



FEDERAL BUREAU OF INVESTIGATION

ARISTOTLE ONASSIS

PART 3 OF 4

BUFILE: 46-17783

Office Memorandum • UNITED STATES GOVERNMENT

Mr. Tolson	
Mr. Ladd	
Mr. Nichols	
Mr. Clegg	
Mr. Glavin	
Mr. Harbo	
Mr. Rosen	
Mr. Tracy	
Mr. Laughlin	
Mr. Mohr	
Tele. Room	
Mr. Holloman	
Gandy	

TO : Director, Federal Bureau of Investigation

DATE: June 2, 1952

FROM : James M. McInerney, Assistant Attorney General, Criminal Division

SUBJECT: North American Shipping and Trading Co., Inc., et al 146-20-596

Reference is hereby made to Bureau report of [redacted] dated May 10, 1952, at New York, relative to U. S. Petroleum Carriers Inc. Under Department Item Number 57, beginning at page 114 of the report, it appears that Victory Carriers, Inc., (a subsidiary of U. S. Petroleum Carriers) in order to qualify financially for mortgage aid under Maritime regulations, bolstered its financial statements by deposit of a check for \$750,000; that immediately after the close of the period for which the statement was filed, the money deposited was returned.

Inasmuch as the use of the above device may have affected other financial statements filed and may have been repeated in other instances, it is requested that a further investigation be made in the respects as outlined below.

1. Was the \$750,000. deposit included in the cash balance of \$1,424,360.31 as of December 31, 1950, or was it credited to miscellaneous and accrued accounts receivable? If it was the latter, and since the source of \$700,000. of the \$750,000 was Ariona, was Ariona indebted to Victory Carriers and what was the nature of the indebtedness? In this connection, please obtain a copy of Ariona's memorandum to Simpson, Spence and Young, which is mentioned on p. 119 of the report. Did Simpson, Spence and Young make up the balance of \$50,000? Was this a loan or was Simpson, Spence and Young indebted to Victory?

2. What was the cash balance of Victory Carriers for December 28, 29, and 30, 1950?

3. On p. 115 of the report, the cash balance of Victory as of December 31, 1950 was \$1,424,360.31; on p. 120 the cash balance is shown to have been \$813,267.19 on January 15, 1951, before issuance of any checks that day. This would seem to indicate that \$611,093.12 was disbursed in fourteen days. What were these disbursements, their nature, made to whom and how do they affect the validity of the monthly financial affidavits filed with Maritime?

4. A general financial statement was filed with Maritime on September 27, 1950 for January 1, to July 31, 1950, showing a cash balance of \$1,413,053.88; on March 31, 1950, a similar statement was filed for January 1, to December 31, 1949, showing a cash balance of \$1,167,151.96. It is requested that the accuracy of these cash balances be checked to determine whether the same were bolstered in any way similar to that described above.

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5. Under contract MCC 62235 dated May 25, 1949, Victory Carriers purchased 7 Victory ships from Maritime under mortgage aid.

Under Maritime General Order 60, Victory Carriers had to meet specified financial requirements.

Under the contract Victory was allowed to qualify for each vessel before title passed. Thereafter, Victory was required to maintain working capital and a net worth sufficient to support the continued mortgage aid.

The seven Victory ships were acquired (title passed) under the contract between June 28, and October 6, 1949.

To meet the financial requirement of General Order 60, Victory Carriers submitted to the Commission, certified balance sheets as of the following dates:

- June 21, 1949
- June 29, 1949
- July 13, 1949
- July 31, 1949
- August 31, 1949

These financial statements were certified by the firm of Arthur Anderson and Company, 67 Wall Street, New York City.

These balance sheets set forth the cash position and paid in capital surplus of Victory on the respective dates as follows:

<u>Date</u>	<u>Cash</u>	<u>Capital Surplus</u>
June 21, 1949 ...	\$ 398,215.50 ...	\$ 1,248,215.50
June 29, 1949 ...	883,287.50 ...	2,035,215.50
July 13, 1949 ...	1,699,862.50 ...	3,215,715.50
July 31, 1949 ...	1,650,576.49 ...	3,607,215.50
August 31, 1949 ...	1,633,927.49 ...	3,607,215.50

The correctness of the above-noted cash positions should be determined and also whether the capital surplus was actually paid into the company. These funds should be followed to determine their original source. USPC will probably be shown as the source. (If bank loans are involved what was posted as security for the loans?)

The income and disbursements of Victory (amounts over \$5,000.00) should be obtained and scheduled for the period May 25, 1949 to January 15, 1950.

Determine if there were any other exchanges of funds in large amounts between Victory and its parent company or Simpson, Spence and Young during the years 1949 - 1952, inclusive. A check of amounts over \$100,000.00 is suggested.

6. Determine whether the charter hire on the seven Victory Ships was promptly remitted by Transatlantica to Victory. If not, were the charter earnings of these ships committed to the repayment of any bank loans. Were the payments made direct to Victory or to some bank.

7. Determine whether there were any exchanges of funds in large amounts between Victory Carriers, Inc., and Pacific Tankers Inc. (Western Tankers, Inc.), Oceanic Transport Corporation, Marine Trading Co., Inc., or Ocean Trading Company, Inc.

8. In July, 1950, Victory Carriers purchased stock of Pacific Tankers. The price was \$1,877,000. The down payment was \$800,000. Was this sum ever paid? Was it a cash transaction? What was the source of the funds? Has the balance due on the stock ever been paid?

SAC, New York (46-2507)

June 11, 1952

RECORDED - 35
FBI 130

Director, FBI (46-17703)-191

NORTH AMERICAN SHIPPING
AND TRADING COMPANY, INC., et al
FRAUD AGAINST THE GOVERNMENT

Attached are Photostats dated June 7, 1952, from the Criminal Division of the Department outlining investigation to be conducted concerning Victory Carriers, Inc., a subsidiary of U. S. Petroleum Carriers. The memorandum makes reference to the report of SA [redacted] dated May 10, 1952, at New York concerning the U. S. Petroleum Carriers. b7c

Two copies of the Photostat are being forwarded to the New York Office and one copy is being forwarded to the Washington Field Office, who is office of origin in this investigation.

This investigation is to be expedited and must be assigned to experienced Agents. A sufficient number of Agents must be assigned to this investigation in order that all of the investigation requested in the enclosed Photostat can be completed by July 3, 1952.

If for any reason this investigation cannot be completed within the Bureau deadline, the Bureau should be advised in complete detail at an early date. Any investigation to be conducted by other offices should be handled by teletype and those offices advised of the Bureau deadline and that reports should be submitted to the attention of Assistant Director A. Rosen.

Attachment

cc: (1) Washington Field Office (Attachment) (46-2607)

U.S. DEPT. OF JUSTICE
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COMM - FBI
JUN 11 1952
MAILED 18

172
63 JUN 23 1952

[Handwritten signatures and initials]

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (46-11783)

DATE: July 8, 1952

EJS

FROM : SAC, New York (46-2507)

SUBJECT: NORTH AMERICAN SHIPPING AND TRADING CO., INC.; ET AL
FRAUD AGAINST THE GOVERNMENT

RS

RE: U. S. PETROLEUM CARRIERS, INC.

There is attached hereto Department of Justice Enclosure Number 94196, together with exhibits pertaining to this enclosure, which were forwarded in connection with Department memorandum dated 4/17/52.

Instant enclosure is to be returned to the Criminal Division, Department of Justice, Washington, D. C.

EXPEDITE PROCESSING

Etc.

REGISTERED MAIL

G.I.R. 2

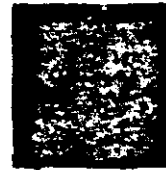
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*Mr. Jones
a a b
WJH
7/17/52*

b7c



Assistant Attorney General
James M. McInerney

July 17, 1952

RECORDED - 59 Director, FBI (46-17783) - 205

EX-121

NORTH AMERICAN SHIPPING AND
TRADING COMPANY, INC., et al
FRAUD AGAINST THE GOVERNMENT
(Department file 146-20-596)

Reference is made to your memorandum dated
April 17, 1952, which furnished copies of material received
from the Maritime Administration in captioned matter.

In view of the completion of investigation
regarding this phase of the case, the enclosures are
being returned herewith for such disposition as you deem
appropriate.

Enclosure



JUL 17 5 32 PM '52
RECEIVED READING ROOM
FBI
U S DEPT OF JUSTICE

b7c

- Mr. Tolson
- Mr. E. A. Tamm
- Mr. Clegg
- Mr. Glavin
- Mr. Ladd
- Mr. Nichols
- Mr. Rosen
- Mr. Tracy
- Mr. Carson
- Mr. Egan
- Mr. Gurnea
- Mr. Hendon
- Mr. Pennington
- Mr. Quinn
- Mr. Nease
- Miss Gandy

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FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT

WASHINGTON FIELD

FILE NO.

EM/EMF

REPORT MADE AT NEW YORK	DATE WHEN MADE JUL 2 1952	PERIOD FOR WHICH MADE 6/13, 16-20, 23-27, 30/52	REPORT MADE BY <div style="background-color: black; width: 100px; height: 15px; display: inline-block;"></div> (A) b7c
TITLE NORTH AMERICAN SHIPPING AND TRADING COMPANY, INC., ET AL			CHARACTER OF CASE FRAUD AGAINST THE GOVERNMENT

SYNOPSIS OF FACTS:

RE: U.S. PETROLEUM CARRIERS, INC.

ACCOUNTING REPORT

Victory records reflect SSY account carried as current account receivable; also that balance in SSY account receivable sufficient to warrant Victory withdrawals. SSY records also reflect Victory, as separate corporate entity, had sufficient balance to warrant such withdrawals. SSY partner states VICTORY had legal right to withdraw funds on deposit at SSY regardless of balance of group as package. Victory \$750,000.00 deposit of 12/29/50 debited to cash and credited to SSY account receivable; included in Victory cash balance of 12/31/50. ARIONA not indebted to Victory. Victory monthly financial affidavit for period 1/1-31/51 appears valid. Victory cash positions furnished to USMC checked and, with exception of cash position of 7/13/49, in agreement with Victory records. Analysis of Victory Capital Surplus Account reflects source of funds USPC; also that \$3,306,500.00 of USPC investment of \$3,607,215.50 in Victory Capital Surplus Account obtained from USPC bank loans secured by ARIONA collateral. Large transfer of funds between Victory, SSY, USPC and affiliated companies set forth. Victory paid cash on installment basis for purchase of Pacific Tankers stock in amount of \$1,877,955.58.

EXPEDITE PROCESSING

- HUC -

APPROVED AND FORWARDED: SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES <div style="text-align: center; font-size: 2em; font-weight: bold;">46-17783-206</div> <div style="text-align: center; font-weight: bold;">RECORDED</div> <div style="text-align: center; font-weight: bold;">JUL 8 1952</div> <div style="text-align: center; font-size: 1.5em; font-weight: bold;">ROSEN</div>
COPIES OF THIS REPORT 5 - Bureau (46-17783) (Encs. 2) 2 - Washington Field (46-2607) 3 - New York (46-2507) COPIES DESTROYED 869 MAY 18 1970	COPIES DESTROYED 869 MAY 18 1970

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70 JUL 21 1952

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DETAILS: BASIS OF INVESTIGATION

This investigation is predicated upon Department memorandum dated June 2, 1952, to the Bureau from JAMES M. MCINERNEY, Assistant Attorney General, Criminal Division, Department of Justice, which memorandum refers to item 57 of New York report dated May 10, 1952.

This memorandum states that it appears that Victory Carriers Incorporated (Victory) in order to qualify financially for mortgage aid under Maritime regulations, bolstered its financial statements by deposit of a check for \$750,000.00; that immediately after the close of the period for which the statement was filed the money deposited was returned.

Instant memorandum further states that the use of the above device may have affected other financial statements filed and may have been repeated in other instances. This memorandum sets forth eight different items to be covered in this investigation. Detailed information concerning each of these items is being set forth below under appropriate caption.

Cash Position as of December 31, 1950:

Item No. one of Department memorandum requests that it be determined whether the \$750,000.00 deposit was included in the cash balance of \$1,424,360.31 as of December 31, 1950, or if it was credited to miscellaneous and accrued accounts receivable. This item also requested that it be determined whether Ariona was indebted to Victory since the source of \$700,000.00 of the \$750,000.00 was Ariona.

In connection with the above-mentioned \$700,000.00 it was requested that a copy of Ariona's memorandum to Simpson, Spence and Young (SSY) be obtained. It was requested that it be determined whether the balance of \$50,000.00 was made up by SSY, whether it was a SSY loan or whether SSY was indebted to Victory.

Item No. two requests that the cash position of Victory on December 28, 1950, December 29, 1950, and December 30, 1950, be determined.

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Cash Position as of December 31, 1950:

Before discussing the results of the investigation pertaining to items No. one and two, a resume of the method of handling the SSY account as reflected by the Victory accounting records will be set forth.

SSY acted as disbursing agent for Victory. In such capacity SSY paid Victory accounts payable.

The Victory records reflect that the SSY account was carried as a current account receivable. When a cash payment was forwarded by Victory to SSY, the SSY account was debited by Victory for the amount of such payment; when a cash payment was forwarded by SSY to Victory, the SSY account was credited by Victory for the amount of such payment. In addition Victory credited the SSY account for Victory accounts payable paid by SSY.

The Victory records reveal that during the period August 31, 1949 to May 31, 1952, the SSY account had month ending debit balances.

During the previous investigation regarding United States Petroleum Carriers Incorporated (USPC), SA(A)s [redacted] examined the records of SSY and compiled data concerning month ending balances of the USPC group. From this information, schedule A was prepared showing the month ending balances of the USPC group from May 31, 1949 through December 31, 1951. A photostatic copy of schedule A is attached hereto. b7c

As shown on schedule A, the USPC group had a credit balance during most of the period. Schedule A also reflects that Victory had sizable credit balances during the period September, 1949 through March, 1951. This schedule also reveals that during most of this period USPC had sizable debit balances.

As set forth under item 13 on page 38 of New York report dated May 10, 1952, CHARLES AUGENTHALER, Partner, SSY, advised SA(A)s [redacted] that SSY regarded the balances in the USPC and Onassis group as a package in determining whether or not there was sufficient credit to cover specific payments requested by an individual company. b7c

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As set forth under item 57 on page 120 of New York report dated May 10, 1952, CHARLES AUGENTHALER and BARTHOLOMEW TUFFY, SSY accountant, were asked by SA(A)s [REDACTED] whether the \$700,000.00 receipt from Ariona on December 29, 1950 was necessary for SSY to have paid the \$750,000.00 to Victory on the same date. AUGENTHALER maintained that he had no knowledge of the matter but TUFFY advised that the senior partner, CHARLES WATERS, who is presently abroad, required the said receipt of \$700,000.00 because the group of companies as a whole would have come into a debit balance upon the payment of the \$750,000.00 without said receipt.

The Victory and SSY records reflect that Victory, as a separate entity, had sufficient funds to warrant the forwarding of \$750,000.00 to it by SSY on December 29, 1950. Details concerning SSY'S method of handling this transaction is set forth under item 57 on pages 118 through 120 of New York report dated May 10, 1952.

It is to be noted that the two SSY checks dated December 29, 1950, in amounts of \$700,000.00 and \$50,000.00 that were forwarded by SSY to Victory were debited or charged by SSY against the Victory account.

PAUL F. DALY, Controller, SSY, furnished SA(A) [REDACTED] b7c with a photostatic copy of the following memorandum dated December 29, 1950, which is being forwarded as enclosure No. one with this report:

"MEMORANDUM

December 29, 1950

Simpson, Spence and Young

Attention: - Mr. B. J. Tuffy

SOC. IND. M. F. ARIONA
ADM. EXPENSE

Please credit the attached cashier's check of National City Bank of N.Y., 55 Wall Street, New York City, No. FT 855121, dated December 29, 1950, drawn to your order in the amount of \$700,000.00 to Soc. Ind. M. F. Ariona, Administration Expense.

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Instant memorandum is typed on a blank piece of stationery and is not signed; however, this memorandum contains the initials "GC" and "PS" in the lower left-hand corner.

TUFFY advised SA(A) [REDACTED] that these initials are those of GEORGE COKKINIS, former accountant for Central American Steamship Agency, Incorporated (CAS), 655 Madison Avenue, New York City, and PETER SPALDING, Vice-President of CAS. b7c

TUFFY advised that GEORGE COKKINIS is now located care of Panama Maritime, SA, 31 Avenue De L'Opera, Paris 2, France. He stated that SPALDING is still employed by CAS.

The results of the interview of SPALDING will be set forth subsequently in this report.

On June 30, 1952, AUGENTHALER was interviewed by SA(A) [REDACTED] at the SSY office, 52 Broadway, New York City. He stated that to the best of his knowledge Victory had a legal right to ask for the return of funds on deposit at SSY and SSY would be required to return such funds. He added, however, that this situation never arose. He stated that there was no agreement oral or written that Victory or any other member of the USPC group would not ask for the return of funds on deposit. b7c

AUGENTHALER advised that most of the dealings of a financial nature with the USPC group were discussed with HAROLD O. BECKER. He stated that BERENSON and NICOLAS COKKINIS also handle some of the financial transactions.

AUGENTHALER also stated that he does not know any reason why some of the USPC group had high credit balances while others in the USPC group had debit balances.

The Victory minutes reflects that HAROLD O. BECKER was appointed Assistant Treasurer on June 24, 1949, and elected a Director on June 21, 1950.

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On June 23, 1952, BECKER was interviewed by SA(A) [redacted] and the writer at the Victory office, 655 Madison Avenue, New York City. BECKER advised that he became affiliated with Victory and the USPC group on July 1, 1949. He stated that ROBERT L. BERENSON, Victory and USPC President, instructed him to maintain as high a balance as possible for Victory at SSY. b7c

BECKER advised that he carried out BERENSON'S instructions and maintained the Victory balance at SSY at high figures. BECKER claimed that he never asked BERENSON why he desired Victory to maintain high credit balances at SSY. BECKER advised that to his knowledge there was no written agreements between SSY and Victory or any other member of the USPC group. He does not know whether BERENSON had an oral agreement with SSY.

BECKER stated that he issued instructions to SSY when Victory withdrew cash from SSY. BECKER stated that he regarded the Victory SSY account as a current account receivable. He advised that he believed Victory had a legal right to withdraw funds it had on deposit with SSY. BECKER advised that in most instances Victory withdrew cash from SSY to improve its cash position to meet maritime requirements.

BECKER advised that during April, 1951, BERENSON informed him that SSY required that all members of the USPC group maintain credit balances. Schedule A reflects that since April, 1951, the Victory credit balances have been nominal.

BECKER advised that prior to April, 1951, he knew although Victory had high credit balances at SSY, USPC had high debit balances. He expressed the opinion that SSY could not legally offset the Victory credit balance against the USPC debit balance or any other debit balance.

BECKER said that if he thought the Victory credit balance at SSY could be offset by a USPC debit balance, he certainly would not have certified Victory balance sheets which contained the SSY acct. as a current account receivable.

Victory records reflect that as of December 31, 1950, after giving SSY credit for the \$750,000.00 that was received by Victory on December 29, 1950, the Victory SSY account receivable had a debit balance of \$676,781.77.

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Schedule A reflects that according to the SSY records, Victory had a credit balance of \$677,142.18 at SSY as of December 31, 1950, after the \$750,000.00 had been forwarded on December 29, 1950, by SSY to Victory.

When the amount of \$750,000.00 was returned by Victory to SSY on January 2, 1951, Victory debited the SSY account receivable and credited cash. Although this transaction reduced the Victory cash position by \$750,000.00 it had no effect on the Victory working capital since the decrease in the current asset cash was offset by the increase in the current asset accounts receivable.

There is set forth below a schedule showing the opening and closing cash balance of Victory for December 28, 1950, December 29, 1950, December 30, 1950, and December 31, 1950:

<u>DATE</u>	<u>OPENING BALANCE</u>	<u>DEPOSITS</u>	<u>WITHDRAWALS</u>	<u>CLOSING BALANCE</u>
12/28/50	\$ 529,192.15	\$ 1,604.00	\$ 3,198.00	\$ 527,598
12/29/50	527,598.15	906,162.46	9,400.00	1,424,360
12/30/50	1,424,360.61	Adjustment	.30	1,424,360
12/31/50	1,424,360.31	-0-	-0-	1,424,360

The above deposit in amount of \$906,162.46 made on December 29, 1950, consists of the \$750,000.00 received from SSY plus an amount of \$156,162.46 in charter hire received from Transatlantica.

As set forth on page 117 of New York report dated May 10, 1952, BECKER advised SA(A) [redacted] and the writer that the purpose of the \$750,000.00 deposit made on December 29, 1950, was to enable Victory to improve its cash position as of December 31, 1950, to qualify for maritime mortgage aid. b7c

As shown above, there were no deposits or withdrawals subsequent to December 29, 1950. The only entry in the Victory cash account subsequent to December 29, 1950, was an adjustment of \$.30 reducing the cash balance from \$1,424,360.61 to \$1,424,360.31.

An examination of the Victory records revealed that Ariona was not indebted to Victory.

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Victory Affidavits:

Item three of the Department memorandum states that on page 115 of New York report dated May 10, 1952, the cash balance of Victory as of December 31, 1950, was \$1,424,360.31; on page 120 the cash balance is shown to have been \$813,267.19 on January 15, 1951, before issuance of any checks that day.

Item three further states that this would seem to indicate that \$611,093.12 was disbursed in 14 days. It was requested that it be determined what these disbursements were, their nature and to whom made and how instant disbursements affected the validity of the monthly affidavits filed with maritime.

Before commenting on the investigation conducted under item No. three, the following information is being set forth.

In connection with maritime mortgage ad, Victory was requested to submit monthly affidavits (form MA-46) to the United States Maritime Commission. A blank copy of form MA-46 is being submitted as enclosure No. two with this report.

As set forth on form MA-46, Victory merely executed the affidavit unless said transactions set forth in paragraph two had been consummated. Paragraph two is set forth below:

"That during the period from ----- to -----, both dates inclusive, no capital has been withdrawn, no share capital redeemed or converted into debt, no dividend paid, no loan or advance (except advances to cover current expenses of the said Company) made, either directly or indirectly, to any stockholder, director, officer, or employee of the Company or to any related company (as defined in Section 299.1(q) of United States Maritime Commission's General Order No. 60, as adopted by its successor, the Maritime Administration, and amended from time to time), no investment made in the securities of any related company (as defined in said Section of General Order 60), no indebtedness to any stockholder, director, officer, or employee of the Company, or to any related company (as defined in said Section of General Order 60), which was classified as long-term or noncurrent in any balance sheet submitted with the application (or amendment thereto)

NY 46-2507

to purchase or charter any vessel under the above contracts, has been repaid in whole or in part, and no salary at a rate in excess of \$25,000.00 per annum has been paid (except as shown in the attached statement, dated -----).

If any of the transactions set forth in paragraph two were consummated, Victory was required to attach a statement setting forth the transaction or transactions that were consummated. It was permissible to consummate such transactions provided the net worth and working capital met the maritime requirements after such transactions.

There is attached hereto schedule B showing Victory cash disbursements during the period January 1, 1951 through January 31, 1951. As shown on schedule B, the total amount cash disbursements was \$1,576,603.67. Schedule B also reflects that \$1,295,000.00 of total cash disbursements of \$1,576,603.67 consisted of payments to SSY.

As shown on schedule A, the effect of payment to SSY was to increase the Victory credit balance at SSY from \$677,142.18 as of December 31, 1950 to \$1,728,671.11 as of January 31, 1951.

An examination of the Victory affidavit file reflected that on February 9, 1951, H. O. BECKER executed the monthly Victory affidavit for the period January 1, 1951 to January 31, 1951. In executing above affidavit BECKER indicated that none of the transactions contained in paragraph two of form MA-46 had been consummated during the period January 1, 1951 to January 31, 1951.

An examination of the items set forth on schedule B reveals that none of these items involve transactions set forth in paragraph two of form MA-46. Therefore, the above-mentioned Victory affidavit appears to be valid.

It is to be noted that there is nothing contained on form MA-46 that refers to cash position, working capital and net worth except insofar as working capital and net worth would be affected by transactions set forth in paragraph two.

Victory Cash Position as of December 31, 1949 and June 30, 1950:

Item four states that Victory filed general financial

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statements with maritime for the periods January 1, 1949 to December 31, 1949, and January 1, 1950 to June 30, 1950, showing cash balances of \$1,167,151.96 and \$1,413,053.88 on December 31, 1949, and June 30, 1950, respectively. It was requested that the accuracy of these cash positions be checked to determine whether the same were bolstered in any way.

An examination of the Victory cash account revealed that the balance as of December 31, 1949, was \$1,167,151.96. An examination of the Victory Cash Receipts Journal revealed that no cash was received from SSY during December, 1949.

There is set forth below a tabulation showing Victory cash balance as of December 1, 1949, cash receipts and disbursements during December, 1949, and the cash balance as of December 31, 1949:

Cash Balance 12/1/49	\$ 922,276.47
Cash Receipts December, 1949	339,560.54
	<u>1,261,837.01</u>
Cash Disbursement December, 1949	94,685.05
Cash Balance 12/31/49	\$ <u>1,167,151.96</u>

An analysis of the cash receipts journal reflected that \$323,046.40 of above-mentioned total cash receipts of \$339,560.54 consisted of charter hire received from Transatlantica.

An examination of the Victory cash account revealed that the balance as of June 30, 1950, was \$1,413,053.88.

There is set forth below a tabulation showing Victory cash balance as of June 1, 1950, cash receipts and disbursements during June, 1950, and the cash balance as of June 30, 1950:

Cash Balance	\$ 1,213,767.76
Cash Receipts June, 1950	681,262.61
	<u>1,895,030.37</u>
Cash Disbursements June, 1950	481,976.49
Cash Balance June 30, 1950	\$ <u>1,413,053.88</u>

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\$300,000.00 of total cash receipts of \$681,262.61 consisted of cash payment of \$300,000.00 received from SSY on June 21, 1950; \$312,324.92 of total cash receipts of \$681,262.61 consisted of charter hire received from Transatlantica during June, 1950.

\$300,000.00 received from SSY on June 21, 1950, was debited to Cash and credited to the Victory SSY Account Receivable.

An analysis of the Victory Cash Disbursements Journal reflected that amounts of \$25,000.00 and \$100,000.00 were paid by Victory to SSY on June 26, 1950 and June 28, 1950, respectively. Instant amounts were debited to the Victory SSY Account Receivable and credited to Victory Cash Account.

The Victory cash balance was increased in amount of \$175,000.00 as a result of the \$300,000.00 received from SSY on June 21, 1950, that is instant \$300,000.00 less the amounts of \$25,000.00 and \$100,000.00 paid by Victory to SSY on June 26, 1950, and June 28, 1950, respectively.

On June 23, 1952, BECKER advised SA(A) [redacted] and the writer that the purpose of the \$300,000.00 withdrawal by Victory from SSY on June 21, 1950, was to increase Victory's cash position as of June 30, 1950, to meet maritime's cash requirement. b7c

Victory Cash and Capital Surplus Balances as of June 21, 1949, June 29, 1949, July 13, 1949, July 31, 1949, and August 31, 1949:

Item five of Department memorandum states that under contract MCC 62235, dated May 25, 1949, Victory purchased Seven Victory Ships from maritime under mortgage. In accordance with the financial requirements of General Order 60, Victory submitted certified balance sheets as of the following dates:

June 21, 1949
June 29, 1949
July 13, 1949
July 31, 1949
August 31, 1949

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Instant balance sheets which were certified by Arthur Anderson and Company, 67 Wall Street, New York City, set forth the cash position and capital surplus of Victory on the respective dates as follows:

<u>DATE</u>	<u>CASH</u>	<u>CAPITAL SURPLUS</u>
6/21/49	\$ 398,215.50	\$ 1,248,215.50
6/29/49	883,287.50	2,035,215.50
7/13/49	1,699,862.50	3,215,715.50
7/31/49	1,650,576.49	3,607,215.50
8/31/49	1,633,927.43	3,607,215.50

It was requested that the correctness of the above-mentioned cash positions be determined and also whether the capital surplus was actually paid into the company. It was also requested that the funds be followed to determine the original source. It was requested that if bank loans were involved that it be determined what was posted as security for the bank loans.

An examination of the Victory Cash Account, Cash Receipts and Disbursements Journals revealed that the above cash positions of June 21, 1949, June 29, 1949, July 31, 1949, and August 31, 1949, were in agreement with the Victory records.

This examination reflected that the Victory cash position as of July 13, 1949, to be \$519,362.50 rather than \$1,699,862.50. However, the Victory cash balance as of July 14, 1949, was \$1,699,862.50. This discrepancy was probably caused by including a Victory deposit of \$1,180,500.00 made July 14, 1949, in the Victory cash balance of July 13, 1949.

An examination of the Victory Cash Receipts Journal reflected that through July 14, 1949, the sole source of cash consisted of advances from USPC. These advances were credited to Capital Surplus. With the exception of charter hire in the amount of \$35,224.75 received from Transatlantica on July 27, 1949, the sole source of Victory cash through July 31, 1949, was the aforementioned advances from USPC.

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There is set forth below a schedule showing Victory cash balance on August 1, 1949, receipts and disbursements during August, 1949, and Victory cash balance as of August 31, 1949:

Cash Balance August 1, 1949	\$	1,650,576.49
Cash Receipts August, 1949		<u>1,333,350.94</u>
		2,983,927.43
Cash Disbursements August, 1949		<u>1,350,000.00</u>
Cash Balance August 31, 1949	\$	<u>1,633,927.43</u>

\$950,000.00 of above-mentioned total cash receipts of \$1,333,350.94 consisted of a cash payment received from SSY on August 15, 1949; \$378,905.41 of total cash receipts of \$1,333,350.94 consisted of charter hire received from Transatlantica during August, 1949.

The \$950,000.00 received from SSY on August 15, 1949, was debited to Cash and credited to the Victory SSY Account Receivable.

An analysis of the Victory Cash Disbursements Journal revealed that amounts of \$200,000.00 and \$100,000.00 were paid by Victory to SSY on August 23, 1949, and August 25, 1949, respectively. Instant amounts were debited to Victory SSY account receivable and credited to the Victory cash account.

The Victory cash balance as of August 31, 1949, was increased in amount of \$650,000.00 as a result of \$950,000.00 received from SSY on August 15, 1949; that is instant \$950,000.00 less the amounts of \$200,000.00 and \$100,000.00 paid by Victory to SSY on August 23, 1949 and August 25, 1949, respectively.

On June 23, 1952, BECKER advised SA(A) [redacted] and the writer that he could not specifically recall the purpose of the \$950,000.00 withdrawal from SSY but presumes it was for the purpose of improving Victory's cash position. He stated he knew of no other reason for such withdrawal. b7c

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An analysis of the Victory Capital Surplus account from May 27, 1949 through July 31, 1949, revealed that the capital surplus was actually paid into the company by USPC. There is set forth below a schedule showing dates and amounts of the capital surplus paid into Victory by USPC:

Victory Carriers Incorporated

Capital Surplus Account

<u>DATE</u>	<u>AMOUNT</u>	<u>BALANCE</u>
5/27/49	\$ 852,000.00	\$ 852,000.00
6/21/49	396,215.50	1,248,215.50
6/29/49	787,000.00	2,035,215.50
7/14/49	1,180,500.00	3,215,715.50
7/28/49	148,000.00	3,363,715.50
7/29/49	235,000.00	3,598,715.50
7/29/49	8,500.00	3,607,215.50
Total \$	<u>3,607,215.50</u>	

As set forth in the above schedule with the exception of the July 14, 1949 balance, the balances in this account are in agreement with the balances shown in the Arthur Anderson and Company certified balance sheets submitted to the Commission.

The Arthur Anderson financial statement as of July 13, 1949, reflects a balance of \$3,215,715.50 on July 13, 1949, rather than a balance of \$3,215,715.50 on July 14, 1949, as set forth in the above schedule. This discrepancy is probably due to the fact that the amount of \$1,180,500.00 actually received on July 14, 1949, was included in the July 13, 1949 balance.

An examination of the USPC books and records was made to determine the original source of the total amount of \$3,607,215.50 that was invested by USPC in the capital surplus of Victory.

There is set forth below a schedule showing the original source of funds used by USPC to make its investment of \$3,607,215.50 in the capital surplus of Victory.

The following information concerning the National City Bank loan of May 27, 1949, and the National City collateral loan which were the chief source of funds for the USPC investment in the Victory capital surplus account is set forth below:

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Victory Carriers Incorporated

Source of USPC Funds for Capital Surplus Investment

<u>DATE</u>	<u>NATIONAL CITY BANK LOAN OF 5/27/49</u>	<u>NATIONAL CITY COLLATERAL LOAN</u>	<u>GENERAL FUNDS</u>	<u>TOTAL</u>
5/27/49	\$ 852,000.00	\$	\$	\$ 852,000.00
6/21/49	243,500.00		152,715.50	396,215.50
6/29/49	487,000.00	300,000.00		787,000.00
7/14/49	730,500.00	450,000.00		1,180,500.00
7/28/49			148,000.00	148,000.00
7/29/49				235,000.00
7/29/49	243,500.00			8,500.00
Total	\$ 2,556,500.00	\$ 750,000.00	\$ 300,715.50	\$3,607,215.50

On May 27, 1949, USPC entered into an agreement with the National City Bank of New York to borrow \$2,800,000.00 for the purpose of enabling Victory to purchase ships. The proceeds of the \$2,800,000.00 loan were to be made available on an installment basis. The USPC records reflect that USPC borrowed a total of \$2,556,500.00 under the above loan agreement.

Most of the security posted for this loan was furnished by Ariona. Detailed information concerning this security is set forth on pages 109 through 111 of New York report dated May 10, 1952.

Security for the USPC collateral loan at National City Bank of New York was posted by Ariona. Detailed information concerning this security is set forth on pages 72 through 78 of New York report dated May 10, 1952.

b7c

[REDACTED]

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**VICTORY INCOME AND DISBURSEMENTS
(AMOUNTS OVER \$5,000.00) FOR PERIOD
MAY 25, 1949 TO JANUARY 15, 1950**

Item 5 requests that the income and disbursements of Victory (amounts over \$5,000.00) be obtained and scheduled for the period May 25, 1949 to January 15, 1950.

As set forth previously, SSY, in its capacity as disbursing agent for Victory, pays the latter's accounts payable. From May, 1949 through August 31, 1949 Victory did not maintain an accounts payable register and entered its accounts payable items in the general journal. Subsequent to August 31, 1949 Victory maintained an accounts payable register.

SA [REDACTED] examined the Victory general journal and accounts payable register, together with the SSY monthly statements, and prepared schedules listing Victory items of over \$5,000.00 that were paid by SSY. It was necessary to examine the SSY monthly statements in order to determine whether a given item was actually paid by SSY. [REDACTED] also examined the Victory Cash Disbursements Journal and prepared a list of Victory disbursements over \$5,000.00 in amount exclusive of SSY disbursements. The Victory disbursements to SSY will be set forth subsequently in this report. b7c

There are attached hereto photostatic copies of the following schedules prepared by SA [REDACTED] b7c

Schedule C - Schedule of payables paid by SSY in excess of \$5,000.00 (per General Journal).

Schedule D - Schedule of payables paid by SSY in excess of \$5,000.00 (per Accounts Payable Register).

Schedule E - Schedule of Cash Disbursements in excess of \$5,000.00 (exclusive of SSY).

The writer examined the Victory Cash Receipts Journal for the period May 25, 1949 to January 15, 1950 and prepared Schedule F listing cash receipts in amounts of \$5,000.00 and over for instant period. A copy of Schedule F is attached to this report.

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EXCHANGES OF FUNDS BETWEEN VICTORY AND
SSY, USPC AND AFFILIATED COMPANIES

Item 5 requests that it be determined whether there were any other exchanges of funds in large amounts between Victory and SSY during the years 1949 to 1952, inclusive. A check of amounts over \$100,000.00 was suggested.

Item 7 requests that it be determined whether there were any exchanges of funds in large amounts between Victory and Pacific Tankers, Inc. (Western Tankers, Inc.), Oceanic Transport Corporation, Marine Trading Co., Inc. or Ocean Trading Company, Inc.

An examination of the Victory cash disbursements and receipts journals for the period May, 1949 through May, 1952 revealed that there were no transfers of funds between Victory and Marine Trading Co., Inc. or Ocean Trading Company, Inc.

There is attached hereto Schedule G which lists the cash in amounts of \$100,000.00 or over which was received by Victory from SSY, USPC and affiliated companies during the period May, 1949 through May, 1952.

There is also attached hereto Schedule H which lists disbursements by Victory to SSY, USPC and affiliated companies in amounts of \$100,000.00 or over during the period May, 1949 through May, 1952.

The following comments concerning Schedule G are set forth below under the name of the company that furnished cash to Victory:

USPC

The records of Victory reflect that all cash received from USPC, with the exception of the \$100,000.00 received March 14, 1952, was credited to the Victory capital surplus account. The \$100,000.00 received on March 14, 1952 was credited to Account 015 - Holding, Subsidiary, Affiliated and Associated Companies.

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SSY

Information concerning the \$950,000.00 and \$300,000.00 received by Victory from SSY on August 15, 1949 and June 21, 1950 has been set forth previously. BECKER was unable to recall why Victory requested the sum of \$150,000.00 that was received on July 19, 1950. He advised that amounts of \$750,000.00, \$750,000.00 and \$100,000.00 received December 29, 1950, February 15, 1951 and March 30, 1951, respectively, were for the purpose of increasing Victory's cash balance to meet Maritime requirements.

BECKER advised that the \$800,000.00 received from SSY on July 21, 1950 was for the purpose of enabling Victory to make a down payment of \$800,000.00 on its purchase of the stock of Pacific Tankers, Inc. from USPC. Further information concerning this matter will be set forth subsequently in this report under the caption "Purchase of Pacific Tankers, Inc. stock from USPC by Victory Carriers, Inc."

BECKER advised that the \$949,233.05 received by Victory on April 3, 1951 from SSY was for the purpose of reducing the Victory March 31, 1951 balance of \$1,049,233.05 to \$100,000.00. This was in accordance with Victory's policy of reducing the balance of its account at SSY to a nominal figure.

It is to be noted that Victory, as an individual corporate entity, had a sufficient credit balance at SSY to warrant withdrawal of funds set forth in Schedule G.

Pacific Tankers, Inc.

BECKER advised that the \$225,000.00 received by Victory from Pacific Tankers on January 11, 1951 was for the purpose of increasing Victory's working capital. The \$225,000.00 was debited to Cash and credited to Account Number 541 - Non-Current Payables to Holding, Subsidiary, Affiliated and Associated Companies. This entry increased the Victory working capital by \$225,000.00 since the current asset Cash was increased and the credit was to a non-current rather than a current liability.

The Victory records reflect that the \$150,000.00 received from Pacific Tankers on March 5, 1952 was in repayment of \$150,000.00 advanced by Victory to Pacific on February 19, 1952.

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Oceanic Transport

BECKER advised that the \$100,000.00 received by Victory from Oceanic Transport on January 11, 1951 was for the purpose of increasing Victory's working capital in order to qualify for Maritime mortgage aid. The \$100,000.00 was debited to Cash and credited to Account Number 541. The effect of this transaction has been described above.

BECKER advised that the \$300,000.00 received from Oceanic Transport by Victory on October 9, 1951 was for the purpose of enabling Victory to make an additional payment to USPC in connection with its purchase of Pacific Tankers stock from USPC. Further information concerning this matter will be set forth subsequently in this report.

* * * * *

The following comments concerning Schedule H are set forth below under the name of the company to which Victory made disbursements:

SSY

No special comments will be made concerning the individual disbursements made by Victory to SSY.

BECKER advised that the purpose of such disbursements up to April, 1951 was to furnish SSY with funds to pay Victory's obligations and to maintain a high credit balance at SSY. BECKER stated that beginning April, 1951 Victory merely advanced sufficient funds to SSY to enable the latter to function as Victory's disbursing agent.

USPC

An examination of the Victory records reflected that payments by Victory to USPC in amounts of \$800,000.00, \$377,955.58, \$300,000.00 and \$100,000.00 made on July 21, 1950, May 1, 1951, October 9, 1951 and February 1, 1952 were for the purpose of making

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payments against the purchase by Victory of Pacific Tankers stock from USPC. Further information concerning this matter will be set forth subsequently in this report.

\$100,000.00 of the \$200,000.00 payment made February 7, 1952 was for the purpose of paying the final installment on the purchase of Pacific Tankers stock. The balance of the \$200,000.00, together with the \$150,000.00 payment of March 6, 1952, was debited to Account Number 015 - Holding, Subsidiary, Affiliated and Associated Companies.

Pacific Tankers

The Victory records reflect that the \$225,000.00 paid to Pacific Tankers on February 20, 1951 was for the purpose of repaying a Pacific Tankers advance in like amount made to Victory on January 11, 1951.

The amount of \$150,000.00 paid by Victory to Pacific Tankers was an advance by Victory that was debited or charged to Account Number 015. As set forth previously, Pacific Tankers repaid this amount to Victory on March 5, 1952.

Oceanic Transport

The Victory records reflect that the \$100,000.00 paid by Victory to Oceanic Transport on February 20, 1951 was for the purpose of repaying an Oceanic advance made to Victory on January 11, 1951.

Transatlantica Charter Hire

Item 6 requests that it be determined whether the charter hire on the seven victory ships was to be remitted by Transatlantica to Victory or whether charter earnings of these ships would be committed to the repayment of any bank loans. It was also requested that it be determined whether the payments were made direct to Victory or to some bank.

An examination of the Victory records reflected that the charter hire on the seven Victory ships was promptly remitted by Transatlantica to Victory. The records failed to disclose that these charter earnings were committed to the repayment of any bank loans.

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PURCHASE OF PACIFIC TANKERS, INC.
STOCK FROM USPC BY VICTORY
CARRIERS, INC.

Item 8 states that in July, 1950 Victory purchased the stock of Pacific Tankers for the amount of \$1,877,000.00. This item further states that the down payment was \$800,000.00 and it was requested that it be determined whether the \$800,000.00 was ever paid, was it a cash transaction and what was the source of the funds. It was also requested that it be determined whether the balance due on the stock has been paid.

The USPC minutes reflect that at a meeting of the Board of Directors held June 21, 1951 ROBERT L. BERENSON stated that negotiations were under way for the sale by USPC to Victory of all of the stock of Pacific Tankers for an amount of not less than \$1,800,000.00. No further reference was made to this transaction in the minutes.

The minute book contained a copy of a sales agreement dated July 19, 1950 between USPC and Victory wherein USPC sold all the outstanding stock of Pacific Tankers to Victory for \$1,877,955.58. An examination of the Victory records reflected that the purchase price of \$1,877,955.58 has been paid by Victory to USPC.

There is set forth below a schedule showing the dates and the amounts of the payments by Victory to USPC:

<u>Date</u>	<u>Amount</u>
July 21, 1950	\$800,000.00
May 1, 1951	377,955.58
June 4, 1951	50,000.00
October 9, 1951	300,000.00
December 28, 1951	75,000.00
January 24, 1952	75,000.00
February 1, 1952	100,000.00
February 7, 1952	100,000.00
Total	<u>\$1,877,955.58</u>

b7c

[REDACTED]
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As previously set forth, the source of the \$800,000.00 paid by Victory to USPC on July 21, 1950 was a withdrawal of \$800,000.00 by Victory from SSY.

As set forth previously, the source of the \$300,000.00 paid by Victory to USPC on October 9, 1951 was an advance of \$300,000.00 made by Oceanic Transport to Victory on October 9, 1951.

The remaining payments came from the general funds of Victory and it was not possible to make a definite determination concerning the source of funds used to make such payments.

MISCELLANEOUS

As set forth on page 41 of New York report dated May 10, 1952, SAs [REDACTED] prepared Exhibit H, a schedule of the monthly balances of the USPC group and the foreign group, together with a consolidation of these balances. At the time this exhibit was prepared SSY had not obtained permission to make available the records of ERINAMAR, a member of the foreign group. b7c

On June 24, 1952 PAUL F. DALY, SSY Controller, advised SA [REDACTED] that permission had been obtained to make ERINAMAR records available. SA [REDACTED] examined the ERINAMAR records and adjusted Exhibit H to include the ERINAMAR monthly balances, which necessitated adjustments for the months August, 1950 through February, 1951. b7c

There is attached hereto Exhibit H Adjusted, which contains the data set forth in Exhibit H plus the inclusion of the monthly balances of the ERINAMAR account.

[REDACTED] Central American Steamship Agency, Inc., was interviewed by SA [REDACTED] and the writer in the presence of his attorney, EDWARD J. ROSS, of Breed, Abbott and Morgan, at the office of instant company, 655 Madison Avenue, New York City. b7c

[REDACTED] advised that he became affiliated with Central American Steamship Agency, Inc. [REDACTED] in the capacity of Traffic Manager. His duties since then have been mainly those of traffic Manager. He advised he has no connection with any of the companies in either the USPC or ARIONA group. b7c

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He examined a memorandum dated December 29, 1950 addressed to SSY which requested that the attached cashier's check in the amount of \$700,000.00 be credited to the ARIONA account. [REDACTED] advised that the initials appearing in the lower left-hand corner of this memorandum are those of GEORGE COKKINIS and himself. He advised that GEORGE COKKINIS handled the financial transactions of Central American Steamship Agency, Inc. b7c

[REDACTED] was unable to recall the transaction set forth in the December 29, 1950 memorandum. He claimed he had no information concerning the reason for this \$700,000.00 deposit at SSY. He further claimed he has no information concerning either the USPC or ARIONA accounts. b7c

On June 30, 1952 NICOLAS COKKINIS was interviewed by SA [REDACTED] and the writer in the presence of his attorney, EDWARD J. ROSS, of Breed, Abbott and Morgan, at the office of Central American Steamship Agency, Inc., 655 Madison Avenue, New York City. COKKINIS advised that he has been President of Central American Steamship Agency, Inc. since February, 1947. He has also been a USPC Vice President and stockholder since 1948.

COKKINIS stated he has no recollection of the memorandum dated December 29, 1950. He searched the Central American Steamship Agency, Inc. files but was unable to locate additional correspondence or documents pertaining to instant memorandum. He stated that ONASSIS was in New York during December, 1950 and may have issued verbal instructions to Central American Steamship Agency, Inc. to forward the \$700,000.00 to SSY. COKKINIS advised that Central American Steamship Agency, Inc. is the agent for the companies in the ARIONA group.

He advised that he could furnish no information concerning the purpose of the \$700,000.00 credit to ARIONA's account at SSY on December 29, 1950.

COKKINIS stated he was aware of the fact that Victory had large credit balances at SSY while USPC had correspondingly large debit balances. It was his impression that BERENSON had an

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understanding with SSY that the USPC group, as a package, would maintain a net credit balance at SSY. COKKINIS stated he obtained this impression from conversations he had with BERENSON.

COKKINIS stated there definitely were no written agreements between SSY, USPC or any member of the USPC group. He advised that SSY did not have a legal right to offset a Victory credit balance against a USPC debit balance. He stated that, if a member of the USPC group having a credit balance requested funds from SSY, SSY would have been required to honor this request regardless of the amount of the debit balance in the account of any other member of the USPC group. COKKINIS stated, however, that to his knowledge this situation never arose and he would have considered it unethical for any member of the USPC group to withdraw funds from SSY if such withdrawal would place the USPC group as a package in debit balance at SSY.

COKKINIS stated that to his knowledge there was no understanding that the ARIONA group and the USPC group would be considered as a single package by SSY. He advised that most of the funds furnished by ARIONA to SSY were furnished directly by ARIONA rather than through Central American Steamship Agency, Inc.

ENCLOSURES (2) TO BUREAU

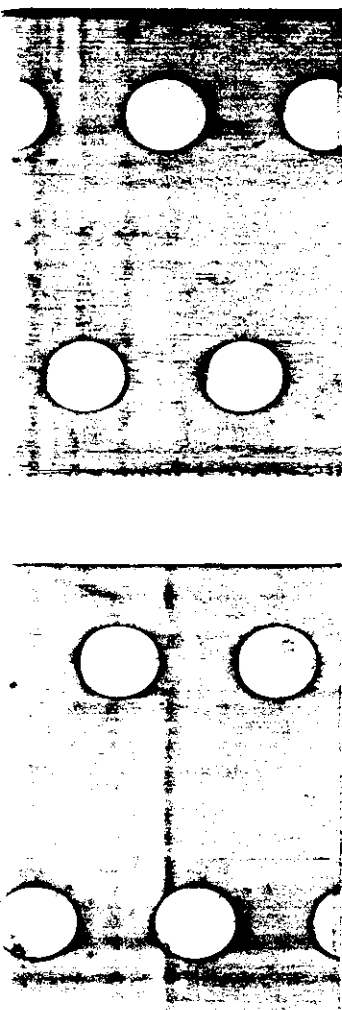
1. Photostatic copy of a memorandum dated December 29, 1950 instructing SSY to credit attached cashier's check of National City Bank of New York, number FT 855121, dated December 29, 1950, to the ARIONA account. A photostatic copy of cashier's check FT 855121 is attached to the memorandum.

2. A blank copy of the monthly affidavit (Form MA-46) that was forwarded each month by Victory to the Maritime Commission.

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1979	Jan	21
1979	Jan	22
1979	Jan	23
1979	Jan	24
1979	Jan	25
1979	Jan	26
1979	Jan	27
1979	Jan	28
1979	Jan	29
1979	Jan	30
1979	Jan	31



1939 Schedule B

ALL DISBURSEMENTS TO THE SCHEDULE B

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1939 Schedule B

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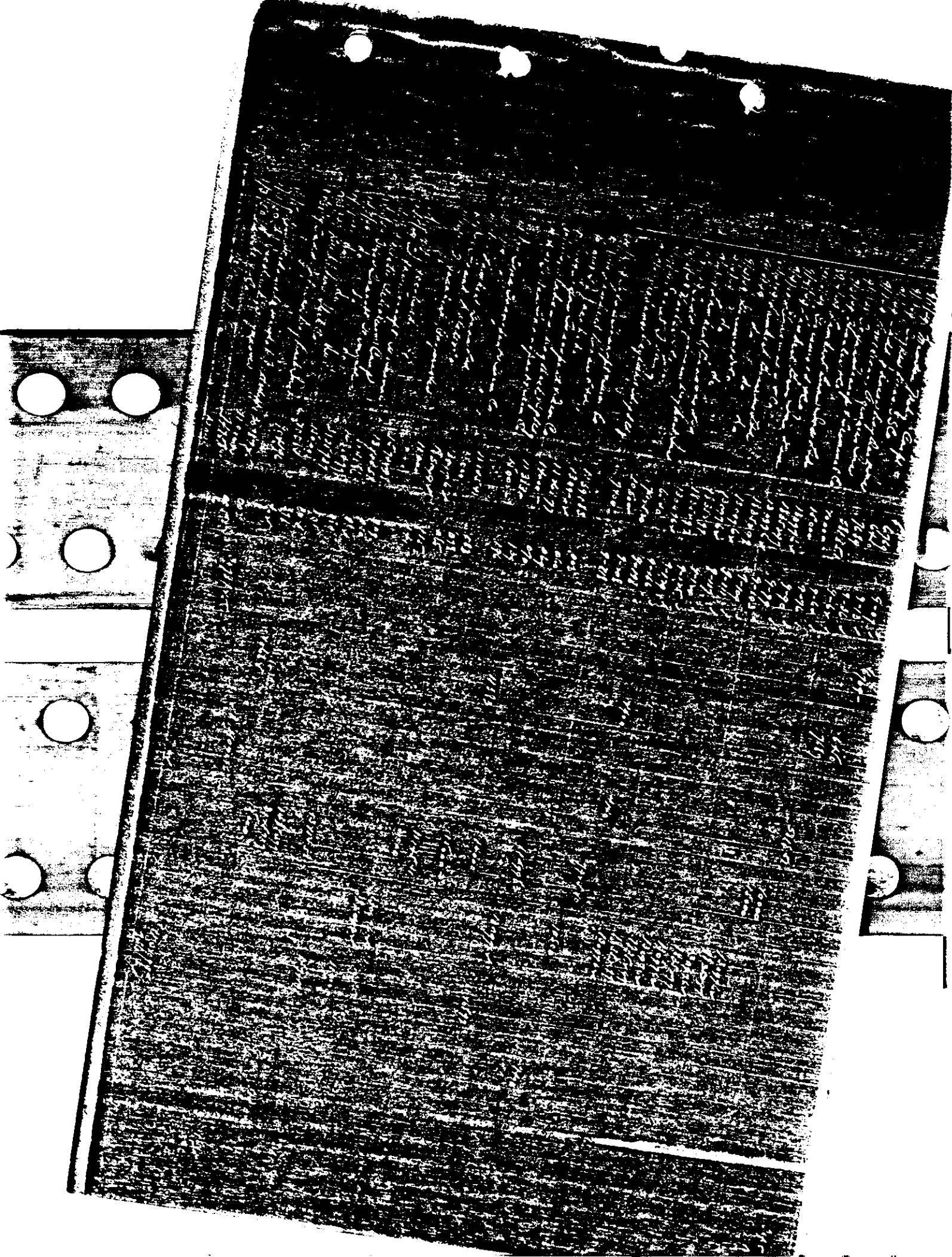
1939 Schedule B

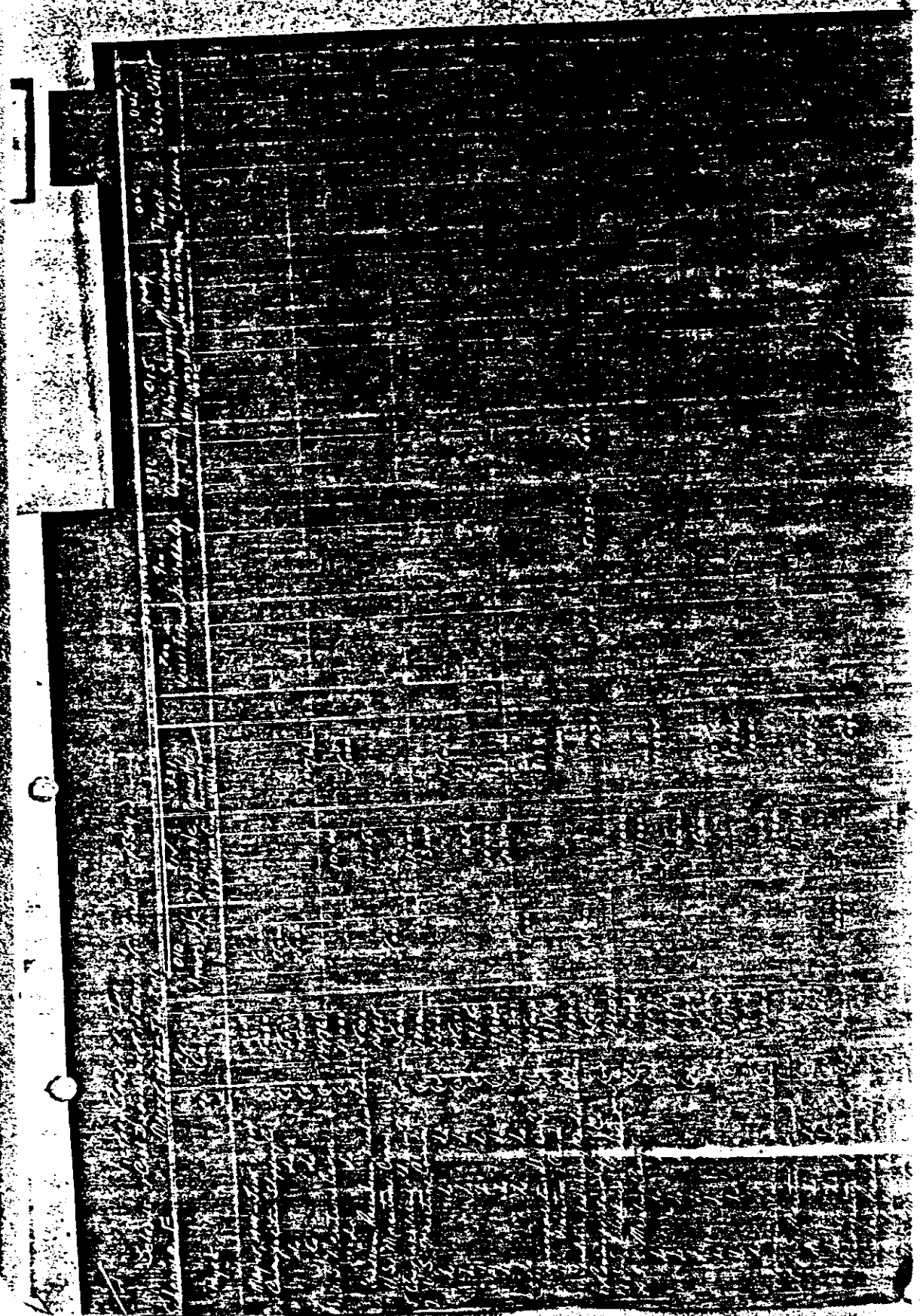
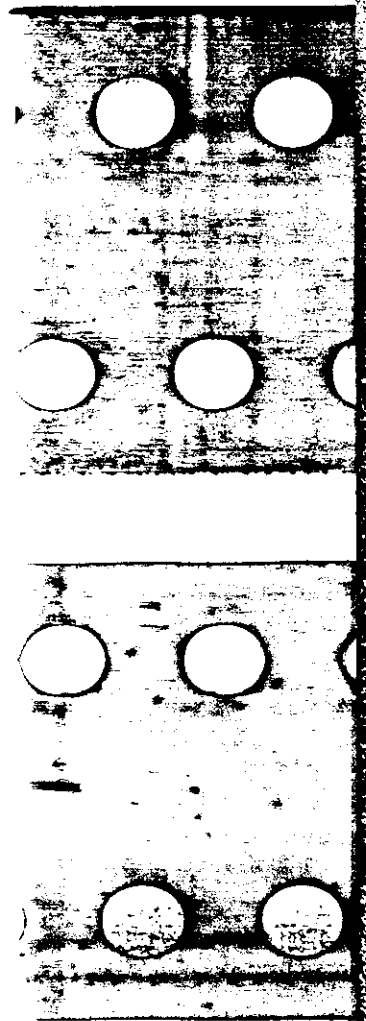
1939 Schedule B

Varsity Athletics Inc
 1000 University Ave
 Berkeley, CA 94702
 (415) 841-3300

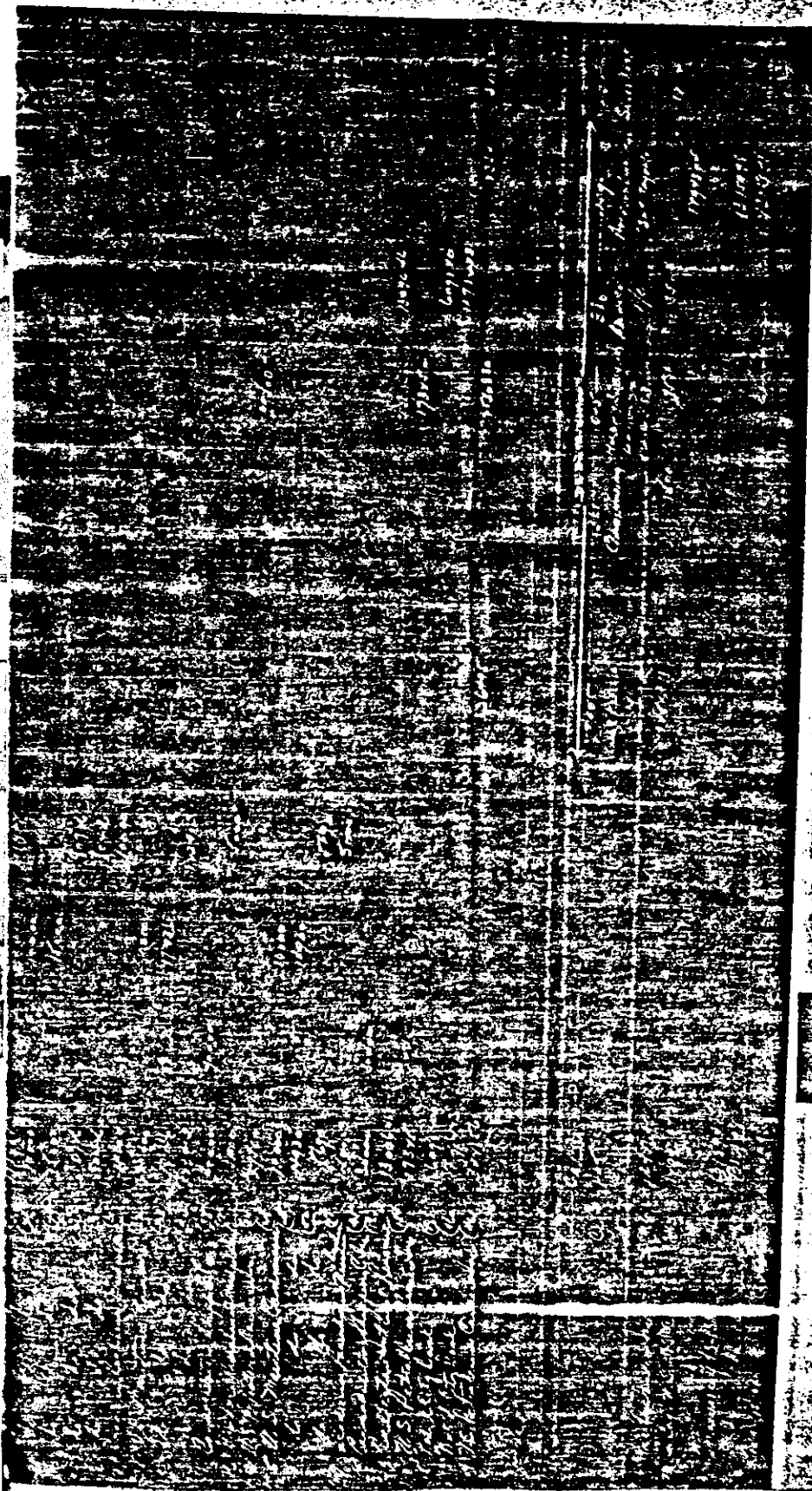
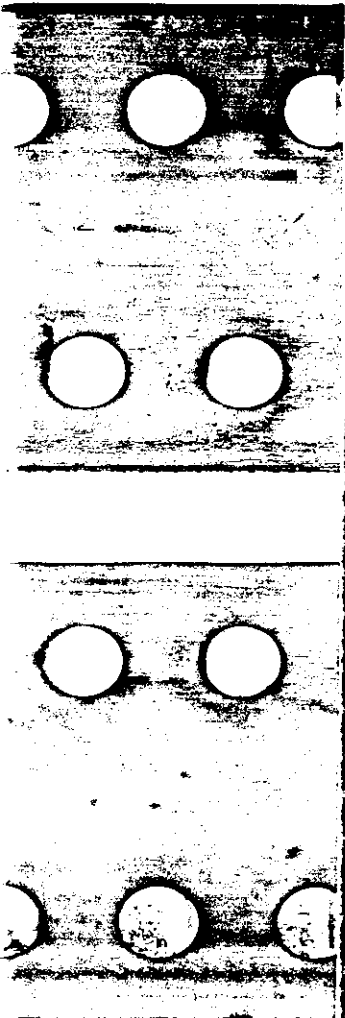
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1002	Varsity Athletics Inc	1002	Open	1000.00	12/31/80
1003	Varsity Athletics Inc	1003	Open	1000.00	12/31/80
1004	Varsity Athletics Inc	1004	Open	1000.00	12/31/80
1005	Varsity Athletics Inc	1005	Open	1000.00	12/31/80
1006	Varsity Athletics Inc	1006	Open	1000.00	12/31/80
1007	Varsity Athletics Inc	1007	Open	1000.00	12/31/80
1008	Varsity Athletics Inc	1008	Open	1000.00	12/31/80
1009	Varsity Athletics Inc	1009	Open	1000.00	12/31/80
1010	Varsity Athletics Inc	1010	Open	1000.00	12/31/80

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Victory Lap
Stewart & Co. Reilly
1937

Date	Account	Debit	Credit	Balance	Debit	Credit	Balance	Debit	Credit	Balance
1/1	W.S.P. Co.	500.00		500.00			500.00			500.00
1/2	U.S. P.C.	100.00		600.00			600.00			600.00
1/3	U.S. P.C.	100.00		700.00			700.00			700.00
1/4	U.S. P.C.	100.00		800.00			800.00			800.00
1/5	U.S. P.C.	100.00		900.00			900.00			900.00
1/6	U.S. P.C.	100.00		1000.00			1000.00			1000.00
1/7	U.S. P.C.	100.00		1100.00			1100.00			1100.00
1/8	U.S. P.C.	100.00		1200.00			1200.00			1200.00
1/9	U.S. P.C.	100.00		1300.00			1300.00			1300.00
1/10	U.S. P.C.	100.00		1400.00			1400.00			1400.00
1/11	U.S. P.C.	100.00		1500.00			1500.00			1500.00
1/12	U.S. P.C.	100.00		1600.00			1600.00			1600.00
1/13	U.S. P.C.	100.00		1700.00			1700.00			1700.00
1/14	U.S. P.C.	100.00		1800.00			1800.00			1800.00
1/15	U.S. P.C.	100.00		1900.00			1900.00			1900.00
1/16	U.S. P.C.	100.00		2000.00			2000.00			2000.00
1/17	U.S. P.C.	100.00		2100.00			2100.00			2100.00
1/18	U.S. P.C.	100.00		2200.00			2200.00			2200.00
1/19	U.S. P.C.	100.00		2300.00			2300.00			2300.00
1/20	U.S. P.C.	100.00		2400.00			2400.00			2400.00
1/21	U.S. P.C.	100.00		2500.00			2500.00			2500.00
1/22	U.S. P.C.	100.00		2600.00			2600.00			2600.00
1/23	U.S. P.C.	100.00		2700.00			2700.00			2700.00
1/24	U.S. P.C.	100.00		2800.00			2800.00			2800.00
1/25	U.S. P.C.	100.00		2900.00			2900.00			2900.00
1/26	U.S. P.C.	100.00		3000.00			3000.00			3000.00
1/27	U.S. P.C.	100.00		3100.00			3100.00			3100.00
1/28	U.S. P.C.	100.00		3200.00			3200.00			3200.00
1/29	U.S. P.C.	100.00		3300.00			3300.00			3300.00
1/30	U.S. P.C.	100.00		3400.00			3400.00			3400.00
1/31	U.S. P.C.	100.00		3500.00			3500.00			3500.00

W.S.P. Co.
U.S. P.C.

Debit
Credit

Debit
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Debit
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Credit

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(100)
1912

THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

Date	Particulars	Debit	Credit	Balance	Total	Total	Total	Total
1/1								
1/2								
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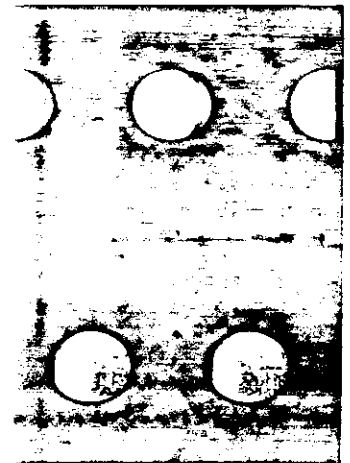
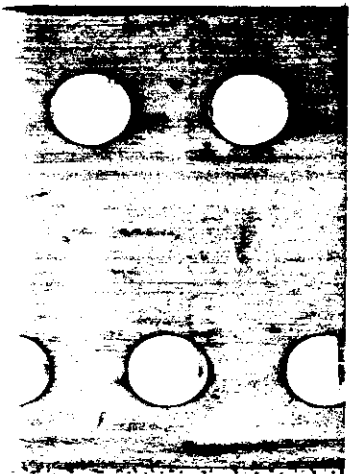
45-2337
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United States
 Department of Justice
 Bureau of Prisons

Date	Substance	Analysis		Remarks
		Quantity	Value	
12/1/55
12/2/55
12/3/55
12/4/55
12/5/55
12/6/55
12/7/55
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2/3/56
 J. Edgar Hoover

Account	Debit	Credit	Balance
1/1/59			1000.00
1/15/59	500.00		500.00
2/1/59		250.00	750.00
2/15/59	100.00		650.00
3/1/59		150.00	800.00
3/15/59	200.00		600.00
4/1/59		100.00	700.00
4/15/59	150.00		550.00
5/1/59		200.00	750.00
5/15/59	100.00		650.00
6/1/59		150.00	800.00
6/15/59	250.00		550.00
7/1/59		100.00	650.00
7/15/59	150.00		500.00
8/1/59		200.00	700.00
8/15/59	100.00		600.00
9/1/59		150.00	750.00
9/15/59	200.00		550.00
10/1/59		100.00	650.00
10/15/59	150.00		500.00
11/1/59		200.00	700.00
11/15/59	100.00		600.00
12/1/59		150.00	750.00
12/15/59	250.00		500.00
1/1/60			500.00



JJR:EMF
10

NY 46-2507

ADMINISTRATIVE PAGE

REFERENCE:

Report of SAA [REDACTED] 5/10/52, New York. b7c
Bureau letter to New York, 6/11/52.

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT

WASHINGTON FIELD

FILE NO.

REPORT MADE AT LOS ANGELES	DATE WHEN MADE 7/15/52	PERIOD FOR WHICH MADE 5/29; 6/2, 10, 18, 19, 30, 7/1-3/52	REPORT MADE BY [REDACTED] lp
TITLE NORTH AMERICAN SHIPPING AND TRADING CO., INC.; ET AL			CHARACTER OF CASE FRAUD AGAINST THE GOVERNMENT b7c

SYNOPSIS OF FACTS:

Written summary of negotiation and sale of two tankers by PTI to USPC in 1949 obtained from JOHN A. McCONE and set out. ROBERT L. BERENSON, president, USPC, certified that he was a citizen of the United States; that the president and managing directors of USPC were citizens of the United States; that the controlling interest in USPC is owned by citizens of the United States; that the title to a majority of the stock of USPC is vested in citizens of the United States, both at the beginning and end of negotiation concerning purchase by USPC of two tankers from PTI.

*2cc Mr. [unclear]
Crim. Div.
with enclosures
by open memo
7-21-52
icc retained by
Williams in
files
icc to Maritime Administration
at [unclear] 7/24/52
-RUC-*

DETAILS:

JOHN A. McCONE, President of Joshua Hendy Corporation and Chairman of the Board of Directors, Pacific Far East Line, Inc., Room 312, General Petroleum Building, 612 South Flower Street, Los Angeles, California.

EXPEDITE PROCESSING

PROPERTY OF FBI
This confidential report and its contents are loaned to you by the FBI and are not to be distributed outside of agency to which loaned.

APPROVED AND FORWARDED: <i>[Signature]</i> SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
COPIES OF THIS REPORT 5 - Bureau (Encs. 13) (46-1178) (Reg) 3 - Washington Field 3 - New York (Encs. 13) (46-2507) (Reg)	46-17783-208 RECORDED-14 EX-164 JUL 21 1952 55 [Handwritten notes]

2 - Los Angeles (46-2054) [unclear]

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LA 45-2054

Los Angeles, California, stated that he had reviewed his files and had prepared the following written summary, the original of which is being maintained in the Los Angeles file of this case:

"Los Angeles, California
July 3, 1952


"Pacific Tankers, Inc. was organized in May, 1943 for the purpose of operating tankers being constructed by the War Shipping Administration.

"The officers and directors of Pacific Tankers, Inc. were as follows:

Directors: S. D. Bechtel
K. D. Dawson
J. A. McCone
J. L. Hanna
W. T. Sexton

Officers: K. D. Dawson, President
William T. Sexton, Vice President
Arthur A. Layne, Secretary-Treasurer
Harold E. Hedrick, Assistant Sectry.-Treas.

"Under date of June 7, 1943, the following stock was issued:

<u>NAME</u>	<u>ADDRESS</u>	<u>SHARES</u>
Federal Engineering Corp. (Subsidiary of Standard Oil Co. California)	225 Bush St., San Francisco	6,000
K. D. Dawson	222 Sansome St., San Francisco	
W. T. Sexton	222 Sansome St., San Francisco	
S. D. Bechtel	155 Sansome St., San Francisco	

LA 46-2054

John A. McCone

601 West 5th St., Los Angeles

b7c

"The first vessel was accepted for operation on July 10, 1943, and between that date and October 31, 1947, a total of 128 vessels were accepted from the War Shipping Administration or its successor, the United States Maritime Commission. Operations were carried on under a General Agency Agreement between Pacific Tankers, Inc. and the War Shipping Administration, dated May 19, 1943, Contract No. WSA-4942.

"The peak of the operations was reached in October, 1945. During that month, there were 81 vessels in operation.

"Following the cessation of hostilities and a reduction in the requirements of our Armed Forces for the transportation of bulk petroleum, the Maritime Commission made available a considerable number of war built tankers to American companies who desired to purchase such ships under the Ship Sales Act of 1946. These sales were started in July, 1947. As a result of these sales and a decrease in the need for operation of Government owned ships, the size of the operating fleet of Pacific Tankers, Inc. gradually decreased.

"At this time, the Net Worth of the company was as indicated in the attached Pacific Tankers, Inc. Balance Sheet of July, 1947.

"It should be noted that during this period, between July, 1943 and July, 1947, the earnings of Pacific Tankers, Inc. were about \$640,000. It had been the intention of certain stockholders of Pacific Tankers, Inc. to continue in commercial operations after the war and to that end plans were made as early as 1945 for the acquisition of tankers either by purchase or by new construction.

"Numerous events took place affecting both the ownership and the future of the company. Mr. K. D. Dawson, the president, died in 1947. The Federal Engineering Corporation (a subsidiary of Standard Oil Company of California), owners of 60% of the stock, and also Mr. W. T. Sexton decided to withdraw from the corporation.

"New stockholders, including Mr. John M. Franklin, (United States Lines), Mr. Edmond J. Moran (Moran Towing & Transportation Company), Mr. Clyde E. Weed (Anaconda Copper Co.), Mr. John L. Simpson (J. Henry Schroder Banking Corporation), Captain T. Reiber (Barber Oil Corporation), and others (complete list attached), acquired various amounts of stock, for which they subscribed in cash.

"It was decided to acquire two T-2 tankers which were offered for sale by the Maritime Commission. However, the directors of the corporation were cognizant of the Maritime rules concerning the net worth and working capital position of any corporation acquiring tankers, and it was then recognized that Pacific Tankers, Inc., even with the new capital subscriptions, did not qualify.

"Therefore, it was decided to merge the Pacific Tankers, Inc. company with Industrial Equipment Company, a company owned by Mr. S. D. Bechtel, Mr. K. K. Bechtel, and Mr. John A. McCone.

"After these transactions, Pacific Tankers, Inc. was of sufficient substance to qualify for the acquisition of two tankers, having a net worth of about \$1,850,000.00 and working capital sufficient to meet the statutory requirements.

"There is attached a Proforma consolidated balance sheet as of February 18, 1948, the Auditor's Report thereon being retained in my file, and also a list of the stockholders of the corporation after the completion of the above mentioned transaction.

"Two ships were purchased, the MONTEBELLO HILLS and the MCKITTRICK HILLS. The transaction was covered by Contract McC-61065 between the United States Maritime Commission and Pacific Tankers, Inc. The purchase price of the vessels was as follows:

<u>VESSEL</u>	<u>OFFICIAL NUMBER</u>	<u>PURCHASE PRICE</u>
MCKITTRICK HILLS	(MC Hull 1841) 247017	\$1,707,792.23
MONTEBELLO HILLS	(MC Hull 1838) 246851	\$1,700,461.68

"The MCKITTRICK HILLS was chartered to Groupement D'Achat des Carburants, a semi-official French Government Agency, for two years, and the MONTEBELLO HILLS was chartered to various parties on a voyage basis.

"About the same time the company entered into a contract with the War Shipping Administration to operate a fleet of Government-owned tankers. Pacific Tankers, Inc. was selected as one of four operators. This contract, and renewals thereof, are still in existence, having been transferred to Joshua Hendy Corporation for reasons mentioned later.

"Because of unfavorable conditions in the charter market, which developed in the summer and fall of 1948, decision was reached to dispose of the tankers. The directors of the corporation approved such a sale and Admiral Moran, at the request of Mr. McCone, offered the tankers to the United States Petroleum Carriers, Inc. who were interested in purchasing tankers, and who, it was reported, had recently acquired ships directly from the Maritime Commission.

"It was recognized that the United States Petroleum Carriers were represented in negotiations by Messrs. Onnansis and Cokinnis, in addition to Mr. R. L. Berenson, the president, and therefore, management and directors were concerned about the nationality of the purchasers.

"The purchasers desired to buy all of the outstanding stock of the corporation as by so doing they would acquire title to the ships, and, in addition, would ascend to the purchase contracts which had been arranged by Pacific Tankers, Inc. and which carried with them long term ship mortgages.

"On January 4, the firm of Kirlin, Campbell, Hickox & Keating gave us an opinion that the sale of stock was controlled by the Maritime Act of 1916 and they, therefore, advised us to secure affidavits concerning the citizenship of acquiring companies, and to present the affidavits of citizenship to the Maritime Commission when seeking their approval of the transaction. This was done. We not only secured affidavits of citizenship at the time the

negotiation was first entered into, but we secured a similar affidavit at the time the negotiation was finally completed and the moneys were paid over to us for our stock.

"We did more than this. We felt that in addition to legal conformance, we wanted to be sure that we were absolutely sound from the standpoint of our national interests, inasmuch as both the directors and management of Pacific Tankers, Inc. looked with concern upon the possibility of American tankers falling into the hands of foreign powers, be they either friendly or unfriendly. Therefore, Admiral A. F. Carter, president of Pacific Tankers, Inc., discussed the transaction with Admiral Smith, the Chairman of the Maritime Commission, and secured from him unqualified approval of the transaction. In the several discussions, the fact that the Maritime Commission itself had sold ships to the United States Petroleum Carriers, Inc. was considered evidence of the Maritime Commission's approval of our sale of the T-2 tankers.

"The United States Petroleum Carriers, Inc. desired to acquire a corporation which had sufficient substance to qualify as regards net worth and working capital, but they did not wish to buy a corporation which had assets in excess of the minimum. At the time of the transaction, Pacific Tankers, Inc. had accumulated a net worth considerably in excess of the minimum. Therefore, a portion of the stock was retired, using earned surplus for this purpose, and as a result, the corporation was reduced in size to approximately \$2,000,000 of net worth. In other words, the number of shares was decreased and then United States Petroleum Carriers, Inc. acquired all of the shares outstanding after the reduction.

"Other assets of Pacific Tankers, Inc., such as the Navy Contract, certain residual activities of the then dormant Industrial Equipment Co. were transferred, with the approval of the Navy Department and the Maritime Commission, to Joshua Hendy Corporation. Details of this transfer were fully disclosed as is indicated by approvals issued by both the Navy and the Maritime Commission authorizing the respective transfers.

"Following these transactions, the shipping activities not sold to United States Petroleum Carriers, Inc. were operated under Pacific Tankers Division of Joshua Hendy Corporation, and are still continuing under that management.

"Following is a list of the directors and officers of Joshua Hendy Corporation:

Directors

K. K. Bechtel
S. D. Bechtel
R. L. Bridges
Allen Cameron
John A. McCone
Alden G. Roach

Officers

John A. McCone	President
S. D. Bechtel	Vice President
K. K. Bechtel	Vice President
Allen Cameron	Vice President
J. M. Tescher	Secretary and Treasurer
W. C. Ryan	Assistant Secretary

"The important considerations in the entire transaction are these:

- "a) In the original purchase of the tankers from the Maritime Commission, the stockholders of Pacific Tankers, Inc. provided the corporation the net worth and the net quick position sufficient to qualify for the acquisition of the two ships. Pacific Tankers capital structure was provided from its original capital and earned surplus, substantial new funds subscribed for common stock and, finally, the assets of Industrial Equipment Co. which was merged into Pacific Tankers, Inc. No stockholders' loans nor outside loans were put forward to qualify the corporation under the Maritime rules.

- "b) In selling to United States Petroleum Carriers, we were concerned with the citizenship of the acquiring corporation and secured evidence that the acquiring entity was an American citizen, as defined under the Maritime Act of 1916. We furthermore explored the transaction from a legal standpoint, as well as our national interest, with the officials of the Maritime Commission, including the chairman, and secured unqualified approval of the transaction prior to making it.
- "c) Prior to selling the stock of Pacific Tankers, Inc. to United States Petroleum Carriers, Inc., a reduction in the net worth of Pacific Tankers, Inc. took place through the retirement of a certain amount of the outstanding stock. There remained in Pacific Tankers, Inc., prior to and at the time of the sale, a net worth of \$2,000,000, which more than met the statutory requirements of the Maritime Commission as regards both net worth and working capital. Therefore, Pacific Tankers, Inc. met the requirements of the Maritime Commission as to net worth and working capital at the time of the sale.

/s/ John A. McCone

July 3 1952

Witness: -

Tereace M. Lee
July 3, 1952"

Mr. McCONE made available his files concerning this transaction, and the following documents were photostated:

1. Pacific Tankers, Inc. Balance Sheet, dated July 31, 1947.

2. Pacific Tankers, Inc. Stockholders of Record as at August 18, 1948.
3. Pacific Tankers, Inc. Pro Forma Balance Sheet dated January 31, 1949.
4. Pacific Tankers, Inc. Pro Forma Consolidated Balance Sheet dated February 18, 1948.
5. Stock Purchase Agreement between Pacific Tankers, Inc. and United States Petroleum Carriers, Inc. dated February 9, 1949, part six of which states:

"Representations and Warranties by the Buyer.

The Buyer represents, warrants and agrees that (a) it is now, and upon the purchase by it at the closing as provided herein will be, a citizen of the United States as defined in Section 2 of the Shipping Act of 1916; and (b) it will on the closing deliver to the Sellers an affidavit of citizenship executed by its President in the form annexed hereto."

6. Affidavit by ROBERT L. BERENSON, dated March 8, 1949, as follows:

"I, ROBERT L. BERENSON, President of UNITED STATES PETROLEUM CARRIERS, INC., do hereby certify that the representations and warranties of UNITED STATES PETROLEUM CARRIERS, INC. contained in paragraph 6 (a) of the Stock Purchase Agreement dated January 20, 1949 between the stockholders of PACIFIC TANKERS INC. and UNITED STATES PETROLEUM CARRIERS, INC. are true as of the date hereof.

"IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 8 day of March, 1949.

/s/ Robert L. Berenson
President

7. Supplemental Agreement between Pacific Tankers, Inc. and United States Petroleum Carriers, Inc., dated February 9, 1949.
8. Copy of Escrow Agreement between Pacific Tankers, Inc. and United States Petroleum Carriers, Inc. and J. M. WARFIELD, dated January 20, 1949.
9. Supplement to Escrow Agreement between PACTANK and USPC, dated February 9, 1949.
10. Conformed copy of letter dated January 31, 1949, from Pacific Tankers, Inc. to U. S. Maritime Commission, Washington, D. C., pertaining to transfer of General Agency Contract (NSA 4942, dated May 19, 1943) to Joshua Hendy Corporation (Pacific Tankers Division).
11. Copy of letter dated January 3, 1949, from Pacific Tankers, Inc. by J. M. WARFIELD to A. ONASSIS and N. COKKINIS, which states in part:

....."(4) Your acceptance of this offer shall constitute a representation and warranty that upon the sale, transfer and delivery to you of all of its capital stock, as herein provided, Oil Transport, Incorporated will be a citizen of the United States, as defined in Section 2 of the Shipping Act of 1916. Evidence of such fact will be furnished to Schroder Trust Company as part of the escrow hereunder. And, in addition, you will furnish such further proof of such fact as may be required by the United States Maritime Commission for its consent and approval to the transfer of the MCKITTRICK HILLS and MONTEBELLO HILLS to Oil Transport, Incorporated.".....

12. Affidavit of ROBERT L. BERENSON, dated January 28, 1949, as follows:

LA 46-2054

"I, ROBERT L. BERENSON, of New York City, New York, swear or affirm that I am President of the United States Petroleum Carriers, Inc., a corporation organized under the laws of the State of Delaware, with offices at 52 Broadway, New York City, New York; that I am a citizen of the United States of America by birth, having been born at Boston, Massachusetts, on October 12, 1913 (or) by naturalization before the _____ for

(name of Court)

on

(district, County or State

(date naturalized)

having been issued Naturalization Certificate No. _____; that the President and managing directors of said corporation are citizens of the United States of America; that the controlling interest in said corporation is owned by citizens of the United States of America; that the title to a majority of the stock of said corporation is vested in citizens of the United States of America free from any trust or fiduciary obligation in favor of any person not a citizen of the United States of America, and that such proportion of the voting power of said corporation is vested in citizens of the United States; that through no contract or understanding is it so arranged that the majority of the voting power of said corporation may be exercised, directly or indirectly, in behalf of any person who is not a citizen of the United States of America; that by no means whatsoever is the control of said corporation conferred upon or permitted to be exercised by any person who is not a citizen of the United States of America.

/s/ Robert L. Berenson

"Subscribed and sworn to before me this 28th day of January, 1949.

/s/ Ernest P. Lang
Notary Public

ERNEST P. LANG
Notary Public in the State
of New York
Residing in Queens County
Queens Co. Clk's No. 4517,
Reg. No. 387-L-0, N.Y. Co.
Clk's No. 1194, Reg. No.
1020-L-0
Commission Expires March 30, 1950

13. Affidavit of ROBERT L. BERENSON, dated
March 8, 1949, as follows:

"I, ROBERT L. BERENSON, of New York, New York, swear or affirm that I am President of the UNITED STATES PETROLEUM CARRIERS, INC., a Corporation organized under the laws of the State of Delaware, with offices at 52 Broadway, New York, New York; that I am a citizen of the United States of America by birth, having been born at Boston, Massachusetts on October 12, 1913; that the President and managing directors of said Corporation are citizens of the United States of America; that the controlling interest in said Corporation is owned by citizens of the United States of America; that the title to a majority of the stock of said Corporation is vested in citizens of the United States of America free from any trust or fiduciary obligation in favor of any person not a citizen of the United States of America, and that such proportion of the voting power of said corporation is vested in citizens of the United States; that through no contract or understanding is it so arranged that the majority of the voting power of said corporation may be exercised, directly or indirectly, in behalf of any person who is not a citizen of the United States of America; that by no means whatsoever is the control of said corporation conferred upon or permitted to be exercised by any person who is not a citizen of the United States of America.

Subscribed and sworn to before
me this 8 day of March, 1949.

/s/ Robert L. Berenson

/s/ Christian R. Ehrhardt
Notary Public

Christian R. Ehrhardt, Notary Public
in the State of New York, Residing in
Queens Co. Clk's No. 1336, Reg. No.
53. E-O, Cert. filed in N.Y. Co. Clk's
No. 234, Reg. No. 110. E-O, Cert. filed
in Kings Co. Clk's No. 77, Reg. No. 94.
E-O, Cert. filed in Bronx Co. Clk's No.
19, Reg. No. 49-E-O, Certs. filed in
Westchester and Richmond Cos.
Commission expires March 30, 1950"

LA 46-2054

ENCLOSURES: 13 enclosures to Bureau and New York
Office as set out above.

REFERRED UPON COMPETION TO THE OFFICE OF ORIGIN

LA 46-2054

ADMINISTRATIVE PAGE

REFERENCE: WFO teletype to Bureau and Los Angeles,
5/26/52
Los Angeles teletype to Bureau, 6/18/52
Report, SA [REDACTED] 5/8/52, b7c
Los Angeles.

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI (46-17783)

DATE: July 24, 1952

FROM : SAC, WFO (46-2607)

SUBJECT: NORTH AMERICAN SHIPPING AND TRADING COMPANY, etal
FAG

Re report of [redacted] (A) dated July 2, 1952. b7c
at New York.

On July 24, 1952, Mr. ALLAN J. KROUSE, Departmental Attorney, contacted the Washington Field Office and stated that he would like to secure information regarding two items as follows:

- (1) Page 13 of referenced report shows cash receipts of \$1,333,350.94 during August, 1949, and cash balance on August 31, 1949, of \$1,633,927.43; that \$950,000 of cash receipts came from SSY on August 15, 1949.

Schedule A shows Victory account with SSY for July, 1949 in debit of \$51,115.09 and consolidated debit of \$228,063.59, and for August, 1949, a credit of \$73,747.85, and a consolidated credit of \$121,725.69.

QUERY

EXPEDITIOUS PROCESSING

Since insufficient credit balance with SSY, where did \$950,000 come from? When was it returned and to whom? Did it come from ARIONA or what was source?

- (2) On March 31, 1950, General Financial Statement filed for year January 1, 1949 to December 31, 1949, (Page 10 of Reference Report). This statement reflects cash in amount of \$1,167,151.96 as at December 31, 1949.

2 - New York (46-2507)

RECORDED-29

EX - 69

146-17783-211
JUL 28 1952

68 AUG 8 1952

b7c
W. J. [unclear]
[unclear]

WFO 46-2607

QUERY

Could the \$950,000 have been included in this amount of cash as at that date? In other words, was amount of cash reported false?

Mr. KROUSE advised that if the statement of August 31, 1949, can be proven to be false, that the statute would run out within the next thirty days.

The New York Office is requested to immediately furnish the information by report or letter so that MR. KROUSE may be correctly informed as to the matter herein discussed.

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (46-17783)

FROM : SAC, New York (46-2507)

SUBJECT: NORTH AMERICAN SHIPPING AND TRADING COMPANY, ET AL
FRAUD AGAINST THE GOVERNMENT

DATE: July 30, 1952

32217

Re WFO letter to Bureau dated 7/24/52 which states that Mr. ALLAN J. KROUSE, Departmental Attorney, would like to secure information regarding two items in report of SAA [redacted] 7/2/52, New York.

The following comments concerning Item #1 are being set forth:

It is to be noted that page 13 of referenced report also states as follows:

"An analysis of the Victory Cash Disbursements Journal revealed that amounts of \$200,000.00 and \$100,000.00 were paid by VICTORY to SSI on August 23, 1949, and August 25, 1949, respectively. Instant amounts were debited to Victory SSI account receivable and credited to Victory cash account.

"The Victory cash balance as of August 31, 1949 was increased in amount of \$650,000.00 as a result of \$950,000.00 received from SSI on August 15, 1949; that is instant \$950,000.00 less the amounts of \$200,000.00 and \$100,000.00 paid by Victory to SSI on August 23, 1949 and August 25, 1949, respectively."

As set forth on Schedule H, the following amounts were paid by Victory to SSI and credited to the Victory account at SSI during the period 8/1/49 to 8/31/49:

Date	Amount
8/1/49	\$100,000.00
8/3/49	600,000.00
8/3/49	350,000.00
8/23/49	200,000.00
8/25/49	100,000.00

EXPEDITIOUS PROCESSING

[Handwritten signature]

As a result of the above payments by Victory to SSI, Victory had a sufficient credit balance in its account at SSI to warrant the net receipt of aforementioned \$650,000.00 in cash from SSI.

It is to be noted, as set forth on Schedule A, that Victory had a credit balance of \$73,747.85 at SSI on 8/31/49. This balance is after receipt of aforementioned net amount of \$650,000.00 by Victory from SSI.

cc: 2 - Washington Field (46-2507)

46-17783-213

JUL 31 1952

W.F.O. will advise Krouse and [redacted] 17
 5 AUG 13 1952 ch by [redacted] Bureau

[Handwritten notes and initials]

8-4

67c

Letter to Director, FBI
NY 46-2507

The source of Victory's funds through 8/31/49 was cash advanced by USPC together with charter earnings received from Transatlantica.

The \$950,000.00 as such was not returned by Victory to SSI. There is set forth in Schedule H a list of payments in amounts of \$100,000.00 and over made by Victory to SSI.

It is to be noted that the Victory month ending balances set forth on Schedule A are after cash withdrawals by Victory and payment of Victory expenses by SSI.

In regard to Item #2, the following comments are being made:

The Victory cash account was not a static account. There was a constant flow of cash in and out of this account.

As shown on Schedule G, there were no withdrawals of cash in amounts of \$100,000.00 or over by Victory from SSI during the period 8/16/49 to 12/31/49. Agents' workpapers reveal there were no withdrawals of cash by Victory from SSI during this period.

As shown on Schedule H, during the period 8/16/49 through 12/31/49 Victory forwarded the following amounts of cash in amounts of \$100,000.00 and over to SSI to be credited to its account at SSI.

<u>Date</u>	<u>Amount</u>
8/23/49	\$200,000.00
8/25/49	100,000.00
9/2/49	200,000.00
9/15/49	250,000.00
9/26/49	200,000.00
10/7/49	200,000.00
10/24/49	100,000.00
11/14/49	250,000.00
Total	\$1,800,000.00

As shown on Schedule A, the above transfers by Victory to its account at SSI had the effect of increasing its credit balance at SSI from \$73,747.85 on 8/31/49 to \$945,324.72 on 11/30/49.

As shown above, subsequent to the receipt of \$950,000.00 in cash by Victory from SSI on 8/15/49 Victory forwarded a total of \$1,800,000.00 in cash to SSI between 8/16/49 and 12/31/49. The amount of \$1,800,000.00 was credited to Victory's account at SSI.

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI (46-17783)

DATE: August 6, 1952

RPH
H
FROM : SAC WFO (46-2507)

SUBJECT: NORTH AMERICAN SHIPPING AND TRADING COMPANY, et al
FRAUD AGAINST THE GOVERNMENT

emp
Relet New York dated 7-30-52

The Bureau is advised that the information contained in referenced letter was furnished to Departmental Attorney ALLAN J. KROUSE on August 4, 1952.

Previous efforts to contact Mr. KROUSE were negative in as much as he is on vacation at present.

Mr. KROUSE informed that he was pleased to obtain this data and believed it answered his queries regarding the Victory cash receipts and disbursements. However, in the event that additional information should be necessary, Mr. KROUSE stated he would so advise WFO.

In the interview no additional leads are presently outstanding and this case will be maintained in a pending status subject to instructions to close by Bureau.

~~EXPEDITE PROCESSING~~ *67c*

RECORDED - 112

46-17783-214

AUG 7 1952

EX-99

Wifford
6-22

66 AUG 14 1952

To: COMMUNICATIONS SECTION.

NOVEMBER 10, 1952

AIRTEL

Transmit the following message to: SAC, NEW YORK

11 NORTH AMERICAN SHIPPING AND TRADING COMPANY, INC., P.A.G. DEPARTMENT
 CONTEMPLATES PRESENTING VICTORY CARRIERS, INC. PHASE OF THIS CASE
 TO THE GRAND JURY IN WASHINGTON, D. C. DURING THE WEEK OF NOVEMBER
 SEVENTEEN, FIFTYTWO. DEPARTMENT ATTORNEYS STATE THAT AGENTS
 [REDACTED] WILL BE NECESSARY WITNESSES. DEPARTMENT WILL
 ADVISE ON NOVEMBER FOURTEEN, FIFTYTWO, THE EXACT DATE THESE TWO AGENTS
 PRESENCE IS NEEDED IN WASHINGTON, D. C. ADVISE BY AIRTEL THE AVAILA-
 BILITY OF THESE TWO AGENTS DURING THIS PERIOD.

HOOVER

WAH:rt
46-17783

Allen J. Krouse, Dept. Attorney in conference with SA [REDACTED] b7c
 [REDACTED] 11/10/52 advised that Victory Carriers, Inc. phase of the
 case to be presented to Grand Jury during week of 11/17/52 and that
 agents [REDACTED] and [REDACTED] of New York Office would be
 necessary witnesses. Krouse advised that he would advise Bureau by
 formal memo 11/14/52 as to the exact date the presence of these two
 agents would be needed.

- Tolson
- Ladd
- Clegg
- Glavin
- Nichols
- Rosen
- Tracy
- Harbo
- Belmont
- Mohr
- Tele. Room
- Nease
- Gandy

RECORDED - EX-102B
 RECEIVED READING ROOM
 NOV 10 6 57 PM '52
 46-17783-223
 NOV 12 1952
 [Handwritten signatures and initials]

COMM - FBI
 NOV 10 1952
 MAILED 27

6 NOV 17 1952

SENT VIA

RECEIVED

Per

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (46-17783)

DATE: 12/2/52

2nd
den

FROM : SAC, New York (46-2507)

SUBJECT: NORTH AMERICAN SHIPPING AND TRADING CO., INC.; ET AL
FAG

at

On 11/24/52 SA(A)s [redacted] and [redacted] discussed the investigation pertaining to U. S. Petroleum Carriers, Inc. and affiliated companies with ALLAN KROUSE, AUSA, Washington, D. C. Mr. KROUSE was particularly interested in the investigation pertaining to Victory Carriers, Inc. Financial statement as of 12/31/50 and the relationship of USPC and affiliated companies with SSY.

b7c

On 11/25/52 and 11/26/52 SA [redacted] discussed the investigation pertaining to the North American Shipping and Trading Co., Inc. with Mr. KROUSE at Washington, D. C. The discussion was principally relative to the foreign control of North American and to the possible false statements filed by the company with the Maritime Administration.

b7c

A

[redacted]

46-17783-228

RECORDED-29

DEC 8 1952

7156
79 DEC 8-1952

EX-112

WA



Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Rosen *K*

DATE: November 21, 1952

FROM : O. P. Myers

Time of call: 12:40 a.m.

SUBJECT: NORTH AMERICAN SHIPPING AND TRADING COMPANY INC. et al
FRAUD AGAINST THE GOVERNMENT

K
In accordance with a request from the Department, Night Supervisor Maupai, New York Office, was telephonically advised while discussing another matter that Special Agents [redacted] and [redacted] are to report to the Bureau at nine a.m. on November 24, 1952, for the purpose of discussing this case with the Department Attorneys. All work papers of U. S. Petroleum Carriers of which Victory Carriers is a subsidiary should be brought with them. Also all work papers pertaining to North American Shipping and Trading Company, Inc. should be included.

John

V. P. ...

G.I.R. 3

RECORDED - 23

146-17783-230

NOV 28 1952

EX-130

AA

79 DEC 8 - 1952

FOR IMMEDIATE RELEASE
Wednesday, December 3, 1952

DEPARTMENT OF JUSTICE

Attorney General James P. McGranery announced today that evidence in connection with various purchases of surplus vessels would be presented to a Federal grand jury in the District of Columbia next week.

The inquiry will be directed toward various transactions in connection with and related to the purchase of surplus vessels by North American Shipping and Trading Company, United Tanker Corporation, American Overseas Tanker Corporation, and United States Petroleum Carriers, Inc., and related or subsidiary companies, from the U.S. Maritime Commission and its successor, the Maritime Administration.

The matters involved have been under detailed study of the Criminal Division for many months. They previously were investigated by the Senate Investigating Committee and a House Judiciary Subcommittee.

The case will be presented by three lawyers in the Criminal Division, Allen J. Krouse, Howard F. Smith, and Frederick W. Becker, all Special Assistants to the Attorney General.

SE 21

46-17783-
NOT RECORDED

17 DEC 10 1952

9 DEC 19 1952

Office Memorandum • UNITED STATES GOVERNMENT

Mr. Tolson	_____
Mr. Ladd	_____
Mr. Nichols	_____
Mr. Glavin	_____
Mr. Harbo	_____
Mr. Rosen	_____
Mr. Tracy	_____
Mr. Egan	_____
Mr. Winterrowd	_____
Mr. Holloman	_____
Mr. Sizoo	_____
Miss Gandy	_____

TO : Director, Federal Bureau of Investigation

DATE: April 16 1953

FROM : Warren Olney III, Assistant Attorney General
Criminal Division

WO:AJK:HFS:far

SUBJECT: Victory Carriers, Incorporated; United States
Petroleum Carriers, Incorporated; et al

146-20-596

WO
DH

9

In connection with the captioned matter, it is requested that Special Agent [redacted] of your New York office, report to Special Assistant to the Attorney General, Allen J. Krouse, Room 3433, New Court House Building, 4th and Pennsylvania Avenue, N. W., Washington, D. C., at 9:30 a.m., Wednesday, April 22, 1953, for a conference on the results of the investigation to date.

4/17/53
air tel to NY
WJ

SE 45
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146-1778-3266

APR 16 1953

of
Rodriguez
WJ

COPIES DESTROYED

869 MAY 18 1970



APRIL 17, 1953

AIRTEL
MAIL

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17010

46-17783-266

SAC, NEW YORK (46-2507)

NORTH AMERICAN SHIPPING AND TRADING CO., INC., ET AL, PAG,

BRIBERY. DEPARTMENT ATTORNEY ALLEN J. KROUSE REQUESTS SA

OF YOUR OFFICE TO REPORT TO KROUSE'S OFFICE IN WASHINGTON,
D. C., AT NINE THIRTY A.M. ON APRIL TWENTY TWO, FIFTY THREE, TO
DISCUSS THE U. S. PETROLEUM CARRIERS, INC., AND VICTORY CARRIERS,
INC., PHASE OF THIS INQUIRY IN PREPARATION FOR GRAND JURY ACTION.
AGENT SHOULD BRING WITH HIM ALL WORK PAPERS RELATING TO
THESE CORPORATIONS AND REPORT TO ROOM FOUR SEVEN ONE SIX,
JUSTICE BUILDING, AT NINE A.M. OR PRIOR THERETO ON THIS DATE.
IN EVENT AGENT WILL NOT BE AVAILABLE ON THIS DATE, THE
BUREAU MUST BE IMMEDIATELY ADVISED.

HOOVER

(46-17783)

Tolson
Ladd
Nichols
Belmont
Clegg
Glavin
Harbo
Rosen
Tracy
Mohr
Tele. Room
Holloman
Gandy

COMM - FBI
APR 17 1953
MAILED 31

78 APR 30 1953

b7c
L2

Handwritten signatures and initials, including "GMA" and "RPM".

SAC, New York

April 29, 1953

Director, FBI (131-New)

UNITED STATES PETROLEUM CARRIERS, INC.
UNITED STATES v. TANKERS LAKE GEORGE,
CAMP NAYANU, BATTLE ROCK, FORT BRIDGER,
STONY POINT and ARICKAREE
ADMIRALTY MATTER

There are being enclosed herewith two copies of a self-explanatory memorandum dated April 23, 1953, from Assistant Attorney General Warren E. Burger.

For the information of the New York Office, the above-captioned Admiralty Matter is an outgrowth of the case entitled "North American Shipping and Trading Company, Inc., et al., Fraud Against the Government" (New York File 46-2507, Bureau File 46-17783).

The investigation requested by the Civil Division should be given immediate and continuous attention and a report reflecting the results thereof submitted to the Bureau within fifteen days of the receipt of this letter by routing slip for the attention of the Investigative Division, Accounting and Fraud Section.

Enclosure

cc: 46-17783



46-17783-
NOT RECORDED
80 MAY 4 1953

ORIGINAL FILED IN 131-17783

- Tolson _____
- Ladd _____
- Nichols _____
- Belmont _____
- Clegg _____
- Glavin _____
- Harbo _____
- Rosen _____
- Tamm _____
- Tracy _____
- Harbo _____
- W.C. Sullivan _____
- Tele. Room _____
- Holloman _____
- Nease _____
- Miss Gandy _____

COMM - FBI
APR 29 1953
MAILED

DUPLICATE YELLOW

78 MAY 12 1953

Office Memorandum • UNITED STATES GOVERNMENT

Mr. Tolson	_____
Mr. Ladd	_____
Mr. Nichols	_____
Mr. Belmont	_____
Mr. Clegg	_____
Mr. Glavin	_____
Mr. Harbo	_____
Mr. Rosen	_____
Mr. Tracy	_____
Mr. Gearty	_____
Mr. Mohr	_____
Mr. Winterrowd	_____
Tele. Room	_____
Mr. Holloman	_____
Mr. Sizoo	_____
Miss Gandy	_____

TO : Director, Federal Bureau of Investigation

DATE: April 30 1953

FROM : Warren Olney III, Assistant Attorney General
Criminal Division

WO:AJK:HFS

146-20-596

SUBJECT: Victory Carriers, Incorporated

It is anticipated that the above-captioned matter will be presented to a grand jury sitting in Washington, D. C. in the near future. In connection therewith, it will be necessary to subpoena the confidential informants identified in Special Agent [redacted] report of investigation dated May 10, 1952, as [redacted]

#1234
b7c
b7D

In view thereof, it will be appreciated if you will furnish us with the names of these informants at your earliest convenience.

5/7/53
1-cc to New York
by 0-25 for appropriate
action

EXPEDITE PROCESSING
MAY 4 1953
lt

RECORDED-42

46-17783-291
20 MAY 7 1953

4-130

b7c
[redacted]
WA

79 MAY 15 1953

46-17783

FEDERAL BUREAU OF INVESTIGATION

APK

Form No. 1
THIS CASE ORIGINATED AT **WASHINGTON FIELD**

REPORT MADE AT NEW YORK	DATE WHEN MADE 5/8/53	PERIOD FOR WHICH MADE 5/8/53	REPORT MADE BY [REDACTED]
TITLE NORTH AMERICAN SHIPPING AND TRADING COMPANY, INCORPORATED; ET AL			CHARACTER OF CASE FRAUD AGAINST THE GOVERNMENT

b7c

SYNOPSIS OF FACTS:

Re VICTORY CARRIERS, INC.
Parties to whom subpoenas should be directed set forth.

*Rec Mr. Krause
Prim. Div.
(BSM)
Room 3423
U.S. Courthouse
5/12/53 WAK New*

-RUC-

DETAILS:

The following information was requested by memorandum to the Director dated April 30, 1953 from WARREN OLNEY III, Assistant Attorney

General.

It has been ascertained that relative to information previously provided, subpoenas should be directed to the following individuals who are set forth in the same order as in the request:

*cc-patrick
@ cover
C. M. Leggett
C. M. ...
7-22-53*

[REDACTED]

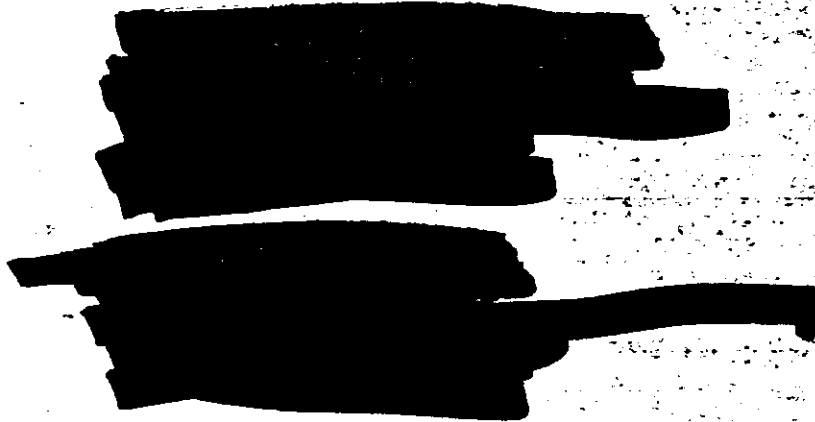
[REDACTED]

[REDACTED]

*JK
b7c
y*

APPROVED AND COPIES DESTROYED <i>1/10</i> 860 MAY 18 1970 COPIES OF THIS REPORT 5 - Bureau (46-17783) 2 - Washington Field (46-2607) 1 - New York (46-2507) 50 MAY 19 1953 <i>337</i>	SPECIAL AGENT IN CHARGE DO NOT WRITE IN THESE SPACES 46-17783-274 MAY 11 1953 RECORDED - 1 <i>[Signatures]</i>
---	--

NY 46-2507



b7c

b2

-RUC-

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (46-17783)

DATE: 5/12/53

AB
FROM : SAC, New York (46-2507)

PERSONAL ATTENTION

SUBJECT: NORTH AMERICAN SHIPPING AND TRADING COMPANY, INC.; ET AL
FAC

ReBulet 5/7/53.

Investigation of captioned matter was divided into four phases and investigation of each phase was participated in and coordinated and directed by the agents as indicated below:

Phase 1 - North American Shipping and Trading Company, Inc., handled by SAA [redacted]

[redacted]

[redacted]

Phase 4 - U. S. Petroleum Carriers, Inc., handled by SAA [redacted]

SAA [redacted] participated in the investigation of Phases 1 and 4 and has testified before the Federal Grand Jury, Washington, D. C. relative to Phase 1. SAA [redacted] has also testified before the Federal Grand Jury, Washington, D. C. relative to Phase 1. Grand Jury action regarding Phases 2, 3 and 4 is pending and additional testimony by agents handling these phases is anticipated.

This case was supervised closely by former New York Supervisor [redacted] to July 25, 1952, when he was transferred to the Bureau. SAA [redacted] participated in the investigation of this case prior to July 25, 1952 and has supervised very closely the handling of this case since that date when he assumed supervisory duties in the New York Division.

Work on the part of all the aforementioned Special Agents (A) required many long hours of voluntary overtime. It is recommended that all of the aforementioned agents be considered for commendation for their work in this matter.

This was an excellent job
15 agents list should be commended
Also believe Supervisor [redacted] should be commended for supervision of matter at 504
100
MAY 13 1953
2AM
100
PERS. FILES
37

Letter to Director
NY 46-2507

At one time as many as 40 Special Agents (A) were assigned to this investigation. Listed below are those agents who, it is believed, should be considered for special commendation in view of their long hours of voluntary overtime performed in connection with this matter, as well as the excellent quality of the work performed by them:

6666666666


b7c

*Let's commendation
5/20/59
mas*

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, Federal Bureau of Investigation

FROM : *W/O* Warren Olney III, Assistant Attorney General
Criminal Division

SUBJECT: Victory Carriers, Inc.

DATE: June 17, 1953

Mr. Nichols _____
 Mr. Belmont _____
 Mr. Clegg _____
 Mr. Glavin _____
 Mr. Ladd _____
 Mr. Nichols _____
 Mr. Rosen _____
 Mr. Tracy _____
 Mr. Harbo _____
 Mr. Mohr _____
 Mr. Winterrowd _____
 Tele. Room _____
 Mr. Holloman _____

WO:AJK:HFS:ef
 146-20-596-17

The activities of the Victory Carriers, Inc. is now the subject of a grand jury inquiry being conducted in the District of Columbia. In connection therewith, it is requested that Special Agent _____ of your New York office, report to Mr. Allen J. Krouse, Special Assistant to the Attorney General, at 1:00 pm Monday, July 13, 1953, in Room 3433, New Court House Building Washington, D. C.

It is expected that _____ appearance before the grand jury will extend through Tuesday, July 14, 1953.

HUK
67c
 JUN 19 1953
 RECEIVED

*sent to NY
 attachments
 6-23-53
 W.A.H.*

Pennington

RECORDED-35 46-17783-293
 INDEXED-35 JUN 22 1953

JUN 18 1 24 PM '53 EX-128

RECEIVED

26
Proctor
W.A.H.

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, Federal Bureau of Investigation

FROM : Warren Olney III, Assistant Attorney General
Criminal Division

SUBJECT: Victory Carriers, Inc.

DATE: July 16, 1953.

WO:AJK:HFS:ef

146-20-596

Mr. Tolson	
Mr. Ladd	
Mr. Nichols	
Mr. Belmont	
Mr. Clegg	
Mr. Glavin	
Mr. Harbo	
Mr. Rosen	
Mr. Tracy	
Mr. Egan	
Mr. Gurnea	
Mr. Mohr	
Mr. Winterrowd	
Tele. Room	
Mr. E. Roman	
Miss Gandy	

In reviewing the report of investigation dated ^{b7c} May 10, 1952, made by Special Agent [redacted] at New York, New York, we observe that Robert L. Berenson, president of Victory Carriers, Inc. advised that he was employed by the Grace Lines from 1931 to 1946, excepting the years 1942 to 1945, at which time he served in the United States Army as an aide to General Mark Clark.

In connection therewith, it would be appreciated if the Bureau will make inquiry at the Grace Lines to determine the exact dates that Mr. Berenson was employed, the positions he held, and the duties he performed. It is also requested that a check be made with the Department of Defense to determine (1) whether he was actually an aide to General Clark and, (2) what representations, if any, he made concerning his experience and background with the Grace Lines.

ef
10-1

46-17783

RECORDED - 16

146-17783-308

INDEXED - 16

31 JUL 1953

24

[redacted signature]

[redacted signature]

b7c

memo WFO & NY

7/23 RGS

WFO