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FROM : ROSEN  
TO : BELMONT

TITLE : [Restricted]

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SUBJECTS :  
JOSEPH RAYMOND MEROLA  
[Restricted]

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UNITED STATES GOVERNMENT

## Memorandum

JFK Act 6 (4)

TO : Mr. Belmont

DATE: July 27, 1961

FROM : A. Rosen

SUBJECT:

[REDACTED]  
 INTERSTATE TRANSPORTATION OF  
 STOLEN PROPERTY - TOP JEWEL THIEF

Tolson \_\_\_\_\_  
 Belmont \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Callahan \_\_\_\_\_  
 Conrad \_\_\_\_\_  
 DeLoach \_\_\_\_\_  
 Evans \_\_\_\_\_  
 Malone \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Sullivan \_\_\_\_\_  
 Tavel \_\_\_\_\_  
 Trotter \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Ingram \_\_\_\_\_  
 Gandy \_\_\_\_\_

[REDACTED], confidential informant of the Miami Office since 7/19/60, has advised of an alleged scheme to defraud through the inflation of across-the-counter stocks and the disposal of these stocks at an inflated price.

[REDACTED] has identified the principal individual involved in this scheme as Arthur Freedman, a Miami attorney, reportedly a friend and associate of Sam Kay, Miami Beach millionaire-financier who is an associate of criminals. This informant states that Freedman is alleged to have inflated the value of three stocks by selling and buying to his own interest at a cost to him of reported \$60,000. These stocks were described as the American International (Baltimore, Maryland), a utility company stock of Tampa, Florida, and the Transportation Research and Development Company stock whose home office is unknown. These stocks are all across-the-counter stocks with a paper value in excess of one million dollars; however, there are no buyers of these stocks at that value.

[REDACTED] Newark, New Jersey, who is a possible witness and subject in the [REDACTED] case involving [REDACTED] which case has been presented to the Federal Grand Jury in [REDACTED] Florida, reportedly is to dispose of \$1,003,000 worth of these stocks at an unknown bank in Boston, Massachusetts. These stocks will be put up as security on a loan and when the loan is defaulted the stocks will have little relative value.

[REDACTED] further advised that these stocks were allegedly purchased originally for approximately one dollar a share and through the buying and selling of these stocks by Freedman and through his interest they have been inflated to approximately \$10 a share. A group of individuals involving Al Seid, a well-known Pittsburgh racketeer and hoodlum, Joseph Merola, convicted for the theft and transportation of guns from an armory in Canton, Ohio

1 - Informant Desk  
 Special Investigative Division

JGF:raj  
 (8)

66 AUG 3 1961

1 copies made  
 2-26-68 JSG/9/1/6  
 Re: Joseph Merola  
 for review at FBIHQ by  
 HSCA re 2-20-78 request.  
 (See Bufile #62-117290)

ALL INFORMATION CONTAINED  
 HEREIN IS UNCLASSIFIED  
 DATE 7/31/95 BY SP8 SLD/BCE  
 (JR)

Memorandum to Mr. Belmont

RE: [REDACTED]

JFK Act 6 (4)

*11.*  
who has been out on bail pending his appeal which was denied, Mike ~~Swiatek~~, reported Chicago burglar and friend of Merola have offered to dispose of these stocks for Freedman. Also included in this group is the informant, [REDACTED] They will dispose of these stocks through Sagal and have offered Freedman \$4 a share for the stocks; however, he is asking \$5 a share. This group contemplates disposal of these stocks through a bank or as collateral on a loan at between \$7 and \$8 a share.

The Miami Office has ascertained that the Securities and Exchange Commission (SEC), Miami, Florida, is investigating the ~~American International~~ (Baltimore, Maryland) and contemplates obtaining an injunction against the sale of the stock of this company within the near future.

ACTION:

Although the above scheme involves possible violations primarily within the jurisdiction of SEC, the New York, Boston, Miami and Newark Offices will thoroughly explore all facets of this scheme based on information supplied by [REDACTED] in order to completely identify all individuals involved as well as the companies being used to ascertain whether this scheme constitutes violation within this Bureau's jurisdiction. This matter is being closely followed.

*jsmk* *RAM* *W3W* *Wg* *jsf*