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DATE: 11-14-2017

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director
Federal Bureau of Investigation

DATE: October 15, 1962

FROM : Herbert J. Miller, Jr.
Assistant Attorney General, Criminal Division

SUBJECT: International Brotherhood of Teamsters,
Chauffeurs, Warehousemen and
Helpers of America
Bonding Program
James Riddle Hoffa
Paul L. Dorfman
Allen M. Dorfman

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34, 36, 38, 39

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PRO

Allegations have been received that Paul and Allen Dorfman are and have been the liaison between Teamster officials and Chicago racketeers. Reports have been received alleging that Allen Dorfman has supplied subject Hoffa with large sums of money. One of the areas in which misapplication of moneys has been alleged is the Teamster Bonding Program.

After passage of the Landrum-Griffin Bill in September, 1959, the Teamsters began to set up a program to handle the bonding requirements made mandatory by the Act. ~~The Summit Fidelity and Surety Company of Akron, Ohio, a subsidiary of the Illinois Reserve Insurance Company, was chosen to write the bonds. The United Benefit Fire Insurance Company of Omaha and the Styvesant Insurance Company were to be the reinsuring companies.~~ An Illinois agency of Summit was set up by Sol C. Schwartz, a close associate of Allen Dorfman, and Irwin Weiner, a business associate of Chicago racketeers Obbie Frabotta, Marshall Caifano and Phil Alderisio. (Subjects of investigation in the Organized Crime Program). When the McClellan Committee released a letter publicizing the Dorfman and mob control of the Teamster bond commissions, the Illinois Reserve Insurance Company withdrew its subsidiary, Summit, from the program.

The Teamsters then searched for another vehicle for their bonding program. Through Sol Schwartz and San Francisco criminal lawyer Jake Ehrlich, Stewart Hopps, reinsurance expert and alleged swindler, (See Appendix A) was contacted. Hopps, a former associate of Lowell Birrell, has been under indictment in Baltimore and New York and has a reputation of gaining control of companies to siphon off good securities while replacing them with worthless ones. Hopps contacted several companies but was unable himself to put the deal together. He did introduce a young insurance man, Charles W. Bray, to Schwartz, Weiner and Dorfman; Bray in the latter part of 1959 succeeded in establishing a program.

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Bray, who inherited an insurance business from his father, had a small company in Illinois called Central Casualty Company, the former LaSalle Insurance Company. He also had an agency, Homer Bray Services, Inc. Central Casualty was unable to be the prime underwriter because it lacked the Treasury list certification required by the Act. Bray arranged for United Benefit Fire Insurance Company of Omaha to be the underwriter. Bray's contact in United Benefit was a man named Earl E. Cefry, a vice-president and a director of the company.

Bray then arranged for reinsurance up to the first \$100,000 with the following companies: Tri-State Insurance of Tulsa, Oklahoma (30%); United Bonding of Indianapolis, Indiana (10%); and Houston Fire and Casualty, Fort Worth, Texas (15%). United Benefit was to keep 25% and Central Casualty, Bray's company, was to take 20%. The excess over \$100,000 up to \$500,000 was to be reinsured with Lloyds of London.

Bray's agency, Homer Bray Services, Inc., was designated the general agency for the bonding. Bray also set up a local agency, Oxford Agency, Inc., incorporated in Illinois in December, 1959, and Homer Bray Services (Canada), Ltd. Schwartz and Weiner gave Bray the applications that Summit had received before it pulled out. These applications reportedly represented approximately 80% of the Teamster locals throughout the country and an estimated \$1,000,000 in commissions over a three year period.

Bray arranged a reinsurance treaty for Central with Intercontinental Insurance and Guaranty Company of Panama (later of Nassau, the Bahamas) allegedly a Hopps company, with unknown assets.

There have been conflicting reports as to the percentage shares of the participants but apparently Schwartz and Weiner were to receive 20% of business they brought. Bray was to get 25% as general agent out of which he would pay his sub agents, and United Benefit was to get 37 $\frac{1}{2}$ % from the other companies for the reinsurance.

Angelo J. Bianchi, former President of Summit Fidelity, joined Central to supervise bail bond activities which Central was also assuming along with the Teamster bonding business. It has been alleged that this was done in order to give Weiner's agency, the American Bail Bond Company, nationwide coverage through Central Casualty and United Benefit.

The business which should have been a highly profitable one crashed in approximately two years. Various reasons have been assigned for the failure - (1) that Bray, relying on Dorfman's

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promises to send Central Teamster A & H & Health & Welfare business, as well as various types of insurance related to loans from the Teamsters Pension Fund, overextended himself in anticipation of the added business which never came; (2) that, although the Teamster and bail bonds were highly profitable, Central wrote high risk auto and taxicab insurance which resulted in heavy losses; (3) that money was diverted from the company to Schwartz, Weiner and Dorfman.

In November, 1960, Oxford which had been in Bray's name, was taken over by Schwartz and Weiner and a special account opened at the Exchange Bank in Chicago - with which bank Dorfman and the racketeers have frequently dealt.

In 1961, United Benefit was denied a license in the District of Columbia reportedly because of a false filing. United Benefit was shaky and the decision was made to replace it as primary carrier.

Bray contacted ~~Resolute Insurance Company of Providence, Rhode Island~~, whose president is ~~Lewis Morganstern~~. Resolute agreed to become the underwriter. In September, 1961, Central Casualty and United Bonding were canceled as reinsuring companies retroactive to July 15 and, in November, Houston Fire and Casualty was canceled and Resolute became the only carrier of the first \$100,000.

U.S. The agency for the insurance was changed also from Oxford to ~~Titan Management Corporation~~ - an ~~Irvin Weiner~~ Company.

In December, the state insurance director, Joseph Gerber (of whom there have been reports of collusion with Dorfman and Hopps) investigated Bray's firm, Central Casualty. In January, 1962, Gerber announced that the firm was short one and one-half million dollars and shortly thereafter the firm was liquidated.

U.S. According to an anonymous letter to the Department (See Appendix B for copy), in early 1962, Bray was summoned to the offices of Bieber and Brodtkin, attorneys who frequently represent racketeers, and was confronted by ~~Phil Alderisio~~ who told Bray that he, Alderisio, was interested in seeing Bray pay his debts and that Alderisio did not go to court to enforce them. Alderisio told Bray that he expected Bray to pay off debts to the Weiner group, the R. O. R. agency (partners are ~~Don Roth~~ and ~~Cozie Rothfield~~) and the Guaranty Bank (the old Southmoor bank) in that order. James Egan of Denver, Colorado, an associate of Bray's who is now in business with ~~Sam Kaye~~ of Miami, was also visited, three days later, in Miami by ~~Santos Traficante~~ who had a similar message for him.

Toll call studies have revealed that the Dorfman's played a prominent role in the Bonding Program though nominally not officers of the companies.

It is requested that Charles Bray and James Eagan be interviewed and an investigation be instituted to trace the money that went from the Teamster Locals for bonding premiums through the various companies in order to determine whether or not the funds may have been diverted to Chicago racketeers or Teamsters officials. This investigation should include a determination of the amount of commissions received by Weiner, Schwartz and Bray - and the identity of the bonding agents.

The investigation should also determine the recipients of the profits of the bail bond business since this is alleged to be in the control of the racketeers. In that connection, it should be noted that the ~~Cosmopolitan Company of Chicago~~ took over Central's bail bond business in early 1962 and has since acquired control of United Benefit Fire of Omaha. Cosmopolitan officers and directors include the names of Volin and Bergman. Determination should be made if the Volin is the same person who was in the Weiner-Volin agency and if the Bergman is related to the Bergman-Lefkowitz agency frequently used by Dorfman. I 11

Perhaps significant is the fact that ~~Irving Benjamin~~, the Illinois state insurance investigator in charge of the Central Casualty review, has since taken a position with Cosmopolitan.

Toll call records are available in many instances relevant to the proposed examination. A chronology of known events in the bonding scheme is attached (Appendix C).

Potential violations include § 13(c) of the Welfare and Pension Plans Disclosure Act, violation of 18 U.S.C. 1001 in connection with filings required by Treasury and Interstate Commerce Commission, and other Government agencies, tax evasions, mail fraud and interstate transportation of stolen property.

Attachments

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APPENDIX A

BACKGROUND INFORMATION ON STEWART HOPPS

U.S. ~~Stewart~~ Hopps is an international highbinder of the Lowell Birrell TRK. Allegedly he at one time had some connection with Lloyds of London, and he may be British born. The State Insurance Commissioner of Idaho lists Hopps' associates as:

Lowell Birrell, Carl Betts, P. R. Cairns, Roy H. Callahan, O. B. Calloway, Virgil Dardi, G. L. Gotz, Louis B. Nagi, Mrs. M. Birrell Pryor, Walter Ricker, Paul M. Roca, Mrs. B. E. Shoglund, and Robert F. Six.

And companies as:

American Leduc Petrol Ltd.
Arizona West Insurance Co.
Bonami Co. (N. Y.)
Cent Standard Insurance Co. (S. D.)
Doeskin Products (N. Y.)
Greater New York Industries (N. Y.)
Guardian Insurance Co. (S. D.)
Inland Empire Insurance Co. (Boise, Idaho) in Utah and Arizona
Louisville Fire Marine Co. (Ky.)
Pioneer Equitable Insurance Co.
Rhode Island Insurance Co. (Providence)
Royal American Insurance Co. (Ala.)
Swan Finch Oil Corp. (N. Y.)
Trans-Pacific Insurance Co. (Ariz.)
United Dye and Chemical Co. (N. Y.)
William Penn Fire Insurance Co. (Pa.)

Practically all have since been liquidated.

Others who have been associated with Hopps are Robert Hopps, Geraldine Hopps (Stewart's wife), Nadine Offenbach, Ida Strombach, Robert Gotz, J. W. Ehrlich, Harold C. Ridlick, and Stanley Borgenight. Hopps has allegedly used the alias of Van Galder in running the International Guarantee and Insurance Company.

Many of the Hopps' companies have similar names; the last named company is believed to be identical with the International Guarantee and Trust Company of Tangiers, a company in which Hopps and Ehrlich were officers and the assets of which were seized by California.

It appears that several companies connected with Hopps and/or figuring in the bonding situation were incorporated in

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Panama. It has been reported that the reason Panama is used for these purposes is that in Panama the day of incorporation can be backdated to any date the incorporator desires.

Among companies with which Hopps has had some connection and which are not described in the chronology of IBT Bonding, are:

Draftsmen Underwriters Agency: a personal service corporation to give advice and act as insurance broker. The company was going to move to California in 1960.

Exchange Cabush Underwriters, Brotherhood Building, Kansas City: a small concern in which Hopps in May 1960 is liquidating his interest.

Exchange Casualty and Surety Company: Hopps had an arrangement with them in an advisory capacity and, although Exchange wanted to pay him directly, Hopps wanted to receive the fees through Affiliated Brokers, Inc. because of income tax difficulties.

Tropical Holdings, Inc.: Hopps said he had no interest in this company but had borrowed money from it to purchase a house. The mortgage was held by Republic National Bank and Hopps paid the company back through the U. S. Marine Company, 44 Wall Street. (Although Charles Bray had admitted having a 75% interest in this company, Hopps maintained that Bray did not have any interest in the company and felt sure that he, Hopps, would know if Bray did have.)

Hopps has listed his bank accounts as follows:

Manufacturers Trust Company, New York, N. Y. (checking)
First National Bank, San Raphael, California (wife's checking)
No other accounts and no safety deposit boxes.

Stewart Hopps (1960 address: 2 Cliff Road, Belvedere, California, GE 5-4889; office: c/o Ehrlich, 333 Montgomery Street, San Francisco, California, GA 1-4530; 44 Wall Street, New York City, but not after May 31, 1960). In May 1960 Hopps said he first met Charley Bray (in June 1960 Hopps said he had known Bray for sometime). Hopps had known Bray's father. Hopps contacted Bray soliciting reinsurance.

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APPENDIX B

Copy of anonymous letter to this Department, postmarked Chicago, Illinois, April 30, 1962, 2 p.m., with return address Moore, Case, Lyman and Hubbard, 175 West Jackson Boulevard, Chicago, Illinois.

The Irwin Weiner-American Bonding Agency-
Teamsters Bond-Guaranty Bank-Bray-Central
Casualty-Crime Syndicate tieups

In 1959 the Bond required of the Teamsters Union officials and employees under the terms of the Magnum-Griffin act was written by the Summitt Insurance Company.

The broker of record was the American Bonding Agency of Chicago which is headed by Irwin Weiner.

The Chicago Tribune and other papers claimed that Weiner was a well known partner and associate of gangsters and insinuated that Allen Dorfman, Hoffa's favorite broker, and perhaps Hoffa himself were sharing in commissions estimated at close to \$1,000,000.

The "heat" on the Summitt Insurance Company was too great for that company's owners to stand. (The Allen Blank-Reserve Insurance Company group). They cancelled the Teamsters bond and cancelled the "General Agency" authority which Weiner-American Bonding Agency held for the writing of bail bonds nationwide.

Weiner and his associates were desperate for a market.

Charles W. Bray, President of Central Casualty Company of Illinois, President of Homer Bray Service Inc. (a General Agency) and President of Oxford Agency, Inc. (a local agency) developed a market via the United Benefit Fire Insurance Company of Omaha, Nebraska.

Bray's company, the Central, took heavy reinsurance but it could not "front" the Teamsters Bond because it was not on the U. S. Treasury Approved List.

The deal that Weiner and his associates made with Bray was that Bray's Oxford Agency would get the entire commission on the Teamsters Bond but that Bray would secure for Weiner-American Bonding Agency a nationwide Bail Bond General Agency for both United Benefit and Central Casualty at extraordinarily high commissions (60% on the published basic 2% rate and the right to keep 100% of anything above the published rate that they could gouge out of customers).

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Bray to have no interest in the Bail Bond General Agency.

Things went as planned and Bray, quite truthfully, testified before Examiners of the McClellan Committee that he and his family were the sole owners of Oxford Agency and that Oxford Agency was the sole broker on the Teamsters Bond.

The loss record on the Teamsters Bond was excellent and the loss record on the Bail Bond business was even better.

United Benefit, Central Casualty, Oxford Agency, American Bonding Agency, Bray and Weiner were all doing well and 1960 saw a great intimacy growing up between the Bray and Weiner groups and insurance activities between them expanded to Taxicabs, Financial Guarantee Bonds, Mortgage Guarantees, Contractors Completion Bonds, etc.

Central Casualty and the Bray interests needed more capital to handle these lines and so did United Benefit, whose then President, Earl Cefry, was an intimate friend of Bray.

Weiner arranged for a \$200,000 loan to the Bray group from the Exchange National Bank of Chicago secured by a Guaranty Bond of United Benefit and then later for a \$150,000 loan from the Southmoor Bank (now Guaranty Bank) of Chicago secured by the pledge of Central Casualty stock.

Bray's Vice President Jim Egan also negotiated a \$150,000 loan from the Pan American Bank of Miami, which loan was also secured by Guaranty Bond of United Benefit.

The capital of both Central Casualty and United Benefit was increased, Central's largely by indirect subscriptions from those who did the borrowing and United's in part from this method.

In 1961 things began to go bad. The Teamsters Bond and the Bail Bond business remained very profitable from an underwriting standpoint but the orthodox agents of both Central and United Benefit began drawing away from these carriers because of the "gangster types" with whom they were forced to deal.

The loss record on the taxicab business was horrible and the claims under financial guarantee and contractors bonds, tremendous.

The Chicago Tribune and other papers started a campaign against Irwin Weiner as being the front for Crime Syndicate ownership of a Chicago Lard Processing firm "Twin Foods of Illinois".

Court action over the licensing of Twin Foods ensued and the courts held that "unsavory ownership and affiliations" had been proved.

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The Company's license was refused and the papers shrieked about Weiner and his Crime Syndicate pals--Sam (Tootsie) Bataglia, Milwaukee Phil Alderesio, Joey Acaro, etc. They tied in the American Bonding Agency and rehashed the Teamsters Bond situation.

This was too much for the British controlling stockholders of United Benefit. In May 1961 they fired the company's President, Earl Cefry, and cancelled all contracts with the Bray, Central Casualty, Oxford Agency, American Bonding Agency group.

Bray was able to replace the Teamsters Bond with the Resolute Insurance Company of Rhode Island, through that Company's President (Morganstern of Hartford) and to once again get heavy reinsurance back for Central Casualty Insurance Company.

The United Benefit gave an extension of six months for the Bray-Weiner group to get a new market on Bail Bonds and meanwhile Bray's Central Casualty Insurance Company granted 100% to United Benefit.

All other classes were cancelled by United Benefit.

Without United Benefit's help the Bray group simply did not have enough resources to weather the storm caused by loss of agency plant, terrific losses on taxicab fleets, financial guarantee bonds, contractors bonds, etc. and they rapidly approached insolvency.

Weiner and his associates saw "the handwriting on the wall" and began to make moves to protect themselves.

Charles Bray was ordered to appear at a meeting which was Chairmaned by Milwaukee Phil Alderesio, flanked by several sinister "guards" (sic!).

At this meeting Bray was instructed to sign his Oxford Agency stock in blank and turn same over to Irwin Weiner.

There was a considerable display of 48's and a very blood curdling discussion as to what would happen to Bray and his family if he did not obey.

Bray signed and at a later meeting held in the offices of Harris & Burnham, control of the Oxford Agency was turned over to Weiner and his associates (i.e. control and ownership of the commissions on the Teamsters Bonds).

A little later Bray was instructed to appear at another meeting and this time he was ordered to have the Central Casualty Company

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cancel its very profitable reinsurance of the Resolute on the Teamsters Bond. (This so that Weiner-Oxford et al would get more commission by replacing the reinsurance elsewhere).

Bray, frightened to death, obeyed.

Thus, Weiner and his associates became the sole owners of the Oxford Agency and the huge commissions on the Teamsters Bond.

Later, fearing an investigation of Oxford, Weiner arranged for Morganstern of the Resolute to transfer the brokerage to a new corporation owned by Weiner et al--The Titan Agency.

In December 1961 the Illinois Insurance Department took protective custody of Central Casualty Insurance Company. In February 1962 Central Casualty Company was put into liquidation.

Bray and his various companies literally "owed everybody" and his biggest source of income, the Teamsters Bond, had been taken away at gun point.

Again Weiner called Bray to a conference. Again Milwaukee Phil Alderisio was the spokesman.

(Bray states that at the meeting there were also present four elder statesmen of the Crime Syndicate, but he will only divulge the names to those from whom he feels he may get protection.)

At this meeting Bray was told that Weiner was "stuck" for the return premiums and outstanding losses on the taxicab lines placed with the defunct Central Casualty Company as well as for the return premium on the Teamsters Bond reinsurance (which had not been paid by the time the Illinois Department stepped in).

Bray protested that the Teamsters Bond commission he had assigned to Weiner far exceeded the sums under discussion but Alderisio remained adamant and Bray was told that they didn't dare where or how he raised the money. The Weiner group must get theirs first--and soon--or else!!!

They then added that the R.O.R. Agency of Chicago was also stuck for return premiums and losses and that the same agent's partners, Don Roth and Cozie Rothfield (of the Kansas City Mob), were behind the Guaranty Bank. (old Southmoor Bank of Chicago).

Bray was told that R.O.R. and Guaranty Bank must be number 2 and number 3 on the payments list, any laws of receivership to the contrary.

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About a week later, former Vice President Jim Egan of Central Casualty, who was in Miami, (where he has a local agency) got a call from Milwaukee Phil Alderesio.

Alderesio called on Egan and told him that he knew that Egan, Bray and a man named Sam Kay owned a firm speculating in foreign currency.

He repeated the instructions given to Bray by "the Mob" and told Egan that if he wanted to live, all money must go first to Weiner et al, then R.O.R. and the Guaranty Bank. To Hell with what was due to the Pan American Bank or anyone else.

Later the reputed big time mobster, Santos Traficante called on Egan and repeated the warning.

Both Bray and Egan are terrified but they will not rush in and volunteer information as they are afraid of being tailed; in fact Bray was very cautious and not at all helpful when the F.B.I. interviewed him. Now, however, he realizes that his only safety lies with the U. S. Government and if proper government authorities call they will give all possible help.

Bray's home address is 820 North Glenayre Road, Glenview, Illinois. Egan's home is in Denver but he is staying in Miami at the Wautilus Hotel and works out of Sam Kay's office, Miami, Jefferson 1-0408.

As to the Teamsters Bond. Two different companies have offered to write same at a saving of over \$200,000 but it remains with the Resolute because that company has agreed to pay 85% profit commission to Weiner's Titan Agency and Titan has informed Morganstern of the Resolute that they are in a position to see that no losses will be reported to him company.

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WEINER-AMERICAN BONDING-ET AL

With further reference to the American Bonding Agency-Irwin
Weiner United States-wide bail bond operations:

Pretty generally all state insurance department officials and
United States Governmental department officials with whom I
have talked are thoroughly aware of the fact that the control
of Bail Bond facilities is an absolute essential to the rackets
and to organized crime.

(An idea of how important this is may be gained from the facts
which show that to get bail bond facilities Weiner, et al
originally gave up the huge commission on the Teamsters Magnum
Griffin Act Bond.)

From what Weiner and others have stated it seems that the
Treasury Department and the F.B.I. have both extensively inves-
tigated his organization without being able to discover the facts.

The reason for this probably lies in the very nature of the bail
bond business which is quite unlike any other form of insurance
activity.

On bail bonds the published tariff rate differs by state but is
on average \$2.00 per \$100 of bond granted.

Commissions paid to a bail bond agent vary from 25% to 60% of
this basic tariff premium (depending upon volume, past loss
record, etc.).

Generally speaking the books of both the insurance company and
the bail bond agent clearly reflect these figures, and taxes
are properly paid on same.

As different from any other form of insurance coverage, the bail
bond business is, however, allowed to charge a policy fee or
service fee and this fee runs anywhere from \$8.00 to as high as
\$20.00 per hundred of bail bond coverage.

In some states, such as California, it is mandatory that this
service fee show on the face of the policy but the majority of
states are pretty liberal in allowing the "fee" to be a personal
transaction between a bail bond agent and his client.

Since the insurance company gets no part of this fee, it isn't
very curious and is not interested in the bookkeeping.

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In many instances the fee or a portion of same is paid in cash and for a big agency, such as Weiner's, the cash transactions are in very large figures indeed.

In addition to the premium and the policy fee most clients have to put up collateral and here again is a field where the bail bond agent has many possibilities of making money.

Frequently, for a hard pressed client, the bail bond agent will demand an interest in the man's business, a share in the ownership of his real property, etc.; or else let him go to jail.

The biggest volume of bail bond business is, however, definitely directed by those who control organized crime. When organized crime guarantees one of its minions no collateral is taken by the bail bond agent and on top of that he splits his policy fee with the organization directing business to him.

Generally speaking, each major segment of organized crime has its own major bail bond connection and these are usually rather loose partnerships which are very difficult to trace because what is due from one partner to another is often settled through some apparently unrelated business transaction.

(For example, Weiner has boasted, and those who were in the know in Cuba have confirmed, that for his services to Phil Alderisio--Santos Traficante, etc. he was given a substantial interest in the Deauville Gambling Casino and the Capri Gambling Casino in Havana. When Weiner last talked about this he was crying about his loss of a vast fortune occasioned by Castro.)

The lard business in Chicago, which had such unusual methods of forcing sales on restaurants, was apparently a similar payoff.

There certainly seem to be tie-ins of importance to the Kefauver Committee, the McClellan Committee, the Department of Justice and the Treasury Department.

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APPENDIX C

CHRONOLOGY OF IBT BONDING

- May 7, 1957 Anglo Canadian Underwriters, Ltd. opened account at Underwriters Trust in New York City (closed April 25, 1960), c/o Lindhauer, 44 Wall Street, New York City (Hopps' office), President John D. Corbett, Vice President John D. Guinness. Signators included Harry R. Hayes and Henry A. McCarthy. Hopps said that this company was a brokerage firm and that he was Chairman of the Board in 1959.
- September 1, 1958 Pacific is sold to Commerical Standard. Service Company's business shall remain. This company had been used as the general agent for Homer Bray Services, Inc. when Charles Bray's father, Homer, was alive. Pacific holds title to a building in Alburquerque, New Mexico which may be worth from \$15-40,000. (See value given it Nov. 2, 1959.)
- September 1958 Homer Bray Services at or prior to this date received \$50,000 unsecured loan from Evanston Bank. The loan was repaid sometime between September 1958 and September 1960 (See Dec. 14, 1959).
- May 1959 Charles Bray met Stuart Hopps. Hopps had previously known Bray's father.
- August 20, 1959 Affiliated Brokers, Inc. opened account at Underwriters Trust, New York City; Chairman of the Board, Stuart B. Hopps; President Edwin J. Ryan.
- September 14, 1959 Landrum - Griffin bill passed requiring bonds for union officials who handle funds.
- Early September 1959 Fidelity and Surety Company was contacted, but as required by Landrum - Griffin Act.
- September 18, 1959 Bray writes check for \$1,687.50 to La Salle National Bank as repayment of loan.
- September -
October 1959 Bernard Linquist of Linquist and Burns, 141 W. Jackson Street, Chicago, Illinois, Agent for Stuyvesant Insurance Company of Pennsylvania solicited by non-Teamsters union re insurance and also by Jimmy James whom he turned down.
- Linquist said he also wrote for Reliance Insurance Company of Philadelphia, that these companies were stringent requiring detailed forms and credit reports and that the Summit forms were a joke only requiring name and address.

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September -

October 1959

Allegation that during this period there was a 'friendly' audit by Illinois state inspectors who suggested a \$52,000 transfer of funds from Homer Bray Services to Central Casualty. The transfer was made and then, after the audit was over, the funds were returned to Homer Bray Services.

October 1, 1959

Associated Insurers, Ltd. opened account in First National Bank of Evanston with \$10,000, c/o James Bray, 820 Gen Ayre, Evanston. The \$10,000 was the proceeds of a loan Associated Insurers Ltd. received from the bank that day, which loan renewed January 12, 1960.

October 5, 1959

Bray sent check for \$5,000 to Affiliated Brothers, Inc., broker for Intercontinental, for reinsurance deposit with Intercontinental. (Hopps said this check was for his services. Hopps also said that Intercontinental Insurance and Surety Company paid \$5,000 to Affiliated Brokers Inc.)

October 5, 1959

The IBT in a letter to the locals recommended Summit Fidelity and Surety Company of Akron, Ohio for bonding. (Summit had Treasury authorization up to \$70,000 for any one bond and needed reinsurance.) Up to \$500,000 contacted for reinsurance United Benefit Fire Insurance Company of Omaha and Stuyvesant Insurance Company.

October 6, 1959

Illinois agency of Summit was incorporated with Weiner and Schwartz as signers for bank account along with Lucille Ferkin (Allen Dorfman's secretary) and Myer Breen, a Dorfman associate.

October 7, 1959

Associated Insurers Ltd. check stub recording \$3,000 to Bray to repay him for 7,500 shares of Universal Guarantee and Trust Company stock. (Hopps said in May 1960 that he has no interest in Universal.)

October __, 1959

Menerovski with Lake-State Auto Association in Chicago, Illinois, approached Frank Wright of United Bonding of Indianapolis about writing the IBT bond which business he said he had. (Marty Silverman, Wright's Newark agent, received a similar proposition from unknown man.)

About October, 1959

Summit's proposed reinsurance deal with Munich Rein Company, New York City fell thru.

October, 1959

Bray check for \$4,000 to HBS, Inc. for repayment of loan.

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October, 1959

Bray advised ICC that he was abandoning old pool arrangement in the West and entering new arrangement with Intercontinental Insurance and Surety Company, which would reinsure 50%. Harold Weingarden, accountant for HBS and associate of Charles Bray's father, said Bray lost United States reinsuring arrangements after some heavy losses and so turned to Intercontinental of Panama.

According to the report filed with the ICC, Intercontinental retains 50% of a maximum individual loss of \$15,000 and does not cede any part of this. (But see Nov. 2, 1959; Underwriters Trust records in New York wherein it is stated that Intercontinental cedes 50% of their part to Mediterranean Insurance Company.) The information to the ICC was that Intercontinental was the successor company to La Estrella Steamship Navigation and Insurance Company of Panama City; Bernardo Carames was president. A June 1959 financial statement of Intercontinental was attached showing total assets of about \$1,500,000.

The ICC was also informed that CC would issue new stock at three times par with 1/3 going to capital and 2/3 to paid in surplus.

October 27, 1959

Linguist wrote Hoffa thru Stanley Green of the McClure Agency in Pittsburgh expressing an interest in writing bonds for Teamsters and quoting a 3 year premium of \$16.87 per \$1,000.

October, 1959

Allen Blank said that when publicity broke linking Hoffa to bonding business of Summit and to Weiner, Blanchi was called into Chicago and told Weiner should be fired. Blanchi was reluctant and said that Weiner was a power in the bonding business and, if fired, would take a large part of Summit's business with him.

October 1959

Hopps said Paul Dorfman who is like a father to Jake Ehrlich's son-in-law, Guy Cherney contacted Ehrlich who contacted Hopps. Dorfman said a reinsurance deal for Summit with Munich had fallen down. Dorfman wanted Hopps' help lining up reinsurance.

November 1959

Hopps said he went to Chicago and met at 9 E. Huron with Sol Schwartz, Allen Dorfman, Irwin Weiner, and Mike Breen; Schwartz did most of the talking. Dorfman said he was not a broker but "we all play together in the Teamsters' crowd and have lots of connections." Dorfman told Hopps that if he would help them they would see that it was made worth his while.

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November 1959 Hopps thought the best way to set up reinsurance for IBT deal was to do it by going "joint account" with some broker or agent. He called Godoy-Sayan in New York, the big shareholder in American Security Co., but the deal fell thru because Summit's \$6.25 per 1,000 rate was too low. About this time, Schwartz called him and told him to discontinue his efforts as Styvesant Insurance Company and United Benefit Fire and Casualty of Omaha (owned by George Stewart of Stewart Smith Co.) would supply all the reinsurance necessary.

November 2, 1959 Agreement between Intercontinental and Underwriters Trust Company that Underwriters would be trustee of account in name of Intercontinental; the account would be for the purpose of guaranteeing payment to US or Canadian claimants for losses and would consist of 300,000;
100,000 in cash, a check from either HBS or CC;
100,000 certificate of contribution by CC to HBS;
100,000 mortgage note on property in New Mexico owned by Pacific Service, Inc. Homer Bray Services (Can) Ltd. would be agent per the October 28th agreement between Intercontinental and HBS (Can) Ltd. HBS (Can Ltd. was given power of attorney to issue insurance on behalf of Intercontinental. Reportedly the \$300,000 trust account was set up in New York at the request of Gerber so that Intercontinental would be authorized to do business in Illinois.

November 2, 1959 Commercial account opened at Underwriters in the name of Intercontinental c/o Homer Bray Services (Can)Ltd., c/o J. W. York, 56 Sparks, Ottawa, Canada. Initial deposit of \$1,167.87. Signators were James Warren York, Charles Bray, and David D. Whitesell. Underwriters made cross reference to accounts of Intercontinental Guaranty and Insurance Underwriters, Inc., 44 Wall Street (Corbett, Lindhauer, Hopps) and General Assurance Co., Ltd., 44 Wall Street (McCarthy, Guinness, A. English, et al.)

Armandy Lubaty, Vice President of Underwriters introduced these accounts and Anglo Canadian Underwriters (May 7, 1957) and Affiliated Brokers (August 20, 1959). Lubaty thought it strange that all companies had one address but never questioned it. Douglass Winguist was another official who handled the accounts. Winguist said he met Charles Bray, his attorney Gladstone, and David Whitesell. Bray was introduced by Loretta Lindhauer, Hopps' secretary.

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November 2, 1959 Intercontinental Insurance and Surety Company formed. Officers are Carames, Hevias and Santamaria. Signators are York, Bray, Whitesell and Carames. Hopps has said he had no interest in Intercontinental and neither he nor anyone associated with him including Lorreta Lindhauer had anything to do with setting up the Trust Fund at Underwriters.

(In May 1960, Hopps described the Intercontinental Insurance and Guarantee Company as a "Pocket" company for a Cuban group, i. e. they do not do general business but function primarily to serve the interests of Carlos Seguras. Luis Botifol is an attorney who represents the principal stockholders, Carlos Segura and Bernardo Carames (of the Cuban Sugar Institute.)

(Hopps said Botifol had asked him to obtain figures concerning a trust agreement which had been set up in New York City.)

(It is not known if the Intercontinental Insurance and Guarantee Company and the Intercontinental Insurance and Surety Company are one and the same.)

November 4, 1959 Check stub of Associated Insurers Ltd. recording \$1,000 to Louis J. Botifol for legal fees in setting up Associated Insurers Ltd. Havana, Cuba. Botifoll of Mexico City was President of Mortgage Corporation of America which was an agent for Intercontinental Guaranty and Trust.

November 4, 1959 Check stub of Associated Insurers, Ltd. recording \$1,500 to Royal Bank of Canada for services rendered re Associated Insurers.

November 4, 1959 Check stub of Associated Insurers, Ltd. recording \$5,000 to Anglo Canadian Underwriters Ltd. for purchase of Mediterranean Insurance Company, Coroza, South America.

November 12, 1959 Paul Dorfman called Jake Ehrlich.

November 13, 1959 Bray check for \$1,000 to Associated Insurers Ltd. (first endorsement: Associated; second: James Bray; third: First National).

November 1959 Associated Insurers deposits \$1,000 (carried as loan from Bray.)

November 16, 1959 Publicity by McClellan Committee of Summit-Schwartz-Weiner deal. Calls between Dorfman and Hoffa.

November 19, 1959 Joseph Gerber, Illinois Insurance Commissioner, told papers his investigators found no connection between Weiner and Schwartz and Dorfman operations.

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November 1959 Reserve, parent company of Summit, pulled Summit out of IBT bonding, apparently because of the adverse publicity. Earl Cefry, Vice President of United Benefit Fire and Casualty of Omaha said the reason was that Reserve had not been able to raise sufficient capital through the FDC for insurance purposes.

November 1959 Fraser Wilson of Stewart Smith in Chicago said that after the Summit deal folded, United Benefit was no longer using him nor giving him any details.

November 1959 Preston White, Manager New York branch Zurich Insurance Company said that at this time Joseph Henning of Mitchell May Co., Inc. contacted him saying he could get Teamster bonding business. Mr. Pilling, United States manager of Zurich in Chicago turned it down.

November 1959 Hopps said Joseph Henning then with John C. Paige and Co. had called Hopps about getting a pool together on labor-management bonds. Hopps agreed to help and would split 50/50 the commission, Henning's firm would receive. Henning then called to say the Summit deal for the IBT was off. (Hopps had heard that after the publicity on the deal a banker, H. E. Becker, told Allen Blank, President of Reserve, the parent of Summit, that he would not put out certain stock desired by Blank if Summit wrote the IBT bonds. Hopps also heard that Jake Gottlieb, owner of Western Transportation Company and the Dunes Hotel in Las Vegas and allegedly a close associate of Hoffa, was going to buy Summit and, if he did, it would continue to write the Teamster bonds.)

Pursuant to Henning's call, Hopps went to Chicago where he met with Weiner, Schwartz, Allen Dorfman, Hennings and Linquist who represented Styvesant and Reliance. The negotiations broke down when the IBT insisted on a \$6.25 ceiling to the rate.

Henning and Hopps worked to arrange reinsurance for Styvesant as direct carrier and contacted Bray and Central Casualty (In January 1960 Hopps said he did not contact Central Casualty, later he said he did) and other companies including Cosmopolitan Mutual of New York and Consolidated Mutual of New York, who sought to get Treasury listing. Thru the Gilbert Bartling and Sons Agency of Kansas City, the Pinkerton Agency of Omaha, and the Warner Agency of Des Moines, Hopps contacted Tri State Insurance of Tulsa and Standard Insurance of Tulsa. Then, Styvesant's home office raised their commission demands to $42\frac{1}{2}\%$ and the other companies backed out.

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Then Hopps suggested United Benefit as primary carrier and contacted Bray who talked to United Benefit. Bray got UB in and got his firm in as a broker. (At one time Hopps also said that Schwartz and Weiner were the ones who decided on Bray as broker after Hopps had introduced Bray to them. On another occasion in January 1960, Hopps said he did not know who the broker was.) Bray agreed to compensate Hopps and Henning. Bray then got reinsurance with Tri State and Houston Fire and Casualty of Fort Worth. (Tri State, said Hopps, was to give Hopps $\frac{1}{4}$ of 5%.)

November 1959

Linguist said about this time he asked Alvin Trenk of Anka Agency in New Jersey, (Trenk is son-in-law of Abe Lew, deceased former head of Retail Clerks local in New Jersey who embezzled several hundred thousand dollars in union funds and was close associate of Longie Zwillman), to see about reinsurance looking mainly to steel-workers. Trenk contacted Henning who introduced him to Hopps. (Henning had been referring to Hopps as Mr. Stevens). Linguist met with Henning and Bray and Hopps, who seemed to be interested only in Teamster business. Thru Hopps, Linguist had coffee with Weiner and Schwartz who wanted to know the maximum commissions they could receive as brokers. Linguist stated he told them that he wasn't interested in the business; that, in accordance with underwriting principles, the Summit applications were worthless; that in any event, the maximum brokerage commission would be 20%. He said that Weiner and Schwartz would not have been satisfied with that figure. Furthermore, Hopps and the others wanted the premiums paid in advance and the companies Linguist represented were only willing to pay commissions as earned.

November 1959

Joseph Henning of Mitchell May said that about this time he was contacted by an Alvin Trenk about the bonding; there was one meeting with Trenk, Bray, Linguist and himself. Henning felt Hopps had brought Bray in and it was Hopps who suggested Henning meet with Dorfman, Weiner and Schwartz which, because of the bad publicity involved, Henning refused to do.

After the Chicago meeting Henning contacted Consolidated Mutual and Cosmopolitan Mutual of New York re reinsurance, but neither was on the Treasury list as an authorized surety company. He went to D. C. to get certification but another plan went thru first. Henning was to get some part of the brokerage fee for his efforts; he understood he and Bray would divide 5% and that a reputable brokerage firm would handle it. Henning felt that a coverage could be had for 2.50 per 1,000 according to the American Surety Association bulletin.

November 24, 1959

Joseph Henning of Mitchell May, Jr. Company of New York was contacted by Bray and went to Chicago.

November 28, 1959

Associated Insurers Ltd. check stub recording \$1,000 to Mars and Cie, a Moroccan bank, for transfer and custodian cost of Mediterranean Insurance Company holdings before the company moved to Corozal, South America.

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November 28, 1959 Associated Insurers Ltd. check stub recording \$5,000 to Anglo Canadian Underwriters, second payment on Mediterranean Insurance Company purchase.

December 1959 Earl E. Cefry, Vice President and Director of United Benefit, is first contacted re Teamster Bonds by Bray. Also William Collins, Vice President of Stewart Smith and Company in New York called Cefry to say he heard from Hopps who felt it would be good business.

Early December 1959 Ehnes, Vice President of Tri State, Tulsa, Oklahoma, contacted by Joseph Henning about writing IBT bonds. Ehnes told him that Tri State might be interested in reinsurance.

December 1959 Don Pletts in Miami told Wright (?) he had the Teamster business.

December 7, 1959 Bray in D. C. with ICC and Treasury. Bray then goes to New York and talks to Hopps who had been in contact with Dorfman agency.

December 8, 1959 Hopps goes to Chicago, contacts Ehnes, Vice President of Tri State Insurance and Earl Cefry of United Benefit Fire and Casualty. (Cefry and Ehnes have denied any contact with Hopps in this operation and have denied knowing him except by reputation.)

December 11, 1959 Hopps made calls from Dorfman agency.

December 1959 Linquist understood that a Major Riddle of Las Vegas had been interested in buying Summit, but that the deal fell through because Reserve had listed Summit as an asset in a filing they had made and if they sold the filing would be fraudulent. (Another reasons was that Riddle couldn't raise the money.)

December 1959 Meeting in Tulsa with Henning, Bray, Ehnes and agents of Standard Insurance of Tulsa. Standard did not go into the deal allegedly because they were dissatisfied with underwriting procedures. Tri State took 30% (later received \$29,500 of the deposit) and was going to offer percentages to others. There werw assurances that noone connected with the IBT was connected with the program and Hopps name was never mentioned according to Ehnes. CC was to participate to 10-15% in view of Bray's efforts in getting business and the general agent, getting 25% out of the 35% paid to United Benefit, were to be HBS and Mitchell May, Jr. Company. The companies would share in losses up to \$100,000 with \$400,000 reinsurance with Lloyds to be paid out of premium income.

Ehnes thought the rate was \$6.58 per \$1,000 or \$16.78 for 3 years.

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Ehnes told Cefry he wanted a copy and accounting of the Lloyds arrangement which was being worked out through Stewart Smith Company and that a $7\frac{1}{2}\%$ figure was mentioned.

The \$100,000 would be split among the companies (Tri State received \$29,500) with interest belonging to the companies and after 3 years, the sum was to be credited toward premium payments. There would be quarterly statements from United Benefit.

December 1959 United Benefit requested \$100,000 from IBT with bonds effective 12/15. The deposit was made and the money divided among the participating companies according to their percentage of participation the deposit was to be held at least until the end of the 3 year bonding period.

December 1959 Cefry and Wright reach agreement. Wright received \$9,750 as United Bonding's share of the deposit less $2\frac{1}{2}\%$ premium tax. Wright had agreed to 25%, but only got 10% because Cefry said United Bonding was the smallest. United Benefit was to get 35% commission as earned; expected about 3 million over 3 years, 2 million to insure losses and 1 million to be split among companies; all money received by United Benefit to be divided immediately. (Last stipulation in copy of letter from Tri State with copies directed to Bray, Henning and David Ross.)

December 14, 1959 HBS, Inc. borrowed \$150,000 from First National Bank, Evanston, paid \$50,000 back on previous loan and deposited \$100,000 in account of HBS Inc.

December 15, 1959 Vassen of Houston F & C, a long time friend of Charles Bray's father, Homer, said he was contacted by Bray (his first contact was from J. Minton, a broker from Fort Worth) re reinsuring agreement. Management called for each company to be liable up to \$100,000 with excess up to \$500,000 reinsured with Lloyds at a cost of 2% of the total premiums. Vassen said he insisted that (1) application be obtained from every bonded official; (2) all bonds of 15,000 or more to be investigated; (3) the IBT would police the program and remove non-bondable officials; and (4) there would be a quarterly meeting of representatives of all the companies to review the program.

December 15, 1959 Tri State letter to United Benefit acknowledging participation by Tri State up to \$200,000.

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Early December
1959

Hopps said he contacted Bray at the Castaways trying to get him to reinsure with La Metropolitana (a Cuban company with offices on John Street, New York City) in a deal unrelated to the bonding. Cefry of UB and Schwartz were also in Miami. Hopps said he met Hoffa there, but didn't discuss bonding (May 1960, Hopps said he only met Hoffa once and that was in 1956 or 1957). Bray told Hopps that Tri State took 30% reinsurance and that the syndicate of brokers that got Tri State would get 5% on this 30%. Tri State agreed to give 10% participation plus 5% commission to Merchants Mutual Bonding Company of Des Moines owned by the Warner Agency, but neither Hopps, nor the Pinkerton Agency of Omaha, nor Bartling and Sons of Kansas City received any compensation (as of 5/60).

Bray was making arrangements to get a \$100,000 deposit from the IBT which Hopps understood was a deposit on the premium for the International and that the balance was to be paid within 30 days.

Re La Metropolitana, Hopps and Bray did go to Cuba and met with Godoy's brother-in-law named Arnoldson.

Hopps said he believed Bray's companies have also had reinsurance business with the Plymouth Insurance Company and Muir-Bedell of Lloyds of London.

Hopps said that he, Hopps, was also in Florida trying to get reinsurance from two Florida companies. Hopps said none of his expenses re the IBT bonding were reimbursed but that usually his trips were for other business on his own and not specifically in connection with the IBT bonding.

December 1959

Bray said that Schwartz made Bray's proposal to the IBT Executive Board in Miami; that the IBT insisted on December 15 date; that it was Bray's idea to get the 100,000; that future deposits would be coming from the IBT depending on the number of applications; that he has not been asked to bond management and union officials under the health and welfare funds; that while in Miami, he stayed at the Fontainebleau; that Hopps was there also and Bray talked to Hopps about the Panamanian company.

December 16, 1959

United Benefit wire John English asking for \$100,000 deposit, stating that bond effective 12/15/59 and that Laundry Workers and Electrical Workers would also be written by HBS Inc. and Mitchell May, Jr. Company.

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- December 18, 1959 Letter from Cefry of United Benefit to Frank Wright of United Bonding acknowledging the latter company's participation for 25%.
- December 20, 1959 Associated Insurers check stub recording \$1,875 to Anglo-Canadian Underwriters, 3rd payment on purchase of Mediterranean.
- December 21, 1959 Letter from John English, IBT Treasurer to United Benefit, c/o Bray transmitting check for \$100,000 as a good faith deposit for IBT bonds.
- December 22, 1959 Letter from Cefry to English stating that applications on Summit forms were O.K.
- December 23, 1959 Vassen of Houston F & C called by Bray from Florida and then sent telegram to United Benefit accepting, as of December 15, 1959, reinsurance for 15% or 100,000. He agreed to be listed as contributing \$150,000 toward Treasury List and to pay a commission to United Benefit of 37 $\frac{1}{2}$ % which was to include all expenses including taxes with the exception of 2% additional costs of reinsurance with Lloyds of London.
- December 24, 1959 Letter from Karl Vassen Houston Fire and Casualty Company to Bray confirming acceptance of 15% and \$150,000 limit according to the Treasury Department list.
- December 24, 1959 Oxford Agency, Inc. incorporated in Illinois. Incorporators were first name Burks, Alice O'Connell and Ida Lee McClure. C. W. Bray was listed as resident agent and Burks as attorney. People working with Bray about this time included Marion Burks, Secretary of CC., Bill Courtier, an accountant for CC., Bob Christopher, manager of Bray's Chicago office, E. C. Jobe, Vice President in charge of Claims Department, HBS, Denver, Colorado, Allen Harden, surplus line underwriter, Harrold Weingarden, accountant for HBS, Inc., Deane D. Whitesell, Vice President, Robert Wolff, account for Oxford and CC.
- Weiner was general agent, but had no apparent financial interest or position in CC.
- December 24, 1959 Homer Bray Services (Can) Ltd., a Canadian Corporation, established.
- (The money used to purchase the incorporating stock from Oxford came from the Canadian Company.)
- December 24, 1959 Bray issued check for \$3,000 to Tropical Holdings, Inc. (Bray said this was to purchase 75% of the total outstanding stock in Universal Guarantee and Trust Company of Panama, believed to be a Hopps company.)

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December 29, 1959 Letter from Bray to English acknowledging receipt of \$100,000 for deposit premiums.

December 29, 1959 HBS (Can) check to Bray for \$1,200 to repay loan.

December 1959 Bray check for \$10,100.83 to LaSalle National Bank as repayment of loan.

December 1959 (same day as above) Bray (?) deposited \$10,000, borrowed from HBS Inc.

December 31, 1959 On this date, said Harold Weingarden (accountant for HBS and associate of Charles Bray's father), HBS sold 50,000 shares of CC stock to Intercontinental. (Later Bray bought out Weingarden's shares. Bray gave Weingarden a bad check and Weingarden had quite a bit of trouble collecting.)

December 31, 1959 Oxford assumed all liabilities of Summit in regard to the Teamster Bonds.

December 31, 1959 Homer Bray Service paid check of \$154,000 to Central Casualty.

December 31, 1959 Central Casualty paid check of \$154,000 to trust account of Intercontinental Insurance and Security Company at the Underwriters Trust Company in New York City. CC records indicated this covered October-November reports and adjustments to losses and reinsurance and unearned premiums.

December 31, 1959 Bray issued \$150,000 check on behalf of Intercontinental to Homer Bray Services for the purchase of 50,000 shares.

December 31, 1959 Intercontinental's account, c/o HBS (Can) in Underwriters Trust has balance of \$154,088.61.

December 31, 1959 CC sent out bonds on applications previously sent to Summit.

December 31, 1959 CC deposited United Benefit check for \$19,500 which was CC's share of the \$100,000 deposit forwarded to United Benefit by IBT.

December 31, 1959 Douglas Winkvist of Underwriters Trust, New York City, said that on this date James Bray, Charles' Brother, came to the bank with a deposit of \$100,000 to the Intercontinental Insurance and Security Company account.

December ? 1959 After getting \$19,000 shortly thereafter, he gave \$10,000 to set up HBS (Can) Ltd., which sent \$5,000 to Associated Insurers Ltd., which in turn soon sent \$1,000 to set up Oxford Agency.

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Late December
1959

Joseph Henning, Mitchell May, Jr. and their staff ended their connection with John C. Paige and Company and started direct operations as Mitchell May, Jr. Company. They had Cosmopolitan and Consolidated as reinsurers, but no leading carrier. Hopps put them in contact with Bray who agreed as agent of UB to work thru them on all labor bonds other than IBT.

Hopps was to share $\frac{1}{2}$ of the May, Jr. Company's commission. Hopps, trying to get business talked to Dave McDonald thru Phil Regan, Ekbricht of AGVA, Walsh of Theatrical, Miller of Bartenders, Cross of Bakers, and also with Regan's help Keenen of Electrical and Kennedy of UMW. Hopps met Gibbons visiting with McDonald at Ryan's home; Gibbons said he'd try his best to get all Teamsters under 1 master contract.

Hopps, US Life, UB, HBS were collaborating on bonds for Bridges and ILWU thru Pinsky and Bercon's Union Insurance Consultants Agency but UB had no California license so UB and Hopps were out with no commissions.

December 1959-
January 1960

About this time, the Cincinnati locals got bonds from Federal Deposit and Insurance Company of Maryland for \$4 per \$1,000 - a \$1 less than the national rate.

January 1, 1960

Associated Insurers Ltd. check stub recording \$525 to Bernardo Carames for keeping books for Intercontinental.

January 5, 1960

United Benefit sent standard reinsurance form to Houston Fire and Casualty, which was executed.

January 5, 1960

Central Casualty (?) check for \$150,000 signed by Bray payable to Homer Bray Services for 50,000 shares of stock in Central Casualty Company. Check is deposited in Homer Bray Services account. First National Bank of Evanston, Illinois.

January 5, 1960

CC issued check for \$100,000 to HBS (Can) Ltd. in accordance with agreement of January 1, 1960.

January 5, 1960

CC issued \$100,000 check to HBS (Can) for advance payments for stop losses per treaty of January 1.

January 5, 1960

HBS (Can) Ltd. issued check for \$5,000 to Associated Insurers, Ltd.

January 7, 1960

Account opened for HBS (Can) Ltd. of Canada at First National Bank, Evanston with \$10,000 deposit.

January 1960

Check from Intercontinental for purchase of stock of CC.

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- January 7, 1960 Letter from United Benefit to Bray enclosing Illinois' agent's license for Bray.
- January 7, 1960 Letter from Cefry of United Benefit to Charles R. Marks, 215 Southern Building., Washington, D. C. enclosing bonds for IBT to be countersigned and returned. (Bray said that Marks was representative of United Benefit.)
- January 8, 1960 Letter from United Benefit to George Stewart of Stewart Smith Company advising of the decision of United Benefit and Homer Bray Service, Inc., that their contract would be for union bonds only and that premiums were to be paid to United Benefit at once; that 25% commission would be paid to HBS, Inc., and that strict observance would be had concerning Ch 4 §.23 of the Act.
- January 11, 1960 IBT letter is sent stating that Oxford is taking over the bonding with a \$5 per \$1,000 special rate as against the usual rate of \$11.25 per \$1,000. (This is a deceptive statement since any company writing the bond for the entire union would have a \$5 rate. See the Surety Association for confirmation of this.)
- January 12, 1960 Associated Insurers Ltd. renews \$10,000 loan at First National of Evanston.
- January 15, 1960 Central Casualty (?) check for \$5,450.02 signed by Bray payable to Affiliated Brokers Ltd. Deposited in Underwriters to an illegible account.
- January 19, 1960 Associated Insurers check stub recording \$1,000 to Bray to repay loan of November 6, 1959.
- January 19, 1960 Associated Insurers, Ltd. withdrew \$1,000 from their account (same as above?).
- January 19 OR
20, 1960 Oxford Agency, Inc. opened account with \$1,000. (Bray had said the \$1,000 came from HBS (Can)).
- January 23, 1960 Bray advised that they had already ordered 100,000,000 reinsurance with Lloyds and would get more as needed.

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January 1960

About this time, said Allen Blank (KC, FBI report approximately November 1960), Bianchi resigned and joined CC.

When Reserve failed to sell Summit, they decided to let it die and only left a few employees to take care of previously incurred obligations.

Reportedly, Reserve made a deal with Bray to take over existing bonding without Bray paying Reserve any money for the business.

? 1960

Illinois State Insurance Department authorized CC to issue an additional 100,000 shares of stock to be sold for \$300,000; the understanding was that Bray would acquire this stock in a closed sale.

January 1960

Earl Cefry of United Benefit said that UB was writing bonds through HBS Inc. of Evanston, Illinois; that UB followed American Security Association rates; that 25% broker's commission would be paid to Bray as it was earned; (Cefry had had advised it would be split by Bray and Henning as brokers of record.) and that Bray would pay his brokers 15-20% out of this; that UB was doing all the underwriting and ordering reports on all Teamster officials who would be bonded 15,000 or more. (Peter Zimmerman of the Surety Association of America, 60 John Street, New York City, WH 3 - 0803 said that a company should not write a bond totaling \$500,000 without first submitting it to the Association and that to do so would be a violation of the insurance laws; Bray denied that this is so.)

January 1960

Joseph Henning said he understood that 20% would be paid to a broker who was not yet named and 5% would be split three ways among Hopps, Bray and Henning.

January 1960

At this time Hopps had received no commission for his part in the IBT bonding (nor had he as of 5/60). He would think that since he introduced Tri State, Tri State would pay him a fee with permission to reduce the amount paid to UB. Hopps understood that UB had done extensive investigating on the bonding and that some underwriters had flown over from Lloyds. If UB backs out, (Hopps thought the deal will still break down and he would handle it.) he had a big New York mutual ready; Hopps had two big companies applying for Treasury listing. Hopps had no insurance company of his own, but was a shareholder not a Board member, in many small companies; he was a reinsurance broker.

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January 1960

Bray in an interview, said that he had first been contacted in October by Henning who wanted his help in getting Cosmopolitan and Consolidated on Treasury list; that he read about Allen Dorfman having the Summit applications and went down on his own; that he felt confident he'd get the business but for no particular reason; that he had met Hopps some time ago in San Francisco, but didn't know him; that he met Hopps in Chicago with Henning; that he didn't know Dorfman's connection and that Dorfman played practically no part in setting this up; that he didn't know what part Hopps had played; that he thought he could have gotten the business without Schwartz, but Schwartz got part of it. (Bray later, June 1960, admitted the above version is not correct and that he was contacted by Hopps.)

Bray also said that Schwartz and Weiner wanted 20% of all business they submitted and that they turned over several hundred Summit applications to him.

January 1960

Bray said that the reinsuring companies were paying United Benefit 37½% and that United Benefit was paying Bray 25%; payments to be made to HBS Inc., which would pay Oxford Agency Inc. 20% and Oxford would pay the brokers. Schwartz and Weiner would probably receive 20% brokers fees for the business they furnished. Mitchell May, Jr. Company would receive approximately 2½% out of the top 5% to HBS Inc. Nothing would go to the Dorfman's or to the Illinois agency of Summit.

Other brokers were Stewart Smith Company, (this company owns United Benefit and was counting on getting Joint Council 25 in Chicago), Bud Barnes of Omaha and perhaps Martin Seigal.

Bray stated that the \$19,000, CC's share of the IBT deposit, would not be disbursed. (But see late December 1959.)

Bray interpreted the law to mean that the bonding companies had to have a combined Treasury rating up to \$500,000, but that no one company had to accept up to its maximum rating. Bray gave the following figures:

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<u>Company</u>	<u>Treasury Listing</u>	<u>Percentage of First \$100,000 Accepted</u>
United Benefit	100,000	25%
United Bonding	50,000	10%
Houston Fire and Casualty	150,000 (See Dec. 23, 1959)	15%
Tri State	200,000	30%
Central Casualty	Not listed	20%

(Bray maintained that a reinsurer did not have to have Treasury listing.)

Lloyds would reinsure the excess with all companies sharing cost which Bray estimated at 2-4%.

(Does the above scheme fulfill the requirements of the law?)

Bray said that United Benefit would run credit reports on all individuals though this had not yet been done. Bray would rely on Tri State and United Benefit to apply for their criteria for bondability. Though there is nothing in writing bonds, Bray said the Teamsters had agreed that if a person is not bondable he would be relieved of his duties.

Bray mentioned that he had one girl working in office space provided by Teamsters for which he pay \$123 rent per month.

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January-February
1960

Hopps said he met Gibbons on behalf of the bonding company complaining because the premiums were not being paid and all the Teamster locals were not participating. Gibbons said they do not have control over the locals that people think but they would do what they could.

January-February
1960

Bray called Leonard Schloer, Chief of Section of Insurance, ICC, trying to make arrangements for the Cosmopolitan Insurance Company of New York to get Treasury listing.

January-February
1960

1959 statement of Central Casualty filed with the ICC showed that Central Casualty had assumed \$214,831.93 reinsurance business and had ceded half.

February 1960

Bray said that Homer Bray Service, Inc. held stock in Oxford; that Underwriters Trust Co. of New York had recently purchased stock in Homer Bray Service, Inc., for \$100,000. Homer Bray Service had been selling accounts receivable to banks for the purpose of making loans. The \$100,000 was to repay loans which had been used to pay premiums to Lloyds of London.

? 1960

Central Casualty paid Homer Bray Service \$55,000 for purchase of equipment; Central Casualty then sold it to United States Leasing Corporation; 580 California Street, San Francisco, California; United States Leasing then leased it back to Homer Bray Service for \$5,000 a month.

February 1960

Teamster locals received a letter announcing lower rates from Thomas J. Leahy, Leahy and Associates, 6 North Hanlin Avenue, Chicago, Illinois. (Mail has been received for Thomas J. Leahy in care of Plasticians Inc., 208 LaSalle Street--same address as Central Casualty.) Leahy said he was a broker in getting bonds for Joint Council 25 and some locals that he had dealt with Fraser Wilson of Stewart Smith Co., and Linguist and Burnes of the Styvesant Co. Leahy stated he heard about the bonding, contacted Sol Schwartz and reached an agreement whereby Leahy would be the broker for Schwartz's accounts. Leahy advised he placed the bonding of Teamster officials with Stewart Smith Co. and the bonding of trustees with Styvesant. Reportedly, Stewart Smith is affiliated with an agent of Lloyds of London.

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February 1, 1960

Previous Central Casualty (?) check overdrew account so \$500 deposited leaving balance of \$306.46.

March 1960

According to Associated Insurers check stubs, balance of account is \$87.50.

March 1960

Hopps's company Intercontinental Guaranty and Trust Company (name changed to Universal Fidelity and Security Company then to Financial Guaranty and Trust Company) under investigation in New York, Baltimore and San Francisco.

March 1960

(From page 19 FBI report, Agent John Roberts, Chicago, November 11, 1961)

United Public Insurance Company of Indiana was subject of attempted takeover by Cleveland hoodlums, among whom were Dominick Bartone, Lou Brady, Dom Lonardo and Don Plitzer. Trans American Security, their 'front' agency, defaulted in March 1960 and went out of business. United Public Insurance Company assumed the obligations until arrangements could be made. Allegedly, the Cleveland group was told by Sam "Mooney" Giancana to stay out of Chicago bail business, that it was his territory. Chicago bail bondsmen who do approximately 90% of the business are Ed Morris, Tony Horton and Irv Weiner. Pat Cerone is a well-known agent of Weiner.

March 1960

Weiner allegedly is also a jewelry fence. Ed Morris is tied in with Cosmopolitan Insurance Company and Bill Rose (associate of Mickey Cohen).

There also appears to be a leak between these bondsmen and the law firm of Bieber and Brodkins, reputed to be attorneys for the racketeers.

Individual bondsmen are forced to work with them because if one tries to disassociate, defaults of that bondsmen which had been taken care of "through contacts" are reviewed.

April 25, 1960

Bray goes to ICC. New stock issued by Central Casualty had been completed that week. Bray told ICC that it was to private individuals, one to man in oil business named Ryan.

April 1960

In order to keep United Benefits 'A' rating with Best's, Cefry says he solicited 35 agents and got \$126,000 cash representing sale of 12,600 shares of United Benefit at \$10.

April 25, 1960

Anglo Canadian Underwriters, Ltd., closed account at Underwriters Trust, New York City (see May 7, 1957).

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May 26, 1960

Hopps said he had no stock interest in Affiliated Brokers (see August 20, 1959) but had placed business with them. Stockholders are Edwin J. Ryan, Mexico City, John Kearney, Mexico City and Luis Botifol, Havana, Cuba. Hopps believed his secretary Loretto Lindhauser had put Ryan and others in touch with attorneys to incorporate the company in Delaware. The company was replacing Anglo-Canadian Underwriters, Ltd.

Hopps said he was trying to work out a deal with Affiliated Brokers whereby he would get a monthly advisory fee of \$1,000; he has received between \$2,000 and \$3,000 from the company in the past year.

Hopps acknowledged that he can sign checks without restriction on the Affiliated Brokers Account at Underwriters Trust, New York City, (Most of the checks written by Hopps, amounting to several thousand dollars, had either himself or his wife as payee.) He said the principal account for Affiliated Brokers was in Mexico and that Messrs, Ryan, Kearney, and Botifol had authority to sign checks.

Hopps said that the only money he had received from Bray or Bray's companies, was a few hundred dollars to refund his expenses after the trip to Cuba. He said that this money was not paid directly to him, but was paid by Bray or one of his companies to Affiliated Brokers. Hopps said that he had not received any other money from Bray or his companies. (See October 5, 1959, where Bray sent check for \$5,000 to Affiliated Brokers. This was over 2 months prior to Hopps December 1959 trip to Cuba.)

Hopps also said he has not received any money from Intercontinental Insurance and Surety Company.

Hopps said that Bray had been going to buy stock in the Mediterranean Insurance Company, but did not. (See December 20, 1959) Hopps then stated that Bray did buy stock in the Mediterranean Insurance Company, but got out of that company with the agreement of Dr. Botifol. Hopps said that he has no

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interest in the Mediterranean Insurance Company and has not received any money from that company in the last two years. He said that Bray bought stock in this company at his suggestion and got out of the company because most of the assets of the company are frozen by the Castro Government with the exception of the stock of Seguras.

May 1960

Trust account at Underwriters is supposed to be \$300,000 but still has not received the \$100,000 in mortgages and the Homer Bray Service, Inc. note for \$100,000.

June 1960

Gerber says that the money that went into Central Casualty came from Mrs. Bray.

June 1960

About this time, Central Casualty and United Benefit made agreement to share all bail bond business 50/50. United Benefit had more licenses and also could write bonds on Federal courts, which Central Casualty could not do. (so why 50/50?) Only the 50/50 agreement was in writing. All else was oral. Bianchi was to head both departments, to keep records; to give United Benefit a monthly statement. Agents posting bonds were to pay Bianchi 3% of the total amount of the bond. Fund (an escrow account in event of defaults.) Weiner was to be General Agent for Chicago and L. S. "Bob" Cornett for the states west of the Mississippi. In some states Cornett had sub-agents; sometimes one under United Benefit and another under Central Casualty competing with one another. (See Kansas City FBI report of November 1960 or later.)

June (?) 1960

Bianchi brought in Hillary Volin as his assistant; and Yvonne Decker is Bianchi's secretary.

June 1960

Joseph Gerber, Director of Insurance, State of Illinois, who had approved Intercontinental Guaranty and Insurance Company of Tangiers, Morocco, testified before the Senate Subcommittee on Antitrust and Monopoly.

There had been allegations by former Hopps' associates, Robert Leonhardt and William (?) D. Corbett, that Gerber while State Director owned Mercury Mutual Insurance Company in Illinois, and that Hopps had said that one of Hopps' companies invested money in Mercury in return for Gerber's authorizing Intercontinental Guaranty to do business in Illinois. Allegedly in 1957, Spike McAdams and

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Von Wagner, Chicago agents of Intercontinental and also owners of City Savings and Loan Association, had \$200,000 paid into Mercury Mutual Insurance. McAdams later borrowed more money and eventually \$20,000 was paid to Gerber.

Gerber denied the above and stated that Intercontinental Guaranty was granted approval March 5, 1958 after certain American citizens filed certified balance sheets. (Intercontinental Guaranty's predecessor company was West Indische, Heverzekering Maalschappij, S. A.) Intercontinental Guaranty was put out of business in Illinois within three weeks after notice of its difficulties in California.

Gerber said he had been connected with Mercury Mutual Insurance Company and Mercury Management Company, Inc., of Chicago but had severed his connections with these companies after assuming his position as State Director of Insurance (any connection between these companies and Dorfman's Mercury Investment Corporation?)

June 30, 1960

Financial Statement in Guaranty Bank's files:

Central Casualty Company, 1633 Central Street, Evanston, Illinois - June 30, 1960

<u>Assets</u>	<u>Liabilities</u>
Cash ----- \$137,800	Claimed defaults pay.- \$ 25,100
US bonds ----- 446,000	Res. for loss etc.---- 416,700
Other bonds ----- 10,000	Res. unearned prem.--- 314,300
Stocks ----- 91,000	Due on reinsurance --- 25,800
Real Estate ----- 90,000	Expense unpaid ----- 10,200
Due from agents ----- 393,800	Premium tax pay. ----- 21,100
Due from Rein. Cos.----- 255,400	Other liability ----- 25,000
Deposits with Rein. Cos.- 25,000	Total liability ----- \$ 838,200
Other deposits ----- 207,600	Cap. stock ----- 500,000
Accrued Interest ----- 3,000	Surplus ----- 322,600
Total ----- \$1,660,800	Total Liab. & Cap.---- \$1,660,800

July 1960

Stotts of United Bonding asked Keith Pyle why United Bonding was continually being charged for "excess of loss premium due". Pyle told him that represented refunds of premiums to locals caused by a competitive reduced rate which they thought would be overcome by an increased volume of premiums on new business. Wright could not understand the delay in returning this money. Bray told Tri State the same thing about new business offsetting this. Wright is constantly required to pay back premiums.

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October-November
1960

Bray went to Puerto Rico to see Alex Gonzalez, attorney for Atlantic Insurers Underwriters of San Juan, Inc. and Manuel Font, General Manager of the firm and a general agent for Central Casualty. Allen Dorfman, whom Gonzalez believed was a representative of the Teamsters, and others were present. The proposal was that Atlantic Insurers Underwriters would coinsure with Central Casualty, Teamsters Local 901, San Juan. (Letterhead Bureau memo, March 23, 1962, San Juan.)

November 4, 1960

Bray writes letter to Sax of Exchange National Bank directing that a check (commission check payable to Homer Bray Service, Inc.) sent to Exchange on October 29, 1960 by United Benefit for \$32,305.68 was to be divided with 20% being placed in the Special Account for Homer Bray Service, Inc. and the balance in the special account for Oxford Agency Inc. Bray also stated that all other checks from United Benefit are to be divided similarly.

November 7, 1960

Oxford Agency Inc. account opened at Exchange with Sol C. Schwartz, Edward R. Stroming, Irwin S. Weiner officers. (Bray said he was paid about \$8,000 some in cash the rest in cancellation of indebtedness by them, for Oxford; the anonymous letter said Bray was forced to sign over Oxford.)

Exchange records list the following affiliated accounts:

Auto-Mat Manufacturing Company
Continental Processing Company
P & S By-Products Inc.
Irwin S. or Lilyan Weiner
ISP Sales, Inc. 1019 S. State Bldg.
Leo Rugendorf or Irwin Weiner, Spec. Acct.
American Bonding Agency, Inc.
Twin Food Products Inc. (employed Aldesio & Carfano)
Weiner-Volin Insurance Agency Inc.
John Carson
Lodge Smith

November 1960 (?)

Thomas E. Fleming, Jr. jumped bond in Kansas City. Owen Larson, bondsman filed power of attorney for the surety bond, United Benefit, but had executed the application for bond form from Fleming on a Summit Fidelity and Security Company form and paid the forfeiture by a check on Central Casualty. Larson said this check was in the form of a personal loan to him from Bianchi of Central Casualty and that he, Larson, was not affiliated with Central Casualty. Larson was in the process of transferring business from Summit to United Benefit.

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Charles R. Lieck, formerly officer in Summit, now in Security Service Corporation, the bail bond portion of the Resolute Insurance Company of R. I. Lieck's address is P.O. 5185, Akron, Ohio, but he lives in Medina. (From a Kansas City FBI report)

December 1960

Stock control of Guaranty National Bank, 6760 Stoney Island Avenue, Chicago (formerly Southmoor Bank, the bank where Orville Hodges cashed his states warrants) was purchased by Don Ross (of Ross & Rothfield) Maurice H. Kamm, Maurice Ohren, Hall Oppen (with Ross in Mid West Triumph Distributors, 5801 N. Sheridan Road) and Norman Schlossberg. (See November 1961) from Dalton Finance Inc., Mt. Ranier, Maryland.

December 1960

Ehle, employer trustee of Cleveland IBT Local 436, Welfare Fund, said that in late 1960 Babe Triscaro was pushing to O.K. a loan of \$600,000 to get majority control of a Chicago bank, believed to be the Guaranty. Apparently Don Ross and 2 others (one possibly Corrington) appeared before the Board. The loan application was rejected principally since it was for out of state interests.

December 1960

Financial statement of Don Ross (from examination of FDIC re Guaranty; other FDIC examination papers in Chicago and D. C. Offices including statement on Mid West Triumph):

Cash -----	\$ 4,700-23,000 NP bonds
Investments -----	225,000
CV-ins. -----	8,600
GRG -----	40,000
Rothfield & Ross ---	10,000
Income tax refund --	2,900-268,200 NW
	<u>\$291,200 291,200</u>

Investments

49% (249 shares) Midwest Triumph	163,000
(Hal Oppen reportedly owns other 51%)	
1500 Beshoff Chemical	6,600
1500 Standard Triumph Motors	2,500
45 ? Investments	50,000
Intercontinental	
45 Ror Inc.	<u>1,000</u>
	223,100

December 1960

Intercontinental Insurance Company account opened c/o M. Breen at Dorfman's address. Signators were Caranes, Botifol, A. Rivero, John M. Kearney, John Ruddy.

December 22, 1960

Bray agreed to take over United Mutual Life Insurance Co., of Fort Wayne, Indiana, no money involved. Company was insolvent; had assets of \$163,000 and worthless surplus certificates of \$774,800. (See January 26, 1962)

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December 31, 1960 Cefry says he got \$200,000 more extra capital thru soliciting 30 agents (See April 1960).

December 31, 1960 Central Casualty's annual statement disclosed an advance \$392,725 from Central Casualty to Homer Bray Service. Gerber insisted it be returned (See September 19, 1961).

December 31, 1960 Financial statements in Guaranty Bank's files:

Bray - December 31, 1960

<u>Assets</u>		<u>Liabilities</u>	
Cash -----	\$ 2,300	Notes Payable -	\$ 16,300
Investments -	295,800	Acc't Payable -	150,000
Real Estate -	68,000	Mortgage -----	40,000
Car -----	1,500	New Worth -----	177,300
Pers. Prop.--	16,000		\$ 383,600
	<u>\$383,600</u>		

Homer Bray Services, Inc. - December 31, 1960

<u>Assets</u>		<u>Liabilities</u>	
Cash -----	\$ 18,100	Accts. pay. -	\$ 129,800
A/R -----	497,200	Notes pay. --	249,900
Deposits -----	4,500	Dfts. pay.---	166,700
Stocks & Bonds -----	804,300	? Desposits -	518,900
Due from Cert. of		Acct. taxes -	18,800
Contribution -----	100,000	Com. Cap.-----	25,000
Leasehold improvements -	800	Pfd. Cap.-----	200,000
Good Will -----	5,000	Surplus -----	120,800
	<u>\$1,429,900</u>		<u>\$1,429,900</u>

Income \$184,200

Net Operating Loss \$29,100

February 2, 1961 Twin Food Products closed by City of Chicago. Firm had failed to get permit; had been operating since 1957 without a license. City Collector William C. Prendergast said \$900 application fee from the firm was received in 1958, 1959 and 1960 but the records only show such fee in 1960. There is no provision for keeping the fee money if the application was not approved. Prendergast said his office did not have manpower to check on licenses but there are 61 investigators on the payroll.

Health department had closed the firm for one month in 1959. Samuel Andelman is city health commission. Leo Rugendorf is president of the firm which employs as 'salesmen' Battaglia, Frabbotta and Alderisio. Weiner believed to be connected with firm.

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- February 6, 1961 HBS Inc. note signed by Charles W. Bray, director for \$150,000 from Guaranty Bank and Trust, 6760 Stoney Island Ave., Chicago (formerly the Southmoor bank; this is the bank where Orville Hodges cashed his state warrants). Secured by 206,000 shares CC stock. Due August 5, 1961.
- February 1961 (?) Best's shows CC sustained losses in 1958, 1959 and 1960 with the 1960 losses exceeding those in 1958 and 1959. Expenses were 118.3% of premiums received. Report shows about \$467,000 in uncollected premiums from agents while CC reports about \$350,000 in premiums due. Shows additional \$300,000 put into the business in 1960; assets increased \$90,000 with an office building in Albuquerque, New Mexico. (Previous Labor investigation shows only \$15,000 value for building.) (Wright had said CC salaries out of line.)
- April 1, 1961 Summit Fidelity and Surety Company is sold to Milwaukee group for mortgage guarantee.
- May 1, 1961 Jordan, District of Columbia Superintendent of Insurance did not renew United Benefit's license. UB had an underwriting loss of \$260,103 in 1960 and losses in each 5 previous years of more than \$150,000. D. C. felt this made the company insecure. Also the account "Surplus Notes" in UB's statement, according to D. C. law should be listed as a liability and this would reduce UB's surplus from \$401,585 to \$151,585. Other things noted by the D. C. department were that UB was under reserve in one area and that the value of acquired stock was unable to be determined by D. C.
- May 1961 Earl E. Cefry is fired from United Benefit. Cefry later wrote BLMR explaining that he was hired by George Stewart for UB in 1953 and at that time did not realize that Hopps dominated UB. He stated he subsequently learned that 90% quota reinsurance was written thru Leadenhall, Ltd., owned by Hopps and that two of UB's largest agencies, Heidelberg in San Francisco and Hooper in Los Angeles were controlled by Hopps.
- June 1961 Bray said UB was happy until summer of 1961 when expressed dissatisfaction with CC because of U. S. Government pressure.
- June 1961 Wright and James E. Burch of United Bonding say that Cefry contacted them about taking over as primary surety on the Teamster bonding, and that Cefry said he was acting for Bray. The proposal was that 10% of premiums received would go to HBS as brokerage fee and 25% to HBS as agent with Lloyds insuring losses between \$100,000 and \$400,000.

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June 29, 1961 Letter from United Benefit to United Bonding with statement of account for May 1961 showing United Benefit got 25% commission and 10% override on earned premiums. Override is usually paid to originator of business. United Benefit and Bray controlled the entire operation and gave reinsurers little or no information. (source: Frank Wright).

June 30, 1961 Breakdown of 10% Reinsurance Accepted
by United Bonding from United Benefit

Thru June 30, 1961		\$56,103.46
Excess of loss dep. prem. 60	5000	
Excess of loss dep. prem. 61	<u>2500</u>	
Total	7500	
2 $\frac{1}{2}$ % tax retained	<u>1402.50</u>	
		9,902.59
		<u>\$47,200.87</u>
Premiums earned thru 6/30/61	\$27,369.05	
25% commission	6,842.26	
10% override	<u>2,736.91</u>	
		\$ 9,579.17
		<u>\$37,621.70</u>
Claim adjustment expense	43.38	
Loss paid	<u>42.32</u>	
		85.70
Balance		<u>\$37,536.00</u>
Received from United Benefit		\$56,336.00
Refunds already paid		<u>15,952.09</u>
		\$40,383.91
		<u>2,847.92 (?)</u>
		<u>\$37,535.99</u>

June 30, 1961 Notes of Bank Examiner in Guaranty National Bank reveal "Time C/D 6/30/61-12/30/61-no interest. Resolute Credit Life Insurance said to be compensating balance for above loan." (\$50,000 loan to HBS Inc. - see 2/6/61) "Amount of certificate not shown. Neither is maturity year shown."

July 6, 1961 Titan Company incorporated by Albert Marks, Robert S. Blatt and Michael Freeman, 11 S. La Salle Street, (Weiner, President). Officers of Titan became Weiner, Pearls, Slickemeyer and P. J. Nolen.

? July 1961 Central Guarantee Insurance Company formed by Bray and Weiner. Oxford had written group H & W on Central Guaranty forms.

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? July 1961

Oxford shows \$3,460 in trust account at Guaranty Bank and \$5,502 on deposit in commercial account at same bank.

July 15, 1961

Bonds rewritten into Resolute Insurance Company. (Charles Lieck, formerly associated with Bianchi in Summit now in Resolute.)

Best's 1961 gives Resolute Insurance Company of Providence, Rhode Island an A+ policy holders rating and a financial rating of AAA; firm is principally engaged in financing auto loans and home loans which it insures. Chairman of the Board is Lewis Morganstern; President is Edward K. Scribner.

Houston Fire and Casualty (30%) United Bonding (25%) CC (45%) carry primary reinsurance up to \$100,000 with Lloyds handling the excess. Provision for 10% override to United Bonding on earned premium. Bray is getting 25% commission and 10% override. Cefry employed by Bray in HBS. Schwartz and Weiner still in picture (getting kickbacks?). Also reported that Oxford is to get 25% on earned premiums (one report indicates the percentage on the reinsurance to be: 50% CC, 25% each United Bonding and Houston Fire.)

April 5, 1961

HBS Inc., note to Guaranty of February 6, 1961 due this date is extended in new note due February 1, 1962. (see September 11, 1961.)

August 1961

Gerber ordered CC to stop soliciting business for a bonding plan for Teamster Union officials. The plan would have covered litigation fees for union officers - which is illegal.

August 1961

Wright said Cefry was let go by United Benefit because of large losses UB sustained on construction bonds written through Cefry's efforts. One bond of \$100,000 Cefry failed to reinsure and UB suffered the whole loss. Wright often asked for list of locals and details of premium processing, but never got them. Bray told Wright Bray would get West Coast bonding. Wright said Bray had a company on the West Coast named Sunshine.

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August 23, 1961

Bray wrote Wright confirming that Resolute was going to "front" the IBT bonds. Attached was an offer from Resolute for United Bonding to participate in 25% of the reinsuring and that others would be Houston Fire and Central Casualty with "premium to be determined." This same provision appears in agreement with United Benefit and gives justification to underwriter to delay excess premiums. Bray's letter states that Central Casualty will handle all of the reinsurance money claims, etc.

September 1961

Central Casualty and United Bonding are cancelled by Resolute for reinsurance retroactive to July 15, 1961. (the date Resolute came in).

September 1961

Resolute transfers agency from Oxford to Titan (Schwartz, Oxford Pres.; Weiner, Titan Pres.)

September 8, 1961

Hopps and Birrell indicted in New York with Louis Kovel, Lorretto Chooljian, aka Lindhauser, for evading personal and corporation taxes in regard to operations of Leduc Petroleum, Ltr., Doeskin Products, Inc., and Atlantic Brokerage Corp. of Nevada. (Hopps had been indicted in Baltimore. At one point, at Bray's request, United Bonding wrote a \$17,500 bond on Hopps. It is not known whether it was in relation to this charge.)

September 11, 1961

Bank examiner at Guaranty National notes that Central Casualty stock, collateral for \$150,000 loan Homer Bray Service, Inc., has book value of \$1.64 and that "company account here, balance \$1,811.74;" "have also secured a \$100,000 C/D for us. Funds to pay off \$150,000 at First National Bank and Trust of Evanston." "Purpose of loan to purchase stock in Central Casualty."

Another note of examiner states: "Bank pays draft on his (Bray's) account in which there is no balance, then notifies him and he deposits enough to clear out drafts. Has personal account \$1,800."

September 19, 1961

Bray gave Gerber check for \$392,725 made out to Central Casualty which Gerber deposited. (see December 31, 1960)

September 20, 1961

\$390,000 was withdrawn from Central Casualty and put into Homer Bray Service, Inc.,

September 29, 1961

Hopps surrenders in Chicago on New York indictment charging evasion of \$1,423,906 in taxes.

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October 1961

Hillary Volin, son of Louis Volin, said Weiner spends most of his time in business deals with the racketeers.

October 25, 1961

On petition by S.E.C., Federal Judge Miner enjoined Central Casualty from taking control of Professional Life and Casualty Company through an exchange of stock. Harold J. Craig, salesman for Professional, Charles Bray, James Bray and Homer Bray Service, Inc., planned to acquire Professional in an exchange of 3 shares of Central Casualty for one Professional. Craig induced Professional shareholders to put their shares in an escrow account at Guaranty. Homer Bray Service, Inc. would then match each Professional share with 3 Central Casualty. In this manner, Central Casualty got 50% of Professional but Professional's management refused to transfer the stock. Central Casualty did not register with the S.E.C. and the S.E.C. said the transaction was an "offering" and needed registration. Judge Miner agreed. Professional's management complained that the exchange was not a fair one and that management had no knowledge of it. Bray filed statement that his group was abandoning their attempt.

October 61,
November

Tolls calls show: Weiner was in contact with Lou Morganstern of Hartford (Resolute Insurance Co.); Sammy Kaye in Miami and Rio de Janeiro; Bray in contact with Fidelity Bakers Life Insurance of Richmond, Va.

November 1, 1961

Houston Fire cancelled as reinsurer or the Teamster Bonds.

November 1, 1961

Resolute becomes the only carrier of the first \$100,000 and the reinsurers on the excess \$667,000 through Stewart Smith, New York City are:

73%	Lloyds of London
5%	London and Edinburgh Insurance Co., Montreal
4%	Institutional Insurance Co. of America
3%	Cotton Belt Insurance Co., Memphis
15%	United Benefit, Omaha

November ? 1961

Pat Nolen resigned at Oxford; Stroming no longer with Oxford.

November 1961

Bianchi allegedly ill and away from Central Casualty; due back first week in December.

November 1961

Guber ordered Bray to sell within 60 days real estate owned by Homer Bray Service, Inc. in Alberquerque, New Mexico; the proceeds were to be

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used to retire certain insurance contracts Gerber thought questionable but the order was not complied with. Berber thereafter ordered Central Casualty to cease operations.

November 1961

Keith Pyle, Vice President and Director of United Bonding, advised that Homer Bray owns 1500 shares of United Benefit, Central Casualty owns 3000 shares. United Bonding's total shares are 220,000.

In bonding, each agent must submit weekly report showing bonds issued and checks for the Buildup Fund (an escrow account of 1% of the total amount of the bond) and the Premium Fund (2% of the bond amount). These must be paid by an agent to Central Casualty at the time he advises the office that he has written a bail bond.

November 1961

Pyle said (Omaha FBI report to KC, USA) United Bonding has been displeased with its surety bond operation and is taking steps to sever all connections with Central Casualty Company and any business relating to security bonds. United Bonding had set August 1, 1961 as the date they would cease but Central Casualty had been unable to get another company to take United Bonding's place and the date had been extended to January 1, 1962. There was an agreement that Central Casualty would have 100% liability on all bonds dated after July 1, 1961 and United Bonding would get a percentage for the use of its name. (Evaluate this in light of subsequent events!) His agents are not allowed to write bonds for more than \$10,000. United Bonding can write bonds up to \$66,000. Pyle believed that some agents did have blank powers of attorney.

November 1961

(From FBI bonding report to Organized Crime) Charles Grant of United Bonding in Denver said that Helmich, who was a contact in the Teamster bonding matter for Stuyvesant, was reported to have been brought into United Public Insurance Co. of Indianapolis by the Cleveland mob who used the Trans American Agency. Schloss, president of United Public Insurance Company, hired an ex-FBI man named Miller to investigate and, when the hoodlum influence was discovered, sold the company. United Bonding reinsured United Public Insurance Company reliability on existing business so the company could end.

Grant heard that Summit had been set up by Guzik (then mob treasurer) money from the racketeers. Reserve bought Summit about 1956 and hired Bianchi.

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Harvey Rubenstein worked under Bianchi, then went to Stuyvesant as Vice President. Bianchi allegedly went to Rubenstein for a job after Summit folded but Rubenstein would not hire him because he was suspicious of the hoodlum ties about which he (Rubenstein) had heard when he was at Summit.

Grant also said that some bondsmen were writing in the amounts on United Benefit forms which is unheard of since the amount is usually printed on it by the company.

Grant said the sources of his information were Harvey Rubenstein, George Miller, Frank Wright and Robert Smith. Smith, now with LaSalle Casualty Co., Chicago, told Grant that when he worked with Summit his home was burned down and his children threatened as a result of his not cooperating with the hoodlums element connected with the company.

November 1961

Ross et al sold their interests (acquired 12/60) in Guaranty National Bank to Dee Jay Stores, a subsidiary of United Star Companies, Inc., an interest of Mike Goldgar of Atlanta, Georgia. Goldgar through another subsidiary, Caribbean and Southeastern Development Corporation, controls the Bank of Miami Beach, Miami Beach, Florida. President of Guaranty is Louis Corrington who is also a director in the Bank of Miami Beach. Minority stockholder is King Korn Stamp Co.

Purchase price was \$798,000 representing 14,000 shares (51%) at \$57 per share. American National Bank and Trust Company of Chicago holds the 14,000 shares as collateral for a loan to Dee Jay, balance \$477,750 due 4/10/62. Present status of loan not known.

(While Ross in control Joey Glimco had \$252,000 IBT account - account now closed. Ross once had given Glimco dealers discount in Jaguar for Glimco's daughter.)

December 21, 1961

Oxford Agency (Schwartz, Stroming, Weiner) and Homer Bray Service, Inc. closed their account at Exchange National Bank.

December 1961

Burks resigned as chairman of Central Casualty.

December 31, 1961

Oxford shows surplus of \$52,476.10 but \$49,834.61 is pledged to Exchange and was applied

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to offset loan on 12/21/61.

December 31, 1961(?)

Bray borrowed \$200,000 from Exchange and pledged commissions due Oxford from United Benefit. Also posted with Exchange a \$100,000 bond of Central Casualty and a \$100,000 bond of United Bonding.

?

Oxford paid \$48,862.75 to Titan. Titan had loaned Central Casualty \$50,000 for which Central Casualty had assigned to Titan certain receivable among which was this sum from Oxford.

January 1962

Marion Burks, candidate for Republican congressional nomination and officer of Central Casualty, stated that he helped organize Central Casualty in 1955 and received 1/2% of stock as fee. Later he invested \$5,000 in company. Bray invested \$115,000 then later put up \$400,000. Burks estimated Bray and his family own 94 1/2% of Central Casualty. Burks helped to obtain licenses to do business in 33 states. Burks received \$15,000 a year salary from January 1, 1956 to November 1961. Bray says Burks handled a deal involving reinsurance in which \$378,000 is owed to Central Casualty by Nassau Surety Company.

January 26, 1962

Indiana liquidated United Mutual Life Insurance Company. (see December 22, 1960)

January 31, 1962

Gerber starts investigation of Central Casualty and Homer Bray Service, Inc. which shows that while IBT and bail bonding business was profitable, there were heavy losses on high risk auto, taxicab and truck casualty insurance it had written. Losses estimated at \$2,000,000.

Reportedly crime syndicate members had been insuring their cars with Central Casualty.

February 1, 1962

Illinois Attorney General Clark says audit of Central Casualty shows shortage of \$1,557,050.

February 1962

Burks says that Bray and Bray's immediate family own 95% of stock of Central Casualty. Burks owns 1/2 of 1% for which he paid \$5,000; the rest is owned by Bray's relatives and close friends.

February 1, 1962

Oxford Agency is halted from doing business by Illinois. 33 bondsmen of the company were suspended in criminal court. Company's operations in Michigan also halted.

↓ 2

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February 1962

Oxford issued 582 bond certificates with total premiums of \$490,861.86. Bonds were written on United Benefit as of January 1, 1960. Oxford received 20% commission.

Oxford accounts receivable include:

Barbe Brothers
*G. Bartling and Sons, Kansas City, Missouri
Belmont Agency
Bernardo, James
*Boardman Hamilton Company
*Delaware Valley Underwriters, Inc.,
Philadelphia, Pennsylvania
Industrial Clearing House
Kitzer, Phil
Levine, Sam
*Nash Insurance Service, Inc., Chicago
Sol Shakawitz=
Erwin Shepherd

*1960-1961 one commission check to each * above

February 1962

The \$1,000,000 in losses said Gerber, consisted of the \$392,775 advanced to Homer Bray Service (see September 19, 1961), an earlier \$300,000 non existent reinsurance credits, and certain business losses.

February 1962

Gerber says that \$100,000 in funds placed in escrow by bail bondsmen have been withdrawn with no accounting. Such funds are not supposed to be taken from escrow.

\$5,300 in bond forfeitures were due January 26, 1962 but were not paid.

Gerber also said there are insurance company complaints that Homer Bray Service failed to remit premiums it collected for them.

February 1962

Report that reinsurance collected by Homer Bray Service, Inc. but not forwarded to Central Casualty totaled more than \$1,000,000.

February 1962

The Illinois State Insurance Commission announced that the Intercontinental Insurance and Surety Co. in Nassau, Bahamas, owed Central Casualty \$378,616

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on a reinsurance deal. The Chicago Tribune of February 10 reported that the principals of the company included: Bernardo Carames, President (former Minister of Justice under Batista), Luis J. Botifoll, a stockholder; (a lawyer and former editor of the Havana newspaper, El Mundo, ousted in 1953, and now publicity man for the anti-Castro Cuban Revolutionary Council), Carlos Prio, a stockholder, (former President of Cuba until ousted in 1952 by Batista) and Amadeo Barletta, (a wealthy Italian, owner of El Mundo whose extensive Cuban holdings were seized by Castro).

February, 1962

According to Chicago newspapers, John M. Kearney, Vice President of Intercontinental Insurance and Surety Co., stated that his firm had severed relations with Central Casualty on July 1960 and that "full and complete settlement between the companies had been effected in 1961". Kearney said that some of Intercontinental's records were in Havana, Mexico City and Panama. Kearney denied that Botifoll, Prio and Barletta had any connection with his firm.

February 13, 1962

Liquidation of Central Casualty sought. Gerber says Bray transferred to Homer Bray Service, Inc. \$700,000 of insurance funds that cannot be accounted for. Bray also posted unauthorized insurance company stock for loans from bonds and there have been some defaults.

February 1962

Bray told Chicago News that Central Casualty wrote individual A & H policies worth \$60,624 in premiums from members of the Teamsters and other unions. Also wrote group policies worth \$129,703 mostly with the Teamsters. Also handled bonds for officials of the Teamsters and five other international unions that would have amounted to \$600,000 in business over 3 years; but this business was cancelled after 18 months and the big insurance companies took it over. Bray said that Central Casualty in 1962 had anticipated \$3,500,000 total sales as opposed to \$2,500,000 in 1961.

February 1962

Bray said Oxford has not paid commissions to its agents including Weiner and Schwartz for IBT health and welfare insurance. Further, he said the proceeds from the Exchange Bank loan did not go to Oxford nor to the Dorfman nor to any official. No longer on speaking terms with the Dorfman.

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February 1962

FDIC examiner's notes reflect a write-off of Homer Bray Service, Inc. loan by Guaranty as follows:

Homer Bray Services, Inc.

102,500	due 2/1/62	Loss 102,500 (LOSS)
2,295	overdraft	

Note signed by Charles W. Bray as a director of the corporation and also individually.

Collateralized by 206,000 shares of Central Casualty Co. of Chicago. Stock believed worthless and company reportedly in liquidation.

Bray, president of the company, reportedly misappropriated funds. Attorney advises no equity left for stockholders of Central Casualty. Overdraft charged off during examination. Loan to be charged off within 90 days.

February 19, 1962

Guaranty National records (FDIC exam) show Don Ross owed \$20,435.50 (Ross had guaranteed a \$9,000 plus loan to Bartone, and had reportedly guaranteed a \$15,000 "indirect" loan to Naiman Corporation. On 8/29/60, Ross guaranteed a \$4,000 loan to Max Rothfield.)

February 19, 1962

FDIC examination shows following in Guaranty National Bank's files:

Letter 2/19/62 from E. A. Wallon, member of Avey legal firm states "There is absolutely no equity left for the stockholders of Central Casualty - it appears we should proceed to obtain a confession judgement on the note." "Central Casualty in liquidation."

"Feel Bray may have some money some place. We will prosecute against Bray for fraud. Note in process of reducing to judgement."

February 21, 1962

Scribner of Resolute said that because of the happenings at Central Casualty and Oxford and because of the uncollected premiums on IBT bonds (about 50,000), certain changes were made. Resolute anticipated that Oxford would not get a new license and transferred to Titan in September 1961. In regard to the unpaid premiums, Resolute credited Oxford's earned commission to them. (what happened to the premiums?)

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February 1962

In Chicago's Criminal Court, Joseph Drucker authorized the Cosmopolitan Surety Company to back bonds written in court by Central Casualty. Cosmopolitan has taken on 24 of 33 former Central Casualty agents writing bonds there. A. J. Bianchi was Central's Vice President in charge of bail bonds.

Cosmopolitan Insurance Company has offices at 4620 Sheridan Road.

February 1962

Bianchi serves ties with Central Casualty and joins Cosmopolitan which is handling same business under same arrangements with United Bonding.

February 1962

Pyle said that United Benefit and Cosmopolitan were negotiating for Cosmopolitan to get on the Treasury list as soon as possible. One provision being discussed is that United Bonding stay in business with Cosmopolitan for 12 months to see that Cosmopolitan gets license for Federal Courts and gets necessary contacts with agents. Illinois State Commission was participating in the negotiations.

February 1962

A mail cover showed Charles Bray in receipt of mail from the following:

Albuquerque National Bank
Arvey-Hodges and Montyband, Chicago
Central Claims Service, Dallas (Bray Co.?)
Davis 509 S. Albert Chicago
Peak and Shaffer, Albuquerque, New Mex.
First National Bank, Evanston, Ill.
(addressed to Assoc. Insurers, Ltd.)
Fox Lake Hills Water, Wilwood, Ill.
Franklin, J. L., Champaign
General Accident Group, Chicago
Homer Bray Services, Ltd. (Can) P. O. Box 1535
Nassau
Insurers Security Corp. 175 W. Jackson
John Philips, Ltd., P/ O. Box 1535, Nassau
(Hopps?)
P. O. Box 722, Chicago
Potomac Insurance Co. 12 Cooper Ave. NW
Albuquerque, New Mexico
Potomac Insurance Co., W. Jackson, Chicago
Savage & Sganziini, Simms Bldg.
Albuquerque, New Mexico
Stanley, Roberr, Rock Island

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February, 1962

An article in the Chicago Tribune mentioned that several years ago Central and Oxford were ordered by Gerber to stop soliciting union business and return all premiums already paid. It is believed that the companies had proposed selling a bond which would indemnify union officers for costs of defending criminal suits against them, which is illegal.

March 1, 1962

Central Casualty liquidated by court order. Bail bond records were not seized by the state but were taken prior to this date by Cosmopolitan. (Is Gerber in league with Cosmopolitan).

March 12, 1962

Unsigned undated letter to TCT from Oxford Agency, Inc. Board of Trade Building, 141 W. Jackson Blvd., Chicago, advising renewal rates on the bond at the expiration of policy year ending December 31, 1962, will be reduced substantially if the proposed consolidated bond is approved by the Labor Department.

March 13, 1962

Irving Benjamin, state auditor, says Nassau assets of Central Casualty are worthless stock.

March 20, 1962

FBI reviewing IBT Local 901's files found a file marked Central Casualty containing a letter (date of letter not set forth by Bureau in letterhead memo March 23, 1962, San Juan). The letterhead is "Union Insurance Agency of Illinois, 9 East Huron Street, Office of Allen M. Dorfman." The letter is addressed to Frank Chavez, Local 901, 800 Figueroa St., San Juan, and states:

Dear Frank:

Central Casualty Co. has been on the risk for your group insurance program since December 1, 1960. To date, there have been no premium payments.

In checking our records, we find that seven claims have been paid on members of your local.

In talking with Mr. Kavner we were under the impression that six weeks ago we would be receiving premium payments on your health and welfare program. To date, these premiums have not been made.

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Yours very truly,

Allen

A note typed on plain white paper clipped to the above stated:

Frank - If I do not hear from you within the next two weeks, you leave me no alternative but to discuss this with the International Office.

Allen

(This correspondence indicates that Central Casualty was handling some general insurance for the IBT as well as the bonding.)

March 28, 1962

A. J. Bianchi listed as Vice President Cosmopolitan Insurance Co., 4620 Sheridan Road, Chicago; was with Central Casualty up to December 1961. There has been no relationship between Central Casualty and United Bonding on bail since about January 1962. General agents and individuals agents are required to post in escrow with Cosmopolitan about 1% bond amounts. Bianchi denied knowing the Dorfman. Bianchi said that he had been president of Summit for 15 years and that Weiner was Bianchi's general agent at Summit.

March 30, 1962

Letter to TCT from National Oxford Agency, Inc. 1223 LaSalle Street, Chicago, advises that effective April 10, 1962, it will service the Faithful Performance bonds issued by Resolute. (A similar letter was found in the files of the Southern Conference of Teamsters.)

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April 1, 1962

Mid Continent Underwriters Agency Corporation,
Room 1100, 100 E. Chicago Ave., Elgin, Illinois is
incorporated. Officers are:

President: Harry L. Walsh, Jr., East Dundee, Ill.

Vice-Pres.: Mathew W. Agner

Secretary: Arthur W. Baum, Chicago, Ill.

Walsh had been associated with the Madison Acceptance
Guaranteed Insurance Co., Madison, Wisconsin.

(See June 3, 1962)

April, 1962

Gerber says that Central Casualty issued 11,655
shares of unauthorized stock. Mentions two loans: one
for \$102,000 from the Guaranty Bond (the bank where Orville
Hodges cashed his state warrants) to Bray; the other for
an undisclosed amount from the Pan American Bank in Miami
to Eagan. The 11,655 shares were given to Champaign,
Illinois bank as security for a loan to Craig. This was
as part of the proposed merger with Professional Life and
the shares were to be given for 3,835 shares of Professional
Life. However the S.E.C. stepped in and Bray withdrew
the deal. The shares were returned and never appeared on
the books.

Three certificates for 50,000 shares each were
given to Pan American Bank. (Burks said his signature was
forged.)

Gerber said Bray defaulted on a loan from another
Chicago Bank for which he put up 250,000 shares, and a
bonding Company was forced to make it good.

A spokesman for Central Casualty said Bray lost
\$500,000 after Gerber announced his investigation.

April 8, 1962

Gerber said he saved Central Casualty \$150,000 to
\$200,000 in losses by selling the lease to the building
that housed Central Casualty and Homer Bray Service, Inc,
disposing of litigation and with funds from the bail bond
escrow account.

April, 1962

Illinois Insurance Commissioner's Office examina-
tion Central Casualty and Homer Bray Services Inc. has
not shown any connection with Allen Dorfman.

May, 1962

The Chicago Tribune reported that Central Casualty
issued more than 300,000 unauthorized shares and that two
sets of books were used. One set showed three stock cer-
tificates were issued in 1960 for 50,000 shares each; the
other set showed stock certificates with the same numbers
were issued in 1961 for 350 shares each. The 150,000 shares
put up by Egan in Miami as collateral were not owned by him.

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Investigators said that management intended to cancel the excess stock but this was never done.

May, 1962

Scribner told Wright that Weiner and Schwartz are getting 85% cut. Resolute has not received any premiums yet from United Benefit. Wright said Morganstein runs company like a dictator and Scribner is treated as a lackey.

May, 1962

United Benefit is still in bail bond business underwritten by Cosmopolitan Company in Chicago. Officers are:

President:	Irving R. Sylvern
Vice-Pres:	Jerome Stein
Vice-Pres:	John A. Pennish
Vice-Pres:	Martin L. Shape
Vice-Pres:	John Clifford
Secretary:	Robert Jackson
Treasurer:	Peter Bergman
Board:	Arnold Kruger
Board:	Allen Kopler

May, 1962

Titan has offices at 1019 South State St., Chicago.

June, 1962

Charles Bray is working for Mid-Continental Underwriters Agency Corporation, Telephones: 695-0700, MA 6-5035). (See April 1, 1962)

July 5, 1962

Charles Bray and James Egan, former vice president of Central Casualty, were in Miami with Sam Kaye. Allegedly, Bray, Egan and Kaye are associated in a business deal involving exchange of foreign currency, possibly in Rio de Janiero. It was reported that Egan suffered a heart attack while in Miami and was hospitalized at a Jewish Hospital in Miami; his condition is unknown. (Bill Kenny in Miami reported that Kaye and Santos Traficante are on good terms, that Traficante assisted Kaye in some South American deal.)

July 13, 1962

Sid Cox of Treasury reported that Bianchi went with Cosmopolitan after Central folded. United Benefit had been owed \$90,000 by Central Casualty which debt Cosmopolitan paid in order to get the bail bond business. Recently Cosmopolitan bought out United Benefit. FNU Volin is a director in Cosmopolitan. Cosmopolitan has a lot of new money coming into it; has also gained control of a High Point, North Carolina firm. United Benefit had been writing Cosmopolitan bail business since they have Treasury listing. When that was about to be withdrawn because United Benefit was shaky, Cosmopolitan pledged \$400,000 to cover it. The Illinois State insurance examiner in charge of the Central Casualty

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review, (Irving?) Benjamin, has taken a position
with Cosmopolitan.

September, 1962

Hopps is scheduled to be tried in Baltimore,
Maryland for mail fraud.

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