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No. 621

SECOND INTERIM REPORT

OF THE

SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

UNITED STATES SENATE

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SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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

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FOREWORD

The committee today is filing a portion of the Senate select committee labor-management report on its activities during the year 1958. This report includes factual summaries and findings on James R. Hoffa; Teamsters Local 295 and the Detroit Institute of Laundering in Detroit, Mich.; Allen Dorfman and the Union Insurance Agency of Illinois; The Great Atlantic & Pacific Tea Co. of New York, and New York Locals 342 and 640 of the Amalgamated Meat Cutters and Butcher Workmen of North America.

The committee is still considering other reports of its 1958 activities, including those dealing with hearings involving Philadelphia Teamsters Local 107; the United Brotherhood of Carpenters; secondary boycotts; a Chicago local of the Sheet Metal Workers Union; racketeer infiltration of the restaurant industry in Chicago and the overall industry in Detroit; and the UAW strikes at the Kohler Co., Kohler, Wis., and the Perfect Circle Co. in New Castle, Ind. These reports will be issued as soon as they have won the approval of the members of the committee.

As the chairman stated on the floor, these reports highlight the immediate need for legislation in the labor-management field.

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

REPORT

JAMES R. HOFFA

In August of 1958 the committee resumed the hearings into the activities of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America and its general president, James R. Hoffa.

The committee held two hearings into Mr. Hoffa's activities during the year 1957. Almost immediately following the conclusion of the second hearing, Mr. Hoffa was elected general president of the union at a convention in Miami, Fla. Thus, when he appeared before the committee in 1958, he occupied a new role in the union's hierachy and activities.

The purpose of the 1958 hearing, as outlined by the chairman, was twofold—(1) to carry to their final conclusion a number of cases which had first been brought to the committee's attention during the 1957 hearings, and (2) to present great masses of new information which had been gathered by the committee staff in the intervening year applying to Mr. Hoffa's activities, as well as to those of certain other top officers of the Teamsters Union.

During the 7 weeks of hearings, the testimony fell into five general categories:

1. The misuse of union dues funds and union health and welfare funds.
2. The continuing domination of the International Brotherhood of Teamsters by hoodlums and racketeers.
3. Organized violence employed by the Teamsters in labor-management problems.
4. Undemocratic procedures within the Teamsters Union.
5. The solicitation of bribes and payoffs to settle labor-management disputes.

Through all the testimony, Mr. Hoffa played a prominent role. This was so because he had cemented his hold on the Teamsters Union at the Miami convention by eliminating from the union's executive board those critical of his policies and by substituting for them close friends and associates. Thus, it was that Owen Bernard "Bert" Brennan, Hoffa's long-time Detroit sidekick, under whom

Hoffa had originally served when he entered the Teamsters movement, became an international vice president of the union only several weeks after he appeared before this committee and refused to answer questions on the grounds that to do so might incriminate him.

John O'Rourke, on whose behalf Hoffa had allied himself with such underworld figures as John Dioguardi and Anthony "Tony Ducks" Corallo in an attempt to secure for him the presidency of the important Joint Council 16 in New York City, also became an international vice president, after invoking the fifth amendment before this committee.

Harold J. Gibbons, the president of the joint council in St. Louis, Mo., and a long-time Hoffa crony, was elevated to the first vice presidency of the union.

The election of Hoffa himself aroused much interest among members of the committee and prompted testimony which will be discussed at length later in this report. However, the committee heard testimony that a substantial number of the delegates who attended the international convention of the Teamsters had been chosen in direct violation of the union's own international constitution.

The Miami election and the facts surrounding it have been the subject of court litigation which ended when Federal Judge F. Dickinson Letts in Washington, D.C., appointed a three-man board of monitors to oversee the operation of the international and to prepare for the eventual calling of a new international convention to which the naming of delegates in a democratic and legal manner could be assured.

It was therefore against this background that the committee undertook its new hearing into the activities of the Teamsters Union. During the 1957 hearings James R. Hoffa had promised a vigorous cleanup of the union if elected international president. He has stated under oath that he would conduct necessary investigations to find out whether officers of his union had been guilty of wrongdoing. He said that if he found that they had so been guilty he would summarily deal with them. In several days of questioning on this point, however, the committee learned that Hoffa had done nothing to carry out these promises.

The case of Herman Kierdorf was an example. Kierdorf had resigned his post with the Teamsters Union on August 1, 1958, the day he appeared before the committee and took the fifth amendment in connection with his activities in pressuring Detroit automobile dealers to use the services of an overall cleaning company backed by Detroit racket interests. (This hearing is covered in a section of part 2 of this report.) Hoffa testified that he had known Kierdorf back to some time in the 1930's; that he had hired Kierdorf to work for the Teamsters originally around 1932 after emerging from the Leavenworth Penitentiary where he had served a term for impersonating a Federal officer. He said that Kierdorf worked for him until around 1941 when he was again sent to the penitentiary—this time in Ohio—for armed robbery.

When Kierdorf emerged from the penitentiary in 1948, Hoffa said he went back to work for the Teamsters.

> Mr. KENNEDY. Could you explain to the committee why you were so anxious to have somebody like Mr. Herman Kierdorf working as a business agent and officer of the Teamsters Union?

Mr. HOFFA. Mr. Kierdorf was a good organizer, and he did organizing, and I used Kierdorf for organizing purposes.

Mr. KENNEDY. Now, there are a lot of people in Detroit that could perform that service, are there not, Mr. Hoffa? Those that do not have this extensive criminal record, that you could have obtained for that position?

Mr. HOFFA. A lot of people who are available for any position, and Mr. Kierdorf was an experienced organizer, and he was placed on the payroll for that purpose (p. 13504).

At first, Hoffa denied that he had had anything to do with facilitating Kierdorf's discharge from the penitentiary on parole in 1948. However, he was shown a copy of a parole investigation dated August 12, 1948, 2 months prior to Kierdorf's actual parole from the State penitentiary, Columbus, Ohio. This parole investigation report showed the following in regard to a promise for a job for Kierdorf when he emerged from the penitentiary:

Job: Mr. Hoffa, Teamsters Union, Detroit, Mich. Conditional offer of employment has been received from Mr. Hoffa, union head of the Teamsters Union in this area (Michigan). The work would be semiexecutive, paying $75 a week as a beginning wage (p. 13507).

After seeing the document, Hoffa declared:

After having an opportunity to read the documents, it very conclusively shows that I did intervene for Herman Kierdorf (p. 13507).

The parole records of the State of Ohio, however, show that Hoffa had gone further than to just help his friend Kierdorf obtain the original parole from the penitentiary in October of 1948. Just 8 months later, Hoffa wrote a letter to the chief of the department of public welfare in Columbus, Ohio, seeking to have Kierdorf's parole term expire.

DEAR MR. KLOFENSTEIN: I am writing to you in an effort to enlist your consideration for the cancellation of the parole of Mr. Herman Kierdorf. At a recent election of our council board, Mr. Kierdorf was unanimously elected to the board at a salary of $12,000 a year. In our opinion, this man is and can be of a valuable addition to our executive board. But owing to the fact that his parole will not expire until sometime in 1952, his confirmation has been temporarily withheld. It is my understanding that his record while he was in your care was very excellent, and the local parole board here would like very much to see his name cleared.

If you will consider the cancellation of Mr. Kierdorf's parole, I will personally vouch for him and will greatly appreciate anything you can do for him.

Yours very sincerely,

JAMES R. HOFFA, *President.*

(P. 13507.)

Hoffa admitted that the activities of Kierdorf in relation to the racket-controlled overall company had been brought to his attention in October or November of 1957.

* * * I discussed the matter with Kierdorf, and he said he did not intercede in getting the stop. [A stop is a terminology used in the overall cleaning business for a place of business which utilizes the overall service.]

Having no other way of finding out the information, there was nothing to do about it.

Mr. KENNEDY. Did you call the people who sent the telegram?

Mr. HOFFA. I did not.

Mr. KENNEDY. Why didn't you get in touch with them and see what evidence they had?

Mr. HOFFA. I very rarely get in touch with people making complaints.

Mr. KENNEDY. You took this man——

The CHAIRMAN. Mr. Hoffa, is it not your policy when serious complaints are made, to try to find out the validity of them?

Mr. HOFFA. I tried to find out from the only man that could have told me, Senator (pp. 13508–13509).

This type of investigation, where Mr. Hoffa would ask the person accused of wrongdoing whether or not he was guilty and would accept the man's word as a final determination of the facts, proved to be a pattern of the type of investigations that Hoffa conducted in carrying out the promises he had made to the committee in 1957.

In the case of Frank Kierdorf, Herman Kierdorf's nephew, whom Hoffa admitted having placed as a business agent of local 332 in Flint, Mich., after he emerged from a Michigan penitentiary after serving a term for armed robbery, Mr. Hoffa's procedure was almost the same.

Mr. KENNEDY. Wasn't there in the city of Flint, Mich., another man that could serve the position of business agent for the local other than someone who just came out of the penitentiary?

Mr. HOFFA. We needed an experienced organizer in the position; there is plenty of men in Flint, capable of handling this job.

Mr. KENNEDY. Is it a good training to be serving time in the penitentiary for armed robbery, to serve as a business agent for a local?

Mr. HOFFA. No, sir; it isn't.

Mr. KENNEDY. You said you needed a good business agent.

Mr. HOFFA. I am very certain that Frank Kierdorf, working with Herman, had experience prior to going into the penitentiary. I am quite sure of that.

Mr. KENNEDY. The only experience we can find, Mr. Hoffa, is the experience in armed robbery.

Mr. HOFFA. Well——

Mr. KENNEDY. Why did you employ him, then?

Mr. HOFFA. I told you, sir (p. 13511).

It was pointed out to Hoffa that during the 1957 hearings into the activities of Nathan Shefferman, there had been substantial testimony that Frank Kierdorf had been shaking down small employers in Flint, Mich., and that he had been responsible for violence in that area,

including the attempt to murder an employee of the Skaff Rug Co. by having a car belonging to local 332 run him down near the Flint Railroad Station.

Mr. HOFFA. I discussed the matter with Frank, and he flatly denied it.

Mr. KENNEDY. Did you make any other investigation of it?

Mr. HOFFA. What other investigation would I possibly make? (p. 13511).

* * * * *

Mr. KENNEDY. What investigation did you make after this testimony was developed before the committee?

Mr. HOFFA. I discussed his entire testimony with Mr. Kierdorf, and he said it was not true.

Mr. KENNEDY. Did you contact anybody, any of these small businessmen that were involved in this?

Mr. HOFFA. No, sir; I did not.

Mr. KENNEDY. You did not do any of that?

Mr. HOFFA. No, sir, because I do not believe Mr. Skaff would have been very acceptable to me talking to him, since he is very antiunion.

Mr. KENNEDY. What about the other businessmen?

The CHAIRMAN. Mr. Hoffa, you say he would be antiunion?

Mr. HOFFA. That is right.

The CHAIRMAN. Well, one has a right to be opposed to unions. The fact that he may be does not necessarily brand him as one unworthy of belief. If he gets hurt, even though he may oppose a union, if he gets hurt illegally, by acts of the union and union representatives, is that no concern of yours? Do you condone and approve of such acts?

Mr. HOFFA. I don't condone or approve of it, but there is police departments who have investigative powers in Flint, Mich.

The CHAIRMAN. So you feel no responsibility?

Mr. HOFFA. What would I do about it, Senator?

The CHAIRMAN. Well, if you found that your agents were acting that way, you could do plenty about it, and do it fast.

Mr. HOFFA. If they deny it, what could I do, Senator? (pp. 13512–13513).

Mr. Frank Kierdorf died in Pontiac, Mich., the day this testimony was being taken by the committee, after being badly burned while attempting to set fire to a cleaning and dyeing establishment in Flint, Mich.

The committee had heard testimony concerning another Teamster business agent, Larry Welsh, who works for local 985 in Detroit, Mich., the local headed by William E. Bufalino. Welsh, an ex-convict (he had served part of a 5-year prison term for sodomy), had attempted to steer business to a nonunion carwash owned by another Teamster, ex-convict Business Agent Zigmont Snyder, the head of the waterfront section of Hoffa's own local 299 in Detroit.

Mr. KENNEDY. Did you ask Welsh about it?

Mr. HOFFA. Yes, sir, and Welsh said he didn't do it.

Mr. KENNEDY. Did you make any further investigation?
Mr. HOFFA. Where would I investigate?
Mr. KENNEDY. Did you make any further investigation?
Mr. HOFFA. No.
Mr. KENNEDY. The only thing you did is you went to Mr. Welsh?
Mr. HOFFA. That is right (p. 13515).

Hoffa's lack of action was extended to Glenn W. Smith, president of local 515 in Chattanooga, Tenn., and president of joint council No. 87, which covers the entire State of Tennessee and part of the State of Kentucky. Smith had admitted in testimony before the Tennessee State Legislature that he had used $20,000 in Teamsters Union funds for the purpose of paying a bribe to fix a case in which he and 10 others were defendants. Hoffa said he had not taken any action against Smith because charges were pending against him at the local level. Hoffa later said, however, that he was in error and that there were no charges against Glenn Smith and that the charges had been filed instead against one Sam Smith, an official of the Teamsters Union in Wichita, Kans.

Hoffa admitted that the powers of the general president of the Teamsters Union under the union's constitution were sufficient for him to take direct action against Smith or any of the others "in the case of an emergency." Hoffa's lack of action in this case moved the chairman to comment:

The CHAIRMAN. Mr. Hoffa, this is almost beyond comprehension, that a man will come in and admit that he took $20,000 of union money and state it under oath before a legal or properly constituted tribunal, the senate of a sovereign State, acting as a trial court on an impeachment, and makes that statement, under oath, that he took union dues money and used it to fix a criminal case against him to keep from being convicted or going to the penitentiary, as likely he would have had he been convicted. How, do you mean to say that as president of this great international union that doesn't cause you any concern to act, to protect your membership?

* * * * *

Mr. KENNEDY. You have the power to get rid of him, and you haven't taken any step along those lines; is that correct?
Mr. HOFFA. That is right (pp. 13517–13518).

H. L. Boling, secretary of local 515 of the Teamsters Union in Chattanooga, Tenn., who had a record for illegal transportation of alcohol, had been indicated with Smith for conspiracy to violate the income tax laws. This charge also arose out of the use of $20,000 in union funds for the fixing of the Tennessee case. Again Hoffa said he had taken no action against Boling, although he promised to do so at some future unspecified date.

Mr. KENNEDY. Have you preferred any charges against H. L. Boling?
Mr. HOFFA. No, I have not (p. 13520).

W. A. Smith, a business agent of local 327 in Nashville, Tenn., had been arrested some 14 times and prior to Hoffa's appearance before

the committee sentenced to a 2- to 10-year term for assault. Again the committee pressed Hoffa for word of any action he might have taken against Smith.

> Mr. HOFFA. I have taken no action, and he is on appeal regarding a sentence.
>
> Mr. KENNEDY. Have you made an investigation of him?
>
> Mr. HOFFA. There was a court case.
>
> Mr. KENNEDY. Have you made any investigation of him?
>
> Mr. HOFFA. And the question concerning Smith was a matter of newspaper articles, and I read the articles, and I have talked to Smith, if I am not mistaken, concerning it on the telephone, and since he has been convicted there wasn't anything to investigate. If he is found guilty he will be out.
>
> Mr. KENNEDY. He has been convicted, and he has been sentenced to 2 to 10 years.
>
> Mr. HOFFA. He is out on appeal.
>
> Mr. KENNEDY. He has been arrested 14 times prior to that, and he had a number of convictions, and he has just been sentenced from 2 to 10 years and he is still business agent of local 327, and you haven't taken any steps against him?
>
> Mr. HOFFA. You are right.
>
> Mr. KENNEDY. Have you made an investigation of it?
>
> Mr. HOFFA. I think it was a matter of discussion on the phone with Smith and I realize he is under charges, and they were waiting for the appeal.
>
> Mr. KENNEDY. Once again I call to your attention that you said when you appeared before the committee, how good your word was would depend on what kind of an investigation you made.
>
> Mr. HOFFA. I think the investigation was all that could have been made. No matter how thoroughly you investigated, you wouldn't have found out anything else (pp. 13520–13521).

Hoffa went on to say that he was sure the situation involving the hoodlums and racketeers in the Teamsters Union would eventually clear itself up.

> The CHAIRMAN. Mr. Hoffa, from this testimony do you know any other conclusions that fairminded men, impartial, can draw other than the fact that you surround yourself with criminals in the course of the administration of the affairs of the Teamsters Union, that you keep them there, and intend to keep them there if you can have your way about it?
>
> Mr. HOFFA. The situation will clear up. I am sure of that (p. 13521).

The committee was particularly interested in what action, if any, Hoffa had taken against the notorious Anthony "Tony Ducks" Corallo. Testimony before the committee last year had indicated that Corallo was the vice president of local 239 of the Teamsters and, in addition, controlled locals 875 and 275 of the union, and exercised a great deal of influence on local 522 of the same union. Corallo had teamed up with Johnny Dioguardi, the notorious New York labor

racketeer, in an effort to swing the 1956 election in joint council 16 in New York City in favor of Mr. Hoffa's candidate, John O'Rourke. Again, Mr. Hoffa told the committee that he had taken no action in relation to Corallo.

> Mr. HOFFA. I believe that they have autonomy of their organizations. I don't think they are in trusteeship. How he would control them, I don't know.
>
> Mr. KENNEDY. He has been arrested 12 times, ranging from robbery, grand larceny, and narcotics. He was identified before the committee as an important figure in narcotics, and he was a close friend of Johnny Dioguardi. My question is, Have you made any investigation of him?
>
> Mr. HOFFA. I discussed that question concerning him. As I stated before I understand he intends to resign from his position in the union.
>
> Mr. KENNEDY. This is a year ago that we had this testimony, Mr. Hoffa.
>
> Mr. HOFFA. That is right.
>
> Mr. KENNEDY. Have you taken any steps against Mr. Tony Ducks Corallo?
>
> Mr. HOFFA. As of now, no (pp. 13525–13526).

Tony Ducks Corallo resigned after the hearing, but his henchmen still run local 239 and control locals 875, 275, and 522.

Milton Holt, secretary-treasurer of local 805, had been identified before the committee in its 1957 hearings as being a close associate of John Dioguardi and had been linked by testimony before the committee to the so-called bouncing charter, a charter for a local of the UAW–AFL which passed through a number of hands in New York State with the rapidity of a bouncing ball.

> Mr. KENNEDY. Have you taken any steps against Mr. Milton Holt?
>
> Mr. HOFFA. I have not. The man is indicted, waiting trial. He was found guilty of an antitrust, the same as all the employers who are involved with him. I have discussed the matter with him. But I have taken no action.
>
> Mr. KENNEDY. You have taken no steps to have him removed from his position?
>
> Mr. HOFFA. I have not (p. 13534).

Abe Gordon, administrator of the welfare fund of local 805 of the Teamsters, had been described before the committee as a partner in a trucking company with Phil Kovolick, a notorious strong-arm man for Lepke and Gurrah, two garment industry racketeers. In addition, he had profited on the sale of a piece of land from himself to his union's welfare fund. John Dioguardi had used Abe Gordon's office as a telephone contact when he and Corallo were working on the joint council 16 election in New York City. Hoffa said he had not taken any action against Gordon and admitted that Gordon had been in the international headquarters in Washington, D.C., while Hoffa was preparing for his testimony before this committee.

John McNamara, an officer of both locals 808 and 295 of the Teamsters in New York City, had also played a prominent role in the New York "paper locals" matter. In addition, he had been convicted with John Dioguardi for extortion.

Mr. HOFFA. I discussed John McNamara's operation of both local unions with John McNamara. We have under consideration now an audit of 295 and an audit of 808 by Price Waterhouse, to determine whether or not the books are in order.

Mr. KENNEDY. And you had an investigation and hearing of him?

Mr. HOFFA. There are no charges filed against McNamara. He is out on a certificate of reasonable doubt.

Mr. KENNEDY. You stated specifically before this committee in answer to a question of Senator Ives, that based on the material that we developed regarding McNamara's tie-in with the paper locals, you would conduct a hearing and have an investigation of Mr. McNamara.

Mr. HOFFA. It is a question of what you call an investigation. I have discussed this matter with McNamara and I consider that an investigation (p. 13536).

Senator McClellan told Hoffa:

The CHAIRMAN. * * * I am saddened by the impact of the testimony of this witness. I think as you listen to what has been recorded here this afternoon, the conclusion is inescapable that under the character of leadership now being given to the largest labor union in the country, the prospects of restoring integrity, where integrity has not been heretofore, and providing a leadership and administration that is capable and willing to meet the responsibilities the membership of this union are entitled to have, I think the impression has gone out that the prospects get dimmer the further we go along for the reforms that are needed.

Mr. Hoffa, I think you have also created an impression and you may want to correct it, if you care to—you will be given the opportunity—created the impression in the minds of some people that possibly one of the reasons you don't do any more toward cleaning up then is because you are in the same category with those who you are failing to take action against (p. 13545).

Samuel "Shorty" Feldman, long-time officer of local 990 in Philadelphia, had a record of 18 arrests, 2 convictions, and 2 prison terms. There was also extensive testimony before the committee about his soliciting of a $50,000 payoff (see the section on Philadelphia Teamsters in a future report of this committee). At the time of the hearing he was free on $25,000 bail on a charge of interstate transportation of stolen bonds. In addition, he had been linked to a racket local of the Hotel and Restaurant Workers Union in Philadelphia (covered at length in another section of this report). Hoffa was asked whether he had made any investigation of Feldman and taken any steps to remove him.

Mr. HOFFA. No.

Mr. KENNEDY. None at all?

Mr. HOFFA. No.

Mr. KENNEDY. You are not interested in that?

Mr. HOFFA. I am interested, certainly, but I have been quite busy and have not had an opportunity to get into those situations.

Mr. KENNEDY. What conversations did you have with him about it?

Mr. HOFFA. I discussed the question with Feldman as to whether or not he had sought from the employer any money and he denied whether he had.

Mr. KENNEDY. And you let it go at that?

Mr. HOFFA. That is right.

Mr. KENNEDY. He has just been arrested on July 29, 1958, for the possession and interstate transportation of stolen bonds. That is just a couple of weeks ago. Have you taken any steps against him in connection with that?

Mr. HOFFA. Well, I have not had an opportunity since I have been preparing for this meeting, this situation here.

Mr. KENNEDY. You have not taken any steps against him.

Mr. HOFFA. No; I have not.

Mr. KENNEDY. You have not taken any steps to suspend him?

Mr. HOFFA. No (p. 13631).

Raymond Cohen, president of local 107 in Philadelphia, and one of three international trustees of the union, had been accused before the committee of misusing more than $400,000 of funds of that local. He took the fifth amendment before the committee when questioned about the misuse of these funds.

Mr. HOFFA. There are charges filed against Cohen. The committee is set up, we are going to have hearings in local 107. I believe today there is a meeting of the committee who is set up to have a trial of Cohen and to go into those books.

Mr. KENNEDY. Have you taken steps to suspend Mr. Cohen while those charges are being heard?

Mr. HOFFA. No, I have not.

Mr. KENNEDY. Could you tell the committee why you have not taken steps along those lines to suspend Mr. Cohen?

Mr. HOFFA. I believe he is entitled to have the constitution followed of the international union. Charges are being filed, the charges are being processed.

Mr. KENNEDY. Have you taken steps to remove him as an international trustee?

Mr. HOFFA. I have not.

Mr. KENNEDY. Can you tell us why you have not?

Mr. HOFFA. Because he has not had his trial under the constitution of the international union. Until he does, being duly elected by the convention, I have taken no action.

Mr. KENNEDY. Now, we have some extensive testimony over a period of 3 weeks regarding the misuse of union funds, regarding the forgery of checks, and that was some 3 or 4 months ago, Mr. Hoffa. You still have not taken any action against him.

Mr. HOFFA. That is what the hearing is set up for with an outside member of the committee to hear those charges.

Mr. KENNEDY. You personally have not taken any action as you can under the constitution against Raymond Cohen?

Mr. HOFFA. I believe the man is entitled to filing under the constitution.

* * * * *

Mr. KENNEDY. He has some 19 officials working in local 107 as organizers and among them they have 104 arrests and 40 convictions. Can you tell us whether you have taken any steps against those people?

Mr. HOFFA. The investigating committee will go into all of the affairs of local 107.

Mr. KENNEDY. Have you personally suspended any of those individuals?

Mr. HOFFA. I have not since there have been no charges filed against them by their officers other than those charges pending that the committee will hear.

Mr. KENNEDY. Under the constitution you can take some action against them, Mr. Hoffa. Can you tell the committee why you have not?

Mr. HOFFA. They are entitled to their file under the constitution. Members have a right to file their charges. When it gets to my office I will hear the case.

Mr. KENNEDY. Arthur Freese, organizer for local 107. In 1936, he got 10 years for breaking and entering. In 1938, 3 to 21 years for burglary and transportation of explosives; 1945, 5 years for aggravated assault while in prison. He is an organizer for local 107.

Have you taken any action to have him removed?

Mr. HOFFA. I told you I had not taken action against any of them (pp. 13633–13634).

Hoffa gave the same type of answer with regard to Al Reger, secretary-treasurer of local 522 in New York, who was convicted in July of 1957 of extortion and sentenced to a 5- to 10-year term in Sing Sing Prison. A year later, at the time of this hearing, he still held his union position.

Mr. KENNEDY. Have you taken steps to remove Al Reger?

Mr. HOFFA. I said that I didn't.

Mr. KENNEDY. We have had extensive testimony about Al Reger, his connection with Johnny Dio, his connection with Tony Ducks Corallo, and even your name was mentioned in some of the discussions, Mr. Hoffa. Have you taken any steps to remove him?

Mr. HOFFA. I said I didn't.

Mr. KENNEDY. Why have you not?

Mr. HOFFA. Because there is a constitutional provision of our constitution which was passed by the convention outlining trials and procedures.

Mr. KENNEDY. Have any charges been made against Al Reger by you?

Mr. HOFFA. Not by myself.

Mr. KENNEDY. Have any charges been made by anyone?

Mr. HOFFA. Not to my knowledge.

Mr. KENNEDY. You are international president. Don't

you want those kind of people removed from the Brotherhood of Teamsters, Mr. Hoffa?

Mr. HOFFA. The membership of their local union have a right to elect their officer and right to follow the constitution under trials and procedures (pp. 13634–13635).

The full impact of this testimony was that Hoffa has done absolutely nothing to clean up the union since the 1957 hearing.

The CHAIRMAN. Mr. Hoffa, is there anything in the constitution that prohibits you from taking action against these crooks?

Mr. HOFFA. I could have emergency powers under the constitution which are limited as to what I can do but we have found out from experience in one particular local union that you had to be careful how you exercised that emergency power of the constitution.

The CHAIRMAN. This extraordinary care that you are exercising perpetuates these crooks in office; does it not?

Mr. HOFFA. I believe that the members are the ones who keep the officers in charge of the local unions because they are the ones who placed them there in the first place and they are the ones who continually nominate and elect them.

The CHAIRMAN. We have found many instances, Mr. Hoffa, where the members cannot control affairs, and whenever they do oust their officers I think we have instances—I am not sure whether this is Teamsters or not at the moment—but I know that we have had testimony here where the members did oust them, the union was placed in trusteeship, and the same people they ousted appointed the trustees to manage their affairs. * * *

Mr. KENNEDY. In the Teamsters.

The CHAIRMAN. We have had that example. This has become a sordid story. Lord Almighty, you are the man at the head of it. You have the responsibility. But apparently instead of taking any action you are undertaking to do everything you can to perpetuate this situation. You can make any comments you like. All of these things have come to your attention and you have told this committee that you are going to clean the thing up, as I remember your testimony.

* * * * *

Mr. KENNEDY. On Al Reger, even if he had not been convicted, here are some of his associates as developed by the committee. Mr. Berl Michelson, who has a criminal record; Harry Davidoff, about whom we have extensive testimony; Ralph Mahone, Tony Ducks Corallo, Johnny Dioguardi, Carmine Formandi, Dickey Miksky, all of whom have criminal records; Abe Chait, Archie Cates, Sam Davy, Milton Holt. This man himself was a member of the Communist Party from 1938 until at least the late forties. He was a member of the Daily Worker Advisory Council. He is press director of the New York County Communist Party. He was convicted in 1957 of extortion and he is still a union official. It is in a union that is controlled according to the

testimony before the committee, by Tony Ducks Corallo. You still have not taken any steps against him? Are you frightened of these people, Mr. Hoffa?

Mr. HOFFA. I am not frightened of anybody, Mr. Kennedy, and I don't intend to have the impression left, as has been stated publicly that I am controlled by gangsters. I am not controlled by them but by the same token I do not intend to go around and evade the provisions of the constitution of the international union which you accused Mr. Beck of doing by having dictatorial powers. I want to be able to follow the constitution in due time. This situation will be cleared up. If you recall I took office almost just about February 1. Then I went through a long trial in New York which tied me up. I had the question of monitors which tied me up. I have not had much opportunity to do the normal duties that would have taken place if all of the various incidents had not come about during my short period of time as general president.

In due time these situations will be cleared up.

Mr. KENNEDY. Mr. Hoffa, that would make a great deal of sense. I would be very sympathetic if it were not for the fact that a majority of these people are in the Central States conference, and people under your jurisdiction. You have people in Detroit, at least 15, who have police records. You have Joey Glimco, in Chicago. I say you are not tough enough to get rid of these people, then.

Mr. HOFFA. I don't propose to be tough.

Mr. KENNEDY. You haven't moved against any of them.

Mr. HOFFA. I don't propose to act tough. I will follow the constitution of the international union. In due time the situation, where necessary, will be corrected.

Mr. KENNEDY. Why haven't you gotten rid of any of these people in the Central States conference, and why are these people allowed to continue with police records, Mr. Hoffa?

Mr. HOFFA. If there are no charges filed against them——

Mr. KENNEDY. Why don't you take action against them yourself?

Mr. HOFFA. I told you why (pp. 13635–13637).

Hoffa also said that he had done nothing about Jack Thompson, a business agent of local 332 in Flint, Mich. Thompson, who has the alias of George Legnuts, served a penitentiary sentence for armed robbery from 1937 to 1941. He had previously served three jail sentences for breaking and entering. He had invoked the fifth amendment before the committee after extensive testimony had been developed on his participation in collusion and shakedowns of employers in the Flint, Mich., area in concert with George Kamenow, the Detroit Director of Labor Relations Associates of Chicago, Inc., the firm headed by Nathan W. Shefferman.

Were this testimony of the lack of action by Hoffa against racketeering elements within his union not enough, there was considerable testimony during the 7-week period linking Mr. Hoffa directly to notorious hoodlums and gangsters throughout the United States. For instance, Hoffa acknowledged acquaintanceship with such hood-

lums and racketeers as Raffaele Quasarano, Max Stern, Sam Finazzo, Lew Farrell, Santo Perrone, Frank Cammarata, and John Wolke.

Quasarano has been described in testimony before the committee as one of the major figures in the American narcotics traffic.

Sam Finazzo is a long-time Detroit hoodlum with a long record of arrests, including one for murder.

Max Stern is an exconvict and according to committee testimony has been the gunman for the Italian mob in the Detroit, Mich., area.

Lew Farrell was described for both this committee and the Kefauver crime investigating committee as a man sent to Iowa by the Capone syndicate to head up the rackets in that State.

Gus Zapas, an exconvict who had been arrested 41 times alone in the city of Chicago, found refuge as a Teamster organizer in Indianapolis when he could not find employment elsewhere.

Santo Perrone has long been a kingpin of the Detroit underworld. He was a notorious strikebreaker hired in Detroit by the Detroit Stove Works and the Briggs Manufacturing Co. to prevent unionization of those plants.

Frank Cammarata, another notorious Ohio and Michigan racketeer who has just been deported to his native Sicily, served terms in the Michigan and Ohio State Penitentiaries. Hoffa acknowledged that he once solicited a pardon for Cammarata.

John Wolke is a notorious Chicago abortionist.

This does not in any way reveal the full portent of the alliance between Hoffa and gangster influences throughout the country disclosed by the testimony. Not only the Teamster president himself but his close associates and advisors throughout the country were linked to top gangsters and hoodlums. As this report progresses, this will be evident in the actions and associations of such men as Harold J. Gibbons, Eugene San Soucie, Robert Barney Baker, Tom Burke, and others.

As this report unfolds, it will be evident that the attitude of Hoffa toward gangsters and hoodlums has been emulated by his followers in all sections of the United States.

The tieup between Hoffa and Owen Bert Brennan and certain underworld figures was precisely demonstrated in the case of Embrel Davidson, a former professional fighter who at one time operated under the management of the two Detroit Teamster officials.

During the 1957 hearings Hoffa had acknowledged under oath that he and Brennan had managed Davidson's fistic fortunes in 1952 and 1953. During that testimony he had been specifically asked whether any Teamster Union funds had been used in connection with Davidson's training for fights. This testimony, found on page 5017 of the committee's hearings, part 13, went as follows:

> Mr. KENNEDY. Have you been in any other projects with Brennan?
>
> Mr. HOFFA. Well, let's see. Yes, we had a prizefighter in 1952.
>
> Mr. KENNEDY. What was his name?
>
> Mr. HOFFA. Embrel Davidson.
>
> Mr. KENNEDY. How long did that last?
>
> Mr. HOFFA. It says we discontinued in 1955, from 1952 to 1953.

Mr. KENNEDY. Davidson?
Mr. HOFFA. Yes.
Mr. KENNEDY. Where did he fight, primarily out of where?
Mr. HOFFA. Primarily out of Detroit, and where else he would go.
Mr. KENNEDY. Were some of the Teamster funds used in connection with him at all?
Mr. HOFFA. Not with him (p. 5017).

Davidson's testimony, however, was in direct contradiction to what Hoffa had said in 1957. According to Davidson he started boxing as an amateur following his release from the service in 1948. In March 1949 he turned professional in Detroit, Mich. His first manager was a man named Frank Junco, but in the latter part of 1949 Davidson said his contract was purchased by Frank Loftus of Detroit. Loftus had business relationships with John Roxburgh, who had been the manager of former heavyweight champion Joe Louis, and Roxburgh and Louis both used their connections with the international boxing group to get fights for Davidson.

Davidson said that Loftus was known around Detroit as being involved in the numbers racket. By 1952 Davidson said his relationship with Loftus had deteriorated. He said that Loftus seemed to be unable to get him decent fights and was always using obscene language in addressing him. Davidson said that Loftus apparently got into a row with the owners of the Detroit Olympia. According to Davidson, to get even with Loftus the fights were arranged in quick succession with two of the Nation's chief fighters—Clarence Henry and Archie Moore both of which he lost.

During the time he had been fighting, Davidson had become acquainted with two men at the Motor City Gymnasium in Detroit. One of these was Sam Finazzo and the other was a man who Davidson knew only as "Jimmy." From a photograph presented to him by the committee, Davidson identified the man as Raffaele Quasarano, who is also known as Jimmy Q. or Jimmy Queer.

Finazzo and Quasarano are two prominent Detroit racket figures. Finazzo, who was born in St. Louis, Mo., has a record of 29 arrests and 4 convictions. In 1934 he was indicted for the murder of James G. Hayes, a Toledo and Cleveland gambling operator who was found murdered in Detroit. The principal witnesses against him were two of Detroit's top racketeers—"Scarface" Joe Bommarito and Joe Massei. Both of these men refused to testify at the trial, as a result of which Finazzo and his codefendant, Tony Abate, were released.

Raffaele Quasarano, who was born in Pennsylvania, is considered by the Federal Bureau of Narcotics as one of the most important figures in the international narcotics traffic. In March of 1952 Quasarano was indicted in absentia by the Italian Government as a conspirator in a case which involved the shipping of 6 kilograms of heroin into the United States. Quasarano was married to the daughter of Vito Vitale, who, according to the Federal Narcotics Bureau is an international gangster, smuggler, and leader of the Mafia in Sicily. Telephone toll tickets of persons who attended the gangland meeting at Apalachin, N.Y., on November 14, 1957, indicated that Quasarano had been in touch with Joseph Barbara, at whose home the meeting was held, and John Ormento, who also attended the meeting

and who at the time of the writing of this report is a fugitive from a major narcotics indictment in the southern district of New York.

Quasarano and Finazzo were partners in the operation of the Motor City Gymnasium in Detroit where Davidson worked out and fought some of his professional fights.

Davidson said that when he became dissatisfied with Mr. Loftus, he went to Finazzo and asked him what could be done about getting him a new manager. He said that he was confident Finazzo had proper connections in the fight game and in fact, had heard Finazzo speak on many occasions of his relationship with Frank Carbo, a notorious underworld figure who has been active in the prizefight game. Davidson said that Finazzo said he would see what he could do for him about getting a new manager. Sometime later, Finazzo reported back to Davidson that "I could maybe let you talk to a fellow that might be able to do you some good and would be a fairly good manager for you."

Mr. KENNEDY. Did he refer to him as a good friend of his?
Mr. DAVIDSON. Yes, sir.
Mr. KENNEDY. Who was that?
Mr. DAVIDSON. He was speaking of Mr. Bert Brennan (p. 13461).

Davidson said he went to the Teamsters Union office on Trumbull Avenue in Detroit and met Brennan. He said at this meeting there was no one else present, but soon after he was introduced to Jimmy Hoffa. He said thereafter he would see Brennan often and Hoffa about once a month or every 6 weeks.

Davidson said that he and Brennan went to the office of Michigan Boxing Commissioner Ford Stevens to file his contract. The contract as it was drawn up called for Brennan to receive 33⅓ percent and Davidson to receive 66⅔ percent of the fight revenues. He said, however, that while this type of contract was necessary for approval by the boxing commission, he and Brennan had a private agreement to split the purses 50–50. On coming out of the Commissioner's office, Davidson said Brennan told him—"You don't have to worry now, and you can go ahead and fight. I put a little money his way and everything is OK." Soon after taking over Davidson's management in 1952, Brennan arranged for him to fight in Madison Square Garden on the same program that Rocky Marciano was defending his world heavyweight title against Harry "Kid" Matthews of Seattle, Washington. This fight took place on July 28, 1952. In connection with this fight, the committee learned that Brennan had registered at the Hotel Lexington in New York City on July 27 in the same room with Raffaele Quasarano, the international narcotics trafficker.

Patrick P. O'Carroll, an agent of the United States Bureau of Narcotics, testified that during 1952 the Narcotics Bureau was conducting an investigation of a man named Antonio Battaglia. In connection with this investigation, observation was made on Quasarano at the Lexington Hotel. While he was at the hotel. Quasarano placed calls to Antonio Battaglia, John Ormento, and John Bonaventure, who also attended the Apalachin meeting. For his part, Brennan made calls to B. Wollman & Sons Co., which is owned by Hymie "The Mink" Wollman, a key figure in a New York fight-fixing investigation, and to Al Weill, who has recently been

barred as a fight manager and promoter in the State of California because of his close association with Frank Carbo.

Davidson said that he mentioned to Brennan that he would need some money to keep going between fights. He told Brennan he felt he would need $100 a week. Brennan, according to Davidson, said he would arrange to pay him $75 a week. Davidson said he was then placed on the payroll of the Michigan Conference of Teamsters Welfare Fund. He said he asked Brennan what his job would be and Brennan told him he would be a claims investigator. At the time of this conversation, Davidson said Hoffa was in the office. Davidson said, however, that he never did any work as a claims investigator. The only work he ever did was on occasion, when training for a fight and living on Brennan's farm, he would do odd jobs around the house or take the feed on a pickup truck to the racetrack.

The CHAIRMAN. Mr. Davidson, you were hired as a claims investigator?

Mr. DAVIDSON. Yes, sir.

The CHAIRMAN. Were you ever directed to investigate any claim whatsoever during the time you drew this money.

Mr. DAVIDSON. No.

The CHAIRMAN. Did you ever go see the sick?

Mr. DAVIDSON. No.

The CHAIRMAN. Did you ever make a report?

Mr. DAVIDSON. No.

The CHAIRMAN. You did nothing at all for the union, as such?

Mr. DAVIDSON. No.

The CHAIRMAN. You performed no service for the welfare fund or the welfare plan?

Mr. DAVIDSON. No.

The CHAIRMAN. Such services as you performed were personal to Mr. Brennan, around his house and feeding his racehorses? Carrying the feed out to the racetracks?

Mr. DAVIDSON. Yes.

The CHAIRMAN. In other words, that is all of the work you did except your training for your fights?

Mr. DAVIDSON. That is right.

The CHAIRMAN. Did you realize at the time that this money was being paid out of funds that had been paid in for the benefit of the working people?

Mr. DAVIDSON. No, sir; I did not. I did not know where it was coming from and I did not inquire.

The CHAIRMAN. You made no inquiry?

Mr. DAVIDSON. No, sir.

The CHAIRMAN. But you are positive you did nothing for the union, no service connected with the welfare program?

Mr. DAVIDSON. No; I did not (pp. 13472–13473).

Committee accountant Carmine Bellino testified that the records of the Michigan Conference of Teamsters Welfare Fund which were then available to the committee did indeed show that Davidson received $75 a week. In the period from August 8, 1953, to April 9, 1954, Davidson received a total of $2,475, according to Bellino.

Davidson, however, testified that he received the $75 a week during most of the latter half of 1952, all of 1953, and until April of 1954. The relationship between Davidson and Brennan and Hoffa broke off in April of 1954. Davidson had fought Toxie Hall and was scheduled to fight him again. The doctor of the Michigan State Boxing Commission, however, stated that Davidson's nose had been injured and said he could not go through with the fight. According to Davidson, Brennan was displeased with this.

> Mr. DAVIDSON. Well, he didn't like the idea, too much, I know, because he said, "Well, it seems like you just don't want to fight." He said, "You could beat this guy and he would never hit you in the nose." I think that was highly impossible, because even though I did beat him the first time, everybody is going to get hit. So he said, "Well, I am kind of tired of handling prizefighters anyway. You can get yourself another manager."
>
> Mr. KENNEDY. Did you talk to him about his horses, make some statement about that?
>
> Mr. DAVIDSON. I was trying to compare the two. I think that I am a little bit better than a horse. Of course, maybe he was receiving more from the horses than he was me. I think he would be because I was not making that much fighting, but I only mentioned that, "Well, supposing one of your horses would pull a muscle before a race, what would you do?" He said, "I would pull him out." I said, "Well, what about me?" He said, "Well, that is different." I could see there that maybe he was telling the truth, that he wasn't interested any more in fighters (pp. 13467–13468).

With Davidson's recollection as to the amount of time he was on the welfare fund payroll, the total amount paid to him would have been around $8,000. An interesting sidelight brought out during Davidson's testimony was because of Brennan's obligation to Finazzo for bringing Davidson to him in the first place, Davidson was forced to fight often in the Motor City Arena, which Finazzo and Quasarano owned, when he could have made more money fighting in other arenas.

Both Finazzo and Quasarano appeared before the committee and invoked the fifth amendment in answer to all questions. They would not tell the committee anything about their relationships with Hoffa and Brennan or answer any questions about his part in the Davidson matter. Owen Bert Brennan also invoked the fifth amendment on questions relating to this matter, as he did on other questions posed to him in other parts of the hearings. Specifically, he refused to talk about his trip to New York with Raffaele Quasarano or to discuss any of the matters involving the payment of welfare funds to Davidson. Hoffa, for his part, claimed surprise on hearing of the payments to Davidson.

> Mr. HOFFA. In listening to testimony this morning, I can state to the Chair and to the record, that any money that was paid to Davidson which I had no knowledge of, if it had any part of the fighting, fight promotion, which I was a partner of Brennan of, I firmly believe the money should be immediately returned to the health and welfare fund.

Mr. KENNEDY. Therefore, you will take steps to return your portion of that money?

Mr. HOFFA. That is correct.

* * * * *

Mr. KENNEDY. Did you know at all that Mr. Davidson was on the payroll, Mr. Hoffa?

Mr. HOFFA. I do not know exactly who is on the payroll of the welfare fund from time to time, and I did not know that Mr. Davidson was on the fund. To the best of my knowledge, it may have been brought to my attention—I don't know—but I don't recall him ever being on the fund.

Mr. KENNEDY. You don't remember that at all?

Mr. HOFFA. I don't (p. 13498).

A study of the history of a charter issued to a local of the Hotel & Restaurant Workers Union in Philadelphia, Pa., amply demonstrates Hoffa's penchant for association with racketeers. This situation arose in Philadelphia in May of 1956. For some years the Hotel & Restaurant Workers Union had been attempting to organize the luncheonette chain named Dewey's. In the latter part of April 1956, William J. Brennan, president of Local 138 of the Hotel & Restaurant Workers Union and president of the joint board of culinary workers in that city, learned that Dewey's had signed a contract with the union called the Independent Unionists of America, Local No. 1. Brennan, who had been active in the Pennsylvania labor movement for more than 30 years and is a vice president of the Pennsylvania State Federation of Labor and one of that State's most respected labor leaders, testified that he had never heard of this union before. He said his first report on the signing between Dewey's and the Independent Union came from employees of the chain who visited him at his office and told him they had been ordered to sign cards for this union or else be fired.

This testimony was corroborated by Miss Lulubelle Rose, a Dewey's waitress. Miss Rose testified that in April of 1956 the employees of Dewey's were approached by Mr. Harry Shapiro, the day manager of the firm, and told that Dewey's had signed a contract with the Independent Union Local No. 1.

Miss ROSE. * * * We were given these cards to sign and we were told that we were automatically already in the union, but they wanted our signature, and we had 1 week to sign or we would be automatically fired.

Mr. KENNEDY. You never had been consulted about the union?

Miss ROSE. No.

Mr. KENNEDY. You never had been asked whether you wanted to join the union?

Miss ROSE. No.

Mr. KENNEDY. And nobody from the union had approached you?

Miss ROSE. No.

Mr. KENNEDY. You were told by the management that you signed up with the union or otherwise you would be fired; is that correct?

Miss ROSE. That is correct.

Mr. KENNEDY. So what did you do; did you want to join the union?

Miss ROSE. No.

Mr. KENNEDY. You did not?

Miss ROSE. No (pp. 13562–13563).

Miss Rose described the first meeting of local No. 1 which she attended. She said that the persons in charge of the meeting were Abe Goldberg and Jules Berg.

Abraham Goldberg was the former secretary-treasurer of Local 929 of the Teamsters Union in Philadelphia. In 1947, along with a number of others, he was indicted for violation of the Hobbs Anti-Racketeering Act, convicted and sentenced to 3 months in jail and a $2,500 fine. The sentence was then suspended and Goldberg was placed on 2 years' probation on the condition that he hold no union office for the period of 2 years. Previous committee testimony also showed that Abe Goldberg had done occasional work for John Dioguardi and his Local 102 of the United Auto Workers Union, AFL.

Jules Berg, also known as Bergowitz, had a lengthy criminal record, having been arrested 11 times and convicted twice.

Miss Rose said that Goldberg stood in front of the meeting "and he had about 2 hours of self-praise about his wonderful work in the union."

William Brennan testified that, as a result of the coercion of the employees of Dewey's, he filed an action against local No. 1 and Dewey's with the Pennsylvania State Labor Board. Brennan said he discussed the situation of local No. 1 with the international headquarters of the Hotel and Restaurant Workers Union and was told at that time that he should do everything in his power to stop local No. 1. The international's attitude changed soon thereafter, according to Brennan, and local No. 1 was given a charter in the Hotel and Restaurant Workers Union as local 410 of that union.

Brennan said he found out that Samuel "Shorty" Feldman, business agent of local 929, had interceded with James R. Hoffa to have the latter exert his pressure on the Hotel and Restaurant Workers Union to grant this charter. Brennan said that at the time local 410 was chartered Abraham Goldberg was officially disassociated from the union. Brennan said, however, that he learned later that Goldberg still remained active behind the scenes in the operation of the local. The guiding light behind the local also was Feldman, who has been arrested on 18 occasions and has served three prison terms: in 1924 he served a 6-month county prisoo term for shoplifting; in 1929 he served a 3 to 10 year term in the Eastern State Penitentiary of Pennsylvania for entering to steal; in 1935 he served a 4-year term in Sing Sing Prison for burglary and attempted grand larceny in the second degree. At the time of the committee's hearing into this situation, Feldman had just been indicted for interstate transportation of stolen bonds.

Despite this criminal record, Feldman remained active as business agent of local 929 and Mr. Hoffa, the general president of the Teamsters, had made no effort to remove him.

Mr. KENNEDY. And who made the requests that they be given a charter?

Mr. BRENNAN. We were led to believe that it was through the Teamsters Union.

Mr. KENNEDY. Who in the Teamsters Union?

Mr. BRENNAN. I believe it was through Mr. Hoffa. In fact, if my information is correct, Mr. Hoffa himself.

Mr. KENNEDY. Mr. Hoffa himself?

Mr. BRENNAN. I believe he interceded. I may be wrong, but I believe he did. I know Mr. Miller did.

Mr. KENNEDY. Who did you learn had contacted Mr. Hoffa to make this request?

Mr. BRENNAN. Mr. Feldman, I believe.

Mr. KENNEDY. Shorty Feldman?

Mr. BRENNAN. I believe so; yes (p. 13554).

Brennan said he also understood that a man named Maxie Stern in Detroit, Mich., had been involved in the securing of the charter.

Mr. BRENNAN. Well, I was told that there was a conference in the Briggs Hotel or a meeting in the Briggs Hotel or a phone call to the Briggs Hotel to a fellow by the name of Stern, who, I subsequently learned, was supposed to be a fellow by the name of Maxie Stern.

Mr. KENNEDY. Did you also learn that he discussed the matter with Mr. Hoffa?

Mr. BRENNAN. I was informed of that, yes, through the district attorney's office (pp. 13554–13555).

Max Stern is one of the most notorious hoodlums in the Detroit, Mich., area. He is a close associate of such top national hoodlums as Angelo Meli, Peter Licavoli, Scarface Joe Bommarito, Joe Massei, and Raffaele Quasarano. He served a term in the State penitentiary at Jackson, Mich., for armed robbery and has also been connected to the operation of numbers rackets in the Detroit area.

Brennan said that the chartering of local 410 was a source of constant trouble to the Hotel and Restaurant Workers Union. Brennan said he kept pressuring the international to revoke the charter and on March 12, 1957, he was told to take over the local. He said that in the period from June 11, 1956, to March 13, 1957, the union took in between $19,000 and $20,000. He said when he took over the local, its assets were $400 worth of furniture and a $52 bank account. In addition, the union's liabilities at that time were between $22,000 and $23,000. Brennan said when he examined the contracts of the local he found that they were extremely low. Brennan said that in all his years in the labor movement he had never experienced anything like the situation that surrounded local 410. "There is no more 410, I am happy to say."

As far as the transition from Local No. 1 of the Independent Unions of America to local 410 was concerned, the employees had absolutely no choice in the matter. Miss Rose testified that one day she was in local No. 1, and the next day she found that she was in local 410. She said that she and other employees of the Dewey's chain signed no authorization cards allowing the transfer from one union to another.

Records of telephone calls were introduced into evidence showing that during the period of the early operation of local No. 1 there

was considerable communication between Feldman, James Hoffa, and Max Stern. It was also shown that Feldman had been in communication with Jack Bushkin, the partner in the Detroit labor relations firm of Bushkin & Holtzman and a close association of James Hoffa. Both Feldman and Stern appeared before the committee and invoked the fifth amendment. Feldman identified a check payable to himself in the amount of $750 and dated June 21, 1956, from Dewey's Famous, Inc., for "traveling expenses." He refused to say, however, why he had received this check. He also refused to say whether or not he had gone to Detroit and had personal conferences with Hoffa in relation to a restaurant charter.

Stern invoked the fifth amendment on all questions asked him.

As to the restaurant charter, Hoffa admitted he had discussed the matter with Feldman and had placed a call to Ed Miller (an international officer of the Hotel and Restaurant Workers Union) in Cincinnati and asked him what he could do about granting a charter to the independent union.

> Mr. KENNEDY. Why did you call Mr. Miller for a man such as "Shorty" Feldman?
>
> Mr. HOFFA. I didn't call him for Feldman. I called him to get rid of the independent union to get into the Hotel and Restaurant Workers.
>
> Mr. KENNEDY. Can't the Philadelphia people handle their own problems, Mr. Hoffa?
>
> Mr. HOFFA. I assume they could. It was brought to my attention. Knowing Miller, I called him. I am pretty sure I called Miller.
>
> Mr. KENNEDY. This is "Shorty" Feldman, who has been arrested some 18 times coming out to see you in connection with this, and you inject yourself into it.
>
> Mr. HOFFA. He did not come out to see me about this. He came out to see me about a jurisdictional problem between his local union and another local union concerning, I believe, the Penn Fruit Co., and this developed out of the conversation.
>
> Mr. KENNEDY. You got a charter for a local that had made a collusive deal with an employer?
>
> Mr. HOFFA. No; I didn't get the charter. The charter was granted by the Hotel & Restaurant Workers.
>
> Mr. KENNEDY. You were the one that made the telephone call which resulted in the charter being granted.
>
> Mr. HOFFA. I wouldn't say that that was true. I simply alerted them to the fact that they wanted to sit down with the independent union, that they were willing to discuss the question of becoming affiliated (p. 13632).

Hoffa said he had known Max Stern for 10 years or so and admitted that he may have talked to Stern about the Philadelphia situation.

> Mr. KENNEDY. He is a well-known gangster in Detroit, is he not?
>
> Mr. HOFFA. I don't know if he is a well-known gangster or not. He is out of jail.
>
> Mr. KENNEDY. He has been arrested a dozen or so times?

Mr. HOFFA. He has been arrested, yes.

Mr. KENNEDY. He has been in jail for armed robbery? He violated his parole, went back to the penitentiary a number of times. He is a friend of yours?

Mr. HOFFA. I know him. He is a friendly acquaintance, yes (p. 13633).

The transaction by which the Teamsters Union acquired the home of Chicago mobster Paul DeLucia, better known as Paul "The Waiter" Ricca, was first explored by the committee during its 1957 hearings. At that time testimony was to the effect that locals 337 and 299 in Detroit, which are headed by Hoffa and his sidekick Owen Bert Brennan, had purchased the home as a site for a training school for business agents.

Investigation by committee staff members, however, brought out the curious fact that in the original transaction of July 31, 1956, the Teamsters had only acquired title to half the Ricca estate.

The complicated transaction was traced for the committee by Assistant Chief Counsel Jerome S. Adlerman. Adlerman found that the Nancetta (the name of Ricca's home at Long Beach, Ind.) was divided into two tracts, tract A and tract B. Tract A, which was conveyed to the Teamsters on July 31, 1956 (at the time the Teamsters paid the $150,000 purchase price), included the 20-room main house, but only a part of the tennis court and a corner of the swimming pool. The rest of the property remained in the name of Ricca until September 20, 1957, after the transaction had been brought to public attention by committee testimony. Thus, as it was pointed out, it was possible for a period of more than a year for Teamster business agents to be dunking their feet in one end of the pool while Paul Ricca and his racketeer friends enjoyed the languid waters and the sunshine at the other end of the pool. The conveyance of the property in two sections was not the only intriguing aspect of the Ricca transaction. The original conveyance of tract A in 1956 had been made to locals 299 and 337. It was found, however, that this was in violation of Indiana law (which forbids a local union from holding real property) and the land therefore had to be reconveyed into a trust for the two locals. While the checks for the purchase of the Nancetta estate were dated July 27, 1956, and August 8, 1956, there is no mention of the transaction in the minutes of either of the locals until January 4, 1957. At that time the minutes of local 337 said that President Brennan reported that the local "had made various investments; also had advanced and secured a note from joint council 43 for $75,000 for a real estate purchase made in behalf of joint council 43." There is no mention of the transaction in the joint council 43 minutes until August 14, 1957. At that time a motion was made by Joseph Prebenda that the Nancetta estate "now owned jointly by locals 299 and 337, be purchased by joint council 43 from those unions for the purpose of establishing a training center for health and welfare, pension and contract negotiations, and for the general welfare of local unions affiliated with joint council 43." As the aforementioned testimony of Mr. Adlerman clearly indicated, however, even at this late date, more than a year after the expenditure of the checks, the union did not own the entire Nancetta estate.

Paul DeLucia was a witness before the committee and refused to answer all questions on the grounds that to do so would incriminate him. Among the questions which Ricca refused to answer was:

> Mr. KENNEDY. Isn't it a fact that you needed money at that time, as you were under investigation by the Internal Revenue Department, and you prevailed upon the Teamsters to purchase this property for the $150,000?
>
> Mr. DELUCIA. I decline to answer.
>
> Mr. KENNEDY. Isn't that the reason that this was handled in this fashion?
>
> Mr. DELUCIA. I decline to answer (p. 13585).

As to the contention of Mr. Hoffa when he testified before the committee in 1957 that the estate was to be used as a school for business agents, the zoning ordinances of Long Beach, Ind., clearly prohibit the use of the property for such a purpose. A check of the records in Long Beach also failed to disclose any application by the Teamsters Union to change this zoning ordinance. And, finally, an appraisal made at the request of the committee placed the market value of the property in 1958 at $85,000.

Hoffa reiterated his testimony that the Ricca transaction had been handled by Brennan. Hoffa declared that the union had been looking around for a long time for a location for its school for business agents. Hoffa was asked whether or not the property had been appraised prior to its purchase. He could not produce an appraisal but said that "maybe it was appraised."

> Mr. HOFFA. I made no inquiry concerning the property except to discuss it with Mr. Brennan, and that also I can answer you (p. 15064).

Hoffa said of the $85,000 appraisal secured by the committee:

> Mr. HOFFA. Senator, I am afraid he didn't take into consideration the fact that we bought the property completely furnished, and the large house, and the small house, and the lawn furniture, and everything included from the mowers to cut the grass all of the way up, I don't think he took into consideration the question, and I notice he says only some of the property, and he didn't take into consideration the total amount of property involved in the sale.
>
> I think, furthermore, you must recognize that an appraiser generally appraises at the lowest rate he can when he wants to, and when he is opposing a sale, as against another appraiser who appraises at a higher value when he wants to get the price up to the point for his client, and, furthermore, I must say, Senator, that it isn't a question always of price.
>
> It is a question of location. It is whether or not it is a piece of property that is desirable for the purpose that you intend to put it to work for (p. 15065).

However, Hoffa admitted that he was in no real position to challenge the $85,000 appraisal, since he had none of his own. Hoffa continued to maintain, as he had in 1957, that the Teamsters did not even know they were doing business with Paul Ricca, and that actually they were doing business with Joseph Bolger, the attorney for Ricca.

Hoffa admitted that through what he called "a very insignificant mistake" the Teamsters had not had control of the entire property for a period of 13 months. He said, however, it was due to a misunderstanding, and there was no doubt in his mind that the Teamsters owned all the property. Hoffa said the Union had made no effort to change the zoning ordinances. He said this was a legal question "to be handled by the lawyers as it arises." As to the authorization for the expenditure of funds by his local, Hoffa said it was not necessary for him to take this kind of matter up with his executive board.

> Mr. HOFFA. I have the authority, I repeat, from my executive board to spend the necessary funds in behalf of my local union for whatever is for the benefit of the local union.
>
> Mr. KENNEDY. This specific purchase was not taken up?
>
> Mr. HOFFA. It was not. It was under the broad terms and broad powers granted to me as president.
>
> The CHAIRMAN. Mr. Hoffa, are we to understand that is correct, that you, as president, have authority to make an expenditure of $150,000 of Teamster money without anyone else approving or agreeing to it? I mean the blanket authority to do that?
>
> Mr. HOFFA. The membership has so voted and so have the executive board, sir (pp. 15071–15072).

Two of Hoffa's closest associates are prominent in the Teamster hierarchy in Ohio. They are N. Louis "Babe" Triscaro, president of Local 436 of the Teamster Union in Cleveland, and William Presser, president of the Ohio Conference of Teamsters. Both of them appeared before the committee and invoked the fifth amendment. In the process of their testimony, however, some of their background and associates were put into the record through staff witnesses and documents.

N. Louis Triscaro was formerly associated with the Mayfield road gang in Cleveland and is close to a number of tough hoodlums in New York, Ohio, and on the west coast, including Frank Milano, John Dioguardi, and Mickey Cohen. Another Triscaro associate is John Scalish, who is one of those who attended the gangland meeting at Apalachin, N.Y., on November 14, 1957. Triscaro's income tax return for the year 1957, which he turned over to the committee, showed total income for that year of $132,238.30, a substantial portion of which was derived in funds received from trucking companies in which Triscaro had an interest. Among these was the Shaker Sand & Gravel Co., from which he showed income of $10,575. Staff Investigator Walter Sheridan testified that the Shaker Co., which was owned by Triscaro's brother, Joseph Triscaro, and Triscaro's wife, Sara Triscaro, had not had a contract with Local 436 of the Teamsters in Cleveland since May 1952. It is this local which Triscaro heads.

Triscaro also showed income from the Pettibone Sand & Gravel Co., the Valley Slag Co., the Eagle Trucking Co., Local 436 of the Teamsters, and the Ohio Conference of Teamsters. Triscaro's salary from local 436 was $30,850. Despite this extensive income, the testimony showed that union dues funds were used in partial payment for awnings on a $60,000 home which Mr. Triscaro built. A check of the Ohio Conference of Teamsters dated August 22, 1958, in the amount of $1,500, payable to Romade of Cleveland, was given in partial

payment for Mr. Triscaro's awnings. The check stub said "gift," then the initials "L. T." and "per Presser." A signed statement from one of the partners of Romade of Cleveland contained the information that Triscaro had appeared at that company on August 25, 1958, with the $1,500 check in partial payment of the awnings. A testimonial dinner was held for Babe Triscaro on June 9, 1956, at which the principal speaker was Teamster President James R. Hoffa.

William Presser had a background in both the labor union and business fields. He was formerly connected with the Electrical Workers and came into the Teamsters around 1951. He had also been active in setting up jukebox companies and in working for vending associations. In 1951, Presser was convicted of criminal violation of the Sherman Anti-Trust Act and received a $1,000 fine. From his start in the Teamsters in 1951, his rise was rapid. By 1953 there was a testimonial dinner in his honor attended by both Dave Beck and James R. Hoffa. By the time of the hearing, he held the following positions: president of joint council 41 in Cleveland, Ohio; president of the Ohio Conference of Teamsters; president of the National Over-The-Road Conference of the Teamsters Union; trustee of several Teamster welfare funds; administrator of Bakers Drivers Local 114, Cincinnati, Ohio; president of Local 555 of the Teamsters (Taxicab Drivers in Cleveland); and vice president of the Cleveland Federation of Labor. Considerable portions of Presser's early activities were in the jukebox business. Assistant Counsel Arthur Kaplan testified that Presser had been so effective in this business, both with Local 442 of the International Brotherhood of Electrical Workers, and with a subsequent local in the Teamsters Union, that both employers and union men had come from throughout the country to see how he did it. Kaplan said that Presser's union had been set up in collusion with employers and effectuated a trade monopoly in the city of Cleveland.

Presser was subpenaed in Cleveland to produce records of a number of organizations over which he had control, including joint council 41 and his own personal records. Presser said he had complied with these subpenas, but Staff Investigator Walter Sheridan testified that in at least one instance records of joint council 41 had been destroyed after the subpena was served. On an original visit to the office of Presser, at which time the subpena was served, Investigator Sheridan reviewed the correspondence files of joint council 41. In an envelope marked "Christmas List" he found an invoice from the Rudolph Deutsch Industrial Sales Co. reflecting the purchase by joint council 41 of eight champagne masters, at $100 each. On the left side of the invoice was listed eight names, the persons to whom these champagne masters were to be delivered. They were Beck, English, Hoffa, Brennan, Connell, Bender, Bliss, and Dorfman. Sheridan made detailed notes on the invoice and left it with Presser who said he was going to have it photostated. When he returned 3 days later, Presser had not had the material photostated but instead offered to make the originals, which Mr. Sheridan had requested, available. When Sheridan found the Rudolph Deutsch invoice, he discovered that the eight names had been torn off it. A list which had been attached to the invoice, also containing the eight names as well as their initials, was found by Sheridan to be missing on his return trip. Sheridan

said he had also made notes on this document, and the initial in front of Bender was "G" and the initial in front of Bliss was "R."

Minutes of joint council 41 for the meeting of August 14, 1958, at the Carter Hotel in Cleveland, Ohio, were placed in the record. These minutes showed that at that meeting the following action took place.

> Motion by Heindorff and seconded by Triscaro, that if for any reason, physical or otherwise, Chairman Presser as a result of his activities in opposition to the contemplated move of the monitors, the international union, any of the officers of the international, or any individual, he is severed from his status or position in the Ohio Conference of Teamsters or the teamster movement, then and in any of which events he—or in the event of his demise, his wife, Faye—will be paid an amount equivalent to what would be 1 year's salary paid by joint council 41, to wit: The sum of $20,000.
>
> Question being called, motion being put to oral vote. Unanimously carried.
>
> There being no other or further business to come before the meeting, same was adjourned (p. 15173).

This was not the only $20,000 "insurance policy" Presser had voted to himself. On the same day a meeting of the Ohio Conference of Teamsters was held in the same hotel, where a similar resolution was passed, voting Presser $20,000 in the event he was severed from his job as president of the Ohio Conference of Teamsters. Hoffa said that he planned to discuss the question of Triscaro's activities with Triscaro. However, the Teamster president said concerning Triscaro's investments in trucking companies:

> I positively will never agree that it is immoral or improper for a person to have outside interests as long as it does not affect his collective bargaining.

Hoffa went on to say that—

> in many instances it is educational and beneficial to the members for a business agent to be able to know as much or more about the employer's business at the bargaining table than the employer. And the only way he can find out the practices of an employer is to actually find that he has to meet a payroll. Then he becomes pretty well educated as to the responsibilities that he has not only in getting wages, hours, and conditions for his members, but the responsibility of not putting the employer out of business and having the employees without a job (pp. 15250–15251).

As for Presser, Hoffa declared he was definitely going to keep him on the job. "Bill is a very capable organizer, a very capable administrator. I believe you will find that the unions and the membership in Ohio have a high regard for Presser's honesty and integrity."

In June of 1955, an Indianapolis lawyer named David Probstein disappeared. On Sunday June 5, 1955, he left his home in Indianapolis for a meeting with a person or persons unknown in St. Louis, Mo. The following night he called his wife from St. Louis and told her that he was going to have to go east and that he expected to drive because the people going with him did not like to fly or take the train. That is the last time that David Probstein was heard from. He vanished

and left behind him a mystery which law enforcement agencies have not been able to pierce.

The disappearance of David Probstein became a relevant matter for the committee's consideration because of his known dealings with James R. Hoffa and other officials of the Teamsters Union.

On January 7, 1954, a bank account was opened in the name of David Probstein, trustee, in the Fidelity Bank & Trust Co. of Indianapolis, Ind. The initial deposit in this account was $20,000 and, according to Francis A. Moore, vice president of the bank, Probstein personally made the deposit by check.

The following day, January 8, 1954, Probstein withdrew $17,500 from the trustee account and opened a new account in the Fidelity Bank & Trust Co. in the name of the State Cab Co. Moore produced the signature card of the State Cab Co., Inc., which showed the authorized signature on that account to be David Probstein.

It was the source of the funds for the David Probstein trustee account which first attracted the committee's attention to the mystery of Mr. Probstein's disappearance.

James R. Hoffa testified that he knew David Probstein; that he had met him in Detroit, Mich., where they were introduced by Eugene San Soucie. Hoffa said that his only financial dealing with Probstein was a loan of $8,000 from the Hobren Corp., a truck leasing company owned by Hoffa's wife and the wife of his associate, Owen Bert Brennan. Despite this, Hoffa acknowledged that his wife knew nothing whatsoever about the operation of the Hobren Corp. and that he and Brennan had recommended to their wives that they loan $4,000 each in Hobren funds to Probstein for the State Cab Co. Hoffa said that $7,000 of this $8,000 had been returned and that these had been the only financial dealings he had had with Probstein, San Soucie, or the State Cab Co.

This testimony put Hoffa in the clear position of denying any knowledge or participation in getting the original $20,000 deposited to the account of Dave Probstein, trustee, in January 1954, $17,500 of which was used the following day to open the account of the State Cab Co. It should be noted here that this denial by Hoffa caused the committee to send the transcript of this hearing to the Justice Department with the request that action be taken to ascertain whether perjury had been committed. In his closing statement on this particular set of hearings, Chairman McClellan said that information available to the committee about the origin of the funds for the State Cab Co. indicated that Hoffa had lied under oath.

The connection of David Probstein with the Teamsters Union did not end, however, with this financial relationship between Hoffa and the State Cab Co. According to Moore, another account was opened in the Fidelity Bank & Trust Co. in Indianapolis on September 16, 1954, in the name of the Aldor Insurance Agency. The authorized signatures on this account were David Probstein, president, and Allen M. Dorfman, treasurer. Allen M. Dorfman, the son of Paul Dorfman, a Chicago labor official with close ties to top figures in the old Capone mob, has been the broker of the Central States health and welfare fund. The contract between the Teamsters and Dorfman and the circumstances surrounding the award of the business to Dorfman were also the subject of committee inquiry, which is summarized later in this section of the report.

The original deposit in the Aldor Insurance Agency account was $3,000. Still another account was opened in the Fidelity Bank & Trust Co. on September 16, 1954, a $3,000 account opened in the name of the Union Loan & Finance Corp., David Probstein, president, and Allen M. Dorfman, treasurer

By far the most curious bank transaction during this period of interest, however, was the opening of an account in the same bank on October 27, 1954, in the name of Local Union 299, International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, 2741 Trumbull Avenue, Detroit, Mich. This is the home local of James R. Hoffa and the one over which he still serves as president. The initial deposit in this account was $125,000 and the authorized signatures at the time of the deposit were Gene San Soucie and Norman C. Murrin, respectively president and secretary of local 135 of the Teamsters in Indianapolis, Ind. The original signature card (which incidentally the bank was unable to produce) was replaced by one in the names of James R. Hoffa and Frank Collins. At the time of this particular hearing, on August 15, 1958, almost 4 years later, not one deposit nor one withdrawal had been made from this account. The $125,000 was placed in a checking account and no interest has been paid on it. The other two financial transactions of interest in this Indianapolis bank were a loan of $27,083.28 to the State Cab Co., on July 13, 1954, and the opening of another account on December 10, 1954, in the name of David Probstein, Union Casualty & Life Insurance Co. The authorized signatures on this account were David Probstein and Robert S. Greenfield.

The testimony in the Probstein matter generally falls into four categories: (1) The activities of the State Cab Co. and the active participation of Teamster Union officials in the management of that company, (2) the relationship of Probstein with Allen Dorfman, (3) the circumstances surrounding the deposit of the $125,000 of local 299 funds in the Indianapolis bank, (4) the circumstances leading up to the disappearance of David Probstein.

Hugh Wagner of Indianapolis testified that he went to work for the State Cab Co. in June of 1954 and that in the first week of December of that year he became office manager of that company. He said that his employer was David Probstein and that he had been placed in the position of office manager by Probstein. About a week after he assumed this job, Wagner testified he was visited by David Probstein, Eugene San Soucie, and Gus Zapas, an international organizer for the Teamsters in Indiana, and simultaneously an officer of the Bartenders Union in Indianapolis. Zapas, an ex-convict with a lengthy criminal record, had been arrested 41 times in the city of Chicago alone and had been placed in the job of international organizer for the Teamsters in Indiana by Eugene San Soucie. Zapas admitted he received the job from San Soucie after he had been unable to find employment in Chicago because of his criminal background. At the meeting, Wagner was told that David Probstein would not have anything further to do with the State Cab Co. and he was thereafter to take orders from Gus Zapas. Particularly, Zapas was to pick up the cab company's collections each day. This function had formerly been performed by David Probstein.

> Mr. KENNEDY. What was happening that the union officials would come in and tell you or inform you of the fact that the union was then running the cab company?
>
> Mr. WAGNER. Well, I didn't understand that deal myself. All I know is that I was the manager of the company and kept the fleet running and was driver boss at the time (p. 13829).

Wagner said he was given to understand that Probstein had been removed for mismanagement of the company, but he said he could not understand what the union had to do with removing Probstein from his position as owner of the cab company. Thereafter, Wagner testified, Zapas appeared each day and picked up the money. He said that Gene San Soucie also visited the cab company on occasion.

As further indication of Mr. Zapas' position with relation to the State Cab Co., Betty Starrett, an Indianapolis stenographer, testified that she sought employment with the Aldor Insurance Co. in Indianapolis in January of 1955. The insurance company occupied the same quarters as the cab company. She said that she was recommended for the job by Gene San Soucie and Gus Zapas and that they indicated to her that they owned the State Cab Co. She said that when she went to work, Zapas was president of the cab company and signed the checks. She recalled when Zapas ordered Probstein off the premises of the cab company; she said that Zapas was extremely angry at Probstein at the time and said something to the effect that he was going to kill him. Miss Starrett said that thereafter Probstein was kept on the payroll of the insurance company. She said she was told by Robert Greenfield, the associate of Allen Dorfman in the insurance company, that it was necessary for a general agent in the State of Indiana to be a resident at least 6 months "so they needed someone who was a resident and that was what Mr. Probstein was supposed to do." Miss Starrett testified that for about 6 weeks Probstein continued to draw about $100 a week from the insurance company, but that she was then ordered by Mr. Greenfield to stop writing the checks. She said that Probstein complained to Greenfield and that Greenfield told Probstein that he had word from New York that Probstein should resign and that they needed a letter of resignation from him. According to Miss Starrett, Probstein refused to sign the letter of resignation. Thereupon, Mr. Greenfield called Eugene San Soucie, who said he would get Probstein to sign the letter of resignation, which was accomplished soon thereafter.

In May of 1955, Miss Starrett overheard a meeting between Allen Dorfman, two of his associates (Phil Goodman and Alvin Barron) and David Probstein in the offices of the Aldor Insurance Co. She said she heard a mention of $6,000 and that Probstein was told to produce the $6,000 or else, by the first part of June.

Eugene San Soucie testified that he met David Probstein sometime in 1954 and that he was introduced to him by a man by the name of Showers. He said that subsequently Probstein talked to him about a plan he had for starting a cab company. At first San Soucie said Probstein wanted to know if there were any men in the union who would be interested in working for a new cab company. Later, he said Probstein told him he didn't have enough money and wondered if he, San Soucie, knew anywhere where additional funds might be

available. San Soucie said that as a result of this conversation he and Probstein went to Detroit and arranged a loan from James Hoffa. It is extremely significant to note here that San Soucie was positive that the visit to Hoffa was prior to the start of the cab company and prior to January 8, 1954, when the cab company account was opened. (It is to be recalled that Hoffa said his $8,000 loan to Probstein was made in May of 1954, 4 months later, and that he had had no other dealings with Probstein or the State Cab Co.) San Soucie said the meeting was held in Hoffa's office and that Owen Bert Brennan was present.

> Mr. SAN SOUCIE. Well, I can't remember the exact conversation, but I explained to him that all of the cabs at that time in Indianapolis were nonunion cabs, and that this man Probstein was interested in organizing or starting another cab company, and that I was certain that we could work out a contract with him and organize his people and that he was short on money, and he had the facts with him as to what he proposed to do, and how many licenses he had, and what equipment he proposed to buy and what not. And he gave all of those facts to Mr. Brennan and Mr. Hoffa, and I personally requested if they could do it, to arrange for him to get a loan, and additional money that he needed, to start this cab company (p. 13850).

As a result of this conversation San Soucie said Hoffa loaned Probstein $8,000. San Soucie said that to his knowledge no other money went from the Teamsters Union to the cab company. San Soucie said that some time later he ran into Probstein in the lobby of a hotel in Indianapolis and that Probstein told him he was "in real bad shape." San Soucie said Probstein told him he was convinced that "somebody was stealing him blind" and he wondered if San Soucie could help him out. San Soucie said he suggested that Gus Zapas look over the cab company and see what the problem was. San Soucie said that at the time he hired Zapas as an organizer for the Indiana conference of Teamsters he knew of Zapas' criminal record, but he added that Zapas is "a good mixer. He is the kind of a fellow that you might say, is a man's man. He gets along with truckdrivers."

San Soucie said to his knowledge Zapas began collecting the daily receipts of the cab company. San Soucie said, however, this was Probstein's idea and not his or Zapas. San Soucie said that this was his only involvement with the cab company and that Zapas soon reported to him that the cab company "was coming apart at the seams" and that Probstein eventually sold the cab company. San Soucie admitted, however, that the Teamsters Union attorney in Indianapolis, Mr. Edward Fillenwarth, was present when the deal was closed for Probstein to sell the cab company. San Soucie denied heatedly that he had ever heard Zapas threaten to kill Probstein. San Soucie also denied that he had played any part in influencing Probstein to resign as the Indiana agent for the Aldor Insurance Co.

Gus Zapas said he was told by San Soucie to go over to the office of the State Cab Co. and see Probstein. He said when he arrived there Probstein told him he was in financial trouble and that his creditor's were about to foreclose on him. He said that Probstein asked him to run the cab company for him and try to stall off the creditors.

He said that Probstein then took him down to the Fidelity Trust Co. and instructed them to allow Zapas to sign checks of the State Cab Co. as president. Zapas admitted that he handled the receipts of the State Cab Co. and said that this was done to "show that Mr. Probstein didn't handle the money, in case someone was wondering if he was getting the money from the company." Zapas denied that he had threatened to kill Probstein but admitted that he may have got into arguments with him. Zapas admitted to the committee a host of underworld connections. He said he knew Jack Joseph, a St. Louis hoodlum; Joey Aiuppa, also known as Joey O'Brien, a top Chicago mobster; Milwaukee Phil Aldesario of Chicago; Paul "Peanuts" Panzco, a leading Chicago jewel thief. He also admitted that he had wanted to pay a visit to a convict friend, Jack Apple, who was then serving a term in the Federal penitentiary in Leavenworth, Kans. Zapas said that Robert Barney Baker, a special organizer for the Central States Conference of Teamsters, under the direction of James R. Hoffa, had told him he could arrange a visit with Apple. A memorandum found in the files of former Gov. Payne Ratner of Kansas, produced as evidence before the committee, shows that Baker had called Ratner's office to attempt to arrange such an interview. The memorandum, found in Ratner's files, went on to say:

> * * * Exceedingly difficult today, but was able to arrange with Zatas [sic] to talk to Apple without having to talk through wire mesh. However, the Federal rule that a guard must be present so can listen in on conversation, but Governor has arranged for the guard to wander off and if Zatas and Apple talk in a low voice he will not hear the conversation (p. 13746).

Neither San Soucie nor Zapas gave the committee a cogent explanation, however, of why Teamster officials should take such an active interest in the operation of a cab company ostensibly owned by an Indianapolis attorney.

A culmination of the Probstein mystery came in June of 1955. Probstein had sold the cab company and was back in the practice of law. On June 4, 1955, Joseph G. Wood, an Indianapolis attorney and a long-time friend of Probstein, received a call from Probstein. Probstein said it was important that he see him immediately and that he was in great trouble. Wood said he went to Probstein's house the following morning, Sunday, June 5, 1955.

> Mr. WOOD. * * * Probstein told me—he began the conversation saying that he was in great danger, and that he had become involved with some people that he considered dangerous, and that he was going away on a mission that he considered dangerous (p. 13893).

Probstein then told Wood he was going to St. Louis that night and wanted to know if he didn't come back whether the insurance company which Wood represented would foreclose on the mortgage they held on Probstein's home. "He was a scared man. He was obviously agitated. He told me he was afraid. He said, 'I am fearful. I think I am in danger.' "

Wood said that about a week after Probstein disappeared and Mrs. Probstein had heard nothing from him, he was reported to the police as a missing person. He said that Mrs. Probstein came to his office and produced a list of names she found in Probstein's effects. The names were Harland Rowe, Detroit; E. R. Biedler, Detroit; Herbert Grosberg, Detroit; and James R. Hoffa, Detroit. Harland Rowe and E. R. Biedler were accountants who worked for the Hobren Corp. Grosberg is the accountant for the Teamsters Union in Detroit. Shortly after Mrs. Probstein gave Wood this list of names, Wood suggested to her that she retain another attorney, since he represented the insurance company, which might have to foreclose on her home. According to testimony Mrs. Probstein then obtained the services of Indianapolis Attorney Herbert Backer. Backer said that in an attempt to locate Probstein he started phoning the persons whose names appeared on Mrs. Probstein's list. On July 7, 1955, he called Herbert Grosberg in Detroit. Grosberg told Backer he was an accountant and a tax expert and that "he said that he talked to Dave Probstein solely about tax problems connected with the sale of the State Cab Co." Backer said that Grosberg told him he had no knowledge of Probstein's whereabouts. Backer said he then called James Hoffa, who also told him he knew nothing of Probstein's whereabouts. According to Backer, Hoffa "said that he had talked to Dave Probstein about selling insurance to the union men in the district and he said he hardly knew Dave Probstein and that Dave Probstein had approached him and he made the comment that Probstein was very cocky." Backer said he also talked to Phil Goodman in Chicago and he denied any knowledge of where Probstein was. He said he attempted to reach Eugene San Soucie but was never able to get him on the phone.

> Mr. KENNEDY. Do you know or have you any idea what has happened to Mr. Probstein?
>
> Mr. BACKER. No, sir; I do not. His wife feels as though he is dead because of the last conversation that she had with him when he called from St. Louis, and said he was going to New York with some men and that he would get in touch with her when he got to New York and let her know where he was.
>
> He said that he was driving with these men and she thought he ought to take the train because it would be much safer than driving, and he said, "Don't worry about it, I will be all right." And that is the last conversation that she ever had with him, and she just can't believe he was the kind of person who would leave his wife and family, because he was devoted to his children and also to his wife (p. 13899).

Another noted mystery about the fate of David Probstein was injected by the testimony of Mrs. Mollie Baker, the ex-wife of Teamster Organizer Robert Barney Baker. Mrs. Baker testified that Baker had to go to Indianapolis in 1955.

> Mr. KENNEDY. Did he ever speak about the situation in Indianapolis? Did he ever tell you after he got back, that he had to go to Indianapolis?
>
> Mrs. BAKER. Yes. That was in 1955.

Mr. KENNEDY. What did he tell you in connection with going to Indianapolis?

Mrs. BAKER. He told me he had to take care of a shyster lawyer for Jimmie Hoffa, and if he did this one more job for Jimmie, he would be close forever, because he went like this [indicating] with his fist, and I will never forget it.

Mr. KENNEDY. He would be close forever?

Mrs. BAKER. Close forever with Jimmie Hoffa, if he did this one more job, and he wouldn't have to worry about money again.

Mr. KENNEDY. Do you know who it was that he was interested in?

Mrs. BAKER. No, I do not.

Mr. KENNEDY. He just said there was some shyster lawyer?

Mrs. BAKER. That is all. He never mentioned no name.

Mr. KENNEDY. Do you know what the job consisted of?

Mrs. BAKER. No, I don't.

Mr. KENNEDY. Did he go to Indianapolis?

Mrs. BAKER. Yes. He made a few trips on his way to Florida to Indianapolis. He told me he would stop off at Indianapolis (pp. 13988–13989).

With Gus Zapas' background, his criminal record and his lack of experience in the labor union field, his activities as a labor leader were therefore of some interest to the committee. As has been pointed out earlier, Zapas occupied a dual role in the labor movement in Indianapolis. He was not only an organizer for the Indiana Conference of Teamsters but was a business agent for the Bartenders Union.

In June of 1955, Zapas called a strike at the Sheffield Inn in Indianapolis, owned by Mr. and Mrs. Emil Noseda. Of the 56 employees of the restaurant, 12 full-time employees and 2 part-time employees actually joined the picket line and were joined "by a great number of outside pickets." Mrs. Noseda said that the employees that tried to go to work were threatened and one dishwasher was beaten up on his way home and "told that was only a sample of what he would get if he came back."

The union also attempted to stop the laundry from delivering clean linens to the restaurant. On July 31, 1955, phosphorus crystals were thrown on the roof of the restaurant and only quick work by the firemen prevented major damage to the inn.

Mrs. Noseda also said that four sticks of dynamite with a long fuse were thrown at their home, but the fuse went out before the dynamite could explode. Mrs. Noseda said in September of 1955 she was approached by Eugene San Soucie. She said that San Soucie stated if the Sheffield Inn would sign a union contract—"more or less to my wishes"—that he would personally see that nothing happened from then on. San Soucie told the Nosedas that they could "pretty well dictate the terms of the contract" and that their terms for disposition of grievances would prevail. Mr. Noseda said he told San Soucie he would think about it but he never heard any further from San Soucie, nor did he communicate with him.

The CHAIRMAN. So in order to get you to put your employees in the union, they were offering to let you write the terms of the contract?

Mr. NOSEDA. That is correct, sir.

The CHAIRMAN. And promised you would have no trouble?

Mr. NOSEDA. That is right.

The CHAIRMAN. But in order to try to force you to do it or frighten you into doing it, they carried on this strike and kept a picket line, and these other acts or actions of violence that you have testified to occurred in the course of the strike; is that correct?

Mr. NOSEDA. That is correct.

The CHAIRMAN. Had you had any violence or any problem prior to the strike?

Mr. NOSEDA. No sir (p. 13834).

Morris Cohen, owner of the Morris Produce Co. which sells fruits and vegetables, said he continued to provide his goods to the Sheffield Inn after the strike started. He said soon after the start of the strike he was accosted by two men who told him that he shouldn't be delivering to the Sheffield Inn because of the strike. "Two heavy-set fellows early in the morning pushed me back up against the truck * * * and told me that I shouldn't deliver there." Cohen testified, however, that he continued to deliver and he received threatening telephone calls saying he was going to have plenty of trouble. This threat, it turned out, was highly accurate. On Saturday of the same week his place of business burned down. On the following morning someone put shellac in the motor of his truck and the motor froze solid.

Cohen said that following the fire he was forced to stop delivering and that a company called the Wesley Davidson Co. started to deliver to the Sheffield Inn. He said they did so for 3 or 4 weeks until an incendiary bomb was dropped on their porch. Cohen then took over the Sheffield Inn business himself again.

Mr. KENNEDY. Even after your place of business was burned out you still went back and made these deliveries?

Mr. COHEN. Yes, sir.

Mr. KENNEDY. Why did you do that?

Mr. COHEN. Well, I just didn't feel like being intimidated by it.

Mr. KENNEDY. Did you receive threatening calls after that?

Mr. COHEN. A couple of times.

Mr. KENNEDY. And nothing further happened to you?

Mr. COHEN. No, sir (p. 13836).

Zapas testified that he was not responsible for the violence at the Sheffield Inn. He also denied that he had anything to do with 19 bombings, or attempted bombings between September 1953 and November 1955. These dates roughly corresponded with the start of Zapas' tenure as a union official in Indianapolis.

The committee had a twofold interest in the activities of Harry Karsh, the head of Teamster Local 447, Carnival and Allied Workers, affiliated with the International Brotherhood of Teamsters. The committee was interested in (1) the methods used by Karsh to organize carnivals and (2) the use of Karsh's local as a step to the election of Harold J. Gibbons as president of Joint Council 13 in St. Louis.

Karsh first received a charter to organize carnivals from the Jewelry Workers Union in 1952. Prior to that he had been an organizer for

the A.F. of L. during the 1940's and had been laid off because of questionable activities. He had served as an organizer for local 688 of the Teamsters in St. Louis and participation in the sale of that local to Harold Gibbons.

This curious transaction is discussed in another section of this report. Karsh's Jewelry Workers charter (under which he operated as local 450) was withdrawn following a number of complaints about the methods he used in organizing circuses and carnivals. Karsh received a Teamsters charter in 1955 through the assistance of Harold Gibbons.

Sandwiched between this labor union activity, Karsh performed services for Nathan W. Shefferman, the Chicago labor-management consultant who was revealed by the committee in 1957 as being a specialist in union busting. He had also worked as a private investigator in St. Louis for a Fred Bender. A striking example of Karsh's organizing tactics was provided by Robert L. Hines, an attorney in Fort Wayne, Ind.

Hines related that on Sunday, July 6, 1952, he received a call from the owners of the Cetlin & Wilson Carnival Show asking that he come immediately to the New York Central freight unloading yard at Fort Wayne because there was trouble in unloading the carnival from railroad cars. Hines said he arrived about 7:30 that night and found four or five men picketing with signs which read: "Unfair to Carnival Workers Union Local 450." Hines said he learned that Harry Karsh was present with the pickets and would not allow the unloading of the railroad cars. Hines said that he went to talk to Karsh and Karsh said he was there for only one purpose and that was to get the owners of the carnival to sign a contract with him whereby he would be the bargaining agent and representative of all the carnival workers for his union. Hines said that Karsh refused to talk with the owners of the circus, saying that it would be a waste of time.

> I asked him whether or not he represented any of the carnival workers in this show, and he said, "No." I asked him whether he had ever gone to these workers to see whether or not they wanted him to represent them, and he said "No." I asked him why then did he want to talk to the owners, when he didn't represent any of the carnival workers. He informed me that it was too much trouble to try to run down these workers and get them as members of his union, and it was much simpler to start at the top, which was the owner of the carnival, and get him to sign a union-shop contract (p. 14415).

Hines quoted Karsh as saying he had the owner exactly where he wanted him and he wasn't going to let go of that advantage. Hines said that Karsh produced a form contract from his briefcase and handed it to the owner of the show, saying: "Here is what I want you to sign." Hines pointed out to Karsh that his whole approach was illegal, and since he did not represent any employees of the circus, the signing of such a contract would be a violation of the Taft-Hartley Act.

> Mr. HINES. His reply to that was he didn't give a d—— for the Taft-Hartley Act and that he had the employer where he wanted him and wasn't going to let him go (p. 14416).

The Teamsters Union, according to Hines, assisted the pickets and boycotted the unloading of the carnival. Other pressure was put on the circus by a call from the local humane officer who, according to Hines, had "apparently been called to the scene." The humane officer informed the owners that they would be in violation of the local ordinance if they did not water and feed these animals within a certain length of time, which was then past, from the time they had arrived, and that they would be subject to a fine and arrest for that reason.

In order to get the circus unloaded, the owners agreed to sign a contract with Karsh. Before doing so, however, they insisted that Karsh appear at a meeting and talk to the employees. One meeting was set up for July 8, 1952, at which Karsh failed to appear. He finally did appear on the evening of July 10. Hines said his secretary took stenographic notes of the meeting. These notes are a classic in the technique of top-down organizing.

> Mr. HINES. * * * The opening statement by Mr. Karsh was: "Thank you, Pizon. You can all blow your tops, that is what you are here for. Maybe I don't blame you; maybe you should. Then again maybe you should not. As I look you over, I know there are a lot of questions that each one wants to ask, and to the best of my ability I will answer every one of them. As you know, Mr. Wilson and Mr. Cetlin and Mr. Hines, the attorney, has told you the show has signed a contract with this union. This union takes the position that the contract will be fulfilled by this show. To start enumerating a lot of things that the union can do for you, you probably would not believe me, so I would like for you people, any one of you, if there is any questions, no matter how embarrassing."
>
> One of the questions was "What's the history and background of the union?" Mr. Karsh's answer was "The union was formed the 1st day of February. I formed it."
>
> "Question. Who are you?
>
> "Answer. I have been in the American Federation of Labor and Teamsters Union as a representative for 25 years. This job was wished on me by the American Federation of Labor.
>
> "Question. Don't you have to go to the employees first?
>
> "Answer. There are two ways of looking at that. It is the mode of this kind of business. It is impossible to talk to the workers first. Do you think that if there was not a contract signed that I could come in and say, 'How about putting a call for 5 p.m., Thursday, I want to talk to them about the union?' They would tell me, 'No.'
>
> "Question. Why do we have to join?
>
> "Answer. The contract was signed."
>
> * * * * *
>
> "Question. Will the show move Saturday if we do not sign up?
>
> "Answer. I will not answer that question. You are not union members and have no right to ask that question. When you join, you can ask the policy of the union. Until that time, the union will not give out its secrets.

"Question. You wouldn't answer that one question?
"Answer. No. If this question is not resolved, I am sure this show will have a lot of trouble" (pp. 14420–14421).

An indication of how the employees really felt about Karsh's organizing activities was the fact, according to Hines, that two roustabouts came up to Wilson (one of the owners of the show) and wanted to know whether Wilson wanted them to take care of Karsh. Wilson told them he did not believe in violence and that was not his way of doing business.

John W. Wilson, one of the owners of the Cetlin & Wilson Shows, submitted an affidavit to the committee which substantiated Hines' testimony. He said that Karsh's Jewelry Workers' charter was revoked in 1952 and that Karsh later tried to organize the circus under the banner of the Teamsters Union. By this time, however, Wilson said the employees of the circus had voted to join the Retail Clerks International Association.

Herbert Dotten, the outdoor editor of Billboard magazine, further outlined for the committee the background of Karsh's operations in the carnival field. Dotten said that a carnival is particularly vulnerable to work stoppages:

> It must get to a particular place at a particular time and leave the particular place at a particular time. It must be there to operate * * * if they were tied up, there is a danger to the animals * * * shows playing large fairs sometimes have to put up a performance bond which stipulates that they are to have everything up and in operation at a certain hour on a certain day.

With this background, Dotten gave the committee an example of Harry Karsh's organizing tactics. Dotten was present at a meeting of the Royal American Shows called by the owner of the circus, Mr. Sedlmayr. Also attending the meeting was Harry Karsh. According to Dotten, Sedlmayr opened the meeting and then turned the rostrum over to Karsh. Karsh told the employees that the contract he was about to sign with Royal American Shows would provide for a $2 a week increase in wages and also provide for group insurance. Dotten pointed out, however, that the $2 increase was on the minimum wage and almost everyone in this particular show was already getting more than the minimum wage. Dotten said that his impression was that the people did not want to join the union, "if they were left to their own devices." The employees, however, liked Mr. Sedlmayr and Dotten said that out of feeling of obligation to him they all signed union cards. Sedlmayr's son helped in getting the employees signed up in the union.

Dotten said that following this meeting he filed unfair labor practice charges against Royal American Shows and Harry Karsh. However, the regional board of the National Labor Relations Board refused to take jurisdiction.

Floyd E. Gooding of Columbus, Ohio, president of the Gooding Amusement Co., told of his relationships with Harry Karsh. He said that Karsh approached him in July of 1952, representing the Jewelry Workers.

> Mr. GOODING. Well, I knew very little about labor relations, that is, so far as unions are concerned, but just as a

> matter of common sense I felt that the people in our organization should have the last word when it came to whether they desired a union or did not desire a union. I put forth that debate or argument with Mr. Karsh. But he seemed to insist that it was much easier, less expensive, more harmony would prevail, if it could be arranged through the management (p. 14425).

Karsh threatened to picket the Gooding Amusement Co. when it opened at a fair in Monroe, Mich. He mentioned the fact that he had been able to stop the Cetlin & Wilson Shows from unloading at Fort Wayne, Ind. Gooding said that Karsh insisted that it would be pretty inconvenient as a problem to get the employees together to have a vote and to see whether they wanted to belong to the union. Gooding said he refused to sign a contract without having his attorneys check it over, something which Karsh thought was highly unnecessary. Karsh finally suggested a verbal agreement for a period of 3 months. Gooding says that his reason for doing it was that he had received a call from the fair board in Monroe, who told him that representatives of the Teamsters Union had been there to see them and that "we were to be picketed," and that was an industrial area and they could not afford to have pickets in front of the fairgrounds. Gooding said he wrote a check to Karsh for an amount between $600 and $700.

> Mr. GOODING. * * * I thought it over seriously because I wondered if it was shady, and then I said to myself, "I haven't taken any money from our people. I am at least not dealing under the table, and if I have given away any money, it is our own money" (pp. 14427–14428).

Gooding said he paid just 1 month's dues in advance for his employees, but did not consult them as to whether or not they wanted to join the union. Gooding said that soon thereafter he read in Billboard that Karsh's union had been notified by the A.F. of L. that unless they ceased to organize the carnival workers their charter would be revoked. Gooding said he stopped payment on the check he had written. (The check, through a mistake of one of the bookkeepers at the bank, was allowed to pass, but the bank reimbursed Gooding because it was an error on their part.) Gooding said he ran into Karsh either the next winter or the second winter following this incident. Karsh presented him with a card at that time indicating he was then organizing for the Teamsters Union. He said he told Karsh the bank was trying to find him to get the money back that they had had to pay on the check.

> Mr. GOODING. * * * I mentioned the fact to Mr. Karsh that they would be glad to see him if he would come into Columbus, and he wanted to know what for, and I said, "Well, they contend you took money under false pretenses, and you had no right to organize a union under the Jewelry Workers Union."
>
> So I never saw Mr. Karsh since, until today (pp. 14428–14429).

Why Karsh should be able to organize carnival workers under the banner of the Jewelry Workers Union was a question of interest to

the committee. Hyman J. Powell, the international secretary-treasurer of the Jewelry Workers Union recalled that he had issued the charter to Karsh on the basis of a phone conversation with Harold J. Gibbons. He said that either he or someone in his organization spoke to Gibbons, who told him that Karsh was a good organizer "and on the basis of his being a good organizer we issued that charter."

Powell said that the jurisdiction of the Jewelry Workers Union extends to workers "who are engaged in the manufacturing of jewelry, novelties, watches, diamond cutters, diamond setters, engravers, and people that would have some kinship with our industries." Their reason for issuing the carnival charter was, according to Powell, the fact that the union executive board reached the conclusion that close to $100 million worth of merchandise was being sold or given away at these carnivals and they were in the nature of clocks and watches and other jewelry items. They were being made by nonunion people. "It was our feeling at the time that some pressure might be brought upon these concessionaires if we had these workers organized to purchase union-made goods."

> Mr. KENNEDY. On that point, your organization of the carnival workers at best is rather farfetched, isn't it, Mr. Powell?
>
> Mr. POWELL. I tried to explain our logic in issuing that.
>
> Mr. KENNEDY. You should organize the airplane pilots, then, because they carry jewels in the airplanes.
>
> Mr. POWELL. Well, not to the degree that these carnivals had sold and given away merchandise that came under our jurisdiction.
>
> Mr. KENNEDY. Or all the truckdrivers, because they carry jewels around, or people that also carry watches; organize everybody in the United States that has a watch, under that theory.
>
> Mr. POWELL. Well, we have attempted to ask different labor organizations to notify their membership to purchase union-made goods.
>
> Mr. KENNEDY. But under your theory, if you say you have jurisdiction over the carnival workers union, you have the broadest jurisdiction of any in the United States.
>
> Mr. POWELL. I never said we had jurisdiction. The best proof is that when we were told by our parent organization that we had no jurisdiction, we immediately lifted the charter.
>
> Mr. KENNEDY. But you were in a field that you did not belong in, obviously.
>
> Mr. POWELL. Evidently (p. 14431).

Letters in the files of the International Jewelry Workers Union indicated that Paul Dorfman, a Chicago Labor leader with close associations in the old Capone syndicate, had been interested in the original granting of the charter to Harry Karsh. In any event, Powell conceded he had been ordered by the A. F.of L. at its executive council meeting, from August 11–15, 1952, to revoke the charter. Powell said that after the charter was withdrawn he had no further knowledge of what happened to Karsh. With him went the funds of the union.

Mr. KENNEDY. You mean you allowed him to go out with a charter of your union, collect dues, and then you revoke the charter and let him keep all the dues?

Mr. POWELL. Well, we assumed that he can't keep it, that the membership, that the local union, remains an independent organization, and, consequently, they have access to the moneys and to the assets of the local union.

Mr. KENNEDY. You knew that did not happen.

Mr. POWELL. Well, I have to admit that I assumed that that did not happen (p. 14438).

Powell said that all the international received from this Karsh local was the original $25 charter fee. Powell said, however, that the international has made no attempt to enforce provisions of its contract calling for the collection of 70 cents per capita dues from the local for each member. Karsh's activities after he had left the Jewelry Workers and joined the Teamsters were in part described by an affidavit filed with the committee by John Ringling North, president of Ringling Bros.-Barnum & Bailey Combined Shows, Inc. North said that he first heard from Karsh on August 12, 1955, while the circus was appearing in Denver. He wanted the circus to sign a contract recognizing the union at that time. Michael Burke, the general manager of the circus, refused to grant such recognition and Karsh said the circus would hear from him later. On September 2, 1955, when the circus opened in San Francisco, it encountered heavy picketing by the Teamsters who tried to prevent the circus from moving. North said they were not successful but that Karsh's local continued to picket the circus during the remainder of the 1955 season. During the winter of 1955–56, North said that he had a meeting with Harold Gibbons and James R. Hoffa. They emphasized that the Teamsters and no one else would organize the circuses. "* * * Mr. Gibbons stated that if we recognized the Teamsters 'our troubles would clear up.' " North said, however, there was no indication the workers wanted to join the Teamsters or that the Teamsters were dealing directly with the employees in an effort to sign them up.

In the spring of 1956 pickets appeared before the circus opened at Madison Square Garden in New York City. North said the circus obtained a temporary injunction and managed to continue with the show in New York. When the show moved to Boston they encountered a new type of union activity—a rival circus, supported by the American Guild of Variety Artists (AGVA). North said the circus also encountered labor difficulties in Philadelphia, following which the show closed.

> The show closed primarily for economic reasons related to the type of operation then conducted and not because of the labor troubles, and its closing represented a basic decision to discontinue a tent show operation (p. 14445).

The following year Ringling Bros. decided to operate in enclosed arenas. The circus found that most of these arenas and areas were unionized. Prior to the opening of the 1957 shows, therefore, the circus signed a contract with Local 447 of the Teamsters, covering its drivers, laborers, and roustabouts. North's affidavit made it clear that at the time the contract was entered into the circus had no employees.

An affidavit from Michael Burke, the circus' general manager, to a large extent paralleled that of North. Burke, however, pointed out that during one of the discussions with Harold Gibbons—

> Gibbons pointed out that we were planning to take a reduced version of the circus to Cuba during the Christmas-New Year holiday season and that unless we reached some agreement with the Teamsters, our livestock and equipment might never reach Cuba. He cited a recent Teamsters-Longshoremen's pact and said that the longshoremen would make certain that our animals and equipment never left the Florida docks (p. 14446).

Burke said that once the circus left New York in the 1956 season, following its brush with the Teamsters at Madison Square Garden—

> we were beset by an increasing number of difficulties. Sugar in the fuel tanks and motorized equipment immobilized by damage were common occurrences (p. 14447).

The setting up of the rival circus by the American Guild of Variety Artists in Boston was one of the more unusual methods of labor-management pressure uncovered by the committee. Jack Bright, National Administrative Secretary of AGVA, said that his union too was attempting to organize Ringling Bros.-Barnum & Bailey. In contrast to the Teamsters, however, who never showed that they had actually solicited the employees from union membership, Bright said that a number of the performers had indicated they wanted to join AGVA. Bright said he sat in on one joint meeting with the circus, which was also attended by Gibbons and Hoffa. Due to the ineffectiveness of their picketing activities at Madison Square Garden in April and May of 1956, Bright said that it was decided to attempt different tactics in Boston. It was their decision to set up a rival circus. Bright said that the projected cost of such a venture was around $10,000 and he contacted Harold Gibbons to see whether the Teamsters would put up half this amount. Gibbons agreed to do so. AGVA announced that all profits derived from the rival circus would be turned over to a children's fresh air fund headed by Mayor Hines of Boston.

> Mr. KENNEDY. Was the circus a success?
>
> Mr. BRIGHT. Well, that is a question of opinion. Financially it was not a success because we were letting children in for nothing. You could not entertain and make money on it. We thought it was a success from the amount of people that attended the circus that might have gone ordinarily to the Ringling show.
>
> Mr. KENNEDY. Did you have any difficulty in operating your circus?
>
> Mr. BRIGHT. Not having gone in that type of business before I must confess I was beset with a lot of problems, particularly labor problems. I found out that I had to have more stage hands, electricians, carpenters, musicians. I have heard of the amount necessary but this threw me completely off balance.
>
> The CHAIRMAN. You had a dose of your own medicine?
>
> Mr. BRIGHT. Yes, sir; I did (pp. 14452–14453).

Bright said he believed that their circus had taken business away from Ringling Bros. Two other circus owners also related their problems with the Teamsters and Harry Karsh. Oscar C. Buck, operator of O. C. Buck Expositions, said he met Harry Karsh in Albany, N.Y. He said he wanted the circus to sign a contract but they did not represent any of the employees.

> Mr. KENNEDY. Was he going to arrange it so that one carnival could not jump the spot of another carnival?
>
> Mr. BUCK. Well, I asked him what benefit it was to the show to have the men organized, and he told me that he was going to give the organized shows protection as far as opening cities that were closed to shows, and also protect the organized shows at fairs, as far as getting the contracts were concerned.
>
> Mr. KENNEDY. Not having a rival show come in and take the spot?
>
> Mr. BUCK. That is right (p. 14459).

Buck said he was visited by Karsh seven or eight times and he finally signed with him in July 1955. He gave Karsh a check for the dues of the employees as well as welfare benefits and he never heard from Karsh again. He said the men did not actually have to pay the dues because he raised their salaries to cover this.

Magador P. Cristiani, part owner of the Cristiani Bros. Circus, said he met Karsh in the spring of 1956 in Syracuse. Cristiani said that Karsh, while discussing unionization with him, discussed the fact that a quarter of a million dollars damage had been done to the tractors belonging to the Ringling Bros.-Barnum & Bailey Circus. Cristiani said he decided to sign a contract with the union. He said he selected 25 employees to pay union dues for, and the circus assumed the payments themselves. He said that Karsh spoke in a derogatory manner about the employees of the circus, referring to them as "winos." Questioned as to why he had signed the contract, Cristiani replied:

> Mr. CRISTIANI. Well, sometimes your subconscious mind makes you think, and we had heard the stories about Ringling. I think we thought about that, that those things could happen (p. 14466).

Cristiani said he had also heard of animals being poisoned and he took this into account.

Harry Karsh and his Carnival Workers Union, whose activities have been described above, entered the committee testimony in still another way.

From 1953 until 1958 Joint Council 13 in St. Louis had been in trusteeship and administered by Harold J. Gibbons, the president of local 688. Robert F. Lewis, secretary-treasurer of the Brewing, Malting & General Laborers Union, Local 6 in St. Louis, an affiliate of the Teamsters, said that without the trusteeship action Gibbons could never have taken control of Joint Council 13.

> Mr. KENNEDY. He couldn't have been elected?
>
> Mr. LEWIS. He couldn't have run for dogkeeper and made it (p. 14494).

During the period from 1953 on, however, Gibbons ran the joint council under the authority granted to him by the trusteeship. In

1957 a move was made to take the local out of trusteeship, and one of the first steps taken was the calling of an election. Harold J. Gibbons was opposed for the presidency of the joint council by Eugene Walla. Lewis said there were 20 locals in the joint council. Lewis said that local 447, the Carnival Workers Union, headed by Harry Karsh, had never been a member of Joint Council 13.

For example, Lewis submitted a list from the Joint Council's Research Bulletin, which contained the names of all locals belonging to Joint Council 13. Nowhere was the name of local 447 included. On the second page of this research bulletin was a statement of "Facts and Figures Relating to Joint Council of Teamsters No. 13," which stated there were 20 locals in the council, a number which did not include local 447. Further, the official list of locals put out by the International Brotherhood of Teamster showed local 447 was not affiliated with any joint council. It listed the local's jurisdiction as "United States of America."

> Mr. KENNEDY. Were you surprised, then, or was it brought up to you that local 447 was going to participate in this election of Joint Council 13?
>
> Mr. LEWIS. Yes, sir. Not only was it a surprise, but it was quite a shock (p. 14497).

Lewis said he first heard that local 447's votes were going to be counted in the joint council election in an announcement made by Harold Gibbons when the other members of the council were told it was being taken out of trusteeship. A set of minutes subpenaed from Joint Council 13 for the date May 11, 1955, stated in part: "Brother Karsh gave a report on progress of organization." Chief Counsel Kennedy said this might indicate that local 447 had been a member of the joint council at that time. Lewis said this was not so. He said that Karsh was a stranger at the meeting that night and was merely introduced to the delegates present. He said that local 447 was neither seated on that occasion nor on any other occasion that he knew of. Lewis said there was quite an explosion when it was found out that Gibbons was moving in the direction of having Karsh vote in the joint council election. "We made it clear that we were not going to hold still for it." Lewis said that he asked for the names of the delegates from local 447 and was told by Gibbons that Karsh had the names.

> Mr. LEWIS. * * * I asked Mr. Karsh for the names of his delegates, and he gave me a lot of mumbo-jumbo about them being in Puerto Rico, South America, and God knows where. I said, "We will have to pick up a little Spanish to talk to these people if they come in."
>
> Mr. KENNEDY. Did you ask him to get the names and addresses of these delegates?
>
> Mr. LEWIS. Yes, sir; I asked three times. I asked for just the names. He wouldn't give me the names. Mr. Gibbons stuck his head out the door and told him, "Keep your mouth shut; don't give him any information."
>
> Mr. Gibbons claimed he had the names, but they were downstairs, locked in a file somewhere. I don't know why they were locked, but they were locked (p. 14500).

It should be borne in mind that this conversation took place in December of 1957. As the report of this election continues, it will be noted that Mr. Karsh did not select his delegates until January of 1958. Lewis said that he suggested that the delegates be either telephoned or telegraphed or their employers be notified to get in contact with them. Lewis said that the reaction to this request was the statement by Mr. Gibbons that "Mr. Karsh had to go round them up."

> Mr. KENNEDY. Was it arranged for Mr. Karsh to go round them up?
>
> Mr. LEWIS. Yes. He said he would be on his way very shortly, and he was going by slow boat and train, because he does not like planes. He is afraid of them. There is no place to step out when something goes wrong up there (p. 14500).

Lewis said he also asked Gibbons for names of other delegates to Joint Council 13 so that his slate could circularize them prior to the election. Lewis himself was a candidate for secretary-treasurer on the ticket headed by Eugene Walla. Gibbons refused to give out the list of eligibles. "They were finally given to one of the men on our slate when it would have been impossible for us to construct a letter and mail it out." Lewis said when he argued this point with Gibbons, the latter told him, "Listen, this is a fight to the finish and no holds are barred."

> The CHAIRMAN. Is that the democracy that he bragged about in his union?
>
> Mr. LEWIS. I have heard democracy talked about, but I have seen damn little of it practiced (pp. 14501–14502).

Lewis found that local 447 had not paid any per capita tax to joint council 13 and Gibbons made it clear that he could pay the per capita tax and that would make them eligible. Committee Staff Investigator Thomas Eickmeyer said the records of local 447 showed that it paid joint council 13 $1,017.50 on December 16, 1957, in part payment of per capita tax to joint council 13 and $1,644.60 on January 13, 1958, as further payment of taxes to the joint council. These two payments were made in checks signed by trustee Harold Gibbons and covered per capita taxes for the period from June 1955 through December 1957, indicating that local 447 had been 2½ years behind in paying its taxes to the joint council. The records of the international showed an even more interesting payment of per capita taxes of local 447 to that body. The records showed that payments had been made in the period from 1955 through 1957 but that there were gaps of several months when no per capita taxes had been paid to the international. In addition, the records showed that while there were payments for a total of 1,205 members in November of 1955, the local paid taxes for one member each in November and December of 1956 and January and February of 1957. In April of 1958, local 447 paid per capita taxes to the international, again with a check signed by Harold Gibbons, for the months it had failed to pay in the years 1955, 1956, and 1957, in an attempt to make the per capita tax payments appear consecutive. A memorandum from the international attempted to make it appear that the taxes had been paid on time, whereas the records of local 447 showed this was not true

Mr. KENNEDY. Anybody looking at that document would think that local 447 had been paying per capita taxes to the international each month for a period of 2½ years?

Mr. EICKMEYER. That is correct.

Mr. KENNEDY. When, in fact, that is completely false.

Mr. EICKMEYER. That is correct.

Mr. KENNEDY. I would think "misleading" in describing that document is an understatement (pp. 14504–14505).

Lewis said he heard a day or two before the election that the delegates of local 447 had arrived in town, but the first time he ever saw them was when they showed up at the joint council meeting on the night of the election. The election was held and the votes of the delegates from local 447 placed in a separate envelope "to be counted only if the election was contested or close." This, as it turned out, was the case. Without the votes of the Carnival Workers the full anti-Gibbons slate was elected. Counting the Carnival Workers' votes, however, brought about the election of Harold J. Gibbons, although three members of the anti-Gibbons slate won anyway, and one anti-Gibbons candidate was tied with a Gibbons' candidate.

The members of the Walla slate protested to the international on the use of the Carnival Workers' votes. James R. Hoffa appointed a committee to investigate their complaint, and they ruled in favor of Gibbons. The joint council remains under trusteeship; however, due to action by the board of monitors, and Gibbons still runs the council. A number of locals, nevertheless, have refused to pay per capita taxes to the joint council in protest of the election.

Two of the delegates were Harold Brocies and Vernon F. Korhn, both of Tampa, Fla., and both connected with the Royal American Shows. Korhn was employed as assistant to the secretary-treasurer of Royal American Shows, a position which he admitted was managerial in character. He was also former secretary to the Greater Tampa Showmen's Association. Brocies was the head of an independent union which existed in the carnival field from 1953 until November of 1957. Brocies said that his organization attempted to combat the organization effort of the Teamsters Union in the carnival field in 1955. When this failed, however, he and the other members of the independent union signed up with the Teamsters. Korhn said in January of 1958 he received a telephone call at the Showmen's Club in Tampa from Harry Karsh, who told him he had been appointed president of local 447 and "asked me to get hold of at least five good men that knew show business to be on the advisory board to serve as officers of the union." Korhn said he got the men together, "and we decided it would be the best thing for the industry if we did accept it." Korhn agreed to become president and got five people to serve in other jobs. Tom Adams was made vice president; Harold Brocies, recording secretary; and Robert Garner, Chester Fowler, and George Hercha were named to other posts. Together with Karsh, they made up the number seven, which is the number of votes each local has in a joint council election.

Karsh came down to Tampa and talked to them and told the men they were going to St. Louis "to be properly seated on the central conference of Teamsters Union." It was a significant fact that all seven chosen represented not the employees but management.

Mr. KENNEDY. All the men that you selected for these positions were foremen; is that right?

Mr. KORHN. Yes, they were all foremen (p. 14469).

Three of the men went by train and four by car, and they left Tampa on January 11 or 12 for St. Louis. Korhn said that the local union paid their travel expenses. The records of joint council 13, however, showed that the original travel expenses and lost-time payment of the delegates were paid by joint council 13 and were reimbursed to joint council 13 by local 447. Korhn said that they stayed in St. Louis until the day after election and then left to return to Tampa. Each of the men received $150 for loss of time, in addition to their travel expenses. Korhn said that all the men voted for Harold Gibbons. Korhn said that at the time they voted they had never examined the books or records of local 447, nor did he know anything about the operation of the union. He said he had taken no active participation in the operation of the union.

MR. KENNEDY. Did you know anything about the joint council up in St. Louis?

Mr. KORHN. Not a thing.

Mr. KENNEDY. Had you ever heard of the joint council?

Mr. KORHN. I had never heard of it. It was all new to me (p. 14471).

Korhn said that in addition he had never been in any office that ostensibly belonged to local 447. Korhn said that he paid dues only for 6 months of every year. This clearly put him in conflict of the constitution of the International Brotherhood of Teamsters, which states that in order to participate in an election you have to be a member in good standing. In order to be in good standing you have to pay dues for a period of 2 years.

Mr. KENNEDY. * * * You had not been paying your dues. You had not paid your dues every month for 2 years.

Mr. KORHN. No, we had not.

Mr. KENNEDY. And, as a matter of fact, some of the officers that participated in this election had withdrawal cards during that period of time. Were you aware of that?

Mr. KORHN. No, sir.

Mr. KENNEDY. None of the representatives of local 447 who participated in that election had, in fact, paid their dues up over a period of 2 years. You know that, do you not?

Mr. KORHN. I know we only paid for 6 months.

Mr. KENNEDY. For instance, you yourself, Mr. Korhn, took a withdrawal card, according to the records, on October 31, 1955, and did not come back into the union until May of 1956.

Mr. KORHN. That is right (pp. 14473–14474).

The records also showed that Brocies got a withdrawal card on October 31, 1955, and did not come back into the union until May of 1956.

Further, the international constitution of the Teamsters states the temporary officers of locals must give bonds for "faithful discharge of their duties." Neither Korhn nor Brocies, however, had put up any bond, they said.

Harold Gibbons said he knew Harry Karsh and had put him to work organizing carnivals and circuses. He said he did not know nor would he believe Karsh had been involved in any troubles with the AFL during the 1940's. He said he did not know that Karsh had been an organizer for carnivals for the Jewelry Workers but said he knew nothing improper about those activities. When asked about the mass of testimony which the committee heard about Karsh's organizing tactics, Gibbons said he did not give this testimony too much credence, especially since the source of the information was "an employer he was trying to organize, I suspect."

Gibbons said he made no effort to investigate Karsh's background at the time he hired him and had merely talked with Karsh himself, who reported to him that he talked to George Meany, and that Meany had assured him that he was "perfectly all right." Gibbons said, however, that he did not talk to Meany himself but merely took Karsh's word that this conversation took place.

As to the election for president of joint council 13 in 1958, Gibbons said he always considered the local a member of the joint council. In explanation of why the local had not paid per capita taxes to the joint council, Gibbons declared: "This local was chartered and from that date to this has been literally totally subsidized by the central conference of Teamsters. It would be a little bit ridiculous in the early stages of the organizations to take money out of one pocket and put it in the other. Therefore, we did not take the money out of the Carnival Workers and put it in the joint council." The fact, however, that the per capita taxes were not paid was a direct violation of the union constitution and if interpreted clearly would have barred the delegates from Carnival Workers local 447 from voting in the St. Louis election. It was the votes of this local which elected Harold Gibbons.

> Senator IVES. In that connection let us get a few things clear. I thought that the witness just said that the present constitutional provision as applied specifically would mean that the constitution itself would be inoperative.
>
> Mr. GIBBONS. No; the constitution would not, but the union would be impossible to operate.
>
> Senator IVES. Yes, but the union could not live.
>
> Mr. GIBBONS. That is right.
>
> Senator IVES. In other words, you cannot operate without violating the constitution.
>
> Mr. GIBBONS. That is what it amounts to, except that we hang our hat on the interpretive powers of the president.
>
> Senator IVES. But you are really violating the constitution. You have to, don't you?
>
> Mr. GIBBONS. This becomes a question of interpreting what interpreting the constitution means, Mr.—Senator Ives.
>
> Senator IVES. Mr. Ives is all right. I am not fussy.
>
> Mr. GIBBONS. I honor the title and I am very happy to use it.
>
> Senator IVES. What I am driving at is that you probably violated the letter of the constitution because you really had to, didn't you?

Mr. GIBBONS. Literally we did. At the time that it was violated——

Senator IVES. Why not admit it?

Mr. GIBBONS. I have no objection to admitting that conceivably it was (p. 14677).

Gibbons' interpretation of the constitution of the Teamsters Union in his own behalf in the Joint Council 13 election matter contrasted sharply with his interpretation of the constitution in other locals. The testimony heard by the committee clearly indicated there was a double standard employed—the determining factor being to serve the interests of James R. Hoffa and Harold J. Gibbons.

An example in point involves a situation in local 245 in Springfield, Mo., over which Gibbons acts as a trustee. John E. Rogers, a member of local 245 since 1939, testified that the local was placed in trusteeship originally in 1950, following an audit of its assets made by the Teamsters International. The audit showed that the local secretary-treasurer, Mr. E. J. Barrett, had plunged the union $25,000 into debt, had mishandled union funds, and in other ways had acted in what the International found to be an incompetent manner. The International audit report further said that Barrett had been neglectful of his duties. Barrett was thrown out, and a man named Verl Nickels was placed in charge of the local. Under his administration, local 245 prospered. The indebtedness was paid off, some $50,000 accumulated to buy land and start construction of a union building. The general fund accumulated a balance of from $4,000 to $5,000. The trusteeship was eliminated in 1951 and Nickels was overwhelmingly elected to the position of secretary-treasurer by the membership of local 245. On September 24, 1954, the International again placed local 245 into trusteeship. Appointed as trustee was Harold J. Gibbons, who sent in an International organizer by the name of Richard Kavner to represent his interests. Kavner immediately removed all the local's elected officers and appointed the aforementioned E. J. Barrett to run the local.

The CHAIRMAN. Had he improved any in the interim?

Mr. ROGERS. I couldn't tell you about that, sir.

The CHAIRMAN. You saw no sign of it, I guess?

Mr. ROGERS. No, sir (p. 14767).

Also placed in the local at the time as a business agent was Branch W. Wainwright, who had been arrested a total of 13 times and convicted on 3 occasions for burglary, larceny, and assault with intent to rob. He received a 2-year penitentiary sentence in 1950 from which he emerged to be hired by Harold Gibbons as an organizer for the Missouri-Kansas Conference of Teamsters.

Rogers said that not only were Nickels and the other union officers removed from their jobs by Kavner, but "they were forced to leave town. They were not allowed to work anyplace else."

Mr. KENNEDY. How would that be? Why couldn't they find work?

* * * * *

Mr. ROGERS. It is simple. If the union tells a company not to hire you, you don't go to work (p. 14770).

Rogers, who was friendly with the Nickels group, was issued an involuntary withdrawal card by the local.

He protested to the International and got his card back but it took 4 or 5 months. "Of course, I would lose 4 or 5 months' work each time."

In May of 1958, it was decreed that local 245 be taken out of trusteeship. Nomination meetings were scheduled. Because of the character of the local, five separate nomination meetings were set—one in Lebanon, Mo., and four in Springfield, Mo..

The first thing that transpired at the meeting, according to Rogers, was a proposal that the local have two business agents—where in the past it had only had one. When Rogers asked for a secret ballot on this proposal he was ruled out of order. Rogers then asked that the membership be given a month to think this over and was again ruled out of order.

Following that, nominations were held. After nominations were closed, they selected a committee who went down to one of the cars, removed a file cabinet of the records, and checked the eligibility of the members who had been nominated to see whether they were eligible, according to the international constitution, to be nominated and to be put on the ballot for election.

Rogers said there had been no previous way for the members to find out who was eligible to run for office or not. As a result of this check, a number of the candidates were declared ineligible.

Rogers said that, out of 1,200 members in the local, only 53 were found to be eligible.

The principal method of disqualifying candidates was the provision that their dues be "paid on or before the first business day of each month for 2 years preceding the nomination."

(As can be seen, this rule was definitely not observed in relation to the men elected delegates from the Carnival Workers Local 447, to the Joint Council 13 election in St. Louis when Mr. Gibbons was personally involved.)

A majority of those declared ineligible were on the checkoff system—i.e., their employers deducted their dues and forwarded them to the local. When these dues arrived after the 1st of the month (which they invariably did), the member was declared ineligible to run for office.

Rogers said the men were unable to get a list of eligibles before any of the other nominating sessions, either. Rogers himself was nominated for office but found to be ineligible because his dues for June 1956 had not been recorded until July 5, 1956.

Two of Branch Wainwright's opponents were declared ineligible and all the opponents of Secretary-Treasurer A. J. "Doc" Rounds were thrown off the ballot.

Rogers said he and his men complained to the Board of Monitors, and they forced the election to be called off.

As a sidelight, Rogers said the local had had a janitor for many years. He had been a member of the Teamsters for 20 years or more and was disabled and over 65 when the members hired him to handle the janitorial functions. The janitor was replaced by a man named Carl Cates, who had served in the Missouri State Penitentiary from 1935 to 1956 for forgery and first-degree robbery.

Rogers said also that following the election incident the Monitors had ordered a Price Waterhouse audit of local 245's books but that Wainwright and Rounds refused to turn the local's books over to representatives of the accounting firm.

Wainwright appeared before the committee and invoked the fifth amendment in answer to all questions.

Gibbons conceded that E. J. Barrett had been removed for the charges mentioned in about 1950. He defended Barrett being placed back in a position of authority in the same local in 1954: "There is, however, as in the entire world of business, politics, and every other human endeavor, difficulty in obtaining adequate leadership." Gibbons said that Barrett had spent "4 years on a truck, and he came back and told me that he thought he could do the job, that he had learned his mistakes, and he was prepared to run that local union properly."

Gibbons also conceded that he had hired Branch Wainwright, first as an organizer for the Missouri-Kansas Conference of Teamsters and later as a business agent for local 245. He said at the time he hired Wainwright he made no investigation of his criminal background but had found out about it subsequently. "From the experience that I had with him for about 2 years, I had confidence in the man, and I placed him on the payroll of the local union. I did it with the knowledge that at that—at that time no knowledge of the thing, but since then I found it, and I have not removed him because I am convinced that a record in and of itself standing alone does not necessarily prevent a person's right to function."

Gibbons said, however, as a result of the committee testimony he would question Wainwright about his activities and submit a report to the committee about what he decided to do in the case. (At the writing of this report, however, the committee had received no report from Gibbons.)

As to the union constitution which resulted in the elimination of all but 58 of the 1,200 members of local 245 as potential candidates, local 245 was not the only local where the constitution of the Teamsters and its provisions were waived to suit individual preferences.

The committee also heard testimony concerning the activities of local 823 in Joplin, Mo. Amos E. Reniker, a truckdriver from Joplin and a 17-year member of local 823, testified that Floyd C. Webb had been running local 823 since about 1937. In 1953, a group of employees of the Roadway Express Co. in Miami, Okla., signed a petition complaining about the way local 823 was being run. Reniker said the petition was sent to James R. Hoffa, who immediately sent it to Floyd Webb, whose practices were being protested by the petitioners. Following that, one of the men who had signed the petition, Clyde Buxton, was severely beaten with a ball-peen hammer. Reniker said he had a subsequent conversation with Floyd Webb at which Webb admitted he had sent an assistant business agent of the local, Pat Kennison, to beat up Clyde Buxton. Reniker said that Kennison also subsequently admitted to him that he had been sent to beat up Buxton by Floyd Webb.

> Mr. KENNEDY. Tell us what Webb said.
>
> Mr. RENIKER. He said: "Yes; I sent Pat to take care of the boss, and he was going to take care of some of the rest of them if they didn't keep their mouth shut" (p. 14785).

Reniker said that an 11-man investigating committee was set up by the local to look into the Buxton beating. During the investigation, of which Reniker was chairman, Webb was further questioned,

and, according to Reniker, told the committee again that he had "sent Pat Kennison down to Miami to take care of the boys down there." Reniker went on to quote Webb as saying: "Yes; I did, but he didn't do what I wanted to do. What I wanted was some funerals, and there are going to be some if you guys don't keep your nose out of it."

On March 6, 1954, Reniker and others filed a petition in court asking for the removal of Floyd Webb. On that evening Reniker's home was bombed. "It didn't do too much damage to the house, so apparently it was set there not to harm too many people but possibly to scare me. Later on that night I received three calls warning me that that was just a test, that the next time they would blow me to hell." Reniker said that the home of a Mr. Alexander, another of the protesting 823 members, was also bombed.

As a result of the lawsuit, the Teamsters International placed the local in trusteeship, and James R. Hoffa was appointed as trustee. Initially, Richard Kavner, an international organizer, was named to operate the local. He was subsequently replaced by Carl Keul. However, during this entire period, Webb continued to run the local. The court had stipulated that local 823 have an election. As a result, Reniker and his associates nominated a slate to run against the Webb-controlled slate. Four or five days before the election, Reniker received a letter from James R. Hoffa saying he was not eligible to run. The reason given by Hoffa was "because I was considered in arrear of my dues, and yet for several years I had been on the checkoff system * * *". Not only was Reniker declared ineligible, but everyone on his slate was declared ineligible. Seven persons were declared eligible to run for office. They were all incumbent officers, or employees of the local who paid their own dues.

Reniker said that this was not the only assistance given by Hoffa and Harold Gibbons to Floyd Webb. At the earlier nomination meetings, Hoffa presided and Gibbons gave a speech in which—

> he praised Mr. Webb, telling the rank and file he was a very hard worker for the organization and that he had known him for several years and he felt he was doing an awful good job in Joplin, and that there had not been anything ever proven or anything. All there was, was a bunch of idle accusations, and that he thought we should feel that we were very fortunate in having a man like Mr. Webb (p. 14791).

Reniker said that the Roadway Express matter did not end with the beating of Clyde Buxton. Two employees of the Roadway Express Co. who had signed the petition were fired by Roadway Express. The National Labor Relations Board found that their firings had been illegal and forced the union and the company each to pay $4,825.14 in back wages. The contrast between the treatment of Buxton and the other signatories of the complaining petition is sharp, indeed, when set against facts concerning the employment of Floyd Webb's brother, Basil Webb, who was also employed by Roadway Express. In November of 1953 Basil Webb was convicted of larceny involving the stealing of tires from the Roadway Express Co. Floyd Webb merely reprimanded his brother for committing this act and warned him against a recurrence. In March of 1955 Roadway Express discovered that Basil Webb had falsified certain records, as a result of

hich he had overcharged Roadway for work which he had performed. On March 29, 1955, Basil Webb was discharged by Roadway Express for dishonesty. On April 2, 1955, however, a letter was sent to Basil Webb by the company, informing him he had merely been suspended for 1 week.

In September of 1957 committee Assistant Counsel Paul J. Tierney went to Joplin to investigate the charges leveled against Webb. In the course of his investigation he talked with Reniker. Reniker said that he was accosted by four men on the night of September 28, 1957, the day after Tierney left Joplin. Reniker said he was grabbed on the shirt by one Bill Self, who told him:

> Now, if you don't quit talking about Mr. Hoffa, and quit talking to these Senate rackets investigators, and quit talking about Mr. Webb, we are going to make you an awfully sorry boy (p. 14798).

Two of the officials of local 823 were called as witnesses, Virgil L. Walters, the recording secretary of local 823, and Floyd Webb. Both invoked the fifth amendment in answer to all questions. In Walters' case, committee investigators established that the minutes of the meeting of local 823 on May 5, 1957, had been forged to insert the following sentence:

> Motion by John Starchman that Floyd Webb, E. M. Hodges, and W. W. Kitts be sent as delegates to convention of international union in Miami, Fla., in September, second by Al Watkins, motion carried by unanimous vote (p. 14803).

Committee Counsel Tierney testified that an examination by the FBI Laboratory demonstrated that this paragraph had not been in the original minutes but had been typed into the place of another paragraph which had been erased. The original paragraph contained in that place said:

> Motion by Crotts, to cancel meetings until first Sunday in October, second by Al Watkins, motion carried and motion made by W. W. Kitts to adjourn and seconded by John Starchman, motion carried, meeting adjourned (p. 14804).

It is evident from a reading of what actually took place at the May 5 meeting that any delegates selected by local 823 to attend the international convention in Miami, Fla., were illegally selected under the provisions of the constitution and that the motion concerning the delegate action was placed in the minutes when it was known the committee would make an investigation into the matter.

In Pontiac, Mich., the Teamsters constitution was interpreted in still another manner. Frank Bryant, candidate for president of local 614, in the election of May 1958, testified that Teamster President James R. Hoffa ruled that members whose dues were being collected by checkoff would be eligible to run for office. The Hoffa ruling said this would be so even if the checkoff dues arrived at the headquarters after the 1st day of the month. As has been pointed out earlier, the exact reverse of this ruling was applied in Springfield and Joplin, Mo.

In Nashville, Tenn., local 327, at the election of 1956, an international organizer named Frank Murtha declared all of the local's

3,300 members ineligible to run for office except for 11 persons, 7 of whom were incumbents. Of the other 4 members declared eligible, 1 did not care to run for any office, leaving only 3 persons in a membership of 3,300 to contest for the union's offices. Among these were Don Vestal, president of local 327, who appeared before the committee and invoked the fifth amendment; W. A. "Hard-of-Hearing" Smith, who also invoked the fifth amendment before the committee and who has been convicted in Tennessee of assault and received a 2- to 10-year term in the Tennessee Penitentiary; and Ralph Vaughn, who similarly appeared before the committee and invoked the fifth amendment after being accused of beating up union members.

Harold Gibbons said in the case of local 245 in Springfield that he had no authority to waive the rules, despite the fact that he had waived the rules when it came to his own election in St. Louis. Gibbons conceded, however, that the clause in the constitution which renders a member ineligible to run for office if his checkoff dues do not arrive before or on the 1st of the month is ridiculous.

With regard to local 823 in Joplin, Gibbons conceded he made a speech favoring Floyd Webb. He said that he spoke in favor of Webb—

> because in my work, and I am sure it applies to anyone else carrying any responsibilities, one has constantly to evaluate and judge and test all acts of individuals against a broader background. Everyone is entitled to make mistakes. These are things you do that you don't necessarily approve of. There are things that they do which, if I was personally doing, I would do it differently.

The entry of Harold J. Gibbons into the Teamsters movement occurred in 1949. There existed in St. Louis, Mo., two locals which covered the jurisdiction of warehousing. One of these was Teamsters Local 688, which was headed by Lawrence Camie. Camie is a longtime Teamsters official in the St. Louis area and had formed local 688 in October 1941. There was also a local of the CIO United Distribution Workers headed by Harold J. Gibbons. Camie's local had about 2,500 members, and Gibbons' local about 4,500 members.

Camie said that in January 1949 he attended a conference of the warehouse division of the Teamsters Union in Chicago. When he arrived there he was asked to go to a special meeting by the then International Vice President Dave Beck. Camie said when he arrived at the meeting he found Harold Gibbons, whom he had known prior to that time, sitting in the room. Beck told Camie that Gibbons was applying for a Teamsters charter for his warehouse local. Camie said he told Beck he thought two charters would be confusing for the same type of work, "and the proper thing to do was to take Mr. Gibbons' union and merge it into 688, and have one union." Beck approved this idea, and Camie and Gibbons were instructed to work out details of the merger. Upon the merger, the former members of the executive board of local 688 resigned, and Gibbons became president of the combined local. Camie said one of the reasons for this was that Gibbons had a better health and welfare fund for his members than the Teamsters did, and they felt it would be better for the benefit of the membership of the union.

Camie said at the time of the merger he had about 3 years and 4 months to serve as president of local 688. In consideration of his resignation, he was paid $36,000 in what he called "severance pay." Actually, the $36,000 was placed in escrow with the Mercantile-Commerce Bank & Trust Co. in St. Louis when Camie resigned, but he elected to receive the money in three installments of $12,000 each on February 1, 1949, 1950, and 1951.

Camie was asked whether the membership of his union had ever been notified that he was to receive such a payment. Camie said there was no meeting called of the membership of the union, just of the executive board.

[It is interesting to note that not only Camie but other members of the executive board of local 688 received "severance pay" and were, therefore, directly interested in this transaction.]

Camie said he was sure the membership had been informed of the merger by the newspapers, but conceded there was nothing in the papers about the payment of $36,000. Camie said some of the money for payment of the $36,000 came from the funds of his union, while the rest of it came from the funds of Gibbons' union. Actually, the $36,000 did not represent by any means the total amount of "severance pay" paid out at the time of the merger. For example, Harry Karsh, a business agent, received $18,355, and John Church also received $18,355. Six members of the executive board received $900 each, for a total in "severance pay" of almost $78,000.

> Mr. KENNEDY. Can any Teamster official who is elected for a period or term of years, say 5 years, and decides to resign after 2 years, receive the rest of his salary for doing no work?
>
> Mr. CAMIE. Mr. Kennedy, if the corporation elects to retire an officer ahead of time, and they want to give him a severance pay for the duration of his term, I see nothing wrong with that, if it is done in the usual practice.
>
> The CHAIRMAN. Let me ask you this question. Is there anything in your constitution and bylaws that authorizes you to resign and pay yourself the balance of your salary for the time you were elected?
>
> Mr. CAMIE. Mr. Chairman, we followed the constitution in local 688 and we did not have bylaws.
>
> The CHAIRMAN. All right; can you refer us to any provision in the constitution that authorizes you to vote yourself a retirement or severance pay when you voluntarily retire?
>
> Mr. CAMIE. Mr. Chairman, I did not pay myself any $36,000 (pp. 14242–14243).

Asked as to why the whole matter was not submitted to the membership prior to the merger, Camie replied:

> Mr. CAMIE. Mr. Chairman, I believe it was passed at a meeting, and another thing, it was passed the regular meeting and there was cold weather, would not have brought out a handful of members because most of our members worked in the lumberyards with outside workers, and when the men get home at night, they stay home, and they did not have transportation, probably all of them (p. 14252).

Committee members charged that the transaction actually constituted the sale of local 688 to Harold Gibbons.

> The CHAIRMAN. That is quite typical, and that is the very thing that this committee is concerned about. The membership are just handled like they were chattels, and not human beings, and not given a chance to express their views, or their will, or to determine what should be done with their money, but a few labor leaders get together and make a deal out of which they expect to profit. You could have submitted this to the membership of your union, could you not? You know that now and, in retrospect, you know you should have done it as just a moral principle, don't you?
>
> Mr. CAMIE. Probably, Mr. Chairman. I didn't look at that time at it, and I was only looking as to what benefits they were going to get out of the merger, because of this health institute Mr. Gibbons had.
>
> The CHAIRMAN. Could you see beyond the benefits that you were going to get out of it?
>
> Mr. CAMIE. I don't think, Mr. Chairman, that I benefited by it (p. 14252).

With the arrival of Gibbons in the Teamsters, St. Louis law enforcement officials began to notice the same type of activity occurring in the Teamsters which had occurred prior to that with the United Distribution Workers. Thomas L. Moran, captain of detectives of the St. Louis Police Department, said that the single characteristic of difficulty that the police department had had with Gibbons and unions with which he was associated had been violence. Moran spelled out a long list of violence in St. Louis, which he attributed to the leadership of Harold J. Gibbons. For instance, he said that, in early 1948 when CIO Local 22 was organizing colored taxicab drivers in St. Louis, Harold Gibbons and Richard Kavner were the main officials connected with the local.

> During that time we had numerous incidents of violence and destruction of cabs, and shooting up cabs, and beating of cabdrivers, and it was quite a violent deal (p. 14254).

Later, Moran said, when Gibbons had taken control of local 688 and was attempting to organize Rawlings Manufacturing Co., "We had instances of shellac and varnish being placed in the trucks and freezing the motors." He said the same thing occurred that year when local 688 attempted to organize the Gray Manufacturing Co. He said, in 1949, also in the Rawlings organizing drive, "phosphorus was thrown through a louver ventilator. * * * It landed on the concrete floor and disintegrated. * * *"

In May 1950 a fire broke out in a truck belonging to an employee of the Adler Manufacturing Co., which was also being picketed by local 688. Captain Moran said the fire was extinguished quickly enough to recover some phosphorus from the driver's compartment. A month later phosphorus was thrown through the rear window of the Adler Manufacturing Co. At the base of the window, police found a man's wristwatch. Moran said this watch was checked out through serial numbers and found to have been sold to Mrs. Eugene San Soucie who had given it to her husband, Eugene San

Soucie, as a birthday present. Moran said that San Soucie was arrested about a month later and was found to be suffering from chemical burns on the hand. At a grand jury hearing indictments against San Soucie were refused. San Soucie was at that time a business agent of local 688, and he later became president of the Indiana Conference of Teamsters and local 135 in Indianapolis.

San Soucie said the police had found the mechanism of a watch which, the police said, his wife had bought for him, "But it had been bought some 10 or 11 years before, that I had not seen for I don't know how long." San Soucie said he had been burned when the engine of an airplane caught on fire.

In March 1952, Moran went on, local 688 attempted to organize the wholesale liquor industry. Automobiles of salesmen were being shunted into the curb. One employee, on his way home from work, was pulled over to the curb by two automobiles and beaten up. The employee, Floyd Debalt, got a description of one of the cars and the license number, and the car was found to be licensed in the name of local 688 of the Teamsters at 1127 Pine Street, St. Louis.

Police investigation later revealed that the car was in possession of local 688 4 weeks later. The car was found to have been in Chicago, where a telephone call was made from the mobile telephone with which it was equipped. This call was paid for by the union. Further, in checking the union parking lot, a taxicab was found in the space usually occupied by the car used in the assault. This cab was used by one Herman Hendricks, a business representative of local 688.

A considerable amount of violence took place during the cab strike which occurred in St. Louis in 1953. Moran said there were numerous instances of violence, slugging, and destruction of cabs. There was a second cab strike from November 1954 to May 1955 involving the Allen Cab Co., a Negro taxicab company. This strike resulted in extensive violence, including cabs being shot up, burned, and damaged.

[The committee heard two days of testimony on these strikes, which will be outlined as this report goes along.]

Captain Moran said the other thing that concerned the St. Louis Police Department about Mr. Gibbons' activities in St. Louis was his association with top hoodlums. Among these hoodlums, he named John Vitale, Anthony Giardano, Anthony Lopiparo, and Joe Costello. On the other hand, Moran said, Gibbons "has clearly indicated he has absolutely no use for the police department or for policemen."

Captain Moran said that Robert "Barney" Baker, the traveling organizer for James R. Hoffa in the Central States Conference of Teamsters, would appear in St. Louis "when intimidation or force was going to be necessary, because, immediately after Mr. Baker's appearance, it would seem like the strike would take on a violent tinge and incidents would happen." An example of St. Louis-type violence in the Gibbons administration was provided by James Ford, business agent for local 600 of the Teamsters Union in St. Louis from 1938 to 1946.

In 1946 the local was considered too big and was broken up into three locals, Nos. 600, 632, and 682. Ford became secretary-treasurer of local 632, a post he held until 1950. In that year, Ford said, he was forced to resign by Harold Thirion, who was acting as international trustee over this local.

[Harold Thirion is currently under indictment in Springfield, Ill., for income tax evasion in a case arising out of payoffs made to union officials by Illinois road contractors.]

Ford said he was given no reason when he was requested to resign, but just told to "sign, or else." Following this, Ford tried unsuccessfully to get a job as a teamster. He then transferred to local 682 which was also under trusteeship at that time and being run by a man named Pete Higgins. Higgins found Ford a job driving a dump truck at a housing project.

At one of the meetings of local 682 an argument started which led to a member of the union being beaten up. Ford said that at this particular meeting he complained to Gibbons against Gibbons' practice of breaking the union down into various groups. He said this action by Gibbons prevented the membership from getting together at one time. Ford said that, following this meeting, he decided he would attend the next meeting. He said he walked in the door, showed his union card to Eugene Walla, president of the local, and "somebody took a swing at me and then I wound up in a hospital." As a result of the beating, Ford suffered a broken nose, a split cheek, lost all of his lower teeth, had three ribs broken, and a punctured lung. Ford could not work for 6 months after he got out of the hospital, in addition to which he could not work as a teamster because his union book had been taken away from him.

One of Ford's assailants by his own admission was Oldron A. Mitchell, a former member of taxicab local 405 in St. Louis. Mitchell said he was in the union hall one day when Harold Gibbons asked for volunteers to go to the union hall of local 682. Mitchell said the men were to keep Ford from going into the union hall. Each of the men was told he would be paid for attending the meeting. Mitchell said three or four carloads of men went over there. Among those he identified were Joe Bommarito, John Poole, Joseph Ferrara, Lloyd Young, Harold Sparks, Tony and Joe Capraro, and Ben Saltzman.

Mitchell said when he arrived at the union hall Walla told him his job was to get rid of Ford and get him out of the hall.

> Mr. KENNEDY. Did you get him out of the hall?
> Mr. MITCHELL. When he came we did, yes. When he came to the door he didn't know what hit him.
> Mr. KENNEDY. He was thrown out of the hall?
> Mr. MITCHELL. Yes, sir.
> Mr. KENNEDY. Did you get paid for that?
> Mr. MITCHELL. I got $35.
> Mr. KENNEDY. Do you know whether the others got paid?
> Mr. MITCHELL. I heard they got $25 (p. 14290).

Mitchell said he got his money from Walla. Mitchell said that this particular type of violence, as well as other violence he described to the committee, was going on with the full knowledge of Harold J. Gibbons.

> The CHAIRMAN. Is that the way the union is run, by force and violence rather than by the right to vote and the right to speak?
> Mr. MITCHELL. Yes, sir.
> The CHAIRMAN. Has that been your experience generally with the Teamster Union locals?

Mr. MITCHELL. Since Mr. Harold Gibbons has taken over, yes (p. 14291).

Mitchell, who has himself been arrested a number of times, described his part in the Yellow Cab Co. strike which started on November 30, 1953. He said he ran a scout car, the purpose of which was to watch Yellow cabs to see where they were going and what they were doing. Mitchell said there were approximately three or four carloads of men doing this kind of work, and the activities were organized by Joe Bommarito, business agent of local 405. Mitchell said, when they saw a Yellow cab, they were to "run it off the road, wreck it or anything that we could possibly do."

Mitchell said that a number of top union officials met with his patrol group. Among those, he said, were Pete Saffo, Louis Berra, Richard Kavner, and Harold Gibbons. Mitchell said that at some of these meetings, the various members of this patrol squad would report on their activities. For instance, he said, a Yellow cab driver named Leon Smith had his cab smashed while he was carying his passenger's bags into the house. Mitchell said he learned that Joe Bommarito and Joe Ferrara were responsible for this through their report of the incident at one of the patrol meetings.

Mitchell said a Yellow cab driver named Paul Herzwurm was beaten, and he understood that Ben Saltzman, another business agent for local 405, was responsible. "* * * He was talking about it, expecting to be arrested."

Mitchell said that around December 5, 1953, a meeting was held among himself, Pete Saffo, Joe Bommarito, Poole, and Richard Kavner to discuss a plan whereby a girl would lure a taxicab to a certain spot where the union officials could seize it. According to Mitchell, the girl, who was identified as Miss Mary Lou Bledsoe, was accompanied on this mission by Joe Ferrara. Ferrara and the girl picked up a cab in front of the Union Station in St. Louis and drove out Folsom Avenue. There the cab was waylaid by three carloads of union men, including Mitchell. He said that Ferrara and Miss Bledsoe got out of the cab while the men attempted to turn the cab over. Mitchell said they were not having much success in this when they heard police sirens in the distance.

During the attempt to turn the cab over, Joe Bommarito hurt his back. Mitchell said that the group fled the scene after knocking out some of the windows of the cab with tire chains.

Miss Bledsoe testified that she was approached by John Poole with the proposition that she decoy a cab to a certain spot where it could be turned over. Miss Bledsoe said she was taken to the union hall by Poole, where a number of union men were present, including Harold J. Gibbons, Richard Kavner, Joseph Bommarito, and Harold Sparks. She substantiated Mitchell's statement that she and Ferrara picked up the cab in front of Union Station, St. Louis, and that it was waylaid on Folsom Avenue as he described. Miss Bledsoe said she was arrested by police and made a statement to them.

Mr. KENNEDY. Did you include all these facts to the police?

Miss BLEDSOE. Yes, I did. I did not include the fact that Mr. Gibbons was there. I wasn't asked, and when I realized the sensation it had caused because I had mentioned Mr.

Kavner's name, I became too frightened to mention the other names.

Mr. KENNEDY. There was no question that Mr. Gibbons was present when this was done?

Miss BLEDSOE. No, no question at all (p. 14319).

Miss Bledsoe said she did not testify at the trial because she was threatened by Sparks and Poole.

Mitchell said another deal was set up whereby a cab was to be shoved into the Mississippi River. He said he discussed this plan with Harold Gibbons. The plan called for a woman to bring the cab to the Missouri Athletic Club and to send the driver into the club on some pretext. He said the plan went off on schedule and, when the driver went in to the club, Mitchell drove the cab off, left the woman at a bus stop, and then he, Mitchell, drove the cab into the Mississippi River.

On the basis of information provided by Mitchell to Committee Assistant Counsel Irwin Langenbacher, with the cooperation of the St. Louis Police Department and the U.S. Coast Guard, a cab was retrieved from the Mississippi River early in 1958. The cab was found to be at exactly the spot where Mitchell said it would be.

Mitchell said Bommarito was treated for his back injury at union expense. Bommarito declined to answer any of the committee's questions about this incident on the grounds of the fifth amendment. However, union records showed the union paid $524.75 in hospital bills for Bommarito from December 1953 to June 1954. At the same time Bommarito was also drawing $125 a week in pay from the union, which was charged on the union books as staff expense. The records of taxicab local 405 in St. Louis also showed that Bommarito was promoted to the post of business agent in June 1954 at a salary of $150 a week.

Another man used by the union during the Yellow Cab Co. strike in its patrol activities was Harold Sparks, a convicted armed robber who had been arrested 22 times. Sparks said it was part of his job, as well as that of others employed by the union during this period, to keep Yellow cabs off the street. Sparks said he was one of those present when the cab decoyed by Miss Mary Lou Bledsoe and Joe Ferrara was waylaid by three cars full of union men on Folsom Avenue, St. Louis. Sparks said he was with Bommarito, helping to attempt to turn the cab over, and he saw Bommarito hurt his back at that time. Sparks said he was also present when Jimmie Ford attempted to enter the meeting of local 682 and was severely beaten up.

Mr. KENNEDY. What happened then?

Mr. SPARKS. They pulled him outside.

Mr. KENNEDY. What happened then?

Mr. SPARKS. He staggered off down the street.

Mr. KENNEDY. Why was he staggering?

Mr. SPARKS. I guess somebody hit him.

Mr. KENNEDY. Don't you know that somebody had hit him?

Mr. SPARKS. There were so many there I couldn't say who hit him.

Mr. KENNEDY. I am not asking who hit him. You know somebody hit him?

Mr. SPARKS. Somebody hit him (p. 14313).

Sparks said he was told by Harold Gibbons that if any of the men taking part in the Yellow Cab operation were arrested, they would continue to draw their salary while they were in prison. He said the figure of $125 a week was mentioned as the payment to be received. A number of the individuals taking part in the St. Louis cab violence appeared as witnesses and invoked the fifth amendment.

John Frederick Poole declined to answer questions about his activities during the strike. Poole served a 6 months' sentence in the city workhouse in 1947 for stealing a $1,000 savings bond and cashing it. He has also been arrested for burglary and larceny.

Joseph Ferrara, who was identified by Mitchell and Miss Bledsoe as the man who participated in the luring of a taxicab so it could be turned over during the strike, also took the fifth amendment. Ferrara has been arrested 12 times for vagrancy, nonsupport, violation of the Internal Revenue Act, conspiracy, white slavery, grand larceny, and carrying concealed weapons.

Records of the Kings-Way Hotel in St. Louis show that Ferrara had run up a $41.18 bill and, in addition, had received a cash advance from the hotel, for a total of $141.18, which was paid by the Teamsters and approved by "H. J. G.," the initials of Harold J. Gibbons. In addition, Ferrara received a union check in the amount of $150 on June 5, 1954. This check was charged on the records of Local 405, Teamsters, as "grand jury expense" and was cashed in Miami, Fla.

The committee also went into the 1954 strike against Allen Cab Co., a Negro cab company in the city of St. Louis. Mr. Byan A. Foster, vice president and general manager of Allen Cab Co., said the Teamsters had organized his company in 1946. In 1954, however, when the contract expired, an independent union, the United Chauffeurs Association, challenged the Teamsters and said they represented the drivers of Allen Cab Co. Foster said an election was held under the supervision of Earl Cheit of the St. Louis University National Labor School. Significantly, the election was held before the Teamsters' contract expired. In the election, the United Chauffers Association won handily, receiving 99 votes to 10 votes for the Teamsters and 4 votes for no union. The Teamsters' contract expired at midnight November 1. Foster said that prior to the expiration of the contract he received a call from Pete Saffo who wanted him to negotiate a new contract. Mr. Foster said he told Saffo the election "had fairly indicated that the United Chauffeurs Association should be the bargaining agent for the men." Despite this, and despite the fact that the drivers of Allen Cab Co. had overwhelmingly voted down the Teamsters as bargaining agent, the Teamsters began to picket Allen Cab Co. on November 1. During the 4 or 5 months' strike which ensued, Foster said he had three cabs shot up, three cabs burned up, and four cabs in which stench bombs were placed.

The first violence was not long in coming. On the night of November 1 a driver had two female passengers and a child in his cab when unknown persons opened fire on it with guns. Foster said about 10 bullets hit the cab, and .45 and .38 caliber slugs were found in the cab. Foster said two men were picked up that night in connection with the shooting. One was Herman Hendricks, business agent for the Teamsters, and the other man was named Roy White. On the same day two shots were fired through the window of another cab. A man

named Barney Dandridge was arrested in connection with that shooting.

Foster said he sought a court injunction against the picketing on November 8 and 9. This injunction was resisted by the Teamsters Union but was finally granted by the court against Local 688, Teamsters. This, however, was only a temporary injunction and the violence against Allen Cab Co. continued almost up to the point when the permanent injunction was handed down against the Teamsters on February 23, 1956. After this permanent injunction was handed down, the violence ceased, as well as the picketing. Nevertheless, drivers who had worked for Allen Cab Co. found it impossible to shift from their jobs with that company to other taxi firms having Teamsters' contracts. According to Foster, the Teamsters refused to issue cards to any of those men, thereby preventing them from working.

For example, Fisher Harris, a driver for Allen Cab Co., said he quit Allen in May 1957 and went to work for Mound City Yellow Cab Co. as a driver, after first obtaining a work permit from Teamsters Local 405. After 6 days, he was told to report to the union hall where Joe Bommarito, business agent, told him that since he had worked for Allen Cab, he could not drive for any company having a contract with the Teamsters Union. Harris said he was also offered a job with Ace Cab Co., but Bommarito refused to issue him a union card.

Barney Dandridge, who was a part-time steward for the Teamsters Union at the time of the Allen Cab Co. strike, declined to answer any questions on the grounds of the fifth amendment. He particularly refused to say whether the Teamsters had paid for his lawyer, his bondsman, and his lost time when he was arrested for brandishing a weapon. At the time of his testimony, Dandridge had left the Teamsters and had become a deputy city constable for the city of St. Louis. Dandridge also refused to answer questions about the vandalism and violence which occurred during the Allen Cab Co. strike.

Herman Hendricks, a business agent for local 688, Teamsters (the home local of Harold J. Gibbons), and a convicted dope handler, also refused to answer questions about Allen Cab Co. on the grounds of the fifth amendment. Hendricks had been arrested 13 times and had received sentences for vagrancy and violation of the Marijuana Tax Act, and had also been arrested for assault, disturbing the peace, carrying concealed weapons, and malicious destruction of property. Hendricks refused to answer any questions about the violence in the Allen Cab Co. strike.

Howard Hartman, recording secretary and member of the executive board of local 405 from 1954 to 1956, said the local was put under the trusteeship of Harold J. Gibbons in 1953. Philip Reichardt and Joe Bommarito were appointed to the positions of secretary-treasurer and business agent, respectively, by Gibbons. Hartman said that in 2 years on the executive board of the union he was never permitted to see the union's books and records.

Hartman said the union had another business agent, Ben Saltzman, who was indicted on charges growing out of the Yellow Cab Co. strike in 1953 and 1954. He said Saltzman was kept on the payroll after he was indicted, even though, to Hartman's knowledge, Saltzman did not do any work for the union. Hartman said the union also had a

fine fund which grew to some $10,000 or $11,000, but he later discovered that the fund had been dissipated, and he could not find out what had happened to the money.

Hartman said he resigned from the executive board because of disagreements with Bommarito and Reichardt. Both Reichardt and Bommarito refused to testify on grounds of violation of the fifth amendment.

Harold J. Gibbons is an international vice president of the International Brotherhood of Teamsters and executive assistant to James R. Hoffa, the general president of the Teamsters. Gibbons holds a number of other important posts within the Teamsters' hierarchy, including those of national director of the warehouse division of the Teamsters Union, president of the Missouri-Kansas Conference of Teamsters, trustee and president of St. Louis Joint Council No. 13, and secretary-treasurer of local union 688. In addition, Gibbons is the trustee of a number of locals in the Teamsters Union, including one in St. Louis, one in Jefferson City, Mo., one in Kansas City, Mo., and one in Springfield, Mo. The St. Louis local over which Gibbons is a trustee is Cab Drivers Local 405, which was involved in the 1953 strike, details of which have been presented earlier in this report.

Gibbons' background for his positions within the Teamsters Union is somewhat different from that of most other leaders of the union. Gibbons was the youngest of 23 children who emigrated from his native Pennsylvania to Chicago in 1929 and took up work as a construction laborer. In 1931 he secured employment as a warehouse worker and was laid off in 1932. He worked for several years on WPA writing projects, writing textbooks on economics, and in 1933 or 1934 became active in the American Federation of Teachers, in which he became an international vice president.

In 1937 he became involved in a taxicab strike in Chicago. Following this he served in a number of union positions with the Amalgamated Clothing Workers and the Textile Workers Organizing Committee. In 1941 he became St. Louis regional director of the Retail, Wholesale, and Department Store Employees Union, CIO. Toward the end of 1947, as the result of an interunion dispute, this CIO union withdrew from the parent body and became the independent United Distribution Workers Union. The union merged with Teamster Local 688 in 1948 under the circumstances related in a previous part of the report. Officers of the Teamsters local received a total of $78,000 in so-called severance pay, which members of the committee charged was more an outright sale of the Teamsters local to Gibbons' independent union. Gibbons, for his part, said there was—

> no aspect of a sale or purchase involved in the merger of 688 and the United Distribution Workers (p. 14563).

Gibbons said that he offered the money to the officers of local 688—

> out of a sense of decency. * * * we also knew that our operation was so entirely different from the operation of the old 688 that it may have been an impossibility for those men to be able to function (p. 14565).

Gibbons continued that the membership of the United Distribution Workers was apprised of the fact that the payments were going to be made. Gibbons said he believed this notification was made at a

membership meeting but said he had neither notes nor minutes to show that this was the case. Gibbons read portions of the minutes of a meeting of the stewards' council where the question of the merger of local 688 was taken up and approved with only three opposing votes.

> Mr. KENNEDY. Specifically can you say that they were all informed of the amount of money that was being paid and the fact that these individuals were receiving this money?
>
> Mr. GIBBONS. I cannot specifically say that because it would be a little ridiculous for me to say that 5,000, 6,000 or 7,000 men were specifically told that the issue was 68,000 or 18,000 in the case of Church. I only know that they were told at that time. The figures were no secret. They were published figures. Our rank and file knew about it. They know about it as of today (p. 14570).

Gibbons also offered the committee a doctor of philosophy thesis written by a student at Washington University in St. Louis in which the whole subject of the merger of the two unions is discussed. Gibbons conceded, however, that the subject of the payment of the funds to Lawrence Camie and others was not mentioned in the thesis. The committee discussed the 1953 cab strike at St. Louis at great length with Gibbons. Gibbons said he wanted to preface his remarks about the strike by saying he was—

> opposed to any kind of violence in labor disputes. It is my conviction that if labor's cause can be brought to the public it has enough merit in and of itself to win their support, and their support is vital to the success of any strike (p. 14572).

Gibbons said his instructions to his men were to get the cabs off the streets. He conceded that among those engaged in these activities were Harold Sparks, Joe Bommarito, Oldron Mitchell, Joseph Ferrara, and others mentioned above. Gibbons said that his instructions were to get the cabs off the street "by reasoning with those people, by talking to them, by pointing out the error of their ways."

> Senator IVES. That did not work. You had violence.
>
> Mr. GIBBONS. Yes; it did. We had violence (p. 14573).

Gibbons stated it was not his responsibility that people of the caliber of Sparks and Mitchell were involved in the cab strike. "If employers hire these people, I am stuck with them in the union." Secondly, Gibbons said he did not have the facilities to investigate the background of the crews that were sent out to get cabs off the street. The specific reference to Joe Bommarito, who was identified by witnesses as being responsible for the beating of several cab drivers and in the attempt to turn a taxicab over, Gibbons declared: "I have had considerable association over the last few years, pretty intimate association, with Joe Bommarito. He strikes me as being a pretty responsible person. He strikes me as being a person who is dedicated to the interest of our membership." This being the case, Gibbons was asked why Bommarito had not testified on his own behalf before the committee and instead chose to avail himself of the fifth amendment.

> Mr. GIBBONS. Yes. I recognize that, Senator, and for his own reasons and in his own good conscience, he chooses to take the fifth.

I don't know if that has anything to do with the business of his being identified in that particular fracas that was discussed here before the committee (p. 14578).

Gibbons said it was true that the union had paid Bommarito's hospital expenses. Witnesses said that Bommarito had to go to the hospital as a result of injuring his back while attempting to turn a taxicab over.

The CHAIRMAN. Did you ascertain at the time the particular character of activity that warranted you paying his hospital bills?

Mr. GIBBONS. I am sure I did, at the particular time, if I personally OK'd it (p. 14579).

Gibbons said that if he had known or believed that Bommarito hurt his back trying to wreck a cab in the strike "we would have raised a serious question" about the union paying his hospital bills. Gibbons agreed that he had told the various men working for the union in the cab strike that "if they are arrested by the police, we will be there to bond them out, and if they have litigation as a result of it, we will pay the bills on it. This is a policy of our union." Gibbons contended, however, that this was not an invitation to commit acts of violence.

Senator IVES. Do you kick any of them out of the union for violence?

Mr. GIBBONS. No; we do not (p. 14586).

Gibbons also conceded that he had told his men that if any of them were arrested they should merely give police their names, addresses, and no further information.

Mr. KENNEDY. Do you mean if the police came along and wanted to know if they were responsible for an act of violence, your instructions were they were not to tell them?

Mr. GIBBONS. Mr. Kennedy, I have some experiences with certain of the police in the city of St. Louis, and I have some very excellent material here on the nature of the police in St. Louis, by some very fine and reputable people in the city of St. Louis, and I don't trust the police of St. Louis, in a labor dispute. It is just too bad that you have such confidence in them. I don't have that kind of confidence in a police officer, because they are not above framing individuals in the city of St. Louis.

Mr. KENNEDY. We are glad to have your attitude on record, Mr. Gibbons. It shows the kind of official you are.

With the other union officials in the city of St. Louis, there have not been the same complaints about them, nor have they made the complaints like that to this committee about the police in St. Louis.

Mr. GIBBONS. They have not had the background and experience with the police in St. Louis, Mr. Kennedy, that Mr. Gibbons has. I would like to cite you a few examples so that the whole story can be told.

Mr. KENNEDY. The facts are that Mr. Sparks and Mr. Mitchell went out and wrecked this automobile, that they were arrested immediately afterward, that they were told by

Mr. Gibbons, to give only their names and addresses, no further information, that they were bonded then by the union, that the union put up their bond and the union paid their legal bills * * * (p. 14616).

Regarding Oldron Mitchell's testimony that he had driven a cab into the Mississippi River, in answer to a question by the chairman, Gibbons said he had received no personal report of the fact that the taxicab was run into the river, but added he was "aware of the fact that a taxicab went into the river, as did a million other people in the city of St. Louis, because it was a public fact. * * *" Later, however, in answer to questions by the chief counsel, Gibbons changed this answer.

Mr. KENNEDY. When did you learn of the cab going into the river?

Mr. GIBBONS. I wouldn't know.

Mr. KENNEDY. You said you read it in the newspapers shortly after.

Mr. GIBBONS. I am not sure it was in the newspapers shortly after but I suspected it was.

Mr. KENNEDY. That is what interested me. It was not in the newspapers shortly after it went into the river.

Mr. GIBBONS. I was mistaken about it.

Mr. KENNEDY. How did you find out about it?

Mr. GIBBONS. Among other things I read it in the newspapers when your committee pulled it out of the river, and I had no knowledge of my own that there was a cab in the river.

Mr. KENNEDY. You had not known before then?

Mr. GIBBONS. No.

Mr. KENNEDY. I thought you indicated to Senator Ives that you learned immediately after that?

Mr. GIBBONS. No, I don't believe I did (p. 14596).

Asked whether or not Mitchell's testimony was correct that he, Gibbons, had arranged to send someone to the Missouri Athletic Club in a cab and that Mitchell would arrange to pick up the cab there, Gibbons said he had "absolutely no recollection of the meeting he spoke of being on the street one day".

Mr. KENNEDY. Do you deny that you did?

Mr. GIBBONS. I don't deny it because I am fearful of my memory letting me down. I am very conscious the tricks the mind can play on you. The things you are most certain of you ofttimes are all wrong on. This is one of the instances where I don't want to fly in the face of testimony even though the testimony was pretty bad because I cannot recollect any such conversation.

Mr. KENNEDY. Do you think it is possible that you did do this thing?

Mr. GIBBONS. Not on the basis of how I know myself to be; I am certain it could not be possible.

Mr. KENNEDY. But you are not prepared to deny it?

Mr. GIBBONS. No; again I say to you it is only because I am fearful that I can't remember it and I am fearful to go and say it. I would like to be able to say that I didn't (p. 14597).

With regard to the testimony of James Ford that he was beaten up at a union meeting by a group of goons sent there by Harold Gibbons to prevent his entering the meeting, Gibbons said that he did send these men over to the union meeting but "it was not to take care of any Mr. Ford.

"I am not denying that these people have criminal records. I am quite conscious of it. I was not aware of it at the time they were sent over. I sent them not as men with criminal records. I sent them as active workers in a strike situation."

> The CHAIRMAN. You are the one that directed them to go and you take no responsibility for the kind of characters they are? That is what you say.
>
> Mr. GIBBONS. I take responsibility for sending them over as trade unionists. I had no access to their records. I had no means to get their police records. I had no occasion to even suspect them of having police records (pp. 14599–14600).

As mentioned above, Mary Lou Bledsoe testified that Gibbons was present at a meeting when it was decided she would pick up a taxicab and lure it to a spot where union men could intercept it. It was this taxicab that witnesses identified Bommarito as having tried to turn over. Gibbons said he had no recollection about attending such a meeting.

> Mr. KENNEDY. Do you deny that you were there?
>
> Mr. GIBBONS. Again I say to you that I have no recollection of having sat in that meeting.
>
> Mr. KENNEDY. You don't deny it?
>
> Mr. GIBBONS. No; because my memory is not such that I can recall. I sit in an average, when I am in St. Louis, of maybe 15 or 20 or 30 meetings a day, and especially this is true in terms of a strike, I am in and out of meetings constantly.
>
> Mr. KENNEDY. I thought after your long speech about Mary Lou Bledsoe yesterday that you probably would be able to deny that you had anything to do with it. That is why I wanted to give you the opportunity today.
>
> Mr. GIBBONS. On her testimony, I would not say that I was in there. That is for certain.
>
> Mr. KENNEDY. But you don't deny that you were there or present at the meeting?
>
> Mr. GIBBONS. No; I don't deny it. But I raise a serious question as to whether I was there (p. 14623).

Gibbons objected vigorously to assertions that there were racketeers in the Teamsters Union and said that in fact an antiracketeering committee (headed by former Senator George Bender) had been set up to make an investigation of the Teamsters Union in this regard.

> I have no doubt in my mind that if there be racketeers, practicing racketeers, full-time lawbreakers in any echelon of our union that the racketeering committee will put those poeple out, the antiracketeering commission.
>
> Senator IVES. You have the confidence?
>
> Mr. GIBBONS. I have that confidence (p. 14632).

Gibbons said he was responsible for bringing Robert Barney Baker to St. Louis. "He is today, and he was at that time, one of the great speakers in the American labor movement." Gibbons said that he was pleased with Baker's work and his activities in the city of St. Louis.

Weaving through the testimony of both Harold Gibbons and James R. Hoffa was the name of Nate Stein, west coast entrepreneur, public relations man, and man-about-town, who operates out of the Beverly Hills offices of the Sands Hotel, a Las Vegas "Strip" hostelry and gambling establishment. The evidence was that Stein had received considerable amounts of Teamster funds for reasons which were unclear to the committee. For example, a $3,000 check of the Central States Conference of Teamsters, dated August 12, 1955, was introduced into evidence. This check was made payable to Ducker & Feldman, a New York legal firm. Gibbons testified at the outset that the August 12 check was "probably a check for $3,000 for legal services either performed or to be performed." However, a second check, dated August 15, 1955, again in the amount of $3,000 was also placed in the record, payable to Samuel Feldman. Gibbons said this check was probably issued "as an exchange of checks." He said that he would assume that—

> in making out the check he had made it out to a firm instead of to the individual member, and for that reason the guy wanted it changed (p. 14950).

In an affidavit filed with the committee, Attorney Samuel Feldman related that in early August of 1955 he was introduced to Harold Gibbons by Nate Stein at the La Guardia Airport in New York City. He said that he had known Stein for 35 years and that he was a public relations man, self-employed, who resided in Beverly Hills, Calif. He said at this conference the possibility of his law firm receiving some business from the Teamsters Union was discussed and "upon my request Mr. Gibbons agreed to forward $3,000 to the law firm as a retainer in advance for doing any work for the Teamsters." He said the firm received the check dated August 12 and deposited it in its escrow account. However, Feldman went on to say that 2 or 3 weeks later he received word from Gibbons that the Teamsters Union was not going to use his law firm and asking that the $3,000 be returned.

> Pursuant to his request, the law firm returned the $3,000 by check dated September 16, 1955, made payable to the Central States Conference of Teamsters (p. 14951).

This accounted for one of the $3,000 checks, but not for the second one dated August 16. At the time that the checks were sent to Feldman, Gibbons and Stein were occupying the same hotel room in New York City. Gibbons said that just prior to the hearing he had found out that the second check had been broken up into a series of checks and given to Nate Stein. "I have to confess I wasn't aware of the fact we sent $3,000 without any work having been performed" (p. 14952).

The $3,000 check of August 15 was broken up as follows (according to other checks put into the record): One in the amount of $884.90 was made payable to El Al Israel Airlines; another was made payable

to Nate Stein in the amount of $1,615.10; and a third made payable to cash in the amount of $500 and cashed by Stein, a total of $3,000.

The CHAIRMAN. Isn't it a fact that Mr. Stein was staying with you there at that time, and that the whole purpose of this transaction was to channel out $3,000 to Nate Stein so he could go overseas, and didn't he immediately buy a ticket and go overseas with this very check here that was made payable for that purpose?

Mr. GIBBONS. I don't know what the purposes of this total transaction were, Senator, but it was not done with my knowledge, consent, or agreement.

The CHAIRMAN. Well now he testified there that the arrangements were made with you to get $3,000.

Mr. GIBBONS. No; I didn't read it in his testimony, but even if he testified to that effect 10 times——

The CHAIRMAN. Here is what the lawyer says:

"About early 1955, at La Guardia Airport in New York City, Nate Stein introduced me to Harold Gibbons, an official of the Teamsters Union. At that time the possibility of my law firm receiving some business through the Teamsters Union was discussed and upon my request Mr. Gibbons agreed to forward $3,000 to the law firm as a retainer in advance of my doing any work for the Teamsters."

Mr. GIBBONS. I believe that was done.

The CHAIRMAN. All right, the agreement was made with you?

Mr. GIBBONS. That is right; for work.

The CHAIRMAN. In other words, you were authorizing the transaction, whatever it was?

Mr. GIBBONS. Oh, no; I did not authorize any transaction.

The CHAIRMAN. You authorized the checks?

Mr. GIBBONS. I authorized. And let us separate transactions, Senator, and we are not talking about one; we are talking about several.

The CHAIRMAN. We are not talking about several. I am talking about the transaction you had with this lawyer in which you first gave him a check made out to the law firm for $3,000. That money was returned, and then you got another check to him individually for $3,000, and on the same date the money went to Nate Stein. It is all one transaction.

Mr. GIBBONS. Oh, no. Somewhere along the line you lose me, Senator. Somewhere along the line you lose me.

The CHAIRMAN. Somewhere along the line the union lost $3,000.

Mr. GIBBONS. And I can assure you, if this be the case, the union will get back the $3,000, or somebody is going to be sued for it. Now let me say——

The CHAIRMAN. Somebody certainly should (p. 14954).

The records of the Vanderbilt Hotel in New York City showed that Gibbons and Stein stayed there August 15 and 16, 1955, in room 1826, and the union paid the bill. This is not the only money, however, received by Stein from various entities of the Teamsters Union. The

total amounted to a little over $11,000 and included sums from Hoffa's home local 299, joint council 41, in Kansas City, and the Central States Conference of Teamsters. Among the things paid for Stein were hotel bills at the Hotel Bellerive in Kansas City in October and November of 1955. The checks of joint council 41 which went in payment for these bills carried the notation on the stubs "Room for Nate Stein—public relations."

Hoffa said that the moneys paid to Stein by local 299 were in payment of "public relations work and work in regard to checking trucks at certain areas of the west coast in regard to so-called piggyback movement of equipment." Hoffa said that he had asked Stein to count the number of units that would go down a main central highway in a 24-hour period. Three checks totaling $3,500 from local 299 payable to a Mr. Joel Benton were also used in this truck check, according to Hoffa. Hoffa said he received reports on the truck counts from Stein and Benton but he no longer had them.

> The CHAIRMAN. Mr. Hoffa, you say there is no reason to keep records, when you pay out money for surveys, no reason to keep them after you see them. Who else sees them?
>
> Mr. HOFFA. I imagine I am the only one that saw the records.
>
> The CHAIRMAN. Suppose something happened to you the next day and your lights went out? What benefit would the union get out of it?
>
> Mr. HOFFA. Probably none, sir, except the fact that the operation from the time that it happened in this particular moment up to now, the lights didn't go out, and I was able to handle the situation sufficiently, in my opinion, and I believe for my members' satisfaction insofar as piggyback was concerned, and so far as public relations are concerned.
>
> The CHAIRMAN. That is true, Mr. Hoffa, your lights have not gone out, but we all live at the dispensation of providence.
>
> Mr. HOFFA. That is right (p. 15001).

In an affidavit, Benton said he spent two Friday nights and two Saturday days at Gorman and Santa Barbara, Calif., counting trucks. Hoffa said he had no idea what Stein was doing in Kansas City for which he received payment from Joint Council 41. The record showed that from January 28, 1957, to February 24, 1958, Stein placed some 19 long-distance telephone calls from different places in the country, and the Teamsters paid for them. Hoffa said that he could not tell the committee why the Teamsters had paid for these calls.

In all the Teamster hierarchy, no two more interesting characters appear than Robert Barney Baker and Thomas E. Burke, the roving organizers and ambassadors of good will for James R. Hoffa's Central States Conference of Teamsters. The section of the hearing devoted to these two individuals took the committee through a labyrinth of testimony which included a view of the underworld and the high life in Miami, Fla., and to the edge of one of America's most shocking crimes in the 20th century, the kidnaping of Bobby Greenlease in 1953. Baker, a gargantuan individual who alternates between organizing for the Teamsters and staying in various health spas to

lose weight, has a background which places him at the very heart of the criminal underworld.

Part of his background was traced by William J. Keating, a New York attorney who was assistant district attorney in New York County from 1942 to 1951 and counsel for the New York Crime Committee from 1951 through 1955.

Keating said that in both of these jobs he came into contact with Robert Barney Baker. The first contact was in 1947 when an honest hiring boss on one of the West Side piers in Manhattan, Anthony Hintz, was murdered. Hintz was gunned down as he left his apartment near Sheridan Square in Greenwich Village in New York and died several weeks later. Before dying, however, he named his three killers. They were John "Cockeyed" Dunn, at that time vice president and business manager of a Federal local of terminal checkers and platform men; Andrew "Squint" Sheridan, a former strong-arm man for the notorious racketeer Dutch Schultz and an organizer of a brother local of the same union as Dunn's; and Danny Gentile, known as Danny Brooks, a former prizefighter and a collector for the policy racket on the waterfront.

The pier on which Hintz was the hiring boss was the only pier that the Dunn-McGrath mob did not control in the entire Greenwich Village section on the west side of Manhattan. The Dunn-McGrath (Eddie McGrath) mob was identified in committee testimony as being responsible for 34 killings in New York. Dunn and McGrath's local occupies the same quarters as the International Longshoremen's Association, headed by Joseph P. Ryan. In conducting the investigation of Hintz' murder, Keating said that Dunn was arrested in New York City; Sheridan disappeared and was found to have gone to Hollywood, Fla.; detectives were sent to Florida to search out Sheridan and while there came across the name of Robert Barney Baker. Baker was at that time a combination bouncer and escort working at the Colonial Inn, a gambling casino owned by some of the Nation's top racketeers, including Joe Adonis, Meyer Lansky, Frank Costello, Vincent "Jimmy Blue Eyes" Alo, Lefty Clark, and others. Baker came to the attention of police because he had visited Andy Sheridan after Sheridan was picked up and held for extradition to New York.

Keating said that following Baker's visit to Sheridan, Baker went to Joe Adonis to get help for Sheridan in fighting extradition. Keating said the next he heard of Baker, he had gone out to Las Vegas to contact the late Benjamin "Bugsy" Siegel, a notorious racketeer and gambling operator who was murdered several months later. Keating said that Baker's connection with Sheridan caused him to conduct an investigation of the portly Teamster organizer's background. He found that in 1934 Baker had been sentenced to an indefinite term in the city penitentiary in New York for setting off stench bombs in movie theaters. He was paroled in 1935.

While on parole, Keating said, Baker was involved in a shooting in lower Manhattan. Baker was getting into an automobile with John O'Rourke, who was then president of Teamster Local 282 and is now the president of New York Joint Council 16 and an international vice president of the Teamsters Union, elected on the slate headed by Jimmy Hoffa at the Teamsters International Convention in October of 1957. Also in the group with Baker and O'Rourke at the time were two New York waterfront mobsters, Farmer Sullivan and Joe

Butler. Unidentified persons opened fire on the quartet, killing Butler and wounding Baker and O'Rourke. Keating said it was never established who opened fire on the men, but it was definitely a mob fight. Two days later, acting on a tip, police raided a house of prostitution on West 90th Street in New York City, where an arsenal of machine guns, hand grenades, silencers, pistols, sawed-off shotguns and 5,000 rounds of ammunition were found. Keating said there was no doubt in his mind that the tip came from the Dunn mob, of which Barney Baker was then a member, and was in retaliation for the shooting of Butler, O'Rourke, and Baker.

The leader in the mob, according to Keating, was Charley Yanowski, who subsequently served a term in Alcatraz and emerged from prison to become an organizer for one of John O'Rourke's unions. Keating said that Baker also worked as a collector for Varick Enterprises, a strong-arm collection agency for the so-called public loading racket on the piers of New York. Among the officers of Varick Enterprises were Eddie McGrath and Cornelius Noonan. Keating said that both of these were also associates of Robert Barney Baker. He said his investigation in New York had convinced him that Dunn and McGrath had, between them, murdered a total of 34 men. Baker managed to stay out of New York until the investigation of the Hintz killing was over, and Keating said he lost track of him until several years later, when he discovered he had become an organizer for the Teamsters Union and was in charge of the organization of taxicabs in Wichita, St. Louis, Detroit, and other cities. A picture placed in evidence at the hearing and taken at a testimonial dinner for Teddy Gleason, now a top officer of the International Longshoremen's Association (which has been thrown out of the AFL–CIO for racket control), shows Joe Ryan, Barney Baker, John "Cockeyed" Dunn, Dan Gentile, and others.

> Senator CURTIS. Why do hoodlums go into the union business?
>
> Mr. KEATING. I think hoodlums go into the union business for the same reason they go into any other business. The way they conduct their business, all they are interested in is making a buck without working for it.
>
> Senator CURTIS. What other business do they go into?
>
> Mr. KEATING. I think they have gone into a wide variety of businesses that have already been pretty well inventoried by Senate committees, but I have noticed particularly, and I think this is significant with respect to this inquiry, I notice particularly that the transportation industry and distribution industry have been particularly attractive to labor racketeers (pp. 13983–13984).

An insight into Baker's character and activities was provided to the committee by Mrs. Mollie Baker, his former wife, who married him in 1952. Mrs. Baker said she lived with the Teamster official 3 years prior to the time they were married. She said that in 1951 or 1952 he became an official of local 730 of the Teamsters in Washington, D.C., but that he was forced to resign. Mrs. Baker said that following this Harold Gibbons took Baker out to St. Louis to be an organizer for the Teamsters. She said that Baker first went to St. Louis in November of 1952, and she joined him there in April of 1953. When

she first arrived in St. Louis, they lived in the home of Pete Saffo, a Teamster Union official. Mrs. Baker said she did not know anything about Baker's background until sometime in 1952. He then told her that he had worked for Joe Ryan on the New York waterfront and had been a strong-arm man. Mrs. Baker said she wanted to visit New York with her husband, but he told her he could not do so because he was "hot" and would be picked up by the police in connection with the Hintz murder. Mrs. Baker said that she had visited visited Baker's mother in New York, who told her that "she had lied many times to the FBI about the Hintz murder." In addition, Baker's mother told her, she testified, that Baker was very close to Squint Sheridan, Cockeyed Dunn, and Don Gentile.

She said that Baker was shot twice, once in New Jersey and once in New York. She said she knew this to be the case because he had a bullet hole in his shoulder and one in his leg.

Mrs. Baker said that in St. Louis, Baker became a close associate of top hoodlums in that city. She identified them as Joe Costello, John Vitale, Jack Joseph and "Piggy Mack" Marchesi. In fact, she said, on one occasion Baker asked her to advance $1,500 to Vitale for investment in the latter's cement business.

While he lived in St. Louis, Mrs. Baker said, her husband received numerous phone calls from Gus Zapas and told her that Gus was his best friend. She said he told her on one occasion that Gus Zapas and the boys had participated in a $50,000 fur holdup in St. Louis.

She also related events which took place following the kidnaping of Bobby Greenlease, the delivery of the ransom in St. Louis, and the subsequent disappearance of over $300,000 of that ransom. She stated that Baker told her that Joe Costello got the Greenlease money.

Mrs. Baker said that Costello once tried to kill himself and had done so because of the harassment by law-enforcement officials over the Greenlease money. On one occasion, after she was questioned by the FBI, she went to see Joe Costello. Costello's wife was also present during this conversation. "I told them I did not know anything, whether he had the Greenlease money, but I had to cover up to protect my life also." She said a couple of days later she received a phone call from Baker, who was then in Buffalo. She quoted him as saying:

> As you know, any time you are questioned or bothered by the Government or the FBI on the Greenlease money, you know what to do. Go over and tip Joe off, and Joe will know what to do. You did the right thing. That is what you are supposed to do, warn Mr. Costello.

She said she had not seen Costello since that day.

Mrs. Baker said that after the Teamster organizer left her, he lived in Florida with a woman named Ruth Brougher. She said that on a visit to St. Louis in 1955, Baker told her that he had spent $11,500 for Ruth Brougher, helping her fight her case: "Where he got the money I don't know."

[Ruth Brougher, who was also a witness in this phase of the hearing, is serving a 15-year term in a Florida penitentiary for murder.]

Mrs. Baker said that Baker participated in strike action in St. Louis and on one occasion told her that he had pushed a cab into the river. According to Mrs. Baker, Baker then said, "Don't worry, there was no one in it. I warn you, if the police come, I was home with you last night."

Capt. John Dougherty, who was in charge of the intelligence and hoodlum squad of the St. Louis Police Department, said that when Baker showed up in St. Louis in 1953, he was picked up by the police as a known hoodlum from New York. At that time police found a loaded Smith & Wesson revolver in his pocket. At the time of his arrest, Baker maintained he had permission from the district attorney to carry a gun, even though he had no license to do so. Dougherty said he called the district attorney and he denied Baker's statement.

Dougherty said the police investigation of Baker convinced them that Baker was a close associate of John Vitale, whom he described as "head of the Italian Syndicate in St. Louis," and Joe Costello, owner of the Ace Cab Co. Dougherty said that investigation by the St. Louis Police Department convinced them that the $300,000 in Greenlease kidnap money which had disappeared came into the possession of Joseph Costello. Dougherty said that Baker was also close to other hoodlums like Jack Joseph, Ralph Giardano, "Piggy Mack" Marchesi, and Anthony Lopiparo.

Ruth Ann Brougher emerged from the Florida State Penitentiary, where she is serving a 15-year murder term, to give the committee a further picture of the activities of Robert Barney Baker, as well as his sidekick, Thomas E. Burke. Miss Brougher said that in 1954 a man named Max Caldwell started a union in the Miami, Fla., area, and she worked for the union as secretary and treasurer and editor of the union's newspaper. She said that Mr. Caldwell was interested in taking over a local of the Hotel and Restaurant Workers Union in Miami headed by Sam Cariola. Miss Brougher said that Caldwell received a phone call from someone in Chicago, in which he was instructed to go and see Cariola. Cariola was to be told to put Caldwell and two of his associates, Murray Dubois, and Mel Reese, on the Hotel and Restaurant Workers payroll "and if he refused to put them on the payroll to give him a good workout." She said the three men went over to see Cariola, and after he refused to put the men on the payroll, they pistol-whipped him in an alley. Although Cariola knew who his assailants were, he was threatened and left town.

[Cariola is now an official of the Bartenders Union in Buffalo, N.Y.]

Soon thereafter, Miss Brougher became involved in a dispute with Murray Dubois, and at a meeting they held in a parking lot there was a struggle over a gun. The gun went off and Dubois was killed. It was in connection with this slaying that Miss Brougher was eventually sent to the penitentiary. While the case was dragging on, and before Miss Brougher was sentenced to the penitentiary, however, she met Tom Burke, whom she described as an associate and friend of Max Caldwell. Through Tom Burke, she said, she again met Robert Barney Baker, whom she had met once previously when he worked as bodyguard or doorman for the Colonial Inn. Burke told Miss Brougher he thought he could help her in securing a new trial and indicated the man who could help her was Barney Baker. Barney Baker was at that time in St. Louis. Miss Brougher recalled that Burke called him there and told him to come to Miami. When Baker arrived in Miami, Miss Brougher said, she was living at the Blue Bay Motel. Baker paid the bill at the Blue Bay and moved her to a home which he rented, called Had Her Way. This was a lavish home in South Miami with a swimming pool. Baker not

only paid the rent on the house but also paid for the services of a maid for Miss Brougher, as well as giving her substantial amounts of cash for day-to-day expenses. Miss Brougher lived in this house for practically 2 months, at which time the owner sold it.

B. B. Bowers, Jr., owner of the estate, said he was originally contacted about renting the house by Roslyn Churnin who was presumably, or represented herself to be, secretary of a union in Miami Beach. He said that subsequent to that, Baker, Miss Brougher, and Miss Churnin went down and looked at the property. He said the original bill was paid by Miss Churnin. After Miss Brougher had been living in the house for 2 or 3 weeks, she called Bowers and asked him to come down and visit her. Bowers said that Miss Brougher noticed a ring on his finger and said to him, "Let me show you some diamonds." She emptied the contents of a large pasteboard carton on the table. It was filled with diamonds, all of which "had little catches on them like you see in the store—a jewelry store window." Just about that time, Bowers testified, Barney Baker walked into the room and Miss Brougher said, "Oh, God, this jewelry has got to get to New York tonight." Bowers said that the jewelry appeared to him to be worth from $75,000 to $100,000. Bowers said there was no doubt in his mind that Baker saw the jewelry in the room that day.

> Senator CURTIS. Did it create any question in your mind why you were shown what you have described as a quart of precious jewels?
>
> Mr. BOWERS. It did not create any impression as to why I was being shown the rings, but it created an idea as to where the dickens they came from. That is all. I never saw any one person with that many diamonds in my life (p. 14218).

After Bowers sold the house, Brougher said that Baker moved her into a penthouse of the Bal Harbour Hotel. She said that Tom Burke was also staying at the Bal Harbour Hotel and that he was "resting." She said that Baker would fly in and out of Miami, but was in there all the time. Miss Brougher said she had retained an attorney named George Everett to handle her appeal, and that Baker arranged to give him $7,500.

> Mr. KENNEDY. Did you understand that he was going to try to get it fixed for you—the trial?
>
> Miss BROUGHER. I don't imagine he gave him $7,500 for nothing.
>
> Mr. KENNEDY. He gave $7,500 to your attorney?
>
> Miss BROUGHER. Yes (p. 14047).

Miss Brougher said that Baker was supposed to have given Everett $2,500 himself, and he sent her over to pick up $5,000 from Michael Coppola, also known as Trigger Mike. Mike Coppola is one of the Nation's top racketeers; he has been arrested some 50 times for crimes such as grand larceny, assault and battery, felonious assault, and murder. He served one term for grand larceny in Sing Sing Prison in New York. Coppola was an associate of the late Albert Anastasia, and a current associate of other top racketeers, such as Meyer Lansky and Joe Adonis.

Tom Douglass, owner of the Parisienne Jewelry Shop, which has branches in Hyannis, Mass., and in the Bal Harbour Hotel in Miami Beach, said he met Miss Brougher soon after she moved into the penthouse of the hotel. He said he also met Tom Burke, who moved into the hotel about March of 1955. Douglass said that Burke had a considerable amount of jewelry in his room. He said he went to Burke's room on one occasion, and Burke took out of a trunk a big handkerchief full of diamonds. Douglass said that he estimated the value of the diamonds shown to him by Burke on this occasion at about $100,000. Burke intimated that the diamonds belonged to Ruth Brougher. Douglass said that Burke was very friendly to everyone at the hotel—the bell boys, the manager, and the girls at the desk. He said that Burke appeared to be having a nice vacation or something like that and added that Burke was "drinking all the time."

Douglass also said that Barney Baker appeared at the hotel, and "he was supposed to be Miss Brougher's boy friend." He said that Baker would come down to see Miss Brougher and "bring her some money." The jeweler said that Burke, Baker, and Miss Brougher had the run of the hotel. They were in such good graces in the hotel, as a matter of fact, that when they had an altercation with the manager, they were successful in having him fired. Burke also told him at that time that they were going to pour some shellac into the crankcase of the manager's automobile and it would crack the automobile's engine block. "Pretty soon I heard the car would not go and it was backfiring and everything."

Douglass also said that Burke kept a number of guns and would sometimes carry them through the lobby of the hotel.

Following her stay at the Bal Harbour, Miss Brougher moved into Douglass' house, Lost Acre. He said he received a $1,000 advance payment on the rent from Baker in $100 bills.

> Mr. KENNEDY. Do you know where he was getting all the money?
>
> Mr. DOUGLASS. Well, it was just common knowledge that the Teamsters Union was financing the whole thing. I mean that is what they all said. Even in the hotel, the Teamsters paid the bills (p. 14224).

As far as Burke was concerned, he continued to live at the Bal Harbour Hotel, and as his bill mounted, he would tell anyone in the hotel who would listen to him that he was in good standing with the Teamsters Union and that they would pay his bill. (As it further developed, this is exactly what happened.) Douglass said that Burke and Baker were quite loquacious about their organizing activities. For instance, he said that at one time they were trying to organize the Sonja Henie ice show, and they cut off the electricity so there would be no ice. On another occasion he said Burke told him that in organizing a circus they had collapsed some bleachers, and a number of people sitting in the bleachers were either hurt or killed. One of the more curious arrangements about Miss Brougher's rental of his house, Douglass said, was the presence in the house of "Three-Finger Joe" Sylvester, a former jockey and Miss Brougher's ex-husband. Douglass said that on one occasion Burke and Miss Brougher introduced him to a man who suggested that he and Douglass go into partnership in a bookmaking business. Douglass said he rejected this idea.

Miss Brougher said that during this entire period of time, until she went to jail on December 9, 1955, she estimated that Baker had given her some $20,000 to $25,000, including the money that had gone to George Everett. Miss Brougher said she made a trip to New York with Baker and met some of his associates, including "the Block brothers from the 'Black Angus' and Connie Noonan." She said that Baker told her that the time he was sent to the penitentiary in New York resulted from his throwing a stink bomb on the stage of a theater which killed Joe Penner's duck. She said that both Baker and Burke boasted of their associations with Jimmy Hoffa, and that Burke told her that "they were very close friends" and had known each other for years, and that they would remain friends because of the things that had happened in the olden days before Mr. Hoffa became a big man.

In her testimony, Miss Brougher indicated that both Burke and Baker had been the recipients of payoffs. For example, she said Burke often told her of receiving payoffs in Detroit. She said Burke told her that sometimes the payoff would be placed under the door of his room. She said she was present when Charlie Karpf gave Baker $2,500. Charlie Karpf was an ex-convict who attempted to organize the jukebox business in Miami. He served a term in New York for grand larceny in 1951 and has had numerous other arrests.

> Mr. KENNEDY. Why was the money given; do you know? What was the money for?
>
> Miss BROUGHER. From all I could gather from the conversation, if the businessman doesn't want to join the union and he doesn't want his place picketed, if they give them a substantial amount of money they can probably stall them from joining the union for perhaps a year (pp. 14054–14055).

He said that Baker and Burke often referred to "packages" which was a euphemism for cash payoffs. She said she was present in the hotel room when Burke attempted to shake down Eugene Mori, the owner of the Hialeah racetrack, for $15,000. Mori submitted an affidavit to the committee substantiating this. Mori said he received a call from Burke, who told him he was in Miami attempting to organize the racetracks. Mori said he got another phone call from Burke—

> * * * in which he told me that we could settle the whole thing and he would not continue his efforts to organize the Hialeah racetrack if I would give him several thousand dollars. I cannot recall the exact amount he requested. He mentioned that there was a woman in whom he was interested who was in difficulty in Florida and he wanted the money to assist her in obtaining her release from custody.
>
> I firmly rejected all of Burke's proposals, did not meet with him, have never met him, and had no further contact with him. I also referred the matter to our chief of security, John Madala (p. 14207).

Miss Brougher said there was no doubt in her mind, after her many conversations and her long association with Baker and Burke, that the man they reported to was James R. Hoffa.

Robert Barney Baker freely admitted many of his gangland associations in his testimony before the committee. He said he was a friend of John "Cockeyed" Dunn, Don Gentile, Andrew "Squint" Sheridan, Cornelius Noonan, and Eddie McGrath, among those connected with the New York waterfront. About the only association that Baker denied in this connection was having had anything to do with Varick Enterprises. He said he had not performed any services for Varick Enterprises, although he was acquainted with the men who ran this public loading racket in New York. He said he knew the police were looking for him to question him in connection with the Hintz murder.

> Mr. KENNEDY. Did you make yourself available to them?
> Mr. BAKER. No, sir. There is reason for it, sir (p. 14063).

Baker admitted that following the Hintz murder he had gone to work for the Colonial Inn in Miami and that he was well acquainted with Meyer Lansky and Mert Wertheimer, who was general supervisor and manager of the Colonial Inn. Baker also freely admitted that he had visited Andrew Sheridan in the jail in Hollywood, Fla., while he was awaiting extradition to New York on the Hintz murder charges. He said in order to get in to see Sheridan, he lied to officials at the jail by telling them that another accomplice in the Hintz murder, Danny Gentile, was at Pompano Lakes. "From what I understand, they went up there and threw a dragnet around this particular Pompano Lakes, which was down and did not have nobody in there, and they did not find him." Baker then said he heard that the law-enforcement officers were angered with him for lying about Danny Gentile, so he went out to Las Vegas and stayed at the Flamingo, which was owned by the late Benjamin "Bugsy" Siegal, a notorious racketeer. Asked what he was doing in Las Vegas, Baker said:

> Mr. BAKER. * * * I was hibernating. There was a room there, and I had the room, and I just was on the premises until such time as I heard that the police were cooled off, so to speak, and I could go back to Hollywood, coming down from New York.
> Mr. KENNEDY. You were hiding out from the police in Las Vegas, Nev.?
> Mr. BAKER. Well, if that is the way you term it, I was hiding out, yes, sir; that is right. You are right. You are right (p. 14064).

When he heard that things had cooled down in Florida, he went back to the Colonial Inn, Baker testified. Squint Sheridan and John "Cockeyed" Dunn were later electrocuted for the Hintz murder.

Baker also admitted that he was shot in the company of John O'Rourke, Joe Butler, and Farmer Sullivan. He said he could not identify anyone who had taken part in the shooting, however. The 300-pound Teamster organizer then exclaimed:

> * * * I am proud of how I live, Mr. Kennedy. Believe me, if I had to do it over again, this is the way I would live (p. 14066).

Baker said he served for a term as president of a Teamster local in Washington, D.C., and then was recruited by Harold Gibbons to work for the Teamsters in St. Louis. Baker admitted that he was arrested soon after his arrival in St. Louis with a loaded gun in his

possession. Baker said that he had just acquired the gun from a taxi driver in St. Louis and was on his way to have it registered when he was arrested. The police report of his arrest, however, showed that on that date Baker said he had purchased the revolver from a pawn shop in Indianapolis. Faced with this irreconcilable conflict, Baker said, he lied to the police in St. Louis. "I am under oath now," he said.

> Senator ERVIN. May I ask a question there? I just want to ask you a question. Do you feel that there is no compulsion upon you to tell the truth when you are not under oath?
> Mr. BAKER. Little white lies don't mean nothing, not when you are not under oath (p. 14072).

Baker said at the time of his arrest he did not mention the name of Prosecutor Edward Doud as having given him permission to carry the gun. He was extremely positive on this point and the fact that the police were in error in quoting him as mentioning Doud's name, until he conferred with his attorney, George S. Fitzgerald. Then Baker significantly changed his testimony and declared:

> Mr. BAKER. Mr. Kennedy, I don't deny the report. It was some time ago. There is a possibility I just don't remember. I just don't remember.
> Mr. KENNEDY. You don't remember now?
> Mr. BAKER. I don't remember. That is right (p. 14074).

It is significant that from this point on in his testimony Baker relied increasingly on lack of memory in answering questions. As to his underworld associates in St. Louis, Baker again admitted he was a good friend of Joe Costello, who has been linked to the missing Greenlease kidnap money, and to John Vitale, described by the St. Louis police as the head of the syndicate in that town. He also admitted he had suggested to his wife, Mollie Baker, that she advance $1,500 to John Vitale. However, Baker vehemently denied that Costello had told him that he handled the Greenlease kidnap money. He also denied that he had been contacted by Costello while the FBI was investigating the Greenlease case, and that he had called Mrs. Baker and told her she should tell him if she ever heard again from the FBI.

Mrs. Baker had testified that whenever things got "hot", her husband would go into a sanitarium, ostensibly to lose weight. It was therefore with some interest that the committee noted that on October 8, 1953, 2 days after the Greenlease money disappeared, Baker entered the Battle Creek Sanitarium.

Baker stayed in the Battle Creek Sanitarium from October 8 to October 31, 1953, and his bill, in the amount of $893.24, was paid by joint council 43 in Detroit, Mich. Included in this amount was $322.64 for long-distance phone calls. The identities of the persons whom Baker called were not available because the sanitarium had destroyed the records. However, a number of other calls made by Baker were traced and proved to be of substantial interest to the committee. Mr. Baker, as it turned out, is a big man on the telephone. For example, while staying at the Shoreland Hotel in Chicago, Baker's telephone bill would run anywhere from $112.65 to $292.15 per month.

There were scores of phone calls from Baker at various locations to Lew Farrell in Des Moines, Iowa. Farrell was identified by the

Kefauver committee as an emissary of the old Capone mob in Iowa and representative in Iowa of the Canadian Ace Brewery, which was controlled by Capone interests. In addition, Farrell placed an equally large number of phone calls to Baker in various parts of the country, reaching him in Chicago, St. Louis, and Detroit. Baker said these calls were merely calls to Farrell to inquire about his health and that of his children.

> Mr. KENNEDY. Does he discuss anything else with you other than the health of his family?
> Mr. BAKER. Just like my good luck, and my working, and is he all right, and everything else, and I ask him how he is and how is everything going.
> Mr. KENNEDY. What did he say when he called you in the morning and called you again in the afternoon? He still wants to know how your luck is coming?
> Mr. BAKER. Mr. Kennedy, it does sound rather funny, but he don't have to be calling me in the afternoon, and it could be his wife calling or somebody, and I tell them to call me occasionally (p. 14089).

Baker, while claiming that these were personal phone calls, admitted that the union picked up the tab for them. It was pointed out to him that one of the calls to Farrell had been almost half an hour in duration.

> Senator MUNDT. Mr. Baker, those are pretty long calls to inquire about Mr. Farrell's family. Maybe he has a pretty large family. How many children does he have?
> Mr. BAKER. To the best of my recollection, six or seven.
> Senator MUNDT. What are their names?
> Mr. BAKER. Oh, my God, I couldn't remember that. I don't remember. I call them darling and that is it. Well, they are all darlings to me, Senator.
> Senator MUNDT. They are what?
> Mr. BAKER. They are all darlings to me (p. 14092).

The telephone records also show calls to St. Louis hoodlum Jack Joseph; Gus Zapas in Indianapolis; Joe Costello in St. Louis; Charlie Karpf and "Trigger Mike" Coppola in Miami; Cornelius Noonan in New York; Milton Holt, a New York Teamster official who was linked to John Dioguardi in committee testimony in 1957; Jack Bushkin, Detroit labor relations man who invoked the fifth amendment before the committee; the Meltone Music Co., owned by Vincent Meli, the nephew of Angelo Meli, a top-ranking Detroit hoodlum; and Herman Kierdorf, exconvict organizer for joint council 43 in Detroit. There were two other significant persons called by Baker. One was John Cowling of Detroit, Mich., an employee of the Wayne County Treasurer's office, who was the individual who placed an ad praising Hoffa in the Baltimore Afro-American while Hoffa was on trial in Washington, D.C., on charges of bribing an agent of this committee. Other calls were placed by Baker to the Briggs Hotel in Detroit, which is the home of Max Stern, a notorious Detroit hoodlum and gunman. Baker said he knew Stern but said he was not calling him on these occasions. The two calls to the Briggs Hotel were on December 22, 1957, and May 24, 1958. Despite the variance

in dates, Baker said he did try to have the same man paged in the lobby. He identified the man as Jim Farris. Baker conceded that Farris was not staying at the hotel on those two dates but just happened to be in the lobby by coincidence.

The committee members wanted to know why Mr. Baker was calling all these gangsters all over the country. Baker scorned the notion that he was calling gangsters and declared:

> I haven't found anyone to be gangsters. I believe it is strictly a cloak and dagger episode of the beer days, prohibition days. There is no racketeering like there was years ago. It is all make-believe, I say—you wanted the truth and it is an opinion that I have.

It is significant that Baker's analysis of the gangster situation was shared by Mr. Farrell when he appeared before the committee and took the fifth amendment. In one of the rare moments when Farrell was answering questions, he said that any discussion of gangsters was talk from outer space. This opinion of the gangster situation is also shared by James R. Hoffa.

Hoffa said after listening to Baker testify about his hoodlum associates:

> Mr. HOFFA. * * * I am quite sure that, hearing him testify here, that he knew every one of them.
>
> * * * * *
>
> Mr. KENNEDY. Does that not disturb you at all about his operation?
>
> Mr. HOFFA. It doesn't disturb me one iota (p. 15092).

Hoffa went on to say that the committee seemed more "attracted" by the mobsters than he was.

Farrell produced a bag in answer to the committee's subpena and claimed it contained his records, but he refused to open the bag on the grounds that to do so would violate his rights under the fifth amendment. He said he had had a similar experience with the Kefauver committee. In steadfastly refusing to open the bag, Farrel said:

> Mr. FARRELL. The spacemen gave you the imagination that something in the grip is wrong (p. 14271).

Farrell refused to answer any questions as to whether he knew Barney Baker and Al Capone. He also refused to discuss his arrest record, which includes some 20 arrests, or to give any reasons why he should be making a number of long-distance phone calls to Barney Baker, Jimmy Hoffa, and Gus Zapas.

In 1956, Baker said that he made an attempt to arbitrate and settle a strike at the Esco Co. in McKees Rocks, Pa. The motive for Baker's interest in this company, which clearly operated outside of the jurisdiction of the Central States Conference of Teamsters, for which Baker acted as an organizer, was the subject of interest to the committee. Baker's claim was that there was no motivation for his interesting himself in the Esco Co. strike, other than the desire to do his job as a Teamster official. However, other testimony cast doubt on the purity of his motives.

During the portion of the time that the Esco problem was at issue, Baker was taking one of his rest and reducing cures at a hospital in Des Moines, Iowa. Part of his cure, he said, was to get extra exercise, and Baker said he did this by going over to swim at the nearby Rambler Motel. When he did so, he would rent a room at the Rambler in order to avail himself of the swimming facilities. In August of 1957, while Baker was at the Rambler Motel, there was also, by coincidence, staying there Edward Weinheimer, a representative of the Esco Co. Mr. and Mrs. Virgil Smith, managers of the Rambler Motel, said that one day in August of 1957 Weinheimer came into their office and said he was expecting some mail. She said soon thereafter three letters addressed to Weinheimer arrived at the motel. Each of the letters was in an ordinary white envelope which Mr. Smith said was 3½ by 9 or 10 inches. Weinheimer went into his room, and soon thereafter Barney Baker came into the motel office to pay his bill, which amounted to $10. Mrs. Smith said that Baker had an envelope in his hand, and "it looked the same to me as one of the envelopes in which Weinheimer's letters had arrived." Mrs. Smith said that Baker pulled a $100 bill from the envelope to pay his bill, and as she looked at the envelope she could see additional money inside. Baker said that he knew Weinheimer but that Weinheimer did not give him any money. Further information on this transaction came from George F. Callahan, Jr., president of the Esco Motor Co.

Callahan said that he had had a considerable amount of trouble with the Teamsters Union growing out of a jurisdictional dispute between two Teamster locals, 211 and 249. Callahan said that in August of 1957 Weinheimer paid a visit to Des Moines, Iowa, to visit Barney Baker. He said that Weinheimer went out to Des Moines and registered at the Rambler Motel. From Des Moines he called Callahan and told him he needed $1,000 in cash. Callahan said he asked Weinheimer what he was going to do with $1,000, and Weinheimer said to trust him. Callahan said he then sent the money to Weinheimer in $100 bills, and it was his recollection that it went out in two envelopes. However, records of the post office at McKees Rocks, Pa., showed that on August 14, 1957, three letters were sent from Exhibitors Service Co. (the parent company of the Esco Co.) to Edward Weinheimer at 2701 SE. 14th Street, Des Moines, Iowa, the address of the Rambler Motel.

> Mr. KENNEDY. Was it indicated to you then, did he tell you, that Mr. Barney Baker would try to assist you in your labor difficulty?
>
> Mr. CALLAHAN. I don't recall exactly whether his name was mentioned. I remember asking who was there, and he said "Oh, there are lots of people here."
>
> Mr. KENNEDY. Did he indicate to you then, or subsequently, that Mr. Baker would try to help you and assist you in your labor troubles?
>
> Mr. CALLAHAN. He indicated that.
>
> Mr. KENNEDY. And did Mr. Baker try to assist you in your labor problems?
>
> Mr. CALLAHAN. Subsequently, I am convinced in my own mind, that he did conscientiously (p. 14330).

The following interesting chronological occurrences then took place: On September 13, 1957, Theodore Cozza, an official of the Teamsters Union in Pittsburgh, served notice on the Esco Co. that they would go on strike on September 16. On September 13, 1957, Edward Weinheimer registered at the Belcrest Hotel in Detroit, Mich. On September 14, 1957, Callahan received a phone call from Weinheimer in Detroit. Callahan said that Weinheimer called to tell him that the strike had been called off. On September 16, a check in the amount of $1,000 was cashed by the Esco Co. and two packages of $100 bills, amounting to $1,000, sent to Weinheimer in Detroit. The records of the Esco Co. also show that another $1,000 check was cashed on October 16, 1957, and Callahan identified this as a further amount of money sent to Weinheimer. Callahan said that Baker came to Pittsburgh in December of that year, by which time the Teamsters had started a strike against the Esco Co.

> Mr. KENNEDY. Did he tell you that anything that was done relative to the situation had to be done by the head office?
>
> Mr. CALLAHAN. Yes, sir; he did.
>
> Mr. KENNEDY. Who did you understand that the head office was?
>
> Mr. CALLAHAN. Mr. Hoffa and the executive board. As a matter of fact, in different conversations that I had with him after that I had endeavored to elicit his aid and he told me that he could not do anything unless he had the blessings of the top office to come into Pittsburgh and attempt to operate with authority (pp. 14333–14334).

Callahan said that in addition Baker made two other trips to Pittsburgh in December of 1957 and January of 1958. Callahan said he personally gave Barney Baker over a thousand dollars. He said he considered part of this money to Baker a loan. Asked whether he ever expected to get this money back, however, Callahan said:

> Mr. CALLAHAN. I have had bad loans before * * * when you figure that in 10 or 12 years, in this thing, trying to do something, has cost you a million dollars, a couple of thousand dollars isn't a whole lot of money.
>
> * * * * *
>
> The CHAIRMAN. I asked you if you expected to get it back when you gave it to him. You said he said he would put it on the basis of a loan. You were actually giving it to him; you weren't loaning it to him, were you?
>
> Mr. CALLAHAN. Well, frankly, I did not care too much whether he gave it back to me or not.
>
> The CHAIRMAN. That is right. Actually, you were buying his influence as a labor leader, were you not?
>
> Mr. CALLAHAN. In a sense, if you want to put it that way. On the other hand, I was doing it as a friend.
>
> The CHAIRMAN. In the most accurate sense. You had not known Barney Baker long enough to fall in love with him.
>
> Mr. CALLAHAN. No, sir.
>
> The CHAIRMAN. Then, in the most accurate sense, you were buying the influence of a labor leader.
>
> Mr. CALLAHAN. I have no comment, Senator (p. 14340).

Callahan said he had twice talked to Hoffa about his problems, once in Detroit and once in Washington. He said that Hoffa listened to his problems but later had Bert Brennan tell him that "the matter was so controversial that he did not want to enter the picture just then." However, following the visit to Detroit, Callahan said he was able to settle the strike by about 8 hours of negotiations with Theodore Cozza. Parenthetically, it should be noted that Theodore Cozza has a record of nine arrests for crimes such as blackmail, bribery, burglary, perjury, and inciting to riot. He was convicted of entering a building in 1935 and sentenced to 6 to 18 months, and he also served a year in jail for a bribery and perjury charge. Weinheimer refused to tell the committee anything about the transactions, invoking the fifth amendment on all occasions.

Everett Scott, owner of the Rambler Motel in Des Moines, recalled Weinheimer's visit to Des Moines in August of 1957. He said Weinheimer was frequently in the company of Robert Barney Baker and "would complain about how the Senate rackets committee was persecuting Mr. Jimmy Hoffa of the Teamsters Union, and how Hoffa was a wonderful fellow." Mr. Weinheimer also stated on a number of occasions that "Mr. Barney Baker was a great contribution to the labor movement."

In passing, Scott said that when Weinheimer and his wife checked out of the Rambler Motel, it was found that he was taking 26 towels and 2 rolls of toilet tissue belong to the motel in his suitcase. Scott said he asked Mr. Weinheimer—

> if he was so hard up he had to steal toilet tissue. In a very angry voice he said, "No, I don't need it." He then removed the toilet tissue from the luggage and threw it down in disgust and walked off (pp. 14346–14347).

Following Baker's testimony, the chairman stated that it was his opinion that—

> willful perjury has been committed. There can be no doubt about perjury as between your testimony and the testimony of other witnesses who have appeared (p. 14191).

As for Baker's sidekick, Thomas E. Burke, he testified that he retired from the Teamsters Union at the end of 1954, receiving a payment of $11,815. He said he spent the ensuing year in Miami but that while he was in Miami he would go out and "make surveys for the Teamsters." He said as a result of this the Teamsters paid his expenses while in Miami. This, as it turned out, was a formidable expense to the union. Two checks were introduced into evidence totaling $10,428.06, in payment of Burke's bill at the Bal Harbour Hotel. Burke admitted that he had five guns with him while he was staying in Miami. He said he used them for target practice in the Everglades. He denied Ruth Brougher's testimony that he had anything to do with jewelry. He also denied that he had ever pushed over any bleachers at any circus. Two letters of interest were introduced into evidence. One was signed by Harold J. Gibbons and informed Burke that a check had been forwarded to the Bal Harbour Hotel to cover his bill there. The second letter went a long way in typifying the operation of the Teamsters Union. It was addressed to Harold Gibbons and read as follows:

DEAR FRIEND: Enclosed please find hotel bills which will cover the $500 I received at Boynton Beach for organizing expenses. As you will note, they are from Miami Beach rather than Boynton Beach. This is due to the serious sunburn I had prior to leaving that area. Upon my recovery, I neglected to collect my paid receipts. I assume that this is satisfactory. Thank you very much for everything. When I get my hands on a bundle, I will pay you back. My kindest personal regards to yourself and your family, your friend and your brother.

TOM BURKE.

P.S.—You and Hoffa are two good kids.

(P. 14211.)

Burke professed not to understand, however, what the letter meant.

The Chairman. What does that mean?

Mr. BURKE. The bundle? I don't understand the bundle. It might be laundry. I always get a big bundle of laundry. I never use that expression.

The CHAIRMAN. You were going to pay it back with dirty laundry or clean laundry?

Mr. BURKE. I never use that expression, that is why I say, I don't know where it came from.

Mr. KENNEDY. You used it this time. There was talk about paying money. There was talk about their paying your bills.

You call them two good kids. You say when you get your hands on a bundle, you will be able to pay them back. Was this part of the money you were receiving from some of these employees?

Mr. BURKE. Sir?

Mr. KENNEDY. Was this some of the money you were receiving from these employers?

Mr. BURKE. What money?

Mr. KENNEDY. The bundle? Is that what you were talking about?

Mr. BURKE. I never received no money from no employers. If I did, I wouldn't be on that job as long as I have been (p. 14211).

The two appearances of James R. Hoffa before the Senate Select Committee on Improper Activities in the Labor or Management Field have not been the only times he has testified before an investigating committee of the Congress. In 1953, Hoffa was called as a witness before a Subcommittee of the House Committee on Education and Labor, which was investigating racketeering in labor unions. The chairman of this subcommittee at the time of Mr. Hoffa's appearance was Representative Wint Smith of Kansas. This subcommittee abruptly ended its hearings in Detroit, Mich., after hearing Hoffa's testimony, and newspaper reports at the time indicated the hearings had been called off due to the application of external pressures. The Senate select committee was therefore interested in exploring the role played in this matter by Payne H. Ratner, former Governor of Kansas. Mr. Ratner testified before the committee that he was first

contacted about doing some work for the Teamsters Union some time in the fall of 1953, and—

> * * * I believe at least the first thing that I can remember was working in regard to Mr. Hoffa's appearing before a congressional committee at a hearing in Detroit * * * (p. 13744).

Ratner said that according to his recollection he was first approached by Robert Barney Baker and Richard Kavner in connection with his possible employment by the Teamsters.

> * * * From my conversation I had with the two of them, I assumed Mr. Kavner was much more important an individual and I have always given Mr. Kavner the credit for my employment, and very little, if any, of the credit to Mr. Baker (p. 13748).

At any rate, the meeting between Kavner and Baker and Ratner resulted in the employment of Ratner as a Teamster attorney. According to Ratner, his role in the investigation of Hoffa took two forms. He asked Congressman Wint Smith to postpone the Detroit hearings because a grand jury in Detroit was investigating Hoffa, and there was a fear that he might be asked the same questions before the committee that might be posed to him in the grand jury room. Ratner said Congressman Smith refused to accede to this request.

> * * * The only other thing I asked him to do was that when Hoffa testified, there was a certain Congressman on that committee, Congressman Clare Hoffman, that Mr. Hoffa and his attorneys said at an earlier hearing, had been, well, they had gotten a great ways off from the rules of evidence and from courtesy and that sort of thing, and they hoped that Mr. Hoffa would be treated with fairness and with courtesy and not unnecessarily treated like he had been before (p. 13767).

After the hearing Ratner also said he contacted Congressman Smith and asked him what he was going to do in relation to a contempt citation which the committee was considering issuing against Hoffa. A number of memorandums found in Ratner's files were introduced into evidence which cast light on the former Governor's relationship with the Teamster leaders. For instance, on October 5, 1953, Governor Ratner wrote David Previant, member of a Milwaukee law firm and attorney for the Central States Conference of Teamsters. The letter said in part:

> DEAR DAVE: I called Jim Hoffa last Tuesday evening and reported to him about my successful interview with the party with whom they wanted me to confer (p. 13748).

Ratner said that it was his recollection that the "party" mentioned in this letter was Congressman Smith. A number of memorandums in Ratner's files were addressed to James R. Hoffa "Re Wint Smith matter." Ratner said the correspondence was addressed in this manner "because of the fact I was conferring with Congressman Smith in regard to some aspects of the hearing. I assume that is why the bookkeeper put it that way." Ratner said he was paid $200 a day plus expenses while working for Hoffa and that his total billing for the

work he did in connection with the House committee investigation was $1,554.09.

Former Governor Ratner was asked if he had brought any pressure on Smith to bring an end to the investigation of the Teamsters in Detroit. Newspaper interviews with Smith at the time the committee hearings ended in Detroit contained the following quotation:

> Wint Smith, subcommittee chairman, was questioned about the influence being brought to bear which called off the investigation. He said: "The pressure comes from way up there, and I just can't talk about it any more specifically than that." (13766).

Ratner said that Congressman Smith—

> wouldn't have identified me as anybody being "way up there," just an ex-Governor; and in the second place I never asked him to call it off (13766).

A letter dated November 30, 1954, was addressed from former Governor Ratner to James R. Hoffa:

> DEAR JIMMY: I listened carefully to all of the evidence last week, and it is my considered opinion that you did nothing illegal or improper. I am proud to call you my friend.
>
> I am sure you will be interested in the enclosed Associated Press story, which was on the front page of the Sunday morning's Wichita Eagle. Wint told me today that he certainly got in bad with Hoffman and the staff by having gone along with me in his treatment of you Friday. I, of course, expressed appreciation to him and told him that I have always thought no one had to worry very much about doing the right thing (p. 13768).

After the hearing in Detroit, Ratner contacted Congressman Smith about the effort to issue the contempt citation. He reported the substance of his conversation to Hoffa in a letter which informed the Teamster leader that Congressman Smith had refused to sign the contempt citation prepared by Congressman Clare Hoffman of Michigan. Ratner wrote:

> He [Congressman Smith] declared it is his best judgment that there will be no further effort to cite you; and if there should be, it will not be successful (p. 13768).

Ratner was also questioned about two letters found in his files which referred to a "package." The first, dated January 25, 1956, was addressed to Harold J. Gibbons and spoke of a banquet to be held by Teamster Local 688 on January 29. Ratner said he would be unable to come. The letter went on:

> I assume Sam Smith will be at the meeting. Perhaps you will want to send to me by him the package we have discussed over the telephone several times recently. I am glad I can tell you it worked out very successfully and I am sure it earned us a great deal of valued good will (p. 13764).

On February 17, 1956, Ratner again wrote Gibbons:

> DEAR HAROLD: Since Sam Smith did not get to your meeting on January 29, I am wondering what plans you have

in mind for delivering to me the package we have discussed over the telephone (p. 13764).

Ratner said the package was a check for $1,000 which was to be used to buy tickets for a Republican Party dinner in Kansas. Ratner said that he did not know why the term "package" was used except that "you often do things in a jocular vein."

Ratner said that he had handled other political funds for the Teamsters Union since becoming associated with them. In 1956 he said he contributed $3,500 to the campaign of Gov. George Docking of Kansas, and in the same year gave $3,000 to his opponent, former Gov. Fred Hall. In 1958 he said he gave $3,500 to former Governor Hall again.

Ratner said that in 1956 and 1957 he received a total of $10,000 from St. Louis Attorney Jack Wiley for the purpose of engaging in activity to amend the Hobbs Antiracketeering Act. Ratner said that all of his dealings had been with St. Louis Attorneys Jack Wiley and Harry Craig, and he did not know the funds used for this purpose had come from the Teamsters in St. Louis, as well as a local of the Steam Fitters' Union headed by George Callanan, currently serving a prison term for violation of the Hobbs Act. Ratner said the original plan was for him to talk to Congressmen and Senators about the Hobbs Act amendments, but that the effort was called off before he made any such contacts.

> Mr. RATNER. * * * I spent a great amount of time, Mr. Kennedy. I had innumerable conferences, a lot of correspondence, did a lot of legal research on it, and they thought that my alleged political prestige would be worth something in addition to the work I did.
>
> Mr. KENNEDY. That is what I thought (p. 13803).

Congressman Wint Smith, at his own request, appeared before the committee and gave his version of the Ratner testimony. He chose to view the letters introduced in regard to the Hoffa matter in the following light:

> Mr. Chairman, you know that I know, many lawyers write letters to clients and to those they hope will become clients. They write these letters for a variety of purposes, I am sure. Often they overstate their own importance, their own abilities, their accomplishments, and their alleged friendships with people in important places, and the obvious purpose of those letters is to put themselves in a better light with that client (p. 13958).

He noted that the subcommittee had recommended Hoffa for contempt after his refusal to answer the questions at the hearing held in June, and it was his view that Mr. Hoffa, by answering the questions at a later hearing in November, had removed any reason for a contempt action.

The Congressman denied that the subcommittee's hearings concerning Mr. Hoffa's activities had been halted because of political pressures. He said the subcommittee had completed its phase of this investigation with the calling of the final witness as scheduled.

Hoffa's use of former Governor Ratner of Kansas to ease his problems with the House Investigating Subcommittee headed by Con-

gressman Wint Smith closely paralleled other testimony regarding Hoffa's relationship with judges and prosecutors in the Michigan area.

Sgt. Bernard Mullins, a member of the vice squad of the Detroit Police Department, testified that in 1953 he was working in connection with a grand jury headed by Judge Miles Culehan. This grand jury returned a number of indictments against Teamster officials, among them William Bufalino, Daniel Keating, Mike Nicoletti, Samuel Marroso, and Frank Fitzsimmons. Mullins said the preliminary examination in the Keating, Nicoletti, Marroso, Fitzsimmons case took place in the fall of 1953. Mullins said that Assistant Prosecutor Joseph Rashid, now a judge, had conducted a particularly vigorous examination of some of the witnesses when a recess was called. He said that Rashid was approached by James R. Hoffa, who, according to Mullins, was quite perturbed.

> Mr. MULLINS. * * * Mr. Hoffa then explained to Rashid that these particular gifts received were not in the manner or shape or form of extortion, but were merely Christmas gifts, and he said to Mr. Rashid, "Isn't it true that you have taken gifts?" And Mr. Rashid replied that he had received two. One was a carton of cigarettes from a blind man on the counter down in the Recorder's Court Building, and a bottle of Scotch from a personal friend, Joseph Sullivan.
>
> Mr. Hoffa replied that that didn't speak very highly of Mr. Rashid, that he couldn't have too many friends. This time Mr. Rashid told Mr. Hoffa that he had more responsibility to the people and to the members that he represented and he shouldn't condone conditions that were being testified to from the stand.
>
> Mr. Hoffa asked Rashid if he wouldn't accept any gifts under similar circumstances, and Mr. Rashid replied that he wouldn't. He wouldn't accept any gifts from anybody that he thought may be afoul of the law. Hoffa told Mr. Rashid that he wasn't very broadminded.
>
> The CHAIRMAN. Wasn't what?
>
> Mr. MULLINS. Wasn't very broadminded in these matters.
>
> The CHAIRMAN. Brightminded?
>
> Mr. MULLINS. Broadminded. He said, "I have every politician in town in my office." Mr. Rashid replied, "Well, I have never been there."
>
> Mr. Hoffa told Mr. Rashid that he would see to it that he never got anyplace politically, and he would spend every dime he could get his hands on to see that Mr. Rashid never went anyplace politically.

Hoffa's concern, in the main, in this particular case, was in regard to Frank Fitzsimmons. He told Mr. Rashid that he was persecuting a very fine gentleman, and that this indictment would cause him to lose an opportunity to become on the international board of the Teamsters.

Mr. Hoffa then repeated to Mr. Rashid that he was framing individuals, and he said all he needed was to know who Mr. Rashid would go out with and who he would go with socially, and in a matter of 90 days he could frame him or any individual that he wanted to frame. All he had to do was to know his company.

Mr. KENNEDY. Mr. Hoffa said that he could frame anybody?

Mr. MULLINS. That is correct.

Mr. KENNEDY. And he told Rashid he could have him framed within 90 days?

Mr. MULLINS. In a 3-month period; yes, sir, Mr. Kennedy (p. 15101).

Regarding the indictment of Bufalino, Sergeant Mullins said the case was called up in February of 1954, when Judge Joseph Gillis was the presiding judge. As the presiding judge, he could not hear the case himself, but on motion of Teamster attorney George Fitzgerald, he granted a 90-day continuance. When the case came up for trial again in 90 days, another judge was presiding, and he proceeded to assign the case to Judge Gillis. As a result of that trial, Bufalino was acquitted.

Mr. KENNEDY. Did the people, the State, feel that they received a fair trial in front of Judge Gillis?

Mr. MULLINS. Mr. Rashid has told me and officers that I have worked with, that the people of the State of Michigan did not get a fair trial (p. 15104).

In an affidavit filed with the committee by Judge Rashid, Mullins' testimony was corroborated. He quoted Hoffa as saying to him at the time of the preliminary inquiry on the Keating case, "These fellows are being framed. It is easy to frame anybody." He went on to say that Hoffa told him that, "He could frame me or anybody else. He could find out where you went, who you were associated with socially, et cetera, and in a few months time he would know all about you." Judge Rashid's affidavit also spelled out other incidents involving Hoffa. Rashid said that during the start of the Nicoletti trial, Jack Gilmore, the assistant prosecutor, received a telephone call in the courtroom "from someone who identified himself as Jimmy Hoffa and asked to talk with him." He said that Gilmore reported this call at a meeting attended by himself; the prosecutor, Mr. O'Brien; and his chief assistant, Mr. Garber. "Mr. Gilmore was rather upset about it. He chose to report it to us even though he declined to discuss the case with Mr. Hoffa." Judge Rashid also said that he tried a case involving one John Wolke who was accused of abortion. Wolke is a longtime associate of Michigan mobster Santo Perrone. He said he received a call from a person who said he had been asked to make the call by James R. Hoffa, and he wanted the judge to grant a continuance to John Wolke. As to the call to Gilmore, Hoffa said that he would not deny or affirm that he made such a call. He said he simply could not recall anything about phoning Gilmore in the courtroom. Hoffa said also he could not recall having any conversation with Joseph Rashid in the back of the courtroom in Detroit. As for John Wolke, the following interesting colloquy with Hoffa and his attorney, Edward Bennett Williams, took place:

Mr. HOFFA. I didn't send anybody in to intercede for him, sir.

Mr. KENNEDY. You did not send anyone?

Mr. HOFFA. Not that I know.

Mr. KENNEDY. You would know if you sent anyone?

Mr. HOFFA. A lot of people use my name at various times around the city of Detroit without me knowing about it.

Mr. WILLIAMS. Mr. Chairman, I am sure——

The CHAIRMAN. This was in 1955 or 1956?

Mr. KENNEDY. That is right.

Mr. WILLIAMS. I am sure that any judge on whom such intercession was practiced, as Mr. Kennedy's question implies, would immediately present a matter of that character to a grand jury, where it should go. I think if there are any records showing such a report was made by Judge Rashid, then it is incumbent upon counsel in the interest of fairness to show such report to the witness.

The CHAIRMAN. We are asking the witness a question. I assume that you have some proof, Mr. Counsel.

Mr. KENNEDY. Yes; we do have that. I didn't ask if you sent anyone, Mr. Hoffa.

You just denied, or said you didn't send anyone, but I am asking you whether you interceded or intervened directly or indirectly on behalf of John Wolke after he was arrested for abortion.

Mr. WILLIAMS. I think that question needs clarification.

Mr. KENNEDY. We are just looking for the truth.

Mr. WILLIAMS. I think the question needs clarification. If Mr. Kennedy does not mean did Mr. Hoffa send someone to the judge, then he should ask him what he does mean.

How do you intervene if you don't go to the judge or send someone to the judge?

Mr. KENNEDY. I thought it was interesting that he did not send someone, and he could have had someone call.

The CHAIRMAN. The witness said he didn't send someone. In what other way, if any, did you contact the judge and undertake to intervene in the case?

Mr. HOFFA. I didn't talk to Judge Rashid about this case.

The CHAIRMAN. I did not ask you that. You did not talk to him, and you did not send anyone. Did you in any other way undertake to intervene in the case on behalf of Wolke?

(The witness conferred with counsel.)

Mr. HOFFA. Senator, if I didn't send anyone there to intervene and I didn't go there personally, how else would you go about intervening?

The CHAIRMAN. You might do it by telephone, you know. There are other ways.

Mr. HOFFA. I said I didn't talk to him.

The CHAIRMAN. I do not know.

Mr. HOFFA. I said I didn't talk to the judge, Senator.

The CHAIRMAN. All right, then the answer is "No"; you did not intervene directly or indirectly?

Mr. HOFFA. Senator, I am asked every day in the week to do favors for people, and I do it automatically, and I don't want to sit here and say I did not talk to anybody about the case because somebody may have asked me to make a phone call to some lawyer or somebody, and I may have proceeded to do so, and so I will not say positively that I had nothing to do with getting a postponement or some situation that may have come about in this case because I do it quite regularly when I think it is necessary to make a phone call.

I don't always get the job done, but I don't hesitate to try.

The CHAIRMAN. Do you recall having intervened in this case, by telephone or otherwise, to get a postponement?

Mr. HOFFA. I don't recall that, Senator. If you could tell me who I supposedly called, that would probably refresh my memory, but it may have just been just one of those situations where it happened in a minute or two, in a busy spell of the negotiations or in my office. I don't recall.

The CHAIRMAN. Mr. Hoffa, you recall when we first started our interrogation of you some weeks ago, objection was raised to asking you these questions and then putting a witness on the stand at a time like this and interrupting your general questioning, and it was charged that the committee was unfair in proceeding that way.

We can put the witness on afterward, but we have to ask you these questions and get the best answers you can give at this time.

All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Interestingly enough, Mr. Chairman, it was a postponement that this individual requested, according to our information.

Mr. HOFFA. What is illegal about that?

Mr. KENNEDY. Nothing. It was just of some interest that you happened to volunteer that you might have asked for a postponement, because that is exactly what was requested:

Mr. HOFFA. That is the most I would do, because that is the only thing that is legal (pp. 15081–15082).

The relationship between James R. Hoffa and the judiciary was further highlighted in the testimony of Joseph A. Schneiders, a Universalist Church minister and formerly a Detroit freelance writer. Schneiders testified that in 1953 he set up a corporation called Joe Schneiders, Inc., the vice president of which was Detroit Judge Joseph Gillis. He said that following this Judge Gillis took him to the office of James R. Hoffa and introduced him to Hoffa. At that time, Schneiders proposed to Hoffa a 13-week series of television programs on the Teamsters. Hoffa asked Schneiders how much this would cost, and after some rough computation, Schneiders said $15,601. Schneiders said he added $601 to the $15,000 so it would not come out as a round figure. During that visit, Hoffa told Schneiders that he had a fund of $30,000 a month with which he could no anything. At the meeting with Mr. Hoffa, Schneiders said it was discussed paying Judge Gillis a commission.

Mr. KENNEDY. But it was discussed in the office in the presence of Mr. Hoffa?

Mr. SCHNEIDERS. Yes, sir.

Mr. KENNEDY. He was to receive this $100 a week?

Mr. SCHNEIDERS. Yes, sir.

The CHAIRMAN. Mr. Hoffa knew that out of the check he was giving you for $15,601 it was understood at the time that the judge was to receive $1,300 of it?

Mr. SCHNEIDERS. That is right (p. 15113).

The broadcasts started on January 4, 1953, and went through March 29, 1953. Schneiders said the last program of the series was

assigned to assist the candidacy of Judge Gillis. Schneiders said that in addition he handled some of the writing and publicity for Judge Gillis' campaign in 1953. In this connection, he received a check from the Teamsters for $6,200 to buy advertising. It is of interest to note that after receiving this largess Judge Gillis presided over an important criminal trial in Detroit. Among the defendants in this trial were top officials of the Teamsters Union, including William E. Bufalino. It was of this trial that Sgt. Bernard Mullins of the Detroit Police Department testified (as noted earlier), "that the people of the State of Michigan did not get a fair trail" (p. 15104).

Hoffa testified that he did not recall the conversation that Gillis was to get the $100 a week in commissions:

> The CHAIRMAN. Would you enter into a contract for television service or any other service where you would pay out $15,601 of Teamsters' money, knowing and understanding, and as a part of the transaction, that $100 a week of that was to go to a judge, a presiding judge of a court before whom you might have cases?
>
> Mr. HOFFA. If he was going to do any work in behalf of the program, and going outside of the court chambers. It might have been discussed. I don't recall it.
>
> The CHAIRMAN. Wouldn't you think such a transaction was against public policy?
>
> Mr. HOFFA. It is according to what he was going to do for the money if he received any.
>
> The CHAIRMAN. No matter what he was going to do, if he is a judge of a court before whom you might have cases, do you think that a proper transaction?
>
> Mr. HOFFA. Senator, I don't know if it happened, and I don't know if the man received any money. I cannot recall any discussion concerning it. However, I think his conscience would have to be the judge or the determination of whether or not it was right or wrong.
>
> The CHAIRMAN. I think his conscience should play some part in it, no doubt. I am not questioning that. I am just asking you if you would knowingly enter into such an agreement as that.
>
> Mr. HOFFA. I think that if a judge, on his own time, could assist in a show and enterprise of any description, and he could earn some money doing it, and he wasn't obligated to the individual who paid him for anything other than producing what he was paid for, there certainly wouldn't be anything immoral about it (p. 15087).

It has been demonstrated repeatedly in the testimony that being on friendly terms with James R. Hoffa can be a rewarding and profitable experience. Nowhere, however, is this more vividly illustrated than in the story of the Maybury Grand Medical Sanitarium in Detroit, Mich. The ingredients of the Maybury Grand story are these:

(1) Two friends of Mr. Hoffa decide to build a sanitarium;

(2) These gentlemen have no funds to invest in this project themselves;

(3) They are good friends of Mr. Hoffa, and he buys a building for them with union funds;

(4) The building is completely remodeled at union expense;

(5) The entrepreneurs get the completed sanitarium without a nickel's investment on their part;

(6) During the entire transaction the Teamsters guarantee that, if the sanitarium plan does not work, they will take the whole project off the hands of the promoters at no cost to the promoters.

In this case, the Hoffa friends were James P. Hannan, a former Michigan State legislator, and John McElroy, also a former legislator, who is a member of the Wayne County (Michigan) Road Commission. Both Hannan and McElroy had become interested in the establishment of a sanitarium and had been on the lookout for a building. They found such a building, which was at that time owned by the United Auto Workers, CIO. Hannan and McElroy went to see their friends, James R. Hoffa and Owen Bert Brennan, and the Teamster officials agreed that locals 299 and 337 should purchase the building for $36,500. Hannan and McElroy then, in turn, bought the building from the Teamsters on a land contract for $40,000.

Mr. KENNEDY. Why were Mr. Brennan and Mr. Hoffa interested in making this transaction?

Mr. HANNAN. Well, when we talked to Mr. Hoffa and Mr. Brennan about this thing, they apparently had some information from other sources. They mentioned, I believe, a doctor, at that time—I don't recall his name—but they had some background in this type of thing. They realized that there was a definite need for such a project in Detroit. Plus the fact that, as I recall it, they indicated that this was not too far afield from a medical program which the Teamsters themselves had been contemplating. In fact, I believe they have it in effect in some other parts of the country. So their position, as I recall it, was that if we weren't able to handle this thing, it would be beneficial for their union for the purpose that I have just indicated.

Mr. KENNEDY. So if it wasn't financially successful under your and Mr. McElroy's direction, the Teamsters would take it over?

Mr. HANNAN. That is correct (pp. 14865–14866).

Hannan said the reason he and McElroy did not buy the building directly and save the $3,500 difference between what the Teamsters paid and what they had to pay the Teamsters was "We did not have the cash." Hannan said that, after the building was purchased, Bert Brennan got hold of Mr. Hixon of the Hixon Construction Co., and that a contract was signed for the remodeling of the building. Hannan and McElroy put up no money for the remodeling work. According to Hannan, Hixon did the entire job without drawing any construction money.

In addition to the help of the Teamsters, Hannan and McElroy also got personal assistance from Hoffa and Brennan. Hannan said that Hoffa and Brennan loaned them $16,000 in cash in October 1955, and $15,000 in cash in January 1956. This transaction came to a culmination on March 16, 1956, when Hannan and McElroy received a $250,000 loan from the Michigan Conference of Teamsters Health and Welfare Fund. Of this, the Teamsters paid directly to the Hixon

Construction Co., $184,719.84 to pay for the cost of the remodeling; $20,000 each went to locals 299 and 337 to pay off the land contract, at which time Hannan and McElroy got title to the property.

> Mr. KENNEDY. The loan was made by the Michigan Conference of Teamsters welfare fund at a time when you didn't even own the property?
>
> Mr. HANNAN. We had a land contract to buy the property.
>
> Mr. KENNEDY. Do you have a copy of the land contract?
>
> Mr. HANNAN. No sir; I don't (p. 14868).

Hannan said that in July, August, and September of 1956 the $31,000 personal loans of Hoffa and Brennan were repaid out of the profits the sanitarium was then making. The evidence indicated, however, that the financial status of the Maybury Grand Sanitarium was seriously misrepresented to the Michigan Conference of Teamsters welfare fund trustees at the time the $250,000 loan was made.

An appraisal prepared by one Fred Bigelow showed the cost of the building as $125,000. The Teamsters knew this to be inaccurate since they had paid $36,500 for the building. The appraisal then showed that of the cost of remodeling the building was $300,000. Again the Michigan Conference of Teamsters welfare fund knew this was not true, since they issued a check for the remodeling in the amount of $184,719.84. Others figures in the appraisal were similarly inflated. Hospital furniture which cost a little under $35,000 was appraised for $100,000. Kitchen equipment purchased for a little over $12,000 was valued at $24,000. Surgical and medical supplies costing around $16,000 were appraised for $96,000.

Committee accounting consultant Carmine S. Bellino said his analysis of the total appraisal submitted by Bigelow showed that "$645,000 of the items included in the appraisal actually cost only $287,804.77," and it should be borne in mind that it was on the basis of this appraisal that the Teamsters loaned the money to the Maybury Grand Sanitarium.

> Mr. KENNEDY. * * * you were able to obtain this hospital, Mr. Hannan, you and Mr. McElroy, without putting up any money of your own; isn't that correct?
>
> Mr. HANNAN. That is correct (p. 14877).

Of all the transactions entered into by the Teamsters in Detroit under the leadership of Mr. Hoffa, one of the most curious and complicated involved the Winchester Village Land Co. which was the recipient of a million dollar loan from the Michigan Conference of Teamsters Health and Welfare Fund in October of 1955. A meeting of the board of trustees of the health and welfare fund was held on October 12, 1955. In attendance at the meeting were James R. Hoffa; the welfare fund's attorney, George Fitzgerald; Abe Green, and John Babcock, representatives of the Winchester Village Land Co., and four trustees of the welfare fund, Frank Fitzsimmons, Robert Holmes, Howard Minnich, and Chester Dady.

At that meeting, the loan of $1 million was approved on the basis of a statement made by John Babcock that "considerable improvements had been already done on the land, and that approximately $1,200,000 had already been spent for the land and engineering which was

proceeding rapidly." Walter Henson, a certified public accountant loaned to the committee staff by the U.S. General Accounting Office in Seattle, Wash., testified, however, that Babcock's statement was untrue. Henson stated that at the time of the loan the maximum amount spent by the Winchester Land Development Co. on the project for which it received a million dollar loan was $60,000. Henson testified that as of the day of the hearing, almost 3 years after the first installment of the loan was made, not 1 penny of principal had been repaid to the Teamsters. The only amount the Teamsters had received was $104,000 in interest. Yet, Henson said, if the Winchester Village Land Co. had been compelled to live up to the provisions of the escrow agreement entered into with the Teamsters, the loan would have been repaid as well as the interest.

Henson said his computations were that in the period from October 12, 1955, until the time of his examination in September of 1958, the Teamsters should have received $1,279,000. As a final fillip to the transaction, Henson testified that Teamster attorney George Fitzgerald received a fee of $35,000 from the Winchester Village Land Co. Henson said Abe Green described this fee to him as a "finder's fee—a fee commonly paid to a party who locates a source of funds." With this broad outline, Henson related the following story on the Winchester Village Land Co.

Henson said at the time the loan was made the liabilities of the Winchester Village Land Co. exceeded the assets by $10,000. The Winchester Village Land Co. owned two tracts, one of 1,270 acres, and one called Winchester Woods consisting of 105 acres. The company had borrowed $200,000 on July 25, 1955, on the Winchester Woods subdivision. The Winchester Village property of 1,270 acres was pledged as security on the Teamster loan and was valued roughly at $470,000. At the time of the loan by the Teamsters, an escrow was set up at the Abstract Title & Guaranty Co. of Detroit. The Teamster money was paid in installments for the purpose of paying bills for improving the land, which would include paving, sewerage system, water plant, and other items necessary for the development of a subdivision. The payment to the Teamsters was to be handled through releases. William J. Schultz, assistant secretary of the Abstract Title & Guaranty Co., testified that as land was sold by the Winchester Village Land Co. there was a provision in both the mortgage and the escrow agreement—

> that parcels may be released, and that these releases would be deposited with our company, and as they were acquired they would come in and pay the amount of money called for (p. 14712).

Under the escrow agreement, the Winchester Village Land Co. could not sell the land until a release was obtained from the Teamsters. A second feature of the escrow required that the Abstract Title & Guaranty Co. could not pay out any money for the improvements without the submission of bills.

With respect to the latter, Schultz said there were some bills presented which he refused to honor because he did not feel they came under the provisions of the agreement. Schultz said, however, he received a letter from George Fitzgerald telling him to go ahead and make the payments. One of the bills referred to in the Fitzgerald letter related to "tap privilege certificates in Clinton Township,

Macomb County, Mich.," for which Schultz had been asked to disburse $100,000.

Mr. KENNEDY. For instance, this letter of December 9, 1955, says:

"DEAR SIR:"

It is to the Abstract Title & Guaranty Co., signed by Fitzgerald.

"Pursuant to our telephone conversation of yesterday, relating to the tap privilege certificates in Clinton Township, Macomb County, Mich., you are hereby authorized to release to the Winshall Associates $100,000 for their use in picking up these tap privilege certificates. It is understood that what mechanics you may use in connection with the payment of the money to them or to the proper receiving agency and what method may be used for the repayment of this money into the fund is left to you as the escrow agent and the Winchester Land Co.

"I have discussed this matter with my clients, and it is our feeling, one, that since the escrow account was created and the money loaned for the development of Winchester Village, the use of this money for anything which will promote this property, not only directly but indirectly, should be left to the discretion of Winchester Village Land Co.

"Two. That, since the Clinton Township property is part of the partnership assets which was pledged as collateral on the original loan, any improvement of that Clinton Township property would only enhance our security.

"If there is anything further you desire, please contact the undersigned.

"[Signed] GEORGE FITZGERALD."

First, the tap privilege certificates in Clinton Township, did that have anything directly to do with the Winchester Village development?

Mr. SCHULTZ. No, sir.

Mr. KENNEDY. In fact, isn't that a different county entirely than the Winchester Village Co.?

Mr. SCHULTZ. Yes, sir.

The CHAIRMAN. How far removed are the two tracts?

Mr. SCHULTZ. Roughly 60 or 70 miles.

The CHAIRMAN. How would improving a tract of land 70 miles away enhance the value of the Winchester Village land?

Mr. SCHULTZ. I don't believe you have the full picture, sir. These are two completely separate developments. One up in Flint, that is the one that this loan is on, and the other is in Macomb County, I believe.

The CHAIRMAN. I do have the picture. This letter says it would directly, or implies it would directly, or indirectly enhance the value of the Winchester Village Land Co. project.

Mr. SCHULTZ. That could never be.

The CHAIRMAN. Sir?

Mr. SCHULTZ. That could never be (p. 14714–14715).

Mr. Schultz said at the time he received these letters he understood that George Fitzgerald represented the Teamsters welfare fund.

As to the release provisions of the escrow, Schultz testified the Winchester Village Land Co. had only paid for one or two of the parcels of land released thus far. Despite this, however, a total of some 350 acres has been released in 23 separate releases. It is on the basis of these releases that Investigator Henson based his estimate that the Teamsters would have received $1,279,000 if the provisions of the escrow had been lived up to. Of the 950 acres still pledged to the Teamsters as collateral for the note, Henson said the land was largely undeveloped; further, the water supply is insufficient to serve the area already developed, and the Gaines Township Board of Governors has passed a resolution stating that no more building permits would be issued for the building of homes on this land. Schultz said that the escrow agreement was "completely violated with respect to the release of the property." He said that the original agreement was also violated with respect to the payment of bills. Schultz said of the original $1 million deposited by the Teamsters only $200 was left in the Abstract Title & Guaranty Co. Henson said that of the original $1 million, $247,941.58 was diverted into expenses not related to the improvement of the land. Among these diversions were some $21,000 for the purchase of 19 cows, 1 bull, and farm supplies; $98,550 for the purchase of the Clinton Township tap certificates referred to above; $44,615 paid out in loans by the Winchester Village Land Co. to other companies.

Some $51,020.83 was diverted in this manner, according to Henson. As mentioned above, the Winchester Village Land Co. had borrowed $200,000 from a private group in 1955 on its Winchester Woods development. At that time, they entered into an agreement with the lender, one Daniel Levine, to sell him 10 acres of land for $10,000, with a proviso that they would repurchase the same 10 acres of land at the end of 1 year for $50,000. On June 29, 1956, the Aero Realty Co., a company used to transact business for the Winchester Village Land Co., sent the land company a bill for $51,020.83 for "services rendered and miscellaneous closings through May 3, 1956." This was the money used to repurchase the land for $50,000 that the Winchester Village Land Co. had sold only a year earlier for $10,000.

Mr. HENSON. This invoice was prepared in the office of the Winchester Village Land Co., billing itself for $51,020.83.

Mr. KENNEDY. But using the stationery of this other company. They had, did they not, stationery of another company in their own office?

Mr. HENSON. That is right, sir.

Mr. KENNEDY. And they would make up bills to themselves on the stationery of the other company; is that correct?

Mr. HENSON. That is right, sir.

Mr. KENNEDY. Then they would submit those bills to the Abstract Title Co., receive the money of the Teamsters, and then use it for their own purposes?

Mr. HENSON. That is right, sir.

Mr. KENNEDY. And in this particular case, the reason they needed the money was to repurchase the land for $50,000 from a group that they had sold it to for $10,000.

The CHAIRMAN. Is that corect?
Mr. HENSON. That is right, sir (pp. 14723–14724).

Henson said that on the basis of his study the most that the Teamsters could salvage out of the Winchester Village Land Co. transaction at the time of the hearing was $350,000, and this he stressed was the outside possibility, indicating a loss to the Teamsters of at least $650,000.

The $35,000 finder's fee paid to George Fitzgerald and his law partner, Max Klayman, was handled in the most devious manner. It went like this. Abe Green, a partner in Winchester Village Land Co., made a $1,000 deposit in May of 1955, giving him an option to purchase certain land near Flint, Mich. Subsequently, he arranged to sell the property to the General Motors Corp. for a price which would net an approximate profit of $35,000. On December 1, 1955, Abe Green made an assignment to George Fitzgerald and Max Klayman of his interest in the profits in the proposed sale. (It is to be remembered at this point in the transaction the only money involved is the $1,000 originally put up by Abe Green.) The General Motors Corp. issued a check for $62,752. Mr. Green took this check to the Michigan National Bank of Flint where he had four cashier's checks issued. One was in the amount of $35,000 payable to George Fitzgerald and Max Klayman; two checks were purchased payable to Edward and Susan Grubb, one for $26,615.60, and the other for $7,185, to complete payment for the land. Max Klayman, in turn, cashed the $35,000 check payable to Fitzgerald and himself and purchased three other checks, one payable to himself for $9,625, one payable to George Stone for $9,625, and one payable to George S. Fitzgerald for $15,750. Fitzgerald, in turn, cashed his check, made a repayment of a loan at the City Bank in Detroit of $5,030, deposited $5,720 in the George Fitzgerald trustee account, and $5,000 in the George Fitzgerald special account, all in the City Bank.

The bizarre Sun Valley project which occupied the committee's attention in 1957 again came up for some testimony at the 1958 hearing. James R. Hoffa conceded that he had sent $500,000 from the funds of local 299 for deposit in a Florida bank while this bank was considering loaning the same amount to the Sun Valley project. Asked why he had done this, Hoffa retorted, "Because I wanted to" (p. 15177).

Hoffa again conceded that he had a 45-percent option to purchase property in the Sun Valley development at the original price of the land. The testimony showed, however, that the Sun Valley project failed when Henry Lower diverted some $250,000 of the half million he received from the Florida bank to other enterprises in Detroit, Mich. It was of some interest to the committee when it learned later that Henry Lower, the promoter of Sun Valley, who received some $90,000 in union funds while he was promoting Sun Valley, was a fugitive from a California road gang at the time he was made an officer of local 376 of the Teamsters in Detroit, Mich., in 1953.

Hoffa's tangled financial dealings again came in for scrutiny of the committee during the 1958 hearings. For a number of years, Hoffa has declared annually on his income tax returns income listed as "Collections" and "Wagering." The amounts listed by Hoffa in that manner were: 1948, $3,000; 1949, $1,500; 1950, $2,095.80;

1951, $5,500; 1952, $5,535; 1953, $10,505; 1954, $7,700; 1955, $9,799.50; and 1956, $10,682.

Hoffa said he kept no records on this money—

> but there is race tracks in Detroit, and my partner has some horses, and my business associate in Detroit has some horses, and he places some bets and we are fortunate to win some money (p. 13398).

Hoffa identified the associate who keeps these records as Owen B. Brennan. However, when Brennan was called upon to testify about this income he declined to do so on the grounds that it might incriminate him. Brennan remained obdurate, despite assurances from the chairman that he would not be questioned about his personal finances. He said he felt that it would be—

> very difficult for me to differentiate between myself and Mr. Hoffa, and I therefore must respectfully decline to answer the question and exercise my privilege under the fifth amendment to the United States Constitution not to be a witness against myself (p. 13402).

Herbert L. Grosberg, the union's official accountant and also a certified public accountant for the Teamsters Union in Detroit, could cast no light on these moneys either. He said he merely put down on the income tax return that Mr. Hoffa told him it constituted his income and that he kept no records for either Mr. Hoffa or Mr. Brennan. In fact, Grosberg testified, after making up Hoffa's tax returns he threw away the pieces of paper on which he made the computations.

> The CHAIRMAN. Did he submit information to you in the form of documents?
> Mr. GROSBERG. No.
> The CHAIRMAN. Well, then, you don't have a document then?
> Mr. GROSBERG. No; I don't.
> The CHAIRMAN. What you have is nothing except his word; he said, "I won so much gambling"?
> Mr. GROSBERG. That is right.
> The CHAIRMAN. And you just put it down?
> Mr. GROSBERG. That is right (p. 13416).

As an example, the committee pointed out that in 1956 Hoffa listed income of $10,682 from wagering.

> Mr. KENNEDY. He could not possibly remember over a period of a year that he received $10,682. He must have written that down somewhere. Didn't he show you any documents at all?
> Mr. GROSBERG. Maybe he had it written down and then told me what the information was.
> Mr. KENNEDY. He says he does not have any documents, either.
> Mr. GROSBERG. I don't know, but he told me it was $10,682.
> Mr. KENNEDY. He must have a fantastic memory that he can remember that figure (p. 13418).

Grosberg also said that at the direction of Teamster Attorney George Fitzgerald he had destroyed a net-worth statement he had prepared on Hoffa's assets and liabilities. Hoffa said that at the end of each year Brennan would tell him the net results of the wagering.

> Mr. KENNEDY. Are you able to say unequivocally that none of this came from any employer?
> Mr. HOFFA. I say that it did not to my knowledge; it came from Brennan to me as wagering gains (p. 13941).

Hoffa also reiterated his testimony of 1957 on loans he had made from various individuals and business agents of the Teamsters. Hoffa also swore that he had not told committee investigators on August 7, 1957, that he had repaid the loans. As it subsequently developed the loans were paid back in September of 1957. Committee Accountant Carmine Bellino and Investigator Pierre Salinger testified, however, that on August 7, 1957, Hoffa told them in an interview in Detroit, Mich., that he had already repaid the loans to the business agents.

> Mr. KENNEDY. What I am trying to find out, Mr. Chairman, is whether the witness just came before the committee and stated he had these loans in order to account for certain amounts of cash that he had during the period 1953 to 1957; whether, in fact, these loans had never come to him; and whether this was just a way in which to state that he had sources of cash that he had, either in safe-deposit boxes or was using at that time (p. 13947).

As further conflict on the whole matter of these loans, a loan application by Hoffa to the City Bank at Detroit, Mich., contained no mention of his owing any money to the business agents on May 9, 1957.

> Mr. KENNEDY. The problem is—and we went into this situation with the business agents—that there was no evidence of the loans whatsoever, Mr. Hoffa. You did not have any evidence; you did not have any documentation on the loan.
> Isn't that correct?
> Mr. HOFFA. Well, you are correct, except——
> Mr. KENNEDY. And then it——
> Mr. HOFFA. Just a moment. Except the fact that you had the agents in.
> Mr. KENNEDY. We had the agents in. For instance, Clift and Bell, who testified before the committee, both had bank accounts. Yet they said that they went home and got their money from a little box—$1,000 or $2,000. Mr. Allen had $2,000. Mr. Clift had $1,000. They went back and got cash. They both happened to give you cash. They did that even though both had bank accounts. Clift and Bell both had borrowed money from the union. Both had debts at that time.
> Mr. HOFFA. What is the problem?
> Mr. KENNEDY. The problem and the question is it was under very suspicious circumstances that the money was loaned, if there was such money loaned. If somebody, for instance, wanted to account for a large amount of cash, he

might say that he had received loans from a particular individual or from a group of individuals. I am just wondering if that is what you did in these circumstances.

Mr. HOFFA. You would have to wonder a long time, because if you don't want to accept my word for it, and their word for it, then there isn't any way that I know that I could convince you of not wanting to believe what I told you (p. 13949).

During the 1958 Hoffa hearing, the committee made a preliminary study of the Central States, Southeast and Southwest Areas Health and Welfare Fund. This was to be followed by a more complete inquiry into this matter during the year 1959. Prof. Allen Mayerson, former principal actuary of the New York State Insurance Department and presently a professor at the University of Michigan, told the committee of his study into the initial purchase of insurance by Central States in March of 1950. Professor Mayerson said that when the final bids were submitted on March 14, 1950, the three low bidders were the Pacific Mutual Life Insurance Co , the Continental Assurance Co., and a combined bid of the Union Casualty Co. and the U.S. Life Insurance Co. Each bid included a specific premium per member per month and a percentage for retention. Retention was explained as the amount retained by the underwriter for operating expenses and profit. Professor Mayerson said that in considering the bids it was necessary to evaluate both the premium and retention rates.

The bids per member per month were: Pacific Mutual, $3.78 with a 9.3-percent retention first year and 7.6 percent thereafter; Union Casualty and U.S. Life, $3.80 with a 17.5-percent retention; and Continental Assurance Co., $3.85 with a 13.5-percent retention, plus 10 percent of the profits. This 10-percent profit factor on the part of Continental Assurance had the effect of bringing its retention rate into a range of between 13.5 and 16 percent. Professor Mayerson said that a study of the companies involved showed the following concerning their assets at the time the bids were submitted: Pacific Mutual had assets of $377 million, and capital and surplus of $12.4 million; Union Casualty had assets of $768,000, and capital and surplus of $310,000; U.S. Life had assets of $39 million, and capital and surplus of $2.25 million; Continental Assurance had assets of $148 million, and capital and surplus of $14 million.

Professor Mayerson said that even adding the assets of Union Casualty and U.S. Life, the combined total was only about 10 percent of the assets of Pacific Mutual and 25 percent of the assets of Continental Assurance. Similarly, he said, adding the capital and surplus of Union Casualty and U.S. Life brought a figure equivalent to only 12 to 15 percent of the capital and surplus of either of the other two companies.

Taking all this into account, Professor Mayerson said that the lowest bid was Pacific Mutual and that as far as financial ability was concerned Pacific Mutual and Continental Assurance were "pretty much neck and neck." Despite this, however, the contract was awarded to Union Casualty and United States Life. Professor Mayerson said the reasons given by James R. Hoffa that the Pacific Mutual did not receive the bid was on the grounds they did not have financial stability. Professor Mayerson said it was true that Pacific

Mutual underwent a financial reorganization in 1936, but he said this was 14 years prior to the time of the submission of the bids and 7 years before Union Casualty was ever organized. Professor Mayerson said that on the basis of the Pacific Mutual and Union Casualty bids, it cost the Central States Conference of Teamsters an excess of some $640,000 in the first 3 years to reject the low bidder. In addition, Professor Mayerson said the commissions paid to the Union Insurance Agency of Illinois, operated by Allen Dorfman and his mother, Rose, and to the United Public Service Corp., headed by Dr. Leo Perlman, amounted in a 7-year period to $1,400,000. Professor Mayerson said he took the commission scale of six other life insurance companies, made a comparison, and arrived at the figure that if any of these six companies had done the business for the Central States Conference of Teamsters, the commissions paid in the 7-year period would have run from a low of $160,000 to a high of $380,000. This meant that the commissions paid to the Dorfmans and Dr. Perlman were a million dollars in excess of the highest possible figure of the other six companies. In actual operation, the underwriter charged $650,000 in direct commissions to the welfare funds to conform with New York State antidiscriminatory laws, but the Dorfmans and Perlman received $700,000 additional despite this. Professor Mayerson said that the Union Casualty Co. was controlled by Dr. Leo Perlman and that the Teamster business obtained in 1950 from the Central States and Michigan conferences amounted to about 80 percent of the total business of the Union Casualty Co.

An affidavit from Ralph J. Walker, vice president of the Pacific Mutual Life Insurance Co., detailed the circumstances concerning a meeting held in Chicago, at which time the insurance bids were discussed. He said that he appeared before a committee and that Mr. Hoffa "appeared to be the chairman." He said he was told by Hoffa—

> that our bid was unacceptable because our company had had financial troubles in 1936 and welshed on its noncancellable accident and health policies. I told him that there was a satisfactory explanation and that I would like to present that explanation. He told me that the matter was closed and that our bid had been rejected. I asked him if he was both judge and jury, and he replied that he was both" (p. 15262)

Martin Uhlmann, a committee staff accountant-investigator who has devoted a considerable period of time to a study of this Teamster insurance, testified that on February 2, 1950, Allen Dorfman wrote to Dr. Perlman: "From all indications it appears that our efforts to land the Central States business will be successful." It should be pointed out that this letter was written about 6 weeks before the insurance was awarded. On February 13, 1950, Allen Dorfman wrote another letter to Dr. Perlman in which he declared:

> The big thing for us to consider here, Doctor, is to get the contract first. Once we are established with the Central States, the rest will be worked out. That is the main point to be emphasized and is the point that was emphasized for me by Mr. Hoffa as well as Mr. Flynn. They said, "Tell Doc to get us the Central States drivers' contract and, once we are in, the rest will be good going" (p. 15272).

In November of 1953, Willys J. McCarthy, an employer trustee of the health and welfare fund at the time the insurance was awarded, testified that "I thought James Hoffa was trying to throw it to Union Casualty, and I thought Tom Flynn very definitely was trying to throw it to Union Casualty."

On March 8, 1950, Allen Dorfman wrote Dr. Perlman:

> In my conversation with Jimmy Hoffa, he said that it would be all right to quote a lower rate for the life insurance but, if you do quote a lower rate and they find that the average rate is in the vicinity of 43 years, we will have to go along on a basis of the average age we submitted in our bid. Use your own judgment along these lines but bear in mind to cut somewhere along the life insurance rate instead of 43, quote a figure as you have in the past and we will be in pretty good shape (p. 15273).

Uhlmann testified that the bid invitation made it very clear that—

> there was to be no modification insofar as the bidding itself was concerned with respect to any feature of the specifications in the invitation itself. Notwithstanding that, the bid that came from Union Casualty quoted a life rate of age 39 instead of 43 (p. 15273).

While the Central States insurance was being negotiated, the Teamsters were also entering into agreements for the Michigan Conference of Teamsters welfare fund. In April of 1949, the Michigan Conference welfare fund awarded its first group insurance to Continental Assurance. In March of 1950, this policy was renewed with Continental Assurance, but on March 17, 1950, 2 days before Continental Assurance received the new 1-year contract, Allen Dorfman wrote Dr. Perlman as follows:

> They are giving the insurance of the above-mentioned group to the Continental Casualty Co. who had submitted a bid of $3.75. The reason for this is that they want to show whomever might have questioned the Central States conference deal that it was to be given to the lowest bidding company.
>
> Now Jimmy has made the following statement to me which he has brought before his board, and has been agreed upon by both them as well as the employers, that if their experience this coming year with Continental does not prove to meet with their satisfaction, Union Casualty will then assume the risk (p. 15275).

Uhlmann testified that this proved to be the case. The interesting fact is that at the time Continental Assurance lost the Michigan Conference of Teamsters health and welfare insurance to Union Casualty, it had written a letter to the Teamsters telling them that because of—

> a favorable loss ratio, the Continental Assurance Co. has agreed to increase the benefits under the various policies, and the monthly rate for this coverage will remain the same, at $3.75.

Three days later, the Teamsters wrote the agent for the Continental Assurance Co. that they were canceling their policies with them. On the same day, the Michigan Conference of Teamsters welfare fund sent a $50,000 check to the Union Casualty Co. On April 1, 1951, Union Casualty became the carrier for the Michigan Conference of Teamsters welfare fund. On July 13, 1951, the Michigan Conference of Teamsters welfare fund sent a check for $250,000 to the Union Casualty Co., buying some of its stock. Uhlmann testified that in subsequent years the Union Casualty increased the premium rate to the Teamsters while materially reducing the benefits. In December of 1955 the Teamsters invested an additional $100,000 in the Union Casualty Co., bringing the total to $350,000, on which they have never received any dividends.

John P. Findlay, committee accountant, testified that in the period 1950–51, Dr. Perlman expended $34,000 on entertainment in connection with new business, principally union business. In addition to that, Dr. Perlman spent $7,000 for Christmas gifts in 1950, and $7,700 for Christmas gifts in 1951. Among the recipients of these gifts were James Hoffa, Bert Brennan, Don Peters, Robert Holmes, Frank Fitzsimmons, and Tom Flynn, all Teamster officials.

A new facet of labor relations was unveiled to the committee when it looked into the circumstances surrounding a strike of taxicab companies in Wichita, Kans.

During the life of the committee, it has heard a substantial amount of testimony on payments by employers to labor union representatives to head off organizing efforts. In Wichita, however, the committee heard that the Teamsters Union paid a group of cab owners $15,000 to facilitate the unionization of the employees of the cab companies.

Rex B. Bulleigh, owner of the City Cab Co. of Wichita, told the committee that the strike took place from November 30, 1953, to February 9, 1954. The strike, according to Bulleigh, was attended by a considerable amount of violence. Bulleigh said that cabs were burned and dynamited, the offices of his cab company dynamited, and several drivers assaulted.

In the early part of 1954, Bulleigh said that he met with Richard Kavner and Scotty Deans of the Teamsters Union and was told that if the strike was settled and a contract signed, the cab owners would not have to pay their drivers much more than they were paying at that time. Coincidentally with this discussion, two other moves were made by the Teamsters to end this strike. Kavner discussed with Bulleigh and other cab owners the possibility of the union loaning them $50,000 if the strike was settled. A proposal was also made that the union would pay the cab owners $15,000 if the cab drivers decided to join the Teamsters Union. A contract was signed calling for this payment of $15,000, and the money placed in escrow in a bank. Bulleigh said that, while he had been originally extremely belligerent against his drivers' signing up with the Teamsters Union, as a result of the contract he became neutral. He said the drivers themselves were sold on the idea of joining the Teamsters by the promises of benefits they would receive. If such were the drivers' hopes, however, when they joined the Teamsters (and a majority did join the Teamsters, bringing about the $15,000 payment to the owners), then they were rudely disappointed by what occured. Cab owner Bulleigh testified that, as far as the owners were concerned, it was an easy contract.

Mr. KENNEDY. Then you were able to obtain a very easy contract, were you not? The drivers did not obtain any great benefits?

Mr. BULLEIGH. No great benefits.

Mr. KENNEDY. That was part of the agreement, was it not?

Mr. BULLEIGH. Yes, sir.

Mr. KENNEDY. In fact, they did not receive any health and welfare provisions at that time?

Mr. BULLEIGH. No, sir.

Mr. KENNEDY. Even in 1957 when they brought up health and welfare again, they did not receive it at that time?

Mr. BULLEIGH. No, sir. It was provided for, but it was my understanding that the board of trustees turned it down (p. 13811).

The contract was signed in the offices of Payne H. Ratner, former Governor of Kansas, who had been retained by the Teamsters Union Ratner testified that the contract was drawn up in his office under his supervision. He said the union did pay the management $15,000 and the payment was—

* * * contingent upon the members of the union voting in secret ballot in accordance with Kansas statutes for a union shop. The management agreed not to attempt to influence the members of the union one way or another on the proposition (p. 13754).

A check in the amount of $15,000 was produced, dated February 4, 1954, on the account of the Central States Conference of Teamsters, made payable to cash and endorsed by Sam E. Smith, an official of the Teamsters Union in Wichita. Smith said the loan had not yet been paid.

The contract provided that, if the men failed to vote for the Teamsters union, the money would revert to the Teamsters Union.

Senator CURTIS. Do you think it was in the public interest?

Mr. RATNER. To get a taxicab strike, a strike of that kind stopped? Yes, sir; I do.

Senator CURTIS. Do you think it is in the public interest to permit unions to pay management to put their people into the Teamsters Union?

Mr. RATNER. No, sir: I do not. That is not my understanding that that is what that contract did.

Senator CURTIS. Well, now, what determines who gets the $15,000 in that contract?

Mr. RATNER. As you have well stated, Senator, whether or not the men joined the union.

Senator CURTIS. That is right. So that is the central part of the contract, that determines who gets the money (p. 13762).

Ratner admitted he had been told that, after the money was paid, the contract should be destroyed. He said it was his understanding that the Teamsters felt that, if the contract became public, it would make adverse publicity for the cab company owners and for the union. Despite his instructions, however, Ratner said he did not destroy the contract, and this is borne out by the fact that a

copy of the contract was found in Ratner's files by committee staff investigators.

Sam Smith, president and business representative of local 795 in Wichita, Kans., said the $15,000 paid to the cab companies represented a loan from the Central States Conference of Teamsters to local 795. Smith said he had discussed the situation with both Richard Kavner and Harold J. Gibbons of St. Louis, the secretary-treasurer of the Central States Conference of Teamsters, and they were both aware of the uses to which the $15,000 was to be put.

Also at issue during the testimony concerning the Wichita cab strike were three checks in the amount of $2,500 each drawn to Teamsters local 795 by the Central States Conference of Teamsters. These checks were dated January 25, January 29, and February 9, 1954. All three checks bore the endorsement of Payne H. Ratner. Ratner said he had signed the checks merely to facilitate the cashing of the checks by Sam Smith, the local's president. He said he did not receive any of the money. He said he merely endorsed the checks and gave the endorsed checks to Smith, and he did not know what Smith had done with the money. Ratner could not explain, however, why the checks, which were payable to local 795, were not deposited to some account in local 795's name, rather than cashed by Smith. He did, however, say Smith needed the cash immediately and, if a deposit had been made, the money would not be available for a period of from 5 to 10 days. Smith said the money was used to pay out strike benefits to the members of the union who were on strike against the cab companies. Smith said, however, he did not have a single record to substantiate these payments. He said the records had been destroyed in July 1954, because he could see no necessity for keeping them and also because the union did not have adequate filing space.

> Mr. KENNEDY. You have destroyed all the records dealing with this money?
> Mr. SMITH. Yes; we don't have the money.
> Mr. KENNEDY. You destroyed them?
> Mr. SMITH. Yes.
> Mr. KENNEDY. Did you order their destruction?
> Mr. SMITH. I destroyed them myself (p. 13776).

Smith said he had obtained receipts for the money as he doled it out to the strikers, but that the receipts had been among the records which were destroyed. Smith said that, to his recollection, the $7,500 did not represent the total amount paid out in strike benefits. He said the figure was probably closer to $25,000.

> Mr. KENNEDY. Where are your books and records on the expenditures of your own local union for this period?
> Mr. SMITH. We don't have them.
> Mr. KENNEDY. You don't have those either?
> Mr. SMITH. No, sir.
> Mr. KENNEDY. Where are they?
> Mr. SMITH. They were destroyed.
> Mr. KENNEDY. When were they destroyed?
> Mr. SMITH. July 1954.
> Mr. KENNEDY. You destroyed all of your books and records in dealing with this strike in July 1954?

Mr. SMITH. All records.
Mr. KENNEDY. On your instructions?
(The witness conferred with his counsel.)
Mr. KENNEDY. Mr. Fitzgerald, he knows the answer.
Mr. SMITH. This was done 4 years ago. It wasn't done on my instructions; I did it myself.
Mr. KENNEDY. You destroyed all the records yourself?
Mr. SMITH. Yes.
Mr. KENNEDY. Why did you do that, Mr. Smith?
Mr. SMITH. I didn't know there was any law requiring me to keep them in the first place (p. 13777).

When pressed by Chief Counsel Kennedy, Smith could not name one striker to whom he had paid benefits.

Mr. SMITH. Mr. Kennedy, do you have a list of the strikers at that time?
I don't have that. If I had the list of the striking members, I could identify many, many of them that received money.
Senator ERVIN. It would seem to me that a man who has such a short memory as you profess to have would be very diligent about keeping records instead of destroying them (p. 13790).

Joseph L. Exley, a member of the executive board of local 795 for 12 years, said that in May of 1954 he recalled members of the executive board asking Smith where the strike records were. He said Smith told him at that time that the records had been bundled up and sent to Washington. Exley said he did not know the records had been destroyed until he heard Smith's testimony before the committee. Exley also said the fact that the local had loaned $15,000 to the cab companies had not been made known to the union membership.

FINDINGS—JAMES R. HOFFA

During 2 years of hearings, the committee has heard voluminous testimony relating to the conduct of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America and that union's general president, James R. Hoffa.

So grave were the committee's findings of impropriety by top officers of this union that the first interim report issued in March 1958 contained a special finding on the Teamsters which declared in closing:

> 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.

During 1958, the committee held an additional 7 weeks of hearings into the activities of Hoffa and the Teamsters. Nothing in these hearings has in any way altered the committee's previously announced views on the leadership and direction of the Nation's largest union. In fact, the 1958 hearings produced testimony of an even more sordid nature than that of the previous year.

Ignominy was piled on ignominy as the testimony wove through stories of violence. financial manipulations, callous repression of democratic rights and racketeer control.

This is an ugly situation. The continuing attitude of Hoffa and other Teamster leaders that they are above the law can only serve to intensify the apprehensions of decent union members and decent people throughout the country.

It will serve no purpose to take each of Hoffa's acts and issue a list of condemnations This the committee has done on numerous occasions. One point, however, must be made crystal clear. The understanding of this point is vital to the understanding of Hoffa's role as a labor leader, the head of the Nation's largest union.

On more occasions than we can recount, Hoffa has told the committee (and anyone else who would listen) that no matter what else can be said about him, he is first and foremost interested in the betterment of the working conditions of his union members. It is this point which the Teamster president repeatedly uses to justify his outrageous behavior. The fact is that nothing could be further from the truth.

Time and time again the committee has found Hoffa to be faithless to the members of his own union. He has betrayed these members so frequently that it has become abundantly clear that Hoffa's chief interest is his own advancement and that of his friends and cronies—a great number of whom are racketeers.

It is true that in many areas of the country wages paid to members of the Teamsters Union are as high as or higher than those paid to other working people. This, however, has been historical with truckdrivers. It was so in the days of Dan Tobin and remained so during the administration of Dave Beck. The fact is, however, that Hoffa has permitted his close associates to sign contracts in other areas which are disgracefully low and in some cases even lower than the national minimum wage of $1 an hour. Such is certainly the case in Detroit, Hoffa's own backyard, where Teamster Union car washers work for as little as $2.50 a day for a 10-hour day.

In New York a number of Teamster locals brought into that union by Hoffa, with the help and assistance of John Dioguardi and Anthony "Tony Ducks" Corallo, executed contracts calling for low wages and poor working conditions. When this situation was brought to public light by the committee, Mr. Hoffa did nothing to clean up the situat on. On the contrary, he permitted the corrupt union officials to leave the Teamsters and set up independent unions in the New York area, which today continue their faithless representation of the working people of that city. A number of other instances of sweetheart contracts, where directly participated in by Hoffa or his associates, have been placed in the committee record, including the contracts signed with the Englander Mattress Co. and the contract signed with the Midwest Burlap & Bag Co. in Des Moines, Iowa. These examples serve to destroy Hoffa's self-painted picture as a steadfast champion of working people.

In addition, Hoffa has used union funds for his own benefit and that of his friends.

Hoffa has consistently supported the interests of racketeer friends over those of his own members.

Hoffa and his chief aides have consistently repressed democratic rights within the union.

Hoffa has connived with and maneuvered union insurance to racketeer friends, bringing these friends gigantic profits. While the cost of insurance has risen, the benefits to the members of his union were drastically reduced.

In the history of this country it would be hard to find a labor leader who has so shamelessly abused his members or his trust.

The 7 weeks of hearings in 1958 covered a great variety of subjects. As the trail of investigation was followed by the committee staff, it led into the disappearance of an Indianapolis attorney; to the fringes of the infamous Greenlease kidnap case; to a wild spending spree by Teamster business agents in Florida (at union expense); to a bizarre financing scheme for a Michigan subdivision in which the Teamsters stand to lose at least $600,000; to fixed elections and violence; to the threatening of public officials; to payoffs.

The diversity of the subjects covered by the hearing in which Hoffa and/or his close associates were personally involved is enough to indicate the serious nature of the problem confronting the public and the labor movement in the present leadership of the Teamsters Union. It is hard to conceive how critical the problem is unless one has had the opportunity of hearing all the testimony or reading the printed record, but the committee has heard the testimony and is acquainted with the facts. The committee is convinced that if Hoffa remains unchecked he will successfully destroy the decent labor movement in the United States. Further than that, because of the tremendous economic power of the Teamsters, it will place the underworld in a position to dominate American economic life in a period when the vitality of the American economy is necessary to this country's preservation in an era of world crisis. This Hoffa cannot be allowed to do.

The legislative implications of Mr. Hoffa's vast power are such that the committee intends to continue its interest in both him and the Teamsters Union and intends to hold further hearings on these subjects during the year 1959.

Read in the light of what has happened since its publication, the special finding of the committee on the Teamsters Union in the committee's 1958 interim report is prophetic. Recent testimony indicates that attempts are being made to consolidate the Teamsters Union with a union expelled from organized labor for Communist domination, an alliance which could easily cripple the country at will.

If Hoffa is successful in combating the combined weight of the U.S. Government and public opinion, the cause of decent unionism is lost and labor-management relations in this country will return to the jungle era.

During 1958 the committee inquired into the following topics which directly concerned Hoffa:

(1) The payoff by Detroit laundry owners to settle their 1949 contract.

(2) The lack of any action whatsoever by James R. Hoffa to take a single definitive step to rid his union of racketeers and crooks.

(3) The placing of a Detroit prize fighter on the payroll of the Michigan Conference of Teamsters Welfare Fund by Hoffa and Owen Bert Brennan.

(4) The demonstrated tieup between Brennan and the notorious Raffaele Quasarano, identified before the committee by the U.S. Bureau of Narcotics as one of the Nation's leading importers of heroin.

(5) The direct intervention of Hoffa in the securing of a charter for a racket-controlled restaurant local in Philadelphia through the intercession of ex-convict Samuel "Shorty" Feldman and Max Stern.

(6) The peculiar circumstances surrounding the purchase by the Teamsters of the lavish home of Paul "The Waiter" Ricca.

(7) The illegal actions of Hoffa's Ohio lieutenants, William Presser and N. Louis "Babe" Triscaro.

(8) The establishment of the State Cab Co. in Indianapolis by David Probstein with the assistance of funds which came from Hoffa and Brennan. (Probstein subsequently disappeared, a mystery which remains unsolved.)

(9) The activities of the Teamster "Gold Dust Twins," Robert Barney Baker and Thomas Burke, who flitted about the country with apparent impunity while allegedly performing services for Mr. Hoffa.

(10) Payoffs to Barney Baker to facilitate the labor problems of a Pennsylvania trucking firm.

(11) The 1-year binge of Tom Burke in a Miami hotel—all expenses paid by the Teamsters.

(12) The disgraceful activities of Harry Karsh, the Teamster organizer dispatched to organize carnivals and circuses.

(13) The collusion of Karsh and Harold J. Gibbons in "fixing" the election in joint council 13 in St. Louis.

(14) Harold Gibbons' personal direction of the violence-packed St. Louis taxicab strike of 1953.

(15) The $15,000 payoff by Harold Gibbons and other Teamster officials to the cabowners of Wichita, Kans., to assure the unionization of the taxicab drivers in that city.

(16) The employment of former Kansas Governor Payne Ratner to assist Hoffa in his difficulties before a House investigating subcommittee headed by Representative Clare Hoffman, of Michigan.

(17) The undemocratic practices of Hoffa and Gibbons with relation to Teamster locals in Joplin, Mo., Springfield, Mo., and Pontiac, Mich.

(18) The threats made by James R. Hoffa to law-enforcement officials in Detroit.

(19) The payments made by James R. Hoffa and the Teamsters Union through an advertising agency to a Detroit judge who was later to try an important Teamster case.

(20) The Teamster participation in the setting up of Hoffa friends in the Maybury Grand Sanitarium in Detroit.

(21) The Hoffa-maneuvered loan to the Winchester Village Land Co. by the Michigan Conference of Teamsters Welfare Fund—a vast fraud perpetrated on members of the Teamsters Union from which they stand to lose some $600,000.

All of these 21 matters involved improper actions by Hoffa and/or his top associates. In a vast majority of these cases, the continuing tieup between Hoffa and the underworld is manifestly clear.

While the committee has made its position clear on a number of these matters through the closing statement of the chairman during the course of the hearings, it nevertheless wishes to make these additional findings in relation to the Teamster hearings.

The committee finds that Harold J. Gibbons, international vice president of the Teamsters and head of the St. Louis joint council No. 13, has been consistent in his denial of democratic rights to his critics and to the critics of the policies of James R. Hoffa. Mr. Gibbons has long proclaimed his devotion to the cause of democracy and civil rights. He apparently wants these rights for himself, but not for others within the framework of the Teamsters Union. His manipulation of votes in the election in joint council 13 was a crude but completely undemocratic attempt to insure his own election as president of joint council 13. In this instance, Gibbons viewed the Teamster constitution with the widest possible latitude, giving himself every possible break in interpretation.

But when it became his turn to rule in cases involving opponents of the Hoffa-Gibbons regime in Joplin and Springfield, Mo., his interpretations fell into the narrowest possible category, and were designed to eliminate any and all honest rank-and-file opposition within those unions.

In Springfield an incompetent officer was thrown out by the international. His successor conducted an honest and capable administration, but the local was thrown into trusteeship by Hoffa and Gibbons appointed as trustee. He thereupon appointed the same officer who had previously been thrown out for incompetence to run the affairs of the local, and appointed as business agent Branch Wainwright, who had a long criminal record and had only recently emerged from the Missouri State Penitentiary. Members of the local who opposed the officers placed in there by Gibbons found themselves unable to secure employment in the city of Springfield.

In Joplin opponents of the regime of Floyd Webb, a stanch Hoffa supporter, were declared ineligible to run for office, because the dues which had been collected by their employer through the checkoff system had not reached the union headquarters by the first of the month. A group of protesting members wrote a letter to Hoffa, who immediately dispatched a letter to Webb. Subsequently one of these members was brutally beaten with a ball-peen hammer, while the others who had written Hoffa were fired from their jobs by the employer at the direction of the Teamsters Union. Yet when Webb stood for reelection and the facts outlined above were known, Gibbons stood on the platform of the union meeting in Joplin and commended him for his splendid administration. The committee cannot help but feel that the Gibbons interpretation of democracy is more applicable in a totalitarian society, where through fear and violence the incumbents inevitably remain in power.

The committee finds that Hoffa condoned the disgraceful behavior of Robert Barney Baker and Thomas Burke. Baker, through his own testimony, has admitted association with top gangsters in every section of the country. The committee testimony showed that he accepted a payoff to settle a labor dispute in Pennsylvania. He spent

some $25,000 on his girl friend in Miami during a period when his legitimate income would only have come to a quarter of that. Burke, on his part, received retirement pay from the Teamsters Union and then spent a year in a Miami hotel, doing nothing. His bill for that year's spree was picked up by the Teamsters Union. Small wonder that he wrote Harold Gibbons "You and Jimmy are good guys." The only noticeable activity by Burke while he was in Miami was an attempt to shake down the owners of the Hialeah Race Track.

The committee finds that George Fitzgerald, the attorney for a number of Teamster entities in Detroit, acted in a highly improper manner in accepting a $35,000 finder's fee from the Winchester Village Land Co. at a time when he was the attorney for the Michigan Conference of Teamsters health and welfare fund, which had just loaned the land company a million dollars. It is a cardinal sin for a lawyer to serve two masters, and the committee strongly urges the Michigan Bar Association to look into what it considers Mr. Fitzgerald's highly unethical conduct.

Teamsters Local 285 and the Detroit Institute of Laundering

The circumstances surrounding the use of a payoff to settle a labor-management dispute were heard by the committee, in connection with the 1949 contract negotiations between Teamster Local 285 in Detroit, Mich., and the Detroit Institute of Laundering. The case followed the classic pattern of the attempt to circumvent normal labor-management relations through the payment of a bribe for a softer contract, or for the solution of negotiations which otherwise seem insoluble.

A total of nine witnesses was heard in this phase of the hearing. Although there was a mass of contradictory evidence, these facts emerged from the hearings uncontradicted:

(1) In 1949, the Detroit Institute of Laundering and the Laundry Drivers Local 285 of the Teamsters Union, headed by Isaac Litwak, were having much difficulty coming to terms. The contract had expired in February and the negotiations dragged on into March and April. The union had announced its intention of going on strike and had levied an assessment for a strike fund. The principal stumbling block in the negotiations was the granting by the employers of a 5-day week, which the laundry owners were adamantly opposed to doing.

(2) Faced with this impasse, the leaders of the institute decided that the only solution to their problems was to put in a fix with James R. Hoffa, then head of the joint council of Teamsters in Detroit. The laundry owners sent a committee to see Joe Holtzman, a labor relations consultant who was extremely close to Hoffa, with the avowed intention of having Holtzman interest Hoffa in settling the laundry contract.

(3) After "making a check," Holtzman said he could settle the contract without the necessity of the laundry owners' acceding to the 5-day week. He insisted on a $17,500 payoff, and further insisted this money be paid in cash. This money was collected from the Detroit laundry owners on the basis of $90 for every truck they operated—$45 in the year 1949, and $22.50 each in 1950 and 1951. The laundry owners who were solicited were told the money was to be used to settle the institute's problems with the Teamsters Union,

and the president of the institute said there was no doubt in his mind that the money was a payoff.

(4) The testimony is uncontradicted that beyond the possible setting up of one meeting between Hoffa and the leaders of the laundry owners group, Joe Holtzman did none of the things that a legitimate labor-management consultant would do. He took no part in the strategy meeting of the laundry owners; he did not sit in on any of the negotiations; he did not help write the contract or any section of it.

(5) It was the unanimous opinion of the laundry owners, who arranged and participated in the payoff, that none of the money went to Isaac Litwak, president of Local 285 of the Teamsters.

(6) Following the payoff, Hoffa made an unprecedented appearance at the negotiations table in the Detroit-Leland Hotel in Detroit, and told the participants to settle the contract or he would settle it for them. Later that day the contract was settled and the employers did not have to concede the 5-day week nor make any further concessions to the union.

(7) Isaac Litwak expressed his displeasure to the laundry owners about their going over his head to Mr. Hoffa.

(8) Mr. Hoffa admitted he received $5,000 in cash from Mr. Holtzman and his partner Mr. Jack "Babe" Bushkin some time in 1951. He said it was a loan but that he received the money with no note and at no interest. He further stated that he paid the money back to Holtzman and Bushkin in cash, but there is not the slightest evidence to support his story of the transaction.

When questioned by the committee on his role in the payoff, Bushkin invoked the fifth amendment. Holtzman died in 1953.

Mr. Hoffa's testimony on this entire question was a maze of contradictions. At first he said he had not discussed the Detroit Institute of Laundering with Holtzman or Bushkin. He later amended this statement to say he "may have" discussed it with them. Asked whether he had gone to the meeting at the Detroit-Leland Hotel, he first answered:

> If I did I can't recall it and I don't believe I did * * * I don't think I ever met the negotiating committee of the laundry institute. I don't believe I did (p. 13292).

After a substantial amount of testimony on the fact that he had been present at the meeting, however, Hoffa conceded he had attended the meeting.

One of the prime movers in arranging the payoff was William H. Miller, in 1949 the owner of the New Method Laundry in Detroit, Mich., and currently the owner of a motel and restaurant at Watersmeet, Mich. On July 27, 1958, 10 days before the hearing, Miller executed an affidavit in Watersmeet. The key points of his affidavit were these: he said the negotiations with the Laundry Drivers Union had broken down in February and the meetings had continued to be held at the Detroit-Leland Hotel and at the Old Wayne Club. He stated that Litwak was adamant in his demands and kept meeting every request of the laundry owners with the threat of a strike. Miller finally suggested at a luncheon with Howard Balkwill, president of the Detroit Institute of Laundering, and John Charles Meissner, the secretary-treasurer of the organization, "we should go to someone higher up in the Teamsters and attempt to reach a settlement." He

went on to say that a meeting was set up between Meissner, Balkwill, and James R. Hoffa, and that either Meissner or Balkwill reported the outcome of this meeting to him in the offices of the laundry association in the Detroiter Hotel.

> I was told that at the meeting with Hoffa it had been arranged that a contract could be signed with the payment of $90 per truck by all the members of the association to Hoffa * * * and that Hoffa told them that the laundry owners would have to make no further concessions to the union (p. 13299).

Miller said that Meissner and Balkwill told him Hoffa would appear at the next meeting of the negotiating committees and see that the contract was settled. Miller said he made cash payments of $450 to Meissner in the first year, and $225 each in the 2 succeeding years. According to Miller, Hoffa did appear as scheduled at the next meeting and the contract was concluded soon thereafter.

In the 10 days following the signing of the affidavit, Miller was questioned on several occasions by Chief Counsel Robert F. Kennedy and reiterated the facts contained in the affidavit. However, in appearing before the committee, he changed certain statements in the affidavit: first, Miller said it was true that he, Meissner, and Balkwill had agreed that someone higher up in the union should be contacted; he said, however, he was not sure now that the meeting had been held with Mr. Hoffa. As to the payments, Miller now said he was not sure the payments had been made to Hoffa.

> The CHAIRMAN. Just a moment. You were told, though as a result of the meeting, that a settlement could be arranged by the payment of $90 per truck?
>
> Mr. MILLER. That is right.
>
> The CHAIRMAN. Were you interested in knowing to whom the payments were to be made?
>
> Mr. MILLER. Well, being as I suggested that it be made to Hoffa, I just took it for granted that that is who the payments were made to.
>
> The CHAIRMAN. Did you ever learn anything different, that the meeting was held with anyone other than Hoffa?
>
> Mr. MILLER. No, I did not.
>
> The CHAIRMAN. You never heard of it being held with anyone else to this day?
>
> Mr. MILLER. No, never did.
>
> The CHAIRMAN. And you had suggested it with Hoffa?
>
> Mr. MILLER. That is right.
>
> The CHAIRMAN. And they reported to you that the meeting had been arranged?
>
> Mr. MILLER. They did not tell me who the meeting had been arranged with.
>
> The CHAIRMAN. They said a meeting had been arranged?
>
> Mr. MILLER. That is right.
>
> The CHAIRMAN. Later they told you what the terms were, that was the proposition made to them at the meeting?
>
> Mr. MILLER. That is right (pp. 13302–13303).

Miller conceded under questioning, however, that Meissner did report to him that Hoffa appeared at the meeting at the Detroit-Leland Hotel.

The CHAIRMAN. And he had previously reported to you that Hoffa said he would settle it?

Mr. MILLER. Well, his contacts with Hoffa agreed they would settle it, yes.

The CHAIRMAN. In other words, as a result of these folks contacting someone higher, whom at the time you had suggested as Hoffa, and so far as you knew, you never knew anything to the contrary but what it was Hoffa?

Mr. MILLER. Well, I surmised it was Hoffa.

The CHAIRMAN. Well you have never known anything to the contrary?

Mr. MILLER. That is right, I never knew anything to the contrary.

The CHAIRMAN. When the test came at the negotiating session, it was reported to you that Hoffa showed up there?

Mr. MILLER. That is right (p. 13304).

Miller testified, however, that there was no doubt in his mind that the payment by the laundryowners in Detroit was a payoff.

Senator CHURCH. It was clearly understood that this was in payment for a contract?

Mr. MILLER. That is right (p. 13311).

Howard Balkwill, the president of the association, was a reluctant witness who originally lied when interviewed by committee investigators in Detroit. He confirmed, however, that the Detroit Institute of Laundering had been having trouble with Isaac Litwak. He also confirmed that a decision had been made that someone higher up in the Teamsters should be approached to attempt to reach a solution to the impasse. Balkwill testified that Moe Dalitz, a Las Vegas and Havana gambling figure who was also the owner of a Detroit laundry, had suggested to them that they approach Joe Holtzman. He said a luncheon was held at Carl's Chop House in Detroit, attended by himself, Mr. Dalitz, Mr. Holtzman, Mr. Bushkin, and Mr. Meissner. At the luncheon they told Holtzman what their problems were; Holtzman said he would see what he could do about the problems. A short time later, Balkwill related, Holtzman came back to him and said he could settle the contract along the lines suggested by the laundryowners for a payment of $25,000 in cash.

Mr. KENNEDY. What was your reaction to that?

Mr. BALKWILL. Well, we nearly fainted. It is a lot of money. We just couldn't pay it (p. 13325).

After another short period of time, the laundryowners agreed to pay Holtzman $17,500, with a downpayment of $7,500, and two subsequent annual payments of $5,000 each. The committee was interested in why this money was paid to Holtzman.

The CHAIRMAN. What was that money to go for, the $25,000 in cash?

Mr. BALKWILL. Well, it was for his expense. Just what he was going to do with it, I don't know. He naturally didn't tell us.

The CHAIRMAN. He just told you that that is what it would cost you?

Mr. BALKWILL. Yes; that is what it would cost for him to handle it.

Mr. KENNEDY. You knew he was very close to Mr. Hoffa, did you not?

Mr. BALKWILL. Yes. We knew that he knew Mr. Hoffa. He knew all the teamster fellows there (p. 13325).

Balkwill said Holtzman arranged a meeting with Hoffa, at which time they explained to Hoffa the difficulties they were having with Isaac Litwak. Soon thereafter, Hoffa appeared at a negotiating meeting at the Detroit-Leland Hotel.

Mr. KENNEDY. After Mr. Hoffa's appearance at the Detroit Leland Hotel, the major matters in the contract were agreed to between the Detroit Institute of Laundry and local 285?

Mr. BALKWILL. Yes; that is right.

Mr. KENNEDY. And it is your belief, is it not, that it was the intervention of Mr. Hoffa that brought about a settlement?

Mr. BALKWILL. We felt it was; yes (p. 13327).

Balkwill said the laundryowners felt they had done very well in getting the contract signed without conceding the 5-day week at that time.

Mr. BALKWILL. * * * We avoided accepting that at that time. Now, if you are familiar with what that was, you would know that we got off cheaply.

Senator CHURCH. You got off cheap?

Mr. BALKWILL. Yes (p. 13340).

Balkwill was questioned sharply by the committee as to who he thought Holtzman had given the money to. Balkwill said there was no doubt in his mind that the money had passed on to a third party. He said Holtzman had specifically told him that he had to take care of "some people."

The CHAIRMAN. In other words, there was never any doubt in your mind at all except that this was a payoff?

Mr. BALKWILL. No (p. 13328).

Balkwill said he was sure the money did not go to Isaac Litwak. He said, as far as he knew, the only people who were higher up in Teamster echelons in Detroit than Litwak were Hoffa and Brennan.

Senator KENNEDY. Are you of the opinion that Mr. Holtzman made some arrangement with somebody in a higher position than Mr. Litwak? Is that what you are saying?

Mr. BALKWILL. Yes; I didn't get along so good myself, and so he did better than I could in getting the settlement.

Senator KENNEDY. Who did better than you?

Mr. BALKWILL. Mr. Holtzman, and so I assume that he did have somebody's ear more than I did.

Senator KENNEDY. In other words, it wasn't Mr. Litwak's ear, in your opinion and from your experience with Mr. Litwak, and so it is higher than Mr. Litwak, and you don't know who that might be?

Mr. BALKWILL. Not for sure.

Senator KENNEDY. But the only two union officials that you know that intervened with either Mr. Brennan and/or Mr. Hoffa, is that correct?

Mr. BALKWILL. Yes, that is right.

Mr. KENNEDY. Mr. Hoffa was close to Mr. Holtzman, was he not? You understood that?

Mr. BALKWILL. Yes, I understood that (p. 13333).

John Charles Meissner was also a reluctant witness. When interviewed originally in Detroit, he had lied to investigators and emphatically stated there had never been any payment of any money to anyone. On the stand before the committee, however, Meissner admitted paying the $17,500 to Holtzman and thereafter confirmed the bulk of Miller's and Balkwill's testimony. He said Hoffa appeared at the meeting at the Detroit-Leland Hotel, following which the contract was signed without the employers having to accede to the 5-day week.

That both Balkwill and Meissner were not reluctant to make payoffs to labor officials was evident when they readily admitted paying $16,000 to John Paris, a former official of the Laundry Workers International Union, who is now dead. Checks were introduced as evidence which had been made out to cash and to various officers of the Detroit Institute of Laundering. Balkwill and Meissner said all these checks were converted to cash and paid to Paris at various times while the laundry institute was negotiating with the Laundry Workers Union.

Conrad Lantz and Vincent Watkins, both of whom were laundry-owners at the time of the 1949 negotiations, testified they had been solicited to make a cash payoff in order to settle the Detroit Institute of Laundering problem with the Teamsters Union.

The CHAIRMAN. Well, placing it in another terminology, you were paying off, is that correct?

Mr. WATKINS. In the vernacular, yes.

The CHAIRMAN. Can you give any other appropriate description for it?

Mr. WATKINS. No, sir.

The CHAIRMAN. Did you regard that as a legitimate transaction?

Mr. WATKINS. No, sir.

The CHAIRMAN. Why not?

Mr. WATKINS. Because I think it is morally wrong.

The CHAIRMAN. You think, too, that it was an exploitation of the situation?

Mr. WATKINS. Yes.

The CHAIRMAN. Did you understand that money was going into the union treasury?

Mr. WATKINS. No; I don't think that I had any such understanding.

The CHAIRMAN. You never even had any such suspicion, did you?

Mr. WATKINS. No; I don't believe so.

The CHAIRMAN. Then what you actually paid it for or what you all paid it for was to keep from having further trouble with the union?

Mr. WATKINS. Yes, sir (p. 13315).

Lantz declared the money had been paid to Joe Holtzman because "he had the ear of Mr. Hoffa." All of the witnesses of the Detroit Institute of Laundering were positive that Holtzman had taken no active part in the negotiations and, interestingly enough, Thomas LoCicero, attorney for the Detroit Institute of Laundering, testified that he did not even know the leaders of the Institute had made the payment to Holtzman. LoCicero said he had always been convinced that the contract had been satisfactorily settled because of his efforts. LoCicero stated that, if he had been asked about making a payoff to Holtzman, he would have counseled against it and, had he known the payment was made, he would have disassociated himself from the institute.

A fascinating corollary to the entire matter was the admission by Hoffa that he had run into Meissner and Balkwill at the Willow Run Airport at Ypsilanti, Mich., as they all prepared to come to Washington to testify before the committee. Hoffa conceded that he had said to Meissner and Balkwill at the airport: " 'Did you fellows have any business with Mr. Holtzman?' And they said 'Yes' " (p. 13528). This was particularly significant in view of the fact that beyond a brief mention of the fact that the committee was interested in a possible payoff by the Detroit Institute of Laundering, there had been absolutely no mention of Mr. Holtzman prior to the time Hoffa met and talked with the two prospective witnesses at the airport.

> Senator KENNEDY. Did you say anything about the fact that any money they got must have gone to Mr. Holtzman and not to you?
>
> Mr. HOFFA. Did I say anything to them?
>
> Senator KENNEDY. Yes.
>
> Mr. HOFFA. I don't know. I think they mentioned it, if I remember it correctly.
>
> Senator KENNEDY. Did you use the words "any money that they received must have gone to Mr. Holtzman, it did not go to you?
>
> Mr. HOFFA. It certainly did not go to me.
>
> Senator KENNEDY. Did you say that to them? Did you remind them of that? We have been rather concerned with their change of testimony. Did you refresh their recollection?
>
> Mr. HOFFA. What did you say?
>
> Senator KENNEDY. I said we have been concerned in the committee about the change of testimony of some of these witnesses. I am asking you if you refreshed their recollection on the way from Detroit to Washington that the money they paid went to Mr. Holtzman and did not go to you?
>
> Mr. HOFFA. I don't think that matter was discussed. It may have been. They may have told me that they paid Holtzman some money. Well, I think that is what happened (p. 13528).

FINDINGS—TEAMSTERS LOCAL 285 AND THE DETROIT INSTITUTE OF LAUNDERING

The committee finds that in 1949 an impasse was reached between local 285 of the Teamsters and the Detroit Institute of Laundering. The institute, representing Detroit laundry employers, determined

that the only way to bring about an end to this impasse was to make an arrangement with James R. Hoffa. Following a conversation with Hoffa, a cash payoff of $17,500 was assembled by the various Detroit laundry owners and given to Joe Holtzman, Detroit labor relations man, for the purpose of influencing Hoffa to intercede in the laundry dispute. Hoffa thereafter did intercede in the dispute, and the laundry owners settled the contract on their terms. The testimony leads to the inference that James R. Hoffa received some or all of the $17,500 paid to Joe Holtzman.

Allen M. Dorfman and Paul J. Dorfman, the Dorfman Insurance Entities, and the Hoffa-Dorfman Alliance

The committee heard testimony in 1957, 1958, and in January 1959 on the activities of Allen Dorfman, Paul Dorfman, and the Dorfman entities, relating particularly to labor union group insurance. The Dorfman investigation had three primary objectives:

(1) To determine whether and to what extent improper influence was exercised by and through the Dorfmans in their relationships with labor officials, insurance underwriters and others.

(2) To determine the extent to which the activities of the Dorfmans and their associates, through collusion, kickbacks, and demands for excessive commissions and service fees, and other malpractices, may have adversely affected welfare funds created for the benefit of rank and file union members, their families and dependents.

(3) To determine the extent and nature of any undue enrichment and personal gain realized by the Dorfmans, union officials, and insurance underwriters as a result of collusion, abuses, and improper practices.

All of these objectives underlie the committee's main purpose: to evaluate and report to the Congress improper labor-management practices, and to recommend corrective legislation in the interest of the individual union member and the national economy.

The investigation disclosed, as testified at the hearings, that collusion and improper influences have existed with respect to the Dorfman insurance operations which resulted in undue financial benefits to certain insurance agents and officials and in the strengthening of alliances between labor, management, and unscrupulous individuals to the detriment of the union member, his family, and the public interest.

The following individuals, labor union groups, and underwriters are identified as being at the center of the Dorfman insurance operations and dealings:

Allen Dorfman and his mother, Rose Dorfman, own the Union Insurance Agency of Illinois, a partnership, and 11 other insurance enterprises which are corporate entities. They have a financial interest in 10 noninsurance entities in such diverse activities as buying and selling of tax liens, oil drilling and leasing, a slum dwelling operation in Chicago, and a resort hotel in the Virgin Islands.

Paul Dorfman, through his wife, Rose, shares the profits from these enterprises. He is a major figure in the Chicago underworld, active in labor circles, and an intimate friend of James R. Hoffa and other union officials and of such racketeers as John Dioguardi, convicted extortionist. He was head of the Waste Material Handlers Union

from 1939 to 1957, when he was ousted by the AFL–CIO for misuse of union funds.

Joe Jacobs, a prominent attorney in Chicago, introduced Paul Dorfman to Dr. Leo Perlman about 1945 or 1946 and contrived with them to put Allen Dorfman in the insurance business. Also, he was instrumental in the appointment of Allen Dorfman as Union Casualty's first general agent in Chicago. He served concurrently as attorney to the Dorfmans, the Waste Material Handlers Union, Local 1031, and Perlman's two insurance companies.

Dr. Leo Perlman, while executive vice president of both the Union Casualty Co. and the United Public Service Corp., helped get Allen Dorfman started in the insurance business. He entertained lavishly in Chicago and made gifts to a number of Teamster officials in 1950 and 1951, immediately before and after the award of the Central States and Michigan Conference insurance to Union Casualty, among them James R. Hoffa, Owen Bert Brennan, Don Peters, and Paul Dorfman.

A. Maxwell Kunis, then principal actuary for U.S. Life, in collusion with Perlman, manipulated the life premium rate in connection with the Union Casualty bid on the Central States insurance early in 1950. He is intimately linked with the Dorfmans, Hoffa, and a large number of Teamster unions; he is serving concurrently as actuarial consultant for Northeastern Life, Republic National Life, the Central States pension fund, and other Teamster groups; and he has a financial interest in a Dorfman business venture—a tax lien operation.

Philip D. Goodman, a Chicago attorney, concurrently represents Allen Dorfman, the Dorfman entities, the Waste Trade Industry of Chicago, and Northeastern Life. He has been a business partner of Hoffa, Brennan, and the Dorfmans in a number of noninsurance enterprises.

William Smith, secretary-treasurer of Northeastern Life, provides liaison between Northeastern Life and the trustees of Central States and Michigan Conference welfare funds. He too has a financial interest in a Dorfman tax lien operation.

James R. Hoffa, now general president of the International Brotherhood of Teamsters, was chairman of the negotiating committee of Central States and president of the Michigan Conference of Teamsters when Union Casualty and the Dorfmans got the insurance business of these large groups. His dual capacities have resulted in abuses in the administration of these large welfare funds.

The Central States, Southeast and Southwest Areas Health and Welfare Fund (Central States) was established in November 1949. Initially it was called the Central States Drivers Council and the Southern Conference of Teamsters and operated in 22 States. It now operates in 25 States, and the number of members has grown from 20,000 to about 110,000, excluding dependents. The fund is jointly administered by six trustees, three representing employers and three representing employees. The insurance of this fund represents more than 60 percent of the entire Dorfman group insurance business and has always been the largest single source of the Dorfman income.

Michigan Conference of Teamsters Welfare Fund (Michigan Conference) was established in Januray 1949. The insurance of this large group was first underwritten by Continental Assurance in 1949 and renewed in 1950, but was switched to Union Casualty for the policy

year beginning April 1, 1951. At that time the annual premium volume was approximately $1,500,000; currently it is about $5 million. The fund initially had two trustees, one for the employers and one for the employees; there are now four trustees, two each for the employers and the employees. One of the union trustees is employed by Hoffa's local 299; the other by Brennan's local 337. Hoffa, though not a trustee, was instrumental in the insurance switch to Union Casualty. The insurance of this fund, together with Central States, comprises approximately 90 percent of the entire insurance business of the Dorfmans.

Local 1031, International Brotherhood of Electrical Workers is the first group insurance business obtained by the Dorfmans. It represents the third largest source of their insurance income.

Union Casualty has been the underwriter on most of the Dorfman insurance business. This company has undergone several major shifts in ownership and control and the following changes in name:

Name:	*Year of change*
Union Casualty Co	1945
Union Casualty & Life Insurance Co	1951
Mount Vernon Life Insurance Co. of New York	1956
Northeastern Life Insurance Co. of New York	1958

This report will refer to the underwriter as Union Casualty or Northeastern Life.

United Public Service Corp. (UPS) was "managing agent" for Union Casualty from 1943 to 1952 under the direction of Dr. Leo Perlman. Substantial sums of money were funneled through this company by Dr. Perlman for his personal enrichment.

United States Life Insurance Co. of New York (U.S. Life) was underwriter on the life portion of the principal group policies written through the Dorfmans until April 1952.

Republic National Life Insurance Co. (Republic National) appointed Allen Dorfman and his insurance entities as general agents at various dates commencing in June 1957 and is now involved with Northeastern Life and the Dorfmans in a most unusual arrangement for servicing the Dorfman group policies.

Although Allen Dorfman assured the committee of complete cooperation in its investigation, the activities of the staff were continuously hampered by delays and broken promises on the part of Dorfman and his comptroller, M. Breen.

Dorfman's failure to furnish all books and records needed for the investigation impelled the committee to direct him to appear in Washington on November 5, 1957. It was disclosed at that hearing that the progress of the investigation was being seriously impeded by his obstructionist tactics.

> Mr. KENNEDY. Mr. Chairman, before we go on, this has been a matter of creating a major problem for the committee in its investigation over the period of the past 3 months, an investigation involving the Dorfmans. We have not received cooperation. We have tried to get the records on a voluntary basis. We have been trying to work with the Dorfmans and get these records.

We have had nothing but stumbling blocks as we have moved along. I would like to have Mr. Bellino recite to the committee what has occurred over the period of the last 3 months in connection with these records, and ask the committee to reach a decision today so that the committee staff could review the records in their own offices.

* * * * *

The CHAIRMAN. Mr. Bellino, you are the accountant for this committee. Have you been undertaking to secure these records and get the information the committee desires?

Mr. BELLINO. Yes, sir.

Mr. Chairman, we arranged initially when we served a subpena upon Allen Dorfman to examine the records called for in the subpena at his office. He said he would be agreeable to provide a room, working space for our men, and provide all the records.

However, when the men began to work, they would be handed certain records. When they would ask for other records, Allen Dorfman or his assistant Mr. Breen, would say, "We will get them." They would have to wait. We would not get them. We would ask again. It was just a continued delaying tactic throughout (p. 13728).

* * * * *

Mr. KENNEDY. In our investigation that we have made of the Dorfmans and companies and unions, have we ever had such obstruction tactics as have been used by Allen Dorfman as we have had in this case?

Mr. BELLINO. I have not seen any such.

Mr. KENNEDY. There is no other company, union, or individual that used the obstruction tactics that Mr. Dorfman has used?

Mr. BELLINO. Yes, sir (p. 13729).

Allen Dorfman has repeatedly refused to make available the books and records of his insurance enterprises to lawfully constituted authorities. As far back as 1953, during the Hoffman hearings, he invoked the fifth amendment for fear of self-incrimination even though he was the agent through whom millions of dollars of welfare insurance business was written for labor unions. The following year his individual broker's license and the licenses of the Union Insurance Agency of Illinois, a partnership owned by himself and his mother, were revoked by the New York State Department of Insurance because he refused to permit its examiners to inspect the agency's books. He never did furnish all of the material subpenaed by this committee, as testified on January 29, 1959, by John Findlay, committee investigator on loan from the U.S. Army Audit Agency.

Mr. KENNEDY. Mr. Findlay, I would like to get your testimony on the fact that there were records missing.

Mr. Findlay, did we find from an examination after the records of Mr. Dorfman were subpenaed that some of them were missing?

Mr. FINDLAY. That is so. Subpenas were served on Allen Dorfman to produce all books and records from January 1, 1950, to November of 1957, covering Allen and Rose Dorfman personally, and the Dorfman Insurance Co. and other entities. There were general compliance, except for certain books, records, and documents which were considered essential to the various phases of our examination.

Here are a few of the missing documents: All of Allen Dorfman's personal bank checks prior to December 1953 were said to have been destroyed. Therefore, they were not available to us.

No check stubs or checkbook registers were furnished by Allen Dorfman for any period. He claimed that he did not maintain them.

Certain bank checks on his personal bank accounts were missing from December 1953 to the end of 1957.

Certain of the records of the Dorfman insurance entities were not produced for our inspection.

The books and bank statements and checks prior to May 1, 1953; these records were said to have been destroyed.

Significant journal entries for the general books are missing.

Certain Dorfman partnership and company bank checks from May 1953 to the end of 1957 are missing (p. 16121).

This is the person in whom has been placed the responsibility of handling the welfare insurance of an estimated 200,000 union members and their dependents: an insurance business which from May 1, 1949, to December 31, 1958, aggregated more than $98 million in premium volume and brought the Dorfmans over $4 million in commissions and service fees. Two Teamster groups alone—Central States and Michigan Conference—accounted for $86 million of premiums and $3 million of the Dorfman insurance income.

All through the investigation, in the hundreds of documents assembled in committee files on the Dorfman case and in the testimony, the name of James Hoffa appears again and again, as his influence is shown as an integral part of the Dorfman insurance operation.

Among the earliest documents relating to this operation are those which show that Paul Dorfman, Dr. Perlman, and Joe Jacobs were the prime movers in the licensing and establishing of Allen Dorfman in the insurance business (1948–50) concurrently with the following actions involving Mr. Hoffa:

(*a*) His negotiation of the 1949 Detroit local cartage and the Upstate (Michigan) cartage wage contracts. In these negotiations Hoffa and the employer groups agreed to establish a welfare fund; the agreement stated in part:

WELFARE

The granting of a welfare fund shall be contingent upon action taken in the Chicago local cartage negotiations, and should the operators in Chicago agree to a welfare fund of any kind, then in such case the Detroit metropolitan area (including Pontiac) local cartage contract will be reopened

> for the sole purpose of further negotiations on the subject of welfare funds in Michigan * * * (exhibit 219–F).

(The two Chicago local cartage groups referred to were local 705, independent, and local 705, IBT.)

(*b*) Mr. Hoffa's letter to Dr. Perlman of January 26, 1949, looking toward the establishment of an insurance plan for the members of the Michigan Conference of Teamsters.

(*c*) The award of the Central States and Michigan Conference insurance to the Dorfmans and Union Casualty in March 1950 and 1951, respectively.

Another significant way in which this alliance was strengthened was the investment by the Michigan Conference of Teamsters Welfare Fund in the Union Casualty Co.: $250,000 in July 1951 and an additional $100,000 in December 1955.

When he appeared before the committee on August 20, 1957, Mr. Hoffa was questioned about his business relationship with Allen Dorfman.

> Senator KENNEDY. You had business dealings with Allen Dorfman?
>
> Mr. HOFFA. That is correct, sir.
>
> Senator KENNEDY. Did he handle or have any connection with the insurance or welfare of the Teamsters?
>
> Mr. HOFFA. That is correct. The only dealings I had with him is a girls' camp which is completely divorced from the union (p. 5028).

Senator Kennedy then commented on the revocation of Allen Dorfman's license by the New York State Insurance Department and asked Mr. Hoffa whether he was "still satisfied" with Dorfman's handling of the Teamsters' welfare fund insurance. Mr. Hoffa replied:

> We do not pay premiums to Mr. Dorfman's agency. We pay it directly to the company, and he is the representative of the insurance company. When we have any problems, they will be taken up with the insurance company, because their officials from New York appear at our meetings regularly * * * (p. 5029).

Contrary to Mr. Hoffa's testimony, the Central States premium checks have always been sent to the Dorfman agency. Further, he failed to mention that many problems have been taken up with Allen Dorfman, who routinely attends trustees' meetings—by invitation.

Concerning Allen Dorfman's agency status with the underwriter, Northeastern Life, Mr. Hoffa testified:

> * * * I understand that some time early next year he will not be an agent of that company, and the company will probably have a new agent * * * (p. 5029).

Mr. Hoffa must have known that he could not or would not permit the Dorfmans to lose the lucrative Teamsters' insurance business, as was conclusively brought out at the hearings on January 28, 1959, in the testimony of Herbert L. Hutner, president of Northeastern Life.

Concerning Paul Dorfman's part in the Dorfman insurance scheme, Senator Ervin asked him the question that must have been in the minds of everyone:

> Can you give this committee any satisfactory and honest explanation of why it was that the officials of the Teamsters Union who have been empowered to obtain insurance in behalf of the members of the Teamsters Union gave contracts to Allen Dorfman which resulted in the gift, virtually the gift, of hundreds of thousands of dollars to Allen Dorfman and your wife over and above what those same officials of the Teamsters could obtain the same services for from other companies? (p. 16089).

Paul Dorfman, as usual, declined to anwer on the grounds of self-incrimination. He also invoked the fifth amendment when Mr. Kennedy questioned him as to what Hoffa got out of the Dorfman insurance deals:

> Mr. KENNEDY. The reason for Mr. Hoffa granting this very lucrative contract to this insurance company, to Allen Dorfman, was in order to enable him to get a foothold in Chicago with the Teamsters Union, was it not, Mr. Dorfman?
>
> Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.
>
> Mr. KENNEDY. And wasn't that foothold to be obtained through his association with you, and the quid pro quo for you allowing him and bringing him into Chicago, the quid pro quo was the granting of this contract on the insurance?
>
> Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.
>
> Mr. KENNEDY. Isn't it the reason that you had so much power and authority and still do in Chicago, because of your close association with the members of the underworld in that city?
>
> Mr. PAUL DORFMAN. I respectfully decline to answer because I honstly believe my answer might tend to incriminate me.
>
> Mr. KENNEDY. Isn't it true that prior to 1950 Mr. Hoffa had no following of any kind in Chicago, and that changed after he granted the insurance to Allen Dorfman?
>
> Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.
>
> Mr. KENNEDY. And wasn't it arranged also that Allen Dorfman would get 50 percent of the profits and the other 50 percent of the profits would go to you, through your wife, Rose Dorfman?
>
> Mr. PAUL DORFMAN. I respectfully decline to anwer because I honestly believe my answer might tend to incriminate me.
>
> * * * * *
>
> Mr. KENNEDY. Weren't you at the trial in New York, and also here in Washington, D.C., with Mr. Hoffa con-

tinuously, and weren't you in a hotel room in Chicago when Mr. Hoffa and several of his colleagues were selecting those officials who would run on his slate in Miami, Fla.?

Mr. PAUL DORFMAN. I respectfully decline to answer, because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And isn't this just one further example, but probably the most serious, of Mr. Hoffa's tieup with the underworld in what ultimately leads to a betrayal of the union membership?

Mr. PAUL DORFMAN. I respectfully decline to answer, because I honestly believe my answer might tend to incriminate me (pp. 16088–16089).

Mr. Hoffa was afforded the opportunity to appear at the Dorfman hearings in January 1959, at which the foregoing testimony and comments were given, but chose not to do so.

Mr. KENNEDY. * * * Mr. Chairman, I would like to also point out that Mr. Hoffa's name came into the hearing yesterday, and it has also come in today. I sent him a telegram some 10 days ago, informing him that his name would be brought up in the hearing, that we were going to go into this matter in some detail, and he was welcome to attend and to testify if he so wished.

The CHAIRMAN. He has a standing invitation from now on to testify at any time any derogatory testimony should appear in the record (p. 16122).

Allen Dorfman refused to answer any questions as to when he went into the insurance business, or how he happened to become the broker for the Central States and the Michigan Conference Welfare Fund insurance, and on local 1031, IBEW. This drew a sharp rejoinder:

The CHAIRMAN. Mr. Dorfman, apparently you are a businessman. It is not infrequent, as you probably have observed yourself, that we get certain hoodlums and racketeers and gangsters and thugs and crooks and underworld characters, the scum of humanity in here, in connection with some labor activities, that take the fifth amendment. They can't talk about their affairs.

But it is certainly not a pleasant experience to find businessmen handling large sums of money belonging to union members, or derived from dues of union members, paid into a trust fund or a fund for their benefit, or to service the operations of their union—it is not a pleasant thing or a pleasant experience to find a businessman involved in transactions of that nature who finds himself in a situation where he cannot answer questions regarding his business relations with a union or with one of its trust funds without finding that to answer truthfully he might incriminate himself.

Do you want to leave that impression here and make that statement that you cannot answer these questions about the organization of your company and how you happened to get this account?

Do you want to leave the statement under oath here that you can't answer those questions truthfully without the risk of incriminating you? Is that what you want to do?

(The witness conferred with his counsel.)

Mr. DORFMAN. Senator, these questions might tend to incriminate me.

The CHAIRMAN. You would know better than I. If you state under oath that you honestly believe that a truthful answer to them might incriminate you, then I shall respect your judgment in the matter.

Mr. DORFMAN. They might tend to incriminate me. (p. 15986).

It was brought out at the hearing that Allen Dorfman was established in the insurance business through the contrivance of Paul Dorfman and his attorney, Joe Jacobs, in concert with Dr. Leo Perlman. Their plans were laid at a series of meetings between Paul Dorfman, Jacobs, and Perlman in Chicago and New York during 1948, as evidenced by extensive correspondence. First came the lining up of insurance business in the Chicago area by Paul Dorfman and Jacobs, then Perlman's appointment of Allen Dorfman to head the Union Casualty agency in Chicago, beginning January 3, 1949, when he had no experience whatsoever in insurance matters, and finally Allen Dorfman's licensing in April 1949 by the State of Illinois. Several significant communications tell the story:

March 26, 1948: Jacobs wrote Perlman that he and Paul Dorfman would be in New York on April 12, and that "Mr. Dorfman has several important matters to discuss with you."

October 2, 1948: Jacobs sent Perlman a draft copy of an insurance program "which we discussed during your visit in Chicago." Jacobs continued that Paul Dorfman was assured of a large department store plan; that he himself had a voluntary group lined up; and that "with these and other prospective developments which we already have under discussion, the Chicago program looks quite promising, indeed."

October 21, 1948: Perlman sent Jacobs a benefits plan for what he described as "Teamsters Union Chicago."

November 17, 1948: Perlman wrote Allen Dorfman about plans to meet him in Chicago and that, "if I can see Dad," it may be of mutual advantage.

December 13, 1948: Perlman wrote to Jacob's law firm confirming that a general agency agreement would be signed with Allen Dorfman as the exclusive general agent for Union Casualty in Chicago.

December 30, 1948: Perlman wrote Allen Dorfman confirming his appointment to head the general agency beginning January 3, 1949, at a salary of $100 a week.

February 23, 1949: Perlman wrote Allen Dorfman suggesting they meet in Detroit to conclude "the Teamsters group." (This letter was written about 1 month after Perlman had received a very significant letter from James R. Hoffa, dated January 26, 1949—just 1 day after the Michigan Conference of Teamsters Welfare Fund was established. Hoffa inquired as to what benefits Perlman's company could offer, specifying the premium that would be paid.)

With respect to Paul Dorfman's involvement in Allen Dorfman's insurance business, Committee Counsel Kennedy asked:

Mr. KENNEDY Now, this is of extreme importance for a number of reasons, one of which is the fact that Paul Dorfman and Allen Dorfman have always maintained in the past that Paul Dorfman had nothing to do with Allen Dorfman being set up in the insurance business; is that not correct?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. And this would show clearly, or the correspondence would show clearly, that Allen Dorfman received his start initially through the efforts of his father, Paul Dorfman, and with the help and assistance of Joe Jacobs; is that right?

Mr. UHLMANN. The correspondence I read clearly points to that (p. 15991).

Paul Dorfman and Joe Jacobs were instrumental in obtaining the insurance of local 1031, IBEW, Chicago, for the Dorfman agency. The local 1031 policy, the first the Dorfman agency got, was issued in May 1949, only 2 days after Allen Dorfman was first licensed by the State of Illinois, and before he had any rented office space.

* * * * * * *

Frank Darling, who was the head of local 1031 in 1949 and still is, testified before the Hoffman committee in November 1953 about this insurance, saying that Joe Jacobs recommended Union Casualty to him, also that he and Jacobs negotiated the insurance with Dr. Perlman and Paul and Allen Dorfman.

Paul Dorfman's participation in this insurance deal was further brought out in testimony:

* * * On September 30, 1949, Dr. Perlman wrote to one of his officers who was then out of the city, suggesting that he contact Paul Dorfman who was then in St. Paul, Minn., and in so writing he described it this way:

"Paul Dorfman proved to be very influential in the AFL and many trades. He was also instrumental in the materialization of the Electrical Workers Brotherhood plan."

On November 9, 1949, Dr. Perlman entered into an agreement with Allen Dorfman in relation to the local 1031 insurance and as part of this agreement he enclosed a check for $700, which he said would cover his office rent since Allen Dorfman had not yet apparently at that time had an office of his own (p. 15992).

A letter from Union Casualty dated November 28, 1949, to U.S. Life, underwriter on the life portion of this policy, instructed that all communications to its claims supervisor should be sent to him at the office of local 1031. It is apparent that Union Casualty itself had no office space of its own in Chicago but was using the facilities of local 1031 for the purpose of processing claims. This was developed in testimony concerning the letter of November 28, 1949:

Mr. KENNEDY. It would indicate even at the time that this insurance was granted that neither Mr. Allen Dorfman had an office nor the insurance company had an office in Chicago?

Mr. UHLMANN. Yes, sir; that is correct.

I have a letter here dated October 9, 1949, written by the United States Life Insurance Co. to Mr. Engstrom, who was the claims supervisor for the Union Casualty Co. in Chicago, primarily at the time handling local 1031 claims.

This letter was addressed to him at the International Brotherhood of Electrical Workers, Local 1031, in the city of Chicago (p. 15993).

The local 1031 group insurance proved very lucrative; over the years the Dorfmans received a total of approximately $700,000 in commissions and service fees, which represented an exceptionally high rate:

Mr. KENNEDY. What percentage commissions did he receive initially when he received that?

Mr. UHLMANN. Initially, for approximately the first 3 years of that insurance, he received 10 percent commission from the Union Casualty Co., the underwriter, and an additional 5 percent from the United Public Service Corp. which was affiliated with the Union Casualty Co., making an aggregate of 15 percent.

Mr. KENNEDY. Is that extremely high?

Mr. UHLMANN. That is regarded as quite excessive (p. 15991).

Mr. Hoffa represented to the committee that the Central States award was made on a competitive basis. This is in direct opposition to testimony before the committee: On a competitive basis the award would have been made not to Union Casualty but to the Pacific Mutual Life Insurance Co. Pacific Mutual was the low bidder as to both premium rates and retention rates, was stronger financially, and was more experienced in the group insurance field.

Mr. KENNEDY. Did you—prior to the contract being awarded—did you assure Allen or Paul Dorfman that you would do everything in your power to give the insurance to the Union Casualty Co.?

Mr. HOFFA. I told Allen Dorfman and Doc Perlman that, if they were competible with the other companies who were going to submit their bids, they would get the business. If they couldn't meet the competition, they wouldn't get the business.

Mr. KENNEDY. You didn't assure them that you would help and assist them to get the business?

Mr. HOFFA. There was no help or assistance promised by me. It was a question of them presenting to the committee the proper proposal, and if it met the qualifications and was on a competible basis, they would get the business.

If you care, it might be of interest to this committee, Mr. Chairman——

Mr. KENNEDY. I just want to get the answer to the question. You did not assure them that you would help and assist them to get the business?

> Mr. HOFFA. If you want to call help and assistance, I told them that if they were in a competible position that I would try to get for them the insurance business. But only if they were competible.
>
> I have here, Mr. Chairman, if we are going to go into welfare, a summary of the history of the welfare plan, which may enlighten the Senators concerning this problem and bring them up to date without having confusion cast on our welfare fund (p. 15243).

The document furnished by Mr. Hoffa is titled "Summary of History of Central States, Southeast and Southwest Area Health and Welfare Fund, November 15, 1949, to March 31, 1958." It comments on the competitive selection of Union Casulaty and the administration of the welfare fund:

> On March 7, 1950, these 8 carriers [of 13 who had previously submitted bids] were invited to resubmit sealed bids on the proposed plans by appearing personally before a joint committee *and presenting their sealed bids at that time.* This was done to eliminate any possibility that any one carrier would learn the contents of another carrier's bid.
>
> On March 14, 1950 * * * the joint committee eliminated four of the carriers because their bids were beyond the financial capabilities of the fund, and reinterviewed representatives of Bankers' Life, Continental Assurance, Pacific Mutual, and Union Casualty. Of these four companies it was clear that the most attractive bid was that of Union Casualty, the only lower bid being rejected because of past financial difficulties of the company. * * *
>
> * * * * *
>
> *Thus, the placing of the insurance for the trust fund resulted only from competitive bids and the joint decision of the employers and the unions, based on such bids, to award the insurance contract to the Union Casualty Insurance Co. now known as the Northeastern Life Insurance Co.*
>
> * * * * *
>
> The trust fund is being efficiently and honestly operated by the employer and union trustees * * *. There is not the slightest basis for any suspicion that * * * the participants are not getting the best coverage their premiums can buy. Close and thorough scrutiny by congressional committees supports such conclusion (exhibit 200).

Three separate invitations to bid were issued by Central States. These were dated January 10, 1950, February 4, 1950, and March 7, 1950. Concerning the January 10 invitation, Mr. Uhlmann said:

> * * * the bids in response to the first invitation were thrown out on the ground that there was considerable confusion. * * * (p. 15996).

It was further testified that Union Casualty was not on the list of companies invited to bid on the first round. Despite this, Allen

Dorfman wrote Dr. Perlman on February 2, 1950, 2 days before the second invitation went out:

> From all indications it appears that our efforts to land the Central States business will be successful (p. 15272).

Allen Dorfman's assurance about getting business they had not even been asked to bid on is understandable when viewed in conjunction with Dr. Perlman's explanation to the New York State Insurance Department of certain entertainment expenses about which he was questioned at a formal hearing. Dr. Perlman furnished a statement to the department which included two singularly interesting items for entertaining Hoffa and others in Chicago.

> [January 15 to 17, 1950] Preliminary negotiations on the Central States drivers, 22,000 members. Entertained Bert Brennan, James Hoffa, Don Peters, Ed Fenner, Morris B. Sachs, Joe Jacobs, Allen Dorfman. Entertained at Chez Paree, Shangri-La, Swiss Chalet. Spent approximately $400 (p. 15282).
>
> [January 30 to February 3, 1950] Preliminary negotiations on the Central States drivers. Entertained James Hoffa, Tom Flynn, Michael Healy, Phil Goodman, Allen Dorfman, Lynn Williams, Mr. and Mrs. Paul Dorfman, William Smith. Entertained at Chez Paree, Fritzl's, Miller's Steak House. Spent approximately $600 (p. 15283).

On February 4, 1950, the second Central States bid invitation was issued. This time Union Casualty was included in the list of bidders On February 13, 1950, Allen Dorfman advised Dr. Perlman:

> The big thing for us to consider here, Doctor, is to get the contract first. Once we are established with the Central States, the rest will be worked out. That is the main point to be emphasized, and is the point that was emphasized for me by Mr. Hoffa as well as Mr. Flynn. They said, Tell Doc to get us the Central States drivers' contract, and once we are in, the rest will be good going" (p. 15272).

The bids on the second invitation, however, were also thrown out, and eight of the companies were asked to resubmit bids.

On March 7, 1950, the third and final invitation went out. It stipulated, in part:

> * * * We request that your bids be on these specific plans alone, without any alternative features or variations (exhibit 218).

One of the specifications was that the bids on life insurance coverage were to be based on average age 43. The Union Casualty-U.S. Life Insurance Co. bid did not adhere to this specification. (U.S. Life was the underwriter on the life portion.) Instead, the life premium rate was adjusted to assure that they were in a competitive position. This was done with Allen Dorfman, Leo Perlman, and A. Maxwell Kunis, U.S. Life actuary, acting in concert, and was based on information as to what competitors had bid on the second round.

On March 2, 1950, between the second and third round of invitations, Dr. Perlman forwarded to U.S. Life a photostat of Pacific Mutual's second-round bid. Pacific Mutual had been the low bidder on the second round, and Perlman, in writing about it, said it was amazingly low and wanted to know how Pacific Mutual was able to do it. Copies of other competitors' bids were also found in the files of Union Casualty.

> Mr. KENNEDY. Did we find in going through the files of the Union Casualty Co. the bids that were put in by the opposition companies, is that right, by the competitors?
> Mr. UHLMANN. Yes, that is right (p. 15997).

On March 6, 1950, 4 days after Perlman's inquiry of U.S. Life regarding the life premium rate in the Pacific Mutual bid, Kunis wired Perlman:

> A rate at age 39 of 65 cents acceptable as deposit premium subject to adjustment at end of year (exhibit 218).

Two days later, on March 8, 1950, Allen Dorfman wrote Perlman:

> In my conversation with Jimmy Hoffa, he said that it would be all right to quote a lower rate for the life insurance but, if you do quote a lower rate and they find that the average rate is in the vicinity of 43 years, we will have to go along on a basis of the average age we submitted in our bid. Use your own judgment along these lines but bear in mind to cut somewhere along the life insurance rate instead of 43, quote a figure as you have in the past and we will be in pretty good shape (p. 15273).

This letter continues:

> In my conversation with Mr. Hoffa * * *. Again he emphasized to me, so that I might relay it to you, that the important feature is to establish ourselves with the Central States Drivers. Once we do that the years following will be 100 percent to our advantage. I quote Mr. Hoffa and a few others of the influential governing bodies * * * (exhibit 205–A).

Dr. Perlman acted promptly. In a letter dated March 13, 1950, Kunis told Perlman:

> In accordance with our telephone conversation this morning, we wish to authorize you to delete from our proposal to the Central States Drivers Council group case the page showing amounts of insurance on Plans I and II and stating that the deposit rate of 65 cents for $1,000 is predicated upon age 39 (exhibit 205–B).

They must have deleted the page, for the Union Casualty-U.S. Life bid dated March 10, 1950, contained no reference whatsoever to age. Thus they obscured the fact that the 65-cent rate for $1,000 of life insurance was not the applicable rate for age 43, the age specified in the bid invitation. By quoting the 65 cents as the "deposit premium rate" (at that time 65 cents was the New York State statutory mini-

mum for age 39), the actual premium ultimately to be charged Central States was left open, since a deposit premium rate is subject to adjustment upon determination of the actual average age distribution.

The fact that the Union Casualty-U.S. Life bid did not conform to age 43 as specified in the bid invitation did not cause its rejection. On the contrary, the bid was accepted.

The low bidder, Pacific Mutual Life Insurance Co., was unceremoniously eliminated. An affidavit by Ralph J. Walker, vice president of Pacific Mutual, concerning his company's bid, states in part:

> The second [sealed] bid was considered at a meeting of employer and union representatives at the Morrison Hotel around the middle of March 1950. The four lowest bidders were invited into the meeting room, one at a time. I was so invited and was told by Mr. Hoffa, who appeared to be chairman of a committee, that our bid was unacceptable because our company had had financial troubles in 1936 and welshed on its noncancelable accident and health policies. I told him that there was a satisfactory explanation and that I would like to present that explanation. He told me that the matter was closed and that our bid had been rejected. I asked him if he was both judge and jury and he replied that he was both * * * (p. 15262).

How does Mr. Hoffa square this with his representation that the placing of this insurance resulted only from competitive bids? Allen Mayerson, actuary and assistant professor of insurance and actuarial mathematics at the University of Michigan, testified that Pacific Mutual was the low bidder and stronger financially than Union Casualty. Professor Mayerson testified that he made a study of the insurance of the Central States fund and of the selection of the carrier. He commented on the selection of Union Casualty as the carrier:

> Mr. KENNEDY. Who were the three low bids? Who submitted the three low bids?
>
> Mr. MAYERSON. In the final bidding in March, the three lowest bidders were the Pacific Mutual Life Insurance Co., a combined bid of the Union Casualty with the United States Life Insurance Co., and the third was the Continental Assurance Co. * * * (pp. 15261–15262).
>
> * * * * *
>
> Mr. KENNEDY. Which company had the low bid?
>
> Mr. MAYERSON. The lowest bid was the Pacific Mutual (p. 15265).

Professor Mayerson said that in comparing insurance bids, the retention rate as well as the premium should be considered. He explained:

> * * * it is also important to look at the retention because the retention is the amount the company keeps for its expenses, contingency reserves, profit, and so on. Since the premium rate is usually calculated with a certain amount of conservatism because no company wants to lose money, the retention is important to the group insured, because this is going to determine, really, their true cost of insurance * * * (p. 15263).

The premium and retention rates bid by Pacific Mutual and Union Casualty are summarized as follows:

	Premium per member per month			Retention rate
	Life	Accident and health	Total	
				Percent
Pacific Mutual	$1.16	$2.62	$3.78	9.3
Union Casualty	1.30	2.50	3.80	17.5

Mr. Mayerson then testified concerning the financial stability of the two companies.

> Mr. KENNEDY. Which company had the best financial stability?
>
> Mr. MAYERSON. I would say the Pacific Mutual and the Continental Assurance were pretty much neck and neck on that, of those three. Of course, there were many other companies that bid that were not considered.
>
> Mr. KENNEDY. To whom was the contract awarded?
>
> Mr. MAYERSON. The contract was awarded to the Union Casualty and United States Life.
>
> Senator IVES. That was in the worst condition, wasn't it?
>
> Mr. MAYERSON. That is right.
>
> Mr. KENNEDY. Yet according to the affidavit, Mr. Hoffa turned down the low bidder on the grounds they did not have the financial stability and financial background.
>
> Mr. MAYERSON. I believe he said—I was told that he turned them down on the grounds that they had had a financial reorganization in 1936, I believe.
>
> Mr. KENNEDY. That was some 14 years prior to that time.
>
> Mr. MAYERSON. Yes; and 7 years before the Union Casualty was ever organized.
>
> Mr. KENNEDY. When did the Union Casualty Co. come into existence?
>
> Mr. MAYERSON. I think 1943, approximately.
>
> Mr. KENNEDY. So their trouble financially or the reorganization had occurred some 7 years prior to the time that that company was organized?
>
> Mr. MAYERSON. Yes, sir (p. 15265).

The superior financial position of Pacific Mutual as contrasted with Union Casualty was brought out in testimony by Mr. Uhlmann concerning surplus and admitted assets of the two companies, summarized below.

	Pacific Mutual	Union Casualty
1948:		
Admitted assets	$358,000,000	$720,000
Surplus	11,400,000	140,000
1949:		
Admitted assets	376,000,000	768,000
Surplus	12,400,000	105,000
Net changes in 1949:		
Admitted assets increase	18,000,000	48,000
Surplus increase	1,000,000	
Surplus decrease		35,000

During the hearing reference was made to testimony before the Hoffman committee in 1953 by three employer representatives of the Central States fund. Their testimony at that time is significant because they were present at the negotiations concerning placement of the fund insurance. Mr. Earl N. Cannon testified, "I voted against the selection of the company at a meeting of the employers" (p. 15999).

> Mr. KENNEDY. Mr. Chairman, I have here an excerpt from the testimony of Willys J. McCarthy at a congressional hearing in November of 1953, and he was a trustee, and he was asked some questions about the awarding of this business to Mr. Dorfman and the Union Casualty Co., and the following exchange took place; he was asked a question:
>
> "Whom did you think was trying to throw it to the Union Casualty?"
>
> And he answered:
>
> "I thought James Hoffa was trying to throw it to Union Casualty, and I thought Tom Flynn very definitely was trying to throw it to Union Casualty."
>
> These documents that are being put in at the present time support that situation and that claim, and the testimony of the professor, of course, shows what the result of it was (p. 15272).

The other employer representative, A. O. Buck, testified before the Hoffman committee:

> My recollection is that the question was put to Dr. Perlman whether or not any commissions were involved, and as I recall his answer was that no commissions were involved. The insurance company was dealing directly with the trustees (p. 15999).

The whole Central States deal is summarized in the following exchange:

> Mr. KENNEDY. What point do you make in summary?
>
> Mr. UHLMANN. Well, in summary, I should like to say this; that I have some 75 documents that have a bearing on the award of this insurance that have been assembled from various sources.
>
> Mr. KENNEDY. What do these documents show?
>
> Mr. UHLMANN. They show that the insurance was not awarded on a real competitive basis.
>
> Mr. KENNEDY. Who do they show was responsible for the awarding of the insurance?
>
> Mr. UHLMANN. They show that Mr. Hoffa, who was one of the two members of the negotiating committee for Central States at the time, and Dr. Perlman, referred to earlier, and possibly Paul Dorfman was instrumental in having this insurance awarded to the Union Casualty Co., as you pointed out a moment ago, on which the Dorfmans have received commissions over the years.
>
> Mr. KENNEDY. The individual that made the decision for the Central Conference of Teamsters was whom?

Mr. UHLMANN. The decision, on paper at least, was made by both Mr. Hoffa and Mr. Healy jointly, as chairmen of this negotiating committee (p. 15994).

At an officer's meeting held March 26, 1950, at local 710, about 10 days after the Central States award, Mr Healy declared that Sandy O'Brien's local, of which he, Healy, was vice president, had withdrawn from the Central States health and welfare fund. Mr. Harry F. Chaddick, employer trustee of the local 710 fund, told a committee investigator that some of the union officers, among them John T. O'Brien, were dissatisfied with the insurance coverage provided by Union Casualty and therefore created a fund independent of Central States.

Mr. KENNEDY. There was collusion among Mr. Hoffa, Mr. Paul Dorfman, and Dr. Perlman, in favor of Allen Dorfman and Dr. Perlman; is that correct?

Mr. UHLMANN. Yes.

Mr. KENNEDY. Was Paul Dorfman's wife involved in this also?

Mr. UHLMANN. Yes.

Mr. KENNEDY. She received a certain percentage of the commissions that came out of this central conference of Teamsters?

Mr. UHLMANN. Yes * * * (p. 15994–15995).

It was brought out in testimony that as in the case of Central States, James R. Hoffa was influential in awarding the Michigan conference insurance to Union Casualty and the Dorfmans in 1951. Early proceedings described by a staff investigator make it clear that this was the intention from the day the fund was set up.

Mr. UHLMANN. The Michigan Conference of Teamsters health and welfare fund was established on January 25, 1949, in the city of Detroit.

The following day Mr. Hoffa wrote a letter to Dr. Perlman, on January 26, 1949, in which he inquired of him as to what benefits could be offered for a particular premium, which he stipulated in his letter.

On February 2, 1949, Perlman responded to that letter of Mr. Hoffa. In March of 1949, a trust agreement, setting up the Michigan Conference of Teamsters welfare fund was drawn up and adopted, at which time Frank Fitzsimmons was appointed the labor trustee. He is an employee of local 299 in Detroit. And Mr. J. Howard Minnich was trustee for the employers. There were only two trustees on that fund (p. 16000).

As it turned out, the Continental Assurance Co. got the first contract and a renewal in 1950. Allen Dorfman explained this to Dr. Perlman in a letter dated March 17, 1950:

Re Jimmie Hoffa; 10,000-man group, State of Michigan.

DEAR DR. PERLMAN: With reference to the above-captioned group, my conversation with Mr. Hoffa was as follows:

> They are giving the insurance of the above-captioned group to the Continental Casualty Co. who had submitted bid $3.75. The reason for this—they want to show whomever might have questioned the Central States conference deal that it was to be given to the lowest bidding company.
>
> Now, Jimmie has made the following statement to me, which he has brought before his board and has been agreed upon by both them as well as the employers: that if their experience this coming year with the Continental Casualty Co. does not prove to meet with their satisfaction, that Union Casualty will then assume the risk (exhibit 206–D).

Union Casualty and U.S. Life Insurance Co. did considerable maneuvering to get in position to have the Michigan conference group insurance written in the State of Illinois. They had been furnished complete information concerning the coverage and premiums under the Continental Assurance policy.

On January 30, 1951, the administrator for the Michigan conference welfare fund wrote Allen Dorfman and then Dr. Perlman describing in detail the insurance programs with Continental, the premiums paid, and pointing out the differences between the Continental and Union Casualty policies.

In testifying, Mr. Uhlmann explained that Union Casualty had not been licensed to write life insurance and that Dr. Perlman therefore worked out an arrangement with U.S. Life Insurance Co. whereby they underwrote the life coverage.

> * * * Now, on March 2, 1951, the actuary for this company addressed a letter to the president of that company in which he stated that Dr. Perlman told him that it was his plan, that is, Perlman's plan, to establish, a branch office of the Michigan Conference of Teamsters welfare fund in Chicago, and that in that way they would be able to write the insurance in the State of Illinois.
>
> I should mention at this point that under the trust agreement, the trustees were obligated to develop and establish a plan of insurance, and that their headquarters were in the State of Michigan, and specifically in the city of Detroit (pp. 16000–16001).

Neither Dr. Perlman nor U.S. Life Insurance Co. was licensed to solicit or write life insurance business in the State of Michigan at the time. They were licensed in Illinois, however, and for that reason Dr. Perlman wanted to have the policy written in Illinois if possible. To justify the position that they had taken in relation to having the insurance written in Illinois, Dr. Perlman said also that the premiums would be collected in Illinois, and that there would be no solicitation in the State of Michigan.

> Mr. KENNEDY. During this period of time there were maneuverings going on, correspondence and letters back and forth, indicating that the Dorfman group was expecting to get this insurance of the Michigan Conference of Teamsters; is that right?
>
> Mr. UHLMANN. That is correct.

* * * * *

Mr. KENNEDY. And these maneuverings were going on all the time the other insurance company had the contract?

Mr. UHLMANN. That is correct (p. 16001).

Even though Continental Assurance had offered on March 5, 1951, to increase the benefits without added premium costs, Union Casualty got the contract—and what is most striking—they got it a day before they submitted their "bid."

Mr. KENNEDY. That is on March 8, 1951. When did the Dorfman group submit their bid on the insurance?

Mr. UHLMANN. Well, specifically, Dr. Perlman submitted a bid to the Michigan Conference of Teamsters welfare fund the following day, March 9, 1951.

Mr. KENNEDY. So they received the award on March 8, 1951, and didn't submit their bid until March 9, 1951?

Mr. UHLMANN. Yes, sir (p. 16001).

Testimony brought out that all of Dr. Perlman's plans to have the contract appear "legal" in Illinois did not come to pass, and that the award was made on the basis of the same high retention rate (17½ percent) as was contained in the Central States bid in March 1950.

Senator ERVIN. So in order that this company, which had been unable to obtain authority to do business in the State of Michigan, might have this contract, they even moved the place for the making of the contract from the headquarters of the Teamsters in the State of Michigan to an office in Chicago, or proposed to do so?

Mr. UHLMANN. I would say proposed to do so, since we found no evidence that the Michigan Conference of Teamsters welfare fund had, in fact, ever established an office in the State of Illinois, and in the light of the trust agreement there is a very grave question as to whether there was any authority for that welfare fund to have a branch office anywhere outside of the State of Michigan.

* * * * *

Mr. KENNEDY. There had been some dissatisfaction, had there not, with the way that Dr. Perlman's group, the Dorfmans' group, was handling insurance for the Central Conference of Teamsters; is that right?

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. One of the points that was raised was the high retention rate. In fact, Mr. Hoffa raised that question himself, did he not?

Mr. UHLMANN. Yes, sir; he did.

* * * * *

Mr. UHLMANN. Well, I would like to add this: As I stated earlier, one of the features for justifying the writing of the insurance contract in Illinois was that the insurance premiums on the life insurance would be mailed directly or paid from Chicago. We have copies of letters indicating that the premiums were sent directly from Detroit to the insurance company in New York (pp. 16002–16003).

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While the "Big Three" groups (Central States, Michigan conference, and local 1031) make up the bulk of the dollar volume of their insurance business, the Dorfmans have 33 other groups, making 36 in all, of which 25 are Teamster groups. These include a number in the Western Conference of Teamsters and other policies on which the Republic National Life Insurance Co. is the underwriter. Allen Dorfman was appointed as a general agent for Republic National in June 1957. Through contracts with this company the Dorfman insurance entities continue to receive service fees on all of these group policies, even though Northeastern Life (formerly Union Casualty) terminated all agency contracts with the Dorfmans in March 1958, as brought out in testimony. The Dorfman Teamster groups carried by the two underwriters are:

NORTHEASTERN LIFE	REPUBLIC NATIONAL LIFE
Local 743	Local 781
Local 580	Local 86
Local 405	Local 726
Local 713	Local 608
Local 447	Local 659
Local 610	Local 335
Local 688	Joint Council 37 [1]
Local 876	Local 90
Michigan Conference	Local 206
Central States	Group Participation Trustees, Inc.
Contract Steel Carriers	(Riggers & Machinery Movers,
J. L. Keeshin Transport	Local 575)
Total, 12	Joint Council 82
	Local 95
	Total, 13

[1] Officeworkers employed by 15 locals: 57, 58, 162, 206, 223, 321, 305, 501, 569, 656, 689, 809, 883, 900, and 911.

(P. 16003.)

The commissions and service fees received by the Dorfmans on Central States alone account for more than half of their income from group insurance. In this connection it is significant to note that some of the trustees, at least, understood that no commissions were to be paid on this policy.

> Mr. KENNEDY. Was there testimony by some of the members of the committee, the trustees, before the Hoffman committee, regarding the commissions that were to be paid on this insurance?
>
> Mr. UHLMANN. Yes; there was. I have it here before me. Before that committee some few years back, Mr. Buck was questioned about commissions with reference to this particular insurance, and he said this:
>
> "My recollection is that the question was put to Dr. Perlman whether or not any commissions were involved, and as I recall his answer was that no commissions were involved. The insurance company was dealing directly with the trustees."
>
> Mr. KENNEDY. Was there another trustee who answered the same question?

Mr. UHLMANN. Yes, Mr. Earl Cannon * * *. He said it was his impression that Dr. Perlman told the trustees that he had no agency, and that there would be no agency costs, and that the trustees would be dealing directly with the insurance company. Mr. Cannon also had this to say:

"I voted against the selection of the company at a meeting of the employers" (p. 15999).

On the "Big Three" policies the Dorfmans received commissions and service fees totaling $3,707,824, or about 92 percent of their aggregate income from group insurance to December 31, 1958. This was brought out in testimony by Mr. Uhlmann and is shown by years in the following table which is printed in the record.

Central States, Michigan conference, and local 1031 commissions and service fees paid to Dec. 31, 1958

Policy year [1]	Central States		Michigan conference		Local 1031	
	Commissions	Fees	Commissions	Fees	Commissions	Fees
1949–50					$32,727.70	
1950–51	$44,975.79	$7,328.08			121,672.42	
1951–52	82,627.28	29,611.44	$39,672.83	$14,090.13	107,505.56	
1952–53	145,959.17	16,218.55	78,236.75	10,681.11	113,801.14	$3,030.34
1953–54	200,700.75	73,029.06	106,598.88	11,687.52	115,895.34	6,816.17
1954–55	71,401.57	137,735.83	37,347.98	75,565.74	25,377.74	17,668.11
1955–56	92,554.73	188,875.88	41,430.11	88,884.33	22,790.26	15,787.53
1956–57	111,377.52	255,752.26	49,408.94	108,033.46	24,205.95	16,818.03
1957–58	131,235.67	300,263.02	48,091.91	105,611.79	25,164.30	21,504.13
1958–59 (to Dec. 31, 1958)	91,827.67	101,918.81	40,743.92	78,541.60	8,460.62	10,488.66
Total	972,660.15	1,110,732.93	441,621.32	493,095.68	597,601.03	92,112.97

COMBINED COMMISSIONS AND SERVICE FEES TO DEC. 31, 1958

Policy year [1]	Central States	Michigan conference	Local 1031	Total
1949–50			$32,727.70	$32,727.70
1950–51	$52,303.87		121,672.42	173,976.29
1951–52	112,238.72	$53,852.96	107,505.56	273,597.24
1952–53	162,177.72	88,917.86	116,831.48	367,927.06
1953–54	273,729.81	118,286.40	122,711.51	514,727.72
1954–55	209,137.40	112,913.72	43,045.85	365,096.97
1955–56	281,430.61	130,314.44	38,577.79	450,322.84
1956–57	367,129.78	157,442.40	41,023.98	565,596.16
1957–58	431,498.69	153,703.70	46,668.43	631,870.82
1958–59 (to Dec. 31, 1958)	193,746.48	119,285.52	18,949.28	331,981.28
Total	2,083,393.08	934,717.00	689,714.00	3,707,824.08

[1] Policy year on Central States and Michigan conference runs Apr. 1 to Mar. 31; on local 1031, May 1 to Apr. 30.

The cost of insurance to the Big Three groups has been excessive. This is significant to the union member since commissions and service fees and underwriter's other expenses and profit and benefits all must come out of the premium dollar and, accordingly, to the extent that commissions and service fees are excessive, that much less is available for benefits to the policyholder.

Both commissions and service fees paid the Dorfmans were excessive. A report on investigations made by the New York State Insurance Department of excessive payments to brokers and agents, which was introduced at the hearing, states in part:

> * * * such excessive commission and fee schedules have ob-obviously been tailor made by the insurance companies to obtain the "captive" welfare fund business of certain agents or brokers who might otherwise place the business elsewhere.

The extent of the excess commissions was developed at the hearing by a staff investigator and by Mr. Seymour Goodman of the New York State Insurance Department after testimony on total commissions and service fees paid on the Big Three shown in the foregoing table.

> Mr. KENNEDY. Mr. Chairman, these are excessively high commissions. I would like to call now Mr. S. Goodman, of the Insurance Department of the State of New York, and have him sit with Mr. Uhlmann and testify on the question of commissions (p. 16006).
>
> * * * * *
>
> Mr. KENNEDY. Now, Mr. Goodman, have you participated in the formation of charts and other documents to show and demonstrate how much of a commission brokers should be paid on certain kinds of insurance?
>
> Mr. GOODMAN. Yes, sir (p. 16007).

Mr. Goodman then went on to say that he advised members of the committee staff as to the steps to be followed in calculating the amount of excessive commissions paid the Dorfmans on the Big Three policies, and that he later checked the calculations as to their accuracy. He explained that the National Association of Insurance Commissioners adopted in December 1957 a code of ethical practices with regard to insurance and benefits under union welfare and pension funds. Further, Mr. Goodman testified, "The code contains a schedule of what are to be considered reasonable commissions."

> Mr. GOODMAN. The code sets forth two scales of what are to be considered reasonable commissions, and perhaps I should read the paragraph which precedes this table:
>
> "The table following illustrates, on the basis of the effective rates for the indicated premium volume, a generally accepted range of commission rates, first year and renewal average, over a 10-year, commission-paying period, to insurance agents and brokers, derived from schedules"—and I emphasize—"currently in use on group life and group accident, sickness policies, which are considered to be reasonable and not excessive."
>
> Now, I may interject at this point that these scales were based upon quite extensive analyses of studies of commission practices of insurance companies writing group insurance and welfare funds as a part of it.
>
> Mr. KENNEDY. And over a period of time?
>
> Mr. GOODMAN. Over a great many years; and that these scales are based upon what were considered sound practices in the business for many years. Now we show a range here of two different commission scales, one which is considered a low one and one which is considered somewhat higher but still considered reasonable.

Now these rates of commission shown in the code of ethical practices are average rates as indicated over a 10-year period, and for use of examiners in the insurance department we prepared a supplementary schedule showing the derivation of these commission rates, which shows the amount of commissions on both the low and somewhat higher scale for both first year and renewal.

It is based upon these commissions and this worksheet, which is the basis for the commissions in the code of ethical practices, that these calculations were derived.

* * * * *

Mr. KENNEDY. Mr. Uhlmann, have you applied the schedule that Mr. Goodman talked about to the commissions and the sums of money that were involved in the awarding of the contract of the Central Conference of Teamsters?

Mr. UHLMANN. Yes, sir; I have (p. 16008).

Mr. Uhlmann then testified that the excessive commissions paid the Dorfmans on the Central States and Michigan conference policies to March 31, 1958, were $611,200 and $139,400, respectively.

The CHAIRMAN. That was excess?

Mr. UHLMANN. Yes; they are both excess figures.

The CHAIRMAN. Let us get the third one. That would be local 1031.

Mr. UHLMANN. Local 1031 of IBEW, Electrical Workers, May 1, 1949, through April 30, 1958, $502,600 is excess.

And this makes an aggregate excess in commissions for these three policies of $1,253,200 for the period of time stated.

The CHAIRMAN. That is just commissions?

Mr. UHLMANN. That is just commissions.

The CHAIRMAN. That has nothing to do with service charges?

Mr. UHLMANN. No, sir (p. 16009).

Mr. Goodman stated that the method used in establishing these excessive payments was "extremely conservative" and continued:

* * * we considered all increases in premium from year to year as first-year premiums for first-year commission purposes. Because a commission in the first year is considerably higher than in renewal years, there is a possibility that these figures may overstate the amount of what would have been the reasonable amount of commission. * * *

Mr. KENNEDY. This is a conservative figure?

Mr. GOODMAN. Right.

Mr. KENNEDY. On these three policies, at least $1,250,000 in excessive commissions were paid?

Mr. GOODMAN. Based upon the benchmark of the code of ethical practices.

The CHAIRMAN. Do you think there is any doubt but what a reputable insurance company would have been glad to handle it for the amount of commission you indicate would be reasonable?

Mr. GOODMAN. Yes, sir. We have characterized in at least one or two or three of these cases, and the two reports

I referred to, that the commissions on these cases were excessive.

Mr. KENNEDY. You have already taken note of that officially?

Mr. GOODMAN. Yes; they have been characterized in the report. They are only identified by code, though, and not by name (p. 16010).

Over and above the excessive commissions paid the Dorfmans, the United Public Service Corp. also received excessive commissions, which went primarily for the enrichment of Dr. Perlman. Mr. Uhlmann testified:

> With respect to the three policies alone that we have been talking about here today, we calculate that a little over $600,000 by way of commissions, commissions alone, were paid to United Public Service, all of which we regard as excessive on the ground that there seems to have been no basis whatsoever for this company to play any part in this insurance, that is, in the acquisition of this insurance or in servicing the contract (p. 16011).

Based on the above calculations, the excessive commissions on these three groups amounted to about $1,853,200 to March 31, 1958:

	Amount
To the Dorfmans:	
Central States (started Mar. 1, 1950)	$611, 200
Michigan conference (started Mar. 1, 1951)	139, 400
Local 1031 (started May 1, 1949)	502, 600
Total	1, 253, 200
To United Public Service Corp	600, 000
Total excess commissions on Big Three	1, 853, 200

Commissions and service fees were testified to in conjunction with each other because service fees paid the Dorfmans did not bear any apparent relationship to services performed but included a large element of profit, thus making them more in the nature of commissions. This is evidenced by the rates in force over the years. The following table, entitled "Commission and Service Fee Rates Paid Dorfmans on the Central States and Michigan Conference Welfare Fund Groups," lists the rates, by years, for these two groups.

Commissions and service fee rates paid Dorfmans on the Central States and Michigan Conference Welfare Fund Groups

[In percent]

Effective date	Policy	Accident and health			Life		
		Commissions	Service fees	Combined	Commissions	Service fees	Combined
Mar. 1, 1950	Central States	3.0		3	(1)		
Aug. 17, 1950	do	2.0	[2] 1.0	3			
Apr. 1, 1951	Michigan Conference	2.0	[2] 1.0	3	(1)		
Jan. 1, 1952	Central States	3.0		3			
Do	Michigan Conference	3.0		3			
July 1, 1952	Central States	4.0		4	2.0	2.0	4
Do	Michigan Conference	4.0		4	2.0	2.0	4
Apr. 1, 1953	Central States	4.0	1.0	5	2.0	3.0	5
Do	Michigan Conference	4.0		4	2.0	2.0	4
Do	Central States, dependent wives				5.0		5
Apr. 1, 1954 [3]	Central States	7.0	2.4		7.0	2.4	
Do [3]	Michigan Conference	(4)			(5)		
Do	Central States, dependent wives				3.5		
Do	Michigan Conference, dependent wives				3.5		
Apr. 1, 1958	Central States	1.2	1.0				
Do	Michigan Conference	1.8	2.0				

[1] 20 percent graded.
[2] Up to 1 percent on a reimbursable basis.
[3] General agency agreement, dated May 10, 1953, provided for payments on graded scale on all Dorfman groups, but it was not put into effect for Central States and Michigan Conference groups until Apr. 1, 1954.
[4] Graded, plus 5 percent override.
[5] Graded.

The excessive service fees paid the Dorfmans on the "Big Three" policies were at least $400,000 to March 31, 1958. This amount was arrived at by taking into consideration the difference between the aggregate service fees paid as against the cost to the Dorfmans in servicing these policies. Mr. Goodman testified it is the long-established policy of the New York State Insurance Department—and is now contained in the NAIC Code of Ethical Practices—that service fees should not include any profit factor.

Mr. KENNEDY. None at all?

Mr. GOODMAN. None at all. May I read from the code of ethical practices with respect to that?

"An insurer should not make any payment of fees or allowances of whatever nature and by whatever name to any person, firm, or corporation, in connection with the sale, service, or administration of a group policy issued to a welfare or pension fund other than commissions to an insurance agent or broker, as heretofore described, except in reimbursement for the reasonable value of one or more of the following services performed on behalf of the insurer."

They must be services performed on behalf of the insurer. The only four services that we recognize are:

(1) Issuing certificates.
(2) Maintaining employee records.
(3) Billing premiums.
(4) Processing claims.

Senator CHURCH. Is that code of ethics officially promulgated by the State of New York?

Mr. GOODMAN. It was adopted first by the National Association of Insurance Commissioners in December of 1957, and in the same month adopted by the Insurance Department of the State of New York.

Senator CHURCH. So it has the adherence and approbation of the insurance companies themselves?

Mr. GOODMAN. Yes. We worked in the drafting of this with many representatives of some of the outstanding insurance companies in the country (pp. 16012–16013).

The amount retained by the underwriter (premiums collected less claims paid) was exceptionally high on Central States during the first policy period—about 21 percent. It has remained high over the years on the Central States and Michigan conference policies; from inception to March 31, 1958, including an estimate for excess reserves, it has amounted to roughly $7 million on these two. A change by the trustees to another underwriter or to a self-insurance program could have saved the Central States and Michigan conference funds together an estimated $2.3 million which would have been available for increased benefits to individual teamsters and their families.

The Union Casualty-U.S. Life bid on the Central States insurance in 1950 provided for a retention factor of 17½ percent. High as this rate is, it was more illusion than fact in the first policy "year." This was due to a singular characteristic of the retention formula under which the underwriter retained 100 percent of the net premiums collected (premiums less claims) in the first month of the policy "year" of 13 months, and 17½ percent on the succeeding 12 months. In this way the effective retention rate was about 21 percent as compared with the 9.3 percent retention rate bid by Pacific Mutual. Translated into dollars, the excess retention by Union Casualty-U.S. Life over what would have been charged by Pacific Mutual was $175,000 for the first policy "year." Union Casualty-U.S. Life retention was 17½ percent again the second year, as contrasted with the 7.6 percent which would have applied under the Pacific Mutual bid after the first policy year.

The underwriter's retention on Central States did not come up to 17½ percent after the second policy year, but in terms of dollars it was very high—nearly $5 million from inception to March 31, 1958—for an overall average of about 9 percent.

Mr. KENNEDY. It has cost the welfare fund that amount.

Mr. UHLMANN. The welfare fund paid an aggregate of under $5 million for the operation of this insurance during this period of time.

Senator CHURCH. What period of time are we talking about now?

Mr. UHLMANN. We are talking about the period between March of 1950 through March of 1958.

Senator CHURCH. An 8-year period?

Mr. UHLMANN. Yes, sir.

Senator CHURCH. When you say the cost was $5 million, you mean by that that the cost of carrying the insurance program exceeded by $5 million the benefits paid out; is that correct?

Mr. UHLMANN. That is right. It is simply the difference between premiums paid less claims paid

Senator CHURCH Now, to get that figure in some perspective, how does that $5 million relate to the total amount of premiums paid to the total amount of benefits? How sizable is this in connection with the scope of the program?

Mr. UHLMANN. Well, the total premiums paid in this period of time was roughly $51 million, and the claims paid were approximately $46 million (p. 16027).

Sound business practices would have caused the trustees to reexamine the insurance program after 3 or 4 years, particularly with such a large volume, in the interest of the members and their families.

Mr. UHLMANN. * * * on the basis of conversations with experts in the insurance field, is that the trustees might have given some serious consideration or have adopted a self-insurance program or have considered transferring this insurance to another carrier where the retention would have come closer to a little over 3 percent, let us say, or a maximum of 4 percent, as opposed to an overall average of about 9 percent, which was the case in the Central States over this 8-year period.

Senator CHURCH. In other words, the experience over the 8-year period showed that the actual cost to the Teamsters of carrying this insurance was excessive, as compared to alternatives available.

Mr. UHLMANN. Yes, sir.

Senator CHURCH. And after a 3- or 4-year period ordinary prudent management, in the interest of the Teamsters themselves, would have indicated the advisability of transferring this to another carrier or instituting a program of self-insurance.

Mr. UHLMANN. Yes, sir (p. 16028).

If the trustees had insured with another company at a retention rate of about 4 percent or so after the first 3 years, and considering only half of the estimated excess reserves, the savings to the welfare fund would have been approximately $1,800,000.

Senator CHURCH. And the $1.8 million would be from the time when experience under the policy would have indicated a change of course to be prudent.

Mr. UHLMANN. Yes, sir, and that is attributable largely to the very rapid growth of the number of members and dependents, too, in that fund, which in turn meant a very great acceleration in terms of premium dollars collected.

Mr. KENNEDY. And most of this excess of money that has been paid by the Teamsters had been paid in order to meet the charges that have been made by Allen Dorfman and Rose Dorfman and Dr. Perlman; is that correct?

Mr. UHLMANN. Oh, yes, by far.

Mr. KENNEDY. The excess of payments have been necessary in order to meet the charges made by these individuals?

Mr. UHLMANN. Yes, because commissions and service fees by far represent the largest part, or comprise the largest portion of the money that is spend by an insurance underwriter out of its retention, and therefore the statement made, Mr. Counsel, is precisely correct (p. 16029).

A corresponding overcharge was made to the Michigan Conference fund. Excluding the first 4 years, allowing 4½ or even 5 percent because of the lesser premium amount, and, as in the case of Central States, considering only half of the estimated excess reserve ($442,000), the Michigan conference fund could have saved roughly $500,000.

The CHAIRMAN. In other words, there is a corresponding overcharge to that fund as you have outlined with reference to the Central States.

Mr. UHLMANN. Yes, Mr. Chairman.

The CHAIRMAN. It is comparable?

Mr. UHLMANN. The figures are smaller only because the fund itself does not have the same volume that the Central States has (p. 16030).

The excess reserves mentioned above were estimated, on the basis of information furnished by the underwriter, to amount to approximately $800,000 on Central States and $440,000 on Michigan conference, or a total of $1,240,000 for both funds.

It is particularly significant to note the high ratio of commissions and service fees to the total retained by the insurance carrier. These extraordinarily large payments necessitated high retention rates, resulting in dissipation of welfare funds. To illustrate:

	Retained by underwriter	Paid to Dorfmans	
		Amount	Percent
Central States:			
8 years to Mar. 31, 1958	$3,905,364	$1,899,647	48
Policy year ended Mar. 31, 1954 [1]	(119,519)	273,730	
Policy year ended Mar. 31, 1958	469,159	431,498	92
Michigan Conference:			
7 years to Mar. 31, 1958	1,888,129	815,431	43
Policy year ended Mar. 31, 1958	254,392	157,442	62

[1] Negative retention.

Schedules A and B following show the amounts retained by the underwriter on the Central States and Michigan conference policies to March 31, 1958, and the related commissions and service fees combined paid to the Dorfmans, year by year.

SCHEDULE A

CENTRAL STATES, SOUTHEAST, AND SOUTHWEST AREAS HEALTH AND WELFARE FUND

Summay of amounts underwriter retained, by years, and comparison with commissions and service fees paid the Dorfmans, Mar. 1, 1950, to Mar. 31, 1958

Policy year	Premiums	Claims paid and incurred	Amount retained by underwriter	Commissions and fees paid Dorfmans
Mar. 1, 1950, to Mar. 31, 1951:				
Accident and health	$1,020,308	$587,258		
Life	530,746	300,000		
Total	1,551,054	887,258		
Less rate credit (accident and health, $236,037; life, $123,015)	359,052			
Net, 1st policy period	1,192,002	887,258	$304,744	$52,304
Apr. 1, 1951, to Mar. 31, 1952:				
Accident and health	1,722,156	1,401,210		
Life	690,568	584,600		
Total	2,412,724	1,985,810		
Less rate credit, accident and health	19,569			
Net, 2d policy year	2,393,155	1,985,810	407,345	112,239
Apr. 1, 1952, to Mar. 31, 1953, accident and health and life	4,747,395	4,195,859	551,536	162,178
Total, 1st 3 policy years	8,332,552	7,068,927	1,263,625	326,721
Accident and health and life:				
Apr. 1, 1953, to Mar. 31, 1954	5,554,455	5,673,974	(119,519)	273,730
Apr. 1, 1954, to Mar. 31, 1955	6,121,833	5,437,755	684,078	209,137
Apr. 1, 1955, to Mar. 31, 1956	8,349,137	7,610,053	739,084	281,431
Apr. 1, 1956, to Mar. 31, 1957	10,488,488	9,619,551	868,937	367,130
Apr. 1, 1957, to Mar. 31, 1958	11,717,954	11,248,795	469,159	431,498
Total, last 5 policy years	42,231,867	39,590,128	2,641,739	1,562,926
Total, 8 policy years	50,564,419	46,659,055	3,905,364	1,899,647
Excess amount reserved as of Mar. 31. 1958, for payment of claims incurred prior to Apr. 1, 1958, estimated on basis of claims payment data furnished by underwriter		(800,307)	800,307	
Total from inception to Mar. 31, 1958, adjusted for excess reserve	50,564,419	45,858,748	4,705,671	1,899,647

SCHEDULE B

MICHIGAN CONFERENCE OF TEAMSTERS WELFARE FUND

Summary of amounts underwriter retained, by years, and comparison with commissions and service fees paid the Dorfmans, Apr. 1, 1951, to Mar. 31, 1958

Policy year	Premiums	Claims paid and incurred	Amount retained by underwriter	Commissions and fees paid Dorfmans
Apr. 1, 1951, to Mar. 31, 1952:				
Accident and health	$1,098,046	$1,000,268		
Life	358,388	293,500		
Total	1,456,434	1,293,768	$162,666	$53,853
Accident and health and life:				
Apr. 1, 1952, to Mar. 31, 1953	2,427,898	2,172,502	255,396	88,918
Apr. 1, 1953, to Mar. 31, 1954	2,947,724	2,654,384	293,340	118,286
Apr. 1, 1954, to Mar. 31, 1955	3,176,351	2,911,478	264,873	112,914
Total, 1st 4 policy years	10,008,407	9,032,132	976,275	373,971
Accident and health and life:				
Apr. 1, 1955, to Mar. 31, 1956	3,708,078	3,436,876	271,202	130,314
Apr. 1, 1956, to Mar. 31, 1957	4,510,271	4,255,879	254,392	157,442
Apr. 1, 1957, to Mar. 31, 1958	4,788,701	4,402,441	386,260	153,704
Total, last 3 policy years	13,007,050	12,095,196	911,854	441,460
Total, 7 policy years	23,015,457	21,127,328	1,888,129	815,431
Excess amount reserved for payment of claims incurred in prior period, estimated on basis of data furnished by underwriter		(442,294)	442,294	
Total, from inception to Mar. 31, 1958, adjusted for excess reserve	23,015,457	20,685,034	2,330,423	815,431

Hoffa and trustees of the Central States fund and of Michigan conference agreed to an increase in premium rates for the members of his unions and their dependents, and two rounds of cuts in dependents' benefits during the same general period, 1952–54, when the Dorfmans got their commission and service fee rates raised several times. Principal changes in benefits and premiums are summarized below:

Benefit cuts and premium increases—1952–54

Policy	Effective date	Benefit cuts, dependents	Premium members	Increase (monthly) dependents
			Cents	*Cents*
Michigan Conference	Apr. 1, 1952	Hospital $160 to $120; obstetrical $75 to $50	15	10
Central States	Apr. 1, 1952		15	
Do	Apr. 1, 1953	Same as Apr. 1, 1952, cuts on Michigan Conference		
Michigan Conference	June 1, 1953	Surgery $300 to $200; drastic maternity cuts by deleting procedures from surgery schedule		
Central States	Apr. 1, 1954	Same as June 1, 1953, cuts on Michigan Conference		10

Details concerning the Dorfman commission and service fee rates over the years are shown on page 145. As to the increases from 1952 to 1954, it was testified:

> In considering this, or in approaching this question of reduced benefits, I should like to point out first that I have before me the material relating to the Michigan Conference

of Teamsters welfare fund when we found an increase in the commissions to the agency in Chicago. For example, commencing with January of 1952, the commissions were increased from 2 to 3 percent; and on July 1, 1952, they were again increased from 3 to 4 percent; and on top of that there was a 2 percent commission and a 2 percent service fee added for life insurance portions of the policy. So that the difference in commissions over and above what had been paid before that, in this 2-year period, between 1952 and 1954 when these cuts in benefits took place, was roughly $54,000 (p. 16030).

The cost to the Central States fund was increased in similar manner, and on this fund the extra income to the Dorfman's amounted to $154,000, making a total of approximately $208,000 which they received on Central States and Michigan conference. It is noteworthy that these payments were superimposed upon an existing scale of commissions which was already excessive.

Effective December 1, 1956, benefits for new members and their dependents—both Central States and Michigan conference groups—were reduced by half.

Mr. KENNEDY. In December of 1956, the benefits of new members in both groups and their dependents were cut 50 percent for the first year; is that right?

Mr. UHLMANN. That is right.

Mr. KENNEDY. So that was another cut?

Mr. UHLMANN. That was another cut effective at that time, and it applied to new members during the course of their first year of employment only. That is to say that following the first year, their benefits would be restored to 100 percent.

But in this connection, I wish to make the point that the premiums paid for these people were identical with those for the members who received 100 percent benefits * * * (pp. 16031–16032).

From 1949, when the Dorfmans entered the insurance business, to 1957, their income rose phenomenally, due largely to excessive commissions and service fees received by them.

Mr. KENNEDY. It would appear to be that during this period of time there was a milking of funds by this group and really what amounted to a sellout by those who were making the decisions for the Teamster Union member.

Mr. UHLMANN. Yes, sir.

Mr. KENNEDY. During this period of time, did Mr. Dorfman's income increase tremendously?

* * * * *

Mr. UHLMANN. We have found that from the time that Mr. Dorfman entered the insurance business in 1949, that his income had grown rather sharply over the years in contrast to what it was a year or two before he went into the insurance business.

Mr. KENNEDY. Tell us what the situation is.

Mr. UHLMANN. In 1948, which was the year preceding the one that he went into the insurance business, his taxable income was $5,094.

Senator CHURCH. Is this information taken from his income tax returns?

Mr. UHLMANN. Yes, sir.

His insurance income—the figures I will cite from here on down will be the insurance income alone, the taxable income (p. 16032).

Mr. Uhlmann then cited figures for Allen Dorfman and his mother, Rose Dorfman, which are shown here in table form:

Net taxable insurance income as shown by personal tax returns

Year	Allen Dorfman	Rose Dorfman	Combined
1948 [1]	$5,094		$5,094
1949 [1]	5,200		5,200
1950 [2]	16,500	$3,500	20,000
1951 [2]	25,391	49,414	74,805
1952 [2]	41,746	94,040	135,786
1953 [2]	129,075	119,075	248,150
1954 [2]	166,508	156,108	322,616
1955 [2]	86,392	75,993	162,385
1956 [2]	131,797	114,647	246,444
1957 [2]	112,553	84,653	197,206

[1] Prior to insurance business.
[2] From the insurance business.

The CHAIRMAN. So this represents profit, both the income of Allen Dorfman and that of his mother, profit primarily from these three accounts, the Central States conference, the Michigan conference, and local 1031?

Mr. UHLMANN. Yes.

The CHAIRMAN. As I remember, about 90 percent.

Mr. UHLMANN. About 92 percent, roughly (pp. 16032–16033).

Dr. Perlman also did very well—on an investment of only $60—in the United Public Service Corp.

Mr. UHLMANN. * * * Dr. Perlman * * * was acting in a dual role as executive vice president of the insurance company, which is the underwriter, and at the same time as executive vice president of the United Public Service Co., which, incidentally, was the managing agent for this insurance company and, of course, received substantial commissions on all business that was done by the Union Casualty Co. It is from that company that Dr. Perlman had derived some $600,000 in total income over a period of years—on an investment of $60, by the way.

The CHAIRMAN. How much?

Mr. UHLMANN. $60.

The CHAIRMAN. $60?

Mr. UHLMANN. Yes, sir.

The CHAIRMAN. And pyramided it into $600,000?

Mr. UHLMANN. At least that; yes.

The CHAIRMAN. At least that much?

Mr. UHLMANN. Yes (p. 15281).

The contract between United Public Service and Union Casualty, perpetrated by Dr. Perlman while in literal control of both companies, was terminated in December 1952 upon the insistence of the New York State Insurance Department, but United Public Service has been receiving $50,000 a year from the insurance company since 1953, and this amount will be paid in perpetuity, even though no benefits derive from these payments.

Collusive action by Paul Dorfman and Dr. Perlman in setting up Allen Dorfman in the insurance business was clearly established at the hearing. In this connection, it is interesting to note that the most lucrative insurance contract, percentagewise, from the standpoint of the underwriter has been that covering the Waste Material Handlers Union. This was particularly true in the early years when Paul Dorfman ran the union singlehanded, and Dr. Perlman largely controlled, and personally benefited from, both United Public Service and Union Casualty.

> Mr. KENNEDY. * * * Mr. Chairman * * * We have had some questionable deals in connection with the Teamsters and their insurance with Allen Dorfman, and this is certainly equally as bad.
>
> * * * * * *
>
> * * * I would like to ask Mr. Uhlmann if he has made a study of the insurance that has been obtained by the Waste Material Handlers Union.
>
> Mr. UHLMANN. We have found that between 1946, when the insurance was first underwritten by the Union Casualty Co. of Mount Vernon, through 1958, that the total premiums amounted to about $496,000, and that the claims were $279,000, and that there were some dividends paid because the difference between the claims paid and the premiums collected was quite excessive, and that the union then received a dividend in the aggregate of a little over $71,000 so that over the years the retention by the company was roughly 30 percent of the total premiums collected.
>
> Mr. KENNEDY. What was the retention?
>
> Mr. UHLMANN. About 30 percent over the years.

Allen Dorfman's New York State insurance license was revoked in October 1954 for violation of the insurance laws of that State. Acts performed by Allen Dorfman, personally and through his agencies, as brought out in testimony, were in violation of the insurance codes of the several States in which he is presently licensed, particularly his misappropriation of layoff premiums. Other actions which were not illegal were nevertheless of questionable propriety for one in a semifiduciary capacity, such as an insurance agent.

At least $51,461.66 in layoff premiums collected by two of Allen Dorfman's agencies, the Union Insurance Agency of Illinois and the Aldor Insurance Agency, Inc., over a 3-year period, were misappropriated to the use of Allen Dorfman personally and several of his enterprises. Partial restitution was made in March 1957—about the time Mr. Dorfman was subpenaed to appear before this committee. Full restitution was made only after the committee staff apprised the

underwriter of the facts in December 1957. John Findlay, committee investigator, testified:

Mr. KENNEDY. Mr. Findlay, is one of the matters that you have spent some time on the so-called layoff premiums that have gone through the office of Mr. Allen Dorfman?

Mr. FINDLAY. Yes.

Mr. KENNEDY. Would you explain to the committee what a layoff premium is?

Mr. FINDLAY. The insurance certificate issued by the Mount Vernon Life Insurance Co. under the group policy provides, with respect to each member of local 1031—this is the Electrical Workers—that in the case of a temporary layoff or a leave of absence, or a work stoppage, the individual policyholder may continue the insurance by making the premium payments direct during the period of layoff.

In this case, the provision applied for a period of about 6 months. In other words, he could carry his insurance for 6 months after the time he was laid off.

Senator CHURCH. Without paying the premium during that period.

Mr. FINDLAY. No. Instead of the employer making the premium under the group insurance plan, the individual has the right to continue the insurance on his own by making the payment direct.

* * * * *

Mr. KENNEDY. What is he supposed to do with the premiums after he receives them?

Mr. FINDLAY. Mr. Dorfman is supposed to remit them in accordance with the laws of the State of Illinois. These being fiduciary funds, they are to be remitted within 90 days after he receives them. He was supposed to remit them to the Mount Vernon Life Insurance Co. in the latter period.

It was formerly known as the Union Casualty & Life Insurance Co.

Mr. KENNEDY. Did we find on our investigation that instead of remitting or forwarding these premiums on to the insurance company itself in New York, he deposited the premiums in his own bank account?

Mr. FINDLAY. He first deposited the premiums in a bank account of the Union Insurance Agency of Illinois, which is his company in partnership with his mother, Rose. These moneys were put in a fund, a bank account, in the Exchange National Bank, marked "Special Account." During the period that we conducted the examination, there was some $51,461.66 collected with respect to these premiums from the individuals.

Mr. KENNEDY. How much was that again?

Mr. FINDLAY. $51,461.66.

Mr. KENNEDY. These were premiums that were collected and not forwarded to the insurance company, but were deposited in a special account which belonged to Allen Dorfman and his mother, Rose Dorfman; is that correct?

Mr. FINDLAY. That is right, to his Union Insurance Agency of Illinois company, owned by Allen and his mother, Rose.

Mr. KENNEDY. Over what period of time was he depositing these premiums in his own bank account?

Mr. FINDLAY. From April 1954 to February 1957 was the date that the $51,000 we are speaking of was accumulated.

Mr. KENNEDY. And this ceased shortly after our investigation began; is that correct?

Mr. FINDLAY. That is right.

Mr. KENNEDY. What steps then did Mr. Allen Dorfman take?

Mr. FINDLAY. Well, before I tell you what happened to the $51,000 that was remitted eventually to the Mount Vernon Life Insurance Co., I would like to mention that there were 21 items drawn on this Union Insurance Agency fiduciary account totaling $47,544.63, comprising payments to Allen Dorfman's entities, Aldor Insurance Agency; Dover Insurance Agency; Union Insurance Agency of Illinois; Windsor Investment Co.; Northwestern Oil Co.; David Probstein, general agent; Allen Dorfman, general agent; the Michigan Conference of Teamsters Welfare Fund; and to Allen Dorfman personally (pp. 16018–16019).

These misappropriated fiduciary funds were used, in part, by Allen Dorfman to finance some of the insurance and noninsurance enterprises owned by himself and his mother.

Mr. KENNEDY. So he deposited the money in the bank account and then, over this period of time, he spent the money?

Mr. FINDLAY. Yes. He financed the operations of other companies, including some of the expenses of the Union Insurance Agency of Illinois, and, of course, several of these checks were drawn to Allen Dorfman himself. Allen signed all of the checks coming out of this fiduciary account (p. 16019).

In March 1957 two checks were drawn to the underwriter which in total equaled the $51,461.66 layoff premiums which allegedly had been collected (later Mr. Findlay pointed out that the true amount could have been greater). However, both checks did not go to the underwriter; Mr. Dorfman endorsed one to himself and deposited it in his personal bank account.

Mr. FINDLAY. * * * One of the checks was dated March 11, 1957. The payee was the Mount Vernon Life Insurance Co., and the amount was $39,155.35. This check was received in Mount Vernon, N.Y., and deposited in the Mount Vernon Life Insurance Co.'s account.

With respect to the difference of $12,306.31, a second check was drawn on June 21, 1957, and the payee in this case was the same—the Mount Vernon Life. However, that check never reached the Mount Vernon Life Insurance Co. until December of 1957.

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Mr. KENNEDY. What happened to that money? That was how much?

Mr. FINDLAY. $12,306.31.

Mr. KENNEDY. Did you trace that check for us?

Mr. FINDLAY. Allen Dorfman took the check which was drawn in his own office in Chicago. It was payable to the Mount Vernon Life Insurance Co. He had a rubber stamp endorsement placed on the check; Mount Vernon Life Insurance Co.

He then signed it personally and endorsed it personally, and deposited it in his personal bank account in the Exchange National Bank of Chicago.

Mr. KENNEDY. In fact, he made the check out to the Mount Vernon Insurance Co., and then with a rubber stamp he endorsed it on the back, "The Mount Vernon Life Insurance Co."; is that right?

Mr. FINDLAY. That is right.

Mr. KENNEDY. Then he endorsed it himself and deposited the check in his own bank account?

Mr. FINDLAY. Yes.

Mr. KENNEDY. So it would appear, if you just made an examination of the records, that he had in fact turned over this $12,000 to the insurance company?

Mr. FINDLAY. Yes.

Mr. KENNEDY. When in fact, he had forged the signature on the back with a rubber stamp and deposited it in his own bank account?

Mr. FINDLAY. That is right. * * *

We subsequently subpenaed the accounts of this premium insurance account, and we found that the $12,306.31 which had been transferred to Allen's account in June, he had arranged with the Exchange National Bank to notify Mount Vernon Life Insurance Co. that the deposit was in error, and that it was being credited to their account in the Exchange National Bank of Chicago. That was on December 9, 1957.

The information was furnished to the bank by Mike Breen, the comptroller for Allen Dorfman's insurance entity. The bank acted on his instructions without making any check of the deposit slip, which clearly showed the amount of $12,306.31 was intended to be deposited to Allen Dorfman's account in June.

We visited the bank and obtained an affidavit from them stating that the transaction had been handled in accordance with the instructions from Dorfman's office, and that the previous advices stating that the deposit had been credited to the wrong account was in error.

Mr. KENNEDY. Do you have that affidavit?

Mr. FINDLAY. Yes, we do.

Mr. KENNEDY. What happened was that Dorfman, after we began to make an investigation of this, had the bank executive write out a statement to the insurance company that this check had been deposited in error in Allen Dorfman's account; is that right?

Mr. FINDLAY. Yes.

Mr. KENNEDY. Then upon our investigation and examination of the check, we found that it could not have been in error, and they then furnished us an affidavit from the bank executive saying that the check had been deposited in Allen Dorfman's account on the instructions of Allen Dorfman's office?

Mr. FINDLAY. That is right.

* * * * *

Mr. KENNEDY. The point is, Mr. Chairman, that this letter, which is exhibit 223, was sent to the insurance company, and the impression that you would arrive at upon reading this letter is that by a mistake made by the bank, this check was deposited in the account of Allen Dorfman rather than sent on through the insurance company.

Upon our investigation and examination of the check, we found that to be impossible.

So then we went back to the bank and asked them for an explanation of this letter, which was wholly misleading. The check shows clearly that Allen Dorfman intended to deposit the check in his own bank account (pp. 16020–16022).

* * * * *

The CHAIRMAN. In other words, although the records of this $51,461 account showed that a check had been issued on it for $12,306.31 to Mount Vernon, that check, the proceeds of it, went back into Dorfman's personal account?

Mr. FINDLAY. That is right.

The CHAIRMAN. So until further investigation was made and this was discovered, the Mount Vernon Life Insurance Co. did not receive that money?

Mr. FINDLAY. They didn't know about it. They didn't receive it.

The CHAIRMAN. They didn't even know about it?

Mr. FINDLAY. No (p. 16023).

According to the affidavit, the bank was advised by Allen Dorfman's comptroller, M. Breen, that the $12,306.31 should have been deposited not to Allen Dorfman's personal account but to the account of the underwriter, then known as Mount Vernon Life Insurance Co. Actually, the underwriter's account referred to above was used primarily for paying bills in the Chicago area and not as a premium deposit account, so that the eventual transfer of the $12,306.31 by the bank was in itself improper.

Mr. FINDLAY. Yes. I would like to make this clear, though. The account that Allen Dorfman used to make the transfer to, that was the Exchange National Bank account of the Mount Vernon Life Insurance Co. in Chicago. The Allen Dorfman Agency was not authorized to make any deposits to that account and never has done so. Furthermore, that account is not used for premium collections, which this represents. That information came from the Mount Vernon Life Insurance Co.

The CHAIRMAN. In other words, this is further out of order or out of line with regular procedure, because the money did not belong in that account in the first place?

Mr. FINDLAY. Exactly.

The CHAIRMAN. It should have gone to another account.

Mr. FINDLAY. It should have gone directly to the Mount Vernon Life Insurance Co. offices in Mount Vernon, N.Y.

The CHAIRMAN. That is where all other premiums had gone?

Mr. FINDLAY. That is so (pp. 16024–16025).

With respect to accounting for layoff premiums collected, Mr. Findlay said that because of the manner in which the records were kept it would be difficult to trace these receipts.

Mr. FINDLAY. They did not appear on the general books of the Union Insurance Agency or Aldor Insurance Agency.

Mr. KENNEDY. And, as a matter of fact, the insurance company in New York had no way of knowing that this $51,000 was due to them; is that right?

Mr. FINDLAY. None whatsoever. In fact, the amount might be greater than $51,000, because if there were some cash payments, because of the manner in which the records were kept, they could have been put in a drawer, or in a tin box and not deposited in the bank account.

* * * * *

Mr. FINDLAY. * * * Another feature of this is that during the period of the withholding of the funds, Allen Dorfman was processing claims filed by the laid-off employees, in some cases death claims, totaling $4,000, $2,000, $2,500, various amounts. We made a test of that and we found $17,500 worth of death claims paid by the Mount Vernon Life Insurance Co. to the policyholders for which they had not received the premiums.

The CHAIRMAN. In other words the Mount Vernon Life Insurance Co. was honoring the contract they had, although they were not getting the premiums.

Mr. FINDLAY. That is right. The claims were filed through Allen Dorfman's office, and death claim benefits are paid by the Mount Vernon Life Insurance Co. from that office. The accident and health claims of these laid-off employees are also paid through the Chicago office, so that undoubtedly there were other claims paid by Dorfman covering accident and health, while all of the funds were being withheld (pp. 16025–16026).

In addition to writing group life policies, the Dorfman agencies write individual life policies. Mr. Findlay testified that these included James Hoffa, Eugene San Soucie, Don Peters, Ed Fenner, Frank Fitzsimmons, Irving Green of Mercury records, and Ted Shulman of the Waste Trade Industry, all insured by Northeastern Life. He even submitted applications for Johnny Dio, and Gus Zapas—and recommended them both.

Mr. KENNEDY. What was the situation as far as Johnny Dioguardi was concerned?

Mr. FINDLAY. Johnny Dio submitted an application through Allen, and it was eventually rejected. But in the

application Allen Dorfman as the agent was asked how long he knew the proposed insured, and he said in 1955 he knew him for 10 years. He also stated that he knew his annual income, Johnny Dio's annual income, was $30,000.

A specific question was asked: "Do you know of anything which might make this risk undesirable?" He said, "No."

Subsequently, the company, of course, rejected the application on the basis of their credit information. In the case of Johnny Dio, Johnny Dio gave Allen Dorfman a check for $684 to cover the premium on his life insurance for 1 year. He gave him that check on March 1, and the check bounced on March 28.

It was redeposited on March 31 and it bounced again on April 7. There was another deposit on April 7 and the check bounced on April 19.

The CHAIRMAN. Three bounces so far?

Mr. FINDLAY. Three bounces. In the meantime, Allen Dorfman had advanced to the Mount Vernon Life Insurance Co., through his Dover Insurance Co., its check, its own check, for $684 in order to make the premium payment to the Mount Vernon.

Mr. KENNEDY. For Johnny Dio?

Mr. FINDLAY. For Johnny Dio's account. Even though he had trouble in connection with the personal checks bouncing, there was no communication with the Mount Vernon Life, and it wasn't until July 8 when Mount Vernon Life decided to reject the application of Dio for cause that the money was returned to the Dover Insurance. So actually it was a wash entry on the Dover Insurance accounts with respect to Johnny Dio.

* * * * *

Mr. KENNEDY. * * * another individual who applied for insurance and who was recommended by Allen Dorfman was Gus Zapas; is that right?

Mr. FINDLAY. Gus Zapas' application, I believe, was approved, but Gus didn't make the payment so the policy was never issued by the Northeastern Life Insurance Co.

Mr. KENNEDY. He is the one, you might remember, Mr. Chairman, who served a term in the penitentiary in Indiana, and who has been arrested 45 times. He was having such a difficult time getting a job in Chicago he was hired by the Teamsters in Indiana. He had been arrested many times in Chicago (pp. 16036–16037).

Advances were made by Allen Dorfman through one of his agencies for union officials which were not reimbursed in full, thus violating the Illinois insurance laws.

Mr. FINDLAY. The personal insurance goes through the books of the Dover Insurance Agency, Ltd. On February 28, 1958, the latest available balance sheet that I was able to get, the books showed that there were advances for policyholders. That was the caption of accounts receivable used by their accountants. It showed that there was some

$3,600 due, from James Hoffa, $726 representing a payment in August 1956.

The Dover Insurance check was No. 576, and that was for $726. That is a semiannual premium on behalf of Jimmy which has not been reimbursed to Allen, and no interest is being charged on the books.

The CHAIRMAN. What is the date of that?

Mr. FINDLAY. August 1956.

The CHAIRMAN. It has never been paid.

Mr. FINDLAY. It has not been paid.

Other semiannual payments are sometimes made direct to the insurance company in Mount Vernon and they have no way of determining from whom they receive the money. But actually, there is only one semiannual payment appearing on the books as still due from Jimmy.

In addition to that, there is a balance of $694.30 due from Eugene San Soucie and his wife, Adele. That represents payments made in 1956 and 1957 for which San Soucie made partial payments, two payments of $480 and $500 to Allen. Those were reflected on the books of Dover.

Frank Fitzsimmons owes a balance of $112.36. It is just a portion of a premium paid through the Dover on behalf of these individuals.

Phil Goodman owes $1,079.99, and the others, $989.47. That amount of $3,602.05 appears on the balance sheet prepared by Miller-Mandell & Co. for management purposes for Allen Dorfman.

Mr. KENNEDY. Is that illegal, to pay the insurance premiums for an agency?

Mr. FINDLAY. In the case of the payments where no interest is charged, we have been informed by the Illinois Insurance Department that it is considered in the nature of a rebate and is illegal. In the case of New York, I am not sure what interpretation they would put on it.

Mr. KENNEDY. But in Illinois it is illegal?

Mr. FINDLAY. It is; yes (pp. 16037–16038).

Allen and Rose Dorfman had furnishings shipped to their respective homes which were paid for by two of the Dorfman insurance agencies and recorded as business property. This was established in testimony by Mrs. Martha Lucas, proprietor of the furniture store in Chicago from which the purchases were made, and by Mr. Findlay, committee investigator. Mrs. Lucas identified a number of bogus invoices covering chairs, desks, a sofa, and other items, and testified concerning the delivery of the merchandise.

The CHAIRMAN. May I inquire whether any of the merchandise called for by those six invoices was actually delivered to the purchaser, Aldor Insurance Agency?

Mrs. LUCAS. No, sir.

The CHAIRMAN. No part of the merchandise listed in either of those six invoices was either purchased by the Aldor Insurance Agency from the Lucas Co., nor was any of it delivered to the insurance agency; is that correct?

Mrs. LUCAS. Yes, sir.

The CHAIRMAN. Are these six, in addition to the other one you identified, all bogus invoices?

Mrs. LUCAS. Yes, sir.

The CHAIRMAN. And for what reason were these bogus invoices made out?

First, counsel suggests, and I think it is well, did you ever deliver any of the merchandise, your company, any of this merchandise to the Aldor Insurance Agency?

Mrs. LUCAS. Not of that merchandise.

The CHAIRMAN. I beg your pardon?

Mrs. LUCAS. Not of that merchandise.

The CHAIRMAN. Not of this merchandise?

Mrs. LUCAS. No, sir.

* * * * *

Mr. KENNEDY. Did you make deliveries of any kind of furnishings or furniture in connection with these invoices? Did you make deliveries to Allen Dorfman's home, for instance?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And did you make deliveries to Rose Dorfman's?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. These were furnishings for their private homes; is that correct?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And these invoices here are to cover those deliveries that you made; is that right?

Mrs. LUCAS. No, sir; I billed them for what I delivered to their homes.

Mr. KENNEDY. You billed them separately for that?

Mrs. LUCAS. Yes. sir.

Mr. KENNEDY. What was the purpose of these invoices that we have here?

Mrs. LUCAS. To receive payment.

* * * * *

Mr. KENNEDY. And the invoices would make it appear that the furniture was office furniture when, in fact, it was home furniture?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And these invoices would permit the companies to make checks out to you to pay for the furniture; is that right?

Mrs. LUCAS. Yes. sir.

Mr. KENNEDY. That is what happened?

Mrs. LUCAS. I received checks.

Mr. KENNEDY. From these two companies, the Aldor Insurance Agency and the Union Insurance Agency?

Mrs. LUCAS. Yes. sir.

Mr. KENNEDY. Then those in turn, Mr. Uhlmann, were deducted as expenses; is that correct?

Or you can tell that, Mr. Findlay.

Mr. FINDLAY. $3,350.12 was charged on the books of Union Insurance Agency as furniture and equipment, and

$3,950.79 on the books of Aldor Insurance Agency. In this manner, their accountants were able to depreciate the furniture and take it as a deduction as an operating expense, rather than as a personal expense (pp. 16077–16078).

Mr. Findlay testified that he examined the income tax returns of these two companies and that some depreciation on this furniture had been taken as a business expense.

The CHAIRMAN. They were charged as expenses to the insurance?

Mr. FINDLAY. To the Union Insurance Agency and Aldor Insurance, Inc., the companies owned by Allen and Rose (p. 16079).

When questioned as to who told her to make the fictitious invoices, Mrs. Lucas testified that it was Allen Dorfman and "one lady at the office."

Mr. KENNEDY. You talked to both of them about it?

Mrs. LUCAS. Yes, sir. Honestly.

Mr. KENNEDY. The girl in the office and Allen Dorfman?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. Both of them you talked to about making these phony invoices?

Mrs. LUCAS. Yes, sir.

Mr. KENNEDY. And the furniture that was provided, the home furniture, rugs, and couches, et cetera, were sent to the homes of Allen Dorfman and Rose Dorfman?

Mrs. LUCAS. Yes, sir (p. 16079).

It was developed in testimony that an $11,500 advance made by Allen Dorfman to David Probstein was originally shown on company books as "suspense," then as travel expense, and that the unpaid portion of $8,190.36 was taken as a deduction by Mr. Dorfman in his personal tax return for 1955 as an embezzlement loss.

Mr. FINDLAY. In August, on August 12, 1954, Allen Dorfman drew a check to David Probstein for $11,500 which he forwarded to Probstein and which was deposited in an account in Indianapolis. This $11,500 that Allen forwarded Probstein was obtained from the Union Insurance Agency of Illinois on the same day.

He received a check for $11,500. That is one of the items which was charged to travel and entertainment, although originally it was booked in the suspence account, indicating that the item was unusual. But subsequently it was journalized out by Miller-Mandell, who make a periodic review of the accounts, and charged to the Dorfman account.

* * * * *

The CHAIRMAN. As I understand it, on the books of the company where he got the money to loan to Probstein, they charged it as an expense to that company, a travel expense, and so forth; is that correct?

Mr. FINDLAY. Yes. I have the check here.

The CHAIRMAN. They charged it originally as travel expense?

Mr. FINDLAY. They charged it originally as suspense and then transferred it to "Travel expense."

The CHAIRMAN. All right. But so far as the permanent records of that company, it is travel expense?

Mr. FINDLAY. Yes, sir.

The CHAIRMAN. And it has been deducted for income tax purposes there?

Mr. FINDLAY. Yes, sir. It is included in the figures taken as a deduction.

The CHAIRMAN. Taken as a deduction in that instance. Then since Probstein didn't pay it back, it is again taken as a loss by him personally?

Mr. FINDLAY. It is claimed as an embezzlement loss in his return (pp. 16057–16058).

Allen Dorfman regularly withdrew large sums from his entities, allegedly for travel and entertainment, which were not properly documented. Out of a total of $340,000 charged to travel, entertainment, and sales promotion by Dorfman insurance agencies from May 1, 1953, to December 31, 1957, $182,000 was paid to Allen Dorfman; of this amount, $104,000 was entirely unsupported.

Mr. KENNEDY. Now, out of the $340,000, how much do we find were checks directly to either airlines or a hotel or that we can trace directly?

Mr. FINDLAY. Out of the $340,159, there is $158,802 representing payments to hotels such as the Saxony, restaurants, airlines, clubs, liquor shops, and floral shops. In other words, they are items and direct payments considered in the nature of operating expenses of the insurance business for which he was taking them as tax deductions.

Mr. KENNEDY. So that is $158,000 out of the $340,000?

Mr. FINDLAY. Yes.

Mr. KENNEDY. What happened to the rest?

Mr. FINDLAY. The balance is $181,698—$140,760 Allen got in checks which he either cashed or deposited in his personal bank account. This $140,000 represents periodic withdrawals of $1,500, $2,000, and, in some cases, items to the extent of $11,500, in the case of one check, as high as $11,500.

That represents actual checks drawn to the order of Allen and charged to the travel and entertainment expense of the company.

The difference of $41,000 represents the $24,000 which I mentioned he claimed in his 1954 tax return * * *.

Mr. KENNEDY. Mr. Findlay, the important matter here is the amount of money for which there is no substantiation. What do the records show about that?

* * * * *

Mr. FINDLAY. Allen Dorfman submitted to the committee expense vouchers totaling $77,488.

Mr. KENNEDY. Let's call it $78,000.

* * * * *

Mr. KENNEDY. What kind of vouchers did that consist of?

Mr. FINDLAY. Well, the vouchers were rather sketchy. They were what I would call totally unsupported vouchers. In most cases the descriptions were vague.

Mr. KENNEDY. Give us two or three examples.

Mr. FINDLAY. Well, in a period in 1956, for the period October 30 to November 2, he charged $2,815, and the voucher read "25 prospective clients to Las Vegas." There were no names furnished.

On January 15 to February 5, 1955, he charged $2,770. He said, "Teamsters meeting and AFL, Miami, Fla." There is no mention of the individuals.

In September of 1955 he put in a voucher for $1,800 and just said "Miami-Havana." * * *

* * * * *

Mr. KENNEDY. But no vouchers supporting it whatsoever?

Mr. FINDLAY. No vouchers.

Mr. KENNEDY. No bills of any kind?

Mr. FINDLAY. No bills because actually the bulk of this money is marked "Entertainment."

* * * * *

Mr. KENNEDY. So those kinds of vouchers were submitted for $78,000 of the $182,000. Did he give you any vouchers for the $104,000? Any vouchers at all? Even of this kind of voucher?

Mr. FINDLAY. He gave us none * * *.

Mr. KENNEDY. He has $182,000 credited to him, or checks that were made out to him; and out of that $182,000 he furnished these kinds of statements for some $78,000 of it, and no statements of any kind for $104,000; is that right?

Mr. FINDLAY. That is right (pp. 16054–16056).

Allen Dorfman regularly cashed large checks and withdrew large sums from his personal and joint (with his mother, Rose Dorfman) savings accounts—from February 9, 1949, these totaled $332,427—the disposition of which could not be established by the committee staff.

Senator ERVIN. To simplify this thing so that a man used to thinking in small figures can readily understand it, from the records which you were able to obtain during a period of 9 years, beginning in 1949 and ending in 1957, Allen Dorfman got $332,427 in cash for which you have been unable to obtain any record to show what he did with it and which he has refused to tell you what he did with it?

Mr. FINDLAY. That is right.

Senator ERVIN. When you average that over a year, breaking it down, averaging it over the years, that was equivalent to an average of $36,936 a year.

Mr. FINDLAY. Yes, sir.

Senator ERVIN. If my arithmetic be correct?

Mr. FINDLAY. Yes, sir.

Senator ERVIN. And breaking it down a little further, it was slightly over $100 a day, counting Sundays and holidays each of those 9 years?

Mr. FINDLAY. That is correct.

There is one additional thing on this. Allen Dorfman stated that his bank statements prior to December of 1953 had been destroyed, so that we were unable to trace any items of a cash nature between the period of 1949 and 1953, so this $332,000 is a minimum figure. His personal bank records were said to have been destroyed prior to December of 1953.

Senator ERVIN. And he told you with respect to some of his other bank records, he did not keep check stubs, and he made no entries on check stubs?

Mr. FINDLAY. He told us he kept no check stubs on any personal bank accounts, and therefore we were unable to determine in connection with the missing items who the payee was. We had no way of determining to whom the check was drawn, and since the check was missing it naturally was assumed to have been a cash item or an item of that kind.

Senator ERVIN. In other words, he kept no check stubs, and then when the check was cashed or whoever got it, then he destroyed the check?

Mr. FINDLAY. The check had been withdrawn from the bank statement that was turned over to us, and we were able to determine by the charges on the bank statement there was some missing items, and those items were of sizable amounts and have been listed on the schedule which Senator McClellan has.

* * * * *

Mr. KENNEDY. Now, this is all in addition to his regular living expenses which he had and which, of course, are not included in this list, where we could trace the money and we have not included it?

Mr. FINDLAY. It is in addition to items which passed through his personal bank account, for which we knew what the items were for. In other words, he put through his personal bank accounts some sizable amounts, and, of course, a good many of his household expenses and investments and things of that type go through his personal bank account. Payments for items such as his Federal income tax return are made through his insurance entities, and the Union Insurance Agency of Illinois, or the Amalgamated Insurance & Service Co., so that we know that he did not use any of this money in connection with payments of that type (pp. 16052–16053).

Related to the unsupported travel and entertainment charges and the cash not accounted for are the deficiencies of the Dorfman record-keeping some of which have already been disclosed. The poor records, the many Dorfman enterprises, and the frequent and complex intercompany transactions provide a perfect setup for financial maneuvers and at the same time make them difficult to trace. Even the Dorfman public accountants are kept in the dark.

Mr. FINDLAY. * * * Miller, Mandell & Co., the certified public accountants who audit the books of Allen Dorfman, they make the audit but do not furnish an affirmative opinion. In other words, they submit an opinion which is considered a disclaimer of opinion. They state that the audit is made primarily for management purposes, and that they are not in a position to state the books and records present fairly the position of his companies at that date.

However, based on the examination of the accounts, they also prepare his Federal tax returns. In connection with the items claimed as travel and entertainment on the returns, Miller, Mandell & Co. make an analysis of the travel and entertainment expenses.

In a good many cases, sizable items which appear in the travel expense analysis are marked by Miller-Mandell "No detail," or in some cases they are marked "Texas expense reimbursement, no detail."

The CHAIRMAN. Marked what?

Mr. FINDLAY. "No detail."

The CHAIRMAN. You said something about reimbursement.

Mr. FINDLAY. In one item, in 1955, I am using this as an illustration, a disbursement on behalf of Allen in connection with a Texas expense reimbursement, they just marked "No detail."

In other sizable items where the check was drawn to Allen and they asked for an explanation, he gives them some explanation, but it does not appear in their working papers. It generally says, "Per Allen Dorfman." So it is evident that they did not have any vouchers covering these items as well (pp. 16056–16057).

* * * * *

Mr. KENNEDY. Do we find from an examination of the books and records that there is a transferring of funds from one company to another?

Mr. UHLMANN. Yes. That is a common and frequent occurrence (p. 16062).

* * * * *

Mr. KENNEDY. Do we find that there are transactions back and forth in the financing of the various companies?

Mr. UHLMANN. Yes.

Mr. KENNEDY. Would you just give it to us briefly, please?

Mr. UHLMANN. Well, in the case of one of the companies alone, the largest of all in the Dorfman group, there is the Union Insurance Agency, of Illinois, which is a partnership. We found that over a period of some 7 years or so there was an aggregate of 113 loans that were made, most of which were transactions between other companies owned or controlled by the Dorfmans (p. 16063).

A wide variety of insurance and other entities have been formed by the Dorfmans over the years. The largest of these, by far, is the Union Insurance Agency of Illinois, a partnership owned by Allen and Rose D rfman. The names of the various entities were published in

the record of the January 28, 1959, hearing. They are presented here in table form together with related explanatory notes.

INSURANCE ENTITIES	NONINSURANCE ENTITIES
Union Insurance Agency of Illinois	Jack O'Lantern Lodge [5]
Amalgamated Insurance Agency Services, Inc.	Joll Properties [5]
Dover Insurance Agency, Ltd.	Jack O'Lantern Lodge, Inc.
Aldor Insurance Agency, Inc.	Tecumseh Lodge, Inc.
Imperial Insurance Agency, Inc.	Mercury Investment Corp.
Business Life Insurance Agencies, Inc.	Pan American Investment Corp.
Cambridge Insurance Agency, Inc.	Sheridan Lien Co.
Alro Agency, Inc.	Windsor Investment Co.
Alro Insurance Agency, Inc.[1]	Sheridan Investments, Inc.
Allen Dorfman, General Agent [2]	New Flamboyant Hotel
David Probstein, General Agent [2]	Northwestern Oil Co.
Cadillac Insurance Agency, Inc.[3]	
Southwest Insurance Agency, Inc.[3]	
West Coast Insurance Consultants, Inc.[4]	

In addition to outright collusion between various labor union insurance and industry officials already described in this report, it was brought out in testimony that a number of individuals have officially held positions, or otherwise performed services, which verge on conflicts of interest. Testimony on this situation was given by Mr. Hutner, Mr. Healy, and Mr. Uhlmann, as summarized below:

A. Maxwell Kunis formerly was an actuary of the U.S. Life Insurance Co., which carried the life portion of the insurance coverage on the Central States and Michigan Conference groups and other groups insured through Allen Dorfman and Dr. Leo Perlman, until April 1952. Later that year, Mr. Kunis left U.S. Life to join Dr. Perlman at Union Casualty as vice president and chief actuary. Mr. Kunis resigned in February 1957 and has since been retained as an actuarial consultant by Northeastern Life (formerly Union Casualty) and is also a consultant for Republic National Life Insurance Co., which is the reinsurer on all Dorfman group policies for Northeastern Life. In addition, he is consultant for the Central States pension fund and for Joint Councils 43 and 69, local 813 and local 449, among others in the Teamster group.

Philip D. Goodman, a Chicago attorney, is now retained by Northeastern Life and by Dorfman insurance enterprises and has been for several years. He represented the Waste Trade Industry of Chicago in 1958 when Paul Dorfman, assisted by some of the employers, tried to bring the employees of this industry into the Teamsters Union. He was formerly a partner with Allen and Rose Dorfman, James Hoffa, and Owen Bert Brennan in the Jack O'Lantern Lodge, a camp for girls in Wisconsin.

Joe Jacobs, a prominent labor attorney in Chicago, at one time was retained concurrently by Paul Dorfman and his Waste Material Handlers Union; Local 1031, IBEW; and Dr. Perlman's Union Casualty Co. and United Public Service Corp.

David Previant was retained by the Central States Drivers Council and served as counsel for the welfare fund. For about 5 years, until 1957, he was retained concurrently by the underwriter of the insurance fund, the Union Casualty & Life Insurance Co., now known as

[1] Writes casualty insurance only.
[2] Intermeshed with Aldor Insurance Agency, Inc.
[3] Not activated according to Allen Dorfman.
[4] Formed in September 1958; Sol Schwartz, a Dorfman employee, is president.
[5] Jack O'Lantern Lodge was succeeded by Joll Properties.

Northeastern Life Insurance Co.[6] He served Allen Dorfman at one time by attempting to obtain union insurance business for him.

Herbert Lissner, a Chicago attorney, has financial interests in Dorfman enterprises. He is a member of the board of directors of Northeastern Life and has power of attorney to vote the stock held in this company by the Michigan Conference of Teamsters Welfare Fund. Mr. Hutner described the directors of Northeastern as "* * * all outstanding people in the community and in the country." He said:

> * * * One director that was mentioned as representing Mr. Dorfman, we invited to come on the board for this reason: The welfare fund and the Michigan conference owns a block of stock in our company, and we felt that they should be represented on our board. * * *
>
> Mr. KENNEDY. You asked for a representative?
>
> Mr. HUTNER. The fund.
>
> Mr. KENNEDY. Allen Dorfman?
>
> Mr. HUTNER. We asked Allen Dorfman, would he convey this at that time, and he was the agent of the company, and he was the one who suggested that we put this fellow Lissner, who is a lawyer in Chicago, on the board (p. 16073).

Thomas W. Reynolds has been employed as claim supervisor by the Northeastern Life Insurance Co. since the spring of 1951.

> Mr. UHLMANN. * * * He is physically located and stationed in Chicago in Mr. Dorfman's office for the purpose of directing all functions identified with the processing and payment of claims. There is a conflict of interest there that is a very strong one suggested, in that for a period of time he also served as a trustee for one of the health and welfare funds that were insured through the Dorfman agency.
>
> Mr. KENNEDY. That is local 713?
>
> Mr. UHLMANN. Local 713 (p. 16061).

It was developed in testimony that four individuals received cash payments totaling $70,000 in connection with the sale of a large block of Union Casualty stock to an insurance company in California. Mr. Uhlmann's testimony on these payments is summarized as follows:

Allen Dorfman received $25,000. The check was made payable to one of his companies, the Windsor Investment Co., so that taxes were paid by the company rather than by Mr. Dorfman personally.

Sidney Korshak, a Chicago attorney, received $25,000, described as a commission, for services performed, no details of which are known.

Philip Goodman, an attorney previously mentioned, received $5,000 for handling the transfer of ownership from one group to the other.

Irwin Solomon, an accountant in New York City, received a so-called finder's fee. He had been performing some services for Dr. Perlman and for the California insurance company which bought the stock.

In addition to the $25,000 cash, Allen Dorfman received an option to buy 400 shares of the common stock of the underwriter. Concerning the value of the option, Mr. Uhlmann testified:

[6] Mr. Previant has informed the committee, by affidavit and letter filed with the committee, that he does not deem his retainer by Union Casualty & Life Insurance Co. to be in conflict of interest. He contends that his retainer by the underwriter was for a limited purpose of representing the insurance company before the Insurance Commissioner in the State of Wisconsin. He likewise denies he served Allen Dorfman in any capacity.

> The option at the time it was given to Mr. Dorfman, in light of the fact that it then had a market value of roughly $120 a share as contrasted with the price at which the stock could be bought from the company at $80 a share, or a difference of $40 times 400 shares—from that it is apparent that the option at that time was worth approximately $16,000 over and above the $25,000 cash payments (p. 16120).

The control which Mr. Hoffa exercised over the insurance of the two large Teamster groups is clearly demonstrated by a letter dated July 5, 1950, from an official of Union Casualty Co. to the U.S. Life Insurance Co. who pointed out "that we do nothing further * * * until such times as I have had further opportunity to explore the involvement with Jim Hoffa, who, after all, is the axis upon which this whole business turns (exhibit 218)."

* * * * *

> Mr. KENNEDY. This is extremely important, Mr. Chairman, once again to show that there were collusion and fraud involved in the awarding of these contracts. It has cost the Teamsters Union and the Welfare fund hundreds and hundreds of thousands of dollars. Even back just after they awarded this insurance with this group to the Continental Assurance Co., they were even then making a deal and arrangement that when the year was up they were going to switch over to Union Casualty Co., with nothing to do with who was the low bidder (p. 15275).

Mr. Carmine Bellino testified that Mr. Hoffa notified Ralph C. Wilson Associates, Detroit agent for Continental, on March 8, 1951, to the effect that Continental was being dropped:

> This is to notify you of the desire of the Michigan Conference of Teamsters on behalf of its affiliated local unions to discontinue the various policies. The above-mentioned policy numbers take in all policies which have been contracted for between your agency and the Michigan Conference of Teamsters (p. 15277).

On the very same day, the insurance was switched to the Dorfman-Union Casualty group, as described earlier in this report; the insurance was signed in Chicago as an Illinois contract, without any apparent authority for the fund trustees to do so. Could this have had its origin in January 1949—through the joint efforts of Mr. Hoffa and Paul Dorfman—even before Hoffa's letter to Perlman of January 26, 1949?

Mr. Hoffa's negotiation of insurance was evident in the first renewal of the Michigan conference policy with Union Casualty.

> Mr. KENNEDY. What evidence do we have that he personally engineered the negotiations?
>
> Mr. UHLMANN. I have a letter before me dated March 7, 1952, from Dr. Perlman to Mr. Hoffa, in which he says that he tried to reach him, Hoffa, by telephone several times because he wanted to discuss with him the matter of renewing the Michigan conference policy as of April 1, 1952.
>
> In response to that, at the time, Mr. Hoffa was at Hot Springs, Ark., and he wired Dr. Perlman to the effect that

he was not well and he would not be able to return until the middle of April to sign the contract.

* * * * *

The CHAIRMAN. About what date did he participate, after his return?

Mr. UHLMANN. It was April 8, 1952. That was read into the record this morning (p. 16041).

At this point somebody must have decided insurance correspondence should, at least, be addressed to the trustees.

Mr. KENNEDY. Then there was a letter on April 8, 1952, where the representative of the company addresses an envelope to Dr. Perlman and tells him not to be sending all the correspondence to Mr. Hoffa; that for the record's sake, at least, it should be sent to the trustees; is that right?

Mr. UHLMANN. Yes, sir. We have a letter written by Mr. Schwartz to Dr. Perlman, pointing out to him that correspondence—this letter is dated April 8, 1952—pointing out to him that correspondence relating to welfare fund operations have theretofore been addressed to Mr. Hoffa, and he admonishes Dr. Perlman for it, and urges him to have those communications addressed to the trustees in the future as a matter of record.

The CHAIRMAN. That letter will be made exhibit No. 226.

(The letter referred to was marked "Exhibit No. 226" for reference and will be found in the appendix on p. 16184.)

The CHAIRMAN. As I understand from that, although the letter will speak for itself, according to your interpretation of it, apparently Mr. Hoffa was bossing the fund. There wasn't any question about that, but just for the appearance of the thing, that letter regarding it, instead of being addressed to Mr. Hoffa, should be addressed to the trustees; is that correct?

Mr. UHLMANN. Yes, sir (p. 16042).

* * * * *

Mr. BELLINO. As of April 1, that year, the Union Casualty became the carrier for the Michigan Conference of Teamsters Welfare Fund.

On July 13, 2 months later, 1951, the Michigan Conference of Teamsters sent a check for $250,000 to the Union Casualty Co., buying some of their stock. We find a letter which Mr. Uhlmann located in the files of the Union Casualty Co., addressed to Alfred—I believe it is Alfred Lewis—from Dr. Perlman. It is dated July 16, 1951:

"With reference to our discussion Friday morning with regard to the increase of surplus and capital of the company, I wish to advise you that we received today a check in the amount of $250,000 issued by the Michigan Conference of Teamsters Fund, Inc."

Its is signed "Leo."

There is a note from Alfred to Leo:

"DEAR LEO: This is really wonderful news. Now you can begin to go places financially."

It is signed "Alfred" (p. 15277).

* * * * *

Mr. KENNEDY. Have they invested more money in the company?

Mr. UHLMANN. Yes; they have. On December 31, 1955, they invested an additional $100,000 to convert the preferred stock which they held into common.

* * * * *

Mr. KENNEDY. Have they received any benefits on it, any premium?

Mr. UHLMANN. Not at all; no dividends (p. 15280).

It is significant that shortly after the initial investment was made, Union Casualty was licensed to underwrite life insurance; in December 1951 its name was changed to Union Casualty & Life. The Dorfmans managed to profit from this, for on January 1, 1952, on July 1, 1952, and again on April 1, 1953, the Dorfman commission scales, already excessive, were increased on both the Central States and Michigan conference policies, bringing them still greater income.

The Hoffa, Dorfman, Perlman group, as was brought out at the hearing, has controlled and dominated the welfare insurance plans of the two large Teamster conferences in the Midwest from inception. The fund's large investment in a company where its group insurance is carried impairs, if not destroys, any objectivity by the trustees in their evaluation of either the investment or the insurance plan.

Mr. KENNEDY. So the welfare fund now has a further reason, since 1951, and almost an obligation, to retain this insurance company because of the fact that they have an investment of some $350,000 in it?

Mr. UHLMANN. * * * my answer to that would be "Yes" (p. 16040).

The abuses and malpractices found in the awards of the Central States and Michigan Conference group insurance and the interrelationships of these welfare funds, Mr. Hoffa, the Dorfmans, and the underwriter, as brought out in testimony, have been described in earlier sections of this report. Against this background, there emerge two aspects of the Dorfman agency agreements which merit special attention: (1) Vested commissions, and (2) the agreements under which the Dorfmans receive service fees as well as vested commissions on Teamster and other group insurance.

Documents in committee files show the unusual circumstances under which the "vested" arrangement came into being.

In December 1953, immediately after refusing to make the records of his Union Insurance Agency of Illinois available for examination by the New York State Insurance Department, Allen Dorfman wrote Dr. Leo Perlman that he had always understood that any business "we personally solicited * * * would entitle us to commissions as long as such business remains on the books of the company."

Dr. Perlman replied on December 7, 1953, confirming Mr. Dorfman's alleged understanding, stating: "This letter shall be considered as an amendment to any and all agreements which you have in effect with our company."

The New York State Insurance Department questioned this arrangement and conducted a formal hearing on the subject in February 1954. Later it was stated in one of their reports that no documentation was found in the company's files to substantiate that there had been such an understanding prior to Dr. Perlman's letter of December 7, and it was concluded that the whole thing was a fabrication to waive "good conduct and licensing requirements" contained in then existing agreements to protect Allen Dorfman from forfeiting commissions in the event of revocation action by New York or another State.

The Dorfmans' licenses were revoked by the New York State Insurance Department on October 18, 1954, and upon the department's insistence, the Dorfman agency contracts were terminated by Northeastern Life effective March 31, 1958. Despite this, the Dorfmans, by virtue of the vested arrangement, continue to receive commissions from Northeastern Life. In 1958 alone these amounted to $213,680.21, according to the following list furnished by Mr. Hutner at the request of the committee:

NORTHEASTERN LIFE INSURANCE CO. OF NEW YORK

Commissions paid to Union, Doveer, etc., insurance agencies during the year 1958

[Owned by Allen and Rose Dorfman]

Waste Material Handlers Union	$735.95
Local 743	8,863.89
Local 1031, IBEW	18,830.45
Amalgamated Insurance Agency	178.87
Local 580	208.74
Michigan Conference of Teamsters Welfare Fund	48,990.62
Local 405	625.79
Thomas Paper Stock	602.38
Waste Trades Industry	1,091.78
Contract Steel Carriers	104.57
B. Cohen & Sons	26.34
Mercury Record Co	276.60
Local 876	1,981.83
J. L. Keeshin	750.04
Local 713 "A", Health and Welfare Fund	947.70
Carnival Workers	1,351.72
Local 688	648.86
Local 713 "B", Health and Welfare Fund	3,529.01
Rayco Auto Seat Covers	243.68
Local 610	324.50
Local 58	5.85
Local 447	0
Bergman & Lefkow, Inc	23.56
Central States Drivers Council, Southeast and Southwest Areas Health and Welfare Fund	122,939.75
Albert, Inc	158.71
Local 726	115.16
Herold Products	40.14
Essex Graham	83.72
Total	213,680.21

(p. 16066)

The legality of the vested commission arrangement was questioned by Senator Ervin and Mr. Kennedy.

> Senator ERWIN. * * * I think it is a serious question of law as to whether a contract of that nature is not contrary to public policy.
>
> * * * * *
>
> Mr. KENNEDY. Especially, Senator, when the contract is made pending an investigation. This wasn't a contract with vested commissions going back to 1949 and 1950. This was a contract that was made in 1953, after the original contract between Allen Dorfman and the insurance company had been signed.
>
> As far as the question of the fraud involved, the State commission of New York was questioning in great terms the public policy of this, whether this contract that was signed with Allen Dorfman had fraud involved in it (p. 16067).

Later, Mr. Kennedy referred again to the position taken by the New York State Insurance Department on the vested commission arrangement.

> Mr. KENNEDY. Now, there is just one other matter on the question of the insurance commission in New York questioning this arrangement made in 1953. I call your attention to page 46 of their report, in which they describe this letter and this situation, and they state that the whole purpose of this procedure was obviously an expedient to protect the agent, irrespective of what may subsequently occur, and thus retain his business.
>
> So they did question the agreement that had been made.
>
> Mr. HUTNER. Yes (p. 16072).

Northeastern Life entered into a contract with Republic National Life, beginning April 1, 1958, the day after the Dorfman agreements were terminated, under which Republic National agreed to service all of the Dorfman group insurance policies. Republic National in turn subcontracted the servicing to Amalgamated Insurance Agency Services, Inc., owned by the Dorfmans, and at the identical rates as under Republic's contract with Northeastern—a form of vested service fee arrangement.

> Mr. KENNEDY. Actually they are charged by Allen Dorfman the same amount that you paid them?
>
> Mr. HUTNER. I believe so.
>
> Mr. KENNEDY. What is the quid pro quo for the Republic National then? You have reinsured a greater amount with them?
>
> Mr. HUTNER. We have reinsured some more insurance with them.
>
> Mr. KENNEDY. What they get out of it is more reinsurance business and they are willing to handle this kind of an arrangement for you?
>
> Mr. HUTNER. Evidently they are.
>
> Mr. KENNEDY. Now, why didn't you break off the relationships with Allen Dorfman?

Mr. HUTNER. Completely, you mean? We broke them off, but we kept the business. I would say it was an economic situation, and a practical one to this extent: We went as far as we could to reduce these fees to as low a figure as we could * * * (pp. 16068–16069).

Based upon the present volume of business, these service fees are estimated to approximate $230,000 a year.

Mr. KENNEDY. I believe that we have the figures, and so maybe you can tell us if it is correct.

Mr. UHLMANN. The figures we have show that the service fees on a reduced basis for the Dorfman groups carried on the Northeastern Life's books, run about $230,000 a year.

Mr. KENNEDY. Together with the vested commissions, and the service fees, they are still getting almost $500,000 a year out of this.

Mr. UHLMANN. Slightly under that; yes (p. 16074).

Mr. Hutner's testimony on January 28, 1959, shows clearly that the Dorfmans carry this business in their vest pocket.

Mr. KENNEDY. In other words, you knew that if you broke off relationships completely with Allen Dorfman you would lose the Teamster account?

Mr. HUTNER. We felt that way; yes, sir.

Mr. KENNEDY. Well, in conversations with various individuals you were led to believe that if you did not retain this relationship with Allen Dorfman you would lose the Teamster account?

Mr. HUTNER. I had that feeling; yes.

Mr. KENNEDY. Did you understand what relationship Allen Dorfman had with the Teamsters Union which would warrant such a result?

Mr. HUTNER. I just understood that he had had this business for many years, and we assumed that he had a very close relationship with the people involved.

Mr. KENNEDY. Which is Mr. Hoffa.

Mr. HUTNER. Yes.

Mr. KENNEDY. Now, did you tell the Republic National Insurance Co., of Texas, that they would have to make this arrangement with Allen Dorfman in order to get this business?

Mr. HUTNER. Well, I told them they would have to make some arrangement with Allen Dorfman to get the business.

Mr. KENNEDY. Because of what fact?

Mr. HUTNER. That I knew we would lose it or I felt we would lose it otherwise (p. 16069).

One final aspect of the relationship among Northeastern Life, the Dorfmans and Mr. Hoffa is a document prepared by Northeastern Life commenting on testimony given by Prof. Allen Mayerson and staff member Martin S. Uhlmann at the September 18, 1958, hearing on the Central States and Michigan Conference insurance awards. The company alleges the report was prepared at the request of the trustees of the Central States, Southeast and Southwest Areas Health and Welfare Fund and the trustees of the Michigan Conference of

Teamsters Welfare Fund. As stated by Mr. Kennedy, it contains some major errors; these are described in a staff memorandum. The company report and the staff memorandum were in the record as exhibits 228 and 228A, respectively, and are included herein as appendixes A and B.

For many years Paul Dorfman has been intimately associated with members of the underworld, particularly in Chicago, and with certain labor union and management officials, as brought out at the hearing.

> Mr. KENNEDY. Now, Mr. McShane, since coming with this committee, have you devoted some time working on the background of Paul Dorfman?
>
> Mr. MCSHANE. I have, sir.
>
> Mr. KENNEDY. And do you have some information that would summarize your investigation, as well as the investigations that have been conducted by other Government departments?
>
> Mr. MCSHANE. Yes, sir; I have.
>
> Mr. KENNEDY. Would you give that information to the committee?
>
> Mr. MCSHANE. According to our investigation, Mr. Kennedy, Mr. Paul Dorfman is a major figure in the Chicago underworld. He is an associate of most of the leading gangsters in the Chicago area. He is the contact man between dishonest union leaders and members of the Chicago underworld (pp. 16082–16083).

Among the criminal elements with whom Paul Dorfman was linked in the testimony were Tony Accardo, known as the head of the Chicago syndicate since the death of Al Capone; Abraham Teitelbaum, former attorney for the Capone mob, who has appeared before the committee in connection with the Chicago Hotel and Restaurant Workers Union. Mr. McShane testified also, about two other of Paul Dorfman's Chicago associates:

> * * * Then there is Harry "Chink" Meltzer, a notorious Michigan hoodlum who was arrested in Chicago for extradition to Michigan on charges of placing explosives with intent to destroy.
>
> Mr. KENNEDY. He received a 15- to 25-year sentence?
>
> Mr. MCSHANE. He is currently serving that in Jackson State prison in Michigan. When he was arrested he placed a call to Mr. Dorfman and told him he was in need of funds and, according to the police officers who accompanied him, he went to a West Side Chicago bar where he found Dorfman had left $25 for him. Meltzer was reportedly very angry at the time, and he commented to the officers that Dorfman owed him very much more than that.
>
> There is a Ruth Brougher and she has reported that Robert Barney Baker sent her to see Paul Dorfman about the disposition of some jewelry she had in her possession. She said subsequently that she met Dorfman in Chicago in connection with this matter. Although nothing came of the meeting, Dorfman gave her his unlisted telephone number and told her to call him if she ever needed help.

> Mr. KENNEDY. She is the lady who appeared before this committee and testified and is now serving a sentence in Florida in connection with the murder of her boy friend?
> Mr. MCSHANE. That is true (pp. 16083–16084).

Mr. Dorfman also has close ties in the New Jersey and New York underworld. One of these was Abner "Longy" Zwillman, who committed suicide on February 25, 1959, headed the New Jersey rackets and for a long period was one of the top underworld figures in the United States. Another is John Dioguardi, alias Johnny Dio, a notorious New York gangster in the garment district, presently serving time in Sing Sing with another Teamster official for extortion.

Paul Dorfman has been of assistance to some of his gangster friends.

> Mr. KENNEDY. Now, you talked about his connection with some of the union officials. Have we found that he has been responsible for the setting up and establishment of certain locals throughout the country?
> Mr. MCSHANE. That is true; he has, sir (p. 16084).

Mr. McShane then testified that Paul Dorfman was instrumental in securing a charter for James Azzone in Minneapolis, local 688, Teamsters. Azzone was convicted of grand larceny in 1938 and was active with Gerald Connelly, now serving a Federal sentence at Terre Haute, Ind., in local 688. Mr. McShane said Paul Dorfman also obtained a charter for Harry Karsh, former heavyweight boxer, now secretary-treasurer of the Carnival Workers, local 447, St. Louis. These two locals have been a source of income to Allen and Rose Dorfman, by way of commissions and fees on group insurance written through their insurance agencies.

Dorfman also managed to secure the charter of local 102, UAW–AFL, for John Dioguardi and was instrumental in securing a charter for Abe Gordon, head of local 805, Teamsters, both in New York. Gordon is an intimate pal of Hoffa and Dio and was engaged in organizing the vending machine industry in New York and New Jersey. Concerning Gordon, Mr. McShane said:

> * * * It is significant that Gordon's initial organizing activities were in the vending machine industry in New York and New Jersey, a substantial portion of which was controlled by Longy Zwillman.
> Mr. KENNEDY. During the hearings that we held on Johnny Dioguardi, we traced some telephone calls to Johnny Dio at the headquarters of Abe Gordon; did we not?
> Mr. MCSHANE. We did.
> Mr. KENNEDY. And the office of Abe Gordon in local 805 and it was Mr. Abe Gordon that was down here for a considerable amount of time consulting with Jimmy Hoffa during the hearings that we held last year; isn't that correct?
> Mr. MCSHANE. That is true; it is, sir (p. 16084).

These, then, are the friends and associates of Paul Dorfman, who, through his wife Rose, has shared the income from the handsome commissions and fees on the large Teamster group insurance.

Paul Dorfman became secretary-treasurer of the Waste Material Handlers Union in 1939 under rather sensational circumstances.

Mr. McSHANE. * * * Now the founder of local 20467, one Leon R. Cook, was shot and killed in Chicago, Ill., on December 8, 1939. Following this murder, Mr. Dorfman appeared on the scene and became secretary-treasurer of the union.

Mr. KENNEDY. Would it appear from your investigation that he merely took over the union immediately after the killing of Mr. Cook?

Mr. McSHANE. It would appear that way, sir (p. 16083).

Paul Dorfman's activities as the head of the Waste Material Handlers Union were directed more at lining his own pockets than looking after the welfare of his union members. Through collusion between him and Theodore Shulman, president of the Sanatex Corp. and executive director of the Waste Trade Industry of Chicago, members of the Waste Material Handlers Union were deprived of wage contract benefits to which they were entitled and were injured by Dorfman's handling of their health and welfare fund.

Mr. Dorfman was ousted from the Waste Material Handlers Union in 1957, as brought out in testimony by Daniel J. Healy, regional director for the AFL–CIO, region 14, for diverting union funds to his personal use as well as for violations of the AFL–CIO ethical practices code:

Mr. KENNEDY. Did you find also misuse of union funds, that Mr. Dorfman was paying some of his personal bills, garage bills, etc.

Mr. HEALY. My predecessor, Mr. Moats, had an audit of the account, and the auditor's report shows that certain personal bills were paid out of the fund.

Mr. KENNEDY. That is, out of the welfare fund?

Mr. HEALY. That is correct.

Mr. KENNEDY. Did you also find that Mr. Paul Dorfman was being paid both out of the welfare fund and also by the union?

Mr. HEALY. For a period of time he was receiving a salary from the welfare fund and also receiving a salary from the general fund of the local union.

However, sometime in 1956 the total salary was paid out of the local fund, not out of the health and welfare. That move was made, I think, around December of 1956, prior to the local being placed under trusteeship.

Mr. KENNEDY. Is that also a violation of regulations, to be paid out of that?

Mr. HEALY. That is a violation of the ethical practices code as adopted by the AFL initially at its convention in Miami in 1954, and again adopted at the national convention, or the founding convention of the AFL–CIO in New York in 1955 (p. 16092).

Paul Dorfman was in full control of the Waste Material Handlers Union and the health and welfare fund, and thus in position to manipulate things as he pleased.

Mr. KENNEDY. Tell me this: What was the situation as far as the local is concerned? Was it run and controlled pretty much by Paul Dorfman prior to your coming in there?

Mr. HEALY. Well, when my predecessor, Mr. Moats, took over, he discovered that the president of the union had very, very seldom run a meeting and Mr. Dorfman always chaired the meetings.

And the minutes of the meeting were taken by the office secretary rather than the recording secretary of the local union, which is rather unusual.

* * * * *

Mr. KENNEDY. Had there been a negotiating committee for that local, to negotiate contracts with the association, or Mr. Paul Dorfman?

Mr. HEALY. Prior to the trusteeship, it is our understanding, no.

Mr. KENNEDY. That Mr. Paul Dorfman had done it all?

Mr. HEALY. That is correct (p. 16095–16096).

Paul Dorfman deposited in the neighborhood of $150,000 of the welfare funds of the Waste Material Handlers Union in the Exchange National Bank of Chicago in a checking account which did not draw a cent of interest, and he drew the checks.

Mr. HEALY. * * * the funds of the health and welfare fund were maintained in a checking account in a bank in the city of Chicago. The funds in the health and welfare fund were not invested as per the trust agreement, and they were deposited, as I said before, in a checking account, requiring one signature, namely that of Paul Dorfman.

Mr. Shulman, who was the association trustee, did not at that time sign any of the checks. * * *

Mr. KENNEDY. Was this money that had been placed in the bank drawing any interest?

Mr. HEALY. No; that was not drawing interest (p. 16091).

The bank which was the recipient of this favor from Paul Dorfman's union welfare fund was owned by George Sax. This is the same George Sax who owns the Saxony Hotel at Miami Beach, frequent meeting place of the Dorfmans, Hoffa, and other labor union and management officials. Paul Dorfman also received rebates on his Saxony Hotel bills.

Mr. KENNEDY. Mr. Chairman, further showing the tie between the Dorfmans and Mr. Shulman, we have records indicating and showing that Mr. Dorfman and Mr. Shulman vacationed together in the winter of 1953 and the winter of 1954, and stayed at the Saxony Hotel in Miami. That is the Saxony Hotel that is owned by George Sax, at whose bank in Chicago this money had been deposited, the money not paying any interest.

It also is of some interest to note that Mr. Dorfman received rebates on his bills at the Saxony Hotel.

The CHAIRMAN. Do you know Mr. Sax?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 16114).

Both Sax and Shulman appeared on Paul Dorfman's behalf in connection with the AFL–CIO ouster proceedings.

> Mr. KENNEDY. And when Mr. Dorfman was before the AFL–CIO ethical practices committee, didn't Mr. Shulman appear as a character witness for him?
>
> Mr. HEALY. I was not present at that hearing, but I understood he did.
>
> Mr. KENNEDY. And also Mr. George Sax, who ran the bank, appeared as a witness?
>
> Mr. HEALY. The minutes show that they both appeared (p. 16096).

As a trustee of the welfare fund of the Waste Material Handlers Union, Mr. Shulman should have been aware, even if he did not sign the checks, of what his close friend, Paul Dorfman, was doing with the fund's money. Concerning this, Mr. Kennedy said:

> Despite the trust agreement, Mr. Shulman, while Mr. Paul Dorfman was head of the union, never signed any of these checks. The money, as has been testified to, was all placed in this bank, paid no interest, and it was a terriffic windfall to George Sax, of the Saxony Hotel, who also owned the bank (p. 16119).

Paul Dorfman, while an official of the Waste Material Handlers Union, represented Mr. Shulman and other members of the Waste Trade Industry employer association in negotiating a contract with Teamsters Local 705, Independent, in Chicago, which resulted in a lower wage rate to members of local 705 than they were entitled to under the existing wage agreement.

> The CHAIRMAN. Mr. Shulman, the Chair presents to you two documents, or memorandums, one dated November 8, 1951. It is on Waste Trade Industry of Chicago stationery.
>
> Another one is on the same stationery, dated November 16, 1951. Each appears to have been signed by you as executive director of the Waste Trade Industry, and also by Edward Lissner, as president of that association.
>
> I ask you to examine these two and state if you identify them.
>
> (The documents were handed to the witness.)
>
> (The witness conferred with his counsel.)
>
> The CHAIRMAN. Do you identify them? Do you recognize them as the originals or as genuine?
>
> Mr. SHULMAN. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.
>
> Mr. CHAIRMAN. Does your signature appear on them?
>
> Mr. SHULMAN. Yes, sir.
>
> The CHAIRMAN. It does. Then they may be made exhibit No. 240 (p. 16111–16112).

Mr. Shulman conceded that he had signed the documents shown him but otherwise pleaded the fifth amendment, so excerpts were read.

> Mr. KENNEDY. There are some excerpts. It is the Waste Trade Industry of Chicago, November 8, 1951:

To all waste material dealers in the city of Chicago. It is signed by Ted Shulman, executive director. It says:

"A meeting of all waste material dealers in the city of Chicago has been called for 8 o'clock in the Gray Room of the Hotel Sherman. This meeting has been called at the urgent request of Mr. Paul Dorfman, secretary-general of Waste Material Handlers, Local 20467, AFL."

Then it goes on to discuss negotiations of the Teamster contract and states:

"Please do not make this mistake now. We should like to make clear that if you fail to attend this meeting it will be necessary for Mr. Dorfman to assume that you are content to pay your drivers in accordance with the wage rates established by Teamster Union Local 705."

Then over here, on November 16, 1951, another document, in which it states:

"Mr. Dorfman has entered into an agreement with the Teamsters Union which will cover the majority of drivers employed by our members."

Then over here, Mr. Chairman, we have another document, January 15, 1953, showing that they entered negotiations in that year. It says:

"In the fall of 1951, a number of our members faced the problem of being forced to increase rates paid to employees not hired as truckdrivers, but who occasionally operate trucks in the course of their daily work. Through cooperation of Mr. Paul Dorfman, our own union representative, a compromise agreement was reached with the Teamsters Union whereby certain drivers may continue to be paid a rate lower than the $1.75 per hour union scale established by the Chicago Teamsters Union, Local 705" (pp. 16112–16113).

Mr. Shulman, possibly as a measure of appreciation, used Waste Trade Industry money to pay two men to solicit insurance business for the Dorfmans.

Mr. KENNEDY. Mr. Chairman, Mr. Shulman, * * * as managing director of the Waste Trade Industry, carried on an insurance sales and promotional drive for the Dorfman company. He had two employees who sold health and life insurance to the employers and to the employees. Their names were Ross Miller and Larry Lera, and they were paid for that purpose.

They were paid by the association for the purpose of selling insurance for the Dorfmans; isn't that correct, Mr. Shulman?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to cinriminate me.

The CHAIRMAN. Do you mean you paid, out of association funds, employees to go out and sell insurance for the Dorfmans? Did you do that?

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 16113).

Paul Dorfman agreed with employers of the Waste Trade Industry that holiday provisions of the wage contract would not be enforced.

Mr. Healy testified that various members of the association informed them that, although the wage contract provided for six paid holidays, and clearly specified that the employee didn't have to work the day before and the day after, Mr. Dorfman mutually "arranged" with the Waste Trade Industry that the employee in some cases had to work as long as a month before and a month after before being eligible for holiday pay.

> Mr. KENNEDY. This was a situation where the contract stipulated that they had six paid holidays, and yet the members of the association, the employers, said that they had a private agreement with Mr. Paul Dorfman, and the terms of the contract were not to be enforced?
>
> Mr. HEALY. That is right. As part of their case, they submitted an exhibit signed by some 50 to 60 members of the association stating that they had a mutual arrangement, or a mutual understanding, with Mr. Dorfman, regarding the working the day before and the day after the holiday before being eligible for holiday pay.
>
> Mr. KENNEDY. So although the contract stipulated one thing, because of this arrangement they had been following a different practice?
>
> Mr. HEALY. That is right.
>
> Mr. KENNEDY. The contract was not being enforced?
>
> Mr. HEALY. That is correct * * * (p. 16093).

The committee was shocked to learn that the United States is a customer of Shulman's company, the Sanatex Corp.

> Mr. KENNEDY. And do you sell to the U.S. Government and private industry? Is that right
>
> Mr. SHULMAN. That is right.
>
> Mr. KENNEDY. What percentage of your sales are to the U.S. Government, Mr. Shulman?
>
> Mr. SHULMAN. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.
>
> Mr. KENNEDY. If you told how much of your business was with the U.S. Government it would tend to incriminate you?
>
> (The witness conferred with his counsel.)
>
> Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.
>
> The CHAIRMAN. What is there about doing business with the Government that is wrong or might be incriminating to you? Would you tell us? I would like to find out what happens with the Government that you can't have contact or business with your Government without having possible self-incrimination. Can you enlighten us at all?
>
> Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.
>
> The CHAIRMAN. You are associated with the business world, aren't you?
>
> Mr. SHULMAN. Yes, sir.
>
> The CHAIRMAN. Do you regard yourself as a businessman?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. Don't you think it is downright disgraceful and contemptible when businessmen and union people can't work together or have business relations without placing themselves in the position that when they are asked to give a report or an accounting of that relationship, that they can't testify without honestly believing that a truthful answer to questions pertaining to it might tend to incriminate them?

Don't you think it downright degrading to be in that situation?

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 16110).

Mr. Shulman was questioned also about his income from the Waste Trade Industry, of which he is executive director.

Mr. KENNEDY. Mr. Chairman, according to the information that we have, the association has paid Mr. Shulman over a period of 5½ years, in addition to his regular expenses, some $34,855.41. We can find no record that he ever reported this on his income tax.

Is that correct, Mr. Shulman?

(The witness conferred with his counsel.)

Mr. SHULMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 16118).

Don Peters has, since 1946, been president of local 743, the first Teamster group that was insured through the Dorfmans. Peters' salary from local 743 has increased apace in the last few years—from $11,000 in 1954 to $27,300 in 1958. He has been intimate with the Dorfmans and Hoffa for a good many years, often staying at the same hotel, jointly attending the same prize fight; he was one of the union officials entertained by Dr. Perlman in 1950 and 1951 around the time of the Central States and Michigan conference awards to Union Casualty.

A Saxony Hotel bill for $2,142.96, paid by and charged to the business expense of Allen Dorfman's Union Insurance Agency in 1955, included $593.13 for a check given to Donald Peters. This assumes importance because of the effort made to conceal it. A committee investigator testified concerning the original and a photostatic copy of the hotel bill.

The CHAIRMAN. * * * What is the amount of the bill?

Mr. FINDLAY. The full amount of the bill is $2,142.96.

The CHAIRMAN. Where did you get the bill?

Mr. FINDLAY. We got the original bill from the Saxony Hotel in Miami.

Mr. KENNEDY. This bill he is talking about.

Mr. FINDLAY. This bill we got from the files of the Union Insurance Agency of Illinois.

The CHAIRMAN. That photostatic copy of the bill may be made exhibit No. 239.

(Document referred to was marked "Exhibit No. 239" for reference, and may be found in the files of the select committee.)

The CHAIRMAN. Mr. Dorfman, I ask you to note at the bottom of this bill—apparently there was an erasure on line 24, right at the extreme bottom of the bill. I wish you would examine this photostatic copy again and look at the place where the erasure obviously was made on line 24 at the bottom, and tell the committee what was erased.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment to the Constitution (pp. 16107–16108).

The witness was then asked to examine the original bill and asked whether he would say that it was the original, but would not do so.

The CHAIRMAN. Do you think that that might tend to incriminate you, if that is the original?

Mr. ALLEN DORFMAN. Yes, sir.

The CHAIRMAN. I see. What does it say on that bottom line, line 24, where the erasure appears on the photostatic copy? What does it say on there? Look at line 24.

(The witness conferred with his counsel.)

Mr. ALLEN DORFMAN (reading). "Check to Donald Peters."

The CHAIRMAN. How much?

Mr. ALLEN DORFMAN (reading). "February 4, 1955, $593.13."

The CHAIRMAN. Did you have Mr. Peters given a check and have it charged to your bill or to your company?

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment of the Constitution.

Mr. KENNEDY. Did you receive it, Mr. Peters?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

* * * * *

Mr. KENNEDY. The point, of course, Mr. Chairman, is that we have subpenaed the records of Mr. Allen Dorfman, and received this record from Allen Dorfman, and found this erasure, so that you couldn't identify the caption that said it was a check to Donald Peters. We went then and obtained the original and found the fact that this amount of $593 check had been sent.

The CHAIRMAN. Mr. Peters, of course, represents the union, and Mr. Dorfman represents the insurance company.

Mr. Dorfman, it appears here that you gave a check on your company, $593.13, to Mr. Peters. I will ask you if you had the insurance business of Mr. Peters' local, local 743.

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment to the Constitution.

The CHAIRMAN. Was this a kind of kickback in premiums to Mr. Peters? Is that what it is? Is that why you can't talk about it?

Mr. ALLEN DORFMAN. I claim my privilege under the fifth amendment to the Constitution (pp. 16108–16109).

Mr. Peters was questioned about a $4,289.89 check drawn on his local 743 for his share of the James Hoffa dinner.

The CHAIRMAN. Mr. Peters, the Chair presents to you a photostatic copy of a check dated November 5, 1957, payable to the Fontainebleau Hotel Corp., in the amount of $4,289.89. It appears to be on your local, No. 743, and countersigned by you, together with a bill attached to it which says "The James Hoffa Dinner, your share, one-third of $12,869.65." Your one-third of it is $4,289.89, the amount of the check. I hand you the check, a photostatic copy, and also the original bill. I ask you to examine them and state if you identify them.

(Documents handed to the witness.)

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Is there something about giving Jimmy Hoffa a dinner, a lavish dinner like that, that might tend to incriminate you or the local union you represent?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

* * * * *

Senator ERVIN. Was that dinner given to Mr. Hoffa in connection with his campaign for election to the presidency of the Teamsters Union in Miami last year?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 16105).

Testimony at the hearing on January 29, 1959, and related evidential material placed Paul and Allen Dorfman, Donald Peters, Ted Shulman, James Hoffa, and Bernie Nemerov at the Castaways Motel, Miami Beach, on or about February 10, 1958, and indicated that it was here that arrangements were made for Paul Dorfman to work for Don Peters' local to organize members in the waste trade industry of Chicago for the Teamsters Union. Committee Investigator Richard Sinclair identified various hotel bills and transportation documents which were used in establishing the presence of the individuals in question in Miami Beach in February 1958.

Mr. KENNEDY. Now, Mr. Chairman, the matter that Mr. Peters is being called on primarily deals with this situation in Chicago, where the efforts of Paul Dorfman were working for Mr. Peters' local to bring the employees of the waste trade industry of Chicago into the Teamsters Union.

We have the information and the testimony from previous witnesses that this was done with the collusion of the employers * * * (p. 16099).

Mr. Peters was questioned as to his purpose in making this arrangement with Paul Dorfman but would give no explanation.

Mr. KENNEDY. Mr. Peters, why would you use somebody like Paul Dorfman to assist you in organizing the waste handlers employees in Chicago?

Mr. PETERS. Mr. Kennedy, I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

Mr. KENNEDY. That is the matter which is of primary interest to us, as to why, when the evidence was developed that he was making collusive deals with the employers, that he was very closely associated with Mr. Shulman, the evidence was that he was not enforcing the contracts, and he is kicked out because of these facts and the facts that he misused union funds—why would you then use somebody like him to assist you in organizing the employees?

Could you explain that to us, Mr. Peters?

Mr. PETERS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 16109).

Daniel J. Healy, regional director for the AFL–CIO, testified that in early 1958, when representatives of the AFL–CIO went to the Waste Trade Industry of Chicago about renewing the agreement, they learned that Paul Dorfman was conducting an organizational campaign. Mr. Healy said:

* * * Our first knowledge was at B. Cohn & Sons, who is not a member of the association, where Mr. Dorfman went in with the knowledge of the employer and organized or signed up the employees on cards for Local 743 of the International Brotherhood of Teamsters. * * *

Mr. KENNEDY. So what happened was that Dr. Dorfman had been expelled from the AFL–CIO * * * you started to enter into negotiations to sign a contract with the Waste Trade Industry of Chicago, and you found the same Paul Dorfman was then going to work for the Teamsters?

Mr. HEALY. That is correct.

Mr. KENNEDY. He was going to work for Local 743 of the Teamsters?

Mr. HEALY. That is correct.

Mr. KENNEDY. Trying to sign up these association members?

Mr. HEALY. The employees of the association, yes. * * *

Mr. KENNEDY. Did you find evidence that the employers were helping Local 743 of the Teamsters?

Mr. HEALY. Well, I wouldn't say they were helping 743.

Mr. KENNEDY. They were helping Paul Dorfman?

Mr. HEALY. They were helping Paul Dorfman.

Mr. KENNEDY. And he was representing the union?

Mr. HEALY. I assume so.

Mr. KENNEDY. Well, you know he was helping 743 or working for 743?

Mr. HEALY. He was working for 743 (pp. 16093–16094).

It was brought out in testimony by Mr. Healy that from April 30, 1958, until around the middle of November when an agreement was concluded with the Waste Trade Industry, the AFL–CIO was harassed by Mr. Dorfman, in many cases with the assistance of the employers, from an organizational standpoint; that the employees suffered during this period; and that Mr. Dorfman's activities were instrumental in

their winding up with a less attractive contract for the employees than would otherwise have been the case.

> Mr. HEALY. * * * We finally concluded an agreement, as I said before, somewhere around the middle of November.
>
> Mr. KENNEDY. Is it a good agreement?
>
> Mr. HEALY. Personally, it is not as good an agreement as I would like to have seen in there. I say this: We are not proud of it, and we negotiated at a time when we had an economic recession as far as the waste industry was concerned, plus the fact that we had this continual harassment from Mr. Dorfman that certainly was not the best atmosphere to negotiate a decent agreement in.
>
> * * * * *
>
> Mr. KENNEDY. Now, did you realize or feel that if you did not sign a contract and give in on some of these points, that you would have had even more difficulty in the contract that might have been signed?
>
> Mr. HEALY. We had gone some 6 months, Mr. Kennedy, without a contract, and no health and welfare was being deducted and no dues were being deducted by the members of the association and we had no grievance procedure and our stewards were not recognized over that period of time because the association took the position that the contract expired on April 30, and therefore they had no obligation as far as collective bargaining was concerned or of recognizing our stewards or processing any grievances. Over that period of time I would say that the employees were used rather roughly by various members of the association (p. 16095).

Mr. Paul Dorfman was asked to testify about his relationships with the Chicago underworld, with Mr. Hoffa, and with the members of the Waste Material Handlers Union while he was an official of the union, but declined to so, invoking the fifth amendment in each case.

> Mr. KENNEDY. Isn't it correct that you, yourself, as a union official, were never interested in the members of your union?
>
> Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.
>
> Mr. KENNEDY. Isn't it correct that you never attempted to enforce the contract that existed between your union and the Waste Trade Industry of Chicago?
>
> Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.
>
> Mr. KENNEDY. Isn't it correct that you also betrayed your membership by entering into collusive deals with the head of the Waste Trade Industry of Chicago, Mr. Shulman?
>
> Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.
>
> Mr. KENNEDY. That the only interest that you ever had in these matters was in the income that you could acquire

from your relationship with the union and your relationship with Mr. Hoffa?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

* * * * *

Senator ERVIN. Mr. Dorfman, don't you think it is a tragic day in America when you and scores upon scores of other labor leaders who have been permitted to exercise authority over other men under the laws of this country, when they are asked about their activities as union leaders come here and, one after another, take the fifth amendment?

Mr. PAUL DORFMAN. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me (p. 16089).

The chairman, after Paul Dorfman and Don Peters had repeatedly invoked the fifth amendment, characterized such action as a disservice to the union members they represent.

The CHAIRMAN. You leave the impression, those of you who take the fifth amendment on the question of what kind of service you render to a union or to a local or to organized labor, as to what kind of services you render, that there is something immoral or illegal about representing a union, or representing working people.

It casts a reflection that I don't think they deserve. I think that the working people of this country, the dues-paying members, like the rest of the people of America, are decent, law-abiding citizens. I think it is an outrage that union leaders, people who occupy positions of trust, have to come in here and virtually slander them and lie about them by taking the fifth amendment when they testify under oath that they can tell what they do to serve them without possible self-incrimination.

I think it is just that flagrant a case of either the abuse of the fifth amendment or willful reflection upon honest, decent unionism (p. 16099).

APPENDIX A

PADWAY, GOLDBERG & PREVIANT,
Milwaukee, Wis., November 14, 1958.

Hon. JOHN L. MCCLELLAN,
Chairman, Select Committee on Improper Activities in the Labor or Management Field, Senate Office Building, Washington, D.C.

DEAR SENATOR MCCLELLAN: Pursuant to leave granted by you at the conclusion of the committee's hearings on September 18, 1958, we submit herewith a verified statement prepared by the Northeastern Life Insurance Co., of New York, formerly the Mount Vernon Life Insurance Co., of New York, formerly the Union Casualty & Life Insurance Co., of New York, and formerly the Union Casualty Co. This statement was prepared at the request of the trustees of the Central States, Southeast and Southwest areas health and welfare fund, and the Michigan Conference of Teamsters welfare fund for the purpose of completing and correcting the record of the committee

with respect to the matters referred to. We request that this be made a part of the record of the committee in accordance with our previous understanding.

Very truly,

DAVID PREVIANT.

EXHIBIT 228

NORTHEASTERN LIFE INSURANCE CO. OF NEW YORK

EXECUTIVE OFFICES

Mount Vernon, N.Y.

Report dealing with testimony presented to Select Committee on Improper Activities in the Labor or Management Field, U.S. Senate, September 18, 1958, with regard to Central States, Southeast and Southwest areas health and welfare fund, and Michigan Conference of Teamsters welfare fund

STATE OF NEW YORK,
County of Westchester, ss:

Lawrence L. Monnett, Jr., being first duly sworn on oath, deposes and says that he is the executive vice president of the Northeastern Life Insurance Co., of New York, formerly the Mount Vernon Life Insurance Co., of New York, formerly the Union Casualty & Life Insurance Co., of New York, formerly the Union Casualty Co. (hereinafter referred to as the "company"), with principal offices at 17 East Prospect Avenue, Mount Vernon, N.Y., and that he makes this affidavit for the purpose of certifying information in the records of the company as they relate to group insurance written by the company.

Affiant states that on the 26th day of September 1958, the Northeastern Life Insurance Co., of New York, was requested by the trustees of the Central States, Southeast and Southwest areas health and welfare fund, to review the testimony given before the Select Committee on Improper Activities in the Labor or Management Field, U.S. Senate, on September 18, 1958, and compare it with the company's own records and prepare a statement from its own records to complete and clarify the testimony given before the committee.

Affiant further states that the company has examined its records as requested, and has found certain errors, omissions and misstatements of fact, and herewith respectfully submits its statement for the consideration of the Senate select committee.

Further this affiant sayeth not.

LAWRENCE L. MONNETT, Jr.

Subscribed and sworn to me this 31st day of October 1958.

THOMAS S. NARDO,
Notary Public.
THOMAS S. NARDO,
Commissioner of Deeds.

[SEAL]

MOUNT VERNON, N.Y.
Commission expires December 31, 1958.

NORTHEASTERN LIFE INSURANCE CO. OF NEW YORK

OCTOBER 30, 1958.

REPORT

Subject: Testimony presented to Select Committee on Improper Activities in the Labor or Management Field, U.S. Senate, September 18, 1958, with regard to Central States, Southeast and Southwest areas health, and welfare fund and Michigan Conference of Teamsters welfare fund.

From: Northeastern Life Insurance Co., of New York, Mount Vernon, N.Y.

The insurance company which underwrites the above two risks has reviewed the testimony presented to the Senate committee with regard to these welfare funds. Some portions of the testimony presented are incomplete and other portions of the testimony contain factual errors. In order to complete the record, the insurance company has prepared this report and respectfully requests that it be entered as part of the Senate committee hearings.

The report will deal with the following subjects: (1) Placement of the insurance; (2) actual experience and retentions; (3) commissions; (4) claims; (5) benefit and rate adjustments; and (6) miscellaneous items.

The company shall refer in this report to the assistant professor of insurance and actuarial mathematics at the University of Michigan as the "actuary" and to the member of the Senate select committee investigating staff who testified on these two welfare funds as the "investigator."

PLACEMENT OF THE INSURANCE

At its first meeting on January 9, 1950, the negotiating committee of the Central States, Southeast and Southwest areas health and welfare fund sent out letters requesting bids to more than 60 insurance companies. The second meeting of the negotiating committee took place on February 3, 1950, at which time the responses from the various insurance companies were reviewed. A number of insurance companies failed to respond to the invitation. A number of other insurance companies specified a premium rate which was beyond the financial capabilities of the welfare fund. Under the collective-bargaining agreement, each employer agreed to contribute the sum of $1 per employee per week. This constituted a monthly contribution of $4.33. A portion of this contribution was necessary to meet the expenses of the fund. As a result, under date of February 4, 1950, the negotiating committee requested bids on two specific plans of insurance from 13 companies whose rates were within the financial capacity of the welfare fund.

The third meeting of the negotiating committee was held on March 6 1950. At that time, an additional number of insurance companies were eliminated. Eight carriers were left whose bids appeared to be within the financial ability of the welfare fund. On March 7, 1950, the eight selected carriers were invited to resubmit bids on two proposed plans of insurance and to appear personally before the negotiating committee to present their bids.

On March 14, 1950, the eight insurance companies presented the following proposals:

Company	Rate	Retention (5-year average)
		Percent
Pacific Mutual	$3.78	7.1
U.S. Life and Union Casualty	3.80	17.5
Continental Assurance	3.85	[1] 13.5
Bankers and Great West	4.11	8.75
Equitable	4.19	9.6
Union Labor	4.21	6.5
John Hancock	4.30	7.5
Occidental	4.32	[2] 14.6

[1] Plus 10 percent of profits.
[2] Plus 2 percent contingency reserve.

The joint bid of U.S. Life and Union Casualty was among the three lowest bids of the final eight bids considered by the negotiating committee. The proposal of U.S. Life and Union Casualty was accepted by a majority vote of the employers' committee and by a majority vote of the union committee.

U.S. Life agreed to underwrite the life insurance portion of the risk and Union Casualty agreed to underwrite the accident and health insurance portion of the risk. However, in view of the request of the welfare fund that appropriate reinsurance be effected to assure performance, Union Casualty reinsured 83⅓ percent of the accident and health portion of the risk with U.S. Life, Lloyds' of London, and London and Edinburgh. Lloyds' carries a deposit of $200 million in City Bank Farmers Trust Co., New York, to guarantee performance.

It is significant that during a period of over 8 years from March 1, 1950, to the present time, the insurance companies underwriting this risk—in periods of good claim experience and in periods of unfavorable claim experience—always met their contractual obligations to the policyholder.

The actuary who testified before the Senate committee made a study of this case for the committee on ethical practices, AFL–CIO. In one of his reports, he draws the following conclusion with regard to the placement of the insurance:

"On the basis of the facts available to me, I can therefore neither confirm nor refute the allegation that the insurance was placed with Union Casualty solely because of Mr. Hoffa's influence."

The Senate Subcommittee on Welfare and Pension Funds, headed by Senator Paul Douglas, made a study of the placement of the insurance and concluded that the insurance carrier was selected only after receiving competitive bids. On page 129 of the "Final Report Submitted to the Committee on Labor and Public Welfare by its Subcommittee on Welfare and Pension Funds Pursuant to Senate Resolution 40 as extended by Senate Resolution 200 and Senate Resolution 232 (84th Cong.)," the subcommittee stated "These trustees, after receiving competitive bids from a number of insurance companies, selected Union Casualty & Life Insurance Co. as the carrier and a contract of insurance was entered into with that company." The subcommittee's final report contains no adverse criticism of the placement of the insurance, nor of any other aspect of the operation of this fund.

ACTUAL EXPERIENCE AND RETENTIONS

On page 4566 of the transcript of hearings of September 18, 1958, the counsel of the Senate committee asks:

"Could you tell the committee what it has cost the welfare fund as a result of the selection of the Union Casualty Co. over the period? * * * I believe you have done it for a period of the first 3 years."

The actuary developed in his testimony the cost for the first 3 policy years when, as a matter of fact, he had already made a similar study for the committee on ethical practices, AFL–CIO which covered a period in excess of 7 policy years. In presenting his testimony to the Senate committee, the actuary disregarded the retention costs arising from 83 percent of the premium ($42 million) and testified to retention costs arising from only 17 percent of the premium ($8.7 million).

The actual experience on the Central States, Southeast and Southwest areas health and welfare fund from inception through March 31, 1958, is summarized in the table below:

Policy year	Premiums earned	Claims incurred	Retention	Policy year	Premiums earned	Claims incurred	Retention
1	$1,525,053	$866,658	$279,343	6	$8,349,137	$7,610,053	$739,084
2	2,441,044	1,984,810	432,328	7	10,488,488	9,619,551	868,937
3	4,747,395	4,195,859	551,536	8	11,717,954	11,248,795	469,159
4	5,554,455	5,673,974	−119,519				
5	6,121,833	5,437,755	684,078	Total	50,945,359	46,657,455	3,904,946

Premiums earned	$50,945,359
Claims incurred	46,657,455
Rate credits paid	382,958
Retention	3,904,946
Percent retention	7.6

The above table indicates that over a period of 8 policy years the insurance company retained 7.6 cents out of every $1 of premium for premium taxes, Federal income tax, commissions, acquisition cost, claim expense, administrative expense, contingency reserves, and profit. In this connection, it should be noted that the insurance company performs all of the insurance services, with the exception of the preparation of the premium statement. Among these insurance services are included the adjustment and payment of claims, the placement of claim data on punchcards, the submission of monthly claim tabulations listing pertinent data for each claim, the preparation of detailed statistics and the actuarial analyses, and the preparation and distribution of booklets, certificates, and policies. The extent of claim costs alone can be evaluated when it is noted that over 78,000 claims are adjusted and paid each year. Furthermore, slightly under 3 cents out of every $1 of premium must normally be paid out to the State and Federal Governments in the form of premium taxes and Federal income taxes.

In order to determine whether these retention charges are reasonable, the insurance company recommends for the consideration of the Senate committee the final report of the Douglas subcommittee previously referred to. The subcommittee shows in table 22, page 324 of the report, the distribution of 1,596 policies issued or renewed in 1952 by retention rate and amount of billed premium. For cases developing an annual premium of $1 million and over this table shows

that 77.8 percent of the groups developed a retention ranging between 5 and 29.9 percent. On page 142 of this report appears a discussion of the retention of the Metropolitan Life Insurance Co. of the General Motors-UAW health and welfare program. The insurance program is completely self-administered by General Motors. The program has been in existence since 1926. For the policy year ended December 31, 1954, the Metropolitan's charges for expenses and taxes totaled $1,365,000 or 3.1 percent of $44 million of premium involving 500,000 lives. In addition, the Metropolitan charged an additional 2 percent of net premium to the normal contingency fund which in the event of cancellation is not ordinarily returnable to the policyholder. As a result, the true retention of the Metropolitan would be 5.1 percent of the premium. If consideration is given to the fact that (1) the case is completely self-administered by the policyholder; (2) the case was in its 28th policy year in 1954; (3) the annual premium involved was $44 million, then it is clear that, in comparison, the retention of the insurance company under the Central States contract of 7.6 percent has been favorable to the policyholder.

Another example of the reasonableness of the retention cost on the Central States group is the experience of the welfare fund of the Amalgamated Clothing Workers of America, a fund which pays to its insurance carrier an annual premium of $7,300,000. The insurance company retained 8.5 percent of the premium for the policy year ended December 31, 1956.

On page 9 of his first report to the Committee on Ethical Practices, AFL–CIO, the actuary states:

"* * * On the basis of the information available to me, I would estimate that the retention of a large, efficient company on a group of this size would probably average about 6½ percent. I believe that the insurance coverage provided by Mount Vernon Life for the Central States welfare fund is somewhat more expensive than would be the case if the coverage had been placed with another company. However, in view of the size of the Mount Vernon Life, its expenses are probably high and I doubt whether the company is making exorbitant profits on this group."

In connection with the Michigan Conference of Teamsters welfare fund, the actuary states in the same report:

"While I believe that the Michigan Conference of Teamsters could get cheaper insurance with another company, the Mount Vernon's retention is not far out of line with the expenses of a company of its size and I do not believe that the company is actually making exorbitant profits on the case."

In the testimony presented to the Senate committee, the actuary attempted to estimate the amount by which the actual retention of U.S. Life and Union Casualty during the first 3 policy years exceeded the probable retention cost if the Pacific Mutual had underwritten the Central States welfare program during the same period. The actuary arrived at an excess figure of $640,000.

There is some question about the validity of the figure developed by the actuary for the following reasons:

(1) The limitation of the comparison of costs between the underwriting companies and Pacific Mutual to the first 3 years, when 8 years of experience were available, suggests a large measure of incompleteness. If the comparison were not limited to the first 3 years but had

been made for, say, the first 4 years, it is clear that the $700,000 loss to the insurance company in the fourth year (actuary's figure) wiped out any allegedly excess gains which took place during the first 3 years.

(2) Commission charges constitute one of the principal elements in the makeup of the retention of an insurance company. Yet, commission charges and commission payments on which testimony was given to the Senate committee covered the first 7 policy years, whereas the retention cost was limited to the first 3 policy years.

(3) The unsoundness of a practice of quoting a low premium rate and a low retention, as in the case of Pacific Mutual, is clearly pointed out by the actuary in a report to the Committee on Ethical Practices, AFL–CIO, wherein he states:

"These two approaches are, in my opinion, typified by the bids on the Central States group of the Union Casualty and Continental Assurance, on one hand, with a low premium and a high retention, and of Equitable and John Hancock, on the other, with a premium more than 10 percent higher than that quoted by Union Casualty, but a substantially lower retention.

"*It should be emphasized that there is nothing improper about either approach.* [*By* insurance company.] They are merely two different ways of doing business. The high premium, low retention, is usually a feature of the older, larger companies in the group insurance field, while the low premium and high retention is more characteristic of the newer, more aggressive company. A company which offered both low premiums and low retentions would not remain solvent for very long."

(4) The actuary arrived at an excess retention cost of $640,000 by a calculation based on a practice which he himself considers unsound when he says that a company which offers both low premiums and low retentions cannot remain solvent for very long. The large losses of Pacific Mutual in the early 1950's led the company to change its insurance practices.

COMMISSIONS

Premiums collected, commissions paid and commissions charged in the retention formula of the present carrier from inception through March 31, 1957, are summarized in the table below:

Case	Premiums	Commissions paid	Commissions charged
Central States	$38,003,772	$933,952	$436,934
Michigan Conference	17,868,367	449,727	212,711
Total	55,872,139	1,383,679	649,645

From the above table, it is clear that total commissions paid comprised 2.48 percent of premium. Commissions charged to the policyholder—which determined the actual cost to the policyholder—constituted only 1.16 percent of premium. In this connection, it is important to note that in the retroactive rate credit formula of the insurance company, only the standard graded commissions filed with the insurance department were charged to the policyholder in determining the insurance company's retention. Any commissions paid, which were in excess of the standard graded commissions, could not be

charged to the policyholder. This practice is required under the antidiscrimination statute in the State of New York.

This is confirmed in a report to the Committee on Ethical Practices, AFL–CIO, wherein the actuary States;

"This is the commission schedule which has been used in the retroactive rate credit formula since December 1952, and it is this scale which determines the company's actual retention, hence the cost to the policyholder, irrespective of the commission actually paid to the agent * * *."

Consequently, the excess of commissions paid over commissions charged in the amount of $734,034 came out of earnings on other business of the insurance company and general surplus. The excess clearly did not come from these two funds since the company's actual retention would not permit it.

On page 4573 of the hearings of September 18, 1958, the actuary states that on the basis of six companies selected by him the commissions that would have been paid on the Central States and Michigan conference cases from inception through March 31, 1957, would have ranged between $160,000 and $380,000. The insurance company submits for the consideration of the Senate committee that the estimate is understated by as much as 50 percent for the following reasons:

(1) The Central States case was first insured on March 1, 1950. The Michigan conference case was insured by the present carrier on April 1, 1951. Commission contracts were drawn up and executed at that time with the soliciting agency. The prevailing commission scales at that time were radically different from the commissions applicable in 1957 and 1958. This is brought out on page 326 of the final report of the Douglas subcommittee previously referred to. The subcommittee stated that an analysis of commissions paid on policies issued and renewed in 1952 by size of policies in terms of amount of billed premium showed that on cases developing an annual premium of $1 million and over, the average commission rate was 2.2 percent. This is in line with the commissions actually paid to the agencies involved and is double the commissions charged to the policyholder.

(2) An analysis of the commission calculation of the actuary reveals that he applied the commission scales, first year and renewal, of six companies to the total premium paid each year on the Central States and Michigan conference cases. He failed to give recognition in his calculation to prevailing commission practices of insurance companies whereby (*a*) first-year commissions (top scale) were paid on premium arising from new benefits added to a policy, (*b*) first-year commissions (down scale) were paid on increases in premium, (*c*) first-year and renewal commission scales were applied to the premium paid under each coverage (life, accident and sickness, and hospitalization).

For example, over 30 percent of the premium during the second policy year on the Central States case arose from addition of dependency coverage to which the first-year commission scale would be applicable. As a result, where the actuary estimates a second-year maximum commission of $12,800, a calculation which takes into account this practice develops a commission in excess of $29,000.

There have also been substantial increases in the size of the case to which first-year commissions (down scale) would apply.

(3) The downward revision in commission scales over the last 7 or 8 years and the prevalence of the commission practices outlined in (2) is recognized by the code of ethics adopted by the National Association of Insurance Commissioners in December 1957, whereby the States imposed on insurance companies for the first time the range of commissions to be paid on group insurance and placed certain restrictions on the payment of commissions under separate policies and the payment of commissions on increases and benefit additions.

It is clear that adjustment for the actuary's understatement would bring his commission calculations in line with the commissions actually charged to the two welfare funds in the amount of $649,645.

On page 4577 of the hearings of September 18, 1958, the following question and answer appear:

> Mr. KENNEDY. So this excess amount that they paid actually had to come really from the Teamsters indirectly?
> Mr. MAYERSON. I don't see where else it could have come from.

The answer furnished by the actuary is not correct.

First, why were these so-called additional commissions ($734,034 over 7 years) paid to these agencies? They were paid in order to finance these agencies during their formative years in the hope that this would eventually result in well-established productive agencies to whom the company could look for steady and profitable business. This is a well-recognized practice in the insurance industry. These commissions were paid in accordance with commission scales filed by the insurance company with the State insurance department. The payment of these commissions in no way violated any statute under which the insurance company operated.

The insurance company had a substantial block of profitable group insurance business other than the Central States and Michigan Conference. This can be seen from the following table:

	Net premium collected during 1953 (after reinsurance)
Case:	
Central States and Michigan Conference	$4, 159, 096
All other groups	4, 255, 758
Total	8, 414, 854

Since the groups, other than the Central States and Michigan conference, were substantially smaller groups, the proportionate share of profit per dollar of premium was larger on these smaller cases. As a result, the company was able to draw $100,000 per year from other earnings to pay "commissions in excess of those charged to the policyholder." These so-called additional commissions were not charged—directly or indirectly—to the Central States or Michigan conference groups.

CLAIMS

The counsel for the Senate committee states on page 4590 of the hearings of September 18, 1958:

"Mr. KENNEDY. We have information and evidence to indicate that the claims are fraudulent and that they put in these claims when the claims do not actually exist, but yet Mr. Dorfman will not allow us to examine the claims or the correspondence files as of this time.

This is the group that is covering this millions of dollars worth of insurance. How much in premiums have gone through Mr. Dorfman's office?

In view of the numerous checks and counterchecks which have been established, it is inconceivable that claims are paid under the Central States and Michigan Conference Welfare Funds that do not actually exist.

(1) Every claim which is paid through the Chicago office must first be certified for payment by the executive secretary or administrator of the welfare fund.

(2) A detailed listing of every claim paid is prepared each month by the insurance company and is sent to the welfare fund.

(3) The claim report is reviewed by the fund and a discrepancy report is submitted to the insurance company each month. The insurance company then examines the claim files dealing with these discrepancies and submits each month a reconciliation statement to the welfare fund.

(4) Closed claim files are reviewed by the insurance company periodically to determine the accuracy of the computation and the propriety of the payment.

(5) The claim manager and the claim adjusters in the Chicago Office are employees of the insurance company and are directly responsible to the insurance company.

(6) An officer of the insurance company visits the Chicago office each month to check on the claim operation.

(7) The examiners of the State insurance department investigate claim payments as one phase of their periodic examination of the insurance company. The examiners check claims in the home office and also claims in the Chicago office. The insurance department has never charged the insurance company that fraudulent claims were paid on these two welfare funds.

(8) Claim folders, after adjustment and payment of the claims from the Chicago office, are filed in the home office of the insurance company. Several investigators of the Senate committee spent more than 6 months at the home office of the insurance company reviewing claim folders and other pertinent material.

(9) Several investigators of the Senate committee spent approximately 6 months in the Chicago office.

In view of the charge made by the counsel of the Senate committee, the insurance company respectfully requests that the committee furnish the company a list of claims which the counsel of the committee feels are fraudulent. The insurance company will investigate each of these claims and will then furnish the committee a complete explanation.

BENEFIT AND RATE ADJUSTMENTS

Starting with page 4596 of the hearings of September 18, 1958, the investigator testifies to reduction in coverage for the individual member in the form of rate increases and benefit reductions. Some of this testimony is incomplete and other portions of the testimony are incorrect.

(1) On page 4597, the investigator states that for the policy year commencing April 1, 1952, the insurance company effected an increase in premium rate and a reduction in benefit for the Michigan Confer-

ence of Teamsters. Since the claim ratio for the first policy year on this case was 91.1 percent, and a further increase in the claim ratio for the second policy year could be anticipated in view of increasing hospitalization costs, the increase in the premium rates by 15 cents for the member and 10 cents for the dependent was actuarially sound. Furthermore, there was no reduction in benefits for the second policy year.

(2) Commencing on page 4599 of the testimony, the investigator refers to reduction in benefits for new members effective December 1, 1956. The claim ratio on the Central States for the policy year ended March 31, 1957, was 91.7 percent and for the Michigan Conference of Teamsters 94.4 percent. Furthermore, the claim ratio was increasing by approximately 3 percent per year. The testimony of the investigator is incomplete because the 50-percent reduction in benefits for new members was applicable to the first year of insurance only. After the first year, full benefits were paid to the new member. The statements made by the investigator were incorrect in the following respects:

(*a*) There was no reduction in the hospital benefits for tonsils.

(*b*) There was no reduction in the hospital outpatient benefit for both the member and the dependent.

(3) The elimination of baby charges from maternity coverage was merely a practice adopted by the insurance company in line with the general practice of most other insurance companies. Baby charges consist of items such as nursery charges, charges for beads, circumcision, etc. Baby charges do not have a material effect on the basic maternity benefits provided under the policy consisting of payment for room and board for the mother, miscellaneous hospital expense for the mother, and obstetrical delivery.

(4) In spite of these benefit reductions, the claim ratio on the Central States cases for the policy year ended March 31, 1958, was 96 percent, entailing substantial loss to the insurance company. The claim ratio on the Michigan Conference of Teamsters for the policy year eneded March 31, 1958, was 91.9 percent.

(5) The investigator questions the retroactivity of the amendment to the insurance policies which were executed in June of 1957 but which were applicable to the period commencing December 1, 1956. The benefit changes were agreed to between the insurance company and the policyholder in November 1956. Notice of the change was mailed out to each member insured under the program. Because of delays in the approval of the formal amendment by the insurance department, the amendment was not executed until June 1957. This is a situation which most insurance companies have had to face at one time or another.

MISCELLANEOUS ITEMS

(1) On page 4585 of the testimony, the investigator states:

"* * * if the age 43 rate had been used, which is the statutory minimum required by New York State, then Union Casualty would have been the third highest bidder and not the second. They would have been behind Continental Assurance."

In this connection, it should be pointed out that U.S. Life quoted a deposit rate, subject to adjustment based on the age distribution. As a company authorized to transact an insurance business in the

State of New York, Continental Assurance was subject to the same minimum group life rate restrictions under the New York law as U.S. Life. Yet, Continental Assurance quoted a rate of $1.18 for $2,000 of life insurance, as compared with the deposit rate of U.S. Life of $1.30. Since the group accident and health rate of Union Casualty was $2.50 and the group accident and health rate of Continental Assurance was $2.67, it follows that, based on comparable life rates the combined bid of U.S. Life and Union Casualty would have been less than the bid of Continental Assurance by 17 cents.

(2) The transfer of the Michigan Conference of Teamsters welfare fund from Continental Assurance to Union Casualty and U.S. Life, effective April 1, 1951, was accomplished by vote of the employer and union trustees. The basic reason for the transfer, as stated by the trustees, was to effect uniformity of claim procedure because of the reciprocity arrangement which existed between the Central States and Michigan conference groups, involving frequent transfer of members from one fund to the other. Union Casualty and U.S. Life underwrote the risk at the same rate as Continental Assurance and provided the same benefits. The insurance cost of the program from inception through March 31, 1958, a period of 7 years, develops a retention of 8.2 percent. The reasonableness of this retention cost is discussed under the section entitled "Actual Experience and Retentions."

(3) Testimony is presented on page 4602 of the hearings regarding the $350,000 investment in the insurance company by the Michigan Conference of Teamsters welfare fund. The investigator states that no dividends were ever received by the welfare fund on its investment. The testimony is incomplete because it fails to reveal that the $350,000 investment of the welfare fund is now worth more than $700,000, based on current market prices.

(4) On page 4591, in reply to a question as to whether Mr. Dorfman is licensed to do business under the laws of the State of Michigan, the actuary replied: "I do not think so. He is licensed under the laws of the State of Illinois and I believe all of these contracts were written as Illinois contracts."

Mr. Dorfman is licensed in the State of Michigan. The policies issued to the Michigan Conference of Teamsters welfare fund were issued under the laws of the State of Michigan.

(5) On page 4578, the following question and answer appear:

"Senator IVES. Mr. Chairman, I would like to ask counsel who owns these companies?

"Mr. KENNEDY. The Dorfmans, as we will go into a little bit now and more extensively later on when the Dorfmans can testify, but Allen Dorfman was able to get this insurance for this company."

The answer to the question appears to indicate that the Dorfmans own the insurance company. They own less than 2 percent of the authorized stock of the company.

The insurance company regrets that incomplete and, in some instances, inaccurate testimony was presented before the Senate committee on September 18, 1958. The insurance company has prepared this detailed report in order that a complete and accurate record of the insurance programs may be included in the hearings of the Senate committee.

APPENDIX B

EXHIBIT 228–A

STAFF MEMORANDUM

DECEMBER 11, 1958.

Subject: Erroneous and incomplete statements in the report of the Northeastern Life Insurance Co. of New York, dated October 30, 1958.

The subject report, received by the committee on November 19, 1958, from David Previant, counsel for the Central States Drivers Council, questions testimony given before the committee on September 18, 1958. Mr. Previant, in a letter to the chairman dated November 14, 1958, states that the report was "prepared at the request of the trustees of the Central States, Southeast and Southwest areas health and welfare fund, and the Michigan Conference of Teamsters welfare fund for the purpose of completing and correcting the record of the committee with respect to the matters referred to," and requests that the report be made a part of the record of the committee.

Lawrence L. Monnett, Jr., executive vice president of Northeastern Life, in an affidavit accompanying the report, states that the information presented in the report was obtained from the company's "own records."

We have reviewed the report and find that the representations made by Northeastern Life are erroneous, incomplete, and misleading in several important respects. Our comments follow.

PLACEMENT OF INSURANCE—CENTRAL STATES

Company report (pp. 1–3)

Summarizes the actions taken by the negotiating committee of Central States at three meetings held January 9, February 3, and March 6 of 1950, concerning bids on insurance. The report states that eight insurance companies were requested on March 7, 1950, to resubmit bids and "to appear personally before the negotiating committee to present their bids."

Our comments

Most of the information given in the report about the meetings of the negotiating committee would not be a part of the company's "own records." The details of the bid proceedings could only have been furnished to the company through the negotiating committee—Mr. Hoffa and/or Mr. Healy. This in itself is an admission of the collusion between company officials and the negotiating committee which was brought out at the hearing.

The bid invitation of March 7, 1950 (third round), is misquoted. What it states is that sealed bids were "to be delivered manually" to the executive secretary of Central States Welfare Fund. (Mayerson verified independently that this was done.) Four [not eight] companies were then asked to appear personally. However, this was a farce, as indicated in part by the Pacific Mutual affidavit read into the record at the September 1958 hearing. Documentary evidence in committee files shows that James R. Hoffa was personally influential

in placing this insurance with Union Casualty Co. (now Northeastern Life). This award was made to Union Casualty even though the low bidder was much stronger financially and more experienced in the group insurance business.

Company report (p. 3)

States that Union Casualty reinsured 83⅓ percent of the accident and health risk with U.S. Life, Lloyds of London, and London & Edinburgh.

Our comments

This is inaccurate. There was no reinsurance at all in the first month, March 1950, and only 33⅓ percent from April through September. Reinsurance for an additional 33⅓ percent became effective October 1, 1950. Thus, the maximum reinsurance the first policy year was 66⅔ percent—and was that much for only 6 months. Reinsurance on this risk was never as high as 83⅓ percent.

Company report (p. 3)

Quotes a statement from "one of" Mayerson's reports to the effect that he had not established that Hoffa was influential in having the insurance placed with Union Casualty.

Our comments

This distorts the facts. Although Mayerson did use the language attributed to him, it was included in a preliminary report which was superseded by his final report. The company does not mention this later report in which Mayerson was most critical of the Central States award to Union Casualty and of the excessive commissions and fees paid the Dorfmans in connection with this insurance. (The company also fails to make any reference to the Dorfman letters to Perlman which were read into the record at the September 1958 hearing—understandably, since they clearly established Hoffa's personal interest and influence in the placement of the insurance with Union Casualty.)

Company report (p. 3)

States that the Douglas subcommittee made a study of the placement of the insurance and quotes the Douglas report to the effect that competitive bids were received by Central States before Union Casualty was selected, thus inferring that selection was made on a real competitive basis.

Our comments

The company representation is altogether misleading here for it knows well that it was not selected on a competitive basis. Evidence read into the record at the September 18 hearing, together with other evidential material developed in this investigation, proves conclusively that the award should have been made to Pacific Mutual, the low bidder.

ACTUAL EXPERIENCE AND RETENTION

Company report (pp. 4–9)

Levels criticism at Mayerson's testimony regarding excessive cost to the Welfare Fund because the insurance was placed with Union Casualty.

Our comments

Mayerson no doubt will want to comment on this since the company report contains several erroneous and misleading statements, for example:

(*a*) The company's retention figures are misleading because no mention is made of the company's practice of recouping retention deficits of prior years. Mr. Kunis, formerly chief actuary and vice president of the company, now its consulting actuary, is on record that the company's experience rating formula provides for a retention of 10 percent and contains a recoupment feature to insure this. Accordingly, the retention of 7.6 percent stated in the report as the average for the 8 policy years is a distortion. On November 22, 1954, Mr. Kunis wrote "as a condition for the renewal of the Central States Drivers Council on April 1, 1954, we requested and the trustees agreed that the company could recoup its losses on a basis which would provide for a retention of 10 percent from inception. This meant that since the company's retention for the period from inception through March 31, 1954, was approximately 7 percent, the company could recoup an additional 3 percent during the current and subsequent policy years."

(*b*) The company represents itself as performing an extensive operation in servicing the Central States risk. In relation to servicing the policy, the welfare fund itself, not the company, maintains the enrollment cards and does the billing for premiums; also, it screens the claims and approves them for payment before submitting them to Dorfman's office.

(*c*) The company's statement that over 78,000 claims are paid each year is a gross exaggeration. Our investigation disclosed that for the policy year ended March 31, 1958, a total of 64,406 claims were processed. It is questionable whether the number ran higher in any earlier year; certainly it didn't average that high.

(*d*) The company's remarks in referring to table 22, page 324 of the Douglas report may be calculated to mislead the welfare fund trustees. The table deals with retentions on 1,596 policies for the year 1952. The company report comments on policies on which the annual premium was $1 million or more. What it fails to mention is that there were only 18 such policies included in the referenced table—or about 1 percent of the total of 1,596—and that no statistics are given for extremely large policies such as Centeral States on which the annual premium volume has been running over $10 million during the last few years.

Also disregarded is the Douglas report finding on page 350 that on "the 7 cases each covering more than 100,000 employees, the insurance retention was 3.6 percent." The Central States policy now covers approximately 110,000 employees and their dependents.

(*e*) The company attempts to make a cost comparison of the Central States risk with other large group programs; for example, the General Motors health and welfare program, which is self-administered. The programs are not comparable and it appears the comparison is intended to justify the higher retention rate on Central States. In doing this, though, it fails to reveal the excess reserves that have accumulated, and which have the effect of increasing the retention beyond that shown.

(The trustees of Central States and Michigan conference welfare funds should be criticized for failure to review the cost of their insurance to determine whether they were getting maximum value for premium dollars paid.)

Company report (p. 10)

The company does not dispute that excessive commissions were paid in connection with the Central States and Michigan conference policies or that the excessive payments to the Dorfmans averaged $100,000 per year over a 7-year period. The report, however, does try to explain this away by saying that the excessive amounts were paid "in order to finance these (Dorfman) agencies during their formative years."

Our comments

The excessive commissions and service fees paid to the Dorfmans and to the United Public Service Corp. on these two policies are indefensible on any ground. The company made these payments only because Perlman and Dorfman managed it that way for their own self-enrichment. To claim that these excessive payments were intended to finance the Dorfman agencies in the formative years is ludicrous.

CLAIMS

Company report (p. 13)

States that numerous checks and counterchecks have been established which make it "inconceivable that claims are paid under the Central States and Michigan conference welfare funds that do not actually exist."

Our comments

The fact is that the Dorfmans do not maintain a claims register, a check register, or any other control, as far as we could determine, to assure prevention or detection of fraudulent claims. Moreover, the home office at Mount Vernon has never issued a claims manual or established criteria to be followed by the Dorfman agency in processing claims. (Also see following comment.)

Company report (p. 14)

Mentions that claims must be certified by the welfare fund office before Dorfman makes payment.

Our comments

Certification does not necessarily establish the integrity or validity of a claim. We have evidence that Dorfman paid claims even though he withheld premiums from the company for about 3 years. The company was unaware of this because no measures had been taken to close the loopholes or gaps. This demonstrates that Northeastern Life does not have any control over the situation and therefore has no assurance that Dorfman is not paying padded or invalid claims. Further, the reference to fraudulent claims by the committee chief counsel was not limited to the Central States and Michigan conference groups as is the company's comment. (We have evidence that claims have been paid only because Teamster officials wanted them to be paid with respect to these groups.)

Company report (p. 14)

States closed claim files are reviewed by the company periodically.

Our comments

This statement does not conform with the facts. Company officials and employees informed us that the closed claim files are not reviewed at Mount Vernon. Further, we found these files in the warehouse in the same cardboard cartons in which they had been forwarded by Dorfman, in some cases; in others, the files were simply arranged in numerical order. The investigation disclosed, also, that Dorfman is the only agent who has failed to forward any closed claim files on individual accident and health claims.

Company report (p. 14)

States that claims adjusters and the claims manager in Dorfman's office are "employees of the insurance company and are directly responsible to the insurance company," thus inferring that these employees exercise a check on Dorfman.

Our comments

Our investigation disclosed that the claims manager (or supervisor) was hired by William Smith, secretary-treasurer of the company, in April 1951 and has been stationed at Dorfman's office ever since. As for the claims adjusters, they are on the company payroll only upon Dorfman's insistence that his own expenses be reduced. There is no segregation of duties—adjusters working for the company perform the same work as those working for Dorfman. In any case, Allen Dorfman would hardly tolerate any independent judgment concerning the processing of claims: He told committee staff that anybody working on claims "takes orders from me." When we reminded him that the claims manager was supposed to independently represent the company, Dorfman said, "I don't give a d—— about them—anybody that works in this building works for me."

Company report (p. 14)

Refers to periodic examinations made by the State insurance department.

Our comments

As previously stated, Dorfman is the only agent of the company who has never forwarded closed (paid) claims files on individual accident and health policies. Also, the company fails to reveal that the New York State Insurance Department has always been highly critical of the claims practices of the Dorfman agency and of the many claims rejected for payment on unreasonable or inequitable grounds.

Company report (p. 14)

States that committee investigators spent more than 6 months at the home office "reviewing claim folders and other pertinent material."

Our comments

The company infers that each of several investigators spent more than 6 months at the home office. Actually, committee staff spent an aggregate of 6 man-months. Due to the fact that the closed claims

files are not maintained currently or in sequence—thousands are retained in the Dorfman office for 6 months or more—our staff was unable to conduct a satisfactory review based on sampling techniques. And we did not have sufficient staff to make an exhaustive, case-by-case review. In the review that we were able to make, however, we did find several questionable payments and one or two that were definitely fraudulent.

Company report (p. 15)

States that "several investigators of the Senate committee spent approximately 6 months in the Chicago office."

Our comments

This is erroneous, as the company knows, for we complained to its president that Dorfman had refused to give us access to the claim files. Contrary to the company's inference that we spent 6 months reviewing claims, Dorfman permitted us to spend only a few days in his office for the purpose—in February 1958.

BENEFIT AND RATE ADJUSTMENTS

Company report (p. 15)

States that there was no reduction in benefits during the second policy year on the Michigan conference policy.

Our comments

Contrary to the company's representation, on renewal of the policy April 1, 1952 (second policy year) maternity benefits were reduced as follows: (*a*) hospital expenses from $160 to $120 and (*b*) normal child delivery—surgical fee—from $75 to $50.

Company report (p. 16)

Mentions that the investigator's testimony at the September hearing was incomplete in relation to the 50 percent reduction in benefits for new members being applicable only to the first year of insurance.

Our comments

This is true. However, the company fails to mention that the testimony was also incomplete in not making clear that the 50 percent reduction in benefits applied as well to dependents during the first year of insurance. These facts were inadvertently omitted by the investigator in his testimony.

Company report (p. 16)

States that the investigator's testimony was incorrect with respect to reductions in hospital benefits for tonsils and outpatient benefits.

Our comments

The investigator did not have the Michigan conference policies before him at the September hearing, and, in testifying, inadvertently stated that certain reductions were applicable to the second policy year which in fact did not take place until the third, or following, policy year.

Company report (p. 17)

States that notice of the change to one-half benefits was mailed out to each member insured under the program.

Our comments

The company fails to mention the date on which such notices were mailed to the members. The point to be made here is that the notices were not mailed until long after the effective date of the cuts.

MISCELLANEOUS ITEMS

Company report (p. 17)

Points out that U.S. Life quoted a life rate which was subject to adjustment upon determination of the actual average age of the membership.

Our comments

This is incomplete. The fact is that the final U.S. Life bid (life portion only) on the Central States group specified that the rate applied to average age 39, whereas the bid invitation requested bids based on average age 43. Later, apparently in an attempt to "cover up," it OK'd deletion of reference to age 39. What is more to the point, an unbiased, uninfluenced negotiating committee would have thrown the Union Casualty-U.S. Life bid out on this basis alone. Moreover, the bid invitation of March 7, 1950, specified that "bids be on these specific plans alone without alternative features or variations" and that "any attempt to supplement your bid or to make additions and corrections * * * will result in complete rejection of the entire bid." If Mr. Hoffa as chairman of the negotiating committee had enforced this—his own—requirement, Union Casualty and the Dorfmans would not have been awarded this insurance.

Company report (p. 18)

States that the investigator's testimony was incomplete in the matter of dividends on the Michigan Conference Welfare Fund investment in company stock, pointing out that the current market value is substantially higher than the cost to the fund.

Our comments

The specific question directed to the investigator was, had any dividends been paid on the stock. The investigator correctly answered that no dividends had been paid.

Company report (p. 18)

States that the policies issued to Michigan Conference of Teamsters welfare fund were issued under the laws of the State of Michigan.

Our comments

The first Michigan conference group policy with Union Casualty was issued as an Illinois contract. This had to be done since U.S. Life was not licensed to underwrite life insurance in Michigan at the time. As of April 1, 1952, Union Casualty and Life Insurance Co. assumed the life coverage for this welfare fund and issued the group life policy as a Michigan contract. The accident and health policy, however, was issued as an Illinois contract. The members and dependents should have been notified of this unusual situation, but were not. This situation was strongly criticized by the New York State Insurance Department in a formal report prepared as of June 30, 1954.

FINDINGS—ALLEN M. DORFMAN AND PAUL J. DORFMAN, THE DORFMAN INSURANCE ENTITIES AND THE HOFFA-DORFMAN ALLIANCE

The vastly complicated field of union welfare insurance does not, unfortunately, easily translate itself to language understandable to the layman.

There does not exist in the record of the committee a more shocking or flagrant story of betrayal of union members and their families than that involving the activities of James R. Hoffa, Allen Dorfman, and the two giant Teamster Union health and welfare plans in the Midwest.

The committee made a detailed study of the Central States, Southeast and Southwest areas health and welfare fund and the Michigan Conference of Teamsters welfare fund insurance deals.

The evidence is clear that James R. Hoffa used these two funds to pay off a longstanding debt to the Chicago underworld and to the corrupt labor leader who introduced him to Midwest mob society, Paul Dorfman.

In 8 years Allen Dorfman, Paul's son, and Rose Dorfman, Paul's wife, received more than $3 million in commissions and service fees on Teamster insurance. This is indeed a handsome return for a set of insurance brokers who had absolutely no experience in the field and no office space up until a few months before Hoffa successfully maneuvered the insurance business to them in early 1950 and 1951. The evidence establishes that the Teamsters paid $1,650,000 in excess commissions and service fees. While Teamster members were literally digging into their jeans to assure comfortable living for the Dorfmans and their cronies, the benefits available to them under the health and welfare plans were drastically reduced.

Meanwhile, Allen Dorfman pyramided his friendship with Hoffa into a financial empire of 11 insurance agencies and about 10 other business entities including a hotel in the Virgin Islands.

For all this, he should be extremely grateful to Jimmy Hoffa, the man whose largesse made all this possible.

At the outset, the committee finds that Hoffa entered into a collusive arrangement with Dr. Leo Perlman, head of the Union Casualty Co., and Paul and Allen Dorfman to assure the placing of the Central States insurance business with Dr. Perlman's company, with the understanding that Allen Dorfman would be named the broker on this lucrative account.

The evidence shows that Dr. Perlman had advance knowledge of the bids of his competitors, that unknown to his competitors (but known to Mr. Hoffa) his bid was based on more favorable factors than those of his competitors, and that Dr. Perlman and the Dorfmans were certain they were going to get the business before the other bids were even opened. Despite this unfair and discriminatory competitive advantage, the Union Casualty bid was not the lowest submitted. The offer of the lowest bidder, Pacific Mutual Life, was rejected on the flimsy excuse of a previous financial reorganization of that company—this reorganization, incidentally, having taken place 7 years before Union Casualty was even incorporated and 15 years before this bidding. The record is abundantly clear that not only was Pacific Mutual the lowest bidder but also in the best financial

position of all the competing companies and with a much longer record of achievement in the group insurance field. Hoffa's attitude on the subject is best reflected in his momentary discussion with Ralph J. Walker, vice president of Pacific Mutual, when Hoffa told Walker why the Pacific Mutual bid was being rejected. "I asked him if he was both judge and jury and he replied that he was both."

The same type of collusion is evident in the subsequent award of the Michigan conference insurance plan to Union Casaulty. Hoffa took the Michigan conference business away from the Continental Assurance Co. and awarded a contract for the business to Union Casaulty on March 8, 1951—even though Dr. Perlman did not submit a bid on the Michigan conference fund until March 9, the following day.

With Dr. Perlman and the Dorfmans firmly entrenched in the saddle, union members began to get a taste of what this collusive agreement would mean to them in the way of benefits.

Starting in April of 1952, Hoffa agreed to increases in premium rates for both of the Teamster funds. Concurrently increases in commissions and service fees were paid to the Dorfmans. Around the same time, Hoffa also agreed to drastic cuts in benefits payable under the plans. Thus the captive Teamster members found themselves paying more for less insurance. Hospital benefits were first cut from $160 to $120 and obstetrical benefits cut from $75 to $50. Then maximum surgery benefits were slashed from $300 to $200, with a corresponding one-third cut in all other surgical fees. It must be noted here that the added financial remuneration to the Dorfmans was over and above commissions and fees which were already excessive.

So brazen were Dorfman's activities that in 1954, his license was revoked by the State of New York. Yet, through cunning subterfuge—combined with the friendship of Jimmy Hoffa—Allen Dorfman continues to draw his commissions and service fees on the Teamster business. Herbert Hutner, president of the Northeastern Life Insurance Co. (the successor to Union Casualty), testified that the Teamster business represents a substantial portion of the business his company writes. He further made it clear that he knows that if he were to sever his relationship with Allen Dorfman, he would undoubtedly lose this business. Hutner's testimony came more than a year after Hoffa blandly told the committee that soon "we will have no connection with Mr. Dorfman whatsoever."

The committee feels there is an obvious weakness in law when Allen Dorfman is permitted to draw these commissions after his license has been canceled by the State of New York.

Who is Paul Dorfman that Jimmy Hoffa should feel so obligated to him? What manner of labor leader is this close friend of Jimmy Hoffa?

The record emphatically answers these questions. Dorfman is a close associate of members of the underworld in Chicago. His own variety of labor union leadership was so distasteful to the AFL–CIO that it ejected him from membership. While head of the Waste Material Handlers Union in Chicago, Dorfman not only negotiated sweetheart contracts with the waste trade industry of Chicago, but assisted that association in negotiating a sweetheart contract with another labor union, Independent Teamsters Local 705 in Chicago.

For this the employers were understandably grateful and hired solicitors to drum up business for Allen Dorfman's insurance agency.

There is direct testimony that Allen Dorfman misappropriated premiums collected directly from laid-off workers over a 3-year period. These funds were returned when it was clear that committee investigators would find out about them. In the interim years, however, Dorfman had used these funds to finance other of his enterprises. This entire matter has been referred to the Internal Revenue Service for study on tax fraud implications.

The Great Atlantic & Pacific Tea Co. and the Amalgamated Meat Cutters and Butcher Workmen of North America

The Great Atlantic & Pacific Tea Co. is the largest retail organization in the world.

It operates more than 4,500 stores in the United States and Canada. In 1957 it reported consolidated income in excess of $4,400 million. In 1958 the figure was around $4,700 million.

The company's eastern division, with headquarters at 420 Lexington Avenue, New York City, accounts for roughly 20 to 25 percent of the company's total income. The eastern division covers principally the New York metropolitan area and northern New Jersey. Management, supervision, and administration of more than 700 stores are controlled from central warehouses in five units making up the division—the Bronx, Brooklyn, and Garden City units in New York, and the Newark and Paterson units in New Jersey.

Late in 1957 and early in 1958 the labor policies of A. & P.'s eastern division, with particular reference to the relationship existing between the company and the Amalgamated Meat Cutters and Butcher Workmen of North America, an international union with a membership in excess of 400,000, came under the scrutiny of the committee and its staff.

Six days of testimony before the committee in May 1958 revealed that in 1952 this giant of the business world entered into an arrangement with high-ranking officials of the Meat Cutters Union whereby more than 10,000 unorganized eastern division store employees were forced into membership in the Meat Cutters Union despite the fact that section 7 of the National Labor Relations Act of 1947 gave to them the right to be represented by a collective bargaining agent of their own choice.

The testimony further revealed that the company exacted from regional and international officers of the Meat Cutters Union a secret guarantee that the company would retain the then existing 45-hour workweek until 1957. Memorandums from the company's own files put a value of anywhere from $2 million to $12 million a year on this guarantee.

Prior to 1952 the unorganized employees of the A. & P.'s eastern division had been the target of a number of union organizing campaigns. The company previously had followed a consistent and undeviating policy of refusing to negotiate with any union that had not resolved the issue of representation by winning an election conducted by the National Labor Relations Board and by getting NLRB certification as bargaining agent.

This was the procedure followed when Local 400 of the Meat Cutters Union gained its first contract for butcher employees of the Bronx unit in 1946, and by local 342 of the same union when the butcher employees of the Brooklyn and Garden City units were organized in 1950.

By strict adherence to this policy, the company had succeeded in preventing the Meat Cutters Union from extending its jurisdiction to cover meat department employees in the Newark and Paterson units and also had successfully resisted efforts by other unions, notably Local 474 of the Retail, Wholesale and Department Store Union, CIO, and Local 1500 of the Retail Clerks International Association, AFL, to organize its grocery clerks in any of the five units in the New York-New Jersey area.

The evidence before the committee, however, shows there was a drastic departure from this policy in October 1952. The Butchers District Council of New York and New Jersey demanded jurisdiction over both the butchers and the grocery clerks in the New York area and over all the employees of both the meat and grocery departments in New Jersey, none of whom previously had been unionized.

The testimony shows that the A. & P. abandoned its traditional policy of insisting upon NLRB balloting and NLRB certification and agreed that the issue of representation be settled by a card count, which was conducted in an atmosphere of great secrecy for the grocery clerks in the Bronx, Brooklyn, and Garden City on October 9 and 10. The evidence shows that the fact there was going to be a card count was carefully concealed from the employees directly involved and no safeguards were devised to insure against fraud. The testimony also developed that fraud, in fact, was committed by the union in its drive to establish that it represented a majority of the employees.

In a matter of 12 to 15 hours after the completion of the card count, according to the testimony, the A. & P. rushed into contracts with the Butchers District Council, acting on behalf of locals 342, 400, and 489, committing its thousands of grocery clerks in the Bronx, Brooklyn, and Garden City units to membership in the Meat Cutters Union by virtue of a union shop clause. At the same time, renewal contracts were signed covering the butcher employees.

These contracts set the pattern for the heretofore unorganized employees of both the meat and grocery departments of the Paterson and Newark units in New Jersey where an almost identical card count was conducted on November 24 and 25, 1952, followed by contracts executed with the District Council and Local 464 of the Meat Cutters Union, effective as of December 1, 1952.

Top officials of the A. & P. who testified before the committee stated that the course followed by the company was motivated entirely by frequently reiterated threats by the Meat Cutters to strike all of the eastern division stores unless the union was recognized as bargaining agent for the grocery clerks.

In raising this defense, the A. & P. officials pointed out that the contracts then in force for the butchers in the Bronx, Brooklyn, and Garden City had a common termination date of October 4, 1952. They claimed further that, although the terms for the renewal of the butchers' contracts had been agreed upon and reduced to draft form weeks before October 4, the Meat Cutters were refusing to sign unless

the recognition as bargaining representative for the grocery clerks was forthcoming. The A. & P. officials maintained that a strike deadline of October 13 had been fixed; that capitulation came when the company could no longer resist the mounting pressure; that competent legal counsel had advised the company that it had a right to recognize on the basis of a card count; and that no legal remedy existed which offered an escape from the dilemma of a disastrous and costly strike.

The testimony before the committee also establishes that prior to 1952 the A. & P. had a history of unfair labor practices going back at least as far as 1945 in connection with representation elections conducted by the NLRB. Repeatedly the NLRB was compelled to order new elections because the A. & P.'s activity brought the company into direct conflict with existing labor laws.

Most of this activity was concentrated in the Bronx and Brooklyn units of the company. Arrayed against the company in these two sectors were Local 474, Retail, Wholesale & Department Store Union, CIO, and Local 1500 of the Retail Clerks, AFL. The strength of local 474 was centered chiefly in the Bronx and that of local 1500 was confined principally to Brooklyn, but they competed against each other in organizational forays in both areas and in the NLRB elections.

The following testimony by Patrick J. Reape, president and business manager of local 474, is illustrative of company conduct:

> Mr. KENNEDY. And the A. & P. had an active campaign against union organizers?
>
> Mr. REAPE. Definitely.
>
> Mr. KENNEDY. How would that take place? What would they do?
>
> Mr. REAPE. Well, a number of the employees on their day off used to go around to the different stores and speak to their fellow employees and tell them of the need for a union, advise them of the reasons that they should belong to a union. Naturally, when you started out at store No. 1, you had either the supervisor or somebody else following you down the line, in order to discourage the employees in the store from speaking to those of us who were active.
>
> * * * * *
>
> Mr. KENNEDY. Were the people at that time frightened about joining a union?
>
> Was there any fear that you noticed amongst the A. & P. employees?
>
> Mr. REAPE. Well, the A. & P. supervisors and managers at all times threw that amount of fear into the minds of the men, that if they talked to the union officials, or if they signed a card, that they would be terminated. I mean, the A. & P. officials insisted upon the employees not speaking to us. They also picked up leaflets that we distributed in the stores so that the employees would not have a chance of reading those leaflets (pp. 11190–11191).

The experiences they had with the A. & P. were also described by Eugene Kennedy, general manager of Local 1500 of the Retail Clerks, and his attorney, Patrick J. Picariello.

Senator CURTIS. These unfair labor practices, were any of those established by the NLRB, as such?

Mr. E. KENNEDY. Well, my lawyer will be in a position to answer that, Senator. He handled the legal end of it.

Mr. PICARIELLO. All of our charges were substantiated by either the regional board or the National Board at Washington.

Senator CURTIS. Now, this is during the time you were attempting to organize, and prior to this signup with the Meat Cutters?

Mr. PICARIELLO. That is right. In the 1945 proceeding, we had filed charges on two separate occasions, and the election was run three times. After the first election we filed charges, charges to which the company consented, and agreed to have the election rerun. After the election was rerun, we had occasion to file charges again, and after hearings at the Board the charges were sustained, and the election rerun again. In 1950 we had the same experience, that was the proceeding where we intervened with local 474, and again we filed charges against the company, after the election was conducted, and again our charges were substantiated, and the election rerun.

In 1952 we had the same experience. We had to appeal from the ruling of the regional board to Washington, and in December of 1952 Washington sustained our charges, and the election was rerun in 1953. There was a similar experience in 1954, when again the election had to be rerun because of unfair labor practices by the employer.

Senator CURTIS. Throughout this period that you have told about, these proceedings, you represented Mr. Kennedy's local?

Mr. PICARIELLO. I did, Senator.

Senator CURTIS. So you know about the proceedings firsthand?

Mr. PICARIELLO. Absolutely (pp. 11228–11229).

As indicated by Mr. Picariello, both of the representation elections conducted by the NLRB early in 1952 in the unions' campaigns to organize the grocery clerks directly reflected A. & P. interference with orderly elective process. In the January 9 election in Brooklyn, local 1500 obtained 262 votes as against only 40 for local 474, but 1,106 employees voted "neither."

Three weeks before the balloting, a letter went out over the signature of the A. & P. vice president in charge of the Brooklyn unit which stated that the A. & P. had granted $3 increases to the clerks in the Garden City and Bronx units. The letter was construed as giving a clear intimation that the Brooklyn clerks might have received a similar increase if it had not been for the pending election proceeding. Local 1500 filed objections, charging that the letter affected the results of the election. The NLRB regional director in New York overruled the objections on the basis of then existing board policy (*Denton Sleeping Garment Mills, Inc.*, 93 NLRB 329) which provided that preelection conduct could not be the basis for objections after the election where the objecting party was aware of the conduct and made

no protest before the election. Local 1500 appealed to the Board in Washington and it was the pendency of this appeal that clouded the legality of the subsequent contracts between the A. & P. and the Meat Cutters Union.

With the company and local 1500 locked in this legal struggle in Brooklyn, Reape's CIO union prepared for the test of its strength in the Bronx where the NLRB ordered a new election after setting aside the results of a previous election held in September 1950. The NLRB had sustained charges filed by local 474 that the A. & P. in the 1950 election improperly imposed a "no solicitation" rule and its supervisors sponsored antiunion petitions.

Alfred A. Bieber, A. & P. vice president in charge of the Bronx unit, identified before the committee a letter he sent out 5 days before the Bronx election on March 19, 1952, addressed to "all employees eligible to vote in next Wednesday's election," in which he tried to persuade them to vote against any union (p. 11389). This was in marked contrast to the silence he maintained 6 months later after the A. & P. had entered into its rapport with the Meat Cutters Union, insofar as the grocery clerks were concerned.

In the balloting the A. & P. prevailed once more as 1,133 store clerks voted "neither." But local 474 evidenced its growing strength by picking up 772 votes, as against 226 for local 1500, and scented possible victory the following year. As President Reape described it:

> We did not start a campaign immediately, not until, I would say, September or October, because we felt or knew from past experience that we could not get an election from the National Board within 1 year. We also felt that it was always best to wait until 2 or 3 months before it was possible of having an election to start a campaign, for the simple reason that we felt that a short and aggressive campaign was much more effective, than a long drawn out one (p. 11192).

Mr. Bieber testified he knew after the March 1952 election that "we were living on borrowed time" (p. 11386) and there is other evidence in the record that the Bronx election, showing as it did that almost 50 percent of the unorganized employees had indicated a preference for a union, was quite a jolt to the A. & P. Up to this point, company surveys of union sentiment among the employees and the estimates of the probable votes in a representation election had been remarkably accurate. Consideration accordingly was given to a "well-planned, even, pressured educational campaign to win back all employees."

French T. Ratcliffe, industrial relations representative for the eastern division, was interrogated about this situation and this was his testimony:

> Mr. KENNEDY. Now, in the election that was held on March 19, 1952, in the Bronx, the unions there made a great improvement over the showing that they had shown in prior years; did they not?
>
> Mr. RATCLIFFE. I believe that is true; yes, sir.
>
> Mr. KENNEDY. And the company was quite concerned about the increase of support by the employees of the union?
>
> Mr. RATCLIFFE. Well, the company was quite concerned about any elections that we had, regardless of the outcome.

Mr. KENNEDY. You were particularly concerned in this election, were you not, by the fact that the unions seemed to be increasing in strength?

Mr. RATCLIFFE. I don't believe any more so than the previous one, sir.

Mr. KENNEDY. There was a letter that went out, and you had meetings as to what went wrong that the employees would vote such a high percentage for a union, and you discussed steps you could take to prevent the unionization, and what you could do to get the employees to be against the union?

Mr. RATCLIFFE. We tried to analyze it and find out why the surveys were not as correct as they had been before.

Mr. KENNEDY. Well, for instance, I will show you this letter of April 22, 1952, that goes into detail in the matter and says there was a combination of many things that contributed to the poor showing, but the best reasons advanced were as follows. So that election of March of 1952, the only point is that it did cause you some concern?

Mr. RATCLIFFE. It caused us concern.

Mr. KENNEDY. And the fact that union had increased its strength had caused you some concern, and you felt the company made a poor showing in that particular election?

Mr. RATCLIFFE. Well, I can't say yes or no to that, because that was my first election in the Bronx, and we were always concerned about our Bronx elections.

Mr. KENNEDY. Well, you were concerned in this particular case, as to the poor showing?

Mr. RATCLIFFE. That is true (p. 11392).

The record discloses that the A. & P.'s labor difficulties were being followed at this time with more than ordinary interest by Max Block, who was then president of Local 342 of the Meat Cutters Union and president of the Butchers District Council of New York and New Jersey. According to Ratcliffe, he and Block held a series of meetings at which Block made overtures that the Meat Cutters should represent the grocery clerks.

Mr. KENNEDY. Did he make some offers to you as to certain terms that might be included in the contract that might be attractive to the A. & P.?

Mr. RATCLIFFE. There were suggestions. There was quite a series of conversations, and it was sort of intertwined with the beginning and building up of the negotiations of the butcher contract that was expiring that year.

Mr. KENNEDY. When did Mr. Block first approach you in connection with this?

Mr. RATCLIFFE. I would say in the late spring or early summer.

Mr. KENNEDY. July, maybe, or June?

Mr. RATCLIFFE. Earlier than that, I would guess.

Mr. KENNEDY. May or June 1952?

Mr. RATCLIFFE. I would only guess, but I would say it was as early as April that I first got the suggestion that we consider the fact that, according to Mr. Block, he had a number

of grocery clerks signed up, and he thought that he should represent them.

Mr. KENNEDY. And did he, during the course of the discussions, point out to you that he might be able to arrange it for you to obtain a 5-year contract?

Mr. RATCLIFFE. During the course of our negotiating the meat contract, there was the idea that crept into the discussion——

Mr. KENNEDY. Crept in?

Mr. RATCLIFFE. Crept in, yes, sir—that we could work out a contract for the butchers and, on proper recognition of the grocery clerks, that perhaps that same contract could be extended to cover the grocery clerks.

Mr. KENNEDY. And did it also creep in that you might get a 45-hour week over that period of time?

Mr. RATCLIFFE. That crept in, too.

* * * * *

Mr. KENNEDY. But these various offers crept in about the 45-hour week and about the 5-year contract. Didn't that interest you a little bit?

Mr. RATCLIFFE. When I am negotiating, everything that pertains to the negotiation interests me, and I try to explore every avenue. Whenever we got into the depth of this thing, and I thought I had a 5-year contract with the butchers with the possibility of extending it to the grocery clerks, when and if the union proved themselves representing them, I was feeling pretty good about a 5-year contract. My job is to get a contract that covers us as long as possible.

But up until the very last moment did we have the qualms and fears of the union actually representing the grocery clerks.

Mr. KENNEDY. Do you mean you did not realize that up until the last moment?

Mr. RATCLIFFE. For months I did not take Mr. Block seriously at all.

Mr. KENNEDY. Were you attracted to these various discussions? We brought out earlier in the testimony you were somewhat concerned at the success of the CIO local in the Bronx unit, the success that they had in their contract, in the election, and this bait that Mr. Block and the Amalgamated Meat Cutters were offering to you at that time, did that attract you a little bit?

Mr. RATCLIFFE. It attracted me personally; yes, sir.

Mr. KENNEDY. As a representative of the company it attracted you?

Mr. RATCLIFFE. No.

Mr. KENNEDY. It did not attract you?

Mr. RATCLIFFE. Wait a minute. May I put it in my own words? The proposition did interest me, but when Mr. Block first started in with this gentle breeze of a suggestion I told him very definitely that if I went back to the company with that kind of a proposition, they would throw me out of the 22d floor window. For several months we kept

negotiating and talking about the Butcher contract and getting closer to our negotiations on the Butcher contract, and all the time Mr. Block was getting a little stronger on his request, to finally a demand, that we recognize the grocery.

Mr. KENNEDY. When you finally did go back in the summer of 1952 to the company and gave them the offer, did they throw you out the 22d floor window?

Mr. RATCLIFFE. No, sir; but they were very concerned about it (pp. 11399–11400).

* * * * *

Mr. KENNEDY. It would appear that he had offered, or at least there had been discussions about the 45-hour week at this time, and a 5-year contract. This was obviously very attractive to you in view of the fact that the CIO union had been making some inroads, and they hadn't made, certainly, an offer of such an attractive contract.

Didn't you state to our investigators before when they interviewed you, that "Mr. Block dangled the bait and we took it"?

Mr. RATCLIFFE. No, sir; I didn't say he dangled the bait and we took it. He dangled the bait and we felt the merchandise.

Mr. KENNEDY. You just felt it; is that right?

Mr. RATCLIFFE. We explored the stuff (p. 11404).

The record before the committee reveals that the "22d floor" to which Ratcliffe alluded in his testimony was doing some exploring, too. In a sworn statement introduced early in the hearings, Elmer L. Reynolds, president of the eastern division, furnished this additional clue to company thinking at the time:

> Moreover, we recognized that if our grocery clerks were unionized at all, the division would be better off dealing with one union for both butchers and clerks rather than be prey to the constant whipsawing and competitive tactics which two unions in the same store would entail.
>
> Neither of these factors was controlling, however. I can state categorically that the division would never have agreed to the card count and the resulting contracts with the union were it not for the threat of a ruinous strike (p. 11221).

Reynolds estimated that a tieup of eastern division stores would cost A. & P. $700,000 a week.

Ratcliffe testified that his superiors instructed him in July to consult with Charles A. Schimmat, the A. & P.'s national director of warehousing, who was the labor adviser for all of the company's divisions in the country. Said Ratcliffe:

> He told me it was strictly eastern division's baby and we would have to make up our minds. Then I went back and told Block that we weren't interested, and he told me how simple it was, that all we had to do was to have a card count by some third party that would make an impartial card count, that he had the cards, and then we would recognize

them and we could have a fair and legitimate contract (p. 11400).

Ratcliffe then consulted Burton A. Zorn, labor counsel for the eastern division, to ascertain if a card count would be legitimate and acceptable.

Mr. RATCLIFFE. In July, when I first went to Mr. Zorn and asked him about the validity of a card count, he explained to me that such a card count could be made.

However, he did point out that a 5-year contract would have a doubtful value. I went back and talked to Mr. Block about this. I was trying to find as much argument as possible to discourage him from his insistent and persistent discussion of the grocery clerks, and claiming that he had sufficient cards lined up, and still insisting or trying to persuade me to go along with accepting a card count. Well, sometime in August the veiled or implied threat was received verbally from Mr. Block that he had the cards, sufficient cards, for the glocery clerks, and if we didn't recognize them—and he also made it very clear that he would not go to an NLRB election. In the first place, he could not, because the Bronx and Brooklyn were both on ice for the rest of the year of 1952. But he insisted that if we did not recognize a card count, we would have a work stoppage. I went back to Mr. Zorn and told him what the threats were at that time, and that is when he started Mr. Lester Block [1] exploring the legal aspects of the whole situation.

Mr. KENNEDY. This does not sound as if there was much of a strike threat, certainly, at this period of time.

It says here that the Meat Cutters may undertake an organization—this is a recitation of the facts—may undertake an organizational campaign without company opposition.

You were already considering having this organizational campaign without opposing the union.

Mr. RATCLIFFE. No; that is not true. As I said, this thing started off like a gentle breeze, and it kept boiling up until it became a cyclone.

Mr. KENNEDY. At this time it was still very gentle.

Mr. RATCLIFFE. No; it was beginning to get stronger, and there was a veiled threat in late July and early August. Not until I got the veiled threat did I take it seriously enough to go back to my own people, other than the July report. And then I just explored. But some time in August, early August, as I recall, it became stronger, and by this time there was definitely the veiled threat and that is when I went back to Mr. Zorn again, and the veiled threat existed at the time this exploration was made by Mr. Zorn through his own office staff.

Mr. KENNEDY. During this period of time, did you make a study to find out how much the company would save if they had a 45-hour week rather than a 40-hour week?

Mr. RATCLIFFE. We made a study—I don't know the date, but I would guess that it was in August.

[1] Not related in any way to Max Block.

Mr. KENNEDY. It was during this period of time, if you were having these discussions.

Mr. RATCLIFFE. There were meetings called by Mr. Reynolds, of the unit heads, and whenever this thing got to the serious point that we had to do more than tell Mr. Block that we weren't interested, because we had told him "No," as emphatically as we could, he was still persistent, and he was beginning to break me down and convince me that possibly he had more than a majority of the cards. But——

Mr. KENNEDY. Just answer the question, would you, Mr. Ratcliffe?

Mr. RATCLIFFE. I tried to.

Mr. KENNEDY. Did you then make a study as to the relative costs to the A. & P. Co. of a 45-hour week versus a 40-hour week?

Mr. RATCLIFFE. Yes, sir.

Mr. KENNEDY. Then did you have an agreement while these discussions were going on that you would also take in the New Jersey area as well as the New York area, and Mr. Block would be able to organize them?

Mr. RATCLIFFE. Not at that time (pp. 11401–11402).

While the high command of the A. & P.'s eastern division by this time admittedly was taking a good long look at the "bait" offered by Max Block in the form of a 5-year contract preserving the 45-hour week, and weighing seriously the advantage of having just one union in its stores instead of two, there was intervention from another quarter.

As indicated by the testimony, Ratcliffe had been having his private conversations with Max Block for 4 or 5 months; he had gone to Schimmat, the national labor adviser for all of the divisions of the A. & P., in July, as instructed by his superiors, and had been told by Schimmat that it was "strictly eastern division's baby and they would have to make up their minds."

But on July 25, 1952, Patrick F. Gorman, the international secretary-treasurer of the Amalgamated Meat Cutters, sent the following letter to Schimmat:

> There is a matter which we consider of great importance as affects our organization and the A. & P. Co. which we would like to personally discuss with you.
>
> We will not bring a large committee and we do not feel that our meeting will take too much of our time. There are some things we have in mind which we feel will be very advantageous to the A. & P. as well as to our organization. It is worth talking over, I assure you.
>
> In all probability our committee will not be larger than four including the undersigned.
>
> You will let me know if you are in agreement to meet with us and we can then set a definite date for the conference as indicated herein (p. 11311).

In his testimony before the committee, Schimmat denied unequivocally that Gorman or anybody connected with the Amalgamated Meat Cutters ever proposed to him that the A. & P. could preserve

the 45-hour week in the New York area for 5 years in exchange for recognition of the Meat Cutters as bargaining agent for the grocery clerks.

This was Schimmat's testimony:

> Mr. SCHIMMAT. My records show that I had lunch with Mr. Gorman and two other gentlemen on the 15th of August, if my memory serves me correctly.
>
> Mr. KENNEDY. At that time did he tell you what he had in mind which "we feel will be very advantageous to the A. & P. as well as to our organization"?
>
> Mr. SCHIMMAT. He wrote the letter about the advantages to the tea company. My recollection is this: He advised me that he was supporting Mr. Block, he and his international, to organize the grocery clerks of the Great Atlantic & Pacific Tea Co., eastern division. He was seeking my support.
>
> Let me just elaborate on that a moment, please. Over the last 20 years labor men have contacted me for my support to organize people in the tea company. I have had one answer constantly, "If you go out and organize the people and you are elected their bargaining agent, we will sign a contract with you," and that is the same reply I gave Mr. Gorman and the other two gentlemen at that time.
>
> Mr. KENNEDY. Did he tell you at that time what would be very advantageous to you?
>
> Mr. SCHIMMAT. No, sir; he did not.
>
> Mr. KENNEDY. Did he mention at all about——
>
> Mr. SCHIMMAT. He mentioned nothing at all about anything.
>
> Mr. KENNEDY. Did he mention at all at that time that it might be possible to get you a 5-year contract?
>
> Mr. SCHIMMAT. No, sir; he did not.
>
> Mr. KENNEDY. Were you aware at that time that the Butchers were attempting to organize the stores? Were you aware of it?
>
> Mr. SCHIMMAT. Yes; I was aware of it.
>
> Mr. KENNEDY. How long had you been aware of it, just since the letter of July 25?
>
> Mr. SCHIMMAT. Just let me put it this way, Mr. Kennedy. At all times the Meat Cutters were active in our stores.
>
> Mr. KENNEDY. Were you aware that they were particularly active?
>
> Mr. SCHIMMAT. No, sir; not at that particular time; no (p. 11312).
>
> * * * * *
>
> Senator ERVIN. Let me ask a question. You got this letter from the international secretary in which he said he wanted to talk to you about something that would be of great advantage to the A. & P. Tea Co.?
>
> Mr. SCHIMMAT. Yes, sir.
>
> Senator ERVIN. And you agreed to meet him?
>
> Mr. SCHIMMAT. I did meet with him, sir.
>
> Senator ERVIN. He never mentioned anything to the advantage of the Tea Co. and you did not have enough curios-

ity to even ask him what he referred to in his letter that would be of advantage to the A. & P. Tea Co.?

Mr. SCHIMMAT. That is right.

Senator ERVIN. All I have to say is if the cat had no more curiosity than that, it would still be alive (p. 11318).

When called to the witness stand, Gorman also denied ever having discussed the 45-hour week or 5-year contract.

This was his testimony:

Mr. KENNEDY. Could you tell the committee why it was that you wished to have this special meeting? "There are some things in mind which we feel will be very advantageous to the A. & P. as well as to our own organization." What is it that you wanted to discuss with Mr. Schimmat?

Mr. GORMAN. That was not one proposition, Mr. Kennedy. That was several propositions.

Mr. KENNEDY. Did you discuss at that time the bringing of the clerks into the Meat Cutters?

Mr. GORMAN. We did, sir. On the strength that it is better to have peace in the country if we can arrange it by not stopping the workers from organizing.

Mr. KENNEDY. Was one of the factors that you offered him ultimately that you were going to give A. & P. a 5-year contract?

Mr. GORMAN. No. I don't believe at that time contract negotiations were even in the mind.

Mr. KENNEDY. I am talking about later on. You say you did not discuss it at the first meeting. Later on was it finally arranged that they would not oppose you in return for a 5-year contract?

Mr. GORMAN. That was never discussed.

Mr. KENNEDY. Did they state at that time that they would turn over the employees in New Jersey to you?

Mr. GORMAN. No. They never stated they would turn over anything to us. They merely stated, you go out and get them the hard way, or words to that effect.

Mr. KENNEDY. They never indicated they would help you at all?

Mr. GORMAN. No.

Mr. KENNEDY. Why did they finally assist you in your organizational drive?

Mr. GORMAN. I don't know that they did.

Mr. KENNEDY. Did you discuss at that time about granting the A. & P. Co. a 5-year contract?

Mr. GORMAN. Never.

Mr. KENNEDY. You never discussed that?

Mr. GORMAN. Never.

Mr. KENNEDY. What was it that was going to be advantageous to the A. & P. Co.?

Mr. GORMAN. There would be something advantageous on three of the propositions that we were talking about. The first of those that we were in New York for the purpose of organizing the 10,000 unorganized people that were employed by the chain.

We had a well-organized program that was staffed by our New York district council with approximately 5,000 members. Naturally we don't want strikes, we don't look for strikes. The A. & P. is not inclined to just receive you with open arms so I talked with them about the idea of not opposing our organizations. I had the feeling that if there would be opposition there would be possibly a strike. If the strike occurred there would be unemployment, it would cost the international union considerable money, it would cost the people a lot of wages, and I asked Mr. Schimmat to at least not oppose us. He was not inclined to go along with us because he assumed the same general A. & P. attitude.

Mr. KENNEDY. How were you finally able to talk him into not opposing you? Why did they agree not to oppose you?

Mr. GORMAN. We only asked them not to oppose us.

Mr. KENNEDY. Why did they finally agree not to oppose you?

Mr. GORMAN. I wouldn't know. I was not in New York a single time during that campaign. I addressed none of the meetings that they called. I might have been in New York on other business but took no part in that campaign to organize those people.

Mr. KENNEDY. Who took part? Who handled that campaign?

Mr. GORMAN. That was handled by Mr. Max Block (pp. 11334–11335).

Schimmat's testimony shows that 3 days after his meeting with Gorman he went into a huddle with Max Block.

Mr. KENNEDY. What did you discuss with Max Block? Did you discuss with him a 5-year contract?

Mr. SCHIMMAT. To the best of my recollection, this meeting with Max Block was a followup on the meeting I had with the international.

Mr. KENNEDY. If you told Mr. Gorman that if they were going to organize they should go out and organize, why did you then meet with Max Block 3 days later?

Mr. SCHIMMAT. He asked for a meeting to talk with me.

Mr. KENNEDY. You had already given them your answer?

Mr. SCHIMMAT. That is right. Let me explain this, Mr. Kennedy. My company had contracts with Mr. Block's three unions, and it is my business to sit down and always talk with any labor leader who would like to talk with me.

Mr. KENNEDY. He didn't mention anything about a 5-year contract?

Mr. SCHIMMAT. No, sir; he did not (pp. 11312–11313).

Despite Schimmat's insistence that he was endeavoring to remain aloof from all of these momentous developments, the testimony before the committee shows that, within 48 hours of his meeting with Max Block, full-scale research of the law applicable to the then existing situation was launched in the office of Zorn, the eastern division's legal counsel.

Mr. Zorn told the committee this:

> Mr. ZORN. As I already told your staff people, Mr. Ratcliffe came to me within a day, 2 or 3 or prior to the time I had this conversation with my associate, Mr. Block, and in essence, Ratcliffe told me the following. I think as he testified yesterday he may have approached me about this earlier. I didn't recall that until he brought that to my attention, on the validity of the card count. But just prior to August 20, Mr. Ratcliffe said to me that he had been having a series of negotiations, in which I never participated, with the Meat Cutters, with respect to the Meat Cutters' contract; that Mr. Max Block of the Meat Cutters had informed him some months prior to that that he, the butchers, were going to organize the clerks, because the other unions were out of the picture and had been defeated in elections. He told me further that Block took the position with him that knowing the practices of the company in the past, with respect to what they claimed were antiunion activities or hostility to unions, that Block would not sit still for any propaganda campaign, nor would he sit still and wait until March of 1953 for an overall election under the Board's rules. Ratcliffe told me then that Block had made it clear to him—he didn't say that at that point there was a real threat of strike. As I recall it, as he put it to me, there was a sort of veiled threat or an intimation of a strike, when the butchers' contract expired in October.
>
> It was then Mr. Ratliffe said to me "This is a matter that our top management is taking seriously. They want no part of any union for the clerks, but they want to be prepared with legal advice in case this situation develops."
>
> Ratcliffe said to me at that time that "If we ever get hooked or forced into a situation of this kind, I would like to make the best deal I can for the company, and what I would like to do is try to get myself a 5-year contract with a 45-hour week for both the butchers and the clerks."
>
> He was then negotiating the butchers' contract. Both at that time and I think at one prior time I told him that in my legal judgment if the company ever agreed to a card count, that that, in my opinion, would be legal (pp. 11451–11452).

It is undisputed that the situation as it existed by August 20, 1952, was this:

(1) Max Block had dangled the "bait," the A. & P. was drawn to it and had even made a study to ascertain the savings in dollars and cents.

(2) Max Block had proposed to Ratcliffe and Gorman had proposed to Schimmat that there be no opposition to the Meat cutters' organizational campaign.

(3) Zorn had advised verbally that it would be legal to recognize the Meat Cutters on the basis of a card count but that a 5-year contract would have doubtful value.

Company officials, from President Reynolds on down, while testifying before the committee, persistently maintained they were doing

everything possible to avoid becoming enmeshed in any relationship which would recognize the Meat Cutters as bargaining agent for the grocery clerks. At this point, according to Zorn, there had been only a veiled intimation that a strike might occur.

The legal memorandum prepared in Zorn's office and dated August 25, 1952, shows that the paramount issue unmistakably was the 45-hour week for 5 years.

The very first paragraph of the memorandum (exhibit 11 in the committee hearings) is a recital of the facts upon which the research was based:

> There have been NLRB elections involving the Bronx and Brooklyn clerks within the past 12 months. No union has received a majority of votes and consequently no certification has been issued. There is a possibility that the A.F. of L. Amalgamated Meat Cutters Union, hereafter called AFL, which was not a party to the above mentioned elections, may undertake an organizational campaign without *company opposition*. This campaign *may result* in a *strike threat* and a *consequent recognition of the union* by the company on the basis of a *card check*. The fruition of the foregoing events would be in the form of a *5-year contract* with yearly wage reopening positions. [Emphasis supplied.]

The memorandum also established that it was pointless for the A.& P. to capitulate to the Meat Cutters unless—

> (1) Some assurance was obtainable that the Meat Cutters would be the other party to the contract for the contemplated 5 years.
>
> (2) Competing unions could somehow be frozen out, particularly the CIO union, local 474, in the Bronx which now was a major threat and with which the A. & P. was loath to negotiate.

Furthermore, the overriding factor was the position the NLRB might be expected to take in the litigation that surely would develop.

And these, precisely, were the points covered by the legal memorandum and admitted in the following testimony by Mr. Zorn:

> Mr. KENNEDY. Mr. Zorn, would you answer the question as to whether you made a study, initially, and this is back on August 25, 1952, as to what would be the legal results if the CIO was able to file a petition while this organizing drive of the A.F. of L. was going on?
>
> Mr. ZORN. The answer is "Yes".
>
> Mr. KENNEDY. As an answer to that, you found out that the A.F. of L. union could be in difficulty, the company could be in difficulty, and the National Labor Relations Board could move in, isn't that right?
>
> Mr. ZORN. That it would jeopardize any contract which they signed, that is correct.
>
> Mr. KENNEDY. The second alternative which you studied in this memorandum was if a petition was signed after the company recognized the union? Isn't that the second alternative that you studied?
>
> Mr. ZORN. There were three, Mr. Kennedy. That was one, that is right.

Mr. KENNEDY. And you also found that the National Labor Relations Board could move in successfully on that contract?

Mr. ZORN. That is correct.

Mr. KENNEDY. The third alternative that you studied was if the contract was signed prior to the petition of the CIO being filed, if a contract was signed immediately after the card count, the card count not being known, and the contract signed immediately, and a petition being filed then by the CIO, that was the third alternative that you studied; isn't that right?

Mr. ZORN. Well, the net effect of all those alternatives——

Mr. KENNEDY. Just give me an answer to the question. Isn't that the third alternative that you studied?

Mr. ZORN. That if——

Mr. KENNEDY. I will read it to you. The CIO would file a petition after the company had already recognized and entered into a complete collective bargaining contract with the A. F. of L. That is No. 3.

Mr. ZORN. In other words, if the contract had been consummated prior to the filing of a petition, the contract in my judgment then would have been legal. That is correct.

Mr. KENNEDY. All right. So, therefore, the result of that was—that is exactly what the company did. The first two alternatives would have thrown the contract out. The third alternative could be successful, it could be a successful contract, and that is why the card count was kept secret and that is why the contract was kept secret, so that you could move in and sign this contract.

Mr. ZORN. But, Mr. Kennedy,that was not decided by top management until October. It was not decided in August, sir (pp. 11457–11458).

The legal memorandum also emphasized that a 5-year contract would not act as a bar to a representation election for any longer than 2 years, and, in its review of possibilities of NLRB action, estimated that 1 or 2 years would elapse before adjudication of a particular issue.

Because of what did develop subsequently to the preparation of the memorandum, the committee took note of the following excerpts:

> In the circumstances where the CIO would file its petition subsequent to A. & P. entering into a contract with the AFL, the New York region following its normal practice would dismiss the petition without prejudice if it were filed less than 11 months after the last election. When the petition was filed the Board would then decide whether or not the contract was a bar on the basis of its usual criteria. Thus the Board if it desired could hear evidence as to the majority status of the AFL at the time the contract was consummated. Further the Board would admit evidence in a petition proceeding concerning any alleged unfair labor practices which the company had engaged in, in support of the AFL which would affect the contract between it and the AFL. The difference in the company's attitude with respect to the AFL and its former attitude to the CIO's organizational efforts would

probably weigh heavily in this respect. Here again the probable time range for determining the validity of the contract as a bar would be from 1 to 2 years.

This memorandum will not discuss any unfair labor practice aspects of the possible activity under consideration since at least a 2-year period would be involved in processing the unfair labor practice charge before a final consideration was reached. This length of time makes a consideration of that problem academic since the maximum period of a contract as a bar is 2 years as has been pointed out above. It should be noted however that actively assisting one of rival unions or entering into a collective bargaining union while a proceeding is pending before the Labor Board constitutes illegal interference under the act (Southern Wood Preserving Co.) 44 NLRB 230; Flotill Products, Inc., 70 NLBR 119.

There is a remote possibility that the General Counsel may seek an injunction precluding the company from giving effect to any AFL contract pending the determination of any unfair labor practice charge filed by the union. The general counsel has this right under the act but has been very chary of exercising this right. Under pressure from the legal regional office however, he might be presumed upon to seek such an injunction in the Federal courts. Consequently, the possibility of such an event cannot be entirely dismissed. It should also be noted that any apparent submission by the company to economic pressure such as signing a contract with the AFL upon the basis of a strike threat might pervade dangerously A. & P.'s relations to other unions—such as the Teamsters.

On August 29, according to the testimony, Schimmat and Max Block were back in a huddle again in the second of a series of private, 2-hour luncheons in all of which, according to Schimmat, he was only "listening."

Schimmat testified without the slightest deviation that neither Block nor anyone else identified with the Meat Cutters ever made any proposition "of any kind" about turning over the grocery clerks.

However, a letter from Mr. Gorman to the union's international executive board which was read into the record during Gorman's appearance on the stand, refers to "considerable expense" with reference to "a campaign to organize the A. & P. stores in New Jersey" that had occurred "several months ago." The letter said the progress of the drive was not sufficient "to lead to optimism on our part that the campaign would completely succeed."

The testimony discloses that every one of the Block-Schimmat meetings was followed almost immediately by events having an important bearing on this budding alliance of the A. & P. and the Meat Cutters.

Ratcliffe testified that New Jersey had not entered the picture up to this time. In line with company reasoning as expressed by President Reynolds that it would be better to have one union in the stores instead of two, it had now become imperative that the contemplated rapport with the Meat Cutters be undertaken on a divisionwide basis

instead of a unit basis confined only to the Bronx, Brooklyn, and Garden City.

Mr. Ratcliffe fixed "early September" as the time when the issue of the New Jersey units was raised, "because I don't remember Mr. Kaplan" (Irving Kaplan of Local 464 of the Meat Cutters) "coming into the picture until early September. As a matter of fact, Mr. Block was the only one talking about the recognition of grocery clerks up until the end of August."

Mr. KENNEDY. But you did pretty well decide in early September that this arrangement would also include the New Jersey stores, is that right?

Mr. RATCLIFFE. No, sir. That was the invitation to recognize. By this time it was a demand.

Mr. KENNEDY. That was on September 2, was it?

Mr. RATCLIFFE. I can't swear to the date, but I would say it was in the beginning of September.

* * * * *

Mr. KENNEDY. This is a meeting of Septmeber 2, which was taken from Mr. Zorn's timesheet. It recites a meeting which you attended.

Mr. MAY. (reading): "Lunch and dinner conference, Ratcliffe, J. Cohen, Sam Cohen, Max Block. Meeting, Schimmat and Ratcliffe, problem in re Meat Cutters Union demand for organization and contract for all New York A. & P. employees, including clerks, including question of possible contract terms, and provisions of procedures with respect to possible subsequent NLRB proceedings, September 2."

Mr. KENNEDY. What were the subsequent NLRB proceedings that were of concern to you on September 2?

Mr. RATCLIFFE. That is Mr. Zorn's notes. I think he ought to answer it.

Mr. KENNEDY. What do you remember? You attended the conferences.

Mr. RATCLIFFE. I attended the conferences every day. I don't remember the specific conference. As I stated before, I thought early in September Mr. Kaplan came into the picture, and perhaps that is whenever they expanded their demands to include the two Newark units, Newark and Paterson units.

Mr. KENNEDY. Weren't you concerned at that time also about the fact that the other unions, the CIO union, and possibly 1500, would bring some NLRB action if you went in and made a contract of this kind?

Mr. RATCLIFFE. I don't think so; no, sir.

Mr. KENNEDY. Wasn't that discussed?

Mr. RATCLIFFE. I don't remember it being discussed.

Mr. KENNEDY. Certainly it is discussed in this August 25, 1952, memo, and it would appear that it was also discussed in the September 2 meeting, that you were concerned about the action that the NLRB might take, or what proceedings might occur before the NLRB.

Mr. RATCLIFFE. May have been, but I don't remember any particular threat over in New Jersey, the CIO or anybody else (pp. 11402–11404).

Zorn's timesheets also showed that on September 3 he spent 2 hours in a "conference at A. & P. with Schimmat discussing Amalgamated Meat Cutters problems and various difficulties in connection therewith," but Schimmat testified that he did not remember any discussions with Zorn.

> Mr. KENNEDY. If all these things were going on and you were the representative for labor relations for the national A. & P. they were not keeping you advised evidently, is that right?
>
> Mr. SCHIMMAT. Of what?
>
> Mr. KENNEDY. Of what was going on.
>
> Mr. SCHIMMAT. They were keeping me advised of the contract negotiations for the butchers, yes.
>
> Mr. KENNEDY. But as far as the clerks, they were not telling you what the conditions were in the situation.
>
> Mr. SCHIMMAT. As I mentioned before, in September the request was made for the grocery clerks to Mr. Ratcliffe and a demand was made on Mr. Ratcliffe and then the threat of a strike.
>
> Mr. KENNEDY. According to the records here it would indicate that those discussions regarding the terms of the contract and these other matters on the clerks came up a good deal of time before that, maybe 5 or 6 weeks before that. You were not advised about it?
>
> Mr. SCHIMMAT. No, sir, I was not.
>
> Mr. KENNEDY. You didn't know anything about it?
>
> Mr. SCHIMMAT. Not any discussions on any grocery clerks, no (pp. 11322–11323).

The record before the committee also shows that Schimmat disclaimed any knowledge of the legal memorandum prepared in Zorn's office. He said he never heard of the memorandum and had never seen it.

> The CHAIRMAN. Did you have conferences with the law firm about it?
>
> Mr. SCHIMMAT. No, sir (pp. 11320–11321).

On September 9, Schimmat had another private luncheon tete-a-tete with Max Block. Two days later, an unidentified company memorandum relayed a report from the Brooklyn unit that Block's union, local 342, was "quite active" and managers and supervisors were asking what to do about the situation. The memorandum stated further that F. N. Charlton, the vice president in charge of the unit, had been advised "to use his own judgment about ordering the organizers out of the stores if they do not attract any attention."

Schimmat maintained that he never heard, until Ratcliffe told him during the middle or toward the end of September, that the Meat Cutters were demanding the grocery clerks be turned over. He testified further that the only discussion he had with anyone about a 5-year contract and continuance of the 45-hour week was when he was told by Ratcliffe that it might be incorporated into the butchers' contracts.

Schimmat and Block conferred again on September 15.

Mr. KENNEDY. What were you having all these meetings about? What were you discussing August 29, September 9, and September 15?

Mr. SCHIMMAT. I was listening.

Mr. KENNEDY. And you didn't say anything?

Mr. SCHIMMAT. Yes. If I ever got a word in edgewise. The gist of all these meetings I had were always about one thing, seeking our assistance to organize the people in the eastern division.

Mr. KENNEDY. What were they saying to you in order to obtain the assistance when they were doing the talking August 29, September 9, and these other times?

Mr. SCHIMMAT. The best way I can answer that, Mr. Kennedy, is this way: After going to a luncheon with Mr. Block for 2 hours it is very difficult to know what he was talking about. He is a difficult man to listen to.

Mr. KENNEDY. You would say that was true of each one of these days?

Mr. SCHIMMAT. Yes, sir.

Mr. KENNEDY. No talk at all during all this period of time about getting a 5-year contract or a 45-hour week over a 5-year period of time?

Mr. SCHIMMAT. No, sir (p. 11313).

Four days later, Ratcliffe and Zorn met with Max Block and his attorney, Arnold Cohen. Ratcliffe testified that Block declared he was going to stop "messing around" and was tired of the stalling tactics being employed by the A. & P. Zorn corroborated this and testified further that Arnold Cohen said to him, "We are going to get this thing moving, and moving in the proper shape, and I am going to send you fellows a formal demand for recognition."

At this same meeting, according to Ratcliffe, the suggestion was advanced that Zorn and Cohen should sit down and select an arbitrator to conduct the card count.

There is further testimony that the eastern division's high command still had not made up its mind, that Ratcliff and Zorn continued to stall and that this situation remained unchanged until the end of September.

However, there is other testimony that sheds considerably more illumination on the nature of the developments at this particular stage.

Out of the Bronx came news that spurred both the A. & P. and the Meat Cutters into a frenzy of action. This excerpt from the testimony of Patrick Reape, president of the CIO union, local 474, points up the character of the news that spelled out for the A. & P. and the Meat Cutters the possibly disastrous consequences of further delay:

Mr. KENNEDY. You had a contract, did you not, with the Safeway Stores?

Mr. REAPE. That is correct, sir.

Mr. KENNEDY. Had you been pressing the Safeway Stores for a 40-hour week?

Mr. REAPE. Yes, sir.

Mr. KENNEDY. And had the Safeway Stores agreed about September of 1952 that they would grant a 40-hour week?

Mr. REAPE. Yes.

Mr. KENNEDY. Was this quite a concession by a retail store?

Mr. REAPE. Yes; in New York it was.

Mr. KENNEDY. It was?

Mr. REAPE. Yes.

Mr. KENNEDY. Would this mean loss of a considerable amount of money to go from a 45-hour week to a 40-hour week?

Mr. REAPE. Well, certainly, I think I can safely say it was putting the Safeway Stores at a disadvantage insofar as competition is concerned in the field.

Mr. KENNEDY. But they had indicated at that time that they would sign a 40-hour week; is that right?

Mr. REAPE. That is right.

Mr. KENNEDY. And their contract would embody a 40-hour week clause or provision. That was in September or October of 1952. It was about this time that you began to reactivate your campaign in the A. & P. stores?

Mr. REAPE. That is correct. I might explain in reference to that that we had found from past procedures and past practice that any increase we got from Safeway in previous years, starting a campaign in A. & P., A. & P. immediately came up with the same type of an increase as we had gotten. We felt that since Safeway had offered a 40-hour week, starting a campaign in A. & P. at the time would force A. & P. men into giving a 40-hour week to their employees at the time, or, on the other hand, that we would again prove to the employees of A. & P. that it certainly was to their advantage to belong to a union (p. 11192).

Max Block and Schimmat held the last of their intimate luncheon get-togethers on September 26. Because Schimmat persisted in telling the committee that he was only "listening" at all these meetings, the committee is compelled to look elsewhere in the record for possible answers.

The following, from the testimony of Ratcliffe, thus acquired importance:

Mr. KENNEDY. You took a survey?

Mr. RATCLIFFE. I took a survey the last couple of days in September, sir.

Mr. KENNEDY. And you thought that the Meat Cutters would not have the employees?

Mr. RATCLIFFE. The report showed that the Amalgamated did not have the grocery clerks signed up in the three New York units.

Mr. KENNEDY. But in this period of time you said that Mr. Block had been stating that he did have them?

Mr. RATCLIFFE. He had been stating that since April or early in the summer (p. 11408).

Concurrent with this activity by the company was corresponding activity by the Meat Cutters as shown by the following testimony:

Mr. KENNEDY. On September 30, 1952, there was a letter written by Arnold Cohen to the A. & P. Co. Did you expect to receive that letter? Do you know the letter to which I am referring?

Mr. DOYLE. Is that September 30?

Mr. KENNEDY. Yes.

Mr. RATCLIFFE. Yes, sir; I expected to receive that letter.

Mr. KENNEDY. You had discussed the letter prior to that time?

Mr. RATCLIFFE. We had been forewarned.

* * * * *

The CHAIRMAN. The letter may be printed in the record at this point. Counsel may refer to it for the purposes of interrogation.

Mr. MAY. It is addressed to the A. & P. Co. and reads as follows:

"GENTLEMEN: I am the attorney for the Butchers' District Council of New York and New Jersey, which consists of local unions chartered by the Amalgamated Meat Cutters and Butcher Workmen of North America, in New York and New Jersey.

"I have been requested by Max Block, president of the council, to inform you that the council, acting on behalf of its member locals Nos. 342 and 400 and 489 within their geographic units, has been designated as the sole collective bargaining agent, each in their geographic units, in a unit consisting of your employees in the grocery, dairy, and produce departments employed in your supermarkets and service stores."

Then the attorney also makes mention that the particular locals also represent the majority of those employees. Then he continues:

"I have been requested to notify you that local No. 342 of the Amalgamated Meat Cutters and Butcher Workmen represent more than a majority of your employees in the above-mentioned unit in stores serviced by the Brooklyn warehouse, and also have been designated as sole collective-bargaining agent by more than a majority of the employees in the above unit in stores serviced by the Garden City unit, and that locals Nos. 400 and 489 of the Amalgamated Meat Cutters and Butcher Workmen Union have been designated as sole collective-bargaining agent by more than a majority of the employees in the above unit working in supermarkets and service stores supervised by your Bronx unit.

"I have been requested by the council, acting on behalf of the aforementioned local unions, to request recognition by your company of the aforesaid council acting on behalf of the locals as sole collective-bargaining agent for the employees within the aforementioned units, and separately in each of the

units supervised by your Brooklyn, Garden City, and Bronx warehouses.

"I have further been requested to urge you to communicate with the council, through Max Block, or through this office, to arrange a conference upon receipt of this letter, at which time collective bargaining negotiations can be commenced.

"Very truly yours,

"ARNOLD COHEN."

Mr. KENNEDY. You say you knew this letter was coming. Wasn't it a fact, then, that you were taking the first step in building up a record that this certain exchange of correspondence took place between you and the union, the company and the union, to build up a record in case there were any legal proceedings at a later date?

Mr. RATCLIFFE. That was not a fact, sir.

Mr. KENNEDY. This letter would make it appear that you were just beginning to negotiate, you were absolute strangers to one another, didn't know one another, but were just going to begin to sit down and discuss the contract, when, in fact, you had been discussing it for some 2 or 3 months.

Mr. RATCLIFFE. Five or six months.

Mr. KENNEDY. Yes.

Mr. RATCLIFFE. As I say, it started out as a gentle breeze and blew itself into a tornado, and now the tornado is beginning to strike.

Mr. KENNEDY. The tornado takes a funny shape, because it makes it appear that you didn't discuss anything prior to this, that you were absolute strangers to one another (pp. 11404–11405).

* * * * *

The CHAIRMAN. How does it happen that this letter says "to arrange a confernce upon receipt of this letter, at which time collective bargaining negotiations can be commenced"? You say they had been going on for 6 months. I do not understand this.

Mr. RATCLIFFE. The verbal instructions that we received about the letter was that Mr. Block was absolutely fed up with the stalling tactics that I was taking, that he had——

The CHAIRMAN. The stalling tactics were tactics you had employed in the course of negotiations?

Mr. RATCLIFFE. I was still undecided as to whether or not he had a fair representation of the grocery clerks. But he started implying his economic pressure, and at this point he said that he was going to stop being nice and going to get rough (p. 11406).

Ratcliffe declared that he sent the Arnold Cohen letter to Zorn on October 1, together with the following transmittal letter:

DEAR MR. ZORN: Enclosed please find self-explanatory letter that I received from Mr. Arnold Cohen representing the Amalgamated Meat Cutters and Butcher Workmen of North America in New York and New Jersey.

We question Mr. Cohen's statement that Mr. Block represents a majority of the employees in our grocery, dairy, and produce departments of our supermarkets and service stores.

Therefore, will you kindly contact Mr. Cohen and clear up this matter.

Yours very truly,

FRENCH T. RATCLIFFE.

(Pp. 11406–7.)

* * * * *

Mr. KENNEDY. This is an extremely formal letter that you are writing to Mr. Zorn, furnishing this other letter that had been sent to you. Wasn't it a fact that you wrote this letter so that if there were any NLRB proceedings at a later time you could show them this correspondence you had received and what steps you had then taken?

Mr. RATCLIFFE. That is not a fact, sir.

Mr. KENNEDY. Did Mr. Zorn then write a letter or send a telegram? Do you know if Mr. Zorn then took any action?

Mr. RATCLIFF. Yes; I directed him to get in touch with Mr. Cohen and clear the matter up. I am sure that he followed through on it.

Mr. KENNEDY. Do you know what steps he took after that?

Mr. RATCLIFFE. That would be Mr. Zorn's——

Mr. KENNEDY. But do you know what he did?

Mr. RATCLIFFE. Precisely; no.

Mr. KENNEDY. Hadn't you discussed it during this period of time, that you would have to have certain documents that would pass between yourselves and the union to make sure that the record looked proper in case there were proceedings at a later time?

Mr. RATCLIFFE. Mr. Kennedy, it wasn't that we were that smart. We weren't anticipating any necessity for that. Whenever the union went on paper, we went on paper. When the union brought along a lawyer, I brought along a lawyer. When I got a letter from the union lawyer, I sent it to my lawyer (p. 11407).

Zorn in his testimony, was not in accord with Ratcliffe on this point. On October 7, he sent the following letter to Arnold Cohen:

> We represent the above-named employer. We have been informed of your letter dated September 30, 1952, wherein you have transmitted the demand of your client, the Butchers' District Council of New York and New Jersey, to negotiate with the employer as collective bargaining agent of its employees in the grocery, dairy, and produce departments of its supermarkets and service stores in its Brooklyn, Garden City, and Bronx units. If your client represents a majority of such employees as evidenced by certification of the National Labor Relations Board, the employer, of course, will negotiate with it. Until such time, we do not believe that any useful purpose will be served by any conferences as suggested by you (p. 11461).

After characterizing Arnold Cohen's formal demand for recognition in writing on September 30 as "the boilerplate type of letter," Zorn testified that one reason he wrote his letter of October 7 was because he "wanted a written record" of the Meat Cutters' rejection of the company's request for an NLRB election.

Zorn got it in a telegram from Cohen on October 8 which said:

> Letter received. Council emphatically rejects company proposal. Will not subject members to procedural delays and company dilatory antiunion tactics as experienced in prior campaign. Council represents more than majority each unit and insists upon recognition or will immediately invoke economic action (p. 11463).

The incongruity of all this byplay becomes all the more apparent, however, when measured against the testimony about other developments that were occurring at the same time.

Ratcliffe fixed either October 2 or 3 as the time when the eastern division's high command decided to capitulate and agree to the card count. This was corroborated by Vice President Bieber, who testified that he knew "a week—10 days, maybe" before the card count on October 9 and 10 that there was going to be one. Attorney Joseph E. O'Grady, now a member of the New York Transit Authority, who was in private practice in 1952, told the committee he was contacted by either Zorn or Cohen or both about a week before the actual count and asked if he would be available to serve as the impartial arbitrator.

To maintain proper perspective regarding the events after October 1, this portion of the committee's report is now directed to specific subjects of inquiry and the evidence relating to them.

This is the order in which these subjects are reviewed:

(1) Company coercion of the employees before the card count and signing of the contracts.

(2) The card count, the secrecy surrounding it, the fraud perpetrated in connection with it, and the spurious nature of the so-called strike threat.

(3) The contracts themselves and the secret supplementary agreement that continued the 45-hour week until 1957.

On the issue of company coercion before the card count, Charles T. Douds, who was New York regional director of the NLRB in 1952, came to the committee hearings with an armful of affidavits obtained from company employees. The affidavits, taken from NLRB files, supported Mr. Douds' testimony to the effect that the NLRB had found a considerable amount of evidence of coercion prior to the signing of the contracts on October 11. Sample affidavits read into the record followed the pattern of unlawful assistance previously described in this report, including threatened loss of employment unless the cards were signed.

> Mr. KENNEDY. This was coercion on whose part?
>
> Mr. DOUDS. Well, it was primarily on the part of the company supervisors, of course.
>
> Mr. KENNEDY. You say that this coercion took place even prior to the time the contract was signed?
>
> Mr. DOUDS. Yes.
>
> Mr. KENNEDY. Do you mean that coercion was used by company representatives to get people to sign these cards

which would make the Meat Cutters their bargaining representative?

Mr. DOUDS. That is correct. Our evidence indicated that there was quite a considerable amount of coercion in connection with signing these cards (p. 11285).

* * * * *

Mr. DOUDS. * * * I have here an affidavit from an employee, from which I will read an excerpt. This is an employee in a store in Astoria, N.Y. I am quoting from the affidavit.

"I was out of the store when Cornelius, from 342"—that is, local 342 of the Meat Cutters—"came around to sign up employees. This was definitely in the first week of October. But I came in the next day and the bookkeeper said to me 'Sign this card.' I asked her 'What is it?' She said, 'This is for the union.'

"I said, 'What union?' She said, 'For the Meat Union, 342.' I said, 'I didn't join the union.' She said I have to fill it out because if I didn't, I would have to pay a $50 fine. So I went to the manager. I said 'What in hell is going on here? All these years you are against the union and all of a sudden you send us cards saying to join the union.' Stuart, the manager, told me if I didn't want to pay the $50 to fill out the card."

The second one: This is an employee in a store in Brooklyn.

"Some time in October 1952 somebody from local 342 asked me to sign an application blank. Before I signed it, I asked the manager, Mr. Mann, who was standing by, what happens if I didn't sign it. He said, 'Do you want your job?' I said, 'Yes.' 'Then,' he said, 'sign it.' "

This is an employee in a store in Ozone Park, Long Island.

"Some time in September 1952, the assistant manager, Gene Smith, told me that a union was going to get in, and gave me a 342 card. He said that if I signed up I wouldn't have to pay $50," and I have more.

Mr. KENNEDY. Which clearly shows that even prior to the signing of the contract on October 11, the company was actively urging its employees to join the Amalgamated Meat Cutters?

Mr. DOUDS. Yes. I think the evidence shows a widespread campaign by the company along with local 342 to get cards signed, and these were the cards that were checked in the card check.

Mr. KENNEDY. As I understood one of the affidavits that you quoted from there, there is a definite implication that if they didn't join the union, they would be fired.

Mr. DOUDS. That is right.

The CHAIRMAN. They said "What happened," and they said, "Do you want your job," and if he said "Yes," they said, "Well, sign that card."

Mr. DOUDS. Yes.

The CHAIRMAN. And that was management.

Mr. DOUDS. Yes. That is what we call coercion.

The CHAIRMAN. I call it that, too.

Mr. KENNEDY. Even if the contract had been legal on October 11, this was prior to the time the union shop clause had come into effect; isn't that right?

Mr. DOUDS. That is right.

Mr. KENNEDY. This was prior to October 11?

Mr. DOUDS. Yes. Yes.

Mr. KENNEDY. You say that this contract that was signed, then, on October 11, 1952, was an illegal contract?

Mr. DOUDS. That is correct (pp. 11285–11286).

* * * * *

Mr. KENNEDY. Based on this investigation and based upon the knowledge of the company's position toward unions prior to this, did you consider this to be a fraud on the part of the company?

Mr. DOUDS. Well, this certainly, under the National Labor Relations Act was illegal activity on the part of the company. It is important, of course, that this was widespread activity. This was not just in one or two stores.

Mr. KENNEDY. All this activity that you described as in your opinion illegal activity, was above and beyond the signing of the contract on October 11?

Mr. DOUDS. That is correct.

Mr. KENNEDY. You started to get these complaints from the various employees, and they came in from Brooklyn, Garden City, and the Bronx?

Mr. DOUDS. That is right (pp. 11289–11290).

In the record before the committee there is also testimony by Eugene Kennedy, the general manager of Local 1500, Retail Clerks, bearing on this same question. Kennedy said he received more than 100 telephone calls from his supporters in the Brooklyn unit.

Mr. KENNEDY. When would this be, about?

Mr. E. KENNEDY. I would say in the latter part of September or the early part of October.

Mr. KENNEDY. Had you heard prior to that time that they were attempting to organize the clerks in the stores?

Mr. E. KENNEDY. I heard some rumors but around the latter part of September or the first part of October, that is when I got this number of phone calls.

Mr. KENNEDY. What did the people say in the telephone calls?

Mr. E. KENNEDY. That they were being compelled to sign cards not only by the Butchers Union, but by the supervisors and managers of the A. & P. Co.

* * * * *

Mr. KENNEDY. What had the A. & P. attitude been prior to that time, as far as the union attempting to organize the employees of the A. & P. Co.?

Mr. E. KENNEDY. Very much antiunion (p. 11227).

Kennedy declared that he sent the following letter to the A: & P. on October 8:

> GENTLEMEN: Information from unimpeachable sources has come to us that notwithstanding the pendency and still undetermined status of the above-entitled representation proceedings initiated by our union as petitioner, your district supervisors have been visiting your supermarkets in geographical area in said petition involved, urging the employees comprising the bargaining unit to join up and affiliate themselves with the Amalgamated Meat Cutters Union of Greater New York, Local No. 342.
>
> This incident and course of conduct symbolizes your company's well-entrenched policy and constitutes but another manifestation of its utter disregard for the provisions of the statutes enacted for the primary purpose of insuring the determination of its use arising in labor-management relations by legal and lawful methods.
>
> That the employees herein involved may choose their own collective bargaining agent free from any interference, coercion, restraint, or threats of reprisals on the part of management, either directly or indirectly as is their right, we urge you to desist from continuing employing these tactics or any others calculated with like intent or design (p. 11229).

Although put on clear notice that this activity by company supervisors was being carried out in the face of a pending appeal in a representation matter, the A. & P. chose to ignore the local 1500 letter as evidenced by the following testimony:

> Mr. RATCLIFFE. This was dated October 8, and I received it October 9. I immediately turned it over to Mr. Zorn, I am sure. His reply was that he was about 3 or 4 days late, because by this time the stipulations had been drawn and the card count was underway. There was no way of stopping it. I would also like to point out that this fact shows that the so-called arrangement was not secret, because if Mr. Kennedy knew about it everybody knew about it.
>
> Mr. KENNEDY. Certainly he didn't know about the arrangement. He just knew that the representatives of the A. & P. were around coercing the employees to sign up with the Amalgamated Meat Cutters. He didn't know that you were going to then hold a card count. Why didn't you make it public that you were going to hold a card count?
>
> Mr. RATCLIFFE. Apparently it was public, if Mr. Kennedy knew about it.
>
> Mr. KENNEDY. Some individuals were complaining about it. Why didn't the A. & P. Co. make it public, the fact that this was going to be a card count?
>
> Mr. RATCLIFFE. For two reasons. In our book, it is the union's duty to make it public, and No. 2 under threat of strike, we had to keep our mouth shut.

Mr. KENNEDY. Do you mean that the union said, "Unless you keep it quiet that you are going to have a card count, we will strike you?"

Mr. RATCLIFFE. Yes, sir. That was part of the whole arrangement (p. 11411).

* * * * *

Senator CHURCH. A minute ago, Mr. Ratcliffe, if I heard you correctly, you said the company did not make the card count public because that was part of the whole arrangement. What did you mean by that?

Mr. RATCLIFFE. When we got right down to the wire and our hands were tied behind our backs, and Mr. Block was making his—well, what is stronger than demands—he was telling us what we were going to do. But we discussed all the points, and we got down to the point where we came up with this agreement: That if Mr. Block was right, and he had sufficient cards signed up, it would make no difference anyway. Mr. Zorn and Mr. Cohen would get together and establish a third disinterested party to make the card count. If the card count was successful, they would have the same opportunity extended to the New Jersey stores and, four, if the card count was unsuccessful we would have a card count with the butchers and they would get off our backs.

Senator CHURCH. And the company remaining quiet with respect to the employees as to the fact that a card count was in process was part of the arrangement you had with the union, is that right?

Mr. RATCLIFFE. That was all that four-phased agreement; yes, sir.

In other words, Senator, it was, again, a very powerful threat of a work stoppage (p. 11412).

The testimony of Vice President Bieber, in charge of the Bronx unit, was not positive with respect to the union's threat to strike if there was any leak about the forthcoming card count.

Bieber admitted that he had received instructions not to oppose the Meat Cutters in their drive to obtain signatures and that he was aware of various subterfuges being used by the Meat Cutters in the campaign. He also identified copies of letters he had sent out over his signature just 6 months earlier, when the CIO and the Retail Clerks competed against each other in the representation election conducted by the NLRB, in which he took great pains to keep the employees informed and sought to persuade them to vote against any union.

Mr. KENNEDY. Don't you feel then in fairness to your employees that they should have known, No. 1, about the subterfuges that were being used on them, which you, as the manager of the store, realized and knew, and No. 2, the fact that this card count was going to take place at the end, on October 9 and 10.

Mr. BIEBER. To answer your first question, Mr. Kennedy, the wildest statements have always been made by unions in trying to organize. There is no way that I can controvert those.

Mr. KENNEDY. Except by making a statement as to what the true facts were. What about the second point?

Mr. BIEBER. Would you mind repeating it?

Mr. KENNEDY. The second point is why you didn't make public to your employees the fact that a card count was to take place on October 9 and 10.

Mr. BIEBER. Mr. Kennedy, I have tried to tell you that we were under threat of a strike, and, as such, we did not know what was going to happen.

Mr. KENNEDY. Did the union tell you that they would strike if you made public that a card count was being conducted?

Mr. BIEBER. Not me; no.

Mr. KENNEDY. Did they tell your superiors?

Mr. BIEBER. I wouldn't know.

Mr. KENNEDY. Was that the information that came down to you?

Mr. BIEBER. The information was not to oppose the Amalgamated signing cards.

Mr. KENNEDY. This is just on the question of making it public. Were you informed that the union would strike if you made public the fact that the card count was being conducted?

Mr. BIEBER. No (pp. 11383–11384).

* * * * *

Senator ERVIN. There was some prearrangement, was there not, between the A. & P. Co. and the Amalgamated Meat Cutters, which got the A. & P. in such a position that it sought legal advice as to what was to happen if these events occurred; namely, they did not oppose the unionization of the clerks by the Amalgamated Meat Cutters, and agreed to a card count rather than an election? The fruit of these possible future events was a 5-year contract?

Mr. BIEBER. Yes, sir.

Senator ERVIN. So they sought legal advice as to what would happen when these prophecies were fulfilled?

Mr. BIEBER. I might even say that prior to the card check, I believe the company had the hope that the union would not insist upon a card check.

Senator ERVIN. Now, were the Amalgamated Meat Cutters in the A. & P. Co. already, and were they threatening to strike?

Mr. BIEBER. There was a lot of wild talk in the stores, sir.

Senator ERVIN. I have heard a lot about strike threats in this investigation, but I never have been able to find out who made them. Could you tell us who was threatening to strike?

Mr. BIEBER. They get together and they talk, and some of the rumors come back to us about what they are going to do, and we try to weigh them and find out if they are good or bad, or any basis to it.

Senator ERVIN. They had gone so far as to seek advice. A. & P. Co. was seeking advice based in part upon a threat to

strike, and we have had that testified about the threat to strike; but so far as the evidence discloses this threat to strike must have been made by some unknown and unidentified John Doe that creditors have been looking for all of these years and never have been able to find them. That is all (p. 11387).

* * * * *

Mr. KENNEDY. We have had testimony and evidence before the committee, and I want to make sure that the record is completely clear, that coercion was used against the employees in the New York area also prior to October 11, to get the employees to join the union.

You did cooperate in two areas, at least. You cooperated when you knew there was subterfuge being used against the employees to get them to sign the cards, and you did not tell them or inform them about it, and the second point is you kept this card count secret, the fact that there was to be a card count, you kept that secret, so you cooperated to that extent.

Then you cooperated, of course, by changing the attitude toward unionization during this period of time. At the time the contract was signed, isn't it true that you understood there was an agreement, a gentleman's agreement, or whatever you might call it, that the 45-hour week would be extended for a 5-year period?

Mr. BIEBER. I understood that, yes.

Senator CHURCH. The reason for this cooperation, as has just been outlined by our counsel, Mr. Kennedy, as I understand your testimony, was because you were under circumstances where the Meat Cutters were threatening a strike.

You furnished this committee with certain documents. I concur with what Senator Ervin said that there is a good deal of vagueness around this threat of strike. Do you have any comparable documents that would indicate that the union ever took the position that, if you told your employees fully what this card business was about, and, when they signed the cards, what they were doing was designating this union as their bargaining agent, that as a result of such disclosures the union would strike? Have you any documents like that?

Mr. BIEBER. No. (p. 11390).

The testimony discloses that Attorney O'Grady, the impartial arbitrator, was contacted on October 8 by counsel for the company and the union. O'Grady testified that he was advised that the count had to be completed by the night of October 10 and that he began the count on the morning of October 9. A formal stipulation executed by the company and the union, which, incidentally, never was delivered to O'Grady until the second day of the count, called for the comparison of signatures on the union cards with the signatures of the employees on the company's payroll records. The count was conducted in the headquarters office of the A. & P. in New York City.

The committee's report digresses at this point to include some highly important and illuminating testimony on the issue of the card count

from the standpoint of the unions involved, Locals 342, 400, and 489 of the Meat Cutters.

Dominick Maggiocomo, secretary-manager of local 489, told the committee he never knew the contract had been signed the day after the card count until he was so informed by committee investigators.

Examination of the contracts themselves confirm Maggiacomo's testimony. Insofar as local 489 was concerned, no authorized representative of that local ever did affix his signature to a 1952 contract for either the butchers or the clerks. As reported previously, the contracts were negotiated by the Butchers District Council of New York and New Jersey on behalf of the three locals and signed by Max Block as district council president. Furthermore, there is no evidence that the constituent locals of the council ever gave any authorization to anybody to bind the council to a contract.

Maggiacomo also gave the surprising testimony that even he did not know the purpose of the card count.

> Mr. KENNEDY. Did you instruct the employees of your union, the business agent, to go out and obtain signatures on cards?
>
> Mr. MAGGIACOMO. I did.
>
> Mr. KENNEDY. Did you tell them at that time that there was going to be a card count?
>
> Mr. MAGGIACOMO. No.
>
> Mr. KENNEDY. Did you know there was going to be a card count?
>
> Mr. MAGGIACOMO. I knew there was going to be a card count, but I didn't know what it was for. I thought it was a regular procedure to have a card count and then go to the election.
>
> Mr. KENNEDY. You didn't know this card count was the one to decide the bargaining representative?
>
> Mr. MAGGIACOMO. I did not (p. 11529).

Joseph Cohn, secretary-manager of local 400, testified that his business agents did not know why they were gathering the cards.

> Mr. KENNEDY. The card count was held on October 9 and 10; is that right?
>
> Mr. COHN. That is correct.
>
> Mr. KENNEDY. Were you aware that that card count was taking place?
>
> Mr. COHN. I was told about it prior to the card count.
>
> Mr. KENNEDY. When did you learn about it?
>
> Mr. COHN. I couldn't date it exactly. I would say a few days before, generally. But it was 1, 2, 3, or 4 days. It is impossible for me to remember when.
>
> Mr. KENNEDY. Did your business agents know that the cards they were getting were to be used in this card count?
>
> Mr. COHN. Absolutely not (p. 11536).

With further reference to activities in the Bronx unit, the Committee heard testimony by Donald Woison, now a New York City fireman but formerly an A. & P. clerk, that he helped local 400 to obtain signatures. Woison said he encountered a great deal of opposition

from fellow employees and only succeeded in getting about 15 to sign but he then was instructed to obtain the names of other employees who were refusing to sign from the timecards in the store. Woison declared he turned over about 20 names to the business agent of local 400. He also asserted that he was told that the cards were necessary to secure an election and, when he found out he had been duped, he tried to rectify matters by joining Reape's CIO union in the subsequent unsuccessful campaign to throw off the yoke of the Meat Cutters.

From Fred Cornelius, formerly a business agent for Max Block's union, local 342, the committee received testimony establishing that fraud was committed in the card count. He testified that local 342's business agents also were under instructions to bring into the union office the names of A. & P. employees.

Mr. KENNEDY. What would be the point of getting the names? If you couldn't get the signatures, why would you be getting the names of people?

Mr. CORNELIUS. Then the names were put onto application cards in the union office.

The CHAIRMAN. Do you mean now that you just got names and turned them in to the union office and then someone there supplied the signature?

Mr. CORNELIUS. Yes, sir.

The CHAIRMAN. You know that to be a fact?

Mr. CORNELIUS. Yes, sir.

The CHAIRMAN. And that is the way a number of cards were obtained?

Mr. CORNELIUS. Yes, sir.

The CHAIRMAN. Then they did not have the signatures of the parties whose name appeared on them?

Mr. CORNELIUS. No, sir.

The CHAIRMAN. Was that a pretty extensive practice?

Mr. CORNELIUS. Well, I know of a few hundred cards like that.

The CHAIRMAN. You know of a few hundred like that?

Mr. CORNELIUS. Yes, sir.

* * * * *

Mr. KENNEDY. Did you, personally, participate in writing these cards, transferring the names that you brought in to the cards?

Mr. CORNELIUS. Yes, sir. Everyone in the office participated.

Mr. KENNEDY. What office was this?

Mr. CORNELIUS. In the union office.

Mr. KENNEDY. This is local 342's office?

Mr. CORNELIUS. Local 342; that is right.

Mr. KENNEDY. Everybody in the office would participate in signing the cards?

Mr. CORNELIUS. Filling them out and signing them; yes, sir.

Mr. KENNEDY. Who instructed you to do that?

Mr. CORNELIUS. Local 342 is a two-man organization. Max Block is the big boss, and Billy Casale is his second in

command. Everybody else does what they tell them to. Casale was the one that directly told us. That is the business agent.

Mr. KENNEDY. To fill out these fictitious and false cards?

Mr. CORNELIUS. Yes, sir.

The CHAIRMAN. Is that the same man who testified here a few moments ago?

Mr. CORNELIUS. That is right.

The CHAIRMAN. You said all those in the office, the union office, participated. Was that so that the signatures would be different?

Mr. CORNELIUS. Yes, sir. The signatures were written backhand and left-handed and every other which way so that they would appear different.

The CHAIRMAN. That was an effort to conceal them?

Mr. CORNELIUS. That is right.

The CHAIRMAN. And that occurred on several hundred cards?

Mr. CORNELIUS. Yes, sir.

The CHAIRMAN. And you participated in it?

Mr. CORNELIUS. Yes, sir.

* * * * *

Mr. KENNEDY. We have had, of course, Mr. Chairman, the testimony of Mr. Woisin, who testified several days ago, that he was instructed, also, to go out and get the names off the timecards, and he said that he delivered a number of these to the Butchers' Union. So, that supports the testimony of this witness.

When you were signing these cards, did you also write them upside down and with your left hand?

Mr. CORNELIUS. Any way that they would look different; some with pencils, some with pen.

The CHAIRMAN. Some with what?

Mr. CORNELIUS. Some with pencil and some with pen.

Mr. KENNEDY. What about the information that you had to put on the cards, as far as the addresses of the employees and the social security?

Mr. CORNELIUS. Well, that took a lot of doing. We didn't know their address; we didn't know their social security number; so, we put down anything.

Mr. KENNEDY. You just made those up?

Mr. CORNELIUS. Just made sure it wasn't a fictitious address. I mean that the house stood where the number was that we gave.

Mr. KENNEDY. You made up the address, but you just made sure that there was an address?

Mr. CORNELIUS. That is right.

Mr. KENNEDY. And you had a purely fictitious social security number?

Mr. CORNELIUS. Yes, sir.

* * * * *

Mr. KENNEDY. Was there any way of keeping the fictitious cards apart from the real cards?

Mr. CORNELIUS. Well, I did not know the way they were kept apart, but I overheard a conversation between Miss Hassler and Mr. Casale regarding some sort of a mark which was put on them.

But, in the confusion, I don't know whether they knew which were fictitious and which were not.

Mr. KENNEDY. But, at least from the conversation that you overheard, it was indicated that they were able to tell them apart, but you don't know how it was done; is that right?

Mr. CORNELIUS. No, sir.

Mr. KENNEDY. The filling out of these cards: did that end after the card count began on October 9 and 10?

Mr. CORNELIUS. No, sir.

Mr. KENNEDY. Did you fill out any cards on October 10?

Mr. CORNELIUS. On October 10 we were in the office in the afternoon, still filling out cards, and there was a telephone call that came. I don't know who it was from, but after that there was renewed activity in the office to get as many cards as possible filled out.

Mr. KENNEDY. Do you mean there was an intensive drive on the afternoon of October 10, after the card count had been going on a day and a half, to get some more cards signed?

Mr. CORNELIUS. Yes, sir.

Mr. KENNEDY. So, a number of you were signing cards then?

Mr. CORNELIUS. Yes, sir.

Mr. KENNEDY. In the same manner you described?

Mr. CORNELIUS. Yes, sir.

Mr. KENNEDY. Was Mr. Casale there at that time?

Mr. CORNELIUS. Yes, sir. I was filling them out at his desk, alongside of him.

Mr. KENNEDY. Mr. Casale just testified before the committee that he knows nothing about this.

Mr. CORNELIUS. I testify that he does.

Mr. KENNEDY. Under oath?

Mr. CORNELIUS. Yes, sir.

Mr. KENNEDY. What did you do with those cards that you filled out on October 10?

Mr. CORNELIUS. That evening, Mr. Casale and I—I drove Mr. Casale over to 50th Street in New York. We parked at a parking lot on 50th Street. We went over to the Berkeley Hotel and saw Mr. Block.

Mr. KENNEDY. What is at the Berkeley Hotel?

Mr. CORNELIUS. Mr. Block had a suite there.

Mr. KENNEDY. Is that across the street from the Black Angus Restaurant?

Mr. CORNELIUS. Yes, sir.

Mr. KENNEDY. He keep a suite there, doesn't he?

Mr. CORNELIUS. Well, he did at that time. I don't know what he does now.

Mr. KENNEDY. It is the Beverly Hotel, is it not?

Mr. CORNELIUS. The Beverly; that is right.

* * * * *

Mr. KENNEDY. Describe what happened.

Mr. CORNELIUS. We sent upstairs and Mr. Casale spoke to Mr. Block. I didn't hear the conversation. We had a shoebox almost full of cards. I would say it held maybe 400 or 450 cards. He had a conversation with Mr. Block, and directly after that we took them over to the Graybar Building, Mr. Casale went upstairs and I waited for him downstairs. When he came back, he did not have the box any more.

Mr. KENNEDY. Were these cards that he brought over there phony cards?

Mr. CORNELIUS. Every single one of them.

Mr. KENNEDY. And they were delivered the evening of October 10?

Mr. CORNELIUS. That is right (pp. 11485–11488).

Cornelius charged in his testimony that making up false cards was a procedure practiced by local 342 in other cases in the same period. He declared it also happened 2 months later when local 342 tried to replace local 1500 of the Retail Clerks as bargaining agent for employees of two other chainstore organizations on Long Island, King Kullen and Kollner.

Norman A. Cole, who was an NLRB examiner in the New York regional office in 1952, corroborated Cornelius. Testifying as to his investigation of the King Kullen case, Cole said this:

Mr. COLE. In checking the cards, the signatures on the cards, against the names appearing on the payroll list submitted by the employer, it was ascertained that there was a variance in the social security numbers appearing with respect to the same employee; there was also a variance with respect to various addresses.

In fact, the check revealed that, as I recall, there were 15 cards submitted by the union which had a different social security number than that which appeared upon the company records which they submitted. I also recall that there were 31, I believe it was cards which had been submitted by the union, which contained an address that was different from that given by the company on its payroll list.

Mr. MAY. However, at that time you were primarily concerned with the signatures contained on the unions cards; is that true?

Mr. COLE. That is correct. And it was the variance in the social security numbers and the variance in the addresses which first alerted me to the fact that something appeared to be amiss with the cards, and it was because of that that I deemed a further check into the authenticity of the signatures as being warranted.

* * * * *

Mr. COLE. The company made available to me the W–4 withholding exemption forms which they had on file, and which contained the employees' signatures, and of these 60 cards, I found that at most 7 apparently appeared to be authentic, that is, contained authentic signatures.

Mr. MAY. Seven out of sixty?

Mr. COLE. Out of 60.

Mr. MAY. Fifty-three contained possibly fraudulent signatures?

Mr. COLE. It would appear that they were signed by somebody other than the employee involved.

* * * * *

Mr. MAY. Out of the 54 cards checked in the Kollner case, how many contained reasonably true signatures?

Mr. COLE. Again I checked them against signatures of the employees in the possession of the employer, and of the 54 only 7 appeared to be reasonably authentic.

Mr. MAY. Once again, 7 out of 54, and 47 contained fraudulent signatures?

Mr. COLE. That is correct (pp. 11502–11504).

Another interesting bit of testimony corroborative of that given by Cornelius was supplied by Thomas Gloster, business agent for local 474, the CIO union. Gloster said that Max Block contacted local 474 before the public announcement of the contracts on October 16 and arranged for Reape and Gloster to confer with him. As it turned out eventually when the meeting did take place on or about October 20 at the Black Angus Restaurant, Block made overtures to Reape and Gloster to have local 474 abandon the CIO and become affiliated with the Amalgamated Meat Cutters. Reape and Gloster rejected the proposal then, although local 474 did switch its affiliation to the Amalgamated in 1954.

Gloster quoted Block, however, as having admitted at this conference that he only had 300 legitimate cards in Brooklyn at the time of the card count. This was his testimony:

Mr. KENNEDY. This is the important part of it that I would like to have you recite, the conversation that you had with Max Block at this meeting at the Black Angus which probably was October 20.

Mr. GLOSTER. That would be about right.

Mr. KENNEDY. And this was just after the card count?

Mr. GLOSTER. It was after the announcement of the contract.

Mr. KENNEDY. The contract and the card count. The signing of the contract and the card count?

Mr. GLOSTER. That is right.

Mr. KENNEDY. You met him at the Black Angus.

Mr. GLOSTER. Yes. We had a couple of drinks standing at the bar. We discussed the general terms of the contract and the idea of getting those people signed. I was skeptical about it. Max said: "Well you are not a novice in this business. You fellows broke your back for the last several years and did not get any place. I think this is the right way to do it. They can be organized later."

* * * * *

Mr. KENNEDY. What did he say to you right at the beginning. Did you raise some question as to how he could go in there and get all these employees?

Mr. GLOSTER. I did.

Mr. KENNEDY. Was that based on the fact that you had had so much difficulty?

Mr. GLOSTER. Well, that was the thing. We had so much difficulty. We worked a long time there. We started in 1947, and my associate, Pat Reape, and I had several years prior to that. We knew the difficulty.

* * * * *

Mr. KENNEDY. So you raised some question with Block at this meeting about his ability to get in there and be their bargaining representative. Recite again what he said to you.

Mr. GLOSTER. He said, "You fellows have broken your backs," or words to that effect, "You have broken your back there for several years and made no headway. I think this is the way to do it. We can organize these people later."

Mr. KENNEDY. Did you ask him what he meant?

Mr. GLOSTER. I asked him. He said, "Well, you are not a novice in this business."

Then I particularly raised the question about the Brooklyn unit.

* * * * *

Mr. KENNEDY. Did you raise a question——

Mr. GLOSTER. I asked him how he got the cards there, because previously in the election in Brooklyn in March, the employees voted 5 to 1 against the union, and I said, "You can't tell me, Max, that you can go in 4 or 5 months later and sign up a majority of these people."

So he said, ' Well, what of it? Actually, I had 300 cards, legitimate cards."

I said, "That adds up because there were about 302 people who voted for the union in March."

Mr. KENNEDY. So he admitted to you that even at that time that in the Brooklyn unit they only had 300 legitimate cards?

Mr. GLOSTER. That is right.

* * * * *

Mr. KENNEDY. I have one more question. How would you describe this contract between the Meat Cutters and the A. & P. Co.?

Mr. GLOSTER. I think it is a sweetheart deal. A. & P. benefited from it and the union benefited from it, but the employees did not. It certainly isn't a contract in the sense that I would have. Of course, when we have a contract, we go to our people with it. That has to be ratified before we can sign that contract. You can't sign a contract legitimately and go to your people afterward and ask them to ratify it after the contract has already been consummated.

Mr. KENNEDY. That is what was done in this case?

Mr. GLOSTER. I don't think it was ever ratified.

Mr. KENNEDY. It was never ratified.

Mr. GLOSTER. Never ratified any place that I know of, and I think I was very familiar with the procedure (pp. 11521–11526).

Attorney O'Grady conducted the card count on October 9 and 10, assisted by Andrew DeSantis, office manager of the law firm of Goldwater & Flynn, with which O'Grady was associated. O'Grady certified that the results were: Garden City, 1,463 eligible employees and 1,071 valid signatures; Brooklyn, 1,687 eligible employees and 1,047 valid signatures; Bronx, 2,562 eligible employees and 1,345 valid signatures.

Appearing as a witness, DeSantis admitted he had practically no idea of the significance of the card count or what it was supposed to accomplish. In substance, his testimony was along the order of the following excerpts:

Mr. KENNEDY. Would you compare the signatures on the cards?

Mr. DESANTIS. I compared nothing, and I just handed him the card and he looked at the card, and some he retained in a batch on his side of the table and the others he handed back to me.

Mr. KENNEDY. Do you know if he ever looked at the signatures on the cards?

Mr. DESANTIS. I don't know what he was looking for.

Mr. KENNEDY. How long would it take you to look at a card through this method?

Mr. DESANTIS. I have no idea.

Mr. KENNEDY. How many cards could you do in a minute?

Mr. DESANTIS. I have no idea of knowing that, Mr. Kennedy.

Mr. KENNEDY. Did you receive any instructions that you were supposed to look at cards or compare the signatures of the cards?

Mr. DESANTIS. To the best of my recollection, no.

Mr. KENNEDY. And as far as you were personally concerned, you never compared any of the signatures on the cards?

Mr. DESANTIS. No, sir; I did not.

* * * * *

Mr. KENNEDY. Did you know actually what you were doing in this whole matter?

Mr. DESANTIS. No, sir; I did not.

Mr. KENNEDY. You were completely confused?

Mr. DESANTIS. I was just a machine that could read a name, that is all.

Mr. KENNEDY. Did you know what your function was at all?

Mr. DESANTIS. Just that, to find the card corresponding to the name that Mr. O'Grady had called out.

Mr. KENNEDY. Do you know anything about what you were doing there?

Mr. DESANTIS. No, sir; I do not.

Mr. KENNEDY. This was a complete mystery when you were there, and it is a complete mystery now?

Mr. DESANTIS. The only function that I thought I was

performing was cutting down the time element for Mr. O'Grady to complete the job, and that is all.

* * * * *

Mr. KENNEDY. Had you ever done any work like this before?

Mr. DESANTIS. I never did any before that, and I haven't done any since.

Mr. KENNEDY. When we discussed this with you before, you summarized your work on this matter by saying: "I didn't know what the hell I was doing."

Mr. DESANTIS. That is it exactly (pp. 11476–11478).

In the light of the testimony by Cornelius that Casale, secretary of local 342, delivered 300 to 400 fictitious cards to the A. & P. offices on the evening of October 10, and the obvious fact that subtracting this number from the 1,047 credited in the Brooklyn unit would leave Block's union with less than a majority of the eligibles, the committee questioned Attorney O'Grady closely about this late delivery. This was his testimony:

Mr. KENNEDY. Did you receive some cards that day, on the 10th? Was a delivery made of cards?

Mr. O'GRADY. On Friday?

Mr. KENNEDY. Yes.

Mr. O'GRADY. Yes, sir.

Mr. KENNEDY. When were the deliveries made?

Mr. O'GRADY. My recollection is that there was a delivery made in the morning, and probably two other deliveries during the course of the day.

Mr. KENNEDY. Was there a delivery made in the evening?

Mr. O'GRADY. I have no recollection of that. I have been asked about that before, and I have no recollection of it.

* * * * *

Mr. KENNEDY. Did Mr. Casale make the delivery?

Mr. O'GRADY. He might have, but I don't know (p. 11509).

* * * * *

Mr. KENNEDY. Did you check the signatures of the cards against the payroll?

Mr. O'GRADY. I checked some of the signatures, not all of them.

Mr. KENNEDY. You received some 4,300 cards. How many signatures do you think you might have compared?

Mr. O'GRADY. Well, it might have been different in different units. It is hard for me to tell you, Mr. Kennedy, exactly. But if you want me to make an approximation, I would say some place around half of the signatures in each of the units (p. 11508).

* * * * *

Mr. KENNEDY. When did you receive the stipulation to compare the signatures?

Mr. O'GRADY. My best recollection is that the stipulation was delivered to me on Friday.

Mr. KENNEDY. Which was the 10th?

Mr. O'GRADY. The 10th.

Mr. KENNEDY. That was after you had been counting the cards for a day?

Mr. O'GRADY. That was after I counted all day Thursday and Friday.

Mr. KENNEDY. The stipulation says specifically that you are to compare the signatures.

Mr. O'GRADY. It says to compare signatures. I compared signatures. I did not compare them all. When I undertook to do the job, I assumed I was going to do the job in accordance with the customary practice of spot checking signatures.

Mr. KENNEDY. According to the testimony before the committee, there was a good deal of fraud perpetrated.

Mr. O'GRADY. I was not aware of that at the time. Nobody indicated that to me at the time I was making the count.

* * * * *

Mr. O'GRADY. I did find in one of the units quite a large number of no company slips to match the union card.

Mr. KENNEDY. What unit was that?

Mr. O'GRADY. That was the Brooklyn unit.

Mr. KENNEDY. That is Max Block's unit himself, isn't it?

Mr. O'GRADY. 342,that is right (p. 11510).

* * * * *

Mr. KENNEDY. That showed, or should have shown, it seems to me, that there was something phony that was going on when you found that out of 1,411 cards, 1 out of every 5 cards at that point had no company slips.

Mr. O'GRADY. They may have been stale cards. They may have been signed by employees at a time when they were employees and who were no longer employees, and in addition to that you also had the part-time workers who were not eligible for this count. So between the 2 of them, that amounted to 270, and I turned down 270 of those cards.

Mr. KENNEDY. I would think that would have aroused you. When you turned down one out of every five cards, when you made a 100 percent check on checking the card slips, that would have aroused your curiosity and your interest, because of this responsibility that was on your shoulders, to check the signatures to find out maybe if they were phony signatures as well.

Mr. O'GRADY. I did check signatures, Mr. Kennedy. I did not check them all. I spot checked the signatures.

Mr. KENNEDY. The testimony before the committee indicates that many of the signatures were in fact phony also. If you had checked them, maybe a greater percentage, a very high percentage, even a higher percentage than this, would have been tossed out.

Mr. O'GRADY. Anything is possible, Mr. Kennedy. I can't answer that.

Mr. KENNEDY. Not only possible, but that is the testimony. According to the previous witness, Mr. Cole, based

on a preliminary check that he made, he found something wrong in two of these stores and made a complete check of the signatures and found that about 90 percent of the signatures were phony.

Mr. O'GRADY. Does it follow that they were phony here?

Mr. KENNEDY. According to the testimony, it indicates a great number were phony.

Mr. O'GRADY. I don't want to argue the point with you. I don't represent the company and I don't represent the union, Mr. Kennedy. But by the same token, I heard there was testimony here that they had the cooperation there of the managers to get the cards signed. So, if they were getting the cards signed with the cooperation of the managers, what is there to suggest that the signatures are phony?

The CHAIRMAN. You said you examined and compared about half of the signatures, is that correct?

Mr. O'GRADY. Yes, sir.

The CHAIRMAN. How many did you find that were not authentic, out of the half that you compared?

Mr. O'GRADY. In the Brooklyn unit out of the 1,047 cards, actually, that I found had comparable cards with signatures, I found 94, which is roughly 9.4 percent (pp. 11511–11512).

* * * * *

Mr. KENNEDY. Out of the total cards, 4,329, you found no company slips, 562, is that right?

Mr. O'GRADY. I have not added them up. I will take your arithmetic for it.

Mr. KENNEDY. All right. And the total of duplicate or other questionable cards was 143. That would be 16 percent of all the cards. In the Brooklyn unit alone, out of those 1,411 cards, 270 had no company slips, and 94 were duplicate or questionable, making a total of 26 percent, or 1 out of every 4.

Mr. O'GRADY. Yes, sir.

Mr. KENNEDY. When our investigators first interviewed you, Mr. O'Grady, when you were asked about whether you checked the signatures, you said: "Well, I didn't check 1 out of every 5 or 1 out of every 20, but I checked them periodically or occasionally as we were going along."

Mr. O'GRADY. Yes, sir.

Mr. KENNEDY. Now you are testifying before the committee that you checked one out of every two?

Mr. O'GRADY. Well, I didn't put it in that fashion, Mr. Kennedy. I said it would be very hard for me to tell you how many I checked. I said if you were asking me to make some kind of an estimate, I would say about 50 percent, but I did not do it every other card or every other slip.

Mr. KENNEDY. I don't see how you can check that many cards, Mr. O'Grady. Based on the time that you spent you had to go through about 200 cards in an hour. I don't see how it would be physically possible to check signatures on that many cards.

Mr. O'GRADY. Well, I think it would have been difficult for me to have checked all of the signatures in the time allotted (pp. 11512–11513).

* * * * *

Mr. KENNEDY. Did you check social security numbers?

Mr. O'GRADY. Very infrequently, and only if I had a question about a particular card.

Mr. KENNEDY. Did you check addresses?

Mr. O'GRADY. No, sir; I did not (p. 11514).

* * * * *

Mr. KENNEDY. You were paid for this work?

Mr. O'GRADY. Yes, sir.

Mr. KENNEDY. How much were you paid?

Mr. O'GRADY. For the October counts and for the November counts I was paid $2,800. I had charged the company $1,500 and the union $1,500, but the union only sent in $1,300. They sent in checks from the different locals. So I actually received $2,800.

Mr. KENNEDY. And you gave Mr. DeSantis $100 out of that?

Mr. O'GRADY. Well, I did not get the $2,800. It went into the firm account. I was a partner in a firm. The money went into the firm account. I got my partner's share of it ultimately.

* * * * *

Mr. KENNEDY. Do you think, Mr. O'Grady, that you could do a proper check in the amount of time that was allocated to you?

Mr. O'GRADY. Well, I was under pressure, there is no doubt about that, Mr. Kennedy, to get a job done by Friday night, and there were an awful lot of cards to be checked.

I think I did the best I could with the time allotted to me.

Mr. KENNEDY. Do you think you could do a complete and proper check, an accurate check, in the amount of time that was given to you?

Mr. O'GRADY. I certainly did not have time to compare all signatures and compare all information that might be on the card against all information which might be supplied by the company in that time (pp. 11514–11515).

* * * * *

Senator CHURCH. Then you tell me what you thought your responsibilities to be.

Mr. O'GRADY. I felt that my responsibility was to conduct what would be a normal card count where there was no controversy between the parties, and there was no charge before me of anything improper in the securing of the cards or in the signatures. The company did not question the cards and the manner in which they had been obtained, nor was I to go into any questions concerning that.

Senator CHURCH. What was the purpose of the card count?

Mr. O'GRADY. I assume it was to give the company some reasonable assurance that there was a majority of the employees designating these locals.

Senator CHURCH. And that reasonable assurance could only be given upon a reasonable examination of the cards and evidence before you, that this was an honest and not a fraudulent count?

Mr. O'GRADY. That is right. They were aware, as well as I was, and perhaps even more so, of the time factor that they allotted me to do the job (p. 11515).

* * * * *

Mr. KENNEDY. If you had not been rushed for time, Mr. O'Grady, wouldn't you have made a more complete investigation in this matter?

Mr. O'GRADY. If I had had more time, I probably would have made a more thorough investigation.

The CHAIRMAN. And if there had been a real issue between management and union, or if one had been contesting it, actually.

Mr. O'GRADY. Well, if the company had indicated to me that they were suspicious of cards——

The CHAIRMAN. The company had?

Mr. O'GRADY. I said if they had. Then, of course, I would have been on notice and I would have been more careful in scrutinizing them. Under those circumstances, I think they probably would have had to allot me more time, because I could not have done it in the time that I had.

The CHAIRMAN. If there had been a real contest, if there had been resistance on the part of the company, contending that they don't have a majority, or if they do have, there is something wrong with the cards, if there had been a real issue there, you would have felt like you would have had to have done a better job than you did, wouldn't you?

Mr. O'GRADY. There was nothing to indicate to me that I should do anything more than I did, sir.

The CHAIRMAN. I understand that. But had there been a real issue between the company, a contest between the company and the union as to whether or not they really had a majority of valid cards, then you would consider the check you made adequate, wouldn't you?

Mr. O'GRADY. Well, I should think that they had to say something more than that they wanted me to count the cards and that is all there is.

* * * * *

The CHAIRMAN. Let's put it this way: Had the company said to you, "Look here, we don't think these cards are all valid. We don't believe they have a majority, and we want a careful count made," had that occurred you would have done differently than what you did, wouldn't you?

Mr. O'GRADY. I certainly would have been on notice that I had to be extremely careful in checking the cards, because something might be wrong.

The CHAIRMAN. And you did not have anything to put you on that notice under the circumstances?

Mr. O'GRADY. That is right (pp. 11517–11518).

Included in the documents submitted by the A. & P. at the request of the committee was a memorandum dated October 7 by one Bauernfeind which reported that the Meat Cutters Union "is going to make a concentrated drive to obtain signatures from our grocery employees. Mr. French Ratcliffe has instructed that we ignore these proceedings."

While conceding that the company's hands-off policy had been communicated to all supervisory levels in all units, Ratcliffe testified flatly that he had no personal knowledge that managers and supervisors were assisting agents of the union in obtaining signatures.

> Mr. KENNEDY. We have a memorandum here which I would like to have you examine. It appears to be from Mr. Block, who is the assistant to Mr. Zorn, Mr. Lester Block, and he is accounting a conversation with French Ratcliffe. He says: "French Ratcliffe says many managers helped and said 'Sign cards,' i.e., October 8 and 9."
>
> Did you mention that? Were you aware of that fact? It would appear from this memorandum that you were aware of the fact and made your knowledge known to at least Mr. Lester Block, that the managers had helped and assisted the union in signing up the employees. "French Ratcliffe says many managers helped and signed cards, i. e., October 8 and 9."
>
> Mr. RATCLIFFE. I don't recall any discussion with Lester Block on that, and I don't recall any knowledge. It may have been hearsay and maybe I was quoting it to Lester Block, hearsay. But personally, and that is the reason I specified personally, I knew of no managers or supervisors that were helping to get signed cards.
>
> Mr. KENNEDY. I would like to show you the evidence. First there are the affidavits we have here, which are numerous.
>
> The CHAIRMAN. This is Mr. Block's memorandum. Since it has been referred to, I would like for the witness to see it. He may be able to identify it, and perhaps he cannot.
>
> (The document was handed to the witness.)
>
> (The witness conferred with his counsel.)
>
> Mr. RATCLIFFE. All I can do is confess ignorance. I am not familiar with it and I have never seen it before.
>
> The CHAIRMAN. That clearly indicates that you had reported to Mr. Block that your managers helped.
>
> Mr. RATCLIFFE. It does not help my memory, Senator.
>
> The CHAIRMAN. It does not help your memory, but that says according to Mr. Block that you reported to him that your managers helped get the cards signed up. That is the purpose of it.
>
> Mr. RATCLIFFE. I have no answer for that. I don't recall any such discussion. If I did, it had to be hearsay, because I had no personal knowledge of any such actions.
>
> The CHAIRMAN. Who would you hear that from? Management or labor? That is, if you heard it.
>
> Mr. RATCLIFFE. Well, not recalling having heard it, I couldn't guess who I would have heard it from.
>
> I imagine if I heard it, I must have heard it from our own people (p. 11415).

As a supplement to the affidavits furnished to the committee by Charles T. Douds, the NLRB regional director, relative to unlawful assistance by the company, the committee also received the following testimony from Desmond Ferguson, an A. & P. clerk in Brooklyn:

> Mr. KENNEDY. Why did you sign the card?
> Mr. FERGUSON. Well, we were brought in the back room and there was a delegate and the manager and we were told to sign it and if we didn't sign it, it would cost us $50.
> Mr. KENNEDY. Do you mean the manager of the store brought you in the back room?
> Mr. FERGUSON. Yes, sir.
> Mr. KENNEDY. And told you if you didn't sign the card it would cost you $50?
> Mr. FERGUSON. Yes.
> Mr. KENNEDY. That was prior to the time of the contract?
> Mr. FERGUSON. Yes. And they told us there would definitely be an election and we could choose any union we wanted (p. 11366).

As indicated by the committee's report thus far, A. & P. officials who testified at the hearings unanimously proclaimed that the unrelenting pressure of the strike threat was the factor that finally forced the company to its knees and that it had no other recourse but to submit.

There is not one shred of evidence that any person other than Max Block ever intimated to any official of the A. & P. that a strike was imminent unless the Meat Cutters were recognized as bargaining agent for the grocery clerks.

The following testimony by Cornelius, the former business agent of local 342, shows what the situation was in Brooklyn and Garden City, the territory covered by Block's own local:

> Mr. KENNEDY. Did you know during this period of time any strike threat that was being given to the A. & P. stores?
> Mr. CORNELIUS. Are you talking about the time of the card count?
> Mr. KENNEDY. Yes.
> Mr. CORNELIUS. No, sir. That is part of their imagination. We could not have pulled a strike of the grocery clerks at that time anyhow, and the A. & P. knew that as well as we did.
> Mr. KENNEDY. You never discussed it?
> You never discussed the strike threat? It was never discussed with you, that you were to strike?
> Mr. CORNELIUS. No, sir.
> Mr. KENNEDY. There was never a general discussion among the business agents that you were going to strike the A. & P. stores?
> Mr. CORNELIUS. No, sir.
> Mr. KENNEDY. You say you could not have struck them successfully at that time?
> Mr. CORNELIUS. No, sir.
> The CHAIRMAN. Why?

Mr. CORNELIUS. Because we didn't have the people. If we had the people we wouldn't have had to make out fictitious cards.

Mr. KENNEDY. You mean they wouldn't have paid any attention to the strike?

Mr. CORNELIUS. That is right (p. 11491).

No walkout was being contemplated in the Bronx because Cohn, the secretary-manager of local 400, was sojourning for the weekend in the Catskills, 102 miles from New York, and had to be hurriedly summoned back to the city on October 11 when the contracts were signed. He so testified.

There is no record anywhere that the Butchers affiliated with locals 342, 400, or 489 ever were called into a meeting for the purpose of taking a strike vote.

And Maggiacomo, the secretary-manager of local 489, who did not even know why the card count was being conducted, manifested a complete lack of knowledge about any strike threat in the following testimony:

Mr. KENNEDY. Did you tell them, or did Mr. Block tell them, at that particular time that you were going to go out on strike if they didn't sign a contract for the clerks?

Mr. MAGGIACOMO. I wasn't there, if he did.

Mr. KENNEDY. You weren't there?

Mr. MAGGIACOMO. If he did say that, I wasn't there.

Mr. KENNEDY. You don't know anything about that?

Mr. MAGGIACOMO. No; I don't.

Mr. KENNEDY. You never discussed that, at least, with your membership?

Mr. MAGGIACOMO. No.

Mr. KENNEDY. Under the law, don't you have to file a 30-day notice with the State mediation board if you are going to go out on strike?

Mr. MAGGIACOMO. That is the general procedure.

Mr. KENNEDY. Did you ever file a 30-day notice with the State mediation board in this case?

Mr. MAGGIACOMO. Not that I know of, sir.

Mr. KENNEDY. Mr. Chairman, on this question of whether the Butchers and Mr. Block were actually going out on strike, there is a law that they have to file this notice, and Mr. May has made a check with the mediation board and with the Federal authorities to find out if there was a notice given to those boards. He could give a report of that.

* * * * *

The CHAIRMAN. Mr. May, you made a check with the State mediation board, and, also, with the NLRB, with respect to whether any notice had been filed in compliance with the law?

Mr. MAY. Yes, Senator.

The CHAIRMAN. With respect to whether a strike was intended or to be called?

Mr. MAY. Yes, Senator.

The CHAIRMAN. What did you find?

Mr. MAY. Section 8(b) of the Taft-Hartley Act requires a couple of procedural steps before a union can conduct a legal strike. They must file a written notice to the other party to the contract 60 days prior to the expiration of the contract, which, in this case, for all unions involved, was October 4, 1952. Also, 30 days thereafter, if the union intends to strike, it must notify the Federal Mediation and Conciliation Service and, simultaneously, notify the State mediation service.

I checked with Mr. Julius Manson, now executive director of the New York State Mediation Service, and he told me that, from the records available, there is no record of either local 342, local 400, or local 489 of the Meat Cutters filing such a notice with that service in 1952.

I also checked with Mr. Frank Brown, New York regional director of the Federal Mediation and Conciliation Service, and, according to his records, those unions failed to serve notice in 1952. Consequently, they were unable, in October of 1952, to conduct a legal strike pp. 11533–11534).

Nor was Max Block disposed to shed much light on the question when he appeared before the committee. Although there had been agreement in principle on the contracts covering the butchers for fully 6 weeks before the final showdown on the grocery clerks, Block said they were not signed because a no-strike clause in them would have foreclosed the possibility of a strike to get the grocery clerks "and we don't have a habit of pulling wildcat strikes."

When asked about Ratcliffe's claim that Block had threatened to strike unless the card count was kept secret, Block replied, "I will say that was his opinion, I imagine."

Mr. KENNEDY. Is it true?

Mr. BLOCK. I couldn't see where there are secrets where more than one knows there are secrets and thousands knew. If you want, I will show you proof that was sent out to all the membership in reference to the organizing campaign.

Mr. KENNEDY. Mr. Block, there was a card count held on October 10 and 11. The employees prior to that were not informed in the A. & P. stores that there was going to be a card count. We asked the A. & P. officials why they were not informed, why they did not inform their employees. They stated before the committee the reason they did not inform their employees was because you threatened to strike them if they told their employees there was going to be a card count.

I am trying to find out from you what the explanation is. Either give an explanation or say you have no explanation, and let's go on.

Mr. BLOCK. Mr. Kennedy, I don't know, and I can't be responsible for what a person says that testifies. I can say the way I see it and the way I felt about it at the time, and to the best of my knowledge at the time I did not know about anyı secrecy.

Mr. KENNEDY. You did not know about any secrecy?

Mr. BLOCK. I don't understand secrets when thousands of people knew about it.

Mr. KENNEDY. That is not the question. Just answer this question: Did you tell the A. & P. Co., any officials of the A. & P. Co., that you would strike their stores if they made this card count public?

Mr. BLOCK. I don't recollect anything like this, Mr. Kennedy.

Mr. KENNEDY. The record is going to have to stand as it is that you did tell them that, unless you deny it. Do you deny it or not? Is your answer you can't recollect it?

Mr. BLOCK. I can only say what I know and what I recollect. I can't just find an answer that would fit the program. I just answer to the best of my ability as I see it.

Senator ERVIN. If I might suggest, it is not necessary to find an answer that will fit a program. All we want is an answer which will fit the truth.

Mr. BLOCK. Senator, I am trying to tell the truth to the best of my ability.

Senator ERVIN. You said you could not find an answer that will fit the program, which is a rather peculiar kind of an answer, according to my way of thinking.

Mr. BLOCK. Well, I guess it is how you think. I mean well (pp. 11735–11736).

Zorn, the A. & P. counsel, repeatedly asserted in his testimony that the company had no legal remedies available to it.

Douds, the NLRB regional director, differed sharply and this was his testimony:

Mr. DOUDS. So far as the Brooklyn unit was concerned, there was an election in process and the company could have filed petitions for an election in the other units, New Jersey, the Bronx, and Garden City. And if in the face of this petition in which the company would have stated there was a question of representation, there would have then been a question of representation in all units, and if the union had struck in the face of that, I believe that the company would have been justified in requesting the Board to petition the U.S. district court for an injunction under section 10(j) of the act.

I am inclined to think that the General Counsel and the Board would have looked favorably upon such a request. You see, the union had made a demand here for union-shop contract. If at that time the union were a minority union, the union would have been forcing the company into a violation of the law if they had insisted that they sign a union-shop contract under those conditions.

There is one other thing that I would like to say and that is that the company representatives could have come to our office and sat down with us and discussed these problems, and we would have been willing, of course, to extend every possible aid to them in working out a program to meet the situation in which they then found themselves.

Mr. KENNEDY. To the contrary, however, this whole contract and the discussions that preceded the contract were all done in absolute secrecy?

Mr. DOUDS. Yes. We knew nothing about the contract until much later (p. 11309).

Attorney O'Grady told the committee that he finished the card count somewhere between 10 and 12 o'clock on the night of October 10 and delivered his report to the company and union representatives at the Beverly Hotel.

Schimmat, who had made plane reservations in Florida on October 7 for a quick trip back to New York, flew back during the night to be on hand for a meeting with the union representatives in his office at 10 o'clock in the morning of October 11 because "I was asked to come in and help and I did negotiate."

Still maintaining that the first time he ever discussed the grocery clerks' contract with anybody was on that particular morning, Schimmat testified that he had been led to believe up to that time that he was going to get a 5-year contract for the butchers but he wound up with only 22-month contracts covering both the butchers and the clerks.

Schimmat was handed a photostatic copy of a letter dated October 11, 1952, addressed to the Great Atlantic & Pacific Tea Co., and directed to his attention.

Mr. SCHIMMAT. This was shown to me by the investigators for the committee. I never saw this until the time the investigators showed it to me.

The CHAIRMAN. What is the date of it?

Mr. SCHIMMAT. October 11.

Mr. DOYLE. October 11, 1952. It is unexecuted, unsigned.

* * * * *

The CHAIRMAN. I want to ask you one or two questions about it. It seems to be dated October 11, the day you negotiated the two contracts; is that correct?

Mr. SCHIMMAT. That is right.

The CHAIRMAN. You are familiar with it since you have seen it before.

Mr. SCHIMMAT. The investigators showed it to me for the first time.

The CHAIRMAN. It starts off:

"On October 11, 1952, labor contracts were signed between the Great Atlantic & Pacific Tea Co., eastern division, and the Butchers' District Council of New York and New Jersey on behalf of locals 342, 400, and 489, affiliated with the Amalgamated Meat Cutters & Butchers Workmen of North America, affiliated with the American Federation of Labor and by each of said local unions for the following bargaining groups."

Among others it mentions the grocery department employees in certain stores and areas. Then it says:

"This letter supplements such contracts and constitutes an agreement by the union, party of those contracts, that each of said contracts shall continue in full force and effect

until the 28th day of August 1957, but that either party may request the reopening of each of said contracts solely for revision of hourly or weekly wages only as contained in the wage schedule of those contracts, on the 28th day of August 1954 and on the 28th day of August 1955 and on the 28th day of August 1956, by notice to the other party in writing, not less than 60 days prior to the date of any such reopening.

"Subject to any amendments resulting from the application of such wage reopenings the agreement shall automatically be renewed year to year after the 28th day of August 1957, unless at least 60 days prior to the 28th day of August 1957, the expiration dates of the agreement or any renewal thereof notice in writing by registered mail is given by either party to the other of a desire to make changes therein or to terminate the contract.

"It is further agreed that this agreement shall also be applicable to the labor contracts when consummated that are currently under negotiations for certain employee groups in stores located in Newark, Jersey City, and Paterson, N.J."

You negotiated the contracts for both the butchers and for the clerks on October 11?

Mr. SCHIMMAT. Yes, sir.

The CHAIRMAN. You consummated those contracts that day?

Mr. SCHIMMAT. That is right.

The CHAIRMAN. What is your explanation that this letter was written separately, constituting an agreement on that same day whereby you actually were getting a 5-year contract instead of a 2-year contract?

Mr. SCHIMMAT. That letter, as I saw it, is not executed. There are no signatures on it.

The CHAIRMAN. There is nothing on this.

Mr. SCHIMMAT. That is right.

The CHAIRMAN. Do you say that this did not become a part of the agreement?

Mr. SCHIMMAT. Yes, sir; I do say that. It is not part of the agreement.

The CHAIRMAN. You say it did not become a part of the agreement?

Mr. SCHIMMAT. It did not become part of an agreement.

The CHAIRMAN. Can you explain why such a letter would have been written at all?

Mr. SCHIMMAT. I have no explanation of it.

The CHAIRMAN. You never heard of it?

Mr. SCHIMMAT. I never heard of it or saw it until your investigators showed it.

The CHAIRMAN. In your contracts did you get a 45-hour week?

Mr. SCHIMMAT. I got a 45-hour week for 22 months.

The CHAIRMAN. And this you say you never heard of as an extension or secret agreement to extend those contracts for 5 years instead of 22 months?

Mr. SCHIMMAT. That is right.

* * * * *

Mr. DOYLE. We have suggested to your committee staff and counsel that probably this letter, which apparently came from the files of the union, was brought to this meeting by the attorneys for the union, kept in their briefcases, and they never had to use it.

The CHAIRMAN. We will develop all the facts, Mr. Counsel. You can appreciate there are some little strange coincidences in here, at least that such a letter was written on the same day the other contracts were made. I don't know what someone was doing out there, just idling their fingers on a typewriter or dictating such a letter which would have no significance whatsoever. Let's proceed.

* * * * *

Mr. KENNEDY. Did you make a secret agreement with union officials regarding a 45-hour week over a 5-year period?

Mr. SCHIMMAT. Not for a 5-year period; no, sir.

Mr. KENNEDY. Did you make a secret agreement with union officials for a 45-hour week to extend to 1957?

Mr. SCHIMMAT. Yes; I did.

Mr. KENNEDY. Now do you want to give an explanation?

Mr. SCHIMMAT. I would like to. After completing the contract on October 11, sometime between October 11 and November—I don't quite remember the date—I was advised by Mr. Ratcliffe that Mr. Block had approached him to change the contract, particularly the welfare clause. In the contract we negotiated on October 11, we had a welfare clause where the money was turned over to the union, and they were to take full responsibility for the welfare.

Mr. Ratcliffe informed me of the difficulty Mr. Block was having with his membership. Later on Mr. Block called me and asked for my assistance to get that changed. I agreed to change it, providing he would give me a letter of a supplement with this change, guaranteeing me a 45-hour week until 1957.

He refused to include it in the supplement, but he did agree to furnish me with a letter, and on this letter I insisted I wanted the international's name on it, Mr. Gorman's.

Consequently, before I turned over the supplement of the change in the welfare clause, I received a letter from Mr. Block.

Mr. KENNEDY. The supplement to the contract that was made public, made available to the employees?

Mr. SCHIMMAT. Yes.

Mr. KENNEDY. The agreement that you signed with Mr. Gorman and Mr. Block, was that made public to the employees?

Mr. SCHIMMAT. No, sir; it was not made public, for this reason——

Mr. KENNEDY. Why weren't the employees notified that you had made such an agreement?

Mr. SCHIMMAT. I was asked by Mr. Block to keep it quiet, not to publicize it, and I agreed to do it and I kept my word.

* * * * *

Senator ERVIN. You entered into a secret agreement with the union officials who were supposed to be agents of your employees, from your company, and at his request you agreed that you would suppress the knowledge of what you had agreed to from the people who were primarily interested in it; is that not true?

Mr. SCHIMMAT. I made this sort of an agreement, Mr. Senator, Mr. Block wanted the welfare changed. It is my position, it is my job, to make the best contract I possibly can in negotiations. Here I gave him the welfare agreement, we took it back on the company bases, paid the additional premium. I negotiated with him, and I got a protection on the 45-hour week for 33 months.

Senator ERVIN. And you got agreement from the agent of the rank and file employees of your company?

Mr. SCHIMMAT. Yes, sir.

Senator ERVIN. Which would be binding on them for 5 years?

Mr. SCHIMMAT. Binding on them for 33 months.

Senator ERVIN. You were going to assist Mr. Block in keeping them ignorant of that fact, and leading them to believe that they were only bound for 22 months; is that not so?

Mr. SCHIMMAT. It is not my job to notify the employees what is in the contract.

Senator ERVIN. It is not your job to enter into a conspiracy with the agent of the rank and file of your company who are the principals in the contract, depriving them of rights and keeping something concealed either, is it?

Isn't that exactly what you were doing? Here you have entered into a contract, and made it public, didn't you, that you made a contract for these people for 22 months only; is not that right?

Mr. SCHIMMAT. That is right.

Senator ERVIN. You put that in writing and exhibited it under the glare of the noonday sun where they could all read it and understand it?

Mr. SCHIMMAT. That is right.

Senator ERVIN. Then you made an additional contract that instead of them being bound and having their rights sold away for 22 months only, they were bound for 5 years, and you agreed with their faithless agent, who was willing to sell them down the river to that extent that you would assist him in suppressing knowledge of that fact from those who were primarily concerned, didn't you?

(The witness conferred with his counsel).

Mr. SCHIMMAT. Well, Senator, he wanted something from my company after the contract was negotiated, which cost my company money. As a negotiator, I told him I would go along with him if he protected my company until 1957 on a

45-hour week. Those were labor negotiations. He wanted it kept quiet. I agreed to it and I did.

Senator ERVIN. In other words, you agreed with him that it was all right, since your company got such a big advantage out of it, it was all right for him to conceal, and that you would assist him in concealing it, the knowledge of the 5-year agreement from the very persons who were to be bound by the 5-year agreement?

Mr. SCHIMMAT. May I point out to you that the international name was also on that document with Max Block's name on it.

Senator ERVIN. That does not change it. You tell me that your conscience would approve conduct like that?

Mr. SCHIMMAT. Yes, sir.

* * * * *

Senator ERVIN. Then you tell me it is not the job of an employer of labor to let the employee, his employees, know what the terms of the contract are between the employer and those employees?

Mr. SCHIMMAT. That is right. When the union is involved, the union takes care of that.

Senator ERVIN. And you are not concerned at all about it?

Mr. SCHIMMAT. No, sir.

Senator ERVIN. You will assist, you think it is all right, all right for the A. & P. Tea Co., acting through you, to conceal from the principals to the contract the infidelity of their agent? You think that is all right and that is perfectly in harmony with your conscience, isn't it?

Mr. SCHIMMAT. That is what we did in this case.

Senator ERVIN. Yes, sir; you sure did.

Senator CHURCH. You would think then when representatives of the labor union ask you to keep certain terms of the contract concealed, that since it is their responsibility to expose the terms of this contract, you can enter into such an agreement and your hands are not soiled by doing it; is that right?

Mr. SCHIMMAT. In this case, that is exactly what I did.

Senator CHURCH. I know it is exactly what you did. I am asking you if you think it is right and good, more or less, to do that sort of thing.

Mr. SCHIMMAT. I did not see anything wrong with it, sir.

Senator CHURCH. Do you see anything wrong in it now?

Mr. SCHIMMAT. No.

Senator CHURCH. You don't?

Mr. SCHIMMAT. No.

Senator CHURCH. Well, I do * * * It seems to me that there is a very real public interest wherever you have bargaining agents representing the employees, bargaining with the employers that may employ hundreds and hundreds or thousands of people, and for contracts that deal with the bread and butter of these thousands of employees, it is very much in the public interest to proceed according to the axiom that such agreements should be arrived at openly, according

to the old Wilsonian idea, open covenants, openly arrived at. I think there is very definitely a moral responsibility that extends not only to the employee organization but also to the employer, to make clear to the people who are affected—people in this case who, by virtue of this contract, had to pay dues to this union—as to what the terms of this contract are.

And if they did not pay dues, they got fired by management, and management entered into an agreement whereby the employees did not know what the terms of this contract between the employer and the bargaining agent for the employees was. I think there is a real element of morality involved here, and if the law does not presently require that such agreements be made openly and be made known to all the people and parties affected, then I think it is certainly an area into which this Congress ought to look, in the full protection of the public interest. I think this has been a shocking exposé that we have had this past couple of days.

Mr. Chairman, I might point out that that not only involves a secret contract that was entered into that affected thousands of employees, but it also involves much evidence that the bargaining agent with whom management made this agreement was never the bargaining agent that employees wanted in the first place.

* * * * *

Mr. KENNEDY. What happened to that letter that you received? That was signed by Patrick Gorman and Max Block; is that right?

Mr. SCHIMMAT. Yes.

Mr. KENNEDY. What happened?

Mr. SCHIMMAT. When the new contract was negotiated, after the one I negotiated on October 11, I destroyed it.

Mr. KENNEDY. It was not necessary after that?

Mr. SCHIMMAT. No.

Mr. KENNEDY. Did you inform the other officials of the A. & P. Co.?

Mr. SCHIMMAT. No, sir.

Mr. KENNEDY. That you kept to yourself?

Mr. SCHIMMAT. Yes, sir (pp. 11325–11332).

Schimmat also testified that he assumed a study was made showing what the company saved by having a 45-hour week instead of going to 40 hours "but I am not acquainted with it."

He characterized as "certainly a wild guess" an estimate of $12 million a year mentioned in one memorandum taken from A. & P. files. There was another memorandum that quoted Ratcliffe as putting the cost of a 40-hour week "at about $7 per person" which would have totaled $23,660,000 for 5 years.

A. & P. Counsel Coyle interposed with the observation that in 1957, when the company was about to go to the 40-hour week, "an accurate study was made and I think the annual figure was something over $2 million a year. Then they went into the 40-hour week and they found out it cost them little or nothing."

Mr. KENNEDY. Anyway from the records it would indicate it ranges anywhere from $2 million a year to $12 million a

year, according to the A. & P. itself. That is a considerable amount of money no matter which way you take it (p. 11333).

Gorman, the union's international secretary-treasurer, disclaimed any knowledge of the letter Schimmat said he received which guaranteed the 45-hour week until 1957.

Mr. KENNEDY. Do you deny the fact that you signed an agreement with Mr. Block extending the 45-hour week for the extra 33 months?

Mr. GORMAN. I don't deny a thing that I can't remember.

Mr. KENNEDY. Have you signed any secret agreement?

Mr. GORMAN. Let me explain to you. I have to go back to Mr. May. When Mr. May came into our office——

Mr. KENNEDY. You don't have to go back any place, Mr. Gorman.

Mr. GORMAN. It must be in the record here somewhere.

Mr. KENNEDY. Your memory before the committee is just an incredible situation.

Mr. GORMAN. Shouldn't the statement I made to you be in the record? Mr. May came to my office and got out a letter, and we placed all the facilities of our office at his disposal so he could look for any letter. He came up with a letter supposed to be, or was, on the letterhead of, I think, local 342.

Mr. KENNEDY. That is correct. That is exhibit No. 4.

Mr. GORMAN. After he did that, after he got that letter, he come into my office, very courteous, and said, "Mr. Gorman, will you come in and look at this letter?" I looked at that letter. He said, "Do you recognize it?" I didn't then, Senator—I mean Mr. Kennedy—and I don't now recognize that letter.

Mr. KENNEDY. We have had testimony——

Mr. GORMAN. But I said to Mr. May—he said, "Mr. Schimmat said that you signed that letter," and I told him that, "If Mr. Schimmat said that I signed the letter, Mr. Schimmat is a man of honor, and I will take his word that I signed it."

Mr. KENNEDY. Mr. Schimmat has testified before the committee that you signed the agreement extending the 45-hour week for an extra 33-month period. Did you sign that letter?

Mr. GORMAN. I said that, if Mr. Schimmat said it. I don't recollect it, even now, but I will take what Mr. Schimmat said; that I did sign it. I will take his word for it (p. 11345).

Max Block, in his appearance before the committee, never did give a direct answer as to whether he was a cosigner with Gorman of the letter Schimmat said he received.

The following excerpts from his testimony illustrate eloquently the extent of his evasiveness on this point:

Mr. KENNEDY * * * We have also had testimony, Mr. Block, that there was a secret agreement made in the A. & P. case, a secret agreement which was made between you and Mr. Schimmat, of the A. & P. Co., extending the 45-hour week for an extra 33 months. Do you have any statement to

make about that. Did you make such a secret agreement?

Mr. BLOCK. I don't know of any secret agreements.

Mr. KENNEDY. Did you make any agreement extending the 45-hour week for an extra 33 months in October, November, and December of 1952?

* * * * *

Mr. BLOCK. When your investigators spoke to me about that, I told them that there was some kind of a letter that I had written. I did not know exactly, I did not recollect anything about any agreements. But in essence I would have said to the company that they could be sure that I am not going to subject this company to work 40 hours when the rest of the industry would be working 45. I would say this to any company.

We don't intend to use one company against the other or take advantage of one company because we happen to be in a position to force them to work shorter hours while the others are working longer.

Our position was always that we worked fair with the whole industry, regardless of the size of the company.

The CHAIRMAN. That is a good policy. Now, did you give them a 45-hour week?

Mr. BLOCK. Mr. Chairman, I am not in the position to give anything. I am just the president of the union.

The CHAIRMAN. Well, as president of the union, or your unions, did you give them a 45-hour week?

Mr. BLOCK. I did not give them. The committee that negotiated a contract for 45 hours ——

The CHAIRMAN. Did the committee do it?

Mr. BLOCK. Well, we negotiated an agreement for 45 hours.

The CHAIRMAN. All right. For how long?

That was a 2-year contract that you negotiated.

Mr. BLOCK. About that.

The CHAIRMAN. Twenty-two months?

Mr. BLOCK. Then we negotiated another one in 1955 or 1954, whenever it was.

The CHAIRMAN. But what did you do right after you negotiated the one for the 45 hours for 22 months?

Mr. BLOCK. What did I do?

The CHAIRMAN. Yes.

Mr. BLOCK. I did a lot of things.

The CHAIRMAN. I know. Among other things, did you write a letter in which you extended the 45-hour work week for 5 years?

Did you do that? You, yourself, not the union.

Mr. BLOCK. Did you say me, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. BLOCK. There could have been a letter.

The CHAIRMAN. Did you do it?

Mr. BLOCK. To be best of my recollection, after having gone through the whole thing and listening, there may have been a letter.

The CHAIRMAN. According to the best of your recollection, there may have been a letter?

Mr. BLOCK. That is right.

The CHAIRMAN. One that you signed?

Mr. BLOCK. The one that I sent.

The CHAIRMAN. You signed it?

Mr. BLOCK. Well, I would sign a letter that I sent, of course.

The CHAIRMAN. You signed the letter. According to your best recollection, you did that?

Mr. BLOCK. To the best of my recollection, I could have sent a letter, and if I sent a letter, most likely I would sign it.

The CHAIRMAN. Naturally you signed it. You remember it, don't you?

Mr. BLOCK. I beg your pardon?

The CHAIRMAN. You remember doing it, don't you?

Mr. BLOCK. I couldn't say exactly, but——

The CHAIRMAN. Can you say "unexactly"? Did you write the letter extending the 45-hour workweek for a period of 5 years?

Mr. BLOCK. I don't write a letter this way, sir, and I cannot extend by myself anything. It has to be——

* * * * *

Senator ERVIN. Well, you know whether you sent a letter like that or delivered it to somebody.

Mr. BLOCK. A letter is not a contract, or trying to get me——

Senator ERVIN. You are arguing about the legal effect of the letter. That is not the point.

The CHAIRMAN. The letter may be a contract; it may very well be a contract.

Senator ERVIN. You know very well whether you sent, delivered, or signed a letter to that effect. I don't believe you can forget that.

Mr. BLOCK. You can. That is 6 years ago, sir, when we are talking about.

Senator ERVIN. You signed a letter affecting 10,000 of your dues-paying members, or the ones you hoped to have for your dues-paying members, and now you tell me that you can't remember a letter that you signed of a secret nature like that?

Mr. BLOCK. Senator, when I send a letter, I don't see where it should be public. I send lots of letters, and I don't just publicize them.

Senator ERVIN. You see, we ask about one thing and you go and talk about some other thing. Are you swearing upon your oath here that you have not got the slightest recollection whether or not you sent, delivered, or signed a letter of that nature?

Mr. BLOCK. It is pretty hard to remember 6 years ago, a letter that one sends. It is not as easy——

Senator ERVIN. You have not answered the question. I have not asked you whether it is hard. I am asking you whether you are swearing upon your oath that you do not have the slightest recollection whether or not you signed a letter of that character. You can answer that "Yes" or

"No" very simply. In fact, that is the only kind of a relevant answer you can give for that question.

Mr. BLOCK. It is 6 years ago.

Senator ERVIN. That is not an answer.

Mr. BLOCK. Well, I will, if you will permit me. I am not looking to dodge or hedge. I just want to be sure when I say something it is so. That is why.

Senator ERVIN. That is the reason I am asking you again a very simple question which I have put to you at least 4 times in the last 5 minutes. That is this: Are you testifying upon your oath that you do not now at this present moment have the slightest recollection whether or not you signed or delivered or sent to the A. & P. Tea Co. a letter of the nature that I have described?

You either have a recollection or you do not have a recollection. I am asking you about your present recollection in respect to that letter.

Mr. BLOCK. My present recollection right here is I am just mixed up. I just cannot recollect. But I have heard testimony that there was a similar letter. So I imagine I did send a letter. If I sent a letter, I know what I would have said, because I am not in the position to sign agreements by myself. I got the proof that we always had big committees.

Senator ERVIN. You are swearing that if you had written a letter, you would have recollected what you had in the letter, but you can't recollect whether you wrote the letter. Is that what you are swearing?

Mr. BLOCK. I couldn't say that.

* * * * *

The CHAIRMAN. He said he insisted on a letter and you gave it to him, and then you asked him to keep it secret. That is what he said.

Mr. BLOCK. I would like to listen——

The CHAIRMAN. It is just that simple.

Mr. KENNEDY. That is it.

Mr. BLOCK. That is what it was in essence?

Mr. KENNEDY. Yes.

Mr. BLOCK. I don't recollect any time asking anybody about being secret. But then at the same time I don't see why I have to publicize a letter. That is what I mean.

Mr. KENNEDY. Do you deny this?

Mr. BLOCK. I just don't understand it.

Mr. KENNEDY. Do you deny the record? Do you deny the fact that you made a 45-hour week, extended the contract for a 45-hour week until 1957 and made a provision that it would be kept secret? Do you deny that?

Mr. BLOCK. Mr. Kennedy——

Mr. KENNEDY. Do you deny it?

Mr. BLOCK. Mr. Kennedy, I am not in the position to make any agreements when we sit in an agreement with the company.

The CHAIRMAN. Let the record show that he does not deny it.

I am not going to ask him to answer it any more. I have given you every chance to answer it, and you sit there and fumble around. Go on to something else.

* * * * *

Mr. BLOCK. I would like to get that question again.

The CHAIRMAN. The question is: This man testified that he insisted on a letter from you extending the 45-hour week up to a period of 5 years, and he got the letter from you, and then you asked him to keep it secret. Now, did you do it? Is that true?

Mr. BLOCK. I don't recollect ever making any 45-hour week secret, as we were talking about.

The CHAIRMAN. All right. Proceed, Mr. Kennedy.

Senator ERVIN. Mr. Chairman, I don't believe he has answered the question. He is trying to split some legal hairs as to the effect of the letter. He talks about what he thinks is the legal effect of the letter, but he refuses to answer whether or not he had anything to do with a letter of that character or secret agreement to that effect.

The CHAIRMAN. He leaves the record unanswered. Here is a man in sworn testimony making a statement, and all this witness can say is that he does not recollect. The record stands that he does not repudiate it or refute it. Let the record stand. I have given him every chance in the world to answer it. Proceed with something else. Let's go on.

I even let him have a conference with his attorney and he came back and the next thing he said was that he did not recollect (pp. 11737–11743).

Block testified that the contract signed with the A. & P. on October 11, 1952, which provided that the union thereafter would handle the welfare fund issue, was changed back to the company plan "upon the wishes of the membership" (p. 11743).

Block denied that he had ever had any discussions with Sol Cilento or George Scalise, New York racketeers, at the Black Angus Restaurant in October 1952, with respect to the A. & P. insurance.

He said he knew Louis Saperstein, an insurance broker and—

> he once mentioned to me about insurance on the way to St. Louis. I met him at the airport, at the same plane, and he told me he was an insurance agent. I hardly knew him then. I told him that I don't bother with that stuff, and I have nothing to talk to him about (p. 11744).
>
> Mr. KENNEDY. Did you discuss the insurance with George Scalise?
>
> You know, George Scalise and Mr. Cilento recently went to jail for the handling of some of these insurance funds, and it was based on the testimony of Mr. Saperstein. I am trying to find out if you had some discussions with Mr. Cilento and Mr. Scalise regarding the insurance handled or to be handled by the Amalgamated Meat Cutters.
>
> Mr. BLOCK. I never discussed that part at all. If anyone mentioned it to me, a fellow like Saperstein, or anybody else, I know what I would have said to them.
>
> Mr. KENNEDY. I know, I am sure.

Mr. BLOCK. Yes. The proof is this; I never did any business with them.

Mr. KENNEDY. Did you ever discuss it with them?

Mr. BLOCK. I wouldn't say I ever discussed it with them. However, as I said, Saperstein mentioned it to me on one occasion that I remember. He may have discussed it again, but I don't know (p. 11744).

Block then was asked if Chappie Brescia, convicted labor extortioner, whose brother Frank is a business agent for local 640 of the Meat Cutters, had arranged a meeting for him to discuss the A. & P. insurance "with these people."

Mr. BLOCK. I don't remember.

Mr. KENNEDY. What is the answer to the question, "I don't remember" or "No"?

Mr. BLOCK. I don't remember any meetings like that.

Mr. KENNEDY. The answer is "No"?

Mr. BLOCK. Definitely, I don't remember any meetings like that.

Mr. KENNEDY. Did you attend any meetings in the Black Angus Restaurant in connection with this?

Mr. BLOCK. I have been in the Black Angus Restaurant quite often.

Mr. KENNEDY. Did you attend any meetings in connection with insurance in the Black Angus Restaurant with Mr. Cilento?

Mr. BLOCK. I don't attend meetings, Mr. Kennedy, I go to eat there.

Mr. KENNEDY. Did you have any discussions with them, with Mr. Cilento?

Mr. BLOCK. It could have happened. The man could have asked me, and I could have answered them, my opinion of what I think of them, and that is about all. The proof of this is we never did any business with them.

Mr. KENNEDY. How long have you known Mr. Chappie Brescia?

Mr. BLOCK. Maybe about 10 or 12 years ago I met him, or so.

Mr. KENNEDY. Is he around the union headquarters quite a bit?

Mr. BLOCK. Not to my knowledge (p. 11745).

Ratcliffe admitted to the committee that he never knew about the secret agreement covering the 45-hour week until he learned it from committee investigators, despite the fact that he was dealing with the unions during all of the intervening years since 1952. He sought to classify it as "a little insurance" and as Schimmat's "private arrangement" that was not binding on the A. & P.

Senator CHURCH. An insurance policy is insurance only if it can be relied upon to provide the safeguard that is included in the policy. Otherwise it is just a meaningless scrap of paper. This is obviously something that was more than a meaningless scrap of paper. This was a private arrangement, a supplemental agreement that was entered into by an

authorized representative of the company and the labor union, and it obviously had great value to the company.

Mr. RATCLIFFE. Well, it didn't, sir.

Senator CHURCH. You say that you learned about this only 2 months ago?

Mr. RATCLIFFE. Yes, sir.

Senator CHURCH. Tell me, do you think that the company has no obligation to disclose the terms of such a supplemental agreement that affects the working hours and conditions of the employees of the company?

Mr. RATCLIFFE. Sir, I still maintain that that was not a company document. That was Mr. Schimmat's personal document, and I think that he answered the thing himself.

Senator CHURCH. How could it be Mr. Schimmat's personal document? Mr. Schimmat doesn't employ these people. He is a paid representative and authorized representative of the management of A. & P., and he was one of those who was authorized by the company to negotiate with the union.

How can it be his private agreement? That makes no sense.

Mr. RATCLIFFE. It was a private agreement. No one else in the company knew about it, so it was a private agreement. You are saying that the union people didn't know. No one but the union president knew about it, so it was private on that side.

Senator CHURCH. This agreement was obviously done in terms that were meant to be binding on the A. & P. and the union, and was negotiated by a representative of the union and A. & P.

You personally had been negotiating with him in previous negotiations with these very same people. It was the thing you were looking for. It was the thing that crept into your earlier negotiations. Obviously, it was something that had great value to the company. It just doesn't make sense for you to say that this was a private arrangement with Mr. Schimmat.

* * * * *

It seems to me that it is very clear that there were two beneficiaries in this whole arrangement. One of the two beneficiaries was the union, by virtue of the fact that this union was recognized by the company. The union got 10,000 members, which meant roughly half a million dollars a year in additional dues. They got the matter under terms of a union-shop agreement, so that the 10,000 employees either paid those dues or got fired. So, obviously, the union was one beneficiary. The other beneficiary was, obviously, the company, because the company got a very favorable contract, part of which was public and part of which was private insurance, which saved the company a great deal of money.

I think the most shocking part of this whole testimony that I have heard thus far is that the very man who negotiated

that private insurance agreement, in behalf of the company, testified before this committee that he did not think it was the obligation of management to disclose the terms of an employment contract covering the employees of the company. Do you agree with that?

Mr. RATCLIFFE. I have not been faced with that problem yet. I don't know. When I come to the bridge, I will have to cross it.

Senator CHURCH. But you don't know now?

Mr. RATCLIFFE. I don't know; no, sir (pp. 11414–11415).

The testimony also discloses that when the parties assembled in Schimmat's office for the contract negotiations on October 11, the day after the card count, it was Block with whom Ratcliffe and Schimmat were dealing.

Joseph Cohn, the secretary-manager of local 400, testified that he was at Woodbourne, N.Y., that morning and was instructed in a telephone call to return immediately to New York.

Mr. KENNEDY. What time did you come back?

Mr. COHN. Well, as I stated to you, sir, at the previous meeting, it is 102 miles exactly to New York.

Mr. KENNEDY. Approximately when?

Mr. COHN. I would say 1 o'clock or thereabouts.

Mr. KENNEDY. What was the state of the negotiations at that time, when you got back, about 1 o'clock on Saturday?

Mr. COHN. I could not call them negotiations, sir. That is, from my interpretation of the word "negotiations." I would say when I came into the place where I was supposed to arrive at the Graybar Building on Lexington Avenue, the city of New York, I was given a contract to read.

Mr. KENNEDY. The contract had already been drawn up?

Mr. COHN. The body of the contract had been drawn up.

Mr. KENNEDY. This was by 1 o'clock on Saturday?

Mr. COHN. Approximately.

Mr. KENNEDY. The day following the card count?

Mr. COHN. According to the record.

Mr. KENNEDY. Did you sign the contract at that time?

Mr. COHN. Not immediately.

Mr. KENNEDY. You wanted some changes made?

Mr. COHN. I objected to several things in the contract, one or two things. We argued about it, we talked about it, and eventually got what I wanted.

Mr. KENNEDY. What was that?

Mr. COHN. There was a clause in the opening of the contract which gave the contract, as I interpreted it at that time, to the New York Butchers' district council. I felt this would lose the local autonomy of local 400. I felt that I had no right to waive the local autonomy of local 400, and I insisted upon a letter from Mr. Block, the president of the New York Butchers' district council, that this would in no way mean or be interpreted to mean that local 400 waives its local jurisdiction and its right to bargain by itself. I received that document. I believe you have a copy of it, Mr. Kennedy.

Mr. KENNEDY. So if you would sign this contract initially it would have given all rights to Max Block?

Mr. COHN. That was my interpretation at that time.

Mr. KENNEDY. So you insisted on getting a letter that you would preserve your own rights and the rights of your local union?

Mr. COHN. That is correct.

Mr. KENNEDY. At that time, did you know of any secret agreements that had been signed by Mr. Block?

Mr. COHN. I did not (pp. 11537–11538).

* * * * *

Mr. KENNEDY. What if you had submitted in this contract to the employees and it had contained a clause in which the 45-hour week was going to last for a 5-year period? What would have been the results?

Mr. COHN. If such an agreement was brought to them, it is my opinion I would not be here today. They would have torn me to pieces (p. 11540).

Maggiacomo, the secretary-manager of local 489, never did know what was going on as shown by the following testimony:

Mr. KENNEDY. Were you aware of the fact that a contract was signed the day after the card count?

Mr. MAGGIACOMO. No, sir.

Mr. KENNEDY. Did Mr. Block ever tell you about that?

Mr. MAGGIACOMO. That it was signed the very next day?

Mr. KENNEDY. Yes.

Mr. MAGGIACOMO. No, sir.

Mr. KENNEDY. Did he in fact tell you that he was negotiating the contract after the card count was finished?

Mr. MAGGIACOMO. I was under the impression that we were all negotiating it at the same time.

Mr. KENNEDY. After the card count you were informed that a card count had taken place?

Mr. MAGGIACOMO. That is right.

Mr. KENNEDY. Then he told you that he was in the midst of negotiating the contract?

Mr. MAGGIACOMO. No, we were discussing the different problems, but I didn't know the contract was signed the next day until you told me the last time I met with you.

Mr. KENNEDY. Did Mr. Block indicate to you in the course of his conversation, that he was having discussions with the A. & P. toward signing a contract, discussing the terms of of the contract?

Mr. MAGGIACOMO. Yes.

Mr. KENNEDY. And that took place after October 11, after the card count had taken place?

Mr. MAGGIACOMO. It must have.

Mr. KENNEDY. So you thought that you were carrying on discussions during the period of some 2 or 3 weeks, which was going to lead to the signing of a contract?

Mr. MAGGIACOMO. Right (pp. 11529–11530).

* * * * *

Mr. KENNEDY. Obviously, according to what you told us, Block was misleading you, and your answer was, "If he signed the contract the very next day, he was misleading me and some other people." And then you said, "Our union was involved." You also said, "I do feel betrayed." Do you remember saying that?

Mr. MAGGIACOMO. I didn't say it that way. I said I felt, when you said to me that the contract was signed the very next day, I got a little excited because I didn't know anything about a contract being signed the next day, and you said something about, "Well, then you were sold down the river."

Mr. KENNEDY. The question was: "If there was an agreement, would you feel that you had been betrayed?

"Answer: I do feel betrayed, if you are making agreements and you sell me down the river."

Mr. MAGGIACOMO. Well, that is the answer, then.

Mr. KENNEDY. And that is the way you feel?

Mr. MAGGIACOMO. Of course, if I didn't know anything about it, I should feel that way, because I wanted to report to my people everything that was going on (pp. 11531–11532).

The evidence shows that the 40-hour week negotiated with Safeway Stores by local 474 of the CIO in 1952 actually became effective in 1953 after Wage Stabilization Board approval. Only one other chain-store organization, American Stores (Acme), changed to a 40-hour week in the intervening years, and this was in 1956. Thus the practical effect of the secret pact between the A. & P. and the Meat Cutters in the New York metropolitan area was to keep the 45-hour standard at a time when all industry generally already had adopted or was in process of adopting the 40-hour workweek.

The record before the committee discloses beyond any question of doubt that the grocery clerks never had any opportunity to participate in the negotiation of the contracts covering their employment. Furthermore, the terms of the contracts never were submitted to them for rank-and-file ratification.

The New Jersey situation was even worse than the one that prevailed in New York. In Newark and Paterson units both the clerks and the butchers were unorganized, yet the testimony discloses that an agreement existed back as early as September 2 that, if the Meat Cutters were recognized and contracts signed in New York, there would be an extension of the scope of the arrangment to include the two New Jersey units.

This fait accompli proceeded according to plan. The record shows that Gorman, international secretary-treasurer of the Meat Cutters, sent a letter to the international executive board on October 16, 1952, hailing the success of the union in the negotiations with the A. & P.

Mr. KENNEDY. * * * Could you explain to the committee how you wrote that letter regarding the successful campaign that you had in New Jersey on October 16, 1952, when you didn't sign the employees of New Jersey up until December 1, 1952?

Mr. GORMAN. Could I make mention in that letter that there is a specific statement in which I explained to the executive board that I did go to see Mr. Schimmat and I did not get any encouragement from Mr. Schimmat at all.

Mr. KENNEDY. That was on your first meeting. Now I want to find out what you mean by putting in the letter that you had signed up the New Jersey employees in this letter of October 16, 1952, when the contract was not signed for New Jersey employees until December 1, 1952?

Mr. GORMAN. I did not sign anyone, Mr. Kennedy. I think it was Mr. Block. All the information was furnished to us by the committee that was handling that campaign in New York (p. 11336).

Concurrent with the letter to the executive board, Gorman dispatched a telegram to Block urging him to "throw all of your help to the Jersey side in an effort to enroll quickly the 6,000 members there we shall be entitled to under the agreement."

The CHAIRMAN. Does that mean, Mr. Gorman, that you made a contract for them before they were organized?

Mr. GORMAN. Well, now I made no contract at all.

The CHAIRMAN. I am talking about the contract that was made for them before they were organized.

Mr. GORMAN. I would not say that at all.

The CHAIRMAN. You have yet to organize them and enroll them.

Mr. GORMAN. Will you let me go further, Senator?

The CHAIRMAN. Yes.

Mr. GORMAN. There is something in here about intervention, to lay ourselves wide open for intervention.

The CHAIRMAN. You didn't want an injunction suit, did you?

Mr. GORMAN. No; I think you should understand at that time the AFL and the CIO were not one union. That in New York there was a powerful organization and in New Jersey a powerful organization that was competing against us by the name of the Wholesale and Retail Employees Union. If we announced that 6,000 were still unorganized, I am positive this refers to the possibility of the Wholesale and Retail Employees' intervening in that situation and causing conflict, which would not be good for the industry at all.

Senator ERVIN. What you were afraid of was that the CIO might file a petition asking for an election, you might be thrown an election, and the employees might have chosen the CIO union instead of yours. Isn't that what you are talking about

Mr. GORMAN. I wouldn't know it. I wouldn't know it except on information conveyed. It has been a long time ago.

* * * * *

Senator ERVIN. So what you did was, you made a contract for these employees with the A. & P. Co. before these employees knew that the contract was made, and then you sent out later to get them signed up, and you did not want to make the contract public for fear that they might not sign up, knowing that the terms of the employment were already fixed by the previous contract.

Mr. GORMAN. Wouldn't that be tactful, Senator? If we are in an organization campaign, we want them all. We don't want something that will lose four or five thousand.

Senator ERVIN. And you don't want to allow them the risk of choosing some other union, which in a free America they should be allowed to do, not being organized, under a contract not being made on their part, but being made on the part of management with your union officers, who had no authority up to that time over these unorganized workers.

Mr. GORMAN. We would do the same thing tomorrow, Senator. If we are engaged in a campaign to organize any particular applicant, we do our best, use your best tactics and put our best foot forward to accomplish that (pp. 11338–11339).

Mr. KENNEDY. * * * What agreement are you talking about?

Mr. GORMAN. That must have been the agreement negotiated in New York.

Mr. KENNEDY. That was the agreement that the company was going to turn over the New Jersey employees to the Meat Cutters?

Mr. GORMAN. Turn them over?

Mr. KENNEDY. Yes.

Mr. GORMAN. I don't know anything about that.

Mr. KENNEDY. Don't tell me that; you say it in your telegram. You say it in your letter.

Mr. GORMAN. The agreement must have been signed.

Mr. GORMAN. The agreement that you had was that the employees in New Jersey were going to be turned over to the Meat Cutters?

Mr. GORMAN. Turned over.

Mr. KENNEDY. Yes. That is what, in fact, happened?

Mr. GORMAN. Who said they were going to be turned over?

Mr. KENNEDY. You say this. You say, "We are entitled to them under the agreement."

Mr. GORMAN. That is to go out and get them.

Mr. KENNEDY. You don't have to have an agreement to try to organize. Since when has a labor union needed an agreement to go out and organize? You know that is not correct, Mr. Gorman.

Mr. GORMAN. All I know, the information that was passed on to me, and that was the basis of that telegram.

Mr. KENNEDY. The information was passed on to you that the employees in the New Jersey area were going to be turned over to your union; isn't that right?

Mr. GORMAN. The best contracts are with us in the country.

Mr. KENNEDY. I am not saying it is not the best contract. I say you knew that these employees were going to be turned over to the Meat Cutters. You knew it, obviously, from the letter you sent and the telegram?

Mr. GORMAN. Yes (pp. 11344–11345).

Cornelius, the former business agent of local 342, and Daniel Beatson, another former business agent, testified that they were sent to New Jersey to help sign up A. & P. employees. This was their testimony:

> Mr. CORNELIUS. Well, one morning all the business agents from local 342 were sent over to Mr. Kaplan's office in Jersey, and we were all assigned a different territory, to go out and get applications from the A. & P. workers. It was explained to us that the way had been paved. All we had to do was go in and the people would sign them. That is the way it turned out.
>
> The CHAIRMAN. The way had been paved?
>
> Mr. CORNELIUS. Yes, sir. I didn't even have to talk in Jersey. The people were sent back to me and I just handed out cards and they signed them.
>
> Mr. KENNEDY. Who introduced you? Who made the arrangements once you got over there?
>
> Mr. CORNELIUS. Well, I myself traveled alone.
>
> I had the east shore of New Jersey. All I did was introduce myself to the manager of the store and then things started popping. He sent people back and kept me in continuous supply of personnel to sign cards. It went over very fast and very thorough.
>
> * * * * *
>
> Mr. KENNEDY. They were all sent back there by the management?
>
> Mr. CORNELIUS. Yes, sir.
>
> Mr. KENNEDY. So the way was completely paved for you, is that right?
>
> Mr. CORNELIUS. Yes, sir (pp. 11489–11490).
>
> * * * * *
>
> Mr. KENNEDY. What was the attitude of the company toward your arrival?
>
> Mr. BEATSON. Our instructions were, when we appeared in the store, to identify ourselves to the manager, and that he would handle the situation of getting the clerks together in the back room or the basement, wherever the space was available.
>
> * * * * *
>
> Mr. KENNEDY. They gave you space to work in?
>
> Mr. BEATSON. Yes.
>
> Mr. KENNEDY. And then the employees were sent back to sign cards?
>
> Mr. BEATSON. Yes, sir (p. 11594).

Thomas J. O'Brien, an A. & P. supervisor in the Newark unit, confirmed the testimony that the company reserved space in the stores for the union representatives.

> Mr. KENNEDY. You had a meeting in which you received those instructions, that you were no longer to oppose the unionization of the employees; did you not?

Mr. O'BRIEN. Well, at this meeting we were told that union representatives were to be permitted to go into the stores and have a card count, and managers and supervision were to have no part of it.

Mr. KENNEDY. You were no longer to oppose the unionization of your employees, at least by the Amalgamated Meat Cutters?

Mr. O'BRIEN. Yes.

Mr. KENNEDY. The Meat Cutters were to be allowed into the stores to sign up the employees?

Mr. O'BRIEN. Right.

Mr. KENNEDY. This was a different policy than existed in the A. & P. Co. prior to this time?

Mr. O'BRIEN. Yes.

* * * * *

Mr. KENNEDY. Let me understand this. The representatives of the Meat Cutters were to come into the store. Were you instructed to help and assist them in any way by setting aside some space for them to operate in?

Mr. O'BRIEN. We were instructed not to help and assist, but they were to be permitted to talk to the employees individually in a certain spot in the store, away from our customers.

Mr. KENNEDY. Were you to set aside a room for them to speak to your employees?

Mr. O'BRIEN. No room, just a spot.

Mr. KENNEDY. Did you set aside some space for them?

Mr. O'BRIEN. There was some space set aside.

Mr. KENNEDY. Did you make arrangements to send each of the employees back to see them?

Mr. O'BRIEN. Yes, sir.

Mr. KENNEDY. Were those part of your instructions?

Mr. O'BRIEN. Yes.

Mr. KENNEDY. The employees would then be sent one at a time back to see the representative of the union; is that right?

Mr. O'BRIEN. Yes, sir.

Mr. KENNEDY. And the representative of the union at that time would discuss with them about signing this card?

Mr. O'BRIEN. That is right.

* * * * *

Senator CHURCH. The company had never reserved any space for representatives of any other union, or instructed you to let your employees go back at regular intervals to discuss these matters with any other representatives of any other union at a previous time?

Mr. O'BRIEN. That is true, sir (pp. 11375–11376).

Douds, the regional director of the NLRB in New York, again supplied affidavits indicative of A. & P. coercion. These sample affidavits were even stronger than the previous testimony for they revealed that managers and supervisors were pressuring the employees to sign cards.

Mr. KENNEDY. How would you describe this activity on the part of the company toward these employees?

Mr. DOUDS. Well, I would say that the company was conducting an organizing campaign to sign up the cards there, and that this, of course, was assistance to the Amalgamated Meat Cutters and as such was illegal activity.

Mr. KENNEDY. And again this was a complete reversal of their position that they had taken toward unions?

Mr. DOUDS. Oh, yes.

Mr. KENNEDY. From prior times?

Mr. DOUDS. That is correct (pp. 11293–11294).

Douds' testimony also covered the coercive tactics employed by the A. & P. in the New York units after the signing of the contracts.

Mr. KENNEDY. Did you receive any complaints from any of the employees of A. & P. Co.?

Mr. DOUDS. We did, quite a large number.

Mr. KENNEDY. About the signing of the contract?

Mr. DOUDS. That is right.

* * * * *

Mr. KENNEDY. What were the reports that were made to you by the employees of the A. & P. Co.?

Mr. DOUDS. Well, the employees were naturally confused, because they knew that there was an election proceeding in process, and at the same time they were being asked to pay initiation fees and dues and to become members of the Meat Cutters who had not been on the ballot in the election and who had not shown any interest in the election.

So the employees were calling our office to find out whether or not they should pay these initiation fees and dues.

* * * * *

Mr. KENNEDY. As I understand, there was coercion after that to get the people to start paying their dues into the union?

Mr. DOUDS. That is correct.

Mr. KENNEDY. That would take place, would it, under the union clause in the contract?

Mr. DOUDS. The union shop provision; yes.

Mr. KENNEDY. That the individual employee would have to pay his dues and join the union, or otherwise he would lose his employment?

Mr. DOUDS. That is right (pp. 11284–11285).

* * * * *

Mr. KENNEDY. So that they had done this in the Bronx and Brooklyn and Garden City and then over in New Jersey during this period of time?

Mr. DOUDS. Yes, sir.

Mr. KENNEDY. And during this time, the end of 1952 and then into the months of 1953, did you receive a lot of telephone calls from the employees of A. & P. Co.?

Mr. DOUDS. Yes; we did. We received a great many calls, so many, as a matter of fact, we had to issue special instructions to the staff as to how to handle these calls.

Mr. KENNEDY. Have you ever had anything like this before in your experience?

Mr. DOUDS. No; I don't believe so, and I don't recall (p. 11294).

In Brooklyn, local 1500 of the Retail Clerks filed an unfair labor practice chanrge on November 12, 1952, and asked the NLRB to require the A. & P. "to cease and desist from its activities in derogation of its employees in the Brooklyn unit and in violation of the National Labor Relations Act."

The following is from the testimony of Picariello, local 1500's attorney, and Eugene Kennedy, the general manager:

Mr. KENNEDY. Did you learn after the contract had been signed that the company management was even more active in signing up the employees?

Mr. PICARIELLO. I believe it was.

Mr. KENNEDY. And was reported to you by certain of the employees that they were threatened with being fired if they did not join the union?

Mr. E. KENNEDY. That is correct (p. 11230).

Ferguson, the A. & P. clerk who was also a shop steward for local 1500, described what happened in his store.

Mr. KENNEDY. And a few days later the contract was announced?

Mr. FERGUSON. About a week later we were told we had a contract.

Mr. KENNEDY. Were you surprised?

Mr. FERGUSON. We were stunned.

Mr. KENNEDY. Had any of the employees known this was going on?

Mr. FERGUSON. No. Everybody was under the impression that we would have an election.

Mr. KENNEDY. Was there a great deal of bad feeling on the part of the employees in the A. & P. store?

Mr. FERGUSON. Well, we felt that way. The previous year we voted no union and all of a sudden we are in a union and we don't know what to think.

Mr. KENNEDY. What about the payment of dues? Did the company urge you to pay your dues?

Mr. FERGUSON. Yes.

Mr. KENNEDY. Was there much resentment on the part of the employees?

Mr. FERGUSON. There was.

Mr. KENNEDY. How did that take place? What occurred? Can you tell us anything about that?

Mr. FERGUSON. We were told that we should pay our dues, we belong to the union. There were a lot of people that didn't pay dues.

Mr. KENNEDY. They refused?

Mr. FERGUSON. That is right (pp. 11366–11367).

The reaction in the Bronx was even more pronounced. In fact, the rumblings of discontent almost precipitated a spontaneous walkout.

Reape, the president and business manager of local 474, the CIO union, testified as follows:

> Mr. KENNEDY. What had you heard about an agreement that was signed or was going to be signed with the Meat Cutters and the Butchers, taking it up to the first or second week of October?
>
> Mr. REAPE. Well, I believe it was on a Friday morning that the employees reported to work, and each one of them was given a notice by the manager of the store, advising them that they were now in a union and they had to become members within 30 days.
>
> I would say that our office was flooded with calls all that day from all over the city. The employees could not understand why a contract had been signed without their knowledge or without them knowing about it.
>
> The CHAIRMAN. As I understand you, as they came to work they were told by management or a representative of management that the store was union, and they would have to join within 30 days or lose their job.
>
> Mr. REAPE. That is right. I believe that letters had been signed by Mr. Bieber in the Bronx unit and I get by the managers of the different units within the eastern division, advising, and copies of this letter was given to all employees, advising them that a contract had been signed.
>
> The CHAIRMAN. And no election had been held so that the employees might express their preference or express their choice of that union, or to reject that union?
>
> Mr. REAPE. It is my firm belief that not one single employee working for the A. & P. in the eastern division knew anything about negotiations, or knew anything about what had been going on until that morning.
>
> The CHAIRMAN. In other words, it was just an arrangement between management and some labor leader or some labor union to bring them all into the union whether they desired to or not; is that correct?
>
> Mr. REAPE. Right.
>
> * * * * *
>
> Mr. KENNEDY. What was the reaction of the employees when they called you on the telephone to tell you that they had to pay these dues into the Butchers?
>
> Mr. REAPE. Well, those employees felt, "Well, what should we do, walk out now or what? We don't want any part of it. If we are going to have a contract, we want to see something about it. We want to have a chance to see it, know what is in it, and have a chance to ratify the contract under the democratic procedure."
>
> Mr. KENNEDY. Had you known at that time that there had been some kind of a card count that had occurred?
>
> Mr. REAPE. Not at that time. I did hear of that afterward (pp. 11194–11195).

William Ross, A. & P. clerk in the Bronx unit, gave the following testimony:

Mr. KENNEDY. What was your feeling at that time?

Mr. ROSS. In fact, at that time, the men all spoke to me and wanted to walk out of the stores. They said "What right did the A. & P. have to put us in a union?"

Mr. KENNEDY. Was there great bitterness at that time?

Mr. ROSS. Yes; very strongly.

Mr. KENNEDY. Can you describe it?

Mr. ROSS. Well, at some of the stores the men wanted to walk out. Naturally, I contacted the union I was fighting for, 474, and they informed me it would be the worst thing we could do, to walk out of our stores, and we should wait and see if it could not be fought elsewhere without making a move as that.

Mr. KENNEDY. Did you feel that the rights of the individual employees had been completely ignored?

Mr. ROSS. It was completely ignored, in our eyes and as we believed. We knew the company had been successful in all these matters, in the two elections I was involved in, were successful in having the men believe they did not need a union, and the men were believing it, but at the same time we fought harder and were proving to the men that we did need one in the A. & P. It was our contention that the A. & P. signed this contract knowing that it was a moral victory for us in March 1952, and thought that the men had let them down by giving us so many votes in that election. We believed at that time the A. & P. was out to get themselves a union they could do business with.

* * * * *

Mr. KENNEDY. After they signed the contract, what was the company doing as far as the individuals, the employees? Were they trying to get them to sign the cards, then?

Mr. ROSS. Yes.

* * * * *

The CHAIRMAN. They personally came around and solicited the signing of the cards?

Mr. ROSS. Yes. Every man in the stores was approached by managers and every man like myself who was active were approached by supervisors and told that we had to, in accordance with the contract, make membership in this union.

* * * * *

Mr. KENNEDY. Despite the fact that management was urging you to sign the cards, did a large number of the employees refuse to sign the cards?

Mr. ROSS. Yes, sir.

Mr. KENNEDY. Were you one of those who refused to sign?

Mr. ROSS. Yes.

Mr. KENNEDY. Did the manager of your store tell you that they had a meeting of the managers, and they were told to intensify their efforts to try to get people to sign?

Mr. ROSS. Yes; that is correct.

* * * * *

Mr. KENNEDY. Did they tell any of the employees then about the raise that they might lose if they didn't join the union?

Mr. Ross. Yes. They tried, and that was dropped very fast, to have us believe that this contract, which was to give us a $5 raise; the $5 was going to be denied us if we hadn't made membership or application for membership in this union. We said, "How ridiculous. If a man gets a $5 raise, he gets it, whether he joins or not."

Mr. KENNEDY. Did the managers tell you you would not get your $5 raise unless you signed up with the union?

Mr. Ross. Yes. We were not going to get it unless we signed up with the union.

* * * * *

Mr. KENNEDY. Did you understand or learn that there might be a secret agreement between the company and the union on the terms of the contract?

Mr. Ross. No. I do know our butchers wanted a 40-hour week, and they said they would do anything to get the 40-hour week. Near the end there, or when the contract came out, I said, "What happened to the 40-hour week?" and they said, "Well, we got you people, instead. We were told at a meeting we would have to sacrifice the 40-hour week for the time being, and 10,000 clerks now belong to the Amalgamated Meat Cutters."

Mr. KENNEDY. Were they dissatisfied?

Mr. Ross. They, most certainly, were dissatisfied. They wanted a 40-hour week.

Mr KENNEDY. So, everybody in the A. & P. stores was unhappy?

Mr. Ross. Yes.

Mr. KENNEDY. Except the management?

Mr. Ross. I guess not. It seems management was quite happy (pp. 11252–11257).

Ross testified further that his militant opposition to the Meat Cutters brought him a transfer to the East Bronx and that company officials had admitted that his fight against the Meat Cutters was responsible. He filed charges with the NLRB alleging discrimination and the company settled the issue by transferring him back to his old district and posting a notice that there would be no prejudice of Ross' seniority or other benefits.

Similar testimony was forthcoming from James Conlon, who had been an A. & P. clerk since 1949. He quit the company in 1953 because the pressure became too great.

These are the significant portions of his testimony:

Mr. KENNEDY. What was the reaction to this new contract of the butchers who already had a contract?

Mr. CONLON. The butchers, their general reaction was one of being sold out, too. They felt that they had lost the 40-hour week as a result of this contract. That had been in all of the conversations at the stores, it had been that they were going for a 40-hour week, even if it meant going on strike.

Mr. KENNEDY. They had had a 45-hour week, and they thought that in this new contract they were going to get a 40-hour week?

Mr. CONLON. Yes, sir.

Mr. KENNEDY. So they felt that they had been sold out or betrayed also?

Mr. CONLON. Right.

Mr. KENNEDY. So everybody was unhappy?

Mr. CONLON. Everybody.

Mr. KENNEDY. The whole store was unhappy?

Mr. CONLON. That is correct.

* * * * *

Mr. KENNEDY. Now, what did the company do after they notified you you were all in the union and the union contract had been signed? Did they then attempt to get you to sign up in the union?

Mr. CONLON. Well, they started telling us we ought to sign the application card, and we had roughly a period of about 30 days in which to sign the card, and otherwise we would be forced to pay a $65 initiation fee.

Mr. KENNEDY. Did the management tell you that you would have to pay $65 initiation fee if you didn't sign the cards?

Mr. CONLON. Yes, sir.

Mr. KENNEDY. So you would be out $65 unless you signed the cards?

Mr. CONLON. That is right.

Mr. KENNEDY. And still people refused to sign cards?

Mr. CONLON. Yes, sir.

Mr. KENNEDY. They felt that strongly about it?

Mr. CONLON. Absolutely.

The CHAIRMAN. Did those that were just carried in, did they pay the $65 initiation fee?

Mr. CONLON. No, sir.

The CHAIRMAN. In other words, they brought them in without any initiation fee?

Mr. CONLON. That is right.

The CHAIRMAN. But if you hesitated about paying them within 30 days, or without signing up, you would have to pay $65?

Mr. CONLON. That is correct.

* * * * *

The CHAIRMAN. There was a little bit of pressure being applied, wasn't there?

Mr. CONLON. Quite a bit (pp. 11265–11267).

Conlon also testified that the company transferred him to a store where it cost him extra time and double carfare to get to and from work. He declared that he talked to Tiny Cardiello, local 400 of the Meat Cutters business agent, and quoted Cardiello as telling him that the union demanded the transfer because "I was breaking their back in the stores." Conlon filed charges with the NLRB and the A. &. P. was forced to return him to his former store.

Conlon also testified that he was harassed during his duty hours.

> Mr. CONLON. When I was transferred over to the store in Jerome Avenue, I was under constant supervision on the register and I was being sent back and forth between the register and the floor, and when I used to go to the bathroom they would come in behind me and ask me if I was reading a newspaper, and it was kind of keeping close tabs on me, on all of my moves, and checking my timecard for time in and time out, and coffee breaks, and to see I didn't take any more than 10 minutes I was supposed to take.
>
> Mr. KENNEDY. Did this ever happen to you before?
>
> Mr. CONLON. No; I was completely on my own.
>
> Mr. KENNEDY. Was there any question in your mind it was due to your union activities that all of this attention was devoted to you?
>
> Mr. CONLON. There was no question in my mind that it was all due to my opposition to this union that they had brought in on top of us (p. 11268).

The record before the committee shows that the grodery clerks in the Bronx unit, incensed by the Meat Cutters' demands that they affiliate with the union and corresponding company warnings of probable discharge if they failed to do so, started proceedings before the NLRB under a seldom-invoked section of the Taft-Hartley Act.

More than 900 of them signed a petition seeking an election at which they could vote to deauthorize the union shop. The act requires that a majority of all eligible voters must approve a proposition to rescind a union shop provision, instead of a majority of those voting. Consequently, with 2,334 eligible to cast ballots, the necessary majority was 1,168. In the balloting, the supporters of the deauthorization drive mustered 979 votes as against 172 for the Meat Cutters but failed to obtain the necessary majority. Failure to cast a vote constituted, in effect, a vote for the union.

Witnesses before the committee charged that the A. & P. and the Meat Cutters collaborated in a campaign to keep the employees away from the polls and put out literature urging this course. The testimony also shows that the company refused to permit traveling ballot boxes to visit the stores, except in Westchester County, thus forcing the employees who wanted to vote to the additional inconvenience of going to central polling places after their day's work was completed. There is also testimony that the company "padded" the eligibility list, and that employees were warned they would be "marked men" if they went to the polls.

Ross, who was one of the leaders of the campaign to rescind the union-shop clause, testified as follows:

> Mr. KENNEDY. Did they restrict the number of ballot boxes and the convenience of the ballot boxes?
>
> Mr. Ross. Yes, they denied a convenience they had so willingly given before when they were so antiunion and now were prounion.
>
> Mr. KENNEDY. They made it difficult?
>
> Mr. Ross. They made it difficult for us to get to the polls.
>
> Mr. KENNEDY. And the local, as well as management, campaigned against people voting in the election?

Mr. Ross. Yes.

Mr. KENNEDY. Both of them; is that right?

Mr. Ross. Yes.

Mr. KENNEDY. What was the feeling amongst the employees about voting? Did they feel that they would get in any difficulty if they came to the polls and cast their ballots?

Mr. Ross. The men, those that were just going along and were happy with their jobs but still refused to pay were being told—and as they told me—"Bill, we are informed if we go to the polls, we are going to be marked men," and they were afraid to stick their necks out and go there and vote with us. They said, "Why can't the ballot box be brought to the store where I can go in and it is there at my convenience, and management or union would not know whether I was going in to vote."

So they said they would not go because they were to be marked men, and that is what the managers had spread the word on. Of course, they would never say it to me, but they went to the men in the store who they felt would listen to them, and they were telling them, "You will be marked men if you go near that poll tonight, or a week from now, whenever it is."

Mr. KENNEDY. The company told them that?

Mr. Ross. Management told the men that.

Mr. KENNEDY. That if they went and voted they would be marked men?

Mr. Ross. They would be marked men.

* * * * *

Mr. KENNEDY. Who made up the eligibility list?

Mr. Ross. The NLRB made it up, and from what I understand, the company submitted to them a payroll sheet, which the National Labor Relations Board took names off of and made an eligibility list of it.

Mr. KENNEDY. It was advantageous for the company, was it not, to have as many names as they could on the eligibility list?

Mr. Ross. Certainly it seemed so, and all of a sudden inside of a year we had more employees.

Mr. KENNEDY. In this election, if they wanted to keep this union, it was advantageous to have a large number of people, as many people as possible on the eligibility list?

Mr. Ross. Yes, sir.

Mr. KENNEDY. Because you had to get 50 percent of those people to vote against having the union in order to get rid of the union?

Mr. Ross. That is correct.

Mr. KENNEDY. Certainly the more people you had, the higher the 50 percent would be; isn't that right?

Mr. Ross. Correct (pp. 11259–11261).

Douds, the NLRB regional director, confirmed the allegation that the eligibility list for the election had been padded.

Mr. KENNEDY. Did you have complaints about this election, also?

Mr. DOUDS. Yes, we had complaints about the eligibility list.

Mr. KENNEDY. But they were not numerical enough to warrant throwing the election out?

Mr. DOUDS. I think we found that there were 42 names on the list of men who were, or employees who were not at that time, as a matter of fact, eligible to vote. But this was not sufficient to affect the election, even if all of those had been challenged. It would not have affected the result of the election, so we didn't feel that any action was required (p. 11305).

Douds also testified that the A. & P. fired 10 leaders of the resistance movement at the request of the union. The 10, who subsequently filed charges with the NLRB against both the company and the union, had led a months-long fight against the payment of initiation fees and dues to the Meat Cutters.

Ross was 1 of the 10 marked for purge by the union and this was his testimony on this point:

Mr. KENNEDY. Did they fire you?

Mr. Ross. Yes, they fired me.

Mr. KENNEDY. And some nine of the other leaders?

Mr. Ross. Yes, sir.

Mr. KENNEDY. These were people that had led the fight against the Meat Cutters?

Mr. Ross. Yes, sir.

Mr. KENNEDY. And you were fired then?

Mr. Ross. Yes, sir; and we were handpicked, might I say. It wasn't only 10 of us that refused. There were hundreds of us.

Mr. KENNEDY. And they selected the 10 that had been the ones most vocal against the Meat Cutters?

Mr. Ross. That is why I am here today. I was one; No. 1, maybe.

Mr. KENNEDY. What happened then? Did you file a charge?

Mr. Ross. We filed charges against the A. & P. and against the union, in that I felt, and we knew that there were more than 10 of us.

Mr. KENNEDY. So what happened?

Mr. Ross. Well, I don't believe I remember——

Mr. KENNEDY. Ultimately you settled the charges?

Mr. Ross. We settled the charges.

Mr. KENNEDY. And you were each paid $500?

Mr. Ross. We were each paid $500.

The CHAIRMAN. You mean they paid you $500 for the privilege of firing you?

Mr. Ross. It certainly looks that way.

* * * * *

The CHAIRMAN. Did each of the 10 receive $500?

Mr. Ross. Eight of us; seven more besides myself.

The CHAIRMAN. Eight of you received $500?

Mr. ROSS. Yes, sir.

The CHAIRMAN. What happened to the other two?

Mr. ROSS. The other two—one withdrew his; or both, in fact, withdrew them for reasons I don't know, prior to this.

* * * * *

The CHAIRMAN. Do you know whose money paid you?

Mr. ROSS. No; I couldn't tell you. I know the check was made out for $4,000, and then it was broken into pieces.

The CHAIRMAN. You don't know whose money it was?

Mr. ROSS. No.

The CHAIRMAN. Or what account the check was on?

Mr. ROSS. No; I don't.

Mr. KENNEDY. Whether it was the company or the union's money?

Mr. ROSS. I couldn't tell you. All I know is that we felt we had been fighting it long enough, and now we were out, and if we continue to fight I certainly would not ever want to work for the A. & P. again, and that may have been the decision of the Board if we were to win, and we would go back to work for the A. & P., and "Well, let us take money while we can" (pp. 11621–11263).

Coincident with these developments, local 474 in the Bronx ceased to be an affiliate of the CIO and went over to the Meat Cutters. Reape, the president, explained to the committee that the decision had finally been reached by his local that it would be more advantageous for the members to belong to an AFL union and affiliation with the Meat Cutters became an accomplished fact early in 1954.

With reference to the beleaguered 10, this was Reape's testimony:

Mr. REAPE. After we changed our affiliation, the international lawyers called me into their office in Chicago while we were attending the convention in May of 1954 and asked me if I would not intercede with those employees who had been terminated to withdraw the charges before the NLRB. I did tell the attorneys at that time that certainly I had no control over those men.

While they had filed those charges independently of our local, certainly I could not insist upon them withdrawing their charges. That would be a matter for those individuals themselves.

I did say, however, that possibly if those men were reimbursed for some of the sufferings they had during Christmas of 1953, possibly something could be done about it.

* * * * *

Mr. KENNEDY. Did they receive that $500 from the company?

Mr. REAPE. Not from the company.

Mr. KENNEDY. They received it from the union?

Mr. REAPE. That is correct.

* * * * *

Mr. KENNEDY. You don't have any explanation as to why the union paid these charges rather than the company paying the charges?

Mr. REAPE. No, sir.

Mr. KENNEDY. But the charges against both the union and the company were withdrawn; is that right?

Mr. REAPE. That is correct (pp. 11201–11202).

* * * * *

Mr. KENNEDY. Now, there is just one other matter that I want to go back to, and that is the payment of the money to these eight individuals who were fired. Do you know where that money came from, what particular local that came from?

Mr. REAPE. I am not positive, but I believe that the check came from local 342.

Mr. KENNEDY. Now, that is 342 of the Meat Cutters in Brooklyn; is it not?

Mr. REAPE. Yes, sir. Their offices are in Manhattan, but they cover Brooklyn.

Mr. KENNEDY. And these employees that had been fired were from the stores in the Bronx; isn't that right?

Mr. REAPE. That is correct.

Mr. KENNEDY. Could you explain why they took the money from local 342 in Brooklyn to pay to these employees of the A. & P. Co. in the Bronx?

Mr. REAPE. I couldn't explain, and I don't know.

Mr. KENNEDY. You could not explain that?

Mr. REAPE. No, sir.

Mr. KENNEDY. It doesn't make any sense, really; does it?

Mr. REAPE. Well, I don't think——

Mr. KENNEDY. Why would they use the dues of the local 342 people to pay for these employees in the Bronx?

Mr. REAPE. Well, that I could not understand (p. 11205).

Committee investigators ascertained that the $4,000 used to settle the cases came out of Max Block's local 342, after locals 400 and 489 had been assessed for their proportionate share of the expense. Later, the international sent $4,000 to local 342 which, in turn, reimbursed locals 400 and 489 for the amounts previously assessed. Thus it was the Meat Cutters International which ultimately footed the bill for the withdrawal.

To round out the picture in the Bronx, Reape also testified that his local, 474, received assurances from the top international leaders of the Meat Cutters Union when the switch in affiliation occurred that the Meat Cutters would obtain a 40-hour week from the A. & P. in the next contract. Reape said he considered this a mandatory understanding because he already had the 40-hour week in his contract with Safeway Stores and it was incumbent on him to sustain his bargaining position.

Reape testified that his contract with Safeway expired on September 30, 1954. Meanwhile, he had heard rumors to the effect that a secret agreement existed which insured that the A. & P. would continue with 45 hours. He was disturbed and decided to contact Max Block.

Mr. KENNEDY. * * * You had some conversations with him?

Mr. REAPE. Myself and one of our business agents, Mr. Gloster, met Max Block in his office and went for lunch at Luchow's. While having lunch, I asked Max Block what was happening in the A. & P. negotiations, and he said, "Well, we are getting $7.50 a week of an increase."

I said, "Max, how about the hours?" And he said, "Well, we are going along with 45 hours for another 2 years."

I said, "No good, because getting $7.50 a week of an increase will not bring you up to the salaries that we have for employees of Safeway, and with a contract such as that, if that is signed, I am positive that we will have to strike Safeway."

Senator MUNDT. Strike Safeway or A. & P.?

Mr. REAPE. Safeway. I represent local 474, which represents the Safeway Stores in New York City.

Senator MUNDT. I just don't follow why you would strike Safeway if they were giving you a better contract than A. & P.

Mr. REAPE. Safeway refused to make an offer so long as A. & P. still continued on a 45-hour week.

Mr. KENNEDY. They claimed it was very unfair; is that right?

Mr. REAPE. They claimed they were at a disadvantage.

Mr. KENNEDY. And discriminated against?

Mr. REAPE. Yes, sir. I did ask Max Block at the time, and I said, "Why didn't you consider getting at least a 42½-hour week this year, and possibly going to a 40-hour week next year, so that we might equalize or standardize the rates of pay and the hours of work for the entire industry in New York City?

And he said, "It can't be done. We are getting a good increase, and we are getting $7.50 and that is it."

* * * * *

Mr. Gloster and I went out to Chicago and met Mr. Gorman, and I explained to him my conversation with Max Block in New York, and also explained the problem that we were going to have in negotiating a contract with Safeway.

* * * * *

I said, "You made a promise and I am here to demand my pound of flesh."

Those are the exact words I used. I said, "There have been rumors that a 5-year contract was signed, and I don't know whether or not that is so."

I said, "Mr. Gorman, do you know anything about a 5-year contract being signed with A. & P.?

Mr. Gorman's answer to me was, "Well, if Max Block made a promise to A. & P., I guess he would live up to it."

* * * * *

Mr. Gorman did say, "I will tell you what I will do. I will get in touch with Max and see if anything can be done about it."

* * * * *

Mr. KENNEDY. Was anything ever done about it?

Mr. REAPE. No, sir.

Mr. KENNEDY. For another period of time, they retained the 45-hour week?

Mr. REAPE. That is correct (pp. 11202–11204).

During his appearance on the stand, Gorman was asked if, in line with the testimony by Reape, he had ever made any inquiry of Max Block to find out if Block had secretly promised the A. & P. a five-year contract.

Mr. GORMAN. Yes; I did.

Mr. KENNEDY. What did you find out?

Mr. GORMAN. That there was no such agreement.

Mr. KENNEDY. When?

Mr. GORMAN. That was 2 or 3 times. As late as yesterday.

Mr. KENNEDY. When did you inquire yesterday?

Mr. GORMAN. It was months ago.

Mr. KENNEDY. I asked you yesterday if you had ever inquired, and you said you never had inquired.

Mr. GORMAN. Here is what I said to you yesterday——

Mr. KENNEDY. Mr. Gorman, you told me yesterday you never inquired. I asked you about the conversation with Mr. Reape, and you said, "I never bothered to look into it."

Mr. GORMAN. Well, let's agree, then, that probably before yesterday I did not.

Mr. KENNEDY. Let's get it straight. Did you or didn't you?

Mr. GORMAN. I probably did not.

Mr. KENNEDY. Then yesterday was the first time that you inquired?

Mr. GORMAN Let's have it on the record that way (p. 11346).

* * * * *

Senator ERVIN. When did you hear rumors that the negotiating representative of the union had requested the officials of the A. & P. Tea Co. to join him in suppressing information about this secret agreement? When did you first hear the rumors about it?

Mr. GORMAN. At the time when Pat Reape came and asked me if there was a secret agreement on it.

* * * * *

Senator ERVIN. About 3 years ago you heard rumors to that effect and you didn't stop to investigate the rumors?

Mr. GORMAN. How would you prove it?

Senator ERVIN. I would find out. I would call in the man who negotiated the contract and ask him about it and then I would go to Mr. Schimmat and see what he had to say about it.

Mr. GORMAN. I have not seen my signature yet on any agreement.

Senator ERVIN. You told us you didn't know whether you signed it.

Mr. GORMAN. I am only aware I signed it because if Mr. Schimmat said I signed it, I will take his word for it. Mr. Schimmat has not shown me my signature. No one else has shown me my signature. Yet if he said it, I will stay with him: yes, I signed it.

Senator ERVIN. The truth of it is that your signature has been destroyed?

Mr. GORMAN. I didn't destroy it, Senator.

Senator ERVIN. You still have not answered my question. Why didn't you investigate the rumors to see what a bargaining representative of your union, one of the locals, had been so faithless to his trust to the employees that your union represents as to agree to suppress from them knowledge of the fact that the contract had been extended from 22 months to 60 months? Why didn't you investigate to see whether there was any basis for those rumors?

Mr. GORMAN. Well, it wasn't done. It just wasn't done.

Senator ERVIN. Don't you think it ought not to have been done?

Mr. GORMAN. Let us agree that maybe it should have been done. But I think the end justifies the means. Everything they dreamed for they have gotten, the 40-hour week——

Mr. KENNEDY. The reason you didn't investigate is because you signed and knew about it?

Mr. GORMAN. That is right (p. 11352).

Having concluded the review of the situation in the Bronx, this report now shifts to a tracing of the developments in the Brooklyn unit after the signing of the contracts in 1952. As already mentioned, pressure had been applied to force the employees into the Meat Cutters and local 1500 had filed charges with the NLRB in November 1952 to try to curb the coercion. Still pending before the NLRB in Washington was local 1500's appeal from the regional director's refusal to sustain local 1500's contention that unfair labor practices had influenced the results of the January 1952 election.

Although Zorn, the A. & P. counsel, testified before the committee that he had considered the appeal to be "frivolous," the record shows that the Board in Washington thought otherwise. In December, the Board ruled against the A. & P. and ordered a new election.

To clear the way for the election on February 19, 1953, local 1500 was compelled to abandon the charges it filed in November. Under NLRB rules, an election could not be held while charges were pending.

Eugene Kennedy, general manager of local 1500, testified that the A. & P. fired a number of supporters of his union after the Board's decision came down, and Picariello, local 1500's attorney, testified that 2 days before the new election the A. & P. mailed a letter to all of its Brooklyn employees in which they were told that if they wanted to support the Meat Cutters Union, which was not on the ballot, they should mark the ballot in the box labeled "Neither." The Meat Cutters Union was not on the ballot because it was not a party to the original election proceeding.

The election resulted in an overwhelming victory for local 1500, which received 987 votes. Local 474 of the CIO was credited with 125 votes and there were 190 votes for "Neither."

Mr. KENNEDY. The election results were in fact a repudiation of the policy of the company and of the Meat Cutters, was it not?

Mr. E. KENNEDY. That is right, sir.

Mr. KENNEDY. And it was a repudiation of the company signing the contract with the Meat Cutters?

Mr. E. KENNEDY. That is right.

Mr. KENNEDY. During this period of time, the company had indicated to the employees actively that they had better join the Meat Cutters?

Mr. E. KENNEDY. That is correct.

Mr. KENNEDY. And by having this election and going in and voting for your union, this was a repudiation of what the company had been attempting to do?

Mr. E. KENNEDY. That is right, sir.

Mr. KENNEDY. And it was a repudiation of the company's contract with the Meat Cutters, was it not?

Mr. E. Kennedy. That is right, sir.

Mr. KENNEDY. This election was held under the supervision or auspices of the National Labor Relations Board?

Mr. E. KENNEDY. Yes, sir (p. 11233).

The NLRB certified local 1500 as the bargaining agent for the Brooklyn clerks on March 2, 1953, and local 1500 immediately served a demand on the A. & P. for a meeting to begin negotiations. On March 9, Zorn sent a reply to the union that put the company on record as refusing to bargain on the ground that the certification was "illegal and without force and effect." The letter stated further that "the company intends to test the legality of said order before the National Labor Relations Board and the Federal courts if necessary."

Four days later, local 1500 filed refusal-to-bargain charges against the A. & P. with the NLRB and a complaint was issued on March 24, 1953. Concurrent with these proceedings, a petition was filed with the NLRB signed by 960 Brooklyn clerks charging they were being coerced into the payment of dues to the Meat Cutters. The NLRB issued a complaint on this charge on May 27, 1953.

General Manager Kennedy also testified that the A. & P. began laying off local 1500 supporters and transferring them from one store to the other. He said this was particularly true in stores where local 1500 had strength among the employees.

This deterioration of relations between the company and its employees finally boiled over into a strike on April 16, 1953.

Mr. KENNEDY. Was it successful insofar as the employees in the clerks' division walking out of the stores?

Mr. E. KENNEDY. Yes, sir.

Mr. KENNEDY. Did they walk out almost 100 percent?

Mr. E. KENNEDY. We had 1,400, I believe, out of 1,455, and it was practically 100 percent.

Mr. KENNEDY. This was again over the opposition of the company and over the opposition of the Amalgamated Meat Cutters Union?

Mr. E. KENNEDY. That is correct.

Mr. KENNEDY. Which would be against the strike?

Mr. E. KENNEDY. That is correct.

Mr. KENNEDY. The butchers stayed in the stores?

Mr. E. KENNEDY. That is correct.

The CHAIRMAN. Did that many walk out in a strike, in protest to the company's refusal to bargain with 1,500 after the election?

Mr. E. KENNEDY. That is correct, Senator.

Mr. KENNEDY. How long did you remain out on strike?

Mr. E. KENNEDY. Ten days, sir.

Mr. KENNEDY. Will you tell the committee briefly the situation that brought you back into the stores, and ending the strike?

Mr. E. KENNEDY. I had a meeting with employees on April 8, 1953, and at that time the employees voted to give the union the authority to have a strike. I called the strike on April 16, 1953. The day before Mr. French Ratcliffe met me in the Pappas Restaurant at 10 o'clock.

Mr. KENNEDY. That is Mr. Ratcliffe from the A. & P. Co.?

Mr. E. KENNEDY. Yes, sir; from the A. & P., requesting that I forget about the strike for the time being, and I told him that we had given the company ample time to straighten out the situation, and the men had voted for a strike, and in fact were being laid off and transferred, and being misused and therefore the strike would go on the following morning. That was April 16.

On April 23, which was a Friday, I received a phone call from Marty Lacey, head of the Teamsters Council, who is now since been deceased, and he called me down to his office. At the office I met Mr. Tom Hickey, of local 607, who had the Teamster contract with the A. & P., and I met Johnny Strong who is president of that particular company, and I met Max Block, and I met Mr. Lacey at that time.

Mr. Lacey at that time asked me what I was trying to do, and I said my people had won an election and was certified by the National Labor Relations Board, and I wanted a contract and the company refused to negotiate with us, and therefore I had no alternative due to the employees' wishes that a strike was called. I was never in favor of a strike. But because of the facts of the delay of the company and also the Board, I had no alternative because we had notified the Board prior to the strike that the people were being laid off and being kicked around by the company, and the Board did not seem to take any definite steps to correct that situation.

I know the A. & P. is a big company, and I certainly don't like to put people out on the street because I recognize my responsibility to the people, but, after all, where I won an election fairly and squarely in the law, I felt that I should get some consideration from the law-abiding people and also from the labor movement.

That was on a Friday when I spoke to these gentlemen. They asked me what I wanted and I told them I wanted a contract for my people. Max Block said that he would go back and talk to the A. & P. and see what could be done about it. The following day which was a Saturday, which was

April 24, the same parties met again in the same office, and we worked out an agreement whereby the people would go back to work, and the people who were laid off would go back to work, and we would service the contract with 342, the contract would remain in force, until the termination of the contract, but during the interim that Max Block would sit down with me and at the end of the termination of the contract that the people would be turned over to local 1500.

* * * * *

Mr. KENNEDY. The company was not represented at this meeting, but Mr. Block had gone back and had said that he had had discussions with the company and they had agreed to it?

Mr. E. KENNEDY. That is correct.

Mr. KENNEDY. Mr. Block was representing the company, at least according to what he stated?

Mr. E. KENNEDY. That is correct.

Mr. KENNEDY. And at that time, you said you would take that back to your membership?

Mr. E. KENNEDY. That is correct (pp. 11241–11243).

* * * * *

Mr. KENNEDY. Even after this agreement, the people from the A. & P. store in the Brooklyn unit all went back to work, and this agreement was supposed to come into effect.

Did the company then continue to support the Meat Cutters rather than yourselves?

Mr. E. KENNEDY. That they did, sir.

Mr. KENNEDY. Then did you speak to Mr. Block about living up to the agreement that he had made?

Mr. E. KENNEDY. I spoke to him several times.

Mr. KENNEDY. Did he indicate that he was going to live up to the agreement or not?

Mr. E. KENNEDY. That he did, sir.

Mr. KENNEDY. Did he then turn over the employees in October of 1954 to your union?

Mr. E. KENNEDY. No, sir; he did not.

* * * * *

Mr. KENNEDY. Did you also try to get an intermediary, an individual who was close to Max Block, to try to get him to live up to his agreement?

Mr. E. KENNEDY. Yes, sir.

Mr. KENNEDY. Who did you contact?

Mr. E. KENNEDY. I did not contact anybody. Mr. Lawrence Brescia, and my brother-in-law is his uncle, he called me, and he stated, "I understand you are having a problem with Max Block and the A. & P."

Mr. KENNEDY. Who is Lawrence Brescia?

Mr. E. KENNEDY. Who is he?

Mr. KENNEDY. Yes.

Mr. E. KENNEDY. My brother-in-law is his uncle.

Mr. KENNEDY. Other than that, is there any other identification you can give us?

Mr. E. KENNEDY. As far as I know, no sir.

Mr. KENNEDY. He spent a good deal of time in the penitentiary; has he not?

Mr. E. KENNEDY. According to the newspapers; yes, sir.

Mr. KENNEDY. He is known as Chappie Brescia?

Mr. E. KENNEDY. That is correct, sir.

* * * * *

Mr. KENNEDY. You did not know his background?

Mr. E. KENNEDY. No, sir; I did not.

Mr. KENNEDY. Did he come to you then?

Mr. E. KENNEDY. He met with me and Max Block.

Mr. KENNEDY. How was it arranged that he got involved in this?

* * * * *

Mr. KENNEDY. Did he come to you and say he might be able to make an arrangement?

Mr. E. KENNEDY. He called me on the phone and said "I understand you are having trouble with Max Block and the A. & P.," and I said "That is right."

He said "Maybe you would like for me to help you out" and I said, "That would be fine. I hope you can."

Mr. KENNEDY. Did you have a meeting?

Mr. E. KENNEDY. That is right, with Max Block, in Luchow's Restaurant.

Mr. KENNEDY. Was he able to arrange anything?

Mr. E. KENNEDY. At that time, Max told him he was going to turn the people over.

Mr. KENNEDY. Had he been a friend of Max for a long time?

Mr. E. KENNEDY. That I wouldn't know, sir.

Mr. KENNEDY. You don't know what the relationship is?

Mr. E. KENNEDY. No, sir; I don't.

Mr. KENNEDY. Ultimately he did not turn them over?

Mr. E. KENNEDY. No, sir, that is right (pp. 11244–11245).

In the wake of local 1500's victory in the 1953 election and the A. & P.'s refusal to bargain which brought about the issuance of the complaint by the NLRB, there occurred a deluge of other cases before the NLRB directed against the A. & P. and, in some instances, against the Meat Cutters Union.

Douds, the regional director, testified that more than a score of actions were filed by irate A. & P. employees, acting individually or collectively or being represented by competing unions. These charged generally that the company was guilty of unlawful assistance, intimidation and coercion, or discrimination in the matter of discharges. As new cases were filed, they were consolidated with pending cases and NLRB investigative processes were taxed to the utmost by the increased litigation. Added to the Bronx and Brooklyn matters at issue were new cases from Garden City and the New Jersey units.

Douds told the committee that the A. & P. impeded the investigation of the complaints by refusing to make supervisors and managers available for interview. The record also shows that A. & P. attorneys and counsel for the Meat Cutters collaborated to arrange settlements in the various cases before the NLRB could get around to holding hearings on the merits.

Douds testified that an agreement for the settlement of the major cases was worked out "without any conference with the members of my staff. Normally when a settlement agreement is being worked out, that is done with the field examiner, or the attorney who is in charge of the case."

The settlement agreement, according to Douds, provided an escape clause under which the union shop provision of the contracts was suspended for 30 days. During that period, any employee wishing to withdraw from the Meat Cutters could do so by sending registered letters, return receipt requested, to both the A. & P. and the Meat Cutters Union.

Douds testified that he unsuccessfully opposed the settlement agreement—he was overruled by the NLRB General Counsel—because—

> this put the individual employee on the spot, and this was not in accord with our usual method of handling situations of this sort.
>
> The CHAIRMAN. That really amounted, in effect, to an indirect coercion against each member?
>
> Mr. DOUDS. I think you could think it that way.
>
> The CHAIRMAN. In other words, he did not have complete freedom of choice. He may prefer to get out, but he realized that if he went to that affirmative action of writing a registered letter, that, of course, would come to the attention of his employers who wanted him in the union.
>
> Mr. DOUDS. Yes. He was a marked man.
>
> The CHAIRMAN. He was a marked man.
>
> Mr. DOUDS. That is why I opposed that procedure. I also suggested an alternative procedure which was that the contract would be set aside for a period of 60 days, during which all employees would be free of membership in the Meat Cutters and thereafter if any that wished to could join.
>
> The CHAIRMAN. Let them take the affirmative action to affirm the fact that the Meat Cutters was the union of their choice?
>
> Mr. DOUDS. Yes.
>
> The CHAIRMAN. I think your position was right. I certainly cannot go along with the ruling that was made that these folks who had been taken into the union against their will had to take affirmative action of that nature, that, as you say, put them on the spot, made them marked men, in order to get out.
>
> I think that practice should be condemned.
>
> Senator MUNDT. Does the NLRB have a lot of cases like this? If so, what is the customary practice? Do they usually follow the procedure that they employed here of making the union member take an affirmative action? Or do they usually follow the suggestion that you made to vacate the whole contract and let those who wanted to rejoin, rejoin?
>
> Mr. DOUDS. The customary practice is established by a case set up in a company called the Reznick Co., and we usually refer to it as the Reznick remedy. What happens normally is that where there is this kind of assistance by a

company to a union, a contract is set aside for 60 days, and thereafter the election is held and the employees can determine whether they want that union or not.

Senator MUNDT. So the customary practice was the one that you recommended?

Mr. DOUDS. Yes.

* * * * *

Mr. KENNEDY. Then there were 128 employees who did take the initiative and did write to the company and to the union; is that right?

Mr. DOUDS. That is right.

* * * * *

Mr. KENNEDY. What was your explanation as to why there were not more of them?

Mr. DOUDS. Well, I think this was, you see, a pretty cumbersome procedure in the first place; that is, for the ordinary grocery clerk to sit down and write out two letters, even though he wanted to get out of the union, and go to the post office and register them, and so forth. That is one reason. Another reason is I think a lot of the employees didn't want to put themselves on record at this point. Our experience later indicated that to be the case.

Mr. KENNEDY. There weren't any retaliatory measures taken against these 128 by the company; was there?

Mr. DOUDS. There certainly were.

Mr. KENNEDY. Do you mean the company took action against part of the people that wrote in who said they wanted to get out of the union?

Mr. DOUDS. That is right.

Mr. KENNEDY. Could you tell the committee about that?

Mr. DOUDS. Well, charges later were filed by a considerable number of these employees, these 128. Now, remember, when this settlement was made, there were notices posted in which the company stated it would not restrain or coerce the employees. That would apply to these 128 employees. Then we began to get charges from these individual employees that they were being restrained and coerced. We investigated those charges.

Senator MUNDT. As I understand it, they had to put a public notice up in the stores that there would be no coercion.

Mr. DOUDS. That is right.

Senator MUNDT. And there would be no restrictions or restraints.

Mr. DOUDS. Yes.

Senator MUNDT. Did that give the employee assurance against coercion from both the company and the union, or from just the company or just the union?

Mr. DOUDS. Yes; the charges were filed against both the company and the union, and the notice would relate to both the union and the company.

Senator MUNDT. I am talking about the public assurance of good faith and protecting the dignity of free choice of the clerk. These notices that were published around the store

saying, "You are a free citizen, you can vote by registered mail, you can go out if you want to, and if you go out you will not be intimidated or coerced." By whom? By the company, the union, or by both?

Mr. DOUDS. Well, the notice would indicate they would not be coerced by either the company or the union.

Senator MUNDT. It said both?

Mr. DOUDS. Both; yes.

Senator MUNDT. So that if both parties acted in good faith, the employee, then, did have a freedom of choice if he relied on the pledge given him by the company and by the union?

Mr. DOUDS. That is correct (pp. 11296–11299).

Douds stated further that the NLRB investigation was not limited merely to employees who filed charges. He said the examiner managed to obtain 33 names of escapees and interviewed them. Twenty-nine gave affidavits indicating coercive conduct. Breaking this down still further, Douds reported that there were 24 instances of coercive conduct by company supervisors or managers and 5 instances of such conduct by union officials. In addition, there were three instances of coercive conduct by both management and union officials at the same time. Sample affidavits read into the record by Douds included one where the employee was threatened with loss of his job or his pension.

Douds placed in the record an NLRB memorandum of August 15, 1954, relating what transpired at a conference between NLRB officials and counsel for the A. & P. It showed a flat refusal by the company to furnish a list of the 128 escapees and contained the following paragraph:

> Zorn stated that "there was something funny" about the handling of "this whole A. & P. situation," and stated that the company had never got even fair treatment from the Board and that some Board personnel seemed to see violations every time the name of the company was mentioned. He also stated emphatically that the company would fight us on the instant charges and that it would consider refusing to make employees available to us for interview on company time.

Douds testified that the company made good Zorn's threat because from that time on there was "a complete lack of cooperation."

Mr. KENNEDY. Did the company, after these individuals sent letters in stating that they wished to cease paying their dues to the union, take active steps to try to get them to enroll back into the union?

Mr. DOUDS. Yes. The excerpts from affidavits that I read this morning, I think, mentioned it.

Mr. KENNEDY. Did they, also, in addition to that, write the envelopes out for them?

Mr. DOUDS. Yes.

There were envelopes addressed to the company and the union available in the stores, the evidence shows, and form letters were prepared to the company and the union, notify-

ing them that they were willing to renew their membership, which the employees only had to sign and mail in.

Mr. KENNEDY. They prepared the form whereby the individual could come back in the union, and they prepared the envelopes to send them in?

Mr. DOUDS. I assume they prepared them. Our evidence indicates that they were available in the stores.

Mr. KENNEDY. This was to make it easy for the individuals who had asked to withdraw from the union to get back in the union?

Mr. DOUDS. Yes; that is right (p. 11304).

* * * * *

The CHAIRMAN. The representatives of the company have suggested that the Chair ask you two questions. I will propound the questions to you at the request of the company unless there is objection on the part of any member of the committee. I see nothing wrong with them. They could go to clarify it.

Question No. 1. Isn't it true that Mr. Bott, the NLRB General Counsel, would not have approved the 1953 settlement if, in his opinion, the settlement did not remedy all of the allegations of unfair labor practices contained in the complaint?

Mr. DOUDS. There is no doubt in my mind but that Mr. Bott, or whoever in his office overruled my memorandum to Washington, of the opinion that that settlement was proper. But, you see, the parties had gotten together and agreed on the settlement. Quite often, when that happens, we accept a settlement.

But I was thinking more in terms of being out on the ground, nearer to the grassroots, and naturally we in the office were thinking in terms of the welfare of the individual employee. That is the reason we took the position.

The CHAIRMAN. And subsequent events have proven you were right and Mr. Bott was wrong?

Mr. DOUDS. Yes; of course, that is a Monday morning quarterback position.

The CHAIRMAN. I know it is Monday morning, but the question was asked. He may have been sincere in challenging it. But certainly subsequent events have proved that your judgment was best in this instance.

Mr. DOUDS. Yes.

The CHAIRMAN. You can be modest if you want to. I will make the statement.

Mr. DOUDS. As you have indicated, it is a matter of judgment on which men of equal integrity could disagree (pp. 11301–11302).

Eugene Kennedy, the general manager of local 1500, told the committee that he became convinced toward the end of 1953 that Max Block had no intention of surrendering the grocery clerks to Kennedy's union. Accordingly, Kennedy laid his plans for another election.

On June 15, 1954, 2½ months before the termination date of the A. & P. contracts with the Meat Cutters, local 1500 filed petitions with the NLRB seeking representation elections in the Brooklyn, Bronx, and Garden City units. On August 3, 1954, local 1500 signed an agreement along with the A. & P. and the Meat Cutters agreeing to treat all three units as one instead of holding separate elections in each unit.

Kennedy testified that local 1500 agreed to this arrangement "to avoid a lot of litigation" and the dissemination of a lot of propaganda by the A. & P. and the Meat Cutters which might cut into local 1500's strength.

Mr. KENNEDY. By this method, you were competing against three different locals of the Meat Cutters?

Mr. E. KENNEDY. Locals 400, 342, 489, and the company.

Mr. KENNEDY. There was just your local against all of them?

Mr. E. KENNEDY. That is correct.

Mr. KENNEDY. What was the final result?

* * * * *

Mr. E. KENNEDY. Local 1500 had 1,942, the Butchers locals combined were 2,409, the company vote was 131, challenged votes were 210, making a total of 4,692 votes cast out of approximately 6,500.

Mr. KENNEDY. So you brought charges of unfair labor practice against the company?

Mr. E. KENNEDY. That is correct, sir.

Mr. KENNEDY. Did the Board sustain your charges and order a new election?

Mr. E. KENNEDY. Yes, sir.

Mr. KENNEDY. They did?

Mr. E. KENNEDY. Yes, sir.

Mr. KENNEDY. And you had a new election then on March 13, 1955?

Mr. E. KENNEDY. Yes, sir.

Mr. KENNEDY. And there were, for the three Butchers locals, 342, 400, and 489, they received 2,905 votes; is that correct?

Mr. E. KENNEDY. That is correct.

Mr. KENNEDY. And your local 1500 received 1,883 votes?

Mr. E. KENNEDY. Yes, sir.

Mr. KENNEDY. No union received 96 votes?

Mr. E. KENNEDY. That was challenged votes.

Mr. KENNEDY. Challenged votes?

Mr. E. KENNEDY. Yes, sir.

Mr. KENNEDY. So you got beaten in both of these elections?

Mr. E. KENNEDY. That is correct.

Mr. KENNEDY. How do you explain if the people did not want the Meat Cutters, how do you explain the fact that when this election was held they did not support you?

Mr. E. KENNEDY. Well, that is very easy to explain, Mr. Kennedy, for the simple reason that the supervisors, the managers, and everybody else spoke to the workers, promised

them a lot of things, took them down to the downstairs, to the back room, promised them everything to vote for local 342 and the rest of the Butchers Union. I mean, I could understand that very clearly, the feeling of an employee that he felt his position was a very dubious one if he didn't go along with the company.

Mr. KENNEDY. Do you think that the individual employee was discouraged and disgusted by this time?

Mr. E. KENNEDY. I believe he certainly was (pp. 11246, 11247).

The NLRB certified the Meat Cutters as collective bargaining agent on March 24, 1955. Negotiation of new contracts to replace those that had expired on August 28, 1954, had been deferred pending the outcome of the elections.

In the negotiation of the new contracts, the record before the committee shows that Block's local 342 and local 464 in New Jersey held out for money demands as against shortening of the workweek and maneuvered locals 400 and 489 into eventual acceptance of Block's contract proposals, despite the strong sentiment for the 40 hour week. New 3-year contracts retaining the 45-hour week until May 25, 1957, became effective on June 1, 1955. Thus Block kept his promise and, as Schimmat testified, the secret agreement was destroyed as soon as he had a solid contract for what Block had promised.

Until 1956, temporary clerks employed by the A. & P. who worked less than 20 hours were not required to join the union. In that year, the Meat Cutters and the A. & P. again collaborated to extend the jurisdiction of the union to clerks employed more than 10 hours a week, using once more the same machinery that had been employed so effectively in 1952.

Again there was a stipulation followed by an alleged card count. Ratcliffe, the eastern division labor representative for the A. & P., who signed the stipulation, admitted that the company never told the union it would recognize it as bargaining agent for the temporary clerks only by a certification from the NLRB, as the stipulation stated.

This stipulation also specified that there should be a comparison of payroll signatures with the signatures on the cards supposedly signed by the employees. The impartial arbitrator was Charles Murphy, a former New York magistrate.

Ratcliffe insisted that he turned over payroll signatures to Murphy to be used in the comparisons, but he could not testify that Murphy did, in fact, make comparisons.

Murphy previously had told committee investigators that he compared cards against printed lists of names that had been furnished by the company. The committee invited Murphy to appear and testify but he did not. The only explanation the committee received was that Murphy had been advised of the serious illness of his mother in Florida and had elected to go there instead. The committee also wanted to interrogate Murphy about the fact that he became attorney

for the pension funds of locals 342 and 640 of the Meat Cutters 5 months after this so-called card count at $150 a week.

There was also testimony by Zorn that he appeared as counsel for Max Block's brother, Louis Block, former president of local 640, in 1954 when the insurance department of the State of New York was making an investigation of the handling of welfare funds. Louis Block admitted on that occasion that he had accepted a $5,000 payoff from Max Singer, an insurance agent who later became a business agent for local 640, in connection with the placement of union insurance.

Zorn testified before the Committee that he represented Louis Block "as a matter of good will."

> Mr. KENNEDY. Good will for whom?
> Mr. ZORN. For the company.
> Mr. KENNEDY. You didn't charge him?
> Mr. ZORN. To the best of my recollection, I didn't charge him a nickel.
> Mr. KENNEDY. That was 1954?
> Mr. ZORN. I don't remember the exact year.
> Mr. KENNEDY. You were representing the A. & P. Co. at that time?
> Mr. ZORN. That is correct (p. 11468).

The committee's record includes testimony, too, that the A. & P. showed interest in continuing Max Block as president of local 342 when it came time for the union to elect officers in 1956.

Ferguson, the A. & P. clerk and shop steward for the union, testified that the union arranged for the release of certain A. & P. employees, including him, during the afternoon of the nominating meeting so that the front of the hall could be "packed" with Block supporters. Ferguson said that it was understood that those released early would not suffer any loss of pay.

Ratcliffe was asked if he agreed to the release of the employees.

> Mr. RATCLIFFE. I don't remember.
> Mr. KENNEDY. Well, did Mr. Block telephone you, or any representative of the union telephone you to allow certain of the employees to get out of work early so that they could go down to the nomination meeting?
> Mr. RATCLIFFE. I don't remember, but I imagine, if Mr. Block made such a request, that that could be arranged or would have been arranged.
> Mr. KENNEDY. Was it in this particular case?
> Mr. RATCLIFFE. I don't remember it, sir.
> Mr. KENNEDY. In the end of 1956?
> Mr. RATCLIFFE. What was the occasion?
> Mr. KENNEDY. Mr. Block was trying to get reelected or renominated.
> Mr. RATCLIFFE. Yes; I remember, and I did.
> Mr. KENNEDY. You wanted to help him any way you could?
> Mr. RATCLIFFE. I didn't want to offend the man. After all, that was a very small favor to ask (p. 11438).

FINDINGS—THE GREAT ATLANTIC & PACIFIC TEA CO. AND THE AMALGAMATED MEAT CUTTERS AND BUTCHER WORKMEN OF NORTH AMERICA

Section 7 of the National Labor Relations Act of 1947, as amended, reads:

> Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and shall also have the right to refrain from any and all such activities except to the extent that such right may be affected by an agreement requiring membership in a labor organization as a condition of employment as authorized in section 8(a)(3).

The rights guaranteed by this section are inviolable and cannot be abridged. They do not become subject to the whims or desires of an employer nor are they vested in a labor union.

This right of employees "to bargain collectively through representatives of their own choosing" is the crux of the whole issue before the committee involving the Great Atlantic & Pacific Tea Co.'s eastern division and New York metropolitan area locals of the Amalgamated Meat Cutters and Butcher Workmen of North America.

In the years since Federal and State statutes first spelled out legal responsibilities in the labor and management fields, the A. & P.'s eastern division had, for the most part, resisted successfully the efforts of labor unions eager to invade its stores to corral its thousands of organized employees. While it is true that affiliates of the Meat Cutters Union had won a foothold through victories in NLRB-conducted representation elections in the Bronx, Brooklyn, and Garden City for meat department employees, the A. & P. had succeeded in keeping the employees of the grocery, vegetable, and dairy departments from being organized.

It is to be noted, however, that the zeal with which the company indoctrinated the employees with the idea that A. & P. paternalism promised greater benefits than union affiliation produced a record of unfair labor practice charges going back at least as far as 1945, and corresponding findings by the NLRB that A. & P. conduct interfered with orderly elective process in representation elections.

This serves to emphasize, at least, the consistency of company conduct. Traditionally it followed the pattern of reliance on the protective cloak of the National Labor Relations Act by insisting it would recognize a union only where the right to bargain had been established by a representation election and subsequent certification by the NLRB. Then it pursued its antiunion policies so militantly that it was brought into conflict with provisions of the self-same act setting limits on such activity.

Thus the sudden capitulation to the Meat Cutters Union in October 1952 and recognition in a manner that completely bypassed all NLRB processes created the strange paradox that invited the committee's inquiry into the circumstances.

A. & P. witnesses appearing before the committee defended with curious but understandable unanimity the surrender to the Meat Cutters Union on these three grounds:

1. The union had threatened to strike all of the eastern division stores unless it was recognized as the bargaining agent for the grocery clerks.
2. Company counsel had advised that the company had a legal right to recognize on the basis of a card count.
3. No legal remedy existed which would permit the company to escape from the dilemma confronting it.

But the committee, in its search for the truth, must form its judgments by analyzing the whole record before it; it must assay the credibility of the various witnesses and the conflicts in testimony as measured against all of the established and undisputed facts, and it must weigh all of the evidence carefully by considering its relationship to the day-by-day, step-by-step sequence of events.

The committee's analysis of the whole record before it leads only to the conclusion that the three premises advanced by the A. & P. to justify its action are wholly lacking in validity and vitality.

The committee finds instead that the A. & P. and high-ranking officials of the Meat Cutters Union participated in an elaborate conspiracy to force more than 10,000 unorganized eastern division store employees into the union in ruthless and calculated disregard of their rights to be represented by a collective bargaining agent of their own choice.

The quid pro quo for this highly improper and collusive arrangement was the secret guarantee by regional and international officers of the Meat Cutters Union that the A. & P. would retain the then existing 45-hour workweek until 1957, an extremely attractive and profitable incentive for the A. & P., measurable according to the company's own records in millions of dollars.

The committee has used the term "conspiracy" with full realization of its implications. The testimony shows clearly the meeting of the minds, the agreement on procedure to bypass the National Labor Relations Board and the processes fixed by law for the adjudication of the issue of representation, the highly valuable consideration which motivated the conspiracy, and the commission of a long series of overt acts in furtherance of the aims and objectives of the conspiracy.

From the standpoint of the company, its objective was acceptance of the irresistible offer of the 45-hour week for 5 years, plus the secondary advantage of having only one union in its stores instead of a multiplicity of unions.

From the standpoint of the union, its objective was the adding of more than 10,000 dues-paying members to the rolls of the New York area locals which would produce additional income in excess of $500,000 a year, and circumvention of the organizational efforts of competing unions.

The committee finds further that the so-called strike threat and the card count which was conducted under dubious and suspicious circumstances in an atmosphere of great secrecy were manufactured components of the conspiracy, designed solely to give the guise of

legitimacy to the wholesale delivery of the employees into the hands of the union.

There is competent evidence that the fact there was going to be a card count was carefully concealed from the employees directly involved. No safeguards were invoked to insure against fraud and the A. & P. gave only perfunctory attention to the mechanics of the count. On the other hand there is substantial and conclusive evidence that the union, in its drive to establish that it represented a majority, did perpetrate fraud by presenting fictitious cards which, under the haphazard circumstances of the count, went undetected.

The committee has the testimony of the impartial arbitrator who conducted the card count that the unrealistic and arbitrary time limits imposed on him for completion of the count deprived him of the ability to make any more than a cursory examination of the cards. There is the testimony of an actual participant in the preparation of the fraudulent cards, and corroborating testimony that the union was caught by an NLRB examiner 2 months later following precisely the same pattern of fraud in other representation cases, a positive showing that this was a continuing course of conduct. Finally there is testimony of an admission by Max Block, the district council president, that he had only 300 legitimate cards for the Brooklyn unit.

The committee finds from its analysis of the evidence that A. & P. witnesses magnified the gravity of the strike threat beyond all proportions commensurate with the state of the record.

In the opinion of the committee, the testimony by A. & P. witnesses that the strike threat was a clear and present danger connotes a self-serving declaration that achieves only the purpose of pinpointing Max Block as the one source of strike talk.

Aside from the telegram of October 8 from Block's counsel which contained the threat of economic sanctions and which paved the way for the card count on October 9 and 10 and the quick signing of the contracts on October 11, the record is completely devoid of any other evidence that any strike was contemplated. The committee is also of the strong opinion that the telegram was sent for record purpose in anticipation of future litigation.

The preponderance of the evidence points instead to the nonexistence of a bona fide threat to strike. The record appears quite clear that the rank-and-file butchers were unaware of the possibility they might walk out unless the company agreed to turn over the grocery clerks to them; there is no evidence that any strike vote ever was taken; the leader of one of the involved unions was enjoying a weekend sojourn in the mountains and the head of another never even was consulted about the signing of the contracts; there is no evidence that preparations ever were made to begin the strike, and no 30-day notice of intention to strike had been filed on behalf of the butchers with the Federal or State mediation services as required by law. The latter was, in itself, a fact easily ascertainable by the company or its counsel but there is no evidence of any such inquiry.

The A. & P. was not able to produce anything from its files in the way of memorandums or reports indicative of strike preparations normally to be expected from the company grapevine, and there is only the testimony of the vice president in charge of the Bronx unit, Alfred Bieber, to the effect that there was a lot of wild talk in the

stores that supports in any way the testimony of the witnesses who were dealing with Block. As for the wild talk to which Bieber alluded, the record before the committee discloses that this, too, is susceptible of an interpretation that it was associated with the butchers' demand for a 40-hour week in the Bronx, for which sentiment was strong and which they did not get.

Furthermore, there is nothing in the record to show that the grocery clerks would have joined the butchers in any walkout. The testimony, in fact, is to the contrary. There is also testimony that the grocery clerks in the Bronx, when they found that they had been installed in the Meat Cutters Union, were on the point of staging a wildcat strike in protest.

The inconsistency of the A. & P. position is best illustrated by analysis of the testimony regarding the legal advice sought by the company 2 months before the signing of the contracts with the Meat Cutters Union and the course charted for the company by Burton A. Zorn, labor counsel.

Top officials of the A. & P. testified uniformly that in August of 1952 they were searching desperately for any avenue that would permit avoidance of the recognition Max Block was demanding.

If this were credible testimony, the circumstances naturally suggest that any request for legal advice would be addressed solely to the question of what means were available within the framework of existing legislation to avoid recognition.

Zorn, in his appearance before the committee, made the flat declaration that the A. & P. had no legal remedy. This was sharply disputed by Charles T. Douds, former regional director of the NLRB, who testified that an application for injunctive relief under section 10(j) of the National Labor Relations Act was a distinct possibility under the conditions present at the time. In view of the demand for a union shop contract and a probable showing that the union making the demand was, in fact, a minority union, the claim also could have been made that the union was forcing the company into a violation of the law. Douds testified that the A. & P. could have raised a question of representation in all units and that if the Meat Cutters had struck in the face of such an issue the A. & P. would have been justified in requesting the NLRB General Counsel and the Board to seek an injunction.

The A. & P. knew, and certainly its counsel knew, that the law reserved to the employees the right to select a bargaining agent of their own choosing. Clearly it was not a company prerogative to select a union for them.

But the legal research undertaken by Zorn's office made no effort to explore the possibilities in the direction of avoidance of recognition. The legal memorandum dated August 25, 1952, and prepared in Zorn's office reveals in stark detail that Zorn's legal advice was tailored to fit the transparency of A. & P. motives all centered about the paramount issue of the 45-hour week for 5 years.

The memorandum recites the facts upon which the research was based as an organizational campaign by the Meat Cutters "without company opposition," which "may result" in a "strike threat," followed by "consequent recognition of the union" on the basis of a "card check," the "fruition" of which would be a "5-year contract."

The committee finds, from its review of the memorandum and testimony concerning it, that the company and its counsel weighed carefully the position it anticipated the NLRB might take in litigation arising out of the recognition of the Meat Cutters and the signing of the contracts, even to the point of estimating the time it might take for the NLRB to process unfair labor practice charges growing out of the activity under consideration.

The committee feels that the memorandum, forecasting as it does precisely the course that was followed, vitiates the A. & P. contention that it was forced into a position from which it was unable to extricate itself. The evidence supports instead the overwhelming conclusion that the A. & P. knowingly and willfully accepted the quid pro quo proferred by Max Block and assumed fully the calculated risks of such action. Thus there occurred the meeting of the minds and the conspiracy was born.

The committee finds that the validity of the A. & P. defense is further dissipated by competent and uncontradicted evidence that the A. & P. and the union committed a long series of overt acts in furtherance of the aims and objectives of the conspiracy, a great many of them violative of both the spirit and the letter of the National Labor Relations Act, with particular reference to sections 8(a)(1), 8(a)(2), 8(a)(3), and 8(a)(5).

The committee finds that the A. & P. determined it would give unlawful preference to the Meat Cutters Union over all other unions seeking to organize when it knew full well that the Meat Cutters did not represent an uncoerced majority of its employees. In permitting an organizational campaign without company opposition, the A. & P. willfully disregarded warnings by its own counsel that such disparate treatment had been held by the NLRB to constitute unlawful assistance.

The committee finds that the A. & P. maintained strict silence when it knew that union agents were resorting to flagrant misrepresentations to obtain employee signatures to authorization cards. The employees were being told among other things that signing the cards would help the butchers to get a better contract; that the cards were for the purpose of securing a representation election, and finally that those who signed the cards would get a $5-a-week raise—which the company did grant in the subsequent contracts. This was in sharp contrast to company conduct during NLRB-sponsored representation elections in former years when store employees received extensive verbal and written advice that a vote for no union was in their best interests.

The committee finds that the A. & P. carried its policy of unlawful assistance to the Meat Cutters Union still further when it coerced and intimidated its employees into signing the cards at a time when it knew from its own surveys that the Meat Cutters did not represent a majority. By so doing the company evidenced its strong desire to insure the success of the card count.

The committee finds that the union committed fraud to achieve the same result.

The committee finds that the A. & P. and the union collaborated to build a documentary record, in anticipation of NLRB litigation, that would demonstrate that recognition of the union took place in the face of a threat of economic sanctions.

The committee finds that the A. & P. rushed into contracts with the Meat Cutters Union covering both the butchers and the grocery clerks within 12 to 15 hours after the completion of the card count with full knowledge that the contracts covering the grocery clerks, at least, were illegal by reason of the coercion and intimidation. Here again the A. & P. flew in the face of legal advice that coercion and intimidation would invalidate a contract. The haste with which the grocery clerk contracts were consummated was dictated by the advice of counsel that there should be immediate contract completion to forestall possible intervention by competing unions.

The committee finds that the grocery clerks never participated in any way in the negotiation of the contracts and never were given any opportunity to ratify or reject their terms.

The Brooklyn contract, in particular, appears to have been illegal because it was executed during the pendency of an appeal before the NLRB at Washington arising out of an allegation that A. & P. conduct had affected the results of a representation election earlier in 1952. This appeal ultimately was resolved in favor of Local 1500 of the Retail Clerks International Association and against the A. & P. although Zorn had considered the appeal to be frivolous and so testified.

The committee finds that, in the light of the warning contained in Zorn's legal memorandum that a 5-year contract would not be a bar to a representation election for more than 2 years, the company and the union took steps to minimize the possibility of attacks on the contracts by making the terminal date 22 months away.

The committee finds undisputed evidence in the record that, since the predominant objective of the conspiracy was the preservation of the 45-hour week until 1957, the company exacted from the union officials a written secret guarantee as a supplement to the contracts. This clandestine arrangement joined the company and the union in unconscionable concealment of a condition of employment which the employees had every right to know.

The testimony before the committee is in conflict only as to the form of the guarantee and the time and manner of its delivery.

Staff investigators found a copy of a letter dated October 11, 1952, the same date on which the contracts were signed, in the files of the Meat Cutters international headquarters in Chicago. The letter, addressed to the attention of C. A. Schimmat, national labor representative for all divisions of the A. & P., used phraseology that made it a supplementary agreement extending the terms of the signed contracts to 5 years and providing for yearly reopenings for wages only. This was precisely the type of contractual arrangement that was discussed so fully in Zorn's legal memorandum of August 25, 1952.

The letter, which was read into the record before the committee, was written on the stationery of local 342, Block's local. When found in the international files, the letter had stamped across its face the message, "Do not destroy." The committee accordingly concludes that this letter represented a contractual obligation that had to be respected.

Schimmat testified that this was not the letter he obtained from Block and Patrick E. Gorman, international secretary-treasurer of the Meat Cutters. He claimed that it was some time after October 11 before he was able to get Block to make good his guarantee that the 45-hour week would continue until 1957. He said Block came to

him to get an insurance clause changed in the contracts and he demanded a guarantee for the 45-hour week signed by Block and Gorman as a condition for making the change in the insurance clause. Schimmat said he eventually received such a letter, never told his superiors about it and destroyed it in 1955 when new contracts embodying the continuance of the 45-hour week until 1957 were signed.

The committee is disposed to feel, however, that the credibility of Schimmat's testimony leaves much to be desired.

A. & P. counsel advanced the theory that the letter probably was carried to the October 11 contract signing in the briefcase of a union lawyer but never used. The committee, of course, wanted to examine Arnold Cohen, the union attorney, but he pleaded that illness prevented him from appearing.

Nor is the committee prepared to accept the objection of company counsel that the letter lacks evidentiary value because it bears no signatures. Schimmat's admission that he destroyed the document he said he received from Block and Gorman and the further fact that the files of local 342 for the years before 1955 had been destroyed automatically forestalled any possibility that originals of the secret supplementary agreement remained. The committee accepted for the record the copy that was found because of its significance when viewed in the context of events occurring at the time of its preparation.

Schimmat maintained he never saw the letter until committee investigators showed it to him; Gorman professed to have a complete loss of memory when confronted with it; and Block would go only to the point of admitting "there may have been a letter." The almost frantic efforts by all three to disavow any connection with it has convinced the committee that none of them told the truth.

The committee can come to no other conclusion but that the October 11 letter was, in fact, executed as a necessary counterpart to the contracts signed on the same date. Its very language proves that it was drafted by a lawyer to give the maximum legal effect achievable under all the conditions present as of that date. It was the best arrangement the company could expect under all the existing circumstances. To argue, or even attempt to argue, that the A. & P. and its high-priced legal talent would walk out of that session without their pound of flesh as Schimmat tried to suggest in his testimony is a posture preposterous in the extreme.

It is also irrefutable that the secret supplementary agreement was, at best, merely a stopgap legal arrangement of dubious quality that ceased to have any value at all when the 1955 contracts were signed. The 1955 contracts insured the continuance of the 45-hour week until 1957 and most assuredly were welcomed by the A. & P. and its counsel as a desirable substitute for the supplementary agreement that never would have been able to withstand a test of its legality.

After the 1955 contracts became effective, it was expedient that the incriminating evidence of the 1952 conspiracy be destroyed and it is undisputed that this was done, insofar as the A. & P. and local 342 were concerned. Obviously the existence of the letter in the international files was overlooked.

The committee finds that the A. & P. used the union shop clause of the contracts to coerce its employees into membership in the Meat Cutters Union by threatening the employees with loss of their jobs, loss of seniority, and loss of pension rights.

The committee finds that the A. & P., at times on its own initiative and on other occasions because the union requested it, did transfer and discharge employees who balked at affiliation with the Meat Cutters.

The committee finds that the A. & P. flouted an order of the NLRB certifying local 1500 of the RCIA as bargaining agent for the Brooklyn grocery clerks as the result of a representation election conducted by the NLWB early in 1953. The A. & P. refused to bargain despite an overwhelming vote in favor of local 1500 by the grocery clerks.

The committee finds that the A. & P. resisted by all means at its disposal—legal and otherwise—any attempts to set aside its contracts with the Meat Cutters. It collaborated with the Meat Cutters in a long series of maneuvers to forestall any adjudication of the legality of the Meat Cutters contracts or the unfair labor practice charges involved in the mass of litigation that developed in the New York regional office of the NLRB.

The committee finds that the A. & P. even breached the terms of a settlement agreement in 1953 which disposed of the NLRB litigation. The settlement provided for withdrawal from the union by those employees who did not care to continue the affiliation, with both the company and the union pledged to refrain from any restraints or retaliation. There is strong evidence that the A. & P. thereafter coerced and intimidated those employees who took advantage of the escape clause and resigned from the union.

The committee finds that the A. & P. sought to hinder NLRB investigation of various charges by refusing to make employees and company supervisors available for interview on company premises or company time.

The committee finds that the A. & P. unlawfully assisted the Meat Cutters Union in a 1954 representation election ordered by the NLRB, compelling the NLRB to order a new election in 1955.

The record in the A. & P. case promotes a suggestion by the committee that a study be undertaken of means by which NLRB procedures can be streamlined to provide more rapid adjudication of unfair labor practice charges.

The testimony also disclosed the anomalous situation where a union is compelled to abandon an unfair labor practice charge as a condition to obtaining a representation election.

The record before the committee also supports the conclusion that there should be either a statutory or a procedural prohibition of card counts as an instrument for determining the issue of representation. On the basis of the record in the A. & P. case the committee is convinced that secret balloting under proper safeguards is the only method that should be recognized.

New York Locals 342 and 640, Amalgamated Meat Cutters and Butcher Workmen of North America

In the affairs of the Amalgamated Meat Cutters and Butcher Workmen of North America in the New York metropolitan area, Max Block was a man of many titles and a considerable sphere of influence.

He became president of local 342 in the early forties. Eventually he moved into the presidency of the Butchers District Council of New York and New Jersey.

Testimony before the committee in its investigation of the 1952 secret arrangement between the Great Atlantic & Pacific Tea Co. and the Meat Cutters Union revealed that Max Block was the architect of the elaborate scheme whereby more than 10,000 A. & P. grocery clerks were dragooned into the Meat Cutters in exchange for a secret guarantee permitting the A. & P. to retain the 45-hour week until 1957.

The A. & P. coup catapulted Max Block into a vice presidency in the international union. Finally, when his brother, Louis Block, departed from the presidency of local 640 in 1953, Max Block became his successor.

Local 342 dominated the retail end of the meat industry in Brooklyn and Long Island, particularly after the A. & P. grocery clerks were brought into the union in 1952. This contributed in a major degree to making local 342 the most powerful affiliate of the Meat Cutters International in the metropolitan area.

Local 640 exercised jurisdiction over a major portion of the wholesale end of the meat industry. As chief executive officer of the two most powerful locals in both the wholesale and retail ends of the business, district council president and an international vice president, Block's importance was readily apparent.

Withdrawal of Louis Block from the presidency of local 640 did not constitute a complete divorce from all union activity. Carved out for him was a niche as administrator of the welfare and pension funds of local 640. He also became administrator of the Labor Health Institute, a clinic sponsored and subsidized by locals 342 and 640. The combined salaries of these three positions netted him around $20,000 a year.

The record before the committee also discloses that Harold Lippel, brother-in-law of Louis Block, was drawing a hefty salary as secretary-treasurer of local 640, and Sonia Block Butan, sister of Max and Louis, likewise was receiving a lucrative salary from the union.

The testimony shows that members of the Block family drew more than $241,000 in salaries and expenses in the 3-year period of 1955–57, inclusive. In this same period there was another $293,000 in questionable items of which $119,000 was directly chargeable to Max Block and members of his family.

A real estate corporation-country club venture in Connecticut owned principally by Max and Louis Block figured largely in the testimony. The record shows a series of collusive arrangements with employers who received favored treatment in the form of exemptions from payments into the pension funds of the two unions commensurate with their investment in the country club venture.

The testimony further reveals that the insurance company which had profited by the placement of the welfare and pension fund business of the two unions was pressured by Louis Block into a $350,000 first mortgage on the country club real estate. The record shows also that even the Meat Cutters International was induced by Max Block to invest $25,000 in bonds of the country club.

The committee also received evidence that a major food chain, Food Fair Stores, was granted a deferment from the obligation of making pension fund contributions that saved the company approximately $50,000, in exchange for preferential rights granted to Max Block to acquire stock and debenture bonds in an affiliated company,

Food Fair Properties, Inc., on behalf of himself and his brother, Louis.

The testimony also covered a long chain of financial manipulations attesting to gross misuse of union funds including "cash" expenditures for which no supporting documents existed, evidence of vital records being destroyed, preferential loans of union moneys to personal friends, disclosure of secret bank accounts not reflected in the regular books and records, and diversions of money from them.

Testimony was presented to the committee to show that $95,675.40 was spent over a 3-year period to provide annuities for Max and Louis Block, Harold Lippel, and William Casale, the $355-a-week secretary-treasurer of local 342. These policies were designed to produce $700 a month for Max Block and $500 a month for Lippel and Casale at age 60, and $500 a month for Louis Block at age 55. The policy for Louis Block was purchased 2 years after he ceased to be an officer of local 640. The record also shows that Lippel was the insurance agent who wrote the policies for Max Block and Casale and received $3,944.59 in commissions. Samuel Platt, Lippel's former partner, wrote the policies for Lippel and Louis Block and also received $3,900 in commissions. Platt's Tower Agency, Inc., was also the beneficiary of virtually all other insurance business of the two unions and Platt also was shown by the testimony to have invested $9,000 in bonds of the country club.

The record also established the close relationship between the Block brothers and Maxwell C. Raddock, owner of the Trade Union Courier and World Wide Press Syndicate in New York, who has figured in other cases investigated by the committee. Testimony was recorded that $70,000 from the welfare funds of locals 342 and 640 went into a first mortgage on Raddock's printing plant in Yonkers, N.Y.; that $10,000 was used from the general fund of local 342 for the purchase of World Wide Press Syndicate bonds; that one-third of the total circulation income of the Trade Union Courier came from locals 342 and 640, and that World Wide Press enjoyed a virtual monopoly on thousands of dollars worth of printing work ordered by the two locals.

The record before the committee reveals that all of this occurred at a time when members of Louis Block's family were holding $15,000 worth of World Wide Press bonds. There is evidence that the money that paid for these bonds originated from sources within the Raddock organization, thus creating a strong inference, at least, that the bonds were in fact a gift. The only evidence to offset the inference lies in the declarations of Louis Block and Raddock that money was paid and properly received. Neither was able to furnish anything in the way of documentary proof to support these declarations.

Raddock, according to the testimony, eventually was in default in the payment of both principal and interest on the mortgage. He was also in default in the payment of interest on World Wide Press bonds. When the mortgage default became acute, the record shows, the Blocks arranged to transfer it from the welfare funds to the general funds of the two locals. This was accompanied by a relaxation in the schedule of payments. To effect the mortgage transfer, the union borrowed $60,000 from a bank and paid $650.63 in interest on the loan.

Testimony in the matter of the Black Angus Restaurant furnished another illustration of how the operation of the two unions was interwoven with the private interests of the Blocks. This steak house is

wholly owned by the wife and two brothers-in-law of Louis Block, who received in excess of $16,000 a year for his services as manager. For several years Max Block also was on the restaurant payroll.

The committee received testimony that union automobiles and personnel were used as a pickup and delivery service to get meat supplies to the restaurant, and that a major Long Island grocery chain (Bohack) was "prevailed upon" to sell directly from its meat warehouse to the Black Angus as an "accommodation" never extended to any other restaurant. Sales under this "accommodation" approximated $1,300,000 from mid-1951 to the end of 1957.

Also in the record before the committee is the admission of Louis Block that he accepted $5,000 from Max Singer in 1949 after giving Singer the welfare fund insurance business from local 640 which he then headed. Singer suddenly became ill the night before his scheduled appearance before the committee but his testimony under oath in 1954 before the Insurance Department of the State of New York was used during the committee's interrogation of Louis Block. In that testimony Singer said he gave the $5,000 to Block in gratitude for the "biggest break I ever got in the insurance business." Louis Block listed the $5,000 as "commissions" in his 1949 tax return, according to the record, and Max Block also reported income of $7,793 in 1951 and $4,000 in 1952 as "commissions" and "administrator's fees" from the welfare fund of local 342.

Max Singer is a brother of Mike Singer, one of the principal lieutenants of Teamster President Jame R. Hoffa. Mike Singer's terroristic tactics in Los Angeles and Hawaii were scrutinized by the committee and he invoked the fifth amendment when summoned for questioning. Their father, the late Hyman Singer, is shown by the testimony to have been a business agent for local 640 before his death.

The rapport between Louis Block and Max Singer was not confined to the $5,000 "kickback." Singer became a business agent for local 640 and the record also shows that he formed an insurance partnership with Block's brother-in-law, Lippel, which later was transformed into a corporation in which they were joined by Samuel Platt. Lippel and Singer sold out to Platt in 1953, when the State of New York began to investigate health and welfare funds, and Platt thereafter operated on his own, but the insurance business of the two locals continued to funnel through his agency.

Lippel joined Singer on the "too ill to appear" list when notified that the committee wanted to question him, but Lippel's testimony before the New York State Insurance Department in 1954 indicated that he had come to a decision that the insurance business and his post as secretary-treasurer of local 640 were "incompatible" and he had decided to remain with the union.

With Louis Block having stated that he was one of the founders of local 640, the committee inquired into the circumstances of his start as a union leader. Louis Marcus, a lawyer, declared at a 1940 trial of George Scalise, notorious New York racketeer, that Scalise asked him to get a Meat Cutters Union charter for Max and Louis Block in Brooklyn in 1934. Marcus at that time was representing the Meat Cutters in New York. Marcus testified that he asked Scalise who was going to finance the operation because the international would not advance any funds for organization. Marcus quoted Scalise as

saying that he and Anthony Carfano, alias Little Augie Pisano, another notorious New York gangland figure, would do the financing.

Both of the Blocks and Patrick E. Gorman, international secretary-treasurer of the Meat Cutters, vehemently denied that Scalise had anything to do with the chartering of the Brooklyn local or that he had ever advanced any money. Max Block, on record initially in an interview with staff investigators as having stated that his sister, Sonia, worked for Scalise in the early thirties, withdrew this statement in the following testimony:

> Mr. KENNEDY. Did your sister work for George Scalise during the 1930's?
>
> Mr. BLOCK. I was under the impression. Since I questioned my sister she told me definitely no.
>
> Mr. KENNEDY. When you were asked the question by the staff, "Did your sister ever work for Scalise," you answered, "My sister worked in his office in the early thirties, some time before she got sick," and the next question was, "Which sister was that," and your answer was, "Sonia."
>
> Would you say that is incorrect?
>
> Mr. BLOCK. It is incorrect; yes, sir.
>
> Mr. KENNEDY. You just had the impression that she worked there and you found you were wrong?
>
> Mr. BLOCK. Yes, sir (p. 11657).

The facts with respect to the real estate corporation-country club venture of the Blocks were placed in the record by George M. Kopecky, member of the professional staff of the committee.

The club is located just outside Stamford, Conn. The real estate is owned by the Stanwich Crest Realty Corp. and is leased to the Deercrest Country Club at an annual rental.

Kopecky testified that of the 200 shares outstanding in the realty corporation each of the Blocks holds 85 shares. The remaining 30 shares are owned by Edward Joseph who was one of the several union attorneys. Loans and investments credited to Max Block totaled $78,291.16 and Louis Block had investment and loans totaling $98,250. Joseph was credited with $31,060.33. Added to these figures was the $350,000 first mortgage held by the Connecticut General Life Insurance Co., with which all of the welfare and pension fund business of Locals 342 and 640 had been placed, and a $100,000 second mortgage held by Harry Zaifert, a friend of the Blocks. The $350,000 first mortgage had been reduced to $325,000 at the time of the committee's hearings in May 1958.

The financing of the Deercrest Country Club, Inc., according to Kopecky, was accomplished by means of a $25,000 loan from one employer and the sale of debenture bonds to three other employers with whom the unions had contracts, the broker handling the unions' insurance business, the Meat Cutters International and a relative of Louis Block. Kopecky identified the employer who made the $25,000 loan as the Van Iderstine Co. The insurance broker was the Tower Agency, which invested $9,000 in bonds, and the other three employers, each of whom invested $5,000, were Moe Steinmann, labor relations director of Daitch-Crystal Dairies, Inc.; Irving Tabak, and the Breslau Packing & Unloading Co. The relative who purchased

$36,000 worth of the bonds was I. Lippel who lives in South America. The remaining $25,000 from the sale of debentures came from the Meat Cutters International.

Kopecky fixed the grand total of investments and loans for the real estate corporation and the country club at $767,604.49.

Gorman, the international secretary-treasurer of the Meat Cutters, said the $25,000 was invested in the bonds after Max Block wrote a letter guaranteeing them. Gorman testified that nearly $9 million of international funds is invested exclusively in U.S. Government bonds and "not more than $40,000 is in investments that could be considered speculative."

> Mr. KENNEDY. Is this $25,000 included in that?
> Mr. GORMAN. Yes, that is including that $25,000 (p. 11356).

It was pointed out to Mr. Gorman that the "fine print" in the bond provided that, in the event of insolvency of the corporation, the bondholders were entitled to share pro rata with general creditors but could receive no payment or distribution until—

> all obligations and/or indebtedness of the corporation to any person, bank, trust company, insurance company, finance company, and/or financial institution then accruing, whether due or not, shall first have been paid and satisfied in full.

"That is the risk that anyone takes on a speculative investment," Gorman replied (p. 11357).

> Mr. KENNEDY. It seems so unusual for union funds to be used to finance the building of a golf course at an exclusive country club.
> Mr. GORMAN. Well, it will always be controversial, I guess, how union funds should be used. If they invest them in certain business enterprises, then they are criticized for that.
> If they invest them in speculative securities that might not be as sound as they should be, then we are criticized for that.
> Mr. KENNEDY. Here you are investing in a golf course of a country club which is partly owned by a vice president of the union. Certainly I think a question can be raised also about that.
> Mr. GORMAN. I think you will find that Mr. Max Block will say to you that he has no investment in that.
> Mr. KENNEDY. Well, Mr. Louis Block, his brother——
> Mr. GORMAN. He is no officer of the international union.
> Mr. KENNEDY. He has something to do with your pension fund; doesn't he?
> Mr. GORMAN. He serves the pension fund only. He is no officer now even of a local union.
> Mr. KENNEDY. Well, he is also Mr. Max Block's brother, who is an officer.
>
> * * * * *
>
> Mr. KENNEDY. Did you take it up with the board prior to the time that you made the loan?
> Mr. GORMAN. No. We were never required to do that.
> Mr. KENNEDY. Then you did make the loan without their approval; did you not?

Mr. GORMAN. Do you mean in the first—in the first place, yes; it was approved by the board and then made. That is right.

Mr. KENNEDY. Under your constitution, isn't it required that the executive board give approval to these transactions?

Mr. GORMAN. That is right. But you will keep in mind, Mr. Kennedy, that prior to this 1956 matter, there was nothing involved in expenditures except U.S. Government bonds, so far as investments are concerned, and in a matter of that kind, it was not necessary——

Mr. KENNEDY. Government bonds?

Mr. GORMAN. Government bonds—it was not necessary to take your funds and put them in Government bonds. Then we deemed when we got a little speculative, they must be approved.

Mr. KENNEDY. I would put Government bonds in a little different category than Louis Block's country club.

Mr. GORMAN. So do I.

Mr. KENNEDY. Under your constitution, you must have the approval of the executive board, which you never did.

Mr. GORMAN. It does not say prior to or subsequent to purchase. It is with the approval.

Mr. KENNEDY. Did the executive board know that you were making this loan?

Mr. GORMAN. No, not at the time; they all know it now.

Mr. KENNEDY. They might know it now, but it is a little late after you have made it. You can't go back on it.

Mr. GORMAN. In that loan, Mr. Kennedy, let me say that in the interest of our organization, if anything would happen to that loan I would mortgage my home that our international union would not lose one single dime.

Mr. KENNEDY. According to the constitution it was supposed to be taken up. The matter was not taken up, and, as you say, it was a speculative loan, and it was to a country club in which the brother of the vice president has a major interest (pp. 11357–11359).

The interrogation of Gorman also brought out the fact that Gorman was the guest of honor in 1955 at a testimonial dinner sponsored by locals 342 and 640 and received a gift of $15,000 in U.S. Government bonds which he did not keep.

Mr. KENNEDY. What was the money to be used for raised in the testimonial dinner?

Mr. GORMAN. I don't know what it was for. I am not sure whether we were raising money for Israel bonds. All I know is that I was guest of honor that night.

Mr. KENNEDY. Do you know if they received any money from the money that was raised?

Mr. GORMAN. You mean the Block boys?

Mr. KENNEDY. Yes.

Mr. GORMAN. Whether they received it? I don't know. I did know they had a souvenir journal and that brought in considerable money.

Mr. KENNEDY. Do you know how much money was raised?

Mr. GORMAN. I don't know.

Mr. KENNEDY. Did they send you any money or bonds?

Mr. GORMAN. Yes, the local union sent me a package with $15,000 worth of bonds face value that would have matured 10 years later at $20,000. But I returned those bonds.

Mr. KENNEDY. You didn't think it was right to take them?

Mr. GORMAN. I didn't.

Mr. KENNEDY. What has happened to the bonds?

Mr. GORMAN. I sent them back and haven't heard a thing about it. I don't know what has become of them and where they are at——

Mr. KENNEDY. Who did you send them back to?

Mr. GORMAN. I sent them back to the local union.

Mr. KENNEDY. Mr. Block?

Mr. GORMAN. I am not sure whether I addressed it to Mr. Block as president or Mr. William Casale, who is secretary of the local union. It went back to the local union, possibly to Mr. Block. I think it was Mr. Block.

Mr. KENNEDY. Do you know what was done with the money that was raised, the $15,000 of bonds?

Mr. GORMAN. I don't know.

Mr. KENNEDY. Did you ever check to find out?

Mr. GORMAN. No. When I returned the bonds that was the end of it as far as I was concerned.

Mr. KENNEDY. I believe there was some $55,000 collected in the dinner but you didn't take any yourself?

Mr. GORMAN. No.

Mr. KENNEDY. You didn't think it was right to take the money; is that correct?

Mr. GORMAN. I didn't take it (p. 11362).

It was developed later in the hearings that the secretary-treasurers of the two locals, Casale and Lippel, each received $5,000 from the net proceeds of the dinner and souvenir journal with the knowledge and approval of Max Block.

Further interrogation of Gorman also developed that he, the same as the Blocks, had been involved in a stock transaction with Louis Stein, president of Food Fair Stores. Gorman said he met Stein in the Statler Hotel in New York in December 1955 "quite accidental" and asked Stein if he knew of "any good stock that I might invest in." Gorman said Stein arranged for him to buy 200 shares of Reading Tube for $5,000. He said he did not know Stein was a director of the company but quoted Stein as saying "it was a small company and coming up fast" (p. 11359).

On September 6, 1956, Gorman testified, he wrote Stein a letter in which he said he wanted to dispose of the stock providing he did not have to take a loss on it.

Twenty days later, Gorman said, he received a letter from Julius Schwartz, a labor relations representative of Food Fair, offering to take the 200 shares at the $5,000 figure Gorman paid for it. Gorman accepted the deal.

The following testimony by Kopecky thus becomes pertinent:

Mr. KENNEDY. When he sold the stock to Mr. Schwartz for $5,000, what was the market value of the stock?

Mr. KOPECKY. The market value at the time of the sale was approximately $4,400.

Mr. KENNEDY. So what was the result?

Mr. KOPECKY. The net result was that the investment was worth $4,400 when it was sold by Mr. Gorman to Mr. Schwartz of Food Fair for $5,000.

Mr. KENNEDY. So Mr. Schwartz in this transaction took a $600 loss?

Mr. KOPECKY. That is correct. Mr. Schwartz paid $600 more for the securities than he would have been required to pay in the open market (p. 11361).

The committee also explored with Gorman his relationship with Maxwell Raddock.

Mr. KENNEDY. Max Raddock is arranging a book on your life?

Mr. GORMAN. That is right.

Mr. KENNEDY. How much money does your union pay to Raddock?

Mr. GORMAN. Nothing.

Mr. KENNEDY. Does he do any work for you?

Mr. GORMAN. He prints our constitutions.

Mr. KENNEDY. How much money do you pay him for printing your constitutions?

Mr. GORMAN. I don't know the exact amount. It is a competitive bid. We check with other companies.

Mr. KENNEDY. How much approximately

Mr. GORMAN. I say it would not be accurate; I would say we paid him maybe $12,000, or maybe a little more than that, for 40,000 or 50,000 constitutions.

Mr. KENNEDY. $12,000?

Mr. GORMAN. I couldn't be accurate.

Mr. KENNEDY. How often do you pay him the $12,000?

Mr. GORMAN. Those will last us for, gosh sakes, a long time.

Mr. KENNEDY. Do you get his newspaper?

Mr. GORMAN. We do.

Mr. KENNEDY. Does the international pay for that?

Mr. GORMAN. We have 500 subscriptions to it going to our local unions.

Mr. KENNEDY. How much do you pay him each year?

Mr. GORMAN. Ten cents a week for each paper.

Mr. KENNEDY. How much a year?

Mr. GORMAN. That would amount to about $2,400 or $2,500 a year.

Mr. KENNEDY. He is in the midst of publishing a book called the Gorman Story?

Mr. GORMAN. There is no name for it. There is no title to it.

Mr. KENNEDY. Have you received any money from him yet on that book.

Mr. GORMAN. He made an advance payment of $6,000.

Mr. KENNEDY. How much of the $6,000 did you receive?

Mr. GORMAN. $1,500 of that was to go to Hilton Hanna.

Mr. KENNEDY. Hilton Hanna wrote the book?

Mr. GORMAN. Hilton Hanna is completing the book. It was begun by Vice President Belsky in New York.

Mr. KENNEDY. Who is Hilton Hanna? Is that an employee of the international.

Mr. GORMAN. He is the executive assistant to the officers of the international union.

Mr. KENNEDY. How much did Hilton Hanna receive for the book?

Mr. GORMAN. $1,500.

Mr. KENNEDY. Did anybody else receive anything out of the $6,000?

Mr. GORMAN. There is $1,500 due on the advancement to Mr. Belsky, but he has not taken it (pp. 11362–11363).

Moe Steinmann, labor relations director for Daitch-Crystal Dairies, testified before the committee that he bought the $5,000 worth of debenture bonds in the country club for his three children and paid cash to Louis Block for them in 1955. The next year he took out membership for himself and members of his family for $1,020. In 1958, his company picked up the tab for the membership. He didn't know if the amount was deducted as a business expense.

Steinmann asserted that he negotiated a contract with Max Block and William Casale early in 1956 which contained a provision that $2 per week per employee was to be paid into local 342's pension fund "effective on the payroll date of January 3, 1956." He admitted that there was a verbal agreement that the pension fund contributions would not start until 1957.

Mr. KENNEDY. Why didn't you put it in the contract?

Mr. STEINMANN. That I don't know. The only thing I know they put down "per letter" right next to where it says "pension" and that is what it meant, but what happened to the letter, I really don't know.

Mr. KENNEDY. You didn't get a letter and "per letter" didn't mean anything when you just have your initials by it.

Mr. STEINMANN. It is my initials and Billy Casale's initials, too.

Mr. KENNEDY. If you wanted to put that in all you would have to do is change the date here. The date is specifically typed in here; January 3, 1956.

Mr. STEINMANN. Maybe it is my fault, I didn't bring a counsel into the negotiations, who would have corrected that. That is the best of my recollection that I could remember. Next time I will know better, I guess.

Mr. KENNEDY. Mr. Steinmann, all I say is that in the course of the discussions and the negotiations, if it was agreed that you wouldn't have to pay the pension until May of 1957, all that would have had to have been done is

put in here "May of 1957." Instead, here is "January of 1956," and the facts are you didn't start paying until May of 1957, which saved your company some money.

Mr. STEINMANN. It started February of 1957.

Mr. KENNEDY. Which saved your company, I believe, about $5,600 for your employees?

Mr. STEINMANN. No; I don't think so, and I think it was about $4,800, what it comes out to.

* * * * *

Mr. KENNEDY. * * * Did any of the other officers belong to the country club?

Mr. STEINMANN. In what year?

Mr. KENNEDY. In your company.

Mr. STEINMANN. In what year?

Mr. KENNEDY. Any year.

Mr. STEINMANN. Well, they joined in 1957, two of them.

Mr. KENNEDY. Who pays for that?

Mr. STEINMANN. I really don't know.

Mr. KENNEDY. Does the company?

Mr. STEINMANN. I don't know, and I can't answer you that.

Mr. KENNEDY. In answer to Senator Church, you stated that the employees knew that the pension would not go into effect until May of 1957.

Mr. STEINMANN. In February of 1957.

Mr. KENNEDY. They knew about that?

Mr. STEINMANN. Yes, sir; the employees knew it.

Mr. KENNEDY. Who informed them?

Mr. STEINMANN. I know they called a special meeting to tell them what their retroactive pay was, which they got, plus they were told the hours, and they were told about the pension.

Mr. KENNEDY. Were they specifically told at that time?

Mr. STEINMANN. As far as I know, that is what I was told, that there was a special meeting and the employees were told that.

Mr. KENNEDY. And who told them?

Mr. STEINMANN. Billy Casale told them at the meeting.

Mr. KENNEDY. Billy Casale told you?

Mr. STEINMANN. He told me that he had a special meeting with the people.

Mr. KENNEDY. And he told them that this provision of the contract was not going to stay in effect?

Mr. STEINMANN. Not until February of 1957, something to that effect (pp. 11570–11573).

Harry Breslau, president of the Breslau Packing & Unloading Co., whose 32 employees are members of local 640, told the committee he invested $5,000 in country club bonds in 1956 at the suggestion of Louis Block and became a member in 1957 for "around" $900 a year, which was paid by his company and deducted as a business expense.

Breslau testified he is a member of the New York Wholesale Meat

Council which negotiated a contract with local 640 in March 1957.

Mr. KENNEDY. Now, does the union contract provide that you are to make a $2 payment per employee to the union pension fund?

Mr. BRESLAU. It does.

Mr. KENNEDY. Have you made those payments?

Mr. BRESLAU. No; I did not.

Mr. KENNEDY. You haven't made any of those payments?

Mr. BRESLAU. No; I have not.

Mr. KENNEDY. Nobody has requested that you pay it?

Mr. BRESLAU. As of the first of this year, it has been requested that I pay it.

Mr. KENNEDY. As of the first of the year?

Mr. BRESLAU. That is correct.

Mr. KENNEDY. When were you requested to pay?

Mr. BRESLAU. I received a call around the first of the year, a few days more or less, from the president of the meat council.

Mr. KENNEDY. Who was that?

Mr. BRESLAU. Mr. Kauffman, Joseph Kauffman, that the union would like to have a meeting with us. We went down to the meeting, and Mr. Math was present, and Mr. Max Block, and he demanded payment for the pension fund at that time.

Mr. KENNEDY. Did you agree to pay them?

Mr. BRESLAU. No; we did not agree, because we told him and showed him where my men for being laborers received $7,000 a year or better, and they get other benefits which is not part of the standard contract, to make up the difference.

Mr. KENNEDY. Did he say you wouldn't have to pay then?

Mr. BRESLAU. No; he argued pro and con, and when I left him I thought everything was all right, but recently I have been told that there would be arbitration on the demand for payment.

Mr. KENNEDY. How long ago did he contact you that there would be arbitration?

Mr. BRESLAU. He hasn't contacted me. Mr. Kauffman contacted me.

Mr. KENNEDY. How long ago was that?

Mr. BRESLAU. Around a month ago.

Mr. KENNEDY. About a month ago?

Mr. BRESLAU. Yes, sir.

Mr. KENNEDY. And you said this matter would have to be discussed further?

Mr. BRESLAU. That is correct.

Mr. KENNEDY. How much did you save each year on not having to pay?

Mr. BRESLAU. It was around a year and a half, $3,500 for the first year, and you could take half of that.

Mr. KENNEDY. Around $5,000

Mr. BRESLAU. There was no saving whatsoever.

Mr. KENNEDY. You saved $2 per employee.

Mr. BRESLAU. I did not save them, I paid them in other benefits which are not part of this contract.

Mr. KENNEDY. Once again, you also signed a contract in which you stated that you would pay according to the terms of the contract, $2 per employee?

Mr. BRESLAU. In all of the years that I have been negotiating, Mr. Kennedy, my contract has been completely different than the standard contract in the meat industry, because it is the only business of its kind. I am not connected in the meat business as such.

Mr. KENNEDY. I will say the same thing I said to the previous witness. Why wasn't that put in the contract, and why wasn't the contract modified to provide for that?

Mr. BRESLAU. I do not know.

Senator MUNDT. Have you had any complaints from your men because you don't make these payments?

Mr. BRESLAU. No, I have not.

Senator MUNDT. Do they know that you are not making them?

Mr. BRESLAU. I don't know (pp. 11574–11575).

* * * * *

Senator MUNDT. You said that you gave them special benefits?

Mr. BRESLAU. That is correct.

Senator MUNDT. In addition to the contract?

Mr. BRESLAU. Which is not in the regular contract at all.

Senator MUNDT. What would be the nature of those benefits?

Mr. BRESLAU. In the meat industry, if there is a man short out of a crew, or a cutter, the rest of the men have to do the man's work, and there is no extra money or benefits they would receive. When I am a man short, the balance of the crew of the six men receive this man's pay, as a bonus, plus the fact that if they work short-handed the three men who have to do the actual carrying, they receive a bonus for carrying the beef.

If the trailer or truck weighs over a certain weight, I collect a certain amount of money for it whether it weighs 50,000 or only 20,000, and they receive a bonus for that.

There are numerous other things in the contract which is not part of your regular contract.

Senator MUNDT. Well, I don't see much wrong with that, except I do share the chairman's feeling that in this whole business of labor-management relations, it would seem to me that "John American" who works, is just as much entitled to know what is in the contract as "John American" who employs him. It shouldn't be some union man standing in between him and the information. I don't know whose job it is to get it to him, and I don't know whether you are responsible for the fact that Mr. O'Rourke doesn't know whether he has a union pension or not, but it would seem to me if my name were O'Rourke, I would want to know.

> I would have a right to know, it seems to me, and it would in a way govern my insurance program for my family and everything else.
>
> Why do you think these men are not advised, and what is the reason that they don't know? You haven't so many of them. You only have 35 employees or something like that, and it isn't like a big factory.
>
> Mr. BRESLAU. I can't answer that. I believe it would be up to the union to notify these men, and they have regular meetings and so on (pp. 11577–11578).

During his testimony Breslau made a particular point of the fact that the "luggers" in his employ—men who unload cars and trucks—were averaging $7,000 a year.

But John Branca and Thomas McTague, a former employee and a present employee, respectively, quickly dispelled the idea that the job was a well-paying sinecure. Branca said Breslau's men worked much longer hours than men engaged in similar work for other companies and were "very much underpaid." The typical week began with a shift that started at 7 o'clock Sunday night and continued until 1 or 2 o'clock Monday afternoon. This was followed by shifts of 12 to 13 hours on Monday and Tuesday nights, declining to 10 hours on Wednesday night and much less by Thursday night. The average workweek was 58 hours.

According to Branca the meat carcasses handled weighed 180 to 300 pounds and—

> you pick them up and run them out of the car. The faster you get it out, the faster you get the car out and the more money you make. If you slip and break your neck, that is your tough luck. You are out of the job, and you go to the hospital and (are) not compensated for the cars that you miss. When I got six stitches, I lost that day's pay. There are no special benefits that Mr. Breslau says that he pays you—extra benefits. That I don't know about.

Breslau, Branca testified, was "the only one I know of" who operated on a piecework basis. Normally, he said, four men would unload a car and Breslau paid a rate for the unloading of the car. If a man were ill, his pro rata share of this rate would be divided among the three who did the unloading.

> The CHAIRMAN. In other words, if he had been there, he would have gotten one-fourth of the price paid for unloading the truck.
>
> Mr. BRANCA. Right.
>
> The CHAIRMAN. But he was not there, so you had to unload it, and the three of you get his part.
>
> Mr. BRANCA. Correct.
>
> The CHAIRMAN. It costs the company no more?
>
> Mr. BRANCA. Right.
>
> The CHAIRMAN. So they are not out any more if there had been four there or two there, it is all the same?
>
> Mr. BRANCA. That is right (p. 11583).

According to Branca, Breslau's men wanted the union to negotiate a contract calling for pay at an hourly rate, double time for Sunday

work, a 10-percent night differential and time and one-half after 8 hours. They went to the union office.

Mr. BRANCA. We tried to get a change and we had all the men up there and Max Block was there with Harry Lippel.

I approached Max and I told him "Did Mr. Breslau approach you about the contract?" And he says "I don't even know the man. I never saw the man."

He says "Oh, yes, during the time of the contract, he bought me a cup of coffee." That was his exact words.

Mr. KENNEDY. He said he never saw the man?

Mr. BRANCA. He said he does not even know the man.

Mr. KENNEDY. Max Block told you that?

Mr. BRANCA. Yes.

* * * * *

Mr. KENNEDY. Did you know Mr. Breslau had already made a large investment in Mr. Block's country club?

Mr. BRANCA. I don't know nothing about that.

Mr. KENNEDY. And that he was a member of Mr. Block's country club?

Mr. BRANCA. I did not know that.

Mr. KENNEDY. He said he did not know him?

Mr. BRANCA. That is right.

Mr. KENNEDY. But had just seen him once and had a cup of coffee?

Mr. BRANCA. That is right.

Mr. KENNEDY. Did you discuss about getting on an hourly rate?

Mr. BRANCA. Yes, we did, and he came out with this yellow piece of paper and he wrote down our salary which was about $150 a week for the past 3 months. I questioned him "How come you know our salary, you have a breakdown of our salary, when you don't even know Harry Breslau."

He started to stutter and he passed the buck to Harry Lippel and then the subject was dropped. Then he told us to go back. He appointed me, McTague, and another fellow by the name of Dave McMillan, as committeemen, and tried to, you know, think it over among the men, give us a couple of weeks and we would have another meeting. So I tried to get back after a few weeks. I called up Lippel. And Max Block's mother-in-law, I believe, died, and he was out on the time that she was dead. Then he went to Chicago and that was the last I heard of it and I got fed up and I quit.

* * * * *

Mr. KENNEDY. But you were never able to get him?

Mr. BRANCA. No, I could not get him.

Mr. KENNEDY. Were you able to get him to attend another meeting?

Mr. MCTAGUE. No, sir.

Mr. KENNEDY. Did you contact him to get another meeting?

Mr. McTAGUE. Yes, sir. We tried to make arrangements several times, but there was always something wrong. He was in Chicago or out in the West.

Mr. KENNEDY. He was always out of town and you could not meet him?

Mr. McTAGUE. Never could get him.

Mr. KENNEDY. You never could get a meeting arranged on the hourly wage?

Mr. McTAGUE. We never could get a meeting arranged to discuss it on any basis.

Mr. KENNEDY. Did you know that the employer was not paying the $2 per employee into the pension fund?

Mr. McTAGUE. No, I did not know anything about that.

Mr. KENNEDY. Did you know about that?

Mr. BRANCA. No; I thought I had a pension plan.

Mr. KENNEDY. You thought you had a pension plan?

Mr. BRANCA. Definitely.

Mr. KENNEDY. Did you think you had a pension plan?

Mr. McTAGUE. Yes, sir; I thought I had a pension plan.

Mr. KENNEDY. You did not know until you heard the testimony today that you did not?

Mr. McTAGUE. No; I did not know.

Mr. KENNEDY. Did all the other employees think they were covered by the pension, so far as you know?

Mr. McTAGUE. As far as I know they think they are covered by a pension plan.

Mr. KENNEDY. You were never informed that he was not paying the pension?

Mr. McTAGUE. No, sir (pp. 11581–11583).

After quitting Breslau, Branca said, he went to work for a man named Casey but was let go 3 days later. Branca quoted Casey as saying he didn't want to do it but "it was the union's idea."

Mr. KENNEDY. He told you that?

Mr. BRANCA. That is right. And the union denied it.

Mr. KENNEDY. Did you have to go to the union in order to get a job?

Mr. BRANCA. Well, that is the first I heard of it, because men come right off the street and worked for Harry Breslau without any work card. But I did not see why there should be any difference. That was nonunion men. I don't see no difference why a union man can't go into a union shop and look for a job, as long as he is a member of that union.

Mr. KENNEDY. Were there some nonunion men working at Breslau's?

Mr. BRANCA. Definitely.

Mr. KENNEDY. They weren't members of the union?

Mr. BRANCA. They weren't members of the union at all.

Mr. KENNEDY. And you left the employment of Breslau because of the fact of the way he was treating his people there?

Mr. BRANCA. That is right.

Mr. KENNEDY. And the union was not doing anything about it to improve the conditions?

Mr. BRANCA. That is right (p. 11585).

The testimony with respect to the $25,000 loan to the Deercrest Country Club by the Van Iderstine Co., Long Island City rendering firm, carried some interesting implications. Charles Haussermann, president of Van Iderstine, also headed an association of approximately 17 rendering companies which negotiated an industrywide contract with local 640.

Haussermann became a member of the country club in 1956 at the suggestion of Louis Block, paying "about" $1,100 to join. In 1957 the dues were $870. Haussermann, whose home is in Old Westbury, Long Island, belonged to another country club near his home and only went to Deercrest in Connecticut "six or seven times" in 2 years.

Haussermann testified that Louis Block approached him about the loan in June or July 1956, and it was made in August at a 3 percent interest rate "for the good will involved" and also because his company wanted the club as a "stop" for raw material for its rendering business. The "stop" produced $15 worth of material in 1957 and $22 worth in 1958. When asked if the loan was made "to retain the good will of Max and Louis Block," Haussermann replied, "Well, it wouldn't hurt."

Haussermann also said that his company spent "$1,000 or $1,500" for advertisements in the unions' souvenir journals as a "good will" gesture.

Mr. KENNEDY. When did you sign the contract that you have at the present time?

Mr. HAUSSERMANN. The date of it, I believe, was June 1956. It was dated back to February 17, 1956.

Mr. KENNEDY. And it was supposed to be a wage reopening every February?

Mr. HAUSSERMANN. That is correct.

Mr. KENNEDY. Did you discuss with Mr. Block, you and other members of your company, and other individuals, the fact that you wouldn't really have a wage reopening in February 1957?

Mr. HAUSSERMANN. We had said we would like not to, but we had a reopening, and we paid an increase.

Mr. KENNEDY. I know you had one, but didn't you discuss with him at the Beverly Hotel in the summer of 1956 the fact that he would waive that reopening and that the reopening wouldn't take place until November of 1957?

Mr. HAUSSERMANN. No, there was no promise.

Mr. KENNEDY. Didn't he indicate that that is what he would do?

Mr. HAUSSERMANN. We had requested if it would be possible that we wouldn't have to have any wage reopening until 1959.

Mr. KENNEDY. And he indicated at that time——

Mr. HAUSSERMANN. That he would see what he could do.

Mr. KENNEDY. And that was despite the fact that the terms of the contract specifically provided for the fact that there would be a wage reopening in February 1957?

Mr. HAUSSERMANN. Well, that didn't mean that there wouldn't be a reopening. It would mean maybe we wouldn't have any increase in February 1957.

Mr. KENNEDY. Didn't he say that he would see to it that the wage reopening, was protracted through November of 1957?

Mr. HAUSSERMANN. No.

Mr. KENNEDY. Did you request him to do that?

Mr. HAUSSERMANN. We requested, every time we negotiated, for no increase.

Mr. KENNEDY. Didn't he indicate to you at that time that that is what he would do for 1957?

Mr. HAUSSERMANN. He said he would see what he could do.

Mr. KENNEDY. You were fairly certain that he was going to do it, were you not?

Mr. HAUSSERMANN. No (pp. 11564–11565).

Daniel Beatson, former business agent for locals 342 and 640, presented an entirely different view of the arrangement in the following testimony:

Mr. BEATSON. The contract was up on February 17, and the negotiations were dragging out through the summer. Around June of that year, I got a call to go to the Beverly Hotel. I went up there and in the room was Harold Lippel, Max Block, Arnold Cohen, Dan Lynch, Mr. Haussermann's attorney, and also the attorney for the association; Mr. Rosenberg, of Rosenberg Rendering; Mr. Cohen of Lincoln Farms; Mr. Theobald, of Theobald Rendering, in Jersey; and a few other employers.

The meeting was very short and to the point, and I was very startled by it. Apparently the arrangement was made before I got there, or at a former meeting that Mr. Block had with Mr. Haussermann, and the agreement was this, that they would sign a contract, predated to February 17. It was a 3-year contract, to be reopened every year, but the following year, on February 17, they would drag out the negotiations and get an arbitrator who would make an award around November of 1957 and state that the increases should be from November of 1957 because the industry was unable to pay the money, the back pay, to February 17.

Mr. KENNEDY. So this was all arranged at these negotiations?

Mr. BEATSON. This is the first that I heard of it, at this meeting. But when I arrived there, that is the way it was spelled out.

Mr. KENNEDY. And the terms of the contract stated that the wage reopening should take place in February of the year?

Mr. BEATSON. That is right, February 17.

Mr. KENNEDY. And they agreed that although they would start the negotiations and the discussions in February, they would drag them out with the help of an arbitrator, supposedly an independent arbitrator, to November of the year, and then they would arrange to have the arbitrator say they could not afford——

Mr. BEATSON. In fact, the deal was changed there at the meeting. It was supposed to be to September and Mr. Block was being very gracious and extended it 2 more months to November.

Mr. KENNEDY. Then the arbitrator would say that the industry could not afford the raise?

Mr. BEATSON. That was the deal.

Mr. KENNEDY. Did you make any statement about it at that time?

Mr. BEATSON. As I left, I left with Arnold Cohen and Lippel, and we went downtown in a taxicab back to the office.

Mr. KENNEDY. Who is Lippel?

Mr. BEATSON. Lippel is the secretary-treasurer of 640 and the brother-in-law of Louis Block. I told them I was sickened by it, the deal, and it was just going to throw the membership into a turmoil, because they had rotten deals in the past, and this was the topper.

I just arrived a short time before, and they put me to work as a business agent for the rendering. I uncovered many shady deals, companies without contracts, and when I brought them to the attention, either I was taken off the job or they found something very busy for me to do someplace else and at a great distance away from where these deals were going on.

I related—Cohen said, "Well, we did pretty good the last couple of years," so I said, "I don't know how good you did in the last couple of years, but this will sour any good that you ever did." That was the extent of the conversation. I told Block that time, and I told the three of them, that I refused to have any part of it.

Mr. KENNEDY. You felt that the membership was being sold——

Mr. BEATSON. Sold down the river.

Mr. KENNEDY. Did this actually go into effect? Is this actually what happened?

Mr. BEATSON. No; I left immediately after or a few weeks after, and I told the members about it. Of course, the thing blew up and they made another deal (pp. 11566–11567).

Thomas A. Donahue, vice president in charge of meat operations for the Bohack Co., which operates 186 food stores in Brooklyn and Long Island, also was a member at Deercrest. His dues were $300 the first year and $500 in succeeding years. His company underwrote the expense in 1958.

Donahue visited the club "one time" in 1957 and "probably three times" in 1956.

Mr. KENNEDY. The reason that you became a member was because of Max and Louis Block; was it not?

Mr. DONAHUE. Well, they were my friends, and there was an awful lot of people that I knew belonged up there that was in the meat industry, and I thought it would be a

nice place to go. I don't know what you call it. A meatman likes to congregate with meatmen; let's put it this way.

Mr. KENNEDY. You haven't congregated very much up there.

Mr. DONAHUE. No; I did not (p. 11558).

Donahue testified also that his company paid $1,500 each for page ads in the souvenir journals of the two unions, and he also declared that he had been approached by Max Block with a request that the company give some of its paper product business to Block's son-in-law, Martin Zeitler.

The Bohack Co., Donahue testified, also sold meat directly to the Black Angus Restaurant over a period of years.

Mr. KENNEDY. Since 1951, I believe, the middle of 1951, you sold them about $1,300,000 worth?

Mr. DONAHUE. That is correct.

Mr. KENNEDY. Do you make those sales to any other restaurants in New York?

Mr. DONAHUE. We did not; no.

Mr. KENNEDY. This is an accommodation, particularly to Mr. Block?

Mr. DONAHUE. It started off as an accommodation, and then we found out that we were not losing any money on it, and as we were helping our business overall so we continued.

Mr. KENNEDY. But this is the only kind of sale of this type that you have; is it not?

Mr. DONAHUE. That is correct (pp. 11559–11560).

Beatson, the former business agent for locals 342 and 640, returned to the witness stand to furnish an illuminating picture of the internal operations of the two unions. He was appointed business agent after the A. & P. grocery clerks were dragooned into local 342 in October 1952 and was formally elected as business agent and as a trustee of the local in December 1952.

Beatson said that no notice was given to the membership that an election was going to be held. A membership meeting notice was sent out stating that the agenda would consist of "new business, old business, and a financial report." Beatson said further that "many of the members did not receive the notice until after the meeting was over" (p. 11594) and that A. & P. employees were not notified because "they weren't in good standing for 6 months" (p. 11595).

Mr. KENNEDY. Did everybody have ample opportunity to nominate opposition?

Mr. BEATSON. No, there was none. It was open and close.

Mr. KENNEDY. How do you mean that?

Mr. BEATSON. The nominations were opened and someone quickly stood up and made a motion that all incumbent officers be elected for another 4 years. Mr. Block closed the nominations and said, "All in favor, 'aye,' " and they said, "Aye," and didn't bother to ask who was against it. There was only a few hundred members at this meeting when the local was supposed to have a membership of around 10,000 at the time (p. 11955–11596).

Beatson also testified that he believed that Jack Schwartz, the butcher at the Black Angus Restaurant, was the one who made the nomination.

After his election as trustee, Beatson said, he went to Casale to find out what his duties were and he quoted Casale as replying, "No need of you to bother about it. Moe Fliss is the one who takes care of it, signs the checks and everything" (p. 11596). Beatson added that he found out later that Fliss signed the checks in blank, and he was told by other business agents that they signed petty cash vouchers in blank for Casale.

> Mr. KENNEDY. Was there any verification of the expense accounts or any of the other bills that were submitted to the union for payment?
>
> Mr. BEATSON. Not that I know of (p. 11596).

Beatson declared that Casale prepared minutes for executive board meetings that were never held and he asserted that financial statements never were posted in the union office as required by the Taft-Hartley Act. The only financial statement he remembered was one read at the 1952 meeting when the election was held. This statement "was very difficult to be able to figure what went where, as far as money was concerned, but they would come to an item of cost and it was rather a high figure, and the members swooned and that is the last I ever heard of a financial report again." (p. 11597)

Beatson recalled a number of instances where Max Block drummed up business for Zeitler, his son-in-law, including "a couple of times" when Block talked by telephone to Louis Stein, president of Food Fair Stores. Earlier the committee had heard testimony that this contact produced more than $500,000 worth of business for Zeitler.

> Mr. KENNEDY. Did you hear him talk to any other of the employers about giving his son business?
>
> Mr. BEATSON. Harry Landis.
>
> Mr. KENNEDY. Who is that?
>
> Mr. BEATSON. I believe it is Del-Mar-Va Poultry, Del-Mar-Va Peninsula, in Maryland.
>
> Mr. KENNEDY. Those were two that you remember about having discussions with him about giving his son-in-law business?
>
> Mr. BEATSON. That is right.
>
> Mr. KENNEDY. Do you know if he ever exercised any pressure among these people, or did you just overhear the conversations?
>
> Mr. BEATSON. I would overhear the conversations. On Waldbaum, he was particularly bitter.
>
> Mr. KENNEDY. Waldbaum?
>
> Mr. BEATSON. That is right.
>
> Mr. KENNEDY. Why was he bitter about Waldbaum?
>
> Mr. BEATSON. Waldbaum wasn't giving his son-in-law any business or very little, and he put the pressure on them too.
>
> Mr. KENNEDY. He was bitter about that?
>
> Mr. BEATSON. That is right. He told me that he told Waldbaum, he said "I am always here to help you when you are in trouble. When you started out in business, I was the

guy that helped you." And he said "Now it comes time to help my son-in-law I can't find you," or some words to that effect. I also believe a few years ago—I was not there, but there was a conversation he related to me about Bohack's, that the Bohack Co. was negotiated for a new contract, and he said to them during that, they wanted some concession during the course of contract negotiations, and he said that he told Bohack's "You are always wanting me to do favors for you, but you don't do nothing for my son-in-law," and he said that they said they would help him out in the future (p. 11598).

* * * * *

Mr. KENNEDY. You talked about Lou Stein. Were you around or present when Max Block had any conversations with Mr. Stein regarding the Food Fair and stock of Food Fair Properties?

Mr. BEATSON. Well, there were many conversations there on the telephone with Mr. Stein. He was always saying in addition to the Properties, prior to the Properties, that Mr. Stein would always call him up when there was going to be a split on the stocks and let him know when there was a good time to buy.

Mr. KENNEDY. On various kinds of stock?

Mr. BEATSON. That is right. On Food Fair stock. Not the Properties stock but the regular stock.

Mr. KENNEDY. If there was going to be a split on it, he would call and tell them?

Mr. BEATSON. That is right.

Mr. KENNEDY. You say they had numerous conversations during this period of time?

Mr. BEATSON. That is right.

Mr. KENNEDY. Were you present or did Mr. Block say anything to you about the purchase of Food Fair Properties stock?

Mr. BEATSON. Yes. He said he had a terrific deal cooking with Food Fair in acquiring a few thousand Food Fair Properties stock that were going to be worth a lot of money that weren't on the market then.

Mr. KENNEDY. They weren't on the market yet but they were worth a lot of money?

Mr. BEATSON. That is right.

Mr. KENNEDY. Do you know that they discussed this a number of times on the telephone?

Mr. BEATSON. Yes. I remember another conversation that Mr. Kaplan of local 464 in Jersey, when we met him at the track one day, and he said, "I just spoke to Lou Stein and he said he wouldn't do it for anybody else but you, Max, on the Food Fair Properties stock."

Mr. KENNEDY. Were you around Max Block a lot during this time?

Mr. BEATSON. That is right (pp. 11598–11599).

Beatson explained that his constant association with Block began after Block said his life had been threatened. Thereafter, Block ob-

tained a gun permit for Beatson and had him accompany him at all times as a bodyguard.

Mr. KENNEDY. Did he spend a great deal of his time in the office, or most of his time in the office, or where?

Mr. BEATSON. Well, I usually would have to be at his house about 8 o'clock in the morning, or sometimes earlier, and he went to the office on occasions, during the racing season he would get up about 11, drive out to the track, and go from the track to the Black Angus, and be at the Black Angus until maybe 1 or 2 o'clock in the morning and then he would go home again.

Mr. KENNEDY. That is a typical day, getting up at 11, going to the track and going to the Black Angus Restaurant?

Mr. BEATSON. There were other days when he was busier, and he would get up earlier.

Mr. KENNEDY. What about the union?

Mr. BEATSON. That was done mostly by telephone; there were many times we would go from the track to the office. A few times I remember we even skipped going to the track.

Mr. KENNEDY. If you did not go to the track, what would you do?

Mr. BEATSON. We would go to the office.

Mr. KENNEDY. This was day after day?

Mr. BEATSON. That is right.

Mr. KENNEDY. You did not spend a great deal of time, then, in your local union's office?

Mr. BEATSON. No.

Mr. KENNEDY. Very little?

Mr. BEATSON. Very little.

Mr. KENNEDY. Most of the time it was at the track and the Black Angus Restaurant?

Mr. BEATSON. Yes, or his house.

Mr. KENNEDY. Or his house?

Mr. BEATSON. Yes.

Mr. KENNEDY. After the threat to kill him, did anybody ever try to after that? Did you have any trouble?

Mr. BEATSON. No, we did not have any trouble. He seemed nervous for the first 3 or 4 weeks and then he calmed down.

Mr. KENNEDY. Where did he live during that period of time?

Mr. BEATSON. New Rochelle (pp. 11599–11600).

* * * * *

Mr. KENNEDY. Did Mr. Block, while you were his bodyguard, do much of the organizing work himself?

Mr. BEATSON. He made the contacts with employers and stuff. He never approached the members.

Mr. KENNEDY. Was he spending much money on organizing work?

Mr. BEATSON. Himself?

Mr. KENNEDY. Yes.

Mr. BEATSON. No.

Mr. KENNEDY. Did he have very high expenses in connection with the work that he was doing for the union?

Mr. BEATSON. I don't know.

Mr. KENNEDY. I mean, while you were with him, was he spending a lot of money in behalf of the union?

Mr. BEATSON. Not on behalf of the union; no.

Mr. KENNEDY. Was he spending large sums of money?

Mr. BEATSON. Yes.

Mr. KENNEDY. That money was in cash, was it?

Mr. BEATSON. Yes.

Mr. KENNEDY. Where would he spend that money?

Mr. BEATSON. At the track.

Mr. KENNEDY. When you talk about large sums, how much are you speaking of?

Mr. BEATSON. Daily? Between $1,500 and $2,500.

Mr. KENNEDY. Out at the track? He always had this much cash available?

Mr. BEATSON. Around $1,500. It went between $1,500 and $2,500.

Mr. KENNEDY. Did you place his bets for him or handle any of that?

Mr. BEATSON. Sometimes he would ask me to go to the parimutual window.

Mr. KENNEDY. Did he spend any time out at the country club?

Mr. BEATSON. Yes.

Mr. KENNEDY. That was the Deercrest Country Club?

Mr. BEATSON. Yes.

Mr. KENNEDY. He and his brother Louis had an interest in it?

Mr. BEATSON. Yes.

Mr. KENNEDY. Did any of the business agents do any work out there at the country club?

Mr. BEATSON. Gus Suffa, business agent for 640.

Mr. KENNEDY. Suffa?

Mr. BEATSON. That is right.

Mr. KENNEDY. He was a business agent for local 640?

Mr. BEATSON. That is right.

Mr. KENNEDY. He was being paid by the local?

Mr. BEATSON. That is right.

Mr. KENNEDY. How do you know that he worked out there?

Mr. BEATSON. I saw him out there. His check—he was very seldom in the union office during around an 8-month period.

Mr. KENNEDY. Did you ever talk to him about it?

Mr. BEATSON. Yes. He told me that he was up there keeping track of the heavy equipment that was used. Apparently it was hired by the hour, and he was keeping track of the hours that it was actually used.

Mr. KENNEDY. Did he ever indicate to you how long he spent up there?

Mr. BEATSON. Yes. He was the one that I based my estimate on. He said he was up there 8 months

Mr. KENNEDY. He told you that?
Mr. BEATSON. That is right.
Mr. KENNEDY. While he was up there, he was being paid by the union?
Mr. BEATSON. That is right.
Mr. KENNEDY. He would pick his check up where?
Mr. BEATSON. Most of the time it was at a bar in Brooklyn. I believe the name of it was Smiley & Curley's.
Mr. KENNEDY. Why would they leave it there for him?
Mr. BEATSON. It was near his home.
Mr. KENNEDY. Did he have a union automobile at that time?
Mr. BEATSON. Well, the union bought it. It was registered in his name.
Mr. KENNEDY. That was how he got out to the country club?
Mr. BEATSON. That is right.
Mr. KENNEDY. In the union automobile?
Mr. BEATSON. That is right.
Mr. KENNEDY. You say you saw him out there yourself?
Mr. BEATSON. That is right (pp. 11602, 11603).

Beatson also described to the committee the tight controls maintained by local 640 over all hiring in the wholesale houses with the exception of two major packers, Swift and Armour. Employers applied to the union when employees were needed and butchers had to go to the union to get a job. An employee could not transfer from one employer to another without union approval under penalty of being thrown out of the union and denied further employment in the area controlled by local 640.

Beatson testified he never knew until it was developed at the hearings that the Van Iderstine Co. had loaned the Deercrest Country Club $25,000, or that Breslau had invested $5,000 in country club bonds. He said he repeatedly tried to get Max Block to act on complaints that both companies were violating the terms of their contracts but "nothing ever came of it" (p. 11605). He added that "Mr. Block thought I was too hostile to Mr. Breslau and I was taken off that job and found something else to do." He declared further that "the situations went on by the score of the same thing."

Concerning the annuities purchased for the two Blocks, Casale, and Lippel, Beatson testified that he knows the membership never approved the purchases. His first knowledge of the annuities in local 640 came, he said, when Lippel complained to him that Sidney Farrell, another business agent, was "shooting off his mouth down at the market that we have a pension for ourselves and he doesn't. He has a big mouth" (p. 11603).

Mr. KENNEDY. You had not known yourself prior to that?
Mr. BEATSON. No (p. 11603)

Meat deliveries by union personnel in union cars to the Black Angus Restaurant were included in Beatson's testimony.

Mr. KENNEDY. And the meat was being brought from a number of shops where there were union contracts; is that right?
Mr. BEATSON. That is right (p. 11604).

The interrogation of Beatson also covered a strike in June 1955 at the plant of the Riverhead Duck Processing Corp. in Riverhead, Long Island, which Beatson said he directed. It involved the organizing of "100 to 115" employees and Beatson fixed the strike expense at not more than $2,500, including $1,500 for which he was responsible personally.

But, declared Beatson, local 640 billed the Butcher-Teamster Joint Organizing Committee for more than $10,000. He said the business agents assigned to the strike slept in shifts in only three rooms in a Riverhead hotel; the cars that were used were the regular union cars from locals 342 and 640, and expense generally was held to a minimum. Eight pickets were employed at $8 a day, $37 was the cost of cold cuts and refreshments, and a hall was rented at $5 a day for strike headquarters. None of the strikers received any money with the exception of one woman who received $60

> Mr. KENNEDY. Could you explain at all how they could get a bill and check amounting to over $10,000?
> Mr. BEATSON. No.
> Mr. KENNEDY. You say unequivocally that that amount of money was not spent out there?
> Mr. BEATSON. That is right (p. 11608).

Beatson was shown a letter written by Max Block on June 23, 1955, to Leon Schacter, cochairman of the Teamsters-Butchers Joint Organizing Committee in Washington, billing the committee for a total of $10,013.19.

The letter charged $1,100 for the first day and Beatson testified the actual expense was "about $100." On another day, Block's letter charged $1,250 for 15 cars and picketing expenses, and Beatson retorted that the total cost of pickets for the entire time of the strike was "roughly $320." He also declared that no outside cars were rented.

Asked if he had any comment on the total bill submitted by Block, Beatson testified he did not but added that "I think for $10,013 we could have put a downpayment on the business" (p. 11610)

Beatson also recalled a conversation he had on one occasion with Block's son-in-law, Zeitler. Zeitler was complaining that his car was in bad shape, and Beatson testified that he told him all the union cars were about to be traded for new ones, that Gus Suffa's car was in good shape, and Zeitler had a chance to buy one of the cars from the dealer. "Later on I noticed that he was driving the car that formerly belonged to Suffa," Beatson added (p. 11603).

Suffa, summoned before the committee, flatly denied Beatson's testimony that he had worked at the country club for 8 months while on the union payroll. He admitted having gone to the club "maybe twice a week" but insisted that he went only to visit his son who was employed there.

His explanation of the car deal with Zeitler, however, highlighted the fiscal irresponsibility manifested in all of the union car transactions.

Suffa began his career as a business agent for local 640 in 1937. He had a car of his own, but the union eventually replaced it with a new one. For the next 18 years, Suffa got a new car "every 2 or 3 years" (p. 11617), all of them paid for by the union, but Suffa insisted to the committee that this concern by the union for his

transportation needs never erased the equity represented by the car he contributed to the cause way back in 1937, even though the union paid the insurance and the expense of operating his cars.

In November 1955 Suffa was due for a new car again. He was then driving a 1954 Buick. Zeitler owned a 1953 DeSoto. Suffa gave his 1954 Buick to Zeitler, took Zeitler's 1953 DeSoto, and traded it in on the 1955 Buick the union was buying for him.

George M. Kopecky, the committee's professional staff member, testified the 1954 Buick transferred to Zeitler had a value of $1,595 as against $1,075 for the 1953 DeSoto, according to National Automobile Dealer's Association figures for that period of 1955, which automatically cost the union $520. But Zeitler's DeSoto was in such poor condition that the union received an allowance of only $650 which brought the union loss to a total of $945 on the Suffa-Zeitler "arrangement."

Suffa declared that he never discussed the Zeitler deal with Block, Zeitler's father-in-law.

> The CHAIRMAN. Do you think you ought to reimburse the union for that money?
>
> Mr. SUFFA. Well, it was my car. I did not feel that it had to be any other way, if I wanted to give the car to the kid. It was up to myself. I didn't know I was doing anything wrong about it.
>
> The CHAIRMAN. You didn't lose the $945. That came out of union dues. Who lost on the transaction?
>
> Mr. SUFFA. The union, of course, the way you tell me (p. 11615).
>
> * * * * *
>
> Mr. KENNEDY. What did you do after you got a new car in November of 1955? Do you still have that automobile?
>
> Mr. SUFFA. No; I sold it.
>
> Mr. KENNEDY. You sold it?
>
> Mr. SUFFA. Yes, sir.
>
> Mr. KENNEDY. The union got that money?
>
> Mr. SUFFA. No. I sold it and kept the money. It was approved by the executive board that the business agents take their cars, do as they please with them, and they rent cars now. We don't buy cars any more.
>
> Mr. KENNEDY. Now you have another automobile?
>
> Mr. SUFFA. A rental, no more buying.
>
> Mr. KENNEDY. Who pays the rental on the new automobile?
>
> Mr. SUFFA. The union.
>
> Mr. KENNEDY. How much money did you get for that?
>
> Mr. SUFFA. I sold it for $1,000 (pp. 11616–11617).

Fred Cor elius, a former business agent for local 342, gave testimony showing that Zeitler also tapped the till of the union's welfare fund, although he never was a member of the union. At the time Zeitler's first child was born, Cornelius asserted, a claim was processed in his name calling for a payment of $50 for the hospital and $50 for the attending physician.

Mr. KENNEDY. And that was out of the welfare fund?
Mr. CORNELIUS. The welfare funds of the union.
Mr. KENNEDY. And he was not part of the welfare fund?
Mr. CORNELIUS. No, sir.
Mr. KENNEDY. Not a member of the union?
Mr. CORNELIUS. No, sir.
Mr. KENNEDY. Did you protest about it?
Mr. CORNELIUS. Yes, sir.
Mr. KENNEDY. To whom?
Mr. CORNELIUS. To Mr. Casale. He was in charge of welfare.
Mr. KENNEDY. What did he say?
Mr. CORNELIUS. He just signed the application, and put it through, and Mr. Zeitler got his check, as far as I know (pp. 11491–11492).

Cornelius also corroborated the previous testimony by Beatson that detailed expenditures by local 342 were concealed from the membership, that Moe Fliss, a trustee, signed checks in blank for Casale, and that other business agents signed petty cash slips in blank which were left with Casale.

Mr. KENNEDY. Were the members of the unions always informed as to the expenditures of money and how the money was being used?
Mr. CORNELIUS. No, sir. It was a general accounting, and nobody ever knew how the money was spent. They spent so much of it and for what nobody knew. One year they had an experience, there was $38,000 down for cars, and they almost had a riot, and after that they omitted detailed expenditures.
Mr. KENNEDY. They read out the fact that $38,000 had gone for automobiles, and the union members were so upset they never read that out again?
Mr. CORNELIUS. That is right.
Mr. KENNEDY. They never read out about how much was spent for automobiles after that?
Mr. CORNELIUS. No, sir.
Mr. KENNEDY. What about the financial accounts of the union? Was that distributed to the members as it is supposed to be done under the National Labor Relations Act?
Mr. CORNELIUS. The first financial account of that union that I ever saw, and I was there for 12 years, was in December of 1956, during the campaign for reelection.
Mr. KENNEDY. Prior to that time that information wasn't distributed to members?
Mr. CORNELIUS. I never saw it.
Mr. KENNEDY. Did you know, while you were working around the union, if any of the checks were filled out in blank? Was that procedure followed?
Mr. CORNELIUS. Yes, sir; that was a general practice.
Mr. KENNEDY. Who would fill out the checks?
Mr. CORNELIUS. Mr. Bliss was the trustee of the union, and from the time that I started in the union until 1941, until

the time that I left, Bliss would sit down once or twice a week and fill out 10 or 12 pages of blank checks, and Mr. Casale would use them as he saw fit. That practice continued until the time I left.

Mr. KENNEDY. What about petty cash slips? Did you ever see those filled out?

Mr. CORNELIUS. Yes, sir; during the time of the Howard Johnson strike in 1956, I went into Mr. Casale's office and we had voucher pads. If you have an unusual expense, you fill out a voucher pad, and they reimburse you. I saw three pads of vouchers with approximately 50 vouchers in each pad, that had been signed by three of the business agents, blank ones (pp. 11496–11497).

Cornelius testified that late in 1956 he began to oppose the administration of Block and promptly drew a suspension "for neglect of duty." He then organized a slate to oppose the Block forces in the election in December.

Mr. KENNEDY. Now, at the nomination meeting, we have had some testimony to the effect that at this nomination meeting there was some discussion about whether there would be a 1-year term for officers or a 4-year term for officers.

Mr. CORNELIUS. That is right.

Mr. KENNEDY. And at that time it was put to the vote of the membership?

Mr. CORNELIUS. Yes, sir.

Mr. KENNEDY. And according to the previous witness, the membership voted overwhelming for a 1-year term?

Mr. CORNELIUS. That is correct, sir.

Mr. KENNEDY. Could you tell us what happened at that meeting, as far as the 1 year and the 4 years were concerned?

Mr. CORNELIUS. Well, Mr. Schacter was in charge of the meeting, and he was vice president of the international union

Mr. KENNEDY. Leon Schacter; is that right?

Mr. CORNELIUS. Yes; and when the question of the length of term for the new slate was brought up, he took a vote on it. First there was a show of hands and then a standing vote, and both times it was overwhelmingly in favor of a 1-year term. But Mr. Schacter thought otherwise. But there was such a riot, stamping of feet, and so forth, that he said, "Well, it will be put on the ballot," but it never appeared on the ballot.

Mr. KENNEDY. So you never got a right to vote on it?

Mr. CORNELIUS. No, sir.

Mr. KENNEDY. Or a vote legitimately, after you voted it down at the meeting? It was moved out of order and didn't count and they said it would be put on the ballot and it was never put on the ballot?

Mr. CORNELIUS. No, sir.

Mr. KENNEDY. Your slate got beaten in the election?

Mr. CORNELIUS. Well, that is what they said, and I think we got robbed of it (p. 11498).

After the election, Cornelius said, two of his brothers who also were candidates for office on his slate were fired from their jobs at Hill's Super Markets on Long Island.

> Mr. KENNEDY. Do you know why they were fired?
> Mr. CORNELIUS. Well, the excuse was that they had spent too much time on the election (p. 11499).

Cornelius also confirmed previous testimony before the committee that the Great Atlantic & Pacific Tea Co., at the request of Max Block, released shop stewards "along with two or three of their friends" from every store "to get into the front of the meeting, and sort of pack it. They paid them for the time" (p. 11499).

A campaign letter purportedly sent to all members in the 1956 election was identified by Cornelius as having been mailed by the Block forces although it said, "We, a group of your fellow members, pooled our own few bucks to get this letter out to your homes."

> Mr. CORNELIUS. It didn't fool me for a minute, sir.
> Mr. KENNEDY. Could I ask Mr. Kopecky, have we made any study to find out who paid for this, or Mr. Martin?
> Mr. MARTIN. The files of local 342 show a bill from World Wide Press Syndicate for the circular in question, and billed to the union for $350, and subsequently paid for by check No. 2077 (p. 11500).

Cornelius testified that he learned about the annuities for Max Block and Casale purely by accident at a sectional meeting at which Casale presented the minutes of the executive board for acceptance by the membership. Casale laid aside the minutes while he discussed another matter and Cornelius said he happened to glance at them and discovered the reference to the pensions for Block and Casale.

"I had heard rumors of it before, but nothing concrete. Here it was in the minutes. But he had never read it to the membership," Cornelius declared (p. 11492).

> Mr. KENNEDY. What was it that was in the minutes, the fact that Block and Casale and several others were to receive pensions from the union?
> Mr. CORNELIUS. As far as I remember, it was just Block and Casale.
> Mr. KENNEDY. Block and Casale were to receive pensions from the union?
> Mr. CORNELIUS. That is right, from 342.
> Mr. KENNEDY. And this was contained in the minutes?
> Mr. CORNELIUS. Yes, sir.
> Mr. KENNEDY. But yet when Mr. Casale read the minutes to the membership, this section dealing with the approval of the pension for Block and Casale was not read to the membership?
> Mr. CORNELIUS. No. He conveniently forgot to read that.
> Mr. KENNEDY. That part was skipped over?
> Mr. CORNELIUS. Yes, sir.
> Mr. KENNEDY. So the membership never knew of it?
> Mr. CORNELIUS. No, sir; but they approved it.
> Mr. KENNEDY. But they never knew about it?
> Mr. CORNELIUS. No, sir.

Mr. KENNEDY. Do you know how much Max Block was to receive?

Mr. CORNELIUS. No. I don't remember, sir. It was a substantial amount.

Mr. KENNEDY. Mr. Chairman, if I could call Mr. George Martin, he could put the figures in on this subject.

* * * * *

Mr. KENNEDY. I would first like to find out, Mr. Martin, whether you or someone under your direction have made a study of the books and records of local 342 and of the other locals of the Butchers to determine whether Max and Louis Block received a special pension arrangement from the Meat Cutters.

Mr. MARTIN. I personally examined the minute books of local 342 which reflect that in November of 1955, provision was made for annuities for Max Block, president, and William Casale, secretary-treasurer. The minutes reflect that the suggestion to the executive board was made by Max Block himself, and that the executive board approved the arrangement and also submitted it to the membership for ratification.

Mr. KENNEDY. What were the amounts involved?

Mr. MARTIN. The face amount of the annuity, and we later confirmed this by examination of the policies themselves, was $70,000 in the case of Max Block, and $50,000 in the case of Casale. The general provisions of the annuity policies would have paid Max Block $700 per month at age 60, and would have paid Casale $500 a month at age 60.

The minutes of local 640 reflect that a similar arrangement was made in the case of Louis Block, the face amount of the annuity being $70,000, which would have paid $500 a month at age 55, and in the case of Harold Lippel, secretary-treaurer, who is a brother-in-law of Louis Block, $500 a month at age 60.

I might say in addition that at the time the annuity was voted for Louis Block he was not an officer of the union. He was a former president of local 640, and was director of the Labor Health Institute, which is maintained by the welfare funds of the two locals.

The CHAIRMAN. Did you find what premium was paid for these annuities?

Mr. MARTIN. The premiums in the case of local 342——

Mr. KENNEDY. Mr. Kopecky might be able to give us those figures, unless you can do it.

* * * * *

Mr. KOPECKY. The payments of premiums for these four retirement income policies began in 1955. In 1955, a total of $31,891.80 was paid by the two local unions for these policies, for Max Block, William Casale, Louis Block, and Harold Lippel. Identical amounts were also paid in 1956 and 1957 for a 3-year total of $95,675.40.

The CHAIRMAN. What is that total?

Mr. KOPECKY. That is a 3-year total for the four policies.

The CHAIRMAN. $95,000?

Mr. KOPECKY. Yes, $95,675.40. That is through 1957.

The CHAIRMAN. What fund was it paid out of?

Mr. KOPECKY. It was paid out of the general treasury.

The CHAIRMAN. Out of the general treasury, money collected from dues and initiation fees?

Mr. KOPECKY. Monthly dues and initiation fees, yes.

The CHAIRMAN. $95,675.40?

Mr. KOPECKY. There is an anticipated annual payment in the future of approximately $32,000 each and every year.

The CHAIRMAN. Around $32,000 that the local will be obligated for if they keep up these annuities?

Mr. KOPECKY. That is right.

Mr. KENNEDY. Now, the individuals that received it from 342 were Max Block and William Casale?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. And from 640, Louis Block and Harold Lippel?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. Let me ask you this: You say Louis Block at that time was not even a member of local 640 or was not an officer of local 640?

Mr. MARTIN. He was a former president of 640 who took leave of absence from that position in 1953, and who subsequently was succeeded by Max Block, his brother, as president. Louis never returned to the union but continued to be the director of the Labor Health Institute, which is maintained by the health and welfare funds of the two locals.

Mr. KENNEDY. But he was not an officer of local 640 at the time that he received the benefit of this pension or at the time the decision to give him this pension was made?

Mr. MARTIN. He was not.

Mr. KENNEDY. How much of the funds have been paid for Louis Block alone, Mr. Kopecky?

Mr. KOPECKY. During the 3-year period that the policies have been in existence, a total of $30,834.

Mr. KENNEDY. All right.

The CHAIRMAN. That is paid for someone not now a member of the union?

Mr. KOPECKY. Not now an officer of the union.

The CHAIRMAN. Do you know whether he is a member or not?

Mr. KOPECKY. I believe Mr. Block is still a member of the union.

The CHAIRMAN. He is just a dues-paying member and not an officer?

Mr. KOPECKY. That is correct (pp. 11492–11494).

Desmond Ferguson, formerly an A. & P. shop steward for the union, told the committee about an incident demonstrating that the union was swift in reprisal when anyone questioned its method of operation. A new employee in his store, Ferguson declared, voiced a dislike for the checkoff of dues and the union instructed the company to fire him. The employee filed an unfair labor practice charge with

the NLRB and Ferguson gave a statement defending the ousted employee. Ferguson said this was followed by an order for his transfer to another store which also removed him from his post as shop steward.

Ferguson also said that he had attended practically every meeting of the union and had never heard of the annuities for Max Block and Casale. He said he had talked to other members about it and they, too, never heard anything about the pension plan for the top officers.

In the interrogation of Louis and Max Block, the committee experienced great difficulty in getting them to give answers that were responsive to the questions directed to them.

After considerable sparring with committee counsel, Louis Block finally denied that George Scalise, notorious labor racketeer, had anything to do with starting him out as a union leader or that Scalise financed local 640 when it was first organized. He also denied that his sister at one time worked for Scalise.

Louis Block testified that he left the presidency of local 640 in 1953 and thereafter became administrator of the welfare and pension funds and head of the Labor Health Institute, maintained jointly by locals 342 and 640. He realized "approximately $400" a week from the three positions but he maintained he did not receive expenses in addition.

> Mr. KENNEDY. You received in 1955, for your work in connection with these institutions, $19,250; and expenses of $2,750, making a total of $22,000. In 1956, $19,600 in salary, expenses of $2,800, for a total of $22,400. In 1957, $20,800 as salary, with expenses of $600——
>
> Mr. BLOCK. I don't believe——
>
> Mr. KENNEDY. That is a total of $21,400.
>
> Mr. BLOCK. I don't believe it is correct. However, I don't have the figures here with me. I believe the figures I gave you are more accurate.
>
> * * * * *
>
> Mr. KENNEDY. These figures are taken from your tax return.
>
> Mr. BLOCK. If they are taken from the tax return, they must be right (p. 11625).

Block claimed he did not remember ever having told a representative of the Connecticut General Life Insurance Co., when he was seeking the $350,000 first mortgage for the country club property, that his work at the institute "took about 15 hours a week, and since all of his time at the Black Angus was spent in the evening, that it left him the majority of each day to spend at the club" (p. 11627).

Block insisted he never "kept track" of the hours he put in at the institute. His memory also was bad relative to his salary at the Black Angus which he fixed at $12,000 a year.

> Mr. KENNEDY. It would not be closer to $16,000?
>
> Mr. BLOCK. Well, if you have my returns, and help refresh my memory, it may be.
>
> Mr. KENNEDY. We have the understanding that you received in 1955, $16,703, and in 1956, some $16,700.
>
> Mr. BLOCK. That may be it, if you have that information (p. 11630).

A further lapse of memory on the part of Block occurred as the interrogation was directed to the pressure he used to obtain the $350,000 mortgage from the Connecticut General Life Insurance Co. This was his testimony:

Mr. KENNEDY. Did you point out to them what a good customer the health institute or the pension and welfare fund had been—what a good customer they had been of the Connecticut Life Insurance Co. when you went and tried to get the loan for your Stanwich Crest Realty Corp.?

Mr. BLOCK. No, sir.

Mr. KENNEDY. Did you discuss that at all?

Mr. BLOCK. It had no bearing on what I was asking them.

Mr. KENNEDY. The fact that they had handled all these funds of the insurance and the welfare had nothing to do with the fact that you then went to them for the loan of $350,000 in this company in which you had an interest?

Mr. BLOCK. I would not say that.

Mr. KENNEDY. This, again, is a memorandum of Mr. Moger, in which he states:

"During our conversation, I attempted to point out to Mr. Block our money situation, and the tightness of the money market in general. He brushed these comments aside rather abruptly, saying he understood better than I the operating of our company, and he was aware of other matters which made it possible for us to approve this loan."

What did he mean by that, Mr. Block?

Mr. BLOCK. Did I state that?

Mr. KENNEDY. That is what he states.

Mr. BLOCK. I don't recall ever stating anything like that.

Mr. KENNEDY (reading): "He said he realized it was an exception to normal lending practices, but he felt they deserved to be made an exception." What did you mean by that, Mr. Block?

Mr. BLOCK. I don't recall saying anything of the kind.

Mr. KENNEDY. Why would you deserve to be made an exception, when you wanted the money to build a golf course?

Mr. BLOCK. Mr. Kennedy, I don't recall ever saying anything of the kind.

Mr. KENNEDY. Do you deny that you made such a statement?

Mr. BLOCK. I don't recall ever making that statement.

Mr. KENNEDY. But you don't deny it?

Mr. BLOCK. I don't recall ever making any such statement to anybody.

Mr. KENNEDY. Then it goes on and——

"He said it was not only the right thing for us to do for a very good customer of the company, but also was a good business deal since our money was very amply secured. I did not debate the point further with Mr. Block.

"He said it was not only the right thing for us to do for a very good customer of the company—" did you point that out to him?

Mr. BLOCK. I don't recall ever making any such statement. Mr. Kennedy, who are you talking about when you say "he"?

Mr. KENNEDY. You, Mr. Block.

Mr. BLOCK. I don't recall ever making such a statement.

Mr. KENNEDY. Do you deny that you made such a statement?

Mr. BLOCK. I don't recall ever making such a statement.

Mr. KENNEDY. But you don't deny it, Mr. Block?

Mr. BLOCK. I don't recall it. I can't say it.

Mr. KENNEDY. You ultimately did receive the loan or they took the mortgage of $350,000?

Mr. BLOCK. Somewhere around 1956, I believe.

Mr. KENNEDY. Could I ask Mr. Kopecky, Mr. Chairman, what the record shows as to the payments that have been made to the Connecticut Life Insurance Co. since 1949 or 1950?

The CHAIRMAN. Mr. Kopecky has been sworn and can answer from there.

Mr. KOPECKY. The records indicate that since 1949 local unions 342 and 640 have paid over $5,400,000 in premiums to the Connecticut General Life Insurance Co. to administer the pension and welfare funds.

The CHAIRMAN. How much?

Mr. KOPECKY. Over $5,400,000.

The CHAIRMAN. Over what period of time?

Mr. KOPECKY. From 1949 through 1957.

The CHAIRMAN. A period of 8 years?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. That is premiums?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. All right (pp. 11631–11632).

Block admitted that he had induced Moe Steinman, Irving Tabak, and Harry Breslau to invest $5,000 each in the debenture bonds of the country club; that he had negotiated with Charles Haussermann for the $25,000 loan on a 5-year basis from the Van Iderstine Co.; and that he had talked to Patrick Gorman about investing $25,000 of Meat Cutters International funds in country club bonds. He denied, however, that he had ever discussed any of these matters with his brother, Max.

Mr. KENNEDY. And then the Tower Insurance Agency, Samuel Platt, that is a $9,000 bond investment.

Do they have anything to do with the union, the Tower Insurance Agency?

Mr. BLOCK. Do they have anything to do with——

Mr. KENNEDY. With the union. Do they have anything to do with your administration?

Mr. BLOCK. It is an insurance company, sir.

Mr. KENNEDY. Do they have contracts with the union? Do they have a financial arrangement with the union?

Mr. BLOCK. They have no contracts to my knowledge.

Mr. KENNEDY. Do they have a financial arrangement with the union?

Mr. BLOCK. How do you mean that?

Mr. KENNEDY. Well, do they have any financial dealings of any kind with the union? Is that broad enough?

Mr. BLOCK. Do you mean do they sell insurance to the unions?

Mr. KENNEDY. All right. Do they?

Mr. BLOCK. Is that what you mean, Mr. Kennedy?

Mr. KENNEDY. I am asking if they have any kind of financial transactions dealing in any kind with the union. Do they or don't they?

Mr. BLOCK. I do know that they sell insurance.

Mr. KENNEDY. To the union?

Mr. BLOCK. Yes, sir.

Mr. KENNEDY. Whom did you talk to in that agency about making an investment in your country club?

Mr. BLOCK. There is one man that I know in there, and that is Mr. Platt.

Mr. KENNEDY. Mr. Platt?

Mr. BLOCK. That is right.

Mr. KENNEDY. And doesn't he handle the insurance—isn't he the agent who handles the insurance for the union?

Mr. BLOCK. Yes, sir.

Mr. KENNEDY. And they made a $9,000 bond investment; isn't that right?

Mr. BLOCK. I don't recall the figures, but it must be around that figure.

Mr. KENNEDY. Is it just a coincidence that all the individuals and companies that were approached who made investments in your country club were employers or were those who had important financial dealings with your union, such as the insurance company and the insurance agent?

Mr. BLOCK. Mr. Kennedy, we don't discriminate against butchers. There is about a handful of members there that happen to be meatmen, who are personal friends of mine for many, many years. I would not hesitate to talk about anything to them in a nice, friendly manner. They are friends of mine.

Mr. KENNEDY. Of course, your union had contracts with these employers. There is a relationship between the employer and a labor union which puts the employer at somewhat of a disadvantage if the union official or somebody connected with the union approaches them for a financial loan.

That, of course, is recognized by the ethical practices committee, which forbids this kind of arrangement.

Mr. BLOCK. First, you are connecting unions with me and that isn't correct, because I had nothing to do with the unions, sir. That is No. 1.

Mr. KENNEDY. Your brother had a very important position with the union, and you still have a position with the union's welfare and pension fund, which certainly connects you with the union.

Mr. BLOCK. My position at the welfare and pension is an appointment by industry and labor. I don't have anything to do with the running of negotiations or any part of the union business (pp. 11635–11636).

Committee counsel read to Block the provision of the AFL–CIO Ethical Practice Code which reads:

> No union official, employee, or other person acting as agent or representative of the union, who exercises responsibilities or influence in the administration of welfare programs, or the placement of insurance contracts, should have any compromising personal ties, direct or indirect, with outside agencies, such as insurance carriers, brokers, or consultants doing business with the welfare plan.

Block was reminded that "certainly that fits you" (p. 11639).

> Mr. BLOCK. It is a matter of opinion. May I express myself?
>
> On the placement of insurance, I am not the sole judge on that. The trustees have a lot to say. As a matter of fact, they have all to say about placing any insurance. I don't do anything on my own. I don't consider myself a union official, for several years now. I don't have any contracts or negotiations with any employer whatsoever. My project, the realty corporation, has nothing whatsoever to do with the position that I hold as an administrator of the institute and trustee of the welfare and pension plan.
>
> Mr. KENNEDY. Mr. Block, obviously it does or you would not—from the face of it you would not have gotten the $350,000 from the insurance company. You got $350,000 from them, you got $9,000 from the broker, and you got three or four investments from employers. Obviously it has something very much to do with it. There is a very close connection.
>
> Mr. BLOCK. Mr. Kennedy, you make it appear as if I received all that money, just got that money as a contribution of something. That is not so.
>
> These are investments by the people who are personal friends. It happens that they happen to be in the industry, which we don't discriminate, and I don't care what industry they are from.
>
> They happen to be butchers, meatmen, but there is nothing unethical about my practice. I have always been ethical about my position prior to the group of the labor movement who passed this ethical practice bill.
>
> I have used ethics all my life (pp. 11639–11640).

Block professed to have little knowledge about the annuity purchased for him after he had been gone from local 640 for 2 years. although he knew there was one.

> Mr. KENNEDY. And that was when you had nothing to do with the union.
>
> Mr. BLOCK. Yes, sir; that is right.
>
> Mr. KENNEDY. According to the records, they paid some $30,834 for an annuity policy for you since 1955, up until 1957. You had nothing to do with the union?
>
> Mr. BLOCK. After 20 years of service I was grateful for what they did. I didn't ask for it, but they did it.

Mr. KENNEDY. Mr. Kopecky, what are the arrangements that are made on this policy that was arranged for Mr. Louis Block?

Mr. KOPECKY. This is a $70,000 face policy, and a total of $10,000 each year; a total of $10,278 would be paid by local union 640 each and every year until the full face amount is paid, and this will provide at age 55 for Mr. Louis Block to receive $500 a month as a retirement (p. 11638).

* * * * *

Mr. KENNEDY. * * * Do you know who recommended that you receive this annuity? * * *

Mr. BLOCK. I didn't know at the time. I didn't know anything about it.

Mr. KENNEDY. Did you learn subsequently?

Mr. BLOCK. Yes, sir.

Mr. KENNEDY. Who recommended you for it?

Mr. BLOCK. I don't know who recommended it.

Mr. KENNEDY. Who suggested it?

Mr. BLOCK. This had to go before their executive board.

Mr. KENNEDY. Mr. Block, I asked you a question. You said you learned. Who did it?

Mr. BLOCK. One of the board members came to the institute. He was ill the following day, and he told me about what transpired the night before they took this question up, and he said they have to go to the membership.

Mr. KENNEDY. This was a complete surprise to you?

Mr. BLOCK. That is correct.

Mr. KENNEDY. Who recommended that you receive it?

Mr. BLOCK. I don't know.

Mr. KENNEDY. You don't know?

Mr. BLOCK. I still don't know.

Mr. KENNEDY. Would you be surprised to hear that it was your brother?

Mr. BLOCK. No; I wouldn't be surprised.

Mr. KENNEDY. * * * He never mentioned that he was going to suggest you?

Mr. BLOCK. No, sir.

Mr. KENNEDY. Do you know who receives the commissions on these annuities that you receive?

Mr. BLOCK. I am not sure. I believe Connecticut General has the insurance.

Mr. KENNEDY. Connecticut General has the insurance. Do you know who receives the commission?

Mr. BLOCK. I wouldn't know that.

Mr. KENNEDY. Mr. Platt, of the Tower Insurance Agency, receives the brokerage commission.

Mr. BLOCK. Then he must be the agent for it.

Mr. KENNEDY. He is the agent for it; yes, sir.

The CHAIRMAN. How much does he receive?

Mr. KENNEDY. He received approximately $3,900 in 1956 and 1957.

The CHAIRMAN. Each year?

Mr. KENNEDY. No; the total. Of course, that is the insurance broker agency which has made the $9,000 investment in the country club (p. 11642).

Nor did Louis Block know too much about how he acquired rights to buy debenture bonds and common stock in Food Fair Properties, Inc. He said Max needed money and offered to sell three thousand dollars' worth, which he bought.

> Mr. KENNEDY. The rights that you received, according to our records, were worth approximately $900, which you received gratis, for which you paid nothing.
>
> Mr. BLOCK. I couldn't tell you at this moment, but they have the records.
>
> Mr. KENNEDY. Could you testify to that, Mr. Kopecky, that the rights he received were worth $900?
>
> Mr. KOPECKY. On or about September 29–30, 1955, the Food Fair stores organization transferred 1,200 rights for the benefit of Mr. Louis Block, and 3,600 rights to the benefit of Mr. Max Block, and subsequently $12,000 of bonds were purchased by Mr. Max Block, and thereafter Louis Block reimbursed his brother in the amount of $3,000. Thereafter, the attorney for the Food Fair stores organization directed the stock brokerage firm to deliver the bonds directly to Mr. Louis Block.
>
> Mr. KENNEDY. How much were they worth at the time he paid $3,000 for them?
>
> Mr. KOPECKY. They were worth approximately $4,200, at which time he paid $3,000 (p. 11643).

There was some mystery, too, about Louis Block's acquisition of ten thousand dollars' worth of bonds in Max Raddock's World Wide Press Syndicate in 1950, which Block "thought" he paid for by check. He denied that the bonds were a gift from Raddock or that a similar situation prevailed with respect to an additional $5,000 in bonds he said were purchased by his mother in "1950 or 1951." Block could not produce any canceled check or checks as evidence of the payment and he named the Manufacturers Trust Co. of New York as the bank in which he had an account at the time. The bank, however, reported in a letter that Block did not open the account there until September 11, 1951. Nor could any record of the transaction be found in any of the other banks in which Block said he maintained accounts at the time.

On June 12, 1951, a memorandum of agreement was executed between the trustees of the welfare funds of locals 342 and 640 and World Wide Press Syndicate which provided for the investment of $35,000 by each fund in a first mortgage on the printing plant, with Raddock's firm obligated to reduce the mortgage at the rate of $7,000 year.

By the end of 1956, Raddock was in default in the amount of $16,550, and the union welfare funds were threatening to foreclose. Arrangements were then made to transfer the mortgage to the general funds of locals 342 and 640.

> Mr. KENNEDY. The Meat Cutters Unions then took this over because you felt it was a bad financial investment for the welfare fund, and then the two local unions took it on?
>
> Mr. BLOCK. Well, the welfare has gained approximately $12,000 to $15,000; they benefited, even though it was diffi-

cult in collecting, but the windup was good. We got the money back.

Mr. KENNEDY. And now the two local unions have the investment?

Mr. BLOCK. Yes, sir.

Mr. KENNEDY. With whom did you discuss this in the local unions, and who were the officers in the local unions with whom you discussed taking these investments?

Mr. BLOCK. Well, actually, it wasn't I that discussed it. One of the trustees talked with them first.

Mr. KENNEDY. Was that your brother, Max Block?

Mr. BLOCK. Oh, no. Mr. Bumgard, he discussed this with them.

Mr. KENNEDY. Would that include Mr. Max Block?

Mr. BLOCK. Well, it could have been with all of them.

Mr. KENNEDY. Max Block is the president?

Mr. BLOCK. He could have talked with him; yes.

Mr. KENNEDY. Did they keep the same terms that existed before on the mortgage?

Mr. BLOCK. I honestly don't remember. I can't tell you on the terms.

Mr. KENNEDY. You know that they changed the terms?

Mr. BLOCK. If there was any change, I don't know. The lawyers worked it out.

Mr. KENNEDY. You know, as a matter of fact, that they modified the terms?

Mr. BLOCK. It could have been, and I don't know the exact terms of it.

Mr. KENNEDY. And they made them less stringent when the union took them over?

Mr. BLOCK. I didn't get that.

Mr. KENNEDY. They made the terms of the mortgage less stringent when the unions took them over, did they not?

Mr. BLOCK. I don't know the exact terms.

Mr. KENNEDY. I am not asking you the exact terms, but they made them less stringent, did they not?

Mr. BLOCK. I can't tell you.

Mr. KENNEDY. I am not asking you specifically what they changed.

Mr. BLOCK. I don't know.

Mr. KENNEDY. You do not know what?

Mr. BLOCK. No; the exact terms, I don't know.

Mr. KENNEDY. Why didn't you keep the mortgage?

Mr. BLOCK. Well, as I said before, he became delinquent in his payments.

* * * * *

Mr. KENNEDY. Did you know they were delinquent then for a period of a year or so in their payments to locals 640 and 342?

Mr. BLOCK. The delinquency was cured, and it was corrected later on. Yes, sir; I did know.

Mr. KENNEDY. But initially they were very delinquent?

Mr. BLOCK. Yes, sir; but we couldn't do anything. It was one thing or the other, and if the trustees decided to foreclose them, it would have been all right with me.

Mr. KENNEDY. What is it about Max Raddock and World-Wide Press that would lead your organizations, the Meat Cutters, to be so kind to them, and to be so understanding? What is it about Mr. Raddock and the World-Wide Press?

Mr. BLOCK. Well, there is nothing personal, not that I wouldn't do anything for him personally, and he has one of the finest labor papers to our thinking and he has done a lot for the labor movement.

Mr. KENNEDY. Has Mr. Max Block also got some bonds of the World-Wide Press?

Mr. BLOCK. I couldn't answer for Max Block, sir.

Mr. KENNEDY. You don't know that?

Mr. BLOCK. I don't know (pp. 11648–11650).

As a finale to his appearance before the committee, Louis Block was forced into the position of having to repudiate his own testimony.

He denied emphatically that Max Singer, then an insurance agent, gave him $5,000 out of approximately $21,000 Singer had collected in 1949 as the first commission on the placement of the welfare fund business of local 640, of which Block then was president. Block said he got the $5,000 from Hyman Singer, Max's father, but the money represented the payment of an old debt.

Mr. KENNEDY. Why did you declare it on your income tax as commissions, $5,000 commissions?

Mr. BLOCK. I did?

Mr. KENNEDY. Yes. Why did you do that?

Mr. BLOCK. I don't recall that (p. 11653).

Committee counsel then read into the record the sworn testimony of Max Singer before the Insurance Department of the State of New York in 1954 in which Singer described the awarding of the insurance to him as "the biggest break I ever got in the insurance business" and the $5,000 payment to Block as being "in gratitude for what he had done for my brother and for my father and for myself" (p. 11654).

The CHAIRMAN. Do you want to comment on it?

Mr. BLOCK. I don't recall that, Senator.

The CHAIRMAN. You don't recall getting the $5,000?

Mr. BLOCK. Not from him, sir.

The CHAIRMAN. Well, did he pay it through his father?

Mr. BLOCK. I beg your pardon?

The CHAIRMAN. Did he pay it through his father?

Mr. BLOCK. His father owed me money, sir, and his father paid the money to me.

The CHAIRMAN. He says here he gave you $5,000 apparently out of the commission he got on the first transaction. You say he didn't. Do you say he did give you $5,000 or he didn't?

Mr. BLOCK. His father gave it to me.

The CHAIRMAN. I am talking about him, and he said he gave it to you?

(Witness consulted with his counsel.)

Mr. BLOCK. I don't recall him giving me any money, sir.

The CHAIRMAN. Well, I don't know about you, but if someone handed me $5,000, I believe that I could remember it.

Mr. KENNEDY. Did you appear before the New York State Insurance Board yourself?

Mr. BLOCK. Yes, sir.

Mr. KENNEDY. Were you asked a question about that $5,000?

Mr. BLOCK. I don't recall.

Mr. KENNEDY. Let me read you your testimony briefly.

"Question. Did you ever receive any money from any insurance broker or agent?

"Answer. I may have received some money."

This is May 10, 1954, on page 84.

"Question. Did you receive any money from Harold Lippel?

"Answer. No.

"Question. Did you receive any money from Samuel Platt?

"Answer. No.

"Question. Did you ever receive any money from Max Singer?

"Answer. I did.

"Question. How much?

"Answer. In what year?

"Question. Any time since 1949.

"Answer. In 1949 I did receive money from Max Singer.

"Question. How much?

"Answer. I believe it was approximately $5,000."

Then in 1949, according to your income tax, you declared $5,000 under the category of "commissions."

Mr. BLOCK. Was that my statement at the State board?

Mr. KENNEDY. That is correct, May 10, 1954, on page 84.

Mr. BLOCK. I will accept that statement, if that is what I stated.

The CHAIRMAN. Were you under oath at that time?

Mr. BLOCK. I don't recall.

The CHAIRMAN. Well, now, you say you accept that statement, and do you mean that you now repudiate your other statement that you got $5,000 from his father?

Mr. KENNEDY. It was under oath.

Mr. BLOCK. To the best of my recollection, sir, my statement is correct.

The CHAIRMAN. Which statement, the one you made here today or the one you made there before the commission?

Mr. BLOCK. What I said before, sir.

The CHAIRMAN. You mean the one you made before the commission?

Mr. BLOCK. That is right.

The CHAIRMAN. So you are changing your testimony now about getting it from his father?

Mr. BLOCK. Well, if I made that statement, sir, I never knew about that statement, and at least I didn't remember it, and I couldn't recall it.

The CHAIRMAN. Well, both of them are your statements, and I am trying to find out which one you say now is true.

Mr. BLOCK. If that is the statement I made, sir, that must be true (pp. 11654–11655).

Block also admitted that Max Singer subsequently went on the payroll of local 640 as a business agent and that Singer and Block's brother-in-law, Lippel, went into business together and handled insurance for the union themselves. Block said he didn't know when Lippel stopped writing insurance for the union but "I know he is out of it" (p. 11656).

The committee intended to ask Lippel about his testimony before the New York insurance authorities that he quit at the same time Louis Block took his leave of absence from the presidency of local 640 but Lippel, of course, was "too ill to appear."

At the outset of the testimony of Max Block, figures were placed in the record showing that he and other members of the Block family were paid a total of $241,605 in salary and expenses for the years of 1955, 1956, and 1957 from the general funds of the two unions. Max Block received $117,817, Louis Block drew $65,800 as administrator of the welfare and pension funds and the Labor Health Institute, Harold Lippel was paid $42,450 as secretary-treasurer of local 640, and Sonia, the sister of Max and Louis, received $15,600.

Max Block complained that "we are not a corporation. Each individual is working for a living" (p. 11659).

He answered that he did not "remember," he did not "recall," and he did not "recollect" to a long series of questions about whether he approached high officials of the principal chainstore organizations in the New York area to induce them to buy paper products from his son-in-law. He was pretty sure he hadn't "pressured anyone" (p. 11663).

Reminded specifically that conversation with Louis Stein, president of Food Fair stores, produced $508,000 worth of business for the son-in-law, Zeitler, Block replied, "I thought it was mice" (p. 11663), but he still lacked memory when asked about the A. & P., the Bohack Co., Waldbaum's, and the Grand Union Co.

The CHAIRMAN. Let me ask you this. Here are about five or six, and I don't know how many more they have here. I am trying to move this thing along. Do you mean to tell us you have no recollection of ever having contacted any of these folks in the interest of your son-in-law to procure business for him? Is that your statement under oath?

Mr. BLOCK. My statement is that I don't recollect some of the questions that the general counsel put before me.

The CHAIRMAN. It is not a case of recollecting the question. It is recollecting the answers to it. The question is: Do you deny that you approached these people representing business in order to procure some business for your son-in-law? You say now, under oath, that you can't recall whether you did nor did not in all of these cases?

Mr. BLOCK. That is quite a broad question.

The CHAIRMAN. It isn't broad at all. The answer is "Yes" or "No." You know whether you remember it or

don't remember it. Whether you did or did not, you know whether you did.

If it was one incident, that might be one thing. But it appears here that there may be five or six or maybe more instances where you did it, and I don't think you are that feebleminded that you could not remember. You either did or did not, and you can say one way or the other. I don't care what you say, but I want an answer.

Mr. BLOCK. I realize that, but I would like to give you a true answer.

If I can't give it to you, if I am not sure, then I have to say I don't remember exactly.

The CHAIRMAN. You are stating that under oath?

Mr. BLOCK. Yes, sir.

The CHAIRMAN. But you don't deny it?

Mr. BLOCK. I can't recollect, sir.

The CHAIRMAN. You wouldn't deny it? You wouldn't say under oath you did not do it?

Mr. BLOCK. I don't deny, sir (p. 11665).

The record before the committee showed that Max Block received 4,800 rights to purchase debentures and stock of Food Fair Properties, Inc., from Louis Stein, Food Fair president. At the time the rights were transferred they had a value of $3,600. Block received the rights as a gift.

Professing ignorance as to the nature of a stock right, Block never did answer whether he ever paid anything for the rights. The following is a sample of the way he evaded a straight "Yes" or "No" answer:

Mr. KENNEDY. How did you pay for the rights? Did you pay by check or cash?

Mr. BLOCK. I don't recollect the whole transaction on rights. That is why I don't know. I don't understand it.

Mr. KENNEDY. Your answer to the question is you just don't understand anything about it?

Mr. BLOCK. I don't understand the question.

Mr. KENNEDY. This is a very simple question. I will ask you this just once again: Did you pay $3,600 to anyone for the 4,800 rights that you received?

Mr. BLOCK. I don't recollect that transaction of $3,600. That is why I can't answer that.

Mr. KENNEDY. To the best of your recollection, you didn't pay, then?

Mr. BLOCK. To my best recollection I don't understand, sir.

Mr. KENNEDY. To the best of recollection you don't understand?

The CHAIRMAN. Well, if you paid out $3,600 you would understand it; wouldn't you?

Mr. BLOCK. I would understand everything, if I know what the question is. Now, I don't know about rights——

The CHAIRMAN. Did you pay Stein or the Food Fair Co. anything? That is the question.

Mr. BLOCK I haven't bought anything and I never paid for that, I mean them kind of things.

The CHAIRMAN. Whatever you got from them was given to you?

Mr. BLOCK. Whatever I got I paid for, sir.

The CHAIRMAN. How did you pay for it?

Mr. BLOCK. Whichever way I was able to pay at the time I got it.

The CHAIRMAN. Well, which way was it?

Mr. BLOCK. I don't understand the question again.

The CHAIRMAN. Did you ever pay Stein in cash or check or any other way for anything you got from Food Fair?

Mr. BLOCK. Anything I received from Food Fair or any other company I paid for.

The CHAIRMAN. All right. Did you get anything from Food Fair or from Stein?

Mr. BLOCK. Are you talking about stocks?

The CHAIRMAN. I am talking about anything that you paid for or didn't pay for.

Mr. BLOCK. I just don't recollect, but I know everything I receive I pay.

The CHAIRMAN. How much did you pay?

Mr. BLOCK. I don't know the issue.

The CHAIRMAN. Unless you say you paid and make some statement about it, the record is going to reflect that you did not pay, because they say you did not pay anything.

Mr. BLOCK. Who is "they"?

The CHAIRMAN. Stein, Food Fair.

Mr. BLOCK. I don't understand the whole question (pp. 11668–11669).

The record also showed that Block bought 2,000 shares of Food Fair Properties common stock at the same time he acquired the debentures and on the day of the purchase the $2,000 investment was worth $8,000 in the open market. The open market quotation on the bonds he purchased also was higher on the date he acquired them.

Mr. KENNEDY. You did very well for someone who does not know anything about it. You paid some $14,000 for stocks and bonds which were worth that very day some $24,000. You made $10,000 like that. And somebody that does not know anything about it.

Mr. BLOCK. I may have been lucky (p. 11671).

It was then developed that the $12,000 Block used to buy the debentures came from the general fund of local 640 in the form of an "advance of salary" (p. 11671), and that Block endorsed it over to Nathan W. Math, an attorney for Food Fair.

Mr. KENNEDY. * * * Do you discuss the contracts with Nathan Math?

Mr. BLOCK. Which contracts are you talking about?

Mr. KENNEDY. The contracts of Food Fair Co.

Mr. BLOCK. I beg your pardon?

Mr. KENNEDY. The contracts of the Food Fair Co.

Mr. BLOCK. You mean the contracts of the Food Fair Co. and the union, 342?

Mr. KENNEDY. Mr. Block, you are not that dumb.

Mr. BLOCK. I am not, but I don't want to answer to something that I am not sure what I am going to answer to.

Mr. KENNEDY. You know what the situation is. You know you have had discussions with Nathan Math, you know he is the attorney for the Food Fair Co., and you know he signs the contracts. Why act like that?

Mr. BLOCK. I don't want to act like that.

Mr. KENNEDY. Listen to the question. If you understand it, answer it. If you don't understand it, say you don't understand it. Just answer the question: Haven't you had discussions with Nathan Math in connection with the Food Fair Co. contracts?

Mr. BLOCK. When?

Mr. KENNEDY. Any time?

Mr. BLOCK. I did many times.

Mr. KENNEDY. All right. That is an answer to the question. The answer is "Yes"?

Mr. BLOCK. Many times.

Mr. KENNEDY. He has also signed the contracts for the Food Fair Co.; has he not?

Mr. BLOCK. I can't say that. I am not sure of that.

Mr. KENNEDY. I can show you this.

Mr. BLOCK. If you show it to me, it is so (p. 11672).

Block's attention was directed specifically to the contract between local 342 and Food Fair Stores signed on June 24, 1957.

Mr. BLOCK. Around that time I think we did negotiate an agreement.

Mr. KENNEDY. You signed the contract.

Mr. BLOCK. The finest contract in the whole area, the highest rates.

Mr. KENNEDY. I would like to ask Mr. Kopecky, Mr. Chairman, who made an examination of this contract as well as other contracts, whether there is any difference between the Food Fair contract signed by Mr. Nathan W. Math at that time and the other contracts dealing specifically in the area of the pension fund.

The CHAIRMAN. Mr. Kopecky has been previously sworn, and his answers will be evidence.

Mr. KOPECKY. Mr. Chairman, local 342, which holds contracts with retail food chains in the New York area—these contracts are, generally, the same in their provisions, with the exception that the other food chains, with two exceptions, Food Fair stores and another small retail chain, are not obliged to make payments of $2 a week into a pension fund until June 1, 1958; and the other 10 firms have been obliged to make these contributions to either a company plan or a union plan since as early as June 1956, indicating that there is a 2-year grace period afforded to Food Fair stores.

Mr. KENNEDY. What is the value of that to the Food Fair stores?

Mr. KOPECKY. Based upon the number of employees—in fact, they don't have to pay to June 1, 1958—it is an annual

saving of approximately $25,000 a year, or a total over the 2-year period of approximately $50,000.

Mr. KENNEDY. You say the other provisions of the contract are, generally, the same?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. That is, as far as any savings?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. Do you have any comment on that, Mr. Block, where you signed a different contract with Food Fair, giving them a saving of some $50,000 during the same period of time that you received these stocks and bonds from Food Fair Co.?

Mr. BLOCK. Are you asking me a question or telling me something?

Mr. KENNEDY. I asked you if you had any comment on it.

Mr. BLOCK. I can tell you quite a bit on that. I know your staff, how it works. I know you know how to investigate. But you know that this contract is the highest rate of every one in the city and is the best contract, and there is other unions, too, dealing with the same company in the same markets that don't have our type of conditions in the shop. We have the finest.

Mr. KENNEDY. The only question is why you gave Food Fair this special agreement.

Mr. BLOCK. I didn't give them anything. We don't go to an employer to give him something. We go there to get something for our people. And we get the most we can, under the circumstances. We have always obtained the best conditions for our people. That is one thing you cannot talk about, is conditions in our area, because we get the finest of anybody in the country.

Mr. KENNEDY. That still doesn't answer the question. Why did you give Food Fair a special arrangement, as far as this pension was concerned?

Mr. BLOCK. We don't give. I told you we don't give.

Mr. KENNEDY. You said that.

Mr. BLOCK. A union doesn't give; it takes, and gives it to its members.

The CHAIRMAN. Why didn't you take that $2 from Food Fair, then?

Mr. BLOCK. Because they didn't want to give it to us (pp. 11674–11675).

Asked about the extent of his investment in the Stanwich Crest Realty Corp., Block "thought" it was around $53,000, but he acknowledged that the committee's figure of $78,291.16 for investments and loans "could be" correct. He didn't know how many shares of the corporation he held because "my brother handles the affairs. I haven't time to do it" (p. 11675).

As to Haussermann's $25,000 loan to Deercrest, Block said, "I don't recollect ever talking to him about it" (p. 11676). On the $5,000 bond purchase by Breslau, he "didn't remember" discussing it with him. The same was true with regard to Steinmann's $5,000 bond purchase. He was positive he did not talk to Irving Tabak,

another $5,000 bond purchaser, but he admitted he had induced the international officers to invest $25,000 of international funds after giving him his personal guarantee.

Block testified that he already had taken steps to force Breslau to make good his delinquency to the union pension fund and added, "What do you expect me to do, go in there and shoot him with a gun? I will take him to the proper places where he will have to pay according to the contract. I will take him to the court and the labor board" (p. 11679).

> Mr. KENNEDY. That is one situation. Then you have Moe Steinmann. Here is another employer that made a $5,000 bond investment, who also has a contract with your union, and who also has not paid on the pension fund. What is the explanation for that?
>
> Mr. BLOCK. It is very simple. You have a lot of employers that are not paying, that have not bought any bonds from any place. When you negotiate a contract—I don't know if you ever were familiar with negotiating contracts—you negotiate and try and obtain all you can for your people and at the same time you must look out for the industry.
>
> You just don't put them up to the wall because you want it. We are not a bunch of Communists or mobsters, putting the men up to the wall and just get it.
>
> We get fine conditions and if we have a pension set up for a year later, we are not worried about that, as long as the people are satisfied. That is the way it works. We did not get our pension in 20 years ago. The pension is only in existence a couple of years (p. 11679).
>
> * * * * *
>
> Senator GOLDWATER. It seems rather strange to me, Mr. Chairman, that an official of a union who has negotiated a contract will not pay attention to one portion of the contract when it is quite evident that they would on another portion that applies to wages. As a member of this committee, I am not satisfied with his explanation of this at all.
>
> * * * * *
>
> Mr. KENNEDY. Senator, I might also say on that, from what we understand, if the insurance company finds that the funds have not been paid in, as they are supposed to be under the contract, it will not honor a claim, so that these employees are without protection.
>
> Senator GOLDWATER. What insurance company is this being insured with?
>
> Mr. KENNEDY. Connecticut General Life Insurance Co., which, incidentally, took a $350,000 mortgage on Mr. Block's country club.
>
> Senator GOLDWATER. Do they know about this delinquency?
>
> Mr. KENNEDY. I do not know whether they do or not. Probably not, up until now (pp. 11685–11686).

When questioned about whether he had approached any employers to become members of the country club, Block declared: "I just don't recollect any of that stuff because I don't do any of these things."

> Senator GOLDWATER. One employer said he visited the country club once last year, and it cost him $1,000 for one visit. He said he visited approximately three times the year before, and he said he never played golf. The other employer didn't even live in the vicinity. What I am trying to find out is this: Here you have this country club, with the investment by the insurance agency, the investment by the insurance company, the investment by the four employers, the investment by the international union, and then the membership by employers. I am trying to get an explanation. We find on the other hand that some of these employers have not had their contracts enforced.
>
> It creates a very peculiar situation, to say the least; does it not?
>
> Mr. BLOCK. That is how you put it. I don't interfere, and I am not mixed up in any business. But it is no crime in this country to have invested a few dollars in something, in the stock market or anything else. I would rather do this than go out and stick up some employer or shake him down.
>
> Senator GOLDWATER. Well, if that is your choice, maybe you are right.
>
> Mr. BLOCK. I am entitled to make a legitimate dollar (pp. 11686–11687).

After considerable sparring on questions about automobiles purchased by the union but registered in his name, Block remembered that in 1955 he had "an old 1952 Cadillac," a 1955 Cadillac, and "there may have been a 1955 Buick" (p. 11688).

Further testimony was elicited showing that the Buick was bought by the union for $2,925.23 on October 26, 1955; that the union paid the insurance on the car, and that Block's son, Alvin, wrecked it just a month and 2 days later. The insurance company wrote the car off as a total loss and sent Block a check for $2,450 on March 5, 1956. Block used the check to buy 400 shares of Food Fair Properties for $2,048.05. The stockbroker issued a check for $401.95, the balance of the $2,450, and this was deposited in the bank account of Block's wife (pp. 11688–11690).

> Mr. KENNEDY. What we have so far, Mr. Block, is that the union automobile was purchased by the union, was taken a month after it was purchased, and wrecked by your son. The insurance company then paid some $2,450 for the wreckage, and that money was deposited in what amounted to your own personal bank account. It was used by you to make some personal purchases. That is what the situation is, as of December 31, 1957.
>
> Mr. BLOCK. But you understand the whole story.
>
> Mr. KENNEDY. We have found no other automobile in the books and records of the union as of the time we began our investigation.

After December 31, 1957, as I understand it, you then transferred one of your own automobiles to the union, which was in 1958; is that right?

Mr. BLOCK. No, sir; it wasn't like that.

Mr. KENNEDY. Did you transfer an automobile from your own name to the union's name in 1958 after we began our investigation?

Mr. BLOCK. Now, you see, the question again is a little bit misleading.

Mr. KENNEDY. Just answer the question, and then you can give any explanation.

Mr. BLOCK. I know what you want me to answer.

Mr. KENNEDY. Isn't it correct that you transferred an automobile into the name of the union in 1958 after we began our investigation?

Mr. BLOCK. It was in the name of the union all the time it was carried on the books as an asset.

Mr. KENNEDY. No.

Mr. BLOCK. However——

Mr. KENNEDY. Wait a minute. Mr. Block, are you saying that under oath; that it was in the books and records of the union; this other automobile?

Mr. BLOCK. I am just saying it. I could not give you a definite answer as to how it is carried, because I don't handle the books.

Mr. KENNEDY. The only automobile that was carried in the books and records was the automobile of 1955 which was wrecked and which you carried the insurance on.

Mr. BLOCK. But I replaced it with a 1956 Buick.

Mr. KENNEDY. You say you replaced it. You didn't transfer any automobile to the books and records of the union or to the ownership of the union until 1958, after we began our investigation of this transaction.

Mr. BLOCK. It was just a coincidence, Mr. Kennedy (pp. 11691–11692).

Block testified that he borrowed from a bank to buy the 1956 Buick he said replaced the 1955 Buick wrecked by his son. Asked who repaid the loan, Block replied, "Some, my son, and some, I did, or my wife." Block was shown photostatic copies of three checks all endorsed by Alvin Block and specifying that they were monthly payments "on my car" or "Alvin Block's car."

The CHAIRMAN. They are all endorsed by Alvin Block, aren't they?

Mr. BLOCK. Well, it is his name.

The CHAIRMAN. All right. We will accept that. His name and in payment for his car, is that what they say?

Mr. BLOCK. That is the way it reads, sir (pp. 11694–11695).

Block did not remember that Alvin also was in a wreck with another union car, a 1951 Chrysler, on July 23, 1954. He said he did not remember having a 1951 Chrysler but he identified his endorsement on an insurance check for $283.50 dated August 18, 1954, which paid for the damage to the car. Records of the Chrysler agency in

New Rochelle, N.Y., showed the sale of the Chrysler to Block during the day of May 22, 1951, and the minutes of the executive board of local 342 reflect that the board met that same night and authorized the union to buy a new car for Block. The Chrysler ultimately became the property of the Deercrest Country Club and Block was given a credit of $1,000 on the books of the club for delivering it.

Block was then asked if he had given instructions to Suffa to exchange Suffa's 1954 Buick for Zeitler's 1953 DeSoto at the time the union bought new cars in November 1955.

> Mr. BLOCK. I didn't even know about it.
>
> Mr. KENNEDY. Are you going to take any steps to get the $945 back from your son-in-law?
>
> Mr. BLOCK. Yes, sir.
>
> Mr. KENNEDY. You are?
>
> Mr. BLOCK. If that is what the amount is.
>
> Mr. KENNEDY. $945.
>
> Mr. BLOCK. Whatever the amount will be, that is the amount he will have to make good, either him or Suffa.
>
> Mr. KENNEDY. You are going to take the steps——
>
> Mr. BLOCK. Or Suffa.
>
> Mr. KENNEDY. You are going to take steps to make sure that the union gets reimbursed $945?
>
> Mr. BLOCK. That is what it is.
>
> Mr. KENNEDY. Are you going to take steps to see that the union gets reimbursed $1,000 on the credit you got at the country club?
>
> Mr. BLOCK. No, sir. I don't believe it belongs to anyone but me.
>
> Mr. KENNEDY. We have shown you the records.
>
> Mr. BLOCK. The records don't show anything.
>
> Mr. KENNEDY. You are not going to take steps to get the $1,000? It is just against your son-in-law but not yourself?
>
> Mr. BLOCK. I would rather pay myself than my son-in-law. If he is wrong, he will make good.
>
> Mr. KENNEDY. We have that established, that you are going to go after him. But now we want to know whether you are going to pay up yourself on the $1,000.
>
> Mr. BLOCK. I don't believe I owe any $1,000 to anyone on that score (p. 11702).

Block was then interrogated about a $500 check drawn on local 342 on January 15, 1953, payable to Mr. and Mrs. Martin Zeitler. He "thought" it might have been a wedding present because his daugher was married in December 1952. Nothing appeared in the minutes of the union showing that the expenditure ever was authorized.

Senator Curtis developed the fact that the audits by accountants of the international and by the local's own accountant never questioned the car transactions and the $500 "wedding present." He asked for information as to the nature of the audits and was told that the accountants accept the books and records "as is," without any independent verification of transactions.

> Senator CURTIS. Well, I think the whole procedure is a fraud upon the members of the union.

Mr. KENNEDY. Someone could take thousands of dollars out of the union and it would never be detected by this method of accounting (p. 11708).

Both Block and Casale, the secretary-treasurer, suffered acute mental paralysis when called upon to explain an entry in the cash disbursement ledger which indicated that a check had been drawn to cash in the amount of $2,027.38 late in November 1954, and that $1,000 each had been given to the New York State Republican Committee and the New York State Democratic Committee.

Block mumbled that he didn't know what the item could be because "I am not a bookkeeper and I don't bother with that stuff."

Mr. KENNEDY. Where did the $2,000 go?

Mr. BLOCK. I don't know how it was spent, but it is just one of those items (p. 11709).

Casale, summoned to the stand, testified he made out checks but didn't remember by whose orders and he did not know whether the checks were delivered or mailed.

Casale then was reminded that the ledger entry showed that the check was drawn to the order of "cash" and that he cashed it.

Mr. KENNEDY. What did you do with the cash?

Mr. CASALE. I don't recollect. To the best of my knowledge I don't know (p. 11711).

Casale and his attorney were given permission to hold a private conference outside the hearing room and Casale returned and testified he gave the $2,000 to Block.

Mr. KENNEDY. What did you do with the money, Mr. Block?

Mr. BLOCK. I don't remember.

The CHAIRMAN. Did you keep it?

Mr. BLOCK. I don't remember getting it; that is what I mean.

The CHAIRMAN. If you got it, did you keep it?

Mr. BLOCK. If I would have gotten it, I wouldn't have kept it for myself.

The CHAIRMAN. What would you have done with it?

Mr. BLOCK. Whatever purpose I guess I would have, I would be given the money for, I would deliver it.

The CHAIRMAN. The books show it was for the purpose of giving $1,000 to the Democratic committee, and $1,000 to the Republican committee of New York. What did you do with the money?

Mr. BLOCK. I don't recollect receiving it.

The CHAIRMAN. Do you recollect what you did with it?

Mr. BLOCK. I don't recollect receiving it.

The CHAIRMAN. Did you receive it?

Mr. BLOCK. I just don't remember receiving it.

The CHAIRMAN. Don't you think this is a pretty comeoff? Here is your secretary-treasurer saying that he gave the money to you, and you don't know what you did with it. Do you handle money that way all the time? That is, in

amounts like that, shuffle it around from one pocket to the other and lose it? Give us some explanation about it.

Mr. BLOCK. I didn't get that question, Senator.

The CHAIRMAN. Give us some explanation about it.

Mr. BLOCK. I am not going to give an explanation when I am not sure about it, you see (p. 11712).

Affidavits were placed in the record from Raymond C. Deering, New York State Democratic Committee, and Walter Bligh, Republican State Committee, attesting to the fact that a search had been made of the records of the two committees for 1954 and failed to disclose any contributions received from Louis Block, Max Block, William Casale, or local 342 of the Meat Cutters.

Having in mind the testimony of Beatson, the former business agent of local 640, that the Long Island dock strike in 1955 could not have cost more than $2,500 to organize 100 to 115 employees, the committee tried to explore with Block the weird financing that occurred about that time. The net result was that Block passed the buck to Lippel who was too ill to appear for questioning.

On June 8, 1955, during the period of the strike, a check was drawn to the order of "cash" for $5,000. The strike ended 3 days later. On June 23, 1955, Block billed the Teamsters-Butchers Joint Organizing Committee for $10,013.19 which was paid by a check dated June 24, 1955, and drawn to the order of local 640. On June 26, 1955, Lippel drew a check to the order of "cash" in the amount of $5,013.19.

Block testified he didn't know anything about the check or what it was for.

Mr. KENNEDY. What happened to that $5,000?

Mr. BLOCK. I wouldn't know.

Mr. KENNEDY. Did you get any of that money?

Mr. BLOCK. No, sir.

* * * * *

Mr. KENNEDY. You were president of the union. Aren't you shocked that this was going on right underneath your nose and you didn't know anything about it?

Mr. BLOCK. I am pretty sure it is authentic and legitimate. That is why I am not shocked. You make it appear that it is such a big deal. I know it is legitimate. We had a big strike there. I did not think we spent only $10,000. That was my opinion. I know there were hundreds of people involved. I remember when I got there on a Saturday——

Mr. KENNEDY. Don't go through that. Why, if there were bills to be paid at that time, why didn't you make out the checks to the individuals to whom you owed the money? Is that the way you run your union or the union is run?

Mr. BLOCK. We run it very nicely (pp. 11720–11721).

Block said the figures he included in the bill to the Teamsters-Butchers Joint Organizing Committee were supplied by Lippel.

The CHAIRMAN. You kept no records with regard to those expenditures except the checks made to cash? They total $10,013.19.

Mr. BLOCK. There were records. Otherwise, I wouldn't know how to ask for them.

The CHAIRMAN. Where are the records?

Mr. BLOCK. I wouldn't know. There was plenty of vouchers and everything then.

The CHAIRMAN. What became of them. That was 1955.

Mr. BLOCK. Well, usually we keep everything until it is approved by the executive board and then it sits there until there is some other batch that comes up, and you do away with the old stuff and save the recent.

The CHAIRMAN. I introduced a bill to require records to be kept for a period of 6 years, and I am more convinced now than ever.

Mr. BLOCK. You should have it for 10 years, to keep records; I mean it.

The CHAIRMAN. We should have it for 10?

Mr. BLOCK. All right.

The CHAIRMAN. Maybe we do in your case. I won't argue with you about it.

Mr. BLOCK. In every case; I am sure it would be easier here to explain.

The CHAIRMAN. Well, the point is we come in here and we try to check these things, and officers know nothing about it, and they have no records, and the records are destroyed, and you get these big checks for cash and no one can explain it. If this thing is legitimate and sincere, as you say, you leave yourself vulnerable to suspicion of the strongest nature, and so records should be kept.

The men who pay these dues are entitled to know how that money is spent. We have just found it throughout our investigation, transactions of this character, just marked on the book "original expense" or "strike expense," and a big check, a lump sum taken out in cash.

It certainly affords an opportunity for theft, for misuse of funds, and I have a very strong feeling that in many instances they are handled that way purposely, and we find no vouchers for them (pp. 11722–11723).

Block also was very vague about cash withdrawals from a special convention fund of local 640 in 1956 which was never reflected in the regular books and records of the union.

The delegates to the Cincinnati convention of the international union in 1956 received a total of $11,429.78 which was paid out of the general fund of local 640. Of this total $1,000 went to Block. He also got an additional $2,500 from the international union and the Butchers District Council of New York and New Jersey.

The committee was endeavoring to find out what happened to cash withdrawals of $5,000 on May 31, 1956, and $1,400 on June 8, 1956, which practically cleaned out the special convention fund account. Block said "the delegates used it up," and he "imagined" Lippel passed the money out to the delegates. "I didn't stay there and watch. I don't know," he added. Block also "imagined" he knew about the withdrawal and gave the instructions that they be made because it was a convention fund and "how else could it be?"

Mr. KENNEDY. Why was the money withdrawn at that time when the delegates already had their expenses paid, and

the checks issued to them in the regular way? Why was this extra money withdrawn?

Mr. BLOCK. Well, I couldn't tell you that, but I have an idea.

* * * * *

Mr. KENNEDY. Did you keep much of this money yourself?

Mr. BLOCK. I don't recall having any money when I was on my way home.

* * * * *

Mr. KENNEDY. Did you keep much of the $6,400 yourself?

Mr. BLOCK. I don't know if I kept anything.

Mr. KENNEDY. What is the answer to the question, "I don't know"?

Mr. BLOCK. I didn't keep any money.

Mr. KENNEDY. You did not?

Mr. BLOCK. I don't go to a convention to make a profit.

Mr. KENNEDY. Then the answer is "No."

Mr. BLOCK. Of course not.

Mr. KENNEDY. Is the answer "No"; that you did not keep the money yourself?

Mr. BLOCK. Definitely not.

Mr. KENNEDY. You can answer those questions.

The CHAIRMAN. I don't know whether he has answered definitely he didn't keep any money.

Mr. KENNEDY. Perhaps I should ask him again.

The CHAIRMAN. Let me ask him once more.

You answered the question that you definitely did not; and now do you mean by that you definitely did not keep any of this money?

Mr. BLOCK. I may have kept it temporarily, but not for good, sir.

The CHAIRMAN. You may not have any of it now.

Mr. BLOCK. I didn't have it on my way home, either.

The CHAIRMAN. When you left the convention, you didn't have any of this money?

Mr. BLOCK. No, sir.

* * * * *

The CHAIRMAN. You had a pretty good time even if you didn't make any profit (pp. 11726–11728).

Block claimed he was "not familiar" with the fact that the terms for payment of the World Wide Press mortgage were relaxed after the general funds of locals 342 and 640 took over the mortgage from the welfare fu ds, because "the lawyers drew it up." World Wide Press was in default in excess of $20,000 at the time of the transfer, and instead of paying $7,000 a year as originally provided, Woild Wide Press only had to pay $5,000 a year under the new arrangement.

Block admitted that $10,000 of local 342's funds were invested in World Wide Press bonds, that the union borrowed money to assume the mortgage from the welfare funds and paid $650 in interest on the loan, and that World Wide Press was in default in the first year the unions held the mortgage. "If he (Max Raddock) is in default again he will lose the building and the union will make a lot of money," Block declared (p. 11731).

It was also pointed out that the union paid $9,301.82 to the Beverly Hotel, located close to the Black Angus Restaurant, in the period of 1952–57.

Mr. BLOCK. I think that is not too much.

Mr. KENNEDY. All paid for by the union?

Mr. BLOCK. Yes, sir.

Mr. KENNEDY. Why couldn't you use the union offices?

Mr. BLOCK. I use the union offices, too.

Mr. KENNEDY. We found that a number of people who stayed in that hotel, with bills amounting to $800 or $900, at least, had nothing to do with the union, and their hotel bills were paid for by the union.

Mr. BLOCK. That could be.

Mr. KENNEDY. You are aware of that; are you not?

Mr. BLOCK. Yes, sir.

Mr. KENNEDY. Is there going to be some reimbursement for that to the union?

Mr. BLOCK. We will check on that when we get back; yes.

Mr. KENNEDY. You will get the union reimbursed for that money?

Mr. BLOCK. Yes, sir (p. 11732).

Block ran into another storm trying to explain a $500 check drawn to his order on local 640 on March 10, 1955. The $500 was charged to "organizational expenses" but it turned out that the check ultimately bought $500 worth of State of Israel bonds for the children of Nathan W. Math, the Food Fair attorney. Math gave the committee an affidavit stating he had purchased the bonds himself for $500 cash.

Mr. KENNEDY. Where is the $500?

Mr. BLOCK. Whatever the record shows——

Mr. KENNEDY. The record traces it to you. That is why I am asking you the question.

Mr. BLOCK. And if it traces to me, I could swear on a bible that it was legitimate, and I used it for the purposes that it was intended.

Mr. KENNEDY. Where?

Mr. BLOCK. I don't know. It is in 1955. It is put to me. I mean, it is not fair, Mr. Kennedy. It is a small issue for our type of organization, and I am not hungry for a dollar, or $5. I would not do that. I would not lower myself to do anything like this. That is why I am surprised with you confronting me with stuff like this.

Mr. KENNEDY. It is just petty?

Mr. BLOCK. It is not in my class, what you would say.

Mr. KENNEDY. If you were going to take money, you would not take just $500, right? Is that what you mean?

Mr. BLOCK. I never was so money hungry that I would do anything like that. I would rather spend out of my pocket than take an extra dollar from the union.

Mr. KENNEDY. Mr. Block, all I am asking you to do is explain the $500 transaction. The union is out $500.

Mr. BLOCK. Mr. Kennedy, I appreciate your efforts, but you must appreciate my position. You know I just can't

give you an answer on something like this that I don't recollect in 1955, a transaction like this.

Mr. KENNEDY. This is pretty important. You are president of the union. Somebody has taken off with $500. It appears to be you. I am trying to get an explanation of it.

Mr. BLOCK. You know I wouldn't do that.

Mr. KENNEDY. Frankly, Mr. Block, I don't know that.

Mr. BLOCK. I am sure you understand now from the records that I wouldn't know that.

Mr. KENNEDY. No; I can't agree with you.

Mr. BLOCK. Well—

Mr. KENNEDY. That is what I am trying to find out about this, Mr. Block. It is charged to organizing expenses.

Mr. BLOCK. It is pretty hard for me. You realize, you checked the records since 1950, and just for the 7 or 8 years ——

Mr. KENNEDY. We can't. You destroyed them.

Mr. BLOCK. You will get to that, too. You will find out that. I am very much in favor of enlightening you on everything to the best of our ability, and I know what you want to know and you will know it.

Mr. KENNEDY. Then just enlighten me on this and what happened to the $500.

Mr. BLOCK. I presume it was spent legitimately. Otherwise it would not be there (p. 11748).

Nor was the committee able to secure any explanation from Block relative to a total of $26,705 in expenses paid to him in 1955 and 1956 above and beyond his salary.

Mr. BLOCK. I don't know how you got those figures. That is why I couldn't answer. I get a certain amount of money with expenses on a check, and I don't know about any other way how you got it figured. That is why.

Mr. KENNEDY. This is the expenses during the period of time in which there are no vouchers. I expect if I show you these checks you are going to give the same answer that you did on the $500, that it is small amounts and therefore you have no explanation.

Mr. BLOCK. You give a figure of $26,000 for 2 years.

Mr. KENNEDY. I thought that was more to your liking. You didn't like it when I brought up just the $500.

Now I am trying ——

Mr. BLOCK. When you put it together it sounds bigger. However, it isn't bigger.

Mr. KENNEDY. During the period 1955–57, there are $86,507.02 checks drawn to cash for which there is also no explanation. We are getting higher.

Mr. BLOCK. It sounds pretty big, but if you check the records of our organizational problems we have been through in the last 4 or 5 years or 6 years, we had tremendous expenditures. You can't attribute that to me. I mean, I just receive salary and expenses, fixed, and very seldom additional.

Mr. KENNEDY. I am trying to get the facts from you, Mr. Block.

Mr. BLOCK. It is a big organization.

Mr. KENNEDY. We examined the books and records of the organizations, and there are no vouchers whatsoever. If there were vouchers of any kind on this, we could discuss it. But there are no vouchers, but just the checks, and checks drawn to cash: $86,507.02, and your expenses above and beyond that were $26,705, for which there are no vouchers.

There is no way we can trace as to how the money was used.

There are no records of any kind and that is in the period of time when you were preserving the records.

Mr. BLOCK. We may be able to clear it up this afternoon. I have some minutes on that to show, to look over and find out what the problem seems to be there about records (pp. 11749–11750).

Trips by Block and his wife to Florida during the winter months in 1954, 1955, and 1956 cost the union a total of $9,372.65. For the period of February 19 to March 7, 1954, the bill was $1,723.01 which Block characterized as "pretty reasonable," in view of the fact that "we did organizational work, plus some meetings, and so on and so forth" (p. 11751).

Mr. KENNEDY. The solarium?

Mr. BLOCK. That is not bad.

Mr. KENNEDY. What?

Mr. BLOCK. It could be (pp. 11751–11752).

For the period of January 28 to February 13, 1955, it cost the union $2,813.23 or about $165 a day, and Block said "we were on the same business." The bill for Block and his wife from January 26, 1956, to February 20, 1956, reached a new high of $4,402.52.

Mr. KENNEDY. You must have had a great deal of pleasure on that last one.

Mr. BLOCK. Very little.

Mr. KENNEDY. How could you spend so much money?

Mr. BLOCK. You don't have pleasure with money. You can have pleasure without money.

Mr. KENNEDY. You are one that has pleasure with money.

Mr. BLOCK. No, I have more pleasure when I don't spend money.

Mr. KENNEDY. You were able to fight it off this time and have pleasure anyway, because you spent over $4,000; it is around $165 a day.

Mr. BLOCK. I must have been—you know.

* * * * *

Mr. KENNEDY. Beyond that, Mr. Block, there is $6,491.35 which is charged to disbursements for flower bills, photographs, cigars, and telephone calls from your home, all charged to the union.

Mr. BLOCK. I don't understand that.

Mr. KENNEDY. I will give you some examples: $180.81 charged to local 342 for cigars; $81.37 for photographs; $160.11 for lingerie; $180——

Senator ERVIN. Maybe that is a union suit.

Mr. BLOCK. I will explain that.

Mr. KENNEDY. And flowers are $5,048.10, flowers.

Mr. BLOCK. Do you want me to explain it? I would like to if given permission.

Mr. KENNEDY. I am bringing out all of these things so you can explain them.

Mr. BLOCK. Please, Mr. Kennedy, I would appreciate it very much if you would allow me.

The CHAIRMAN. Go ahead.

Mr. BLOCK. The way you read it off here, of course, is as you have it; I appreciate that. But it does not sound right. When you talk about cigars and lingerie; lingerie, I will tell you what it was, if you look up the dates. It is at Christmas time when we have all the girls in the office getting gifts. We buy them one year lingerie, another time maybe a bag, another time stockings, and down the line.

That is where the lingerie comes in. I guarantee it was not bought for my family. It was strictly for the office and office girls. You talked about flowers. What could I do as an individual with that amount of flowers? It is worked through the office, and it is sent out to different members or employers that may have an occasion, either a birth, death, or something, and that is where we send them.

That sounds big, but you must realize the size of the organization, but we have a lot of people we are dealing with, and we have a lot of organizational friends. And the cigars I will answer too. This year, apparently, they bought for me cigars for the year for Christmas. I didn't know anything about that. They are drying up in the office anyhow. I don't have too much time to read them—to smoke them.

However, that is the way it is. It doesn't sound right when it is read off on the record about lingerie and all of that, but this is all explainable because it is so.

Mr. KENNEDY. I think certainly on the lingerie, and the bill shows it is paid January 26, 1957, or at least one of them, and it would indicate that it came right after Christmas.

Mr. BLOCK. Well, it is. I am sure that is 100 percent.

Mr. KENNEDY. I'm sure it is 100 percent, as you say. I think that is quite a considerable amount for flowers.

Mr. BLOCK. Well, I can't help it. There are a lot of functions in our organization. People have given birth, and some passed away, and down the line. You just can't help yourself. You can't send one member something and don't send another.

Mr. KENNEDY. Then, of course, Max Block and Louis Block, they feature very prominently and their families in those who got flowers. They are here quite often.

Mr. BLOCK. I guess I had two grandchildren. They got some flowers, too. My daughter would, I imagine. I

mean, those are part of organizational expenditures that you can't help.

Mr. KENNEDY. Organizational expenses?

Mr. BLOCK. I would call that. Goodwill between people that you are dealing with. We have very good relationships with the employers and the union members.

Mr. KENNEDY. As I say, there is an awful lot to you and for your daughter's wedding and that kind of thing. There is $120 here on your daughter's wedding.

Mr. BLOCK. Well, if the officials of the union decided or the board or whatever it is, to buy some kind of a flower to my daughter's wedding, I don't see any crime in that.

Mr. KENNEDY. I thought you would want to make a comment on it.

Mr. BLOCK. Thank you (pp. 11752–11754).

The 1956 election in which Block and his administration had opposition cost the union $25,842.20. Included in this total was an item of $3,300 for Block's poll watchers.

Mr. KENNEDY. Your poll watchers were paid by the union. That is the questionable expense.

Mr. BLOCK. Well, I don't know (p. 11754).

Block testified that about $25,000 remained after the bills for the Gorman testimonial dinner were paid in 1955 and after gifts to "a number of charities." Asked why he gave Lippel and Casale $5,000 each, Block replied, "Well, what else are we going to do with the money?" (p. 11755).

The $15,000 balance went to buy U.S. Government bonds for the guest of honor and when Gorman returned the bonds to the union, Block said, "We just didn't know what to do," so they were put in the union safe.

Mr. KENNEDY. There are no books and records on it. There is no way that the membership would know that there was $15,000 in there. If Mr. Gorman returned the bonds, I don't know why you didn't dispose of the bonds and give them to a charity.

Mr. BLOCK. Mr. Kennedy——

Mr. KENNEDY. Yes, Mr. Block.

Mr. BLOCK. We didn't need any records. The bonds are records in themselves and the bonds are there, and we can't just take the bonds and use them for our own purpose. Mr. Gorman's name is on it, and I am sure Mr. Gorman wouldn't allow us, if we would ever think of doing anything wrong with it. As you well know, Mr. Gorman is an honorable person (pp. 11756–11757).

Block offered no explanation regarding $1,537.50 spent out of union funds in 1955 to buy bonds. Half of this was a $750 payment for a bond for Louis Block, who left the union in 1953. The balance bought bonds for business agents.

Block said, "I will have to check on that, because we just don't make a habit of doing it like that. I will have to check the records to find out exactly" (p. 11757).

Block declared he was "not much familiar" with the arrangement whereby Lippel wrote the annuity policies for him and Casale and collected commissions of $3,944.59 on this business. Block said, "I think he did one or two. I am not sure" (p. 11758).

Block insisted that the general membership approved the annuities, despite the testimony by a number of witnesses that they never knew anything about the special pensions for the two Blocks, Lippel, and Casale.

Block also admitted that the union paid for special $10,000 life insurance policies for the officers of the two locals, whereas the welfare plan provided only $2,000 policies for rank-and-file members. The total of this additional cost was $4,223.14.

Casale, in his appearances before the committee, denied that he ever made out fictitious authorization cards used in the A. & P. card count and in the *Kollner* and *King Kullen* cases before the NLRB. He also denied that he had caused such cards to be prepared.

Two former business agents, Beatson and Cornelius, testified that they saw Casale in the act of perpetrating these frauds and knew that he had instructed others to make out fraudulent cards.

Because of this obvious conflict in testimony and other matters developed before the committee, the chairman directed that the official transcript of the proceedings be sent to the Treasury Department and the Department of Justice and to the district attorney of New York County "for appropriate action."

Immediately after the committee's hearings, Max Block was summoned to headquarters of the international union at Chicago and submitted his resignation from all of his union positions. Lippel, Casale, and Singer also resigned, and the international union placed locals 342 and 640 under trusteeship. Louis Block severed his connection with the welfare and pension funds and the Labor Health Institute in December 1958.

The committee's investigation of the Block brothers et al. produced an interesting sequel.

Staff investigators checking into the financing of the Stanwich Crest Realty Corp. found from their analysis of deposit tickets that substantial amounts credited in the books of Stanwich Crest as investments by Louis Block were checks originating in Brazil from a firm identified as "Trespal S.A."

In an effort to trace this money, the committee enlisted the aid of the Department of State. The money was known to be coming from Brazil but "Trespal S.A." was not legally registered or established in Brazil and was unknown to banks in Sao Paolo. It was eventually established that three men who were partners in a brokerage house were, they said, acting as representatives of the Montevideo firm of "Trespal S.A." When they were located it was learned that the money going to Louis Block was being sent by Isaac Lippel, a first cousin of Block's wife.

Attachés of the U.S. consulate general in São Paulo interviewed Isaac Lippel on December 27, 1957, and he stated that he had sent $70,000 to Louis Block through "Trespal S.A." and other exchange brokers for investment purposes.

Meanwhile, staff investigators had ascertained that Walter Lippel, 124 Nye Street, Newark, N.J., was the person who had been picking

up checks at the brokerage houses in New York that were being used by Isaac Lippel for his financial transactions in the United States. On January 10, 1958, Walter Lippel was interviewed but said he had only general knowledge that his brother had invested money in the Deercrest Country Club. Isaac Lippel is listed as owning $36,000 in debenture bonds of the country club.

The interchange of information between the committee and the Department of State resulted in another interview in Sao Paolo with Isaac Lippel, who gave evasive answers regarding the investments Block was supposed to be making for him. This second interview occurred on February 7, 1958, and Isaac Lippel said at that time he had sent $70,000 or $80,000 to Block and was going to New York to find out how the money was being invested.

Isaac Lippel flew to New York the very next day and committee investigators located him and interviewed him on February 21, 1958. Isaac Lippel told the investigators at that time that he had given Louis Block a total of $120,000 to invest for him. He said $30,000 to $36,000 had been invested in Deercrest bonds and he had received stock for the balance. There never was any stock issued by the country club and Isaac Lippel is not recorded as a stockholder of Stanwich Crest Realty.

On the same day staff investigators interviewed Isaac Lippel in New York, Walter Lippel, trading under the name of Bompet Trading Co., 124 Nye Street, Newark, N.J., shipped merchandise declared to be spare auto parts valued at $7,000 to Isaac Lippel in Brazil.

It appears that the requests for information originating with the committee and the inquiries being conducted through the cooperation of the Department of State caused attention to be focused on the activities of Isaac Lippel in Brazil.

The shipment of merchandise by Walter Lippel on February 21, 1958, underwent inspection by the Brazilian customs authorities after its discharge in Paranagua on March 27, 1958. The inspection revealed that part of the shipment of auto parts alone was valued at more than $41,000 f.o.b. New York. In addition to the auto parts the shipment contained nylon fabric, ladies' stockings, wrist watches, transistor radios, and other items.

Isaac Lippel and 23 other persons subsequently were indicted by the Brazilian authorities in this contraband case, according to a dispatch received by the Department of State from the U.S. consulate general in Brazil on December 16, 1958, and subsequently relayed to the committee. A full report also has been forwarded to the Department of Commerce in view of the apparent misrepresentations in the shippers export declaration executed by Bompet Trading Co. and/or Walter Lippel.

Findings—New York Locals 342 and 640 Amalgamated Meat Cutters and Butcher Workmen of North America

The Amalgamated Meat Cutters and Butcher Workmen of North America has enjoyed the reputation of being an honorable and responsible labor organization for many years.

Understandably, cooperative witnesses of that union who appeared before the committee during the inquiry into the conduct of locals 342 and 640 in New York were aggrieved by the evidence of betrayal

of trust by high-ranking officials of the Meat Cutters. The committee commends the prompt action of the international union to remedy the shocking conditions that were exposed.

Nevertheless, the committee must find that the New York investigation brought to light a sordid record of highly improper activities, not only by representatives of labor but by management as well, that were indefensible and reprehensible.

The committee finds from undeniable evidence that Max Block and members of his family treated these two unions as their own personal property and engaged in unconscionable exploitation of the rank-and-file union members for their own personal aggrandizement. Their control of the destinies of the two unions extended back many years in an unbroken line. The testimony established that they milked the treasuries of more than $241,000 in salaries and expenses for the 3-year period of 1955–57 alone, and that they manipulated another $293,000 in questionable items in the same period, of which $119,000 was directly chargeable to the Block family.

The committee finds that there was an inextricable interweaving of the operations of the two unions with the private interests of Max Block and members of his family centered about a Connecticut country club venture and the Black Angus Restaurant in New York.

The committee finds that the Blocks promoted collusive arrangements with employers whereby investments were made in the country club project in exchange for exemptions from payments into the pension funds of the two unions. The Breslau Packing & Unloading Co. and Daitch-Crystal Dairies, Inc., were beneficiaries of these exemptions to a degree commensurate with the purchase of country club bonds by responsible officials of these two companies.

The committee finds that it is more than mere coincidence that the $25,000 loan to the country club at a low interest rate by the Van Iderstine Co. occurred immediately after negotiations with Max Block for a change in the wage-reopening clause of an industrywide contract covering New York area rendering companies. Charles Haussermann defended the loan as a "good will" gesture and said his company also wanted the country club as a source of raw material. This raw material "stop" produced $37 worth of business in 1½ years. The committee concludes that no further comment is necessary.

The committee finds that Max Block used his position as an international vice president to promote the $25,000 purchase of country club bonds by the international union. The evidence indicates that the purchase was authorized by Patrick E. Gorman, international secretary-treasurer, without the approval of the international executive board, and the wording of the bonds emphasizes the dangerously speculative character of the investment and evidences fiduciary irresponsibility.

The committee finds that Louis Block used his position as administrator of the union welfare and pension funds to pressure the Connecticut General Life Insurance Co., beneficiary of all of the union welfare and pension business, into a $350,000 first mortgage on the country club real estate. The committee concludes that this was a clear-cut violation of the AFL–CIO Ethical Practices Code.

The committee finds that Max Block received gratis preferential rights to acquire stock and debenture bonds in Food Fair Properties, Inc., an affiliate of Food Fair Stores, on behalf of himself and his

brother, Louis, and that thereafter Food Fair Stores was granted a deferment from the obligation of making pension fund contributions which saved the company approximately $50,000. At the time of the transfer of these rights in September 1955, they had an open market value of $3,600 and the transaction appears to be in clear violation of the provisions of the National Labor Relations Act prohibiting an employer from giving money "or any other thing of value" to a representative of employees or acceptance by such representatives of same. The evidence is undisputed that no monetary consideration was involved in the transfer of the rights, and that they were in fact, a gift. It is also undisputed that the stock and bonds, at the time of delivery, had an open market value in excess of the amount paid by the Blocks, and that Max Block used a $12,000 "advance on salary" from local 640 to pay for the securities.

The committee finds that Max Block used his position to solicit business for his son-in-law, Martin Zeitler, from employers with whom his two unions had labor contracts. In one case alone, Food Fair Stores, his overtures on behalf of Zeitler brought orders for more than $500,000 worth of business, and the testimony showed further that he also approached the labor relations representatives of the larger chain organizations—A. & P., Bohack, Grand Union, etc.—to promote business for Zeitler.

The committee finds that the Blocks used their position to pressure the Bohack Co. into selling meat to the Black Angus Restaurant directly from the company's warehouse, an "accommodation" never extended by Bohack to any other restaurant.

The committee finds that union automobiles and personnel were used to transport supplies to the Black Angus and concludes from the testimony that Joseph G. Suffa, local 640 business agent, was employed at the country club building project while on the union payroll despite Suffa's denial. Such an arrangement was wholly in keeping with the Blocks' entire scheme of operation.

The committee finds that the record before it is replete with evidence of empire building in the most evil connotation of the term and that the Blocks resorted to the same denial of democratic process, the same seizure and concentrated drive for perpetuation in office that has been encountered by the committee in other cases.

The committee finds that the 1952 election of officers, where no notice was given to the membership of the proposed balloting and where those in attendance cast token ballots based upon continuing the incumbent administration in office for another 4 years, was illustrative of the type of election that prevailed. When opposition did crystallize in 1956, the Block administration forces improperly used funds from the union treasury for propaganda purposes and spent $3,300 for "poll watchers" from the dues money of the members.

The committee finds that the expenditure of more than $95,000 for annuities for Max and Louis Block, Harold Lippel, and William Casale was concealed from the membership of the two locals and that union records were falsified to show membership approval. In Louis Block's case, the annuity was purchased 2 years after he ceased to be president of local 640.

The committee finds that the dissipation of union funds for the purchase of automobiles has been nothing short of scandalous and that here again is a manifestation of the attitude of Max Block and

members of his family that the unions existed principally to insure family comfort and well-being. In addition to his two Cadillacs, Max Block also had a union-purchased Chrysler which he transferred to the country club in exchange for a $1,000 capital investment credit on the books, and a union-purchased Buick which his son, Alvin, wrecked a month after it was bought. The union also paid for the insurance on the Buick but Max Block took the $2,450 settlement, used $2,048.05 to buy 400 shares if Food Fair Properties stock and deposited the $401.95 balance in his wife's bank account. Although he testified that he replaced the wrecked Buick with another one, the record shows that title was not transferred to the union until Block became aware that the committee was probing this transaction, that the wrecked Buick was carried on the books of the union as an asset for 2 years after the insurance claim was paid, and that at least some of the payments on the replacement Buick were made by Alvin Block and clearly designated as being on "my car." The Zeitler-Suffa switch of cars which cost the union another estimated $945 is another odorous incident.

The committee finds that the gross misuse of funds of the two unions included a long chain of bizarre financial manipulations for which the responsible union officers offered no plausible or rational explanation. These included:

(*a*) Checks drawn to "cash" totaling $86,507.02 for which no supporting documents existed.

(*b*) Payments of $26,705 to Max Block for "expenses" for which there were no supporting documents.

(*c*) A check drawn to "cash," with a corresponding entry in the cash disbursements ledger indicating payments of $1,000 each to the New York State Republican Committee and the New York State Democratic Committee. Affidavits from the treasurers of both parties said no such contributions had been received. Casale said he gave the money to Max Block and Block "couldn't remember" what he did with it.

(*d*) Florida trips for Max Block and his wife which cost the union $9,372.65.

(*e*) Expenditures of $6,491.35 for "cigars, flowers, fruit and goodies, lingerie, etc.," and the home telephone bill of Max Block. Included in the flower charges were bills for prenuptial affairs and the wedding of Max Block's daughter.

(*f*) Payment of $500 from local 342 to Block's daughter and Zeitler as a "wedding present."

(*g*) Testimony that a claim on the welfare fund was processed for Zeitler who never was a member of the union, in connection with the birth of Block's grandchild.

(*h*) The purchase of $1,537.50 worth of Government bonds in 1955 for the "business agents," with $750 of the total being used to buy a bond for Louis Block, 2 years after he left office in local 640.

(*i*) Bills at the Beverly Hotel totaling $9,301.82 including some for as much as $800 and $900 contracted by persons who had no connection with the Meat Cutters Union. As a matter of geographical significance, the committee noted that the Beverly Hotel is located in close proximity to the Black Angus Restaurant.

(*j*) The $4,223.14 added cost from the welfare fund to provide $10,000 life insurance coverage for the officers and business agents while rank-and-file members had to be content with coverage of $2,000.

The committee finds that the credible evidence in the record before it sustains the conclusion that the actual expense in connection with a strike by local 640 against duck-processing plants on Long Island in 1955 was far less than the $10,013.19 billed to and paid by the Teamsters-Butchers Joint Organizing Committee in Washington. The testimony shows that, after the reimbursement by the Joint Organizing Committee, Lippel, local 640 secretary-treasurer, cashed a check for $5,013.19. No records could be found to show what became of this money and Lippel was "too ill" to appear before the committee for questioning. Block would say only that the expenditure must have been "authentic and legitimate" and denied that he got any of it.

The committee finds that a convention fund was maintained by local 640 that was not reflected in the regular books and records. From this secret bank account a total of $6,400 was withdrawn in 1956 with no records to show to whom it was disbursed. The withdrawal practically cleaned out the account. Block offered no explanation other than that the money "must have been" distributed to the delegates, although the record shows that the expenses of the delegates were paid out of the general fund of local 640.

The committee finds further evidence of fiscal irresponsibility in testimony that Moe Fliss, one of the trustees, whose function it was to scrutinize all expenditures by local 342, signed checks in blank for use by Casale, the secretary-treasurer, and that business agents of the same union signed petty cash vouchers in blank for Casale.

The committee finds that both locals failed to comply with the provisions of the National Labor Relations Act requiring them to furnish to all members copies of annual financial reports filed with the Secretary of Labor.

The committee finds no satisfactory evidence that the investment of $70,000 of welfare funds in a first mortgage on the printing plant of Maxwell C. Raddock, close friend of the Blocks, ever was known to or approved by the general membership, or that there was knowledge of, or approval by, the rank and file of local 342 of the purchase of $10,000 worth of World Wide Press Syndicate bonds. The fact that members of the Block family were holding $15,000 worth of bonds at the same time is, in the opinion of the committee, a definite conflict of interest.

The committee finds no satisfactory evidence of any awareness of, or approval by, the rank and file members in the matter of the transfer of the defaulted Raddock mortgage from the welfare funds to the general funds of the two unions, or any approval by the general membership of the $60,000 loan and the payment of interest thereon in connection with the mortgage transfer.

The committee finds that the acceptance by Louis Block of the $5,000 kickback from Max Singer in connection with the placement of welfare fund insurance in 1949 and the collection of commissions by Lippel on the placement of the annuities when he was one of those for whom annuities were being purchased, reveal once again how the

Block family and those connected with it considered union office as an instrument for personal profit.

The committee finds that the leadership of the two unions was equally proficient in the operation of the obnoxious testimonial dinner racket in which employers having contracts with the union were "induced" to invest $1,000 to $1,500 for advertisements in souvenir journals. The testimonial for Gorman, the international secretary-treasurer, is a case in point. Here $55,000 was realized from which Lippel and Casale helped themselves to $5,000 each with the approval of Max Block, with $15,000 going for the purchase of Government bonds for the guest of honor that he declined to accept. The inanity of Max Block's statement, "What else were we going to do with the money?" established for the record the extent of his responsibility for the unions' general welfare.

The committee finds that the sale by Gorman of Reading Tube stock to Julius Schwartz, a labor relations representative of Food Fair Stores, was a transaction suggestive of an improper relationship. Louis Stein, president of Food Fair, arranged for Gorman to buy the stock for $5,000, and eventually arranged for Schwartz to buy it back from Gorman at the same price, although the open market quotation at the time of this transfer was $600 less. The committee must condemn this practice as not being in conformity with standards barring the proffer or acceptance of monetary favors involving parties to be found on the opposite sides of a collective bargaining table.

The committee finds that the auditing procedures followed by the two unions fell far short of accepted practice and were responsible for the deplorable and shocking misuse of union funds. While it was true that a certified public accountant was employed his fee was minimal and he was limited to acceptance of the books and records "as is," with no provision made for a detailed examination of expenditures to ascertain if they were in accord with the constitution and by-laws of the union and legal in every respect. The testimony shows that the accountant qualified the financial statements he prepared by stating that there was no "independent verification" of the transactions reflected by the books and records, thereby relieving himself of any responsibility in that regard. Nevertheless, the testimony shows that the nature of the audits was misrepresented to the membership with emphasis being placed on the employment of a CPA but no mention being made of lack of certification of the audit itself.

The committee feels gratified that the resignations of Max and Louis Block, Lippel, Casale, and Singer appear to have resulted from the exposure of the conditions in these two locals. It can only hope that the evils shown to have existed will be permanently cured. It is imperative that Congress enact legislation dealing with effective financial reporting by unions subject to check by the Government and providing for full publication to union members.

U.S. SENATE,
Washington, D.C., July 31, 1959.

I was not a member of the Senate Select Committee on Improper Activities in the Labor or Management Field until February 1959, and consequently I did not sit in on the hearings and executive sessions on which the attached report was prepared. Under these circumstances, I have taken no part in the preparation and submission of the report.

HOMER E. CAPEHART.

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