extortion charge on November 22, 1955, and sentenced to 2 years' imprisonment. He continued to run the union, however, until February of 1956, when Morgan obtained a restraining order forbidding Connelly to interfere with the operation of local 548. With this background the union still

went ahead and put up some $54,000 for legal fees to defend Connelly.

One fascinating sidelight of this affair was the advancing of $2,500 toward Connelly's legal fees by Benjamin Dranow, the owner of the John W. Thomas Department Store in Minneapolis, Minn. Dranow originally proffered a $2,500 check to a Minneapolis attorney, Sidney Goff, who had been retained to defend Connelly in 1 of the 2 dynamiting cases. The next day Dranow called Goff, who told him the funds were insufficient to cover the check and Dranow came over and gave him $2,500 in cash. There are two significant things about this Dranow-Connelly relationship:

(1) Dranow is the recipient of two large loans from the teamsters union for his department store. The first came in June of 1956 when the Michigan Conference of Teamsters Welfare Fund advanced $200,000 to the Thomas Department Store, while the store was being struck by a fellow AFL union, the retail clerks. The Thomas Department Store later received a million-dollar loan from the teamsters despite the testimony of the store's president, John L. Hudson, that it was in shaky financial condition.

(2) It also appeared that Dranow and Connelly were sharing adjoining rooms in the Waves Hotel in Miami, Fla., at the time of the St. Paul bombing which Connelly was convicted of planning. The hotel bills for Dranow and Connelly (who was using the name of Cohen) were paid for by the Thomas Department Store on the premise that Dranow was entertaining a possible investor in the store.

Connelly was subsequently convicted for being a conspirator in the dynamiting with three other men. The telephone records indicated that Connelly talked to one of the other conspirators, Bryant Flick, just prior to and after the dynamiting, from the Miami hotel room. Flick told committee investigators that he had been promised a charter in the hairdressers union by Connelly if he would participate in this plot.

The persons bombed were two teamster officials in Minneapolis and St. Paul, a Mr. Wagner and a Mr. Tommy Felicetta, who had opposed Connelly's organizing methods.

After being interviewed by committee investigators and subpenaed, Dranow pleaded illness and did not appear as a witness.

The Lake 13 Hunting and Fishing Club (mentioned above in connection with the Hobren Corp.) also entered into testimony in another way. Harold H. Buddle, a retired operator of a resort and service station in Iron River, Mich., testified that he sold the resort property he owned to the Hobren Corp. He said that thereafter from the 4th of July of 1956 through September of 1956, 2 union business agents, Chuck O'Brien and Alvie Bush, came up to Iron River and worked at putting up 2 quonset huts on the property. While working on this private project they received union salaries totaling $3,772.25. O'Brien was on the payroll of Local 876 of the Retail Clerks Union which, at that time, was controlled by the teamsters in Detroit. Bush was on the payroll of Local 614 of the Teamsters in Pontiac, which was under the trusteeship of James Hoffa.

While Hoffa has always boasted of his concern for the members of his union in the hard bargains he drives with employers, testimony before the committee indicated that at least one of his key business agents had very little concern for the workingman. This testimony

evolved in the saga of Zigmont Snyder, known as the boss of the Detroit waterfront. Snyder, it seems, was a business agent for the International Longshoremen's Association of Detroit. He brought his men into the International Brotherhood of Longshoremen, and finally in September of 1955 into the teamsters union. An affidavit by Fred J. Farren, secretary-treasurer of the Seafarers International Union for the Great Lakes district, related that Zigmont Snyder had been named the ILA business agent at a meeting attended by James R. Hoffa and other union leaders. After transferring into the IBL, Snyder's local was placed in trusteeship by the national headquarters of that union because—

> The affairs of your local union have been run in a slipshod manner.

It was at this point that Snyder brought his men into the teamsters union. At approximately the same time, Snyder incorporated the Great Lakes Cargo Handling Corp., a company which, testimony developed, handled the loading of cargo shipments along the Detroit waterfront.

Robert McKercher, plant manager of the International Milling Co., of Detroit, told the committee that, in 1954, he signed a contract with Snyder doing business as the Great Lakes Cargo Handling Corp. Prior to that time, McKercher said, the company would call Snyder in his capacity as union leader to provide longshoremen for the unloading of ships. After the signing of the contract, however, "Ziggy" Snyder, businessman, took over the unloading problems.

> Mr. KENNEDY. So you had a deal with Ziggy Snyder as a business agent and you felt that arrangement was too nebulous; is that right?
> Mr. MCKERCHER. That is right; yes, sir.
> Mr. KENNEDY. Then you decided to deal with Ziggy Snyder, businessman, and that seemed to work out better?
> Mr. MCKERCHER. Yes, sir.
> Mr. KENNEDY. Did you sign a contract? You signed a contract, as I understand it, in January 1954 with Ziggy Snyder, businessman. Did you also sign a contract with Ziggy Snyder, business agent of the local?
> Mr. MCKERCHER. No, sir.
> Mr. KENNEDY. Did you ever have an arrangement with the local after that?
> Mr. MCKERCHER. No, sir.
> Mr. KENNEDY. He handled everything?
> Mr. MCKERCHER. Yes, sir.
> Mr. KENNEDY. Ziggy Snyder, businessman?
> Mr. MCKERCHER. That is right.
> Mr. KENNEDY. You never had any problem with the local union after that?
> Mr. MCKERCHER. No, sir.
> Mr. KENNEDY. Never any difficulties?
> Mr. MCKERCHER. No, sir (p. 5517).

A memorandum from the files of McKercher's firm indicated that Snyder was a constant source of trouble to the company because of the sloppy manner in which his crews performed their work. This was

hardly curious when it was considered that Snyder would select the bulk of his crews from men picked off the streets; in fact, some of the Snyder helpers were 15- and 16-year-old boys, as the company discovered when an accident occurred aboard 1 of their ships, injuring 1 of the unloaders. McKercher said he did not know whether or not Snyder's crews even belonged to the union.

Snyder's activities as a businessman also branched out to the auto-wash business. This business—even though Snyder was a union business agent—operated without a union contract. One of the car washers testified that he earned the munificent sum of $7 a week working for Snyder's auto wash. This pay was for a 7-day week and an 11½-hour day. Despite the fact that Snyder's auto wash was non-union, union business agents attempted to steer business there.

William Neff, manager of a parking garage in downtown Detroit, said that Larry Welsh, business agent for local 985 of the teamsters union in Detroit (who has a prison record), sought to switch his business to Snyder's firm. Neff said that he refused to do so and, a few weeks later, a picket line was thrown around the Cass Auto Wash where he was then taking his business. Neff said that the employees of the Cass Auto Wash were not on strike, but the establishment was picketed by representatives of the local headed by Welsh and William E. Bufalino, a top associate of Hoffa's. Neff said he was also contacted by Mrs. Zigmont Snyder, who also asked him to take his business to Snyder's firm.

Snyder successfully eluded a committee subpena for almost 2 months. When he finally appeared in Washington before the committee, he refused to answer any questions on the grounds of self-incrimination. The entire testimony moved the chairman to comment:

> The whole purpose of this testimony is that some of these so-called union boys that are associated with Mr. Hoffa demonstrate their lack of concern for the welfare of working people by engaging in these collusive practices that result in services that conflict with union interests (p. 5524).

Senator McClellan also declared while listening to the testimony of the $7 a week car washer, James Wadlington:

> I don't understand it. I can't understand these folks that go around and picket other people's places and make them join a union setting up a plant like that, paying a wage that will amount to about a dollar and something a day—$1.60 a day as a maximum—if that is not exploitation of labor from those who profess and who should try to protect labor, I don't know what exploitation is (p. 5530).

Car washers who worked under union contracts negotiated by Willian Bufalino fared little better. Clinton Lewis, a Detroit car washer, said that he paid the union 70 cents a week dues but had never received a union card, had never been notified of a union meeting, or had ever seen a union steward. Lewis said that before the union came in he was earning $30 a week for a 60-hour week but that his wages decreased after the contract was signed and he was then earning $18 a week.

A longtime intimate associate of James R. Hoffa gave the committee a revealing insight into the operations of the Michigan teamster boss. Mr. Robert P. Scott, who had been connected with the Michigan labor movement for a period of 23 years, including such top positions as secretary-treasurer of the Michigan State Federation of Labor, testified that he went to work for local 614 in Pontiac in 1945 at the request of James Hoffa. Scott said that when he was eventually elected to office in 1948, the election was rigged. He said no one was eligible to vote unless they had paid their dues before the first of the month. This virtually eliminated everybody in the union. Scott said there were no financial reports ever read to the local members while he was in office.

Scott said that while he was an official of local 614, Hoffa was having his home remodeled at Lake Orion, Mich. The bills for the remodeling of the home came to the office of local 614, and the president of the local, Dan Keating, paid the bills.

> Mr. KENNEDY. Did Mr. Keating have the money himself to pay the bills?
>
> Mr. SCOTT. I would say, at that time Mr. Keating did not have that kind of money.
>
> Mr. KENNEDY. Did Mr. Keating say anything to you as to whether Mr. Hoffa had given him the money for those bills?
>
> Mr. SCOTT. He said that Hoffa did not give him the money to pay the bills or make the downpayment on the cottage.
>
> Mr. KENNEDY. What was the downpayment that had to be made?
>
> Mr. SCOTT. $2,000.
>
> Mr. KENNEDY. How much, approximately, went into the house after that for remodeling?
>
> Mr. SCOTT. For remodeling it was from ten to fourteen thousand dollars.
>
> Mr. KENNEDY. You say that money was paid by Mr. Keating and Mr. Keating stated that Mr. Hoffa did not give him the money to pay those bills; is that right?
>
> Mr. SCOTT. On numerous occasions Mr. Keating said he was going to keep all them bills and someday present them to Mr. Hoffa.
>
> Mr. KENNEDY. But in the meantime he paid the bills himself?
>
> Mr. SCOTT. That is right.
>
> Mr. KENNEDY. You do not believe that the money came from Mr. Keating's own pocket; is that right?
>
> Mr. SCOTT. No. I think it came from the teamsters local union funds (p. 5585).

Scott said that a number of the local officers, including Keating, Linteau, Marosso, and Nicolletti (mentioned earlier in this report) all pleaded guilty in order to protect Frank Fitzsimmons, vice president of Hoffa's own local 299.

> Mr. KENNEDY. Let me understand this. If Mr. Fitzsimmons was involved with these individuals, but they took a plea of guilty, all except Nicolletti, so that no action would be taken against Mr. Fitzsimmons; is that right?

Mr. SCOTT. That is the way I was told.

Mr. KENNEDY. Who told you that?

Mr. SCOTT. Mr. Keating.

Mr. KENNEDY. Did Mr. Keating also tell you anything about his being taken care of for performing this service for Mr. Fitzsimmons and Mr. Hoffa?

Mr. SCOTT. They were supposed to remain on the payroll. Whether they did or not, I could not say, because I was not with the local at that time.

Mr. KENNEDY. Did Mr. Keating tell you that he had remained on the payroll?

Mr. SCOTT. They were supposed to be getting paid while they were in the Detroit House of Correction (pp. 5585–5586).

The facts as developed show that Mr. Keating did in fact remain on the payroll of the teamsters through his wife while serving his prison term.

Scott gave the committee a varied list of jobs assigned to him by Hoffa. One of these concerned a grand jury in Detroit in 1947 or 1948, which was looking into the activities of Hoffa and others. Scott's assignment was to get information from inside the grand jury to relay to Hoffa. Scott said he got his information from Earl Kehoe, a Michigan lawyer now practicing in Miami. Scott would contact Kehoe every night and, if there was information of interest, he would pass it on to Hoffa. Scott said that the most interesting information recorded the testimony of one Herman "Turk" Prujanski, who told the grand jury he had been solicited to pay $5,000 to $10,000 to Hoffa for a liquor license case fixed by the chairman of the Michigan State Liquor Commission, Oren DeMass (this is the same DeMass with whom Hoffa was in business in the Terminal Realty Co. in 1947). When Scott told Hoffa about Prujanski's testimony, the labor leader said Prujanski would be "taken care of."

> Turk was out to the racetrack and 2 men of Hoffa's contacted him to get out of the State and he left and went to California, and he was brought back on a fugitive warrant and he refused to testify to what he said in front of the grand jury and he was committed to jail for 60 days.

Among the other jobs Hoffa asked him to do were to:

1. Obtain a pardon for Pete Camponero, father-in-law of Pete Licavoli, notorious Detroit area racketeer.
2. Arrange for the opening of a gambling joint in Oakland County, Mich., for Sam Fernazo.
3. Arrange for the hiding out of Hoffa's brother, William Hoffa, when he was a fugitive from justice in a shooting case costing the union several thousands of dollars. (William Hoffa's hotel bills while he was hiding out were paid by teamsters local 614 in Pontiac.)
4. Send teamsters business agent Tom Burke to California to find William Hoffa's wife after she had run away from Detroit; according to Scott, this cost the union $7,000.

Scott told the committee that his life had been threatened in two telephone calls he received just before testifying.

Turk Prujanski portrayed himself before the committee as a man without a memory. He said that he had been in an accident sometime in 1955 and he remembers nothing before then.

> The CHAIRMAN. Do you remember when you were born?
> Mr. PRUJANSKI. No, I don't.
> The CHAIRMAN. Were you there?
> Mr. PRUJANSKI. I don't remember.
> The CHAIRMAN. Do you remember anything in your past life prior to the time you were injured?
> Mr. PRUJANSKI. A few things.
> The CHAIRMAN. Do you remember going before that grand jury?
> Mr. PRUJANSKI. Yes; I do remember that (p. 5606).

While Prujanski could remember going into the grand jury room, there was nothing he could remember about what happened once he passed through the door. He said that he left for California right after the grand jury session, "because I was not feeling too good. I had lung trouble before this and my dad was not feeling good."

> Mr. KENNEDY. Your dad was not feeling good?
> Mr. PRUJANSKI. No, sir.
> Mr. KENNEDY. Was he in California?
> Mr. PRUJANSKI. No, sir; he was here in town.
> Mr. KENNEDY. In Detroit?
> Mr. PRUJANSKI. In Detroit, in a hospital.
> Mr. KENNEDY. You thought you would make your father feel better by you going to California?
> Mr. PRUJANSKI. Oh, no; no, no.
> Mr. KENNEDY. I don't understand the fact that he didn't feel well and was in a hospital in Detroit and that would make him improve by you going to California (p. 5609).

Grand jury records show that while Prujanski was appearing after being returned from California on a fugitive warrant, he declared dramatically:

> I refuse to answer any more questions. I don't want to answer any more questions. I am entitled to my rights, am I not? Throw me in jail. I don't want to answer any more questions.

The apparently contagious nature of memory loss which affected James R. Hoffa during the New York phony locals hearing, his lieutenant, Frank Fitzsimmons, during this hearing, and then Prujanski, caused the chairman to comment:

> There are two devices being used to obstruct the progress and work of this committee by witnesses who take the fifth amendment capriciously, not in good faith, but who use that device to keep from telling the committee the truth, giving the committee information the committee needs, and that comes within its function, and there are others who are using the device of pretending loss of memory. In my book the first is less reprehensible than the second. I hope that the Justice Department will find some way of handling this matter, and the courts will sustain conviction which it

is perfectly obvious from every standpoint of logic and good sense that this device is being employed in this fashion (p. 5615).

Mr. Fitzsimmons' amnesia came during the discussion of a trucking company owned in part by his son. Fitzsimmons stated emphatically that he had never lent any money to Theater Trucking, which was owned by his son Richard Fitzsimmons, his newphew Dale Patrick, and Mrs. James R. Hoffa, in her maiden name. The books of the company's certified public accountants, Aronoff & Grosberg (the same CPA's who handled the teamsters business in Detroit), showed, however, that on June 30, 1953, Theater Trucking owed Fitzsimmons $7,000. Fitzsimmons said this was not so but that he had arranged for financing for the company and had gotten the money "from friends of mine." He said he could not remember who these friends were but would check his records.

The CHAIRMAN. Let me ask you a question. Did you loan them $7,000?

Mr. FITZSIMMONS. As far as the loaning them $7,000, Mr. McClellan, I can't be sure of the amount of money.

The CHAIRMAN. Did you loan them any money?

Mr. FITZSIMMONS. I lent them some money, and I was instrumental in getting some other money from some other source.

The CHAIRMAN. Did you get any evidence of that indebtedness?

Mr. FITZSIMMONS. As far as my indebtedness was concerned, I had a note for it.

The CHAIRMAN. Where is the note now?

Mr. FITZSIMMONS. It is gone.

The CHAIRMAN. Where is it gone to?

Mr. FITZSIMMONS. I don't know where it has gone, and I just haven't got it.

The CHAIRMAN. Was it ever paid?

Mr. FITZSIMMONS. No, sir; it wasn't.

The CHAIRMAN. Did you ever get any interest on it?

Mr. FITZSIMMONS. No, sir.

Mr. CHAIRMAN. What happened to it? You do not just throw around notes like that and never do anything about it, and you do not lose $7,000.

Mr. FITZSIMMONS. As I say, I didn't have the note for $7,000, and it was some other folks that did loan them some money (pp. 5344–5345).

Repeated efforts by the committee to have Fitzsimmons identify the sources of these funds ended in failure. Fitzsimmons was equally vague about his relationship with another Detroit trucking company, the Exhibitors Service Co., which was the predecessor of Theater Trucking. Fitzsimmons said he had never received any money from the owner of Exhibitors Service, Howard C. Craven, and had not played any part in the negotiating of a contract in which Craven gave away 90 percent of his company to a driver named John Curran. The contract between Curran and Craven, however, showed that Fitzsimmons witnessed the transaction. Further, checks issued to Curran

bore the endorsement of Fitzsimmons. Craven himself told the committee that Fitzsimmons had taken over the trucking company while he was having labor difficulties and that even with 90 percent of the business, Fitzsimmons appeared dissatisfied and sent his own accountant in to look at the company's books and make sure he was getting his share.

The hearing also served as a prelude to charges that the international teamsters convention in Miami last year was rigged. In at least two instances, officers of Hoffa's own local 299 and Bert Brennan's local 337 in Detroit, Mich., testified they had been chosen to represent the members of those locals at the convention in a manner which was in direct violation of the teamster constitution.

The most brazen admission of illegality came from James Clift, a business representative of local 337. When asked whether he was a delegate from the local to the national convention, he answered—

> Mr. CLIFT. I am.
> Mr. KENNEDY. Were you elected as a delegate?
> Mr. CLIFT. I will be.
> Mr. KENNEDY. You will be elected?
> Mr. CLIFT. Yes, sir.
> Mr. KENNEDY. Do you have a meeting scheduled to elect you?
> Mr. CLIFT. Yes, sir.
> Mr. KENNEDY. When is that scheduled?
> Mr. CLIFT. Tonight.
> Mr. KENNEDY. There is going to be a meeting tonight to elect you?
> Mr. CLIFT. There will be.
> Mr. KENNEDY. When was that meeting called?
> Mr. CLIFT. I think they were notified last Thursday or Friday of a special called meeting.
> Mr. KENNEDY. Just in the last week, is that right?
> Mr. CLIFT. That is right.
> Mr. KENNEDY. How do you know you are going to be it?
> Mr. CLIFT. Well, from my membership, and the executive board, preferably the executive board, and I am an executive of the local union, it would grant me the right to go to the convention. Subject to the approval of the rank-and-file member, which the membership meeting is called for tonight.
> Mr. KENNEDY. The executive board, when did they select you to go?
> Mr. CLIFT. I think sometime in February, and I am not sure (p. 5322).

The minutes of local 337's executive board reflected that Clift had nominated himself and a slate of other delegates:

> Brother James Clift made a motion, supported by Brother Walter Schuler, that the personnel of local union No. 337, comprised of Bert Brennan, James Langley, Robert Holmes, Frank Yezbec, James Clift, Walter Schuler, Charles Burge, Allen Balfour, Cecil Watts, Morris Coleman, Louis Dresser, and George Danuk, be elected as delegates to attend the international convention this fall (p. 5324).

Committee members pointed out that in at least two respects this violated the teamster constitution: (1) Delegates to a national convention of the teamsters union must be selected during a period which ranges from the date of the call of the convention (on June 1, 1957) to a date 30 days before the start of the convention (in this instance, September 1, 1957); and (2) any action by the executive board must be ratified by the membership. Up to the time of our hearing held on September 24, six days before the start of the teamster convention, Clift and his fellow delegates from local 337 had met none of these requirements. The executive board action had taken place in February, 4 months too soon; and even if the membership subsequently ratified these selections, as Clift indicated he was sure they were going to do, it was 24 days too late. The whole matter did not seem to concern Mr. Clift to any great extent. He said he would leave everything up to his attorneys, and he was sure that they would settle the problem. As it subsequently turned out, Mr. Clift was right because at the Miami convention, Mr. Beck waived those provisions of the teamster constitution which Clift and others had violated when they were seated as delegates.

A similar story was told by William Bell, a business agent of local 299, who said that his executive board had chosen him as a delegate and then that he had been ratified by the membership at a meeting held on September 11. This, too, was 11 days too late to satisfy the requirements of the teamster constitution; but, as in the case of Mr. Clift, Dave Beck solved this problem by waiving the constitution and seating the delegates from Hoffa's own local, although they were clearly in violation of the teamsters own superior rules.

Findings—James R. Hoffa

In 1957, James R. Hoffa climaxed years of planning by becoming general president of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America. In his rapid ascent to the top of the heap in the teamster movement Hoffa assumed a number of vital posts within that union's hierarchy, including the chairmanship of the Central Conference of Teamsters, the chairmanship of the Michigan Conference of Teamsters, the vice presidency and negotiating chairmanship of the Central States Drivers Council, and the presidency of Joint Council 43 in Detroit.

In discussing his philosophy as a labor leader with the committee, Hoffa stated:

> I am looking out for the benefit of the workers and I recognize my responsibility to the general public. I think my record speaks for itself * * *. I believe that the more power there is concentrated into a labor organization, the more responsible and careful the unions must be not to lose the complete power of having the right to have a union.

Hoffa asked the committee to look at his record. This the committee did on an extensive basis, and it expects to look at it again in 1958.

Even now the committee finds the facts at complete variance with Hoffa's stated opinion that he is a champion of the working people and their interests. It further finds 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.

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 teamster union funds.

From almost the start of his career as a businessman, Hoffa has shown an affinity for trucking enterprises. Hoffa's first trucking venture, the J. & H. Sales Co., which went through a series of disguised ownerships finally ending up in the maiden names of Hoffa's and Brennan's wives, leased equipment to the Baker Driveaway Co. owned by William O. Bridge, a truckowner who had contracts with the teamsters. Another Baker Driveaway partner was Carney D. Matheson, a Detroit attorney who acts as the negotiator for large groups of trucking employers in the Midwest.

The successor to J. & H. Sales, National Equipment Co., also leased equipment to Baker Driveaway, and although a losing venture it was sold at a $10,000 profit to the Convertible Equipment Leasing Co. owned by the same Mr. Bridge and Mr. Matheson.

By far the most successful enterprise in the Hoffa galaxy of trucking businesses, however, was the Test Fleet Corp. This corporation, in the committee's view, had a curious history which had its inception in collusion with a Michigan trucking employer. After aiding the Commercial Carriers Corp. in Flint, Mich., in the settlement of a labor dispute it had with certain teamster members, the Test Fleet Corp. was set up first in the name of James Wrape, the general counsel of Commercial Carriers, and then transferred into the maiden names of Hoffa's and Brennan's wives. 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 infant company loose contracts for the hauling of Cadillacs. This resulted, over a 7-year period, in a $125,000 profit to Mrs. Hoffa and Mrs. Brennan.

Mrs. Hoffa was involved in still another trucking venture, the Theater Trucking Co., of Detroit, Mich., in which another stockholder was Dale Patrick, nephew of Frank Fitzsimmons, the vice president of Hoffa's own local 299. Fitzsimmons had originally muscled himself into the company through the signing of a contract in which the company's original owner, Howard C. Craven, paid over to him 90 percent of the profits and was eventually run out of business.

All of Hoffa's businesses, however, were not in the trucking field. He associated with Mr. Matheson in a company set up for the purpose of making investment loans; joined with Allen Dorfman, general agent of the Union Casualty Co., which handles the health and welfare funds of the Central Conference of Teamsters, in the purchase of a summer camp in Wisconsin; and joined the same Mr. Dorfman and others in a North Dakota land venture.

Hoffa was not the only businessman in the teamster hierarchy in Detroit. For example, Zigmont Snyder, the boss of the Detroit waterfront, whom Hoffa had brought into the teamsters as a business agent of local 299, had two business ventures which were not only

conflicts of interest but which hired nonunion personnel and paid them starvation wages. One of them, the Great Lakes Cargo Handling Co., operated on the Detroit waterfront in the unloading of grain ships. The business manager of the International Milling Co. testified that after he contracted with Snyder's company he no longer had to deal with the union. The testimony clearly showed that Snyder hired derelicts off the Detroit Skid Row and teen-agers to unload these milling ships, paying them less than union wages.

Even more reprehensible, however, was Snyder's operation of an autowash on behalf of which teamster business agents exerted pressure on Detroit businessmen seeking patronage. A washer who worked for Snyder testified that he was paid around $1.25 a day for an 11- or 12-hour day. The payment of this type of wages by a union leader is one of the most shameful things to come to the committee's attention.

The Sun Valley land-development project in Florida was one of the most dubious affairs in which Hoffa became involved. Land of considerable value was purchased in central Florida by Henry Lower, at that time a business agent for local 376 of the teamsters in Detroit. The purchase price of the land was $18.75 an acre. Lower's plan was to make this a model community for teamsters and their friends. Brochures were published, urging teamsters to buy lots in Sun Valley for $150 up, and the business agents of various Detroit locals were designated as the salesmen. Teamster business agents made trips to Florida at union expense to look over the property. Land was then put on sale to the general public at prices going up to $575 a lot. The more lots that were sold, the greater was the value of the remaining land.

Unbeknownst to any teamster members in Michigan, Hoffa and his lieutenant, Bert Brennan, had an option to buy almost half the land in the Sun Valley development at the original $18.75-an-acre price. With this hidden option agreement, Hoffa and Brennan could buy vast amounts of land in the Sun Valley development and reap a profit.

In order to finance Sun Valley, Hoffa arranged for loans to Lower in the amount of $75,000 from a Detroit bank which was the repository of millions of dollars in union funds. Documents put into evidence indicated that the bank was told the funds would be removed unless the loan was made. Lower repaid this favor to Hoffa, not only by making him a hidden partner in Sun Valley, but by giving him a $25,000 loan which was paid, according to Hoffa, in cash.

This was not the only service which Hoffa performed for the land scheme. He then arranged for a half million dollars in funds of local 299 in Detroit to be transferred to a bank in Orlando, Fla., so that that bank would lend $300,000 to Sun Valley. Records of the bank indicated that Hoffa was named as the secret owner of the Sun Valley project. During the period he was promoting Sun Valley, Henry Lower drew some $90,000 in salaries and expenses from various teamster locals of Detroit.

The tragic thing for the teamster members who purchased lots in good faith was that the large loans which were to be used to develop the Sun Valley properties through the paving of streets, installing

of sewers, etc., were in fact diverted to other projects by Lower, much of the money going into his own pocket.

In addition to his business enterprises, the committee finds that James R. Hoffa grossly misused some $2,400,000 in the funds of local 299, Joint Council 43, the Michigan Conference of Teamsters, and the Central Conference of Teamsters. This vast amount of money was dispensed in a wide variety of matters, but the expenses have a common denominator: financial assistance to himself, cronies, and friends.

A prime example of the misuse of union funds, in the committee's opinion, was Hoffa's expenditure of some $174,870 for the legal defense of union officials accused of extortion, dynamiting, and accepting bribes, and the further payment of some of these officials while they were serving penitentiary sentences.

Whether it was Pontiac, Mich., Minneapolis, Minn., or St. Louis, Mo., Hoffa felt that it was the responsibility of union members to bear the financial burden for those accused of crimes. The Hoffa brand of morality is well demonstrated by what happened in Pontiac. Four officials of the teamsters union there were indicted on extortion charges. The case was so serious that the then general president, Dave Beck, placed the local under international trusteeship and named Hoffa to administer its affairs. Members of this union local, hoping for a return of honest leadership, were quickly jolted when Hoffa named two of the indicted leaders as business agents to run the union. Not content with this, Hoffa appropriated $30,000 in union funds for their defense, and after they had been convicted and sent to the penitentiary, he set up a good and welfare fund which continued to pay their salaries during and after their prison terms, to the tune of $85,489. The shocking fact here is that these officials had been accused of taking money from contractors to allow these contractors to wink at certain provisions of their contracts with the union, thus acting to the detriment of the very members who had to put up the $115,000 for their defense and continued salaries.

In Minneapolis, Gerald Connelly, a labor thug who had gone to the Minnesota city and was made a teamster official while being sought in Miami in connection with a murder case, became involved in further crimes, such as accepting bribes and the dynamiting of the properties of fellow teamster officials. With this unsavory background, Hoffa still felt impelled to appropriate some $54,000 in his defense and that of several other teamster officials indicted on like charges.

In St. Louis a teamster official, Louis Berra, was convicted of taking kickbacks from a contractor building a union health center. Again, Hoffa, who told the committee he "never turns his back on a friend," spent $5,000 in union-dues money so that Berra's attorneys could take the case to the United States Supreme Court to argue that illicitly received money should not constitute income for tax purposes.

The list of loans made by Hoffa-controlled locals was almost endless. For example, $150,000 went to Harold Mark, of New York City, a welfare-fund consultant. This particular loan immediately rebounded to Hoffa's advantage when Mark turned around and lent him $25,000. It is significant that Mark was pictured in testimony before the committee as a man who had great influence with Hoffa and might be able to persuade the Michigan teamster leader to

work out softer contract terms than those already negotiated and signed with various eastern trucking companies.

Seventy-five thousand dollars in teamster funds went to the Marberry Construction Co., which was owned by teamster accountant Herbert Grosberg and teamster attorney George Fitzgerald. Again, financial advantage to Hoffa emerged in the deal when Grosberg lent him $11,500.

When the Northville Downs Race Track in Michigan found itself short of cash to open its track, it also turned to the friendly teamster lending institution, and through Hoffa and his lieutenant, Owen Bert Brennan, arranged for the advance of $50,000. Brennan's not inconsiderable string of trotting horses were at that time running at the Northville Downs Race Track.

And on and on these loans go: $1,200,000 to a Minneapolis department store which was run by a friend of Hoffa's and which, additionally, was in questionable financial condition and during part of the time being struck by a fellow AFL union; $3,750 to pay the salaries and expenses of 2 union business agents who were dispatched to Iron Mountain, Mich., to work on a fishing and hunting club owned by Hoffa's and Brennan's wives; $5,000 in Michigan Conference of Teamsters funds to aid in the election campaign of a friend who was running for the presidency of a Philadelphia local; $3,000 to a wholesale producer association in Detroit which needed the money to fight an antitrust action by the United States Government; $155,000 to buy the lavish Indiana home of Capone mobster Paul (The Waiter) Ricca, considered by many to be the head of the Mafia in America (on this latter point the committee finds it difficult to believe Hoffa's story that he did not know the union was purchasing the home from Ricca); $5,000 to pay for the vain search by a teamster business agent for the runaway wife of two-time loser William Hoffa, the teamster leader's brother; and $2,000 in hotel bills and other expenses for hiding William Hoffa while he was a fugitive from the law.

In the committee's opinion, James Hoffa played a major role in quashing union democracy within the teamsters union through abuse of trusteeships and the rigging of the 1957 international convention in Miami, which ended in his own election as general president of the union.

In relation to the Miami convention, the evidence showed that the delegates from Hoffa's own local 299 were illegally selected, in direct violation of the teamster union's constitution. Other Detroit locals over which Hoffa exercises influence also selected their delegates in an illegal manner. Only the contemptuous action of general president, Dave Beck, in waiving provisions of the constitution, allowed these delegates to vote.

The list of Hoffa associates and friends who have criminal records and criminal backgrounds is of impressive length. These individuals include John Dioguardi, three-time convicted labor racketeer and suspected instigator of the blinding of Columnist Victor Riesel; Gerald Connelly, a Minneapolis dynamiter, who fled to a teamster job in the Minnesota city after being linked to a murder in Miami; Eugene (Jimmy) James, accused by the Douglas-Ives subcommittee of the $900,000 looting of the Laundry Workers International Union welfare funds; Herman and Frank Kierdorf, who landed jobs with

Hoffa-controlled locals after serving penitentiary sentences for armed robbery; Ziggy Snyder, a Detroit waterfront ex-convict, who made a tidy side living in business enterprises which paid American citizens the munificent sum of $1.25 a day; Dan Keating, Louis Linteau, Sam Marrosso, and Mike Nicoletti, convicted of extorting money from contractors in Pontiac, Mich.; Angelo Meli, the Detroit prohibition hoodlum; Barney Baker, a former New York waterfront tough; Samuel (Shorty) Feldman, a Philadelphia safecracker; Ernie Belles, who was kicked out of a Buffalo, N. Y., local for embezzling $38,000, and was given the presidency of another local in Miami; Joseph Glimco, twice arrested for murder, the crony of Capone gang mobsters and a trustee of a Chicago local in Hoffa's central conference; N. Louis (Babe) Triscaro, an Ohio reformatory graduate for whom Hoffa arranged a testimonial dinner; William Presser, head of the Ohio Conference of Teamsters, who shook down jukebox operators in Toledo; Louis Berra, convicted of extorting money from St. Louis contractors; Harry Friedman, appointed head of an Ohio local after emerging from a Federal penitentiary; Paul (Red) Dorfman, who reached ascendancy in the Chicago labor movement after the murder of his predecessor and who has maintained a continuous association with Chicago mobsters; and Hoffa's own brother, William Hoffa, a twice-convicted felon placed as a business agent of the Pontiac local.

The number of these individuals is such as to rule out the possibility of coincidence or to support Hoffa's claim that he acted only out of motivation to rehabilitate criminals who had erred once and then found the path of righteousness.

The committee found nothing which seemed to impair Mr. Hoffa's intellect. It must, therefore, seriously condemn his performance on the final 2 days on which he appeared before the committee and claimed a loss of memory. His repeated claims that he could not remember things which any ordinary person would be bound to remember created within the committee a deep feeling that Hoffa was practicing a calculated evasion. It was one of the most curious performances that any member of the committee has ever witnessed and represented the actions of a man who, trapped by the facts, sought at all costs to extricate himself from a peculiar position.

As an example of one of Hoffa's answers, the committee must point to this one on page 5259—

> To the best of my recollection, I must recall on my memory, I cannot remember.

The committee cannot believe that a man who had dealings with John Dioguardi and who had Dioguardi purchase Minifon recorders to be delivered in Detroit by a notorious wiretapper, Bernard Spindel, could easily forget those events. Yet, feigning surprise, Hoffa sought to do just this. The committee rejects his posture of forgetfulness as unworthy of belief and hardly that to be expected of a man who heads a union with a minimum of 1,500,000 members.

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.

NATHAN W. SHEFFERMAN AND LABOR RELATIONS ASSOCIATES OF CHICAGO, INC.

The role of the middleman in labor-management relations was the focal point of a series of hearings held by the committee during October and November into the activities of Nathan W. Shefferman, of Chicago, Ill.

Shefferman is a Chicago labor relations consultant who, at the time of the hearings, maintained offices in New York and Detroit and represented some 400 clients throughout the United States. His office employed some 35 persons who traveled widely throughout the country servicing clients. In the 7-year period from January 1, 1949, through December 31, 1955, Shefferman's firm, Labor Relations Associates of Chicago, Inc. (LRA), earned a gross income of $2,481,798.88.

Shefferman's name first came to the attention of the committee during its investigation into the activities of Dave Beck, general president of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America. Records of the Western Conference of Teamsters indicated that a number of checks had been made payable from the Western Conference of Teamsters to that union's public relations account in Los Angeles. These checks, totaling $23,000, were credited to the account of the public relations division, and checks in a similar amount were then written by the public relations division to the order of Nathan Shefferman.

Frank Brewster, the chairman of the Western Conference of Teamsters and one of the signers of these checks, indicated that he had no idea what this money went for. Mr. Beck, another signer of the checks, would cast no light on the purpose of this money, invoking his constitutional privilege under the fifth amendment. The committee accountants, however, testified that the $23,000 was used by the Western Conference of Teamsters to pay personal bills of Dave Beck which had been incurred on his behalf by Nathan Shefferman.

This curious relationship between Shefferman and Beck, the one a representative of big employers and the other the head of the Nation's largest union, led the committee to attempt to find out more about Mr. Shefferman. This investigation and the hearings which resulted therefrom gave this committee the first insight into the operations of a growing group of middlemen who make their livings out of solving problems which arise from labor-management disputes.

Labor Relations Associates of Chicago was founded in late 1939. Testimony before the committee indicated that Sears, Roebuck & Co., through financial and other help, played a substantial part in the setting up of the Shefferman firm. In addition, while LRA was being established, Shefferman was on the Sears payroll.

J. P. Currie, a New York management consultant and an officer of LRA at its inception, testified that the original working capital came in the form of a $10,000 payment from Sears, Roebuck. Currie testified that the bulk of the LRA business at the start came from Sears, Roebuck and its suppliers. By the time of this committee's investigation, however, Shefferman had branched out widely and had some 400 clients.

The first president of the firm was Gen. William I. Westervelt, a former Chief of Ordnance in the United States Army, who had served

with Sears, Roebuck in an administrative capacity related to these suppliers. Currie also testified that the original incorporation was handled by the Chicago law firm of Lederer, Livingston, Kahn & Adsit, who also served as counsel for Sears, Roebuck. He said, to his knowledge, LRA never paid any fees to this firm for its service in connection with its incorporation.

The hearings developed a pattern of antiunion activity by Shefferman's firm, much of which was labeled as a violation of the National Labor Relations Act, as amended.

The types of antiunion activity uncovered by the committee generally fell into four categories:

(1) The use of so-called "spontaneous" antiunion employee committees during union organizing drives. This method, as revealed before the committee, consisted of the setting up by the employer or a representative of Shefferman's firm of an antiunion committee made up of certain selected employees, some of whom received financial and other consideration for their participation in these activities. These committees would then become the focal point of the attack against the union operating on funds advanced by the employer or by Shefferman agents. This method was used at the Morton Frozen Food Co. in Webster City, Iowa; Sears, Roebuck & Co., in Boston; the Whirlpool Corp., in Marion and Clyde, Ohio; the Englander Co. in Chicago; the Allstate Insurance Co., of Skokie, Ill.; and the Mennen Co. of Morristown, N. J., cases which will be discussed at length later in this report.

(2) The substitution of friendly unions for unfriendly or militant ones, or for no union at all when the latter becomes impractical. Testimony before the committee indicated that Shefferman used his wide acquaintanceship with labor-union leaders throughout the country to place friendly unions into plants where he was unable to maintain a non-union position or where a union was possibly giving the employer trouble. In some cases this resulted in so-called "sweetheart" or "soft" contracts. Examples of this technique were presented to the committee in its investigation into Shefferman's activity at the Morton Frozen Food Co., the Englander Co., and the Ekco Products Co., of Chicago.

(3) The use of rotating employee committees. This technique consisted of setting up committees of employees and encouraging them to express freely their feelings about the company. Testimony before the committee disclosed that this method was used to discover the union sympathies of employees and was later used in some cases to discriminate against these employees.

(4) The use of morale surveys. These surveys, often conducted under various guises, such as teaching employees their rights relative to veterans' or other types of insurance, were clearly aimed, as the testimony indicated, at discovering the union sympathies of employees.

The illegality of many of the techniques used by Shefferman in his antiunion activities was pointed up by the testimony of 2 men—one a former employee of Shefferman in his Chicago office. He was Mervin M. Bachman, a former chief legal adviser to a former member of the NLRB, John M. Huston. Bachman testified that he was hired by Shefferman in 1953 and said that after working for the Chicago

labor-relations consultant he came to the conclusion that the principal purpose of LRA was to aid employers in opposing unionism. He said he cautioned both Nathan Shefferman and Shelton Shefferman on occasion about these various techniques. One of these was (3) above, the rotating committee.

> Mr. BACHMAN. As I recall it, the rotating committee was composed of rank-and-file employees, one of whom would leave the committee at a particular time, to be replaced by another, and that management had a representative seated or regularly meeting with the committee. The purpose of the committee was to determine what complaints, what disaffections, what sentiments, prounion or antiunion, there were.
>
> Mr. KENNEDY. Was the rotating committee for the purpose of dealing with any union organizational drive that might come or might be in existence?
>
> Mr. BACHMAN. As I understood it, they existed independently of the presence of a union in a particular plant. It may have also existed while there was a union in the plant.
>
> Mr. KENNEDY. Was it sort of a preventive method?
>
> Mr. BACHMAN. I took it as such (p. 5982).

Bachman said that he told the Sheffermans that he thought the use of these rotating committees in the manner they were used and for the purpose for which they were being used constituted an unfair labor practice. Bachman said that he also cautioned the Sheffermans about their use of "vote no" or "spontaneous" employee antiunion committees ((1) above).

> Mr. BACHMAN. They explained to me that a "vote no" committee was used to crystallize the sentiment of the antiunion employees in the plant, and to use it as an instrument for propaganda and solicitation for procompany votes.
>
> Mr. KENNEDY. Would that be while the union was making an organizational drive?
>
> Mr. BACHMAN. Yes.
>
> Mr. KENNEDY. Under the Taft-Hartley Act, was that an unfair labor practice, or operation?
>
> Mr. BACHMAN. In my opinion it was.
>
> Mr. KENNEDY. Did you tell them that at that time?
>
> Mr. BACHMAN. I did (p. 5982).

Bachman said that he also thought it was a violation of the Taft-Hartley law for management, either through themselves or through a representative, to pass out union authorization cards or to assist a union in signing up members in a plant. This type of activity was uncovered by the committee in its investigation into the Shefferman operation at the Morton Frozen Food Co. in Webster City, Iowa.

The other witness who testified about law violation was Raymond J. Compton, the chief legal assistant to the Chairman of the NLRB, Boyd Leedom, who touched upon certain other aspects of the Taft-Hartley Act as they related to Shefferman's operations.

> Mr. KENNEDY. Specifically, I would like to ask you if a union comes in to organize an employer, as an example, the retail clerks come in to organize an employer, and the em-

> ployer is against the union, and if the employer takes action either himself or through an agent and gets an outside agent to set up a group of employees and the purpose of the employees' group, which is formed into a committee, is to oppose unionization, is that an unfair practice?
>
> Now, in the event the employees' committee is financed by the company directly or indirectly and there is literature passed out by this employees' committee and that is financed by the company directly or indirectly; and the third element is that the lawyer is brought in to advise this employees' committee and he is financed by the company, either directly or indirectly—when I talk about "indirectly" I mean through a third party, an outside party.
>
> Now, in your opinion, would this action on the part of the company constitute an unfair labor practice?
>
> Mr. COMPTON. I would say it would. It would constitute a violation of section 8 (a) (1), which prevents an employer from any interference or restraint of its employees in their attempts to organize (p. 6126).

Compton went on to say that he would also consider it an unfair labor practice if the employees themselves organized a "vote no" committee voluntarily through no company pressure, but that after this committee was organized, the company contributed to their efforts. Compton also testified that under the provisions of the Taft-Hartley law that if the employer or union was found guilty of an unfair labor practice, the NLRB could merely enforce a cease-and-desist order against either party with no penalty attached.

Senator Goldwater read into the record a Federal court decision in Cleveland, Ohio (*NLRB* v. *Cleveland Trust Company*, 214 F. (2d) 95) which held in part that antiunion committees "which were initiated by the employees themselves, do not constitute domination of or interference with the formation or administration of any labor organization or contribution of financial or other support to it, which under section 8 (a) (2) is declared to be an unfair labor practice."

In the case of the Morton Frozen Food Co. and other cases studied subsequently by the committee, however, testimony established that Shefferman agents participated actively in the original formation of the employee "vote no" committees, either openly or surreptitiously.

Compton also said that in the case of a firm like LRA of Chicago, which represented a number of employers throughout the country, if such a firm were found guilty of an unfair labor practice the NLRB could only curb its activities with a cease-and-desist order, and this would only affect the activities of a particular employer and would not curtail the activities of the firm in other parts of the country. Compton conceded that, to his knowledge, LRA of Chicago and Nathan Shefferman had never been found guilty of any unfair labor practice charges.

In pointing up the many different activities of LRA of Chicago, the committee heard testimony which dealt with the activities of Shefferman agents at a number of firms. Some of these involved Sears, Roebuck & Co. and some of its suppliers, but testimony also touched on a number of other firms which never had any connection with Sears, Roebuck. One of these companies was the Morton Frozen Food Co.,

of Louisville, Ky., Webster City, Iowa, and Crozet, Va. The particular testimony dealt with the Webster City plant.

Eugene Peterson, field representative of the United Packinghouse Workers of America, testified that in June of 1955 his organization started a drive to sign up the employees of the Morton Frozen Food Co. in Webster City. He said that soon after the drive started a "spontaneous" committee of employees called "We, the Morton Workers" sprang up in defense of the company and in opposition to the union. Peterson said that this committee was extremely active and that he suspected at the time that they were getting assistance from the company but had no proof to that effect. Peterson said that an election was held on November 22, 1955, with the result that 196 votes were cast against the union and 103 for the union.

Peterson said that following this unsuccessful drive he continued other work. He said that some time in October of 1956 he was driving through Webster City when he was apprised that a whirlwind campaign had been conducted on behalf of the Bakery and Confectionery Workers International Union of America, apparently with the assistance of the company.

Peterson stated that based on wage rates paid at similar plants organized by the packinghouse workers union in the midwestern area, the company saved roughly $170,000 by defeating the packinghouse workers union. Peterson's testimony shows that the opposition was unlike any that he had encountered in his 17 years as a union organizer.

Gary Long, a former employee of the Morton Frozen Food Co., testified that he had been instrumental in setting up the "We, the Morton Workers" committee. He said that soon after the organizational effort began by the packinghouse workers, a man named Jack Nevett appeared at the Webster City plant. Long said that in conversations with Nevett, he first understood that Nevett was a full-time personnel man for the Morton Co. but later learned that Nevett had been sent to Webster City by Nathan Shefferman's firm, LRA of Chicago, "especially to break up the organization of the packinghouse workers" (p. 5779).

Nevett began his task by conducting general interviews with the employees at Webster City. According to Long, his purpose was to get a general feeling of what the employees thought about unions. Long said that at the time he confided to Nevett that he was not particularly in favor of unions. Soon thereafter, he recalled, he was called into the office of Keith Binns, the plant manager, who suggested that Long help the company in its effort to defeat the union. Long quoted Binns as saying—

> I would like you to help me on this by forming a committee to keep this union out (p. 5780).

Long said that he and another employee, Clifford Hayes, were told to go to see an attorney.

> He [Binns] told us to go up and see a local attorney in Webster City, Stuart Lund, and that the Morton Co. had acquired his services, but we were to go up there and tell Mr. Lund that we went up there on our own accord and we were not to say anything to anybody about the Morton Co. sponsoring this opposition (p. 5780).

Long said that meetings were subsequently held in Attorney Lund's office and the "We, the Morton Workers" committee was formed. One of the functions of the committee, according to Long, was to run a check on other employees of the Morton Frozen Food Co. to see how they felt about the union.

> Mr. Nevett had a list of all the employees of the plant, and we would go down that list and check off the ones we thought would vote yes, and the ones we thought would vote no (p. 5781).

A number of these meetings, according to Long, took place in the office of Plant Manager Binns.

In some cases, Long said, prounion employees were fired after the packinghouse workers had been defeated. Long said that on one occasion a discussion was had about two persons on the list who were for the union. He quoted Binns as saying "There are two that won't be with us much longer."

> Mr. KENNEDY. Were they there much longer?
> Mr. LONG. No (p. 5781).

In return for his participation on the "spontaneous" committee, Long said he received a substantial raise in pay and was given an extra job of driving the company station wagon, which resulted in his getting overtime which other employees were not getting.

Long said that after getting rid of the packinghouse workers union, the Bakery and Confectionery Workers International Union of America showed up on the scene in Webster City.

> Mr. KENNEDY. Did Mr. Binns suggest that you form a "We the Morton Workers" then?
> Mr. LONG. No.
> Mr. KENNEDY. Did he seem to be in fact in favor of the bakery workers?
> Mr. LONG. Yes, sir.
> Mr. KENNEDY. Were you surprised a bit?
> Mr. LONG. Yes, sir.
> Mr. KENNEDY. Hadn't you been told, and hadn't you been telling your fellow employees, how bad unions were. * * *
> Mr. LONG. Yes, sir.
> Mr. KENNEDY. And this was a complete reversal of that; is that right?
> Mr. LONG. Yes, sir (pp. 5783–5784).

Long said that a man named Charles Bromley arrived at Webster City and assisted in signing up the employees into the bakery workers union. Long said he did not know at the time but later learned that Bromley worked for LRA, the same company as Nevett, the man who had presumably come out to Webster City to defeat the packinghouse workers. Long said that the bakery workers union contract, which was signed, was a "poor contract" (p. 5784).

In an affidavit prepared for the committee, Clifford Hayes substantiated Long's story. He said he helped Long form the "We, the Morton Workers" committee and that this committee held meetings in the office of Attorney Lund. He said after the defeat of the packinghouse workers, Bromley appeared in Webster City and helped sign

up members for the bakers union. Hayes said that when he refused to sign a bakers union card he was called in by his immediate superior who suggested he sign.

Mrs. Phyllis Ring, former secretary of Plant Manager Keith Binns, testified that she prepared a list for Binns which contained designations showing what employees were for, and what employees were against, the union. Mrs. Ring also testified that employees were asked to fill out a so-called family form which was sent to the office of Lloyd Karr, a Webster City attorney for the Morton Frozen Food Co. Mr. Karr would read these forms with the notations "o. k." or "no" and sometimes the notation "get rid." She said that it was the policy of the company not to hire anyone who lived in Fort Dodge, Iowa, because that town was considered too unionized. Mrs. Ring testified that she prepared the authorization papers for special raises given to Gary Long and Clifford Hayes for their work in connection with their "We, the Morton Workers" committee.

Corroborative testimony was provided by Binns. He said that after the union started organizing the plant, he called his superiors in Louisville, Ky., and that some 10 days later Jack Nevett appeared.

> Mr. BINNS. Mr. Nevett came to me and asked me—in fact he told me—that he would like to have an employee committee formed, and that two people should be picked and sent to a local attorney there in Webster City, and that he would direct the committee.
>
> Mr. KENNEDY. That he would direct the committee?
>
> Mr. BINNS. That the attorney would direct the committee.
>
> Mr. KENNEDY. But why was the committee going to be formed? What was the purpose of the committee?
>
> Mr. BINNS. It was an antiunion committtee (p. 5802).

Binns said he selected Gary Long and Clifford Hayes and that the company's Webster City attorney, Lloyd Karr, had picked Stuart Lund to give legal representation to the committee. Binns said that the family forms referred to by Mrs. Ring were sent to Attorney Karr and that the employees' backgrounds would be checked by Karr. The criterion as to whether an employee was acceptable or not was whether he was for or against the union, Binns said. Binns testified that derogatory information was picked up in this manner on some 40 or 50 employees, and that as a result some 26 employees were fired after the end of the packinghouse workers drive. Binns added, however, that not all of these persons had been against the company during the organizing drive.

Binns pointed out that in the period between the attempt of the packinghouse workers to organize the plant and the success of the bakery workers, the Morton Frozen Food Co. became a division of the Continental Baking Co. of New York. Binns said that while the Morton Frozen Food Co. had been bitterly antiunion, the Continental Baking Co. seemed eager to enter into negotiations with the bakery and confectionery workers union because a number of other Continental Baking Co. plants had bakery and confectionery workers contracts. Binns said that when the bakery and confectionery workers first appeared on the scene, he was told to take a "hands off policy"—

> As I understand it, the first organizational drive by the B. & C. was not successful, to what degree I do not know, but

> I understand that; so approximately 3 or 4 weeks after they had been there I was called by my superior and told that there would be a man from Shefferman's office in Webster City to help the B. & C. (p. 5806).

Binns testified that Bromley of LRA worked actively securing signatures on bakery and confectionery workers cards and that the company participated to the extent of instructing him to distribute organization cards for the bakery workers to various supervisors and department heads.

Binns and Thomas S. Dawson, the attorney for the Morton Frozen Food Co., testified that the contract between the Bakery and Confectionery Workers International Union of America and the Morton Frozen Food Co. was drawn up in the office of Nathan W. Shefferman in Chicago. Both said that there was no negotiating committee present from the bakery workers local in Webster City at the time the contract was drawn up. As a matter of fact, Dawson testified that the contract was drawn up in Shefferman's office without there being any representative of the bakery and confectionery workers present, and this contract was signed by the bakery workers union in New York with only a few minor changes.

The cooperation between the company and the bakers union was such that Binns, at the suggestion of Charles Bromley, the Shefferman representative, actually sent out a letter to Merle Smith, a field organizer for the bakers union, suggesting names of persons who should be elected to office in the new Webster City bakery local. Binns' suggestion for president of the local was Clifford Hayes, the Morton employee who had played a part in setting up the antiunion "We, the Morton Workers" committee. His suggestion was not accepted. Binns also testified that the workers in Webster City were so dissatisfied with the contract which was subsequently arrived at that he was forced to put a notice up on the bulletin board, attempting justify the contract in some way.

The files of Nathan W. Shefferman submitted to the committee showed that during the year 1955 the Morton Frozen Food Co. spent a total of $12,590.29 in payments to LRA of Chicago in the successful effort to defeat the packinghouse workers. In the year 1956 the company paid Shefferman's firm $8,306.38 in the successful effort to bring in the bakery workers union.

Testimony by Iris Jensen, the secretary-treasurer of the bakery workers local in Webster City, and Merle Smith, the international field organizer, was that neither of them had seen the contract until it arrived in Webster City already signed by George Stuart, international vice president of the bakery workers union, and George Faunce, general counsel of the Continental Baking Co. Mrs. Jensen said that the workers had been promised so much by the bakers union when it was signing up employees that when she finally saw the instrument which had been drawn up and signed in New York, she was "very disappointed and let down, and I felt I had let a lot of the other people down, too" (p. 5843).

Smith told an even more curious story. He said he had had a conversation with George Stuart around December 2 or 3 of 1956, saying that George Faunce would come out to Webster City the following Sunday and present the contract to the membership at a

local union meeting. Just before the meeting, however, Stuart called and said that Faunce could not get transportation to Webster City. At this point James T. Nielsen of Shefferman's office (a man of many aliases who will be dealt with at length a little later in this report) arrived in Webster City and told Smith that the contract had already been signed.

> Mr. SMITH. He suggested that we call the committee together and he told me that it was already signed. Since I had known from Stuart it was already signed, he wanted me to get a committee together and negotiate, and I said, "These people are not that stupid. We can't do it."
>
> Mr. KENNEDY. Just a sham negotiating committee?
>
> Mr. SMITH. That is the way I understood it.
>
> Mr. KENNEDY. Just in order to fool the workers, the employees up there, that the contract had not been signed and they were legitimately going to negotiate a contract, and he suggested that you set up a committee and act as if you were negotiating a contract, even though it had already been signed?
>
> Mr. SMITH. That is right, sir.
>
> Senator CURTIS. Who made that suggestion?
>
> Mr. SMITH. Mr. Nielsen.
>
> Senator CURTIS. Who was he representing?
>
> Mr. SMITH. The Shefferman agency (pp. 5878–5879).

Smith said that when he finally saw the contract his reaction was one of "disgust, disappointment, and just—I was almost ready to blow my top" (p. 5880). Smith said the contract was so bad that he did not have the courage to read the entire thing to the membership, so when they finally approved it they did not know its full content.

It is interesting to note here that the agreement between the Morton Frozen Food Co. division of the Continental Baking Co. and the bakers union was arrived at without the formality of an NLRB election and that, as noted above, the negotiations were conducted without the participation or even the knowledge of the workers who were to be affected by this contract.

Charles Bromley, the Shefferman man who went out to generate union interest, confirmed the fact that he had gone to Webster City to sign up members into the bakers union.

> Mr. KENNEDY. Have you had much experience in your connection with Labor Relations Associates of going into a company and signing up the employees for the union?
>
> Mr. BROMLEY. You mean like happened to Morton's Frozen Foods?
>
> Mr. KENNEDY. Yes.
>
> Mr. BROMLEY. To the best of my knowledge, I can't very well speak for the rest of the boys in the organization, but to the best of my knowledge this is the only case of where it has ever been done.
>
> Mr. KENNEDY. Were you surprised at your job up there?
>
> Mr. BROMLEY. No, I can't say that I was really surprised. Maybe some people would have been, and maybe I am not the type to be surprised (p. 5856).

The top officials of the Bakery and Confectionery Workers International Union of America disclaimed any part in the strange negotiating deal involving the Wester City plant. James G. Cross, international president of the union, said he had discussed the contract with George Faunce but said that he had never had any dealings with Shefferman.

> Mr. KENNEDY. Well, maybe you could answer that question the Chair has put to you about whether you were aware of the fact, and made use of the employees of the Shefferman office to assist the bakers union in organizing the plant at Webster City, Iowa.
>
> Mr. CROSS. As to being aware at any time, it is possible that it was called to my attention that the Shefferman people were on the scene. As to using them, I never requested their assistance nor did I have any direct contact with them in directing their activities in Webster City.
>
> The CHAIRMAN. Would that be an unusual arangement? Have you had that experience before?
>
> Mr. CROSS. As far as this international union is concerned, it is the first time that we have ever had a situation like this (p. 5864).

Cross specifically denied speaking to Shefferman on October 13, the day before Bromley was dispatched to Webster City. However, a telephone toll ticket was placed in evidence showing that a call had been made from Shefferman's office to James Cross at his home in Bethesda, Md., on October 13, 1956, at 12:30 p. m., and the conversation had lasted 2 minutes.

George Stuart, international vice president of the bakery and confectionery workers union, filed an affidavit with the committee in which he stated that should he be called to testify he would invoke his constitutional privilege under the fifth amendment.

George Faunce, vice president and general counsel of the Continental Baking Co., entered a lengthy and categorical denial that there was anything improper in the relationship between the Continental Baking Co. and the bakers union in reference to the Morton case. Asked why no contract negotiations had been entered into with the local representing the actual employees of Morton at Webster City, Faunce declared:

> I think that normally you make a contract with a union leader. You don't make a contract with a mob of people.
>
> Mr. KENNEDY. That is not a mob of people, Mr. Faunce. It is a group of people. It is no mob of people. It is people that were working in one of your plants.
>
> Mr. FAUNCE. Yes.
>
> Mr. KENNEDY. What do you mean, it is a mob of people?
>
> Mr. FAUNCE. They can only function through their leaders.
>
> Mr. KENNEDY. Yes, and they had some leaders. They could have elected leaders out there, could they not?
>
> Mr. FAUNCE. They could have.
>
> Mr. KENNEDY. But you chose to do it with Mr. Cross. Is he a little bit above them? Is that it? Is that why you wanted to work with him?

Mr. FAUNCE. I don't know whether he is above them or not.

Mr. KENNEDY. Above the mob?

Mr. FAUNCE. He is above them officially (p. 5894).

The questioning also brought out that the contract stated in its preface:

> This agreement is made and entered into between the Morton Frozen Foods, a division of the Continental Baking Co., Webster City, Iowa, hereinafter referred to as the company, and Webster City, Iowa, Bakers Local No. 449.
>
> Mr. FAUNCE. That apparently was the number of the local that was to be proposed to be created.
>
> The CHAIRMAN. Then they had a local?
>
> Mr. FAUNCE. I don't know whether it was in existence at that time. They had a number.
>
> The CHAIRMAN. You always know whether something is in existence before you make a contract.
>
> Mr. FAUNCE. I, as you know, signed the contract, and Mr. Stuart signed the contract on behalf of the local.
>
> The CHAIRMAN. Apparently it was just an arrangement between you and Mr. Stuart. The men down there, the working people, had nothing to do with it. They were not consulted. The contract was prepared and shipped down there to them, and they had to either take it or leave it. Apparently that was the situation they were in. This doesn't appear to me to be a negotiated contract between the local or the local's leaders and your company (p. 5895).
>
> * * * * *
>
> The CHAIRMAN. You signed the original contract?
>
> Mr. FAUNCE. Yes, sir.
>
> The CHAIRMAN. Did you ever negotiate with any officer or member of local 449?
>
> Mr. FAUNCE. No, sir, unless the people that I did were officers, and I don't know whether they were or not.
>
> The CHAIRMAN. So, actually, the contract was negotiated with the international?
>
> Mr. FAUNCE. That is correct.
>
> The CHAIRMAN. The local did not participate in the negotiations?
>
> Mr. FAUNCE. No, sir.
>
> The CHAIRMAN. And other than international officers, no member of that local participated in the negotiation of the contract with the company?
>
> Mr. FAUNCE. But I understand they approved it.
>
> The CHAIRMAN. I understand that. I think we developed how they approved it. They approved only part of it. I believe part of the contract wasn't read to them.
>
> Mr. FAUNCE. Well, that was not the company's business. If Merle Smith didn't read the rest of it, that was his business (pp. 5899–5900).

The contract which was introduced in evidence provided no seniority protection to the employees, allowed the company to do away with a

wage incentive program without consulting the union, and provided only a 5-cent wage increase.

Faunce testified that he had been a longtime friend of James Cross and that when Cross was accused of beating up fellow bakers union officials during the international convention in San Francisco in 1956, he accompanied him to the grand jury room.

Faunce admitted that he had done a major favor for his friend. It was brought out in questioning that one Harvey Friedman, a Cleveland bakery union official, had been charged with embezzling certain funds from the jointly administered employer-employee welfare fund. Friedman had been appointed chairman of a special testimonial convention arranged by Cross' friends to support Cross against charges by the AFL–CIO executive board that he had been guilty of malfeasance in office. Faunce admitted that although the impeachment charges were brought to his attention he arranged with other employers to put off the filing of charges against Friedman for several days in order not to embarrass Cross.

Mr. Faunce recalled that Nathan Shefferman had been in his office in November of 1955. He stated that this was after the election when the packinghouse workers were defeated and that he wanted to discuss that election and general labor-management suggestions with Shefferman. Faunce said there was absolutely no discussion about the bakers union at that meeting. The testimony of Mervin N. Bachman, a former NLRB attorney who worked for Shefferman, was to the effect, however, that a meeting was held in Faunce's New York office prior to the election with the packinghouse workers, and that at that time they were discussing the feasibility of getting the bakers union into the Morton plant.

Mr. BACHMAN. Mr. Faunce indicated and said that if he had to have a union in, he would want to have the bakers union in, which had been in his other plants throughout the country.

Mr. KENNEDY. Did he want to find out how soon you could get the bakers union in?

Mr. BACHMAN. I believe that was part of the discussion.

Mr. KENNEDY. Was that why the discussion of the 12-month period?

Mr. BACHMAN. I think so.

Mr. KENNEDY. That he would have to wait until the 12-month period was up before the bakers union could come in? Is that right?

Mr. BACHMAN. I believe that is correct.

Mr. KENNEDY. The election, Mr. Chairman, for the packinghouse workers, in which the packinghouse workers were defeated, was held on November 22, 1955.

The CHAIRMAN. And this was November 7, about 2 weeks before?

Mr. BACHMAN. If the records show that, Mr. Chairman, that is so.

The CHAIRMAN. That election, I assume, had already been ordered.

Mr. BACHMAN. It had been.

The CHAIRMAN. It was pending?

Mr. BACHMAN. That is right.

The CHAIRMAN. And, therefore, the discussion arose if it was defeated, how soon you could have another election, how soon you could get the bakers union in the plant.

Mr. BACHMAN. That is correct (p. 5984).

Because of the direct contradiction between the testimony of Mr. Faunce and Mr. Bachman, the committee sent the subject to the Justice Department for study.

The Shefferman antiunion technique was given further exposure when the committee went into the activities of LRA in connection with the Whirlpool Corp. in Marion and Clyde, Ohio. This company is a major supplier of Sears, Roebuck & Co., for which it manufactures ranges, refrigerators, washing machines, and other appliances. The evidence showed that next to Sears, Roebuck & Co. the largest single payments of retainers were made to Shefferman's firm by the Whirlpool Corp. for work done in connection with its plants at Marion and Clyde, Ohio, and St. Joseph, Mich. Testimony before the committee showed that in both of the Ohio plants agents of Shefferman's firm set up and operated "spontaneous" antiunion employees' committees, with the full knowledge and backing of local management. In the case of the Marion, Ohio, investigation the committee was hampered by the refusal of Shefferman agent, Dr. Louis Checov, to come across the border from Canada.

Dr. Checov was the leading figure in the Marion operation and was interviewed by a member of the staff of this committee in Vancouver, British Columbia. At that time he made a full and complete statement on his activities in Marion, Ohio. He steadfastly refused, however, to come across the border and accept a subpena despite repeated requests by the committee that he do so. While this committee's investigator was in Dr. Checov's office in Vancouver, British Columbia, Dr. Checov was contacted by both Nathan and Shelton Shefferman, the principals in Labor Relations Associates of Chicago, Inc., and told that he should not make any statements. Checov stated to our investigators that he had left the United States for Canada at the direction of Nathan Shefferman following an exposé of his activities in Marion, Ohio.

Charles Litell, a former employee of the Whirlpool Corp., testified that he was hired by the Marion division of the Whirlpool Corp. in August of 1955. He said that when he was sent to the Whirlpool Corp. by the Ohio State Employment Agency, he was told not to say anything about his previous union connections "because Whirlpool was antiunion" (p. 5954). He said that when he got his job, he was hired by Harry Miller, and it was some 3 or 4 weeks after he had been at work in the plant that he met Dr. Louis Checov.

Mr. LITELL. I met him at the Ritz Bar and Grille in Marion, Ohio, and he went into great detail about what his job was and what he intended to accomplish and that they had a great deal of money to accomplish it.

Mr. KENNEDY. What did he say his job was?

Mr. LITELL. To keep any union out of Whirlpool Corp., sir.

Mr. KENNEDY. To keep unions out of Whirlpool?

Mr. LITELL. Any unions (p. 5955).

Litell said that as a result of this conversation he organized a committee which included some 4 or 5 other employees of the Marion plant. The committee was supplied each week with a list of every employee of the Marion division. At meetings with Dr. Checov, the list would be surveyed and a plus mark would be put opposite the name if the individual was procompany and a minus opposite the name if he was prounion. Where there was any doubt about the employee, the initials "d. k." (meaning don't know) were placed in the column.

Litell quoted Dr. Checov as saying that he had received the lists from the girls in the office of Theodore Hufert, director of industrial relations for the Marion division. It is interesting to note that the lists which Mr. Litell provided to the committee and identified as those from which he and Dr. Checov had worked, contained not only employees' names, but addresses, social-security numbers, and clock numbers, facts which would have been virtually impossible to get from any other source than management. Litell said that during his work with Dr. Checov, he was given occasional money by Dr. Checov to foot the bills for the committee. Litell said that Dr. Checov told him he was keeping Hufert and Glenn Evans, former manager of the Marion division of the Whirlpool Corp., advised of what he was doing. Litell said that his committee had drawn up some 3- by 5-inch cards on which employees' names and addresses were noted as well as their attitudes for and against the union. These cards were used to make home calls on various Marion employees to attempt to persuade them to vote against the union in the forthcoming election.

Litell said that Checov boasted about the association of Nathan Shefferman and Dave Beck, the international president of the teamsters union.

> Mr. LITELL. After he had—after Checov had been around Marion a considerable time, I accused—I approached him about I thought the company was trying to get an independent union in. Mr. Checov became very excited and denied this. In fact, he told me that his boss was very friendly with Jimmy Hoffa and Dave Beck. He said if there was going to be any union in the Marion division of Whirlpool, it would be the teamsters, because they could—meaning his company—could put that union in practically overnight (pp. 5960–5961).

Litell said that in addition to making reports to Dr. Checov on the prounion or antiunion sentiments of various employees, he would make occasional reports to Theodore Hufert. In March of 1956, Litell became disenchanted with the whole operation and went to Emerson Barringer, the international representative of the United Auto Workers–CIO, and told him the whole story of his antiunion activities. Litell was subsequently fired by the Whirlpool Corp. for insubordination. The case was settled by the National Labor Relations Board with a payment of some $2,500 to Litell after Litell had filed a form stating that he had been offered and rejected employment with the Whirlpool Corp.

Theodore Hufert and Glenn Evans, in their testimony, said they knew that Litell had a committee in operation, but neither the company nor Shefferman's firm had anything to do with it. However, Mr. Hufert was shown copies of bills presented to the Whirlpool

Corp. in Marion by LRA of Chicago. These included items like $34, $38, $45, etc., for "committee meetings." Hufert denied that any employees' committee was in operation at Marion, Ohio.

> Senator ERVIN. Well, nevertheless, after you found out that the committee for which these expenses had been incurred had no existence on the face of the earth, you went ahead and paid them, did you not?
>
> Mr. HUFERT. We did, finally; yes.
>
> Senator ERVIN. You paid them regularly. You paid them in March, you paid them in the next month and you paid them up until May.
>
> Mr. HUFERT. That is not quite true. The billings show that we held off two monthly billings.
>
> Senator ERVIN. Will you please tell me why you paid a bill for carrying a lot of items for the entertainment of a committee when you say you investigated the fact and found out the fact that the committee did not even exist? Why did you pay that bill?
>
> Mr. HUFERT. We were getting very dissatisfied, Senator, with the man's services (p. 5937).

Hufert also denied that the company had ever given any list of employees to Dr. Checov. Nevertheless, a list of employees submitted to the committee by Charles Litell contained facts which could have been obtained only from management.

It was pointed out to Mr. Hufert that an NLRB order was issued which contained certain cease-and-desist provisions. For example, the company had agreed that—

> We will not organize any employees' committee for the purpose of interfering with our employees' rights to organize or campaign on behalf of any labor organization or sponsor or give financial assistance to such committee (p. 5933).
>
> Mr. KENNEDY. Why did you have to agree to do that if you had not been doing that in the past?
>
> Mr. HUFERT. Mr. Kennedy, I think you will note that the cease-and-desist stipulation is not signed by an executive of the division or of the company. It is signed by Mr. Bachman.
>
> When Mr. Evans and I first heard of the cease-and-desist stipulation in all of its particulars, we were quite shocked. However, we were given advice to the effect that we had only one other alternative and that was to take this matter through the courts. It might take as high as up to 2 years.
>
> We had, in good faith, told our people that we would agree to a quick election. In fact, we had agreed to a consent election, both in January and later in March and April. We still felt that the best we would want to do, and the best we could do, the thing we owed our employees, was to hold an election as quickly as possible.
>
> Mr. KENNEDY. Did you also agree—
>
> > We will not employ persons, firms, or organizations to interfere with the rights of our employees to organize or campaign in behalf of any labor organization.

Mr. HUFERT. Those apply, I believe, to the same effect.

Mr. KENNEDY. There are about 10 things that you agreed not to do; is that right?

Mr. HUFERT. Yes, sir.

Mr. KENNEDY. Where was Mr. Checov during this period of time?

Mr. HUFERT. I do not know.

Mr. KENNEDY. Did he just disappear?

Mr. HUFERT. As far as I know. I never saw him again.

Mr. KENNEDY. Did you understand that Mr. Shefferman had sent him to Canada?

Mr. HUFERT. I believe Mr. Sheridan [an investigator for this committee] was the first to advise me that he was in Canada. I did not know (pp. 5933–5934).

The company's complete disavowal of Checov and his methods and the claims by Hufert and Evans that they knew nothing of an employees' committee or the part Checov played in this were seriously contradicted in a letter from Checov to Litell entered in evidence before the committee. In the letter to Litell, Dr. Checov stated:

> * * * I am not about to stick my neck out again, and I am not about to put myself in the position of having to work for some outfit like Whirlpool, where you run interference for them, and get hung if they fumble. Just by the way, I guess you know that Hufert and Evans swore up and down that they didn't have any arrangements with me—that they didn't know what I was doing by way of helping to keep the union out—everything was my own idea. It amused me to find this out. I didn't know I was that good. As I say, if I were only a little bit more of a bastard I would have been mighty tempted to blow that joint up.

Litell's testimony was corroborated by Eldon Phillips, another employee of the Whirlpool Corp., in an affidavit. This affidavit stated, in part:

> I went to work at the Whirlpool Co. on November 14, 1955, as a timekeeper.
>
> After I had been at Whirlpool a short time, Charles A. Litell asked me if I would be interested in helping him form a committee for the purpose of keeping unions out of the Whirlpool Co. at Marion. I agreed to do this. I deliberated a long time before I agreed to help him. He told me that a man named Louis Checov was helping to get the movement started. Some time after this I met Checov through Charles Litell. Checov said that the reason he was at the Whirlpool plant was to organize a movement against the unions to keep the unions out of the plant. I did not know who Checov worked for.
>
> After that, we would meet with Checov after working hours and discuss how individual employees in the plant felt about the union. We would find this out by talking to the employees about the union and by listening to the conversations of employees. Checov provided us with lists of all of the employees in the plant. We would use these lists when we got to-

gether with Checov to make notations as to how each employee stood in relation to the unions. Checov also provided us with index cards which were used for making house calls (p. 5945).

Glenn Evans, the former general manager of the Marion plant, also denied that the company knew anything about Checov's activities. The testimony in this case was of such a contradictory nature that the chairman ordered the transcript sent to the Justice Department for study.

At a committee session early this year, the police record of Charles Litell was admitted into evidence. This record includes sentencing to a boys' industrial school for juvenile delinquency at the age of 15; recommitment at the age of 17 for stealing 2 automobiles; a plea of guilty in 1940 to malicious breaking and entering a filling station; and an arrest in 1956 for stealing 2 driving lights from an automobile, to which he also pleaded guilty.

In relation to the Whirlpool Corp. at Clyde, Ohio, Warren B. Pleister, director of employee relations of the Clyde division, said that LRA had handled a number of assignments for the company. He said that a voluntary employees' committee was set up to fight the union in a 1956 election, and that after the setting up of this committee, LRA's representative, Walter J. Patterson, worked with this committee and assisted it in the preparation of its literature.

Senator IVES. Before he leaves the statement, I would like to ask him something about it. At the bottom of page 6, under No. 6, you say "After we learned of the existence of an employee 'vote no' committee." Did you organize that committee? You say after you learned of the existence of the committee. Who organized that "vote no" committee?

Mr. PLEISTER. I would not know who organized it.

Senator IVES. You did not know anything about it at all, and it just showed up on the horizon?

Mr. PLEISTER. Well, sir, I might say this, that during the course of the campaign, we had many employees, or I had many employees that came to my office, and actually asked me for counsel as to what they could do to answer the many leaflets that were being handed out at the gate. And in each instance, I counseled with these employees that, as a representative of Whirlpool Corp., I could not give them any counsel, other than the fact that they had the perfect right to organize a committee if they so desired (p. 6000).

Pleister, when asked about the high expenditures by LRA in Clyde prior to the election, said, "I really couldn't answer" what this money had been used for (p. 6008).

Lewis Audritsch, publisher of the Green Springs (Ohio) Echo, said he held some discussions with Walter Patterson, at which time the subject of the formation of a committee to oppose the union came up. Patterson, a longtime LRA employee (a man of many aliases in many different parts of the country), was assigned by Shefferman as the contact man at the Whirlpool Corp. in Clyde, Ohio.

Mr. KENNEDY. Was it your idea to form a "vote no" committee?

Mr. AUDRITSCH. No.

Mr. KENNEDY. Whose idea was it?

Mr. AUDRITSCH. That could have been any number of people.

Now wait a minute, it might have come from Mr. Patterson, and it might have come from anybody at Whirlpool, or might have come from somebody on the street, and I can't say, because I don't know.

Mr. KENNEDY. Didn't you suggest yesterday, or tell Mr. Salinger yesterday, that the idea came from Mr. Patterson?

Mr. AUDRITSCH. I think that I could have said it could have, much as I said the members of the "vote no" committee also came from there. I said maybe they did, and I didn't know.

Mr. KENNEDY. But your mind is a blank as to how the "vote no" committee was formed or how they happened to have the idea?

Mr. AUDRITSCH. The original idea, it could have come from Mr. Patterson, and I don't know (p. 6017).

Audritsch went on to say that Patterson would come into his shop and give him literature for the "vote no" committee. He would then print the literature and call members of the "vote no" committee and have them circulate this literature. Audritsch said that the committee held no meetings but that its function was to see that the literature was distributed.

Records of LRA showed that in a 3-year period, the Whirlpool Corp. in Clyde, Ohio, paid LRA of Chicago $36,250 in fees and $34,887.73 in disbursements. Of this latter figure, $11,950.55 was reported on the expense accounts of Walter J. Patterson as "materials and supplies."

Patterson, a former employee of the Michigan State Mediation Service and a Shefferman aid since 1951, testified that he spent a considerable time in Clyde, Ohio. He admitted setting up a "vote no" committee in the early part of 1956.

Mr. KENNEDY. Didn't you set up a "vote no" committee? Couldn't you answer that simply? Didn't you set up a "vote no" committee at the end of 1955 or 1956?

Mr. PATTERSON. I helped, sir; yes.

Mr. KENNEDY. Whom did you help?

You went and arranged through Mr. Audritsch to get the names and get these people established as a "vote no" committee; did you not?

Mr. PATTERSON. That was the eventual outcome of it; yes.

Mr. KENNEDY. I mean that is what you did; is it not?

Mr. PATTERSON. I supplied Mr. Audritsch with suggested names of people who might serve on a committee of the employees. The "vote no" title was my suggestion; yes.

Mr. KENNEDY. That was your suggestion?

Mr. PATTERSON. That is right (p. 6030).

Patterson also admitted that he was the author of the handwritten blueprint for fighting unions found in the files of LRA in Chicago. Among the points in this antiunion blueprint was the following:

1. Find lawyer and guy who will set up the "vote no" committee.

Patterson said that the figures listed for materials and supplies "might have been a reflection of loans, reimbursements to people for personal expense. It may have been for printing."

Mr. KENNEDY. Whom were you making loans to?

Mr. PATTERSON. Let me say that I was trying to make a good fellow of myself.

The CHAIRMAN. You were what?

Mr. PATTERSON. I was trying to make, you might say, a good fellow of myself in order to win friends and influence people in the Clyde area.

The CHAIRMAN. You had a generous allowance for that purpose.

Mr. PATTERSON. I did, sir. My point is, gentlemen, that the items of supplies, materials, services might well be a reflection of the items I just stated, among, possibly, others. That is why I can't recall at the moment.

Mr. KENNEDY. Were you giving money out or loaning money? Was that part of the operation?

Mr. PATTERSON. Not loaning money. But certain people I did supply with money in order to compensate them or other people for expenses they claimed they had incurred.

The CHAIRMAN. In doing what?

Mr. PATTERSON. As a result of talking for the company, pointing out facts concerning unionization, what the company had to offer. In other words, propagandizing.

The CHAIRMAN. Actually, you were paying them for their services rather than for any expense they incurred; were you not?

Mr. PATTERSON. The intention was to reimburse them for expenses, sir.

The CHAIRMAN. It doesn't cost anything to talk.

Mr. PATTERSON. Thank you (pp. 6032–6033).

Patterson said that he never received any indication that the company was not pleased with the work he had been doing on their behalf.

Mr. KENNEDY. And the Whirlpool Co. never complained to you about the amount of money that you were spending every month; did they?

Mr. PATTERSON. Never, sir.

Mr. KENNEDY. Did they seem satisfied with the results that you were achieving during this period of time?

Mr. PATTERSON. I believe they did.

Mr. KENNEDY. They never complained about it?

Mr. PATTERSON. No, they didn't, sir.

The CHAIRMAN. While Mr. Shefferman was your employer, your boss, insofar as this work at Whirlpool-Clyde, your boss was really the company officials of Whirlpool; were they not? In other words, you were not going to do anything without their permission or their authority; were you?

Mr. PATTERSON. Possibly there there were some things that I thought would be in their interest that maybe they didn't agree on, and maybe I did them anyway.

The CHAIRMAN. If they told you not to do it, you wouldn't do it even though Mr. Shefferman told you to, would you?

You wouldn't last long in my employ and I doubt if you would in that company. In other words, it is true that Mr. Shefferman was your employer, but when you were assigned to a job, while you may be initiating many suggestions, changes in policy, and so forth, that is what you were employed to do, actually you worked under their direction. If they said, "Now, we don't want you to go that far. We don't want you to go out here and pay money for employees, to get them to propagandize," you wouldn't have done it, would you?

Mr. PATTERSON. I doubt very much if I would have done it.

The CHAIRMAN. Even if Mr. Shefferman had told you to do so, because you wouldn't have been reimbursed.

Mr. PATTERSON. Correct (pp. 6036–6037).

In talking about other work that he had done for LRA of Chicago, Patterson agreed that he was a man of many aliases. He said that on working on various jobs throughout the country he had used the names W. J. Patton, P. K. Ridgway, Pat Walters, and Walter Justin.

Mr. KENNEDY. Why did you use the name Patton up in Minneapolis? Why did you use a different name?

Mr. PATTERSON. Well, let's say it is not unusual in this business, where you wouldn't want to identify yourself completely in the event that some union organizer might recognize you by name, and they make capital of it by saying they have gotten professional advice from outside (p. 6025).

As pointed out before, the inception of LRA came in 1939 with the aid, advice, and financial assistance of Sears, Roebuck & Co. The relationship between Sears, Roebuck & Co. and Labor Relations Associates of Chicago was therefore of great interest to the committee. A staff accountant testified that in the years 1953 through 1956 Sears, Roebuck & Co. paid LRA of Chicago a total of $239,651.42. Of that, $190,697.92 went directly to LRA and the remainder of $48,953.50 was paid to Nathan Shefferman personally. In that 3-year period the highest amount paid on behalf of any individual store in the Sears, Roebuck chain was $78,602.16 for the Boston store.

A considerable amount of testimony before the committee involving the relationship between Sears, Roebuck and LRA revolved around the activities in the Sears, Roebuck store in Boston. Harold P. Roitman, an attorney, testified that he first went to work for the Sears, Roebuck firm in Boston in 1938. He said at that time the mail-order warehouse was organized by the teamsters, and this stimulated union talk in the rest of the Sears organization in Boston. Roitman and several other employees started to form a union. Two men working with Roitman received phone calls from their brothers who also were employed at Sears, Roebuck. The union organizers were told that they should cease immediately in their activities, or both they and their brothers would be discharged.

At about the same time an announcement was made throughout the store that there would be a meeting for the formation of an independent union. At a subsequent meeting this independent union, named the Sears, Roebuck Employees Council, was set up. Roitman said that the initial sponsorship for this independent union came from Sears, Roebuck itself. Roitman said that subsequently when he went in to attempt to negotiate a contract on behalf of this independent council, he was told that management would not deal with the council as a group, but would recognize the members only as individual employees of the store.

Roitman said that the council took its problems to the Massachusetts State Labor Relations Board and that ultimately an election was held by the State board at which time the council was named as bargaining agent for the store. Some time after the first meeting when the company informed the council that it would not deal with it as a group, Roitman said he received a call from an official of the store who asked him whether or not he would see Nathan Shefferman who had come from Chicago. Roitman said Shefferman informed him that he was an official of Sears, Roebuck & Co. and that he was active in the labor relations field.

> Throughout the conversation he made it clear that if I was willing to give up the union activities that I was then engaged in, there would be a bright future for me, both in Sears, Roebuck, or if I was interested in his separate labor relations activities (p. 6059).

Shortly after winning the election held by the Massachusetts State Labor Board, Roitman was transferred from the main store to a separate little store where gasoline and automobile accessories were sold. This little store was physically inaccessible from the main store and thus this maneuver effectively shut off Roitman's contacts with his fellow employees. After Roitman had become friendly with the other employees of the gas station, he was informed that the original plan also called for them to beat him up.

In the summer of 1939, Roitman left Sears, Roebuck & Co. to go to law school. After completing law school, Roitman became the attorney for the Sears, Roebuck Employees Council. In the early part of 1953, the council voted to affiliate with the retail clerks union, a part of the American Federation of Labor. Roitman said that this action was followed by immediate activity by the company.

> Immediately thereafter, a dissident group within the council set up shop claiming to be the true council and refusing to recognize this affiliation movement with the American Federation of Labor and, as I recall it, the company informed me that they were continuing to recognize the council as now evidenced by this new group rather than the duly elected members of the council who had affiliated with the American Federation of Labor (p. 6062).

Mr. James Guffy also arrived on the scene in Boston and worked actively in setting up the new council, which was organized to oppose the old council which had affiliated with the retail clerks union.

Thomas Hession, a 22-year veteran of Sears, Roebuck employment, testified that he became treasurer of the Sears, Roebuck Employees

Council at the request of the manager of his department. He said that when the Sears, Roebuck Employees Council voted to affiliate with the retail clerks union, he was asked to go over to the Braymore Hotel to meet Mr. Guffy. He quoted Guffy as saying:

> We believe in unions though not all unions. Some of them have a tendency to lean to the Communist side. If it takes 2½ years, we will break this thing and spend plenty of money doing it (p. 6070).

Hession said that since he told Guffy that he had signed a card in the retail clerks union, Guffy told him to think the situation over. On the way out the door he was given some cards to sign up for membership in the newly formed employees council and was told to get some of these cards signed and turn them over to Mr. Angelo Giammasi, a long-time Sears employee who had been closely identified with the old Sears, Roebuck Employees Council. Hession said he though the situation over and finally told his supervisor that he could not work with Guffy on the council.

Roy W. Webber said he became the president of the Sears, Roebuck Employees Council in 1939, succeeding Harold Roitman, a position he held until 1950. From 1950 until January of 1953, he was chairman of the supreme board of the Sears, Roebuck Employees Council. Webber said he relinquished this position in the first week of January 1953. At the same time the council voted to affiliate with the retail clerks union. He said that during the years that he served as the head of the council, he negotiated a contract for the council with Louis Jackson, head of the New York office of LRA of Chicago, who was the representative of Sears, Roebuck & Co.

Webber said that after the affiliation of the council with the retail clerks he was contacted by Jackson, who suggested that he take a job with a Sears, Roebuck affiliate in South America. Webber said that he was not interested in the job and felt it was an attempt to get him out of the store. He said he told Jackson—"I know I could get down there but how could I get back?" (p. 6076). Webber said he was also contacted by Clarence Caldwell, vice president in charge of personnel at Sears, Roebuck & Co., who called him down to a Boston hotel and asked him why there was all this union trouble in Boston.

Caldwell told Webber that he could place him with a labor-relations man in some factory in the Midwest. Webber told him he wasn't interested. Webber said he continued working in his department. He said that in addition to his regular work he also helped organize for the retail clerks union. In November of 1953 he was fired, but in January of 1955 the NLRB held that he had been fired because of his union activities and ordered that he be reinstated in his job. Webber said he was fired again in January of 1957, and decided not to fight this case. Webber said that during the years he was president of the council he received an extra $20 a week in pay but that in January of 1953, when he recommended that the council affiliate with the retail clerks union, his $20 a week was withdrawn.

Angelo Giammasi, also a Sears, Roebuck employee, testified that shortly after the affiliation vote, he was told to go to a nearby hotel and see James Guffy. Giammasi said that when he first met Guffy, he had the impression that he was in Boston to help out the council and main-

tain the council at any cost. At this first meeting Guffy had a list of employees which he read off to Giammasi and asked Giammasi to tell him which of these employees might be helpful in relation to the council problem. He told Giammasi and others in attendance that they should keep their activities quiet because what they were doing was a violation of the Taft—Hartley Act. Guffy also gave Giammasi cards to hand out to sign up members of the council. Giammasi said that while this was going on, he was being given sums of money by Guffy.

> Mr. KENNEDY. Did he tell you that you would have nothing to worry about financially if you continued in this work?
>
> Mr. GIAMMASI. He told me that I had nothing to worry about, and he guaranteed me that we were going to win out and the council would win, and for this I was to keep on fighting for the council, and that I would have nothing whatsoever to worry about as long as we fought this thing through.
>
> Mr. KENNEDY. Did he help you or assist you with the literature?
>
> The CHAIRMAN. I never did get the full amount of the money. I interrupted you. Go ahead and tell the rest of the money.
>
> Mr. GIAMMASI. Well, as far as I can figure out, in spasms he used to give me some, maybe $50, $60, or whatever he thought he wanted to give me, and I would say probably within the whole time that Mr. Guffy was connected with us in Boston, I probably collected from him somewhere around $500. I am guessing at that figure. It could be a little less or a little more (p. 6106).

Giammasi said that Guffy seemed to have advance knowledge that Roy Webber was going to be fired.

As a result of Guffy's activities and other events going on at the Sears, Roebuck Boston store, a charge of unfair labor practices was filed against the company by the retail clerks union. Giammasi said that during the period that the unfair-labor-practice charges were being heard, Guffy moved to another Boston hotel and changed his name to Fred Warren. He said that Guffy finally left town and was succeeded by Louis Jackson who continued "along the same channels Guffy had already started" (p. 6108).

Jackson continued to pay Giammasi and ostensibly worked on behalf of the council. Just before the election which was to be held to decide among the retail clerks union, the employees council and no union, Jackson suddenly switched his position and attempted to have Giammasi come out for the "no union" position.

> [Giammasi] I objected to that letter because of the wording. The reason I objected to it was because after fighting for the unaffiliated council for 2½ years, that they should come out at the last minute and ask me as the coordinator and appointed chairman to turn my back on the people I was trying to interest back into the affiliated council.
>
> * * * * *

Mr. KENNEDY. He [Jackson] sponsored your withdrawing your support of the unaffiliated council; is that right?

Mr. GIAMMASI. That is right.

Mr. KENNEDY. And suggested that you be against any union at all, and that is what you went along on?

Mr. GIAMMASI. That is right. The reason he gave was that it seemed nobody knew who was on what side at what time.

Mr. KENNEDY. What was the final vote?

Mr. GIAMMASI. The final vote, I don't have the exact figures, but I think it was 9 to 1, or something like that, in favor of the no union (p. 6110).

After the election campaign was over, Jackson suggested to Giammasi that he leave Sears, Roebuck and go into the printing business for himself. Giammasi refused to do so. Giammasi felt that he and the people who had honestly believed in the Sears, Roebuck Employees Council felt they had been "doublecrossed" by Louis Jackson.

The testimony of Roitman, Hession, Webber, and Giammasi makes it clear that LRA of Chicago was introduced into the picture to maintain confusion and to achieve the ultimate end of doing away with any union in the Boston store at all. It is interesting to note here that when the NLRB held hearings on the unfair labor practice charges against Sears, Roebuck & Co., the investigators for that group were unable to find out the true identity of the mysterious James Guffy.

Guffy appeared before the committee, however, under his true name, James T. Nielsen. Nielsen said that he had worked for LRA of Chicago for 14 years. He conceded that he had used aliases in a number of jobs that he had done for the Shefferman firm, including the aforementioned names of Guffy and Warren in connection with the Sears, Roebuck case in Boston. He said he had also used the name of Jim Edwards while working for the Seamprufe Manufacturing Co. in McAlester, Okla., and the name of Jim Neil during an organizing drive at a company in Austin, Ind.

Nielsen said he went to Boston at the direction of officials of Sears, Roebuck in Chicago. He denied that he had played a key role in the activities of the Sears, Roebuck Employees Council, as outlined by the witnesses, but said:

I gave them counsel on how to do all of these things but they had to do it themselves (p. 6090).

Nielsen was shown but could not identify a letter sent out on behalf of the Sears, Roebuck Employees Council, the original handwritten version of which was found in the files of Nathan Shefferman in Chicago. While denying that he had played any official part in the setting up of the new Sears, Roebuck Employees Council, Nielsen said that he set up "vote no" committees at the Englander Co., in Chicago; J. V. Pilcher Co., in Louisville, Ky.; the Seamprufe Co., in Michigan City, Ind.; and the Morgan Packing Co., in Austin, Ind. Nielsen said that in connection with the Pilcher Co. he had retained an attorney named Smith to represent the "vote no" committee.

Some of the most damaging testimony involving the Sears, Roebuck Co. was presented by Paul G. Rohrdanz, former personnel director of the Sears, Roebuck store in Boston. Rohrdanz was as-

signed by Sears, Roebuck & Co. to its Boston store in February of 1953. When he arrived there he found the drive underway by the retail clerks union. Immediately he was instructed to cooperate with representatives of LRA of Chicago and to report all requests they made and all discussions he had with them to his superior, Thomas McDermott, the Boston group manager, and also Walter Hooke, employee relations officer on the staff of the territorial vice president in Philadelphia. He said he went to the Hotel Braymore and met Jim Guffy, and Guffy told him he was there to build up the Sears, Roebuck Employees Council. One of Mr. Guffy's requests was for a list of employees of Sears, Roebuck & Co., including their home addresses.

Rohrdanz said that another Shefferman employee, Herbert Melnick, also came to the store in Boston, ostensibly to get suggestions from employees for the 25th anniversary sale, but actually to sound out their sentiments relative to the union and the company. Rohrdanz said that besides Guffy and his operation on behalf of the council, there was to be an operation on behalf of the teamsters.

> Mr. KENNEDY. What was said about the teamster organization? Did you hear anything about what they were going to do; what the purpose of bringing them into the store was?
>
> Mr. ROHRDANZ. Well, I got the impression, sir, that the teamster organization in the store—if they were successful, the teamster organization, if they gathered strength, would sort of wither away. I don't think there was a great deal of feeling on the part of anyone in the company that I was in contact with that it would ever amount to——
>
> Mr. KENNEDY. If the teamsters were successful, the organization wouldn't remain active if they did achieve success?
>
> Mr. ROHRDANZ. Yes, sir; but I don't think there was ever any feeling of success on the part of that organization.
>
> The CHAIRMAN. This was kind of a four-way street; was it not? You had the council, then you had the retail clerks, you had the teamsters, and then you had the "vote no" committee?
>
> Mr. ROHRDANZ. Yes, sir.
>
> The CHAIRMAN. It was pretty easy to keep things confused when you had all of that material; wasn't it?
>
> Mr. ROHRDANZ. Yes, sir (pp. 6179–6180).

Rohrdanz also said that a plan was put into effect calling for the firing of certain persons, to attempt to show the ineffectiveness of the retail clerks union.

> Mr. ROHRDANZ. I was called into Mr. McDermott's office one morning, and he informed me that a proposal had been made to him by Mr. Caldwell that a person or several persons of the company be released, that those persons to be released were in the warehouse area, which had previously been employees council and was now being actively organized by the retail clerks, that if these people were released, they would seek out the teamsters people in Boston to be replaced, or to be reinstated, and that the retail clerks would thereby be ineffective, and the teamsters would gain stature from such a move.

Mr. KENNEDY. And was that plan put into operation?

Mr. ROHRDANZ. With one man, sir.

Mr. KENNEDY. What was that man's name?

Mr. ROHRDANZ. Mr. Brody.

Mr. KENNEDY. He was fired with the understanding that he would be reinstated by the teamsters; is that right?

Mr. ROHRDANZ. That is correct.

Mr. KENNEDY. Did you understand that he was approached or the scheme went through and this man was approached by the teamsters?

Mr. ROHRDANZ. I understand——

Mr. KENNEDY. You tell us what happened.

Mr. ROHRDANZ. I understand he was approached by the teamsters, but that he had little or no interest in the teamsters and that he filed an unfair-labor-practices charge against the company for the release. The unfair-labor-practices charge was investigated by a representative of the National Labor Relations Board and as soon as the investigation began, it was apparent that there was no substance to the release and the man was reinstated with back pay, sir.

Mr. KENNEDY. So that the scheme backfired; did it?

Mr. ROHRDANZ. Yes, sir; it didn't produce the result that was intended.

Mr. KENNEDY. Because Mr. Brody refused to go along with the teamsters?

Mr. ROHRDANZ. I gather that; yes, sir (pp. 6180–6181).

Rohrdanz said that still another plan called for the wrecking of an automobile owned by a Sears, Roebuck employee, James Donoghue, who had been closely identified with the teamsters' effort in the Sears, Roebuck stores. The car was wrecked near the Sears, Roebuck store, and an effort was made to place the blame for this on the retail clerks union, according to Rohrdanz.

James Donoghue testified that he agreed to leave his car near the store so that it could be wrecked and the blame placed on the retail clerks union. The night that the car was left there, Donoghue testified, the tires on his car were ice-picked and a brick was thrown through the window. Sears, Roebuck replaced the tubes that had been ruined at no cost to Donoghue.

Rohrdanz said that while he was at the Sears, Roebuck Boston store there were a series of rotating committees set up. Rohrdanz said that Shefferman's purpose in establishing these committees was to determine whether or not individuals in the store were for or against the union.

Raymond Holmes, a customer service manager for Sears, Roebuck & Co. in Lansing, Mich., testified that in the early days with Sears, Roebuck he was assigned as a trainee to work in the office of Nathan Shefferman. While working for Shefferman, he was assigned to the Boston store during these trips with the retail clerks union and wrote a lengthy memorandum to Clarence B. Caldwell, the vice president of Sears, Roebuck & Co., in charge of personnel relations, describing the situation there. This memorandum corroborated much of the earlier

testimony. For instance, it stated that prior to an attempt by the retail clerks union to organize the store in 1950:

> Mr. Nugent, the Sears, Roebuck group manager, contacted Roy Webber, and for the sum of $20 a week additional pay switched Roy Webber over to work for the council (p. 6231).

The memorandum also pointed out how Nathan Shefferman had succeeded in the earlier drive of blunting the attack of the retail clerks union by persuading one of the retail clerks' organizers, John Lind, to quit his job and accept a similar job with the laundry workers union. The memorandum also spelled out the additional confusion tactics worked out by Shefferman in conjunction with the teamsters union in Boston with Holmes.

The Holmes memorandum also confirmed the fact that the company had attempted the firing plan outlined in the testimony of Paul Rohrdanz, but that

> [t]he Brody discharge backfired and it was necessary to put him back on the payroll within a week, the retail clerks claiming credit for this (p. 6233).

Harry Farren, a former Sears, Roebuck employee, and Robert DeGiacomo, an attorney at law in Boston, Mass., testified how an antiunion committee was set up in Boston with the advice and direction of Louis Jackson and Edmund Wroblewski of LRA of Chicago. It was to this committee, as Angelo Giammasi testified, that LRA threw its support in the closing days of the election campaign in 1955. When the votes were counted, no union was certified. Thus, the Shefferman firm and Sears, Roebuck had succeeded in doing away with any union in their store at all.

Edmund Wroblewski of Park Ridge, Ill., a long-time employee of Shefferman, invoked the fifth amendment when he appeared before this committee. Wroblewski refused to answer any questions about the part he played in the Sears, Roebuck Boston store, nor would he talk to the committee about the Universal Rundle Co., in Milwaukee, the Port Arthur Merchants in Port Arthur, Tex., or the Mengel Co., in Laurel, Miss. Wroblewski also refused to tell what he did with a $1,500 check drawn on May 1, 1954, payable to the order of E. W. Robey (which was an alias used by Wroblewski in some of his labor-relations work). The check was listed on the books and records of the Shefferman firm as a refund to clients.

Louis Jackson, former head of the New York branch of LRA of Chicago, said that he was dispatched to Boston in 1953 by Shefferman. Jackson said that during the 1940's he had negotiated on behalf of Sears, Roebuck with the Sears, Roebuck Employees Council and other unions. Jackson heatedly denied that he had made any payments to officers of the Sears, Roebuck Employees Council but finally admitted that he had passed money from Sears, Roebuck to top echelon men in the council: Roy Webber, Richard Gannon, Harry Farren, and Angelo Giammasi. Jackson's testimony on much of the rest of his activities was extremely vague. It was pointed out to him that his payments to officials of the Sears, Roebuck Employees Council were in violation of section 302 of the Taft Hartley Act, which states:

> It shall be unlawful for any employer to pay or deliver or to agree to pay or deliver any money or other thing of

value to any representative of any of his employees who are employed in an industry affecting commerce.

Because of the nature of Mr. Jackson's testimony and the indication to the committee that he had violated the provisions of the Taft-Hartley Act, his testimony has been referred to the Justice Department for appropriate action.

Two top officials of Sears, Roebuck & Co. testified that they were shocked at the techniques used by the Shefferman firm in the Boston case. Wallace W. Tudor, vice president in charge of personnel relations, stated, in part:

> The handling of the Boston situation involved a series of mistakes highlighted by widespread use of pressure and coercion, discrimination against employees for union activities, favoritism, intrigue, and unfair labor practices.
>
> I want to state, with the unmost candor and conviction, that many of the activities engaged in by Labor Relations Associates and certain company personnel acting with them were inexcusable, unnecessary, and disgraceful. A repetition of these mistakes will not be tolerated by this company.
>
> The fact that our employees were at that time and are now receiving wages and benefits far in excess of employees in competing Boston concerns, whether organized or not, in no way justifies what took place.
>
> At the same time, I think it fair to remind this committee that Boston and other scattered LRA excesses were isolated episodes, contrary in principle and practice to the employee-relations program of Sears, of which we are justly proud (pp. 6045–6046).

Tudor stated that the services of Nathan Shefferman and LRA had been severed in August of 1957, 2 months before the hearing and some 4 months after this committee began its investigation of Shefferman's activities.

Thomas McDermott, the Boston group manager of Sears, Roebuck, said he did not approve of James (Guffy) Nielsen's work. McDermott denied that it was company policy that Louis Jackson and Ed Robey should be supporting the Sears, Roebuck Employees Council and the "vote no" committee at the same time. It was pointed out to McDermott that $73,000 had been spent in the Boston store to support the many activities of Shefferman's employees.

> Mr. McDermott. I am well aware of that. I was charged for one-half of it right to my operation, and I screamed about it every time I got an audit transfer memorandum.
>
> Mr. Kennedy. Why didn't the higher officials of Sears, Roebuck, if all of these terrible things were going on, and they were going on over a period of 2 years, costing Sears, Roebuck a large amount of money, why didn't some higher official of Sears, Roebuck take some action in the matter?
>
> Mr. McDermott. I can't answer that, Mr. Kennedy. I don't know.
>
> Mr. Kennedy. Particularly, I would think that after the hearing in 1953 before the National Labor Relations Board, or the examiner up there, and he brought out some of these

facts, I would think instead of continuing and compounding what you had been doing before, Sears, Roebuck would have taken some action to make sure that it didn't go on, instead of doing all of these other things in 1954 and 1955.

Do you have any explanation for that?

Mr. McDERMOTT. No, sir; I do not (pp. 6190–6191).

Wallace Tudor conceded that Sears, Roebuck & Co. had paid thousands of dollars to Shefferman for the entertainment of union officials. For example, it was brought out that Sears, Roebuck had paid Dave Beck's expenses while he attended the funeral services of his predecessor, Dan Tobin, in Indianapolis. Tudor also admitted that Sears, Roebuck had paid for almost $1,000 worth of telephone calls to Dave Beck alone, and many thousands of dollars for phone calls to other union officials.

The chief counsel pointed out that there was no question that Shefferman was primarily selling a policy of avoiding unionization. He asked Tudor if it was not a fact that Shefferman remained friendly with union leaders and spent large sums of money for this purpose, with the single objective of avoiding unionization at Sears, Roebuck.

Mr. TUDOR. Mr. Kennedy, I will not attempt to defend, I cannot defend, the amount of money that has been paid Shefferman and Labor Relations Associates over a period of years. It sounds like substantial sums, and it is. Yet our company spends approximately $6 million a year in our own employee relations, personnel relations, programs, and that matched against the money that we have paid to Shefferman over a period of years—well, Shefferman's amount seems to be a rather insignificant amount. I might tell you how we handle our employee relations in our campaign today under Taft-Hartley (p. 6204).

The chief counsel told Tudor that Sears, Roebuck seemed to have "seen the light awfully late." He pointed out that Sears, Roebuck's disenchantment with Shefferman came after the Internal Revenue Service started investigating Dave Beck, and after there had been publicity about the wholesale purchases made by Shefferman through Sears.

Mr. TUDOR. I will take one part I am particularly interested in. Since April 30, 1956, Mr. Shefferman's services have not been used. That was before, long before, if I recall correctly even before this committee was established.

Mr. KENNEDY. Long before this committee was established, but I think you will find that it was after the Internal Revenue Department came to Sears, Roebuck to find out about the connection of Sears, Roebuck with Mr. Shefferman.

Mr. TUDOR. Mr. Kennedy, I took the position on Labor Relations Associates before I had any knowledge that the Internal Revenue Department came to Sears to ask about the Beck-Shefferman relationship in the merchandising cost.

Mr. KENNEDY. When did the Internal Revenue Department come to Sears, Roebuck?

Mr. TUDOR. In 1955. It was in 1955.

Mr. KENNEDY. I am glad to hear that you took the action independently. But it was at least a year prior to the time that you did take the action that the Internal Revenue Department came to you and started the investigation of the relationship that existed.

This, again, is some 15 or 16 years after Mr. Shefferman had been involved in these activities. His reputation is well known as to what he was selling, that he was selling these kinds of services of keeping people from being unionized, and that this is the service he was to perform, and you were paying sums of money to him, and paying sums of money to him for the entertainment of union officials, and as important a union as the teamsters.

Mr. TUDOR. I will express myself on this subject. I wasn't involved in it. Hindsight always has 20/20 vision. Mr. Caldwell, my predecessor, it is clear, relied on Mr. Shefferman. While I am most reluctant to say this, I worked with him for so many years, and he is an ill man today—he made a very valuable contribution to this company—I am talking about Mr. Caldwell over a period of many years, and I wouldn't hurt him for anything—I must say that it is evident that Mr. Caldwell gave Mr. Shefferman too much latitude and relied too much on his judgment and suggestions.

Mr. KENNEDY. Is this all Mr. Caldwell's fault, then?

Mr. TUDOR. No, sir. Mr. Shefferman reported to Caldwell only since 1948. What went on before 1948——

Mr. KENNEDY. Since 1948; is it all Mr. Caldwell's fault?

Mr. TUDOR. Well, Mr. Caldwell and Mr. Shefferman will have to assume their fair share of the responsibility for the situation which we find ourselves in today.

Mr. KENNEDY. Just again, as an example, in 1953 according to Mr. McDermott, he was making protests about what you were doing, or what was being done up there; he made the protest to the parent company and yet in 1955 the same company was being used and brought back in there and continued the same procedure, except worse. If this is all Mr. Caldwell's fault, and Mr. Caldwell is too sick to talk to us, I can't do too much about that.

Mr. TUDOR. I know that Mr. McDermott did protest.

Mr. KENNEDY. I can't understand why somebody at the top of Sears didn't do something about it.

Mr. TUDOR. An officer of the company, in Sears, as large as it is, has great latitude and great authority. It rested in Mr. Caldwell's hands. However, I am not convinced at all; in fact, I am certain that Mr. Caldwell was not aware of much of the intrigue that was going on in Boston. Boston was not typical of the way employee relations have been handled in this company (pp. 6205–6206).

The committee also turned its attention to a number of other clients of the Shefferman firm. One of these was the Englander Co., of Chicago. Joseph M. Dillon, director of the warehouse division of the Western Conference of Teamsters, testified that in the middle of 1951 he was attempting to cooperate with the upholsterers

union in the organization of a new plant of the Englander Co. in San Leandro, Calif. He said that in pursuing this organizational drive he placed pickets around the plant. Soon after the pickets were placed he received a visit from Nathan Shefferman, who asked him to remove the picket line and indicated that he had talked to Dave Beck, and that the removal of the picket line was Beck's idea. Shefferman said that he was about to take a trip to Hawaii with Beck, and Dillon told Shefferman that if Beck wanted him to take off the picket line, Beck himself should tell him so. When Shefferman returned from Hawaii, he came back to Dillon's office and said that the Englander Co. had no objection to having no union in the plant but did not want to have to deal with 4 or 5.

Dillon said that he advised Shefferman to go to see Michael Katz, organizer for the upholsterers union, and if Katz agreed to take off his picket line, he, Dillon, would then organize the plant with teamsters. He said that a few days later "Mr. Katz got out of the picture" (p. 6211). Dillon said he never got an explanation of why Katz withdrew. He had no further dealing with Shefferman or Englander other than negotiating in 1955 when he attended a meeting of the national warehouse division of the teamsters union in New York. He said at that meeting a question came up of a national contract for the Englander Co. Attending this meeting were James R. Hoffa and Harold Gibbons, top officials of the teamsters union.

> Mr. DILLON. * * * The general question came up at the meeting on whether or not it would be a good idea to include the Los Angeles and the San Leandro plant in a national contract they were then discussing with Englander.
>
> Mr. KENNEDY. Had they gone in at that time and actually received a vote of the Englander plants, the employees of the Englander plants, that they wanted to join the teamsters union?
>
> Mr. DILLON. I don't know whether they did or not.
>
> Mr. KENNEDY. Did you have some information that indicated that that had not been done as of that time?
>
> Mr. DILLON. In some of the plants, yes.
>
> Mr. KENNEDY. That the employees had not yet been consulted regarding the matter; is that right?
>
> Mr. DILLON. Well, at least that a vote had not been taken through the auspices of the National Labor Relations Board.
>
> Mr. KENNEDY. This contract was going to cover all of these employees; is that right?
>
> Mr. DILLON. That is correct.
>
> Mr. KENNEDY. Did Mr. Brewster and yourself agree to go along with this proposition?
>
> Mr. DILLON. No; we did not.
>
> Mr. KENNEDY. Would you tell the committee why you would not go along?
>
> Mr. DILLON. Well, there were 2 or 3 reasons. No. 1, at that time, and I think at the present time, the western conference policy is opposed to national contracts. Second, the contracts that we had on the west coast were open to negotiations, and our demands at that time were far greater than

the demands that were going to be made from the company in the Eastern and Central and Southern States.

Mr. KENNEDY. The contract that you had on the west coast was far better than the contract that they were getting ready to negotiate; is that right?

Mr. DILLON. The wages were higher; yes, sir (p. 6212).

Dillon said that he and Brewster were also basically against the idea of employees, being brought under a contract without giving their approval.

Mr. KENNEDY. Tell me this, and I don't know whether you can answer it: Were you also opposed, you and Mr. Brewster, to the idea that employees from 5 or 6 Englander plants in the Midwest were being brought in under this contract without having given their approval, having an election, or giving their approval, to be brought in under a contract made between the higher officials of the teamsters union and the officials of the Englander Co?

Mr. DILLON. I think our basic philosophy would be such. However, whether that question came up at that particular time in our minds, I can't say.

Mr. KENNEDY. But basically, you have been against that, you and Mr. Brewster?

Mr. DILLON. Basically; yes (p. 6213).

Michael Katz, the former upholsterers union organizer from San Francisco, admitted that he had taken the picket line off the Englander plant at San Leandro, Calif., but he denied that he had ever talked to Nathan or Shelton Shefferman about this. He said that later he went to Chicago and was hired by Shefferman to investigate whether or not Communists were working at a plant in Brooklyn. He (Katz) admitted receiving $2,800 for his services in connection with this work which he said consisted of standing outside this plant in Brooklyn for 1 hour in the morning and in the afternoon of 1 day looking for Communists. He was unable to describe the plant or tell the committee where it was. He stated he did not know that the plant was a branch of the Englander Co. until he arrived on the scene, and when he found this out he refused to have anything further to do with it. Katz' testimony, however, left a good deal of doubt as to the true purpose of payments of $2,800 to him by Nathan Shefferman.

Sidney R. Korshak, Chicago attorney for the Englander Co., said in 1955 the teamsters succeeded in organizing a plant of that company, in Michigan City, Ind. He said that following this election he received a telephone call from someone connected with the Central Conference of Teamsters, and that he subsequently met with Harold Gibbons, who was president of the national warehouse division of the teamsters union. Gibbons told him that the teamsters represented a majority of the employees in the nine remaining Englander plants. Korshak declared:

We sat down and negotiated with them. We accepted the statement of the teamsters union.

Mr. KENNEDY. But even prior to the time that these people had indicated any desire to do so, the master contract had been

signed by the officials of the Englander Co. and Mr. Harold Gibbons; is that correct?

Mr. KORSHAK. That is correct.

Mr. KENNEDY. The individuals in these some nine other plants were never consulted about whether they wanted to belong to the teamsters union or not?

Mr. KORSHAK. Mr. Kennedy, we were under the impression that our employees in these nine other plants were approached by the teamsters union and were being unionized and organized by the teamsters union.

Mr. KENNEDY. Had you found that you received any evidence at all that these people had indicated a desire to join the teamsters union?

Mr. KORSHAK. Only that there was union activity at most of our plants around the country.

Mr. KENNEDY. Maybe the employees were against joining the teamsters union. The point is that none of them were ever consulted in these some nine plants as to whether they wanted to belong to the teamsters union or not.

Mr. KORSHAK. Mr. Kennedy, usually when a union official comes in and makes representations to you that he has your employees, you find it difficult to even get evidence from them of that.

Mr. KENNEDY. You could have held an election. Now, for instance, in the election that you held in this Michigan City plant, where the union official said he had all of the employees and you people were completely neutral, the teamsters only won by one vote.

Mr. KORSHAK. Yes, sir.

Mr. KENNEDY. Based on that, and based on them signing up the Chicago plant, some nine other plants were brought into the teamsters union.

Mr. KORSHAK. At this particular time, I would like to give you a little history here as to the thinking of the company.

At this particular time, the papers were full of the merger of the AFL and the CIO and calling attention that the merged federation was going to start a drive to unionize every unorganized company in the United States.

We were fearful of that, and we felt that we could live with the teamsters. As a matter of fact, we felt at that particular time that a master contract covering all of our employees would be much preferable to having 17 different contracts around the country (pp. 6279–6280).

A comparison of the original contract signed between the teamsters and these nine midwest Englander plants showed a disparity in wage rates and in health and welfare benefits with the contracts already in effect between the west coast teamsters and the Englander Co. The contract showed that the higest wage rate in Michigan City, Ind, was $1.72½ an hour, while the lowest wage rate in Los Angeles was $1.63½. The average wage rates in the midwestern and western contracts were approximately 30 cents an hour apart, according to testimony before the committee.

Fred W. Bender, a St. Louis industrial-relations consultant, testified that he met Nathan Shefferman in 1955. He said that Shefferman talked with him about the possibility of his becoming a representative of LRA of Chicago. Bender said that what Shefferman had in mind particularly was "the setting up of independent unions, company unions" (p. 6292). One of the plants mentioned by Shefferman to Bender was the Englander Co. in St. Louis.

Shefferman's services were also extended to a Sears, Roebuck affiliate, the Allstate Insurance Co. of Skokie, Ill., In 1954 this company was confronted by an organizational drive by the AFL insurance-agents union in the State of Michigan. Testimony by Henry S. Moser, senior vice president of the Allstate Insurance Co., was to the effect that Allstate took its problem to Shefferman and that Shefferman assigned one of his agents, Fred Wheeler, to go up to Michigan and see what he could do. Thereafter, as the pattern went in other Shefferman cases, Wheeler set up a "vote no" committee headed by a Pontiac, Mich., insurance agent named Jack Carreras. Between April 30 and December 31 of 1954, the Allstate Insurance Co. paid LRA $27,393.22 to fight the union drive. LRA was successful in this campaign when the Michigan agents voted against the union in an NLRB election. Part of this money went for a payment of $2,000 to Jack Carreras.

The testimony indicated that Wheeler attempted to conceal this transaction by taking two $1,000 checks from Shefferman, depositing them in his personal account, drawing a $2,000 check to cash and giving the cash to Carreras. LRA was then reimbursed for this expense by presentation of a bill which merely spoke of "disbursement."

In Morristown, N. J., the Mennen Co., manufacturers of toiletries, used Shefferman's services in another way. The problem involved in the Mennen Co. was the deauthorization of a UAW–AFL local controlled by John Dioguardi. George Mennen testified that LRA of Chicago was originally retained in 1951 to work with the Mennen Co. in connection with an organizational strike by local 102 of the UAW–AFL. Mennen said that in that situation Jackson merely advised the company.

In 1953 Jackson and LRA were again retained, this time, according to Mennen, to strengthen the company's personnel department. Mennen said that Jackson had nothing to do with the deauthorization petition filed by the employees' committee against the UAW local 649, which then had a contract with the company. Mennen also said that following the successful deauthorization of the UAW, Jackson conducted a survey "to find out from our various employees what their various goals and aspirations were, and how they felt they fitted into their present job" (p. 6335).

> Mr. KENNEDY. Were you trying to gather any information as to how they felt about the union?
>
> Mr. MENNEN. Oh, no, sir.
>
> Mr. KENNEDY. You were not doing anything like that?
>
> Mr. MENNEN. No, sir.
>
> Mr. KENNEDY. Were there any cards kept? We have had some testimony on cards that were kept by some companies, 3 by 5 cards, which would be marked as to how an employee felt about the company or felt about the union.

> Mr. MENNEN. Gee, I am not sure, sir, because I did not conduct the survey personally myself, and the purpose of it was not to find out how the employees felt about the company and the union, so I would certainly suspect that those cards were not kept. If they were, I certainly did not see them.
>
> Mr. KENNEDY. You never heard about the cards?
>
> Mr. MENNEN. No, sir. (p. 6335).

Mennen also said that Jackson helped the company institute a "rotating safety committee" but he denied vehemently that this committee had anything to do with finding out which of the employees were for or against the union.

Henry Oldenburg, the plant manager of the Mennen Co., strongly reiterated Mennen's position. He said that when Jackson came to the plant in 1953 "the purpose was to straighten out some employee difficulties" (p. 6339). Oldenburg said that Jackson had nothing to do with local 649 and had nothing to do with the deauthorization petition. He said that neither the Jackson survey nor the rotating committee had anything to do with finding out the sympathies of employees prounion or antiunion. Oldenburg said that after the deauthorization of the UAW, the company took a "neutral" position in the chemical workers union's attempt to organize the plant.

> Mr. KENNEDY. Did the company actually itself, were they for or against the union or were they neutral?
>
> Mr. OLDENBURG. Neutral.
>
> Mr. KENNEDY. You never indicated to the employees one way or the other?
>
> Mr. OLDENBURG. No, sir.
>
> Mr. KENNEDY. The answer is "No"?
>
> Mr. OLDENBURG. The answer is "No," sir (p. 6341).

Louis Jackson also said that the rotating committee had no purpose in attempting to find out the union sympathies of employees. Jackson backed up Oldenburg by saying that the Mennen Co. had been neutral in the election when the chemical workers and the UAW–AFL sought to represent the workers. Jackson also said that he did not write any literature for or against either union during this campaign. The witness' memory, however, was refreshed when confronted by a letter written over the signature of George Mennen. Jackson conceded that he had taken part in drafting this letter which stated, in part:

> The Mennen Co. believes that you should vote "neither." You will continue to be fairly treated without having to pay dues or any money to anybody (p. 6361).

David Nagle, manager of employee relations for the Aniline & Film Corp. in New York and formerly personnel manager of the Mennen Co. in Morristown, stated that he first met Jackson in 1953 at a Newark hotel in company with Oldenburg. The company was then having trouble with Dio's union, and Jackson said that it would probably "be fairly easy for another union to move in and replace 649" (p. 6376). Nagle said that Jackson's assistant, Mr. Lewis, suggested a deauthorization petition, and it was explained that "it

would have to be a spontaneous movement from the employees themselves." Nagle added:

> He said one way to handle it was to have a committee of employees work through an outside lawyer and draw up a petition and sign it and send it in. One man would have to lead the thing, one employee (p. 6376).

Nagle said it was decided to pursue this subject and that he contacted a man named James Graham to head the employees' committee.

Following the defeat of Dio's local, Nagle said that Jackson arranged to have a check made of the employees to determine whether they were prounion or antiunion. This was at the time when the chemical workers' union was attempting to organize the plant. He said 3 by 5 cards were kept which carried notations on the employees' attitudes. Nagle said that he was certain that management knew about the existence of these cards, particularly since he had discussed their contents with Mr. Oldenburg on numerous occasions. Finally, after the defeat of the chemical workers, Oldenburg instructed Nagle to keep special files on a number of employees who had been extremely active on behalf of the union, and these employees were eventually fired. Among those fired was James Graham, who had led the fight against the Dio union and subsequently attempted to bring in the chemical workers.

Graham, a maintenance machinist in Dover, N. J., said he joined local 102 and then 649 of the UAW at the direction of John Wershing, who was the personnel director of the Mennen Co. at the time.

> Mr. GRAHAM. Well, the first meeting that I went to, I was impressed by the men who headed this union, one by the name of George Baker, and the other by the name of Joe Curcio, who called no meeting to order but stood up in front of a room in the Essex House in Newark, N. J., and in a very rough tone of voice told us that they were the leaders of the group, and if anybody had anything to say they would like to hear it.
>
> I wanted to know how these people were brought about into power, who had elected them, and so forth, and what happened to my dues money which I paid in this organization.
>
> Mr. Baker told me that it was none of my business, just to pay my dues and shut my mouth, and just mind my own business that that was the only thing I could do to get along in this outfit (p. 6388).

Graham said that he was later called into the office of Mr. Nagle and received the name of an attorney who would help him draw up a deauthorization petition.

Because of the conflicting nature of the testimony of Mennen, Oldenburg, Jackson, Nagle, and Graham, this matter too was referred to the Justice Department for possible perjury action.

Two other key issues also interested the committee during its hearings concerning Shefferman's activities. The first involved the apparent shakedown efforts by Shefferman's Detroit representative, Mr. George Kamenow, and the other pertained to the relationship between

Merlyn S. Pitzele, former chairman of the New York State Mediation Board and the labor editor of Business Week magazine, and Nathan Shefferman.

A whole string of small-businessmen from Flint, Mich., appeared before the committee and gave variations of essentially the same story. They were having some kind of trouble with the teamsters union when they were contacted by Mr. George Kamenow, the head of the Detroit office of LRA. Kamenow would suggest that, for a certain monthly retainer plus a flat payment for "entertainment" or "travel" for "the boys," the union troubles would cease. In all cases where such payments were made the troubles did cease. While reluctant to admit it, the Flint businessmen left no doubt that they knew exactly what they were purchasing when they paid Kamenow. They conceded that Kamenow's sole purpose was in keeping the employees of their company from becoming unionized.

Donald Skaff, Secretary of the Skaff Rug Co. in Flint, Mich., said an effort was made to organize his employees in February of 1956 by Teamster Union Local 332 in Flint. Skaff said that the union had demanded recognition during February and that the company had offered an election to determine what the wishes of the workers were in this case. Skaff said the union, through its business agent, Frank Kierdorf, a convicted robber, refused to allow an election:

> They wanted to organize from the top and have us sign and not have a vote of the employees (p. 6428).

A picket line was placed around the establishment on Washington's Birthday, and all during the rest of that month and into March, Skaff, his employees, and his family were threatened and harassed by the union. On March 20 two stinkbombs were thrown through the front window of Skaff's mother's home. On March 28 the front window of his store was broken and a fire was started. Skaff said that following this incident he went down to the Michigan State Mediation Board to request that an election be held. He said that a member of the State mediation board told him that he should sign up with the union "since it was simply a case of who was the strongest" (p. 6429). On April 4 one of Skaff's employees was picking up a load of merchandise at the railroad station when 4 or 5 men attacked him with a sharp object and knocked him to the ground. They then got into a car and attempted to run over him. Skaff said that on this occasion the car was recognized by railroad employees and the license number taken down. The car was found to be owned by local 332 of the teamsters. He said that this incident was reported to the police but that the police did nothing about it.

On April 9, according to Skaff, the company got an injunction against picketing and violence but 3 days later 6 of the company's trucks were found with sugar in the gas tanks. It was toward the end of this first month that Skaff said he had his first contact with LRA of Chicago. The Flint rug merchant said that he had heard from a friend that LRA could possibly help him in his problems:

> Mr. SKAFF. We made our contact with Labor Relations and they recommended that we sign a recognition paper with the union, and we still had a little fight left in us, and so we didn't sign. We went on for 5 months, fighting with

> the union and finally we agreed that we were much too small, and on July 12 we signed recognition papers without a vote, and without a show of cards, and simply organization from the top (p. 6433).

Three days after Skaff signed the recognition papers for its truck-drivers, Skaff was informed by the union that it intended to sign up his carpet salesmen. He said the demands of the union were approximately 2½ times the commission rate paid to the average salesman in the country. This time they went immediately to the LRA office and talked to George Kamenow. Kamenow agreed to represent them and told them that the fee would be $75 or $100 per month plus a flat fee of $2,000. A few weeks later Kamenow came to Skaff and asked him to make out a check for $2,000 to Trans World Airlines "which he told us was to be used to take some people on a trip." Following this meeting with Kamenow and following the issuance of this check to Trans World Airlines, Skaff said he never again heard from the union.

Max Graff, vice president of Otto P. Graff, Inc., a Flint Ford dealership, said that in April of 1954 he received a letter from local 299 of the teamsters in Detroit, signed by Business Agent Henry Lower. The president of that local is the international president of the teamsters, James R. Hoffa. This letter stated that the teamsters represented a majority of the salesmen of Otto P. Graff, Inc. Graff said that he went to Detroit and talked to a labor relations man named Dick Fritz, who told him he was too busy to handle his problem. He then heard of LRA of Chicago from Kent McGregor, a Flint tire distributor, and George Spaulding, a manager of a Chevrolet dealership in Flint. Graff called Kamenow, who came to Flint and told him he would represent the Ford dealership for a monthly fee of $250, plus a flat fee not to exceed $1,800 for "entertainment." During the conversation with Kamenow, Graff said that he "imagined" the teamster jurisdiction would be shifted to Flint. Graff said that soon after his talk with Kamenow, he received a letter signed by Business Agent Kierdorf informing him that the organizational drive had been transferred from local 299 in Detroit to local 233 in Flint. Graff wrote a letter to the union, advising them that they would be contacted by "our labor counselors", and he has never heard from the union since. His employees remain unorganized. In July of 1954 Kamenow called and said that

> * * * he needed to buy some tickets for a convention for some of the fellows for Seattle and wanted to know if it was all right if it was billed to us on our statement (p. 6441).

A bill from Kamenow to the Graff Company in the amount of $1,644.13 covered this item. In 1955 Graff said he paid another $1,800 for entertainment.

> Mr. KENNEDY. Did he tell you how he was going to use that money?
>
> Mr. GRAFF. No; he didn't.

Mr. KENNEDY. Did he tell you that he wanted to take some of the boys on a fishing trip to Canada?

Mr. GRAFF. He may have.

* * * * *

Mr. KENNEDY. You filled out an affidavit and stated, "In the summer of 1955, he asked me to pay for a fishing trip to Canada for the union officials and also for some other entertainment for him." So, in answer to the chairman's question, you knew at that time or you were told at that time that the money in 1955 was to be used to take these union officials on a trip to Canada and for other entertainment; is that right?

Mr. GRAFF. Right (p. 6442).

In December of 1955 Graff said that he gave Kamenow $150 for the purchase of Christmas presents for "people who, I assumed, were union officials" (p. 6443).

The stories of Skaff and Graff moved the chairman to declare:

The CHAIRMAN. I am compelled to observe that I see nothing wrong in seeking counsel and employing legal counsel, and employing even experts in labor-management relations, and those things. I think that we have some more, but it looks to me like we are developing a pattern of what amounts to a payoff to union officials to have them disregard the rights of the workingmen or to be reluctant, if not to refuse, to press any drive for unionization. You did not even make a contract with them, did you, a labor contract?

Mr. GRAFF. No.

The CHAIRMAN. It is a practice that I cannot give my approval to. It is too apparent on the face of it what they are employed to do. You could go into it innocently, and I can appreciate that. But I do not think that you could remain in it very long knowing how this money is being handled and be completely innocent in it, and neither do I think that the practice or general activities of Mr. Kamenow or the LRA, or the union officials is conduct that can be approved by good conscience or condoned. I just think it is reprehensible that these practices are going on (pp. 6448–6449).

Similar stories were told by Chester W. Schagne, a partner in the Advance Electric Supply Co.; by Abe Schreiber, a wholesale electrical supply dealer; by Emile Salay, secretary of the Clinton Sausage Works; and by George Spaulding, assistant general manager of the Applegate Chevrolet Co.

Kent MacGregor, president of the MacGregor Tire Co., said that an attempt was made to organize his employees in 1954 by Frank Kierdorf of local 332. He said he got in touch with George Kamenow and retained him at a figure of $75 a month plus expenses. Approximately 2 months after his first visit with Kamenow, the LRA consultant said he wanted to make a trip to Washington, D. C., and MacGregor said he would pay $500 for this trip. MacGregor quoted Kamenow as saying—

"I want to take some of the people down to Washington."

Mr. KENNEDY. Who are "some of the people"?

Mr. MAC GREGOR. I don't know.

Mr. KENNEDY. Who did you assume they were?

Mr. MACGREGOR. You could assume if you want.

Mr. KENNEDY. Who did you think you were paying the $500 to, to take to Washington?

Mr. MACGREGOR. I didn't think at all.

Mr. KENNEDY. You didn't think at all; you just paid $500 out?

Mr. MACGREGOR. That is right.

Mr. KENNEDY. Without knowing where it was going?

Mr. MACGREGOR. That is right.

Mr. KENNEDY. And it was for entertainment, and you didn't think about it at all?

Mr. MACGREGOR. No, sir.

Mr. KENNEDY. That doesn't make sense at all.

Mr. MACGREGOR. It makes a lot of sense.

Mr. KENNEDY. Why? Would you explain why you would pay the $500?

Mr. MACGREGOR. There is nothing at all about entertainment.

Mr. KENNEDY. Who was he entertaining?

Mr. MACGREGOR. It doesn't make any difference who he was entertaining.

Mr. KENNEDY. What did that have to do with you that you pay $500 to entertain whom?

Mr. MACGREGOR. Whoever he wanted to entertain, and I didn't care whom he entertained.

Mr. KENNEDY. I would think your paying $500, your $500, Mr. MacGregor——

Mr. MACGREGOR. Well, $500 isn't the only thing in the world. There is more than $500 in the world.

Mr. KENNEDY. You didn't care, then? For the $500, you didn't care how he was using the money?

Mr. MACGREGOR. No; that is not a large amount of money.

Mr. KENNEDY. So you just gave him $500?

Mr. MACGREGOR. I would give $500 to you.

Mr. KENNEDY. You would just hand it out, and if I said I wanted to entertain somebody, it would be all right?

Mr. MACGREGOR. If you wanted to entertain someone worthwhile, I would probably give you $500.

The CHAIRMAN. Mr. MacGregor, you want to make these statements that it made no difference to you, but I think it is pretty apparent on the face of it, the whole purpose of it was to keep a union out of your plant. Do you want to deny that?

Mr. MACGREGOR. Yes; I would.

The CHAIRMAN. Then for what purpose was it paid?

Mr. MACGREGOR. The only reason, as I reported to you, was simply one fact. I felt that we could beat the union any day in the week, and all we had to do was to arrive at some manner in which we could have an election or someplace that we could build on, so that we could get it out in the open so that we could have an election to see what the

employees wanted. If the employees want a union, there is no reason not to have a union.

The CHAIRMAN. I understand, but in this instance you had no intimation from your own employees that they wanted a union.

Mr. MACGREGOR. Not a bit; I didn't think they wanted one.

The CHAIRMAN. You did not think they wanted one?

Mr. MACGREGOR. No, sir.

The CHAIRMAN. So what you were actually paying this money for, the $500 for entertainment, was not to entertain Kamenow, but for him to use to entertain union officials and keep them off of you?

Mr. MACGREGOR. What he wanted to do with it was up to him (pp. 6477–6478).

MacGregor said that after retaining Kamenow he heard nothing further from the union.

George Kamenow refused to testify about any of these events, invoking the fifth amendment. He refused to turn over any of his personnel records to the committee on the ground that to do so would incriminate him. Specifically, Kamenow would not tell what he had done with the money he received from the various Flint businessmen, nor would he give any explanation as to his extremely high expenses for entertainment and other purposes on behalf of other companies. For instance, at the Chamberlain Corp. in Waterloo, Iowa, it was shown that Kamenow arrived in Waterloo at 7:30 in the morning and left at 2:30 the same afternoon. He stated that during that period of time he was involved in meetings with union representatives, yet his expense reports showed that he spent $543 for "entertainment" during that period of time. It was shown during the years 1953 through 1956 that Kamenow had charged Christmas gifts in the amount of $23,274.93 to a number of clients, and during the same period had charged special entertainment items totaling $33,710.22.

Frank Kierdorf and Jack Thompson, teamster officials in Flint, also invoked the fifth amendment when asked to relate whether they had received any funds from George Kamenow to lay off Flint businessmen.

The committee inquired into the relationship between Shefferman and Merlyn S. Pitzele, labor editor of Business Week[1] and former chairman of the New York State Mediation Board. Pitzele said that he was first introduced to Dave Beck by Nathan Shefferman at a time when he was writing a series of articles for the Saturday Evening Post on up-and-coming labor leaders. Shortly after Beck was elected president, Pitzele said he was contacted by the then economist of the teamsters union, Dave Kaplan, who asked him to go to see Beck. Beck wanted Pitzele to go to work for the teamsters union, taking over the publications of the union and handling a general public relations program. Pitzele said he turned the job dawn.

I did not turn it down because I felt that Beck was a bad or evil man. I turned it down because I didn't want to

[1] Shortly after his appearance before the committee Mr. Pitzele resigned from his position with Business Week.

> change my professional career. Indeed, I thought at that time that Beck did represent a person who would make a very useful and a healthy contribution to a cleaner, better labor movement in America (p. 6409).

Kaplan again asked Pitzele to see Beck, and the labor editor testified that the teamsters president asked him if he would work for him on an advisory basis. It was agreed that he would work for a fee of $5,000 a year plus expenses. Pitzele said that the payment for these services came from Nathan Shefferman and LRA of Chicago.

> Mr. KENNEDY. Did you see anything improper in the relationship between Mr. Beck and Mr. Shefferman?
>
> Mr. PITZELE. Well, I saw what I have described as this peculiar thing. What lay behind this, and whatever Beck meant to Shefferman in terms of Shefferman's clients, and so on, I saw none of. The propriety of one man picking up the tab for another man did not loom to me as a large and improper thing.
>
> Mr. KENNEDY. This is not just one man picking up the tab for another man. This is Nathan Shefferman, the representative of Sears, Roebuck, and some 300 clients, picking up the tab of the head of the largest labor union in the country. Did you see anything improper in that?
>
> Mr. PITZELE. If—now wait a minute——
>
> Mr. KENNEDY. Will you go ahead?
>
> Mr. PITZELE. If, in return for picking up the tab, Shefferman got more than his money back when Beck at the end of the month paid his bills, then certainly it would be improper. But I had no reason to believe that there was anything more than that involved (p. 6417).

Pitzele testified that during the years 1953, 1954, and 1955, the same years that he was receiving money from Shefferman, he was chairman of the New York State Board of Mediation. Pitzele said that he had not cleared the matter with New York State Governor Thomas E. Dewey when he started accepting the money from the teamsters, while acting in a position as a public official connected with labor problems. Pitzele said, however, that while teamster cases were handled by the New York Mediation Board, he did not participate in any of them individually while a member of the board.

> Senator IVES. I would like to clear up one thing.
>
> Mr. Pitzele, while I pointed out what appears to me to be very clear, and that is in what you did you violated no law, at the same time I am not passing judgment on the propriety of what you did. I cannot approve of that at all. You and I know each other pretty well, and I am a little surprised.
>
> Mr. PITZELE. You are surprised that I thought that I could be useful in this situation, and to make some contribution to cleaning up the teamsters?
>
> Senator IVES. No. You know my action and activity in the field of labor relations. It has always been my effort to try and get labor and management together.
>
> Mr. PETZELE. Right.

Senator IVES. Not by collusion of a dubious manner. I don't think yours was either. I am not saying that. But I am surprised that you didn't clear this with the Governor before taking it on.

Mr. PITZELE. Well, Senator, let me be very candid with you and tell you that it never even occurred to me. I say I will be very candid with you and tell you that there was no decision in my mind—yes or no—to clear it, that it never even occurred to me. I say, as a private individual, the Governor has enough——

Senator IVES. You were an appointee of the Governor?

Mr. PITZELE. Yes, sir.

Senator IVES. Responsible to the Governor?

Mr. PITZELE. Yes.

Senator IVES. You were chairman of the State mediation board?

Mr. PITZELE. Yes.

Senator IVES. It seems to me that on a thing like this you would want to talk to him about it before you did it. I know I would have if I had been in your place.

Mr. KENNEDY. Mr. Pitzele, it never occurred to you also that there was anything improper in Mr. Shefferman paying Mr. Beck's bills; is that right? These things never occurred to you, that there was anything wrong or improper? (p. 6422).

Pitzele said that he had also received $2,000 from local 32–B of the Building Service Employees for writing a booklet, the history of the union on its 21st anniversary. He said that he had to pay an artist and a researcher somewhere around $1,000 so that the net profit to him was $1,000.[1]

The hearings ended with Nathan Shefferman and his son, Shelton, invoking the fifth amendment on all matters. The silent Nathan Shefferman was a sharp contrast to his previous voluble appearance before the committee during the hearings on Dave Beck.

FINDINGS—NATHAN W. SHEFFERMAN AND LABOR RELATIONS ASSOCIATES OF CHICAGO, INC.

The right of employees to organize has been a cornerstone of this Nation's labor laws for many, many years. Illegal means used by management to thwart these legitimate aims of employees as well as labor unions are disruptive to the orderly process of labor-management affairs.

The committee finds that Nathan W. Shefferman and his firm, Labor Relations Associates of Chicago, were used by a number of large and small employers throughout the country to defeat by illegal and improper means legitimate efforts of individuals and of labor unions to organize. When he found it necessary for the benefit of his management clients, he also maintained associations with labor unions.

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[1] After the conclusion of the hearing, Mr. Pitzele notified the committee that he had been in error in this testimony and that his actual compensation from Local 32–B, Building Service Employees, had amounted to $10,000.

A source of a great deal of Shefferman's power was his close association with Dave Beck, former general president of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America. The relationship was mutually profitable. Beck on a number of occasions received cash gifts from Shefferman. Beck's son was involved in a profitable business transaction with Shefferman's son. In addition, the Chicago labor consultant was used by Beck as a conduit through which he funneled $85,000 of teamster union funds for the payment of his personal bills. Shefferman, on the other hand, was able to sell to employers his friendship with Beck and was able to rely on Beck's teamsters for effective assistance in efforts to defeat union organizing drives.

While Shefferman exuded soothing platitudes in speeches at union conventions, and while he was in almost daily telephonic communication with Beck, his large staff of agents, many operating under aliases, mounted vicious antiunion drives in all parts of the country.

Labor Relations Associates was originally the brainchild of Shefferman and Sears, Roebuck & Co. Shefferman was used extensively for many years by that company to beat down union drives, particularly by the Retail Clerks International Association. On the recommendation of Sears officials, Labor Relations Associates was used for the same purpose by Sears, Roebuck suppliers and subsidiaries.

The activities of Shefferman in relation to Sears, Roebuck's Boston store is a flagrant case. Representatives of Sears, Roebuck carried on a campaign against employees who wanted to sign up with a legitimate union. They spawned a phony company union and expended funds for its continued life. They paid off the leaders of the spurious group and discriminated against those who favored the legitimate organization. Finally they dumped their own group in favor of a no-union movement which they also invented and financed. For operating these activities and for successfully preventing a legitimate unionization of this store, Sears, Roebuck paid Shefferman some $78,000.

Shefferman's firm existed because certain employers felt there was a need for his kind of services. Companies such as the Morton Frozen Food Co., the Whirlpool Corp. at both its Marion, Ohio, and Clyde, Ohio, plants, the Allstate Insurance Co. in its Michigan offices, and the Englander Co. in Chicago set up improper, if not illegal, so-called spontaneous antiunion committees made up of the employees of their company. The committees were formed, controlled, and financed by Shefferman's agents who were, in turn, hired and paid by the companies involved.

Morale surveys to discover the union or antiunion sentiments of the employees were utilized. These surveys were conducted under a number of guises, such as attempting to find out employees' veterans' rights, a survey on suggestions for a 25th anniversary sale, checks of employees' family backgrounds. This activity was highly improper, if not illegal, but was nevertheless used not only by Sears, Roebuck & Co., but by the Mennen Co., the Englander Co., and the Morton Frozen Food Co.

Shefferman not only was used to keep unions out but was a specialist in finding a friendly union, one the employer could "live with." What this meant in concrete terms was that the employer would have a union which would not stand up or attempt to protect the rights of the workers or improve their working conditions.

At the Morton Frozen Food Co. testimony showed that after Shefferman's agents succeeded in defeating one union (United Packinghouse Workers of America), they then switched their entire operation and brought in the Bakery and Confectionery Workers International Union of America. After arrangements were made with James Cross, of the Bakery and Confectionery Workers Union, a contract was drawn up in Shefferman's office in Chicago and signed by George Faunce, general counsel of the Continental Baking Co. (owner of the Morton Frozen Food Co.) and George Stuart, International vice president of the union. All this was done without the participation or consent of the workers in the plant. Mr. Faunce, a close friend of Cross, for whom he had done a number of favors, explained the philosophy behind his dealings with the hierarchy of the union rather than with the employees and their representatives by saying that "you don't make a contract with a mob of people."

At least two of Shefferman's top aids also participated in what the committee considers to be highly irregular actions. The committee cannot condemn too strongly the activities of George Kamenow, of Detroit, who, in apparent collusion with teamster officials in Flint, Mich., settled the labor problems of a number of small Flint businessmen.

The pattern of activity in Flint presents to the committee a clear picture of extortion. A number of these businessmen testified that the teamsters union in Flint would demand recognition or would place pickets in front of their establishments. For the payment of certain amounts of money Kamenow would undertake to solve the problems. In every case the committee heard, these payments to Kamenow brought about a cessation of union activity or a withdrawal of picket lines. This, in the committee's view, could not have been accomplished without the understanding and collusion of teamster union officials in Flint, particularly Mr. Frank Kierdorf.

It is also the committee's opinion that the Flint businessmen also acted in an improper manner. Despite their denials, there can be no doubt that they all knew exactly what they were buying when they went to Kamenow. They sought to avoid unionization and they found Mr. Kamenow a convenient conduit to make payments to union officials to leave them alone. The stories of these Flint businessmen that they did not know the purposes for which they were making payments to Kamenow are unworthy of belief. The committee has strongly recommended that both the Justice Department and the Internal Revenue Service make an intensive investigation into Kamenow's activities.

Louis Jackson, the president of the Shefferman firm and its New York representative, should also, in the committee's opinion, be heavily censured for his payoffs to officials of the Sears, Roebuck Employees' Council in Boston while these officials were representing the council in negotiations with Sears, Roebuck & Company. In the committee's view, the payments by Jackson and by James T. Nielsen, alias James Guffey, alias James Neal, alias James Edwards, would appear to be a direct violation of section 302 of the Taft-Hartley Act, and the committee has requested the Justice Department to investigate for possible law violations.

The committee finds that the activities of Shefferman provide a shocking indictment of the activities of a number of employers. Although his list of clients reaches some 400 employers, testimony before the committee touched on the activities of only his largest customers. Among those whom the committee found had used Shefferman's firm for union busting were: Sears, Roebuck & Co.; the Whirlpool Corp. of Marion, Ohio, and Clyde, Ohio; the Morton Frozen Food Co. of Webster City, Iowa; the Mennen Co., of Morristown, N. J.; the J. V. Pilcher Co. of Louisville, Ky.; the Seamprufe Co. of McAlester, Okla.; the Allstate Insurance Co. of Skokie, Ill.; the Englander Co. of Chicago; and the H. P. Wasson Co. in Indianapolis.

As long as there are employers who persist in the antiquated notion that all unions are evil and their organization attempts may be met by any tactics, fair or foul, Shefferman and other fixers and middlemen like him will continue to exist and prosper.

We find that the present law, as administered by the National Labor Relations Board, is impotent to deal with Shefferman's type of activity and with the employers who retain him. Despite the fact that firms he represented had been involved in scores of unfair labor practice cases, Shefferman has never received even a slight reprimand, and the companies that he represents merely make a written statement that they will not do again what they have done. Shefferman moved from town to town, from State to State, with impunity, and the law as presently written is apparently powerless to deal with his activities. This situation should be remedied.

Garbage Industry

(New York and Los Angeles Areas)

The disposal of garbage is not a matter on which the average citizen is inclined to dwell. Whether he be householder or businessman, his sole concern with it is the speed of its removal from his premises. Only when there is a break, or threat of a break, in this routine process does he realize the inherent dangers: the health and fire hazard for his family and community, the potential rout of his cutomers, the possible curtailment of his plant operations.

It follows that whoever controls the removal of garbage in a given area has in his grasp a weapon of great power. This does not pertain where municipalities do the job as a free public service. It does, however, apply where private cartmen predominate. By driving off competitors and asserting a monopoly, they can, if so minded, name their own price, provide bad to indifferent service, and otherwise put a squeeze on the customers in their control.

With the sprawling growth of United States cities in recent decades, private carting has mushroomed into an industry whose annual volume totals hundreds of millions of dollars. In the country's two most populous areas, Los Angeles and New York, the volume has been conservatively estimated at $20 million and $50 million, respectively.

The wealth of the industry, together with its unique means for intimidating the customer, has attracted to it men both greedy and unscrupulous. This has been true of New York and Los Angeles alike, where giant populations add to the glittering vistas of profit and power in garbage collecting. In the particular case of New York,

the field has been invaded and ruled by hoodlums of every stripe, many of them members of the infamous international brotherhood of the Mafia and holders of criminal records awesome in their length and variety.

When, during the committee's inquiry into private carting, counsel for one witness pointed out that "in the garbage industry we don't get Harvard alumni and Yale undergraduates," he thereby enunciated what surely must go down in history as a classic of understatement.

The specific purpose of the committee's hearing, held last November, was to ascertain the extent of collusion between unions and management, including trade associations, mutually engaged in garbage collecting. In 5 days of revelations no more savory than the basic materials of that craft, the conclusion was inevitable that labor and management in the field of private carting were joined in an unholy alliance aimed at creating and fostering monopoly at its most vicious. Among the more bizarre features of the relationship were these:

1. The union served as an "enforcing arm" of certain management groups in their vendettas with competitors.

2. When favored firms flouted union rules and restrictions, the union blandly looked the other way.

3. So-called "whip companies," set up by hoodlum operators to keep fellow members of trade associations in line, enjoyed the union's hand-in-glove cooperation although these whip companies themselves were in some cases nonunion.

4. For such boons from the union, management reciprocated in highly tangible fashion by seeing to it that all members of trade associations, many of them owner-operators, also joined the union, paying dues and in some cases miscellaneous large sums into its coffers in the name of a strictly spurious "security."

The committee examined two separate situations in the private carting industry. One, covering the Greater New York area, absorbed most of the hearings because of its underworld ramifications and the continuing nature of the evils exposed. The other situation, which concerned Greater Los Angeles, had been at least partially dealt with by a popular referendum, effective a month before the committee inquiry, which replaced private carting with municipal collection so far as household rubbish was concerned, leaving only commercial pickups for the private carters.

The Los Angeles situation was nevertheless of major interest to the committee because the pattern of industry operations there bore certain resemblances to New York's, although on a less spectacular scale and with fewer sinister refinements. On both coasts the unions involved were locals of the International Brotherhood of Teamsters.

The sole witness heard by the committee on the California end of the private carting industry was Capt. James E. Hamilton, of the Los Angeles Police Department, an official well informed on the subject by virtue of his position as head of the department's intelligence division, a nonenforcement unit charged with investigating organized crime. As the result of complaints from householders dissatisfied with their pickup service, Hamilton's division had in 1954 launched a probe which produced a comprehensive view of private carting in that area.

At the time, Hamilton testified, the city picked up the "wet garbage" and noncombustibles; private carters the combustible rubbish, includ-

ing wastepaper, cartons, yard trimmings, and so on. Although some householders and businessmen handled their disposal problem in their own incinerators, another 750,000 home dwellers and an uncounted number of commercial firms preferred to hire outside help. This represented excellent pickings for some 900 collectors, over whom the only civic control exercised was licensing to assure that their trucks were built to prevent debris from falling into the streets.

Hamilton offered a graphic picture of what could happen if, for any reason, the private carters failed to do their job:

> Let us take a department store, as an example. A large department store in the course of 1 day's business casts off several tons of wastepaper, cardboard cartons, and so on. Now if that is not picked up daily, I think it doesn't take much imagination to figure the size of a pile that will be in an alley in the course of 3 or 4 days. So one of the easiest ways to close the doors of a department store is to stop the rubbish collection.
>
> It is the same with the householder. He has no way to get rid of the combustible rubbish unless he can burn it, and now that we have stopped burning in the Los Angeles area, what is he going to do with that rubbish? He must dispose of it; it is a fire hazard, and the fire inspectors would soon declare a violation there; and it is a health problem as well. The accumulation of combustible rubbish in any location for a week's time is not dangerous insofar as the householder is concerned; but spread that over about 3 weeks and you will have a health problem.
>
> * * * And the same way with a manufacturing plant. Some of the plants pay—oh, there may be some that pay into the thousands per month to have their rubbish hauled off, because they have got to keep their area clear in order to manufacture (p. 6675).

Among the complaints which sparked the police investigation was one from a San Fernando Valley resident who contracted to pay $3 per month to a rubbish pickup service which promised to begin "immediately," failed to appear for 3 weeks, then charged him $7.50 for picking up the accumulated mess. Another complaint came from a service station which reported that over a 4-month period its private carting fee had been quadrupled, from $2 to $8 a week.

In both cases, investigators learned, the complainants had tried to locate a competing cartman only to be told that the zone in question "belonged" to the specific rubbish company with which they had been dealing.

This evidence of monopoly, with its denial of competition and its arbitrary fixing of prices, was soon augmented by evidence of another disturbing sort—collusion between local 396 of the Teamsters Union and the San Fernando Valley Rubbish Collectors Association, a trade group entrenched in the valley's 220-square-mile area. When some independent owner-operators complained, Captain Hamilton explained, his division looked into the matter and found that the association—

> had organized and allotted this territory and split up the valley like pieces of pie, and if an independent went into an

area to try and solicit accounts, he was cut off at the dump by a union business agent. So, in effect, it appeared that the business agent was the enforcer for the association.

The CHAIRMAN. Who owned the dump, and who had control of it?

Captain HAMILTON. They are privately owned, Senator, but the dumps are again under contract with the same local that the drivers belonged to. So that the contract, and I have a copy of it here, is such that only union drivers should dump there (p. 6676).

Further inquiry developed that all members of the San Fernando Valley trade group, as well as of the State Rubbish Collectors Association, the other trade group in the Los Angeles area, also had to take out membership in local 396. Thus, to have a place to dump, they had to belong to the association; but to have permission to dump, they had to belong to the union. The majority of the 900 licensed rubbish collectors in the Los Angeles area were self-employed, running their own one-man operations. Although they paid dues to the union, the benefits they derived were invisible, for the union neither improved their salaries, bettered their working conditions, nor provided them with any services.

Notwithstanding these dubious advantages, one independent owner-operator who was willing to join the union found it no easy matter. Captain Hamilton described the case of William L. Crowder, an ex-GI who had acquired 1,500 customers in a new residential tract where there had been no prior pickup service. One day he was stopped at the dump, told that only union drivers could use it, and directed to see Frank Matula, Jr., secretary-treasurer of local 396.

Matula accepted a $25 union initiation fee from Crowder but told him he would also have to "make peace" with Louis Visco, president of the San Fernando association. What happened next to Crowder was reported thus by Captain Hamilton:

Well, he said he went over and saw Mr. Visco, and Mr. Visco told him, "You can't pick up in that territory, that belongs to a specific rubbish company."

He said, after some discussion of the matter, "We might let you in the association, but you are going to have to give 1,000 of your accounts to this collector that has that territory. Now we will give you a piece of territory, and you can keep 500 of your accounts, and we will give you a piece of territory over here."

Well, this party said that he just couldn't see that, because he had worked hard to get this route or develop this route and he wasn't going to give up his accounts. So he told Mr. Visco that he thought he would get along without the association.

He went back to Mr. Matula to pick up his membership in the union and Mr. Matula told him, "You did not make peace with Mr. Visco, we don't want you in the union," and he gave him back his $25 (p. 6676).

Crowder's original check having already been put through, the check returned to him was a union check signed by Matula, which Captain Hamilton presented to the committee in evidence. What

might have happened to Crowder's business as a result of his defiance of the association can be deduced from the fact that he was subsequently barred from the dump; however, Los Angeles police arranged for his use of another dump.

If obstacles were put in the path of nonunion owner-operators, others who were union members in good standing did not fare much better. Occasionally they would find themselves listed on a so-called "hot sheet," which the association would then send or telephone to the union with instructions not to permit the dumping of rubbish by those listed. Added to this form of collusive reprisal was another of equal economic moment to its unfortunate victims. Many collectors sold wastepaper houses the salvageable material picked up by them at certain commercial stops, and scaled their pickup prices in accordance with the volume of material so collected. When, however, they were listed on the "hot sheet," this fact would be made known not only to union deputies at the dump but to the wastepaper houses, which were advised not to purchase any wastepaper from them.

To hammer home the high price of stepping out of line, both Los Angeles trade associations meted out severe punishments to members who tried it. Although they made no effort to tell a member what he should charge his customers, they took a dim view of his poaching on another member's preserves. A collector found guilty of such infringement would be forced to pay his injured colleague or give him another account to balance off the matter.

One case adjudicated by the "mediation board" of the State Rubbish Collectors Association concerned a privately owned housing development, Baldwin Hills Village, whose monthly pickup charges were $800. The village had switched from collector Dave Pick to collector S. J. Agajinian because, Captain Hamilton explained, it was dissatisfied with Pick's pickup service. The State rubbish group failed to find this a cogent argument and decided on suitable justice for Agajinian. By way of penalty, he was forced to pay Pick $7,200. Here again, the union cooperated; witnesses told Captain Hamilton that the agreement on how the payment was to be made was arrived at in the office of Secretary-Treasurer Matula of local 396.

> Mr. KENNEDY. So the union acted as an enforcement arm of the association; is that right?
>
> Captain HAMILTON. Yes. It was very simple. At the union office they would tell him, "You either get in line or we will run you out of business" (p. 6679).

Local 396 was not always this stanch in its defense of the "line," however. Under its agreement with dump owners, certain nonunion drivers were allowed to unload at the dump; these included manufacturing companies and large retail outfits which hauled their own refuse. Occasionally such firms decided to do so as a result of high pickup fees charged them; but this switch in the interests of economy did not work, because they would be charged higher prices for the privilege of dumping, and there was no ceiling on these charges.

The union also blinked at the activities of a garbage-collecting firm whose four owners included two notables of the teamsters union, John C. "Radio Speaker" Stevenson, its local attorney, and John W. Filipoff, secretary-treasurer of local 208. Apparently the operations of this outfit whose name was incorrectly given at the committee hear-

ings as the Paramount Disposal Co., but which is actually known as the Portable Container Disposal Corp., were too much even for the State Rubbish Collectors Association. Captain Hamilton testified that John Andikian, "inspector" for the association, complained to local 396's chief, Matula, that the company was "jumping stops" of other members of the association. The complaint, Captain Hamilton added, fell on deaf ears:

> Mr. Peterman, who was a business agent working for Frank Matula, says that he talked to Andikian about this and wanted to know what Matula had done to settle the matter. He said that Andikian told him that Matula had said that if he didn't keep his mouth shut, they would take more stops (p. 6687).

Apart from this flareup, however, nothing seemed to mar the rapport in private carting circles in Los Angeles. Under this strange species of labor-management accord, the union and the trade associations operated to their own and each other's advantage with complete reciprocity, above all united by their belief that the customer came last.

That theory eventually helped in their undoing, for in the wake of customer complaints and the ensuing police investigation came hearings by a committee of the California State Assembly. Frank Matula's testimony before the committee resulted in his conviction for perjury; the rubbish industry revamped its system to permit a collector to cross over into territory hitherto barred to him. Nevertheless the customer remained unappeased, and so expressed himself in a referendum which bore with it an object lesson of no little economic import for the private carters. The vote, effective October 1 of last year, abolished the collection of all household rubbish by paid industry and transformed it into a free municipal service.

Malodorous as the Los Angeles garbage situation had been, it seemed sweet-scented by comparison with conditions in the New York sector of the industry. All the evils of the west coast operation appeared in the picture in the Nation's largest metropolitan area, on a magnified scale and with a number of original variations.

Major evidence that all was not right in the New York garbage industry first appeared in late 1949, when the Common Council of Yonkers, in Westchester County just north of New York City, passed an ordinance ending municipal pickups of commercial rubbish. A rush began by private carting firms to take over this lucrative trade. By the same token the changeover interested Teamsters Local 456, whose jurisdiction included Westchester County, and, according to its current president, Everett Doyle, covered "everything but freight and furniture."

Doyle, then secretary-treasurer of the local, and its president, John Acropolis, who also headed the Westchester Federation of Labor, were soon to learn, however, that the jurisdiction of local 456 over private carting was not as complete as they had assumed. Approached by several employees of the Westchester Carting Co., the two union officials contacted the firm to set up a meeting to discuss organizing it. A few days later they were informed that jurisdiction was also claimed by Teamsters Local 27, a New York City paper and paper-box local which handled carting through its "private sanita-

tion unit." A contract between local 27 and the company was signed shortly thereafter. Among those present at the ceremony was Joe Parisi, local 27's secretary-treasurer, and Bernard Adelstein, its business agent and head of the private sanitation unit.

Parisi's background at this time included a record of 11 arrests, including convictions for rape and disorderly conduct and indictments for coercion, homicide, felonious assault, robbery with gun. He had also been tried but found not guilty on a charge of conspiring with Charles "Lucky" Luciano and Louis "Lepke" Buchalter to establish a monopoly in the paper-box industry whereby he could extort and coerce money from industry drivers and manufacturers.

The record of the president of Westchester Carting, Alfred "Nick" Ratteni, was an equally full one, including arrests for suspicion of burglary, grand larceny, assault and robbery, for which final charge, in 1927, he was sentenced to 7½ to 15 years in Sing Sing. Ratteni's difficulties with the law did not end with his accession to the presidency of the carting firm in 1949; in 1953, he was indicted for income-tax violation, and described at the time by Herbert Brownell, then Attorney General, as "a chief lieutenant of Frank Costello." Ratteni is also well known to the New York office of the Federal Narcotics Bureau, according to testimony before the committee by Joseph Amato, in charge of the Bureau's section on Mafia gangsters and dope traffickers.

Spurred by the initial success of their invasion of local 456's precincts Parisi and Adelstein, Doyle testified, tried to talk Acropolis into giving local 27 jurisdiction over all private carting in Westchester County. Acropolis refused, but told them they could keep the Westchester Carting Co. so long as they refrained from other organizing in the area. This Parisi and Adelstein agreed to do, but soon forgot, as Westchester Carting, the firm they had signed up, began to spread out.

Doyle described Westchester Carting's expansion efforts as a double-pronged maneuver aimed both at smaller rival cartmen and their businessmen customers, and ably abetted by local 27:

> Well, fellows were threatened to get out of the business, . people's trucks and equipment were burned. Storekeepers were threatened that they would picket their places—they did picket a few of them—if they didn't do business with Westchester Carting. It was a regular push to gain control of it all. They didn't want nobody else in it. They used all kinds of tactics.
>
> The CHAIRMAN. In other words, operated in plain racketeering fashion?
>
> Mr. DOYLE. That is right (p. 6697).

Further evidence of the violence of the war waged by Westchester Carting in concert with the Parisi-Adelstein forces was presented to the committee in an affidavit by Katherine Embree, owner of a small pickup firm called the Alpine Carting Service:

> In the early part of 1950 I started to experience difficulty in the operation of the carting service because of opposition of one of the unions, local 27, private sanitation unit. About February of 1950 I was approached by a man whom I later

identified to be Nick Ratteni, who was the owner of the Westchester Carting Co., at which time Ratteni told me, "We better get together or one of us will be out of business."

Subsequent to that time I received threats over the telephone from an unknown person.

On March 19, 1950, at 11:55 p. m., 2 trucks that I owned and which were parked 75 feet apart on a lot at 509 Riverdale Avenue, Yonkers, N. Y., were sprinkled with gasoline and burned (p. 6714).

By 1951, Doyle testified, conditions had reached a point where the Yonkers Chamber of Commerce took a hand to help businessmen in the area secure better pickup service at a more reasonable rate. The chamber promised to secure business for a new rubbish-removal firm, Rex Carting, which the Acropolis-Doyle local organized, and which promptly won over a number of Westchester Carting's customers.

A fight to the finish then began, with local 456 and Rex Carting ranged against local 27 and Westchester Carting. To assert its jurisdiction more fully, local 27 set up its old carting unit as a new "affiliate," Private Sanitation Union Local 813, headed by Adelstein.

The new local wasted no time in proving its devotion to Westchester Carting. A Safeway store in Yonkers switched its pickup business from that firm to Rex Carting, thereby also switching from local 813 to local 456. When the store refused to reconsider its move, Doyle testified, local 813 decided to vent its wrath on other members of the Safeway chain. In neighboring Bronx County were 13 or 14 Safeway stores which local 813 itself was then servicing, and over which its jurisdiction was unchallenged. The local began letting the garbage pile up at these stores, even though such a boycott of its own bailiwick meant depriving its own members of work.

The CHAIRMAN. Do you mean to say they refused to handle their own customers?

Mr. DOYLE. That is right. They refused to handle them in the Bronx (p. 6699).

Adelstein was queried as to whether he had not considered the fact that the Yonkers Safeway was being serviced by a fellow teamsters local, even though not his own:

Mr. KENNEDY. But weren't you just happy because of the fact that they were unionized? Wasn't that what was important?

Mr. ADELSTEIN. No, sir; the most important thing to me is that our people do the work (p. 6972).

William Wells, public relations manager of Safeway's New York division, described the immediate aftermath of the boycott:

After several days we had a rather serious problem with both the quantity of the refuse in the stores and the condition or the smell, and, therefore, the concern of whether the board of health might, possibly, close the stores.

This, of course, meant that we had to make a decision rather promptly. After exploring all possibilities, it was decided that we had nothing to do but to try to make a deal

with these people. We were told that a person who could make this deal for us to straighten us out was a gentleman by the name of Adelstein. So, a contact was made with Mr. Adelstein, who told us that if we would go back to his union, union 813, that our problems would be over. We requested, however, that we not use the same carting company, and he agreed to that request. Another carting company, I believe it was Rusco, came in and picked up the refuse, and immediately our problems were over and collections were made in all the stores.

Mr. KENNEDY. Did you understand that this carting company that you did take out in Westchester was, in fact, owned and operated by Westchester Carting?

Mr. WELLS. Yes, sir. We were told that.

Mr. KENNEDY. So you, in fact, took back Westchester Carting Co. under a different name?

Mr. WELLS. That is our understanding (p. 6712).

A short while later even this disguise evaporated. From information supplied by Tom Reedy, Safeway's district manager in Westchester, committee investigator James Kelly testified as to the ultimate squeeze on Safeway. A man known to Reedy only as Joe came to see the manager of the Yonkers store, declared that Rusco was no longer able to handle the pickup account, and announced that Westchester Carting was again taking over—at a higher rate. Kelly added:

> Westchester then resumed the picking up of rubbish from this store. I believe they do so today (p. 6714).

The man known as Joe fitted the description of Joseph Feola, alias Joey Surprise, employed at that time as an "efficiency expert" for Westchester Carting. The past criminal records of Feola-Surprise included charges of felonious assault, homicide, and murder in the first degree. For this latter charge—involving the killing of one policeman and the wounding of another—he had been convicted and sentenced to death, but the conviction had been reversed on appeal. Subsequently pleading guilty to manslaughter, he had then been sentenced to 7½ to 15 years in Sing Sing.

Flushed with its victory in the Safeway dispute, local 813 now moved in on local 456 for the kill. At the State teamsters convention in Rochester in 1952, Doyle testified, Adelstein demanded of him that local 456 turn over Rex Carting to local 813. Doyle said that he relayed this news to his superior, John Acropolis, and that another encounter took place shortly thereafter:

> There were some pretty harsh words spoken. Adelstein said to Johnny, "You are not that tough. Don't think you are too tough that we can't take care of you. Tougher guys than you have been taken care of" (p. 6700).

Joe Parisi, Adelstein's superior, also had something to say to Acropolis at the convention, Doyle recalled:

> I think his words came out "I am through arguing with you. I have a bad heart. I am not going to argue with you. There is other ways of taking care of you" (p. 6701).

Acropolis, Doyle went on, did not take the matter lightly:

> Every night he would come to me, or the next morning, and tell me that he had received threats, that they were out to get him, and even warned me to watch myself. "Don't park the car when you go home in a dark spot. Make sure you park it out in front of your house and walk into the house" (p. 6701).

This state of alert, however, proved fruitless. Three weeks after the convention, Acropolis was killed by a shot in the head as he was walking into his home. A month later, Rex Carting sold out to Westchester Carting.

In his appearance before the committee, Adelstein declared:

> I never threatened Doyle and I never threatened Acropolis. I would like to add that I have been in the labor movement for about 20 years. In our organization work with the employers and during the 20 years that I have been in labor, never once has there been a question of violence. Never once have I been arrested for threatening people. And Mr. Doyle's statement is not true (p. 6970).

Adelstein later refined his testimony on this point by asserting that he had never been arrested for threatening people "bodily." His police record, however, showed that of four arrests, one had been for disorderly conduct, causing a disturbance and using loud and profane language to a police office; another for fighting in a public place and causing a disturbance; and another for using threatening and vulgar language. He was acquitted in each of the four arrests.

An ironic postscript to the Westchester garbage story was written in 1953, when local 813's contract with Westchester Carting came to an amicable end, and a company union took its place. Stephen Spiak, a former Yonkers policeman kicked off the force for petty larceny, and now president of this union, was asked whether it had been formed at the suggestion of Feola-Surprise, Westchester Carting's "efficiency expert." Spiak availed himself of the fifth amendment.

Adelstein himself had a bland explanation for local 813's abandonment of the Westchester redoubt for which it had fought so savagely:

> I was reminded by our joint council and by Mr. Parisi that our jurisdiction, in their opinion, did not extend into Westchester County, and that 456 or the locals up there should organize the unorganized (p. 6974).

Beyond this explanation lay the fact that 1953 was also the year of the emergence onto the New York industry scene of Vincent (Jimmy) Squillante, an event which provided Adelstein and his local 813 with an impressively full schedule in sectors of the metropolitan area other than Westchester.

Squillante's general reputation was thus characterized by Joseph Amato, the expert on Mafia gangsters and traffickers in New York City's Federal Narcotics Bureau:

> He is considered by me and my New York office as a major source of supply for narcotics, as well as being a prominent racketeer.

Mr. KENNEDY. Have you received reports at your office over a period of many years on Mr. Vincent Squillante?

Mr. AMATO. Yes, sir; we have.

Mr. KENNEDY. Is there any particular area in which he is alleged to be active

Mr. AMATO. He has been quite active, in addition to the narcotic traffic, in policy and dock rackets (p. 6740).

Amato described the findings of a "special employee" of his office, a gangster turned informant, concerning the nature and scope of Squillante's narcotics transactions alone. Squillante told this employee, Amato reported, that although he "wouldn't touch narcotics personally" he would supervise deliveries, and declared that he would sell only in pound lots, naming $1,600 as his price for a pound of heroin—a quantity Amato labelled "fantastic."

Squillante, a man with a pronounced bent for personal empire-building and no apparent bias as to the means he used toward that end, emerged from behind the scenes of the New York garbage industry in October 1953, when the Greater New York Cartmen's Association, a trade group whose operations covered 3 of the city's 5 boroughs, retained him for 2 years, at $10,000 a year, as a "labor relations counsel." How Squillante's prior experience in dope, policy, and dock racketeering qualified him for the post remains a mystery, although one aspect of his background which may well have impressed his new associates was his proud claim that he was the godson of Albert Anastasia, lord high executioner of Murder, Inc., and kingpin of the New York underworld. Anastasia met an inglorious end by bullet in a Manhattan barber chair last fall, but in the 3 previous years the mere mention of his name materially advanced Squillante's fortunes in the garbage industry.

Squillante's new career was also furthered from a more unexpected quarter: Teamsters Local 813, the labor side of the private carting industry in New York and by now the personal fief of Bernard Adelstein, its secretary-treasurer and also member of the New York Joint Council of Teamsters. Far from fighting Squillante, local 813 provided vital cooperation as he moved from the role of labor relations expert to ruthless czardom of the garbage industry in the metropolitan area, en route strengthening his grip by the setup of "whip companies" operated by relatives and friends.

Within 15 short but eventful months of being retained by the Greater New York Cartmen's Association for his "counsel," Squillante became executive director, not only of this group, but of 2 other groups on adjoining Long Island—the Inter-County Cartmen's Association, Inc., of Nassau County, and the Suffolk Cartmen's Association, Inc., of Suffolk County.

Officials of the two Long Island associations received word of Squillante's accession in a telegram from him on January 25, 1955, simultaneously informing them of their merger with the Greater New York Cartmen's Association. Possibly as a form of consolation for the absence of any balloting on this vital matter, Squillante's telegram explained why he felt the merger was a good idea:

> Such an association of associations strengthens each individual group because of numbers and redounds to the benefit and general welfare of all participants in the private sani-

tation industry as well as to the general public welfare (p. 6738).

If the recipients of this communique felt either surprise, fear, or the inclination to protest, they effectively concealed it, and gave respectful ear as, in the ensuing weeks and months, Squillante expounded on his views of what specifically constituted the general welfare of the private sanitation industry.

William Rombauts, owner of Rombauts Refuse Removal and president of the Suffolk County group, formed in the spring of 1954 with only 7 or 8 members, offered testimony indicating that Squillante may originally have had some doubts as to how this tiny group, the more outlying of the 2 captive associations, would fit into his grand design:

> * * * he claimed we was out there with the rest of the Indians.
>
> Mr. KENNEDY. You what?
>
> Mr. ROMBAUTS. We were out there with the rest of the Indians. It was spread out too far (p. 6815).

Nevertheless, Squillante overcame any qualms he may have had over Suffolk County, generously including it in all plans he made for its populous Nassau County neighbor.

From John Montesano, vice president of the East Meadow Sanitation Service and onetime president of the Nassau County trade group, the committee received a detailed account of Squillante's blueprint for industry advancement.

Montesano prefaced his testimony on this point, however, with a rueful admission of his own part in inviting Squillante's attention to the Inter-County Cartmen's Association. Some, though not all, of the 40 or 50 members of the association, he explained, had contracts with local 813 which were to end on January 1, 1955. A committee to negotiate new contracts was formed. Montesano was on this committee but

> I felt that I could not deal with the union, due to the fact that they had legal men with them and I am not capable of dealing with lawyers, and I felt it was too much of a responsibility for me to take that. So, with that, I met Fred Fazula (p. 6724).

Fazula, formally christened Alfred and informally called Pasta Fazula, after the Italian beans-and-macaroni dish of the same name, was "sergeant-at-arms" of the association, owner of a firm known as Rapid Rubbish Removal, and holder of a criminal record which included burglary (reduced to petty larceny and sentence suspended), larceny (discharged) auto theft (2 years), vagrancy (dismissed) and attempted burglary (acquitted).

Fazula introduced Montesano to Joe Feola, alias Joey Surprise. Feola, erstwhile troubleshooter for Westchester Carting, was by now, according to testimony by committee investigator Robert W. Greene, a stockholder-investor in the Jamaica Sanitation Co., among whose other investors, with the help of a loan by Squillante's wife, was Squillante's nephew, Gennaro ("Jerry") Mancuso.

Although by the time of the committee's hearing Feola-Surprise had fled his usual haunts, he was very much on hand when Montesano

sought his counsel in late 1954. The solution he devised was to escort Montesano to New York City to meet Squillante at the Madison Avenue office of the Greater New York Cartmen's Association. Feola, Montesano declared, assured him that—

> if anyone could do anything with the union in getting a good contract or a contract to benefit anyone, Jimmy Squillante was the man who could do it (p. 6726).

Squillante at once sprang into action, Montesano recalled:

> The first thing he did, he got on the phone and he called up the union office, and the reason I know that is because he asked the girl to get Bernie Adelstein on the phone. What went on during the conversation I don't know, because he was on the other side of the room. But then he came back, and he said, "Well, first, we will have to meet the members."
>
> He said, "We will have to see just how far we can go in speaking to these boys, and what their demands are, and what the union wants," and so I invited him out to a meeting where we held our meetings. He came out there, and he spoke to the fellows, and after that he starting making new meetings, and new times, and this fellow was here and that fellow was there, and the next thing we knew he put this guy in office and that guy in office and he controlled the organization (p. 6726).

That Squillante's takeover was in the vein of many a more celebrated power grab appeared in Montesano's melancholy sum-up at the close of this exchange:

> The CHAIRMAN. You didn't oppose him at this initial meeting?
>
> Mr. JOHN MONTESANO. At the initial meeting; no, sir.
>
> The CHAIRMAN. You had employed him?
>
> Mr. JOHN MONTESANO. I had requested him to come down.
>
> The CHAIRMAN. To help you out?
>
> Mr. JOHN MONTESANO. Yes.
>
> The CHAIRMAN. And he came down and helped you out?
>
> Mr. JOHN MONTESANO. Yes; and he helped himself, too (p. 6727).

Although Squillante's coup was a complete one, certain inescapable signs pointed to the presence of a higher power behind the throne. At a number of meetings, Montesano testified, a gray-haired, bespectacled man with a mustache sat next to Squillante at the table and made "suggestions." His name was C. Don Modica, and he was called the "pro," for professor.

Modica demonstrated his qualifications for this academic title on three separate occasions, Montesano recalled. While the cartmen's board of directors conferred, the professor busied himself tutoring a young boy:

> Mr. JOHN MONTESANO. He had a blackboard and he had all kinds of symbols and numerals and different things. It didn't bother me at first, but after the third time I said to myself, "Who is this fellow?" I asked Beansie Fazula,

"Who is this fellow?" And he turned around and tells me "That is Albert's boy." I drew my own conclusions after that.

Mr. KENNEDY. Just on the basis that it was Albert's boy? Didn't he say Albert who?

Mr. JOHN MONTESANO. Well, it was common knowledge, I mean, after a while I found out that Jimmy was supposed to be—this is later, after I got out of the association.

Mr. KENNEDY. Jimmy was what?

Mr. JOHN MONTESANO. Linked to Albert Anastasia (p. 6729).

Modica himself, in his appearance before the committee, described himself as a "teacher and writer" but availed himself of the fifth amendment in response to all other questions. This decision to remain silent was an obviously recent one; only a month earlier he had talked freely with committee investigators in New York. He had, in fact, at that time promised to turn over to the committee his doctoral thesis on the moral, sociological, and economic aspects of labor-management relations, a promise which, perhaps regrettably, he failed to keep.

Modica's past, by his own earlier account to committee investigators, had been a mixed one. He admitted that he had had some difficulties with the law as a young man, resulting in a 6-month stretch in Delaware State prison for practicing medicine without a license, and time elsewhere on a charge of grand larceny. But, he added, he had rehabilitated himself, graduating from St. John's University in Brooklyn, N. Y., and for several years serving as an instructor in philosophy of education at New York University.

More recently, however, Modica had applied his academic training in a different direction, tutoring the children of such underworld notables as Willie and Salvatore Moretti, Vito Genovese, and Joe Adonis. But of all such connection, his most assiduous appeared with Albert Anastasia. Modica not only tutored Anastasia's son but also, during World War II, taught "marine safety" at the Sancor Shipbuilding Corp., a company tagged as an Anastasia property by Senate crime investigators.

The professor's known function for the cartmen's association was as its "educational director," in which role he had lectured to members on the "three E's—education, engineering, and enforcement," and edited a publication called The Hired Broom, containing such homilies as "Out of garbage, there grows a rose." These endeavors were apparently not too taxing; during Modica's tenure with the cartmen, the number of telephone calls made from the office to Anastasia's home was a considerable one.

That Squillante was not entirely appreciative of the professor's presence in the cartmen's midst was evident from the testimony of association member Peter Parise. One day, chatting with the professor, Parise was called aside by Squillante and reproved:

> I said, "What's the matter? What's the matter?" He said, "I don't want you to talk to him." I said "He is your man here, isn't he?" And he said "Don't talk to him. Mind your own business." So from then on I had nothing to do with him.

The CHAIRMAN. Jimmy told you that, the one running the association?

Mr. PARISE. Yes, sir.

Mr. KENNEDY. How did Jimmy and the professor get along?

Mr. PARISE. I don't know. I don't think so.

Mr. KENNEDY. They didn't get along?

Mr. PARISE. There was no open conflict, but when Jimmy told me he didn't want me to talk to the professor, I am over 21, I assume there is a line between them somewhere.

Mr. KENNEDY. Can you give us any explanation as to why Jimmy kept bringing him out there, if he didn't like him?

Mr. PARISE. I don't know, sir.

Mr. KENNEDY. What impression did you get about what his position was out there?

Mr. PARISE. Well, I would say he was a watchdog (p. 6808).

Squillante's master plan for the private carters, gradually unfolded to them over a series of meetings, was a comprehensive one indicating that no aspect of their economic potential had escaped his eye.

Two points of the plan concerned local 813. First, said Squillante, he felt that not just some, but all, the cartmen should belong to the union, claiming, according to Montesano, that he could get from local 813 a blanket contract for them which would be a "much better deal" if every cartman was also a union member.

The cartmen approved this suggestion in the face of experiences which some had already had as union members. Edward Lent told the committee that in 3 years of membership he had received only one notice of a union meeting—after the committee's inquiry had been anounced. Another cartman who had attended meetings, Anthony Montesano, John's brother, testified:

> If you raise your hand and ask a question, they overlook you. They ask everybody else in the room and they say, "You are an employer, you have nothing to say here" (p. 6735).

This quaintly dual standard obviously discouraged no one. At Squillante's urging, members of his association joined the union in force. Of local 813's current membership of 1,800, fully one-third are employers, and though they must remain mum at meetings, they swell the union's treasury at the per capita rate of $3 a week for welfare benefits and $6 a month for dues.

Local 813's guiding genius, Adelstein, conceded that employer members of his union could vote neither for the election of officers nor on the question of contracts. His insistence that they nevertheless enjoyed "representation" elicited this rejoinder:

> The CHAIRMAN. They cannot represent themselves and vote (p. 6996).

The second point relative to local 813 on Squillante's action program for the carters also concerned money. The union contract which he effected for his association members contained a new "security

clause." Under this interesting innovation a cartman who did not belong to the association had to post $300 per man in his company with the union, to be held in "trust." On the other hand, a cartman belonging to the association had to post only $25 per company. While this uneven rate schedule seemed to make association membership an excellent bargain, Squillante did not dwell on the other side of the coin—the pressure it put on a cartman to remain in the association or pay the increased toll.

John Montesano described the somewhat vague purpose of all this "security" as designed to "protect your living wages, and to protect you in the association." The obscure nature of these benefits, however, was never better illustrated than in Montesano's own case. After he had finally broken with the association in disgust, he testified, he had to post $1,800 with the union for the 6 men employed by his firm even though, like many of the others in private carting, it is an almost wholly family enterprise, thus making the need for protection of "living wages" even more dubious.

Sherman Van Ness, another former association member, testified on the difficulties he had had in this regard. When the association, at Squillante's suggestion, raised its own dues, Van Ness wrote a letter of protest. He then received a telephone call from Squillante's nephew, Gerry Mancuso, whom Squillante by then had installed to succeed himself as executive director:

> He did not even know I was a member of the association. I told them I was a member of the original association, and I don't know where he came from. But I asked him why the increase and he said that he was my business representative. I explained that I started my business with nothing and worked up to a 5,000-account business, and I did not need a business associate or representative, and, therefore, I did not think that the charge was just. So I refused to pay.
>
> Then I received a registered letter from them saying I was put out of the association for nonattendance of meetings. In the next mail, I got a registered letter from the union saying I was in violation of my contract, pertaining to the security clause risk. I went in to see Bernie Adelstein, and I told him I did not have $4,200, and I wanted to know what we could do, if I could pay payments, so much a month, or something like that, and he said no, I had to pay the $4,200 (p. 6767).

A later attempt by Van Ness to retrieve the money failed, nor did his troubles with the association itself entirely end with his departure:

> Mr. KENNEDY. Did you know that Mr. Squillante offered a $1,000 reward to any association member, to the association member who could take the most business away from you?
>
> Mr. VAN NESS. I heard it; yes, sir (p. 6767).

Other parts of Squillante's blueprint for the garbage collectors more directly related to a code of practices within the association itself. One innovation he proffered was a system of so-called "property rights," whereby, if a cartman's customer moved, the cartman retained

the rights to that particular "stop" no matter what other customers moved in, and no fellow cartman could solicit there.

A "stop" could be taken from a cartman only if the association's board of directors decided that he was "in arrears" or a "delinquent association member." Under this broad directive, the board could expel the cartman and declare that his stops were now "open work," that is, subject to competitive bidding by other pickup services.

For jumping a stop, one association member could be penalized $10 for every $1 he collected from the customer he had thus acquired. If the cartman from whom the stop had been taken refused to accept this payment he had the right to receive 2 customers from the stop jumper in exchange for the 1 taken.

The board which adjudicated all these matters sat, in effect, as a court, and the justice it dispensed in specific cases was, according to witnesses, highly debatable. The interested parties could have representation, the choice of which, John Montesano testified, could be crucial:

> You would bring whoever you knew from the underworld. If someone knew you, he would act as your representative, and the bigger the overlord, the easier your case was to win (p. 6754).

Montesano declared that while on occasion he himself had sat on the board he had also twice come before it as a defendant. One appearance involved a dispute with Alfred ("Pasta") Fazula, who had the good fortune to be represented at the time by Squillante himself. Montesano told the committee that he had gratuitously cut Fazula in on a $28,000 garbage-collection contract awarded him by the town of Oyster Bay and the township of South Farmington. After a year of what Montesano described as bad service by Fazula, he moved to break up the partnership. The trial board decided that he would have to pay Fazula $11,000, even though Fazula had not made any financial contribution to the enterprise. When Montesano balked, he recalled, he received a telephone call from an uncle who was a prominent figure in the Brooklyn division of the underworld and "who knew more about the story than I did." The gist of his call, Montesano said, was as follows:

> He told me, he said, "What is wrong with you, kid? Every time I turn around you are in trouble out on Long Island." And I said, "We are not in any trouble."
>
> I said, "We are trying to protect our business, and we have had a run-in with this fellow, and we don't want to pay anything."
>
> He said, "Don't you realize that they could put you out of business, and they can hurt you in other ways?" I said, "If they can hurt me, let them hurt me."
>
> The guy said, "Don't forget, you have got kids." So I said, "What do you mean by that?"
>
> And he said, "Well, you know, sometimes they won't hurt you, but they will hurt the kids." That is the way it was put to me (p. 6752).

Montesano agreed to pay Fazula $5,000, in return for which he received assurance that no one else would bid against him when the con-

tract came up for renewal. Unluckily for him, Oyster Bay, having heard intimations of racketeer elements involved, decided to furnish its own pickup service.

Another case in which Montesano found himself pitted against opposition with formidable support involved one Rose Anelli, operator of the Sunrise Sanitation Service and aunt of Carmine Tramunti. Tramunti, a man with an elongated record of arrests where convictions were not secured, and with two terms in Sing Sing for robbery, was revealed by testimony during the committee's hearings on the New York "paper locals" to be 1 of the 2 chief lieutenants of the notorious Tony ("Ducks") Corallo.

Montesano's trouble with Tramunti's Aunt Rose began when he sold her a garbage route for which she paid some cash and provided the rest in notes payable at $580 a month. After 15 months, Montesano testified, Rose became delinquent in her payments. One of her brothers telephoned to declare that no more money would be forthcoming because Montesano had "shortchanged her on 90 stops." The facts, Montesano averred, were that Rose's drivers were so inexperienced that they upset a truck and were thereby unable to service some 90 customers, who, after a while, switched to another cartman.

By this time, Montesano reported, he personally had washed his hands of the association, but his brother, Anthony, responded when a summons came from the trial board. The board, run by Squillante's nephew, ruled that the Montesanos would have to give Rose Anelli 90 other stops or forget about her payments. Again the Montesanos balked and picked up some Anelli trucks on which they had a chattel, and put the delinquent note matter into the hands of a lawyer. Again they received an avuncular reproach from their prominent relative in the Brooklyn underworld, who this time paid them a personal visit in the company of Carmine Tramunti. Tramunti was also reproving, saying "You know, your lawyer sent my aunt a very fresh letter." The Montesanos remained unmoved, and Rose Anelli paid up.

Although Sunrise Sanitation Service lost out in this instance, the testimony of a number of witnesses made plain that it enjoyed an unusually favored position in the garbage industry. Supposedly a union firm, it paid wages considerably under the union scale of $89 a week for drivers and $82 a week for helpers for a 40-hour, 5-day week. Sherman Van Ness, the cartman forced out of the association for protesting its dues increase, testified that a number of Rose Anelli's workers who applied to him for jobs reported that they were earning $66 for a 6-day week.

Queried on local 813's notably cordial attitude toward Mrs. Anelli's contempt for its rules, Bernard Adelstein admitted that he had "called in" the union delegate on the job to discuss "whether we should leave Rose Anelli alone." Two recordings were played before the committee of telephone taps made by order of the Court of General Sessions in New York. One was a conversation between Adelstein and Tramunti, in which Tramunti relayed the news that he and Ducks Corallo were now "in" the Anelli firm. The second recording, made of a phone call from Tramunti to Mrs. Anelli 5 minutes after the first conversation, included this exchange:

> Mr. TRAMUNTI. I spoke to Bernie. Now, here's what you do. Is the delegate out there?

ROSE ANELLI. Yeah.

Mr. TRAMUNTI. You know that he approaches Anthony or you. No matter who comes to you, you tell them that you are doing everything with Bernie Adelstein.

ROSE ANELLI. I'm doing direct with Bernie Adelstein.

Mr. TRAMUNTI. If they don't believe you, tell them to call up Bernie Adelstein. That's all. You hear?

ROSE ANELLI. Yeah (p. 6988).

With his friends and other well-connected personalities of the underworld reaping the fruits of Squillante's reign over the private carting industry, it is not unexpected that Squillante himself and a number of his relatives should go and do likewise. Squillante, his brother Nunzio, and his nephew, Gennaro Mancuso, all invoked the fifth amendment before the committee. But the testimony of other witnesses developed a pattern of lush personal profit in garbage for the Squillante clan on which no accurate estimates are likely to become available.

Squillante's masterwork as czar of the private carters, the device which lent itself most readily to personal aggrandizement, was the setup of "whip companies," which operated unhampered by any rules promulgated for other carting firms by either the union or trade association. By the time of his move into Nassau and Suffolk Counties, one such "whip" firm, the Corsair Carting Co., was already working for Squillante's benefit in New York.

John Montesano told the committee that Squillante highly recommended the advantages of the whip company as an industry stabilizer which would keep straying cartment in line. He even tried to get the two Long Island groups to "foot the bill" for a new whip company for their area, but, said Montesano:

> He got opposition on that, and so he said, "Well, I will foot the bill myself, but any work that this General Sanitation Co. gets"—that was the name he used—"I will keep the work" (p. 6749).

Squillante put the matter somewhat differently to another Nassau member, Peter Parise, explaining that he wanted help for his brother Nunzio:

> He said he wanted to get him off his back, and he would like to have his brother do something on his own (p. 6804).

Parise testified that he thereupon helped organize the General Sanitation Co. The officers and stockowners in the corporation were Nunzio Squillante and his wife, and a man named Lou Michaels and his wife. Committee investigator James Kelly testified that Michaels was also known as Louis Iannacone, distinguished as an extortionist convicted for a union shakedown in the fruit and vegetable industry.

That local 813 looked with favor on the company from the outset was indicated by the testimony of Melville B. Wolpert, Bernard Adelstein's nephew and auditor of the union's insurance and pension funds. Wolpert admitted that, in 1955, he had drawn up "worksheets" for Vincent Squillante listing the assets and certain principals of the General Sanitation Co., but added that he had refused Squillante's invitation to do the firm's accounting and had had no

further dealings with it. Another accountant, Harry Goldfarb, testified, however, that Wolpert had turned the assignment over to him and that he had paid Wolpert one-third of his $60 a month fee.

A considerably larger union accommodation enjoyed by the company concerned the matter of a contract. Committee investigator James Kelly revealed that, in May 1957, he had checked over local 813's contracts, at the time subpenaed by the New York City district attorney's office, and had found none for General Sanitation, although Adelstein had assured him that "all" of the union contracts had been turned over. Adelstein told the committee that the company's contract, as well as one for Squillante's other whip firm, Corsair Carting Co., had been "found" subsequently, in fact just a few days prior to his testimony. He conceded, however, that General Sanitation had made no payments either to the union, or its pension or welfare funds.

The helping hand extended by local 813 was further evident in 1 of 2 major examples presented to the committee of General Sanitation's modus operandi.

The Nassau County community of Manhasset includes the so-called "Miracle Mile," described as the "Fifth Avenue of Long Island" by Charles Devine, manager of Lamston's, a chainstore along its route. One morning in the spring of 1955, Devine testified, he arrived at work to find a picket line in operation up and down the street, outside a group of stores including his own. Shortly thereafter two men walked in to see him, Thomas Nolan, business agent for local 813, and Nunzio Squillante, and suggested that the store switch from the nonunion garbage pickup service it was then using to any 1 of 8 garbage-collecting firms listed on a card which Nolan presented. First on this "approved" and presumably all-union list was General Sanitation Co. Devine, after consultation with his superiors, agreed to the changeover and, because General Sanitation headed the list, accepted it as the new garbage contractor.

Testimony of similar approaches, with equally successful results for General Sanitation, was provided by Patricia Kelly, personnel manager of the Manhasset branch of the New York department store, Arnold Constable, and by Matthew Costigan, manager of the Grand Union Supermarket. Costigan told the committee that whereas his previous pickup service charge had been $40 a month, the immediate raise in price by General Sanitation was to $50, and that the store now pays $25 a week.

Thomas Nolan, local 813's business agent in this entire transaction, testified that the "approved" list had been given to him by his boss, Bernard Adelstein. When Adelstein was queried as to why he would furnish a list containing the name of a firm which, by his own word, had not been making any payments to the union, his reply was in the nature of a verbal shrug:

> When the delegates check trucks, they are supposed to let me know whether there are union men on these trucks or not. I don't check the trucks on the field, Mr. Kennedy. Mr. Nolan worked in that area. Mr. Nolan is not with us since.

In this attempt to pass the buck to a subordinate Adelstein conveniently overlooked the fact that records of existing company contracts and of payments under those contracts are kept at union headquarters in the custody of Adelstein himself.

The tactics applied to the detriment of a nonunion cartman in the Miracle Mile affair were no less arbitrary, and the benefits to General Sanitation no less healthy, when employed against a member in good standing of the cartmen's association.

This was aptly illustrated in a series of events which began toward the end of January 1955, when the United States Air Force sent out specifications for a garbage pickup contract at Mitchel Field, in Nassau County. Among those who received the specifications was Angelo Recchia, owner of the Trio Carting Co. That very night, Recchia testified, he went to a meeting of the cartmen's association and, as he walked in, was summoned by Vincent Squillante:

> Jimmie asked me did I receive a bid from Mitchel Field. Well, I said, "No," just to see what they wanted to say about it, which I did. So he said, "Well Mitchel Field sent out the bids for the new contract"; and he said, "I want you to go along with Carmen DeCabia on the contract, and I want him to get it" (p. 6778).

Recchia put up an argument, he said, pointing out that since the previous contract at Mitchel Field had long since expired, with the Government doing its own pickups in the interim, the announcement of the new contract constituted "new business," hence, by the association's own rules, "open work" available for competitive bidding.

> And I told Squillante, "Well, you do what you want; if you want to bid on it yourself, you go ahead; but I am going to bid on it regardless of what you say." He said, "Well, you are going along or you are out of business" (p. 6778).

To put the point across to Recchia, Squillante did not bother to wait until the Mitchel Field contract had been actually awarded. Only 2 days after their argument, Recchia was telephoned by the "head guy" at Sunrise Supermarkets, whose 10 stores were serviced by Recchia's carting company, and was told to discontinue his pickups as of January 31, because a "new outfit" was replacing his the next day. The account, Recchia declared, had been worth $750 a month to him, and the company which supplanted him was General Sanitation, the "whip" firm.

John Montesano described the atmosphere at association headquarters thereafter:

> There were 3 or 4 meetings pertaining to this Sunrise Supermarkets, because Angelo naturally always would come back and he would want to know why his stops were taken. After all, it was competitive bidding, and he had bid on the job, and for no reason at all he lost his supermarkets. In one meeting, in particular, Squillante got very violent with him and he used very abusive language, and he just told Angelo, "Well, that is the straight of it," and that was the end of it. And Angelo had to sit down and keep quiet and be thankful he only took the Sunrise Supermarkets.
>
> When anybody started to protest, there was nothing to protest. Jimmie had the stores, and that was it (p. 6774).

Purely apart from this added evidence of General Sanitation's ruthless operations, the committee was deeply disturbed over those

aspects of Recchia's testimony concerning the rigging of bids on a Government contract. On the original Mitchel Field contract, Recchia, despite his loss of the Sunrise Supermarkets, defiantly underbid DeCabia and, as a result, was awarded the pickup service. Later, however, another garbage contract came up for the Santini housing project on the Air Force base. On this the evidence of collusion was clear cut.

By this time Recchia had lost zest for his feud with Squillante. Figuring that "I would sure have my head chopped off my shoulders" if he got the second contract, he telephone DeCabia, the man for whom Squillante had unsuccessfully earmarked the first contract, and offered to overbid him on the new contract. DeCabia named the figure he planned to bid. Unfortunately, Recchia declared, he forgot the figure, again underbid, and was awarded the contract.

The ensuing terror he felt was described in the following exchange:

> Mr. KENNEDY. Was he mad at you?
>
> Mr. RECCHIA. Who is that, Carmine? I won't say he was mad, he was having daggers coming out of his eyes.
>
> Mr. KENNEDY. What was coming out of his eyes?
>
> Mr. RECCHIA. Daggers.
>
> Mr. KENNEDY. Were you upset yourself?
>
> Mr. RECCHIA. Sure I was upset because I didn't know which way to move, and I almost got down on my hands and knees and pleaded to forgive me. I did an error on my part, and I will do anything to straighten this out, and still do the work and collect every penny that is coming. He just kept making a big fuss about it, that I was a such and such, and he got hold of Jimmy Squillante, and he wanted to throw me out of the association, and have my whole business free for all. So I pleaded with Jimmy Squillante at that meeting that night and I pleaded with his brother, and his brother-in-law, and the board of directors, and I couldn't get head nor tail with the whole group. It was practically all relations on the table with Jimmy.
>
> * * * I told them I would do anything. I would pay the whole expense on the lawyers and have the papers made up that he would be the subcontractor on the job and he would collect every penny, and it would be costing me money each month for the details we have to go through (p. 6783).

Squillante, Recchia went on, was "kind enough" to allow that something might be worked out, and Recchia proceeded to do his best toward that end. First he went to the Air Force contract officer, and told him that he had made an error in his figuring and could not take the job. Informed that the contract papers were already in process, he then arranged to subcontract to DeCabia. Before this arrangement went into effect, however, Recchia himself did the work for a 2-month period, passing the Government payments along to DeCabia.

DeCabia described Recchia's whole story as "completely false." Although he admitted that he took over Recchia's housing project contract as a sublet, he insisted:

> He explained to me at the time, sir, that he had a little too much work to handle and, if I was still interested to take over the Santini work, I could handle it.

> The CHAIRMAN. Just that nice about it. And he had bid it, and he had gotten it, and he decided he didn't want it and if you wanted it you could have it.
>
> Mr. DECABIA. That is what he said to me, sir (p. 6793).

Recchia, who was present at the hearings during DeCabia's testimony, had this reaction:

> Could I turn around and look at his face and call him a God damn liar? That is about the only thing I can say (p. 6794).

Although Vincent Squillante's hold on the garbage industry had been powerfully demonstrated in a number of ways, it was never more audaciously manifest than at a meeting of the Greater New York Cartmen's Association on June 7, 1956.

Plainly, Squillante around this time felt the need for a vote of confidence. The Suffolk County cartmen, whom he had once characterized as being "out there with the rest of the Indians," had defected; they had rid themselves of him and his brother, Nunzio, whom he had installed as their labor-relations man at $100 a week plus expenses, simply by stopping payments.

Having assembled his captive audience, Squillante launched into a tale of personal persecution. Newsday, the Long Island newspaper, had reported the Suffolk County action as a "discharge." He was being represented in the press as a "racketeer," and his picture was being published. Furthermore, he was under attack by the State attorney general's office, the New York district attorney, the Nassau County district attorney, and the New York City commissioner of investigation.

Almost casually, Squillante also "revealed," in the words of the minutes of the meeting, that because of his failure to file an income-tax return one year he had been convicted of a misdemeanor, fined, and put on probation for 3 years; that at the close of this period he had been put on probation for another 2 years "because it was charged that he had not made an honest effort to pay his taxes."

Squillante then proceeded to marshal the troops against what he proclaimed as an attack on the entire carting industry. Committee Investigator James Kelly reported:

> He stated that the only plan of defense was to engage the best legal service, the biggest legal mind. "We do not stand a chance otherwise," was his conclusion. He advised that the members had to be prepared to spend substantial sums of money in order to engage this type of counsel.
>
> He advised that there had to be collective action; all members should forget their own individual problems and band together to meet the attack. He advised that each individual should not wait until he is touched and then attempt to defend himself individually. He called for action along the line of deciding what action should be taken "to defend ourselves" (p. 6909).

The troops rallied without hesitation. Rejecting Squillante's proferred resignation, they set up a "cartmen's defense fund," each cartman pledging to contribute $250 per truck. Similar pledges were received from a downtown trade association, the Association of Trade

Waste Removers of Greater New York. The money was to be used as follows:

1. For the defense of the association and its members.
2. For the defense of Vincent J. Squillante (in any shape or form).
3. For the defense of any cartman, regardless of membership (if any), area, color, or creed.
4. For publicity, investigations, and research.
5. Toward any charities, for the benefit of mankind (p. 6910).

On June 11 the cartmen's defense fund opened an account in the Royal State Bank of New York, described by Kelly as a "popular watering place" for racketeers. Within 4 days some $15,000 in contributions was deposited to the account. On June 14 a check from it was made out to the bank for $14,215.99, and a cashier's check was received from the bank for the identical amount. The endorsement on this check read:

> Pay to the order of the Director of Internal Revenue, for 1948 and 1949 income taxes, penalties, and interest in full, Vincent J. Squillante (p. 6911).

Committee Investigator Kelly, asked why Squillante needed the check drawn on this particular date, replied:

> Because there was a crash program in progress, Mr. Kennedy, in which the attorney had notified the Federal parole agency that the taxes would be paid by the 15th (p. 6912).

The total defense fund eventually amounted to $57,855. The total spent out of it on Squillante's behalf, including the $14,000 for Federal taxes, was $26,558.08. Of this sum the remainder went to pay his State taxes and attorney's fees. Part of the latter Squillante described in a signed statement as "expenses in connection with action against officials of Nassau County, on behalf of myself, Nunzio Squillante, and Gennaro Mancuso."

Committee Counsel Kennedy asked:

> He was upset because the district attorney out in Nassau was investigating him; is that right?
>
> Mr. KELLY. That is an understatement, sir.
>
> Mr. KENNEDY. So he used some of this money to hire investigators and hired attorneys for himself, his brother, and nephew to investigate the district attorney?
>
> Mr. KELLY. And the county of Nassau.
>
> Mr. KENNEDY. The county officials in Nassau County?
>
> Mr. KELLY. That is right, sir (p. 6913).

Following newspaper disclosure of this transaction, Squillante wrote a formal letter to the defense fund characterizing the moneys taken from it for him as a loan, and promised to repay it, although no date or terms of repayment were specified. By treating the $26,000 as a loan, Squillante would be able to get around paying taxes on it.

These revelations did not complete the picture of Squillante's copious benefits from his connection with the garbage industry. Testimony by Committee Investigator Kelly showed these additional sources of bonanza:

On July 5, 1956, the Carters Land Fill Corp. was organized. Its officers were James Licari, now a fugitive from a Federal tax inquiry, Joseph Feola alias Joey Surprise, and Vincent Squillante. The firm rented a dump at College Point in Queens for the use of private cartmen. In its first 3 months, Carters Land Fill paid out $750 in rent to the dump owner; it took in $35,624.50 in dumping fees.

Each of the 3 officers at first drew a salary of $500 a week. Then Feola began to receive $1,000 a week, and Squillante presumably nothing. Examination of the books, however, showed that Feola was "lending" half of his new salary to Squillante—another patent attempt to elude the Internal Revenue Bureau at a time when Squillante still had an outstanding fine for past delinquency.

Carters Investors was another string to Squillante's bow. Formed early in 1956 to lend money to carting firms and other businesses in New York City, it included among its investors Squillante himself, to the tune of $1,200, and his children, Donna and Olivia, for $3,500. Another investor, signaling the company's high standing in low places, was Frank ("The Barber") Scalise, who contributed $5,000 as his share. Scalise, shot and killed as he stepped out of a fruit store in the Bronx last June, had on his criminal record arrests for grand larceny of an auto (discharged), grand larceny (discharged), sale of revenue stamps (no disposition), and Federal conspiracy (suspended sentence and 1 day's probation). Committee Investigator Kelly testified:

> Mr. Scalise also had an extensive narcotics background. He was regarded as a major international violator by the Federal Narcotic Bureau, and it is believed that his death was connected with a narcotic transaction (p. 6934).

Before its dissolution by the State attorney general's office for violations of the State banking law, Carters Investors loaned the substantial sum of $35,000 to firms with which Squillante had, in Kelly's phrase, "a close relationship."

The labor side of the garbage industry, too, generated an aura of plenty and profit, particularly around Bernard Adelstein, Squillante's willing collaborator, whose local 813 had assumed a position virtually akin to that of a "whip company" for Squillante.

Adelstein, in addition to being secretary-treasury and business manager of local 813, holds these same positions in local 34 of the Cooperage, Drum and Container Workers Union, an 800-member group occupying office space with local 813. His salary from local 813 is $400 a week, plus expenses, which he declared averaged from $15 to $20 to $25 a week, depending "upon the conditions." His salary from local 34 is $250 a week plus $35 expenses. Altogether, his official union status over some 2,700 members garners him approximately $700 a week.

Relatives of Adelstein have also thrived on his career. His sister receives $100 a week salary from local 813; his brother, a former cutter in the garment business, manages its pension and welfare funds. His nephew audits the insurance and pension funds on a monthly fee basis; and his nephew's second or third cousin acts in a legal capacity for the union.

Testimony by Committee Investigator Maurice Frame showed how the earnings of Adelstein and his relatives had improved from 1952

to 1956. In 1952, their salaries and payments totaled $38,570; in 1953, $53,070; in 1954, $66,785; in 1955, $68,880; in 1956, $75,360.

Beyond salaries and payments, two other dispositions of union funds interested the committee. Committee Investigator Stephen A. Conley testified that from October 1951 to May 1957 cash expenditures for which there were no vouchers totaled $56,418. Asked to explain where the money had gone, Adelstein replied:

> I will try. For cash disbursements, postcards, stamps, we have people come in to our office where we send out for food; strikes, where we feed people on the picket line (p. 7006).

Local 813 also held an annual dance for its membership with tickets at $5 apiece collected by employer checkoff. Committee Investigator Milton Morvitz testified that the Grio Press, a printing firm, had printed 10,000 tickets for local 813's dance in 1957, although the hall where the affair was held had a capacity of only 1,750 persons.

Adelstein estimated that the dance funds thus raised totaled $15,000 to $20,000 a year. Under questioning, he admitted that disbursements out of these moneys had gone to pay for his $5,889.30 air-conditioned Cadillac, premium payments on a $10,000 annuity he has, and $1,500 worth of liquor purchased over a 3-year period from a liquor store owned jointly by himself and his wife.

In the belief that evidence at the hearings on the garbage industry points to income-tax evasion, monopoly, restraint of trade, fraud against the Federal Government, extortion, coercion, perjury, and violation of Federal probation, the committee has recommended to the appropriate New York State and Federal agencies that they vigorously pursue an investigation of these matters.

Findings—Garbage Industry

(New York and Los Angeles Areas)

Although any form of labor or management malpractice takes its toll of the public, the effects are vastly multiplied when the industry involved performs an essential service. Awareness of this should theoretically induce a deep sense of responsibility within such an industry. In the case of a major sector of the Nation's garbage collectors, no evidence of this attitude appears.

As a result of its inquiry into private carting in our two biggest metropolitan centers, Los Angeles and New York, the committee is forcefully struck by the almost total disregard for the public weal displayed by carting labor and managements. Key figures in the industry in these areas obviously feel that the public exists for their benefit rather than vice versa, and that customers at odds with this credo must have it hammered into them by threats, shakedowns and, if need be, by outright denial of garbage-collecting services.

The prevailing climate in the industry is, in the committee's view, a direct result of the fact that the labor side of private carting lies within the bailiwick of the International Brotherhood of Teamsters, whose blatant public-be-damned philosophy is detailed at many places in this report; that the management side of the industry is acrawl with hoodlums and gangsters; and that, as so often in teamster-employer relations, collusion between the two sides is rife.

Above all other evils uncovered, rampant collusion has been the hallmark of the carting industry. Both in Los Angeles and New York its collaborators have developed it to such a high art, with so many shadings and variations, that it has been difficult to discern where, if indeed at any point, management interest leaves off and union interest begins. Generally, the two sides have acted in perfect concert against whomever they regarded as their common foe at any given time: a businessman who protested poor service; an independent owner-operator who balked at a trade-association monopoly; trade association members themselves, whenever they got out of line; union officials who asserted their jurisdictional rights; anyone, in fact, who went counter to the collusive policy of the moment.

1. The committee finds that a pernicious monopoly exercised by a Greater Los Angeles trade group known as the San Fernando Valley Rubbish Collectors Association had the unconditional blessing of teamsters local 396, which represents garbage-collecting labor in the area. The association carved up the 220-square-mile valley into exclusive private preserves for its members, thus paving the way for arbitrary price-fixing and poor service. When independent owner-operators tried to move in, they were barred from unloading refuse by union agents who policed the dumps.

2. The committee finds that teamsters local 396 also served as an enforcing arm when moguls of the San Fernando Valley trade group, and of another known as the State Rubbish Collectors Association, chastised any of their own members for some infraction of the rules. Association officials would list such offenders on a so-called "hot sheet." The names on this list would be made known, not only to wastepaper houses, which were advised not to purchase any paper from the offenders (a serious economic penalty since they scaled their pickup prices in accordance with the volume of wastepaper they collected), but also to the union, which was instructed not to permit dumping of rubbish by those listed. Local 396 deputies at the dumps would then oblige.

Another instance of union helpfulness occurred in a quarrel between two association members over their territorial rights. The case was "adjudicated" by the "mediation board" of the association, but agreement on the terms of settlement was reached in local 396's office.

3. The committee finds that in return for all such favors by local 396, the two Los Angeles trade groups insisted that all their association members join the union, even though many ran one-man operations and derived no benefits whatever for the union dues they paid in. In one particularly strange outcropping of this unholy management-labor liaison, an independent owner-operator who tried to join only the union to get permission to dump was told by Frank Matula, Jr., secretary-treasurer of local 396, that he would first have to "make peace" with the San Fernando Valley association. When he learned that making peace meant joining the association at the cost of handing over two-thirds of his customers, he balked, whereupon the union rejected his membership application and returned an initiation fee it had already accepted.

4. The committee finds that collusion in Los Angeles carting circles failed of success only under the most special of circumstances. One rift in the labor-management lute occurred over a garbage-collecting firm called the Portable Container Disposal Corp. When the inspec-

tor for the State Rubbish Collectors Association complained to local 396's chieftain, Matula, that this outfit was "jumping stops"—taking customers away from other firms—he was told to keep his mouth shut or Portable would take still more stops. The reason for Matula's tenderness toward this company: two of its owners were Los Angeles teamster officials.

5. The committee finds that all the basic evils of the Los Angeles carting situation recurred on a larger scale in New York, along with a number of infamous innovations made possible by the vicious character of leading figures in the eastern end of the industry.

6. The committee finds that the New York garbage-collecting industry has been infiltrated and dominated by the basest criminal elements in the country, men whose other profitable enterprises include the dock and numbers rackets and worldwide traffic in dope, and whose copious criminal records include arrests for everything from murder to mayhem, interspersed with felonious assault, extortion, coercion, grand larceny, burglary, and vagrancy. Among this tasteless assortment of jailbirds, thugs, gunmen, and thieves are many members of the notorious international brotherhood of the Mafia.

Preeminent among these underworld figures in private carting in New York is Vincent (Jimmy) Squillante, described by Federal narcotics authorities as a major source of supply for narcotics, and a dock and policy racketeer. Squillante, who inaccurately but effectively boasted that he was the godson of the late Albert Anastasia, lord high executioner of Murder, Inc., moved in on the carting industry in the sham role of labor relations expert, gradually assuming mastery over the Greater New York Cartmen's Association, which handles private carting for 3 of New York City's 5 boroughs, and over 2 trade groups on Long Island which he summarily incorporated into his empire. Ruling with the absolute power of a czar, he stripped garbage-collecting firms of any voice in their own economic destinies, imposed a business dogma totally alien to free competition, and enriched himself, his relatives, and court favorites to an extent that can never be fully calculated.

Strategically dispersed at vital points in the Greater New York carting industry have been these public enemies:

Alfred (Nick) Ratteni, whose record included arrests for grand larceny, assault, and robbery, who was described by former Attorney General Brownell as a chief lieutenant of Frank Costello, and who, as president of the Westchester Carting Co., has exercised a terror-tinged monopoly over the garbage-collecting business of populous Westchester County;

Joe Parisi, who was convicted of rape and disorderly conduct, indicted for homicide, felonious assault, coercion, robbery with gun, and, along with Lucky Luciano and Lepke Buchalter, for extortion in the paper-box industry, and who, before his death in 1956, provided the Westchester Carting Co. with abundant strong-arm aid in his capacity as secretary-treasurer of teamsters local 27;

Joseph Feola, alias Joey Surprise, "efficiency expert" for Westchester Carting and later a stockholder-investor in a Squillante-favored firm, the Jamaica Sanitation Co., whose criminal record included charges of felonious assault and homicide and conviction for manslaughter;

Alfred "Pasta" Fazula, "sergeant-at-arms" of Squillante's captive trade association in Nassau County, and owner of a firm known as Rapid Rubbish Removal, whose criminal record included burglary, larceny, auto theft, attempted burglary, and vagrancy;

Carmine Tramunti, an alumnus of Sing Sing by reason of two robbery convictions, and right-hand man to the notorious "Tony Ducks" Corallo, who with Corallo had an interest in the Sunrise Sanitation Service, a firm which even though substandard was heavily favored by teamsters local 813, the garbage-collecting local in New York;

Louis Iannacine, convicted for a union shakedown in the fruit and vegetable industry, who was an officer and stockholder, along with Squillante's brother Nunzio, of the General Sanitation Co., through which the Squillantes kept other garbage-collecting firms in line; and

Frank "The Barber" Scalise, described by Federal narcotics experts as a major international violator, and before his murder last year a stockholder in a firm through which Vincent Squillante loaned money to carting companies and other businesses.

7. The committee finds that Bernard Adelstein, secretary-treasurer of teamsters local 813, the dominant union in New York carting, betrayed every principle of trade unionism by serving as an abject tool in all of Squillante's empire-building activities. With his own authority over local 813 as absolute as Squillante's over the management side, Adelstein was able to put his union at Squillante's complete disposal in enforcing monopolies, punishing trade association critics of Squillante, and blinking at Squillante-favored nonunion firms. Adelstein was no stranger to collaboration; earlier, when local 813 was a unit of Joe Parisi's local 27, he and Parisi had done yeoman service for Nick Ratteni's Westchester Carting Co. in its takeover of the garbage pickup trade throughout Westchester County, picketing stores which refused Ratteni's services and in one case stopping pickups by their own men at a number of Safeway Stores branches in neighboring Bronx County when a Westchester County Safeway dropped Ratteni's company. In this fight and others local 27 alined itself against a fellow teamster local, 456, which had jurisdiction over Westchester County; local 456's president, John Acropolis, was murdered in the wake of threats by Adelstein and Parisi.

8. The committee finds that Squillante stifled any notions of competitive free enterprise entertained by members of his captive trade associations by setting up so-called "property rights." Under this system a cartman retained the rights to a "stop" even if the customer moved away, and no fellow cartman could solicit the new customer who moved in; at the same time a cartman could have stops taken from him, willy nilly, and risk expulsion from the association, if its board of directors decided that he was "a delinquent association member."

9. The committee finds that Squillante enforced these dicta by a system of penalties under which a cartman foolhardy enough to jump a stop would have to pay his injured colleague $10 for every $1 he collected from the customer involved; if the colleague refused this payment, the stop-jumper would have to give him 2 customers for the 1 taken. This justice was meted out by a kangaroo court at which both plaintiff and defendant could have representation, and the nature

of the verdict directly depended on the representative's ranking position in the underworld hierarchy.

10. The committee finds that Squillante manifested open contempt for Federal law by ordering members of his Nassau trade associations to rig bids on an Air Force contract for garbage pickup service at Mitchel Air Force Base.

11. The committee finds that Squillante strengthened his grip on the garbage-collecting industry by the setup of "whip companies," so-called for their whip cracking function over private carting firms which incurred Squillante's displeasure. The whip company's technique was to jump the stops of the firm in question; thus, the financial benefits to Squillante himself were highly tangible. The General Sanitation Co., Squillante's whip company in Nassau County, in which he had installed his brother Nunzio as operating chief, took over a number of lucrative supermarket stops from an association member defiant of Squillante's order not to bid on the above-mentioned Air Force garbage-pickup contract. In another case, a nonunion garbage collector was stripped of a number of profitable accounts at the so-called Miracle Mile in Manhasset when local 813, conniving with General Sanitation, threw a picket line around the stores he serviced; the customers involved then hired General Sanitation.

12. The committee finds that Secretary-Treasurer Adelstein of local 813 cynically sold out his own members by promoting the interests of nonunion firms dominated by underworld elements. Once Nick Ratteni's Westchester Carting Co. firmly established its hold on business in the county, Adelstein pulled his local 813 out and tolerated the formation of a company union. He failed to enforce union wage rates for workers at the Sunrise Sanitation Service, operated by an aunt of Carmine Tramunti, in which Tramunti and his underworld boss, "Ducks" Tony Corallo, had an interest. In the Miracle Mile incident just cited, Adelstein deployed local 813 members for picket duty even while plotting the takeover of the accounts of the picketed stores by the General Sanitation Co. in the full knowledge that it was a nonunion operation—an act of betrayal of his own membership that can find few parallels. In fact, such was Adelstein's concern for the General Sanitation Co.'s interests that his nephew, the auditor of local 813's insurance and pension funds, drew up the company's "worksheets" for Squillante, arranged for an accountant, and took a cut of the accountant's fee.

13. The committee finds that Squillante rewarded Adelstein's devotion by compelling all association members to join local 813 and pay dues to it even though the union treated them as "employers" and gave them no voice in union matters.

14. The committee finds that Squillante further paid off Adelstein by conniving with him to insert, in a blanket union contract enforced on trade-association members, a so-called "security clause" which provided no security whatever. Under this clause trade-association members had to pay into the union $25 to be held "in trust" by it; if a member left the association, he would have to pay the union $300 per man in his company—a sum also to be held by the union "in trust," but never returned by the union. This latter proviso also put a costly premium on a member's departure from Squillante's captive associations.

15. The committee finds that Squillante euchred his association members into setting up a $57,000 "defense fund" for the industry, out of which he personally profited by some $26,000—to pay his back Federal income taxes, State taxes, and an attorney's fees to investigate the Nassau County district attorney, who was investigating him.

16. The committee finds that Squillante further enriched himself at the expense of private carters in the Greater New York area by setting up the Carters Land Fill Corp., which charged them exorbitant fees for dumping. Squillante's two partners in this enterprise were James Licari, a fugitive from a Federal tax inquiry, and Joseph Feola, alias Joey Surprise. Squillante originally drew a $500 a week salary from the firm but later changed this arrangement to have Feola "lend" him half his own weekly salary of $1,000. This was a patent effort by Squillante to avoid Federal tax payment at a time when he owed the Federal Government for past taxes.

17. The committee finds that Squillante, on behalf of himself and members of his family, set up a company which lent money to private carters and other businesses in which he either had a direct interest or which belonged to friends. Before its dissolution for violating the New York State banking laws, the company lent some $35,000 to firms with which Squillante had this close relationship.

18. The committee finds that Adelstein profited heavily from his status as overlord of local 813. Out of funds for an annual dance—with tickets of $5 apiece collected by employer checkoff—Adelstein derived such benefits as a $5,800 air-conditioned Cadillac and premium payments on his $10,000 annuity. Of the union's cash expenditures from 1951 to 1957, over which Adelstein had complete charge, some $56,000 was spent without any supporting vouchers.

The committee is gratified by evidence that corrective efforts have been undertaken against the evils of the private carting situation in both the metropolitan centers under its scrutiny. Even prior to its hearings, an aroused citizenry in Los Angeles voted to abolish the paid collection of household rubbish; mindful of this economic lesson, the private carters have revamped their rules for the commercial collection of rubbish to provide free competition among pickup services. In New York, in the wake of the committee's hearings, Vincent Squillante has been temporarily removed from action by his sentencing to a year in Federal prison for violation of his tax probation; in addition, he has been indicted in Nassau County on 3 counts of extortion, and Bernard Adelstein on 2 counts of extortion.

It is noteworthy that in all these corrective efforts no constructive part has been played by the International Brotherhood of Teamsters.

Organized Violence in Tennessee and Adjacent States

The addiction to violence knows no boundaries, and men with a taste for its use may be found anywhere, although often professing varied motives for their deeds. In the field of organized labor such practitioners of violence claim to serve the cause of unionism. In actual fact they, no less than others of the fraternity, gratify only their own base instincts and thirst for power.

The harm dealt honest labor by this breed, frequently operating under the protective coloration of union office, was first examined by the committee in hearings last spring on Scranton, Pa., detailed pre-

viously in this report. In December the committee again inquired into the problem, this time as related to Tennessee and States close by. It may be said by way of summary that in comparative retrospect the Scranton situation took on the tranquil aspects of a Sunday picnic.

A tabulation of acts of labor violence committed in the five States of Tennessee, Kentucky, Georgia, Ohio, and North Carolina from 1953 to the time of the hearings was drawn up by committee investigators LaVern J. Duffy and James P. McShane. Their estimate, described as minimal, put the total of such acts at 173. The resulting loss through damage to property and reduced profits to employers was conservatively figured at more than $2 million.

A further statistic of prime significance was that of all 173 items of violence listed, only 8 had been solved in a court of law. As this report shall develop, law-enforcement authorities at every level in the areas under study were too often asleep at the switch. A constant refrain by committee witnesses queried as to why they had not gone to the police was: "We felt it would do no good."

As in Scranton, the union primarily involved in the violence in Tennessee and environs was the International Brotherhood of Teamsters, with most of the evils uncovered directly traceable to certain officers of local 327 in Nashville, local 621 in Knoxville, and local 515 in Chattanooga. Unlike Scranton, however, their operations had a regular format. Of this the main feature was a professional and highly mobile goon squad, ready, willing, and eminently able, at any time or place, to perpetuate brutalities of any degree desired.

The dictionary defines a goon as "one hired as a slugger, bomber, incendiary, or the like, by racketeers or outlaw unionists for terrorizing industry or workers." It credits the origin of the word to a cartoonist searching for an apt name for some "subhuman creatures" in his comic strip. On both counts the title accurately fits those so labeled in Tennessee.

A vivid first-hand picture of the genus goon at work was painted for the committee by Frank Allen, terminal manager for the Terminal Transport Co. in Nashville. In April 1955 Allen was paid a visit by W. A. Smith, the sturdily built assistant business manager of local 327, widely known as Hard of Hearing Smitty for what was his sole apparent physical frailty. A brief, if heated, discussion ensued as to why Allen had hired a certain nonunion weekend driver instead of choosing a union member from several suggested by Smith. Then, Allen recalled:

> I thought they were leaving at that time and I stood up at my desk and was looking at some papers on the desk and then I looked up and Mr. Smith, W. A. Smith, was right in front of me. He said something to the effect, "Take your hand out of your pocket," and then he hit me across the face.
>
> Mr. KENNEDY. Then did he continue to hit you?
>
> Mr. ALLEN. Yes; the first blow knocked me—I didn't know too much what I was doing.
>
> Mr. KENNEDY. Senseless?
>
> Mr. ALLEN. Senseless, in a manner, yes; and he continued to hit me. I was trying to avoid the blows.
>
> Mr. KENNEDY. He continued to hit you around the face and body?

Mr. ALLEN. Around the face.

Mr. KENNEDY. And finally finished and left; is that right?

Mr. ALLEN. Yes.

The CHAIRMAN. What condition were you in when he left?

Mr. ALLEN. I was in pretty bad shape. My nose was bleeding. He struck me across the side of the face and the nose, and I was bleeding from a cut over my eye. I was very dizzy and sick at my stomach.

The CHAIRMAN. Did you have to go to a hospital?

Mr. ALLEN. At that time I went to a clinic. The doctor sewed my eye—above my eye—and then later on that afternoon I went to a hospital. I was X-rayed, and there were several bones broken. My nose was broken on that side. I stayed in the hospital about 1 week (p. 7263).

Wallace Davis, then chief dispatcher for the company, appended this eyewitness report:

Mr. KENNEDY. How would you describe the attack?

Mr. DAVIS. Well, it was a brutal, vicious sort of an attack.

Mr. KENNEDY. Was Mr. Allen able to fight back at all?

Mr. DAVIS. No, I don't think he was able after the first blow. He apparently was unaware that he was going to be hit, and after that blow he was not able to fight back.

Mr. KENNEDY. Did Smith just keep hitting him even with Allen just standing there?

Mr. DAVIS. Yes; he did. And apparently he was choking him while Mr. Allen was defenseless (p. 7268).

Sneak attacks, although only 1 specialty in the extensive repertoire of the goons, appeared to be 1 of their favorite methods of doing business. The characteristic technique would be to outnumber the victim and assault him from behind without warning; the specific followup varied. A taxi driver hauling two husky passengers had a beer bottle bounced off his head and was then beaten with a motorcycle chain. A truck owner-operator walking out of a restaurant was so effectively slugged that 2 years later he is still unable to work. A third man, driving a truck along the highway, was ambushed by a group in a car and had his elbow blasted off by a shotgun.

Crimes against the person were paralleled by crimes against property, among them dynamitings, arson, smashing of store windows, and varieties of truck sabotage. In this category, too, a kind of method prevailed, calculated to bring the property owner to heel or at least give him pause. With the precision of an orderly housewife, the painstaking goon would include on his shopping list a number of staple items. One was dynamite, another sugar, and a third, sirup, bought at grocery stores in either cans or bottles and often in the large economy size.

Either the sugar or sirup, but preferably the sirup, could be put to especially effective use against one of the teamsters' major foes: recalcitrant trucking managements. Judicious quantities of either item, poured unobserved into the fuel tank of a truck, would produce quick results. How quick was described in an affidavit by Leon Mays, driver for the Huber & Huber Trucking Co. of Knoxville, a company with

which local 621 was having trouble in August 1955 over termination of a contract:

> I got back into my truck and drove for about 1 hour when the truck suddenly bolted upward, in the middle of the road, and completely stopped. It had to be towed away by a wrecker. Later on I was informed that the truck motor had been siruped (p. 7170).

An affidavit from another company driver who found his truck siruped the same night, James Church, directly linked W. J. Reynolds, president of local 621, to this event. Both Church and Mays had dropped in at a truck stop earlier that evening, and Church recalled that Reynolds had been there, engaging a number of Huber & Huber drivers in conversation. That this was a deliberate maneuver to delay them was attested to by Lola Freels, who at that time worked in local 621's office:

> Well, Mr. Perry, Charles Perry and W. J. Reynolds were in the office one afternoon discussing that they had to go out on a little trip that night and that they had to put some sirup in some trucks and the discussion was, I don't remember everything in detail, but the conversation was that Mr. Reynolds would stay in the restaurant and talk to the drivers while the sirup was being poured into the place where the oil is. He said something about that would give the truck a chance to run until it would stop for a little while, and then it wouldn't run any more (p. 7169).

Mrs. Freels, a woman of redoubtable eyes and ears who served as secretary and bookkeeper for both President Reynolds and Secretary-Treasurer H. L. Payne of local 621, also had some recollections about the preparations made for dynamiting projects:

> The CHAIRMAN. Where do they get their dynamite?
>
> Mrs. FREELS. The only thing I know, Mr. Reynolds said they did not buy it in the town.
>
> The CHAIRMAN. Said what?
>
> Mrs. FREELS. Said they would not buy it in the city where they were located. He said they went outside to another city somewhere and purchased the dynamite (p. 7177).

Mrs. Freels explained how dynamite purchases were paid for:

> Senator CURTIS. Were there any financial transactions through your petty-cash handlings or otherwise that involved the payment for dynamite?
>
> Mrs. FREELS. Yes, sir; there was one I remember, to Mr. Reynolds. He was discussing this with Mr. Hubert L. Payne about buying some dynamite and paying for it, and he was wanting his check. So Mr. Payne says——
>
> Senator CURTIS. Who had purchased it?
>
> Mrs. FREELS. Mr. Reynolds. So, I was listening because I wanted to see who bought the dynamite and all about it. So, I went to the door and, just as I started to get up, they closed the door, but I could still hear through the crack. So, Mr. Payne said, "I don't remember a thing about you buying any dynamite." He said, "It just slipped my mind." But, he

said, "If you say you bought it, go on in there and get your check." So, Mr. Reynolds came in where I was and said, "Lola, write me a check." I said, "For what?" He said, "Well, some dynamite I bought. I paid for it out of my own money." He said, "That crazy Payne; he does not seem to remember a thing." I wrote the check, which was $50, and I asked him what he wanted me to put down for it. He said, "Put organizing expenses on it."

The CHAIRMAN. Did you carry out the instructions?

Mrs. FREELS. You have to work with the teamsters local (p. 7178).

From her observation post in local 621's office, Mrs. Freels, the finest argument the Tennessee teamsters may ever have against careers for women, was able to affirm, both generally and specifically, evidence that leading officials of the union in Tennessee directed, partook of, and otherwise sanctioned terror tactics against anyone in labor or management athwart their path.

In the pattern of such operations certain main lines emerged:

1. The violence usually stemmed from management refusal to organize on the teamsters' arbitrary terms, although, frequently, both employers and employees already under union contract suffered for sundry alleged infractions of the rules.

2. Attempts to curb or stave off the violence by means of court injunction or NLRB inquiry seldom served as a deterrent to the teamsters.

3. The teamsters' influence on other Tennessee unions was considerable. When they called for a boycott against a firm with which they were at odds, other unions readily responded. In turn, the teamsters deployed their goon squad in the service of other union causes, notably in the internal troubles of the barbers' union.

4. Full reciprocity existed among teamster locals not only throughout Tennessee but in nearby States. A phone call from one local headquarters to another would suffice to bring available goon power on the double, with local 327, in Nashville, particularly ready to rush its forces to the aid of others.

5. Such intercounty and interstate traffic, across different police jurisdictions, spurred an already notoriously lax attitude in law-enforcement circles toward teamster activities.

6. An indulgent stand toward these activities was also taken by teamster higher ups. In one incident, to be detailed later, where officials of the Chattanooga local, 515, were indicted on 10 counts of violence, their regional ruling body, the Southern Conference of Teamsters, voted them a $13,500 emergency loan for purposes best described as peculiar. In another instance, a major trucking employer admitted that he had yielded to pressure by the teamsters' national strong man himself, James R. Hoffa, to dissuade an employee from pursuing charges of violence against a teamster goon.

This occurred in the matter of the attack by W. A. Smith on Frank Allen, of Terminal Transport, mentioned earlier in these pages. Joe Katz, owner of the company, a large outfit employing 200 to 250 drivers operating in 6 or 7 Eastern States, conceded that he had originally urged Allen to press charges against Smith. Following Smith's indictment for assault with intent to kill, however, Katz convinced Allen

to withdraw his charges, after Hoffa had said that "he would like to see the thing dropped."

> Mr. KENNEDY. Was there any discussion with Mr. Hoffa in Chicago as to the rights of your employee, Mr. Allen, in the matter?
>
> Mr. KATZ. Yes. I told Mr. Hoffa that I was pretty aggravated about a business agent taking something like this in his hands and beating up one of my people. I told him, as far as I was concerned, it was absolutely uncalled for. Mr. Hoffa agreed with me and said, "Well, you know how boys are sometimes. They will get into a hotheaded discussion" (p. 7273).

Smith, the boy hothead, cropped up as either perpetrator or ringleader in an impressive host of violent acts reported to the committee. In all, he was directly identified in testimony with 4 to 6 dynamitings; assault on 4 or 5 people, mostly from behind; the siruping of a large number of trucks on 8 different occasions; and numerous tire slashings.

Smith, himself, took the fifth amendment, but a compilation of his criminal record by Committee Investigator Duffy showed, during the period from 1934 to 1956, a total of 17 arrests on charges which ranged from drunk and disorderly conduct and operating a disorderly house to obtaining property by fraud and violating the State auto-registration law (at which time dynamite caps and equipment were found in his car). It is noteworthy that the severest punishment the law meted out to Smith, according to this record, was a $50 fine.

That Smith was also held in awe by his fellow teamsters was attested to by Sam Peters, a repentant former "organizer" for local 327, who admitted to having participated in truck sirupings and window smashings, often in Smith's company. Peters testified that, when he was tried and convicted for one siruping, he conveniently neglected to mention Smith's presence at the scene.

> The CHAIRMAN. Were you afraid of Smith? Is that the explanation?
>
> Mr. PETERS. Well, I don't know I was afraid of him, in the sense of being afraid of the man, but I don't guess I wanted to cross him or something (p. 7156).

Another ex-organizer and self-confessed Smith collaborator, Jesse Reeves, characterized him thus:

> * * * In my opinion, he had no moral thought for the human at all if he stood in his way to get what he wanted (p. 7254).

Reeves, himself, failed to measure up to local 327's standards of virile behavior. Eventually, he testified, its president, Don Vestal, informed him "that he did not need anyone that handled employers with kid gloves," and fired Reeves from his job as organizer.

> Mr. REEVES. * * * He said I was soft.
>
> The CHAIRMAN. You were soft?
>
> Mr. REEVES. Yes. If I did not beat somebody up once a month——
>
> The CHAIRMAN. You were not enthusiastic about committing crimes?
>
> Mr. REEVES. I don't believe in that. A local does not have to do that to be a union (p. 7254).

Vestal, not only president but business manager of local 327, and a director as well of the powerful Teamsters Joint Council 87, which encompasses Tennessee and part of Kentucky, invoked the fifth amendment in his appearance before the committee. He refused to answer questions concerning his alleged Communist Party membership until 1946, including chairmanship of the Fort Worth, Tex., branch of the party in 1945. By comparison with some of his fellow teamsters, Vestal had only a slim police record; in 1947 he was arrested for assault with intent to commit murder, and finally convicted of assault and battery, for which he paid a fine.

In the committee's examination of specific cases of violence in Tennessee and environs, one overriding fact which soon emerged was that no target was too insignificant, no situation too minor, to escape the teamsters' vengeful attentions. While they seemed to prefer, long range, to concentrate on large companies with a substantial stake in smooth-running labor relations, they were not averse to giving equal time to lone individuals who, for one reason or another, had incurred union displeasure.

One such ill-fated victim was Bob Caldwell, a truckdriver for the Purity Packing Co., a Knoxville firm around which local 621 had thrown a picket line in an attempt to organize it. Caldwell testified that he knew nothing of the union, had no interest in joining it, and continued to work despite the picketing. On the evening of Friday, October 25, 1956, he reported, he was away from home, having left his wife and two children to go to a ball game, when his car, parked outside his house, was blown to pieces.

> Mr. KENNEDY. Your wife was in bed?
> Mr. CALDWELL. Yes, sir.
> Mr. KENNEDY. Was she expecting another child?
> Mr. CALDWELL. Yes, sir.
> Mr. KENNEDY. Did she hear the explosion?
> Mr. CALDWELL. It knocked her out of bed (p. 7147).

When he got home, Caldwell recalled, one policeman was there, and labeled the dynamiting "a terrible thing." That was the extent of the comfort he got from the forces of law and order in Knoxville, Caldwell declared. Although the next morning he went to the office of District Attorney General Clements and made a statement in writing, the reaction was unenthusiastic, Caldwell reported:

> He just passed it back. Other than that, that is the last I heard of it (p. 7148).

Caldwell's wife had to spend 4 months in bed to prevent a miscarriage; her extra medical bills totaled $300; and his car, for which he had paid $850, was a "total wreck."

Lola Freels, 621's "Girl Friday," testified about a chat she had with Local President Reynolds the day she read the newspaper account of the dynamiting:

> * * * I said, "Well, that is a shame they would blow up that poor boy's car. That's the only car he has."
> Mr. Reynolds said: "Aw, the old car was not worth anything. He didn't lose much."
> I said, "Yes? That car means as much to him as that Cadillac means to you." So, he sort of laughed about it.

I said, "I can't understand why people do such things." He said, "Do you believe everything that comes out in the paper?"

I said, "Well, I believe just about all of it." I said, "Surely they would not print something they shouldn't."

He said, "Now, that is not so about blowing the lady out of her bed, because I was so many feet away from there when it happened," and he gave me the amount of feet, but the amount I don't remember.

He said, "I was so many feet away from there and I know that the explosion wasn't hard enough to blow her out of the bed" (p. 7174).

Whereas Caldwell's difficulties with local 621 stemmed from nonmembership in the union, the troubles of another witness, Eugene Evans, grew out of the opposite situation: he was apparently too much a member of the union for its officers.

Evans testified that he had been fired by the Robinson Freight Lines of Knoxville in the wake of a strike, and that he had filed charges of unfair labor practices against it. While he was trying to get his case settled, he went on, 621's president, Reynolds, and the company agreed that all charges of unfair labor practices against it would be dropped.

Added to this source of contention between him and Reynolds, Evans said, was the fact that he had supported another candidate for presidency of the local, and had no compunctions about getting up in union meetings and questioning Reynolds' administration. The impact of Evans' gadfly tactics was attested to by Lola Freels:

* * * he kept coming to the local and asking questions and he would get up in the meetings and ask questions. It seemed that Mr. Payne and Mr. Reynolds sort of got tired of that. So they termed him as an "agitator."

* * * Mr. Reynolds made the statement that he would have him taken care of. So he called Nashville. I don't know who he talked to but he called Nashville and a day or so later I had a stranger come into the office (p. 7129).

The stranger was in the tow of Hard-of-hearing Smitty, Mrs. Freels added, and the purpose of his visit was a mystery to her, for he just sat around the office passing the time of day.

That night, December 15, 1955, Evans testified, he was returning home from a temporary job when a stranger hailed him by name, saying that he wanted to discuss the Robinson case:

Naturally, I was anxious to hear any news on the case and I just stepped down off the porch and I was going to talk to him when he got in range of me, and pow, he let me have it.

Mr. KENNEDY. He clobbered you then?

Mr. EVANS. Yes.

Mr. KENNEDY. He knocked you down?

Mr. EVANS. Yes, sir; he knocked me down, and he had the first lick.

Mr. KENNEDY. What did he do once you were down?

Mr. EVANS. He was kicking me.

Mr. KENNEDY. Did he kick you in the face?

Mr. EVANS. Yes, sir, and about the ribs. Finally, he got a hold of one foot, and as I said, he knocked me down but it never did knock me out, but it addled me, the first lick (p. 7132).

Evans recalled that in his attacker's hand was a "piece of leather," a favorite goon weapon along with brass knuckles. The attack ended with the screams of a woman passerby; the stranger fled to a waiting car, in which another man sat, and drove off. But Evans devised an artful stratagem for ascertaining the identity of his assailant. The next morning, he told the committee, he went down to union headquarters. Mrs. Freels recalled:

* * * Mr. Evans came to the window and his eyes were all blackened and his nose looked like it was broken and so I was sympathizing with him and I thought, well what happened to him.

I asked Mr. Evans what happened and he said that his wife beat him or something. But she was such a small, little lady that I didn't believe that. I studied about it, and so he said, "Lola, was there a stranger in town yesterday from Nashville or anywhere?"

And at that moment it just did not register with me that he was talking about this particular boy and I said, "No, not that I know of, Eugene." And then, after I looked down at the floor a minute, I said, "Yes; there was a boy in here; but I don't know what he was here for. I don't know his name, but he was a blond-headed fellow and he is sort of the athletic type" (p. 7168).

At the committee hearing, Evans pointed out another witness as his attacker, and Mrs. Freels identified the same man as the stranger who had appeared in her office—albeit now somewhat thinner, she declared. He was William Leon ("Corky") Ellis of Nashville.

Ellis was for the most part a reticent witness, relying heavily on the fifth amendment. He gave his age as 29, and admitted that he had done some amateur boxing in Nashville, spent a stint in the Navy, and later worked in the oilfields out West. Whether he might have lent his brawn to other purposes, however, was a question he labeled self-incriminating. Ellis testified that he had been "hired" by local 327 less than a month before the attack on Evans.

The CHAIRMAN. To perform what service?

Mr. ELLIS. Helping organize.

The CHAIRMAN. To help organize?

Mr. ELLIS. Yes, sir.

The CHAIRMAN. Was that a part of your business when you were down there beating this fellow up? Was that what you hired to do?

Mr. ELLIS. I claim my constitutional right not to be forced to be a witness against myself (p. 7135).

The Nashville local's zeal in farming out its brute force put no crimp in its activities on home ground, as shown by a third case of individual terrorism examined by the committee. Because this event took place entirely within Nashville's confines, it affords an insight

into the work of local law enforcers when their lethargy could not be blamed on a clash of jurisdictions. It also demonstrated that "Hard-of-Hearing" Smitty was not the only officer of local 327 with a penchant for flexing his muscles.

Early last year, when local 327 moved to organize the American Bakery Co., of Nashville, one outspoken critic of the union was a company salesman named Keith Draper. There were grounds for his opposition, Draper explained; in his previous job, at a grocery store which had also been the target of a teamster organizing drive—

> the butcher had acid thrown all over his car, and it would have eaten the car up in a short time, if he had not found out what happened. That was one reason, or one of the reasons, why I was objecting to the teamsters coming in (p. 7306).

The men held in distaste by Draper took awhile to get around to him, but made up for it when they did. Last September 22, Draper testified, he was in the restroom of a Nashville cafe when Perry Canaday, a business agent for local 327, came up behind him and without warning—

> slugged me on my lefthand side of my face. When I came up there, my face came up like a baseball and stayed there (p. 7306).

Draper added that he did not even know Canaday at the time, but soon learned:

> When I came out of the restroom, of course I was bleeding, and I sat down there in a booth there, and they brought towels and water to absorb the blood, which was streaming out of my nose and my mouth. Some of the people in the cafe told me who it was that followed me in the restroom, said it was Perry Canaday, and so I went down and swore out a warrant for him (p. 7307).

Although Canaday was unknown to Draper, he enjoyed considerable celebrity elsewhere in Nashville. His police record at the time of the Draper assault, according to committee investigator Duffy, included 2 arrests for disorderly conduct and 2 for drunkenness; an arrest for breaking barbershop windows, for which he served 6 months in jail; an arrest for assault, for which he was fined $10; and an arrest for felonious conspiracy to commit murder, his conviction for which is now pending on appeal before the State supreme court.

That Canaday lost no caste in influential circles by these brushes with the law was plain from testimony by Sam Peters, the penitent ex-teamster organizer previously cited, who was convicted with Canaday for the barbershop window smashings. At Davidson County workhouse where they served their terms, Peters declared, both received preferential treatment; neither had to go out on the road gang, but was allowed to work inside the jail.

> Mr. KENNEDY. Did Mr. Canaday explain to you why you didn't have to go out with the other prisoners? Were they breaking rocks?
>
> Mr. PETERS. Yes.
>
> Mr. KENNEDY. Did he explain to you why you were not?

Mr. PETERS. He told me that somebody would keep us off them if it was possible.

Mr. KENNEDY. And that happened; is that right?

Mr. PETERS. Yes, sir (p. 7160).

Another gracious gesture toward Canaday during these jailhouse days was the payment of a monthly stipend of around $200 by local 327. In an affidavit filed with the committee, Canaday's brother, William, deposed that at his brother's request he regularly picked up this cash in an envelope from Ed Smith, the local's secretary-treasurer, and delivered it to his sister-in-law, Perry's wife. Such was the affection of the union officials for their absent comrade that, the affidavit noted, an extra $50 was slipped into the envelope around Christmastime.

Whatever may have been the secret of Perry Canaday's charm for his fellow unionists and law-enforcement agencies alike, the fact is that it continued to work in his favor after Keith Draper sought a warrant for his arrest in the cafe assault. Indeed, the circumstances surrounding this warrant and its outcome provided the committee with one of its most memorable glimpses into the nature of Nashville police work.

First, Draper testified, although he knew Canaday's identity when he went down to the courthouse to swear out a warrant, a police officer there persuaded him to get a Joe Doe warrant:

* * * he said "If we get a Joe Doe warrant, these other guys around the courthouse don't know who we are looking for, and I will have a better chance to pick him up."

Mr. KENNEDY. He suggested that you just put "Joe Doe," rather than Perry Canaday's name, actually on the warrant because of the fact that the rest of the people around the courthouse, if they found out who you were looking for, you might not be able to pick him up?

Mr. DRAPER. He would know they were looking for him, and they could not pick him up (p. 7307).

With two officers and the warrant, Draper went back to the cafe, whose owner reported that Canaday had left. The next day, a Sunday, Draper was given the followup treatment often accorded victims of terror tactics: a series of threatening phone calls. The first was preceded by a call in the morning from a coworker at the American Bakery Co., Fred Pirtle, who urged him to drop the case for his own benefit. At this point Draper was adamant, but after 3 more calls, all of them anonymous and 1 warning his wife that something would happen to their children if the warrant were not released, Draper changed his mind.

He so informed Pirtle when he called again in the evening, and the two men met with Canaday at the cafe later that night. Canaday, Draper recalled, thanked him for his decision:

The CHAIRMAN. Did he say why he hi t you?

Mr. DRAPER. He said he reckoned he was just all drunked up.

The CHAIRMAN. Reckoned he was just all drunked up?

Mr. DRAPER. That is what he said.

The CHAIRMAN. Did he appear to be drunk when he hit you?

Mr. DRAPER. A man couldn't hit that hard, drunk (p. 7308).

After the amenities, formal disposal of the warrant still had to be attended to. A meeting the next day at the courthouse was arranged, but when Draper could not get off from work at the time scheduled, the men met later at the cafe—with the warrant in the possession of none other than Canaday himself.

Draper, reflecting no surprise at this remarkable turn of events, testified that it was the same Joe Doe warrant which he himself had turned over to the police officer at the courthouse two nights before, and that he had no idea where Canaday got it.

Mr. KENNEDY. You have no explanation as to why he had the warrant and hadn't been placed under arrest by that time? You hadn't withdrawn the charge at that time, had you?

Mr. DRAPER. No, sir; I had not.

Mr. KENNEDY. If anybody gave him the warrant, he would have been under arrest. Can you give any explanation as to how he got the warrant without being put under arrest?

Mr. DRAPER. No, sir.

Mr. KENNEDY. Or why the warrant was given to him?

Mr. DRAPER. He had to get it from an officer or out of the courthouse, one (p. 7309).

With this astonishing manifestation of Canaday's hypnotic powers over Nashville justice, Draper meekly signed the back of the warrant. His ties with Canaday were not yet to be severed, however. When interest in the case was revived by the Nashville Tennessean and a grand jury began looking into the matter, Canaday instructed Draper—for his own good and that of his family—to tell the grand jury that he didn't know who had hit him, and that he himself had been drunk the night of the assault. To underscore this advice, frightening phone calls began coming into the Draper home on the average of 2 a night from persons unknown—the last such phone call only 3 days before Draper's appearance before the committee.

Draper testified that notwithstanding Canaday's dire warnings he told the grand jury the true story.

Mr. KENNEDY. And Mr. Canaday has been indicted, has he not, for the assault?

Mr. DRAPER. I understood by the paper that he was to be, yesterday.

Mr. KENNEDY. It wasn't because you had pressed it yourself, but the district attorney started to move on this matter?

Mr. DRAPER. Yes, sir; he started to move. He said he had to get to work on this case before Washington let it out.

The CHAIRMAN. Before Washington let it out. Maybe we are doing some good down there (p. 7313).

That the wheels of justice could grind exceeding slow—if at all—for corporate as well as individual victims of labor violence in Tennessee was clear from a number of other cases explored by the com-

mittee. Even more than in the plight of an individual with a single complaint, the laxity of law enforcement was glaringly evident when seen against the background of a whole series of terroristic acts inflicted upon a large company over a period of months.

Two firms thus marked for protracted harassment by the teamsters were the Newman-Pemberton Trucking Co., of Knoxville, which dealt with local 621, and the B. & S. Motor Lines of Nashville, which dealt with local 327. Their case histories epitomize the Tennessee situation at its fullest; at one time or another, virtually every goon of local note took part in the attack against them, employing the gamut of their talents in an all-out campaign fiendishly calculated to wreak the maximum economic injury.

No more devastating commentary can be made on the role played by forces of law and order in both cases than to cite the summary statistics presented to the committee by company witnesses.

J. R. Pemberton, coowner of Newman-Pemberton, testified that about a dozen acts of violence, including 3 shootings, 2 dynamitings, several arsons, and a number of tire-slashings were inflicted on the company in a 4-month period in 1956 during a dispute with local 621 over organizing the company's over-the-road drivers. He estimated the gross loss of business during this time at $175,000, plus part of $41,000 damage done to another place of business where Newman-Pemberton stored its trucks. Although these acts were reported to the various police agencies whose jurisdiction was involved, little official probing ensued, and only one arrest was made—that of a striking employee, who was acquitted.

One particularly tragic victim of the Newman-Pemberton violence was Roy Byrd, a company truckdriver, who was ambushed twice within 10 days. The first time two tires were shot down on his trailer, but Byrd escaped unscathed. Next came a number of warnings from anonymous telephone callers:

> Mr. KENNEDY. They called your wife?
> Mr. BYRD. Yes, sir.
> Mr. KENNEDY. What would they say to her?
> Mr. BYRD. They were going to bring me home in a blanket and put me on the porch (p. 7086).

Not frightened but "just mad," Byrd explained, he disregarded these portents, and received the full brunt of a second attack shortly thereafter, as he was driving his truck near La Follette, Tenn., one midnight. Riding up a hill, necessarily at a slow pace, he ran into a hail of bullets from a car in wait on the embankment. The truck was hit 14 or 16 times; 1 bullet went through Byrd's right shoulder and arm. He spent 29 days in critical condition in the hospital, and now cannot move his arm above the elbow.

> Mr. KENNEDY. Are you able to drive a truck at the present time?
> Mr. BYRD. No, sir.
> Mr. KENNEDY. You can never drive a truck again?
> Mr. BYRD. No, sir (p. 7087).

Paul L. Andrews, president of the B & S Motor Lines, subsequently merged with the Thurston Motor Lines, testified that a 10-month reign of terror against B & S, from December 1954 through November 1955,

included 19 shootings, 2 bombings, 1 slugging, 6 truck sirupings, and a number of tire-slashings. Pointing out that these were only the "major" acts of violence, Andrews estimated the company's losses at $110,000, including damage to property and loss of anticipated profits, and a gross business drop over the period of $400,000. The total number of arrests for this havoc was two.

As in the case of Newman-Pemberton, the war of violence waged against B & S also erupted over an organizing dispute. Paul Andrews, president of the company, now vice president of the firm with which it later merged, explained that a "unique" situation had existed at B & S whereby it owned the trailer part of its equipment but contracted with 50 independent truck owner-operators to pull the trailers and freight.

In November 1954, Andrews testified, local 327, which already represented the eight pickup and delivery men and dockworkers at the company's Nashville terminal, notified him that it wanted to represent the independent owner-operators as well. Andrews argued that they were businessmen on their own, and that he could not force a union contract on them.

Local 327's business agents forthwith began to apply pressure on individual owner-operators, some of which Andrews witnessed and, indeed, felt personally. One day Perry Canaday and Hard of Hearing Smitty drove onto the terminal lot, pulled one of the truckdrivers out of his cab and over to their own car, and began going through his bills. When Andrews stepped out of his office to investigate, he got a touch of Smitty's renowned technique:

> As I approached the automobile Smith stormed out of the car, came around behind it and walked up to me, putting his toes on or against my toes with his nose about 3 inches from my nose, and started cursing me and using every kind of vile and filthy language that he could possibly think of for at least 3 or 4 minutes.
>
> He stood there continuing that kind of conversation until he apparently completely exhausted his vocabulary of all the vile and vulgar language he could think of, at which time, after I had not responded as he apparently thought I would by making some move or another, then he very meekly and quietly withdrew himself and got back in the car and they drove away. But they succeeded in also sending the Arnold Ligon truck and driver away with my freight, too (p. 7094).

At the same time, Andrews continued, local 327 also succeeded, by its pressure tactics against the owner-operators, in alienating the eight B & S pickup and delivery men and dockworkers already under its wing. When their contract expired on January 1, 1955, Andrews said, these eight decided to go into an independent union, which promptly petitioned the NLRB for an election. The teamsters countered by filing charges of unfair labor practices, and on February 2 threw a picket line around the company.

By this time B & S had had a goodly dollop of violence. The previous December 9, 4 trucks had been siruped and 6 truck tires slashed at its Nashville terminal; the same day, at its Memphis terminal, 3 trucks had been siruped, 4 tires slashed, for a total damage of $3,500. At the end of December assault had been attempted against a B & S

driver; at the end of January, another truck had been damaged at a cost of $1,000. In this instance, committee investigator McShane reported, the saboteurs varied their usual formula; not only sirup but abrasives were found in the engine.

When the company had local 327's picket line removed by State court injunction, it seemed for awhile as if peace might return to B & S. The NLRB ordered an election for the eight workers formerly under local 327 contract, and they voted unanimously for the rival independent union. This left local 327 with only one hope at B & S—to persist in its drive for a contract to cover the owner operators who hauled the company's freight. The independent union decided to move in here, too, Andrews testified, but the NLRB found that the owner operators were not B & S employees but independent contractors, and that it had no jurisdiction over them.

The independent union accepted this ruling; local 327, however, ignored it, deciding to press its fight to organize the owner operators. On May 1, the State court modified its February injunction, now allowing "peaceful picketing." The next day, Andrews reported, Bob Ozment, a business agent for local 327 who had tried in January to get him to sign a contract, again returned to the attack. Andrews recalled that Ozment did not ask him to read the contract, did not even take it out of his pocket, but merely announced that this was "one last chance to sign" before a picket line was again set up.

With the failure of this squeeze play on Andrews, hostilities flared anew, and on a larger, more savage scale. Between May and the end of November 1955, 29 additional acts of violence attributable to local 327's dispute with B & S occurred, including shootings into the company's Nashville terminal and at moving trucks; the bombing of the B & S terminal at Charlotte, N. C.; the bombing of a trailer; the uncoupling of a truck and trailer; the stoning of an employee's home; and the stoning, shooting, and slugging of various ill-starred individuals.

The lackadaisical nature of official interest in most of these matters was well exemplified in the testimony of John T. Reynolds, an investigator with the Tennessee Bureau of Criminal Identification in Knoxville, with regard to his sleuthing activities in a case where two B & S trucks were shot at, within half an hour and 3 miles of each other but in separate counties, on the night of June 12, 1955.

Although the shootings both took place on a highway near Knoxville, ideas as to their possible solution first emanated from Nashville, and not from any law-enforcement agency, but from Paul Andrews, president of B & S. Two days after they occurred, Reynolds testified, his office instructed him to meet with Andrews, who informed him that there might be more than an interesting coincidence in the fact that W. A. Smith, away, as so often, from his Nashville anchorage, had registered under an alias at the Hotel Farragut in Knoxville on the morning of June 12.

Equipped with this lead, Officer Reynolds undertook a probe which at first promised to be productive. From the hotel clerk on duty at the time, he learned that a "Tommy Jackson" of Nashville had checked in on the morning of June 12. From the hotel garageman he found that the man had parked a red-and-white Buick, which he hurriedly drove out that night between 10:30 and 10:40—a time the attendant was sure of because the night clerk had just come on. A

suitcase belonging to the visitor yielded both some shotgun shells and the true identity of "Tommy Jackson"—Hard of Hearing Smitty.

From the two B & S drivers whose trucks had been shot at, one at 11:15 p. m. and the other at 11:45 p. m., Reynolds learned that the attack in both cases had been executed from a passing car which initially blinded the driver of the truck by shining its bright lights on him. One driver recalled his attacking car as a Buick, the other as light-colored. Out of a tire on one truck Reynolds got a bullet which was worn slick, with no markings; from the floor of the other truck he got a bullet with "fairly good" markings.

Next, Reynolds discovered the current whereabouts of W. A. Smith At 12:45 a. m. on June 13, he had registered under his own name at the hospital at Maryville, Tenn., an hour after the last shooting and an hour's drive from where it took place. Hospital authorities reported that Smith had a gunshot wound in his arm, which he refused to discuss on the ground that it had been inflicted by a "close friend."

Such a plenitude of raw materials for a crime investigation would have delighted Sherlock Holmes himself, but Reynolds' inquiry, instead of picking up steam, began to lose it. On June 15, at the hospital, he conducted his first and only interview with Smith:

> Senator CURTIS. Did he fully account for all of his time, his acts, and his whereabouts during the hours when this shooting occurred?
>
> Mr. REYNOLDS. He refused to talk (p. 7118).

With this rebuff, Reynolds apparently lost heart all along the line. He conducted no further interviews with anyone; Smith was neither detained, subpenaed, nor brought before the grand jury. Although Reynolds put a pickup on the missing Buick, the ensuing search by the highway patrol and local police was futile; it remained for B & S company representatives to locate the car, registered in Nashville in the name of Bobby Marston, a member of the teamsters union and sometime Smith collaborator, who admitted that he had loaned the car to Smith.

A key to Reynolds' languid behavior was furnished by B & S president Andrews, who had spurred the police investigation and personally helped with it:

> Mr. KENNEDY. Did Officer Reynolds express to you any feeling about investigating a matter in which a labor union was involved, or a labor dispute?
>
> Mr. ANDREWS. I believe Mr. Reynolds did remark to me at one point that he felt more comfortable with someone with him on the investigation (p. 7104).

Also introduced into the hearing was a recording of an interview between Reynolds and committee staff members, in which he was asked why he had not obtained a search warrant for a gun, and replied:

> Well, I don't really know what to say as to why. Well, we more or less keep out of union trouble as much as possible, and I would say it was done, it may have been for political reasons. All we do is take orders.

Reynolds' investigation into the June 12 shootings ended, he testified, when he filed a report with his office. A copy of such report is

forwarded to the district attorney-general, who decides whether there will be a prosecution.

The aftermath of this case included no such prosecution, but did afford a pleasant interlude of reminiscing several weeks later at the office of local 621 in Knoxville, according to Lola Freels. Hard of Hearing Smitty was in town again from Nashville, she recalled, and visiting with her boss, W. J. Reynolds:

> * * * They were discussing the shooting and Smitty said, "Reynolds, I believe you shot me." So they laughed about it (p. 7129).

Mrs. Freels had some other pertinent recollections about the shooting incident. Around the time it occurred, she told the committee, a gun was absent from its usual place in the office safe; she had also taken a call Smith had made to Reynolds from the Farragut Hotel.

> The CHAIRMAN. Did you learn subsequently that they had been together that evening, the evening of June 12?
>
> Mrs. FREELS. Yes, sir. Mr. Reynolds was telling about being with Smitty at that time and he asked me to send some flowers to the hospital, which I did. He also stated that the flowers should be sent to W. A. Smith, Maryville Hospital, and that the only thing on the card should be "From a friend" so that no one knew that local 621 would be connected with the shooting (p. 7126).

Reynolds' volubility with his office aid was apparently unlimited. He had assured her, Mrs. Freels noted, that he had talked with unnamed police officers and gotten them to "go along" to the extent of posting a guard outside Smitty's hospital door to prevent any interrogations. Reynolds further told her, Mrs. Freels testified, that this guard conveniently turned his back when Smith made his departure.

On home territory in Nashville the beleaguered B & S company derived even less satisfaction from the law. Andrews estimated that all except 1 or 2 minor acts of violence against his firm were reported to the police, but seldom with even temporary success. When he protested that men on the picket line were armed, and that shots had been fired into the B & S terminal, he was told that nothing could be done about removing the guns unless damage to property was proved; perhaps, one police officer suggested to Andrews, the pickets had been "shooting at birds."

> Senator CURTIS. Are there any birds there to shoot at?
>
> Mr. ANDREWS. No, sir; unless it would be sparrows or something like that (p. 7104).

An equally fruitless encounter with Nashville legal authority was had by Lyn Schroeder, a victim of the B & S imbroglio, whose experience was all the more frustrating because he was not, and never had been, a company employee.

Schroeder, who worked for a cabinet shop, was asked by his boss to pick up a truck from a drive-it-yourself system; unhappily for Schroeder, the same truck had been previously rented by B & S because the strike against it had immobilized some of its own vehicles. Still more unhappily for Schroeder, his home was next door to B & S and when he parked the truck outside at lunchtime, unfriendly eyes spotted it and apparently assumed that its driver was a B & S scab.

Later that afternoon, unloading the rented truck outside his place of employ, Schroeder and a coworker were jumped from behind by 4 men, 2 per victim. While one grabbed Schroeder's hair and pulled him back, the other used his fists on Schroeder's face and sides. His equally luckless companion was knocked down by the other two men, stomped on, raised up again by his hair and hit anew.

This vicious onslaught was reported to the Davidson County sheriff's office, since it occurred outside Nashville's city limits. Although Schroeder provided descriptions of the attackers, he was never invited down to headquarters to be questioned or shown photographs of possible assailants. Indeed, he testified, there was no police follow up at all; he was told that because of the "time lapse"—it had taken him 15 minutes to stagger into his shop to notify the sheriff—there was nothing the police could do, since the men had already gotten away.

Before the committee, however, Schroeder was given the opportunity denied him by county police. He positively identified, among the witnesses at the hearings, 3 of the 4 perpetrators of the attack: the previously mentioned Perry Canaday, business agent for local 327; Ralph (Red) Vaughn, another business agent for the local; and Bobby Marston, a truckdriver who, although not an officer of the union, stood in its good graces to the extent that it later paid $455 for his lawyer's fee and fine when he was arrested in Kentucky in 1956 for hit-and-run driving and illegal possession of a gun.

Like Canaday and Hard-of-Hearing Smitty, the names of Vaughn and Marston cropped up time and again in testimony by witnesses who had either directly experienced or witnessed goon brutality. Marston, whose police record includes eight arrests for assault since 1946, availed himself of the fifth amendment. Vaughn, a strapping redhead, invoked it spasmodically. The Schroeder confrontation, he insisted, was a case of "mistaken identity." Schroeder, recalled on this point, declared:

> His testimony that he doesn't know me, never has seen me, that is untrue for this reason: They had the picket-line shelter on my lot for a number of weeks.
>
> The CHAIRMAN. Did you see him there a number of times?
>
> Mr. SCHROEDER. Yes; I had.
>
> The CHAIRMAN. And he has seen you?
>
> Mr. SCHROEDER. He has seen me (p. 7380).

Schroeder's beating took place in early September 1955. In the ensuing months the lethal warfare waged against the B & S Motor Lines began to draw to a close. On October 16 the company secured a Federal court injunction removing local 327's picket line. That day a special meeting of the local was held, the minutes of which, committee investigator Duffy testified, recorded a decision to "ignore" the injunction. Federal processes moved forward nevertheless. A hearing by an NLRB trial examiner was set for November 26 to examine the evidence in the dispute between the union and company and determine whether the injunction should stand. Then, a week before the hearing, a climatic act of violence occurred which effectively diverted local 327's attentions from B & S to a court of law.

On the night of November 21, Jimmy Bruce, a B & S lease operator who had been subpenaed to appear at the NLRB hearing, was slugged

by an unknown assailant as he left a Nashville restaurant in the company of several other owner-operators. Bruce remained unconscious for 10 days, his skull and jaw were fractured, and he is still incapacitated 2 years later. The actual slugger was never apprehended; William ("Corky") Ellis, questioned on this point in view of his admission that he had been "hired" by local 327 only the day before, availed himself of the fifth amendment.

Two other Nashville teamsters, however, were immediately arrested in connection with the Bruce affair: Canaday and Short Richardson, another local 327 member. Bruce's dinner companions reported to police that they had seen the two drive in, pick up the slugger, and drive off. In February 1957 both were convicted of felonious conspiracy to commit murder; they have appealed to the State supreme court.

Although big interstate targets like B & S and Newman-Pemberton necessarily required a lot of time and attention from the Tennessee teamsters, their energies were not so drained that they could not, on occasion sandwich in an object lesson for some smaller local enterprise, in which they substituted quality of violence for quantity.

Of a number of cases studied by the committee where small-business men felt the whiplash of teamster disfavor, two particularly stand out. The first was the case of the Woodbine Radio Cab Co., of Nashville, owned and operated by Robert V. Whitley and his wife, Josephine. Among their steady patrons, under an oral contract with the Davidson County Board of Education, were 73 handicapped children. Whitley explained:

> * * * there were several palsied pupils, and sightless children and deaf children, and you had to go to the door and pick them up and with some of them carry them into the cab and carry them into schools, and carry them back into the house in the evening (p. 7281).

In October 1954 local 327 approached Whitley to discuss his signing up. That night, he shutdown and moved his 10 cabs out of town; having heard of the teamsters' reputation, he declared, he was fearful lest his equipment be "tore up." For 2 weeks his building was picketed; then, one Sunday morning, he had a call from the man who ran the service station across the street, informing him that his office had been "wrecked."

Whitley, who explained that one of the reasons for his shutdown was to give himself time to figure out what to do, found this incident added food for thought. Encouragement to reopen came from two vastly different quarters: the parents of the handicapped children, who had had no one to take them to school in the interim, and Frank Reed, the city taxi inspector and at the same time a member of the teamsters union. Reed, Whitley testified, came out to his house and advised him to join the union, declaring that "he did not want to see anybody get hurt." Whitley thereupon signed a contract with local 327 and resumed operation, taking on several drivers provided by it.

His woes had only just begun, however. Instigated by one of the new employees, the others, he reported, lost any esprit de corps they might once have had. It had been company practice to post cabs outside the city limits as a convenience to distant customers. The drivers now refused to wait at these spots because "they wanted to

be where everyone was." Instead, they sat around the office, played poker, and tossed beer cans out onto the sidewalk. At night they would telephone him, Whitley recalled:

> They would curse me out, and tell me I didn't know anything about operating a cab business, and why didn't I get out and let them have it (p. 7279).

When Whitley fired the ringleader, the other employees walked out and set up a picket line. At their refusal to return he hired a brand-new crew. A ferocious war on wheels ensued. Cabs hauling passengers would be bumped from the rear or cut off in front by cars which suddenly stopped short. A bullet pierced one cab window and the shattering glass cut the hand of a passenger who merely commented: "As long as you boys have got guts enough to drive them, I have got guts enough to ride in them."

Police reaction to Whitley's complaints, he reported, was embodied in the remark of Dave White, a sergeant on the force:

> He asked me why I didn't go ahead and shut down and quit bothering him (p. 7283).

Josephine Whitley, meanwhile, was having her own brand of trouble. When her husband brought charges against some pickets for hurling rocks at their driver replacements, retaliation came in the form of her arrest on a warrant for assault on a picket with intent to kill. The police, otherwise seldom available to the Whitleys, acted with dispatch in this matter; they came out and took her to jail. Mrs. Whitley, who testified that she had never owned a gun or assaulted a driver, reported that the charge was subsequently dropped when her husband agreed to drop his charges against the pickets. This quid pro quo, Whitley explained, was suggested by Red Vaughn, local 327's ringmaster at the strike scene, who warned that there were plenty of "witnesses" at the union hall who would make the charges against Mrs. Whitley stick.

Vaughn also figured in the testimony of Earl P. Dicicco, who drove a cab during the strike. Dicicco told the committee that one night 2 fares he had picked up at a beer room asked him to take them to a housing project:

> I stopped the cab in front of the housing project to let them out. One of them hit me across the head with a motorcycle chain, and the other one had a beer bottle, bouncing that off my head.
>
> Mr. KENNEDY. One of them hit you with a beer bottle and the other one hit you with a motorcycle chain?
>
> Mr. DICICCO. Yes, sir.
>
> Mr. KENNEDY. Wrapped it around your head?
>
> Mr. DICICCO. Yes, sir; from the ear around to the mouth (p. 7289).

Dicicco, a clearly hardy soul who was not felled by this blow, took out after his assailants, who leaped from the cab, made for a waiting car he recognized as belonging to Red Vaughn, and escaped, even though a passing patrol car also gave chase. Dicicco did not report the

incident to police, he explained, because he didn't think it would do much good:

> The CHAIRMAN. They don't enforce the law down there very much?
>
> Mr. DICICCO. Yes, sir; they enforce the law, but in my own opinion, I don't think they enforce it enough.
>
> The CHAIRMAN. They don't enforce it enough?
>
> Mr. DICICCO. Yes, sir. Just to certain people.
>
> The CHAIRMAN. What certain people do they not enforce it against?
>
> Mr. DICICCO. The people they don't want to, sir (p. 7291).

It is worth noting that Red Vaughn, initially a relatively chatty witness who asserted that except for one picket line "scrap" he had never seen nor had any knowledge of "any beatings whatsoever of anybody," suddenly invoked the fifth amendment when asked about using a motorcycle chain on Dicicco.

Another victim of the Woodbine Cab affair was Whitley's brother Kenneth, a draftsman for the Nashville city planning commission, whose job was to photograph buildings which had requested permits for added construction, or at which there was some violation. From his photographs Whitley would draw a sketch, which would be flashed on a screen at his office to help determine the extent of the violation or the granting of the permit.

One day in December 1954, Kenneth Whitley testified, he was taking pictures of a building which, to his swift misfortune, happened to be next door to local 327's office. Out of the teamsters' building rushed Red Vaughn, who effectively blocked the camera; next came Perry Canaday, who, when Vaughn identified Whitley as brother of the Woodbine Cab owner, proceeded to hit him in the face, breaking the cartilage in his nose.

Whitley, buoyed by his immediate superior and a coworker, who had witnessed the attack from across the street, swore out a warrant for Canaday's arrest. He also consulted with City Attorney Robert Jennings, Jr., who encouraged him to press charges, as did Whitley's boss' boss, Mr. Pitts. Pitts' boss, Mr. Hawkins, also approved, even though he simultaneously noted that the union was now trying to get Whitley fired.

Thus assured that his superiors stood behind him, Whitley was looking forward to the trial when, he testified, City Attorney Jennings called him in and talked to him about dropping the case, saying that if he did it would be a help to the "man across the hall."

> The CHAIRMAN. Who was the man across the hall?
>
> Mr. WHITLEY. Mayor West.
>
> The CHAIRMAN. How would it help him if you dropped the case?
>
> Mr. WHITLEY. Well, he said he had a lot of pressure on him (p. 7294).

Whitley told Jennings he would drop the case, but on returning to his own department asked Pitts whether he thought "they" could get his job if he prosecuted. Pitts thought "they" could, but would not, Whitley testified. He thereupon called the mayor's office and informed his secretary that he would not drop the case. At this bomb-

shell, he declared, she excitedly informed him that the mayor wanted to talk to him right away. When, however, he appeared flanked by two of his coworkers, he added, the mayor's secretary reported that her boss was in conference, and the talk never materialized.

Canaday was tried, found guilty, and fined some $10 or $14 and court costs. He was prosecuted vigorously by Jennings despite Jennings earlier advice to drop the charges, Whitley recalled, adding that the judge had declared that the punishment would have been greater but for pressure on him, too.

Whitley's satisfaction was short lived, however. Three months later he was fired from his city job on the grounds that it was going to be abolished—a patent alibi, since, he asserted, a friend hired the same day he was fired took on these very duties.

Whitley's brother Robert, the cab company owner, also had bad news from civic authorities. His license to operate in the streets of Nashville was revoked because his cabs were parking "in the wrong place." He testified that he has continued to operate nevertheless, although with a smaller cab fleet, and that no one has challenged him. Union interest in him has seemingly vanished, although a few days before he departed for Washington to testify before the committee, he reported, a stranger got into his cab and had him drive around the block, meanwhile making this flat pronouncement:

> He said that everybody that testified up here against them would be taken care of sooner or later (p. 7286).

The second example of small-business harassment studied by the committee involved B. B. Powers, owner of a Knoxville food market. A notable feature of the Powers case was that his difficulties stemmed from the teamsters' annoyance with another larger firm which they had struck, the Roddy Manufacturing Co., from which Powers received his Coca-Cola consignments.

So poor was the Roddy Co.'s rating in union circles that, Lola Freels recalled, local 621 officials were planning to give it a "little party." Declaring that "even a parrot" could catch on to teamster shop talk, Mrs. Freels clarified the import of this phrase:

> It meant there was going to be a violence of some kind, either beating, dynamiting, or tire slashing or something (p. 7176).

The "little party" scheduled for Roddy ended up, however, as a major occasion for Powers. Early in September 1956, Powers testified, the Coca-Cola truck drove up to his store, and its driver announced that the Roddy strike was over. As the truck was being unloaded, a big black Cadillac also drove up. Out of it stepped a man who, Powers continued, identified himself as local 621's president Reynolds:

> He said, "I see you have bought Coca-Colas," and I said, "Yes," and he said, "Well, the strike is not over," and I said, "Well, these boys said it was," and he said, "Well, why didn't you make arrangements, or why didn't you call to find out whether the strike was over or not?"
>
> I said, "Now wait a minute; it is not my place to find out whether the strike is over or not. If the strike is still on, why did you let them by the picket lines?" He said, "You're in for trouble" (p. 7190).

Late the next night Powers learned the meaning of trouble. Dynamite blew out all the front plate-glass windows of the store, tore the doors off the entrance, and wrecked the marquee and a metal awning. A gaping hole was left in the sidewalk out front. The total damage, Powers estimated, was near $2,000.

Unlike many acts of violence which blasted Knoxville's peace, this one produced two witnesses who not only had vital information but were willing to talk. One was John Chapman, a sheet-metalworker, who on the night before the dynamiting had gone for groceries and noticed a big black or dark blue Cadillac parked opposite the Powers store; the next night he had seen it again in the same place. Chapman thought it was a pretty big car to be sitting there, and, passing on the same side of the street, got a good look at 2 of the 3 men in it, mainly because they also took a good look at him.

A day or two later, while their faces were fresh in his mind, he selected their photographs out of a batch presented to him by two police officers who came to interrogate him. The police did not mention the men's names; he learned them, however, when he picked the same two men out of photographs shown to him at the committee hearings. One was the peripatetic Hard of Hearing Smitty, once more away from his Nashville stamping ground. The other was Robert Belcher, a member of local 327 in Nashville and a man of distinction in his own right. Belcher has racked up a record of 42 arrests in 20 years, mainly for disorderly conduct, vagrancy, and assault, for none of which he has served any time.

Chapman testified that he was never called before the grand jury or interviewed by anyone other than the police officers who had shown him the pictures.

The other witness in the Powers case, Luther Hargis, had gone to get a pack of cigarettes from a store opposite the Powers market at around 10 o'clock the night of the dynamiting. He noticed a car in Powers' parking lot, and, as he watched a man got out of the car and walked toward the market. The man apparently sensed that someone was behind him, Hargis testified, and turned; when he did, Hargis noticed a "light reflection on the side of his head."

> Mr. KENNEDY. Mr. Chairman, I might also point out that once again this Mr. W. A. Smith from Nashville, Tenn., wears a hearing aid and it might very well have been the hearing aid that this witness saw reflected in the light at that time.
>
> The CHAIRMAN. You saw something by the side of his face that was reflected in the light?
>
> Mr. HARGIS. Yes; I did (p. 7203).

Like Chapman, Hargis, too, was given a chance by two city detectives, Swanner and Huskison, to identify the man on the Powers parking lot from some pictures they handed him. A year later, during which time he had not seen this man again, he stood with Committee Investigator McShane outside the Nashville courthouse and picked out the same man—W. A. Smith.

Powers told the committee that he, too, was never called before a grand jury on the dynamiting:

> Now, I went down and talked to Mr. Clements, the attorney general, and he said that they had two good officers as-

signed, the two city detectives, and that they would do a good job of it, and I left the courthouse, you know. That was the last time I saw Mr. Clements until I saw him in the courthouse yesterday (p. 7193).

He also reported that he had told detectives Swanner and Huskison of the threats made to him by local 621's president Reynolds. Committee Investigator Duffy testified that Swanner had admitted to him that Reynolds was never even interviewed.

Swanner, a lieutenant of police in Knoxville, thus explained this odd oversight:

> The reason we didn't arrest Reynolds and question him was because of this fact. We had no other evidence at that time to connect him with the blast. We had no one, a witness or otherwise, who saw him at the scene. At least we never found any such witness. So, we thought it was better not to apprehend Mr. Reynolds or to intervene at that time, because we wouldn't have had anything to talk to him about (p. 7336).

This indication that Knoxville's forces of law and order were an easily discouraged lot was reinforced by two other reasons Swanner added for the lack of action against Reynolds: first, that "apparently someone was anticipating who we were going to talk with," would telephone these people anonymously and advise them not to talk; second, that whether the case against Reynolds was won or lost, all sorts of civic expenses and complications would have ensued. In this exposition of a remarkable police policy of laissez-faire, Swanner declared:

> * * * If we had brought him in and had to release him without charges, there was the possibility of civil action in the way of false imprisonment which might have resulted, in which case the officer would have had to foot the bill. The city does not supply funds for suits of that kind. In the event we would have won the case, we would still have had to hire lawyers, and court reports, and transcripts, and so forth, and then possibly appeals through the court of appeals and the Supreme Court (p. 7336).

Knoxville chief of police, Joseph Kimsey, who, like Swanner, appeared before the committee voluntarily because "I just wondered if there was anything we could help you do," apparently entertained similar views to Swanner's as to the limitations under which his officers labored. Although Knoxville is a city of more than 125,000 population, its chief of police described his department as—

> * * * a little country department, and we have demands on us, and no money and no equipment (p. 7344).

Although he had admittedly done nothing about Reynolds, Swanner declared that he had at least initially pursued W. A. Smith. He testified that he went to Knox County's district attorney general, Hal Clements, and reported that Hargis and Chapman had selected Smith's photograph out of pictures presented to them. Clements, Swanner declared, called the district attorney general in Nashville—

> * * * and tried to arrange for us to go over with these witnesses to interview Mr. Smith and the other man, Belcher. But, some way or other, that didn't work out (p. 7336).

From Congressman J. Carlton Loser, the Nashville district attorney general at the time referred to by Swanner, the committee received an affidavit which denied that he had had any such telephone conversation with Clements:

> I had no such conversation with anyone. The inference from this statement is that I was coddling Smith in that I did not arrange for the conference. Such a statement is puerile. Of course, such a course would have been futile. Smith relied upon the fifth amendment 102 times before your committee and I do not imagine that he would have told this detective anything had such a conference been arranged. I had interrogated him on more than one occasion and his responses to me were the same as they were to your committee. Every so often police officers and deputy sheriffs, in an effort to explain inaction, advance some false reason for a failure to do their duty. It would have afforded me genuine pleasure to have picked up Smith and brought him to my office for the district attorney at Knoxville or any of his representatives. The occurrences referred to just did not happen (p. 7468).

Although the police who investigated the Powers dynamiting kept a polite distance from its alleged advance man, President W. J. Reynolds of local 621, fate decreed that he was not to be entirely free of mental anguish in this matter.

Reynolds' nemesis appeared in the form of his lady auxiliary, Lola Freels, from whom intimations of impending disaster emanated on the afternoon in November 1956 when she was fired from her job as secretary and bookkeeper in local 621's office.

Mrs. Freels' dismissal had been in the cards for several months, she testified. A member not of the teamsters union but of the office workers union, she had helped her fellow members picket local 621's office in protest against the teamsters' hiring of a new office helper without consultation with the officeworkers' group, as agreed to. However, the official reason given for her removal, she said, was "spreading false rumors." It seemed that two wives of local 621 officials had telephoned one evening to inquire as to the whereabouts of their husbands, and Mrs. Freels had failed to substantiate their supposed presence at a business meeting.

Out but not down with the news of her discharge, Mrs. Freels crisply demanded the immediate receipt of her separation notice, because, she announced, she was of a mind to go around and see if she might not collect a $15,000 reward then being offered for information on the Powers dynamiting. Clarence Mendoza, an international organizer for the teamsters, was in the office at the time of this announcement and, Mrs. Freels gaily noted, "hit the ceiling."

Having thus underestimated the power of a woman scorned, local 621 hastily set about trying to repair the damage. Late that night a vastly subdued Reynolds drove up to her home, Mrs. Freels testified, invited her into his car and talked for a long time. Reynolds revealed

that he was being removed from his union post, and that he had come to her at the suggestion of Mendoza, who, he declared, had promised him a good job in another local if he could "stay out of the pen for at least a year."

Mrs. Freels thus sketched the nature of Reynolds' appeal to her sympathies:

> He said, "Lola, I don't want you to say anything about what has happened because I have got my wife and my child to think about"; and I said, "Well, Bill, if the teamsters have got you in anything you ought to tell who has gotten you into it"; but, I said, "If they ever contact me I will go and I will tell just exactly what I know"; and I said, "If it hurts you or whoever it hurts it should be stopped."
>
> So I was contacted by the committee, and here I am (p. 7182).

In his own appearance before the committee, Reynolds reported that he was currently in the employ of a Birmingham, Ala., freight company and then availed himself of the fifth amendment.

The particular formula devised for the bedevilment of such small business outfits as the Powers Supermarket and the Whitley Cab Co. was not one the Tennessee teamsters selfishly kept for their own. When organizing difficulties hit the Nashville branch of the barbers union, local 35, it found in the city a potent ally in the shape of Teamsters Local 327, which generously donated both its goon power and its expert know-how in handling obscure commercial enterprises.

In this category were twoscore or more neighborhood barbershops whose owners had the temerity to resist local 35's effort to unionize them. Compared to the damage incurred in other sectors of the business community, the individual losses here were small, often less than $100 per establishment; in most cases the only weapon brought into play was a rock heaved through the shop window. But shattered plate glass, which perhaps not as spectacular a result as those achieved elsewhere, could be no less effective in paralyzing trade, at least temporarily.

Of the 173 separate acts of violence tabulated by committee investigators, fully 49—almost 30 percent—were committed against Nashville barbershops. While all 49 incidents were reported to police, 47 went unprosecuted—further evidence of the mesmerizing effect local 327 had on law-enforcing agencies whether the skullduggery in which it engaged was on behalf of itself or others.

Of the two incidents which did result in prosecutions, both involved Sam Peters, then an organizer for the teamsters local, and Perry Canaday, one of its business agents. At first, however, their pursuit by the law looked touch and go. From Paul Lever, a patrolman attached to the sheriff's office in Nashville, the committee received an affidavit admitting that he had let the 2 men slip out of his hands within a few minutes after windows had been smashed at 2 barbershops in the vicinity and witnesses had placed them at the scene.

Lever reported that late in the night of April 9, 1955, he and a fellow officer in a patrol car were stopped by 4 teen-agers who excitedly reported that they had just seen 2 men in a yellow convertible pull up in front of a barbershop; that there had been "some move-

ment" in the car and then the sound of breaking glass; and that they had followed the car to another barbershop and noted its license.

Minutes after hearing this story, Lever continued, he saw a yellow convertible, questioned its occupants, Peters and Canaday, then released them. His reasons were as follows:

> I released Canaday and Peters after the boys told me they could not identify the men in the car, and also because there was a discrepancy in reference to the license number on the car we stopped and the license number the boys gave us.
>
> The license number the boys gave me was 1–D–41776 and the car that we stopped had a license number of 1–D–14776. I also told the boys that I knew Perry Canaday of the teamster union, and that I used to work with him and I never knew him to do anything like this. The boys then drove off, and as far as I was concerned the case was closed. I did not report the incident to the police department nor file a report on the case (p. 7162).

Later, accompanied by the barbershop owners involved, the alert teen-agers repeated their story to Nashville District Attorney General Loser, and Canaday and Peters were arrested and convicted. Discussing this incident in his own affidavit to the committee, Representative Loser asserted that had the two patrolmen "done their full duty" and searched the yellow convertible they would have found "much incriminating evidence," since the car belonged to W. A. Smith.

That the police were generally loath to move in on labor trouble was disturbingly evident to the committee in the testimony of two top law-enforcement officials of Davidson County, whose jurisdiction includes Nashville. These men testified in connection with a case unrelated to the barbers' difficulties, but it was plain that their attitude on the responsibility of the law toward labor disputes was an overall one.

One of the officials was Everett Gourley, the county coroner, who had been acting sheriff from March to August 1956 after the incumbent died; by State law, the coroner succeeds to the post until a permanent replacement takes over. The other was Tom Cartwright, sheriff since September 1956; his father had had the job before him.

The case about which they testified involved the Wilson Trucking Co. of Nashville, which was being struck in August 1956 by local 327. Everett Comer, president of the company, told the committee that, fearful of potential damage to some $2 million worth of brandnew equipment, he had hired 2 guards from a suburban protective service which, though privately owned and paid for by its clients on a subscription basis, was also subject to the Davidson County sheriff by virtue of the fact that the men on its force were deputized by him and could have their commissions revoked by him. The 2 guards he hired, Comer declared, did 2 nights' duty and then were pulled off the job by the owner of the protective service, Leo Lucarini.

Lucarini, in an affidavit filed with the committee, and Comer and Andrew Mosier, an officer of the protective service, in direct testimony before the committee, all asserted that the guards had been removed as a result of a telephone call to Mosier from Acting Sheriff Gourley, declaring that local 327 officials were "on his neck" and threatening to lift the guards' commissions if they were not pulled off. Confronted

with this testimony, Gourley admitted that he had asked that the guards be removed, but attributed this to the fact that he had seen "no violence" on the Wilson Co. picket line. He denied that he had cited teamster pressure on him:

> It could have happened, but I certainly don't remember it and I don't know why I should. I hate to see three men saying I did. If I did, I certainly don't remember it (p. 7330).

After committee pursuit of the point, however, this exchange took place:

> Mr. KENNEDY. Was there a policy in the sheriff's office not to get involved in labor disputes?
> Mr. GOURLEY. Well, I believe so; yes, sir.
> Mr. KENNEDY. And would that be the reason that these guards were removed?
> Mr. GOURLEY. I guess that would be about as good a reason as I could think of.
> Mr. KENNEDY. Well, isn't that the reason?
> Mr. GOURLEY. I would think so; yes, sir (p. 7331).

Sheriff Tom Cartwright stated the situation even more baldly:

> Mr. KENNEDY. What is the main reason, the primary reason, that you do not furnish protection when labor unions are involved?
> Mr. CARTWRIGHT. Possibly, you might say, self-preservation. I don't know (p. 7333).

If fear was the emotion instilled by the Tennessee teamsters within the borders of their own State, admiration was the reaction they excited in certain circles beyond it. However heavy the demands on their time and talents at home, testimony before the committee showed that the teamsters bigwigs were never too busy to answer an S. O. S. from out-of-State colleagues desirous of drawing on their celebrated techniques.

On these roving missions the ambassadors were W. A. Smith, many of whose local exploits have been noted in these pages, and Glenn W. Smith, who holds not only the presidency of local 515 in Chattanooga, but the same post in the powerful Teamsters Joint Council 87, covering all of Tennessee and parts of Kentucky.

Other than to assert that he believed in law observance, Chattanooga's Smith chose to remain silent under the fifth amendment in his appearance before the committee. Certain details of his past, however, were put into the record by Committee Counsel Kennedy.

In the late 1920's and early 1930's Smith served two terms at Illinois State Penitentiary, one for robbery, the other for burglary and larceny. His first known connection with the teamsters was as business agent for local 236 in Paducah, Ky., from 1946 to 1949. During that time he was convicted of assault and battery and fined $100, and twice indicted, but never tried, on charges of malicious damage and destruction of property, once by dynamiting, with the loss totaled at $13,000. After these indictments Smith left Paducah for Chattanooga, where he became business agent for local 515. In April 1951 he was indicted with 12 others on a 10-count conspiracy charge grow-

ing out of labor disputes—a matter which this report will later take up in detail. With this indictment, Smith returned to Paducah's local 236, by then under trusteeship, and ran it until extradited to Chattanooga on the conspiracy charge.

Freed under a directed verdict of not guilty, Smith next turned up in Florida as organizer from 1953 to 1955, during which time acts of violence were committed against two companies which the teamsters were trying to organize.

One such company was the Hunt Truck Lines of Tampa. An affidavit from Frank Teachout, its general manager, deposed that in March 1954 management met with local 79 representatives to discuss a contract, and that the floor was largely held by Smith, who declared that he would not wait for an employee vote to determine whether they wanted local 79. At the company's insistence on an NLRB election, Teachout recalled, the meeting broke up, and a few days later a fire of suspicious origin completely destroyed the Hunt warehouse at Lakeland, with damage estimated at $25,000.

Another Florida firm at loggerheads with the teamsters around the same time was the Acme Concrete Co. of Hialeah, outside of Miami. The local involved here was local 390, also represented in the negotiations by Smith. Dynamite was placed in Acme's yard in March 1954 but caused no substantial damage; in August of that year, however, another try was made, and the company's ready-mix plant blew up with an estimated damage of $50,000.

Smith's right-hand man in the negotiations with Acme and Hunt was Joseph W. Morgan, international organizer for the teamsters and secretary-treasurer of local 390, who, just a month prior to his appearance before the committee, was also made an organizer for the Southern Conference of Teamsters at a salary of about $12,000 a year and expenses.

Morgan, too, invoked the fifth amendment, refusing to shed light either on Smith's Florida stay or on other sordid aspects of teamster activities in the State, including the formation last summer of a new taxi drivers, car parkers, and automotive workers local 320, in Miami, with the help of one Dave Yaras, a notorious Chicago racketeer; its immediate placement under trusteeship under Ray Miller, an ex-nightclub operator whose business partner had been booked on charges of larceny and whose roommate had been arrested as an accessory to a $238,000 burglary. Morgan also withheld comment when asked whether Miami hotel guests and dog-track visitors had had their cars scratched and tires punctured with ice picks in the wake of local 320's organizing efforts.

With the completion of Smith's tour of duty in Florida in 1955, his place in Miami local 390 was taken by Ernie Belles, former president of teamsters local 375 in Buffalo, N. Y., whose rank and file had ousted him on charges of having embezzled $47,000. Smith too proved the beneficiary of official teamster gratitude for a job well done. He returned to Chattanooga's local 515, which he had once served as secretary-treasurer, in the capacity of president.

The cares of this higher position of trust, however, were not so burdensome that Smith could not essay new excursions away from home. Frequently he visited Knoxville; Lola Freels recalled that usually he would come late in the afternoon and that usually the next

morning "we would see something in the papers." And on one memorable occasion, in January 1956, he traveled as far afield as Jackson, Miss., this time in the company of the Tennessee teamsters' other stellar Smith, Hard-of-Hearing Smitty.

On December 31, 1955, teamsters' local 891 in Jackson called a strike against the Southland Cotton Oil Co. On or about January 9, according to an affidavit by Mrs. Lloyd A. Hutchins, a clerk at the local office, Bess Hoover, secretary of the local and wife of its president and business agent, "Red" Hoover, telephoned Don Vestal, president of local 327, in Nashville. In the course of this call, Mrs. Hutchins declared, Mrs. Hoover said:

> Don, we are in bad shape. You had better send help down (p. 7184).

Later that day Mrs. Hutchins heard "Red" Hoover ask his wife to place a call to Vestal, which she did, asking Vestal to say nothing about her own earlier call that day.

Committee Investigator McShane testified that both Smiths, Glenn, and W. A., promptly bobbed up in Jackson and were seen both on the picket line and in the union hall. The wife of a picket captain, Hazel Dye Crowe, deposed in an affidavit that on or about January 10 she was bringing food down to the pickets when she stopped by the union hall, where Bess Hoover pointed to a man in a bright orange shirt and said:

> He is one of them. They are going to wrap up several sticks of dynamite and throw it into the company yard to scare them (p. 7424).

Mrs. Crowe's affidavit also declared that she had selected the man in the orange shirt out of pictures shown to her by Investigator McShane; the picture was that of Glenn Smith. From the photographs she also identified another stranger whom she had seen either at the union hall or on the picket line—a man with a hearing aid. The picture was that of W. A. Smith.

Although "Red" Hoover took the fifth amendment, an affidavit by Union Member Daniel Moulder put him in the company of the two Smiths at the union hall on January 12, and further deposed that Glenn Smith was driving a Cadillac around town. An affidavit from W. L. Hodgin, mill superintendent for the Southland Cotton Oil Co., recalled that a light green Cadillac with Tennessee license plates had cruised the streets around the plant on several nights, and that he had seen it parked one evening near the cars of the pickets.

On January 13 round-the-clock picketing of the company ceased, and on January 15, at around 11:20 p. m., the first blow fell. Investigator McShane reported:

> * * * a Mr. Nabors, who was the night superintendent at the plant, observed the green Cadillac sedan pull up by a fence and stop. A man got out and threw a heavy package over the fence beneath the transformer belonging to the Mississippi Power & Light Co., which was on the company property.
>
> He observed that there was a fuse attached and that it was burning. With the assistance of several employees, he succeeded in putting out the fuse.

> About that time, on the other side of the plant, there were two terrific explosions. A subsequent investigation disclosed that there were two 300,000 gallon capacity tanks containing black oil and one cottonseed storage bin containing cottonseed had been completely destroyed. The estimated damage of that was $35,000 (p. 7185).

About an hour later, 70 miles away at another plant belonging to Southland Cotton Oil Co. in Tallulah, La., an explosion wrecked a medium-sized tank with an estimated damage of $1,600. The dynamite found at both scenes, McShane testified, was sent to the Louisiana State Department of Public Safety, which reported that the materials were identical in every respect and came from the same source.

The committee concluded its hearings on the Tennessee teamsters with a detailed look at a case which initially only involved Glenn Smith and a dozen of his Chattanooga comrades, including H. L. Boling, local 515's secretary-treasurer, but developed certain deeply disturbing ramifications reaching into a court of Tennessee. The case in question—briefly referred to earlier in this report—began with the indictment of Smith, Boling, and their fellow unionists on April 4, 1951, on 10 counts of conspiracy; cutting tires, threatening and cursing employees, assault on a night watchman with a soft-drink bottle, setting off dynamite and other explosives, setting a truck and trailer on fire, assault on a foreman, assault on an owner, breaking windows, smashing windows, and overturning an automobile.

The curious subsequent progress of the case bears itemized retelling:

On May 8, 1951, it was assigned to be tried on July 10 by Judge Raulston Schoolfield in Hamilton County Criminal Court in Chattanooga.

On June 11, the judge overruled a motion to have the case reassigned for trial.

On July 6, the judge, despite his own previous decision, reassigned the case, with no definite date set.

On December 31, the case was assigned for February 19, 1952, in Judge Schoolfield's court.

On February 19, 1952, the case was continued to May 13 in Judge Schoolfield's court.

On March 14, the judge sustained a demurrer and amendment to the demurrer entered by defense counsel, and quashed the indictment.

On February 25, 1953, on appeal, the State supreme court reversed Judge Schoolfield and remanded the case for trial; on the same day, the case was returned to the docket.

On June 30, Judge Schoolfield suspended the jury until a later time.

On July 1, defense counsel filed a motion to quash the indictment, and the State filed a motion to hold the defense motion invalid.

On July 12, Judge Schoolfield issued a directed verdict of "not guilty," without making the defense appear or offer any witnesses and without allowing the case to go to the jury.

At two crucial points during this chronology, local 515 engaged in certain interesting fiscal transactions. On July 5, 1951, the day before Judge Schoolfield reversed his original refusal to reassign the case, a check from local 515 was made out to cash for $18,500 and charged to attorney fees; this amount had been withdrawn the same day from the Hamilton National Bank in Chattanooga by Glenn Smith and

H. L. Boling. On March 17, 1952, 3 days after Judge Schoolfield quashed the indictment, another local 515 check, signed by Boling and countersigned by Smith, was made out to cash for $1,500, and also charged to attorney fees.

An affidavit filed with the committee by H. G. B. King, local 515's attorney for the past 7 years, deposed that his full fees from the union for defending the case amounted to $1,000 in 1951, $2,000 in 1952, and $3,000 in 1953—a total of $6,000, and a far cry from the $20,000 charged on the union's books to attorney fees. King declared:

> I have never received any amount whatsoever of the $18,500 or the $1,500, and have never received any payments, from fees or otherwise, from the local union in cash (p. 7436).

Testimony by Committee Investigator Duffy revealed that, on June 29, 1951, several days prior to local 515's issuance of the $18,500 check, it had only $8,000 in its treasury. Duffy reported that it secured a $13,500 loan on that day from the Southern Conference of Teamsters at a meeting at which Glenn Smith, as member of the conference policy board, was present. A few weeks later, Duffy said, another meeting of the conference took place, at which this transaction was discussed, and the minutes quoted the chairman of the policy board as follows:

> The chairman reported that it was not his thought that such a large loan should be made without the prior aproval of the policy board, but that the situation was such that immediate action was necessary (p. 7442).

As to what the necessary "immediate action" might have been, Duffy said:

> I think we can deduce that the teamsters in Chattanooga, local 515, needed this money in a hurry (p. 7442).

He went on to say that a search of the local's minutes at this time disclosed no reference whatsoever either to the $13,500 loan or the subsequent $18,500 disbursement for "attorney fees."

From Raymond Hixson, deputy State fire marshal, whose probe of the arson and dynamitings in the conspiracy case had unearthed evidence which led to the indictments, the committee learned of a talk he had with 515's Secretary-Treasurer Boling on July 8, 1951, just three days after the $18,500 union check had been made out to cash and 2 days after Judge Schoolfield had postponed the trial, originally scheduled for July 10, for an indefinite period.

Hixson, then unaware of the postponement, asked Boling whether he was ready for trial:

> He told me that there was not going to be a trial. I asked him how he knew. He said that there had been $18,500 passed to quash the indictments and there was not to be a trial.
>
> * * * When I first mentioned it, I asked him, or he said, "I'll bet you $500 there will not be a trial," and I told him that he must know something that I didn't know. I said, "Let me in on it." He then told me that $18,500 had passed hands and to quash the indictments (p. 7438).

Asked why Boling would tell him all this when he had worked on the case, Hixson said that they had known each other for a number of years. He added, however, that Boling would not tell him where the money had gone.

Hixson recalled that, although he was initially surprised at the way the case was being handled, he no longer felt this emotion 7 months later when the indictments were dropped. The reason, he explained, was that, by this time, rumors that money had been passed for this purpose were widespread.

> Mr. KENNEDY. That money had been passed to whom?
> Mr. HIXSON. To Judge Schoolfield (p. 7440).

Although Boling, like his colleague, Glenn Smith, invoked the fifth amendment before the committee, such reserve was apparently novel to him. Augmenting Hixson's testimony was Staff Investigator Duffy's report of a memorandum in internal-revenue files dated July 10, 1953, recording an interview with Boling in which he told the internal-revenue people, too, that money had been passed to quash the indictment.

One witness who did find the quashing of the indictments unexpected was Thomas Crutchfield, assistant district attorney general of Chattanooga in 1951, who presented the case to the grand jury and tried it for the State. Crutchfield testified that he and the district attorney general felt that the indictments they had prepared were as strong as they could possibly have been, and that the State supreme court, also, obviously entertained this view by ordering the case returned for trial.

When the judge later directed a verdict of not guilty, Crutchfield recalled, he was "disgusted," but no longer startled:

> Of course, as Mr. Hixson stated, the rumors were all over the courthouse that the case would never get to the jury. Well, you could shrug and say that the rumors were correct (p. 7449).

Another piece of the jigsaw was put into place by James West, who served as court officer to Judge Schoolfield from the fall of 1950, just prior to the judge's election to an 8-year term, until sometime in 1952. West testified that only part of his salary came from his court job; part came from the sheriff's department, for which he investigated homicides. Because the sheriff had had no "prior law experience," West said, he also voluntarily assisted in various types of investigative work, and took two statements from people with firsthand information concerning an assault and arson which ultimately formed part of the indictment of Smith, Boling, and their 11 cohorts.

West recalled that he told Judge Schoolfield about getting the statements, and that the judge originally was enthused:

> * * * he was interested at that time in catching those people involved in this labor dispute.
> Mr. KENNEDY. Had these labor officials opposed him in his election?
> Mr. WEST. Yes; they had.
> Mr. KENNEDY. And he was upset about that; is that right?

Mr. WEST. Well, he said he was going to do something to them (p. 7456).

During the course of the case, however, the judge's attitude underwent a change, West continued, and, not too much later, he himself resigned. He explained that he had helped the sheriff raid illegal gambling and whisky joints in the county, and that Judge Schoolfield disapproved:

* * * he told me one day, just before I quit, that he wanted me to confine my work to investigating homicides and quit raiding those clubs; that it was reflecting on him. I said, "Judge, it looks like that is a kind of a restriction you would want." And he said, "You don't understand politics, Wes," and I said, "I guess I don't" (p. 7457).

West added that he felt that the judge was wrong in this attitude:

Mr. KENNEDY. Did you know if he had, during this period of time, a close association with a good number of these racketeers and gamblers?

Mr. WEST. Yes; there would be some of them come around his office there quite often (p. 7458).

H. L. Boling, local 515's secretary-treasurer, who was among those benefiting from the directed verdict of not guilty in Judge Schoolfield's court, was later instrumental in helping an old school friend who found himself confronted with trouble in the same court.

In this case, James Spence Galloway, a Chattanooga service-station operator, was indicted in 1953 on charges of grand larceny and concealment of stolen property. Tried in Judge Schoolfield's court, Galloway was acquitted on the grand-larceny charge; there was a hung jury on the other charge, however, and the State decided to press it. Some months later, in January 1954, Galloway was convicted for concealing stolen property and the jury—which by State law determines the sentence—gave him 3 years. Galloway appealed for a new trial, but on May 24 Judge Schoolfield overruled the motion.

Faced with imminent imprisonment, Galloway stepped up his efforts to find a way out. He talked to his old friend Boling, and he also talked to a professional bondsman named Sam Jones, who, he declared, told him he could get the matter "handled" for $1,000. Galloway thereupon sold his filling station, received a check for $1,000 on June 10, and turned that amount of cash over to Jones.

On June 23 Judge Schoolfield overruled his own ruling of May 24 and granted Galloway a new trial. On October 13 Galloway pleaded guilty to the stolen-property charge, was given a 3-year sentence, and that same morning petitioned for a parole, which Judge Schoolfield promptly granted.

That there was no doubt in Galloway's mind of the role played by his $1,000 in this pleasant turn of events was apparent from the following exchange:

Mr. KENNEDY. So you got everything that you wanted?
Mr. GALLOWAY. That is right.
Mr. KENNEDY. You felt that the $1,000 was well spent?
Mr. GALLOWAY. I did.

Mr. KENNEDY. You paid $1,000 to get the case fixed and it was fixed?

Mr. GALLOWAY. I did (p. 7466).

Bondsman Jones testified in the same vein on this point:

Mr. KENNEDY. So the $1,000 you thought was well spent?

Mr. JONES. I thought it was.

Mr. KENNEDY. You had given the $1,000 for that purpose?

Mr. JONES. It was for that purpose, you know.

Mr. KENNEDY. To get the new trial. You had given the $1,000 to get the new trial?

Mr. JONES. Let's look at it that way. If any man is looking for anything, any donation to the Governor or anything else, that is the way they get pardons. It is the same with the judge. You ain't going to volunteer to get a pardon or paroled or anything without a donation (p. 7471).

Jones explained that he had arrived at the figure of $1,000 after consultation with Crawford Bean, a local lawyer and close associate of Judge Schoolfield. Bean "just never did get nothing done," Jones declared, adding that he had about given up when, visiting the courthouse on his usual daily round, he ran into Boling, who asked how the Galloway matter was going.

Jones said he told Boling that no progress had been made, and also mentioned that he happened to have Galoway's $1,000 in his pocket at that moment. At this point, he reported, Judge Schoolfield's current court officer, John Taylor, came along. A discussion ensued about the fact that the Judge was that very day going to announce his candidacy for Governor of Tennessee. Taylor left, Jones continued, and along came Harold Brown, special prosecutor in the Galloway case, now assistant district attorney general for the sixth judicial circuit of Tennessee.

Mr. KENNEDY. When Brown walked by, did Boling say to you, after you discussed the fact that you had the $1,000 in your pocket, didn't he say to you at that time, "There's someone who can help you on this deal," or words to that effect?

Mr. JONES. He said there was someone who could pull a deal like that, or something; yes (p. 7473).

Boling and Brown huddled briefly off to one side, then returned to Jones, he declared, and this exchange took place:

Mr. Brown said, "I understand you have $1,000 to donate to the Governor's campaign," and I said, "Well, I have $1,000 here."

I looked at Mr. Boling and he said, "Give Mr. Brown the money."

Mr. KENNEDY. So you gave him the money?

Mr. JONES. I gave him $1,000 (p. 7471).

As Assistant District Attorney General Brown remembered the incident, it got under way thus:

* * * I was in the courthouse and as I came up the steps from the basement to the first floor, I ran into Mr. Boling.

Mr. Boling asked me if I thought there was any way they could help Spence Galloway and that he had gone to school

with Spence Galloway. And I said, "Boling, as far as I am concerned, I can't help Mr. Galloway. I prosecuted him and there are a lot of people in town interested in him (p. 7478).

Brown explained that he had known Boling for a number of years while working as a terminal manager for various trucking firms; he had served on the operators committee to negotiate citywide union contracts at the same time Boling was on the union's negotiating committee.

As to what immediately followed after his chat with Boling in the courthouse corridor, Brown presented a version drastically different from the Jones account:

> While I was standing there talking to Mr. Boling, Mr. Sam Jones came over and Mr. Boling introduced me to Sam Jones. It was the first time I had ever met him. Someone brought up the subject that Judge Schoolfield was going to run for Governor. I told him I understood he was and Mr. Jones said, "I have got $1,000 I want to contribute to his campaign" (p. 7478).

Brown admitted that under earlier questioning by Committee Investigator Duffy he had denied that he had taken the money to Judge Schoolfield. Now, however, he told the committee that he had refreshed his memory, and that he had indeed been the carrier. Boling was with him, he said, and the cash was in several bills, of what denominations he could not specify, but in any event not encased in an envelope.

> At that time court was not in session and Judge Schoolfield was standing in the door or there were people in his office or chambers and he came to the door and I gave him the money and told him at that time that it was a contribution from Mr. Sam Jones (p. 7479).

It was the very next day, June 23, that the judge reversed his earlier ruling and granted Galloway a new trial. Brown was asked his theory about this sequence of events, and said that he had none:

> The CHAIRMAN. It is kind of a strange coincidence, you will agree with that as a lawyer; will you not?
> Mr. BROWN. Well, yes, sir (p. 7479).

Brown's friendship with Judge Schoolfield, he told the committee, dated from 1948, when he was in the police department and the judge had just ascended to the bench. In 1950, he said, the judge appointed him foreman of the grand jury and in 1954, during the gubernatorial campaign, he made several speeches on behalf of the Schoolfield candidacy. A noteworthy sidelight on that contest was provided by Committee Investigator Duffy, who testified that the judge had filed no statement of his campaign contributions or expenses. Under State law failure to do so is a misdemeanor punishable by 30 days to 1 year and/or $100 to $500 fine.

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In advance of the testimony about the two cases adjudicated in Judge Schoolfield's court the chairman of the committee wired him as follows:

> I think it would be advisable that you attend hearings beginning Tuesday, December 17, 1957, at 2 p. m., as it is anticipated that testimony of a derogatory nature reflecting on your activities will be presented to the committee. You will be given an opportunity to testify (p. 7450).

Judge Schoolfield did not avail himself of this invitation, nor did he indicate a desire to appear later before the committee. On the basis of this the committee reluctantly had to let the record, with its obvious implications, speak for itself.

It may also be noted that of the teamster local officials directly linked with acts of violence during the course of this hearing, all but one—W. J. Reynolds, president of Knoxville local 621—have retained their positions of responsibility, unchallenged either by the membership or higher teamster authority.

Contradictory testimony at the hearings has been referred to the Justice Department, and Tennessee law-enforcement agencies have had commended to their attention evidence on a number of criminal acts on which the statute of limitations has not yet run out.

Findings—Organized Violence in Tennessee and Adjacent States

When labor violence assumes a regular rather than a sporadic pattern, the conclusion is inescapable that it is being used as a deliberate instrument of policy. That such has been the case among teamster locals in Tennessee is, in the committee's view, unarguable. So habitual has been their recourse to this primitive and odious means of enforcing union aims and settling scores with those in the path of these aims that the committee feels amply justified in its conviction that deep contempt for orderly processes of solution has been a ruling tenet of teamster officialdom.

1. The committee finds that topmost teamster officers in Tennessee themselves actively and enthusiastically engaged in acts of violence.

Glenn Smith, president of Chattanooga local 515 and of the powerful joint council 87, was identified with a number of dynamitings, arsons, and other acts of violence not only in Chattanooga but in Knoxville, in Jackson, Miss., and in Florida, at the time he served as an international organizer there.

W. J. Reynolds, president of teamster local 621 in Knoxville, was labeled, by the testimony of his office secretary and confidante, as active in the dynamiting of the car of a nonunion employee of a company being struck by local 621, and in the highway ambush and shooting of two trucks.

2. The committee finds that where leading officials among Tennessee teamsters did not personally participate in violence, they endorsed and supervised the activities of a roving goon squad assigned to do the dirty work in a reciprocal arrangement whereby any local in Tennessee and nearby States could call upon its services. The squad most frequently operated out of Nashville local 327, whose president is Don Vestal, and prominent squad leaders were three Nashville teamster officials just below the top stratum: W. A. (Hard-of-Hear-

ing) Smith, Perry Canaday, and Ralph (Red) Vaughn, all business agents of local 327. Added to dynamitings and arson, the fiendish accomplishments of this brute force included truck sirupings, window-smashings, shootings, and sluggings—usually from behind.

W. A. Smith was directly linked by committee witnesses to at least 5 dynamitings, assaults on at least 4 people, and numerous truck sirupings and tire slashings; Canaday to sluggings and window-smashings; Vaughn to 2 vicious beatings, in one of which the weapon employed was a motorcycle chain.

3. The committee finds that the Tennessee teamsters wilfully spread the poison of their theory and practice of violence to other unions in the State and locals of their own union in neighboring states. The barbers union in Tennessee abundantly availed itself of teamster goon power in its own membership drive, as did teamster locals in Mississippi and Florida when faced with strike and organizing difficulties.

4. The committee finds that Tennessee teamster officials manifested open contempt for orderly processes of settling labor disputes. Time and again witnesses testified that local officials tried to impose contracts on managements without recourse to an NLRB election. The minutes of one meeting of Nashville local 327 record a decision to "ignore" a Federal court injunction against picketing.

5. The committee finds that the teamsters' national hierarchy approved and abetted the activities of its officials in Tennessee. Joe Katz, owner of a large Nashville transport company, admitted to the committee that he had submitted to pressure from James R. Hoffa himself to persuade an employee to withdraw charges of assault with intent to kill against W. A. Smith. The Tennessee teamsters' regional ruling body, the Southern Conference of Teamsters, granted a $13,500 loan to Chattanooga local 515 when its two ranking officers, Glenn W. Smith and H. L. Boling, were under indictment—a loan that made up the bulk of an $18,500 "fix" to quash the case.

6. The committee finds that the teamsters' national hierarchy brazenly flouted the cause of law and order in Tennessee by failing to remove or to discipline in any way both proven criminals and known practitioners of violence among local officials of the union.

Many of the men who hold key offices in the Tennessee teamster locals and who were directly linked to violence by committee testimony have substantial criminal records going back over a period of years.

Glenn Smith served two penitentiary terms, one for robbery, the other for burglary and larceny; he has been convicted of assault and battery and indicted on charges of malicious damage and destruction of property;

W. A. Smith was arrested 17 times between 1934 and 1956 on charges which included drunk and disorderly conduct, operating a disorderly house, violating the State auto registration law (at which time dynamite caps and equipment were found in his car), and obtaining property by fraud;

Perry Canaday's police record included two arrests for disorderly conduct, 2 for drunkenness, 1 arrest for assault, 6 months in jail for breaking barbershop windows, and a conviction for felonious conspiracy to commit murder;

Don Vestal was arrested for assault with intent to commit murder, a charge on which he was finally convicted merely of assault and battery. Vestal, like the others just cited, took the fifth amendment before the committee in response to questions about another interesting period of his past, his alleged Communist Party membership until 1946 and chairmanship of the Fort Worth, Tex., branch of the party.

No hint of discipline for these men has come from national headquarters of the teamsters. Only one, W. J. Reynolds, president of Knoxville local 621, has been removed from office; and even so, according to testimony by his secretary, he was promised a good job in another local by international organizer Clarence Mendoza if he managed to "stay out of the pen for at least a year."

7. The committee finds that law-enforcement agencies at every level in Tennessee have been shockingly derelict in their civic duty toward teamster malefactions—how shocking may be seen from the fact that of 173 separate acts of violence tabulated by committee investigators, only 8 were brought to a conclusion in a court of law. Laxity and negligence in tracking down and bringing to justice teamster perpetrators of criminal acts have characterized police officers and higher municipal authorities of Nashville and Knoxville; the sheriffs' offices of a number of Tennessee counties, notably Davidson and Knox; members of the State highway patrol; and members of the Tennessee Bureau of Criminal Identification. Their failure to exercise their proper functions in this regard has in the committee's view, disgraced the honor of Tennessee and its decent citizenry.

In an almost endless procession of astounding admissions of police inaction, the committee was treated to such spectacles as these:

Testimony by John T. McReynolds, an investigator for the Tennessee Bureau of Criminal Identification in a case involving shootings at two trucks on a highway, that although he had an abundance of evidence linking W. A. (Hard-of-Hearing) Smith to both crimes, he ceased his inquiry merely because Smith refused to talk;

Testimony by Bob Caldwell, a Knoxville truckdriver whose car had been blown up and whose pregnant wife had been thrown out of bed by the explosion, that he had made a statement in writing about the incident to District Attorney General Clements the very next morning, that Clements had simply "passed the statement back," and that he had heard nothing more about the matter:

Testimony by a Nashville slugging victim, Lyn Schroeder, that although he had notified the Davidson County sheriff's office of his attack within 15 minutes of its occurrence, he was told that the "time lapse" made it impossible to do anything and was never shown any photographs so that he might identify his assailants;

Testimony by two witnesses to preparations for a Knoxville dynamiting that although they had positively identified W. A. Smith with the incident from photographs shown them by Nashville police officers, no further interviews or grand jury action ensued;

Testimony by W. D. Swanner, lieutenant of police in Knoxville, that although the supermarket owner whose store had been dynamited in the above-mentioned incident had told him of threats of "trouble" the day before by W. J. Reynolds, president of local 621, he had never even questioned Reynolds;

An affidavit by Paul Lever, a patrolman attached to the Davidson County sheriff's office in Nashville, that although he had stopped

Perry Canaday in a car which witnesses had located at the scene of a barbershop window-smashing only a few minutes earlier, he had let Canaday go without further ado because, among other reasons, he "never knew him to do anything like this."

In view of such examples, the committee felt no surprise, although considerable discomfort, in the steady reiteration by victims of Tennessee violence that they had not even gone to the police because they believed "it would do no good."

8. The committee finds that law-enforcement agencies in Tennessee accorded teamster criminals this scandalous immunity from prosecution because of an underlying and widespread fear of tangling with teamster union power. The committee was compelled to endure the degrading sight of key police officials testifying to a policy of complete laissez-faire toward teamster wrongdoing. Everett Gourley, coroner of Davidson County and its acting sheriff during a period of teamster violence in 1956, admitted that the sheriff's office had a policy of noninvolvement in labor disputes; and the present Davidson County sheriff frankly ascribed this policy to a desire for "self-preservation."

Knoxville police authorities, while not so explicit on the underlying causes of their lethargy, advanced reasons for it which the committee regards as feeble and implausible. Joseph Kimsey, police chief of Knoxville, a city of more than 125,000 population, described his department as a "little country department," with no money or equipment to cope with demands on it. Police Lieutenant Swanner tried to explain away his failure to question local 621's President Reynolds in the supermarket dynamiting with the incredible statement that if charges against Reynolds had not held up, the police might have been targets of a civil suit for false imprisonment, whereas if the charges had held up, and a case against Reynolds had been won, civic authorities would then have had to face such problems as the hiring of lawyers and court reporters and providing a transcript, and such possible added headaches as fighting Reynolds' appeals to higher courts.

9. The committee finds that the power of Tennessee teamster officials reached effectively into key sectors of local government.

A penitent ex-organizer for the union testified that when he and Perry Canaday, business agent for Nashville's local 327, were sent to Davidson County workhouse to serve terms for smashing barbershop windows, neither had to go out on the road gang—in line with Canaday's prediction that "somebody" would keep them off the gang if possible.

Kenneth Whitley, brother of a cab company owner who was having trouble with local 327, was fired from his draftsman's job for the Nashville city planning commission after pressing charges of assault against Perry Canaday. Whitley told the committee that prior to his decision to press charges City Attorney Robert Jennings had told him that if he dropped the case it would be a help to the "man across the hall"—Mayor West—who, he said, was having pressure put on him.

Another Nashville citizen assaulted by Canaday was advised by a police officer to take out a "Joe Doe" warrant against him, so that others around the courthouse would not know who was being sought. Later, when the victim and Canaday agreed to make peace privately, Canaday showed up with the warrant in his hands; he had managed

to secure it from official person or persons unknown without being even detained, let alone arrested.

President Reynolds of local 621, of Knoxville, according to testimony by his secretary, boasted that he had arranged with unspecified police officers to post a guard outside the hospital door of W. A. Smith to prevent his official interrogation at a time when he was directly implicated in truck shootings.

10. The committee finds that Judge Raulston Schoolfield, of Hamilton County Criminal Court in Chattanooga, besmirched his robes of office by his behavior in two cases which came before him, one directly involving top teamster officials in Chattanooga and the other a friend of one of the officials. Although Judge Schoolfield's actions came to the committee's attention as a secondary result of its investigation of the Tennessee teamsters, it cannot refrain from comment on this grave matter.

In the first case, concerning the indictment on 10 counts of violence of Chattanooga local 515's president and secretary-treasurer, Glenn W. Smith and H. L. Boling, and 11 others, Judge Schoolfield, after having reversed his own decision against postponing the case, quashed the indictment; later, after the case was remanded by the State supreme court, he directed a verdict of not guilty. The day before he reversed his original decision against postponing the case a local 515 check for $18,500 was made out to cash and charged to attorney fees; 3 days after he quashed the indictment another local 515 check for $1,500 was also made out to cash and charged to attorney fees. Local 515's attorney deposed in an affidavit that he had received none of either amount, and Secretary-Treasurer Boling himself boasted, according to one witness and according to records of the Internal Revenue Service, that the money had gone to "fix" the case.

The second case involved the conviction of James Spence Galloway, a service-station operator and school friend of H. L. Boling, for concealment of stolen property, and his sentencing to 3 years by a jury. Judge Schoolfield first overruled Galloway's appeal for a new trial, then overruled his own ruling and granted him the trial; when Galloway pleaded guilty and was again given a 3-year sentence, the judge that same morning granted his petition for a parole. The price for fixing this case, according to both Galloway and Sam Jones, a bondsman, was $1,000—given as a contribution to Judge Schoolfield's 1954 gubernatorial campaign. It may be noted that Judge Schoolfield did not file any statement of his campaign contributions or expenses during that campaign—a misdemeanor under State law.

Testimony before the committee concerning Judge Schoolfield remained unrefuted because of his refusal to accept the committee's invitation to appear before it. Within a short time after the hearings, however, this and other evidence in the committee's possession was turned over to law-enforcement agencies in Tennessee, and the matter is now in their hands.

State agencies have also moved in other directions. Both W. A. Smith and W. J. Reynolds have been indicted for the July 1955 truck shootings; and Glenn W. Smith and H. L. Boling have been indicted for income-tax fraud.

The 173 acts of violence perpetrated by the Tennessee teamsters resulted in a loss of more than $2 million in damage to property and

reduced profits to employers. Staggering though this sum may be, the committee believes that the damage done by this union to the citizens and to the proud traditions of Tennessee has been far greater—an injury of incalculable proportions.

International Union of Operating Engineers

Within the ranks of United States labor the men who handle heavy equipment form a distinct elite. On their skill and efforts depend our giant construction projects: our highways, bridges, subways, great buildings, military bases, atomic plants—all the many massive engineering feats essential to our national growth.

It would seem a foregone conclusion that any union made up of men so intimately a part of the mainstream of American progress would itself embody every advance achieved by the labor movement to date. This expectation is, however, at painful variance with the facts. Of all the unions subject to committee inquiry over the past year, none has proved more backward, more indifferent to the changing times, more incredibly feudal, than the International Union of Operating Engineers.

Under a constitution unworthy of the name and, even so, seldom observed except in the breach, IUOE members have dwelt in a state of servitude scarcely imaginable in the midst of a democratic society. Among the more blatant abuses to which they have been prey are these:

(1) Of a total membership of 280,000, all pay dues, but only 131,000—some 46 percent—are allowed to vote. The IUOE divides its rank and file into two main membership classifications: those who belong to parent locals as so-called senior members, and those who belong to various local subdivisions, including junior and apprentice engineers. Added to these 280,000 members are permittees, or out-of-towners who work on local jobs under union permit. Only the senior members can vote in local elections, and other members cannot join this upper crust except at the discretion of IUOE officers.

(2) Even for those permitted to vote, the franchise is largely farcical. Elections are held irregularly if at all; vital union matters are put up to voice votes whose relative strength is arbitrarily adjudged by the local boss.

(3) Trusteeships, also called supervisorships, have been imposed on 12 IUOE locals representing about one-fifth of the total membership, thus destroying even the merest semblance of their autonomy, since under such regimes a local's assets are seized, its elected officers are ousted, and no elections whatever are permitted. Added to the absolute nature of these trusteeships is the evil of their indeterminate duration. Of the IUOE locals now so saddled, 7 have been under trusteeship for at least 10 years, 2 of them for as long as 29.

(4) Theoretically the union constitution provides the rank and file with a means of ridding themselves of the trusteeship burden. If 25 percent of a local membership petitions the international president, he supposedly must hold a referendum to ascertain the wishes of the entire local membership in this regard. The ultimate decision is his, however, and the only appeal from it is to the general executive board, which is his creature.

(5) Neither in locals under trusteeship nor in those free of it does any accountability exist for union funds. Literally millions of dollars have vanished from the IUOE treasury, often reappearing in the form of improved living standards for union bigwigs. In at least two locals, the rank and file have had to kick back 5 percent of their salaries over and above the regular dues they pay.

(6) Collusion between IUOE leaders and management has been frequent, with certain favored contractors granted such concessions as paying IUOE members $1 an hour less than the wages prescribed in contracts.

(7) IUOE officials themselves have controverted the basic principles of unionism by owning companies with which they deal across the table as union negotiators.

(8) All these evils have been made possible and easy by a dictatorship which, like its counterparts everywhere, discourages its foes by all the foul means at its command. In the IUOE's case, these include job reprisals, threats, intimidation, and acts of violence up to and including murder.

Although no one individual can be credited as architect of the grand design for keeping the IUOE in thrall, the union has spent almost a third of its 62 years under the firm and powerful thumb of William E. Maloney. Elected international president in 1940, Maloney reigned unchallenged until February of this year, when he resigned, giving ill health as the reason, a week after the committee suspended its inquiry into the IUOE.

Maloney himself did not appear before the committee; a certificate from a Miami Beach doctor under whose care he has been for a cardiac ailment described the condition of the septuagenarian labor lord as very serious. Out of the testimony of union witnesses and documents submitted by committee staff members, however, came a clearcut delineation of a man thoroughtly steeped in autocratic concepts—one who had flouted every legality in his roughshod ride to power, and who, having got there, consistently sacrificed IUOE interests on the altar of his own abundant appetites, treating the union treasury as his private Fort Knox and winking at contract violations by employers with whom he had gainful side dealings.

A memorandum prepared by committee investigator Pierre Salinger, partly based on files of the Chicago Tribune and put into the record, traced Maloney's muscular climb from rank-and-file obscurity to the top of the heap. Arriving in Chicago around 1918, reportedly broke and in search of a mechanic's job, he became a permittee of local 569. By 1924 he was made a business agent by local president Edward Moore. By 1929, in an early show of his proclivity for repudiating his mentors, he split with Moore and sided with Arthur Huddell, then IUOE general president, in a plan to merge local 569 with local 42 of the Brotherhood of Shovelmen. Local 569, however, backed Moore; what happened at one of its meetings at the time was described to the committee by Clarence Donath, a hoisting engineer and IUOE veteran of 35 years. Maloney, he recalled, walked in with an ultimatum from Huddell that the local amalgamate with local 42 of the shovelmen:

> * * * The membership voted that they did not want to go over, so we stayed out and fought.

Mr. KENNEDY. Did they vote then on William E. Maloney?
Mr. DONATH. Yes, sir; they did. They voted to throw him out of the meeting and expel him from the union.
Mr. KENNEDY. Was that a pretty close vote as to whether to oust him?
Mr. DONATH. About 400 to 1.
Mr. KENNEDY. Leaving Maloney voting for himself and the 400 voting against him?
Mr. DONATH. That is right (p. 8253).

This vote, whose landslide nature revealed that Maloney had totally failed to win friends and influence people during his 5-year tenure as local 569's business agent, was also in a sense historic, for it records one of the few opportunities ever available to IUOE members to express their views of Maloney with full freedom. Local 569 was to pay for its rebuff, however. Obviously grateful for Maloney's support, IUOE president Arthur Huddell granted him a charter for a new Chicago local, No. 150, which had no members at all at the time, and made Maloney its supervisor, or trustee. Local 150, which has remained in trusteeship to this day, soon began absorbing local 569. With a callousness increasingly characteristic of official IUOE attitudes toward the rank and file, local 569 members who tarried over transferring were not allowed to carry over their death benefits, and the money which they had already put in for this purpose was thus confiscated. Donath, who held out until 1935, testified that he lost 5 years in death benefits and had to start fresh.

Not much time remained to Huddell to serve as Maloney's benefactor within the IUOE. A year after he had made Maloney a present of local 150, he was shot near the heart by a gunman as he sat in a Washington, D. C., restaurant; he died 10 days later of pneumonia. Of the two men with Huddell at the shooting, one was Frank E. Langdon, editor of the international newspaper, who was also shot; the other was an IUOE vice president, John Possehl, whom the gunman completely missed. Possehl succeeded Huddell as president of the union; a Washington Herald account of the crime, which did not bring even one arrest, reported that the gunman was George MacScullen, of Chicago, and that he had admitted having been hired by Maloney and Possehl to do away with Huddell and Langdon.

That Maloney evoked the same high regard from the new IUOE president as from the old was evident when, in January 1934, local 150 members notified Possehl that they had voted to oust Maloney, then out of town in Miami, and to call an election. Possehl snapped back with a sharp warning that this action bespoke rebellion and ordered the local to recognize Maloney's authority.

This abortive attempt to throw off Maloney's yoke, all the more remarkable because from its start local 150 had been his custom-built chattel, provided further telling proof that he would win no popularity contest if the rank and file were polled in unfettered fashion; local 150's ouster vote was 268 to 1. Admittedly the provocation was strong. Maloney, his assistant, John Lynch, and a dozen noted Chicago gangsters were then under indictment for extortion arising out of the operations of a notorious outfit called the Trucking and Transportation Association and informally known as TNT and Crime, Inc., which had wrung $1 million from contractors during 1932 and 1933. Maloney was later acquitted of this charge.

If Maloney failed to endear himself to IUOE members during the decade before he became their international chief, he was making cordial contacts elsewhere. Outlaw teamster locals in the grasp of such gangland celebrities as William J. (Three-Fingered Jack) White and Charles Fischetti, cousin of Al Capone, came to Maloney's aid with machineguns and pistols in his drive to stamp out the old local 569. Big Mike Carrozzo, boss of the Hod Carriers, Building and Common Laborers' Union, entered into a reciprocal arrangement with Maloney whereby one would pull off his workers to help the other coerce workers or enforce demands on employers; in addition, buttressed by goons, they jointly exacted payoffs from paving contractors. Again with Carrozzo, Maloney instituted a practice which was to continue in varied shapes and forms down the years of his IUOE presidency. With far from altruistic motives, he began to favor certain contractors, giving them the word as to how much to bid on what projects. Contractors outside the clique who tried to buck this system found themselves beset by strikes.

Roadblocks in Maloney's inexorable drive toward national IUOE power were little by little eliminated. Testimony before the committee reviewed one such case, that of Dennis Ziegler, leader of the fight to prevent local 569 from engulfment by Maloney's local 150. Ziegler had been an effective irritant; he and his associates had even obtained an injunction against Maloney's attempts to coerce local 569 members into his group. Then one night in February 1933, according to Clarence Donath :

> Mr. Ziegler left the office at the end of his day's work and went home on the streetcar and bus. He got off on the corner of the street he lived on, at Addison and Keeler, I believe it was, and he started to walk down the street, and this man came up behind him and shot him in the head and then jumped into a car and got away (p. 8254).

In the murdered man's possession was found a memorandum dated a year and a day before his death:

> At about 11:30 a. m. at La Salle and Jackson Boulevard, John I. Lynch and William E. Maloney pursued me north on La Salle Street, past the Board of Trade Building to Jackson Boulevard, where I eluded them by getting in a checkered cab. Lynch threatened to kill me. The exact language by him was: "You ——; I will get you yet."

The cab driver, located after Ziegler's death, confirmed the latter part of Ziegler's account, recalling:

> As he got in two fellows were standing close by the cab. One of them said, "I will get you yet, you son of a bitch." As I drew away I said to my passenger, "Were those guys fooling?" "Fooling, hell, those guys are really out to get me."

However damning his memorandum, Ziegler left behind two letters which provided an even more pungent commentary on the Maloney brand of union leadership. Both were written to AFL President William Green a month before Ziegler's murder. In the first Ziegler sought support for local 569's efforts to stay alive, explaining:

> The membership of the organization is sick and tired and disgusted with being classified as being dominated and controlled by the worst form of racketeers, hoodlums, and murderers in America. We want and demand freedom from this stigma.
>
> * * * this is not a hasty, ill-advised action by a handful of either disgraced or disgruntled members, but on the contrary among our men are to be found the very best mechanics, and old-time members are in the vast majority. We have a keen sense of responsibility. We fully realize that if we are to have a good, clean, honest, and efficient organization, it is up to the membership to make it so * * * (pp. 8255–8256).

Green's reply said in part:

> If you have complaints against the administration of the officers of the existing organization of Operating Engineers, surely there is a way by which your complaint can be considered and adjusted. No good purpose can be served by splitting the organization of Operating Engineers, dividing it into hostile camps fighting each other instead of fighting together * * * (p. 8256).

Ziegler's answering letter had the poignant ring of a prophet crying in the wilderness:

> In your letter you say "there is surely a way by which our complaints can be considered and adjusted." Do you have in mind any method by which this can be done, or any tribunals to which we may go? We are not permitted to assemble in convention.
>
> * * * Whole local unions are voted by supervisors appointed by the president of the International. Other local unions are bodily disenfranchised. The votes of other local unions are flagrantly miscounted so that we may be denied the privilege of assembling in convention and correcting the ills from which the organization suffers.
>
> In the absence of a convention the only remaining tribunal is the officers themselves whom we charge with misconduct. Are they to be permitted to pass upon the propriety of their own acts? Are they to be the judges of their own stewardship? What chance do we have to have our complaints considered and adjusted (p. 8256)?

Unchecked by the enmity of men of Ziegler's caliber, or by any other real challenge during his rocketing rise to ever greater power, Maloney became International president on September 21, 1940, even though at the time he, Lynch, and Carrozzo were under indictment with six other union officials on charges of conspiring to restrain the use of ready-mixed concrete in the Chicago area—an indictment subsequently quashed by the United States district court.

Having attained the IUOE heights by general executive board appointment after Possehl's death, Maloney had no reason to alter the course which had brought him there. Only a difference in degree marked his continued self-aggrandizement at union expense: he now had even larger areas to exploit.

Of Maloney's activities in this regard, two particularly absorbed the committee: his personal enrichment through union funds, and his relationship with Stephen A. Healy, owner of one of the biggest contracting companies in the United States, and thus a large-scale employer of members of Maloney's union.

Healy availed himself of the fifth amendment in his committee appearance, but certain pertinent aspects of his past are a matter of legal record. For more than a year he refused to come into the jurisdiction of New York at a time when a grand jury there was investigating the alleged extortion of contractors by Joseph S. (Joey) Fay, an International vice president of the IUOE and boss of its local 825, with whom this report will deal, in detail, later, and James S. Bove, successor to Big Mike Carrozzo as head of the hod carriers. New York authorities finally got to Healy in Florida—his home State, Illinois, had no reciprocal witness statute—but he jumped bail and went back to Illinois.

In May 1943 Fay and Bove were indicted on 7 counts of conspiracy and extortion; 1 of the overt acts of the conspiracy specifically cited was a conversation with Healy. In December of that year Healy, having up to then, in the words of New York County District Attorney Frank Hogan, ignored New York's pleas "to be a good citizen and come in here," finally appeared before the grand jury. He denied that he had talked to either Fay or Bove; he admitted, however, that he had paid Big Mike Carrozzo, Maloney's good friend, $125,000 to avoid labor trouble on a $21 million contract awarded him by New York State.

That Healy and Maloney himself had considerable rapport was attested to by Roy Underwood, a member of IUOE local 542 in Philadelphia, and its president and business manager from 1948 to 1952, during the temporary success of a rank-and-file effort to cast off its trusteeship. At one point in 1951, he recalled, the S. A. Healy Co. was engaged in a large Government project, Blue Ridge Summit. Local 542 began having trouble making the company comply with the contract the union had covering that area; the company itself would not sign a contract, Underwood explained, but automatically fell under the area agreement. After the IUOE agent on the spot had failed to obtain any satisfaction from Healy's superintendent in charge, Underwood personally stepped in:

> * * * I contacted Mr. Healy and told him what the situation was, that it could not be tolerated, that he would have to comply with the area agreements, as other employers were doing. He told me I better talk to Bill Maloney before I insisted on anything (p. 7945).

Next, Underwood recalled, he received a telephone call from Maloney:

> * * * he was very incensed over the fact that our agent up in the area had insisted that S. A. Healy Co. comply with the terms of the existing collective bargaining agreement and told me to keep that agent away from him and to leave him alone.
>
> I said, "Why should he be treated any differently than any other employer in the area?" and he said, "Because he is a

friend of mine and that is all I should have to tell you. Keep away from him and leave him alone." I said, "I am sorry, Mr. Maloney, but we cannot do that. We can't have 1 operating 1 way and another the other way. The contract must be enforced."

He called me on another occasion when I told Mr. Healy it would be necessary to take the men off the job unless he complied with the agreement. He called me again and told me not to disturb that job. It went on, I guess, for about 3 or 4 weeks, and I tried to induce Mr. Healy to go along with the contract, rather than have an altercation with the general president (pp. 7945–7946).

One of the main points of friction, Underwood declared, was Healy's refusal to make payments into the union's welfare fund. When he continued to balk, the union pulled its men off the job. Within 4 or 5 hours a summons came from Maloney; Underwood was to go to New York and confer with Healy. The meeting ended in deadlock, and Underwood, sticking to his guns, instructed the agent at Blue Ridge Summit to stop the job unless Healy paid into the welfare fund. He also informed Healy of this fact, and a check for the welfare fund then arrived from him—some $10,000 or $12,000, Underwood recalled.

The Philadelphia area was not the only one where Maloney demonstrated his fondness for the Healy Co. In Chicago, too, the firm was a "favored contractor." Clarence Donath of local 150 told the committee:

* * * at one time they had a contract on the sanitary sewer job, and this contract run over the prevailing wage rate for the year, into another year. So Mr. Lynch was chairman at that time, and he prevailed upon the men that worked for Mr. Healy to stay there and finish out the contract.

I have a statement from one of the men that worked on the job that when they worked overtime they didn't get the overtime scale of wages. They were paid the straight-time wages for overtime.

Mr. KENNEDY. Was it generally understood among the members of local 150 that S. A. Healy got preferred treatment?

Mr. DONATH. Yes, sir.

Mr. KENNEDY. And that the union conditions were not enforced for the S. A. Healy Co.?

Mr. DONATH. That is right (p. 8264).

Such was the extent of the harmony between Maloney and Healy that they jointly engaged in 2 oil-well ventures in 1950 and 1951, along with Orville Soucie, at the time 1 of the 3 International trustees in charge of going over the IUOE books, and head of the union local in Terre Haute, Ind., who is now serving time in the Federal penitentiary in that city for extortion. The first venture began, Committee Investigator Alphonse F. Calabrese testified, when an associate of Soucie's asked him if he could get $15,000 to invest in an Indiana oil well:

Mr. Soucie went to Miami and interested Mr. Maloney, the international president of the IUOE, and according to Mr.

> Soucie, whom I interviewed in the Federal penitentiary last November, Mr. Healy happened to walk into the home of Mr. Maloney in Miami Beach, and at that time Mr. Healy became interested in it (p. 8157).

Operating under the name of M. H. & S. Associates, the 3 men then invested $5,000 apiece in the venture, which resulted in a dry hole and loss of most of the money put in; an investment of $6,000 apiece in another Indiana well also proved a failure.

Although these were the only two instances on record linking Maloney and Healy financially, the committee found unusually interesting some evidence presented before it as a result of a study of the books and records of the S. A. Healy Co. by Committee Investigators Jack S. Balaban and Harry J. Moran. Balaban testified that during the years from 1950 through 1956 a total of $228,923 in checks was drawn to Healy, his son, and several other people and charged to nondeductible expenses.

> Mr. KENNEDY. What does that mean by nondeductible expenses?
>
> Mr. BALABAN. It means that they were not taken into consideration as a business expense in preparing the income-tax returns of the S. A. Healy Co. (p. 8167).

Balaban added that the $228,923 did not include other such nondeductible expenses as political contributions or cash Christmas gifts to members of the Healy family.

> Mr. KENNEDY. Can you think of any legitimate expenses that a company could have which could not be deducted, other than the ones that you have mentioned?
>
> Mr. BALABAN. No, I cannot; sir.
>
> Mr. KENNEDY. If you were making a payment to a government official or to a union official, or any matter such as a payoff, those kinds of expenses could not be deducted, is that correct?
>
> Mr. BALABAN. That is correct, sir.
>
> Mr. KENNEDY. So they would have to be listed as nondeductible expenses?
>
> Mr. BALABAN. That is correct (p. 8167).

Affidavits from all the various recipients of $228,923 in checks deposed that after cashing them they had given the money therefrom either directly to Healy or to Richard J. Hill, a company vice president, who filed an affidavit to the effect that he, in turn, had passed the money along to Healy. The recipient of the major portion of the $228,923 in checks was Healy's own son, T. B. Healy, who was not in the company's employ. In his affidavit, T. B. Healy deposed that he had received checks amounting to $177,300 of the total, adding:

> I, in every instance, obtained cash, and turned over this cash to my father, Mr. Stephen A. Healy. I do not know what he did with this $177,300 which I turned over to him (p. 8172).

Committee Investigator Moran testified that Healy, senior, did not report the receipt of any of the $228,923 on his income-tax returns.

Senator MUNDT. So either his income-tax report was fraudulent, or he, in turn, transmitted all of this money to some third party?

Mr. MORAN. That is correct (p. 8172).

A notable postscript to this transaction was provided by Balaban, who testified that after committee investigators moved into the Healy Co. entries were made in its books transferring the sum of $228,923, originally charged as nondeductible expenses, to the S. A. Healy long-term obligation account. Thus, it was made a personal payment to Healy for cash and equipment he had turned over to the company when it was started some 20 years ago.

No less astounding than the information turned up by the committee's investigation of the S. A. Healy Co. were the fruits of its second main line of inquiry into the affairs of William E. Maloney—the personal affluence he had achieved directly through his command of the IUOE exchequer. Although Maloney had turned over certain books and records, a committee request for an affidavit that these constituted all his books and records went unfulfilled. In addition, committee investigators had unearthed the existence of 10 safe-deposit boxes in either Maloney's name, or his wife's name, or their joint names, and had found an 11th believed to belong to him although in the name of his stepfather, now deceased. Of these repositories, 6 are in the Chicago area, 2 in Washington, D. C., where the IUOE has its headquarters and Maloney maintains an apartment, 1 in Miami, convenient to his winter home in Miami Beach, 1 in New York, and 1 in Los Angeles. Maloney not only refused access to his safe-deposit boxes but would not attest that these were all he had.

Despite the absence of the IUOE leader from the hearings, testimony by committee investigators provided a well-rounded picture of the bounteous life he had been able to carve for himself out of the dues of IUOE members.

Maloney's income-tax returns from 1950 through 1956, according to Balaban, reported an income from the union during these 7 years totaling $388,758.13, including both salary and expenses, whereas in actual fact Maloney received a total of $742,228.20 from the union—a mere $353,650.07 more than he had declared. From this latter figure, investigators using what Balaban described as a "rather liberal" construction had subtracted payments which they felt "may have been partly legitimate." These amounted to $182,539.90, leaving $171,116.17 for which no legitimacy whatever could be claimed.

Entirely apart from these totals was $35,000 in union funds spent for the purchase in February 1949 of a 47-foot yacht, the *Half Moon*. An affidavit filed with the committee by Howard F. Bond, of Miami, the yacht broker in the deal, testified that the late F. A. Fitzgerald, then international secretary-treasurer of the IUOE, and an unidentified companion came to his office late one morning:

> The two men were in a hurry because they said they were en route to the horse races. They looked at the *Half Moon* briefly, expressed interest, and departed in a matter of minutes.
>
> Later on the afternoon of the same day, after time for the races to be over, the same 2 men returned to my office accompanied by about 6 other men, all of whom indicated that

> they were with the same union, the IUOE. This group of union men took a quick look at the *Half Moon*, after which they went for a ride on her not lasting over 20 minutes. Thereupon, they decided to buy the *Half Moon;* and offered $35,000 for it.
>
> * * * The entire transaction was very easy and fast. The visit of the 8 union men at my office and docks did not last over 30 minutes altogether. On or about 2 days later, or February 4, 1949, the $35,000 check drawn on the account of the International Union of Operating Engineers was received by me (p. 8190).

This expenditure was charged to "Expense account funds," according to Committee Investigator James Mundie, who produced photostatic copies of the check itself and of the voucher describing its purpose as the purchase of a "boat." The check was dated February 2, a day prior to the unanimous approval of the purchase by the general executive board of the union, then assembled in Miami.

Although the minutes of the meeting described the function of the vessel as an "inspection boat" which would enable "periodical and emergency trips" to observe construction work along the Atlantic coast and inland waterways, the *Half Moon's* skipper, Cecil Braund, who had been hired at the yacht broker's recommendation, and who testified that the union paid his salary, gave a considerably different version of the use to which the *Half Moon* was put:

> Mr. KENNEDY. Has it been used for pleasure trips by Mr. Maloney, and his wife and other union officials?
>
> Mr. BRAUND. It has, at times, yes, sir.
>
> Mr. KENNEDY. Has it, to your knowledge, been used to inspect coastal construction work?
>
> Mr. BRAUND. Not to my knowledge, sir. Of course, that was possible, as we were running along somewhere.
>
> Mr. KENNEDY. But you were never told to go out to inspect coastal construction work?
>
> Mr. BRAUND. I can't say that I have, sir (p. 8194).

Braund added that the *Half Moon* was primarily used in Florida during the winter season from January to April, the same time of Maloney's annual residence there. Of the few trips the boat made north, Braund cited one to Long Island during the summer of 1949, at which time the *Half Moon* was put at the disposal of Joseph J. Delaney, then an international IUOE vice president, later its secretary-treasurer, who had a summer home there.

The total cost to the IUOE of this craft, excluding its original purchase price but including the skipper's salary and expenses of operation, totaled $85,535.91 from 1949 through 1956, Mundie reported.

That Maloney's weakness for travel in style extended beyond jaunts on the *Half Moon* was apparent from testimony concerning a trip he and Mrs. Maloney made to Europe in 1950. Appointed by the Secretary of Labor as an adviser to the United States delegation to a 3-week international labor conference in Geneva, Switzerland, Maloney received from the United States Government a total of $1,001.85 to cover his transportation and expenses. But he was also given a $10,000 advance by the IUOE, with which he purchased a like amount in

traveler's checks; more than 7 years later, committee investigator Calabrese testified, $4,420 in those checks have not been cashed; they are still "out" on the books of the American Express Co.

> The CHAIRMAN. Are they still good? If they are presented, could they be cashed now?
>
> Mr. CALABRESE. I would say so, Senator.
>
> The CHAIRMAN. That is one way, then, of laying a little money aside for a rainy day.
>
> Mr. CALABRESE. We feel perhaps they may be in one of those safe deposit boxes.
>
> The CHAIRMAN. I expect that you are right (p. 8200).

Over and above the $10,000 advanced him by the IUOE for this transatlantic journey, Maloney incurred $3,387.29 in other expenses paid by the union, including $1,054 for photographs taken at his bon voyage dinner, $63.60 for a suitcase, $411.19 for a camera and attachments (an item disguised on the IUOE voucher as a "recording machine"), $60 for gratuities for the trip, $72 for better accommodations aboard the *Queen Elizabeth*, $465 for his wife's transportation, and $900 for a Chevrolet purchased from an American citizen in Paris and returned on the homeward bound ship at Government expense; the subsequent fate of this car could not be traced.

The $10,000 advance—approved by the IUOE executive board, whose salaries Maloney himself set—was handed to him in a lump sum, and he made no accounting for it. Indeed, the chore of substantiating expenditures was apparently never to the taste of the IUOE boss; not once, in the 7-year period studied by the committee, did he deign to provide such proof. With regal disregard for the rules which bind lesser men, the only acknowledgment he would make of expenditures was in the form of slips, with nothing to back them up, indicating that he had spent so much for entertainment, hotel bills, railroad fare, and so on.

Maloney developed to a high art the technique of extracting from various organizational sources double and often triple expenses for the self-same trips to meetings and conventions. From 1950 to 1956, Committee Investigator Marshall T. Gould testified, such duplicate outlays for Maloney totaled $69,100—over and above his expenses for hotels and entertainment.

One case in point occurred between the 1st and the 14th of February 1956, when he attended three meetings in Miami Beach. One was a meeting from February 1 to 4 of the executive council of the building and construction trades department of the AFL, which paid him $1,000 to attend; the next was an executive council meeting on February 6 of the metal trades department, for which the IUOE paid him $700; the last was an executive council meeting of the AFL, which paid him $700. In addition to this $2,400, however, he received a total of $581.48 from the IUOE to cover hotel and other incidental expenses during the same 2-week period. Maloney declared none of this on his income-tax return.

Another case in point involved Maloney's receipt of expenses for one meeting from both the international and local 150 of the IUOE, which has remained under his direction and control since its founding 29 years ago, although in recent years someone else has held the title of supervisor. For an IUOE convention in Chicago from

April 9 to 13, 1956, Maloney received $700 from the international and at the same time $500 from the local. He also claimed and received $255 in expenses for this period—again declaring none of the $1,455 total on his income-tax return.

Maloney even pulled off the deft stunt of receiving payments and expenses for meetings at which he was not present. On one occasion, an IUOE executive board meeting in Chicago on May 14 and 15, 1956, he received $700 from the IUOE, also charging the union $52.61 for a room and $5.61 for a restaurant expense, at a time when he was in a Chicago hospital, according to the hospital's own registration records. Later that same month, on May 31, he received $1,000 from the building and construction trades department of the AFL for an executive council meeting in Washington, D. C., whereas his daily expense account showed that he charged $21 for dinner and entertainment in Chicago on that day.

The ways and means by which Maloney battened on union funds were almost endless in their variety. From 1950 through 1956 the IUOE paid the rent on his personal apartment in Washington, D. C., a total of $17,472.10. Further to sweeten his sojourns in the Nation's Capital, the international also footed the bills for telephone, garage, and maid service at this apartment; it bought him two cars for his use while in that city, a Cadillac in 1952 for $5,013.65, and a 1958 Chrysler for $6,418. This second car was purchased from former international vice president, Joseph Fay, turned car salesman after his release from prison for extortion.

The IUOE's generosity toward its head man did not cease with these handsome gestures. From 1950 through 1956 it paid $4,575 for his racetrack memberships and $4,140 for his membership in a Florida country club. Among separate personal items it purchased for him, according to investigator Jack Balaban, were a diamond and platinum wristwatch, $1,250; a suitcase, $91.50; eight hams, $107.35; shirts, $144.12; a pair of shoes, $24; and an RCA television set, $585.60.

> Senator CURTIS. You do not know whether they were gifts for anyone?
>
> Mr. BALABAN. Not that we know of. The bills are out showing that they were received by Mr. Maloney. We have the backups for all of these items (p. 8238).

Although, as international president, Maloney was supposed to receive his entire salary and compensation from the international, and to perform any services for any local as part of his services for the international, he derived lush benefits from his Chicago captive, local 150. Investigator James Mundie testified that local 150 bought Maloney 4 Cadillacs, at 2-year intervals from 1950 to 1956, respectively priced at $4,590.40, $5,400, $5,800.17, and $6,557.11; on at least the last 2 cars the local also paid gas, oil, and storage costs, including those incurred by Mrs. Maloney. Maloney sold the 1950 and 1952 Cadillacs for $2,000 apiece to Newell J. Carman, an international vice president; the first $2,000 went into local 150's account, but the second $2,000 went into Maloney's own personal checking account at the First National Bank of Chicago—an agreeable bonus atop the total $22,300 Cadillac expenditure on his behalf.

Totally unaccountable to local 150's rank and file, its officers demonstrated that such liberality by no means plumbed the depths of their

devotion to the man who had handpicked them for their jobs. Among other purchases for Maloney out of local 150 funds were an air conditioner, $386; a TV set, $289.45; and an encyclopedia, price unknown.

James Crane, currently the supervisor of local 150, initially attributed the arrangement whereby Maloney received expenses and other items and gifts from local 150 to a period "before my time." He later admitted, however, that he had bought a Cadillac for the IUOE boss, explaining this purchase as follows:

> Mr. KENNEDY. Why did he receive a Cadillac?
> Mr. CRANE. Because it has been the past practice of giving him a car. He is a paid up member of local 150.
> Mr. KENNEDY. So the membership gets together and gives every paid up member of 150 a car?
> Mr. CRANE. That I don't know.
> Mr. KENNEDY. Does every member of 150 get a Cadillac?
> Mr. CRANE. They do not.
> Mr. KENNEDY. I thought you said the reason he did was because he was a paid up member of 150.
> Mr. CRANE. And the president of the international union. You might say he is a trustee of local 150. Being the president of the international union I presume he would be a trustee, too.
> Mr. KENNEDY. Does every union trusteeship give a Cadillac?
> Mr. CRANE. Not to my knowledge.
> Mr. KENNEDY. You took this up with the membership?
> Mr. CRANE. I did not (p. 8291).

James R. Bansley, a certified public accountant and the auditor for local 150, whom Maloney had hired in the early 1930's, testified that the rank and file received an annual "financial statement." Queried as to whether it was a "faulty" one, Bansley thought not, but made this admission when asked if he reported Maloney's television gift in the statement:

> It wasn't probably set out that Mr. Maloney got the gift of a television set, but it was probably included in the expenditures of the union.
> Mr. KENNEDY. As a general matter, in the expenditures?
> Mr. BANSLEY. Yes, sir.
> Mr. KENNEDY. Nobody would know, then, that Mr. Maloney got a television set?
> Mr. BANSLEY. Not from reading that statement; no.
> Mr. KENNEDY. Did they know that he got an air-conditioning outfit?
> Mr. BANSLEY. No; not from reading the statement (pp. 8227–8228).

Bansley also revealed that he prepares Maloney's own income tax return as "a gratuity, let us call it." He explained that he had simply based his calculations of those returns on information supplied him by Maloney and the international. Inquiry as to his reaction to the evidence presented by committee investigators of a vastly larger income

for Maloney than had been reported to the Internal Revenue Service elicited this exchange:

> Mr. KENNEDY. Are you surprised and shocked to hear it?
> Mr. BANSLEY. I am very much surprised that your figures would come anywhere near, let us call them, the boxcar figures that have appeared here today (p. 8225).

Final word on Maloney's disinclination for publicity about his resources came from the international's bookkeeper, Elizabeth Cecelia Leahy. Miss Leahy, an employee of the IUOE since 1929, testified that she kept the books and records which would indicate Maloney's expenses and that Maloney himself had verbally instructed her not to report to Internal Revenue Service any expenses other than his expense checks from the IUOE's general executive board; even those, she added, had been reported only since 1955.

Plainly a meticulous recordkeeper, Miss Leahy explained that she had obeyed Maloney's instructions but had also made notations of them on the pertinent ledger sheets, photostatic copies of which were placed in evidence. Typical of them was one which recorded Maloney's receipt of $3,500 in blanket expenses, and which had typed at the right-hand corner:

> Not to be posted to the accounts per W. E. M., verbal instructions by telephone from Florida, 1–28–48, to CL (p. 8222).

As in all one-man dictatorships, Maloney tolerated the excesses of regional gauleiters in good standing. While indisputably the past master of the art of using the union as the vehicle of his own selfish aims, he voiced no objections to similar if somewhat smaller-scale activities by these loyal lieutenants. The shocking scope of these activities appeared in the committee's examination of five separate IUOE local situations in San Francisco, New York, Newark, Philadelphia, and Chicago.

San Francisco Local 3 of the Operating Engineers provided the committee with the first example of how the affairs of this union are run. Local 3 was chartered by the international in 1941 as a result of a merger with another operating engineers local in the California city. It has had virtually the same officers since July of 1941: the

business manager, Victor S. Swanson; the president, Patrick Clancy; the recording secretary, Clarence F. Mathews; and the treasurer, Porter E. Vandewark. Local 3 comprises 24,000 members in northern California, northern Nevada, the State of Utah, and the Hawaiian Islands. It is the largest single local within the Operating Engineers Union and claims the largest physical territory of any union local in the United States.

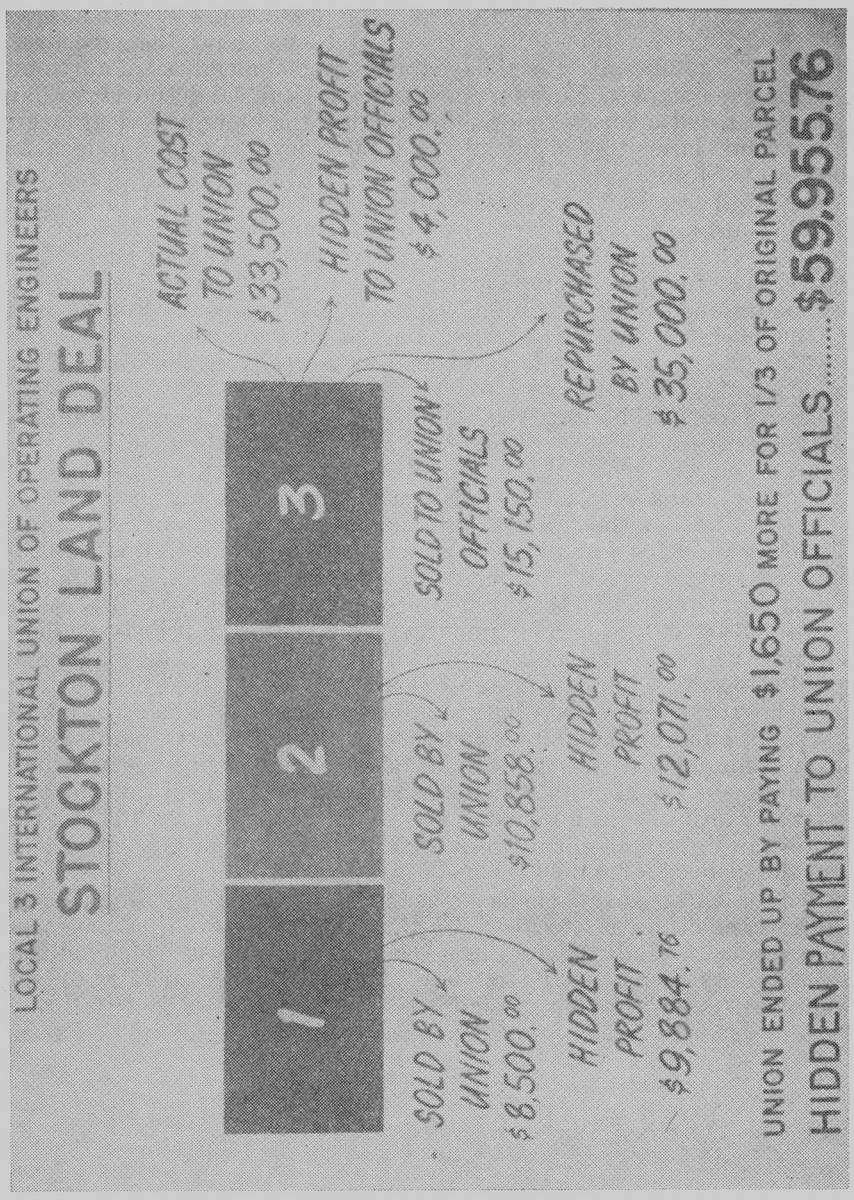
The local was put into trusteeship by the international in August of 1957, but in the period from July of 1941 until that trusteeship, the bylaws of the union called for one monthly meeting to be held in San Francisco. The average attendance at these meetings, according to the minute book of the union, was some 150 members. For some of the members of the union, attendance at meetings is a virtual impossibility since they reside as far as 2,400 miles from the scene of the union meeting.

The affairs of the union were run by an executive board dominated by the 4 aforementioned officers, 3 of whom, in addition to their titles as union officers, held jobs as union organizers at an annual pay of around $11,000 a year, at the pressure of Business Manager Swanson.

At the time of the hearing, this union had a net worth of some $3 million, and for a number of years it had an income in dues, initiation fees, and from other sources of around $1 million per annum.

The focal point of the inquiry into the affairs of local 3 was the manipulation of the local's funds by these executive board members without the knowledge and consent of the members. These financial speculations fell into a number of categories: (1) highly irregular financial transactions involving union purchases and sales of land; (2) channeling of the union's construction business into the hands of business manager Swanson's son, Marshall Swanson, and the Marshall Development Co. at highly favorable terms for young Swanson; and (3) the raiding of a union defense fund, ostensibly set up for the purpose of fighting right-to-work legislation and other legislative acts considered to be of a deleterious nature to labor.

The committee spent some time hearing testimony on a tangled real estate transaction in Stockton, Calif. This transaction can best be followed by a study of the attached chart prepared by committee investigators. (See chart, p. —.) Essentially, the details of the land deal, as outlined by a committee staff member, were as follows: In March of 1955, the union acquired a piece of land in Stockton.



The purpose of this acquisition was to erect a union hall to relieve the pressure on an antiquated building which the Operating Engineers were then leasing in the city of Stockton. The authority for the purchase of land was contained in the minutes of a 1953 executive board meeting, which authorized the officers to purchase land, where necessary, for the erection of union buildings for the local in various areas of northern California. This the union had done in Eureka, Redding, Marysville, San Jose, and Fresno.

It should be noted here that the enabling resolution, while containing authorization for the purchase of land, contained no such authorization for the sale of land. This, as the evidence developed, became important.

The price of the land in Stockton was $28,500, but the union actually paid $33,500 for it. This they did with two checks: one for $3,350, payable to a Stockton real-estate broker, Raymond Stivers, who was acting as agent for the Karl Ross Post of the American Legion, which was selling the property, and a second check in the amount of $30,150, payable to the order of the Stockton Abstract & Title Co. After the deal went through escrow, a check for $28,500 was drawn by the Stockton Abstract & Title Co. to the Karl Ross Post for the purchase of the property; $1,000 was paid out in commissions to various parties (whose identity for the purposes of this investigation remains immaterial); the remaining amount, a check for $4,000, was drawn to the favor of Ed Doran, the resident business agent of Operating Engineers Local 3 in Stockton. This last check bore Doran's endorsement showing he had cashed it.

The union then proceeded to divide the property into three parcels. Parcel 1 was sold to 2 Stockton doctors. The evidence shows that the union was bilked in the sale of this land, because the true price of the land was $20,000, whereas the union got only $8,500. This was accomplished through the use of a dummy, the same Mr. Stivers named above, to whom the union sold the land on the very same day that Stivers turned around and sold the land to the two doctors. An examination of the escrow agreement at the Stockton Abstract & Title Co. showed that a check for $8,500 was drawn to the union and a check for $9,884.76 drawn in favor of Doran. The remaining figure to make up the $20,000 total was paid out in commissions. An examination of the check to Doran showed that he had cashed it the same day he had received it, January 15, 1956.

The same type of transaction was made in relation to parcel 2. This one was sold to a Stockton man for $24,900, but the records showed that the union received only $10,858. Again the same dummy was employed, Stivers. The land was sold to him and transferred by him on the same day into the hands of the Stockton purchaser. Out of the escrow a check was drawn to the union in the amount of $10,858, and another check drawn to Ed Doran in the amount of $12,071. This latter check bore the endorsements of Ed Doran and Victor S. Swanson, in that order.

The $12,071 check, payable to Ed Doran and showing the endorsement of Doran and Swanson, was traced by investigators to a San Francisco bank where it was found to have been used for the purchase of three cashier's checks. One of these was in the amount of $800, payable to Pat Clancy, the local's president; the second was payable in the amount of $3,950 to Ed Doran; a third was payable to the order of Victor S. Swanson, in the amount of $5,721. The remaining portion of $1,600 had been taken in cash.

The third parcel had the most fascinating history. It was sold on February 8, 1956, to Victor S. Swanson and Ed Doran for $15,150, held by those 2 men for 1 day less than 6 months and sold back to the union for $35,000.

Counting the original purchase of the land, the disposition of the 3 parcels, and the resale of parcel 3 to the union, officials of the union

had received a secret profit of $44,805.76. This included the $4,000 on the original purchase, $9,884.76 and $12,071 on the sales of parcels 1 and 2, and a profit of $18,850 (with the commissions paid out) on the resale of parcel 3 to the union by Doran and Swanson. The union had received a total of $34,508, or a profit of $1,008 from the sale of the 3 parcels, and then purchased one-third of the original parcel back for $35,000.

Another important fact should be noted in relation to this land transaction. First, after the original purchase of the land by the union, the union's Stockton attorney applied to the city of Stockton to have the parcel incorporated within the city limits. This was accomplished on October 28, 1955. The very act of incorporation appreciated the value of the land. This was taken into account in the sales of parcels 1 and 2. But in the purchase of parcel 3 by Doran and Swanson, this increase in land value was not taken into account, and the 2 union officers paid the union the same value per front foot which the union originally paid for the property back in 1955.

With these facts as background, the committee questioned the participants in the transaction to attempt to determine what had happened. This drew a mass of contradictory testimony which the committee has referred to the Justice Department for possible perjury action.

The testimony of Ed Doran, the Stockton business agent, actively implicated Vandewark, Mathews, Clancy, Victor Swanson, and himself in the land-fraud scheme. He said he first became aware of the piece of land while driving to work each day. He had passed the property a number of times and read in the paper one day that it was about to be condemned by the county. He said he checked around and found that the land could be purchased, and called the San Francisco office of local 3.

Patrick Clancy and Clarence Mathews drove to Stockton and looked over the property with him. Doran said he told the two union officers that he thought that the property could be purchased for $33,500. Doran then called the American Legion post which actually owned the land and after several meetings with them was told he could buy the property for $28,500. He said he called San Francisco to try to convey this news to Swanson. Swanson was not there so he relayed the information to Vandewark.

> I told him I could get it for $28,500 and he said, "Well, let it go through for $33,500."

Doran then made an arrangement for the American Legion post to sell the land to a dummy, his next-door neighbor, Raymond Stivers, and then have Stivers sell it to the union. With the commissions paid, the remaining amount came to $4,000. Doran said a check for that amount was drawn in his favor out of the escrow. He said he first took the check to the Internal Revenue Service in Stockton to find out what the tax on it would be. He cashed the check, paid this amount, kept out another amount for State income tax, and took the difference to San Francisco in cash.

Doran said that Victor Swanson walked in just as he was making the payment to Vandewark and that he told Swanson that Vandewark had received the money. Doran said that he later got $5,000 in cash out of the transaction.

Mr. KENNEDY. And all three of you were aware of this deal, Swanson being aware of it as well as you and Vandewark?

Mr. DORAN. I believe so.

Mr. KENNEDY. Well, you told him, you said.

Mr. DORAN. Yes (p. 7683).

On parcel 1, Doran said he got off for $20,000 for the property. He said he communicated this information to Swanson and it was decided between them that the union should sell the property for $8,500, with a dummy being used to camouflage the rest of the deal. Doran conceded that out of this escrow he received a check for $9,884.76, which he cashed. He again went to the income-tax bureau, paid the taxes, and turned the difference over in cash, about $8,000, to Victor Swanson. He said that Swanson later gave him $800 in cash.

Mr. KENNEDY. Did you demand more than that?

Mr. DORAN. No. I am a peaceful citizen. I am just going along with this thing (p. 7685).

On parcel 2, Doran said a similar thing happened:

Mr. DORAN. Again I called the San Francisco office, and again they told me to sell it under the same conditions. I am talking about Vic Swanson, now. He told me to sell it under the same conditions.

Mr. KENNEDY. How did you decide at what price you would sell that property? How did you decide what profit you wanted to make on it?

Mr. DORAN. Well, they wanted to sell it for more than they bought it for. They wanted to make a profit on it.

Mr. KENNEDY. So that the union would appear to be making a profit?

Mr. DORAN. That is true (pp. 7685–7686).

Out of this escrow, Doran conceded again receiving a check for $12,071. He went to the Internal Revenue Service to check on the tax and found that would be $3,950. Then, according to his testimony, he turned the check over intact to Victor Swanson. A day or two later he said he received a cashier's check for $3,950 from Swanson which he turned over to the Internal Revenue Service. The $3,950 check does indeed bear the endorsement of the Internal Revenue Service. Doran said that out of this deal he also received $1,200 or $1,250 in cash from Swanson.

Senator MCNAMARA. On the basis of the information just presented to the committee, would you assume the $800 paid to Mr. Clancy was for his share of this cutup?

Mr. DORAN. I think it would be. That is just my opinion, though.

The CHAIRMAN. That was the whole purpose of it, to divide it up, wasn't it?

Mr. DORAN. I think so.

The CHAIRMAN. That was your understanding?

Mr. DORAN. That is right (p. 7688).

Doran said that he and Swanson then bought parcel 3 from the union with the idea of putting up a trailer court. After Doran

suffered a heart attack, however, this plan went by the board, and when the union found itself in need of land again to build a building in Stockton, he said that he and Swanson sold the property back to the union for $35,000. Doran said a dummy was used in this transaction because—

> I probably got in the habit of going through the dummy and this thing came the same way.

Doran testified that the union officers had planned to do the same thing with another piece of property in Stockton, had not this committee begun its operations in February of 1957. He said that the union owned a piece of land known as the Kenworthy property for which the union had paid $35,000. He said he received an offer from a real-estate agent who said that an outdoor theater chain wanted to buy the property and was willing to pay $4,000 a month for 10 years, with an option to buy the property at the end of 10 years for $40,000.

Doran said he discussed the matter with Vandewark, and Vandewark inquired as to the possibility of the union officers and Doran's purchasing the property. He later met Vandewark and told him this could not work out because Mathews and Clancy could not raise the necessary money. According to Doran, Vandewark then suggested the setting up of a corporation which could buy the land from the union at the union's cost and repay the union out of the profits made from the lease to the outdoor theater people.

> Mr. DORAN. Mathews called me on the phone one day and he told me to come to Stockton, and I believe it was in February of 1957. He called me and he said, "Wait there in Stockton," that he wanted to see me.
>
> He met me out in front of the new Labor Temple, that was under construction at the time. He said that the McClellan committee was going to investigate this whole transaction, and forget about the whole thing, and he got in his car and away he went, and that was the last that I ever heard of that deal.
>
> Mr. KENNEDY. So it never went through?
>
> Mr. DORAN. That is right.
>
> Mr. KENNEDY. You contemplated doing the same thing and making the same kind of killing that you made in the Stockton transaction but it never went through?
>
> Mr. DORAN. That is true.
>
> Mr. KENNEDY. You recognize, do you, Mr. Doran, that you acted improperly in the Stockton land deal?
>
> Mr. DORAN. Yes, sir.
>
> Mr. KENNEDY. And you recognize that your testimony here regarding the involvement of several other union officials conflicts directly with their testimony?
>
> Mr. DORAN. That is right (pp. 7694–7695).

Patrick W. Clancy, the union president, entered a general disclaimer of knowledge about virtually every subject on which he was questioned. He said his duties as president were confined to conducting "the meeting 2 hours a night, once a month, on the first Saturday of the month. That was his duties."

The CHAIRMAN. To see that the union was operated honestly, you had no responsibility in that connection?

Mr. CLANCY. No (p. 7541).

Clancy said he was aware that the union had purchased the land in Stockton but did not know the true price was $28,500. He said he was vaguely aware of the fact that the three parcels of land had been sold off, but assumed that the amount that the union received from the Stockton Abstract & Title Co., was the true value of the land. He said that he was never aware that there had been any hidden profits in the transaction.

Mr. KENNEDY. Did you approve of the sale of these plots of property, these parcels of land?

Did you approve, for instance, of selling parcel No. 1 that we discussed?

Mr. CLANCY. Well, yes. They would come in and say they were going to sell a piece of property, and "O. K., sell it."

Mr. KENNEDY. Who told you that they would sell it?

Mr. CLANCY. Probably Swanson, I suppose.

Mr. KENNEDY. Who did tell you?

Mr. CLANCY. Swanson (pp. 7539–7540).

Clancy said that he had never received any of the funds from the sale of this land. When confronted with the $800 check payable to his order, which came out of the $12,071 received by Ed Doran in the transaction involved in parcel 2, Clancy said this was a part of a loan of $1,000 from Victor Swanson:

He loaned me the money, and I still owe it to him (p. 7546).

He said that he had never given Swanson a note for this amount but that he had given him an I O U. He said he did not know until the very moment of the hearing that this particular $800 had come out of the $12,071.

Clancy further stated that he had no knowledge that the third parcel had been sold to Swanson and Doran. He made this claim despite the fact that his signature appeared at the bottom of the deed which transferred the property from Operating Engineers Local 3 to Swanson and Doran. Nor did he know, Clancy said, that they were purchasing back the same piece of property less than 6 months later for approximately $20,000 more than Swanson and Doran had paid the union.

Mr. KENNEDY. * * * Then you bought this piece of property. What did you think that was?

Mr. CLANCY. Never thought about it. Never give it a thought (p. 7552).

Clancy admitted that he would have had to sign the warrant on which the $35,000 check was issued to the Stockton Abstract & Title Co. for the repurchase of the land. He said, however, that his signature could have been affixed by a rubber stamp wielded by an office girl.

Senator CURTIS. Do you mean somebody can get $35,000 out of your union without you as president knowing about it?

Mr. CLANCY. It is very possible, yes (p. 7553).

This latter remark of Clancy's prompted the chairman to comment:

> Incredibility seems to be the order of the day in some of these hearings (p. 7553).

To which Chief Counsel Kennedy added to Clancy—

> Your testimony so far is very difficult either to believe or to understand (p. 7553).

Porter E. Vandewark, the union's treasurer, told a similar story of a lack of knowledge about the real-estate transactions. Vandewark said that he had signed the checks for the original purchase of the land and for the repurchase of parcel 3 from Doran and Swanson. He said he was completely unaware of the hidden profits which had been paid out of the escrows as a result of the deal. He said he was unaware that the union repurchased parcel 3 from Swanson and Doran for $35,000 after selling it to them less than 6 months previously for $15,150.

> Senator CURTIS. You did not know what the $33,000 check was for?
> Mr. VANDEWARK. I knew it was a parcel of property that we were purchasing.
> Senator CURTIS. You did not know where it was located?
> Mr. VANDEWARK. I knew it was located in the city of Stockton. I had not seen the property.
> Senator CURTIS. But you honestly did not know it had any connection with the other land?
> Mr. VANDEWARK. No, sir; I did not.
> Senator CURTIS. You could have found out, could you not?
> Mr. VANDEWARK. I assume that I could have.
> Senator CURTIS. Here you, as treasurer, handling other people's money, sign a check for $33,000, that you do not know anything about. It is difficult to understand. You look a lot smarter than that. I believe you are (p. 324).

According to secretary Clarence F. Mathews, he said he had taken a look at the land when it was originally purchased by the union and had again seen the land when the union repurchased the one-third parcel from Doran and Swanson. He said, however, he did not realize the two pieces were the same despite having gone to Stockton to survey the land. Mathews said he did not know that this land was being sold to Doran and Swanson despite the fact that his signature appeared at the bottom of the deed.

> Mr. MATHEWS. Mr. Swanson bought all the land and he sold all the land. He conducted all the business of the union.
> Mr. KENNEDY. You were there as a responsible figure of the international to insure that the money was not being misused.
> Mr. MATHEWS. I do not deny my responsibility. I accept it.
> Mr. KENNEDY. Did you meet your responsibilities?
> Mr. MATHEWS. I accept the responsibility, yes, sir.
> Mr. KENNEDY. Did you meet your responsibility?
> Mr. MATHEWS. I did not (pp. 7658–7659).

Victor S. Swanson, the union's business manager, who was partially blinded by an acid attack in 1944, rebutted the bulk of Doran's testi-

mony. He said that he had originally recommended the purchase of the 6 acres of land in Stockton but was not aware that the actual price of the land had been inflated. Swanson said that he did not know that there had been a kickback of $4,000 to Doran and swore that he did not receive any of the money.

On parcel one, Swanson categorically denied that he had received any of the $9,884.06. On the $12,071 check which was written to Doran out of the sale of parcel two, Swanson said he took it to the bank to convert it into cashier's checks. This, he said, however, was at the request of Doran, and he had no idea that the money had been derived from the profit on the sale of the land by the union. He admitted taking a check for $5,721 but said this was money that Doran had owed him over a long period of time.

> Senator CURTIS. Did you have any notes for this, of indebtedness?
>
> Mr. SWANSON. I had records, but they were in my desk.
>
> Senator CURTIS. Where are those records now?
>
> Mr. SWANSON. I wish the officers of whoever robbed my desk before I got back would turn them up to us.
>
> * * * * *
>
> Senator CURTIS. Why would he [Doran] come to you with that check in the first place?
>
> Mr. SWANSON. I don't know why, except that he was in the building, and the bank was closed, so he says "Take care of that."
>
> He was a member of the executive board, and they met on Wednesdays. That is how he happened to come in there. If the bank had been open when he come in, he wouldn't have come to me at all, I don't suppose.
>
> Senator CURTIS. Mr. Swanson, that is awful hard to understand.
>
> Mr. SWANSON. It is true. That is all I can say (pp. 7711–7713).

As to the third parcel which he and Doran purchased, Swanson said there was nothing either illegal or improper about it. He said that when he sold the property back to the union, it was worth exactly that amount and—

> If Mr. Doran and I had kept that land another month, or 2 months, in my opinion it would have been worth $70,000 (p. 7715).

The chief counsel pointed out that at the time he and Doran had bought the land it had already appreciated greatly in value because of the action by the city of Stockton, incorporating the parcel into the city limits.

> Mr. KENNEDY. The only problem there is that it was already worth more than you paid for it.
>
> Mr. SWANSON. Not in my opinion, no (p. 7715).

The money which Swanson received from the sale of the land back to the union also led a fascinating existence. After the commissions had been paid, Doran and Swanson received a check from the Stockton

Abstract & Title Co. in the amount of $17,000. Committee investigators traced this check and found that Swanson went to the Mission Savings branch of the American Trust Co. in San Francisco and converted the $17,000 into 2 cashier's checks, 1 of which was in the amount of $11,318.06, payable to the Operating Engineers Union, Local 3.

Further investigation revealed that this check was used to pay the union for a piece of property formerly held by the San Francisco Water Department, which the union had purchased in February of 1955. This land was of particular interest because Victor Swanson had been a member and later chairman of the San Francisco Public Utilities Commission, under whose direction the San Francisco Water Department operates.

In April of 1952, at a meeting of the public utilities commission, at which Swanson was present, this particular parcel of land had been declared surplus and ordered put up for sale. The records of the public utilities commission showed that this action was followed almost immediately by a letter from Patrick Clancy, president of local 3, asking that he be apprised of when the sale would take place. Clancy testified that he was asked to write this letter by Victor Swanson. The important fact was that Swanson, as a member of the San Francisco Public Utilities Commission, could not, under the San Francisco city charter, have any financial dealings with the water department.

In 1955 the union acquired a portion of the land amounting to some 3 acres. The records showed that the taxes on the land, amounting to $153.72, had been paid in 1955 by the Marshall Development Co., which was owned by Marshall Swanson, the son of Victor Swanson, and that the union had reimbursed him for this expenditure.

After leaving the public utilities commission in early 1956, Swanson then took this check which had been derived from the sale of the Stockton land to the union and converted it into a cashier's check, which was used to buy this former water department land from the union. Thus, in actuality, the union held on to the land until it was legally possible for Swanson to acquire it. The price paid to the union by Swanson was exactly what the union had paid for it plus the tax payments.

Swanson defended this action by saying that the union had actually purchased the property for the erection of an office building. He clung to this position, even when it was pointed out to him that this was marshland, partially under water and inaccessible, the use of which was confined to industrial purposes. Swanson said that the union decided that they did not want to build an office building on this property, and he agreed to take it off their hands.

> Mr. SWANSON. Yes. This board found fault with me, and they said, "What do you recommend that for?" I said, "What are you crying for? I will pay for it exactly what the union paid for it, with the understanding that you can buy it back in 2 years," and there is 6 months yet to go, if they want to buy it (p. 7718).

Swanson told the committee that the union has an option for 2 years to buy the land back if they wish to. This document, according to Swanson, was dictated on November 15, 1956, soon after he purchased the land from the union. An affidavit from Ethel Tomasello, Swanson's private secretary while he was an officer of the union, declared,

however, that although the agreement was dated November 15, 1956, it had not in actuality been dictated until May 14, 1957. The May date was significant because by this time Swanson was under active investigation by auditors from the international union. Miss Tomasello said that because of the disparity in the dates, she had kept her original notes and made a note on them as to when they were actually given to her by Swanson.

The Stockton land deal was not the only matter which resulted in highly diverse testimony among the officers of local 3 of the IUOE. Another matter was the purchase of a 40-foot Chris-Craft cruiser by local 3. The records of the union showed that on July 30, 1947, at 8 p. m., a meeting of the executive board authorized the officers to purchase a boat, the purpose of which was to inspect dredging operations manned by members of local 3 in San Francisco Bay.

On that same day the records of the union showed that 3 checks had been drawn, 1 for $9,000 and 2 for $500 each, and an account set up on the books of the union showing that the boat had been purchased for $10,000. An affidavit from the seller of the boat, however, Mr. Lew Muth, of Modesto, Calif., indicated that the boat had been sold to P. E. Vandewark and Victor Swanson for $20,000. Committee Investigator Pierre Salinger testified that the second $10,000 had been disguised on the books of the union as a payment to an Oakland, Calif., building contractor, who at that time was doing some repair work on a building owned by the union. A check for $10,000 had been made to cash, with the name of the building company, Stolte, Inc., listed as the recipient.

An examination of the books of Stolte, Inc., disclosed that, whereas other payments made by the union to the construction company were listed, this particular $10,000 was nowhere to be found.

Patrick Clancy said that, as far as he knew at the time, the boat had cost $10,000—

> I understood later on that the boat cost $20,000 but I was led to believe that the boat, to my first knowledge, the cost of the boat was $10,000 (p. 7554).

One of Clancy's jobs was the signing of warrants from which the union drew checks. He admitted to the committee that he had signed the warrant for $10,000 payable to cash and listed to the account of Stolte, Inc.

> Mr. CLANCY. Well, the Stolte Co. was building a building or doing some repairs, and they are getting 10,000 bucks for it, or that is what the warrant says.
>
> Mr. KENNEDY. That is what the warrant says?
>
> Mr. CLANCY. That is right.
>
> Mr. KENNEDY. That money was in fact used for the purchase of a boat. You filled out the warrant.
>
> Mr. CLANCY. I signed the warrant.
>
> Mr. KENNEDY. Do you have any explanation for that?
>
> Mr. CLANCY. No.
>
> Mr. KENNEDY. Why did you fill out the warrant for the Stolte Co. when, in fact, the money was used for the purchase of a boat?
>
> Mr. CLANCY. I signed the warrant.

Mr. KENNEDY. Right.

Mr. CLANCY. I don't believe at that time that I knew that that was going for a boat.

Mr. KENNEDY. You wouldn't sign a warrant for $10,000 without finding out how the money was going to be spent, would you, Mr. Clancy?

Mr. CLANCY. The Stolte Co., I may repeat, was doing work for the organization. I do not know how much work at that time, or what they were doing.

Mr. KENNEDY. But you would find out what kind of work or where that money was going, would you not, before you signed a warrant? Wouldn't you look at the bill to find out what Stolte Co. wanted from you?

Mr. CLANCY. Yes, Mr. Kennedy.

Mr. KENNEDY. Wouldn't you find that out?

Mr. CLANCY. Well, a warrant was brought in to me, and I probably signed the warrant. It looks like I signed the warrant and that was it, the warrant was signed.

Mr. KENNEDY. Did you have a bill from Stolte Co.?

Mr. CLANCY. Evidently not. I don't know (p. 7557).

Clancy admitted that this was not the only warrant he had signed without a bill.

You will find more of them that have been signed without a bill (p. 7558).

Clancy was asked whether or not he ever gave any thought to these warrants when he signed them, to which the union president retorted—

Thinking is awful hard anyhow (p. 7558).

He said as far as he knew the boat had been used for pleasure by various union officials, but particularly the Swansons.

The CHAIRMAN. The fact is that the boat was just used for the pleasure of the officers of the union?

Mr. CLANCY. That I couldn't say. I am an officer and it wasn't used for my pleasure.

The CHAIRMAN. You didn't get any pleasure?

Mr. CLANCY. No. I got sick the first time. I didn't get no pleasure. Well, I didn't.

The CHAIRMAN. I don't doubt it (p. 7560).

He added: "I don't know what it was used for and I cared less."

Elwood L. Garrett, the union's accountant since March of 1947, said that at the time he was asked to make the check out for $10,000 to cash and the entry in the books said this money was going to Stolte, Inc., he did not know that it was a false entry. Garrett said the first time he saw the launch—

I knew it didn't cost $10,000.

* * * * *

The CHAIRMAN. You were told to make the entry for $10,000 as the cost of it at the time it was purchased?

Mr. GARRETT. Right.

The CHAIRMAN. So you know now you were told to make a false entry?

Mr. GARRETT. Right (p. 7652).

The committee accountants testified that in addition to the original $20,000 cost of the boat, the union had expended some $31,000 for its upkeep and maintenance, including the installatiton of two new Cadillac engines in 1954 at a cost of $12,680.29.

The union also owned an airplane. This, according to Clancy, was originally purchased in 1948, a twin-engine Beechcraft. He said that—

Practically all of its use was for union purposes.

Clancy admitted, however, that he had taken two trips to Mexico in the union plane. In 1956, he and his wife and Vandewark and his wife went together. Several years earlier he flew Victor Swanson, Clarence Mathews, Vandewark, and a friend who worked for United Airlines down there.

Clancy said that in 1953, while landing by instruments at the San Francisco Airport, he landed the plane in San Francisco Bay.

Mr. KENNEDY. Where were you forced?

Mr. CLANCY. About one-quarter of a mile off the end of the runway in San Francisco Bay. I put it in with the gear down. If you think that ain't a pretty good piloting job, Bob, have at it.

Mr. KENNEDY. You landed in San Francisco Bay?

Mr. CLANCY. With the gear down. That is the problem.

* * * * *

Senator GOLDWATER. You were short of the runway?

Mr. CLANCY. I was a little bit low, sir, yes, I got a little bit low (p. 7572).

While the book value of the plane at the time of this crash was $7,992.20, the union expended $32,252.28 for the repairs. In addition to this large amount, the union had also expended another $24,456.63 for the plane's upkeep for the period 1950 through 1956.

For both the plane and the boat the cost was somewhere in excess of $120,000.

A substantial amount of union funds was siphoned off through a defense fund created by the union in 1950. According to committee investigators, this defense fund was handled in a different way from the manner in which the normal funds of the union were handled. No warrants were needed, and no bills were kept showing the manner in which the moneys were expended.

The original purpose of the resolution, as adopted at the executive board meeting on September 13, 1950, was to fight—

so-called right-to-work bills, Taft-Hartley, and other anti-labor bills which make it mandatory that this union obtain and set aside funds for its defense.

In the period June 11, 1951, to April 15, 1957, a total of $79,399.29 was expended from this fund. Committee investigators were able to trace only $23,049.29, leaving the remaining $56,350 unaccounted for.

The testimony showed that, in a number of instances, minutes of the executive board of local 3 of the Operating Engineers Union had

been forged to cover the expenditures of these sums. Lois MacMillan, who had served as the secretary to Recording Secretary Clarence Mathews since June of 1942, said that she had kept the minutes for Mathews virtually from the start of her employment. She said it was her habit to make an original and three copies of all minutes of the executive board meetings.

The original was put into a file which was kept locked in the office of Recording Secretary Mathews; one copy was given to Bookkeeper Garrett for the purpose of making out any checks that might be called for; a second copy was given to a girl in the office who handled the sick benefit fund, the purpose of which was to pay the dues of members who were ill; and Miss MacMillan said she kept the third copy herself.

She said while checking the minutes in July of 1957 she began to compare certain minutes found in Mr. Mathews' files with the copies she had kept over the years, and found a number of them which had been substantially altered. For example, the executive board meeting of July 3, 1956, had been altered by adding a paragraph which authorized the expenditure of $10,000. A second set of minutes had been altered by adding the words—

> It was regularly moved and seconded that the executive officers be instructed to take care of all the legal, actuarial, printing and other expenses incurred in connection with the proposed pension plan, from the defense fund. Carried.

Other minutes were similarly altered, adding authorization for the expenditures of other sums from the defense fund.

The total amount withdrawn from the defense fund, as a result of altered minutes, was $26,500. As an example of the type of expenditure that was made as a result of such alteration, the committee heard a financing tale from Union President Clancy about a check-cashing expedition, which took him and Vandewark in the union's airplane to the States of Washington, Montana, South Dakota, Minnesota, Colorado, and Nevada.

Clancy said that he was called into the office by Business Manager Victor Swanson and handed five $2,000 checks. The money from these checks was ostensibly to be used in the campaign then underway for International officers of the union. The object of cashing the checks in the various different cities, according to Clancy, was to make it appear that they were doing election work in these various areas.

Clancy said he first flew to Seattle, where he stayed overnight, and could not remember whether or not he had cashed a check there.

The next day he flew to Butte, Mont. While in Butte, Clancy said he was busy—

> I fished around there. That is wonderful to fish there. I didn't go every day but I fished a couple of times in the Big Hole River—I believe, they call it.

Clancy said he cashed one of his $2,000 checks in Butte and "put it in my pocket and went on."

From Butte, the two intrepid airmen flew to Pierre, S. Dak., refueled, and flew on to Minneapolis.

I went 18 miles out of there and visited my mother who is alive yet, thank God.

Clancy was not sure whether he or Vandewark cashed a check there, but he was sure that he did see his mother.

When she gets up to 75 years old, you know we all like to see her occasionally. That was the first time in quite a few years. I went up and seen her overnight while I was there.

From Minneapolis, Clancy and Vandewark flew to Denver and stayed there overnight. Clancy said he cashed a check there.

I guess I put it in my pocket, I suppose. That would be the procedure.

From there they flew to Reno—

I don't gamble, so I probably wouldn't have stopped in Reno for any other purpose unless I went in there for gas.

Clancy and Vandewark arrived back in San Francisco on July 18, 1956.

Myself and Brother Vandewark, and Brother Mathews went into Brother Swanson's office and turned over, I believe there was all told $9,900 and some dollars.

Clancy said the remaining amount had been spent by him and Vandewark during the trip.

I know we got hell. He [Swanson] figured we had spent too much money (pp. 7576–7578).

* * * * *

Mr. KENNEDY. Mr. Clancy, why did you participate in this fraud on your union?

Mr. CLANCY. What fraud?

Mr. KENNEDY. You do not see that there was a fraud on the union? You do not see that at all? That is, your taking these checks, this $10,000, and flying around the country in order to cash them, and make it appear to the membership that you were doing work in taking this money and cashing it?

Mr. CLANCY. I was just working there, Mr. Kennedy.

Mr. KENNEDY. But you didn't have to get into the plane and fly.

Mr. CLANCY. I was working for the local union.

Mr. KENNEDY. You don't have to do anything dishonest, Mr. Clancy, by the mere fact that you were working for the union.

Mr. CLANCY. How did I know that there was going to be anything dishonest. You haven't proved yet that there was anything dishonest about it (p. 7584).

Victor Swanson characterized Clancy's testimony on this check-cashing expedition "a lie." His version was that Clancy and Vandewark came into his office and said they wanted to make a political trip:

Mr. SWANSON. * * * I said, "We have to know what your political trip will cost."

They said, "Well, it will probably cost a couple of thousand."

I said, "Tell Mr. Garrett, discuss it with him, and have him make you the checks" (p. 7721).

It was not until some time later, Swanson said, that he found out there had been five $2,000 checks. He said that the checks did not bear his signature, but rather a stamp with his name on it.

My secretary had the stamp and we wrote approximately 150 checks a week, and there was weeks and weeks when I wasn't even there. I don't think I signed 30 percent of them. That is my honest opinion.

Mr. KENNEDY. They testified that they turned the money over to you.

Mr. SWANSON. That is false (p. 7722).

Another item which came out of the defense fund was the $10,000 referred to above by Miss MacMillan in her testimony of the falsified minutes. In one of the sets of minutes which had been altered, there had been authorization for the expenditure of certain sums to promote the pension fund at the international convention of the IUOE in Chicago in 1956. A check pursuant to this motion was drawn in the amount of $10,000, and made payable to the American Trust Co. Committee investigators showed that the $10,000 had been taken to the bank and converted into a number of cashier's checks, the largest of which—some $4,700—was payable to the order of Victor S. Swanson. Clancy said he understood that the cashier's check he received out of the proceeds of the $10,000—a check for $400—was for "entertaining and champagne. I guess you got a word—'lobbying,' maybe—for it [the pension plan] (p. 7589)."

Mr. KENNEDY. What sort of lobbying work did you do among the delegates?

Mr. CLANCY. Well, I would maybe take 1 or 2 out, and take them to dinner, and the ones that were in opposition or maybe wanted a pension that I believed we wouldn't be able to get or get a reasonable pension, a sensible one, let us put it that way.

Mr. KENNEDY. Did your local 3 authorize a sum of money to be spent in order to promote the pension?

Mr. CLANCY. I believe they did.

Mr. KENNEDY. You are incredible, Mr. Clancy.

Mr. CLANCY. Why do you say that?

Mr. KENNEDY. You just do not know anything or you act as if you didn't know anything.

Mr. CLANCY. Well, they have always said I was a stupid Irishman, and maybe I am, Bob (p. 7590).

Vandewark also received $400 out of this $10,000.

Both Clancy and Vandewark said the $400 was the only money they had received from this $10,000. Committee investigators then produced eight $500 cashier's checks purchased by Swanson with the $4,700 check he received. Two of these two shown to have been cashed by Clancy and one by Vandewark.

Still another $10,000 item caught the attention of the committee. This was an item appropriated for fighting a dissident group within

the union known as the "construction stiffs." This group had been harassing the local leadership, demanding a return of the democratic rights of the membership, and asking for an accounting of funds expended by the local. The purpose of the appropriation, according to Vandewark, was to try to find out who the construction stiffs were.

The check was signed by Vandewark and endorsed by him. He said that he turned all the money over to Swanson and had never received any of it. Later, however, Vandewark said he had received some expenses in connection with his personal attempt to find out who the construction stiffs were. Committee investigators produced a voucher which purported to show the expenditure of $2,763 by Vandewark in this manner.

Vandewark said that part of the $10,000 was used to hire an investigator to seek out the dissident union members who were members of the construction stiffs and putting out a sporadic mimeographed broadside called "The Construction Stiff News." He identified this man as Joseph Riley. It was pointed out to Vandewark, however, that another check in the amount of $1,668.40 had been drawn to Riley for the purpose of making the investigation. The committee counsel pointed out that Riley had served a penitentiary term for manslaughter in connection with one of San Francisco's most famous murder cases—the Jesse Scott Hughes case—in which an elderly widow was murdered by being beaten and then having an automobile driven over her body.

Vandewark said that the construction stiffs complained about the size of the union, about the officers, about the contracts the union had with contractors' associations, and about the acts of individual officers and individual members. Mathews and Clancy told stories similar to Vandewark's about the $10,000 item for fighting the construction stiffs. Both said that the money had been turned over to Swanson but backtracked when shown expense accounts bearing their names for amounts around $3,000.

The fight against construction stiffs had a serious consequence for Victor Swanson. After all other efforts had failed to find out who the individuals were who belonged to this dissident group, Swanson decided to enlist the aid of the Federal Bureau of Investigation to find them. He did this by intercepting a letter written by the construction stiffs to Riley and inserting a death threat in the correspondence. The death threat was then turned over to the FBI on the theory that the Federal agency would investigate such a threat being sent through the mail and discover who the senders were, i. e., the construction stiffs.

This plan backfired when the FBI discovered that the death threat had been forged. Swanson was indicted in San Francisco for giving false statements to the FBI, pleaded nolo contendere in a Federal court and was placed on 2 years' probation and forced to pay the Government $7,500 to reimburse the FBI for the cost of its investigation. The union ended up holding part of the bag in this deal with the expenditure of $10,000 out of the defense fund for Mr. Swanson's legal fees.

Vandewark was directly implicated in another curious transaction—the kind of transaction which seemed to be the rule rather than the exception among local 3's officers. A check was found by the com-

mittee investigators, payable to cash, in the amount of $21,000. The check bore the notation that the $21,000 was to be used for the purchase of 7 automobiles for local 3. Investigation revealed, however, that the $21,000 had been taken to a bank and converted into 2 cashier's checks: 1 in the amount of $18,459 made payable to the Ken Garff Co. in Salt Lake City, Utah, and the second check for $2,477 made payable to the same company. The investigation further revealed that the $18,459 check had been used to pay for the union's automobiles, while the $2,477 went to pay for a car listed personally in the name of Porter E. Vandewark.

Vandewark conceded buying the two cashier's checks and receiving the automobile—an Oldsmobile which he said he gave to his son for his birthday. Vandewark said, however, that he had turned over $2,477 in cash to Victor Swanson.

> Mr. KENNEDY. Why did you handle that transaction in that fashion, Mr. Vandewark?
>
> Mr. VANDEWARK. I don't know. It was rather foolish, I will admit.
>
> Mr. KENNEDY. Do you have any evidence at all that you did turn over $2,400 to Mr. Swanson?
>
> Mr. VANDEWARK. No evidence except my word, that's all (pp. 7628–7629).

Vandewark said he got the $2,400 from withdrawing $1,000 from his bank account in San Francisco on February 14, 1956, and some $1,250 in winnings in Reno on March 6, 1956.

> Mr. KENNEDY. Will you tell the committee, if the reason was withdrawing the $1,000 in cash to pay for the cars, why did you withdraw it back on February 14? Do you have any answer to that?
>
> Mr. VANDEWARK. I am trying to think of the reason why I did it. I can't recall at the moment why it was done at that particular time; no, sir.
>
> Mr. KENNEDY. The story just does not seem to make any sense. Did you know at that time that you were going to win the difference in gambling on March 5?
>
> Mr. VANDEWARK. No, sir (p. 7632).

Swanson again differed with Vandewark. He said that the union treasurer did not give him "a cent. I don't know what he is talking about. He did not turn over any money to me."

And so on and on the testimony went. Clancy, Mathews, and Vandewark all attempted to picture Swanson as a dictator and place the entire blame for the financial transactions on his shoulders. Clancy said that Swanson had complete control over the union, and while from time to time he might have complained about certain of Swanson's actions—"What good would it have done?"

> Mr. KENNEDY. You felt you would lose your job if you objected, is that right?
>
> Mr. CLANCY. What would you think?
>
> Mr. KENNEDY. You tell me, Mr. Clancy.
>
> Mr. CLANCY. Yes, I would (p. 7535).

Clancy added that up to the time Swanson was relieved of his job by the IUOE in August of 1957, the business manager considered the union funds as his own.

> The CHAIRMAN. You were not permitted to do much thinking, were you, as president?
> Mr. CLANCY. Now you hit the nail on the head, sir (p. 7551).

Vandewark said that he felt he had to carry out Swanson's orders or lose his job. Vandewark said that if you asked too many questions—"You usually got knocked down."

> Mr. VANDEWARK. I used the expression "knocked down," and I meant lose my job, that is correct. That is what I meant by the expression "knocked down" (p. 7613).

For his part, Swanson declared that the testimony of Clancy, Vandewark, and Mathews was false and unfounded.

> * * * whatever my excesses, whatever errors or wrong I may have done, they were not motivated by any conscious desire for self-enrichment, but for what I honestly thought at the moment would best serve the interests of the workers I represented. And whatever these excesses and wrongs, they do not remotely resemble the testimony you have heard. That testimony is nothing less than the coerced or bought or inspired work of one Mr. William Maloney, the president of our international union, and Mr. Joseph Delaney, its secretary-treasurer, who seek thereby to divert the attention of this committee and the public it represents from their own deep-seated corruption (pp. 7706–7707).

The machinations of the officers of local 3 went beyond financial manipulations. The committee heard the story of how the vote of local 3 in the international election of 1956 was rigged.

Elwood Garrett, the union accountant, testified that the local had purchased a cabin in Calaveras County, Calif., for $8,500. Garrett said that he knew of no union purpose that the cabin was used for except in 1956. Garrett was 1 of 3 union officials named as tally clerks for the international election. Although Victor Swanson was unopposed in his attempt to be elected as sixth international vice president of the union, some of the other international officers, with whom Swanson was friendly, had opposition. Garrett said that after the ballots had been cast by the members and sent in to union headquarters in San Francisco, 2 other tally clerks and Swanson put the ballot boxes in an automobile and drove some 150 miles to the union-owned mountain cabin.

Garrett said a total of some 2,000 to 3,000 votes had been cast but that the tally clerks counted only 500 or 600 of these:

> Mr. KENNEDY. Did you get tired of counting them after that?
> Mr. GARRETT. Well, that is all they wanted to count.
> Mr. KENNEDY. What?
> Mr. GARRETT. That was all they wanted to count.
> Mr. KENNEDY. Who is "they"?
> Mr. GARRETT. Well, Mr. Swanson (p. 7644).

On the basis of this limited account, a "trend" was determined, and the ballots driven back to San Francisco after the union officials had remained in the cabin overnight.

When the tally sheet of local 3 was sent in to the international, in excess of 16,000 votes were shown to have been cast for some of Swanson's friends. For example, Dale Burchett, who was running for vice president against Frank Converse, received 16,472 votes, while Converse, with whom Swanson was not friendly, received 354 votes.

Similar disparities in vote results showed up on the tally sheet as it was sent in to the international office. Swanson explained the vote padding in this manner. He said that percentage increases had been given to certain candidates to offset what he believed the international union's president, William E. Maloney, was doing:

> Mr. KENNEDY. You felt, and the committee felt, that under Maloney's direction, the other locals were stuffing the ballot boxes?
>
> Mr. SWANSON. No; they were casting ballots that had not come in.
>
> Mr. KENNEDY. Well, that is stuffing the ballot boxes.
>
> Mr. SWANSON. That is probably it.
>
> Mr. KENNEDY. You felt the only way to combat that——
>
> Mr. SWANSON. I didn't. That was the committee.
>
> Mr. KENNEDY. Wait a moment. The only way to combat that, your group thought, was to stuff the ballot boxes, too?
>
> Mr. SWANSON. That is correct.
>
> Mr. KENNEDY. So they were stuffed?
>
> Mr. SWANSON. I don't know what was done, but so far as the ballots, they handled that.
>
> Mr. KENNEDY. You were satisfied with the way they handled it?
>
> Mr. SWANSON. I don't see how else it could be (p. 7734).

Swanson said he was at the cabin but was not present while the votes were actually counted.

The constant disparity between the testimony of the various witnesses during the San Francisco hearing moved the chairman to declare:

> Somebody is willfully, deliberately, perjuring themselves in the testimony they are giving here on these controversial issues between you and them (p. 7735).

The entire transcript of the San Francisco hearing was referred to the Justice Department for study on possible perjury indictments.

With the San Francisco phase of the hearing completed, the committee turned its attention to local 138 of the IUOE on Long Island. This union has for years been dominated by members of the DeKoning family, first William DeKoning, Sr., now deceased, and then William DeKoning, Jr., the current president of the local.

The testimony revealed a pattern of continuing intimidation of union members and their subjugation through violence and undemocratic procedures. Members who dared to speak out were faced with expulsion from the union and loss of their jobs.

The principal testimony in this hearing was given by six members of an insurgent group in local 138 who had been attempting to bring

about a return of democratic practices to the union. These included Louis Wilkens, a Long Island master mechanic, who was one of the 18 charter members of local 138 and its original president, and Operating Engineers members William Wilkens, Peter Batalias, Charles Skura, Garrett Nagle, and John DeKoning, the nephew of the previous union president, William C. DeKoning, Sr.

Louis Wilkens gave the committee an historical background of local 138. Wilkens said that at the time he was elected president in 1933, William C. DeKoning, Sr., was named as business manager of the local. His job was to make all the contacts with contractors and handle the business with the international. Wilkens and the senior DeKoning came to odds 2 years after the local was formed. According to Wilkens, the reason for the falling out was the request to him that he sign checks for which there were no vouchers.

DeKoning met this situation by running a man named Jim Brennan for president against Wilkens, and Brennan won the election. These two officers served the local until 1949, when Brennan and DeKoning, Sr., had a falling out. Wilkens said that Brennan was eliminated from the election to the presidency through a technicality, and that DeKoning, Sr., assumed this post in addition to the one he already held as business manager.

In the next year the financial secretary of the local died, and William DeKoning, Jr., who had been working somewhere in upstate New York, was brought back to Long Island and appointed to that job by the union's executive board.

In 1952, the elder DeKoning decided to make himself president emeritus and young DeKoning was appointed by the executive board as president and business manager.

> Mr. KENNEDY. He decided he was going to retire, and he appointed his son, through the executive board, to be president and general manager of the local?
>
> Mr. WILKENS. That is right (p. 7753).

In 1953, the 2 DeKonings were indicted on some 100 counts of extortion and coercion. Both pleaded guilty and the elder DeKoning was sent to jail for 1 year to 18 months, while the younger DeKoning was placed on probation and told to get out of organized labor for a year. As the testimony further developed, there is clear evidence, however, that William DeKoning, Jr., did not live up to the terms of this probation but continued to exercise control over the affairs of the local.

A man by the name of Charles Britton was named as president for a year; but as soon as DeKoning, Jr.'s probationary period ended, Britton resigned the job claiming ill health, whereupon young DeKoning again assumed the jobs of president and business manager.

As a further background on the method of operation of local 138, Peter Batalias told the committee how the local was set up in its various subdivisions. The principal group was local 138, the parent body, which had some 500 members. Of these, according to Batalias, some 200 of the 500 members are directly connected with management. Batalias said there were 169 Long Island contractors with whom the union negotiated who were members of local 138.

In addition there were subdivisions: Local 138–A, which was comprised of some 400 members who were considered apprentices; local

138–B, consisting of approximately 300 branch shop and maintenance workers and from 500 to 1,000 permit men. This last category included members who were not members of the local but were allowed to work on union jobs by paying $2.50 a week for a local 138 permit.

The dues in local 138–A were $8 a month, while members of local 138–B paid $6 a month. The initiation fee for members of local 138 is $350; local 138–A, $224; and local 138–B, $100. Only the members of 138 are allowed to vote in any of the elections and have any voice in the affairs of the local.

As Batalias and other witnesses pointed out, there was no legal manner in which a member of local 138–A or 138–B could become a member of local 138. The sole sure path to membership in 138, according to the testimony, was friendship with William DeKoning, Jr., or some of the other top officers of local 138.

Peter Batalias, for instance, went directly into the parent local from permit status without going through any of the subsidiary locals. This was accomplished through a friendship with the master mechanic for Hendrickson Bros., whom Batalias described as a "favorite" Long Island contractor:

> * * * The master mechanic for Hendrickson Bros. took a liking to me and I had learned to keep my mouth shut, and he influenced the leadership of the local union to take me into the parent body.
>
> Mr. KENNEDY. It was favoritism as far as your getting into the organization?
>
> Mr. BATALIAS. Yes; definitely favoritism (p. 7759).

Garrett Nagle, however, had a completely different story to tell. He made application to get into local 138 on a number of occasions. At the time of the committee's hearing, he had belonged to local 138–A for 12 years. At one time he contacted Mr. Verner Sofield, the secretary-treasurer of the local, who told him, "You don't need an engineer's book. You go out and work and we will run the local."

After persistent attempts, Nagle finally got to the point where his application for membership in local 138 was taken up at a meeting. Nagle was told to leave the room while a vote was taken. When he came back in, the presiding officer—at that time Mr. Britton—did not tell him what had happened. Nagle said when he inquired he was told "You were rejected." He wanted to know why, and he was told "There doesn't have to be a reason in this organization." Several days later he said he went to see William DeKoning, Jr., to inquire as to how he could get into the parent local. DeKoning said to him:

> You go ——— yourself. My old man ran this local for 25 years the way it is now, and I am not changing.

Nagle also recounted that at another meeting William DeKoning, Jr., had told the members of local 138, who were considering the applications of certain men for admission into the parent body:

> Remember when you vote, it isn't the qualification of a man that counts. This is a fraternal organization. You judge him by his character.

The fraternal character of local 138 of the operating engineers union was also a striking fact that came to the attention of a com-

mittee of Long Island ministers who, at the request of some of their parishioners who were members of the union, took an active interest in the affairs of local 138 starting in September of 1955. The chairman of this committee, the Reverend John W. Van Zanten, pastor of the Roslyn Presbyterian Church in Roslyn Heights, N. Y., said that, in looking into the charges of lack of democratic procedures within the union:

> * * * we came to the same answer over and over again which perhaps you have already run into, that it was represented to us that this was a fraternity, and therefore the members could run it the way they wished; that a man did not become part of the parent body because of his ability, but because he was acceptable, personally and otherwise, to the members. This seemed to be a very important point in the whole matter, the matter of it being a fraternity (p. 7797).

The Reverend Van Zanten said that the fraternal aspects of the union were stressed by the union officers. The Presbyterian minister said that when members of the local first came to the various churches for help in September of 1955, the joint committee set up by the churches heard from the union's officers who said they wanted to tell their side of the story. When the committee actually began holding hearings, however, the union officers bickered over procedures. Later, however, the union officers invited the ministers to their headquarters to talk with them.

The general finding of the ministers was that "in our community of Nassau County, we discovered a great deal of fear in the working community, that they were afraid they would lose their jobs. As some of these men have said to us when we discussed it with them—'I have a wife and children. I cannot stand up against this.' "

The ministers sent a report to the ethical practices committee of the AFL–CIO, asking for an investigation. The ministers mailed their information to the ethical practices committee in March of 1956, and at the time of the hearing had heard nothing from them. "We don't like the fact that men are afraid to speak their minds. We feel there is dictatorship involved," the Reverend Van Zanten testified.

Peter Batalias gave a vivid story of what happens to a member of local 138 who persists in objecting to acts of officers of the union. In May of 1954 a motion had been made to return all the officers to their positions in the local with the exception of William DeKoning, Jr., who had to stay out of union affairs for a year because of his probation.

When the meeting was held in June actually to hold the election, Batalais said that the name of John DeKoning, who was a business agent, had been deleted from the list. The recording secretary explained to the members that a business agent was an appointive job and that no one could be elected to that office. The members then passed a resolution making the business agent's job an elective one and proceeded to vote John DeKoning into office. The only dissenting vote was cast by Verner Sofield, the union's recording secretary.

The next meeting took place in September of 1954. When the minutes of the June meeting were read, all the actions of the membership relative to the making of the business agent's position elective and the election of John DeKoning had been deleted. William DeKoning, Jr., in direct violation of his probationary status, was at the meeting

and spoke for almost 3 hours. A battle ensued which lasted until 1 o'clock in the morning, when the membership present forced a secret ballot on the question of whether or not the minutes of the June meeting were incorrect. The vote sustained the position that they were incorrect.

The members then attempted to declare the office of business manager elective. This resulted in further turmoil, which lasted until 5 o'clock in the morning. Present at the meeting was Richard Nolan, the eastern district representative of the IUOE, who told the members they could not elect a business manager until General President William E. Maloney ruled on the subject.

Batalias said that this was the first time in the history of local 138 that they had ever had a secret ballot. The union leadership quickly retaliated against the membership. John DeKoning was fired, and at the next meeting, which Batalias said was "stacked," a motion was quickly forced through approving the actions of the executive board. Nolan was permitted to find out just what the executive board had done which the membership was being asked to approve. What the members had actually done was to pass the authority for the running of the union from the members to the executive board.

Batalias said that the officers, flush with victory, then voted themselves a Christmas bonus at the next meeting. Batalias got up and asked what the Christmas bonus was and was told by the president that it was "none of his ——— business." In the voice vote which ensued on the question as to whether the officers should get a Christmas bonus, the proposition was clearly defeated, but the president said the motion had passed. The members started stamping their feet and banging their chairs yelling "We want a recount. We want a recount"—at which time Verner Sofield leaned over to the president, Charles Britton, and told him to withdraw the motion. He then turned around and threatened Batalias—"He told me I was going to get mine."

Following this meeting, Batalias was visited on a project where he was working by Business Agent Jack Gunning and Paul Konya, a union tough, and told that he had better change his attitude, that "if I didn't change my attitude they would find me in the gutter." He also received a number of threatening phone calls and was followed wherever he went.

Just before the general meeting Batalias received a phone call telling him to stay away. Batalias did not heed the warning and went to the meeting anyway. At the meeting Batalias objected to some of the actions and was ordered thrown out of the hall by Verner Sofield. Four men then attacked him, two hitting him in the stomach and two giving him bruises on the back of his neck. He identified these men as Paul Konya, James Duffy, Edward Revere, and George Wellborn, a former pugilist who fought under the name of George E. Hayes. Batalias said that Konya and Wellborn were the union's "regular strong-arm boys. They are the official beater-uppers."

Batalias filed charges against these men in Nassau County for assault. The union officers then produced 20 witnesses who claimed the beating had never taken place. Following the dismissal of the charges by the court, Batalias and the witness subpenaed on his behalf, Lou Wilkens, were charged by the union with "bringing the labor movement into disrepute," and after a trial held under the

auspices of William DeKoning, Jr., they were barred from the union for a period of 5 years and fined $650. Batalias noted that no charges for bringing the union into disrepute were filed against the men who beat him up.

Both Batalias and Wilkens attempted to bring the problems of local 138 to the attention of the public, the AFL–CIO, and William E. Maloney, international president of the IUOE. The two, as well as the other insurgents in local 138, appeared as guests on a radio program conducted by labor columnist Victor Riesel the very night that Riesel was blinded outside of Lindy's Restaurant in New York City. They also picketed the local union hall with signs reading:

> Mr. George Meany, please help us. AFL–CIO on ethics, we need your help. We want a job (p. 7775).

They also contacted Mr. Maloney at an executive board meeting of the AFL–CIO at a plush restaurant in the Pocono Mountains in Pennsylvania. William Wilkens cornered Maloney as he was coming out of a meeting and said to him:

> "It is only this: that Thomas Ikard, who is an engineer of 138, and myself are here appealing to the committee on ethics to come down and clean up our local. We need a job and we are being kept out of work."
>
> He said, "Well, you know, Bill, there are two sides to every story, sometimes there are three. And DeKoning tells me that you guys are just a bunch of troublemakers." So I said, "Is it being a troublemaker by persistently asking for a job? Is it being a troublemaker by going to the union office and asking to see a copy of the work list, and a copy of the working agreement?" We don't have any of those (pp. 7775–7776).

Later in this meeting Maloney said to Wilkens, according to Wilkens:

> Well, I will give you this promise. You go back to Long Island right now, and, by tomorrow morning, when you go to the union office, you will be given a job. I promise you that.
>
> I said, "That is good enough for us."
>
> We went directly home, and the following morning, we went to the union hall and we asked for a job, and we were told, "You blankety-blank rebels will never get a job out of this office as long as we are here in power."
>
> Mr. KENNEDY. Who told you that?
>
> Mr. W. WILKENS. Verner Sofield.
>
> Senator CURTIS. Were there jobs to be had?
>
> Mr. W. WILKENS. There were plenty of jobs, Senator. There was plenty of work at this time on Long Island.
>
> Senator CURTIS. Are you a family man, are you?
>
> Mr. W. WILKENS. Yes, sir, I have three children.
>
> Senator CURTIS. Were you unemployed at the time, then?
>
> Mr. W. WILKENS. Yes, I was (p. 7777).

There was another approach to Mr. Maloney at a meeting of the general executive board of the IUOE. Peter Batalias and William Wilkens came down to appear before the executive board and appeal DeKoning's decision to throw them out of the union for a period of 5 years.

(W. Wilkens:) * * * while waiting for another witness who was giving testimony about his case down in Virginia, we witnessed a business manager of this Virginia local getting up from his chair and kicking this old guy right in the belly, right before Maloney's eyes. Maloney just kept on conducting the meeting. Afterwards he was interviewed, and his answer was, "Well, I think he actually kicked the chair, but, after all, it is not unusual for somebody to get kicked in the belly at our union meetings."

Senator CURTIS. Where did this happen?

Mr. W. WILKENS. This happened right in the international executive board here in Washington, before the international executive board (p. 7778).

William Wilkens said that Maloney did not even chastise the man who kicked the old man in the stomach. Later Wilkens said that Maloney told the newspapers that "it was not unusual for a member to be kicked in the belly at our union meetings," which prompted the chairman to ask:

Was he telling the truth?

Mr. W. WILKENS. I guarantee you he was telling the truth.

Senator CURTIS. You know, that is astounding to me.

Mr. W. WILKENS. Well, it is the truth (p. 7779).

William Wilkens had a few suggestions for the committee on what could be done to correct the abuses uncovered by them in the operations of local 138 on Long Island:

* * * The first thing that has to be said, as I said, is that you have to take the easy dollar away from these union leaders, where they are allowed to come on the job and make a deal with the contractor, the collusion with the contractor, where they have the power to say to the contractor "Now, look, you can run this job, and with the 10 engineers here, you can only have 5 engineers, that is O. K., as long as you take care of me," and then go to the other fellow and say "Look, you haven't been paying me off. You have 10 machines here and you have to have 10 engineers."

That is the easy buck. That has to be done away with. The elections at the unions have to be done in a true bona fide manner.

They have to be governed by some sort of agency. In our union, throughout the country, we can prove that there is no democracy whatsoever. A man has no freedom of speech, and he is not allowed to vote for whom he wants. He can't even make a recommendation to have a rank-and-file member to go to a convention.

* * * * *

In fact, I venture to say that more than 50 percent of our locals are run by a dictator, and a dictator is William Maloney. He is the No. 1 man. He appoints and unappoints. He fires and he hires. After all, Senator, if I am the general president of a union and I say to you, "Here, you are going to be a vice president. I will give you $30,000 a year salary, $15,000 a

year expenses, but when I want you to vote for me, you know the way to vote."

"Here you are, Mister, I am going to give you a job, at $10,000 a year."

In other words, he has the power to say to a man, "You are going to eat oatmeal every day," and he has the power to say to another man, "You are going to eat steaks three times a day."

That power has to be taken away. That is the soreness that is in this union (p. 7780).

After the meeting Maloney ruled that the 5-year suspension would stand, but the fine was scaled down to $100.

From the Washington meeting Batalias and Wilkens went to the Chicago convention of the IUOE to pursue their cases. Wilkens testified:

> We tried to see Mr. Maloney. I think it is easier to see the President of the United States because we could never get to see him. When we finally cornered him once he says: "I am a busy man with a lot of committees. Go see that committee on appeals. Go see the appeals committee (p. 7782)."

Batalias and Wilkins were denied the privilege of stating their own cases, and later while waiting in the balcony observing the convention in action, they heard their appeals denied. Extensive testimony was taken by the committee which indicated that the officers of local 138 would even go to the extent of framing members who had opposed their rule on false charges.

As the committee testimony developed, most of the insurgents in local 138 held their jobs because of their friendship with Lou Wilkens, who holds the title of master mechanic. Under the union system a master mechanic can hire and fire. Wilkens, as pointed out earlier, was the first president of local 138 and for many years had been sympathetic with the insurgent viewpoint.

It developed that the very night that the hearings were being held by this committee, a union hearing was to be held on charges which were to be filed against Lou Wilkens and Charles Skura by two members of local 138, Dennis Doyle and Edward Cominsky. These two men had charged Wilkens and Skura with bringing the union into disrepute by crossing an engineers' picket line. The significant thing about these charges was that if Lou Wilkens were to lose his position as master mechanic it would mean the loss of jobs of all the insurgent group within 138. Both Lou Wilkens and Charles Skura denied the charge that they had crossed the picket line.

The questioning of Cominsky brought out some curious contradictions. Cominsky said that he had discussed the charges with both Verner Sofield and William DeKoning, Jr. Cominsky said that he decided to make the charges against Wilkens and Skura after talking with Sofield. He said he did not write the charges himself but signed them after they were handed to him by Verner Sofield. William DeKoning later told him that he was all right in preferring the charges.

According to Cominsky, he appeared on the picket line in front of a Long Island contracting firm around 7:30 in the morning. Soon

thereafter he said Wilkens appeared, had a short conversation with him, and then walked into the building. As to Skura, Cominsky said he saw him peeking around the back of the building around noon. Cominsky said that the strike had been called against the J. C. Peterson Co., at a meeting held the night before but conceded that he did not know whether or not the employees who worked for J. C. Peterson had been contacted to attend the meeting. As a matter of fact, Cominsky said he could not even recall whether there had been a strike vote taken but remembered that it had been decided to put out picket lines the next morning.

His testimony was refuted by both Wilkens and Skura. Wilkens said that as soon as he found out there was a picket line around the building, which was after he had gone to work, he immediately notified all the other men who were working on jobs for this particular contractor to leave their work and join the picket line, and he then left the office himself.

As to Mr. Skura, he stated under oath that he was in Manhasset, Long Island, 12 miles from the scene of the strike at the time Cominsky said he allegedly saw him peek around the edge of the building.

At that time he was participating in a picket line on another operating engineers job. Skura's statement was substantiated by committee investigators who said they had interviewed a police officer who talked to Skura on the Manhasset picket line at virtually the same time he was supposed to be 12 miles away at the J. C. Peterson Co.

In Skura's words, the charges were a complete "frame-up." Skura said that the union officers were trying to frame Lou Wilkens so that—

> they can kill the reform movement. There are five reformers working for J. C. Peterson, and the only way they can get rid of them is to build charges against the master mechanic who is doing a terrific job. He is the one that kept the reform movement alive, who gave us the bread, not William DeKoning, Jr., or none of his stooges (p. 7822).

William DeKoning, Jr., entered a blanket denial of all the charges made against him by the reform movement. DeKoning conceded that an operating engineer could have great skill and a great deal of experience in operating machines and yet would be unable to get into the parent local 138 and vote for officers of the local. He also conceded that another individual who happened to be well-liked and who had no skill at all, or relatively little skill, could be taken into local 138.

DeKoning said that he would consider reinstating the men who had been expelled from his union while he was president.

A third IUOE local situation examined by the committee was that of local 825 of Newark, N. J. Here, too, as in the case of the De Konings on Long Island, the rank and file, although not under formal trusteeship, have been prey to the uninterrupted evils of one-man rule. For most of the local's existence that man has been Joseph S. (Joey) Fay, its business agent from 1919 to 1947, when he went to Sing Sing for a 9-year stretch for the extortion of $62,000 from contractors. Local 825 had "139 or 140" members in 1919, according to Fay's own recollection; today it has around 7,900.

No sharper proof of the durability of Fay's hold on local 825 can be cited than certain actions taken by his faithful successors during and after his prison stay. Obviously intent on keeping his memory green and protecting his interests in the long years of his absence, they put his wife on the payroll, also presenting her with bonuses at Christmas time. Since Fay's release in 1956, they have voted him a pension, purchased a building of which he was part owner, and thrown considerable business his way in his current occupation, approved by parole authorities, of automobile salesman.

Prior to a detailing of these beneficences to Fay, a look at the background against which they were made is worthwhile as a prime example of IUOE officialdom's indifference to the standards by which men in other sectors of society are judged and rewarded. Fay's entrance into Sing Sing signaled the first time he had been penalized by the law, but hardly the first time he had been entangled with it. Just as he was acclaimed by his local 825 colleagues on his release from prison, so, in previous years, he had been elevated to positions of increasing power and privilege despite a record hardly describable as spotless.

By the time of Fay's conviction for extortion, he was not only business agent of local 825 but also supervisor of local 542 in Philadelphia, a brazen trusteeship regime with which this report will deal in detail later. In addition, he was eastern district representative of the international and sixth international vice president. He had attained this exalted status in the union notwithstanding a past "studded with violence and with lawbreaking, with unscrupulous and unmoral conduct," as New York County District Attorney Frank Hogan put it when arguing against Fay's plea for clemency in the extortion case.

Fay, endowed with a notorious bent for intimidating both union members and contractors who would not play ball with him, had a record including an assault on a retired policeman in 1916, an arrest for attempted extortion in 1920, a shakedown in 1921, an arrest for assault in 1928, another assault in 1938, the slugging of AFL leader David Dubinsky in 1940, and an indictment for an assault on an IUOE business agent in 1941. Added to these items of violence was a suit against Fay in chancery court in New Jersey, in 1933, for misusing union funds to buy stock in a holding company which purchased property from him.

In his appearance before the committee, Fay had a ready answer for each item on this list. He was not arrested in connection with the 1916 assault; he was not indicted for the attempted extortion in 1920; the 1921 shakedown was "just newspaper copy"; as for the 1928 assault, "the charge was never processed and the man went into court and withdrew it"; in the 1938 assault, he wasn't even in the city at the time; he "certainly did not slug Mr. Dubinsky"; in the 1941 assault, the case was thrown out and "the plaintiff did not show up"; in the suit against the holding company, he was "not an officer of that union at that time," but had simply been sued "as an investor in that holding company, I guess." Fay's declaration that he was not an officer of the union was in keeping with an earlier assertion to the committee that a business agent was not an "official," since the post was not one of the "line offices" of the union.

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About the only point concerning his past activities to which Fay did not enter some form of demurrer occurred in this exchange:

> Mr. KENNEDY. Did you have business interests in businesses that had contracts with the Operating Engineers?
> Mr. FAY. Yes, sir; I did.
> Mr. KENNEDY. What companies did you have business interests in?
> Mr. FAY. One company was the International Excavating Co.
> Mr. KENNEDY. What kind of work did they do?
> Mr. FAY. They did excavating work and road work, and so on and so forth (p. 8087).

In later testimony, Fay acknowledged that he and the late Edward Shinn, president of local 825, actually owned the International Excavating Co.

Of the acts of violence attributed to Fay, one to which the committee devoted some attention was his indictment for assault in 1941, the case in which Fay pointed out that the plaintiff did not show up. The plaintiff was H. Orville Warner, then business agent of IUOE Local 832 in Rochester, N. Y.; the hurt he sustained in the attack was a fracture of the cheek bone, as well as other facial injuries. After Fay's indictment for assault in the second degree, the case was twice scheduled, and each time Warner was not to be found; after dismissal of the indictment, however, he reappeared and was restored to his union job at an increased salary of $125 a week.

Fay's comment on this version of the case, as quoted from New York County District Attorney Hogan's summary, was as follows:

> That is not the truth and let me say this: I went to the court when I was called in February, when this trial was to be tried, with the 8 witnesses to prove that in the argument that we were in, I protected myself in self-defense, and Warner did not show up because he knew that these witnesses would testify to exactly what happened (p. 8087).

Asked why, then, Warner had been put back on the payroll, Fay's reply was this curious non-sequitur:

> If you knew him, shortly after, or I think he still is in the insane asylum (p. 8087).

A letter from Warner to the committee recalled that he had engaged in a union move to stop the theft of its funds; that during the course of this effort he was beaten up, that he had been taken out of the jurisdiction of the court "under guard" before the case came up, and that witnesses friendly to him had been "paid to take long trips so that they could not be summoned to give testimony." His reinstatement on the local payroll had not been lasting; Warner's letter pointed out that he has been unable to get a job since early 1947.

> The CHAIRMAN. * * * Is he prevented from working simply because of the action he took against you, Mr. Fay?
> Mr. FAY. No, sir; he is not, sir.
> The CHAIRMAN. It is not on that account?
> Mr. FAY. No, sir. I wouldn't be a party to that (p. 8093).

A year after the dropping of his indictment in the Warner case, Fay was indicted again—this time on 7 counts, including the extortion charge which eventually was to put him behind bars for almost a decade. From the start of this trouble for their boss, local 825 officials maintained an attitude of whole-souled devotion, even unto the footing of his legal fees. Fay admitted to the committee that the union had paid "some" of his bills, but claimed never to have known just how much. Nor could he find out now, he explained, because:

> * * * I am on strict parole and my provisions of that parole are not to be in any way active in labor unions. If I were to ask that local union how much they paid of legal fees, I feel I would be violating my trust (pp. 8088–8089).

The alleged gap in Fay's knowledge on this point was filled in by Committee Investigator Robert Cofini. A study of local 825's records from the earliest year they were available—1947, 4 years after Fay's indictment, to the end of 1956—showed, Cofini testified, that the local had paid at least $63,150 in legal fees on Fay's behalf.

During his time in prison—a period Fay persistently referred to as when he was "away"—his devoted stay-at-homes in the local added a new name to the payroll: Mrs. Fay. Her stated position was that of secretary to the local president, her salary, originally set at $125 a week, was raised first to $150, then to $175. She also received an annual Christmas bonus of $500, and, in 1952, was given a car costing $3,772. Her total salary and bonuses during her 8½ year tenure with the local amounted to $67,800.

As to whether his wife actually did any work to earn this sum, Fay professed ignorance, adding, however:

> * * * I know that she was always ready and willing to do whatever the president of that organization asked her to do, in going and visiting the sick and doing the things she had done all her life (p. 8102).

Peter Weber, now business manager of local 825, testified that he was present at the meeting which voted Mrs. Fay onto the payroll, and contributed this description of her job:

> Mr. WEBER. * * * There were no set duties for her. Whatever she was able to do, and work in conjunction, and whatever information she could give the officers of the local union. There were no set duties. It was just automatically. The lady was in need of some income, and the members at a meeting voted on it, and it was the mandate of the members to give her some compensation (p. 8132).

Mrs. Fay's departure from the payroll coincided with her husband's return home in January 1956, but local 825 officials saw to it that no hiatus occurred in the union's bounty to the Fay family. In May of that year the local voted Fay a life pension, retroactive to January, of $12,600 a year before taxes. As with the payments to his wife, Fay attributed this gesture to the "individual membership that knew of my 30 years of loyalty to the union."

> Senator MUNDT. * * * I want you to expand a little further on what you mean by that. Is that something that the board of directors or the executive committee, or the officials

> voted, and then the union members affirmed, or is it a movement which bubbled up within the membership itself from the floor? (Pp. 8100–8101.)

Fay's reply on this point was as follows:

> When it came up to this happening of their goodness to Mrs. Fay and myself, the members themselves done it and ordered the officers to carry on. There wasn't one vote at any time—do I ever know of—one vote that was opposing to this action (p. 8101).

Peter Weber, local 825's business manager, testified that he had told international president Maloney of the membership's desire to give Fay a pension, and that Maloney had reacted thus:

> Well, that is up to them. It is an autonomous local union, and as long as it is properly voted upon, I have no objections (p. 8124).

Weber asserted that many members of local 825 "wanted to assess themselves a week's pay, to help Mr. Fay and his family." Of the union's total membership of some 7,900, he estimated that "around 1,000" had met and voted for the pension. Queried as to whether the remaining vast majority of local members had been notified of this move, Weber replied:

> We never notify them on anything that is going to be taking place. It is up to them to come to the meetings to find out what is going on (p. 8125).

What the average individual would have to do to achieve a pension of approximately $12,000 a year at the age of 65 was reported by Investigator Mundie:

> At the age of 35, with 30-year payments, to receive a pension of $1,000 a month at the age of 65, the cost of this would be $4,500 a year, and in 30 years it would be $135,000, and with dividends to discount it would be a total of $105,000 (p. 8155).

Thus, in effect, local 825 handed Fay $105,000. Added to the minimum of $63,000 it had paid in legal fees, the approximately $3,000 it had spent for Mrs. Fay's car, and the $67,800 for her salary, this makes a total of at least $238,800 which the unflagging devotion of his colleagues has secured for Fay since his conviction for extortion.

Local 825 also extended a helping hand to Fay by buying a piece of property which it occupied and of which he was one-third owner. He and his original coowner had purchased the property in the late 1920's for $37,000, financing it with a $33,000 mortgage secured from the Engineers Building & Loan Association, of which Fay was a director, and which was set up to lend money for home buying by IUOE members. Later, when the city of Newark condemned the building on the property, the owners built a new building at a cost of $43,000, of which $16,000 was secured from local 825 and $16,000 from local 472 of the hod carriers union.

Assessed at $77,000, the property was sold to local 825 for $75,000. Fay declared:

> * * * we, the stockholders, could have sold that for much more than $75,000. But the tenants was there, and it was a quick deal. I felt that we should not sell that building from under the union, and it was the union's price. It was their estimated price of two competent and capable appraisers (p. 8111).

That this sale to the union was not altogether a philanthropic gesture, however, appeared from testimony by Investigator Cofini that local 825 also assumed liabilities of $13,144.59 and that, further, it had, as tenant, paid some $11,000 for improvements.

In his current occupation as automobile salesman Fay has also benefited from his union contacts. Cofini testified that, of 114 cars sold by Fay from the end of March 1956, when he started on his job, to December 1957, 38 were sold to various local unions and/or union officials or members. Of those, 30 were paid for out of union funds; of the 30, local 825 bought 10. Fay told the committee that his commission is 5 percent of the net price.

About the only jarring note in the welcome accorded Fay on his return from Sing Sing was the curious reticence of the international in the matter of his reinstatement—an event which it has been obviously loath to trumpet.

In 1947, the IUOE general executive board, acting in the union's best interests, had removed Fay as vice president and terminated his membership. The ever-steadfast Peter Weber testified that, in early 1956, even before Fay got out of jail, he had discussed with international president Maloney the question of Fay's reinstatement in local 825, and that Maloney had left it up to the local.

Later that same year, Weber recalled, he met Maloney again:

> * * * I said, "The members voted on it, to reinstate him," and I told him that many of the members didn't even know he was suspended.
>
> "Well," he said, "they took care of it. You know the procedure in getting a reinstatement for him. Send it to the secretary-treasurer and he will act on it" (p. 8126).

Not only was the international secretary-treasurer notified by mail that Fay had been reinstated retroactive to 1947, Weber went on, but he was personally told the news by the local 825 president, Eugene Reardon, Sr. Weeks went by, however, without any response from the international; a promised report on the general executive board's action never materialized. At length, Weber testified, local 825's secretary got word of Fay's reinstatement by telephone from Maloney.

> Mr. KENNEDY. Did he ask Mr. Maloney at that time to write a letter to that effect?
>
> Mr. WEBER. Mr. Maloney said he don't write letters (p. 8127).

Committee Investigator Calabrese reported that a study of the international's records turned up no discussion whatever of Fay's reinstatement. Nevertheless, Weber insisted, Fay has received a union book from the international secretary-treasurer, his dues and per capita tax have been accepted, and he is included in the benefits of the union insurance plan. Asked why, in that event, the records of

the international were silent on the subject of Fay's return to the fold, Weber asserted:

> I don't know what records they have. I have no access to them, Senator, and whatever they do, it is none of my business (p. 8132).

That Weber himself had taken a leaf from Fay's book in regarding local 825 as a convenient route to self-enrichment was apparent from his own testimony and that of others. He had ample time and opportunity to absorb this profitable credo. Although not made business manager until 1953, he has been a member of local 825 since 1928 and a business representative since 1936; a few years later International President Possehl had appointed him assistant to Fay—a role which he offhandedly described as "carrying on the duties of helping local unions negotiating contracts, or attending meetings."

Weber reported his present annual salary as $14,500; in addition, he said, he receives expenses at the flat rate of $25 a day "7 days a week, 24 hours a day." Unrequired to turn in vouchers for these expenses, Weber had taken the same casual stand toward his income-tax returns. He admitted that he had never declared the expenses until this year.

Even here Weber was stretching a point; Investigator Calabrese testified that in the latest Federal income-tax return available, that for the year 1956, Weber had reported a $14,600 income, but had avoided mention of both an expense allowance of $9,375—which would seem to indicate a 375-day year in Weber's calendar—and expenses of $7,375 for attending conventions, making a total of $31,350. He had been similarly remiss in filling out the 1956 labor organization registration form required by the NLRB; according to Calabrese, on this form Weber had indicated a total compensation for the year of $20,400—some $11,000 short of the truth.

Gainful as was Weber's lack of total recall when filling out his income tax return, he profited even more from a handy habit of owning stock in companies with which his own local and other IUOE locals had contractual arrangements, or which dealt with firms employing IUOE members.

Testimony before the committee uncovered four companies in which Weber had an interest: Public Constructors, Inc., a construction firm; the United Engine Service Co., which repairs heavy construction equipment; the New Jersey Equipment Co., which rents out cranes; and the Public Contracting Corp., also a construction firm.

The story of Weber's connection with the first-named of these firms, Public Constructors, Inc., best illustrates how he played both sides of the street. As Weber himself told it, around 1950 he lent $2,500 to Jim Brown, a local 825 member, who had gone into business with Raymond Fisher, formerly employed by the S. A. Healy Co. as cost accountant and office manager. Later, Weber declared, he asked when he was going to get his money back:

> They says they haven't got any; it looks like the company is going broke. Well, I says "How am I going to protect my $2,500?" Well, the only thing—at that time, I think they were taking it up with their accountant to form a stock com-

pany. They said they would give me $2,500 worth of stock in order to protect the investment (pp. 8135–8136).

This amounted to 25 shares, or an eighth interest in the company.

Fisher, the president of Public Constructors, Inc., gave the committee a decidedly different verision of Weber's entry into the firm. He recalled that he had met Weber some time in 1946 while employed at the Healy company and was well aware of his IUOE connection; when he went into business for himself in 1950 and made an unsuccessful start, he decided to form a new organization with eight investors. He contacted Weber through a friend and Weber agreed to put up $2,500.

At first, Fisher went on, his new company had the use of Weber's money without firm knowledge as to whether it was capital or a loan. After about 4 months, however, those who had contributed capital to the company got together and decided that stock would be issued for all contributions made.

> Mr. KENNEDY. Did Mr. Peter Weber receive his stock at the same time everyone else received theirs?
>
> Mr. FISHER. Yes, sir.
>
> Mr. KENNEDY. And there was not a question of the stock being distributed and then not being able to pay off Mr. Peter Weber and give him 25 shares instead?
>
> Mr. FISHER. All of the stock certificates, sir, were written at the same time, and issued at the same time (p. 8231).

Fisher admitted that the business had been extremely successful. A gauge of its success was provided by Committee Investigator John Prinos:

> In the fiscal year September 30, 1950, the book value was $30.40 a share. On September 30, 1957, it is $4,347.09 a share. So that Mr. Weber's 25 shares were valued in 1950 at $761.75, and today they are worth $108,677 (p. 8139).

Weber was shown a photostatic copy of a contract between Public Constructors, Inc., and local 825, bearing his signature as business manager of the local. He shrugged it off as—

> * * * a general contract that we have with probably 90 per cent of the employers working in the territory of local 825 (p. 8137).

Fisher, however, admitted that the company had had no material difficulty with the local, adding that whenever he had any problems in this regard, he discussed them with Weber, but—

> * * * generally worked them out with his subordinates, who, of course, were mindful that he had an interest in the company (p. 8232).

With equal candor, Fisher, who also operates the three other aforementioned companies in which Weber has an interest, discussed the value of Weber's presence in Public Constructors, Inc. Although he insisted that Weber's connection with local 825 caused the company to deal with the union in a most particular and proper manner, he conceded that—

> * * * perhaps because of the knowledge among other trades with whom we do business that he has a share in the company, our relationship with them may have been better than it otherwise would have been (pp. 8231–8232).

Weber was asked how he reconciled his stake in companies dealing with the IUOE with the AFL–CIO's ethical practices code No. 4, which states that "no responsible trade union official should have a personal financial interest which conflicts with the full performance of his fiduciary duties as a workers' representative." He blandly denied the applicability of this code to himself, declaring:

> * * * the companies that I may have an interest in are the first ones that agree to an increase in wages when an expiration date of our contracts comes about. So in that case, that stipulation does not apply to my position or to the members of our union or to the companies that are in conflict, as they state, with me as a stockholder (p. 8147).

Whatever opinions local 825's rank and file may have privately held about the caliber and conduct of their leadership, no opposition reared its head in public. This was in distinct contrast to the behavior of the membership of local 542 in Philadelphia, the fourth local situation studied by the committee and one in which the power of Joey Fay again manifested itself.

The fight put up by local 542's rank-and-file, even though only temporarily successful, was all the more noteworthy because, unlike local 825, the union was not granted even a show of democratic procedures. A sprawling local whose jurisdiction covers the 34 eastern counties of Pennsylvania and all of Delaware, and whose membership now totals 4,643, it has been under trusteeship, with the exception of the period from 1948 to 1952, since at least the early 1930's, with Fay as its absentee despot. No better commentary is needed on the international union than the fact that it permitted Fay to remain as supervisor of 542, not only after his conviction for extortion, but right up to the time of his incarceration.

The nature of the trusteeship was described by Roy J. Underwood, president of the local during its 4-year fling at independence:

> Well, the membership have no rights whatsoever under trusteeship as spelled out in the constitution. They are not permitted, of course, to vote on any questions coming before the membership, and they are not permitted to participate in the administration of affairs of the union, and they can't negotiate for their own contracts or participate in the negotiating, and they don't have the right to approve the contracts after they are entered into by a trustee.
>
> They have nothing to say about disbursement of funds, and nothing to say about the employment of agents, business agents. They have nothing at all to say about any affairs of the local union including the enforcement of contracts (p. 7925).

No elections are held at any time, Underwood stressed, and no member has the right to ask for a copy of the contract which fixes his working conditions. On occasion some daring soul would try to find out how his union dues were being spent:

> Well, Joey Fay also brought with him, when he came over to the local union, a gang of men, hoods as we characterized them, and they would stand on the side of the meeting hall and patrol up and down the aisles, and anybody who asked a question about finances, or anything else affecting the membership of the local union, would be told to sit down and shut up. These men would glare at him and make gestures, and threatening gestures toward them. There was no information that could ever be gotten from Joey Fay or any of his assistants (pp. 7925–7926).

Fay's own recollections of his trusteeship, as detailed to the committee, were of a vastly gentler kind. Declaring that he had been asked to go down to Philadelphia in 1934 or 1935 by John Possehl, then international president, to investigate a situation in which "there was a terrible lot of misunderstanding," Fay say that he had assured the membership of his "aim and object"—

> to as quickly as possible take them out from under supervision because I never approved of supervision, only for emergency cases, at all times (p. 8077).

Although no evidence was offered that he had ever pursued this "aim and object," Fay insisted that his relationship with the local had been only a tenuous one. He asserted that, to the best of his recollection, he had been to only five local meetings during his tenure; that "at no time" did he have any "goons or toughies or bodyguards" with him; that actually he knew little of the local's affairs, having left them in the hands of the assistant supervisor he had appointed, Jasper White. As to whether the members were ever allowed to see their contracts, Fay recalled that he had been at "one of the special called meetings" where such a contract was read in its entirety and accepted. He admitted he knew of no other such occasion, but, in any case, he explained, he had no authority over contracts; the line of communication on that score was between Jasper White and the international president.

Fay was asked whether he knew of any occasion where the books and financial records of local 542 were made available to the membership. He replied that personally he did not know of any, but—

> * * * if there were any complaints, they should have been taken up at the meeting. I didn't get no complaint along those lines (p. 8079).

Underwood testified that one of Fay's early fiscal measures was the imposition in 1935 of a 5-percent assessment on the wages of all local 542 members. This "kickback," as Underwood said the members referred to it, was so objected to that in 1937 it was reduced to 3 percent; this continued to 1940. In addition, the witness declared, members of the local's subdivisions, if they were performing any work normally done by members of the parent body, had to pay $2.50 a week over and above their dues. This latter practice, he said, continued until local 542's trusteeship was terminated by court order in 1948.

Fay disclaimed responsibility for initiating the assessment but explained it as a method whereby the local's working members helped the nonworking members

> * * * to keep their dues in good standing so that they wouldn't lose their death benefit or their strike benefits. During the depression, understand, is when this was. That is exactly what it was used for. According to the audit that the certified public accountant made and sent to the general president, Possehl, the money was intact and not misused. Not misappropriated (p. 8079).

Fay's stated reason for the assessment was apparently not one he had bothered to give members at the time, according to Underwood:

> When a question was asked—I recall Joe Fay being asked at a meeting what they were going to do with this money, or why they were assessing the members, and he said, "We are doing it because we need it," and that is it (p. 7931).

Underwood estimated that assessments on members of the parent body alone had reaped the thumping sum of $2,083,000. No records or books were ever presented to the membership regarding this money, he said.

Local 542's officials were no more meticulous about protecting the contractual rights of their members than their financial interests, Underwood testified. Certain contractors, he said, were distinctly favored over others:

> I, myself, on a number of occasions, was told when I complained about contractors not observing or not complying with what we thought the agreement to be, I was told by the union office, Jasper White usually, if I wanted to stay on the job, keep my mouth shut, and if I didn't like the conditions the way they were, get off of the job. I was also told by a contractor on one occasion that "You can call your union hall if you want to, but it will do you no good, and you will only wind up losing your job" (p. 7931).

Rumblings of discontent among the local's rank and file got no ear from William E. Maloney when he took over as international president in 1940, Underwood went on; the status quo remained, and Fay, continued by Maloney as trustee, took pains to announce that anyone who had the notion that he was going to get out was "very badly mistaken."

In the early 1940's, nevertheless, hope for autonomy gained strength. In 1942 a grand jury subpenaed the local's records; assistant supervisor Jasper White, refusing to produce them on the grounds that they would tend to incriminate the local's officers, served 30 days for contempt. Next the forces of independence filed an action in the Common Pleas Court in Philadelphia, seeking an end to the trusteeship and an accounting of the union's funds.

This action did not endear the plaintiffs to the local top echelon. Because of it, Underwood reported, a number of those participating in the autonomy movement were beaten up. At the meeting hall one night, he recalled, a member named Ray Dawson was beset by a whole group of attackers:

> There were several who would gang around him and surround him while the ones on the inside would beat him and and get him down on the floor and put their feet on him.

> * * * He seemed to be very badly injured. He was covered with blood, the front of his shirt was red with blood, and when he got up off the floor, of course, he was taken to the hospital immediately, and his face was badly marked up, and there were cuts and bruises. There was cuts at least, at that time, on his face and his forehead and he complained, and he was bent over, and he complained of pains in the ribs where he had been kicked (pp. 7926–7927).

Underwood could not recall who was presiding at that particular meeting, although he declared that the only ones who ever presided were either Jasper White, local president Michael Mogan, Fay himself, or John Carter, one of Fay's assistants from local 825 in Newark. Of one thing, however, Underwood was certain:

> Senator CURTIS. Was any effort made by those conducting the meeting to stop this?
> Mr. UNDERWOOD. No, sir.
> Senator CURTIS. It had all the appearances of being done with their consent and encouragement?
> Mr. UNDERWOOD. Yes, sir (p. 7927).

Although he could not place the responsibility for this incident, Underwood vividly recalled the author of the violence done to another member, Sam Morris, who had had the presumption to stand up in meeting and inquire about the purchase of Cadillacs for the local's business agents. Morris was told to shut up and sit down, Underwood testified, but even more severe disciplinary measures awaited him the next day when he, Underwood, and other members stood on the sidewalk outside the union office, as customary, waiting to be assigned to jobs. Jasper White approached Morris, Underwood reported, and asked him when he was going to learn to keep his mouth shut. Morris protested that he had the right to ask questions; White thereupon announced that he would shut his mouth for him. Next, Underwood said:

> * * * he struck him in the jaw and knocked him down. And he was very severely injured, and he now carries a plate in his mouth, and he lost all of his teeth, and he was a rather elderly man at that time, and his jaw is all wired up now to this day because of that blow (pp. 7928–7929).

Underwood declared that "5 or 6" goons would appear with the supervisory clique as a matter of course at meetings. He described this strong-arm squad as follows:

> * * * they had all of the physical characteristics that you would normally associate with people of that kind, big strapping fellows, 6 foot 2, and 6 foot 4, and 6 foot 6 (p. 7927).

The court action for autonomy came up in December 1946, but no trial was necessary. Maloney's lawyers and the dissidents' lawyers effected an agreement whereby two elections were to be held, one to determine whether local 542's rank and file wanted to end the trusteeship, which they overwhelmingly voted to do, and a second election to choose officers. This balloting, held under court supervision, selected Underwood as president and business manager.

Under the agreement, however, a curious quid pro quo was arranged. In return for agreeing to the election, Maloney and his followers demanded that the dissidents sign two releases under which officers of neither the international nor the local would be required to account for any of the funds handled by them under supervision. On the advice of counsel, Underwood said, his side signed the releases, discharging all IUOE officers named in the bill of complaint, as well as their heirs, executors, and administrators,

> of and from all, and all manner of, actions and causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, claims, and demands whatsoever in law or equity * * * from the beginning of the world to the date of these presents (p. 7934).

Joey Fay, who was in prison by this time, was not included in the release, Underwood said:

> I am afraid I cannot explain the omission, because he certainly was in the bill of complaint filed in the case, unless there was no agreement to release Joseph Fay. It seems to me now—I seem to recall some discussion that our lawyer said he did not agree to the release of one person, and it might have been Fay (p. 7936).

Whether Fay's omission arose merely as a result of his unavoidable absence from the scene of action or from his colleagues' willingness to throw him to the wolves, the reason for the insistence on releases by Maloney and company became quickly apparent. The wielders of local 542's new broom soon ascertained that, although an estimated $6,685,000 in receipts had been taken in under the trusteeship from 1935 to 1948—not including fees for initiation, reinstatement and withdrawal cards, or fines levied against members—all that remained of the local's money was $62,000 in net assets. Underwood estimated that the "honest" outgo of the local in any 1 year of the trusteeship should have been no more than $100,000 "at the very outside." By this figure, the expenditure of some $5 million of union funds remained unexplained.

> Senator MUNDT. I would like to ask Mr. Underwood what it was that motivated these officials to insist on that release. Had there been preliminary controversy about the fact that perhaps they had gone south with some of your money, or were these men impelled by a guilty conscience, and realized if you got control you might want to look at the books and find something wrong?
>
> Mr. UNDERWOOD. I am quite sure they were very much concerned about that, because in the allegations in the complaint filed against them we had specifically asked that they account for the moneys taken in on permittees and these assessments, and named some of the areas in which they had operated in this manner (p. 7939).

Despite their agreement to the release, the Underwood forces were not to be allowed even the retrospective privilege of reviewing the financial activities of the trusteeship. When they took over, Underwood said, the office was a shambles, with nothing but a few paper cartons to point up the disappearance of all official books and records.

Although its legacy was a meager one, local 542 thrived, once out from under the heavy hand of supervisorship, according to Underwood. A welfare fund was set up; additional services were supplied to members and the membership itself increased. By 1952 the local's assets had been built back to $900,000, including the $700,000 in the welfare fund.

Then, in August 1952, the blow fell. Underwood recalled:

> At that time Mr. Maloney sent in from New Jersey, from Joe Fay's local, seven what we choose to characterize as thugs, some of them armed, and took physical possession, and seized control of the union offices, and after this was accomplished, they handed me an order from Maloney, stating that local was under trusteeship or supervision (p. 7941).

The reason for this brusque reimposition of the trusteeship, Underwood asserted, was Maloney's displeasure with a strike voted by the membership against certain favored employers who had made contract proposals "far less than we were already receiving." Maloney, he declared, had ordered the strikers back to work on the basis of those proposals. Ironically, Underwood added, the men had already returned to work under an agreement to arbitrate their differences with the employers by the time the invasion of local 542's office took place; in fact, when the husky visitors arrived, he was in court, reporting the agreement to arbitrate. When he returned to the office, he found them in possession. Underwood did not report this seizure at gunpoint to the police, he explained, because he felt it would be futile; further, he noted, the IUOE constitution specifies the international's "absolute right" to take full control of a local.

> Senator MUNDT. Is that not a weakness in the constitution some place?
>
> Mr. UNDERWOOD. I think it is a fatal weakness, and I think we will never be able to correct a corrupt situation in unions as long as that sword of Damocles is held over the head of local union officers and members. I think it is the most un-American thing (p. 7942).

Since reimposition of the trusteeship, the mixture as before has prevailed in local 542. Underwood himself was tried before the IUOE's general executive board, suspended for 6 years, and fined $3,500—a levy he would not pay—for circulating "defamatory literature" and disobeying the international president's orders. Although he was thus no longer personally privy to conditions within local 542, the testimony of other witnesses confirmed that the international had learned no lesson from the rank-and-file revolt against the earlier trusteeship.

Evidence that the new Maloney-imposed regime was just as assiduous as the old in favoring certain contractors, quashing efforts at democratic procedures, and applying violence against those who protested was offered by Homer G. Dawson, a local 542 member since 1941 and a business agent for six months after the trusteeship was reimposed.

Dawson's brief honeymoon with the new regime ended, he reported, after he had observed first hand a number of instances of its modus operandi. One was the regularity with which the supervisory group

of local 542 went along with contractors in arguments they had with union agents over terms of their agreements. Another was the fact that after a number of independent contractors had signed up with the union in defiance of the contractors' association, at Dawson's assurance that their names not be revealed lest they suffer reprisals, Dawson came upon the association's attorney and secretary sitting in local 542's office copying the names of these independents from the contracts they had made with the union. A third source of disillusionment for Dawson was his failure to elicit any information from local 542's leaders concerning the reported existence of secret, supplementary "sweetheart contracts" which allowed pet employers to pay local members as much as $1 an hour less than scale.

Perhaps his chief reason for severing his official ties, Dawson reported, was the reaction of the new supervisor, Hunter P. Wharton, appointed directly by International President Maloney, when Dawson and others tried to get 25 percent of the local members to sign petitions asking Maloney to permit a vote on removal of the new trusteeship. Although this procedure was in accord with the IUOE constitution, Wharton, Dawson testified,

> said that under no circumstances should any of his agents be out circulating these petitions. That, along with the other things, was enough for me, and so I quit (p. 7952).

In his own appearance before the Committee, Wharton thus shrugged off a question as to whether any IUOE members ever protest at not having the right to vote:

> Very, very little. There may be an individual now and then, Senator, but not of any amount (p. 8063).

Wharton cited as proof of the IUOE's democratic procedures the selfsame petition process mentioned by Dawson whereby if 25 percent of a local's members petitioned the international president to lift a trusteeship, he could then conduct a referendum to ascertain the wishes of the entire local membership. He admitted that if the president chose to reject the petitioners, their only appeal was to the general executive board on which the president sat, but he insisted that such appeals had been sustained in IUOE history. Asked, however, whether any of these appeals to the board had been made at any time in Maloney's administration, Wharton said:

> I don't know of any that have been made on his decision, and I don't know of too many decisions that he has made that would be controversial, that would require appeal from his acts (p. 8064).

Dawson's bill of particulars against the new trusteeship of local 542 also included the rarity of membership meetings. He testified that shortly after the local was taken over, 2 meetings were held, and that a period of nearly 2 years then elapsed without another.

Even when held, Dawson's testimony revealed, these gatherings were no jolly get-togethers:

> There was a group that would usually get along one side of the meeting hall, and naturally although we had no voice in the local union, we did ask questions and try to get answers. And whenever any of the questions were embarrassing to the

> people presiding at the meeting, as we call them, the goon squad would start shouting and holler, "Sit down and shut up," and just generally make a lot of noise so that in most cases the president would say, "Well, you can see the members don't want to hear you, and so sit down" (p. 7953).

Occasionally, these shouted remonstrations would flare into violence, as shown by the testimony of T. C. McCarty, Jr., a crane operator and local 542 member for 11 years, whom Dawson named as 1 of 4 victims of beatings he could attest to. McCarty, an ebullient personality who provided the committee with a zestful account of his assault despite its brutal nature, was plainly not the sort of member local 542's leadership cared to have about. A known Underwood supporter, he was on the job one day in January 1953 when a local business agent named Gaull appeared with a pronouncement:

> * * * we were eating lunch, and he told me, he says "We are going to have a meeting." He says "Sometime the latter part of February, or the beginning of March" of that year. And he says, "You," and he pointed to me, "Don't you be there." He says, "If you are there, we are going to have you carried out." So I told him, "Well," I said, "It will take 10 good men to do it." Apparently they knew what they were talking about, because they did it (p. 7960).

McCarty went to the meeting with his fellow union member, Norman Gale, who also testified before the committee; the two prudently sat down, McCarty continued,

> with the wall to our backs so nobody could hit us from the rear (p. 7961).

When a member named Jerry Leone offered a motion that all nonmembers of local 542 leave the premises—a move directed at two husky individuals who had arrived with Supervisor Wharton—another member named Frank Lentino kept interrupting, McCarty recalled:

> So I got up and all I said was "Lentino," I said, "Why don't you sit down until Mr. Leone has his say, and when he is finished, he will sit down and you can get up and say what you have to say?" "What the hell are you, a tough guy?" And he started across the floor (p. 7961).

The next thing he knew, McCarty continued, the meeting was adjourned, and he made for the exit, noting en route that Lentino had talked to Wharton and that Wharton "directly pointed out at me and nodded his head."

He and Gale got into the elevator, McCarty said, and were instantly followed in a mad rush by a group of men, including Lentino:

> All of these people had gotten on and crowded me in, and I just couldn't move at all. So Frank Lentino, he went right for the groin, the nice fellow that he is, that was his depth, he had to take that depth, and the rest of the fellows worked above the belt. Of course, I was kicked and other things, and I took brass knuckles on the ear, I took them on the side of the jaw and on the nose. They tell me that the elevator went

> up and down while the fight was going on. I don't know where the elevator was going; I was busy. So finally they kicked me off at the sixth floor (pp. 7962–7963).

McCarty testified that despite his condition he went back to the meeting hall, where Wharton was still on the rostrum:

> I told Mr. Wharton, I said, "You're the S. O. B. that put the finger on me." I said, "You haven't heard the end of it." Of course, at that time I was going to do it the old-style way, do everything the way they did it to me. But the body of men that was around, they talked me into taking things through court (p. 7964).

McCarty, who said that subsequently he had to have his teeth pulled out because they had been loosened in the attack, and undergo surgery for the removal of a cancerous growth from his side where he had been kicked, swore out 9 warrants, 3 of them John Does and 6 of them in the names of the assailants he had recognized. Three were subsequently found guilty of aggravated assault and battery and fined $200 apiece: Lentino and Joseph Altamuro, both local 542 members, and Johnny Wolgast, an ex-prizefighter, and one of the nonmembers whose presence at the meeting had been protested.

Altamuro and Lentino both appeared before the committee. Lentino, whose past criminal record includes 33 months in jail for robbery at the point of a gun, and an arrest and fine for setting up and maintaining an illegal lottery, and an arrest for pool selling and conspiracy, described the McCarty affair as an "innocent brawl," and expressed his doubts of the veracity of some pictures showing McCarty's injuries with this memorable comment:

> He is not beaten up. It was a case of mercurochrome (p. 7981).

On the question of who had paid their legal fees and fines in the McCarty case, Lentino and Altamuro professed complete ignorance. The answer was supplied to the committee, however, by Harry W. Lavery, local 542's assistant supervisor: the local itself had been their benefactor. Lavery further admitted that the membership had not been consulted about this use of the funds:

> The CHAIRMAN. Do you think that they should have anything to say about it, the man who works and pays his dues, that you should take his money and pay all of your fees and fines and court costs for some man in the union who beats up another member? Do you think that is right?
>
> Mr. LAVERY. It wasn't the first time that it has ever been done (p. 8059).

Along with the Philadelphia members of local 542, its Delaware membership too has felt the cynical imprint of the post-1952 trusteeship. According to the disenchanted business agent, Homer Dawson, who went back home to Delaware to work, one device thought up by local 542's new bosses to "divide and conquer" was to set up 5 separate districts within the union's jurisdiction and hold district meetings instead of area meetings. Even so, Dawson added, Delaware members have not met since March or April of 1955, and when they last did

so—after not having met for the 2 previous years—they derived little satisfaction:

> * * * of course, in that length of time we had a great many complaints, and questions. We asked a great many questions, and I would say that we haven't received an answer of any sort yet. We just couldn't receive an answer as to what was going on (p. 8035).

Vengeance against Underwood supporters in Delaware has taken the form of making it difficult for them to get jobs, according to testimony by both Dawson and Louis Lattanzio of Wilmington, a local 542 member since 1948. Lattanzio reported that when, in early 1955, he heard about the impending start of what he called "one of the biggest jobs that ever hit the State of Delaware"—the Tidewater Oil Co. job in Delaware City—he decided to apply. Getting the job, he explained, required the nod of the IUOE's "master mechanic" on the project, John Piscitelli, son of Edward Piscitelli, a business agent of local 542. Lattanzio said that he was assured by John Piscitelli that he would be one of the first on the job, but that, as time went by, he was still not tapped; in fact, he declared, none of the boys in Delaware could get jobs, although hundreds of operating engineers were being brought in from all 48 States.

Repeated appeals to the Piscitellis were of no avail, Lattanzio continued. Finally, after 7 months, the senior Piscitelli told him he was wasting his time; that "as long as I am the business agent, you will never go to work there." At this point, Lattanzio declared:

> So that is when I really got teed off. Myself and Joe Sylvester, we went to the NLRB at 10 o'clock that morning, and at 8 o'clock that night we got a telephone call from Eddie Piscitelli to go to work the next day (pp. 7995–7996).

John Piscitelli, who admitted that as master mechanic he had control "to a large degree" over who should be hired, denied to the committee that he had tried to keep Lattanzio out. Piscitelli's memory of the circumstances of Lattanzio's hiring was as follows:

> He came to my house that night, and told me he brought action against me, and I said, "Why did you do that, Lou? You are going to work tomorrow morning" (p. 8028).

It was pure coincidence, Piscitelli asserted, that Lattanzio and another man named Joe Sylvester had not been taken on until they had complained to the NLRB.

Piscitelli also figured in the testimony of Lattanzio and three other Delaware members of local 542, Joe Sylvester, Michael Williams, and Ormond Curci, concerning organized gambling activities on the Tidewater project, including daily card games and crapshooting, the operation of numbers, baseball and football pools, and the placing of bets on horseraces.

According to the composite account furnished by these witnesses, the crap and card games took place in the "change house" provided the operating engineers for changing their clothes. The crap game, played on a piece of plywood on trestles, was an all day affair when it rained, beginning right after punch-in time at 8 o'clock, and sometimes continuing even though the weather cleared; on fine days, the

players gathered during the lunch period, although often beginning before the noonday whistle and continuing well after it. Sometimes as much as $500 would be shot on a single roll:

> Mr. KENNEDY. Did some of the men lose their whole salaries?
> Mr. WILLIAMS. Yes, sir.
> Mr. KENNEDY. Do you know of anyone who lost his week's salary?
> Mr. WILLIAMS. Myself, particularly (p. 8016).

All witnesses agreed that the operators and bankers of the game were local members Fred Fero and Paris DiSimone, who, they said, provided the dice and layouts, and that the 2 men had able assistance from a third member, Joe Valentino.

> Mr. KENNEDY. Now how do you reach the conclusion that it was organized?
> Mr. SYLVESTER. Because it seemed as though the 3, Keggy DiSimone, Fred Fero, and Joe Valentino, it seems as though they were the wrong bettors and there was a lot of other fellows that were trying to bet the dice wrong.
> Mr. KENNEDY. What do you mean by "wrong bettors?"
> Mr. SYLVESTER. They would bet the dice wrong, and not to make the numbers.
> Mr. KENNEDY. Is that what the house does?
> Mr. SYLVESTER. Usually, yes (p. 8011).

For those players hapless enough to drop an entire pay check on the game, Curci testified, DiSimone had a ready solution; he would lend them money at the rate of $6 to be repaid for every $5 he laid out. Fero, too, had profitable dealings other than the dice game. As a field foreman, he had a pick-up truck issued to him, and the use to which he put it was described by Curci:

> * * * he would run from machine to machine all over the job, taking bets and showing the race form to the fellows so they could pick a horse, and stuff like that. And at times Paris DiSimone would borrow Fred Fero's truck and do likewise (p. 8014).

Fero assured the committee that he knew nothing of such matters, that—

> the only thing that would happen now and then would be a few fellows would probably be going to the track and we would give them some money to go bet it, and they would bring the money the next day (p. 8005).

Although they admitted to participating in some of the gambling activities at Tidewater, Fero, DiSimone and Valentino disclaimed any managerial roles in them, and denied any knowledge that master mechanic Piscitelli was aware of the goings-on. This was in sharp contradiction to testimony by the other witnesses, placing Piscitelli in the "change house" on a number of occasions when the crap games were underway. Lattanzio recalled:

> I was right in the change house when Piscitelli came in and said, "No crap games today. The State police are out there" (p. 8000).

Piscitelli himself asserted that all he knew of the situation was that cards and crap games went on at the noontime half-hour break and on rainy days; he had no information whatever that the games were organized, or that big stakes were involved, or that horse or baseball or numbers pools existed. That as the responsible IUOE authority at the scene he should have had some concern for the welfare of the union members in his charge was a thought Piscitelli plainly did not harbor:

> Mr. KENNEDY. Did you ever take any steps to try to break it up?
>
> Mr. PISCITELLI. Those men are over 21. As long as I didn't need them, they could do what they wanted (p. 8025).

Whatever losses they may have sustained through the temptations made available to them at Tidewater, local 542 members suffered deprivations of a far graver nature in another area of the Delaware situation studied by the committee.

Just how this deprivation was effected appeared in the testimony of Howard Joseph Kaye, of New Castle, a local 542 member for the past 8 years. Although Kaye, a proponent of autonomy, had been the victim of a goon assault at a union meeting, this incident paled by comparison with another which he related to the committee. At one time, Kaye reported, the local's business agent sent him to the Standard Bithulithic Co., where he was employed, to run a machine called a heater-planer, a job which, under the contract covering the 3-county area in the State of Delaware, called for a wage rate of $3.385 an hour.

> I started the job and I asked the superintendent on the job what the rate was, and he said $2.40. I said, "No, I have a copy of the contract here. I will show you where it is $3.385." He said, "No, the office told me $2.40. They have a contract down there that says $2.40" (p. 8039).

Kaye, understandably irate at the notion of having his wages undercut by approximately $1 an hour or $8 a day, stayed on the job another day at the superintendent's plea but then quit. A union meeting happened to be called for that evening, he said, thus giving him a forum to protest about his substandard wage rate:

> I brought it up the floor, and I had a little trouble bringing it up, and when I did get the floor, first Mr. Lavery denied that there was such a contract in existence, and then he said, "Well, what company are you working for?" I told him, and he said, "Well we did sign a contract with them down there for less money." He finally admitted that it did happen (p. 8039).

Kaye asserted that not only did Standard Bithulithic continue to pay that lower rate after he quit, but that other contracts have been subsequently signed with contractors at substandard rates.

> The CHAIRMAN. What do you think becomes of this difference between the $2.40 and the $3.385 an hour?
>
> Mr. KAYE. What do I think or what do I know? I don't know what becomes of it, but I can think of what becomes of it.

> The CHAIRMAN. Well, I guess we can all have a few thoughts. I was wondering if you knew or had any information that would actually substantiate what you think.
> Mr. KAYE. No, sir, I do not (p. 8040).

Following Kaye's testimony the committee questioned the local 542 official whom he had pinpointed as admitting the existence of the Standard Bithulithic contract, assistant supervisor Lavery. Still retained in his union post although he was indicted last year under the Hobbs Anti-Racketeering Act for allegedly receiving money from a contractor's representative at the Signal Corps Depot project at Tobyhanna, Pa., Lavery offered the committee some of the most tortuous and contradictory testimony ever given before it.

He began by asserting that a copy of the Standard Bithulithic contract had been made available to local members; he then declared that he "couldn't say" whether they had been given copies. Later he took an entirely new tack, stating that he didn't "believe" a contract had been signed with Standard Bithulithic, and that the arrangement made with the company was only a "verbal" one. Supervisor Wharton, called upon to clarify his aide's varying assertions, proved no more helpful. Wharton, who explained that he spent most of his time in Washington, declared that "to his knowledge" no written contract exists—

> unless there is one that has been written—or if there is one that has been signed by them. There is a form there. Unless it has been signed with it recently, I don't know of any written contract with them (p. 8051).

The intricacies of Lavery's exposition seemed to boil down as follows: Delaware, he said, has a law stipulating $1.50 an hour as the minimum to be paid to shovel operators or operating engineers on highway construction in the State. Thus, local 542 contracts providing for $3.90 an hour are nought but "beautiful documents," inapplicable to Delaware. To prevent all Delaware highway jobs from falling into nonunion hands, thereby depriving union men of work, local 542 had to make special arrangements with union contractors, permitting them to pay less than contract scale, in order to induce them to bid on Delaware highway work. Lavery had no adequate explanation, however, when confronted with testimony that Standard Bithulithic was permitted to pay these reduced wages for nonhighway work as well.

About the only crystal-clear point made by Lavery was his admission that local 542 members were never given an opportunity to vote on this arrangement to pay them lower rates. Lavery said he had transacted the matter with Standard Bithulithic by telephone. Asked whether he had the authority to waive the terms of a written contract, he admitted that he did not, ending with an assertion in which the committee found it difficult to put any credence:

> The fact that I have done it, and I don't know what bearing that might have on it, with authority or without authority, it was done in the best interests of the people (p. 8056).

At another point in his testimony Lavery attempted to demonstrate another virtuous facet of the character of the IUOE regime by pointing out that in 1955 General President Maloney had sent a

letter to local 542's membership ordering an election of officers by secret ballot, but that Underwood and his forces had petitioned the court for an injunction to stop this election. A totally different perspective on this matter was provided the committee by Abraham Freedman, lawyer for the Underwood faction.

Freedman explained that at the time of Maloney's call for an election 2 lawsuits were pending, 1 to rescind Underwood's suspension, the other to supersede Maloney's 1952 order reimposing trusteeship on the local. Since Maloney's maneuver for an election made no mention of lifting the supervisorship, the Underwood forces—many of whose leading spirits would thus have been ineligible to run for office—felt that such an election would be neither fair nor democratic. They petitioned for an injunction, Freedman added, and the court granted it; the Court of Appeals affirmed the issuance of the injunction.

As of this report, the lower court has ruled that reimposition of the 1952 trusteeship was justified. This decision is now being appealed.

Another local 542 member, Columbo Acchione, injected a note of more than passing interest with his account of his experience as a delegate to the 1956 international IUOE convention. Acchione reported that when he tried to introduce an antiracketering resolution to cover the operating engineers, he was accused of being a Communist, questioned as to his citizenship, denounced as "ignorant" and "double-talking," and booed. His resolution, he was told, "shocked the signs of decency," and despite an appeal to Maloney himself it was never even brought to the floor. Partaking in these demonstrations of the unregeneracy of IUOE officialdom was Joseph J. Delaney, the international's secretary-treasurer at the time. Delaney, Acchione reported, was the one who had called him a Communist and cast doubts on his citizenship, and who had led off the booing. It is pertinent to point out here that Delaney succeeded Maloney as international president when he resigned in February 1958, a week after the committee's hearings.

The fifth and final local IUOE situation examined by the committee involved Chicago locals 399 and 150, the two groups which, as 29-year trusteeships, hold the IUOE record. Local 150's creation in 1929 as Maloney's personal possession, its early but futile attempt to unshackle itself, and its convenience as a source of funds for such pressing Maloney needs as Cadillacs, air conditioning, and TV, have been detailed earlier in this report. After he assumed the international presidency of the IUOE in 1940, Maloney gave up his title of supervisor of local 150, but the docile character of the men he successively selected to fill the post, including James Crane, the present supervisor, guaranteed that no threat would be posed to the retention of his iron grip on the local.

Crane, whose unabashed admission that he had bought Maloney a Cadillac out of local funds without consulting the members was previously noted in these pages, was just as unblinking in his assurances to the committee that he "truthfully" thought local members should be able to elect their officers, enjoy suffrage by secret ballot, and pass on such expenditures as gifts and expenses for Maloney. That he had managed to restrain any urge to put these notions to the test, however, was plain both from his own testimony and that of

others concerning his decidedly erratic role in the 1956 rank-and-file move to cast off the trusteeship of nearly three decades.

Clarence Donath, who had testified about the local's attempt to rid itself of Maloney in 1934, was also in the forefront of this new anti-trusteeship campaign. At a meeting in March 1956, Donath testified, he presented a motion that local 150's officers petition the international president for a release from supervision. Crane, who was presiding, at first declared he would not entertain the motion but then relented. The motion was carried on a voice vote so strong that even Crane had to acknowledge it, Donath added.

As to whether Crane actually petitioned Maloney or not, Donath said he was not sure, although the minutes of the meeting indicated that the petition was sent out. More than a month passed without any acknowledgment, however, and then, at the end of April, another meeting was held, with Crane again in the chair, in which the work of the March meeting was totally undone. A motion to give both local and international officers a rising vote of confidence was carried overwhelmingly.

Donath and Crane varied widely in their theories as to why this stunning reversal had taken place. Donath testified that the meeting had been rigged; that it was standard organizational practice, any time the officers wanted certain ends achieved, to notify the union's master mechanics to bring in the faithful. Crane, on the other hand, insisted that he had not participated one way or another and labeled this apparent change of heart "more or less" of a surprise to him:

> Senator GOLDWATER. Wouldn't you suspect there was quite a bit of pressure put on to change what in your opinion was a close vote in favor of it to a unanimous vote against it in 1 month with only 50 additional members being present?
>
> Mr. CRANE. I don't think anybody put any pressure on them whatsoever.
>
> Senator GOLDWATER. They just thought about it themselves and decided to remain?
>
> Mr. CRANE. I presume so (p. 8297).

Crane dispatched a letter to Maloney, under date of May 7, 1956, notifying him that by a rising vote of 450 "to approximately 8 or 12" the local had voted to remain under the international's supervisory wing. The next day Maloney acknowledged both this letter and, for the first time, the March petition. In a graciously paternal communication he said in part:

> I wish to say that I believe the members of local 150 have made a wise choice in not wanting to be released from supervision. This local union is one of the most progressive in the country, and it has probably done more for its members than any other local in the United States.
>
> It was a very wise move when the members of local 150 put their confidence in the officers of the local and decided to remain under supervision, and I think it will work out to the best interests of the membership (pp. 8262–8263).

The sincerity of Crane's protestations to the committee of his democratic sympathies may be judged by these words he wrote Maloney as recently as July 31, 1957:

> To subject this large local to periodic changes in management of its affairs by election of officers would not help the membership. It would bust it.
>
> The operation of this local union is not small business to be taken care of after working hours. It is big business (p. 8263).

Asked to comment on this letter, Crane insisted that the union was indeed "big business"—it now has a membership of 6,638 and assets of $1,012,069—and that

> There is a point I might say where I do not have to spend my time electioneering (p. 8299).

Under further committee inquiry as to whether he would now take steps to lift the supervisorship in view of his professions of belief in democratic procedures, Crane allowed that he would do the "best" he could. What real hope can be drawn from this may be seen from the following exchange:

> Mr. CRANE. I have already started to do it.
>
> The CHAIRMAN. When did you start?
>
> Mr. CRANE. When I wrote that letter of March 22, 1956.
>
> The CHAIRMAN. Is that the last thing you have done about it?
>
> Mr. CRANE. That is the last thing I have done about it.
>
> The CHAIRMAN. When will you make a fresh start?
>
> Mr. CRANE. I have talked about it (p. 8301).

At this point Crane was put under obligation by the committee to report to it in writing within 30 days what action he had taken by then to move in the direction of lifting local 542's trusteeship.

The contemptuous disregard by IUOE officers for the welfare of the rank and file was also evident in the committee's inquiry into Chicago local 399, which was put into trusteeship in December 1929, seven months after local 150. Whereas local 150 represents the hoisting engineers, local 399 covers the stationary engineers, those who handle the big boilers in large industrial plants. The local's current membership totals 3,049; its assets, $452,872.

Neither Anton Imhahn, its supervisor and also an international vice president, nor Andrew Leach, its assistant supervisor, appeared at the hearing. Doctors' certificates respectively reported that Imhahn was unable to attend and that Leach was in the hospital.

The presence of neither man was necessary, however, to ascertain that they had dipped lavishly into local 399 to live in a style to which they obviously preferred to be accustomed. A study and followup of the local's records by committee investigators Calabrese, Moran, and Theodore Simon revealed that:

1. Union funds of $17,566.32—$15,119.20 for Leach and $2,447.12 for Imhahn—went for purchases they made from 1950 to 1957 at a Chicago gourmet shop called "Stop and Shop." Messrs. Imhahn and Leach stopped and shopped for such items as 20 pounds of almonds, $9.80; 12 French pastries, $52.10; 12 chocolate-filled sticks,

$17.82; 12 "artichoke bottoms," $15.15; 100 tins of frozen orange juice, $21; 50 frozen True Blue berries, $19.50; 12 gooselivers, $83.40; crepes suzettes, $27; a case of Haig & Haig, $82.50; 2 cases of Mumm's champagne, $154; 2 cases of burgundy, $65; Billy Baxter lemon soda, $7.90; and parrot liquor, $9.40. Although not sworn to under oath, the best information available to the committee staff was that parrot liquor is liquor poured over a stuffed parrot.

Another $10,000 in purchases at this haven for the hungry was sent to local 399's offices and picked up by an unidentified person; thus no direct tie to Imhahn and Leach could be proved.

2. Leach, in a solo performance, racked up purchases of $5,399.55 from 1951 to 1952 and 1955 to 1956—also out of union moneys—at the Central Monogram Works. Among items he bought there were a 14-karat gold letter opener, $60; a 14-karat gold buckle, $60; a 14-karat gold locket, $105; and a 14-karat gold antique design watch, $295.

3. The union also paid $1,031.11 from 1951 to 1953 for Leach's membership in the Wing and Fin Hunting and Fishing Club. Among charges which Sportsman Leach incurred in this sphere, and which the union bankrolled, were: raising birds annually, $250; dressing 16 ducks, $8; dressing 12 pheasants, $6; gun rack, $10; mounting of a tarpon, $21; mounting of a jack, $11.50; mounting of a bonefish, $17.50; mounting of a trigger, $10.

4. The union paid $2,911.35 from 1951 to 1954 for Leach's membership in the Tom-O'Shanter Country Club, and $911.91 for purchases he made from the club's Pro Shop. An affidavit from the former pro, Willard Gordon, deposed in part:

> These purchases at the Pro Shop by Mr. Leach went on for about a year or a little more and then stopped. I do not know why he quit buying unless the answer is that only so much can be bought in such a shop until the saturation is reached.
>
> I recall that among Mr. Leach's purchases were a good many sports slacks, sweaters, shirts, and at least one set of golf clubs, almost $40 worth of plastic shirt boxes apparently for himself, and near Christmas he bought a number of items, mostly sports clothing, apparently for friends of his whom I do not know (p. 8276).

5. Leach also used local 399's funds to have a portrait painted of himself from a photograph for $250; to buy, in 1956 and 1957, $2,137.77 worth of shrubbery and garden supplies; and to incur, from 1951 to 1957, hotel bills and charges for $8,258.39 at a hotel in Hot Springs, Ark.—a city where no official meetings of any segment of the IUOE were held during the times of Leach's visits.

Patently a man of greater imagination than his superior in the local, Leach cost the union $36,079.28 for these items, as against Imhahn's relatively paltry $2,447.12. Thus the total for both was $38,526.40, excluding the untraceable $10,000 expenditure at Stop and Shop.

> Senator GOLDWATER. Who approves in this local the spending of money?
>
> Mr. CALABRESE. Every bill is approved and signed by Mr. Imhahn, the supervisor. A copy, as I understand it, of the daily expenditures is sent to the international president, Mr. Maloney, since it is under trusteeship. He has the duty or responsibility of looking over these expenditures.

Senator GOLDWATER. Is the nature of the expenditures noted in the ledger?

Mr. CALABRESE. No, not as such. We had to go back to the invoices to determine. In other words, in the ledger would be to Tam-O'Shanter or the Jensen Floral, but we would have to go back to the invoices to know the nature of the expenditure.

Senator GOLDWATER. In your examination of the minutes did you find any evidence of union expenditures being discussed with the membership?

Mr. CALABRESE. There was none, Senator (pp. 8277–8278).

John F. Brady, local 399's financial corresponding secretary for the past 9 years, testified that while he is responsible for keeping the membership informed of what money comes in, it is not his duty to tell them what money goes out. Imhahn, he declared, reports to the rank and file on receipts and disbursements, although not in any itemized fashion. Asked whether local officials felt that this was all the members were entitled to know, since they were under trusteeship, Brady offered this reply:

> I would not know how to answer that. I suppose through a period of years, that is the way it happened and it was just kept up (p. 8283).

It remained for Clarence Donath of local 150, however, the IUOE veteran of 35 years' standing, to provide perhaps the most devastating, if oblique, commentary made throughout the course of the committee's hearing on the basic and continuing evil of IUOE trusteeship. As he ended his testimony, Donath requested—and received—a "favor" of the committee: a statement by the Chairman that any attempts made to intimidate, coerce or threaten him in the wake of his committee testimony would be regarded as contempt of the United States Senate and a defiance of the authority of the Federal Government.

FINDINGS—INTERNATIONAL UNION OF OPERATING ENGINEERS

In the American labor movement the International Union of Operating Engineers stands out as an ugly example of ruthless domination of working men and women through violence, intimidation and other dictatorial practices.

The hearings of this committee concerning the activities of the operating engineers union clearly demonstrated the lack of democratic procedures within that union and exposed to public view the ruthless ends to which the union's leadership will go to stifle any semblance of democratic action.

The hearings revealed, in the committee's opinion, these salient facts:

1. Democracy within this vital union is virtually nonexistent. Through an international constitution designed to give the membership as little voice as possible, only 46 percent of the union's 280,000 members are even allowed to vote for their own officers. Where elections are held, union leaders have shamefully deprived their members of their democratic rights through the indiscriminate stuffing of ballot boxes and rigging of elections.

2. Trusteeships have been imposed—for no apparent reason—as a means of continuing domination over the affairs of a number of locals

of the International Union of Operating Engineers. The locals under trusteeship have been looted and their members deprived of their rights. Two locals in Chicago, Ill., have been under trusteeship for 29 years.

3. There has been extensive collusion between union officials and management which has resulted in the emergence of a class of "favorite contractors" who, testimony showed, were permitted to pay lower wages and ignore other established contractual arrangements.

4. Union officials have entered into business arrangements with the very employers with whom they negotiate in what the committee feels are clear conflicts of interest.

5. Vast amounts of union funds have been misused and diverted to the personal profit of union leaders for their extravagant entertainment and luxury.

During its hearings, the committee looked into the affairs of five locals of the International Union of Operating Engineers in such divergent places as San Francisco, Long Island, Philadelphia, Newark, and Chicago. It did not seem to matter which local the committee was studying; the conditions described above existed in all of them in varying degrees. The committee herewith presents its findings in the locals studied during the committee hearings.

(A) LONG ISLAND, N. Y.

The committee finds that William DeKoning, Jr., and his late father, William DeKoning, Sr., have operated local 138 on Long Island as a closed family corporation to suit their own interests without real regard for the rights of the membership. The committee finds that all opposition to the DeKonings was remorselessly suppressed, often in a violent manner. The example of Peter Batalias is a notable one in the committee's view. This rank-and-file member, who had the temerity to question the actions of local 138 officers, was viciously beaten by union goons in front of the local 138 union hall and hospitalized as a result.

As is the case with other IUOE locals, local 138 was split into various divisions—i. e., local 138, local 138A, and local 138B—and only members of local 138 were permitted to vote for officers. The committee testimony showed that there was no regular manner in which an operating engineer on Long Island could gain admission into parent local 138, but that such advancement was based on the whim and caprice of Mr. William DeKoning and his friends rather than on a standard of ability as an operating engineer.

The committee cannot condemn Mr. William DeKoning, Jr., too strongly for his action in revoking the membership of Mr. Peter Batalias and Mr. Lou Wilkens for "bringing the union into disrepute." While a court in Long Island dismissed the charges against the men who beat Mr. Batalias, the fact is that Mr. Batalias and Mr. Wilkens were merely exercising their legal right to seek prosecution against those who had taken part in the assault.

The committee finds that William DeKoning, Jr., attempted to frame Mr. William Wilkens and Mr. Charles Skura, rank-and-file members of local 138, on trumped-up charges in order to find some flimsy excuse for throwing them out of the union.

The situation in the Long Island local of the operating engineers union is, in the committee's opinion, rotten to the core and merits further study by this committee in the coming months.

(B) SAN FRANCISCO, CALIF.

The affairs of San Francisco Local 3 were run in a high-handed and dictatorial fashion by the union's officers, particularly manager Victor S. Swanson, president Patrick Clancy, treasurer P. E. Vandewark, and secretary Clarence Mathews. Meetings were held in San Francisco, far from the residences of most of the union's 24,000 members, who are spread over northern California, northern Nevada, Utah, and the Territory of Hawaii.

Swanson, without any feeling of guilt, admitted the rigging of an international election by the stuffing of ballot boxes of San Francisco Local 3 members in a mountain cabin hideaway, owned by the union for the pleasure and comfort of the officers. His justification that he was only doing what everybody else in the international was doing is only further proof, in the committee's opinion, of the lack of democracy within this union.

Officers of local 3 purchased a 40-foot Chris-Craft cruiser for the ostensible purpose of checking on dredging jobs in San Francisco Bay. In this they perpetrated a double fraud on the members of the local. The boat was never used for the purpose stated but rather for the entertainment of business manager Victor Swanson, his two sons, and other union officers. The union members were told the boat had cost $10,000, whereas its true price was $20,000, and the remaining $10,000 had been cunningly concealed in the union books through a subterfuge payment to an Oakland, Calif., building contractor.

A defense fund was set up for the announced purpose of fighting right-to-work bills and other measures which the union's officers considered antilabor. Of the $75,000 which went through this defense fund without a single voucher, only some $25,000 could be substantiated in any manner by committee investigators. The remainder of the funds had been checks made out to cash. The only conflict in the testimony was which official of the local ended up with the funds—with each of the officers accusing the others in these transactions.

The actions of the officers of the San Francisco local 3 in enriching themselves at the expense of the members through the dealing with union-purchased land in Stockton, Calif., is strongly condemned by the committee. The fact that these officers managed to profit to the extent of some $47,000 in the buying and selling of this land through dummies represents, in the committee's opinion, fraud and embezzlement.

The committee notes with interest that the district attorneys of San Francisco and Stockton, Calif., have evinced interest in these transactions by requesting information for possible action against the officers who participated in them. The committee has also strongly recommended to the Justice Department that it seek perjury action in connection with the testimony on this Stockton land deal. Certainly, the testimony given by Victor S. Swason, Patrick Clancy, Porter E. Vandewark, Clarence Mathews, and Ed Doran, local 3's Stockton business agent, cannot be reconciled in any manner and, in the committee's view, the conflicts in that testimony present prima

facie evidence that one or more of these individuals committed flagrant perjury in their testimony before the United States Senate. In the committee's opinion, on the basis of the evidence and on the character of their testimony, Patrick Clancy, Porter E. Vandewark, Clarence Mathews, Victor S. Swanson, and Ed Doran are unfit to hold any union office.

(C) PHILADELPHIA, PA.

The Philadelphia local, 542, was placed in the ungentle hands of Joseph S. Fay, one of the most notorious extortionists in labor union history, and remained under his domination until his conviction and incarceration in 1946. After a brief and successful 4-year period of union democracy from 1948 to 1952, during which the members had a rare opportunity to govern themselves, the union was placed back in trusteeship, and its members have since fared little better than they did with the Fay machine.

The present supervisor of the local, Hunter P. Wharton, recently elected international secretary-treasurer of the IUOE, not only has taken no steps to return the local to its membership but played a key role in the brutal assault on a local 542 crane operator, T. C. McCarty, Jr. McCarty was beaten by union goons after protesting the management of local 542. The evidence shows that Wharton ordered the use of union funds to defend the men who participated in the assault on McCarty and to pay their fines after they were convicted.

Wharton also allowed Harry W. Lavery to continue as assistant supervisor of local 542, despite the fact that Lavery is—and has been for the past 18 months—under indictment for extortion. In the committee's opinion, Mr. Wharton's election as international secretary-treasurer of the union on a so-called cleanup slate is not a harbinger of future reform within the hierarchy of the IUOE.

Mr. Wharton and Mr. Lavery also participated in a questionable contract signed with the Standard Bithulithic Co. which called for lower wages than those other contractors in the same area were forced to pay. The testimony of Wharton and Lavery on this point was tortuous and contradictory. It left the record with the admissions that the Standard Bithulithic contract was inferior to other contracts, and that members of local 542, forced to work under this contract, were denied the opportunity of looking at it or finding out what its provisions were.

Millions of dollars in funds of local union 542 were siphoned off during the administration of the ubiquitous Mr. Fay, leaving the treasury a shambles when a rank-and-file group took over in 1948. According to the head of this group, Roy Underwood, the amount stolen from the local during Mr. Fay's tenure as supervisor may have reached $3 million in union dues moneys.

(D) CHICAGO, ILL.

The committee finds that William E. Maloney, the just-resigned international president of the operating engineers union, achieved domination over local 150 in Chicago through an alliance with hoodlums and mobsters. Maloney used his association with these mobsters as a weapon of terror against the members of local 150 and as a means of advancing himself within the operating engineers union

to the presidency in 1941. The murder of Dennis Ziegler, a rank-and-file member of this local, for his courage in standing up to Maloney's corrupt leadership is an unerasable blot on the modern history of this union. Maloney kept local 150 and local 399 in trusteeship since their inception in 1929, despite frequent membership attempts to escape this form of labor-union dictatorship.

The supervisors of local 399 in Chicago, Arthur Imhahn and Andrew Leach, siphoned off $17,566.32 in payment for riotous living, which included purchases of such items as artichoke bottoms, chocolate-filled sticks, crepes suzettes, parrot liquor, Billy Baxter lemon soda, portraits, the stuffing of pheasant and ducks, and 12 goose livers.

(E) NEWARK, N. J.

The committee finds that Joey Fay was the recipient of some $238,000 in benefits from Newark local 825, both while he was serving in the penitentiary and after his parole. This money came in the form of payments to his wife for nonexistent office work and a lifetime pension to the convicted extortionist. Union members' dues were also used to pay some $60,000 in legal fees for Joey Fay. These funds were expended on Fay's behalf, despite the fact that he had been convicted of extorting some $63,000 from contractors on the promise that they would not have to meet the specifications of the union contract, thereby depriving the members of his union of wages and conditions to which they were entitled.

Peter Weber, the business manager of local 825 in Newark, was a business partner with a number of contractors with whom he negotiated contracts. Despite Weber's insistence that these relationships were strictly above board, they are, in the committee's view, conflicts of interest of a serious nature.

(F) WILLIAM E. MALONEY

The committee finds that William E. Maloney administered the affairs of the International Union of Operating Engineers in a manner inimical to the best interest of the members of that union, that he enriched himself at their expense, that he entered into collusive agreements with employers, and that he misused hundreds of thousands of dollars of union funds.

The committee testimony clearly shows that there was an under-the-table relationship between William E. Maloney and Stephen A. Healy, founder and head of the S. A. Healy Co., one of the Nation's largest contractors. That this relationship was of great value to Healy and his firm is best demonstrated, in the committee's view, by the testimony that Healy, for a long period of time, was a favored contractor who received special concessions on his union contracts.

The favored state of the S. A. Healy Co. was best shown by the contacts between Roy Underwood, president of local 542 in Philadelphia from 1948 to 1952, and William E. Maloney. He said that his agents had trouble getting the Healy Co. to live up to its agreements while working on a large Government project at Blue Ridge Summit. He was told flatly that he had better contact William E. Maloney before insisting on any contract provision. Underwood also related that Maloney called him and told him to keep his business agent away

from the S. A. Healy Co. because "he is a friend of mine and that is all I should have to tell you."

Clarence Donath of local 150 in Chicago told how men worked on Healy jobs but did not receive any overtime payments, whereas other contractors were paying overtime. Committee investigators introduced evidence showing that Maloney, Healy, and Orville Soucie, a one-time international trustee of the IUOE, participated in joint business ventures.

The committee condemns Mr. Healy's lack of candor with the committee and his refuge behind the fifth amendment to avoid telling what he did with more than $200,000 in company funds which were listed as a nondeductible business expense. Mr. Healy's action in making payoffs of $125,000 to Big Mike Carozzo, a Chicago mobster, which the contractor admitted before a New York grand jury, presents grave evidence as to the methods which Healy felt were necessary to insure labor peace for himself and his company.

Maloney's income tax returns for the period 1950 through 1956, reflected earnings of some $388,000 in salaries and expenses from the union for that period. Committee investigators found that the true figure was some $742,000, and that Maloney had understated his income in salary and expenses from the union during this period by more than $353,000. Of these figures, committee investigators said $171,000 had no legitimacy whatever.

Maloney purchased a $35,000 yacht, the *Half Moon*, for the ostensible purpose of inspecting dredge jobs manned by operating engineers in the Miami area. The ship's captain testified that the boat had never been used for this purpose, to his knowledge, but merely for the enjoyment of Maloney, the new international president, Joseph Delaney, and other officers of the union.

The testimony also showed that Maloney was the recipient of union-bought Cadillacs from the funds of trusteed local 150 in Chicago, which were given to him by the supervisors of that local who served at his pleasure. The union also footed the bill for a lavish holiday in Europe for Mr. and Mrs. Maloney while Maloney, at the same time, was drawing per diem expenses from the United States Government.

The conditions in the operating engineers union, in the committee's opinion, relate directly to the charge of lack of democracy within the IUOE. The committee has repeatedly pointed out that where there is active and militant membership participation in the affairs of any union the chances of the officers lining their pockets with union funds become increasingly remote. The standard of undemocratic procedures which runs through the entire operating engineers union is open invitation to the type of financial practices which the committee uncovered in its hearings.

The committee is keenly aware of the vital nature of work performed by members of the operating engineers union and, particularly, the key role that members of this union are playing—and will play—in the current $40 billion national highway program, and other projects of strategic importance to the Nation. Following the hearing, Mr. William E. Maloney resigned as international president of this union. Without any attempt to determine the wishes of the membership, he was granted a $50,000-a-year pension. New officers were elected, including Mr. Hunter P. Wharton as international

secretary-treasurer, the man whose activities the committee has seriously questioned in relation to his stewardship of the activities of local 542 in Philadelphia, Pa. This summary action by the executive board of the IUOE does not meet the standards of democratic procedure which the committee feels are necessary in any labor union for honest operation for the benefit of its members. The committee has promised and reiterates the promise, that it will continue to study the affairs of this union and keep a watchful eye on its progress.

Special Finding—International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America

The United States Senate Select Committee on Improper Activities in the Labor or Management Field during the first year of its existence has made a detailed study of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America. The committee feels that what it has uncovered relative to that union calls for a special finding of fact.

Well-nigh incalculable power over our economy is wielded by this union. Not only is it the richest and biggest union in the country, but it is the most strategic. The teamsters assert jurisdiction over every product and commodity in this country which moves on wheels, including milk and other foods, clothing, furniture, appliances, coal, oil, automobiles, steel, lumber, construction materials, and daily newspapers. Moreover, they assert jurisdiction over all matters which impinge on their jurisdiction, however lightly. Teamster disapproval can break another union's strike; they can close stores by refusing deliveries, close hotels by refusing to pick up their refuse. The teamsters can, in short, stop the Nation's economic pulse.

Whoever controls the teamsters, then, controls much more than the immediate destinies of 1,500,000 union members; he and his lieutenants reach into every household in the land. Such is the formidable power and such is the awesome responsibility that the one would never be disassociated from the other by men of conscience.

It would be heartening, indeed, to be able to describe the men at the teamsters' wheel as men of conscience in whom this trust is well-placed; unhappily, the opposite is spectacularly true. The committee finds that the most outstanding traits of the teamsters' leadership are dishonesty and corruption. They present a major threat to the economy and to law enforcement in the United States.

The officials of the teamsters union have, in the committee's opinion, disgracefully betrayed their own members. Time and time again, when the clear choice presented itself—on the one hand, the furthering of the welfare of the members, and on the other hand, advancing their own personal interests—these teamster officials chose the latter alternative.

Particular condemnation must fall on the presidents, Mr. Beck and Mr. Hoffa, and the general executive board members.

The committee presents this bill of particulars against the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America:

1. Teamster officials have crushed democracy within the union's ranks. They have rigged elections, hoodwinked and abused their own

membership, and lied to them about the conduct of their affairs. They have advanced the cause of union dictatorship and have perverted or ignored their own constitution and bylaws.

Hoffa, with the help of Einar Mohn and Dave Beck, established through "Tony Ducks" Corallo and John Dioguardi phony local in New York City in order to gain the necessary votes to assure the election of Mr. Hoffa's candidate, John O'Rourke, as president of joint council 16. Thereafter, votes were cast in the names of individuals listed as officers and delegates who claimed that they not only did not participate in the election but did not even know that they were members of a labor organization.

At the recent international convention of the teamsters in Miami, Mr. Beck and Mr. Hoffa, with the help of their bevy of lawyers, made a mockery of the international constitution. They showed that they regarded the constitution as a piece of paper to be obeyed or ignored as it might benefit them. In this instance, the decision was to waive the constitution. Without this action, Mr. Hoffa could not have been elected teamster president.

Delegates from a New York local who participated actively in the convention were not elected until 10 days after the convention was over. The ultimate cynicism of the Miami situation is demonstrated, however, by the colloquy which took place between the committee and a Hoffa supporter from Detroit. He was asked if he was a delegate to the convention and he replied that he was. He was asked when he was elected and he replied that there was to be a membership meeting that night to consider the nominations and election of delegates and he was to be elected at that time.

2. They have acted to the detriment of their own members by entering into collusive agreements with management for the purpose of power, money and/or self-aggrandizement. They have promoted and condoned the signing of "sweetheart" contracts.

Many Puerto Rican and Negro workers belonging to the teamster locals established and sponsored by Hoffa in New York received for a 40-hour week the minimum wage of $40, plus $1 to pay their union dues. The working conditions and the treatment that these people have received from these teamster union officials who signed "sweetheart" contracts with greedy employers is a disgrace not only to trade unionism but to the moral principles on which this country was built.

James R. Hoffa used his official teamster position to break the strike of teamster members against the Commercial Carriers Corp. in Flint, Mich., and his wife and the wife of his first lieutenant, Owen Bert Brennan, secretly went into the trucking business under the sponsorship of Commercial Carriers and with the financial help and legal assistance of that company.

3. Teamster officials have entered into highly improper business relations with the officials of companies with whom they bargained.

Dave Beck sought and obtained special favors from Anheuser-Busch, Inc., for a beer distributorship in which his son had an interest.

Beck importuned the Fruehauf Trailer Co., and Associated Transport, Inc., for a $200,000 loan and many other favors, which he received.

Beck maintained a financial association over many years with Nathan Shefferman while the Chicago management consultant repre-

sented a number of large and small employers, many of whom had contracts with the teamsters union.

Frank Brewster, chairman of the Western Conference of Teamsters, was a business partner in a racing stable with Fred Galeno, the leader of a juke box association with whom the teamsters negotiated contracts.

James Hoffa, as noted above, not only entered into a business relationship with Commercial Carriers Corp. through his wife, to the detriment of his union members, but also participated in a number of business ventures with Carney Matheson, attorney and negotiator for some of the Nation's largest trucking associations.

Hoffa sold another defunct trucking company that he owned in his wife's name to William O. Bridge, another Michigan trucker, at a tidy profit to himself.

A large number of other Hoffa associates and lieutenants owned companies with whom the teamsters had contracts.

Zigmont Snyder, whom Hoffa made a business agent of the teamsters union, had a number of companies which should have employed teamsters but which Mr. Snyder saw fit to operate nonunion, paying his employees shamefully low wages.

4. The teamster leaders have entered into highly improper business relationships with the insurance companies which handle the millions of dollars of health, welfare, and pension funds. They have approached banks which are the repositories of the accounts of union funds for special favors and loans at unusually low rates of interest.

Dave Beck sought and received some $300,000 in loans from the Occidental Life Insurance Co. at an admittedly lower rate than any other of Occidental's clients.

Beck, in addition to receiving low-interest loans from the Seattle First National Bank, put pressure on that bank to invest $1 million in mortgage money through the National Mortgage Co. of Seattle, in which a relative had a one-third interest, that interest having been financed by Beck himself.

The facts surrounding the dissolution of the stable in which Frank Brewster, chairman of the Western Conference of Teamsters, was a partner with George Newell, the broker for the western conference health and welfare funds, show a most abnormal relationship, with a large profit being taken by Brewster and a large loss accepted by Newell without protest.

James R. Hoffa was a business partner with Allen Dorfman and his mother, Rose Dorfman, the brokers for the Central Conference of Teamsters' health and welfare fund. The Hoffa-Dorfman ventures included a Wisconsin girls' camp and an oil development project in North Dakota.

Hoffa pressured Detroit banks which held large teamster accounts to make loans to the teamster Florida land scheme in which he had an interest.

5. Teamster leaders encouraged and negotiated top-down contracts—agreements made between top management and top labor which resulted in forced entry of employees into a union not of their choice.

Although there were a number of instances of this, particularly in the East, one of the most shocking was the signing of the contract be-

tween Harold Gibbons, now the first vice president of the teamsters, and the Englander Co., a mattress manufacturer in Chicago. Nine plants of the Englander Co. were suddenly placed under teamsters' jurisdiction with the employees treated as chattels and denied the right of exercising free choice to indicate whether they wanted the teamsters as their bargaining representative.

6. Teamster officials took hundreds of thousands of dollars of union funds for their own personal use.

Dave Beck took at least $370,000 from the funds of the Western Conference of Teamsters, joint council 28 building fund, and joint council 42 promotional fund.

Frank Brewster took thousands of dollars from local 174 and the Western Conference of Teamsters for the downpayment on his home in Palm Springs, Calif., for the operation of his racing stable, for the purchase of his clothes, and for other personal bills.

James Hoffa used union funds to pay the hotel bill and other expenses of his brother, William Hoffa, and his family while the former was hiding out from law-enforcement officers on a charge of armed robbery. On another occasion, several thousands of dollars in union funds were used by Hoffa to send an aide to California in search of his brother's missing wife.

Hoffa sent two union business agents with full salaries and expenses to work for 4 months on a hunting and fishing camp which Hoffa and Bert Brennan owned in their wives' maiden names, at a cost to the union of some $3,700.

7. Teamster officials have used millions of dollars of union funds without the authorization or knowledge of their members. This money was passed on to friends and associates as if the union's treasury were the union officials' personal property.

Funds of the Western Conference of Teamsters were put up by Frank Brewster to buy stock for various officials who did not have ready cash at the time.

Frank Brewster put $440,000 into what was a dying Canadian truckline through devious financial transactions.

Teamster union officials in Tennessee withdrew $18,500 from the union treasury, which one of them openly boasted was to "fix" a case in which they were indicted for assorted acts of violence.

James R. Hoffa took one-half million dollars from the funds of local 299 in Detroit and transferred them to a Florida bank to induce the bank to lend money to a land scheme in Florida in which he had an interest. Meanwhile, the promoter of the land scheme was on the payroll of the teamsters and was receiving some $90,000 in salary and expenses.

Although Hoffa stated he withdrew teamster funds from a Detroit bank because they would not lend $500 to a union member, he lent $150,000 in teamster funds to a friend, Harold Mark, who then turned around and lent him $25,000.

Hoffa lent $50,000 in teamster funds to a racetrack where his partner, Bert Brennan, had a string of horses.

$40,000 was lent to an individual who was unable to get a loan from a bank because he had been arrested 22 times.

$1,200,000 in union funds was lent to a department store operated by a friend of a teamster official which was in financial difficulties and was being struck by a fellow AFL union.

Hoffa continued the salaries ($85,000 worth) of four Michigan teamster officials who were friends of his, after they were convicted of extortion and sent to the penitentiary.

Another $55,000 of union members' dues money was used by Hoffa and Harold Gibbons to defend several other union officials who were convicted of dynamiting and extorting money from employers.

More than $5,000 was expended by James Hoffa and Harold Gibbons so that a teamster friend could take an appeal to the United States Supreme Court to argue that illicitly received funds do not constitute income.

8. They have condoned violence as the proper method for settling labor-management and inter-union disputes.

An organized teamster goon squad operating out of Tennessee was used to whip employers and union members into line in that State and in the surrounding area. Leaders of the goon squad were W. A. Smith, who has a record of 17 arrests and 12 convictions, and ex-convict Glenn W. Smith, whose extensive record includes 2 convictions for armed robbery. These and other teamster officials were identified before the committee with arsons, dynamitings, and brutal beatings of employees, nonstrikers, and even members of their own union.

The committee developed a pattern of extreme and extensive violence in Scranton, Pa., and also in Flint, Mich., where a teamster auto was used in an attempt to run down and kill an employee of a company which was being struck by a teamster local.

9. Teamster officials have seriously abused the right of organizational picketing, using it as a weapon of extortion and terror. In all of these instances, the wishes, desires, and interests of the employees involved as to whether they wished to be unionized were never considered.

In Portland, Oreg., pickets were placed in front of taverns which did not use the pinball machines of an underworld combine which was seeking to take over the city.

In New York, picket lines were established in front of small businesses by teamster locals controlled by the Hoffa-sponsored Dio-Corallo group, with only payoffs bringing the removal of the pickets.

The same system was used on small employers in Flint, Mich., with payoffs in this instance going to the official through George Kamenow, a representative of Nathan Shefferman.

10. They have supported corrupt unions in their disputes with honest unions.

James Hoffa and Harold Gibbons, with the backing of Dave Beck, supported the International Longshoremen's Association after it had been ousted by the AFL for corruption. Mr. Hoffa went so far as to offer this venal group a loan of some $400,000 while it was actively fighting the AFL.

Hoffa supported John Dioguardi and his corrupt UAW–AFL locals against Tom Hickey, a vice president of the teamsters, in opposition to the teamsters' own efforts to organize the taxicab drivers in the city of New York.

11. They have indiscriminately used the power of placing locals under trusteeship and kept these union entities in servitude when it served the interests of the union leadership to do so. When a local is under trusteeship, its members completely lose control over their finances and the right to elect their own officials.

Some 13 percent of all the locals in the teamsters union are under trusteeship, teamster officials have admitted before the committee that they do not know the reason why some were put under trusteeship or why they remain in that state at the present time. Some of the locals have been under trusteeship for 15 years. One individual, through trusteeship, can control the destinies of many people. Mr. Hoffa is the trustee of some 17 different locals.

When the membership revolted against four officials of a local in Pontiac, Mich., after they had been accused of extortion, the international put the local under trusteeship, making Jimmy Hoffa the trustee. He then turned around and appointed two of the same men as business agents to run the affairs of the local.

The stench of corruption permeates many of the executive board of the International Brotherhood of Teamsters in a number of other ways as well.

Sidney L. Brennan, the teamsters' third vice president, was convicted in Minneapolis with other union officials for accepting a $5,000 bribe from a company to speed a strike settlement. In tune with teamster union morality, dues-paying members were compelled to foot the bill for his defense, and he remained in a position of trust and responsibility until the recent teamster convention.

Harry Tevis, the 11th vice president, appeared at a testimonial dinner for the secretary-treasurer of the Scranton, Pa., teamster local and three other labor officials convicted of conspiracy in the dynamiting of a home under construction, and vowed that no disciplinary action would be taken by the international.

The teamsters recently installed a new executive board, which includes vice presidents of equally dubious character. Owen Bert Brennan, the righthand man of James R. Hoffa, took the fifth amendment before this committee and refused to explain a number of questionable financial transactions in which he had participated; John O'Rourke took the fifth amendment before the committee and refused to tell the part he played in the infiltration of thugs, headed by Corallo and Dioguardi, into the teamster movement in New York; Murray L. (Dusty) Miller, chairman of the Southern Conference of Teamsters and a newly elected teamster vice president, condoned the use of violence by Glenn W. and W. A. Smith throughout the Southern States and in one case along with Hoffa actually interceded with an employer to have him drop charges against W. A. Smith after an employee of that company had been beaten; international trustee Raymond Cohen took the fifth amendment before the committee, refusing to tell about the use of union funds for the purchase of his $17,500 yacht—and on and on and on.

While the Becks and O'Rourkes and Brewsters are bad enough, the committee feels that the newly elected president of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, James R. Hoffa, presents an even greater threat to the welfare of this country. James Hoffa, from his early years in the labor movement, has formed an alliance with the kingpins of the Nation's underworld, a partnership which has moved him swiftly up through the ranks of the teamster hierarchy to his present powerful post. Hoffa's first association was with the Detroit mob. He parlayed this into his equally close connections with underworld figures in

Illinois, New York, Ohio, Indiana, Nevada, and other parts of the country.

Hoffa speaks of "rehabilitation" as the justification for his consorting with criminals and hoodlums. If an occasional law violator had found his way into the teamster organization, this might be a noble sentiment. But on the basis of these hearings, it appears to the committee that a criminal background was a prerequisite for job placement and advancement within the teamster firmament.

The word "rehabilitation" can hardly be applied to such Hoffa stalwarts and supporters as John Dioguardi, three-time convicted labor racketeer and suspected instigator of the blinding of columnist Victor Riesel; or Gerald Connelly, the Minneapolis dynamiter, who fled to a teamster job in the Minnesota city after being linked to a murder in Miami; or Eugene (Jimmy) James, who stands accused by the Douglas-Ives subcommittee of the $900,000 looting of the Laundry Workers International Union welfare funds; or Herman and Frank Kierdorf, Uncle Herman and Nephew Frank, who landed comfortable jobs with Hoffa-controlled locals after serving penitentiary sentences for armed robbery; or Ziggy Snyder, the Detroit waterfront tough who made a tidy side living in business enterprises which paid American citizens the munificent sum of $1.25 a day; or the "Pontiac Four," Dan Keating, Louis Linteau, Sam Marrosso, and Mike Nicoletti, on whose behalf Hoffa poured out some $85,000 in union dues funds after they were convicted of extorting money from contractors; or Angelo Meli, the Detroit prohibition hoodlum, whose record is so unsavory the United States Government is presently attempting to denaturalize him; or Barney Baker, the former New York waterfront head knocker and tough, who occupies a position of trust near the teamster throne; or Samuel (Shorty) Feldman, the Philadelphia safecracker, for whom Hoffa attempted to get a union charter; or Ernie Belles, who was kicked out of a Buffalo local for embezzling $38,000 and was given the presidency of another local in Miami; or Joseph Glimco, twice arrested for murder, the crony of Capone gang mobsters, who is the trustee of a Chicago local in Hoffa's Central Conference; or Louis (Babe) Triscaro, the Ohio reformatory graduate for whom Hoffa arranged a testimonial dinner; or William Presser, head of the Ohio Conference of Teamsters, who shook down jukebox operators in Toledo; or Louis Berra, convicted of extorting money from St. Louis contractors, for whose appeals to the United States Supreme Court Hoffa spent the funds of teamster members; or Harry Friedman, appointed head of an Ohio local after emerging from a Federal penitentiary; or Paul (Red) Dorfman, who reached ascendancy in the Chicago labor movement after the murder of his predecessor and who has maintained a continuous association with Chicago mobsters; or even Hoffa's own brother, William Hoffa, a twice-convicted felon placed as a business agent of the Pontiac local.

This, the committee hastens to point out, is an incomplete list of Hoffa's friends, associates, and ardent supporters. We could go on to mention John Bitonti, Roland McMasters, Al Vignali, Larry Welsh, Henry Newman, Cecil Watts, Frank Fitzsimmons, Clyde Crosby, Sam Berger, Glenn W. Smith, W. A. Smith, Eugene Williams, and Abe Gordon, all friends and associates of Hoffa and all men with criminal records. But it suffices, in the committee's view, to draw the conclusion that Hoffa runs a hoodlum empire, the members of which are

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steeped in iniquity and dedicated to the proposition that no thug need starve if there is a teamster payroll handy.

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.

LEGISLATIVE RECOMMENDATIONS

The United States Senate Select Committee on Improper Activities in the Labor or Management Field recommends that the Congress of the United States give attention to the passage of legislation to curb abuses uncovered in five areas during our first year of hearings.

These recommendations are—

1. Legislation to regulate and control pension, health and welfare funds;
2. Legislation to regulate and control union funds;
3. Legislation to insure union democracy;
4. Legislation to curb activities of middlemen in labor-management disputes;
5. Legislation to clarify the "no man's land" in labor-management relations.

It must be noted that the committee has explored a number of other areas in labor-management relations and plans to present legislative proposals covering those areas at a future time. For instance, much testimony has been heard during past months on the infiltration of gangsters and racketeers into the labor movement. Additional testimony on this subject will be heard during the coming year and this, along with other subjects of committee interest, such as some phases of organizational picketing on which we have already had some testimony, will provide the basis for further legislative recommendations.

PENSION, HEALTH AND WELFARE FUNDS

Abuses in the administration of union and management health and welfare funds were first highlighted by hearings of the Douglas-Ives subcommittee of the United States Senate Committee on Labor and Public Welfare during the 83d and 84th Congresses. The Senate Select Committee on Improper Activities in the Labor or Management Field has also heard testimony on these funds, particularly in relation to the administration of the Western Conference of Teamsters Health and Welfare Fund and the Central Conference of Teamsters Health and Welfare Fund.

In connection with the former, the committee has made a finding that the broker for the Western Conference of Teamsters Health and Welfare Fund received excessive commissions, obtained the business without having to go through the formality of bidding, and engaged in business activities with the chairman of the Western Conference of Teamsters Health and Welfare Fund, Frank W. Brewster. A similar situation was brought out in testimony with regard to the Central Conference of Teamsters Health and Welfare Fund, where it

was shown that James R. Hoffa, chairman of the Central Conference of Teamsters Health and Welfare Fund, had business relations with Allen and Rose Dorfman, owners of the Union Insurance Agency of Illinois, the carrier of this fund.

There is almost complete unanimity in labor and management circles that union and management pension, health, and welfare funds should be subjected to some Federal regulations and control. Legislation to this end has already been introduced, and the committee strongly recommends that a bill be expeditiously enacted which will require the registration, reporting, and disclosure of administration of pension, health, and welfare funds.

UNION FUNDS

The committee report has highlighted that some $10 million in union funds have been either stolen, embezzled, or misused. As the committee report points out, this money represents only those funds which have been the subject of committee testimony covering a period of 15 years. Before the establishment of the Senate Select Committee on Improper Activities in the Labor or Management Field, the Permanent Subcommittee on Investigations of the Senate Committee on Government Operations held some hearings concerning the administration of certain laws governing labor unions. The interest of the subcommittee was principally focused on the provisions of the Taft-Hartley Act which called for the filing of financial statements by unions in order for them to gain certification before the National Labor Relations Board. These hearings conclusively showed that, as the law is presently administered and interpreted by the Department of Labor and the NLRB, there is no check made as to whether or not the financial reports filed by unions are true or false. The mere filing of the report is sufficient for compliance, and the report is then stored away without any effort to determine its validity or accuracy.

The committee recommends that Federal legislation be enacted closing up the present loopholes in the law concerning the filing of these financial statements. It further recommends that these financial statements be required to be accurate and complete, that there be a method for the checking of their veracity and provisions for bringing legal action against unions filing false statements and against the officers of the unions testifying to these false statements. The committee feels there should be a provision in the law making it a Federal crime, punishable by a prison sentence, for the wilful filing of a false or incomplete financial statement.

Since union-dues moneys, as well as health and welfare funds, are in actuality a trust, being held for the members of the union by their officers, the committee feels that attention should be given to placing certain restrictions on the use of these funds, such as are now imposed on banks and other institutions which act as repositories and administrators for trust funds.

This type of legislation, in the committee's opinion, would go a long way toward preventing wholesale misappropriation and misuse of union funds such as that disclosed by committee testimony.

UNION DEMOCRACY

The committee recommends that legislation be enacted assuring democratic procedures in labor unions. In the committee's opinion, legislation should be directed, though not limited, to three principal ends:

1. The periodic election of officers;
2. The use of secret ballots in union elections and other vital union decisions;
3. A limitation on the right of internationals to place local unions in trusteeship or supervisorship.

Much that is elicited in the committee's findings of misconduct by union officials can be substantially improved, in the committee's view, by a revitalization of the democratic processes of labor unions. Some of the burden of this revitalization will have to fall on the union members themselves. They are in some measure responsible for the mismanagement this committee may have turned up, through inertia or lack of interest in the affairs of their unions. While the committee feels that the bulk of American unions operate fairly and democratically and agrees with the principle that the Federal Government should not interfere in their normal functioning, it is still of the opinion that certain basic standards of democratic procedure should be established by law. In this regard, therefore, it recommends that Federal legislation be enacted to guarantee them a right periodically to elect their officers, a right to cast their ballots in secret, and a restriction on the baseless imposition of trusteeships and supervisorships for periods as long as 30 years.

MANAGEMENT MIDDLEMEN

Testimony during the committee's hearings concerning the activities of Nathan W. Shefferman and Labor Relations Associates of Chicago, Inc., showed that the Taft-Hartley law is largely silent in relation to management middlemen such as Shefferman. It was shown that Shefferman's agents flitted about the country from one client to another, violating the Taft-Hartley law with seeming impunity. A top attorney for the NLRB admitted that the present law is not sufficient to deal with this type of activity. It is the committee's opinion that for such a middleman to be found guilty of unfair labor practices in one community and then to go on to another community and commit the same offenses reveals a defect in the law as it is now written.

It is the committee's opinion, therefore, that some legislation is needed to control the activities of these middlemen who act on behalf of management clients in various parts of the country. Some steps should be taken to extend the liability for unfair labor practices to the middlemen retained by employers who represent them in management disputes.

"NO MAN'S LAND"

Testimony before the committee revealed that some employers have had no access to either the National Labor Relations Board or any comparable State agency. In many instances it was found that the fact that the National Labor Relations Board does not take jurisdiction in certain cases does not automatically turn over the case to a State board. In the committee's inquiry into activities in the New

York area it was shown that exploitation of workers and circumvention of legitimate labor organizations were made possible because employers had no recourse to any governmental agency. To solve the no man's land problem, therefore, it is recommended that the NLRB should exercise its jurisdiction to the greatest extent practicable, and, further, that any State or Territory should be authorized to assume and assert jurisdiction over labor disputes over which the Board declines jurisdiction.

INDIVIDUAL VIEWS OF SENATOR PAT McNAMARA

Although I believe I have participated as actively and attentively as any other member, except the chairman, in the work of the Senate Select Committee on Improper Activities in the Labor or Management Field, I am unable to sign the voluminous, detailed report of its first year's operations which the committee is submitting to the Senate.

I regret this very much because it would be much more desirable, in such an important and controversial field as this, to present a unanimous report. There is much in the report with which I generally agree. However, it is with the findings and conclusions of the committee that I must, in good conscience, vigorously disagree.

The overall effect of this report, it seems to me, is to frame a blanket indictment against the labor movement. This is done through the employment of such phrases as "significant lack of democratic procedures," "flagrant" abuse of power, "widespread misuse of union funds," "violence * * * to an extent where it may be justifiably labeled a crime against the community," infiltration of "gangsters and hoodlums" into the labor movement "sometimes at high levels," and the "dubious role" played by members of the legal profession "in their relationships with officials of some unions."

An effort is made in the report to give a semblance of balance to its allegations of improper activities by unions by including charges that managements "have extensively engaged in collusion with unions" and that "managements and their agents" have engaged in "a number of illegal and improper activities" in violation of the Taft-Hartley Act. The committee also "notes with deep satisfaction" that a number of unions under the committee's scrutiny during the past year have been subjected to "severe disciplinary measures" by the AFL–CIO.

I acknowledge that the committee report has gone to some lengths to minimize its findings by warning the reader of the "inherent dangers of generalization" and by qualifying the overall conclusions to apply them only to the "unions studied," "certain managements," etc. These gestures in the direction of fairness and objectivity, however, serve only to underline the overall antilabor bias of the report because the limitations themselves point up all too clearly the lack of any present basis for the "overall conclusions."

These limitations become most apparent, I think, through a brief study of the committee's scope of investigation. The testimony heard by the committee has directly involved only five unions: The International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America; the Bakery and Confectionery Workers International Union of America; the United Textile Workers of America; the International Union of Operating Engineers; and the Allied Industrial Workers of America. Some evidence was obtained, in

addition, concerning constituent units of the building trades unions and of the barbers' union.

The unions studied by the committee and their members comprise only a fractional percentage of all American trade unions and members: 5 of a total of 189 international unions and 1,908,000 of 18,500,000 union members. And of these 1,908,000 members, 1 union alone, the Teamsters Union, accounts for 1,368,000. Even acknowledging that there was evidence of improper activities of one kind or another in the unions studied, certain other limitations must be emphasized. One is that those responsible for such wrongdoing represent only a fraction of 1 percent of the membership of these unions. And even where this wrongdoing was centered in the highest leadership of the union, the cloak of guilt must not automatically settle also over the shoulders of the thousands of honest and dedicated union leaders at the local union level.

I can agree with the committee that the "improper practices turned up by the committee in the unions and managements it did study" should certainly "serve as a danger signal to other unions and managements," that they indicate "areas in which caution must be exercised and remedial action taken," and that there is "need for vigilance to insure that specific findings in specific unions and managements do not become general conditions throughout this vital economic field" of labor-management relations.

I cannot agree, however, that there was sufficient basis for the "overall conclusions" dealing only with five international unions. And even with these five, the conclusions are not necessarily accurately applied, in my opinion.

Despite the limitations imposed upon its report by the committee, the net effect cannot help but unfairly indict millions of American working people and their labor organizations. The qualifying phrases will be too easily ignored by the reader, buried by the newspaper writer and distorted and twisted by those who will attempt to use this report to cripple or destroy the American labor movement for their own selfish gain or their own ulterior political purposes. They will infer, if indeed this inference already is not woven into the report, that the conclusions should, in fact, apply to all labor unions, and would if only the committee had the time to investigate them all.

As a result of the widespread publicity, including radio and television coverage, which has attended the conduct of the committee's hearings, the public has already received a grossly discolored and distorted picture of the ways in which the great majority of international unions function and carry on their business and what they mean to the millions of Americans who belong to these unions.

This situation, in addition to the "overall conclusions" of the committee, constitutes a grave disservice to the cause of clean and constructive unionism, to which the great majority of international unions and their leaders have unequivocally shown they are unreservedly dedicated, let alone to the cause of fairness, truth and justice.

It possibly would be too much to ask of this committee, or any other congressional group, to give equal attention and publicity to examples of clean and honest unions. Or to enter into any discussion of the history of the labor movement and its battles for survival. Or to list on the record the vast and beneficial impact the union movement has had on the American economy by providing for its members a higher

standard of living and the creation of a better nation for all. It would undoubtedly be argued that such matters are not within the scope of congressional investigations.

But it is not, I believe, too much to ask of this committee fairly to inform the public of the many steps the labor movement itself has taken to deal with improper activities within its ranks, steps that began long before this committee came into existence. Aside from merely mentioning, however, that the "teamsters and bakers have been expelled" from the ranks of the AFL–CIO and that "the textile workers were temporarily suspended until concrete evidence was given of a sincere movement for reform," the report ignores labor's cleanup actions. It cannot be argued that such matters have little or no bearing on the committee's activities and thus deserve no more than passing mention in the report. In point of fact, it is the action that has been, and will be, taken by the labor movement itself that is of far greater importance and value than any Federal legislation dealing with "improper practices."

Because of this importance, and because such actions all are matters of public record of which the committee clearly could take official notice, I have summarized their main features in the paragraphs that follow.

The problems of lack of democratic procedures and corruption among a small minority of unions have been matters of concern to many in the labor movement for many years. The fact that there were instances of corrupt or unethical activities was not a secret that remained hidden until exposed by this committee. Responsible labor leaders knew of such instances, and they detested them more than any Senate committee crusading on the path of righteousness. Although they knew about it, eliminating the evil was another matter. In some instances, they did not have the power; in others, there possibly was a reluctance to face up to the challenge. Until the merger of the American Federation of Labor and the Congress of Industrial Organizations into the AFL–CIO in December 1955, however, the principle and tradition of trade-union autonomy prevented the development of effective measures to deal with these problems, despite such courageous actions as the CIO's expulsion of a number of Communist-dominated unions in the late 1940's and the AFL's expulsion of the racket-ridden longshoremen's union on the east coast several years ago.

The merger convention of the AFL–CIO, however, took a number of significant actions which placed the merged body squarely on record as being determined to "protect the labor movement from any and all corrupt influences and from the undermining efforts of Communist agencies and all others who are opposed to the basic principles of our democracy and free democratic unionism."

A forthright resolution on ethical practices calling on all affiliates "to take whatever steps are necessary within their own organization to effect the policies and ethical standards set forth in the AFL–CIO" and pledging the "full support, good offices, and staff facilities of the AFL–CIO committee on ethical practices to all national and international unions in their efforts to carry out and put into practice the constitutional mandate to keep our organization 'free from any taint of corruption or communism' " was adopted.

In the intervening years, some six AFL–CIO "codes of ethical practice" have been adopted, a number of them before this committee came into being. The codes lay down rigid standards dealing with the following: I. Local union charters; II. Health and welfare funds; III. Racketeers, crooks, Communists, and Fascists; IV. Investments and business interests of union officials; V. Financial practices and proprietary activities of unions; and VI. Union democratic processes.

In addition, the AFL–CIO executive council has acted to eliminate corrupt influence in the cases of six international unions. Each was the subject of careful investigation, including full opportunity to the union and its officers to be heard. Four of these cases have been the subject of investigation by, and are discussed in the report of, the Senate select committee.

At its second constitutional convention in December 1957, the AFL–CIO affirmed its executive council's previous findings that the Teamsters Union, the Bakery and Confectionery Workers Union, and the Laundry Workers International Union were dominated or substantially influenced by corrupt influences, and these unions were expelled from the federation. The convention also determined that the suspension of the United Textile Workers should be lifted "in view of the steps taken and the steps agreed to be taken" by the union "to eliminate corrupt influences and fully to comply with all of the directives of the executive council." Recently, the AFL–CIO executive council referred the case of the International Union of Operating Engineers, fifth of the unions studied by the committee, to the AFL–CIO ethical practices committee for formal investigation.

The foregoing record provides clear and convincing evidence of the determination and capacity of the labor movement to eliminate corrupt and undemocratic influences from its ranks. This record deserves far more attention than the brief nod in its direction contained in the Senate select committee's report. Such notice would be of little comfort to those who hope to use the committee's report as a weapon to destroy the effectiveness of the union movement and to undermine it in the eyes of its present or potential members.

I do not intend here to minimize the contribution the committee's hearings have made toward making possible organized labor's record of achievement in dealing with corrupt and undemocratic influences. It can be fairly said that to a considerable extent, this record would have been impossible to achieve without the committee's hearings and, in particular, its power of subpena to compel the testimony of witnesses and the production of books, records, and other data so necessary in bringing corrupt and undemocratic practices to light. In regard to this committee, the AFL–CIO has stated:

> This committee has held a number of hearings which have served to bring to light certain criminal and corrupt influences that have fastened themselves upon a segment of the labor movement and some sections of management in America. The existence of these criminal and corrupt influences in unions has brought damage to our movement. Where the committee has conducted its investigation with objectivity, the committee has served a useful purpose and has performed a necessary task.

In view of this pledge, and of the labor movement's activities to purge its ranks of corrupt and undemocratic influences, I feel it deserves better and more balanced treatment than it receives in the

committee's report. The report does not measure up to recognized standards of objectivity and fairness.

I turn now to a discussion of specific matters in the committee report in justification of this assertion.

1. In the foreword to the report we are told that the committee has, "as an overall finding," uncovered the "shocking fact that union funds in excess of $10 million were either stolen, embezzled or misused by union officials over a period of 15 years for their own financial gain or for the gain of their friends and associates." The only plausible explanation for such a statement is that the committee has gratuitously provided the newspapers with a startling figure for headline use. Nowhere in the foreword, nor anywhere else in the report, is there any explanation of how the figure of $10 million has been arrived at. We are not told how much of it has been stolen, how much has been embezzled or how much was "misused," whatever the definition of that word may be. Further, there is no indication of how much has permanently left the union's treasuries.

As if this $10 million statement was not startling enough, the report later embellishes it by noting that it represents "an average of $5 out of the pocket of every member of the unions covered in this report." This is statistical perversion, and it is further reduced to its true ridiculous state when the $5, if it has indeed been taken out of anyone's pocket, is viewed in relation to the 15-year period.

Certainly theft, embezzlement, or misuse of union funds are criminal or improper practices, and $10 million is a lot of money, but the committee's task is to find facts and reach fair and balanced judgments. The facts underlying this "overall finding" are simply not apparent, and no explanation of how this finding has been arrived at has been provided.

2. In an apparent effort to demonstrate that the scope of the committee's investigation was broad and exhaustive, the report makes the point that the record of the committee's hearings is "spread across 17,485 pages of original transcript."

I would be the last to deny that the committee and its staff, composed of 34 assistant counsels and investigators assisted by (at any one time) from 35 to 45 accountants and investigators from the General Accounting Office, have worked hard and long. It is only fair to point out, however, that by far the greatest part of the committee's hearings was concerned with alleged improper practices on the part of officers of one union, the Teamsters Union. Of the other unions investigated by the committee, two of them, the United Textile Workers and the Allied Industrial Workers, have already eliminated corrupt leaders from positions of influence. The investigation of the Operating Engineers was limited and perhaps is incomplete. In addition to the Teamsters Union, only the Bakery and Confectionery Workers Union continues to refuse to take steps to remove from positions of leadership officers of the union who have abused their members' trust and managed their union's affairs without regard for the members' interests. However, it must be noted that a new union in this field, the American Bakery and Confectionery Workers International Union, has been chartered by the AFL–CIO to replace the expelled union.

Thus, in effect, the Teamsters Union is the only union studied by the committee which continues to provide any foundation to the com-

mittee's broad accusations and sweeping charges against the labor movement.

3. The committee report charges that there has been a "significant lack of democratic procedures in the unions studied." This is possibly true in some of the unions, but I do not believe it can be applied to all the unions studied, and it certainly is not a characteristic of the labor movement as a whole. And, of course, voter apathy is not confined to the labor movement.

4. The report charges that international unions surveyed by this committee have "flagrantly abused their power to place local unions under trusteeship or supervisorship." What unions? The only unions on which testimony containing the elements of such a charge was heard by the committee were the Teamsters Union, the Bakers Union, and the Operating Engineers. The trustee and supervisory powers by an international union over a local union are a valuable and necessary tool in the maintenance of an orderly organization. Has the committee a better device, less open to abuse, than "trusteeship," which international unions can employ to deal with corrupt or anti-democratic elements which may have taken hold of a local union or other subordinate body? Abuses should be corrected, but useful institutions need not be thrown overboard because they have been or can be abused.

5. The report concludes that "certain managements have extensively engaged in collusion with unions." This conclusion apparently is based on the committee's study of the activities of Nathan Shefferman and his Labor Relations Associates of Chicago, Inc. Certainly, this committee has not conducted a thorough enough investigation into management activities to determine the extent of "collusion."

6. The committee alleges "widespread misuse of union funds in the unions studied." It cites some 10 examples, including the spurious declaration that each member of these unions has had $5 taken from his pockets. I do not condone or defend the greedy practices of some of the union officials who came before the committee. They certainly have betrayed their trusts.

Yet, the implication can only be that such practices are rampant in the labor movement. And the $10 million figure, phony as it is, nevertheless would represent less than 2 percent of the more than $650 million received by labor unions in dues each year.

7. The committee report states that violence still exists in labor-management disputes "to an extent where it may be justifiably labeled a crime against the community." I deplore acts of violence in labor disputes as I do in any other field. The committee has failed to demonstrate, however, that violence in labor disputes has reached a point where Federal police power must be substituted for State or local police power.

The cure for lax enforcement by local law-enforcement agencies is the election of local officials responsive to the public interests; not the subjection of States and communities to further Federal supervision in the usual fields of criminal law and law enforcement.

8. The report states that certain managements "and their agents" have engaged in a number of illegal and improper activities in violation of the Taft-Hartley Act. In the first place, I cannot accept the effort to separate management and its "agents." The agent is part of

management, just as he would be considered part of labor in reversed circumstances.

The Taft-Hartley Act contains certain procedures and penalties to insure its observance by employers and unions subject to its provisions. Some employers undoubtedly have violated these provisions; undoubtedly, some unions have, too.

The only "agent" examined in any detail by the committee was Nathan Shefferman and his Labor Relations Associates. We cannot permit employers who engaged Shefferman for union-busting purposes to escape blame by characterizing him as an agent. And while Shefferman's influence and clientele certainly were not limited, I would imagine that management in general would object to the broad inferences of illegality as contained in the report.

9. The report states that the "weapon of organizational picketing has been abused." Here again, the evidence obtained by the committee in its study of the very few unions which have been called before it in its hearings does not provide a basis for a general accusation concerning abuses of organizational picketing. Much can be said in favor of, as well as against, organizational picketing. There are those who would consider the use of any organizational rights as illegal and immoral. These are the same persons who have never accepted the Wagner Act. In any event, the National Labor Relations Act, as amended by the Taft-Hartley Act, would appear to provide ample and adequate safeguards to protect employers and employees alike from any abuses of organizational picketing.

10. The committee report asserts that "gangsters and hoodlums have successfully infiltrated the union movement, sometimes at high levels." What is the basis for the assertion that gangsters and hoodlums have occupied positions at high levels in any union? There is evidence in the record of the hearings before the committee of gangsterism and hoodlumism in some local unions, sometimes aided and abetted by upper level officers of some of the unions studied by the committee. There is no evidence of which I am aware that gangsters and hoodlums have achieved high office even in any of the unions which have been the subject of scrutiny by the committee.

11. The report states that "an extensive 'no man's land' in labor-management relations has been uncovered by committee testimony." It is perhaps correct to say that committee testimony has, in part, supported the view that the National Labor Relations Board and State jurisdiction have failed to mesh properly, thus creating a certain "no man's land." However, to say that this longstanding situation has been "uncovered" by the committee is giving it too much credit. The vacuum does exist, however, and it should have careful study.

12. The report states that "law-enforcement officers have been lax in investigating and prosecuting acts of violence resulting from labor-management disputes." This is a somewhat wholesale indictment of State and local law-enforcement agencies, and is dealt with in paragraph 7 above.

13. Finally, the committee report asserts that "members of the legal profession have played a dubious role in their relationship with officials of some unions." Apparently this statement infers that the relationship between members of the legal profession and management officials cannot be considered dubious. I can conclude only that members of the legal profession are no more or no less honest than any other citizen.

CONCLUSIONS

In the foregoing, I have confined myself to a discussion of matters appearing in the introduction of the report, which also contains the committee's "conclusions." In attempting to achieve brevity, I have not concentrated on such matters as the Portland hearings, which I feel were inconclusive, to say the least, and a slander on the people of Portland, or the Scranton "investigation," which was a rehash of some old issues.

Nor have I engaged in a page-by-page critique of the so-called "findings" of the committee. Suffice it to say that the colorful language and some of the findings in these chapters are more related to the old Police Gazette than to a supposedly objective congressional report.

In concluding my remarks, I believe three general observations are in order. These are:

I. As is true in any other field of activity, the labor movement unfortunately is not immune to corrupt influences. The committee, in a number of areas, has clearly demonstrated this, and it is to be commended for it. The bulk of the labor unions, through the AFL–CIO, have publicly praised the committee for this service. I believe the labor movement will join the rest of the public in endorsing constructive legislation at the Federal level. Yet, with the issuance of its biased report which damns the entire labor movement for the sins of a few, the committee has considerably strained its reputation for objectivity.

II. In addition to any investigation of improper activities on the part of labor unions, the committee was set up to investigate similar practices on the part of management. Unfortuntaely, the committee has fallen down sharply in fulfilling the latter part of its mandate. However, if the committee has done nothing else, it has done the public and the labor movement a service by exposing the union-busting services of Nathan Shefferman and his Labor Relations Associates—a service so cleverly conducted and concealed that even the labor union officials failed to recognize its existence.

There is a sharp contrast between the reactions of labor and management to evidences of unethical activities. The labor movement moved swiftly and forthrightly to eliminate corrupt influences within its ranks.

Management and its associations, however, far from repudiating the professional union busters, still maintain these services. It is my understanding that few, if any, of the long list of Shefferman clients dropped his services after the nature of his operation was exposed publicly.

Perhaps it is time that management, through its associations, adopt a cope of ethical practices such as that of the AFL–CIO.

III. At the conclusion of the first year of operation, it occurred to me that the committee might have completed its usefulness; that enough proposed legislation by its members and others had already been introduced to supply the legislative committees of Congress with ample material.

I cannot help but feel that had the committee ended its existence after 1 year, it would have retained a considerable measure of public esteem to which it is entitled. However, this esteem is rapidly being destroyed today as a result of the current hearing on the longstanding labor dispute and strike involving the Kohler Co., of Sheboygan, Wis., and the United Automobile Workers, AFL–CIO.

The farcical conduct of these hearings reflects unfavorably not only on the committee but on the United States Senate. By permitting its processes to be used in this fashion for antilabor purposes, this committee has given cause for serious question whether public faith and confidence in the objectivity and fairness and in the integrity of its procedures can be maintained.

In these circumstances, the Senate might well give serious consideration to whether this committee has not outlived its usefulness and whether its assignment should not revert back to the interested standing committees of the Senate.

RECOMMENDATIONS

I cannot subscribe in full to the committee's list of five legislative proposals.

At least two of the recommendations, in my estimation, have not been covered by sufficient testimony and evidence at the hearings to include them; also, I seriously doubt whether they fall within this committee's jurisdiction.

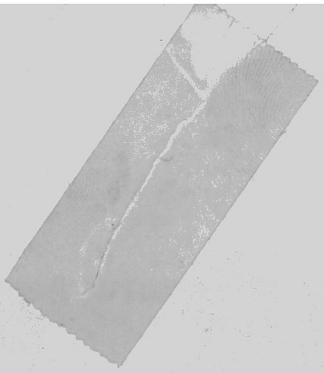
My comments on the recommendations are as follows:

1. "Legislation to regulate and control pension, health and welfare funds." Legislation to accomplish this purpose was introduced in the Senate at least as far back as 1954. There have been voluminous hearings on the subject, and legislation which I support currently is pending in the Senate Labor and Public Welfare Committee. This legislation, which would apply equally to pension and welfare funds under union, management, or joint control also has the support of organized labor, the Secretary of Labor, and many other responsible persons. Management, however, opposes it.

2. "Legislation to regulate and control union funds." There is, I believe, ample evidence that the present regulations governing the reporting of union funds are not sufficient to deter abuse by any unscrupulous persons in positions of trust in the labor movement. A resolution (S. J. Res. 94), directing the Secretary of Labor to make available to the public union financial statements required under present law, passed the Senate on August 23, 1957, and currently is pending in the House. The Senate Labor and Public Welfare Committee should study the matter further.

3. "Legislation to insure union democracy." A study involving only 5 of 189 international unions is insufficient to warrant a recommendation that broad Federal legislation is required to insure "union democracy."

4. "Legislation to curb activities of middlemen in labor-management disputes." This seems to me another effort to absolve employers who engage in union busting by placing the blame on "middlemen" or "agents." The National Labor Relations Act (Taft-Hartley) defines the word "employer" to include "any person acting as an agent of an employer." Thus, they are one and the same.

5. "Legislation to clarify the 'no man's land' in labor-management relations." As suggested earlier in my individual views, this subject is not properly within the scope of an investigation of "improper activities." It is a legal question that should be left to the proper legislative committees and to the courts.

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